

Approved _____
Date July 6, 1990

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by SENATOR AUGUST "GUS" BOGINA at
Chairperson

10:12 a.m./~~p.m.~~^{XX} on APRIL 16, 1990 in room 123-S of the Capitol.

All members were present except:
Senator Salisbury, who was excused

Committee staff present:

Research Department: All members of the research staff were in attendance
Revisor: Norm Furse, Gordon Self, Jim Wilson
Committee Staff: Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Staff provided an outline (Attachment 1) titled "Items for Omnibus Consideration," dated April 13, 1990. Also distributed was "Amendments to the Governor's Budget Report," dated April 16, 1990 (Attachment 2). The Committee also considered letters of appeal from agencies which are noted in the text of these minutes. For the sake of brevity and simplicity, recommendations made by the Committee accompany these minutes in the form of Attachment 3, which was compiled by the staff of the Research Department. The Committee operated on consensus rather than motion unless otherwise noted. Although all items in Attachments 1 and 2 were discussed, only items which promoted lengthy discussion or new information not contained in either of the 2 attachments is documented. Those items not mentioned in Attachment 3, the Committee's recommendations, were either deleted or held for further information.

DEPARTMENT OF REVENUE -- Julian Efird, analyst (Attachments 1-1 and 2-5)
The total appropriation from the state general fund (SGF) for the Department in FY 90 is \$28 million and \$29.5 million in FY 91. The FY 91 appropriation includes \$2 million of county aid; otherwise, the general fund portion of the budget is a decrease from FY 90.

The approved level of budget for the DOV operating fund is between \$20-\$21 million. Items A-F (Attachment 1-1) are non general fund items financed out of the DOV.

Committee recommendations can be found on pages 2 and 3 of Attachment 3.

STATE BOARD OF TAX APPEALS -- Julian Efird, analyst (Attachments 1-3 and 2-5)
The total budget from the SGF for the State Board of Tax Appeals is \$1.2 million in FY 90.

It was noted by staff that relocation expenses (Attachment 2-5) were addressed in SB 450.

Committee recommendations for this agency are found on page 3 of Attachment 3.

KANSAS RACING COMMISSION -- Julian Efird, analyst (Attachment 1-4)
It was the Committee's opinion that the new unclassified position of Director of Racing Operations should not be established.

KANSAS REAL ESTATE COMMISSION -- Julian Efird, analyst (Attachment 1-4)
Committee recommendations are found on pages 3 and 4 of Attachment 3.

DEPARTMENT OF CORRECTIONS -- Russell Mills, analyst
(Attachments 1-5 and 2-27 through 33)
A. Purchase & Renovate Facility for the Wichita Work Release Center. (Attachment 1-5) Committee members agreed to defer until the Joint Committee on State Building Construction provided more details of the proposed

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,

room 123-S, Statehouse, at 10:12 a.m./p.m. on APRIL 16, 1990.

acquisition of the Santa Fe Trail Transportation Building, which is still in the procurement negotiating committee.

Mr. Roger Werholtz, Deputy Secretary of the Department of Corrections, told the Committee that the Department of Corrections (DOC) made a presentation to the House subcommittee of strategies to implement SB 49 (statewide implementation of community corrections) and continue to live within their budget. The subcommittee preferred option 1 (Attachment 4), which they assumed included statutory authority to redirect some of the moneys. Since the presentation, the Attorney General has issued an informal opinion, however, stating that SB 49 protects the budgets of the existing programs at the FY 89 level, and the Department cannot direct moneys away from programs even though they have no impact on youth center population or prison population.

In answer to a question, Mr. Werholtz said that HB 3091 would give the DOC the authority to reduce some grants and eliminate funding for some existing programs. When asked, he stated that before cutting any existing programs, he would choose to cut indirect costs. If that was not enough, he would then cut adult diversion across the board in order to fund adult intensive supervision programs. He noted that HB 3091 would provide the DOC with some leverage for negotiating the wide variety of administrative costs of the programs (Attachment 5), which was of concern to the Committee.

Questions were asked regarding what impact the reduced level of appropriation recommended by the Governor would have in Johnson and Sedgwick counties (Attachment 6). Mr. Werholtz responded that Johnson county was proposing the greatest level of expansions, and Sedgwick county included a house arrest program and an anticipated population increase with accompanying staff costs.

Members of the Committee expressed concern about funding in respect to the counties that are mandated to come on board. The Chairman requested that Mr. Werholtz appear before the Committee after lunch to address Committee concerns.

See pages 22 through 24 of Attachment 3 for recommendations of the Committee.

BOARD OF NURSING -- Pat Mah, analyst (Attachment 1-6)
Recommendations can be found on pages 4 and 5 of Attachment 3.

PAROLE BOARD -- Pat Mah, analyst (Attachment 1-7)
Page 5 of Attachment 3 lists the recommendations of the Committee.

PUBLIC DISCLOSURE -- Pat Mah, analyst (Attachment 1-7)
A. The Committee endorsed the Senate version of HB 3065.

The meeting was recessed until 1:30 P.M.

AFTERNOON SESSION

Mr. Werholtz pointed out that the FY 91 KDOC requests (Attachment 6) represent "C" level requests and that, in every instance, the Governor's recommendation for FY 91 exceeds the FY 89 actual expenditure level.

In answer to a question regarding the cost of implementation of the new county programs, Mr. Werholtz distributed Attachment 7. He explained that this document contains estimates of the cost of implementing adult intensive supervision and minimal adult residential programs by each county configuration. Mr. Werholtz also distributed Attachment 8, the Department's list of program priorities for funding consideration, and Attachment 9, a list of unexpended funds in the county budgets since 1984. He noted that the unexpended balance in county funds could approach \$1.5 million by the end of

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,

room 123-S, Statehouse, at 10:12 a.m./~~PM~~ on APRIL 16, 1990

the fiscal year.

Mr. Werholtz stated that with the current level of funding, program evaluation, and redirection of unexpended funds, the Department anticipates getting through the coming fiscal year without cutting existing programs. He noted, however, that the appropriation was recommended on the basis of Option 1 (Attachment 4) and the passage of HB 3091. Senator Winter expressed concern about reducing funding for approved programs. Expressing another point of view, Senator Rock questioned the appropriateness of funding the development of sophisticated programs in some areas at the expense of developing any programs in other areas. In answer to a question, Mr. Werholtz stated that \$11-\$12 million would be required to continue existing programs without expansion and allow for implementation of core programs in new counties. He reiterated that there ought to be a mechanism for correcting problems of overhead and administrative costs within the existing programs.

Senators Gaines and Rock expressed concern about implementing programs in counties with small criminal population and discussed requesting an interim study of the possibility of mandating the centralization of programs in sparsely populated areas through a contractual arrangement.

In answer to a question, Mr. Werholtz stated that if HB 3091 did not pass, he would fund the 10 existing programs at the FY 89 level and implement core programs in the new counties. Concern was expressed regarding funding at the FY 89 level.

Senator Winter moved, Senator Parrish seconded, that existing counties be directed to not expand services in FY 91, but funding for services in existing counties be continued at the FY 90 level, and the existing authority account for the unexpended balances in these budgets and make them available in the pool. The motion failed on a show of hands.

Senator Rock moved, Senator Gaines seconded, to request an interim study to monitor the development of community corrections. The motion carried on a voice vote.

Committee recommendations can be found on pages 22-26 of Attachment 3.

BOARD OF AGRICULTURE -- Leah Robinson, analyst (Attachment 1-8, and 2-11,12)
In addition to the items in the above mentioned attachments, the Committee also discussed oil overcharge funding for agricultural energy conservation. (Attachment 10) Committee recommendations are found on pages 8 and 9 of Attachment 3.

DEPARTMENT OF EDUCATION -- Carolyn Rampey, analyst
(Attachments 1-10 and 2-10)

C. Special Education - Attachment 1-13. Ms. Rampey noted that there are 100 additional special education teachers in FY 90 than was estimated in November because of the federal mandate for 3 year old children that becomes effective July, 1991, because of the number of filled vacancies, and because of miscalculated student enrollment in Kansas. Based on the revised estimate, the amount appropriated for the current fiscal year will fund only 93% (rather than 95%) of excess costs. Ms. Rampey stated that funding at the 95% level would require an additional \$2.4 million in the current year and an additional \$4.1 million for the FY 91 budget. In answer to a question, she stated that the appropriation for special education for FY 90 has been increased from \$110,655,541. to \$113,644,563. to presumably bring it to the 95% funding level.

At Senator Kerr's request, Ms. Rampey noted the actual increase in special education expenses since FY 86. (Attachment 19) Senator Harder told the Committee that national statistics indicate that special education expenses will increase 10-25% in the next 5 years because of drugs and alcohol.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,

room 123-S, Statehouse, at 10:12 a.m./~~pm~~ on APRIL 16, 1990

Although Committee members expressed serious concern about the escalating costs of special education, there was also concern about rising property taxes if adequate funds were not provided. The Committee therefore agreed to include \$2,400,299. from the state general fund for special education in FY 90. All Committee recommendations are found on pages 6 and 7 of Attachment 3.

ATTORNEY GENERAL -- Carolyn Rampey, analyst (Attachment 1-13)

A. SB 358. It was noted for the Committee that the Attorney General did not include OOE for the Assistant Attorney General who is assigned to the State Fire Marshal although the State Fire Marshal did include OOE expenses (Attachment 1-22,23).

See pages 7 and 8 of Attachment 3 for Committee recommendations.

KANSAS SCHOOL FOR THE VISUALLY HANDICAPPED -- Carolyn Rampey, Analyst (Attachment 1-13)

The recommendation is found on page 8 of Attachment 3.

DEPARTMENT OF COMMERCE -- Paul West, analyst (Attachments 1-13 and 2-26,27)

C. SB 427 (Attachment 1-14) -- In contrast to the Department of Commerce's estimate of the number of positions and administrative costs of the housing program, it was noted that, according to the Department of Social and Rehabilitation Services (SRS), SRS has been operating with 1 FTE and .5 special project position. SRS projected that if the program were transferred May 21, 1990, there would be remaining in their approved budget, \$21,634. in federal funds to continue the program through the balance of FY 90, \$18,877 of which is budgeted for salaries and wages.

E. Sub. HB 2603 (Attachment 1-15) -- Senator Kerr told the Committee that the Community Strategic Planning Assistance program was a recommendation of KANSAS, Inc. to the Joint Committee on Economic Development. He stated that the program is directed at motivating economic development in rural areas. In answer to a question, he said that he felt KANSAS, Inc. would need \$1. million per year for 3 years.

Pages 18 and 19 of Attachment 3 list committee recommendations.

KANSAS, INC. -- Paul West, analyst (Attachment 1-15)

See Committee recommendations on page 21 of Attachment 3.

STATE CONSERVATION COMMISSION - Paul West, analyst

Chairman Bogina read the letter of appeal (Attachment 11). See page 21 of Attachment 3 for Committee recommendations.

KANSAS WATER OFFICE -- Paul West, analyst (Attachment 2-17)

The Committee reviewed a letter of appeal, Attachment 12. See Committee recommendations on page 21 of Attachment 3.

The Chairman asked that Mr. Joseph Harkins appear before the Committee on Tuesday afternoon to provide additional information regarding Geographical Information Systems (GIS).

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES -- Laura Howard, analyst (Attachment 1-16)

A. Regular Medical Assistance. Staff noted that the agency expended \$95 million SGF dollars through March. A straight line projection of agency expenditures through the fiscal year would be \$126.8 million. The agency, however, carried the March expenditures through the balance of the year to arrive at estimated expenditures totaling \$130,672,036. Chairman Bogina asked that this item be held until receipt of April data from SRS.

B. HB 2586 -- The Chairman announced that HB 2586 would be heard in

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,
room 123-S, Statehouse, at 10:12 a.m./~~p.m.~~ on APRIL 16, 1990

Committee April 23, 1990.

C. SB 427 -- no action.

(Attachment 2-19)

- 628-23: Foster Care Lawsuit -- include in HB 3088
- 628-37: Medical Assistance Federal Mandates -- addressed in HB 3088
- 628-11: MMIS Contract -- include in HB 3088
- 628-12: Drug Formulary Funding -- addressed in HB 3088
- 628-20: Hospital Utilization Review Contract -- include in HB 3088
- 628-15: Mental Health Reform -- (See "B" above) -- hold
- 628-35: Administrative Services Communications -- include in HB 3088
- 628-32: Youth Services Federal Grants -- include in HB 3088
- 628-14: HCBS Homecare Federal Funding -- include in HB 3088
- 628-10: Hospital Rate Review Settlement -- addressed in HB 3088
- 628-4: Technical Correction to the Medical Administration Budget -- include in HB 3088
- 628-13: Blind Vending Stands Capital Outlay -- addressed in HB 3088
- 628-18: Disability Determination and Referral Services Capital Outlay -- include in HB 3088
- 319-1: Education Contract -- addressed in regular appropriation for the Youth Centers
- 628-33: AFDC State Only -- addressed in HB 3088
- 628-9: KAECSES Certificate of Participation -- include in HB 3088
- 628-6: Indirect Cost Recovery for the State Fire Marshal -- include in HB 3088
- 628-5: Federal Victims of Crime Assistance Grant -- include in HB 3088
- 628-28: Federal Developmental Disability Grant Funds -- include in HB 3088
- 628-26: KanWork Program Savings -- addressed in HB 3088
- 628-27: Federal Foster Care Funds -- addressed FY 90 in HB 3088; include FY 91 in HB 3088

YOUTH CENTER AT TOPEKA -- Ellen Piekalkiewicz, analyst (Attachment 1-17)
See Committee recommendations on page 10 of Attachment 3.

KANSAS STATE HISTORICAL SOCIETY -- Ellen Piekalkiewicz, analyst
(Attachment 1-18)

Chairman Bogina reviewed a letter of appeal (Attachment 13). Staff noted that the Governor compensated for the reduction in FTEs by an increased maintenance agreement on the electronic device. Committee members expressed concern about keeping state employees whose jobs were eliminated on the state payroll.

Committee recommendations are found on page 10 of Attachment 3.

KANSAS BOARD OF BARBERING -- Ellen Piekalkiewicz, analyst
(Attachments 1-18 and 2-9)

A. HB 2466 (Attachment 1-18) -- It was noted that the Legislature approved 8 meetings rather than 10. Committee recommendations are found on page 10 of Attachment 3.

The Chairman recessed the meeting at 5:20 P.M. until Tuesday, April 17.

TUESDAY MORNING SESSION

The Chairman called the meeting to order at 9:18 A.M.

LARNED STATE HOSPITAL

OWAWATOMIE STATE HOSPITAL

RAINBOW MENTAL HEALTH FACILITY

TOPEKA STATE HOSPITAL -- Kathy Porter, analyst (Attachment 1-18,19)

Categorical Aid -- hold for a more precise categorical aid rate

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,
room 123-S Statehouse, at 9:18 a.m./pXX on APRIL 17, 1990

Shift of funding from SGF to Title XIX (All but Rainbow)
Salaries and wages for Osawatomie State Hospital (Attachment 2-21)--
addressed in HB 2618
Recommendations are found on pages 17-18 of Attachment 3.

DEPARTMENT OF HUMAN RESOURCES -- Kathy Porter, analyst (Attachment 1-19)
Committee recommendatons are found on page 17 of Attachment 3.

COMMISSION ON VETERANS' AFFAIRS/KANSAS SOLDIERS' HOME -- Kathy Porter,
analyst (Attachments 1-20 and 2-35)
See page 18 of Attachment 3 for Committee recommendations.

WINFIELD STATE HOSPITAL & TRAINING CENTER -- Debra Duncan, analyst
(Attachment 1-20)
Categorical aid was not considered pending the receipt of a more reliable
categorical aid rate.

See page 28 of Attachment 3 for Committee recommendations.

DEPARTMENT OF WILDLIFE AND PARKS -- Debra Duncan, analyst
(Attachments 1-21 and 2-12, 13, 14)
See pages 26-28 of Attachment 3 for Committee recommendations.

PARSONS STATE HOSPITAL -- Debra Duncan, analyst (Attachments 1-21 and 2-20)
Categorical aid (Attachment 1-21) -- hold
Parsons certification (Attachment 2-20) -- awaiting Governor's signature
Attachment 14 -- appeal from the agency. It was stated that Parsons
traditionally overspends its commodities budget and shifts unexpended salary
appropriations to commodities. Because of shrinkage, the shift cannot occur
this year.

See page 28 of Attachment 3 for the recommendations of the Committee.

KANSAS NEUROLOGICAL INSTITUTE -- Debra Duncan, analyst (Attachment 1-21)
Categorical aid -- hold for information.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM -- Alan Conroy, analyst
(Attachment 1-21)
A letter dated April 13, 1990 (Attachment 15) from Marshall Crowther,
Executive Director of KPERS, was reviewed by Mr. Conroy. Chairman Bogina
asked Mr. Crowther to appear before the Committee later in the day. See
Attachment 3, page 30, for Committee recommendations.

FORT HAYS STATE UNIVERSITY - Alan Conroy, analyst (Attachment 1-21)
Discussion was held regarding the artificially high shrinkage rate at the
University. Because SB 454 had been passed, it was decided not to consider
an appropriation to reduce the shrinkage rate.

BOARD OF REGENTS - Alan Conroy, analyst (Attachment 1-22)
See page 29 of Attachment 3 for recommendations.

WICHITA STATE UNIVERSITY -- Alan Conroy, analyst (Attachment 1-22)
A. Conference Committee Recommendation -- In answer to a question, Mr.
Conroy stated that Kansas College of Technology requested an additional
\$25,000 for utilities, and Fort Hays State University requested an additional
\$29,000 for utilities. These requests were addressed in SB 558. He said
that a savings in utilities of \$300,000 was realized at the University of
Kansas.

It was called to the Committee's attention that WSU's original budget
document included a request for 35 unclassified FTE positions in FY 91 to be
funded from the restricted use funds.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,

room 123-S, Statehouse, at 9:18 a.m./~~PM~~ on APRIL 17, 1990

Committee recommendations are found on page 29 of Attachment 3.

STATE FIRE MARSHAL - Diane Duffy, analyst (Attachments 1-22 and 2-35)
See page 11 of Attachment 3 for recommendations.

JUDICIAL BRANCH - Diane Duffy, analyst (Attachment 1-23)

A. HB 2645 -- no funding

B. HB 2734 -- no funding

Senator Gaines noted that no funding was provided for the additional meetings required by the Judicial Council to perform judicial redistricting (Attachment 16).

See page 11 of Attachment 3 for Committee recommendations.

BOARD OF INDIGENTS' DEFENSE SERVICES -- Diane Duffy, analyst
(Attachment 2-18)

See page 12 of Attachment 3 for recommendations.

DEPARTMENT OF ADMINISTRATION -- Diane Duffy, analyst
(Attachments 1-24 and 2-17)

Office of Children & Families -- Discussion was held regarding the source of funding for this office.

B. Sub. SB 2836 (Attachment 1-24)-- Ms. Duffy explained that the Governor recommended random auditing of vouchers and eliminated 2 positions, but the Legislature approved auditing of every voucher. The Committee recommended funding to maintain the preaudit function and maintain minimum compliance (Attachment 1-25).

D. Expenditure limitation (Attachment 1-26) -- leave expenditure limitation at \$33,808,491. and review in 1991.

See page 12 and 13 of Attachment 3 for recommendations.

KANSAS BUREAU OF INVESTIGATION -- Diane Duffy, analyst (Attachment 1-26)
Senator Doyen requested funding of DNA technology for the KBI.

Committee recommendations can be found on page 12 of Attachment 3.

STATE TREASURER -- Diane Duffy, analyst (Attachment 2-33)

Ms. Duffy noted that the Local Ad Valorem Tax Reduction Fund and County-City Sharing Fund numbers had been incorporated into the Legislature's figures.

DEPARTMENT OF HEALTH & ENVIRONMENT -- Scott Rothe, analyst
(Attachments 1-27 and 2-15)

264-11: Immunization funding. (Attachment 2-16) Lengthy discussion was held regarding the outbreak of measles in Salina, Kansas. Senator Winter noted that the Centers for Disease Control (CDC) have now established that 2 immunizations for measles, mumps and rubella are now necessary, and that it could be considered malpractice not to provide both shots. Debate centered around whether to provide funding for a second shot for children entering school in addition to continuing the current policy of the Department, which is to provide immunizations for outbreak control only. A representative of Health & Environment stated that in outbreak control, area Health Departments provide a vaccine for persons who have been exposed to the disease. It was noted that HB 2625 contains \$210,000. for immunizations for FY 91. In answer to a question, Mr. David Traster, Assistant Secretary of the Department of Health & Environment, stated that an additional \$400,000 would be necessary to fund the second immunization for 65% of the children entering school.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,

room 123-S, Statehouse, at 9:18 a.m./~~PM~~ on APRIL 17, 1990

It was noted that there was no funding provided in the Health & Environment budget for Genetics Counseling for FY 91.

Committee recommendations can be found on pages 14-17 of Attachment 3.

DEPARTMENT OF INSURANCE -- Scott Rothe, analyst (Attachments 1-29 and 2-9)
See page 13 of Attachment 3 for Committee recommendations.

DEPARTMENT OF TRANSPORTATION -- Scott Rothe, analyst
(Attachment 1-29 and 2-6,7)
Committee recommendations are found on pages 13 and 14 of Attachment 3.

KANSAS CORPORATION COMMISSION -- Scott Rothe, analyst (Attachment 2-18)
Mr. Rothe noted that HB 2638 contains an appropriation of \$189,000 for moving expenses for the agency, and this bill is awaiting the Governor's signature.

See page 30 of Attachment 3 for the Committee's recommendation.

The Chairman recessed the meeting until 1:30.

TUESDAY AFTERNOON SESSION

Mr. Joseph Harkins, Director of the Kansas Water Office, told the Committee that GIS is an approach to effectively manage the introduction of new technology into state government. He reviewed Attachment 17, a summary of FY 91 GIS budget proposals. Mr. Harkins stated that the Governor has recommended the elimination of all 3 FTE positions that were originally associated with this proposal, and noted that the Water Office could effectively manage the program with current staff.

Senator Gaines asked whether there was sufficient moneys in the State Water Plan to finance the GIS proposal and the water plan projects (Attachment 18). Mr. Harkins stated that there was not. The Committee agreed to add \$500,000 from the State General Fund for the acquisition of GIS databases associated with the State Water Plan in FY 91 (See Attachment 3-21 for the Committee recommendation), and \$126,604 from SGF in other operating expenditures in FY 91 for implementation of GIS in the Board of Agriculture's Division of Water Resources. (See recommendation 7 on Attachment 3-9).

PUBLIC BROADCASTING COMMISSION -- Ellen Piekalkiewicz, analyst
Senator Hayden requested that \$100,000 from the State General Fund be added for an operating grant for KSWK public television station at Lakin. See page 10 of Attachment 3 for the Committee recommendation.

HOMESTEAD PROPERTY TAX -- Julian Efird, analyst (Attachment 2-6)
Staff noted that the net savings of the Governor's recommendation regarding the residential circuit breaker (Attachment 2-6) would be \$7,878,000 in State General Fund moneys if funded solely through the general fund. In answer to a question, it was stated that 5,806 residential claims had been paid at a net cost of \$772,319 through April 11, 1990. The Homestead program has paid an estimated \$7 million to date, and there is \$10.4 million of appropriations available there. See page 4 of Attachment 3 for Committee recommendations.

The Chairman asked Mr. Marshall Crowther to respond to recommendations made by the auditing firm of Baird, Kurtz, and Dobson, Certified Public Accountants. (Attachment 15)

Mr. Crowther noted that Attachment 15 was written in response to Legislative Post Audit. He defined direct placements as non publicly traded investments of KPERS, and stated that of the total \$292 million in direct placements, \$26 million has been written off, and investments that represent another \$20 million are of concern to the auditors at the present time. He said that

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,

room 123-S, Statehouse, at 9:18 a.m./~~PM~~ on APRIL 17, 1990

currently 7% of the total fund is allocated to direct placements.

Senator Gaines asked what percentage of the \$292 million was in default. Mr. Crowther stated that with regard to fixed income investments, none is behind in payments. He said the \$20 million that is of concern is not in default because it does not have an interest date, specified rate of interest, or promise of dividend. When asked what the responsibilities of the new Accountant III would be, Mr. Crowther responded that although he was unsure of what that person would ultimately do, he would initially provide statements to the Board from the manager.

Concern was expressed by Senator Rock regarding the \$5.2 million in fees paid to 2 investment firms, the 40% decline in investment income from 1986-1989, the decline in the fund balance from \$440 million to \$225 million from 1986-1989, and the 7.2% decrease in earnings in 1989.

Mr. Crowther stated that KPERS invested \$65 million in fixed securities with Home Savings in 1986. To date, KPERS has received \$29 million in interest. He noted that surrendering fixed income for a preferred stockholder position would not compromise the KPERS fund investment.

KANSAS STATE UNIVERSITY -- Alan Conroy, analyst (Attachment 2-8)
See Attachment 3-28 for Committee recommendations.

REGENTS INSTITUTIONS -- Alan Conroy, analyst (Attachment 2-8)
General Fees Fund Revision -- addressed in SB 454 and SB 558.

ADJUTANT GENERAL -- Paul West, analyst (Attachment 2-34)
See Attachment 3-22 for Committee recommendations.

The Chairman adjourned the meeting at 6:20 P.M.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: 4-17-90

NAME (PLEASE PRINT) ADDRESS COMPANY/ORGANIZATION

MIKE WOJCIAK TOPEKA DOB

Sherry Brown Topeka Dept. of Admin.

GARY GRIFFITHS TOPEKA KDOT

Jerry Sloan " OJA

Tom Whitaker " Ks Motel Carriers Assn

Ed DeSoigne Topeka Kansas Contractors Assoc.

BRAD SMOOT " Pfizer

WANDA KOITHAN " " KDOT

Reed W Davis " " ✓

DAN SOMERVILLE " " KDOT

~~XXXXXXXXXX~~

Eric Sexton Wichita WSCU

JIM HAYS TOPEKA KS ASSN. OF SCH. BODS.

Mark Intermill Topeka KCOA

WAYNE K WIANECKI TOPEKA AFSCME

KAY COLES TOPEKA K-NEA

Frank [unclear] (traster) " KDITE

Basil Covey Topeka KRTA

Ed Walbaum Topeka Walbaum [unclear]

ITEMS FOR OMNIBUS CONSIDERATION

Department of Revenue

A. **Senate Bill No. 485 (law)** authorizes County Treasurers to process and mail a copy of title applications to the lienholders. The agency indicates that allowing counties to mail a copy of the title application to the lienholder will require that a current four-part state form be changed to a five-part form. The Division of Vehicles currently provides on an annual basis 2.4 million four-part Title and Registration Application forms to County Treasurers. The increased cost for a five-part form is estimated at \$40,000 per year. The agency requests \$40,000 in FY 1991 for the added costs of new forms. Financing would be from the DOV Operating Fund.

B. **Senate Bill No. 486 (law)** prohibits the brokering of new and used motor vehicles effective January 1, 1991. Currently, there are 154 broker licenses issued at \$50 each. Eliminating these licenses will result in a decrease of \$7,700 of revenue which helps offset the expenses of the Dealer Licensing Bureau in the Department of Revenue. No reduction in administrative costs is estimated by the agency.

C. **Senate Bill No. 531 (law)** concerns disposal of salvage vehicles through the use of a transfer certificate. The Director of Vehicles will issue the new transfer certificates when owners of vehicles do not possess title for the vehicles, and when the vehicles are to be dismantled or recycled. The Director may charge fees not to exceed the original title fee for transfer certificates. In addition to data processing costs noted below in item F, the agency requests 1.0 new FTE position to be responsible for processing all applications for transfer certificates, determining validity of ownership, and issuing either duplicate titles or transfer certificates. FY 1991 cost of the new position is estimated at \$18,716 from the DOV Operating Fund for salary and benefits, plus \$1,650 to equip the new position.

D. **Senate Bill No. 695 (law)** allows the Secretary of Revenue to enter into the International Fuel Tax Agreement (IFTA) for collection and refund of interstate fuel taxes collected pursuant to K.S.A. 79-34,108 et seq. The agency requests \$70,000 in FY 1991 to purchase a computer software program to implement IFTA. The agency's budget request for FY 1991 included \$1,500 for a membership fee in IFTA and \$70,000 to purchase the Lockheed IFTA computer program. The financing requested in the budget was from the DOV Operating Fund.

E. **Sub. for House Bill No. 2292 (law)** authorizes revocation by the court of juveniles' drivers licenses for possession, use or abuse of any alcoholic beverage, controlled substance, or both. In addition to FY 1990 data processing costs noted below in item F, the agency requests 1.0 new FTE position in FY 1991, with costs of \$18,716 for staff and one-time capital outlay expenses of \$1,650. The Division of Vehicles estimates that an increase of 3,000 driver license suspensions and reinstatements will result from passage of this bill, and that on-going administrative costs will be in addition to the unit's current funding. Financing is requested from the DOV Operating Fund.

F. **Data Processing Costs for Bills Passed:** **Senate Bill No. 484 (Governor), Senate Bill No. 531 (law), Senate Bill No. 573 (law), Sub. for House Bill No. 2292 (law), House Bill No. 2735 (law).** The agency estimates one-time data processing costs of \$34,206 from the DOV Operating Fund associated with passage of the listed bills. Of

SWAM
April 16-17, 1990
Attachment 1

that amount, \$31,048 is attributed to salaries and benefits for programmers and \$3,158 is attributed to other operating expenses.

1. **Senate Bill No. 484 (Governor)** pertains to the Kansas Uniform Commercial Driver License Act and establishes the Truck Driver Training Fund in the Department of Education for distributing state aid to postsecondary schools with truck driver training programs. The establishment of a new fund would require the Department of Revenue to make programming changes to the agency's fiscal deposit system. Data processing charges of \$5,025 for salaries and benefits of programmers and \$1,150 for computer time are estimated in FY 1991 with financing requested from the DOV Operating Fund.

2. **Senate Bill No. 531 (law)** concerns disposal of salvage vehicles through the use of a transfer certificate. The Director of Vehicles will issue the new transfer certificates when owners of vehicles do not possess title for the vehicles, and when the vehicles are to be dismantled or recycled. Data processing charges of \$6,960 for salaries and benefits of programmers and \$375 for computer time are estimated in FY 1990 with financing requested from the DOV Operating Fund.

3. **Senate Bill No. 573 (law)** permits issuance of a new 60-day harvest permit for farm trucks registered either in Kansas or in another state, as well as a new annual, proportional registration of trucks or truck tractors engaged in custom harvesting. Data processing charges of \$13,210 for salaries and benefits of programmers, \$441 for computer time, and \$500 to revise forms and permits are estimated over two fiscal years, with financing requested from the DOV Operating Fund.

4. **Sub. for House Bill No. 2292 (law)** authorizes revocation by the court of juveniles' drivers licenses for possession, use or abuse of any alcoholic beverage, controlled substance, or both. Data processing charges of \$2,771 for salaries and benefits of programmers and \$192 for computer time are estimated in FY 1990 with financing requested from the DOV Operating Fund.

5. **House Bill No. 2735 (law)** allows a motor vehicle dealer who demonstrates trucks and truck tractors to obtain a 15-day trip permit for operating a motor vehicle under actual working conditions for a prospective purchaser. Data processing charges of \$3,082 for salaries and benefits of programmers and \$500 for computer time are estimated in FY 1990 with financing requested from the DOV Operating Fund.

G. Data Processing and Other Costs for Other Bills in Conference Committee: Senate Bill No. 310, Senate Bill No. 481, House Bill No. 2621, and House Bill No. 2637.

1. **Senate Bill No. 310 (conference)** as passed by the Senate would impose a privilege fee of \$1.00 on each new tire sold at retail, with fees to be remitted monthly to the Department of Revenue and credited to a Waste Tire Management Fund to be created in the State Treasury. Annual revenues of \$2.6 million are estimated and the agency requests administrative costs to implement and administer the new excise tax. The House amendments to the bill removed the \$1.00 fee on the sale of tires and deleted the Waste Tire Management Fund provision which impacted the Department of Revenue. The House version of the bill has no administrative impact on the agency.

The Senate version of S.B. 310 would require the Department of Revenue to administer a new tax. The agency estimates FY 1990 expenses of \$24,378 for data

processing costs to implement the new tax, including \$22,078 for programmer salaries and benefits and \$2,300 for computer processing time. FY 1991 expenses of \$113,882 are estimated, including \$99,636 for 5.0 new FTE positions, \$2,362 for programmer salaries and benefits, \$5,320 for commodities, \$480 for telephone services, and \$6,084 for capital outlay to equip four new employees. Financing is requested from the State General Fund rather the Waste Tire Management Fund.

2. **Senate Bill No. 481 (conference)** concerns issuance of special license plates and an increase in cost of duplicate motor vehicle registrations. The bill as amended by the House added provisions to allow a surviving spouse of a former prisoner of war to keep the special X-POW license plate. The House version also added the issuance of special plates for survivors of Pearl Harbor. Data processing salaries and benefits of \$4,020 are requested for programming work and computer time is estimated at \$825 in FY 1990. Costs of the new Pearl Harbor license plates are estimated at \$2.85 each for 100 eligible applicants, or a total of \$285 from the DOV Operating Fund in FY 1991.

3. **House Bill No. 2621 (conference)** eliminates the estimated sales tax payments for taxpayers with annual liabilities of \$32,000 or more and replaces that requirement with a monthly deposit mechanism based on prior tax liability. The agency indicates that the bill would save considerable time, effort and expense in developing the new integrated business tax system known as BTIMS (the Business Tax Information Management System). The agency's fiscal note states that failure of implement this bill would result in expenditures of \$45,000 for salaries and benefits associated with programming time. The agency estimates implementation of the bill's provision will cost \$8,185 in FY 1990 and \$2,734 in FY 1991 for data processing expenses. Those expenses include \$7,035 for salaries and benefits for programming time and \$1,150 for computer time in FY 1990 and \$1,584 for salaries and benefits for programming time and \$1,150 for computer time in FY 1991. Financing is requested from the State General Fund.

4. **House Bill No. 2637 (conference)** would require the agency to provide certain types of information to cities and counties which impose local taxes. Upon request by either city or county officials, the Director of Taxation would be required to provide a monthly report listing certain information about local retailers' sales tax collections and/or transient guest tax collections. The Director of Taxation would be allowed to assess a fee for issuance of such reports. The agency indicates that one-time expenses for writing three new computer programs to produce the reports would cost \$2,744 in FY 1990, with \$2,169 for salaries and benefits of programming time and \$575 for computer time. The bill provides that the cost of processing each city or county request would be borne by the local unit, but no revolving fund is authorized by the bill. The agency requests establishing the Local Report Revolving Fund pursuant to H.B. 2637 to recover costs and pay expenses related to making reports available to local units of government.

State Board of Tax Appeals

A. **Deferral of Computer-Related Items.** The House Subcommittee recommended a DISC study of the Board's data processing needs and reconsideration of computer-related items during Omnibus. The Governor's FY 1990 budget recommendations included \$30,514 for computer-related capital outlay, which were reduced by the Legislature, pending review during Omnibus of the DISC study. DISC provided a report on April 10, 1990, which recommends expenditures totaling \$25,000 in FY 1990 to

address the Board's computer problems. Included in the recommendations are \$20,000 for reprogramming the case management software and \$5,000 for training agency personnel to manage the existing computer hardware.

The DISC report indicates that the Board will not need a new computer system as earlier requested, and that a combination of modifying office procedures, reprogramming the case management software, and training staff will provide an alternative to buying a new minicomputer system. The DISC report indicates that after implementation of the initial recommendations, which should cost no more than \$25,000, there are other hardware alternatives for upgrading the current minicomputer rather than buying a new system. No fiscal year timeframe for purchasing an additional \$35,500 worth of storage and memory upgrades is recommended. The DISC report notes that, if the current system reaches 80 percent storage utilization (after the initial alternatives are implemented), then an upgrade will be required. The DISC study further notes that "the growth in case load is unpredictable at this time and will take constant monitoring."

Kansas Racing Commission

A. **Senate Bill No. 428 (conference)** includes amendments to the Kansas Parimutuel Racing Act. Among the changes, the bill would establish the unclassified position of Director of Racing Operations. The additional salary and benefits are estimated at \$57,031 by the Racing Commission, with financing from the State Racing Fund. The new Director would supervise racing judges and stewards. The position was requested in the agency's FY 1991 budget as a classified staff position. The Governor did not recommend the new FTE position. The Racing Commission requests \$7,500 for additional operating expenditures resulting primarily from travel and subsistence. S.B. 450 includes \$36,000 additional financing for a supervisor of racing judges and stewards if the Racing Commission should hire one rather than a clerk. Taking that appropriation into account, the net financing for 1.0 new FTE position in FY 1991 would be \$21,031 for salary and \$7,500 for other operating costs, or a total of \$28,531 from the State Racing Fund.

Kansas Real Estate Commission

A. **Senate Bill No. 755 (law)** establishes the Real Estate Appraiser Board which is attached to the Kansas Real Estate Commission for administrative purposes. The purpose of the Board is to license and certify real estate appraisers pursuant to a federal requirement. The bill also authorizes the Appraiser Fee Fund. The Legislature will need to consider a State General Fund appropriation or a transfer to the new fee fund for financing initial operations of the new Board since it must draft rules and regulations before it may begin collecting application fees for licensing and certifying appraisers. For FY 1991, the Commission estimates that start-up financing of \$25,000 may be needed, and that expenditures of \$39,157 plus 1.0 FTE position would be required. The difference (\$14,157) between initial financing and total expenditures should be collected in application fees during the second half of FY 1991.

A preliminary budget for the new Board includes \$13,361 for Board meetings, of which \$3,617 would pay \$35 per diem compensation to the eight members for 12 meeting days and \$9,744 for travel and subsistence to Board meetings. Salaries and benefits are estimated at \$20,477 for 1.0 FTE position and a temporary position. Other operating expenses of \$5,319 are requested for communications, rents and commodities. Total expenditures are estimated at \$39,157 in FY 1991. The Real Estate Commission

estimates FY 1991 receipts may total \$58,000 for deposit to the new fee fund, if 500 appraisers apply for certification.

Department of Corrections

A. Purchase and Renovate Facility for the Wichita Work Release Center. The Department of Corrections has submitted a request for FY 1990 supplemental funding of \$1,700,000 (State General Fund) to permit the purchase of the Santa Fe Trail Transportation Building for use as a work release center. The Senate Ways and Means Committee recommended this proposal be an item for Omnibus review. The building, located at 401 South Emporia in Wichita, is a trilevel office building enclosing 52,911 square feet; the building was constructed in 1958. The Department proposes to vacate the two Market Street buildings and consolidate the Work Release Center in the Santa Fe Trail Transportation Building. Current lease costs for the two Market Street buildings are \$144,752 per year; the purchase price for the two Market properties is estimated at \$1.5 million. The total cost for acquisition of the Santa Fe property is \$1.7 million, which is composed of a \$700,000 purchase price, \$245,000 for renovation, and \$755,000 for capital outlay to furnish and equip the facility.

The current Wichita Work Release Center, located at 320 North Market and 309 North Market, provides bedspace for 182 minimum custody male and female inmates at its location near downtown Wichita, Kansas. The Center began operation in January, 1976 following legislation authorizing establishment of such a center during the 1974 Legislative Session. On August 1, 1989, the Department terminated its contract with the VIP, Inc., company for operation of community residential centers in Topeka and Wichita. DOC leased space at 309 North Market to house 76 inmates; and the 320 North Market building now houses 106 inmates, for a program total of 182 inmates. The FY 1991 budget of \$2,012,769 and 51.0 FTE positions is based on an average daily inmate population of 182.

The Work Release Center houses both men and women and provides a structured residential setting for inmates who are within eight months of their parole eligibility date. The Center provides a transitional period for offenders prior to reentering the community with the emphasis on establishing job stability. The Center provides housing for inmates, food services, recreational opportunities, and uses community resources to provide substance abuse and mental health counseling.

The Joint Committee on State Building Construction did not recommend funding for this project in FY 1990. The House Appropriation Subcommittee which reviewed the Department's budget recommends that the Joint Committee on Building Construction review this proposed acquisition in some detail.

B. Community Corrections Funding. During legislative budget review, the Senate Ways and Means Committee recommended that the issue of funding for Community Corrections Act (CCA) programs be an item for Omnibus consideration.

The Governor's recommendation for Community Corrections in FY 1991 is \$10,865,242, a reduction of \$7,294,931 from the agency request. The net change from the current year to the budget year is an increase of \$2,331,769 or 27.3 percent. The FY 1991 agency request is composed of \$172,344 for salaries and wages for 5.0 positions, \$33,030 for other operating expenditures, \$2,462,080 for community correctional conservation camps, and \$15,492,719 for grants to local CCA programs, including \$5.2 million for new county CCA programs. The 5.0 approved positions are 1.0 Community

Corrections Specialist, 3.0 Community Program Consultant II positions, and an Office Assistant II. The FY 1991 salaries and wages recommendation will support 3.0 positions, a reduction of 2.0 positions from the 5.0 approved for the current year. The 2.0 positions eliminated are Community Program Consultant II positions (\$68,482). The Governor's recommendation for FY 1991 includes \$93,843 for salaries, \$9,805 for other operating expenditures, and \$10,761,594 for aid to local units (which is composed of \$600,000 for a community correctional conservation camp in Labette County and \$10,161,594 for community corrections grants). The Governor's recommendation for FY 1990 is composed of \$183,002 for salaries, \$18,713 for other operating expenditures, and \$8,331,758 for community corrections grants (no funding is recommended for correctional conservation camps in FY 1990).

The table below indicates the agency request and the Governor's recommendation for community corrections grants in FY 1991.

	Agency Req. <u>FY 1991</u>	Gov. Rec. <u>FY 1991</u>
Bourbon/Linn/Miami	\$ 233,612	\$ 233,612
Douglas	408,992	336,056
Jackson	35,988	35,988
Jefferson	35,987	35,987
Johnson	2,826,810	1,599,773
Leavenworth	295,551	295,551
Montgomery	314,213	314,213
Pottawatomie	35,988	35,988
Riley	267,454	267,454
Saline	347,971	321,392
Sedgwick	2,907,355	2,228,792
Shawnee	925,334	925,334
Wabaunsee	35,988	35,988
Wyandotte	1,621,476	1,295,466
Subtotal	<u>\$ 10,292,719</u>	<u>\$ 7,961,594</u>
Additional Existing Co.	--	1,000,000
New County Programs	5,200,000	1,200,000
CCC Camps	2,462,080	600,000
TOTAL	<u>\$ 17,954,799</u>	<u>\$ 10,761,594</u>

The 1990 Legislature has also approved an additional \$100,000 over the Governor's recommendation for CCA grants. The additional funding is intended to enhance juvenile programs under the CCA. (In FY 1989, 214 juveniles were provided services under the CCA at a reported expenditure of \$318,936, or an average cost of \$1,490 per case.)

Board of Nursing

A. **Technical Adjustment.** The final version of H.B. 2729 does not accurately reflect the amount that was approved by the 1990 Legislature (\$675,687). To correct this error, \$16,565 should be added to the FY 1990 expenditure limitation for the Board of Nursing Fee Fund.

B. Computer Disk Pack. According to the Board of Nursing, it could be several months before the Board of Healing Arts will have its own computer system installed and will no longer share a system with the Board of Nursing and the Pharmacy Board. Information indicates that the earliest possible date will be June 30, 1990 before the new computer system at the Board of Healing Arts will be functioning and that it may be sometime in FY 1991 before the Board of Healing Arts can completely remove all of its files from the shared system. According to the Board of Nursing, all of the existing computer space has been utilized and the addition of a disk pack is necessary in order to increase the computer space for processing and storage of the Board of Nursing's files. To fund this expenditure, the Board is requesting that \$4,200 be added to the FY 1991 expenditure limitation for the Board of Nursing Fee Fund.

Parole Board

A. Salaries and Wages. The salaries of Parole Board members are linked by K.S.A. 22-3708 to the salaries of certain judges of the Judicial Branch. The Governor recommended a 1.5 percent cost of living adjustment for the salary of these judges. However, the Governor's recommendation for the Parole Board included a 2.5 percent increase in salaries for the Board members in addition to the 1.5 percent cost of living adjustment. Since the Board members salaries are tied to the judges' salaries, they could not have received the 2.5 percent salary increase. Passage of S.B. 449 would provide for the 2.5 percent increase in salaries for the judges and, therefore, enable the Parole Board members to receive the higher salaries that have already been provided for in the Governor's recommendation.

However, the Governor's recommendation did not include funds for Board members' deferred compensation and longevity bonuses for classified employees. The Legislature did not fund these items since the funds for the 2.5 percent salary increase recommended by the Governor could be used to fund the deferred compensation and longevity costs. Now that funds may be spent for the Board members' salary increases because of the passage of S.B. 449, not enough money remains to fund the deferred compensation and longevity bonuses. Should the Legislature choose to fund the Board's deferred compensation and the longevity bonus expenditures, \$9,605 from the State General Fund will need to be added to the Board's FY 1991 appropriation. (This amount assumes the 2.0 percent turnover savings rate that was approved by the Legislature.)

Public Disclosure Commission

A. House Bill No. 3065 (conference). There are two versions of H.B. 3065 being reviewed by the Conference Committee. The House version would abolish the Kansas Public Disclosure Commission and create the Kansas Governmental Ethics Commission. The new Governmental Ethics Commission would consist of nine members as compared to five members for the Public Disclosure Commission. The bill also provides that the Ethics Commission shall appoint an Executive Director. Current law states that the Public Disclosure Commission may appoint an Executive Director. Assuming that a 1.0 FTE position would be added rather than using existing staff for the appointment of an Executive Director to the Commission, the FY 1991 costs of the bill are estimated by the Public Disclosure Commission to be \$51,099 for the 1.0 FTE position (\$43,399), the additional 4.0 Commission members (\$4,076), and other costs (printing -- \$722, postage -- \$425, and capital outlay -- \$2,477). These costs would be offset, in part, by the estimated receipts that would be raised by passage of the bill.

Receipts would be raised by increasing the lobbyist registration fees by \$10 and implementing a fee for the registration of political committees. Estimated receipts from the registration of political committees would be \$17,005, existing receipts for lobbyists are \$14,820, and anticipated receipts from the increase in lobbyist registration fees would be \$9,880, for a total of \$41,705. All of the receipts would go into a fund that would be established by the bill for the Governmental Ethics Commission. (Under current law, receipts from the registration of lobbyist fees are credited to the State General Fund.)

The Senate version of the bill would establish the Kansas Select Commission on Ethical Conduct. The duties of the Commission would be to study and review existing laws relating to all aspects of governmental ethics including conflict of interest, public disclosure by public officers and employees, and campaign finance; the need for additional laws pertaining to ethical standards for elective and appointed governmental offices and members of state boards and commissions established by law; and the preservation of the part-time citizen Legislature. The Commission would be required to file an interim report to the 1990 regular session, if deemed necessary, and to make a final report and recommendations to the Legislature on or before January 1, 1991. Members of the Commission would be paid compensation, subsistence allowances, mileage and other expenses. The membership of the Commission would consist of 10 appointed members (of whom four must be members of the Legislature) and the Secretary of State or a designated appointee of the Secretary. The provisions of the act would expire upon delivery of the Commission's final report to the Legislature. This version of the bill would not impact the Commission's budget. Expenses of the Commission would be paid from the appropriation for legislative expenses and, therefore, special appropriation language will not be required.

Board of Agriculture

A. Senate Bill No. 421 (law) makes several changes to Kansas laws concerning dairy products. The bill clarifies and strengthens the State Dairy Commissioner's authority to enforce health standards for dairy products. S.B. 421 also makes major adjustments to the fees paid by the dairy industry. The bill establishes annual license fees of \$120 for dairy manufacturing plants and for businesses which distribute dairy products; \$50 for businesses which freeze dairy dessert mixes, businesses which produce dairy containers, and businesses which freeze and sell retail ice cream products and food service establishments which make their own ice cream; and \$25 for milk-hauling or -testing companies. The bill also requires milk producers to pay a fee of \$.01 on every 100 pounds of milk or cream produced. Dairy manufacturing plants would also have to pay \$.0075 on every 100 pounds of milk which is processed into a milk product. Fees concerning the sale of buttermilk are eliminated.

For FY 1991, the net fiscal impact of the changes to license and production fees is estimated by the agency to be an increase of \$74,045 in receipts to the Dairy Fee Fund. According to the agency, publication of changes made by S.B. 421 will result in the Board incurring additional expenses of \$1,561, which could be financed from the additional receipts.

The status of the Dairy Fee Fund under the approved FY 1991 budget follows:

Balance	\$ 4,959
Receipts	<u>154,835</u>
Total Available	159,794
Expenditures	<u>85,749</u>
Balance Forward	<u>\$ 74,045</u>

B. **House Bill No. 2650 (law)** authorizes the State Board of Agriculture to enter into agreements with other state agencies, education institutions, the federal government, and not-for-profit organizations to conduct statistical surveys and studies. The bill permits the Board to make a reasonable service charge for conducting the studies and establishes a new fund entitled the Agricultural Statistics Fee Fund, in which fees for special statistical projects may be deposited and spent. Prior to enactment of the law, restrictions on the transfer of funds from private and state entities, reimbursement for out-of-pocket expenses on these surveys was met through payment in kind to Kansas Agricultural Statistics. Payment was normally made with paper and other printing supplies. The program absorbed costs such as computer time, data collection expenses, and equipment overhead.

C. **Senate Bill No. 569 (law)** amends Kansas law concerning fees collected by the Board of Agriculture, Division of Water Resources. The bill would authorize the Division to collect a fee for certain services. A request for an extension of time to either complete diversion works or to perfect a water right would be accompanied by a fee of \$50. Requests to reinstate water right permits to appropriate water would require a \$100 fee.

The bill is expected to generate an additional \$40,450 in revenue to the Water Appropriation Certification Fee Fund. The receipt of the additional funds is included in the Governor's recommended budget. The agency estimates expenditures in the amount of \$29,937 which are not included in the Governor's recommendation. These expenditures include salaries and wages of \$18,366 for a 0.5 FTE Civil Engineer III position, \$3,244 in contractual services, \$110 in commodities, and \$8,217 in capital outlay.

D. **Senate Bill No. 570 (law)** amends Kansas law concerning fees collected by the Division of Water Resources for changes in points of diversion. The bill requires an application fee of \$50 for application to change a point of diversion 300 feet or less, \$100 for application to change a point of diversion by more than 300 feet, \$100 for applications to change a place of use, and \$150 for application to change the use made of water. Any application requesting two of these changes requires a \$150 fee. Any application requesting three types of changes requires a fee of \$250.

The bill is expected to generate \$22,500 in additional receipts to the Water Appropriation Certification Fee Fund. That amount is included in the Governor's budget recommendation. The agency estimates expenditures of \$21,720, including salaries and wages of \$18,366 for a 0.5 FTE Civil Engineer III position, \$3,244 in contractual services, and \$110 in commodities.

(The agency is requesting the funding of one FTE Civil Engineer III position to be partially funded from the increased revenue anticipated from S.B. 569 and partially funded from increased revenue expected from S.B. 570. The position was requested from State Water Plan funds but was not recommended by the Governor. The position would be utilized to manage the existing Water Conservation program. The agency

requests that the additional revenue anticipated from these two bills be used to fund this additional staff position, rather than offset State General Fund revenue.)

The status of the Water Appropriation Certification Fee Fund under the approved FY 1991 budget follows:

Balance	\$ 104,448
Receipts	<u>442,125</u>
Total Available	\$ 546,573
Expenditures	<u>322,340</u>
Balance Forward	<u>\$ 224,233</u>

E. House Bill No. 2639 (law) establishes a late fee for state registered meat and poultry plants which fail to renew their registration on time. The plants are required to renew their registration by January 1 of each year. The bill requires a late fee of \$10 in addition to the regular registration fee if the fee is paid after January 15 but before January 31. Plants which renew after January 31 would be charged a late fee of \$10 plus \$25 per month for each additional month that the renewal is late.

The agency estimates FY 1991 receipts of \$500 with a corresponding \$500 in expenditures to allow the Board to reprint copies of the Kansas Meat and Poultry Act.

H. Senate Bill No. 767 (Conference), under both the Senate and House versions, redirects \$.04 per ton of the fertilizer funds collected by the Board of Agriculture to research fertilizer-related issues at Kansas State University. It is estimated that this redirection in fees would reduce anticipated tonnage fund revenues by \$48,414.

Under both the Senate and House versions of the bill, seed dealers would be required to be registered with the Board and pay an annual registration fee of \$50. In addition to the registration fee, seed dealers would be required to furnish the Board a list of farmer dealers who act as agents for seed dealers. The seed dealers would be required to pay a fee of \$10 for each of the farmer dealers. The bill creates a fee fund for the deposit of fees collected from seed dealers and farmer dealers of seed. The agency estimates that fee funds generated by this registration would total \$34,435. The net loss to the agency's total revenue, as a result, would be \$13,979.

The status of the Fertilizer Fee Fund under the approved FY 1991 budget follows:

Balance	\$ 3,168
Receipts	<u>390,002</u>
Total Available	\$ 393,170
Expenditures	<u>390,002</u>
Balance Forward	<u>\$ 3,168</u>

Department of Education

A. FY 1991 General Aid to Schools. S.B. 448 contains \$537,940,687 in general aid to schools, a reduction of \$5,586,565 from the Governor's recommendation. The Subcommittee report approved by both houses stated that a final decision on school district aid would be made at the end of the session when it is known what changes may be made to the school finance formula.

S.B. 508 concerning the School District Equalization Act was approved by the Senate April 7. The bill is now in the House Education Committee. The computer printout that illustrates the Senate-passed version of the bill is based on a general state aid appropriation of \$546,307,000, an increase of \$2,779,748 over the Governor's recommendation and an increase of \$8,366,313 over the amount in S.B. 448. The general fund budget limitations contained in S.B. 508 are 101 to 102 percent, with an additional 1.0 percent increase subject to a protest petition.

Any adjustment to the amount of general state aid to school districts contained in S.B. 448 could be made in the Omnibus Bill.

B. Fort Leavenworth School District (USD 207). Kansas is required to maintain compliance with federal requirements if the Fort Leavenworth School District is to remain eligible for federal P.L. 874 funds. The requirement is that aid to the district on a per pupil basis be equal to 65 percent of statewide per pupil aid.

The appropriation to USD 207 contained in S.B. 448 (\$1,500,776) is the amount it would take to comply with federal regulations based on the amount of general state aid to school districts contained in S.B. 448 (\$537,940,687). If the Legislature adjusts the general state aid appropriation, it would be necessary to adjust the appropriation to USD 207 in order to maintain compliance.

C. Special Education. The Legislature has appropriated \$121,078,553 for special education aid in FY 1991. That amount is estimated to fund excess costs at the 95 percent level and is based on budget per pupil limitations of 101 to 102 percent.

If it is the Legislature's intention to fund 95 percent of excess costs, it could be necessary to adjust the special education appropriation to conform it to the Legislature's final recommendation concerning school district general aid.

D. Senate Sub. House Bill No. 2218 (law). Senate Sub. H.B. 2218 establishes the Parent Education Program. Under the program, school districts are authorized to develop programs designed to help expectant parents and parents of children up to three years of age acquire information and parenting skills relating to child development and growth. The Legislature has appropriated \$1.0 million for the program in FY 1991 to provide grants to school districts that have approved programs. Under Senate Sub. H.B. 2218, no more than 100 school districts can receive grants in FY 1991 and no more than 200 can receive grants in FY 1992. In FY 1993 and thereafter, all school districts that have an approved program would be eligible for grants. Grants are subject to available funding and a proviso attached to the FY 1991 appropriation stipulates that each state grant must be matched at least 50 percent from local funds.

The duties of the State Board of Education under the new act consist of developing rules and regulations; establishing standards and criteria for reviewing, evaluating, and approving applications from school districts for grants; evaluating and approving programs; conducting a needs-assessment survey of school districts applying for grants; awarding grants based on priorities established by the needs-assessment surveys; and conducting follow-up activities to evaluate the operation and effectiveness of local programs.

To conduct these activities, the State Department of Education requests an additional position (an Education Program Specialist), whose salary and benefits from the

State General Fund would be \$36,016 in FY 1991. In addition, \$5,000 is estimated for travel, \$2,500 for communications, and \$1,000 for other expenses, for a total of \$44,516.

E. Senate Concurrent Resolution No. 1629 (conference). S.C.R. 1629 concerns the development and implementation of an "outcomes-based accountability system" whereby school accreditation would be based on indicators such as increased academic course enrollments, improved test scores, improved school attendance rates, and lower drop-out rates. The resolution commends the State Board of Education for efforts already underway, primarily the appointment of an ad hoc accreditation study committee to develop recommendations for changes in Kansas school accreditation. Further, the resolution requests that the State Board analyze the findings of the ad hoc committee, develop an outcomes-based accountability system for accrediting schools, and submit a report on the development and implementation of a system to the Governor and to the Legislature prior to first adjournment of the 1991 Legislative Session.

According to the State Department of Education, an additional Education Program Specialist would be needed to develop an outcomes-based accountability system and to help implement it among school districts. The salary and benefits of the new position would be \$36,016 from the State General Fund, plus \$5,000 for travel, \$2,500 for communications, and \$1,000 for other costs, for a total of \$44,516.

F. Senate Bill No. 484 (Governor). S.B. 484 amends sections of the Kansas Uniform Commercial Driver License Act, in part to conform Kansas law with changes in the federal Commercial Motor Vehicle Safety Act of 1986.

One change that would affect the State Department of Education is an increase in the commercial driver's license fee from \$12.00 to \$14.00. The \$2.00 increase for each license would be credited to the "Truck Driver Training Fund," which is created by S.B. 484. Each year, \$70,000 from the Fund would be distributed by the State board of Education to those area vocational schools and community colleges that offer an approved truck driver training program. (Presently there are three programs, one offered by a community college and two by area vocational schools.)

The State Board already is responsible for approving truck driver training programs as part of its approval of vocational education programs. From an administrative perspective, the State Department's duties under S.B. 484 would be almost identical to its duties associated with the State Safety Fund and the Motorcycle Safety Fund. The only added responsibility would be to determine the amount of money each school that offers a truck driver training program is eligible to receive. Because of the small number of programs, the State Department would be able to absorb the added duties with existing staff. However, it is requesting \$500 for additional communications and printing expenses associated with passage of the bill.

One action the Legislature would need to take to implement S.B. 484 insofar as the State Department of Education is concerned is to add a line item to the State Department's budget for the Truck Driver Training Fund. This new special revenue fund could either be a "no limit" fund (because S.B. 484 directs that, subject to available receipts, \$70,000 be distributed from the Fund each year) or the Fund could show the \$70,000 limit that is established statutorily by S.B. 484.

G. Technical Adjustment. In order to correct a posting error, the expenditure limitation on the state operations portion of the federal Job Training

Partnership Act Fund should be increased from \$68,948 to \$71,641 for FY 1990, an increase of \$2,693.

Attorney General

A. Senate Bill No. 358 (law). S.B. 358 creates the new position of Assistant Attorney General in the Office of the State Fire Marshal. The position will be appointed and the salary will be set by the Attorney General, with the Fire Marshal's approval.

Presently, the salary of an Assistant Attorney General who is assigned to the State Fire Marshal is paid by the Attorney General and the position is counted as part of the position limitation of the Attorney General's Office. The salary and benefits for the position will be \$41,075 in FY 1991. Because of the enactment of S.B. 358, \$41,075 for salaries and wages from the State General Fund can be deleted from the FY 1991 appropriation for the Attorney General and the Attorney General's position limitation can be reduced from 71.3 FTE to 70.3 FTE.

Kansas School for the Visually Handicapped

A. Technical Adjustment. In order to accurately reflect amounts approved by the Legislature, \$14,333 from the State General Fund for salaries in FY 1991 and \$218 from the State General Fund for other operating expenditures in FY 1990 should be added to the appropriation to the School for the Visually Handicapped.

Department of Commerce

A. Senate Bill No. 621 (law) creates a tourism matching grant program within the Division of Travel and Tourism Development of the agency. The grant program is designed to provide matching grants of up to 40 percent of a project's cost for tax exempt entities in the state for the purpose of developing quality tourist attractions. The agency is responsible for soliciting private and public sector funds for the program. All funds received for the program are to be deposited in the state treasury and credited to the Kansas Tourist Attraction Matching Grant Development Fund, which is created by the bill. The bill also creates a Kansas Tourist Attraction Evaluation Committee, members of which serve without compensation.

The agency reports that administration of the program can be absorbed within existing resources and requests that the Kansas Tourist Attraction Matching Grant Development Fund be appropriated with no limit on expenditures.

B. House Bill No. 2231 (law) extends the sunset date of the Kansas Coal Commission from July 1, 1989 to July 1, 1993. The agency reports that an additional \$7,385 from the State General Fund would be required to support the Commission in FY 1991, including per diem for Commission members (\$1,224), temporary clerical assistance (\$1,660), Commission travel and subsistence (\$2,729), and staff travel and subsistence (\$1,297). In addition, the agency requests the appropriation of the Coal Commission Contribution Fund with no limit on expenditures.

C. **Senate Bill No. 427 (conference)** would transfer certain housing programs from the Department of Social and Rehabilitation Services (SRS) to the Department of Commerce. Those programs subject to transfer would be any federally-authorized activities for which there are contracts or agreements with the federal Department of Housing and Urban Development (HUD).

The bill also would establish an Office of Housing and a Director for Housing within the Division of Community Development of the Department of Commerce. The new office would be responsible for preparing a preliminary state plan for housing which meets federal HUD requirements.

The bill would establish a Housing Concerns Advisory Committee, who would serve without compensation, to be appointed by the Secretary of Commerce. The Committee would assist with preparing the state housing plan, in addition to certain other specific duties. The Committee would be abolished effective March 31, 1992. The bill is effective upon publication in the Kansas Register.

The agency estimates FY 1990 administrative expenses for the program (assuming two months of expenses) to be \$26,195, including \$15,281 for salaries for 3.0 FTE positions (an Economic Development Representative II, an Accountant II, and an Office Specialist), \$1,214 for other operating expenses, and \$9,700 for computer equipment. Of this amount, the agency reports \$10,740 would be available from federal funds and \$15,455 would be required from the State General Fund.

For FY 1991, the agency estimates administrative expenses to be \$129,445 including \$92,770 for the salaries of the 3.0 FTE positions, \$15,600 for other operating expenses, and \$21,075 for office furniture (\$9,375) and computer equipment (\$11,700). Of this amount, the agency reports \$51,526 would be available from federal funds and \$77,919 would be required from the State General Fund.

In addition to the administrative expenses noted above, an estimated \$460,000 in FY 1990 and \$683,800 in FY 1991 of federally financed aid to local units of government for emergency shelter grants and an estimated \$170,315 in FY 1990 and \$1,550,474 in FY 1991 in other assistance for subsidized housing assistance would be expended through the agency.

D. **Senate Bill No. 310 (conference)**, the House version, includes the provisions of H.B. 2806 which creates an 11-member Commission on Waste Reduction, Recycling and Market Development and the unclassified position of statewide Coordinator of Waste Reduction, Recycling and Market Development. The Coordinator's duty is to promote the development of markets for recycled products; serve as a statewide clearinghouse for information regarding waste reduction, recycling, and recycling markets; and provide information to anyone wishing to establish and implement waste reduction and recycling programs. The Department of Commerce reports that implementation of these provisions of S.B. 310 would cost \$126,185 and 2.0 FTE positions in FY 1991. Costs reflected in the estimate include \$68,195 for the salaries of the Coordinator (\$46,923) and a Secretary II position (\$21,272), as well as other operating expenses of \$24,950 and Commission expenses of \$33,040 for subsistence and lodging (\$19,000) and mileage (\$14,040). Other operating expenses reflected in the estimate include \$12,650 for one-time capital outlay, \$3,600 for travel, \$2,700 for office rent, \$2,000 for library supplies, \$1,500 each for conference fees and communication expenses, and \$1,000 for printing.

E. **Sub. for House Bill No. 2603 (conference)** establishes the Community Strategic Planning Assistance program. The Senate version of the bill provides for the establishment of a six-member community strategic planning grant committee, to include among its membership two legislators. Compensation for committee members would be permissive. This committee would be attached to the Kansas Department of Commerce. Subject to appropriations from the Legislature, the Department of Commerce would be authorized to provide planning grants to city-county economic development organizations located in nonmetropolitan counties (all counties in Kansas excluding Douglas, Johnson, Leavenworth, Sedgwick, Shawnee, and Wyandotte). All grant awards will be subject to a competitive selection process with grant eligibility criteria to be established by the committee.

Planning grants must be used for the development of countywide economic development strategy plans. No planning grant shall exceed \$20,000. A recipient city-county economic development organization is required to provide additional funds equaling 20 percent of the amount of the planning grant.

The House version of the bill included a five-member committee instead of six members; mandated compensation for committee members; specified that the committee (instead of the Department of Commerce) would administer the program; increased the list of metropolitan (and thus ineligible) counties to include Butler, Harvey, and Miami counties; specified a minimum of \$2,000 for planning grants; provided for multiple planning grants up to an aggregate of \$20,000 per unit of government; and provided for action grants of up to \$50,000 (with a 100 percent match requirement) for implementation of countywide economic development strategy plans.

The Department of Commerce estimates that administration of the program would require \$86,686 and 2.0 FTE positions in FY 1991, including \$59,336 for the salaries of a program manager (\$38,532) and a Secretary (\$20,804), one-time capital outlay of \$12,650, travel and conference registration of \$5,000, \$2,700 for office rent, and \$2,000 each for printing and communication expenses.

In addition to the amounts noted above, an amount of funding for planning or action grants would be required. The agency has not indicated what amount would be required for grants in FY 1991.

Kansas, Inc.

A. **Senate Bill No. 678 (law)** establishes the information network of Kansas, Inc., to be referred to as INK. This network would be constituted as a public instrumentality with a ten-member board but would be operated by a private service provider, defined in the bill as a "network manager." This network manager would direct and supervise daily operations of INK. Employees of INK would be considered state employees for purposes of employee benefits, as specified in the bill. Among its responsibilities, INK would provide access for members of the public and businesses to public information of agencies via a centralized electronic information system. This system would enable information to be accessed through the use of dial-in modems.

This bill requires INK to fund its operations from revenues generated from subscribers and the private sector. Initial funding for start-up costs would come from the private sector. The bill also creates the Information Network of Kansas Fund to which donations and fees could be credited. This bill would take effect upon publication in the Kansas Register. The agency requests that the Information Network of Kansas Fund be established with no limit on expenditures for FY 1990 and FY 1991.

B. **Senate Bill No. 652 (Governor)** amends the current statutes regarding the powers, duties, and funding for Kansas, Inc. Section 3 of the bill changes the public-private funding ratio from the current two-thirds state and one-third private sector funding to 67 percent state and 33 percent private sector funding. The bill further requires that the state shall fund all of the salaries and operating expenses of the agency, as well as any research and evaluation activities conducted at the request of the legislative or executive branches. The approved FY 1991 budget for the agency totals \$428,884, including \$285,923 from the State General Fund. According to the agency, an increase of \$1,429 in State General Fund financing and an equal decrease in private sector financing would be required to implement S.B. 652. This funding level would result in an executive and legislative branch research budget of \$12,010.

Department of Social and Rehabilitation Services

A. **Regular Medical Assistance.** In its consideration of the regular medical assistance budget, the Senate Ways and Means Committee was informed that medical expenditures in March had exceeded estimates by \$7.8 million, including \$3.5 million from the State General Fund. The Subcommittee recommended that this item be considered during the Omnibus Session subsequent to the receipt of additional information. The Department of Social and Rehabilitation Services attributes the March increase to a lag associated with a longer processing time for more complex and expensive claims. The high cost claims appearing in March were primarily hospital and physician claims. The agency believes that the time lag in processing claims had concealed actual costs which have been incurred. The agency notes that the increase in both the cost and volume of claims was particularly acute in the pregnant women and children population, where expenditures doubled between January and March. The following summarizes the agency's revised estimates for FY 1990 and FY 1991 for regular medical assistance.

	<u>Gov. Rec.</u>	<u>House Rec.</u>	<u>Senate Rec.</u>	<u>Agency Revised Estimate</u>
<u>FY 1990:</u>				
All Funds	\$ 227,392,928	\$ 227,392,928	\$ 235,693,142	\$ 252,952,000
State General Fund	117,981,036	117,981,036	121,253,241	130,672,036
<u>FY 1991:</u>				
All Funds	221,656,383	\$221,656,383	\$ 259,263,883	\$ 285,151,264
State General Fund	97,254,394	97,254,394	114,179,118	130,000,581

The agency's estimate for FY 1990 exceeds the Governor's recommendation by \$12,691,000 from the State General Fund. The estimate for FY 1991 exceeds the Governor's recommendation by \$32,746,187.

B. **House Bill No. 2586 (Ways and Means)** enacts the mental health reform act and specifies a variety of powers and duties of the Secretary of Social and Rehabilitation Services (SRS), including developing and establishing standards for community based mental health services. The first phase of mental health reform would be implemented in the Osawatimie catchment area. SRS estimates direct costs relating to this phase totaling \$1,017,000 in the SRS budget, including \$417,000 for screening

(gatekeeping) for a six-month period, and \$600,000 for community support services development for six months. In conjunction with this first phase, the census at Osawatomie State Hospital would be reduced by 20 to 30 beds. In addition, the agency estimates that additional funding for start-up costs might be necessary, limited to two years per catchment area.

The agency also estimates various indirect costs of mental health reform, including funding to maintain the federal mental health block grant at its current level (\$265,202); funding in medical assistance for community mental health services for clients presently receiving services who will not be eligible for the revised General Assistance/Medikan programs (\$500,000); funding for community mental health crisis services grants (\$400,000) to be used to provide inpatient or other crisis services to certain mentally ill clients who would not meet new MediKan eligibility requirements; and \$207,586 for staff to administer the ICF-MH program. H.B. 2586 mandates the transfer of the administration of the ICF-MH program from Adult Services to Mental Health and Retardation Services to integrate mental health system components.

In considering the SRS budget in H.B. 3088, the House recommended the addition of \$1,017,000, including \$727,443 from the State General Fund and \$289,557 from federal alcohol, drug abuse and mental health block grant funds for screening and community support services development. The House also recommended the addition of \$400,000 from the State General Fund for special purpose grants to community mental health centers for emergency inpatient crisis services. Funding of \$33,519 was also approved for one field staff position for activities associated with Mental Health Reform. The Senate recommended the deletion of this funding pending consideration of H.B. 2586.

C. Senate Bill No. 427 (Conference) transfers certain housing programs from the Department of Social and Rehabilitation Services (SRS) to the Department of Commerce. Those programs subject to transfer would be any federally-authorized activities for which there are contracts or agreements with the federal Department of Housing and Urban Development (HUD). The bill would take effect upon publication in the Kansas Register.

All expenditures in the Department of Social and Rehabilitation Services in support of these functions are financed by federal funds. For FY 1991, expenditures are expected to total \$2,300,186. The Department is budgeted one staff position and one-half special project position for total salary costs of \$62,577. Also budgeted for administration are support costs of \$3,335. Expenditures for other assistance, grants and benefits are expected to total \$2,234,274. Passage of this legislation would result in the transfer of these positions and funding from SRS to the Department of Commerce.

Youth Center at Topeka

A. House and Senate Subcommittee Recommendation. During budget review, both the House and Senate Subcommittees acknowledged the Youth Center's anticipated GBA request for \$205,000 to fully fund the contract for education services in FY 1991. The Subcommittees noted that, due to inaccurate information provided by the Department of Social and Rehabilitation Services, the amount needed to fully fund the education contract was not included in the Governor's original budget for FY 1991.

The Youth Center contracts with Interlocal 609, Greenbush, for education services. In the current year, the contract amount is \$1,486,571 and provides funding

for 30 academic and vocational teachers and ten paraprofessionals. For FY 1991, the Governor's budget provides \$1,329,898 for the contract. The agency states that the additional \$205,000 is required to fund the same number of teaching staff as in the current year and provide a 3.3 percent salary increase.

Kansas State Historical Society

A. House Bill No. 3097 (conference) authorizes the Historical Society to establish a schedule of fees for the use of the Kansas Museum of History by organizations for special events. The bill stipulates that the fees to be set by the Society are only to cover the actual costs incurred by the Society in connection with a special event. The bill creates the State Historical Society Facilities Fund into which such fee revenue would be deposited. The Society is authorized to spend moneys from the fund for the purpose of paying costs associated with the use of the Museum. Any unencumbered balance not necessary for expenditures authorized in the act would be transferred to the State General Fund at the end of each fiscal year. Passage of H.B. 3097 requires the inclusion of the State Historical Society Facilities Fund in the appropriations bill for FY 1991.

B. House Subcommittee Recommendation. During the legislative budget review, the House Subcommittee recommended that the costs associated with providing security at the Kansas Museum of History be evaluated during the Omnibus Session to determine if further reductions in the amount of the contract could be made. The amount approved thus far for the security contract is \$147,000, a reduction of \$58,000 from the Governor's recommendation of \$205,000 for museum security. The recommended budget for museum security in the current year is \$293,176.

Kansas Board of Barbering

A. House Bill No. 2466 (law). The bill raises the statutory limit on most of the fees charged and collected by the Board of Barbering and discontinues the current practice of having the Administrative Officer also serve as a member of the Board. The agency estimates that the fiscal impact of this change will be increases of \$350 in per diem and \$1,100 in travel expenses for the additional Board member to attend a total of ten meetings.

Larned State Hospital

A. Categorical Aid. The amount appropriated in S.B. 448 for special education aid will provide for an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services in FY 1991. The FY 1991 special education budget for Larned State Hospital is based on a categorical aid rate of \$17,500 per eligible teaching unit. The increased categorical aid rate would allow a reduction of \$2,430 from the State General Fund from the appropriation contained in H.B. 2618.

B. Shift of Funding from State General Fund to Title XIX. Total funding of \$198,043 added to the hospital budget from the hospital fee fund (\$84,456) and State General Fund (\$113,587) in FY 1991 should allow the hospital to adjust the hospital room rate in FY 1991 and collect additional Title XIX funding. The FY 1991 hospital budget contains Title XIX funding equivalent to 13.36 percent of the total budget.

Applying this same percentage to the funding added by the Legislature, it appears that \$26,459 in funding can be shifted from the State General Fund to the Title XIX Fund.

Osawatomie State Hospital

A. Categorical Aid. The amount appropriated in S.B. 448 for special education aid will provide for an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services in FY 1991. The FY 1991 special education budget for Larned State Hospital is based on a categorical aid rate of \$17,500 per eligible teaching unit. The increased categorical aid rate would allow a reduction of \$3,554 from the State General Fund from the appropriation contained in H.B. 2618.

B. Shift of Funding from State General Fund to Title XIX. Total funding of \$514,225 added to the hospital budget from the hospital fee fund (\$107,418) and State General Fund (\$406,807) should allow the hospital to adjust the hospital room rate in FY 1991 and collect additional Title XIX funding. The FY 1991 hospital budget contains Title XIX funding equivalent to 14.59 percent of the total budget. Applying this same percentage to the funding added by the Legislature, it appears that \$75,025 in funding can be shifted from the State General Fund to the Title XIX Fund.

Rainbow Mental Health Facility

A. Categorical Aid. The amount appropriated in S.B. 448 for special education aid will provide for an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services in FY 1991. The FY 1991 special education budget for Larned State Hospital is based on a categorical aid rate of \$17,500 per eligible teaching unit. The increased categorical aid rate would allow a reduction of \$4,134 from the State General Fund from the appropriation contained in H.B. 2618.

Topeka State Hospital

A. Categorical Aid. The amount appropriated in S.B. 448 for special education aid will provide for an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services in FY 1991. The FY 1991 special education budget for Larned State Hospital is based on a categorical aid rate of \$17,500 per eligible teaching unit. The increased categorical aid rate would allow a reduction of \$10,601 from the State General Fund from the appropriation contained in H.B. 2618.

B. Shift of Funding from State General Fund to Title XIX. Total funding of \$412,237 added to the hospital budget from the hospital fee fund (\$397,442) and State General Fund (\$14,795) should allow the hospital to adjust the hospital room rate in FY 1991 and collect additional Title XIX funding. The FY 1991 hospital budget contains Title XIX funding equivalent to 23.76 percent of the total budget. Applying this same percentage to the funding added by the Legislature, it appears that \$97,948 in funding can be shifted from the State General Fund to the Title XIX Fund.

Department of Human Resources

A. House Bill No. 3029 (law) would add one new assistant rehabilitation administrator to the Workers Compensation program. The agency indicates that, in addition to the administrator, a clerical position and OOE for both positions would be necessary.

In addition to increasing the agency FTE limitation by 2.0 FTE positions, the agency requests annual funding of \$73,374 from the Workers Compensation Fee Fund. Funding includes \$34,960 for the salary of the administrator, \$19,740 for the salary of the Office Assistant III, \$1,200 for communications, \$200 for repairing and servicing, \$1,200 for travel and subsistence, \$200 for stationery and office supplies, \$11,124 for capital outlay, and \$4,750 for allocated overhead.

Commission on Veterans Affairs/Kansas Soldiers' Home

A. Lapse of State Institutions Building Fund Appropriation for the Soldiers' Home Electrical Board Project. The Senate Subcommittee recommended that this project be considered as a possible Omnibus item. A total of \$96,400 was appropriated from the State Institutions Building Fund for FY 1990 for replacement of the Home's electrical board. After the bid for replacement of the board was awarded and after the contractor purchased materials for the project, the agency learned that the project could be completed by the local electric company and that the company will assume total responsibility for the electrical distribution system.

Through the Division of Purchasing, the Home has negotiated a buy out of the contract at a cost of \$22,968. Restocking charges of \$3,188 must also be paid to an electrical supply company. Subtracting these amounts from the \$96,148 balance in the project account leaves a balance of \$69,992. The Home requests that expenditures of \$24,310 from that amount be allowed to install proper electrical service entrances to the buildings at the Home, as required by the local electric company. After deduction of this request, an amount of \$45,682 remains to be lapsed.

Winfield State Hospital and Training Center

FY 1990

Technical Adjustment. A technical correction is required to lapse the state operations line item of \$312,638. This line item is unnecessary due to a reduction in the FY 1991 reappropriation.

FY 1991

Categorical Aid. S.B. 448 appropriates an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services. The education budgets for the state mental retardation hospitals, as approved in H.B. 2618, are based on a categorical aid rate of \$17,500 per eligible teaching unit. Adjustment to the Winfield budget, using a rate of \$17,701, would allow a reduction of \$29,593 from the State General Fund appropriation contained in H.B. 2618.

Technical Adjustment. Technical adjustments are required for Winfield State Hospital to accurately reflect the Legislature's intent:

1. Increase the reappropriation to be expended in FY 1991 from \$417,636 to \$730,274.

2. Decrease the line item for state operations from \$13,516,615 to \$13,116,478 and increase the Title XIX line item from \$15,920,493 to \$15,985,511.

Department of Wildlife and Parks

House Bill No. 2919 (Governor) changes the name of Melvern State Park to Eisenhower State Park. Passage of the bill would require the Department to expend \$2,100 from the Park Fee Fund for construction of new park signs and reprinting Department literature with the new name change.

Parsons State Hospital and Training Center

FY 1991

Categorical Aid. S.B. 448 appropriates an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services. The education budgets for the state mental retardation hospitals, as approved in H.B. 2618, are based on a categorical aid rate of \$17,500 per eligible teaching unit. Adjustments to the Parsons budget, using a rate of \$17,701, would allow a reduction of \$28,812 from the State General Fund.

Kansas Neurological Institute

Categorical Aid. S.B. 448 appropriates an estimated categorical aid rate of \$17,701 per eligible teaching unit for special education services. The education budgets for the state mental retardation hospitals, as approved in H.B. 2618, are based on a categorical aid rate of \$17,500 per eligible teaching unit. Adjustments to the KNI budget, using a rate of \$17,701, would allow a reduction of \$7,101 from the State General Fund.

Kansas Public Employees Retirement System (KPERs)

A. Senate Bill No. 508 (House Education). S.B. 508 establishes public school budget limitations for the 1990-1991 school year. The final legislative decision concerning school finance could impact the amount of local school employer contributions contained within the KPERs FY 1991 budget. The Governor's amended FY 1991 recommended amount for local school employers' contributions is \$41,551,170 (State General Fund). The Legislature in H.B. 2638 (Governor) appropriated \$42,765,515 in the budget year for school employers' contributions. The latest data from the Department of Education based on S.B. 508, as it passed the Senate, projects local school employers' contributions in FY 1991 to be \$44,042,310.

Fort Hays State University

A. House Subcommittee Recommendation. During legislative budget review, the House Subcommittee expressed concern regarding the salary and wage shrinkage rate for Fort Hays State University in FY 1991. The House Subcommittee encouraged the Governor to consider amending his budget to make some allowance for the special

circumstances that occurred at the institution. However, the Subcommittee urged that this item be reviewed as part of those items considered for inclusion in the omnibus appropriations bill.

The agency had budgeted for FY 1991 a 1.0 percent salary and wage shrinkage rate or a reduction of \$208,431. The Governor, based on FY 1989 actual shrinkage, recommended a 3.7 percent shrinkage rate or \$794,736 in FY 1991. The Senate adjusted the shrinkage rate to 2.2 percent or \$470,398 using a three year (FY 1985, FY 1986, and FY 1988) actual shrinkage rate average. The House recommended shrinkage at one-half of the additional shrinkage recommended by the Governor or 2.4 percent or \$501,584.

Board of Regents

A. Senate Bill No. 561 (Governor). S.B. 561 creates the Teacher Scholarship Program which will be administered by the State Board of Regents. The bill provides for 50 scholarships at \$5,000 each to provide tuition, room and board, and a stipend. The scholarships will be awarded to Kansas residents who demonstrate high achievement on the ACT assessment, and are enrolled in or admitted to a full-time undergraduate program leading to teacher certification in a hard-to-fill teaching discipline. Scholarship recipients will be required to teach a year for each year the scholarship was received. The Governor's Budget Report included \$250,000 for the scholarship program. The funds were removed from 1990 S.B. 454 pending passage of S.B. 561. The Board of Regents estimated administrative costs of \$3,500 for printing, communications, supplies and duplicating for the new scholarship program.

Wichita State University

A. Conference Committee Recommendation. During the Conference Committee action of S.B. 558 the Committee recommended that utility funding at Wichita State University in FY 1990 be reviewed further in the omnibus appropriation bill. The Board of Regents requested that the institution receive a State General Fund supplemental appropriation of \$289,820 for utilities based on actual expenditures for the first seven months of the current fiscal year. The House Subcommittee did not recommend funding the supplemental request.

State Fire Marshal

A. Senate Bill No. 358 (law). S.B. 358 creates the new position of Assistant Attorney General in the Office of the State Fire Marshal. The position will be appointed and the salary will be set by the Attorney General, with the Fire Marshal's approval.

Presently, the salary of an Assistant Attorney General who is assigned to the State Fire Marshal is paid by the Attorney General and the position is counted as part of the position limitation of the Attorney General's Office. The salary and benefits for the position will be \$41,075 in FY 1991. Because of the enactment of S.B. 358, \$41,075 for salaries and wages from the State General Fund and 1.0 FTE position can be deleted from the FY 1991 appropriation for the Attorney General and \$41,075 from the State General Fund and 1.0 FTE position can be added to the FY 1991 appropriation for the State Fire Marshal. Additionally, the State Fire Marshal requests

\$3,850 from the State General Fund for other operating expenditures (\$1,500 for travel and subsistence and \$2,350 for communications, office space, and office supplies) associated with new duties and responsibilities the position will assume in the State Fire Marshal's office.

B. The House Appropriations Subcommittee and Senate Ways and Means Subcommittee on the State Fire Marshal's budget recommended that the issue of the agency's receipt of federal funds in FY 1990 associated with the federal portion of the fire inspection program be reviewed during the Omnibus Session. The Governor's FY 1990 recommendation included \$25,000 in federal indirect cost recovery funds to finance the agency's FY 1990 budget. At the time of budget review, the agency had not received the federal funds; therefore, the subcommittees recommended that the Governor submit a Governor's Budget Amendment and the item be revisited during the Omnibus Session. As of April 12, 1990, the funds have not been received by the State Fire Marshal.

Judicial Branch

A. House Bill No. 2645 (law). H.B. 2645 amends the statutes governing alcohol and safety action programs and requires the respective municipal judges or the administrative judges to report the status of the courts' alcohol and safety action fund annually beginning on January 20, 1991, to the Office of Judicial Administration (OJA). The report shall include but not be limited to the balance of the fund as of December 31 of each year; the assessments deposited into the fund during the 12-month period; and the dollar amount expended from the fund during the year. The results are to be compiled by the OJA into a statewide report and submitted to the Legislature by March 1 of each year, beginning on March 1, 1991.

The Office of Judicial Administration estimates that the reporting requirements of this legislation would result in estimated total additional costs of \$132,941 from the State General Fund. The fiscal note includes the addition of a Programmer II (\$29,480) and a Secretary II (\$21,561); and associated operating expenditures (\$6,900) for the Office of Judicial Administration. In addition, the OJA estimates \$75,000 for temporary assistance in the district courts.

B. House Bill No. 2734 (Conference) amends the current law governing the Crime Victim Compensation Board and establishes the Property Crime Restitution and Compensation Act. The Senate version of the bill requires each administrative judge to compile a report of the property crime compensation fund or funds existing within the judicial district and send this report to the Office of Judicial Administration by the first day of December of the year beginning the next full year after implementation of the local programs. The OJA is required to compile a statewide report and submit the report annually to the Governor and the Legislature.

The Office of Judicial Administration estimates that the reporting requirements of this bill would require a total of \$20,780 from the State General Fund. The fiscal note is comprised of the addition of .5 FTE for a Secretary II (\$10,780) and \$10,000 for contractual computer programming services.

Department of Administration

A. Office of Children and Families. The House Appropriations Subcommittee and Senate Ways and Means Subcommittee on the Department of Administration's budget recommended that the issue of financing the Office of Children and Families be reviewed during the Omnibus Session. The Governor created the Office of Children and Families by Executive Order and recommended the creation of a clearing fund in the Department of Administration's budget. The January 23, 1990, contribution agreement between three executive branch agencies and the Office of the Governor indicates contributions from three executive branch agencies as follows: Department of Health and Environment (\$2,000), Department of Human Resources (\$25,000) and Social and Rehabilitation Services (\$20,000). Additional resources were not added to the three executive branch agencies for this purpose.

The House suggested that the Governor consider submitting a GBA to establish a fund for this purpose in the Department of Administration's appropriation bill which would be similar to the practice used to finance the Federal/State Liaison Office and Executive Satellite Offices. The Senate Subcommittee noted that expenses for this office should be budgeted in the Governor's Office and requested that the Governor submit a GBA on this item.

The office is composed of one professional position (\$39,077) and associated operating expenses (\$7,923) for January 1990 to January 1991. The agreement provides that it may be terminated by the Office of the Governor. Upon termination, the Department of Administration is to redistribute any remaining funds to participating agencies in direct proportion to their financial base contribution to the fund.

B. Sub. Senate Bill No. 2836 (Governor) amends several existing statutes related to the operations of the Division of Accounts and Reports within the Department of Administration. The bill would do the following:

1. Place a limitation of four years for a claim of reissuance from the date a warrant is cancelled. Under current law, a warrant is cancelled after one year if the warrant is not cashed. A claim can be made indefinitely for a reissuance of the warrant with certain penalty for the reissuance.
2. Continue the authorization for the Director of Accounts and Reports to require state agencies to maintain property inventory records. The new language requires that the accuracy of the records is to be verified periodically by actual inspection of the property by the "state agency and shall be verified periodically by the" Division of Accounts and Reports.
3. Continue the requirement that the Director of Accounts and Reports audit every receipt, bill, refund, or other transaction involving every state agency fund.
4. Authorize the Director to pay warrants for less than \$5.00. Under the current law, warrants for less than \$5 are not issued.
5. Require that agencies retain employee authorizations for United Way deductions and notify the Director of Accounts and Reports.

According to the Department of Administration, the inventory inspection and preauditing sections of the bill have a fiscal impact on the operations of the Division of Accounts and Reports. As introduced, H.B. 2836 eliminated the requirement that the Director of Accounts and Reports verify the accuracy of state agency property inventories by periodically inspecting state property. The Department proposed the elimination of the inspection of inventory because the state continued to receive unfavorable audit findings for not complying with this statutorily required activity. The Department stated that staffing has not been provided for this activity in the past and to comply it would be necessary to add a minimum of two Central Accountant II positions. The costs are as follows:

2.0 Central Accountant II	\$70,927
Communications	700
Rents	1,175
Travel	8,200
Office Supplies	500
Equipment Installation (one time costs)	600
Capital Outlay (one-time cost)	<u>13,860</u>
Total Cost -- FY 1991	<u>\$95,962</u>

As introduced, H.B. 2836 eliminated the requirement that the Director of Accounts and Reports "preaudit" all claims against funds in the state treasury prior to receiving approval for payment. As a result of this proposed change, the corresponding staffing level was reduced by 2.0 FTE positions in the Governor's FY 1991 recommendation. According to the Department, to maintain the "preaudit" function at the FY 1990 level would require reinstatement of two Central Accountant Is.

2.0 Central Accountants	\$60,832
Communications	1,200
Rents	2,350
Office Supplies	<u>1,000</u>
Total Costs -- FY 1991	<u>\$65,382</u>

Additionally, the Department submits that while two positions will maintain the current level of activity, it makes no provision for volume increases or changes in state and federal reporting requirements. The Department suggests that maintaining minimum compliance will require an additional 2.0 FTE positions (i.e., one Central Accountant II and one Central Accountant I).

2.0 Central Accountants	\$65,880
Communications	1,200
Rents	2,350
Office Supplies	1,000
Equipment Installation (one-time costs)	600
Capital Outlay (one-time costs)	<u>13,300</u>
Total Costs -- FY 1991	<u>\$84,330</u>

C. Senate Bill No. 310 (Conference). The House amended S.B. 310 which concerns the disposal of waste tires to add a section relating to state procurement practices and recycled paper. The section would require the Director of Purchases in the Department of Administration or anyone else purchasing paper for a state agency

to give a price preference of up to 20 percent to any bidder whose bid is for newsprint or high grade bleached printing or writing papers that contain at least 50 percent recycled material. This provision would not apply if the state already was meeting the following requirements that would be established by the bill:

1. For FY 1992 and FY 1993, the state must spend at least 10 percent of the amount spent on paper the prior fiscal year on newsprint or high grade bleached printing or writing paper that is made of at least 50 percent recycled materials.
2. For FY 1994 and FY 1995, the state must spend at least 30 percent of the total amount spent on paper the prior fiscal year on recycled paper (as defined in the bill).
3. For FY 1996 and thereafter, the state must spend at least 50 percent of the total amount spent on paper the prior fiscal year on recycled paper (as defined in the bill).

The above requirements dealing with paper procurement would be subject to the availability of recycled paper. In the event that identical low bids for the paper are received, preference would be given to paper containing the highest percentage of recycled or recyclable material.

The Department of Administration estimates that 2.0 FTE positions could be needed in the Division of Purchases to handle the increased work load: a Contracting Officer II and an Office Assistant II (\$51,159). Related operating costs would include \$1,500 for communications and office space, \$500 for office supplies, and \$2,000 for office equipment. Total costs would be \$55,189. Although the bill would require the procurement of recycled paper starting in FY 1992, the Department states that the estimated costs would be incurred in FY 1991 because the division would need to locate recycled paper markets and products in FY 1991 so that procurement of recycled paper would begin July 1, 1992, as required by the bill

D. Expenditure Limitation on DISC. The House recommended an expenditure limitation on DISC which is not to exceed \$33,808,491. Prior to House action, the DISC funds were "no limit." The House recommendation for the expenditure limitation reflects the Governor's recommendation which indicates that agency expenditures for DISC services in FY 1991 will be approximately the same level as expenditures in FY 1990. The Senate concurred, but recommended that the level of expenditure be reviewed during the Omnibus Session when consideration could be given to all legislative action as well as other factors that would impact the DISC budget.

The Department requests that the funds be reinstated as "no limit" and in the alternative believe it would be better to consider an increase in the expenditure limitation during the 1991 Legislative Session.

Kansas Bureau of Investigation

A. Technical Adjustment. In order to correct a posting error, the State General Fund appropriation for salaries and wages in FY 1991 should be ~~increased~~ ^{increased} by \$234,000 and the State General Fund appropriation for other operating expenditures should be ~~decreased~~ ^{increased} by \$234,000.

Department of Health and Environment

A. **House Bill No. 2915 (law)** requires the Secretary to establish a new program for the early identification of hearing impaired infants and infants at higher than normal risk of hearing impairment. The Secretary shall prepare and distribute to participating medical facilities a description of the factors of hearing loss and the effect of such a loss on a child's language development, and a listing of medical care facilities or clinics in Kansas that provide follow-up hearing evaluation. Upon discharge of a hearing-impaired or high-risk infant, each medical care facility shall provide the infant's parent or guardian with this information. KDHE requests \$9,085 from the State General Fund for FY 1991 to implement the program, including \$838 for communications, \$500 for office supplies, \$3,000 for travel, and \$4,747 for printing costs.

B. **Senate Bill No. 371 (Governor)** establishes a 12-member Commission on Epilepsy within the KDHE. The Commission's duties would be to advise the Secretary on matters relating to epilepsy and to report annually to the Secretary, the Governor and the Legislature. The Commission would meet at least quarterly, and appointees would be eligible to receive travel and subsistence reimbursements. KDHE estimates FY 1991 expenditures of \$7,297 from the State General Fund, including \$4,290 for travel and subsistence, \$1,383 for communications, \$1,000 for printing, \$324 for rents, and \$300 for office supplies.

C. **Senate Bill No. 529 (Governor)** would require lab directors and physicians to report positive reactions to an AIDS test to the Secretary of KDHE. The agency estimates FY 1991 new expenditures of \$2,350 from the State General Fund, including \$1,350 to supply new HIV reporting forms to the 4,000 physicians licenced to practice medicine in Kansas, and \$1,000 for the initial mailing of the forms and an explanation of proper procedures.

D. **Senate Bill No. 665 (Governor)** amends the Uniform Vital Statistics Act to require that, at the time a birth certificate is filed, parents furnish their Social Security numbers. The numbers, which would not be recorded on birth certificates, would be furnished by the KDHE Vital Statistics Program to the Department of Social and Rehabilitation Services for the purpose of child support enforcement only. KDHE estimates FY 1991 additional costs of \$19,652 from the State General Fund, including a one-time cost of \$18,152 to change forms and the computer database and \$1,500 for the annual cost of maintaining the mainframe computer.

E. **Senate Bill No. 736 (Conference)** extends coverage of the Kansas Tort Claims Act (KTCA) to health care providers providing charitable professional care services to medically indigent persons. The Secretary of KDHE would approve the providers and would establish criteria for determining whether a person qualifies as a medically indigent person. KDHE estimates FY 1991 new costs of \$46,752 from the State General Fund, including \$35,913 for 1.0 FTE Planning Consultant to administer the program, \$1,675 for communications, \$1,838 for rent, \$2,500 for travel, \$715 for office furniture, and \$4,111 for a microcomputer system.

F. **Senate Bill No. 310 (Conference)**, as recommended by the Senate, would require any site containing more than 1,000 waste tires to be registered with KDHE. The Secretary of KDHE would be required to establish a system of permits for waste tire processing collection centers, to establish fees for permits, and to establish and administer a grant program for counties opening tire processing facilities and promoting waste tire removal and research. A tax of \$1 per tire sold at retail would be collected by the Department of Revenue (estimated FY 1991 receipts of \$2.1 million) and an

application fee not to exceed \$250 per year would be established for such facilities. All taxes, fees, fines, and penalties imposed under this act would be credited to the Waste Tire Management Fund established by passage of the bill. KDHE estimates that instituting a waste tire disposal incentive program for private citizens would require expenditures of \$205,504 from the State General Fund for administrative costs in its Solid Waste Management Program. In addition, grants to local governments for tire recycling, disposal projects and research in processing methods for recycling would total \$1.8 million per year from the Waste Tire Management Fund (transfer from the Department of Revenue). The Senate version limits Fund expenditures to local grants only. The fiscal note provided by KDHE on February 27, 1989 follows:

Salaries/New Positions	
Environmental Engineer II	\$ 35,766
Research Analyst	27,158
Environmental Technician II	21,685
Office Assistant II	17,367
Office Assistant III	18,966
Subtotal - Salaries	<u>\$ 120,942</u>
Contracted Incentive Program	\$ 50,000
Communications	8,000
Rent	8,815
Office Supplies	2,500
3 Clerical Work Centers	6,406
Professional Work Center	5,266
Other Furniture	3,575
Subtotal - OOE	<u>\$ 84,562</u>
Local Grants	<u>\$ 1,800,000</u>
TOTAL ESTIMATE	<u>\$ 2,005,504</u>

House Committee amendments deleted the \$1 per new tire fee and the grant program. S.B. 310, as recommended by the House, would require the Secretary of KDHE to encourage the voluntary establishment of waste tire collection centers, and would authorize the Secretary to establish an incentives program for individuals to encourage them to return their used tires to a collection center. KDHE estimates no fiscal impact under the House version. In addition, the House version would have an impact on four other state agencies. The Director of Purchasing in the Department of Administration shall give a price preference not to exceed 20 percent for paper containing at least 50 percent waste paper. A Commission on Waste Reduction, Recycling, and Market Development would be created. The Department of Commerce would be required to employ an unclassified Statewide Coordinator of Waste Reduction, Recycling, and Market Development. The Attorney General would be authorized to issue a notice and recover a civil penalty of \$50 to any person who distributes or sells a plastic bottle or rigid plastic container in Kansas without proper labeling indicating the plastic resin used to produce the bottle or container. The Department of Wildlife and Parks would be permitted to own or operate a waste tire processing facility or collection center.

Department of Insurance

A. **House Bill No. 2610 (law)** allows two or more employers, with no more than 25 employees, to form employer health benefit plans for the purpose of providing health insurance to eligible employees and their family members. Beginning in tax year 1992, participating employers would receive a certificate issued by the Commissioner entitling them to take a credit against their state income tax liability. Certificates could be issued until an aggregate of 10,000 employees and family members are covered by these plans.

The Insurance Commissioner requests new FY 1991 expenditures of \$34,159 from the State General Fund, including \$28,187 for the salary of 1.0 FTE Policy Examiner I, \$2,141 for communications, \$331 for supplies, and \$3,500 for furniture and equipment. The new position would assist employers in organizing and maintaining health benefit plans, acquiring health coverage for their employees, and issuing certificates to employers qualifying for the tax credit.

B. **House Bill No. 3027 (law)** requires the Insurance Commissioner, after January 1, 1991, to develop or approve statistical plans for the filing of loss and expense experience by health insurance companies, HMOs, and Blue Cross/Blue Shield. The statistics, to be made available at least annually, would aid the Commissioner in determining whether rates and rating systems utilized by insurance companies produce premiums that are reasonable in relation to the benefits provided. The bill permits the Commissioner to designate trade associations or other agencies to assist with the gathering of statistics. The Commissioner requests \$34,159 from the State General Fund in FY 1991, including \$28,187 for 1.0 FTE Policy Examiner I, \$2,141 for communications, \$331 for supplies, and \$3,500 for capital outlay. The new position would develop and approve statistical plans and would review and approve individual and group rates for the health insurers admitted to do business in Kansas.

Department of Transportation

A. **Senate Bill No. 580 (law)** authorizes the Secretary to enter into contracts and agreements to cooperate with other state departments of transportation for the purpose of issuing multi-state special permits for travel on the highways of any of the participating states. KDOT states that the bill has minimal fiscal impact, but would require the inclusion (by appropriation) of a no-limit Highway Special Permit Fund into which fees collected by the Secretary would be deposited.

B. **House Subcommittee Recommendation No. 7** noted that KDOT may need additional personnel from FY 1990 through FY 1997, but observed that KDOT vacancies totaled 252 FTE on July 1, 1989 and 164 FTE on January 29, 1990. KDOT requested 3,312 FTE positions for FY 1991, an increase of 36 FTE above FY 1990. The Governor recommended 3,293 FTE, a reduction of 19 FTE. The House requested additional information on the proposed construction time table, staffing ratios, staff increases, and a cash flow analysis to be made available for review in the Omnibus Bill. The Senate added \$357,849 for FY 1991 to finance 11 FTE existing vacant positions associated with increased right-of-way activities in the State Construction Program.

STATE OF KANSAS



DIVISION OF THE BUDGET

MIKE HAYDEN,
Governor
MICHAEL F. O'KEEFE
Director of the Budget

Room 152-E
State Capitol Building
Topeka, Kansas 66612-1575
(913) 296-2436

April 16, 1990

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

and

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

Gentlemen:

The Governor recommends the attached changes to his budget recommendations. The changes, shown below, include approximately \$1.1 million in FY 1990 and \$3.7 million in FY 1991 in increased demand transfers resulting from the April 4 revised revenue estimate.

	<u>State General Fund</u>	<u>All Funds</u>
FY 1990	\$(11,362,369)	\$(4,046,933)
FY 1991	18,105,542	30,037,855

SWAM
April 16-17, 1990
Attachment 2

Amendments to the Governor's Budget Report

		FY 1990	FY 1990	FY 1991	FY 1991
		<u>State General Fund</u>	<u>All Funds</u>	<u>State General Fund</u>	<u>All Funds</u>
562	2 Board of Tax Appeals	\$0	\$0	\$105,932	\$105,932
Department of Revenue					
565	1 Commercial Drivers License Program	0	(217,620)	0	0
565	2 Retirement Costs	100,000	100,000	0	0
565	4 Temporary Salaries	0	0	100,000	100,000
565	20 Residential Circuit Breaker	(15,287,000)	(14,287,000)	0	(3,555,000)
Department of Transportation					
276	1 Sales Tax Demand Transfer	360,000	0	749,000	0
276	2 Comprehensive Highway Program Expenses	0	932,900	0	160,492
276	4 Motor Carrier Tax Demand Transfer	81,000	81,000	0	0
367	Kansas State University Storage Shed	0	30,000	0	0
561	Regents General Fees	317,096	0	(1,106,533)	0
100	Board of Barber Examiners	0	0	0	14,351
Insurance Department					
331	1 HB 3027	0	0	34,732	34,732
331	2 HB 2610	0	0	34,732	34,732
Department of Education					
652	5 Federal Drug Abuse Fund	0	0	0	1,935,248
652	8 School District Income Tax Rebate	673,693	673,693	2,900,000	2,900,000
652	4 Special Education and Transportation	583,449	583,449	4,979,496	4,979,496
652	6 Parent Education Program	0	0	44,516	44,516
652	7 Outcomes Based Education	0	0	44,516	44,516
Board of Agriculture					
046	2 Dairy Fee Fund	0	0	(74,045)	0
046	3 Federal Programs	0	0	0	98,108
046	4 Water Resources	0	0	0	52,476
Wildlife and Parks					
710	1 Lovewell Tornado Damage	0	127,000	0	0
710	2 Cheyenne Bottoms Waterfowl Area	0	1,627,000	0	0
710	3 Ford County Lake Renovation	0	95,325	0	0
710	4 El Dorado Habitat Center	0	0	0	37,500
710	5 Management Analysis	3,570	3,570	44,872	44,872
Health and Environment					
264	3 Health Care Facilities Licensure	0	0	(161,516)	853,118
264	4 AIDS Education and Risk Reduction	0	1,415	209,776	15,995
264	11 Immunization Contingency Funding	0	0	150,000	150,000
Water Office					
709	2 Rental Costs	0	0	22,054	22,054
709	3 Court-ordered Position	15,795	16,573	54,329	54,329
143	KCC Moving Expenses	0	108,297	0	0
328	1 Indigents' Defense Services	0	0	350,000	350,000

Amendments to the Governor's Budget Report

		FY 1990	FY 1990	FY 1991	FY 1991
		<u>State General Fund</u>	<u>All Funds</u>	<u>State General Fund</u>	<u>All Funds</u>
628	Social and Rehabilitation Services				
628 23	Foster Care Lawsuit	0	0	300,000	300,000
628 37	Medical Assistance Mandates	0	0	7,508,838	16,040,973
628 11	Medicaid Management Info System Contract	690,640	2,166,262	0	0
628 12	Drug Formulary Funding	921,249	2,083,333	0	0
628 20	Hospital Utilization Review Contract	194,456	667,547	(58,260)	(200,000)
507 1	Parsons Certification	210,295	210,295	391,402	391,402
628 15	Mental Health Reform	0	0	1,027,443	1,317,000
507 2	Osawatomie Salaries and Wages	100,000	100,000	0	0
628 35	Communications	0	0	467,528	887,149
628 32	Youth Services Federal Grants	0	285,484	0	0
628 14	HCBS Homecare Federal Funding	0	829,929	0	0
628 22	Community Services Block Grant	0	164,000	0	0
628 10	Hospital Rate Review Settlement	155,130	293,473	140,886	266,527
628 4	Medical Administration Technical Adjustment	83,424	0	87,162	0
628 13	Blind Vending Stand Capital Outlay	0	6,080	0	67,500
628 18	Disability Determination Capital Outlay	0	45,160	0	27,924
319 1	Youth Center Topeka Education Contract	0	0	205,730	205,730
628 33	AFDC State Only	506,350	506,350	0	0
628 9	KAECSES Certificate of Participation	0	1,405,213	0	1,405,213
628 5	Federal Crime Victims Grant	0	143,500	0	143,500
628 28	Developmental Disability Grant Funds	0	206,868	0	0
628 26	KanWork Program Savings	(809,667)	(1,876,116)	0	0
628 27	Federal Foster Care Funds	(560,143)	0	(542,642)	0
300 3	Commerce Partnership Program	0	(1,514,000)	0	500,000
	Corrections				
521 2	Inmate Medical Contract	262,313	262,313	0	0
521 5	Federal Drug Abuse Expenditures	0	767	0	6,716
521 4	Game Bird Capital Project Correction	45,801	45,801	0	0
521 3	Adult Basic Education Federal Funds Program	0	0	0	16,000
	State Treasurer - Demand Transfers				
670 1	Local Ad Valorem Tax Reduction Fund	(20,000)	(20,000)	129,000	129,000
670 2	City-County Revenue Sharing Fund	0	0	(30,000)	(30,000)
	Adjutant General				
034 1	Firefighters Holiday Pay	0	96,006	0	35,442
034 2	Firefighter Salaries	0	31,315	0	30,312
034 3	Emergency Preparedness Deputy Director	3,939	7,877	0	0
234 1	State Fire Marshal - Indirect Cost Recovery	6,241	0	(3,406)	0
694 1	Commission on Veterans Affairs Capital Project	0	(69,992)	0	20,000
	Total	(\$11,362,369)	(\$4,046,933)	\$18,105,542	\$30,037,855

Governor's Amended Budget Recommendations

State General Fund <i>(data in millions)</i>	<u>FY 1990</u>	<u>FY 1991</u>
Beginning Balance	\$371.4	\$239.4
Plus: Original Revenue Estimate	\$2,298.1	\$2,337.4
April 4 Consensus Revisions	(15.1)	5.9
Total Revenues	\$2,283.0	\$2,343.4
Minus: Recommended Expenditures	\$2,420.0	\$2,458.7
February Amendment	6.3	(7.5)
April Amendment	(11.4)	18.1
Total Expenditures	\$2,414.9	\$2,469.3
Ending Balance	\$239.4	\$113.5
As Percent of Expenditures	9.9%	4.6%
Summary Data		
Revenues Change	2.5%	2.6%
Expenditures Change	11.8%	2.2%

All Funds <i>(data in millions)</i>		
Recommended Expenditures	\$4,905.4	\$5,044.7
February Amendment	(11.6)	(9.4)
April Amendment	(4.0)	30.0
Total Expenditures	\$4,889.7	\$5,065.4

Board of Tax Appeals**562-2: Relocation Expenses**

The Governor recommends \$105,932 for additional rent and construction costs in FY 1991 related to the Board's move from the 10th floor of the Docking Building to the 4th floor. The Board will be allowed approximately 11,000 square feet of space, an increase of \$50,593 in rent over the FY 1991 Governor's recommendation of \$84,157 for 6,870 square feet. The recommendation also includes a total of \$55,339, with construction and remodeling costs of \$37,749, computer telecommunications costs of \$11,700, and \$5,890 for other services based on a cost estimate by the Division of Information Systems and Communications.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 105,932
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 105,932

Department of Revenue**565-10-1: Commercial Driver's License Program**

The Department of Revenue requested \$976,000 from the Division of Vehicles Operating Fund in FY 1990 for software development for the Commercial Driver's License Program. When this amount was requested, the software development was out on bid. After the Governor's recommendation, the contract was awarded for \$758,380. The Governor reduces the FY 1990 budget recommendation for the Operations Division by \$217,620 from the Division of Vehicles Operating Fund to reflect the savings realized.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
Vehicle Operating Fund	<u>(217,620)</u>	<u>--</u>
All Funds	\$ (217,620)	\$ --

565-10-2: Retirement Costs

The Governor recommends \$100,000 from the State General Fund for FY 1990 for salaries and wages because the Department of Revenue will have difficulty in meeting payroll obligations through the end of the fiscal year as a result of the magnitude of projected retirements. As of April 5, 1990, the Department has paid approximately \$70,000 in retirement benefits and anticipates another \$130,000.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 100,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 100,000	\$ --

565-10-3: Temporary Salaries

The Governor recommends for FY 1991 salaries and wages of \$100,000 from the State General Fund to fund additional temporary employees during the tax season. The FY 1991 Governor's current recommendation includes \$677,394 for temporary employees.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 100,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 100,000

Homestead Property Tax Refund**565-20-1: Residential Circuit Breaker**

The Governor's recommendation for FY 1990 was \$17.29 million, including additional funding of \$7.29 million from the State General Fund that was provided through current year budget cuts. The \$7.29 million was included in SB 442, the FY 1990 emergency supplemental bill, which was signed by the Governor on February 10, 1990. The FY 1991 Governor's recommendation was \$9.55 million from the Economic Development Initiatives Fund.

Tax season 1990 Residential Circuit Breaker Program refund claims can be filed through October 15, 1990. As of March 23, 1990, 4,289 claims have been filed and \$558,912 has been paid in refunds. The FY 1990 refund claims have been averaging \$130 per refund.

The Governor recommends a total of ⁹~~10~~ million for the program for both years. Based upon current trends, he recommends \$3.0 million for FY 1990 and \$6.0 million for FY 1991. FY 1990 financing is \$2.0 million from the State General Fund and \$1.0 from the Economic Development Initiatives Fund. FY 1991 funding is from the Economic Development Initiatives Fund.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$(15,287,000)	\$ --
All Other Funds	<u>1,000,000</u>	<u>(3,555,000)</u>
All Funds	\$(14,287,000)	\$(3,555,000)

Department of Transportation**276-1: Adjustments to Sales Tax Transfer**

The consensus revenue estimates made April 4, 1990, revised the sales tax revenue estimates for FY 1990 and FY 1991. That revision impacts the sales tax transfer made to the State Highway Fund. Beginning in FY 1990, the transfer is a flat 10 percent of the sales tax collections and is made quarterly to the Highway Fund.

The revenue estimates for FY 1990 increased the sales tax projections from \$728,000,000 to \$733,000,000. That change requires an adjustment of the sales tax transfer from \$63,129,000 to \$63,489,000 in FY 1990. In

addition, the revenue estimates for FY 1991 for sales taxes were increased from \$751,500,000 to \$760,000,000 which results in an estimated transfer to the Highway Fund of \$75,149,000, an increase of \$749,000 over the November estimates of \$74,400,000.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 360,000	\$ 749,000
All Other Funds	<u>(360,000)</u>	<u>(749,000)</u>
All Funds	\$ --	\$ --

276-2: Comprehensive Highway Program

The Governor recommends additional funding of \$932,900 for overtime pay and travel for the Construction Subprogram of the Department in FY 1990. The recommendation would provide \$743,900 for approximately 10 hours of overtime pay for 500 employees for eight weeks at the hourly rate of \$16.62, including fringe benefits, and \$189,000 for additional travel expenditures. The travel recommendation provides for 15 percent of 500 positions to be in travel status for 40 days at \$56 per day.

For FY 1991, the Governor recommends additional funding from the State Highway Fund of \$160,492 for increased overtime pay, temporary staff and travel for the Construction Subprogram of the Department of Transportation. The recommendation includes additional funding of \$927,556 for temporary positions, \$1,406,000 for overtime pay, and \$386,114 for travel expenses. Those increased amounts are offset by savings of \$2,559,178 identified in the construction inspection contract. The amended budget would allow the agency to proceed on the Comprehensive Highway Program at a faster pace than had previously been projected.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>932,900</u>	<u>160,492</u>
All Funds	\$ 932,900	\$ 160,492

276-4: Motor Carrier Tax Revised Estimates

The consensus revenue estimates made April 4, 1990, revised the motor carrier property tax revenue estimates for FY 1990. The revision increases the transfer made to the State Highway Fund in FY 1990 by \$81,000. The Governor amends the budget recommendation to reflect that revision.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 81,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 81,000	\$ --

Kansas State University**367-1: Storage Shed Replacement**

The Governor's budget is amended to include replacement of a storage shed located on land leased from Hesston College which was destroyed during the recent tornado in Hesston. The shed, a 40-foot by 80-foot quonset type facility, was located on land leased by the Agricultural Experiment Station as part of the Harvey County Experimental Field. The University requests authority to replace the shed with a new 40-foot by 80-foot standard wood frame structure over the existing slab. The estimated cost of the building is \$30,000 to be paid entirely from restricted use funds.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>30,000</u>	<u>--</u>
All Funds	\$ 30,000	\$ --

Regents Institutions**561-1: General Fees Fund Revision**

The Regents institutions have revised the general fees funds estimates for FY 1990 and FY 1991 based on actual spring 1990 enrollments. The systemwide estimates have resulted in an increase in general fee revenue of \$1,106,533 for FY 1990 and FY 1991. All institutions have additional fee revenues except Wichita State. The Governor recommends that each institution's budget be revised to use the additional revenues in FY 1991 to offset State General Fund expenditures. In addition, the Governor recommends a State General Fund supplemental appropriation for Wichita State University of \$317,096 in FY 1990. The adjustments by institution are as follows:

	FY 1991		
	Original		
	<u>Rec.</u>	<u>Revised</u>	<u>Difference</u>
University of Kansas	\$45,328,228	\$46,109,883	\$ 781,655
Emporia State	5,534,934	5,738,231	203,297
Fort Hays State	4,698,901	4,730,477	31,576
Pittsburg State	6,380,477	6,411,746	31,269
KUMC	6,138,974	6,162,612	23,638
KCOT	386,394	421,492	35,098

For FY 1990 the Governor recommends that the general fee fund expenditure limitation for Wichita State University be decreased from \$16,022,747 to \$15,705,651.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 317,096	\$(1,106,533)
All Other Funds	<u>(317,096)</u>	<u>1,106,533</u>
All Funds	\$ --	\$ --

Board of Barber Examiners**100-1: Expenditure Limitation Increase**

The Board of Barber Examiners requests an increase of \$14,351 in the expenditure limitation recommended by the Governor for FY 1991 as a result of the passage of 1990 HB 2466, which increases available revenue to the Board. The original expenditure recommendation was \$83,253, and this budget amendment increases the recommendation to \$97,604. The budget amendment for salaries and wages conforms with the original recommendation of 2.0 FTE positions. However, the staffing pattern now is requested at 1.0 FTE Administrative Officer and 1.0 FTE Inspector. The original recommendation was for 1.0 FTE Administrative Officer, a 0.5 FTE Inspector and a 0.5 FTE Office Assistant I.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>14,351</u>
All Funds	\$ --	\$ 14,351

Insurance Department**331-1: Implementation of HB 3027**

The Governor recommends an additional \$34,732 from the State General Fund in FY 1991 to provide for the development of statistical plans to be used by accident and health insurers in recording and reporting their premium, loss and expense experience. This function is mandated by HB 3027, which has passed both houses of the Legislature. Such information will be utilized by the Department in determining whether rates are reasonable in relation to the benefits being provided. The recommendation is for one FTE Policy Examiner Trainee and related operating expenses.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 34,732
All Other Funds	--	<u>--</u>
All Funds	\$ --	\$ 34,732

331-2: Implementation of HB 2610

The Governor amends his budget to add \$34,732 from the State General Fund in FY 1991 for resources to assist employees in organizing and maintaining health benefit plans and in acquiring health insurance pursuant to HB 2610. This bill, as passed by both houses, allows two or more employers, with no more than 25 employees, to form employer health benefit plans for the purpose of providing health insurance to eligible employees and their dependents. The recommendation also includes resources for the issuance of certificates to employers qualifying for the tax credit as provided by HB 2610. The recommendation is for one FTE Policy Examiner Trainee and related operating expenses.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 34,732
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 34,732

Department of Education

652-5: Increase for the Federal Drug Abuse Fund

The Department of Education is requesting an increase of \$1,935,248 in the Federal Drug Abuse Education Fund expenditure limitation in FY 1991. The original recommendation of \$1,939,963 was based on the amount of federal funds that were believed to be available for FY 1991. Based on revised information, the Governor's recommendations are amended to include a total estimate for available funds of \$3,875,211.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,935,248</u>
All Funds	\$ --	\$ 1,935,248

652-8: Increase for School District Income Tax Rebate

Based on the consensus revenue estimate of April 4, 1990, the school district income tax rebate estimate needs to be revised for FY 1990 and FY 1991. The consensus estimate for individual income tax was increased by \$5.0 million in FY 1990 and \$3.0 million in FY 1991. Based on this information, the estimate for the SDIT rebate is increased by \$673,693 in FY 1990 (\$166.6 million to \$167.3 million) and by \$2.9 million in FY 1991 (\$184.5 million to \$187.4 million). No revision is necessary to the appropriation bill as the SDIT rebate is a "no limit" expenditure.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 673,693	\$ 2,900,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 673,693	\$ 2,900,000

652-4: Increase in Special Education and Transportation Aid

The original Governor's budget recommendation for special education and transportation aid for FY 1991 was based on a five percent increase above the current year amount. The revised current year estimates are an increase of \$826,909 for transportation aid and a decrease of \$243,460 in special education aid from the Governor's recommendation. In order to fund a five percent increase for FY 1991 in these programs above the FY 1990 revised amount, it would require \$46,796,705 for transportation aid and \$119,326,791 for special education aid. This is an increase of \$795,705 and \$4,183,791, respectively, above the original recommendation.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 583,449	\$ 4,979,496
All Other Funds	--	--
All Funds	\$ 583,449	\$ 4,979,496

652-6: Parent Education Program

The Governor recommends an additional \$44,516 from the State General Fund in FY 1991 for the implementation of a parent education program pursuant to Senate Sub. for HB 2218. The bill, which has been signed by the Governor, requires the State Board of Education to establish standards for reviewing, evaluating, and approving parent education programs and grant applications. The request is for one FTE Education Program Specialist and related operating expenses.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 44,516
All Other Funds	--	--
All Funds	\$ --	\$ 44,516

652-7: Implementation of SCR 1629

The Department of Education requests an additional \$44,516 from the State General Fund in FY.1991 for the implementation of an outcomes-based accountability system for the accreditation of schools pursuant to Senate Concurrent Resolution 1629. When reviewing matters related to development of the outcomes-based accreditation system, the State Board will establish accountability indicators, such as an increase in academic course enrollments, an increase in post-secondary education enrollments and improvement in the satisfaction of post-secondary education course requirements, an increase in the percentage of students taking the SAT and the ACT and improvement in scores, an improvement in the mastery of communication mathematics and science skills, and improvement in academic achievement test results. The recommendation is for one FTE Education Program Specialist and related operating expenses.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 44,516
All Other Funds	--	--
All Funds	\$ --	\$ 44,516

Board of Agriculture**046-2: Increased Dairy Fee Fund Receipts**

The Board of Agriculture recommended three bills concerning the state dairy laws, which were all enacted by the 1990 Kansas Legislature and signed by the Governor. One of these bills, SB 421, amended the fee structure of the Dairy Fee Fund. These changes will generate an estimated \$74,045 in additional receipts.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ (74,045)
All Other Funds	<u>--</u>	<u>74,045</u>
All Funds	\$ --	\$ --

046-3: Additional Federal Funds

The Governor's budget recommendations are amended to accept and expend \$98,108 in additional federal funds in FY 1991. Of this amount, \$24,125 is from the Pesticide Use and Endangered Species Federal Fund and \$73,983 is from the Pesticide Use and Groundwater Protection Federal Fund. The Board was informed in February that the additional funds would be available. The Board states that these funds are available only if the Board increases its current efforts in these two areas.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>98,108</u>
All Funds	\$ --	\$ 98,108

046-4: New Civil Engineer III Position

The Governor recommends the addition of \$52,476 for a Civil Engineer III in FY 1991 financed from additional fee fund receipts resulting from the passage of SB 569 and SB 570. The two bills established a fee structure for certain services currently being performed by the Division of Water Resources free of charge. The additional fees will be deposited in the Water Certification Fee Fund. The new charges will generate an estimated \$62,700 in receipts.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>52,476</u>
All Funds	\$ --	\$ 52,476

Department of Wildlife and Parks**710-1: Tornado Damage to Lovewell State Park**

On March 13, 1990, a tornado damaged state facilities at Lovewell State Park. The Department of Wildlife and Parks requests \$185,000 in state general funds to repair the damage. The agency estimates the damage to be \$127,000 to the Park headquarters, \$30,000 damage to vehicles, and \$28,000 damage to trees, shore riprap, park benches, and other miscellaneous items. The Governor amends his budget to recommend that unexpended funds approved for various FY 1990 capital improvement projects be shifted to cover this expense.

The Dam and Beach Repair-Crawford State Park State General Fund project is reduced by \$35,000. A new fund "Dam and Beach Repair Crawford State Park Wildlife Fee Fund is established at an appropriation limit of \$35,000. The

State General Fund account "Replace Sewer Main-Cheney State Park" is reduced by \$92,000. A new fund "Replace Sewer Main-Cheney State Park-Federal Land and Water Conservation Fund" is created with an appropriation limit of \$92,000. The State General Fund account "FY 1988 Capital Improvements" is reduced by \$53,000. The State General Fund account "Shelters Pomona and El Dorado State Parks" is reduced by \$5,000. A new State General Fund account "Lovewell State Park Storm Damage Repair" is established with an appropriation limit of \$185,000.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund		
Dam and Beach Repair-Crawford State Park	\$ (35,000)	\$ --
Replace Sewer Main-Cheney State Park	(92,000)	--
FY 1988 Capital Improvements	(53,000)	--
Shelters-Pomona and El Dorado State Parks	(5,000)	--
Lovewell State Park Storm Repair	185,000	--
All Other Funds		
Dam and Beach Repair-Crawford Lake-Wildlife Fee Fund	35,000	--
Replace Sewer Main Cheney State Park-Federal Land and Water Conservation Fund	<u>92,000</u>	<u>--</u>
All Funds	\$ 127,000	\$ --

710-2: Federal Matching Funds for Cheyenne Bottoms

The Governor recommends that the Department of Wildlife and Parks be granted authority to accept and expend \$1,627,000 in federal matching funds for the renovation of Cheyenne Bottoms Waterfowl Area. The Department of Wildlife and Parks was appropriated a total of \$1,640,000 in FY 1990 to conduct an engineering study of Cheyenne Bottoms and to begin reconstruction of the bottoms. Of the \$1,640,000, \$1,570,000 was from the State General Fund and \$70,000 was from the Wildlife Fee Fund. The U.S. Congress had approved funds to match the state's commitment to Cheyenne Bottoms, but the final amount of the grant or the conditions of the grant were not determined until the end of March.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>1,627,000</u>	<u>--</u>
All Funds	\$1,627,000	\$ --

710-3: Ford County Lake Renovation

The Governor recommends that the Department of Wildlife and Parks be granted authority to accept and expend \$95,325 in additional federal funds for renovation of Ford County Lake in FY 1990. The Governor recommended and the 1989 Legislature approved \$60,000 from the Wildlife Fee Funds and \$150,000 in Federal Clean Lakes Funds for FY 1990. The Governor also recommended \$180,000 from the Wildlife Fee Fund for further renovation in FY 1991.

The Department was recently informed by the Department of Health and Environment that an additional \$95,325 from the Federal Clean Lakes Fund would be available for Ford County Lake. The Department requests that the expenditure limitation on the federal fund of \$150,000 be increased to \$245,325 to permit the expenditure of the additional \$95,325. The funds are needed to remove sediment from the lake and riprap the shoreline. Sediment deposits have adversely affected the water quality.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>95,325</u>	<u>--</u>
All Funds	\$ 95,325	\$ --

710-4: El Dorado Habitat Center

The Governor recommends \$37,500 from the Wildlife Fee Fund for the El Dorado Habitat Center. The Habitat Center was recommended by the Governor and approved by the Legislature for FY 1990. The program is a cooperative effort between the Department, the Department of Corrections, and Kansas State University to promote development of wildlife habitat. As part of the program, the Department of Wildlife and Parks agreed to pay one-half of the salaries for a Corrections Officer II and a Forest Nurseryman. The Department, however, inadvertently failed to include funding for these two positions in its budget request for FY 1991.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>37,500</u>
All Funds	\$ --	\$ 37,500

710-5: New Management Analyst IV

The Governor recommends \$3,570 in FY 1990 and \$44,872 in FY 1991 from the State General Fund to finance a Management Analyst IV position. The position would be under the direct supervision of the Executive Director and would assist the agency in planning, organizing, and implementing various management and systems analyses. Primary duties would include assisting in the budget development process, the development of an integrated computer system, and in preparation of various special management reports. The Department requests the position be added as of May 18, 1990.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 3,570	\$ 44,872
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 3,570	\$ 44,872

Department of Health and Environment**264-3: Health Care Facilities Licensure**

The Health Care Facilities Licensure program includes activities connected with the evaluation and licensure of nursing homes, mental retardation intermediate care facilities (IDFs/MR) and child care facilities. The Governor's revised budget for FY 1990 and his recommended FY 1991 budget made adjustments to the Health Facilities Licensure budget based on a reduced cost estimate for the federal portion of the contract submitted by the Department of Social and Rehabilitation Services. This recommendation, as reflected in inflated shrinkage for the program, produced an FY 1991 reduction of \$353,181 from the current level of activity. The agency has recently received information from the Health Care Finance Administration indicating that state match rates for Medicaid licensure activities will be reduced to ten percent when the new regulations take effect.

Because of revised contract costs, the Governor recommends an increase in the Title XIX fund, Medicare and Facility Review fees totalling \$285,967. The recommendation will result in no new State General Fund match being required in the SRS budget because of the change in the match formula included in the implementation of OBRA.

The Governor also recommends 15.0 FTE positions and \$728,667 from federal funds for new positions in the Health Facilities Licensure program for needs associated with new requirements contained in the Omnibus Budget Reconciliation Act of 1987 (OBRA). This increase would be partially offset by reductions in State General Fund expenditures of \$228,730, for a net expenditure increase of \$499,937. The federal act specifies a number of changes in nursing home operations and inspections. The Health Care Finance Administration estimates that these changes will result in increased time requirements of 60 percent compared to the current survey methodology.

Health Facilities Licensure surveys are funded through a combination of Medicaid, Medicare, fees and state general funds. The increases requested under OBRA will result in more expenditures from federal Medicaid and Medicare funds. All Medicare survey costs for the program are billed directly to the federal government and receipted to the agency. Medicaid survey funding is channeled through the state Medicaid agency (the Department of Social and Rehabilitation Services). This funding includes a State General Fund match that has totalled 25 percent. Under revised Health Care Finance Administration guidelines, the match rate for surveys in FY 1991 will be reduced to 10 percent. This reduction to the match rate offsets the State General Fund impact of the agency's request and will produce savings in FY 1991 of \$228,730 compared to the current budgeted amount for the smaller program. The amount of the savings would decrease in future years as the match rate increases by five percent each year until the old 25 percent rate is re-established.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ (161,516)
All Other Funds	<u>--</u>	<u>1,014,534</u>
All Funds	\$ --	\$ 853,118

264-5: Federal EPA Increase in the Bureau of Water

The actual grant award for the EPA 205(g) Construction Grant Program Administration Fund was greater than expected. The Governor recommends that the expenditure limitation on this fund be increased by \$294,127 for total expenditures from the fund of \$577,078. Other federal funds would be reduced and the net increase in expenditures would be zero dollars. The EPA 106 Water Pollution Control Fund would be reduced \$80,674, the Water Supply Fund - Federal would be reduced \$121,907, the Underground Injection Control Program would be reduced \$16,341 and the National Groundwater strategy fund would be reduced \$75,205. These funds will be utilized in the Bureau of Water. The changes arise from unexpected federal activity since preparation of the Governor's budget.

264-6: Environmental Remediation

Several federal funds have experienced fluctuations in receipts during the current fiscal year. The Department of Health and Environment requests adjustments in various federal funds to include an increase in the EPA Pre-National Priorities List Existing Sites Fund from \$500,000 to \$569,720, and decreases in the Underground Storage Tank Federal Fund of \$15,284 and in the EPA Core Support Fund of \$54,436. The shifts result in no increase expenditure limitation increase, and will allow agency operations to continue at the level recommended by the Governor.

264-4: AIDS Education and Risk Reduction

The federal grant award for AIDS Education and Risk Reduction includes FY 1990 funding of \$1,415 more than recommended in the *FY 1991 Governor's Report on the Budget*, and the Governor recommends that the expenditure limitation for that fund be increased. Also, it is recommended that planned expenditures in the fund be shifted to reflect the federal grant agreement. For FY 1991, the Governor amends his budget recommendations to support the AIDS federally-funded program. The State General Fund total is \$209,776 and includes salaries and wages for several positions and other operating expenditures. This is necessary to meet federal requirements for expenditures of funds from the grant.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 209,776
All Other Funds	<u>1,415</u>	<u>(193,781)</u>
All Funds	\$ 1,415	\$ 15,995

264-11: Immunization Funding

The agency states that measles outbreaks in the state have placed stress on vaccine funding and supplies. The Governor recommends that additional funding of \$150,000 be approved to meet the needs of the program in the budget year. The recommendation represents only a contingency in case these funds are needed.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 150,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ 150,000

Kansas Water Office

709-2: Rental Costs

The Water Office negotiated a new rental agreement for FY 1991 that included a move within the Mills Building. The move will increase square footage available from 4,903 sq. ft. to 6,569.5 sq. ft. The rental rate was also increased from \$6.50 to \$8.33. In all, the move will result in additional rent expenditures of \$23,055 in FY 1991, compared to the Governor's original recommendation. Of that amount, \$1,001 is requested for the new position mandated by the Kansas Supreme Court in its ruling on reinstatement of personnel.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 22,054
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ 22,054

709-3: Supreme Court-Ordered New Position

In *Darling, et al. v. Kansas Water Office* the Kansas Supreme Court held KSA 74-2614a unconstitutional and ordered reinstatement of any employee who was dismissed under the statute and who wished to return to the agency. One employee chose this option. The Governor recommends funding of \$15,795 from the State General Fund in FY 1990 and \$54,329 in FY 1991 to finance the return of this employee. In FY 1990, the agency also requests \$778 from the Conversion of Materials and Equipment Fund to finance purchase of new equipment for the employee.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 15,795	\$ 54,329
All Other Funds	<u> 778</u>	<u> --</u>
All Funds	\$ 16,573	\$ 54,329

Department of Administration

173-1: Office of Children and Families

On October 23, 1989, by Executive Order 89-119, the Governor created the Office of Children and Families within the Department of Administration and charged it with the responsibility of providing technical assistance in the development of child care services, collecting and disseminating information relating to Kansas families, studying all matters relating to child welfare, providing child care resource referral information to employers and employees, and making an annual report to the Governor regarding the status of child care services and the prospect for their expansion.

On January 23, 1990, an agreement was signed by which the Department of Social and Rehabilitation Services, the Department of Health and Environment, and the Department of Human Resources agreed to pay specified amounts totaling \$47,000 from existing funds to a central clearing fund to finance the operations of the Office of Children and Families. At the request of the Department of Administration, the Governor amends his budget recommendations to add a fund entitled "Children and Families Fund" with a "no limit" appropriation both for FY 1990 and FY 1991 to make authorization for expenditures for the Office of Children and Families. The expenditures related to this item are not reflected in the totals because they are non-reportable under the off-budget of the Department.

Kansas Corporation Commission

143-1: Moving Expenses

The budget request submitted by the Kansas Corporation Commission did not contain expenditures for moving costs the agency will incur when it moves its offices from the Docking State Office Building to the location near 17th and Wanamaker Road in Topeka. The agency was unsure what the moving costs would be at the time that the budget was submitted. Hence, the Governor's budget recommendations currently do not contain expenditures for moving costs for the Commission.

The Governor amends his FY 1990 budget to recommend \$108,297 in special revenue fund expenditures to provide for the relocation of the Offices of the Kansas Corporation Commission. This recommendation provides for the basic costs for moving, including the tear-down and set-up of Herman Miller furniture and telecommunication costs of \$300/work station for 185 work stations.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>108,297</u>	<u>--</u>
All Funds	\$ 108,297	\$ --

Board of Indigents' Defense Services

328-1: Assigned Counsel Payments

The Governor recommends \$350,000 from the State General Fund for assigned counsel services for the Board of Indigents' Defense Services. The Board cites that in two consecutive years there has been more than a 20 percent increase in the number of claims from attorneys.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 350,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 350,000

Department of Social and Rehabilitation Services**628-23: Foster Care Lawsuit**

The Governor recommends \$300,000 from the State General Fund to defend the Department against a class action lawsuit alleging a violation of the civil rights of all children placed in SRS custody in failing to comply with federal mandates set forth in the Federal Child Protective Service Act and Child Foster Care Act. These funds would allow the Department to take 250 depositions (240 in-state and 10 out-of-state), obtain 500 hours of outside legal counsel, obtain the services of experts, hire law clerks, and an additional Office Assistant. The funds would be appropriated as a separate line item to ensure that, if the agency does not need the entire \$300,000 in FY 1991, the funds would not be used for other purposes.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 300,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 300,000

628-37: Medical Assistance Federal Mandates

The Governor recommends \$16,040,973, of which \$7,508,838 is from the State General Fund, to fund increased reimbursement rates and enhanced services required by the Omnibus Budget Reconciliation Act (OBRA) of 1989. These federal mandates include increased reimbursement rates for obstetrical and pediatric services; increased coverage for the Early Periodic Screening, Detection, and Treatment (EPSDT) program for children; increased reimbursement for federally-funded health centers; coverage of Medicare Part A premiums for working disabled persons; exclusion of income producing property for determining Medicaid eligibility for the aged, blind, and disabled; and exclusion of the mandatory filing unit provision.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 7,508,838
All Other Funds	<u>--</u>	<u>8,532,135</u>
All Funds	\$ --	\$16,040,973

628-11: MMIS Contract

The Governor amends his FY 1990 budget recommendations to add \$2,166,262, of which \$690,640 is from the State General Fund in FY 1990 to fund the estimated costs of the Medicaid Management Information Systems (MMIS) contract with EDS Federal. The agency has a contractual obligation that requires funding. No additional funding is recommended in FY 1991 for the MMIS contract.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 690,640	\$ --
All Other Funds	<u>1,475,622</u>	<u>--</u>
All Funds	\$2,166,262	\$ --

628-12: Drug Formulary Funding

The Governor amends his budget to add \$2,083,333, of which \$921,249 is from the State General Fund, in FY 1990 to allow the agency to fund reductions in the pharmacy program that were to be implemented this fiscal year. The Department proposed to non-cover or assign a State Maximum Allowable Cost (SMAC) to several classes of drugs. The Department would require greater lead time to achieve the savings originally proposed.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 921,249	\$ --
All Other Funds	<u>1,162,084</u>	<u>--</u>
All Funds	\$2,083,333	\$ --

628-20: Hospital Utilization Review Contract

The Governor amends his budget recommendations to include \$667,547, of which \$194,456 is from the State General Fund, to fund the contract for Hospital Utilization Review with the Kansas Foundation for Medical Care in FY 1990. Federal regulations require utilization review of inpatient hospital stays to ensure that all days spent in the hospital are medically necessary. Each admission and each day during the inpatient stay are reviewed to determine medical necessity. The cases in hospitals in the urban areas are reviewed by on-site contract staff and the cases in smaller and more rural hospitals are reviewed over the telephone. Payment is avoided or recouped if the admission is determined to be inappropriate.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 194,456	\$ (58,260)
All Other Funds	<u>473,091</u>	<u>(141,740)</u>
All Funds	\$ 667,547	\$ (200,000)

507-1: Parsons Certification

The Governor recommends the addition of \$210,295 in FY 1990 to address staffing and capital outlay needs for Parsons State Hospital and Training Center from the State General Fund. For FY 1991, the addition of \$391,402 from the State General Fund and 19.0 FTE positions (3.0 Custodial Workers, 15.0 Mental Retardation Technicians I, and 1.0 Social Services Administrator III as an ombudsman) are recommended.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 210,295	\$ 391,402
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 210,295	\$ 391,402

628-15: Mental Health Reform

The Governor recommends \$1,317,000, of which \$1,027,443 is from the State General Fund in FY 1991 to implement the first phase of mental health reform. The request is consistent with the recommendations of the

Governor's Task Force on Mental Health Reform and represents funding for first phase implementation of the Mental Health Reform Act being considered by the 1990 Legislature.

In addition to mental health reform, funding of the request would serve the dual purpose of addressing accreditation and certification concerns at Osawatomie State Hospital. Both the Joint Commission on Accreditation of Healthcare Organizations and the Health Care Financing Administration have expressed concerns with nursing and direct care staffing levels. Temporary positions would provide the hospital with acceptable staffing levels until clients could be placed in the community, a 22-bed unit could be closed, and its permanent staff re-distributed throughout the hospital.

(Department of Social and Rehabilitation Services)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 727,443
All Other Funds	<u>--</u>	<u>289,557</u>
All Funds	\$ --	\$ 1,017,000

(Osawatomie State Hospital)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 300,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 300,000

507-2: Osawatomie Salaries and Wages

The Governor recommends \$100,000 from the State General Fund for Osawatomie State Hospital to guarantee adequate staffing levels for the remainder of the fiscal year. This amount represents two months' funding of the temporary staff. A survey by the Joint Commission on Accreditation of Healthcare Organizations is scheduled for May of 1990, and a survey by the Health Care Financing Administration is scheduled for June of 1990.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 100,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 100,000	\$ --

628-35: Administrative Services Communications

The Governor recommends \$887,149 of which \$467,528 is from the State General Fund, for communications in the Administrative Services budget. The agency asserts that voice communications and the number of other devices (including KAECSSES and KIPPS terminals) connected will need to be severely reduced if additional funding is not provided. This will, in turn, negatively impact office productivity and client service.

These funds were reduced in the Governor's recommendation because of a funding shortfall in the Medical Assistance Budget created by the federal mandate to continue and expand services for pregnant women, infants and

children up to age six in families whose income is less than 133 percent of the federal poverty level. This would provide the same level of funding as that recommended in FY 1990, which would more accurately reflect the savings associated with the CENPAY system going off-line (about \$200,000 was budgeted for communication costs associated with the CENPAY system in FY 1987 and FY 1988).

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 467,528
All Other Funds	<u>--</u>	<u>419,621</u>
All Funds	\$ --	\$ 887,149

628-32: Youth Services Federal Grants

The Governor recommends authority be granted to expend \$285,484 in additional federal and state funds in the Youth Services Grants and Projects program in FY 1990. The Children's Justice Assistance Fund, which should total \$181,586, was inadvertently omitted from the agency's request for FY 1990. These funds are being used to establish a core curriculum project for Youth Services Social Workers throughout the state. The agency has received additional Juvenile Justice and Delinquency Prevention Funds, totalling \$76,749. These funds are used to provide grants to cities and counties to remove juveniles from adult jails. Because of increased receipts to the Family and Children's Trust Fund, the agency requests authority to expend an additional \$27,149 from this fund in FY 1990.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>285,484</u>	<u>--</u>
All Funds	\$ 285,484	\$ --

628-14: HCBS Homecare Federal Funding

The Governor recommends that authority be granted to spend \$829,929 in additional federal funding for the Home and Community Based Services (HCBS) Homecare program. The agency requests the expenditure limitation on salaries and wages on the Social Service Clearing Fund be increased by \$829,929 to allow the expenditure of federal Medicaid funds that can be generated by the available state general funds.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>829,929</u>	<u>--</u>
All Funds	\$ 829,929	\$ --

628-22: Community Services Block Grant Increase

The Governor recommends that the expenditure limitation on the Community Services Block Grant be increased by \$164,000 in FY 1990 because of the availability of increased federal funding. Grants are awarded to community action program agencies to provide supplies and services to counteract conditions of starvation and malnutrition among the poor, to coordinate and

establish linkages among providers of services to low income individuals and to encourage private sector participation in efforts to decrease poverty in the community. This program is 100 percent federally funded.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>164,000</u>	<u>--</u>
All Funds	\$ 164,000	\$ --

628-10: Hospital Rate Review Settlement

The Governor recommends the addition of \$293,473, of which \$155,130 is from the State General Fund in FY 1990, and \$266,527, of which \$140,886 is from the State General Fund in FY 1991, to pay an outstanding rate review increase to HCA Wesley Medical Center for the period July 1, 1988, to June 30, 1989. This rate settlement was not included in the group settlement of \$1,264,512 already funded by the Governor because of a delay in completing the appeal and negotiation process for this hospital. Because the remainder of the rate appeals has been settled, the agency is obligated to pay Wesley Medical Center.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 155,130	\$ 140,886
All Other Funds	<u>138,343</u>	<u>125,641</u>
All Funds	\$ 293,473	\$ 266,527

628-4: Technical Correction to the Medical Administration Budget

The budget for salaries in the Medical Administration subprogram in the Department of Social and Rehabilitation Services contains an incorrect state funding match to generate the funds necessary to finance the recommended budget in both FY 1990 and FY 1991. Adding \$83,424 from the State General Fund and decreasing all other funds by \$83,424 in FY 1990 and by adding \$87,162 from the State General Fund and reducing all other funds by \$87,162 in FY 1991 would correctly fund the affected positions.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 83,424	\$ 87,162
All Other Funds	<u>(83,424)</u>	<u>(87,162)</u>
All Funds	\$ --	\$ --

628-13: Blind Vending Stands Capital Outlay

The Governor recommends the addition of \$6,080 in FY 1990 and \$67,500 in FY 1991 from federal and fee funds. Capital outlay purchases in the Blind Enterprise Program are funded 20 percent from blind vending stand assessment funds and 80 percent from federal vocational rehabilitation funds.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>6,080</u>	<u>67,500</u>
All Funds	\$ 6,080	\$ 67,500

628-18: Disability Determination and Referral Services Capital Outlay

The Governor recommends \$45,160 in FY 1990 and \$27,924 in FY 1991 in federal funds to purchase capital outlay for Disability Determination and Referral Services. Approval was received by the Department last fall to purchase additional computer equipment as part of an effort by the Social Security Administration to upgrade automatic systems and reduce the need for added staff.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>45,160</u>	<u>27,924</u>
All Funds	\$ 45,160	\$ 27,924

319-1: Education Contract

The Governor adds \$205,730 from the State General Fund for FY 1991 to fund the Youth Center at Topeka's contract with the Greenbush School District to provide educational services to youth center residents. The agency indicates it needs the additional \$205,730 to fund the education contract fully. These additional funds would provide for the base contract amount of \$1,486,571, recommended for FY 1990, and for a 3.3 percent increase in funding for teachers' salaries.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 205,730
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 205,730

628-33: AFDC State Only

The Governor recommends \$506,350 in FY 1990 from the State General Fund for payments to persons within the Aid to Families with Dependent Children caseload for whom no federal matching funds are available. The Department notes that these people would be covered under the General Assistance program (such as step-parents or relatives of the needy children).

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 506,350	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 506,350	\$ --

628-9: KAECSES Certificate of Participation

The Governor's budget recommendations are amended to allow the Department of Social and Rehabilitation Services the authority to expend \$1,405,213 in federal funds in both FY 1990 and FY 1991 for certificate of participation payments for the Kansas Automated Eligibility Child Support Enforcement System (KAECSES). A certificate of participation was used to obtain the funds necessary to purchase the hardware, with the state funds being spent up front. The federal funds are being provided over a five-year period, based on the depreciated value of the equipment.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>1,405,213</u>	<u>1,405,213</u>
All Funds	\$1,405,213	\$ 1,405,213

628-6: Indirect Cost Recovery for the State Fire Marshal

The Governor recommends a proviso be added to the Social Service Clearing Fund in both FY 1990 and FY 1991 that states, "Provided, That, any interagency transfer to the Department of Health and Environment pursuant to the Inspection of Care and Utilization Review contracts shall be in addition to any expenditure limitation imposed on this fund." It is further recommended that the expenditure limitation on the Social Service Clearing Fund be reduced by \$2,659,616 in FY 1990 and \$2,516,215 in FY 1991. This would allow the payment of indirect costs, not previously billed to the federal government for the inspection of hospitals and nursing homes, to the State Fire Marshal.

The Department of Social and Rehabilitation Services, as the state Medicaid agency, bills the federal government to recover these costs. The federal government will reimburse the Department, which will then send these funds to the Department of Health and Environment, which sub-contracts with the State Fire Marshal for fire safety inspections. The Department of Health and Environment will then pass these funds on to the State Fire Marshal.

628-5: Federal Victims of Crime Assistance Grant

The Governor recommends an increase in the expenditure limitation on the Federal Victims of Crime Assistance Grant Fund contained in the *FY 1991 Governor's Report on the Budget* by \$143,500, from \$398,000 to \$541,500 in both FY 1990 and FY 1991. The Department has received notification of the award of additional grant funds to provide direct services to victims of personal crimes and the award of a discretionary grant for \$40,500 to provide services to Native Americans who are victims of spousal abuse, child abuse and sexual assault.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>143,500</u>	<u>143,500</u>
All Funds	\$ 143,500	\$ 143,500

628-28: Federal Developmental Disability Grant Funds

The Governor recommends authority to expend \$206,868 in additional federal Developmental Disability grant funds in FY 1990. Many of these funds are used to upgrade the physical facilities of community mental retardation centers to help reduce the waiting lists. If the expenditure limitation is not increased in FY 1990, the agency will have a large carry-forward balance into FY 1991 and will have to request that the expenditure limitation be increased in FY 1991.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>206,868</u>	<u>--</u>
All Funds	\$ 206,868	\$ --

628-26: KanWork Program Savings

The Governor recommends a reduction of \$1,876,116, of which \$809,667 is from the State General Fund in FY 1990, to reflect the delay in the expansion of the KanWork program in seven additional counties from April 1 to July 1, 1990.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ (809,667)	\$ --
All Other Funds	<u>(1,066,449)</u>	<u>--</u>
All Funds	\$(1,876,116)	\$ --

628-27: Federal Foster Care Funds

The Governor recommends the reduction of \$560,143 from the State General Fund and an increase of \$560,143 in all other funds in FY 1990 as well as a reduction of \$542,642 from the State General Fund and an increase of \$542,642 in all other funds in FY 1991 to reflect the availability of additional federal Foster Care funding.

In FY 1991 the Department expects to receive \$542,642 more in federal IV-B Child Welfare Assistance funds than those recommended in the *FY 1991 Governor's Report on the Budget*. While these funds cannot be used for Foster Care because of a contractual agreement with the federal government, they can be used to reduce the amount from the State General Fund needed to fund the salaries of the Youth Services Field Staff.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ (560,143)	\$ (542,642)
All Other Funds	<u>560,143</u>	<u>542,642</u>
All Funds	\$ --	\$ --

Department of Commerce**300-2: Shift of Financing Source for KIT Program Coordinator**

The Governor recommends Economic Development Initiatives Fund financing of \$19,270 in FY 1990 and \$36,906 in FY 1991 to replace federal dollars lost because of federal program reductions and changes in the state program emphasis. In the FY 1991 budget request, the Department of Commerce included an estimated base amount of \$36,906 from federal JTPA sources (from the Department of Education through Human Resources) to finance the position of Job Training Coordinator. This financing source has been provided for this position as the coordinator has distributed KIT funds and coordinated the distribution of county JTPA funds. However, because of the large influx of EDIF monies, the agency has been unable to continue coordinating project

assignment of county JTPA monies. The change results because JTPA monies are assigned to projects by the counties, not the Department of Commerce. The Department does have project assignment authority over the EDIF monies, and as large amounts of money are available, less coordination is needed.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
JTPA	(19,270)	(37,337)
EDIF	<u>19,270</u>	<u>37,337</u>
All Funds	\$ --	\$ --

300-3: Adjustment of Partnership Funds (EDIF)

The Governor recommends for FY 1990 that the financing available for partnership program projects be reduced from \$2,314,000 to \$800,000, a reduction of \$1,514,000. This amount would allow the agency to finance two projects it has commitments to and allow some flexibility to finance an additional small project yet this year. The two projects are Valley Center at a cost of \$206,000 and Coffeyville at a cost of \$344,739, for a total of \$550,739. It is recommended that the agency be given the authority to reappropriate any funds unspent at year end for use on partnership projects in FY 1991. Also for FY 1991, the Governor recommends that the amount available for partnership projects be increased by \$500,000 for a total of \$1.0 million.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(1,514,000)</u>	<u>500,000</u>
All Funds	\$(1,514,000)	\$ 500,000

300-4: Revised Lottery and Racing Revenue Estimates

The Governor recommends that the FY 1990 anticipated sales for the Kansas Lottery be reduced to \$65 million from the earlier estimate of \$70 million. The reduction results from year-to-date experience. The Governor also recommends that the anticipated revenue for the Kansas Racing Commission be increased. For FY 1990, the Governor recommends that the revenue estimate be increased by \$887,204 in FY 1991 and \$1,655,887 in FY 1991. These revised amounts reflect the higher than anticipated receipts from the race track facilities.

Department of Corrections

521-9: Malpractice Insurance

The Governor recommends a proviso to provide for expenditures for malpractice insurance in an amount not to exceed \$5,000 per medical employee. This language is requested for the State Penitentiary and the State Industrial Reformatory. This language has been a standard proviso when medical personnel were state employees.

521-2: Inmate Medical Contract

The Governor recommends \$772,203 for inmate medical care. An amount of \$84,890 would be shifted from the operating expenditures account at the Forbes Correctional Facility and \$425,000 from the salaries and wages account at the Norton Correctional Facility. This leaves an unappropriated balance of \$262,313 to be funded from the State General Fund. Funds are available from the Forbes account as a result of not recommending \$22,419 for claims at the Topeka Correctional Complex and the State Penitentiary and shifting those resources to fund this request and from additional savings identified in the Forbes budget. The salary and wage savings at Norton reflect savings from delays in filling new positions that were filled only as completion of the renovation project and occupancy of the facility required. Presently, all but five of the authorized positions are filled. The savings in the Forbes budget is due to fewer inmates being supported at this facility.

(Forbes Correctional Facility)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ (84,890)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (84,890)	\$ --

(Norton Correction Facility)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ (425,000)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (425,000)	\$ --

(Department of Corrections)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 772,203	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 772,203	\$ --

696-1: Reallocation of Funds for Topeka Correctional Complex

The Governor recommends the reallocation of \$101,922 from the State General Fund account operating expenditures for the Forbes Correctional Facility to the salaries and wage account for the State Reception and Diagnostic Center in FY 1990. The Department requests these reallocations to avoid a layoff of 21.5 FTE positions for two months or the entire staff for 4-5 days in FY 1990.

(Forbes Correctional Facility)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ (101,922)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (101,922)	\$ --

(State Reception and Diagnostic Center)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 101,922	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 101,922	\$ --

313-1: Marginal Population Adjustment

The Governor recommends \$184,000, the shift of \$84,000 from the operating expenditures account at the Forbes Correctional Facility and \$100,000 from the salary and wage account at the State Industrial Reformatory to the other operating expenditures account at the State Industrial Reformatory. Savings from the Forbes account reflect the lower average daily population housed at this facility and, consequently, the lower support costs. Savings at the State Industrial Reformatory are attributable to slower than anticipated filling of vacant positions, a downturn in the number of qualified applications and the postponement of other personnel decisions awaiting finalization of budget reductions.

(Forbes Correctional Facility)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ (84,000)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (84,000)	\$ --

(State Industrial Reformatory)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 84,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 84,000	\$ --

525-1: Vehicle for Inmate Transportation Program

The Governor recommends a reallocation of state general funds of \$85,000 to the operating expenditures account of the State Penitentiary in FY 1991 from the operating expenditures for Topeka Correctional Facility-West account to purchase a 42 passenger bus. The 42 passenger bus presently in service was purchased in October, 1986 and has recorded over 118,000 miles. Maintenance has increased resulting in several extended periods of

downtime. Breakdowns have occurred enroute to other facilities each of the last four times the vehicle has been used and recently has led to inmates being housed temporarily at a local jail until repairs could be made.

(Topeka Correctional Facility-West)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ (85,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (85,000)

(Kansas State Penitentiary)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ 85,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 85,000

521-6: County Jail Payment

The Governor recommends the reallocation of \$37,375 in FY 1990 and \$57,375 in FY 1991 from the operating expenditures for the Forbes Correctional Facility and the operating expenditures for the Topeka Correctional Facility-West accounts, respectively, to the Department of Corrections. These amounts would be reallocated to the community services-other operating expenditures account for payment of the cost to house parole violators at the local level.

Under the provisions of KSA 75-5217, the Department of Corrections is authorized to utilize county jails to house parole violators until a parole revocation hearing is held. The Department is authorized to pay the per diem jail operating cost for time spent in the local jail. The Department estimates a total shortfall in this area of \$73,375 in FYs 1990 and 1991 but anticipates shifting travel and subsistence savings of \$36,000 in FY 1990 and \$16,000 in FY 1991 from the parole services subprogram to make up the difference.

(Forbes Correctional Facility)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ (37,375)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (37,375)	\$ --

(Topeka Correctional Facility-West)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ (57,375)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (57,375)

(Department of Corrections)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 37,375	\$ 57,375
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 37,375	\$ 57,375

521-7: Claim

The Governor recommends the reallocation of \$30,048 in FY 1990 from the operating expenditures for the Forbes Correctional Facility account to pay an inmate claim at the Honor Camps. The claim is for personal injuries suffered by an inmate while housed at the El Dorado Honor Camp. The Department of Corrections indicates because of the size of the claim and the budget reductions for the current fiscal year, the claim cannot be paid without diverting funds from areas essential to basic facility operations.

(Forbes Correctional Facility)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ (30,048)	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ (30,048)	\$ --

(Department of Corrections)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 30,048	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 30,048	\$ --

521-5: Federal Drug Abuse Expenditures

The Governor recommends a shift from the operating expenditures for the Forbes Correctional Facility account of \$4,125 and an increase in the expenditure limitation of \$767 for the Drug Abuse Fund-Federal in FY 1990 and a shift from the Topeka Correctional Facility-West account of \$2,195 and an increase in the expenditure limitation of \$6,716 for the Drug Abuse Fund--Federal in FY 1991 to fund a currently authorized position in the Department's budget. This position is split funded: 75 percent federal fund and 25 percent State General Fund. This request restores funds deducted because of shrinkage. The Department reports the position is filled and the Department will be unable to meet the Governor's recommendation without resorting to a furlough, a layoff, or the termination of the employee.

(Forbes Correctional Facility)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ (4,125)	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ (4,125)	\$ --

(Topeka Correctional Facility-West)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ (2,195)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (2,195)

(Department of Corrections)

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 4,125	\$ 2,195
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 4,125	\$ 2,195

521-4: Game Bird Capital Improvement Project

The Game Bird capital improvement project was first approved in FY 1988. Funds for this project have been reappropriated each year until FY 1990 when the Governor's budget recommendation lapsed the State General Fund reappropriation of \$45,801. This lapse was proposed in the Department of Corrections budget submission. The Governor concurred with the Department's request to lapse the reappropriated balance and insert lapse language in House Bill 2607. The Department of Corrections reports an error was made in the budget submission that indicated funds for this project should be lapsed. The Department reports only \$14,528 remains unobligated and it is anticipated that this amount will be obligated this fiscal year. The Governor's budget recommendations are amended to allow the Department to expend the \$45,801 in FY 1990.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 45,801	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 45,801	\$ --

521-8: Technical Adjustment for Hillsdale Lake Improvement

The Governor recommends a technical adjustment to Substitute for House Bill 2624. The Department requested a reappropriation of \$107,142 from the inmate emergency capacity expansion program account to the operating expenditures for the Osawatomie Correctional Facility in the fall budget submission. This reappropriation left \$207,909 in the emergency account for improvements to Hillsdale Lake. The Department reports that only \$5,000 of that amount has been encumbered which will result in the balance of \$202,909 becoming a limited reappropriation that the Department will be unable to expend in FY 1991 without State Finance Council action. The Department desires that the unexpended balance be added to the present reappropriation for Osawatomie so that improvements at the Hillsdale Lake can be expedited.

521-10: Honor Camps--Expenditure Shift

The Governor recommends a shift of \$7,500 from the Honor Camps salary and wage account to the other operating expenditures account in FY 1990. The Honor Camps are experiencing higher than anticipated expenditures for

inmate related expenses, principally in the areas of clothing and supplies, and repairs to physical facilities and equipment. The Honor Camps have identified savings in the salary and wage account to cover this projected shortfall.

521-3: Establish Federal Fund Accounts

The Governor recommends establishment of a "no limit" federal fund account in FY 1991 entitled "Adult Basic Education Program-Federal Fund". This account will allow for the expenditure of \$16,000 in federal funds for support of the adult basic education program at the State Penitentiary. In addition, the Department requests the establishment of a "no limit" account entitled "Chapter II-Federal Fund" and to rename a Title I account to "Chapter I-Federal Fund". Funds in these accounts are to be expended at the State Industrial Reformatory.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>16,000</u>
All Funds	\$ --	\$ 16,000

State Treasurer

670-1: Local Ad Valorem Tax Reduction Fund Demand Transfer Increase

Transfers are made from the State General Fund to the Local Ad Valorem Tax Reduction Fund twice a year, once in July and once in January. The first FY 1990 transfer is based upon 4.329 percent of calendar year 1988 sales and use tax collections and the second transfer is based upon 4.5 percent of calendar year 1989 sales and use tax collections. Adjustments in the demand transfer are necessary because the consensus revenue estimating group, when it met on April 4, 1990, approved a revision in the retail sales and compensating use tax receipt estimates for FY 1990 and FY 1991 and because actual calendar year 1989 data are now available.

It is estimated that the Ad Valorem Tax Reduction Fund transfer for FY 1990 will be \$35,326,000, a reduction of \$20,000 below the \$35,346,000 included in the *FY 1991 Governor's Report on the Budget*. For FY 1991, it is estimated that the Ad Valorem Tax Reduction Fund demand transfer will total \$37,177,000, an increase of \$129,000 above the \$37,048,000 included in the *FY 1991 Governor's Report on the Budget*.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ (20,000)	\$ 129,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (20,000)	\$ 129,000

670-2: County-City Revenue Sharing Fund Demand Transfer

The County-City Revenue Sharing Fund demand transfer for FY 1991 is based upon calendar year 1989 sales and use tax receipts and totals 3.5 percent of those receipts. Because the estimate for the County-City Revenue

Sharing Fund demand transfer, as included in the *FY 1991 Governor's Report on the Budget*, was prepared prior to the close of calendar year 1989, the demand transfer estimate included in the budget for FY 1990 was based upon estimated receipts rather than actual receipts. Therefore, the Governor's budget is amended to reflect the estimated transfer based upon actual calendar year 1989 receipts.

Calendar year 1989 receipts totaled \$810,021,000, as compared to an estimate of \$810,898,000. Based upon actual receipts, the County-City Revenue Sharing Fund transfer in July will total \$28,351,000, a reduction of \$30,000 below the estimated \$28,381,000 included in the *FY 1991 Governor's Report on the Budget*.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ (30,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (30,000)

Adjutant General

034-1: Holiday Pay for Firefighters

The Governor's budget recommendations are amended to increase the expenditure limitation on the Military Fees Fund in FY 1990 by \$96,006, for a total of \$4,024,136, to provide the payment of holiday credit and holiday compensation to the firefighters for fiscal years 1987 through 1990. To provide adequate compensation in FY 1991, the Governor recommends that the expenditure limitation on the Military Fees Fund be increased by \$35,442, for a total of \$4,147,093. The Adjutant General has indicated that he has received approval from the National Guard Bureau for increased expenditure authority.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
Military Fees Fund	<u>96,006</u>	<u>35,442</u>
All Funds	\$ 96,006	\$ 35,442

034-2: Physical Plant Operations Program - Firefighter Salaries

The Adjutant General's Department indicates that salary reductions of \$31,315 in FY 1990 and \$30,312 in FY 1991 for shrinkage will adversely affect the mission of the 190th Air Refueling Group by resulting in a shortage of funding for salaries of firefighters. Salaries in this subprogram are funded entirely from the Military Fees Fund, which is the revolving fund that receives federal monies from the National Guard Bureau for reimbursement of expenditures made in accordance with state and federal agreements. The Governor recommends that the expenditure limitation for the Military Fees Fund be increased by \$31,315 in FY 1990 and by \$30,312 in FY 1991 to provide adequate funding for salaries.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>31,315</u>	<u>30,312</u>
All Funds	\$ 31,315	\$ 30,312

034-3: Emergency Preparedness Deputy Director Salary

The Governor recommends additional state and federal dollars to compensate for the retirement costs of the Deputy Director and to allow the hire of a new Deputy Director. The Department reports that upon retirement of the Deputy Director, it had to pay accrued sick leave and annual leave amounting to \$15,887. In order to accomplish this, the Governor's FY 1990 budget is amended to add a total of \$7,877 (\$3,939 State General Fund, \$3,938 federal monies).

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 3,939	\$ --
All Other Funds	<u>3,938</u>	<u>--</u>
All Funds	\$ 7,877	\$ --

State Fire Marshal

234-1: Federal Indirect Cost Recovery Estimates

The Governor's recommended budget for the State Fire Marshal includes expenditure of \$25,000 from indirect cost recovery funds in FY 1990 and \$25,262 in FY 1991 for salaries and wages. The agency was notified that the estimate of federal receipts needed to be revised. The new estimates are \$18,759 for FY 1990 and \$28,668 for FY 1991. The Governor's budget is amended in FY 1990 to increase State General Fund expenditures for salaries and wages by \$6,241, and reduce the expenditure from federal indirect cost recovery monies by the same amount. For FY 1991, the budget is amended to reduce the State General Fund expenditure for salaries and wages by \$3,406, and increase the expenditure from the federal indirect cost recovery monies by the same amount.

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ 6,241	\$ (3,406)
All Other Funds	<u>(6,241)</u>	<u>3,406</u>
All Funds	\$ --	\$ --

Commission on Veterans Affairs

694-1: Electrical Service at the Soldiers' Home

The Governor amends the budget recommendation to add \$20,000 from the State Institutions Building Fund for FY 1991 to provide electrical service entrances to the power plant, three domiciliaries, and 62 cottages at the Kansas Soldiers' Home. This request results from an agreement with Centel Electric-Kansas to assume responsibility for the power distribution system

at the Soldiers' Home. Centel Electric-Kansas would install new updated electrical distribution system; the Soldiers' Home is required to provide a secure point of attachment to the electrical distribution system provided by Centel.

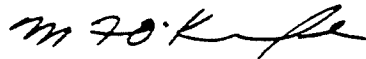
The agency requests the lapse of \$69,992 of the appropriation from the State Institutions Building Fund to replace electrical boards. The Veterans Commission had requested and the 1987 Legislature had approved \$60,000 for FY 1988 from the State Institutions Building Fund to replace the electrical board at the Soldiers' Home. This was based on the fact that the existing board was installed in the 1930s and was partially non-functional. The lowest bid received on the project, however, was \$95,189. The agency requested that an additional \$37,000 be added to the project from the State Institutions Building Fund for a total of \$97,000 for FY 1990. The 1989 Legislature agreed. Subsequent to this event, Centel Electric-Kansas agreed that it could provide the internal distribution system for the Soldiers' Home. The modification project, however, had already been let to contract. A buy-out of the contract was required. The status of the account is:

Initial Appropriation	\$60,000
Additional Appropriation	<u>37,000</u>
Total Available	\$97,000

Amount Expended	\$ 852
Contract Buy-Out	22,968
Payment to Contractor for Restocking Charges	<u>3,188</u>
Amount Available for Lapse	\$69,992

	<u>FY 1990</u>	<u>FY 1991</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(69,992)</u>	<u>20,000</u>
All Funds	\$ (69,992)	\$ 20,000

Sincerely,



Michael F. O'Keefe
Director of the Budget

**Economic Development Initiatives Fund
Governor's Recommendations**

	FY 1990	FY 1991
	<u>Amended</u>	<u>Amended</u>
Anticipated Revenues		
Lottery	\$11,700,000	18,900,000
Racing	2,741,670	4,092,899
Interest	229,206	177,051
Carry Forward Balance	<u>921,097</u>	<u>836,936</u>
Total Available Resources	\$15,591,973	\$24,006,887

Transfers and Expenditures

* NATURAL RESOURCE PROJECTS		
Hillsdale State Park	\$1,580,556	\$0
Jetmore-Multipurpose	451,250	0
Environmental Remediation	2,750,000	0
Superfund	100,000	0
Recreation Access Program	0	1,250,000
State Water Plan	<u>0</u>	<u>2,000,000</u>
Subtotal Natural Resources	4,881,806	3,250,000
* KANSAS TECHNOLOGY ENTERPRISE CORPORATION		
Research Matching Grants	834,000	1,466,000
Business Innovative Research Grants	50,000	50,000
Research Equipment	930,529	0
Training Equipment	179,517	0
Centers of Excellence	2,096,944	2,450,000
Seed Capital Investments	440,000	0
Special Projects	502,264	0
Value Added Processing Center	278,280	296,793
White Wheat Project	35,000	35,000
Operations	<u>178,501</u>	<u>361,977</u>
Subtotal KTEC	5,525,035	4,659,770
COMMERCE		
Small Business Development Centers	100,000	275,000
Certified Development Companies	100,000	425,000
Kansas Industrial Training (KIT)	1,425,000	2,750,000
KIT - Operations	19,270	37,337
Trade Show Promotion	100,000	150,000
Kansas Partnership Program	800,000	1,000,000
Undesignated OOE	0	0
Rural Development - OOE	62,912	0
Main Street Program	75,000	75,000
Tourism Promotion	232,863	910,000
Eisenhower Centennial Promotion	62,500	0
Industrial Marketing	0	425,000
Kansas Partnership - OOE	14,560	7,630
Export Finance - Capitalization	750,000	0
Export Finance - OOE	26,500	0
Film Commission	<u>31,000</u>	<u>35,000</u>
Subtotal Commerce	3,799,605	6,089,967
AGRICULTURE MARKET PROMOTION	180,000	180,000
KAN WORK (SRS)	50,000	0
STATE FAIR	100,000	100,000
KANSAS, INC	50,000	0
* PUBLIC BROADCASTING	205,000	0
SCHOOL FOR VISUALLY HANDICAPPED	0	75,000
ARTS COMMISSION		
Arts Programming Grants	450,000	450,000
HISTORICAL SOCIETY		
Folk Arts Programming	0	20,000
WICHITA STATE UNIVERSITY	100,000	0
COMMERCIAL CIRCUIT BREAKER	1,611,000	0
RESIDENTIAL CIRCUIT BREAKER	<u>1,000,000</u>	<u>6,000,000</u>
Total Appropriations	\$17,952,446	\$20,824,737
* <i>Reappropriations in Agency Budgets</i>	3,197,409	1,600,736
Ending Balance	\$836,936	\$4,782,386

OMNIBUS APPROPRIATIONS BILL

As Approved by the Senate Committee

The Omnibus Appropriations Bill decreases FY 1990 operating expenditures by \$8,076,362 from all funds. State General Fund expenditures decrease by \$5,708,837, and other funds decrease by \$2,367,525. Capital improvements totaling \$2,812,344 for FY 1990 are included in the bill, of which \$45,801 is from the State General Fund.

FY 1991 operating expenditures totaling ~~\$15,740,336~~^{\$15,969,211} are approved by the Omnibus Bill, of which \$10,866,745 is from the State General Fund. The recommendation for operating expenditures includes \$8,366,313 in general state aid to school districts. Capital improvements totaling \$160,492 from special revenue funds for FY 1991 are included in the bill.

1990 OMNIBUS BILL EXPLANATION

3-2

Senate Bill No.

Senate Committee Recommendations

House Committee Recommendations

Conference Committee Recommendations

Sec. 2 – Department of Revenue

1. Add \$40,000 in FY 1991 from the DOV Operating Fund for printing costs related to S.B. 485 and the need to add a fifth page to a four page Title and Registration Application form.
2. Add \$71,500 in FY 1991 from the DOV Operating Fund for membership and software associated in joining the International Fuel Tax Agreement (IFTA) as authorized by S.B. 695.
3. Add 1.0 FTE position, \$18,716 for the position, and \$1,650 for other operating costs in FY 1991 from the DOV Operating Fund relative to H.B. 2292 which authorizes judges to revoke juveniles' driver licenses for possession, use or abuse of alcoholic beverages and/or controlled substances.
4. Add \$19,166 in FY 1990 from the DOV Operating Fund for data processing costs related to S.B. 531, S.B. 573, H.B. 2292, and H.B. 2735.
5. Add \$15,040 in FY 1991 from the DOV Operating Fund for data processing costs related to S.B. 484 and S.B. 573.

Senate Committee Recommendations

House Committee Recommendations

Conference Committee Recommendations

- 6. Add \$100,000 in FY 1990 from the State General Fund for retirement costs as recommended in GBA No. 2.
- 7. Add \$100,000 in FY 1991 from the State General Fund for salaries of temporary staff as recommended in GBA No. 2.

Sec. 3 – State Board of Tax Appeals

- 1. Add \$20,000 in FY 1990 from the State General Fund for reprogramming the agency's case management software as recommended by DISC.
- 2. Add \$5,000 in FY 1990 from the State General Fund for training costs to help the agency's personnel learn how to manage the existing computer system.

Sec. 4 – Kansas Real Estate Commission

- 1. Appropriate the Appraiser Fee Fund with a limitation of \$39,157 in FY 1991 to provide for expenditures of the new Real Estate Appraiser Board established and attached to the Real Estate Commission for administrative purposes by S.B. 755.
- 2. Add 1.0 FTE position to the Kansas Real Estate Commission for staffing the new Real Estate Appraiser Board.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

3. Transfer \$25,000 from the Real Estate Fee Fund to the Appraiser Fee Fund to provide startup financing, and further provide for repayment of the \$25,000 in FY 1991 whenever the Appraiser Fee Fund balance is greater than \$39,157.

**Sec. 5 – Department of Revenue –
Homestead Property Tax Refunds**

1. Reduce FY 1990 State General Fund expenditures by \$8,787,000 for the residential circuit breaker program as recommended in GBA No. 2, with financing of \$2,003,000 authorized for paying current fiscal year claims (which have totaled \$772,319 as of April 11, 1990).
2. Reduce FY 1991 expenditures and transfers from the EDIF by \$305,000 for the residential circuit breaker program as recommended in GBA No. 2, with financing of \$6,000,000 available for paying claims next fiscal year.

Sec. 6 – Board of Nursing

1. Add \$16,565 to the FY 1990 expenditure limitation for the Board of Nursing Fee Fund for a technical adjustment to accurately reflect the amount that was approved by the 1990 Legislature (\$675,687).

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

2. Increase the FY 1991 expenditure limitation for the Board of Nursing Fee Fund by \$4,200 to allow for the purchase of a computer disk pack, but provide funds for this item from the Board of Healing Arts Fee Fund rather than the Board of Nursing Fee Fund. Transfer of the \$4,200 from the Board of Healing Arts Fee Fund to the Board of Nursing Fee Fund is discussed in the next section of the bill.

Sec. 7 – State Board of Healing Arts

1. Transfer \$4,200 from the Board of Healing Arts Fee Fund to the Board of Nursing Fee Fund for the purchase of a computer disk. Since it may be some time before the Board of Healing Arts will remove all of its files from the computer that is currently shared with the Board of Nursing and the Pharmacy Board, the purchase of a computer disk pack will provide the Board of Nursing with the additional computer space that it now needs for processing and storage of files. (To allow the Board of Nursing to expend the funds, this recommendation requires an increase of \$4,200 in the FY 1991 expenditure limitation for the Board of Nursing Fee Fund.)

Sec. 8 – Parole Board

1. Add \$9,605 from the State General Fund to provide for the FY 1991 costs of the Parole Board members' deferred compensation and classified employees' longevity

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

bonuses. The Governor's recommendation did not provide funds to cover the costs of these items.

Sec. 9 – Department of Education

1. Add \$36,016 in salaries and wages and \$8,500 in other operating expenses, for a total of \$44,516 from the State General Fund, for 1.0 FTE new position in FY 1991. The new position would be used in connection with the recently enacted Parent Education Program (Senate Sub. H.B. 2218).
2. Add \$8,366,313 in general state aid to schools in FY 1991, for a total of \$546,307,000. That total is the amount of money in the computer printout that illustrates the Senate-passed version of S.B. 508 concerning the School District Equalization Act.
3. Add \$24,178 from the State General Fund in FY 1991 for the Fort Leavenworth School District, for a total of \$1,524,954. The addition is intended to comply with federal requirements and is an adjustment based on the additional amount of money added for general state aid to schools (item 2 above).

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

4. Add \$2,400,299 from the State General Fund for special education in FY 1990, for a total of \$116,044,862. The total would fund 95 percent of excess costs in the current year, based on revised estimates made in April. The total is an increase of \$5,389,321 over the original appropriation for FY 1990 of \$110,655,541.
5. Due to the receipt of more federal funds than originally estimated, increase the FY 1991 expenditure limitation on the state operations portion of the Job Training Partnership Act Fund from \$68,948 to \$71,641, an increase of \$2,693.
6. Add a new "no-limit" fund called the "Truck Driver Training Fund" to the State Department's budget for FY 1991. The fund is the result of the passage of S.B. 484, which increases commercial drivers license fees from \$12 to \$14 and credits the increase to the new fund. The money in the fund will be distributed by the State Board of Education to area vocational schools and community colleges that offer truck driver training programs.

Sec. 10 -- Attorney General

1. Reduce the Attorney General's position limitation in FY 1991 from 71.3 to 70.3 and delete the salary (\$41,075) and other operating expenses (\$1,500) from the State General Fund associated with the position. The adjustment is due to

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

the passage of S.B. 358, which transfers an assistant attorney position from the Office of the Attorney General to the Office of the State Fire Marshal.

Sec. 11 – Kansas State School for the Visually Handicapped

1. In order to correct a technical error, add \$218 for other operating expenditures in FY 1990 and \$14,333 for salaries and wages in FY 1991 from the State General Fund.

Sec. 12 – State Board of Agriculture

1. Replace State General Fund expenditures of \$74,045 for other operating expenditures in the Dairy Inspection program with new Dairy Division Fee Fund receipts of \$74,045 in FY 1991 and increase the expenditure limitation on the Dairy Division Fee Fund accordingly due to passage of S.B. 421. This action concurs with GBA No. 2.
2. Add a no-limit Agricultural Statistics Fee Fund in FY 1991 due to the passage of H.B. 2650.
3. Increase the expenditure limitation on the Meat and Poultry Inspection Fee Fund from \$67,551 to \$68,051 in FY 1991 due to passage of H.B. 2639.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

4. Increase the expenditure limitation on the Pesticide Use and Endangered Species fund from \$4,500 to \$28,625 in FY 1991 as recommended by GBA No. 2 to allow the receipt and expenditure of additional federal funds.
5. Increase the expenditure limitation on the Pesticide Use and Groundwater Protection Fund from \$28,727 to \$102,710 in FY 1991 as recommended by GBA No. 2 to allow the receipt and expenditure of additional federal funds.
6. Restore \$90,000 in oil overcharge funds in FY 1991 originally recommended by the Governor for a pilot program to promote agricultural efficiency.
7. Add \$126,604 from the State General Fund in other operating expenditures in FY 1991 for implementation of the Geographic Information System in the Board of Agriculture's Division of Water Resources. The Governor's original recommendation for the GIS included \$126,604 from the State Water Plan Fund for implementation of the GIS. Funding was deleted for the program and the state water plan funds were used to effectuate State General Fund savings in other areas.
8. Add a no-limit Seed Dealer Registration Fund in FY 1991 pending passage of S.B. 767.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations**Sec. 13 – Youth Center at Topeka**

1. Add \$205,730 in FY 1991 from the State General Fund for contractual education services, as recommended in GBA No. 2.

Sec. 14 – State Historical Society

1. Add \$23,000 in FY 1991 from the State General Fund for a total of \$170,000 for contractual museum security services, to be established as a line item.
2. Lapse \$147,000 from the State General Fund from other operating expenditures contained in 1990 S.B. 453 for museum security.

Sec. 15 – Board of Barbering

1. Add \$280 for per diem and \$880 for travel expenses for a total of \$1,160 in FY 1991 from the agency's fee fund, due to the passage of H.B. 2466, which discontinues the current practice of having the Administrative Officer also serve as a member of the Board.

Sec. 16 – Public Broadcasting Commission

1. Add \$100,000 in FY 1991 from the State General Fund for an operating grant for KSWK public television station at Lakin, which is a satellite station of KOOD public television station at Bunker Hill.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations**Sec. 17 – State Fire Marshal**

1. Add \$42,575 from the State General Fund (\$41,075 for salaries and wages and \$1,500 for OOE) and 1.0 FTE position in FY 1991 due to the passage of S.B. 358 which creates the new position of Assistant Attorney General in the Office of the State Fire Marshal. Presently, the salary of an Assistant Attorney General who is assigned to the State Fire Marshal is paid by the Attorney General's Office; therefore, an offsetting reduction of \$42,575 is reflected in the Attorney General's appropriation for FY 1991.
2. Add \$6,241 from the State General Fund in FY 1990 and decrease expenditures from the Federal Indirect Cost Recovery Fund by the same amount; and decrease \$3,406 from the State General Fund in FY 1991 and increase expenditures from the Federal Indirect Cost Recovery Fund by the same amount, as recommended by GBA No. 2. The adjustments are due to revised estimates of federal fund receipts.

Sec. 18 – Judicial Council

1. Add \$8,296 from the State General Fund in FY 1991 for a study of judicial redistricting, requested by the Legislature.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations**Sec. 19 – Board of Indigents' Defense Services**

1. Add \$350,000 from the State General Fund in FY 1991, as recommended by GBA No. 2, for assigned counsel expenditures.

Sec. 20 – Kansas Bureau of Investigation

1. Add \$234,000 from the State General Fund in FY 1991 for other operating expenditures and decrease the same amount for salaries and wages, as a technical adjustment to correct a posting error.
2. Add \$155,285 from the State General Fund in FY 1991 and 1.0 FTE position to provide DNA technology at the KBI. Of the total amount recommended, \$30,225 is for a Criminalist I position, \$85,060 is for equipment, and \$40,000 is for other operating expenditures.

Sec. 21 – Department of Administration

1. Establish the Children and Families Fund in FY 1990 and FY 1991, as recommended by GBA No. 2, with a "no limit" expenditure limitation.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

2. Add \$149,712 from the State General Fund and 4.0 FTE positions (3 Central Accountant I and 1 Central Accountant II) in FY 1991 for the pre-audit section of the Division of Accounts and Reports, due to the passage of Sub. House Bill No. 2836. This bill amends several existing statutes related to the operations of the Division of Accounts and Reports, including inventory and preaudit requirements. The recommendation is composed of \$126,712 for salaries and wages and \$23,000 for OOE associated with the new positions.

Sec. 22 – Department of Insurance

1. Add \$34,159 from the State General Fund in FY 1991 for the salary and operating costs of 1.0 FTE Policy Examiner I due to the passage of two bills. H.B. 2610 provides a state income tax credit for eligible employers who develop health benefit plans for their employees. H.B. 3027 requires the Commissioner to develop statistics on the loss and expense experience of health insurance companies.

Sec. 23 – Department of Transportation

1. Add a "no-limit" Highway Special Permit Fund in FY 1991 due to passage of S.B. 580 which authorizes the Secretary to collect fees for multistate special highway travel permits.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

2. Reduce expenditures from the State Highway Fund by \$763,055 in FY 1990 and increase FY 1991 expenditures by \$160,492. The Committee concurs with GBA No. 2, which increases expenditures in both fiscal years above the Governor's original recommendation to provide for additional overtime pay, travel costs and temporary positions to enable the agency to accelerate the enhanced highway construction program.

Sec. 24 – Department of Health and Environment

1. Concur with GBA No. 2 and alter the expenditure limitations of nine federal funds in FY 1990 with a net increase of \$1,415 in the AIDS Education and Risk Reduction Fund.
2. Add \$209,776 from the State General Fund and delete \$193,781 from the federal AIDS Education and Risk Reduction Fund for a net FY 1991 increase of \$15,995. The funding shift, recommended by GBA No. 2, is the result of lower than expected federal revenue.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

3. Add \$853,118 (\$67,214 from the State General Fund and \$785,904 from federal funds) and 15.0 FTE limited term positions in FY 1991 in concurrence with GBA No. 2 due to expanded nursing home survey activities required by the federal government beginning on October 1, 1990. As a result of nursing home reform amendments included in the federal Omnibus Budget Reconciliation Act (OBRA) of 1987, KDHE expects a 60 percent increase in its nursing home certification work. Due to an increase in the federal match rate from 75 to 90 percent, GBA No. 2 also includes a reduction in the SRS budget of \$228,730 from the State General Fund and a corresponding increase in the federal Medicaid fund.
4. Add \$150,000 to the Contingency for Purchase of Vaccine account of the State General Fund in FY 1991 in concurrence with GBA No. 2. The recommendation would provide additional contingency funds to control the outbreak of measles, mumps and rubella (MMR).
5. Add \$400,000 from the State General Fund in FY 1991 for the purchase of additional vaccine to provide a second MMR shot to children upon entering school. The Centers for Disease Control recently doubled the recommended number of MMR shots to one each at approximately 18 months and 5 years of age.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

6. Add \$50,000 from the State General Fund in FY 1991 to continue genetics counseling contracts with the University of Kansas Medical Center and with Wesley Hospital in Wichita. The service includes testing potential or expectant parents to determine a history of genetic diseases.
7. Add \$7,297 from the State General Fund in FY 1991 for operating expenditures due to passage of S.B. 371 which establishes a 12-member Commission on Epilepsy. The additional funds would provide travel and subsistence reimbursements and supplies for Commission members.
8. Add \$19,652 from the State General Fund in FY 1991 for data processing charges due to passage of S.B. 665 which requires that social security numbers of parents be provided to KDHE at the time a birth certificate is filed for the purpose of child support enforcement. Additional costs include \$18,152 to change birth certificate forms and the computer database, and \$1,500 for maintenance costs of the mainframe computer.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

9. Add \$46,752 from the State General Fund in FY 1991 for costs associated with S.B. 736 (in Conference) which extends coverage of the Kansas Tort Claims Act to health care providers who provide charitable medical services to the medically indigent. New costs include \$35,913 for 1.0 FTE Planning Consultant to administer the program, \$4,111 for a microcomputer, and \$6,728 for OOE.

Sec. 25 – Department of Human Resources

1. Add 1.0 FTE Social Service Administrator II, 1.0 FTE Office Assistant III position, and \$73,374 from the Workers Compensation Fee Fund in FY 1991. These positions are added due to the passage of H.B. 3029.

Sec. 26 – Topeka State Hospital

1. Shift funding of \$97,948 from the State General Fund to the Hospital Fee Fund in FY 1991. Total funding of \$412,237 added to the hospital budget from the hospital fee fund (\$397,442) and State General Fund (\$14,795) should allow the hospital to adjust the hospital room rate in FY 1991 and collect additional Title XIX funding.

Sec. 27 – Osawatomie State Hospital

1. Shift funding of \$75,025 from the State General Fund to the Hospital Fee Fund in FY 1991. Total funding of \$514,225

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

added to the hospital budget from the hospital fee fund (\$107,418) and State General Fund (\$406,807) should allow the hospital to adjust the hospital room rate in FY 1991 and collect additional Title XIX funding.

Sec. 28 -- Larned State Hospital

1. Shift funding of \$26,459 from the State General Fund to the Hospital Fee Fund in FY 1991. Total funding of \$198,043 added to the hospital budget from the hospital fee fund (\$84,456) and State General Fund (\$113,587) in FY 1991 should allow the hospital to adjust the hospital room rate in FY 1991 and collect additional Title XIX funding.

**Sec. 29 -- Commission on Veterans Affairs/
Soldiers' Home**

1. In FY 1990, lapse \$69,992 from the replace electrical board account of the State Institutions Building Fund. In FY 1990, appropriate \$24,310 from the State Institutions Building Fund to the repair and rehabilitation project account to allow the Home to install proper electrical service entrances to the buildings at the House.

Sec. 30 -- Department of Commerce

1. Add \$7,385 from the State General Fund in FY 1991 for support of the Kansas Coal Commission and appropriate the

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

Coal Commission Contribution Fund with no limit on expenditures for FY 1990 and FY 1991, due to the passage of H.B. 2231.

2. Appropriate the Kansas Tourist Attraction Matching Grant Development Fund created by the passage of S.B. 621 with no limit on FY 1991 expenditures.
3. Add State General Fund financing of \$19,270 in FY 1990 and \$37,337 in FY 1991 for the salary of the industrial training program coordinator and shift an equal amount of State General Fund financed other operating expenses in the Industrial Development Division to the EDIF in order to offset a shortfall in federal funding for the industrial training program.
4. Reduce FY 1990 EDIF financing for the Partnership Fund program from \$2,314,000 to \$800,000 and authorize the expenditure of any unencumbered FY 1990 funding for the program in FY 1991, as recommended by the Governor in GBA No. 2.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

5. Pending the passage of S.B. 427 which transfers certain housing programs from the Department of SRS to the Department of Commerce, add 1.0 FTE position and 0.5 special project position for FY 1990 and FY 1991. In addition, appropriate the Housing Assistance Program -- Federal Fund and the HUD Emergency Shelter Grants-Federal Fund with no limit on expenditures in either year. Anticipated federally financed expenditures in FY 1990 include \$18,877 for salaries, \$2,758 for other operating expenses, \$460,000 for aid to local units of government, and \$170,315 for other assistance. Anticipated FY 1991 expenditures include \$62,577 for salaries, \$3,335 for other operating expenses, \$683,800 for aid to local units of government, and \$1,550,474 for other assistance.

6. Add \$1,000,000 from the EDIF and 1.0 FTE position in FY 1991 for the Community Strategic Planning Assistance program created by H.B. 2603. The recommendation includes EDIF financing of \$945,000 for community planning grants and \$16,468 for other operating expenditures. State General Fund financing of \$38,532 for the salary of the program manager is offset by the shift of an equal amount of other operating expenses in the Community Development Division to EDIF financing.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations**Sec. 31 – State Conservation Commission**

1. Add \$3,300 in FY 1991 for increased rent costs associated with the agency's new lease.

Sec. 32 – Kansas Water Office

1. Add \$5,000 from the State General Fund in FY 1991 as recommended by the Governor to allow the agency continued access to the U.S. Geological Survey's computer system.
2. Add \$500,000 from the State General Fund in FY 1991 for acquisition of geographic information system (GIS) databases associated with the State Water Plan. The Senate Committee notes that funding for GIS database acquisition was originally recommended by the Governor to be financed from the State Water Plan Fund but the 1990 Legislature utilized that funding to achieve State General Fund savings.

Sec. 33 – Kansas, Inc.

1. Appropriate the Information Network of Kansas Fund created by S.B. 678 with no limit on expenditures for FY 1990 and FY 1991, with the proviso that expenditures from the fund may not be considered as part of the agency's required private sector match.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations**Sec. 34 – Adjutant General**

1. Add federal financing for holiday pay for firefighters of \$96,006 in FY 1990 and \$35,442 in FY 1991 as recommended by the Governor in GBA No. 2.
2. Add federal financing of \$31,315 in FY 1990 and \$30,312 in FY 1991 to adjust the turnover rate for firefighters salaries as recommended by the Governor in GBA No. 2.
3. Add \$3,939 from the State General Fund and \$3,938 from federal funds in FY 1990 to compensate for the costs associated with the retirement of agency personnel as recommended by the Governor in GBA No. 2.

Sec. 35 – Department of Corrections

1. Add \$772,203 (SGF) in FY 1990 to meet a projected shortfall in funding for inmate medical and mental health care, as recommended by the Governor in GBA No. 2. The recommended amount would be financed by a shift of previously appropriated funding of \$84,890 from the Forbes Correctional Facility, a shift of \$425,000 in salary savings from the Norton Correctional Facility, and new funding of \$262,313.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

2. A shift of funding of \$37,375 (SGF) in FY 1990 and \$57,375 (SGF) in FY 1991 from the Forbes Correctional Facility to the Department of Corrections to meet projected shortfalls in the costs of reimbursements to county jails for housing parole violators until a parole revocation hearing is held, as recommended in GBA No. 2.
3. A shift of funding of \$30,048 (SGF) in FY 1990 from the Forbes Correctional Facility to the Honor Camps account to pay a personal injury claim of an inmate at the El Dorado Honor Camp, as recommended in GBA No. 2. The claim was approved for payment in the claims bill (S.B. 653).
4. A shift of funding of \$4,125 (SGF) in FY 1990 and \$2,195 (SGF) in FY 1991 from the Forbes Correctional Facility to the Department of Corrections to provide additional funding for one currently authorized position in the Department, as recommended in GBA No. 2. The position is funded 75 percent by federal funds and 25 percent by state funds. The recommendation also includes expenditure limitation increases on the federal Drug Abuse Fund of \$767 in FY 1990 and \$6,716 in FY 1991.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

5. Addition of \$45,801 (SGF) in FY 1990 for the game bird capital improvements account to replace the same amount of funding which was erroneously lapsed at the request of the Department of Corrections. GBA No. 2 recommended that this funding be restored to the Department.
6. Establishment of a new "Adult Basic Education Program--Federal Fund" to allow the Department to receive an estimated \$16,000 of federal funding in FY 1991, as recommended by GBA No. 2.
7. A shift of \$7,500 (SGF) in FY 1990 from the Honor Camps salaries and wages account to the other operating expenditures account to meet higher than anticipated expenses for clothing, supplies, and repairs, as recommended by GBA No. 2.
8. A technical adjustment to the FY 1990 reappropriation for the Osawatomie Correctional Facility to increase the reappropriated funds by \$202,909 (SGF) so that improvements at Hillsdale Lake can be expedited, as recommended in GBA No. 2.

Sec. 36 -- Kansas State Penitentiary

1. A shift of \$85,000 (SGF) in FY 1991 from the Topeka Correctional Facility -- West to the State Penitentiary to permit KSP to purchase a new 42-passenger

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

bus for inmate transportation, as recommended in GBA No. 2.

2. Addition of language authorizing the agency to provide for malpractice insurance, in an amount not to exceed \$5,000, for a medical employee, as recommended in GBA No. 2.

Sec. 37 – Kansas State Industrial Reformatory

1. A shift of State General Fund financing of \$184,000 (\$100,000 shifted from the Reformatory's salaries account to the other operating expenditures account and \$84,000 shifted from the Forbes Correctional Facility) in FY 1990 to meet higher than anticipated expenses for other operating expenditures, as recommended in GBA No. 2.
2. Addition of language authorizing the agency to provide for malpractice insurance, in an amount not to exceed \$5,000, for a medical employee, as recommended in GBA No. 2.

Sec. 38 – State Reception and Diagnostic Center

1. A shift of \$101,922 (SGF) in FY 1990 from the Forbes Correctional Facility to the State Reception and Diagnostic Center to meet a shortfall in salaries and wages funding at SRDC, as recommended in GBA No. 2.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations**Sec. 39 – Norton Correctional Facility**

1. Lapse of \$425,000 (SGF) in FY 1990 in salary savings resulting from delays in filling new positions, as recommended in GBA No. 2.

Sec. 40 – Department of Wildlife and Parks

1. Add \$185,000 in FY 1990 from the State General fund to establish a new account entitled "Lovewell State Park Storm Damage Repair" and reduce the following State General Fund accounts by the specified amounts: dam and beach repair -- Crawford State Park (\$35,000); replace sewer main -- Cheney State Park (\$92,000); FY 1988 capital improvements (\$53,000); shelters -- Pomona and El Dorado State Parks (\$5,000) for a total reduction of \$185,000 as recommended by the Governor in GBA No. 2. The new account would be used to repair tornado damage at Lovewell State Park.
2. Add \$35,000 in FY 1990 from the Wildlife Fee Fund and establish a new line item entitled "Dam and Beach Repair -- Crawford State Park" as recommended by the Governor in GBA No. 2.
3. Add \$92,000 in FY 1990 from the Federal Land and Water Conservation Fund as recommended by the Governor in GBA No. 2.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

4. Add \$95,325 in FY 1990 from the federal Clean Lakes Fund, resulting in an increase in the expenditure limitation from \$150,000 to \$245,325, as recommended by the Governor in GBA No. 2, to allow the agency to accept and expend federal funds for renovation of Ford County Lake.
5. Add \$1,627,000 in FY 1990 and establish a new line item entitled "Renovation of Cheyenne Bottoms -- Federal Funds," as recommended by the Governor in GBA No. 2, to allow the agency to accept and expend \$1,627,000 in federal matching funds for the renovation of Cheyenne Bottoms Waterfowl Area.
6. Add \$37,500 from the Wildlife Fee Fund in FY 1991 for the El Dorado Habitat Center as recommended by the Governor in GBA No. 2. The El Dorado Habitat Center is a cooperative effort between the Department, the Department of Corrections, and Kansas State University to promote development of wildlife habitat. The recommendation would allow the Department to pay its share of contractual services for this program.
7. Add \$3,570 for salaries and wages and 1.0 FTE in FY 1990 for a Management Analyst IV position as recommended by the Governor in GBA No. 2.
8. Add \$44,872 for salaries and wages in FY 1991 to continue to fund the new Management Analyst IV position recommended in FY 1990.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations

9. Add \$2,100 in FY 1991 from the Park Fee Fund to allow the agency to change the signs at Melvern State Park to Eisenhower State Park in conformance with H.B. 2919.
10. Add \$34,280 from the Wildlife Fee Fund in FY 1991 for the purchase of computer hardware and software associated with the geographic information system.

**Sec. 41 – Winfield State Hospital
and Training Center**

1. Make technical adjustments in FY 1990 and FY 1991 to accurately reflect the Legislature's recommendations for this agency.

**Sec. 42 – Parsons State Hospital
and Training Center**

1. Add \$88,230 (one-half State General Fund, one-half Parson's fee fund) in FY 1990 for commodities.

Sec. 43 – Kansas State University

1. Add \$30,000 from restricted fees in FY 1990 for replacement of a storage barn in Harvey County. The former structure was destroyed during the recent Hesston tornado. The facility is associated with the Harvey County Experimental Field of Kansas State University.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations**Sec. 44 – State Board of Regents**

1. Transfer \$253,500 from the Economic Development Initiatives Fund (EDIF) of the Department of Commerce to the State Board of Regents in FY 1991 to fund the Teachers Scholarship Program that was created in 1990 S.B. No. 561. The recommendation provides \$250,000 for 50 scholarships at \$5,000 each and \$3,500 for administrative expenses associated with implementing the new scholarship program.

Sec. 45 – Wichita State University

1. Add \$232,686 from the State General Fund in FY 1990 for utilities based on the actual expenditures to date for the first nine months of the fiscal year and projecting the agency's need for the final three months of the fiscal year.
2. Add 35.0 unclassified FTE positions in FY 1991 funded from restricted use funds. Of the additional positions, 24.0 are related to research activities, 4.0 would be teachers for the new Child Development Center, 4.0 would be associated with research and public service activities of the Barton School of Business, and 3.0 would be assigned to University Communications.

Senate Committee RecommendationsHouse Committee RecommendationsConference Committee Recommendations**Sec. 46 – Kansas Public Employees
Retirement System (KPERS)**

1. Add \$39,406 from the KPERS Fund and 1.0 FTE in FY 1991 for an Accountant III position (\$32,044) and associated operating costs (\$7,362) to implement recommendations of a recent financial audit of the agency. The position would assist in the monitoring of direct placements of KPERS funds and the investment managers fees for direct investment placements.

Sec. 47 – State Corporation Commission

1. Add \$168,995 from special revenue funds in FY 1991 for acquisition of geographic information system (GIS) equipment and consulting services.

OPTION 1:

Cut existing programs back to core (intensive supervision, residential, administration) and use additional funds to develop core programs statewide.

Estimated Cost: \$8,840,924

Assumptions:

1. Retain current standards.
2. No growth in existing ISP or residential programs.
3. Reductions below FY89 base for existing programs can be legally achieved (89 session laws, Chapter 92, Sec. 15, b.2).
4. KDOC has the authority to order the elimination of certain services such as victim/witness.

Developed by KDOC Division of Community and Field Services

The scope of existing programs would be significantly altered in that all victim/witness, prevention, adult diversion, and juvenile programs will be lost.

SWAM
April 16-17, 1990
Attachment 4

OPTION 2:

Fund existing programs with no growth except to meet standards and fund five new programs in FY 1991. Balance of programs would have approved plans but would be delayed in implementation until at least FY 1992.

Estimated Cost: \$10,692,719 (\$531,125 more than budgeted)

Assumptions:

1. Retain current standards.
2. Minimal or no growth in existing ISP or residential programs.
3. Implementation of programs can be legally delayed (Chapter 92, Sec. 15, c).
4. The balance of funds needed can be recovered from FY90 unexpended funds.

Developed by KDOC Division of Community and Field Services

Statewide implementation of community corrections would be delayed or lost. Momentum in non-participating counties would be lost and KDOC credibility impaired. Existing programs might have to reject some referrals.

OPTION 3:

Revise S.B. 49 to eliminate the statewide mandate and bring on line only those programs from areas sending a minimum of 34 people to prison annually.

Estimated Cost: \$11,692,719 (\$1,531,125 more than budgeted)

Assumptions:

1. Maintains current standards.
2. Minimal to no growth in existing ISP and residential programs.
3. Statewide mandate is repealed.
4. Balance of funds needed can be recovered from FY90 unexpended funds.

Developed by KDOC Division of Community and Field Services

Statewide implementation of community corrections would be lost. Existing programs might have to reject some referrals.

OPTION 4:

Modify program standards to allow smaller community corrections staff in both new and existing programs in order to reduce costs.

Estimated Costs:

Caseloads of 50 - \$10,912,719	(\$751,125 more than budgeted)
Caseloads of 40 - \$11,087,719	(\$926,125 more than budgeted)
Caseloads of 30 - \$11,537,719	(\$1,376,125 more than budgeted)

Assumptions:

1. Changes standards but existing programs keep all current services.
2. No growth in current ISP or residential programs.
3. Can legally go below the FY89 expenditure floor (Chapter 92, Sec. 15, b. 2).
4. Balance needed can be recovered from FY90 unexpended funds.

Developed by KDOC Division of Community and Field Services

Nature of intensive supervision would be significantly changed and offenders would receive fewer services and less oversight. Community corrections would move closer to parole and probation in terms of level of supervision provided.

OPTION 5:

Cut FY91 grants for existing programs to FY89 expenditure levels.

Estimated Cost: \$9,393,929

Assumptions:

1. Assumes most programs can operate at FY89 levels. Surplus funds of \$767,665 would probably be allocated to Johnson County and new programs.
2. Maintains current standards.
3. No growth in existing ISP or residential programs.

Developed by KDOC Division of Community and Field Services

Would limit the growth of existing programs. New programs could probably operate for one year but with no guarantee of subsequent funding.

OPTION 6:

All new programs submit plans for approval, but do not begin implementation until FY 1992. Current programs remain at same dollars budgeted for FY89 with an inflation factor built in.

Estimated Cost: \$ 9,393,929.00
610,605.39 (6.5% inflation)

\$10,004,534.39

Assumptions:

1. Assumes that S.B. 49 does not require actual implementation of new programs on July 1, 1990, that they may be delayed until at least FY 1992.
2. Assumes minimal limited growth (adequate to maintain standards and inflation, 6.5% or consumer price index).
3. Current standards are retained.
4. Recovered funds from the current grant period may be used to finance part of the FY 1991 anticipated growth.
5. Assumes most programs can operate at FY89 levels. Surplus funds of \$767,665.00 would probably be allocated to Johnson County due to its rapid increase in ISP client caseload during the current fiscal year.

Developed in a meeting between local community corrections directors and staff of KDOC Division of Community and Field Services.

Delays implementation of statewide community corrections and all the undesirable effects that entails. Focuses all resources only on existing programs.

OPTION 7:

Following the Kansas Association of Counties recommendation to allow counties "charter out" of the mandate to develop community corrections.

Estimated Cost: \$ 9,393,929.00 (participating counties)
1,535,000.00 (estimate of counties joining
community corrections)

\$10,928,929.00

Assumptions:

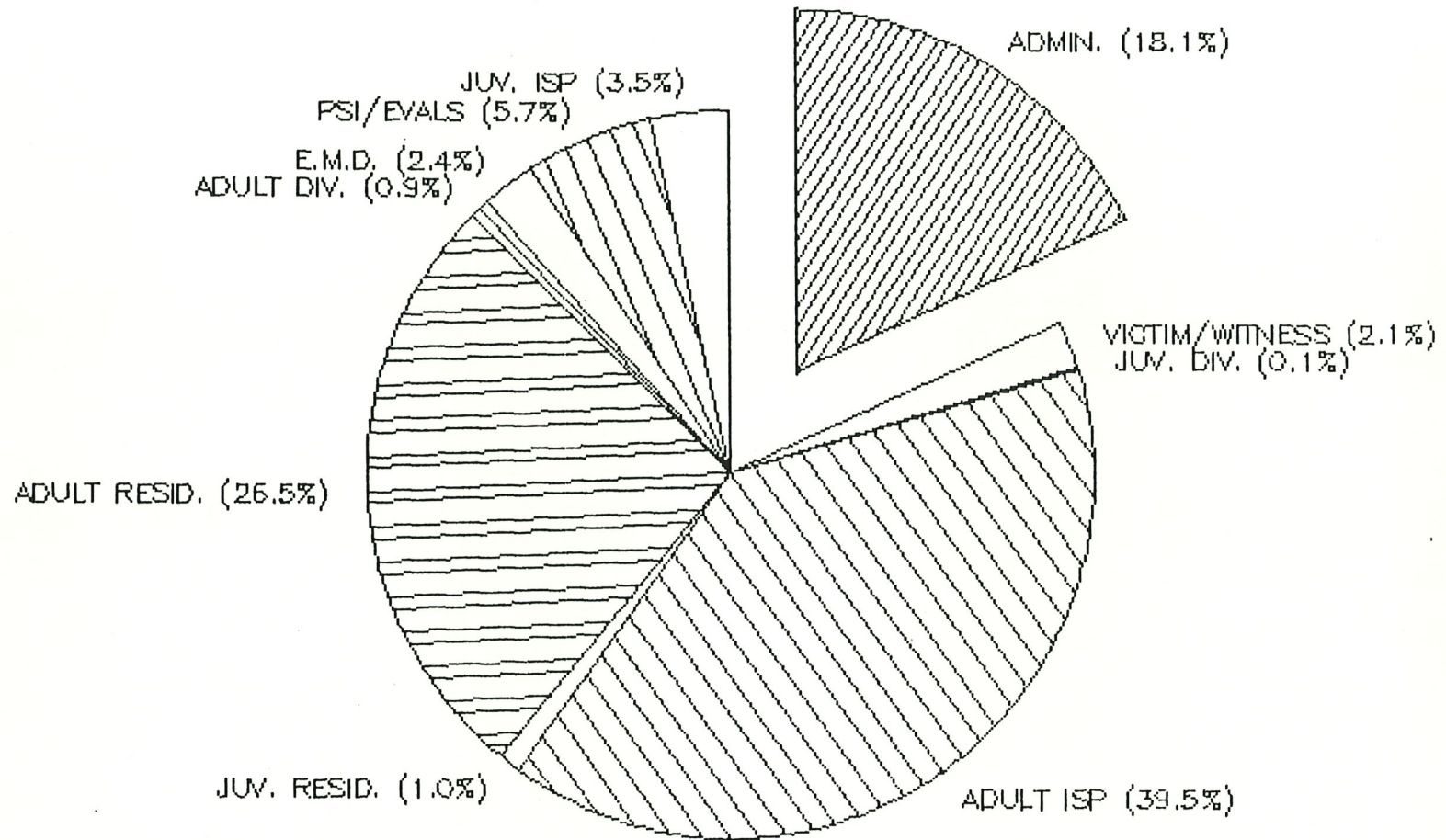
1. The cost estimate would include participating counties at FY89/90 expenditure levels.
2. Assumes most programs can operate at FY89 levels.
3. Maintains current standards.
4. No growth in existing programs other than to meet standards.
5. Assumes that some currently non-participating counties will choose to "opt out" and not develop community corrections based on information available to KDOC Community Corrections section staff as of 1-25-90.
6. Assumes that new programs will develop only Adult ISP and limited jail work release beds.

Developed in a meeting between local community corrections directors and staff of KDOC Division of Community and Field Services.

Statewide implementation of community corrections will be lost. Existing programs might have to reject some referrals.

1989-90 BUDGET

STATE TOTALS

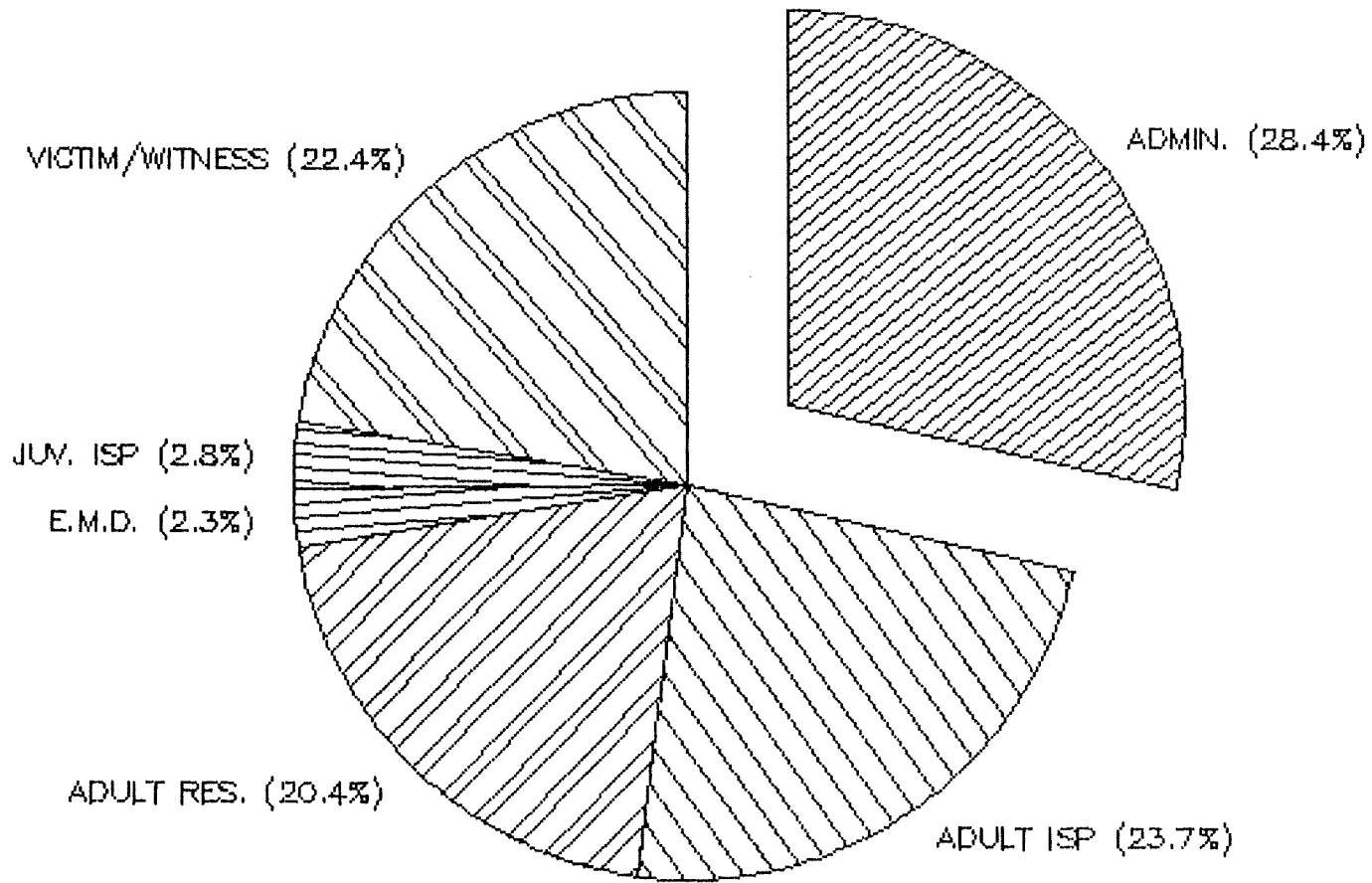


SWAM
April 16-17, 1990
Attachment 5

1989-90 BUDGET

B/L/M COUNTIES

5-2

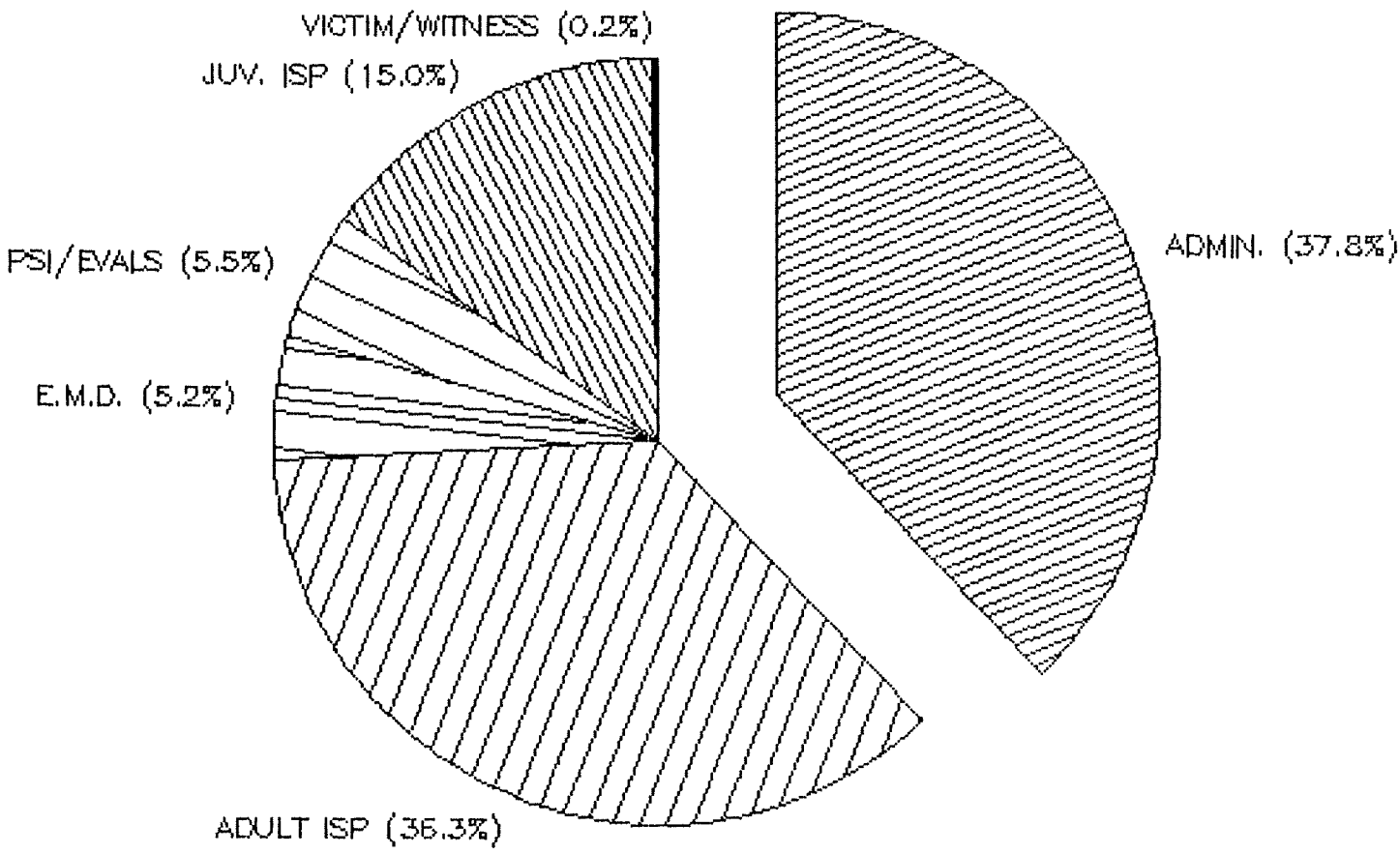


1989-90 BUDGET

DOUGLAS COUNTY

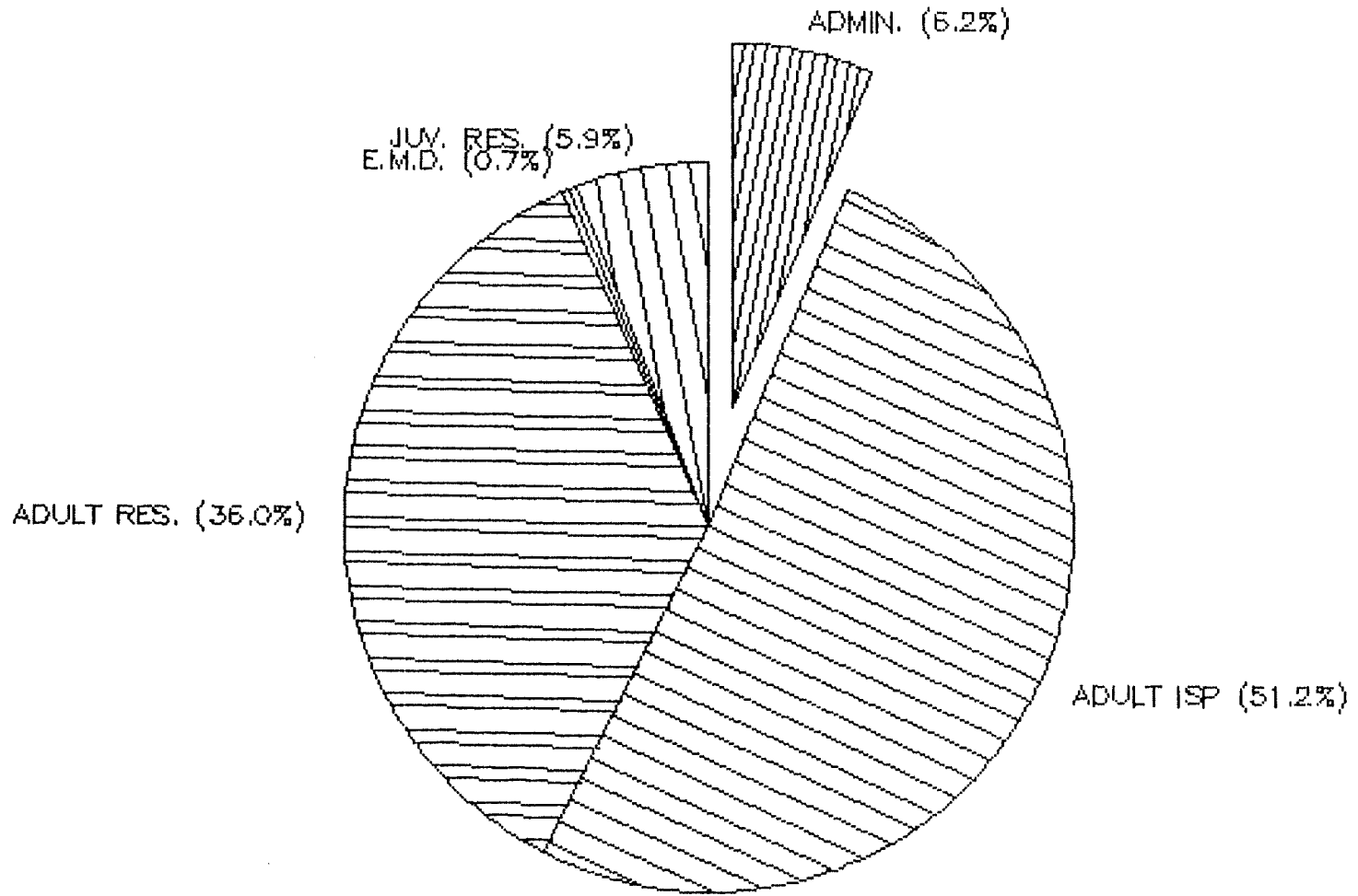
5-3

8



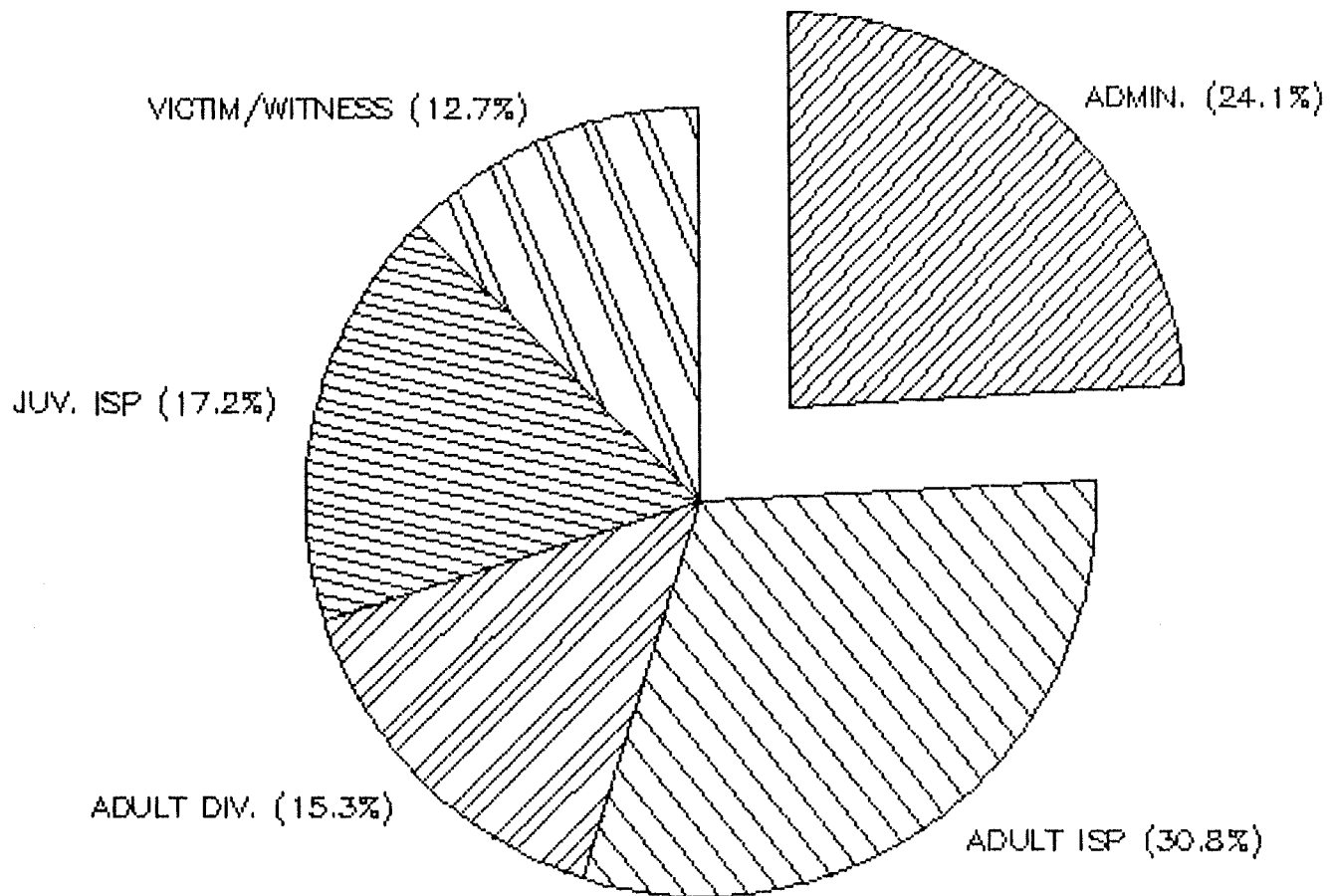
1989-90 BUDGET

JOHNSON COUNTY



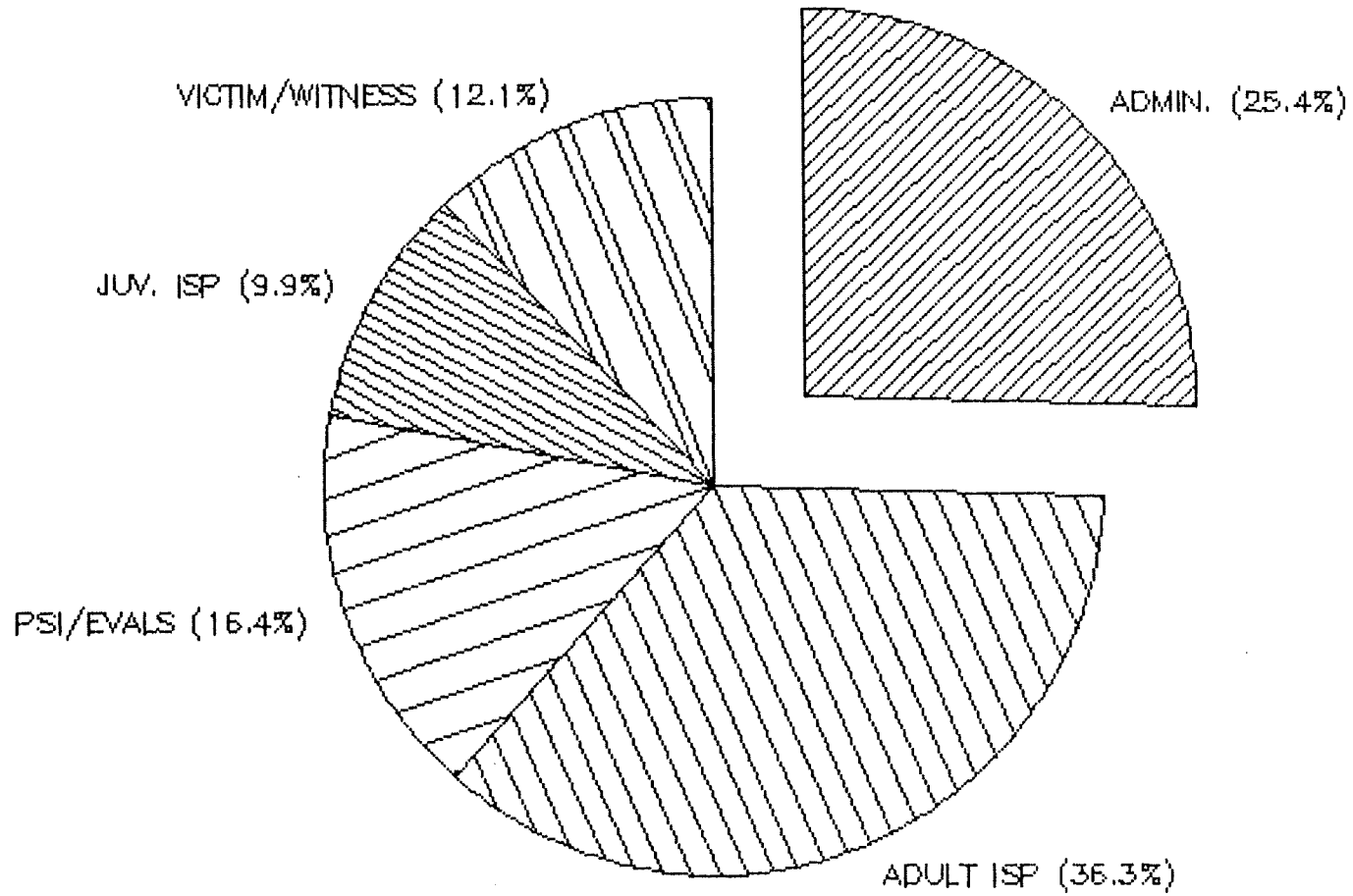
1989-90 BUDGET

LEAVENWORTH COUNTY



1989-90 BUDGET

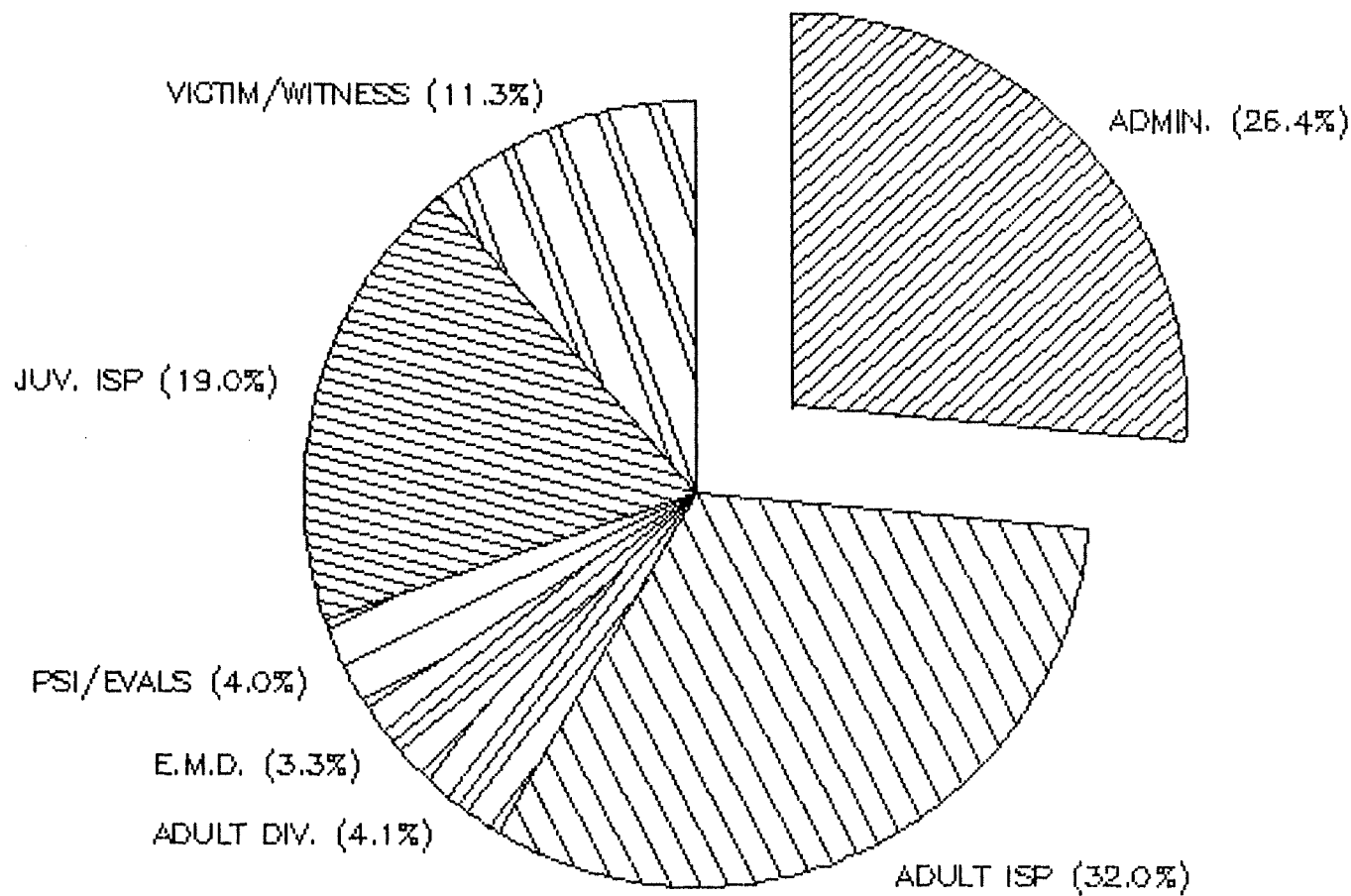
MONTGOMERY COUNTY



1989-90 BUDGET

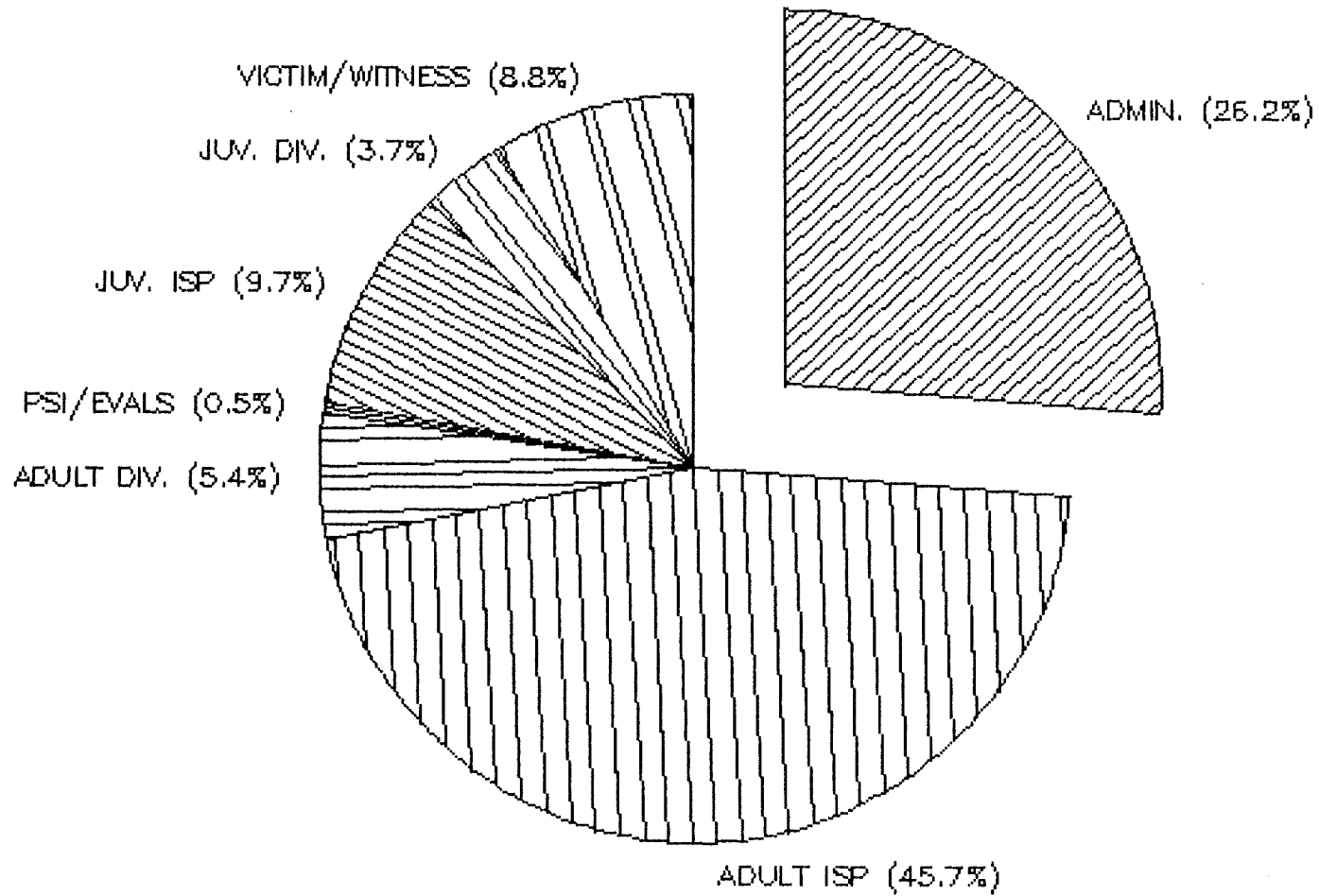
RILEY COUNTY

2



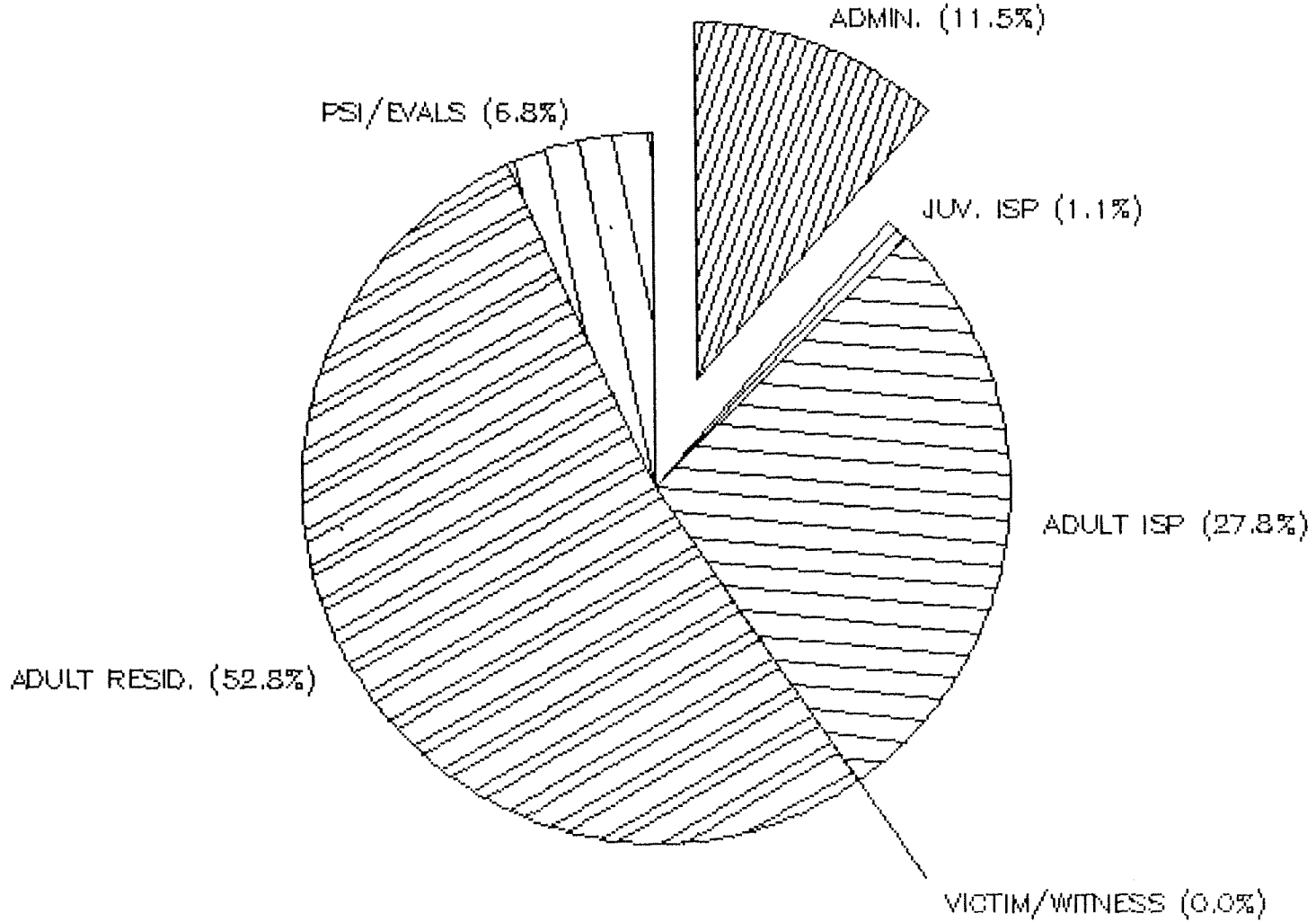
1989-90 BUDGET

SALINE COUNTY



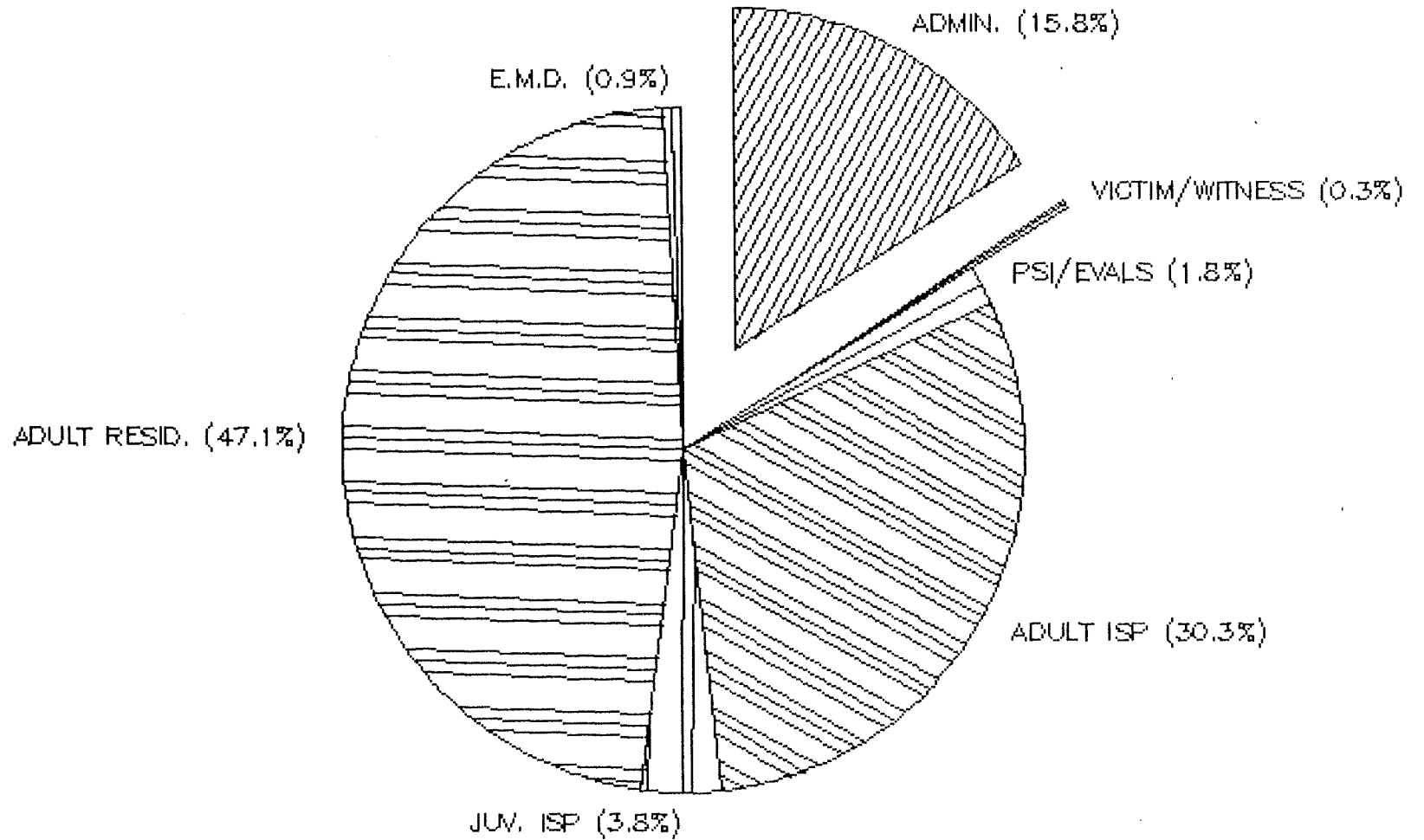
1989-90 BUDGET

SEDGWICK COUNTY



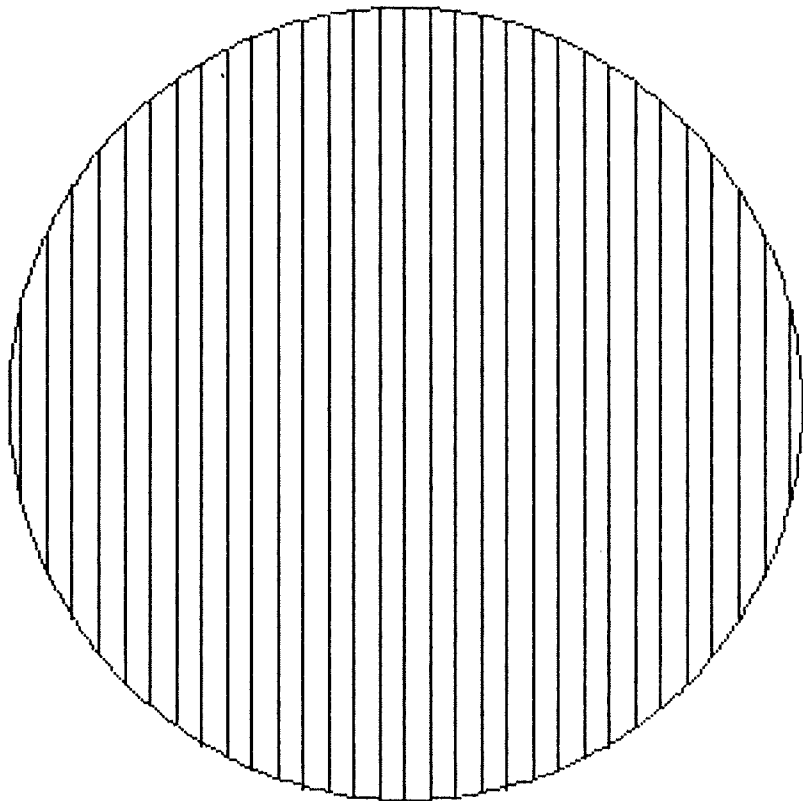
1989-90 BUDGET

SHAWNEE COUNTY



1989-90 BUDGET

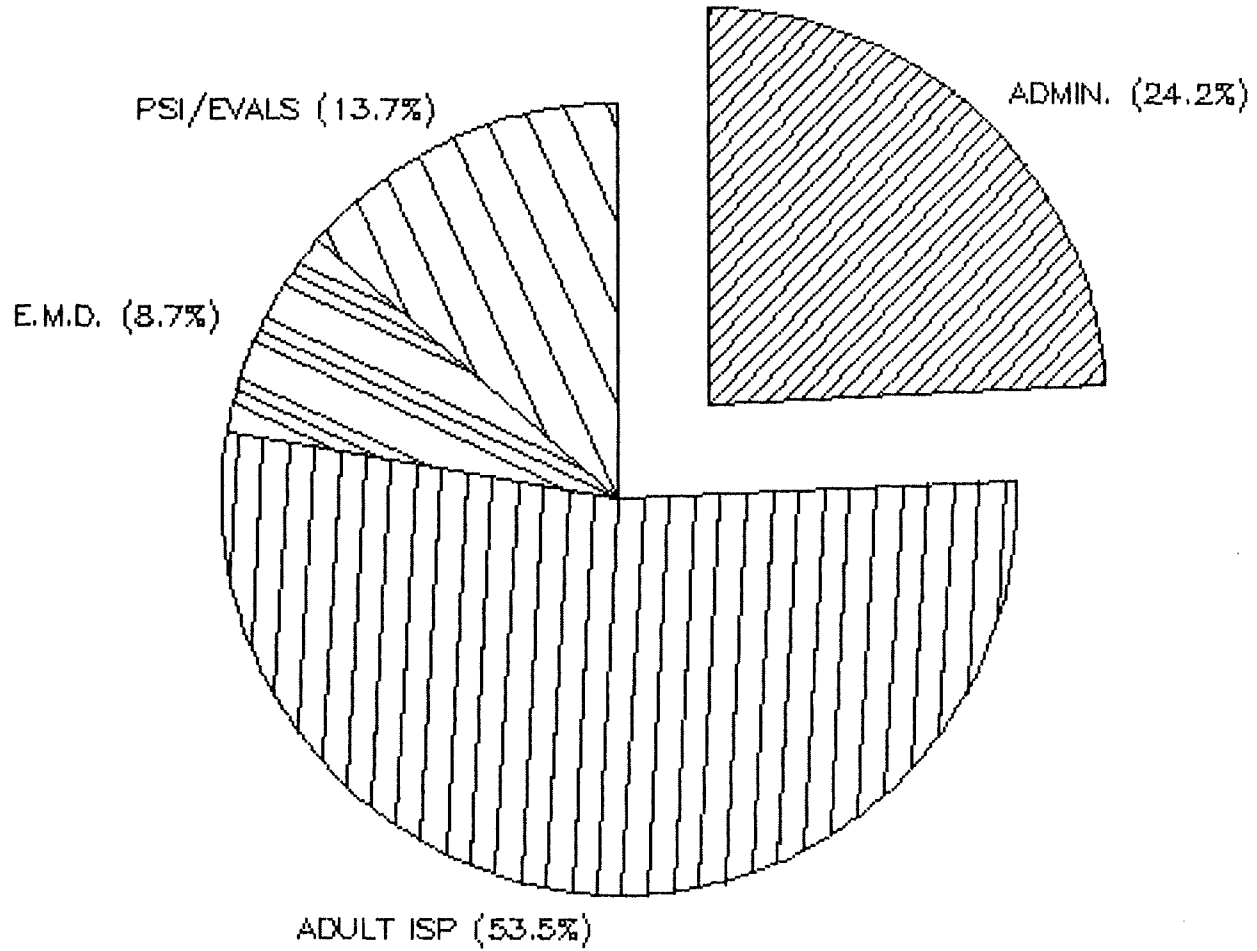
2ND DISTRICT



ADULT ISP (100.0%)

1989-90 BUDGET

WYANDOTTE COUNTY



	<u>FY89 Actuals</u>	<u>FY90 Approved Budget</u>	<u>FY91 Co. Req.</u>	<u>FY91 KDOC Rec.</u>	<u>FY91 Governors Rec.</u>
B/L/M	200,564.20	247,442.00	233,612.00	233,612.00	233,612.00
Douglas	305,628.30	336,056.00	836,548.56	408,992.22	336,056.00
Johnson	1,080,080.05	1,600,773.00	2,969,016.00	2,826,810.00	1,599,773.00
Leavenworth	264,529.85	345,429.00	418,085.68	295,551.34	295,551.00
Montgomery	294,998.72	317,759.00	314,213.16	314,213.16	314,213.00
Riley	219,508.83	301,000.00	274,832.00	267,454.00	267,454.00
Saline	262,482.74	321,392.00	365,809.00	347,971.00	321,392.00
Sedgwick	2,094,030.04	2,228,772.00	2,907,355.00	2,907,355.00	2,228,792.00
Shawnee	1,009,454.12 (includes \$300,000 for jail renovation)	944,701.00	961,432.00	925,333.55	925,334.00
Wyandotte	1,049,650.19	2,642,913.00 (24 mos.) 1,321,456.50 (12 mos.)	1,990,853.00	1,621,476.00	1,295,466.00
2nd Dist.	0	155,240.00	143,950.00	143,950.00	143,950.00

Prepared by the Community and Field Services Division - April 16, 1990

SWHM
April 16-17, 1990
Attachment 6

KDOC COMMUNITY CORRECTIONS
NEW COUNTY GROUPS
AND COST PROJECTION IN
ORDER OR PRIORITY FOR IMPLEMENTATION
(Summary page at the end of priority list)
Revised 2/90

1. Northwestern Region consists of 15th, 17th, and 23rd Judicial Districts - Cheyenne, Rawlins, Norton, Phillips, Smith, Sherman, Thomas, Sheridan, Graham, Rooks, Osborne, Wallace, Logan, Gove, Trego, Decatur, and Ellis Counties

(D & E) FY89 Prison Admissions: 35 persons
Programs Projected: Adult ISP, Drug Testing, Eval.
Estimated Cost: \$160,000
(3 staff + director + clerical)
2. 5th Judicial District consists of Lyon and Chase Counties

(D & E) FY89 Prison Admissions: 45 persons
Programs Projected: Adult ISP, Drug and Eval.
Estimated Cost: \$160,000
(2 staff and clerical, maybe deputy director)
3. 27th Judicial District consists of Reno County

(D & E) FY89 Prison Admissions: 52 persons
Programs Projected: Adult ISP and Residential (not using the jail), Drug Testing and Eval.
Estimated Cost: \$180,000
(2 staff and director and clerical)
4. 9th Judicial District consists of Harvey and McPherson Counties

(D & E) FY89 Prison Admissions: 34
Programs Projected: Adult ISP, Jail Work Release, Drugs and Eval.
Estimated Cost: \$180,000
(project two staff and director and clerical)
5. 25th Judicial District consists of Greeley, Wichita, Scott, Hamilton, Kearney, and Finney Counties

(D & E) FY89 Prison Admissions: 41 persons
Programs Projected: Adult ISP, Jail Work Release, Drug Testing, and Eval.
Estimated Cost: \$180,000
(2 staff, director, and clerical)

SWAM

April 16-17, 1990

Attachment 7

6. 4th Judicial District consists of Osage, Franklin, Coffey, and Anderson Counties

(D & E) FY89 Prison Admissions: 42 persons
Programs Projected: Adult ISP, Jail Work Release, Drug Testing, and Eval.
Estimated Cost: \$180,000
(2 staff, director and clerical)
7. 11th and 31st Judicial Districts consist of Woodson, Allen, Wilson, Neosho, Crawford, Labette, and Cherokee Counties

(D & E) FY89 Prison Admissions: 47 persons
Programs Projected: Adult ISP, Jail Work Release, Drug Testing, and Eval.
Estimated Cost: \$180,000
(2 staff, director and clerical)
8. 8th Judicial District consists of Geary, Dickinson, Morris, and Marion Counties

(D & E) FY89 Prison Admissions: 50 persons
Programs Projected: Unknown because these counties have been unable or unwilling to work together.
Estimated Cost: \$180,000
9. 16th District and part of 26th consists of Ford, Gray, Meade, Clark, Kiowa, Commanche, and Seward Counties

(D & E) FY89 Prison Admissions: 45 persons
Programs Projected: Unknown because these counties have been unable or unwilling to work together.
Estimated Cost: \$180,000
(2 staff, director and clerical)
10. 20th Judicial District consists of Barton, Russell, Ellsworth, Rice, and Stafford Counties

(D & E) FY89 Prison Admissions: 38 persons
Programs Projected: Adult ISP, Jail Work Release, Drug Testing, and Eval.
Estimated Cost: \$160,000
(1 staff, 1 director, 1 clerical)
11. 13th Judicial District consists of Greenwood, Butler, and Elk Counties

(D & E) FY89 Prison Admissions: 22 persons
Programs Projected: Adult ISP, Drug Testing, and Eval.
Estimated Cost: \$120,000
(1 staff, 1 director, 1 clerical)

12. 22nd Judicial District consists of Marshall, Nemaha, Brown, and Doniphan Counties

(D & E) FY89 Prison Admissions: 22 persons
Programs Projected: Adult ISP, Jail Work Release, Drug Testing, and Eval.
Estimated Cost: \$140,000
(1 staff, 1 director, 1 clerical)
13. 19th Judicial District consists of Cowley County

(D & E) FY89 Prison Admissions: 19 persons
Programs Projected: Adult ISP, Jail Work Release, Drug Testing, and Eval.
Estimated Cost: \$140,000
(2 staff, 1 director, 1 clerical)
14. 30th Judicial District (split into two programs) consists of Pratt, Barber, Kingman, and Harper Counties

(D & E) FY89 Prison Admissions: 10 persons
Programs Projected: Adult ISP, Jail Work Release, Drug Testing, and Eval.
Estimated Cost: \$65,000
(1 staff who is director, 1 clerical)
15. 30th Judicial District (part 2) consists of Sumner County

(D & E) FY89 Prison Admissions: 17 persons
Programs Projected: Adult ISP, Jail Work Release, Drug Testing, and Eval.
Estimated Cost: \$65,000
(1 staff who is director, 1 clerical)
16. 1st Judicial District consists of Atchison County (Leavenworth is in district)

(D & E) FY89 Prison Admissions: 7 persons
Programs Projected: Adult ISP, Drug Testing, and Eval.
Estimated Cost: \$35,000
(1 director who is staff and contract clerical)
17. 24th Judicial District consists of Lane, Ness, Rush, Pawnee, Hodgeman, and Edwards Counties

(D & E) FY89 Prison Admissions: 5 persons
Programs Projected: Adult ISP, Drug Testing, and Eval.
Estimated Cost: \$35,000
(1 director who is staff and contract clerical)

18. 12th Judicial District consists of Jewell, Republic, Washington, Mitchell, Cloud, and Lincoln Counties

(D & E) FY89 Prison Admissions: 6 persons
Programs Projected: Adult ISP, Drug Testing, Eval., and EMD's
Estimated Cost: \$35,000
(1 director who is staff and contract clerical)

19. 26th Judicial District consists of Stanton, Grant, Haskell, Morton, and Stevens Counties (Seward is part of the 26th but says they want to go with 16th)

(D & E) FY89 Prison Admissions: 7 persons
Programs Projected: Unknown as there has been little if any organization.
Estimated Cost: \$35,000
(1 director who is staff and contract clerical)

SUMMARY SHEET

- Judicial districts were listed in order of priority at a total cost of \$2,410,000.00 for only Adult ISP and Work Release programs. Funds were not included for any other services and very little office cost or equipment.
 - * To be on the safe side of estimation, one might use \$3,000,000.00 as an approximate cost.
- Implementation of the top 10 in terms of Prison Admissions and willingness would cost approximately \$1,740,000.00.
 - * To be on the safe side of estimation, one might use \$2,000,000.00 as an approximate cost.
- Implementation of the top 5 would cost approximately \$860,000.00 (again without any programs except bare bones - Adult ISP, some Jail Work Release, and very low office costs)
 - * To be on the safe side of estimation, one might use \$1,000,000.00 as an approximate cost.

Costs were estimated using the following:

Director:	\$25,000 - \$35,000 depending on size of region
ISO's:	\$22,000
Clerical:	\$18,000
Office Space & Utilities:	\$20,000 plus depending on the number of offices needed for a region
Travel & Subsistence:	\$10,000
Furniture & Equipment:	\$10,000 - \$15,000 depending on number of staff and a computer
Drug Test & Eval:	Depends on number of clients \$5,000 - \$10,000, Adult Work Release \$20,000

KDOC Programs Division
Community Corrections Section Recommended
Local Program Budget and Program Priority
For Funding Consideration

Program Priorities

1. Adult Intensive Supervision (pre and post incarceration)
 - a. Substance Abuse Testing
 - b. Community Service Supervision and Costs
 2. Adult Residential Services (Work Release) (pre and post incarceration)
 - a. Substance Abuse Testing
 3. Pre-Sentence/Evaluation Services
 - a. Substance Abuse Program Services
 - b. Surveillance Services
 4. Electronic Monitoring/House Arrest (if it expands population diverted from prison)
 5. Juvenile ISP
 6. Juvenile Residential
 7. Victim Witness
 8. Prevention Programs
 9. Juvenile Diversion
 10. Adult Diversion
 11. Indirect Costs (indirect Costs Charged By County Government For Bookkeeping/Auditing/Payroll/Personnel/Etc. will always be lowest priority)
- * Note: All of the above programs may choose to support or provide the program with contractual services.

SWAM
April 16-17, 1990
Attachment 8

UNEXPENDED FUNDS

	1984	1985	1986	1987	1988	1989
B/L/M		59,050.80	7,048.14	34,926.17	59,171.57	
Douglas		-	567.26	159,499.74	28,634.49	
Johnson		107,676.98	254,826.68	<87,687.07>		
Leavenworth		11,474.59	33,242.64	112,071.20	90,558.55	
Montgomery		169,852.49	11,860.83	57,327.03	84,323.71	
Riley	264,819.05	196,566.07	144,772.41	136,085.15	68,792.06	
Saline		-	-	158,021.29	80,053.40	
Sedgwick	-	521,361.64	343,539.28	387,094.87	9,566.73	
Shawnee	9,924.48	80,120.27	107,719.87	56,758.60	179,641.15	
Wyandotte	119,718.66	138,122.30	198,752.46	103,965.77	251,888.90	201,184.67*

Amounts of cash on hand at end of each year. Includes running balance of carryover from previous year.

* Actual cash on hand at end of 3rd quarter for FY 1989.

SWAM
 April 16-17, 1990
 Attachment 9

OIL OVERCHARGE FUNDING FOR AGRICULTURAL ENERGY CONSERVATION

The Kansas State Board of Agriculture proposes reinstatement of \$90,000 in oil overcharge funds originally recommended in Governor Hayden's budget. These funds are targeted as grants to individuals, organizations and associations to demonstrate implementation of energy conservation techniques from the agricultural sector. Research has recently produced new techniques using renewable environmentally-safe resources which reduce energy consumption of non-renewable fuels. Such projects could include:

1. Implementing anaerobic treatment to an ethanol processing plant's waste stream to generate the heat-units required to operate the plant.
2. Implementing aspirated ethanol fuel systems in diesel engines which reduce vehicle emissions and decrease petroleum consumption.
3. Implementing a composting site utilizing starch-based biodegradable plastics to enhance the degradation process while decreasing petroleum-derivative products usage, and improving waste management through increased landfill lifetimes.
4. Implementing a soybean oil/diesel mix usage in diesel engines to decrease petroleum consumption.

Appropriate projects for oil overcharge funds like those described above are prime examples of the agricultural sector providing new environmentally safe sources of renewable energy which thereby conserve non-renewable fuels.

SWAM
April 16
Attachment 10



State Conservation Commission

109 S.W. 9TH STREET. Suite 500

TELEPHONE (913) 296-3600

TOPEKA, KANSAS 66612-1299

April 11, 1990

Representative William Bunten
Chairperson, Appropriations Committee
House of Representatives
State Capitol, Room 514-S
BUILDING MAIL

Senator Gus Bogina
Chairperson, Ways & Means Committee
Kansas State Senate
State Capitol, Room 120-S
BUILDING MAIL

Dear Sirs:

The State Conservation Commission respectfully requests the following general funds for FY 1991 be included in the Omnibus Bill:

Rents - Object Code 230.....\$3,300

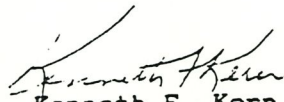
The Commission's current lease for 2,651 square feet of office space on 3rd floor of the Mills Building expires June 30, 1990. When the agency submitted the FY 1991 budget request, it was in the early stages of negotiating with Manhattan Building, Inc. for a new real estate lease contract.

Since the new lease contract had not been finalized and approved by the Department of Administration, the Senate subcommittee deferred any necessary action to the House subcommittee. (See subCommittee report attached.) It was March 28, 1990 when the agency finally received approval from Department of Administration, which was too late for consideration by the House subcommittee.

A full justification supporting the agency's request for a total of \$19,690 for office rents in FY 1991 is attached. This is an increase of \$3,300 over the amount recommended by the Governor in his original State General Fund budget recommendation.

The State Conservation Commission respectfully requests your favorable consideration of this request be included in the Omnibus Bill.

Respectfully,


Kenneth F. Kern
Executive Director

KFK:LJW:du
Enclosures

cc: Governor Mike Hayden
Paul West, Fiscal Analyst
Marty Kennedy, Budget Analyst
Roy Seybert, Chairman SCC

SWAM
April 16-17, 1990
Attachment 1.

FY 1991
OBJECT CODE 230 - RENTS

Actual Expenditures FY 1989	Estimated Expenditures FY 1990	Level C Budget Request FY 1991	Governor's Revision FY 1991	Agency Appeal FY 1991	FY 1991 Appeal Variance
\$ 13,259	\$ 16,897	\$ 21,579	\$16,381	\$ 19,690	\$ 3,300

- FY 1989 - 8 FTE staff positions (added Secretary II position).
Added 150 sq.ft. of office space @\$7.04* per sq.ft. to accommodate new position effective July 1, 1988.
- FY 1990 - 10 FTE staff positions effective 09/18/89 (added Office Specialist and Resource Administrator positions).
Added 705 sq.ft. of office space @\$6.50 per sq. ft. to alleviate extremely crowded existing space and provide office space for the two new positions - effective August 15, 1989.
- FY 1991 - 12 FTE staff positions requested at Level C (includes request for two new conservation coordinator positions).

*The lease rental rate was reduced to \$6.50 per sq. ft. effective January 1, 1989.

Governor recommended reduction of \$5,198 in Rents.

The Commission's real estate lease contract with Manhattan Building, Inc. for office space on 3rd floor of the Mill Building expires June 30, 1990. The budget request was submitted based on a projected rate of \$7.15 per sq. ft. to continue leasing the current 2,651 sq. ft. of office space. The lease rate was based on information furnished by Manhattan Building, Inc.

During negotiations for a new lease for space in the Mills Building, the executive director of the Commission also met with agency heads from the State Board of Agriculture and Kansas Water Office since the lease contracts for these two state agencies also expire June 30, 1990. Discussions were based on the need to remain co-located in the Mills Building, and to find additional space for the State Board of Agriculture in order to alleviate crowded office space on second floor and relocate offices from the basement of the Mills Building. These agencies met with Jack Crocker, Manager for Manhattan Building, Inc., to determine how this could best be accomplished. It was apparent that to utilize the available space most effectively and to take advantage of the low lease rate, relocation of the Kansas Water Office and the Commission would be necessary.

The Commission has agreed to move its' office to vacant space on the 5th floor of the Mills Building. This space is too small to be effectively utilized by either of those agencies.

Negotiations have been completed for a new 5-year lease with Manhattan Buildings for 2,852.5 square feet of space on 5th floor of the Mills Building at \$6.85 per square foot. The lease contract has been reviewed by Department of Administration, Division of Facilities Management, and the request for 201.5 square feet of additional space has been approved. The agency has been notified that Department of Administration approved the lease contract on March 28, 1990.

Continued.....

As stated, this is an increase of 201.5 square feet of space over our current leased space. The agency desires to lease this available space within this 5-year lease for future growth potential. This would make it possible to be able to accommodate future FTE staff without requesting additional funds for space. This can be accomplished by converting the space utilized as a conference room to office space for new positions. The Building Manager has advised agencies that when remodeling of office spaces for all agencies is completed, the basement area will be converted to conference rooms which will be available by reservation. A conference room located on the Mezzanine will also be available for reservation.

The agency has adjusted projections for FY 1991 Rents in the following categories:

- Reduced projected costs for rents associated with the six area training workshops and other necessary meetings.
- Eliminated request for office space projected for the two new conservation coordinator positions requested at Level C.

Agency appeals for \$3,300 from the State General Fund.

P24 GIS
STATE OF KANSAS



Mike Hayden, Governor

KANSAS WATER OFFICE
Joseph F. Harkins
Director

Suite 200
109 SW Ninth
Topeka, Kansas 66612-1215
913-296-3185

April 16, 1990

The Honorable August Bogina, Jr.
Chairman, Senate Ways and Means Committee
Statehouse
Topeka, KS 66612

Dear Senator Bogina:

During the legislative review of the Kansas Water Office FY 1991 budget, \$5,000 was deleted from the State General Fund pending further review of systemwide Geographic Information System proposals. I would like to request that your committee fund this \$5,000 request as part of Kansas Water Office ongoing expenditures.

In FY 1988 the Kansas Water Office initiated a cooperative agreement with the U.S. Geological Survey to enable Kansas Water Office staff to access and use the ARC/INFO Geographic Information System that resides on the PRIME computer at Lawrence. Since that time this access has allowed the Kansas Water Office to process a variety of currently available data and generate maps for use by staff in analyzing data and making graphical presentations of such data to address specific problems by basin within the State of Kansas. Continuation of this relationship would enable the Kansas Water Office to use the ARC/INFO Geographic Information System in a cost-effective manner.

Sincerely,


Joseph F. Harkins
Director

JFH:TDK:sln

cc: Paul West
Martin Kennedy
Representative Buntin

SWAM
April 16-17, 1990
Attachment 12



KANSAS STATE HISTORICAL SOCIETY

CENTER FOR HISTORICAL RESEARCH

120 West Tenth ▪ Topeka, Kansas 66612-1291 ▪ 913/296-3251

KANSAS MUSEUM OF HISTORY

6425 South West Sixth ▪ Topeka, Kansas 66615-1099 ▪ 913/272-8681

April 11, 1990

Senator Gus Bogina ✓
Rm. 120-S, State Capitol Bldg.
Topeka, Kansas 66612

Representative William Bunten
Rm. 514-S, State Capitol Bldg.
Topeka, Kansas 66612

Ref: SB No. 453 - KSHS Appropriations, FY 1991

Gentlemen:

The Society requests that the level of funding that was recommended by the Conference Committee to provide for security at the Kansas Museum of History be restored to the \$205,000 that had originally been recommended by the Governor and the Senate. Throughout this session, the Society has been seeking confirmation that the Governor and the Legislative body would not object if the Society would discontinue the existing security contract with the Highway Patrol, which utilizes state positions to provide the security at the Museum, and instead, contract with a private security company. Preliminary discussions with private companies indicated that they would be able to provide a much broader level of security for the amount of funding that was originally recommended. Upon receiving confirmation to negotiate with private security firms, the Society had intended to prepare the specifications that would allow the companies to bid a package which would provide the basic twenty four hour coverage of the Museum complex and would also make additional security coverage available for special events and at peak visitation periods throughout the year.

The House Subcommittee requested that we obtain preliminary estimates that would give an indication of the savings that could be realized by using private security. Because the information was needed within a very short time, the Society requested the preliminary estimates based simply on the number of man hours that we thought would be required to provide the twenty four hour coverage. We had not written complete specifications and the companies were only given three days to respond to our inquiry. The estimates that we did receive ranged from a low estimate of \$147,000 to a high estimate of \$170,171. These figures were supplied to the House Subcommittee and they recommended that the funds be reduced to the lowest estimate obtained and the

RAMON POWERS, Executive Director
RUTH A. SHERRER, Associate Executive Director
TERRY MARMET, Director of Facilities Planning
MARK A. HUNT, Director of Museums and Historic Properties
PATRICIA A. MICHAELIS, Curator of Manuscripts
RICHARD D. PANKRATZ, Director Historic Preservation Dept.

SWAM
April 16-17, 1990
Attachment 13

PORTIA ALLBERT, Library Director
EUGENE D. DECKER, State Archivist
THOMAS A. WITTY, State Archeologist
MARILYN HOLT, Director of Publications
LARRY JOCHIMS, Research Historian
JENNIE CHINN, Folklorist
RON PARKS, Public Relations Director

Conference Committee concurred with that decision but also stated that the Society could request that the \$58,000 that was cut be restored in the Omnibus bill.

The Society requests the restoration of \$58,000 to provide for the full \$205,000 through the specification and bidding process so that we may obtain the required security coverage at the most cost effective rate. A portion of the funds will be utilized to allow us to contract with the Highway Patrol to provide the first month of "on the job training" for the private security force. Also, since this will be the first year of a new long-term arrangement with a private security firm, some contingency funds should be available to cover gaps in services which were not anticipated in the contract specifications. The specifications are currently being reviewed by the staff of the Division of Purchases. We expect the contract to receive bids below \$205,000, but a substantial reduction in the available funding at this time could severely limit our flexibility and would penalize the Society for seeking a substantial savings in state general fund expenditures while simultaneously maintaining adequate security for our valuable materials and the public who visit our Museum.

All of these considerations will be known costs by the time that we prepare the FY 1992 budget request. If the full funding is not required, we would then be able to adjust our FY 1991 estimated budget column to reflect any savings that may be realized from the actual bid process. We appreciate the opportunity to present this request to you. We are available to you if additional information is required.

Sincerely,



Ramon Powers
Executive Director

cc. Leg. Research
Div. of Budget

STATE OF KANSAS
MIKE HAYDEN, Gov.



SOCIAL AND
REHABILITATION SERVICES
DOCKING STATE OFFICE BLDG.
TOPEKA, KANSAS 66612
WINSTON BARTON, SECY.

PARSONS STATE HOSPITAL AND TRAINING CENTER
2601 GABRIEL
PARSONS, KANSAS 67357-0738
GARY J. DANIELS, PH.D., SUPT.

April 13, 1990

Senator August Bogina, Chairman
Senate Ways & Means Committee
State Capital, Room 120-S
Topeka, KS 66612

Dear Senator Bogina:

Parsons State Hospital & Training Center is requesting the restoration of \$88,230 to the FY 1990 Budget. The restoration would establish a total budget of \$16,481,565 which is the level approved by the Senate. The Conference Committee report reduced the Senate recommendation for operating expenses by \$88,230. The only way PSH&TC can operate for the remainder of FY 1990 is to use some of the monies originally appropriated to meet accreditation deficiencies as basic operating expenses.

The recommended appropriation may be restored without placing a burden on the State General Fund resources by increasing the Expenditure Limitation on the institution FY 1990 Fees Funds. We can now project that receipts exceeding the current fund Expenditure Limitation will be available to meet the \$88,230 needed to meet operation expenses for this fiscal year and the FY 1991 Fee fund carry over.

We respectfully submit the request for your consideration.

Sincerely,

Gary J. Daniels, Ph.D.
Superintendent

By: James Friesen
Business Administrator

GJD:JF:rr

SWAM
April 16-17, 1990
Attachment 14

Kansas Public Employees Retirement System
MARSHALL CROWTHER, Executive Secretary

April 13, 1990

Senator August Bogina
Statehouse - Room 120S
Topeka, KS 66612

Dear Senator Bogina:

We have recently received a copy of our Fiscal Year 1989 financial audit from the firm of Baird, Kurtz, and Dobson, Certified Public Accountants, containing nine recommendations. In response to their management letter, we have agreed with all of the recommendations (see attached letter).

Six of the nine recommendations involve the monitoring of direct placements and the direct placement investment managers fee.

With approximately \$292 million of the fund directed in direct placements, we believe the auditors' recommendations are sound and should be implemented at the earliest possible date. Therefore, we are requesting an Accountant III position in Fiscal Year 1991 to perform these monitoring duties. We feel this level of position would be required so we can hire a person with the necessary education and experience to be able to make sound judgements and recommendations.

We have visited with our two direct placement investment managers concerning their recordkeeping and financial monitoring system. The work this new employee would be doing would be in addition to the managers' work, but should provide the retirement system with earlier notification of emerging trends and also serve as a basis for questions to ask the investment managers.

Examples of some of the duties of this new position would be:

1. Fee calculations - base fee, income incentive fee, gains incentive fee;
2. Financial analysis/credit analysis - compute the necessary and usual ratios and flows statement to spot emerging trends;
3. Income monitoring - is actually a part of income incentive fee but is also a check to determine rate of return, delinquent accounts and non-accruing assets;
4. Examine basic financial statements and auditors' opinions for expression of compliance with non-financial covenants both negative and affirmative;
5. Monitor quarterly reports from direct placement managers for compliance with board policy.

Our estimate of salary and fringe benefits for this employee in FY 1991 is \$32,044. In addition, equipment required by this position would be an additional \$7,362 and would include such items as the following:

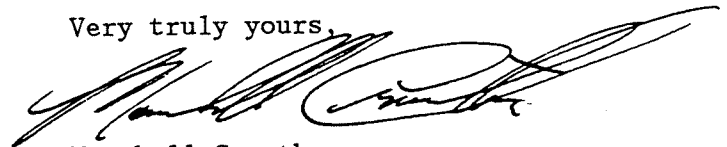
Calculator	\$ 312
Personal computer and necessary hardware	4,500
Communication Card	1,000
Credit Analysis Software	800
Telephone installed complete	500
Office Supplies	<u>250</u>
TOTAL OTHER	\$ 7,362

The total amount therefore requested for FY 1991 would be \$39,406.

In regard to the retirement system omnibus bill, which is to be considered during the legislative veto session, based upon what we know at this point, it does not appear that additional administrative expenses need to be included in the 1990 omnibus bill. The cost to implement these suggested enhancements would be negligible.

If you have any questions regarding the above request, please let me know.

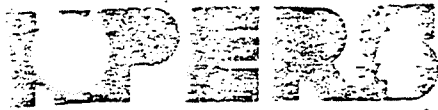
Very truly yours,



Marshall Crowther
Executive Secretary

MC:wp

cc: Alan Conroy ✓
Michael O'Keefe



Kansas Public Employees Retirement System
MARSHALL CROWTHER, Executive Secretary

April 5, 1990

Mr. Timothy Mitchell
Baird, Kurtz & Dobson
Certified Public Accountants
700 Kansas State Bank Building
125 North Market
Wichita, KS 67202

Dear Mr. Mitchell:

This letter is in response to your firm's findings and recommendations as a result of the fiscal year 1989 audit of the retirement system.

PRIVATE PLACEMENT INVESTMENT VALUATION

Finding

Presently, KPERS does not have in place an independent system of monitoring the valuation of private placement investments. They rely on the investment managers to make a determination as to when an investment is permanently impaired and should be written down or off. We believe this results in a more than relatively low risk that errors in amounts that would be material to the financial statements may occur and not be detected in a timely manner.

During 1989, KPERS established a loss reserve on private placements. During the year ended June 30, 1989, over 26 million in private placement investments were written off as permanently impaired. Of this 26 million, approximately 7.5 million represented current year investments made prior to the write off. Additionally, there appeared to be a discernible pattern of additional money being advanced to troubled companies on or near interest due dates where money was repaid to KPERS.

Recommendations

1. We suggest that KPERS establish an independent monitoring system over private placement investments. This would include receiving copies of any audited financial statements on the investees. Consideration then can be independently given to certain key indications of permanent impairment: going concern opinions by the independent auditors; negative stockholders' equity; KPERS' investment in excess of company assets; history of net losses; negative cash flows from operations; and conversion of debt to equity.

KPERS Response

We agree, however, this will require an additional staff person which we will include in our fiscal year 1992 budget request.

2. We also suggest that the investment managers be required to prepare a quarterly report which would show all transactions with KPERS by each investee during the quarter detailing cash flows (both cash in and out), income recognized for the period, any conversions of debt to equity, and percentage of total stock held at beginning and end of the quarter. Each investment manager would then prepare a written report supporting their position as to the carrying value of the investment.

KPERS Response

We agree. The Direct Placement Investment Managers have been instructed to send the quarterly report.

3. KPERS should assign a person to monitor and verify income recognition on private placements, particularly with respect to interest income on notes and bonds. A report should be prepared which includes outstanding principal, scheduled interest and/or principal due dates, accrued interest, cash collected, arrearage and any non-accruing assets. This person should be responsible for verification of the yield portion of each managers' current fee structure.

KPERS Response

We agree. Internal procedures have been established to comply with recommendation.

ESTABLISHMENT OF CRITERIA FOR ADDITIONAL PRIVATE PLACEMENT INVESTMENT

Finding and Recommendation

Presently, the investment managers have complete discretion regarding additional investments made in current investees. We suggest KPERS establish policies regarding such additional investments. The limitations might be a specified amount based on the financial status of the investee, or establishment of an amount of which independent approval must be obtained before additional investment can be made. If there is any doubt regarding any additional investment, we suggest that KPERS arrange for an independent assessment of the value of the investment.

KPERS Response

We agree. The Direct Placement Guidelines address this recommendation.

ESTABLISHMENT OF A POLICY FOR ACCOUNTING FOR RETURNS OF INVESTMENT IN POOLED VENTURE CAPITAL FUNDS

Finding and Recommendation

Presently, KPERS has some investments in pooled venture capital funds. Since there is no way of monitoring each investment within the pooled fund, we suggest that KPERS establish a policy as to how much of each cash recovery be applied to the investment account and how much be applied to the investment income account. A conservative policy would be that all returns are credited against the investment until all of the investment is recovered. After recovery, in full, investment income would be recognized when cash is received.

KPERS Response

KPERS has not yet received any money from the pooled venture capital funds; however, when we do start to receive money from pooled venture capital funds the cost recovery method suggested will be used. The additional staff mentioned earlier will also be assigned this duty.

EVALUATION OF PRIVATE PLACEMENT MANAGEMENT FEE STRUCTURE

Finding

Currently, the fee has three components: the base fee, which is a percentage of the portfolio cost; the excess earnings fee, which provides additional fees for returns where the investment return is in excess of the weighted average treasury bill rate for a given quarter; and the gain/loss fee which provides the manager a return from investment disposition.

Recommendation

We suggest that KPERS evaluate the current private placement fee structure. The base fee should be based upon cost adjusted for permanent declines in market value. The income incentive fee should be based upon income earned on the investment after adjustment for permanent declines and after taking in account the effect of non-accruing loans (i.e. the investment manager should not make additional investment to fund the repayment of money back to KPERS that is treated as investment return). The gain or loss fee should be based upon the investment adjusted for permanent declines and the amount ultimately realized from each investment.

KPERS Response

We agree. A study has been completed by our investment consultant. Fee negotiations should commence soon.

WARRANT CONTROL

Finding

Presently, not all undeliverable warrants are returned to the accounting section as some go directly to the member services section.

Recommendation

We suggest that all checks go to the accounting section to establish better control over them. Also, wire transfers to members' accounts that are unable to be processed by the member's bank because of bad account numbers, bad routing numbers or closed accounts are returned to the member services section. We suggest that these be returned directly to the accounting section so that control can be established.

KPERS Response

Recommendation has been implemented.

DATA PROCESSING

Recommendation

We suggest that systems and procedures should be established to force user password changes on a regular interval. Also, the system should force a sign off of a user after a set period of time, such as 10 minutes, of inactivity.

KPERS Response

We agree with the recommendation. The necessary hardware to comply with the security recommendation has been included in our fiscal year 1991 budget.

INSPECTION OF SECURITIES IN SAFEKEEPING

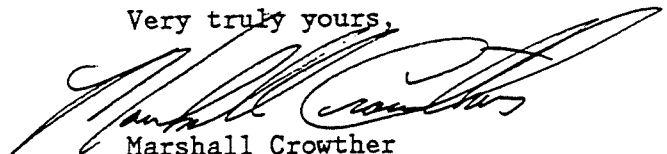
Recommendation

We suggest that KPERS periodically inspect securities held in safekeeping at Commerce Bank. Marine Midland Bank and Bankers Trust Co. are holding the collateral pledged on the securities lending program. We suggest that KPERS periodically inspect the security pledged under that program.

KPERS Response

We agree. This will be done as close to the end of the fiscal year as practical.

Very truly yours,



Marshall Crowther
Executive Secretary

MC:RB:wp



04 23

JUSTICE RICHARD W. HOLMES, CHAIRMAN,
TOPEKA
JUDGE MARY BECK BRISCOE, TOPEKA
JUDGE WILLIAM D. CLEMENT, JUNCTION CITY
JUDGE HERBERT W. WALTON, OLATHE
SENATOR WINT WINTER JR., LAWRENCE
REPRESENTATIVE MICHAEL R. O'NEAL,
HUTCHINSON
ROBERT H. COBEAN, WELLINGTON
JACK E. DALTON, DODGE CITY
MARVIN E. THOMPSON, RUSSELL
JAMES D. WAUGH, SECRETARY, TOPEKA

KANSAS JUDICIAL COUNCIL

KANSAS JUDICIAL CENTER
301 West Tenth Street
Topeka, Kansas 66612-1507

COUNCIL STAFF
RANDY M. HEARRELL
RESEARCH DIRECTOR
MATTHEW B. LYNCH
RESEARCH ASSOCIATE
NELL ANN GAUNT
FISCAL OFFICER &
EXECUTIVE ASSISTANT

M E M O R A N D U M

(913) 296-2498

April 4, 1990

TO: Diane Duffy
FROM: Randy Hearrell *RH*
RE: Request for Judicial Council Funding in Omnibus Bill

As you know, an important part of the function of the Judicial Council is the meeting of the Judicial Council itself and the meetings of the Judicial Council Advisory Committees.

Up to this point, the amount contained in the budget for Council and committee meetings is enough to pay for approximately 41 meetings during fiscal year 1991. This compares with the average of 53 meetings per year that the Council and its advisory committees have held the past 10 years.

When the Council and staff originally became aware of this level of funding for meetings they were concerned but took the position that because receipts for the state are down, the Judicial Council would attempt to make the best of this lower level of funding for meetings. The Council was hopeful that through careful planning and management of the allotted meetings it could function in close to its usual manner.

However, the Judicial Council recently received a delayed request from the Legislative Coordinating Council for the Judicial Council to conduct a study of judicial redistricting in Kansas and other matters. The Council also received a statement from the House Appropriations Subcommittee that said it "expects" the Judicial Council to conduct the study and to report its recommendations to the 1991 legislature.

This additional workload will make it difficult for the Council to perform its usual functions in the 41 meetings allotted. It is my opinion that 8 to 10 meetings will be required in fiscal year 1991 for the study of judicial redistricting. (Monies to hold hearings around the state may also be required if the study is conducted in the same manner as

RECEIVED APR

SWAM
5 1990
April 16-17, 1990
Attachment 16

Diane Duffy
Page 2
April 2, 1990

the previous study of judicial redistricting.) Therefore, I wanted to let you know that the Council will request funding for eight additional meetings in the omnibus bill. Our average FY 1989 meeting costs were \$1037 per meeting (\$874 subsistence and mileage and \$163 per diem). Total cost of eight meetings would be \$8296.

RMH:ng

cc: Senator Gus Bogina ✓
Senator Frank Gaines
Senator Alicia Salisbury
Senator Jim Allen
Senator Wint Winter
Representative Bill Buntin
Representative Rex Hoy
Representative Henry Helgersen
Representative Tony Hensley
Representative Rochelle Chronister
Representative George Teagarden
Sabrina Wells
Justice Richard Holmes, Chairman

29 March 1990

Summary of FY 1991 GIS Budget Proposals

	<u>Personnel</u>	<u>Operating Expenses</u>	<u>D-Base Development</u>	<u>Current Status</u>	<u>Proposed</u>
DOA	48,800 (Fee)			0	0 (see no. 1 below)
DOA			500,000 (SWP)	0	500,000 (see no. 2 below)
DWR	61,623 (SWP)			0	0 (see no. 1 below)
DWR		126,604 (SWP)		0	126,604
KCC		168,995 (Fee)		0	168,995
KDOT		5,000		5,000	5,000
KWO		5,000 (SGF)		0	5,000
KDWP		34,280 (Fee)		0	34,280

1. No permanent positions; KWO and DISC will continue to provide staff support.
2. Shift data base funds from DISC to Kansas Water Office.
3. Funding at the recommended level is possible by reducing Local Environmental Aid Program recommended by the Senate back to the Governor's recommendation.
4. THIS CONCEPT ALLOWS: 1) AN ANNUAL EVALUATION OF PROGRESS, 2) AN ANNUAL UPDATE OF ONE AND FIVE YEAR PLANS, 3) THE OPPORTUNITY TO STOP EACH YEAR IF THE LEGISLATURE IS NOT SATISFIED WITH PROGRESS.

*SWAM
April 16-17, 1990
Attachment 17*

AGENCIES FY1991 GIS BUDGET REQUESTS

As of 3/29/90

Department of Administration (DISC):

\$500,000 (State Water Plan Fund) - database development funds to be spent as directed by the GIS Policy Board.

\$ 48,800 (Other Funds) - salary and fringe benefits for one GIS coordinator/administrator position.

\$548,800 - Total FY1991

Kansas State Board of Agriculture (Division of Water Resources):

\$ 46,628 (State Water Plan Fund) - purchase of GIS-related hardware.

\$ 61,623 (State Water Plan Fund) - salary and fringe benefits for two GIS-related positions.

\$ 14,861 (State Water Plan Fund) - travel and rent expenses.

\$ 65,115 (State Water Plan Fund) - computer services performed, probably via a cooperative agreement with the U.S. Geological Survey.

\$188,227 - Total FY1991

Kansas Water Office:

\$ 5,000 (Other Funds) - continuing cooperative agreement with the U.S. Geological Survey for GIS access and services.

\$ 5,000 - Total FY1991

Kansas Department of Wildlife and Parks:

\$ 31,780 (Other Funds) - purchase of GIS-related hardware and software.

\$ 2,500 (Other Funds) - travel expenses and services.

\$ 34,280 - Total FY1991

Kansas Corporation Commission:

\$ 53,000 (Other Funds) - purchase of GIS workstation.

\$ 30,000 (Other Funds) - purchase of GIS software.

\$ 2,995 (Other Funds) - purchase of a plotter.

\$ 3,000 (Other Funds) - database conversion.

\$ 80,000 (Other Funds) - consulting services.

\$168,995 - Total FY1991

Kansas Department of Transportation:

\$ 5,000 (Other Funds) - purchase of GIS software.

\$ 5,000 - Total FY1991

\$950,302 - TOTAL ALL AGENCIES FY1991

FY 1991 State Water Plan Fund Status

	Governor	Current
Department of Administration		
453 Geographic Information Systems	\$500,000	—
Board of Agriculture		
452 Conservation Plan. & Coord.	100,000	100,000
452 Computer Needs Assessment	50,000	50,000
452 Geographic Information Systems	188,227	—
State Conservation Commission		
452 Watershed Dam Construction	1,177,248	1,677,248
452 Water Resources Cost Share	3,220,000	3,220,000
452 Banner Creek Multi-Purpose	73,040	73,040
452 Bone Creek Multi-Purpose	1,900,000	1,900,000
452 Non-Point Source Pollution	777,750	777,750
Health and Environment		
2625 Contamination Remediation	2,000,000	2,000,000
443 Contamination Remediation	—	556,000
2625 Local Environmental Aid	1,698,512	1,948,512
2625 Non-Point Source Program	141,666	141,666
443 Galena Sub-site Clean-Up	—	330,000
Wildlife and Parks		
443 Cheyenne Bottoms	1,500,000	1,500,000
443 Hillsdale Reservoir	1,311,730	415,730
Kansas Water Office		
452 South Fork Solomon River	50,000	50,000
452 Lower Arkansas River	100,000	100,000
452 Upper Arkansas River	36,000	36,000
452 South Fork Neosho	66,250	66,250
Kansas Geological Survey		
454 Dakota Aquifer Study	200,000	200,000
Total Expenditures	\$15,090,423	\$15,142,196
Total Available	15,225,182	15,225,182
Ending Balance	\$134,759	\$82,986

The House and Senate agreed to remove all Geographic Information Systems funding pending full review of the issue.

The House Committee shifted \$500,000 in SGF expenditures to the Water Plan Fund for Watershed Dam Construction in the State Conservation Commission. This change shows in SB 452.

The House Committee shifted \$250,000 in expenditures from the SGF to the Water Plan Fund for Local Environmental Aid. A House floor amendment to HB 2625 removed this funding, which was restored by the Senate Committee.

In SB 443, the House Committee of the Whole cut the Water Plan Fund for Hillsdale Reservoir by \$896,000. The amount was split between two Health and Environment programs, with \$566,000 added to the Contamination Remediation, and \$330,000 for clean-up of the Galena Superfund site.

SPECIAL EDUCATION COSTS

<u>Fiscal Year</u>	<u>Total Expenditure for Special Education</u>	<u>Increase Over Prior Year</u>	<u>Original Special Education Appropriation</u>	<u>Percentage of Excess Cost Expected to Fund</u>	<u>Special Education Teaching Units</u>
1985	\$ 143,097,000	10.6%	\$ 70,703,165 ^a	95%	5,493
1986	162,035,000	13.2	76,385,821 ^b	95	5,726
1987	166,925,502	3.0	79,480,214 ^c	95	5,759
1988	173,278,283	3.8	90,615,910 ^d	90	5,457 ^h
1989	192,198,945	10.9	101,653,757 ^e	94	5,753
1990 (est.)	209,703,017	9.1	110,655,541 ^f	95	5,976
1991 (est.)	222,652,138	6.2	121,078,553 ^g	95	6,101

- a) An additional amount of \$285,218 was added in the form of a supplemental appropriation the following year.
- b) The appropriation was computed to fund 95 percent of excess cost based upon budget per pupil limitations of 104 to 108 percent. However, the bill that contained those limitations was vetoed by the Governor. Thus, it was known at the time that the amount available for special education would fund less than 95 percent based upon the budget per pupil limitations of 5 to 15 percent that prevailed in FY 1986.
- c) This amount was reduced to \$76,447,118 by a lapse of \$3,033,096 implemented by the 1987 Legislature.
- d) Amount reduced to \$89,793,650 by a lapse of \$822,260 the following year.
- e) Amount reduced to \$101,259,762 by a lapse of \$393,995 the following year.
- f) A supplemental appropriation of \$2,989,022 is contained in 1990 S.B. 558, for a total of \$113,644,563 (93 percent of excess costs). An additional \$2,400,299 would be needed to equal 95 percent.
- g) Due to revised estimates, this amount equals 91.9 percent of excess costs. An additional \$4,078,595 would be needed to equal 95 percent.
- h) Until FY 1988, paraprofessionals were counted as .5 FTE special education teachers. Beginning in FY 1988, paraprofessionals are counted as .4 FTE special education teachers.