

Approved: 2-13-96  
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 1:30 p.m. on February 6, 1996 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Russell Mills, Susan Wieggers, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Tim Kukula, Appropriations Secretary; Todd Fertig, Administrative Aide

Conferees appearing before the committee: none

Others attending: See attached list

Chairman Jennison opened the meeting and recognized Representative Neufeld to give the subcommittee report on the Department of Health and Environment. Representative Neufeld stated that the subcommittee report concurs with the Governor's recommendation with a few adjustments and technical changes (Attachment 1).

Chairman Jennison then recognized Representative Hochhauser to give the minority report on the Department of Health and Environment. Representative Hochhauser stated that she wanted to add \$50,000 to the budget from the state general fund for blood lead screening for children (Attachment 1-7).

There was a great deal of discussion concerning the deletion of the \$50,000 in the Governor's recommendation. The majority report asks for a Governor's Budget Amendment to restore the funding.

A motion was made by Representative Hochhauser, seconded by Representative Dean, to amend the subcommittee report to include the minority report into item #5 of the FY 1997 majority report. The motion failed with a division of 7 to 14.

A motion was made by Representative Neufeld, seconded by Representative Goossen, to adopt the subcommittee report on the Department of Health and Environment. The motion carried.

A motion was made by Representative Gross, seconded by Representative Wilk, to introduce a bill by the Department of Administration concerning claims against the state and Department of Corrections. The motion carried.

The meeting adjourned at 3:30

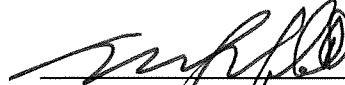
The next meeting is scheduled for February 7, 1996.



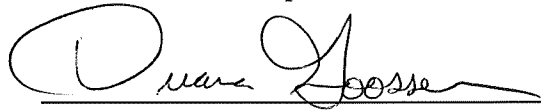
**FY 1996 AND FY 1997  
House Subcommittee on Social Services**

**Report for:**

**Department of Health and Environment**

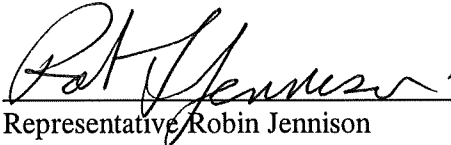


Representative Melvin Neufeld  
Subcommittee Chairperson



Representative Duane Goossen

Representative Sheila Hochhauser



Representative Robin Jennison



Representative Melvin Minor

# KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

The Department of Health and Environment is one of eight cabinet-level agencies. The Secretary of the Department is appointed by the Governor to oversee governmental services related to protecting and promoting the health of Kansans; ensuring adequate sanitary conditions in food service establishments, public lodging businesses, and health care facilities; and regulating environmental quality.

## Subcommittee Report

Expenditure	Actual FY 95	Agency Est. FY 96	Gov. Rec. FY 96	Agency Req. FY 97	Gov. Rec. FY 97
<b>All Funds:</b>					
State Operations	\$ 75,960,498	\$ 92,131,166	\$ 91,552,985	\$ 95,226,524	\$ 92,454,503
Aid to Local Units	26,714,287	33,288,170	33,342,370	31,708,249	30,996,553
Other Assistance	29,572,014	30,895,000	30,895,000	32,700,000	32,750,000
<b>TOTAL</b>	<b>\$ 132,246,799</b>	<b>\$ 156,314,336</b>	<b>\$ 155,790,355</b>	<b>\$ 159,634,773</b>	<b>\$ 156,201,056</b>
<b>State General Fund:</b>					
State Operations	\$ 18,799,179	\$ 19,100,701	\$ 18,476,628	\$ 20,817,750	\$ 18,161,680
Aid to Local Units	7,203,812	7,365,373	7,365,373	7,598,696	7,125,000
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 26,002,991</b>	<b>\$ 26,466,074</b>	<b>\$ 25,842,001</b>	<b>\$ 28,416,446</b>	<b>\$ 25,286,680</b>
<b>Percentage Change:</b>					
<b>Operating Expenditures:</b>					
All Funds	12.8%	18.2%	17.8%	2.1%	0.3%
State General Fund	1.0	1.8	(0.6)	7.4	(2.1)
FTE Positions	829.6	828.6*	824.6*	821.6	807.6
Unclassified Temp. Positions	158.6	158.6	158.6	154.1	154.1
<b>TOTAL</b>	<b>988.2</b>	<b>987.2</b>	<b>983.2</b>	<b>975.7</b>	<b>961.7</b>

\* Adjusted to include an additional 5.0 FTE positions that are not reflected in the position total, but for which moneys are budgeted.

## HIGHLIGHTS OF THIS BUDGET

- ▶ The Governor recommends overall State General Fund expenditures be reduced by \$624,073 in the current year. The recommendation amends the Department's budget so that it is in compliance with the Governor's direction to cabinet agencies in September, 1995, to reduce current year State General Fund expenditures by 1.5 percent. The recommendation actually provides for a 2.4 percent reduction from the Department's currently approved State General Fund appropriation. Included in the recommendation is a reduction of \$357,741 from salaries and wages partly due to deleting 4.0 more FTE positions than the 10.0 FTE positions and one unclassified temporary position proposed by the Department in its revised budget. There would be

a total reduction of 15.0 positions from those approved for the current year at the end of last session. The reductions are in keeping with the Governor's recent direction to cabinet secretaries to reduce FTE positions by 2.0 percent in the current year. Most of the Governor's recommended savings to the State General Fund for salaries are due to the use of lower than originally anticipated health insurance rates. Recommended savings of \$266,332 from the State General Fund for other operating expenses include deleting \$200,000 for vaccine purchases. (The recommendation allows for a total of \$900,940 from the State General Fund for vaccine purchases.)

- ▶ The Governor basically concurs with the agency's current year revised estimate for additional expenditure authority of \$2.8 million from 14 different fee and federal funds and recommends \$469,860 more in additional expenditure authority, including \$190,507 from five other funds. However, with recommended downward adjustments including the State General Fund adjustments mentioned above, the Governor's recommendation provides for just a net increase of \$1.6 million from the already approved budget. Besides moneys for new grants, the additional moneys include available carryforward balances and new federal receipts for the Department's existing programs.
- ▶ For FY 1997, the Governor recommends a total budget of \$156.2 million, which is a reduction of \$3.4 million from the agency's request. Of the \$3.4 million, the recommendation reduces \$3.1 million from the State General Fund, including \$1,137,239 from salaries and wages, which again are partly due to recommended position changes. The Governor recommends deleting another 15.0 FTE positions from those being proposed for deletion by the Department in its FY 1997 budget request. However, one position inadvertently deleted by the Department is restored for a net reduction of 14.0 positions from the Department's request. When compared to the Governor's current year recommendation for FTE positions, the FY 1997 recommendation reflects a drop of 17.0 FTE positions. Including the recommendation to delete 4.5 unclassified temporary positions, the Governor's FY 1997 recommendation provides for a total drop of 21.5 positions from his current year recommendation. The position adjustments are in keeping with the Governor's direction to cabinet secretaries to reduce FTE positions by 3.0 percent in FY 1997. Besides the position changes, State General Fund savings also are generated by making use of lower health insurance rates, providing for an unclassified merit increase of 2.5 percent for six months instead of the full year (total costs from all funds are reduced from \$133,349 to \$66,672), and paying longevity pay to only those employees at the maximum step of their salary grade and employees whose salaries would be less in FY 1997 than FY 1996 if they did not receive the longevity pay (total costs from all funds are reduced from \$317,421 to \$66,074). With regard to requested aid-to-local units moneys, the Governor's recommendation reduces the Department's State General Fund request by \$473,696 partly by deleting requested additional moneys of \$233,323 for three of the Department's existing grant programs. The recommended remaining savings of \$240,373 from reduced grant expenditures would be generated by across-the-board cuts to the various grant programs getting the State General Fund moneys. (There is no information to indicate that the Governor's recommendation requires the Department to delete any of its existing programs. Also, there is no information to indicate whether, under the Governor's recommendation, the Department will have the ability to meet state match requirements for several of its existing federal grant programs.)
- ▶ The Governor makes adjustments in FY 1997 to add federal and fee moneys including: \$102,619 to continue the new federal grant recommended to begin in the current year for improving the state's surveillance system to monitor health events in Kansas and implement actions aimed at reducing disease; \$340,000 from federal funds for contractual services related to an existing cancer registry project that the agency inadvertently left out of the budget request; \$72,000 from moneys currently being generated through the sale of children's bicycle helmets sold at reduced cost to be

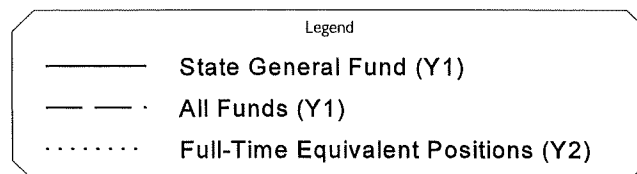
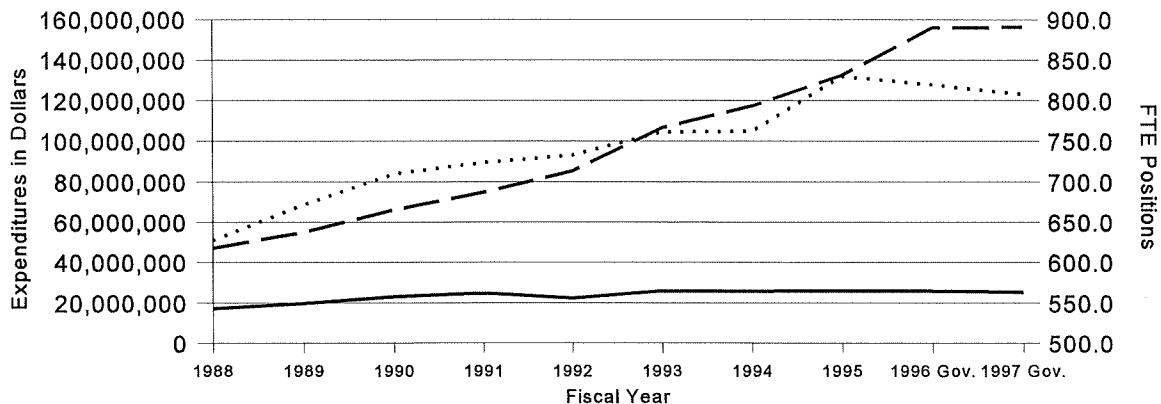
credited to a new dedicated trust fund recommended by the Governor; and \$107,894 from federal funds for continuing a new grant recommended to begin in the current year for contracting with a laboratory for the testing of wastewater discharges.

- ▶ The Governor increases in FY 1997 Medicaid and Medicare financing by shifting requested funding for salaries and wages from the State General Fund to Medicaid moneys (recommending \$181,932 more than was requested) and federal Medicare moneys (recommending \$34,326 more than was requested).
- ▶ With regard to State Water Plan Fund expenditures, the Governor reduces requested expenditures by \$319,389 in the current year for remediation projects and \$466,891 in FY 1997 for remediation projects and local environmental grants.

FY 1996 -- CURRENT YEAR CHANGE FROM APPROVED BUDGET			FY 1997 -- BUDGET YEAR CHANGE FROM FY 1996			
	Agency Est.	Gov. Rec.	Dollar Change		Percent Change	
			Agency Req.	Gov. Rec.	Agency Req.	Gov. Rec.
State General Fund	\$ 42,002	\$ (582,071)	\$ 1,950,372	\$ (555,321)	7.4%	(2.1)%
All Other Funds	2,119,140	2,219,232	1,370,065	966,022	1.1	0.7
<b>TOTAL</b>	<b>\$ 2,161,142</b>	<b>\$ 1,637,161</b>	<b>\$ 3,320,437</b>	<b>\$ 410,701</b>	<b>2.1%</b>	<b>0.3%</b>
FTE Positions	(10.0)	(14.0)	(7.0)	(17.0)		
Unclass. Temp. Pos.	(1.0)	(1.0)	(4.5)	(4.5)		
<b>TOTAL</b>	<b>(11.0)</b>	<b>(15.0)</b>	<b>(11.5)</b>	<b>(21.5)</b>		

## BUDGET TRENDS

### OPERATING EXPENDITURES FY 1988-FY 1997



1-4  
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## House Subcommittee Recommendation

FY 1996. The House Subcommittee concurs with the Governor's recommendation, except for the following adjustments:

1. Delete \$425,000 from federal funds recommended by the Governor for a grant for a public utility computer workstation project in Lawrence, Kansas. The Department indicated that the grant moneys would not be received as were originally anticipated.
2. Make any technical corrections to the appropriations bill necessary to reflect the Governor's recommendation.

FY 1997. The House Subcommittee concurs with the Governor's recommendation, with the following adjustments and comments:

1. The House Subcommittee learned that the Department has submitted for initial review a request for proposal (RFP) to the Division of Purchasing, Department of Administration. The RFP is for privatizing the distribution and storage of vaccines. The Subcommittee understands that the Department currently has an inventory of vaccines valued at around \$1.0 million and that the average monthly value of vaccines on hand usually runs around \$800,000. If the Department's privatization initiative fails, the Subcommittee very much supports the pursuit of other alternatives that would limit the state's liability for its high-dollar valued stock of vaccines. Also, the Subcommittee is concerned because changes currently being debated by the Congress could eliminate federal contracts for purchasing vaccines and alter the amount of federal dollars available for immunizations. The elimination of federal contracts would end the state's current ability to get vaccines at significantly reduced costs. The Department indicated some discussion has occurred among the states of forming their own cooperative should the need arise in order to continue to be able to obtain vaccines from manufacturers at reduced rates. The Subcommittee encourages the Department to pursue this option if necessary.
2. Include in the appropriations bill language to transfer all but \$1.5 million out of current cash receipts of \$6.8 million from the Department's Aboveground Storage Tank Release Fund to the Department's Underground Storage Tank Release Trust Fund. Both funds get their receipts from an established assessment (environmental assurance fee) of \$.01 on each gallon of petroleum produced, manufactured in, or imported into Kansas. Balances have gotten high in the Aboveground Storage Tank Fund because, in the past, necessary expenditures from the Fund have been significantly less than receipts generated by the assurance fee. This trend is expected to continue in future years, which is not the case for the Department's underground storage tank program. The Subcommittee's recommendation allows the Department to make use of currently available moneys for its underground storage tank activities. The Subcommittee understands that the House Committee on Energy and Natural Resources is in the process of introducing a bill to prevent the accumulation of high balances in the Aboveground Storage Tank Release Trust Fund in future years. Also, the Subcommittee reduces the Governor's recommended expenditures of \$2,812,574 to \$1.5 million from the Aboveground Storage Tank Fund. Expenditures in past years have not been more than \$1.2 million. The Department indicated that the Governor's recommendation includes significantly more moneys than necessary to cover known expenditures.
3. The Subcommittee notes that the Governor reflects 819.6 FTE positions for FY 1996, which places the Department in compliance with the Governor's directive to cabinet agencies to reduce staffing by 2.0 percent during FY 1996. However, the Governor

reflects 807.6 FTE positions for FY 1997, which is at least 7.0 FTE positions above the number required to meet the Governor's directive to reduce FTE positions by another 3.0 percent in FY 1997. The Subcommittee anticipates that there will be a further reduction to meet the 3.0 percent reduction directive by the end of FY 1997 and that this reduction will be reflected by the Governor in his recommendation for FY 1998.

4. The Subcommittee plans to review, prior to the Omnibus Session, the Department's Medicare and Medicaid expenditures for licensing adult care home facilities. The Department proposed a shift in financing of expenditures for the salaries of existing staff by reducing mostly federal Medicare moneys and increasing State General Fund moneys. The Governor deleted the requested State General Fund moneys and shifted some of the financing back to Medicare moneys (\$34,326). The remaining costs for the salary expenses were shifted under the Governor's recommendation from the State General Fund to Medicaid moneys. The Governor increased financing for salaries from Medicaid moneys by \$184,932 more than was requested. Questions have arisen as to whether the Department will have enough Medicaid or Medicare moneys to cover the salary expenses. The Department's ability to earn Medicaid moneys has diminished while at the same time appropriations for federal Medicare moneys have stayed about the same. There is the possibility that some alterations to the Department's budget may be necessary during the Omnibus Session.
5. The Subcommittee learned that reductions recommended by the Governor include approximately \$50,000 from the State General Fund for the Department's laboratory costs associated with blood lead screening of children in Kansas. The Subcommittee has concerns about the decision to delete moneys for the blood lead screening and asks the Governor to consider a budget amendment to restore the funding. If the Governor's budget amendment is not forthcoming, the Subcommittee asks that the Secretary of Health and Environment consider reestablishing priorities so that the Department can continue to provide blood lead screening laboratory services in FY 1997.
6. Reduce the transfer in the appropriations bill from the Health Care Stabilization Fund to the Department's Health Facilities Review Fund by \$56,479. The transfer would be \$144,364 instead of \$200,843. The recommendation allows for taking advantage of carryforward balances in the Health Facilities Review Fund, but makes no change to the Governor's total recommended expenditures of \$200,843 from the Health Facilities Review Fund.
7. Include language in the appropriations bill to abolish the Governor's Council on Fitness Gift and Donation Fund and transfer any remaining balances to the Department's Special Bequest Fund. The Governor issued an Executive Directive (No. 95-179) in September, 1995, which rescinds the establishment of a Governor's Council on Fitness. The Department indicated that no future revenues to the Governor's Council on Fitness Gift and Donation Fund are expected.
8. Make any technical corrections necessary to the appropriations bill to reflect the Governor's recommendation.



MINORITY REPORT

I disagree with not including \$50,000 from the State General Fund for activities conducted by the Department's Laboratory for blood lead screening of children. The moneys are to pay the salary of 1.0 FTE position and other operating costs associated with the activities. The Department indicated that 35,000 Kansas children are at risk for blood lead poisoning. Approximately 6,000 to 10,000 blood lead tests are conducted by the Department annually, with positive test results of 8 to 15 percent. Blood lead poisoning can cause serious health problems to our children, including permanent brain damage. I believe the moneys should be added to the Department's budget to continue the essential blood lead screening activities.

  
Representative Sheila Hochhauser

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