

Approved: 3-7-97  
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 1:35 p.m. on February 25, 1997 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Eric Milstead, Pat Mah, Legislative Research Department;  
Jim Wilson, Mike Corrigan, Revisor of Statutes Office;  
Marcia Ayres, Appropriations Secretary; Helen Abramson, Administrative Aide

Conferees appearing before the committee:

Others attending: See attached list

The minutes of the February 19 meeting were distributed for review by the members.

Representative Helgerson reviewed the subcommittee report for the Department of Aging in which they concurred with the Governor's recommendation for FY 97 with one observation and with FY 98 with modifications and observations. (Attachment 1) Discussion followed.

A motion was made by Representative Helgerson, seconded by Representative Neufeld, to adopt the subcommittee report for the Department of Aging. The motion carried.

Representative Ballard presented the subcommittee report for SRS/Long-term Care in which they concurred with the Governor's recommendations for FY 97 with two modifications and for FY 98 with a modification and an observation. (Attachment 2) Discussion followed.

A motion was made by Representative Ballard, seconded by Representative Neufeld, to adopt the subcommittee report for SRS/Long-term Care. The motion carried.

Representative Pottorff reported on the subcommittee report for the Department of Human Resources in which they concurred with the Governor's recommendations for FY 97 and FY 98 with observations and modifications. (Attachment 3) Discussion followed.

A motion was made by Representative Farmer, seconded by Representative Edmonds, to amend the subcommittee report by removing approximately \$430,000 from FY 97 and \$409,940 from FY 98 for the One-Stop Career Centers and directing the department to report back to the committee prior to Omnibus with an implementation plan. At the suggestion of Representative Neufeld, the motion also includes a request that SRS work in cooperation with the Department of Human Resources in setting up the centers so that the centers satisfy applicable ADA requirements. Discussion. The motion carried.

A motion was made by Representative Packer, seconded by Representative Landwehr, to further amend the subcommittee report by removing the 51.3 unfilled positions from FY 97. Discussion.

The meeting recessed at 3:00 p.m. until adjournment of the House. The meeting was later re-scheduled to noon on February 26th.

The Appropriations Committee reconvened at 1:53 p.m. on February 26th with all members present.

There was no further discussion on the motion to further amend the subcommittee report for FY 97 for the Department of Human Resources. The motion failed.

A motion was made by Representative Helgerson, seconded by Representative Neufeld, to adopt the subcommittee report for the Department of Human Resources as amended. A substitute motion was made by

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:53 P.M. on February 26, 1997.

Representative Nichols, seconded by Representative Pottorff, to further amend the subcommittee report for the Department of Human Resources by restoring the approximately \$430,000 from FY 97. Discussion. The motion failed. Discussion. The primary motion to adopt the subcommittee report for the Department of Human Resources as amended carried.

Representative Neufeld presented the subcommittee report for FY 97 for the Department of Health and Environment in which the subcommittee concurred with the Governor's recommendation with adjustments and comments. (Attachment 4) Discussion followed.

A motion was made by Representative Neufeld, seconded by Representative Helgerson, to adopt the FY 97 subcommittee report for the Department of Health and Environment. No discussion. The motion carried.

Representative Helgerson presented the subcommittee report for FY 98 for the Department of Health and Environment in which the subcommittee concurred with the Governor's recommendation with adjustments and comments. (Attachment 5) Discussion followed.

A motion was made by Representative Packer, seconded by Representative Mollenkamp, to amend the subcommittee report for FY 98 by removing the one new full-time equivalent (FTE) position for data entry related to KBI criminal record checks for child care facilities. Representative Helgerson suggested requesting a joint proposal from the department and the KBI explaining why the position is needed. Representative Packer withdrew his motion. Representative Mollenkamp withdrew the second.

A motion was made by Representative Helgerson, seconded by Representative Neufeld, to adopt the FY 98 subcommittee report for the Department of Health and Environment which includes a recommendation for the introduction of two bills. The motion carried.

Representative Wilk requested a bill concerning township fire districts and allowing them to reorganize.

A motion was made by Representative Wilk, seconded by Representative McKechnie, to introduce the bill requested. The motion carried.

Representative O'Connor presented the subcommittee report for Homestead Property Tax Refunds in which they concurred with the Governor's recommendation for FY 97 and concurred on FY 98 with a modification and observation. (Attachment 6) No discussion.

A motion was made by Representative O'Connor, seconded by Representative Neufeld, to adopt the subcommittee report for the Homestead Property Tax Refunds. The motion carried.

Representative Landwehr reported on the subcommittee report for the Kansas Commission on Veterans Affairs. The subcommittee concurred with the Governor's recommendation for FY 97 and concurred with the recommendation for FY 98 with an observation. (Attachment 7) No discussion.

A motion was made by Representative Landwehr, seconded by Representative Helgerson, to adopt the subcommittee report for the Kansas Commission on Veterans Affairs. The motion carried.

Representative Neufeld reviewed the subcommittee report for the Kansas Soldiers Home in which they concurred with the Governor's recommendation for FY 97 with modifications and concurred with FY 98 with an observation. (Attachment 8) Discussion followed.

A motion was made by Representative Neufeld, seconded by Representative Ballard, to adopt the subcommittee report for the Kansas Soldiers Home. The motion carried.

Chairperson Kline informed the committee of the dates they need to be back to work on the Omnibus Bill. Committee members should reserve their calendars for April 24 -25 and April 28-29. The entire Legislature will be back on Wednesday, April 30.

The meeting adjourned at 3:30 p.m.

The next meeting is scheduled for March 5, 1997.

# APPROPRIATIONS COMMITTEE GUEST LIST

DATE: February 25, 1997

NAME	REPRESENTING
DON A. MYER	KANSAS COMMISSION ON VETERANS AFFAIRS
Bob Harder	MPS
Josie Torres	Families Together, Inc.
Ron Hammerschmidt	KDHE
Bill Mondri	KDHE
CHAS STANFIELD	KDHE
Ed GARNER	KALHD
TK Shively	KANSAS LEGAL SERVICES
Mike Guter	KDHE
RON O'LEARY	THE AMERICAN LEGION
Marc Lowe	KDHR
Gerald Schneider	KDHR
Walter Huffer	SRS
Ann Koci	SRS
JOE SHRIVER	St. Rep. # 79
Terri Roberts	Kansas State Nurses Assn.
Doug Bowman	CCEDS
Craig Kammen	Dept on Aging
Denise Clemmde	"







FY 1997-1998

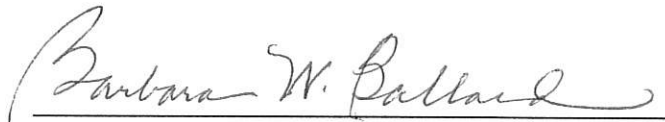
HOUSE SUBCOMMITTEE REPORTS

DEPARTMENT ON AGING  
LONG-TERM CARE



---

Representative Melvin Neufeld  
Subcommittee Chair



---

Representative Barbara W. Ballard



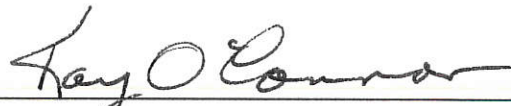
---

Representative Henry Helgerson



---

Representative Brenda Landwehr



---

Representative Kay O'Connor

Appropriations  
2-25-97  
Attachment 1

**SUBCOMMITTEE REPORT**

**Agency:** Department on Aging

**Bill No.** 2160

**Bill Sec.** 59

**Analyst:** Milstead

**Analysis Pg. No.** 695

**Budget Page No.** 47

Expenditure Summary	Agency Estimate FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 3,414,832	\$ 4,351,781	\$ 0
Aid to Local Units	4,757,313	4,787,070	0
Other Assistance	10,469,126	10,532,584	0
Subtotal - Operating	\$ 18,641,271	\$ 19,671,435	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 18,641,271</b>	<b>\$ 19,671,435</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 1,525,226	\$ 1,500,245	\$ 0
Aid to Local Units	1,371,267	1,364,098	0
Other Assistance	3,310,546	3,308,442	0
Subtotal - Operating	\$ 6,207,039	\$ 6,172,785	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 6,207,039</b>	<b>\$ 6,172,785</b>	<b>\$ 0</b>
FTE Positions	40.8	79.8	0.0
Unclassified Temp. Positions	4.8	4.7	0.0
<b>TOTAL</b>	<b>45.6</b>	<b>84.5</b>	<b>0.0</b>

**Agency Estimate/Governor's Recommendation**

1. **State Operations.** The agency estimates FY 1997 expenditures for state operations of \$3,414,832 which includes expenditure of State General Fund money reappropriated from FY 1996 and expended in FY 1997. The increase of 1.0 FTE position stems from a transfer of that position to KDOA from the Department of Social and Rehabilitation Services in regard to Long-Term Care transition.

**The Governor recommends** for FY 1997 funding of \$4,351,781 for state operations. The recommendation is an increase of \$936,949 (27.4 percent) above the agency's estimate. The increase is attributable to recommended funding of \$1,070,484 in special revenue funds. The Governor recommends transferring these funds from the Department of Social and Rehabilitation Services to KDOA to finance current year costs associated with the transfer of long-term care programs. These monies are recommended to finance "up-front" costs related to the transfer. The funds had been credited to a

special revenue account in SRS. The funds will finance both other operating costs and salaries and wages. A total of 40.0 FTE positions are transferred in FY 1997.

2. **Aid and Other Assistance.** The agency estimates expenditures for aid and other assistance of \$15,226,439 in FY 1997.

**The Governor recommends** funding of \$15,319,654 for aid and other assistance, an increase of \$93,215 (0.6 percent) above the agency's estimate. The increase is primarily attributable to recommended increases in federal fund expenditures for nutrition programs (\$123,509) and in federal fund expenditures for general community grants (\$48,475). These increases are offset by the recommended transfer of the Senior Health Insurance Counseling of Kansas and \$85,675 in federal funds to the Insurance Department.

### **House Subcommittee Recommendations**

For FY 1997, the Subcommittee concurs with the Governor's recommendation with the following observation:

The Subcommittee requests that the Department provide to the Subcommittee, during the 1997 Omnibus Session, an updated report regarding the status of expenditures from the Governor's recommended funding of \$1,070,484 in special revenue funds. The funding is earmarked to finance current year costs associated with the transfer of long-term care programs.

**SUBCOMMITTEE REPORT**

**Agency:** Department on Aging

**Bill No.** 2160

**Bill Sec.** 59

**Analyst:** Milstead

**Analysis Pg. No.** 695

**Budget Page No.** 47

<u>Expenditure Summary</u>	<u>Agency Request FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 13,947,962	\$ 12,610,797	\$ 0
Aid to Local Units	5,198,149	5,107,012	0
Other Assistance	260,356,004	273,831,684	(12,000,000)
Subtotal - Operating	<u>\$ 279,502,115</u>	<u>\$ 291,549,493</u>	<u>\$ (12,000,000)</u>
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 279,502,115</u></u>	<u><u>\$ 291,549,493</u></u>	<u><u>\$ (12,000,000)</u></u>
State General Fund:			
State Operations	\$ 5,745,838	\$ 9,115,336	\$ 0
Aid to Local Units	1,771,279	1,632,463	0
Other Assistance	109,095,933	111,204,758	(4,918,800)
Subtotal - Operating	<u>\$ 116,613,050</u>	<u>\$ 121,952,557</u>	<u>\$ (4,918,800)</u>
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 116,613,050</u></u>	<u><u>\$ 121,952,557</u></u>	<u><u>\$ (4,918,800)</u></u>
FTE Positions	140.8	166.3	0.0
Unclassified Temp. Positions	<u>5.3</u>	<u>1.0</u>	<u>0.0</u>
TOTAL	<u><u>146.1</u></u>	<u><u>167.3</u></u>	<u><u>0.0</u></u>

**Agency Request/Governor's Recommendation**

The agency requests total expenditures for FY 1998 of \$279,502,115 an increase of \$260,860,844, or 1,399.4 percent, above the FY 1997 revised estimate. The dramatic increase in the agency's FY 1998 request, compared to the agency's FY 1997 estimate, stems from 1996 Sub. for H.B. 3047 and the consequent transfer of the administration of certain long-term care programs and services from the Secretary of Social and Rehabilitation Services to the Secretary of Aging. The transfer accounts for \$259,797,823 of the change noted above. Absent the transfer of long-term care, the agency for FY 1998 is requesting \$19,704,292, an increase of \$1,063,021, or 5.7 percent, above the agency's FY 1997 estimate. This increase is attributable to two enhancement requests (\$650,000) discussed later in this document and a requested increase in funding for nutrition programs (\$502,021).

**The Governor recommends** total expenditures for FY 1998 of \$291,549,493, which is \$12,047,378 (4.3 percent) above the agency's request. Of the Governor's recommendation,



\$121,952,557 is from the State General Fund and \$169,596,936 is from federal and special revenue funds. The Governor recommends \$272,650,204 to fund the agency's long-term care programs, an increase of \$12,852,381 (4.9 percent) above the agency's request for those programs. (**Staff Note:** It appears the recommended increase is based on the most recent consensus caseload estimates.) Absent the recommended funding for long-term care programs, the Governor recommends funding of \$18,899,289, or \$805,003 (4.3 percent) below the agency's non-long-term care request. The reduction is largely attributable to the Governor not recommending two enhancement requests (\$650,000—discussed later in this document). Further recommended reductions include \$50,878 below the agency's request for salaries and wages and contractual services for administration services and a recommended reduction of \$111,000 in salaries and wages in the Elder Rights program to reflect the transfer of Senior Health Insurance Counseling of Kansas (SHICK) federal funding to the Insurance Department.

1. **State Operations.** The FY 1998 state operations request of \$13,947,962, is a \$10,533,130 increase over the FY 1997 revised estimate. The request would fund 140.8 FTE positions, an increase of 100.0 FTE positions above the number currently authorized. Transfer of long-term care staff accounts for the entire requested FTE position increase. A detailed description of the long-term care transfer, including new FTE positions is addressed later in this budget document.

**The Governor recommends** for FY 1998 state operations funding of \$12,610,797, which is \$1,337,165 (9.6 percent) less than the agency's initial estimate. The decrease is at least partially attributable to a recommended reduction of \$141,992 from the Elder Rights program to reflect the transfer of 3.7 unclassified temporary positions to the Kansas Insurance Department. The transfer of the positions is tied to the transfer of the federally funded SHICK from KDOA to the Insurance Department; and recommended reductions in administration (\$50,872 from contractual services and salaries and wages) and from client assessment, referral, and evaluation (\$29,713 from contractual services).

2. **Grants.** The agency requests \$265,554,153 in FY 1998 for local aid and other assistance. Again, the vast majority of that amount, \$249,256,191, or 94 percent, is attributable to long-term care. The request includes \$110,867,212 from the State General Fund and \$154,686,941 from other funds.

**The Governor recommends** for FY 1998 for local aid and other assistance funding of \$278,938,696 (\$112,837,221 SGF), which is \$13,384,543 (5.0 percent) above the agency's request. Long-term care programs account for \$263,223,160 (\$107,902,307 SGF) of the recommendation.

## House Subcommittee Recommendations

For FY 1998, the Subcommittee concurs with the Governor's recommendation with the following modifications and observations:

1. Delete \$12,000,000 (\$4,918,800 SGF) from the Governor's recommendation for Nursing Facilities. The reduction will reduce funding for Nursing Facilities to a total of \$217,861,904. The reduction stems from the agency's representation that a certain number of Nursing Facility clients (between 1,000 and 1,600) will be transferred from those facilities to Home- and Community Based Services. As a consequence of those transfers and increased expenditures in the HCBS/FE program, the Subcommittee believes that corresponding savings will result in the Nursing Facilities program.

2. Include a proviso which allows the agency to move funds from the Senior Care Act to the Income Eligible program and vice versa, in the agency's best discretion. The Subcommittee requests that the agency forward notification of any funding shifts between the two programs to the Legislative Research Department and the SRS Transition Oversight Committee. Notification is to be made in a timely fashion following any funding shift.
3. The Subcommittee requests that the agency report to the Subcommittee its findings as to the feasibility of using Senior Care Act local dollars to access possible federal funding match.
4. The Subcommittee notes that it will revisit, before or during the 1997 Omnibus Session, the issue of administrative costs related to the transfer of programs from SRS. The Subcommittee notes its concern regarding possible administrative cost increases.
5. The Subcommittee will revisit, before or during the 1997 Omnibus Session, the agency's proposed transfer of the Long-Term Care Ombudsman program. The proposed transfer stems from possible conflicts of interest if the program were to remain with the Department on Aging.
6. Include a proviso requiring the Department on Aging, by December 1, 1997, to report to the Subcommittee first quarter data for the Home- and Community-Based Services/Frail Elderly program, the Income Eligible Program, the Nursing Facilities program, and the Senior Care Act. The data should include, but not be limited to, the number of persons served in each program.
7. Establish a loan recovery fund to recover loans made by the Department to the Area Agencies on Aging (AAA's) with funds recommended by the Governor in FY 1997. The new fund shall have an expenditure limitation of zero.
8. The Subcommittee requests that the Department report to the 1998 Legislature regarding the impact of the federal Kennedy/Kassebaum bill on transfers of assets. The Department is also requested to report its progress in recovering funds from attorney and accountant malpractice insurance providers.

**SUBCOMMITTEE REPORT**

Agency: SRS-Long-Term Care

Bill No. 2160

Bill Sec. 61

Analyst: Milstead

Analysis Pg. No. 762

Budget Page No. 431

Expenditure Summary	Agency Est. FY 97	Gov. Rec. FY 97	House
			Subcommittee Adjustments
All Funds:			
State Operations	\$ 19,746,295	\$ 19,448,924	\$ (20,000)
Aid to Local Units	0	0	0
Other Assistance	259,090,861	267,715,057	(500,000)
Subtotal - Operating	\$278,837,156	\$287,163,981	\$ (520,000)
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$278,837,156</b>	<b>\$287,163,981</b>	<b>\$ (520,000)</b>
State General Fund:			
State Operations	\$ 7,744,373	\$ 7,627,301	\$ (20,000)
Aid to Local Units	0	0	0
Other Assistance	110,231,267	114,350,693	0
Subtotal - Operating	\$117,975,640	\$121,977,994	\$ (20,000)
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$117,975,640</b>	<b>\$121,977,994</b>	<b>\$ (20,000)</b>
FTE Positions	216.0	216.0	0.0
Unclass. Temp. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>216.0</b>	<b>216.0</b>	<b>0.0</b>

**Agency Est./Governor's Recommendation**

**Adult Care Homes.** Actual FY 1996 expenditures were \$273.8 million; FY 1997 approved expenditures are \$260.0 million. The current year revised caseload projection, \$271.5 million, is \$19.3 million more than the agency's estimate and assumes a relatively steady level of expenditures, with caseload decreases from the phased implementation of the Living Independence For Everyone (LIFE) program and expansion of the HCBS/MR-DD waiver being offset by cost increases. For FY 1997, **the Governor** recommends funding of \$272.0 million (\$115.7 million SGF).

**Home and Community-Based Services.** Actual FY 1996 expenditures were \$96.6 million; FY 1997 approved expenditures are \$116.0 million. The FY 1997 revised estimate reflects the annualization of the HCBS/MR-DD waiver expansion, the phase-in of the LIFE program, and caseload increases resulting from the closure of Winfield State Hospital. The FY 1998 estimate includes

*Appropriations  
2-25-97  
Attachment 2*

annualization of the previous two factors. As the greater proportion of these expenditures are for services to the physically and developmentally disabled, the bulk of the funding for HCBS will remain with MH/DD in FY 1998. For FY 1997, the agency estimates expenditures of \$143.7 million. The Governor recommends funding of \$130.1 million.

**Homes and Community-Based LTC Staff.** The FY 1997 estimate reflects an increase of 55.6 FTE positions and \$3,284,492, or 19.7 percent, from FY 1996 actual of 160.4 FTE positions and \$16,640,756 in expenditures. The increase in the FTE count and the attendant increase in expenditures are due to an intra-departmental shift of personnel. The 55.6 FTE positions were transferred from Adult Protective Services to HCBS Long-Term Care staff.

**The Governor's** FY 1997 recommendation of \$19,627,877 is \$297,371 below the agency's revised estimate. The entire reduction is attributable to a recommended decrease in salaries and wages. The Governor's recommendation for salaries and wages, \$17,840,573 (\$6,904,302 SGF) for 216.0 FTE positions, makes adjustments to the agency's request that revise the retirement rate calculation. Retirement is paid to some of the unclassified temporary personnel who provide community-based services. The Governor's recommendation provides \$364,069 for such payments as compared to the agency's request for \$594,096. The recommendation is closer to actual FY 1996 expenditures of \$278,404.

### House Subcommittee Recommendation

For FY 1997, the Subcommittee concurs with the Governor's recommendation with the following modification:

1. Reduce the Governor's recommended funding for Adult Care Homes by \$500,000 (All Funds). The reduction will reduce funding to \$271.5 million. The Subcommittee notes that the Governor's recommendation exceeded the consensus caseload estimates by \$500,000 (All Funds).
2. Delete \$20,000 (SGF) to correspond to a recommended \$20,000 (SGF) increase in funding for state operations at the Kansas Soldiers Home (KSH). The Subcommittee notes that the increase in funding at KSH should be offset by reduced need through SRS Long-Term Care.

**SUBCOMMITTEE REPORT**

Agency: SRS-Long-Term Care

Bill No. 2160

Bill Sec. 61

Analyst: Milstead

Analysis Pg. No. 762

Budget Page No. 431

<u>Expenditure Summary</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 3,278,766	\$ 3,331,961	\$ 0
Aid to Local Units	0	0	0
Other Assistance	<u>35,889,203</u>	<u>32,716,150</u>	<u>(9,283,967)</u>
Subtotal - Operating	\$ 39,167,969	\$ 36,048,111	\$ (9,283,967)
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b><u>\$ 39,167,969</u></b>	<b><u>\$ 36,048,111</u></b>	<b><u>\$ (9,283,967)</u></b>
<b>State General Fund:</b>			
State Operations	\$ 1,136,195	\$ 1,160,260	\$ 0
Aid to Local Units	0	0	0
Other Assistance	<u>18,773,618</u>	<u>17,470,537</u>	<u>(7,779,743)</u>
Subtotal - Operating	\$ 19,909,813	\$ 18,630,797	\$ (7,779,743)
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b><u>\$ 19,909,813</u></b>	<b><u>\$ 18,630,797</u></b>	<b><u>\$ (7,779,743)</u></b>
FTE Positions	196.7	84.1	0.0
Unclass. Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL</b>	<b><u>196.7</u></b>	<b><u>84.1</u></b>	<b><u>0.0</u></b>



**Agency Req./Governor's Recommendation**

**Adult Care Homes.**

	Cumulative Adult Care Homes Funding (In Millions)					SRS/Adult Care Homes (Does not incl. MHDD)	
	Actual	Est.	Gov. Rec.	Cumulative <sup>1</sup>	Gov. Rec. <sup>1)</sup>	SRS	Gov. Rec.
	<u>FY 96</u>	<u>FY 97</u>	<u>FY 97</u>	<u>FY 98</u>	<u>Cumulative</u> <u>FY 98</u>	<u>Req.</u> <u>FY 98</u>	<u>SRS</u> <u>FY 98</u>
All Funds	\$273.8	\$252.7	\$272.0	\$253.1	\$277.7	\$9.28	\$9.28
State General Fund	\$116.1	\$112.7	\$115.7	\$105.0	\$117.8	\$7.8	\$7.8

1) Includes request by SRS, MHDD, and KDOA.

For FY 1998, the majority of funding for Adult Care Homes is transferred to the Kansas Department on Aging. The agency estimates \$9.28 million, a reduction of \$262.7 million from the FY 1997 estimate. The estimate assumes continued caseload decreases but further cost increases, primarily associated with the raise in minimum wage. For FY 1998 **the Governor** recommends funding of \$9.28 million for SRS administered NFs/MH.

**Home- and Community-Based Services**

	Cumulative Home-and Community-Based Long-Term Care (In Millions)					SRS/HCBS (Does not inc. MHDD)	
	Actual	Est.	Gov. Rec.	Cumulative	Gov. Rec.	SRS	Gov. Rec.
	<u>FY 96</u>	<u>FY 97</u>	<u>FY 97</u>	<u>FY 98</u>	<u>Cumulative</u> <u>FY 98</u>	<u>Req.</u> <u>FY 98</u>	<u>SRS</u> <u>FY 98</u>
All Funds	\$96.6	\$143.7	\$130.1	\$170.0*	\$158.8**	\$26.4	\$23.3
State General Fund	\$39.7	\$59.8	\$54.5	\$70.4	\$64.3	\$10.8	\$9.5

\* Includes \$35.8 million requested by KDOA and \$107.2 million requested by division of MHDD.  
 \*\* Recommendation includes \$109.0 million for MH/DD programs and \$26.4 million for KDOA, HCBS/FE.  
 Note: Funding levels do not include HCBS-LTC Staff.

The FY 1998 estimate includes annualization of the HCBA/MR-DD waiver expansion and caseload increases from the closure of Winfield State Hospital the previous two factors. As the greater

proportion of these expenditures are for services to the physically and developmentally disabled, the bulk of the funding for HCBS will remain with MH/DD in FY 1998.

**The Governor** recommends funding of \$158.8 million (\$53.5 million SGF) for HCBS services in FY 1998. Of that amount, \$23.3 million is recommended for SRS/Home-and Community-Based Services while \$109.1 million is recommended for SRS/MHDD, and \$26.4 million for KDOA.

**Home and Community-Based LTC Staff.** The FY 1998 request for funding for HCBS-LTC staff totals \$3,439,322, a decrease of \$16,485,926, or 83.0 percent from the revised FY 1997 estimate. The decrease is attributable entirely to the transfer of programs to KDOA and the privatization of HCBS long-term care services. The FY 1997 estimate reflects an increase of 55.6 FTE positions and \$3,284,492, or 19.7 percent, from FY 1996 actual of 160.4 FTE positions and \$16,640,756 in expenditures. The increase in the FTE count and the attendant increase in expenditures are due to an intra-departmental shift of personnel. The 55.6 FTE positions were transferred from Adult Protective Services to HCBS Long-Term Care staff.

For FY 1998, **the Governor** recommends \$2,696,526 (\$856,735 SGF) to fund 84.1 FTE HCBS Long-Term Care staff. The recommendation reflects the transfer of 125.5 FTE positions to the Department on Aging, (of which 39.0 FTE Medicaid Regional Authorities positions were transferred in the current year).

### House Subcommittee Recommendation

For FY 1998, the Subcommittee concurs with the Governor's recommendation with the following modifications and observations:

1. Add proviso requiring SRS to report to the SRS Transition Oversight Committee, no later than August 1, 1997, regarding the status of transferred FTE positions from SRS to the Department on Aging. The report should include, but not be limited to, itemizing the precise FTE positions that were transferred, their salaries while at SRS and a showing by the Department of any corresponding decrease in expenditures for wages and salaries resulting from the transfer of those FTE positions.

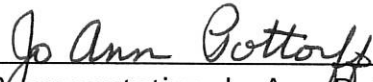
In regard to the information required by the foregoing proviso, the Subcommittee expects SRS to provide an initial report of that information to the Subcommittee prior to the 1997 Omnibus Session.

2. Transfer the Governor's recommended funding of \$9,283,967 (\$7,779,743 SGF) for Nursing Facilities/Mental Health (NF/MH) from SRS Long-Term Care to the Division of Mental Health/Developmental Disabilities. The agency reports that the Division of MH/DD administers the funding for NF/MH. The Subcommittee also requests that SRS maintain a distinct accounting of NF/MH expenditures. The Subcommittee expects that the aforementioned accounting will form the basis of a report to be presented to the SRS Transition Oversight Committee. The Subcommittee expects that report to be submitted to the Transition Oversight Committee by November, 1997.

FY 1997-FY 1998

HOUSE SUBCOMMITTEE REPORTS

DEPARTMENT OF HUMAN RESOURCES

  
\_\_\_\_\_  
Representative Jo Ann Pottorff  
Subcommittee Chair

  
\_\_\_\_\_  
Representative George Dean

  
\_\_\_\_\_  
Representative Phil Kline

  
\_\_\_\_\_  
Representative Rocky Nichols

Appropriations  
2-25-97  
Attachment 3

**SUBCOMMITTEE REPORT**

**Agency:** Department of Human Resources

**Bill No. –**

**Bill Sec. –**

**Analyst:** Milstead

**Analysis Pg. No.** 924

**Budget Page No.** 249

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 43,864,145	\$ 43,825,792	\$ 22,800
Aid to Local Units	0	0	0
Other Assistance	160,506,476	160,506,476	0
Subtotal - Operating	\$ 204,370,621	\$ 204,332,268	\$ 22,800
Capital Improvements	84,800	84,800	0
<b>TOTAL</b>	<b>\$ 204,455,421</b>	<b>\$ 204,417,068</b>	<b>\$ 22,800</b>
State General Fund:			
State Operations	\$ 1,214,110	\$ 1,194,058	\$ 0
Aid to Local Units	0	0	0
Other Assistance	309,476	309,476	0
Subtotal - Operating	\$ 1,523,586	\$ 1,503,534	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 1,523,586</b>	<b>\$ 1,503,534</b>	<b>\$ 0</b>
FTE Positions	1,015.5	1,014.5	0.0
Unclassified Temp. Positions	21.0	21.0	0.0
<b>TOTAL</b>	<b>1,036.5</b>	<b>1,035.5</b>	<b>0.0</b>

**Agency Est./Governor's Recommendation**

The agency's estimate for FY 1997 operating expenditures of \$204,370,621 is a net decrease of \$26,331,745 from the approved budget. The decrease is largely attributable to expenditures for unemployment benefits of \$150 million, a reduction of \$22 million from the approved amount. Other decreases in expenditures from approved amounts include a reduction of \$1,770,111 from the approved amount of \$33,730,635 for salaries and wages, and a reduction of \$1,644,785 from the approved amount of \$10,133,510 for other operating expenditures.

The agency requests a supplemental appropriation for FY 1997 of \$35,275 (SGF) for the Public Employees Relations Board. The agency states that this request is to meet an anticipated funding shortfall and maintain the basic service requirements of the program. The agency contends that the shortfall is

a result of its need to assign an additional support person to this program and that the existing caseload cannot be handled by only one support staff.

The **Governor's recommendation** for FY 1997 operating expenditures of \$204,332,268 is a decrease of \$38,353 from the agency's estimate. The majority of this reduction stems from the Governor not recommending the agency's FY 1997 supplemental request of \$35,275 (SGF).

**State General Fund.** The agency's estimate of FY 1997 State General Fund (SGF) expenditures is \$16,789 more than the approved amount of \$1,506,719. That increase is primarily attributable to the requested supplemental appropriation.

**The Governor's current year recommendation** of SGF expenditures is a decrease of \$20,052 from the agency's estimate and \$3,185 less than the agency's approved amount. The reduction stems from the Governor not recommending the agency's supplemental appropriation request.

**FTE Positions.** The agency's estimate of 1,015.5 FTE positions is the same as the approved level of staffing. **The Governor** reduces the agency's FTE positions by 1.0 and recommends 1,014.5 FTE positions. That 1.0 FTE position is eliminated from the Division of Employment Security (Unemployment Insurance Services program) to reflect retirement in FY 1997. That program's staffing, consequently, is reduced from 384.0 FTE positions to 383.0 FTE positions.

### House Subcommittee Recommendation

For FY 1997, the Subcommittee concurs with the Governor's recommendation with the following observations and modifications:

1. The Subcommittee urges the Department to expedite implementation of the One-Stop Career Center System. While cognizant of extenuating circumstances (particularly concerns with ADA compliance) the Subcommittee is concerned because the Department is only now to the point of submitting Requests for Proposals for site placement of the One-Stop Centers. The Subcommittee also encourages the Department to examine the availability of kiosks previously used by the Department of Commerce and Housing in post-flood related efforts. The Subcommittee recognizes that the Kiosks may require some modification to meet ADA requirements.
2. The Subcommittee recommends the Department, in selecting sites for the One-Stop Centers, should target locations that are open for extended hours. The suggested minimum hours of access should be from 8:00 a.m. to 9:00 p.m. The Subcommittee notes that such hours may not be available in all cases, but these hours of operation should be the minimum goal. In light of this recommendation, the Subcommittee requests the Department to encourage local Shopping Centers to serve as a placement for the Centers.
3. In its placement of One-Stop Centers statewide, the agency is encouraged to strategically place Centers in metropolitan areas. The Subcommittee makes this recommendation in light of the fact the Department, has to date, emphasized placement of One-Stop Centers in only rural areas of the state. The Subcommittee encourages the Department to strike a reasonable balance in locating One-Stop sites.



The Subcommittee notes that the agency will, in determining placement of One-Stop Centers, give weight to those communities that have experienced Job Service Center closings.

4. The Subcommittee acknowledges that the number of One-Stop Centers (and computer units) to be established is currently unknown. The agency's estimates range from 37 sites to 50 sites. The number of sites is not firm because of cost factors. This is largely due to ADA compliance issues. The agency is currently revising the estimated cost of each One-Stop Center in light of adapting the proposed Centers with assistive technology.
5. The Subcommittee recommends that the agency seek a Governor's Budget Amendment for authority to expend \$400,000 of special revenue funds for the agency's computer-related costs stemming from its mainframe operations merger with DISC.
6. The Subcommittee has questions with the makeup of the Kansas Work Force Investment Council, established by the Job Training Partnership Act (JTPA).

The JTPA was passed in Congress to help people who work for a living to obtain jobs and training. The Act states in section 702 (3) (A): Each State Council shall include individuals, appointed by the Governor to the State Council for a minimum of two years, from among the following:

- a. representative of business and industry, who shall constitute not less than 15 percent of the membership of the State Council, including individuals who are representatives of business and industry on private industry councils established within the state under section 102; and
- b. representatives of organized labor who (1) shall be elected from among individuals nominated by recognized state labor federations; and (2) shall constitute not less than 15 percent of the membership of the State Council.

The Subcommittee asks the agency to report back to the Subcommittee to show they are conforming to the federal law regarding appointments to the JTPA.

The Subcommittee is also concerned that \$15,865 of JTPA Title III funds were not used to train Kansas workers and the funds were returned to the federal government to be used in other states.

7. The subcommittee recommends that the expenditure limitation on the Occupational and Safety Health Administration Federal Fund be increased by \$22,800. The agency recently received notice of the availability of the additional funds.
8. The Subcommittee was notified of potential changes in the agency's practices regarding the possible use of telephone hearings for unemployment compensation appeals to the state referee. Before any changes are made, the Subcommittee

requests the agency report back to the Subcommittee to detail the proposed telephone hearing changes.

**SUBCOMMITTEE REPORT**

**Agency:** Department of Human Resources

**Bill No.** 2160

**Bill Sec.** 56

**Analyst:** Milstead

**Analysis Pg. No.** 924

**Budget Page No.** 249

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 43,955,771	\$ 44,184,536	\$ (30,280)
Aid to Local Units	0	0	0
Other Assistance	164,715,038	164,705,400	0
Subtotal - Operating	\$ 208,670,809	\$ 208,889,936	\$ (30,280)
Capital Improvements	25,000	25,000	0
TOTAL	<u>\$ 208,695,809</u>	<u>\$ 208,914,936</u>	<u>\$ (30,280)</u>
State General Fund:			
State Operations	\$ 1,238,798	\$ 1,263,117	\$ (30,280)
Aid to Local Units	0	0	0
Other Assistance	315,038	305,400	0
Subtotal - Operating	\$ 1,553,836	\$ 1,568,517	\$ (30,280)
Capital Improvements	0	0	0
TOTAL	<u>\$ 1,553,836</u>	<u>\$ 1,568,517</u>	<u>\$ (30,280)</u>
FTE Positions	1,016.5	1,015.5	0.0
Unclassified Temp. Positions	21.0	21.0	0.0
TOTAL	<u>1,037.5</u>	<u>1,036.5</u>	<u>0.0</u>

**Agency Req./Governor's Recommendation**

The agency requests for FY 1998 operating expenditures funding of \$208,670,809, an increase of \$4,300,188, or 2.1 percent, above the FY 1997 estimate. The increase is attributable to an estimated increase of \$6.0 million in unemployment insurance benefits. That increase is offset by reductions in other federal and special revenue funds including a \$1.7 million reduction in Job Training Partnership Act funds. The agency notes that JTPA grants can fluctuate greatly and that the FY 1998 estimates were made before federal legislation was passed for FY 1998. Consequently, the grant estimates may need to be revised.

Of the total FY 1998 operating request, \$1,553,836, or 0.7 percent is financed from the State General Fund, and \$207,116,973 (99.3 percent), is financed from federal and special revenue funds.

For FY 1998, the agency has two **enhancement** requests:

- **One-Stop Career System.** The Department requests \$409,940 (EDIF) for the continued expansion of the Kansas One-Stop System and includes a new 1.0 FTE position of web designer/administrator. The One-Stop System is to integrate information and assistance related to employment, education, training, social and other services for the public. The agency states that One-Stop is to transform current employment and training programs into a coordinated information and service delivery system. For FY 1997, the agency received \$500,000 from the EDIF for the initial implementation of the system. Those funds are being used to purchase and install 37 personal computers with the necessary software to access the Kansas One-Stop System homepage in remote locations in the state. The agency states the system will include, at a minimum, select programs of the Department of Human Resources, the Department of Education, and the Department of Social and Rehabilitation Services. The agency reports that the system will provide a single location for common functions of intake, assessment, case management, and employer relations. The requested FY 1998 funding will be used to purchase 30 personal computers, hire an administrator, and provide maintenance contracts. The Department has applied for a \$5.0 million federal grant for the system.
- **Public Employees Relations Board.** The Department requests \$55,316 (SGF) for the Public Employees Relations Board. The request is apportioned to salaries and wages (\$30,280) and to other operating expenditures (\$25,036). No new FTE position is requested.

The **Governor recommends** FY 1998 operating expenditures funding of \$208,889,936, an increase of \$219,127 (0.1 percent) above the agency's request. The increase is attributable to the Governor's recommended 1.0 base salary adjustment for FY 1998 (\$269,869).

The **Governor recommends** funding for both of the agency's FY 1998 enhancement requests-- \$409,940 (EDIF) for the second year of funding for the One-Stop Career Center System and \$55,316 (SGF) for the PERB program. Other notable recommendations include \$156.0 million for unemployment benefits (the same as the agency's request and \$6.0 million more than the FY 1997 recommendation of \$150.0 million), and \$12.1 million in Job Training Partnership Act (JTPA) funding (the FY 1997 estimate for JTPA funding is \$10.4 million).

### **House Subcommittee Recommendation**

For FY 1998, the Subcommittee concurs with the Governor's recommendation with the following observations and modifications:

1. The Subcommittee urges the Department to expedite implementation of the One-Stop Career Center System. While cognizant of extenuating circumstances (particularly concerns with ADA compliance) the Subcommittee is concerned because the Department is only now to the point of submitting Requests for Proposals for site placement of the One-Stop Centers. The Subcommittee also encourages the Department to examine the availability of kiosks previously used by the Department of Commerce and Housing in post-flood related efforts. The

Subcommittee recognizes that the Kiosks may require some modification to meet ADA requirements.

2. The Subcommittee recommends the Department, in selecting sites for the One-Stop Centers, should target locations that are open for extended hours. The suggested minimum hours of access should be from 8:00 a.m. to 9:00 p.m. The Subcommittee notes that such hours may not be available in all cases, but these hours of operation should be the minimum goal. In light of this recommendation, the Subcommittee requests the Department to encourage local Shopping Centers to serve as a placement for the Centers.
3. In its placement of One-Stop Centers statewide, the agency is encouraged to strategically place Centers in metropolitan areas. The Subcommittee makes this recommendation in light of the fact the Department, has to date, emphasized placement of One-Stop Centers in only rural areas of the state. The Subcommittee encourages the Department to strike a reasonable balance in locating One-Stop sites. The Subcommittee notes that the agency will, in determining placement of One-Stop Centers, give weight to those communities that have experienced Job Service Center closings.
4. The Subcommittee acknowledges that the number of One-Stop Centers (and computer units) to be established is currently unknown. The agency's estimates range from 37 sites to 50 sites. The number of sites is not firm because of cost factors. This is largely due to ADA compliance issues. The agency is currently revising the estimated cost of each One-Stop Center in light of adapting the proposed Centers with assistive technology.
5. Delete \$30,280 (SGF) to reflect the elimination of funding for other operating expenditures from the Governor's recommended enhancement for the Public Employee Relations Board. The Subcommittee notes that this reduction will still provide funding for contractual services to allow the PERB to hire hearing officers in order to eliminate the current backlog of cases.
6. The Subcommittee recommends that the supervisory position in the Industrial Safety program be filled by a Certified Safety Professional. The Subcommittee notes that the position is currently filled by an individual undergoing continuing education to obtain the aforementioned certification. The Subcommittee encourages the agency to support that individual's educational efforts. Furthermore, the Subcommittee requests that the job description for the program's supervisory position include the requirement that applicants should be credentialed as a Certified Safety Professional.



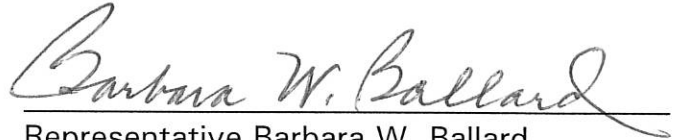
FY 1997-1998

HOUSE SUBCOMMITTEE REPORTS

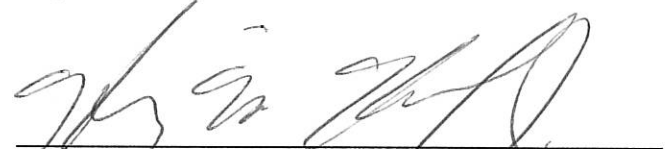
DEPARTMENT OF HEALTH AND ENVIRONMENT



Representative Melvin Neufeld  
Subcommittee Chair



Representative Barbara W. Ballard



Representative Henry Helgerson



Representative Brenda Landwehr



Representative Kay O'Connor

Appropriations  
2-26-97  
Attachment 4

**SUBCOMMITTEE REPORT**

**Agency:** Department of Health  
and Environment

**Bill No.** 2272

**Bill Sec.** 25

**Analyst:** Mah

**Analysis Pg. No.** 727

**Budget Page No.** 201

Expenditure Summary	Agency Estimate FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 91,560,282	\$ 92,239,878	\$ (164,501)
Aid to Local Units	32,132,736	32,289,638	65,000
Other Assistance	33,633,915	33,633,915	0
<b>TOTAL</b>	<b><u>\$ 157,326,933</u></b>	<b><u>\$ 158,163,431</u></b>	<b><u>\$ (99,501)</u></b>
<b>State General Fund:</b>			
State Operations	\$ 18,416,964	\$ 18,146,009	\$ 0
Aid to Local Units	7,184,281	7,184,281	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b><u>\$ 25,601,245</u></b>	<b><u>\$ 25,330,290</u></b>	<b><u>\$ 0</u></b>
<b>Other Funds:</b>			
State Operations	\$ 73,143,318	\$ 74,093,869	\$ (164,501)
Aid to Local Units	24,948,455	25,105,357	65,000
Other Assistance	33,633,915	33,633,915	0
<b>TOTAL</b>	<b><u>\$ 131,725,688</u></b>	<b><u>\$ 132,833,141</u></b>	<b><u>\$ (99,501)</u></b>
FTE Positions	806.6	802.6	(3.0)
Unclassified Temp. Positions	149.6	152.6	0.0
<b>TOTAL</b>	<b><u>956.2</u></b>	<b><u>955.2</u></b>	<b><u>(3.0)</u></b>

**Agency Estimate/Governor's Recommendation**

The Department's revised current year estimate reflects an increase of approximately \$1.2 million over the budget approved by the 1996 Legislature and adjusted by the State Finance Council. The revised estimate includes an additional \$36,372 from the State General Fund to establish, beginning the last quarter of FY 1997, a new branch office in southwest Kansas to address issues related to providing adequate oversight of confined animal feedlots because of growth in the number of facilities and reliance on the use of lagoons for controlling pollution that can occur from various waste products. The Department has received significant media attention in regard to its regulation of swine production facilities that have opened in southwest Kansas following passage of S.B. 554 and H.B. 3096 by the 1994 Legislature. The moneys would be for the salaries (\$25,372) and other operating costs (\$11,000) of 3.0 new FTE positions. The new staff would be supported by field staff from the Department's already

existing Dodge City office that would be nearby. The intent is to locate the new staff closer to the facilities being regulated, which also will help to make them more assessable to the public who are affected the most by the facilities.

Although the revised estimate for FY 1997 exceeds the approved amount by only \$36,372, the Department says it needs an additional \$163,308 to cover the cost of longevity bonuses for which it was not fully funded last year. Based on the Governor's recommendation, the 1996 Legislature chose to not fully fund the longevity costs for classified employees. The approved budget provided \$66,671, which is \$228,736 less than the full cost of longevity bonuses for the Department. The total amount being requested from the State General Fund as a supplemental appropriation is \$199,680. The Department's request for the additional \$163,308 would seem reasonable except for two reasons. First, in its revised salary estimate, the Department is not asking for more moneys for salaries and wages. It is asking for less. When a comparison is made for the cost of salaries and wages, the FY 1997 revised estimate, even with full funding for longevity costs, is \$289,005 less than the approved budget. Second, the Department would have the additional \$163,308 being requested except that it overspent its State General Fund appropriation for salaries by that amount in FY 1996. The overspending for salaries paid from the State General Fund actually totaled \$423,308, but the Department shifted State General Fund money from other operating expenditures to salaries for all but the \$163,308. The \$163,308 came from State General Fund moneys that were intended to be carried forward to finance this year's budget.

**Governor's Recommendation.** The Governor adjusts the Department's budget to add another \$1.1 million, of which \$952,843 is from federal funds and \$154,610 is from trust or private donor funds. Included in the recommendation is new federal moneys that were approved for expenditure when the Governor issued an Executive Directive last fall. It also includes moneys either added to reflect all expenditures approved by the State Finance Council following the 1996 Session or to provide for expending unbudgeted carry-forward balances or new grants that the agency asked for through the appeal process.

The recommended increase in spending from sources other than the State General Fund is offset some by reducing the Department's estimated State General Fund expenditures by \$270,955. However, because the Governor includes in his recommendation requested moneys to establish a new southwest Kansas branch office for addressing issues related to oversight of confined animal feedlots, his recommendation provides for a net adjustment of just \$234,583 less than the amount approved by the 1996 Legislature. The Governor funds the Department's estimated full cost for longevity bonuses, as requested, but makes other adjustments to expenditures for salaries and wages. He reduces State General Fund expenditures by deleting \$87,171 to recoup retirement savings that are lapsed in accordance with a law passed by the 1993 Legislature. The remaining amount of \$183,784 is reduced as part of an adjustment to increase the turnover savings rate from 4.0 percent (\$1.6 million) to 4.3 percent (\$1.7 million). In making his adjustments he anticipates that a greater portion of turnover savings will be because of vacancies in positions financed from the State General Fund than that budgeted by the Department. To finance the Governor's recommendation, a State General Fund supplemental appropriation is still required because of the Department's overspending last year. However, all recommended adjustments result in the need for a State General Fund supplemental appropriation of \$15,896, instead of the \$199,680 that was requested.

**Position Changes.** The Department estimates a total of 806.6 FTE positions and 149.6 unclassified temporary positions in FY 1997. The revised estimate provides for a reduction of 4.5 unclassified temporary positions from those approved for the current year at the end of last session, but it is just a half position less than those reported by the Department in its FY 1996 actual data. With

regard to FTE positions, the revised estimate includes 7.0 new FTE positions for a southwest Kansas field office and a new public water supply loan program. However, the Department deletes or shifts from other programs 7.0 existing positions so that the net number of FTE positions is the same as that approved by the 1996 Legislature. Last year, the Governor gave a directive to reduce by 5.0 percent the number of FTE positions for this cabinet agency over a two-year period. At the start of the two-year period, there were 838.6 approved FTE positions. If the 5.0 percent reduction applies to all positions, the FY 1997 revised estimate should reflect 796.7 positions. If it excludes the 7.0 new positions requested for the current year, the FY 1997 revised estimate should be 803.7 positions. According to the Department, this amount is over its target by approximately three positions. The Department's goal is 800.8 FTE positions, assuming all of the 7.0 requested new FTE positions are approved. It will require deleting 5.8 of the FTE positions that are currently budgeted, which the Department says it is in the processing of doing this year as they become vacant. Finally, a review of the Department's budget shows that there have been other position changes from that approved by the 1996 Legislature. The Department, like other large state agencies, has been granted reclassification authority, which allows it to change a position from one type to another without having to get approval from the Department of Administration. The positions being reallocated are difficult to track in part because they are shifted between programs and divisions. Some positions have been upgraded to provide for promotions while other positions, as they have become vacant due to turnover, have been downgraded to lower paying positions. This downgrading as well as turnover help to explain why the Department's revised estimate, as previously mentioned, is lower for salary and wage expenses than the budget authorized by the 1996 Legislature.

**Governor's Recommendation.** The Governor recommends a total of 955.2 positions, including 802.6 FTE positions and 152.6 unclassified temporary positions. He deletes 4.0 FTE positions that were budgeted by the Department, but adds three unclassified temporary positions for a new childhood lead poisoning prevention program that were not budgeted for a net drop in the total number by one. Under the Governor's recommendation, the goal of the Department, which is to delete 5.8 FTE positions before the end of FY 1997, is almost achieved. The Governor makes no other changes to the Department's FY 1997 revised estimate.

### House Subcommittee Recommendation

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

1. Delete \$90,481 from the Public Water Supply Loan Fund, which is from a new federal source of funding that was estimated at \$90,481 for FY 1997 but will not be available as originally anticipated.
2. Delete \$9,020 from federal funds, which is the difference between \$50,000 in anticipated funds that were budgeted for unspecified purposes and the \$40,980 that actually was received from two federal environmental grants. The \$40,980 will be used mostly for salaries and wages of existing staff in place of State General Fund moneys that are no longer available to the Department because of the retirement law.
3. Shift 3.0 FTE positions recommended by the Governor from permanent FTE positions to unclassified temporary positions. The positions were recommended

for a new branch office in southwest Kansas to address issues related to providing adequate oversight of confined animal feedlots. The recommendation would reduce the number of FTE positions, but make no change in the number of unclassified temporary positions as it is the intent of the Subcommittee that the Department use three existing unclassified temporary positions that are vacant. Of 152.6 approved unclassified temporary positions, 33 currently are vacant.

4. Because information provided by the agency shows that part of the \$1.1 million recommended by the 1996 Legislature from the State General Fund for vaccine purchases will not be spent for this purpose, the Subcommittee recommends that this issue be reviewed in the Omnibus Session. As of February 10, 1997, expenditures were \$410,405 from the State General Fund.
5. Shift \$73,171 from a new fund created for the Voluntary Cleanup Program to an already-established federal fund that was created by the 1996 Legislature. The money was inadvertently budgeted in the wrong fund.
6. Shift \$65,000 in federal funds from state operations to aid to local units to correctly reflect how the agency intended the money to be spent.
7. Make any technical corrections to the appropriations bill necessary to correctly reflect the Governor's recommendation.

**SUBCOMMITTEE REPORT**

**Agency:** Department of Health  
and Environment

**Bill No.** 2160

**Bill Sec.** 58

**Analyst:** Mah

**Analysis Pg. No.** 727

**Budget Page No.** 201

<u>Expenditure Summary</u>	<u>Agency Request FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 98,144,352	\$ 96,143,709	\$ (1,489,763)
Aid to Local Units	33,031,570	32,556,799	20,000
Other Assistance	34,600,000	34,600,000	(200,000)
<b>TOTAL</b>	<u>\$ 165,775,922</u>	<u>\$ 163,300,508</u>	<u>\$ (1,669,763)</u>
<b>State General Fund:</b>			
State Operations	\$ 22,646,594	\$ 20,296,787	\$ (1,327,917)
Aid to Local Units	7,669,052	7,184,281	0
Other Assistance	0	0	0
<b>TOTAL</b>	<u>\$ 30,315,646</u>	<u>\$ 27,481,068</u>	<u>\$ (1,327,917)</u>
<b>Other Funds:</b>			
State Operations	\$ 75,497,758	\$ 75,846,922	\$ (161,846)
Aid to Local Units	25,362,518	25,372,518	20,000
Other Assistance	34,600,000	34,600,000	(200,000)
<b>TOTAL</b>	<u>\$ 135,460,276</u>	<u>\$ 135,819,440</u>	<u>\$ (341,846)</u>
FTE Positions	852.1	828.1	(9.0)
Unclassified Temp. Positions	152.6	152.6	0.0
<b>TOTAL</b>	<u>1,004.7</u>	<u>980.7</u>	<u>(9.0)</u>

**Agency Request/Governor's Recommendation**

The Department requests a total budget of \$165.8 million in FY 1998, an increase of \$8.4 million over the revised current year estimate. The request provides for a significant number of new enhancements. However, according to the Department, of the requested increase, \$3.7 million (including \$1,872,550 from the State General Fund) is needed to maintain current service levels for all existing programs.

**Governor's Recommendation.** The Governor recommends a total budget of \$163.3 million in FY 1998, a reduction of \$2.5 million from the Department's FY 1998 request. It provides for a \$5,137,077 (3.2 percent) increase over his current year recommendation, of which a little less than half (\$2,150,778) would be from the State General Fund. Included in the recommendation is \$3.2 million in additional moneys for several enhancements discussed next in this report (\$1,295,694 from the State

*Appropriations  
2-26-97  
Attachment 5*



General Fund). The remaining \$1.9 million would be for maintaining current service levels. The Governor includes in his recommendation a total of \$371,840 (including \$235,000 from federal funds) that was not budgeted by the Department, but asked for through the appeal process. He also recommends a 1.0 percent base salary adjustment that is in addition to the requested step movement that was budgeted for classified employees. There also is a 3.5 percent merit pool for unclassified employees, which provides an additional 1.0 percent over the amount budgeted. The Governor, like the Department, did not annualize for FY 1998 the full cost of a 2.5 percent increase that unclassified employees got for part of FY 1997. The expected result is that the Governor's recommendation is understated. However, because the Governor over funded in some programs the cost for FICA and, in some cases, new positions he is recommending, an adjustment may not be needed.

The Governor does not recommend the requested additional State General Fund moneys of \$264,354 that the Department budgeted at its current services budget level for grant expenditures to local and private entities, choosing instead to keep state support for the grants at the same level as was recommended for FY 1997. With regard to the Department's proposed increase in its current services budget for expenditures from federal funds, the Governor makes little change. However, he does some shifting of financing away from the State General Fund to federal funds, assuming a higher estimate of available federal funds than does the Department. He agrees to the Department's proposed reductions in expenditures from fee and trust funds, but makes adjustments to requested State Water Plan Fund expenditures.

**Requested Enhancements.** The Department's proposed enhancements for FY 1998 cost \$4.8 million. Financing for the enhancements would come mostly from the State General Fund (\$2.9 million), of which approximately \$1.0 million would be from a change in appropriation from the Department of Social and Rehabilitation Services to the Department of Health and Environment for licensing foster care homes and \$263,302 would be generated by raising child care licensing and registration fees, which would be within statutory limits currently established for such fees. Remaining financing for the requested enhancements would come from proposed new fees (\$333,858) and other sources (\$1.6 million, including \$134,324 from hazardous waste fees that are currently credited to the State General Fund, but would instead be credited to a dedicated fee fund). (The Department estimates, based on FY 1996 figures, that the proposed new dedicated fee fund would be credited with approximately \$603,000 annually in existing fees now credited to the State General Fund.)

**Governor's Recommendation.** Of the 37 requested enhancements, the Governor recommends 13. The recommended enhancements would be financed by \$1,295,694 from the State General Fund, \$1,327,967 from federal funds, and \$572,712 from fee and other funds. Each of the recommended enhancements is shown below.

- **Contract Activities for Social Security Administration.** The Governor concurs with the Department's request for \$20,000 from new fee revenues that it will get for contract work for the Social Security Administration (SSA).
- **Community Health – Technical Assistance to Communities.** The Governor concurs with the Department's request for \$158,240 from private donor funds for developing the expertise needed to expand the ability to evaluate the effectiveness of targeted interventions for achieving Health Kansans 2000 objectives, where seven preventive health priorities have been identified as leading health issues in the state.
- **Contract for Medical Epidemiologist Services.** The Governor concurs with the Department's request for \$120,000 from private donor funds for contractual services to retain the current



services provided to it by a medical epidemiologist who has been assigned to the Department by the Centers for Disease Control and whose term will end in FY 1997. He also adds another \$96,840 from private donor funds for a total of \$216,840 for FY 1998. The additional moneys were requested by the Department, indicating that it learned about the moneys too late to include them in the budget request.

- **Computerization of Licensing Records for Adult and Child Care Facilities.** The Governor provides an estimated \$360,169 for computerization of licensure records for adult and child care facilities. The Department wants to begin to convert paper records for the Bureau of Adult and Child Care to an optical disk system in FY 1998. The Department says that there has been a rapid increase in the number and size of records that the Bureau must handle. The FY 1998 recommendation includes \$130,622 from the State General Fund and \$229,547 from Medicaid and Medicare fund, which is different from the Department's proposal for \$90,597 from the State General Fund and \$271,791 from Medicaid and Medicare funds.
- **Transfer of Licensing Responsibility for Foster Care from the Department of Social and Rehabilitation Services (SRS) to the Department of Health and Environment.** The Governor provides an estimated \$1,050,279 for the requested transfer of licensing responsibility for foster care from SRS to the Department of Health and Environment. The two state agencies have renegotiated their Memorandum of Understanding (MOU) for licensing responsibilities for child care facilities. In the prior agreement, licensing responsibilities were split in that Health and Environment licensed day care facilities and SRS licensed family foster homes, child placement agencies, and twenty-four hour care residential facilities and detention centers. Under the new agreement, which has been signed by both agency heads, the Department of Health and Environment will assume no later than January 1, 1997, licensing responsibility for those facilities that have been licensed by SRS. According to the Department, this initiative helps to meet objectives of SRS for privatizing foster care activities. The Department intended to ask for \$1,060,032 from the State General Fund, but it inadvertently asked for less (\$1,025,627). A review of the Governor's recommendation indicates that of the \$1,050,279 included in his FY 1998 recommendation, only half (\$516,819) is from the State General Fund and the remaining (\$533,460) from another source. The other source is from federal Title IV-E moneys that SRS has used in the past to pay for the inspection costs. The MOU indicates that a total of \$877,919 is being transferred to the Department from SRS for FY 1997 costs, including the transfer of 20.0 FTE positions effective October 20, 1996. The Governor makes no adjustment in his FY 1997 recommended budget for this Department to reflect the transfer. He waits until FY 1998 to show the additional 20.0 FTE positions along with the moneys indicated above. Apparently, he does not make the adjustment because the plan is to have SRS continue to pay out of its budget the costs through FY 1997, even though the MOU indicates otherwise. For FY 1998, there is a reported reduction of \$1,060,032 and 20.0 or perhaps 20.5 FTE positions in the budget recommended for SRS.
- **New FTE for Data Entry Related to Kansas Bureau of Investigation (KBI) Criminal Record Checks for Child Care Facilities.** The Governor provides an estimated \$23,441 in FY 1998 from the State General Fund for a new 1.0 FTE keyboard operator position. The Department indicated that it needed the new position to increase its ability to conduct on a timely basis KBI criminal history and SRS child abuse registry checks on child care providers.
- **Ready Telephone Line for Information on Compliance History of Child Care Facilities.** The Governor provides an estimated \$17,029 from the State General Fund for a new 0.5 FTE office assistant position that would serve as staff for a new toll-free telephone line. The Department

indicates that it wants to increase for parents the ability to choose a healthy and safe day care center for their children by making compliance history records of child care providers easily accessible on a timely basis.

- **Training for Child Care Providers.** The Governor concurs with the Department's requested \$50,000 in FY 1998 from a new federal grant for developing a manual and providing training for child care providers who care for children with special health care needs.
- **New Childhood Lead Poisoning Prevention.** The Governor concurs with the Department's request for expending federal moneys in FY 1998 for a childhood lead poisoning prevention program, which were initially authorized by Executive Directive of the Governor for expenditure in FY 1997. Included in his FY 1998 recommendation is \$247,387, which is slightly higher than the Department's request because it includes an adjustment for the Governor's recommended salary enhancement.
- **New FTE Positions for Oversight of Confined Animal Feedlot Facilities.** The Governor concurs with the Department's request for 9.0 new FTE positions for oversight of confined animal feedlot facilities. The Department proposed that 3.0 of the new positions begin in FY 1997, which was recommended by the Governor. Therefore, only 6.0 of the positions would be actually new in FY 1998. The recommended staff are for addressing issues related to providing adequate oversight of confined animal feedlots because of growth in the number of facilities and reliance on the use of lagoons for controlling pollution that can occur from various waste products.
- **Implement Public Water Supply Loan Program.** The Governor actually implements a new Public Water Supply Loan program in FY 1997, as was authorized by State Finance Council action. However, the Governor does not recommend any of 4.0 requested new FTE positions. He recommends the same amount of money (\$340,000) that was requested by the Department, but provides that all of it be used for nonsalary expenses.
- **New Voluntary Cleanup Program.** The Governor concurs with the Department's request for \$105,205 in FY 1998 that is to come from a new fee paid by parties responsible for cleanup at sites that impose no immediate risk to the health of Kansans. According to the Department, it has been conducting this program at a minimal level for the last year and a half by using its already existing resources, but is unable to meet the demands being placed on it unless it receives additional resources.
- **State Match for Lead Removal at the Cherokee County Superfund Site.** The Governor concurs with the Department's request for \$145,000 from the State General Fund for a 10.0 percent match required for sharing in the cost of lead removal at the Cherokee County Smelter site, which is included in the federal Superfund program.

**Financing Through Imposing Federal Indirect Cost Measures.** The Department put its budget together based on the assumption that the Legislature will approve a new policy on how it pays for administrative costs related to some of its fee funded programs. The policy change would apply to statutorily established funds for underground petroleum storage tanks, aboveground petroleum storage tanks, solid waste, dry-cleaning, and waste tire activities. Besides these environmental activity funds, the proposal includes the statutory fee fund for moneys collected from insurance companies for gathering data for forming a statistical plan to be used by the Insurance Commissioner for evaluating insurance rates. Instead of budgeting directly as in the past from the various fee funds for administrative cost for services provided by accounting, personnel, and other functions that are part of the Department's

General Management program, the Department proposes to get revenues for covering these administrative costs from the various fee funds by doing what the federal government allows it to do for federal grants that it provides. Every two years the Department negotiates a single percentage rate that is applied to most grants, contracts, and other agreements with the federal government for covering the state's cost of administering the grants and agreements. For example, if the rate was 20 percent, the state can take \$20,000 from the \$100,000 federal grant and place it in a fund that has been established for such purposes (Sponsored Project Overhead Fund) and for which there are no restrictions on how the moneys can be used. This is commonly referred to as a state's "indirect" portion of a grant as the moneys do not have to be used for expenses that directly relate to the grant. It is similar to the way fee board agencies are required to pay 20 percent of their revenues to the State General Fund for the state's administrative cost, except that, in the case of federal grants, the rate can be applied only to certain costs. For example, the rate is applicable to estimated salary and wage expenditures for employees who are hired to do required work for a grant, but not to any of the grant moneys that are given to local or private entities. Specifically, the Department wants to use its federally negotiated rate, which currently is 18.0 percent, to take revenues from the various fee funds by way of transfers. The moneys would be transferred to the Department's already established Sponsored Project Overhead Fund as costs are incurred or as moneys are needed to maintain adequate balances in the Sponsored Project Overhead Fund. The purpose of the policy change is to establish a uniform rate that is assessed on the agency's fee funds. Also, the Department believes it would no longer have to be concerned about assigning work to an employee whose pay is from one fee fund, in that, with the moneys going to the Sponsored Project Overhead Fund to pay the employee's salary, work assignments would not be as restricted. According to the Department, its legal section believes that it can implement the new policy without a change in statute and that there already is language in the appropriations bill that provides for transfers into the Sponsored Project Overhead Fund. However, a review of the appropriations bill reveals that the transfer authority only relates to federal funds for which the Fund was created. There is no language in the appropriations bill that would allow for the proposed transfers out of the various fee funds that are being considered by the Department.

**Governor's Recommendation.** The Governor put his budget together based on the same assumption as the Department, which is that the Legislature will authorize this policy change.

**Position Changes.** The Department requests a total of 852.1 FTE positions, of which 52.5 positions are new except that seven are requested to begin in FY 1997. Therefore, the net increase from FY 1997 to FY 1998 is 45.5 new FTE positions. Unless the Governor includes adjustments in his recommendation to reach his goal of a 5.0 percent reduction in FTE positions, there will need to be adjustments made to the FY 1998 budget to reduce financing and position authorization for the 5.8 FTE positions that, as reported earlier, the Department says it is in the processing of deleting. With regard to unclassified temporary positions in FY 1998, the request provides for the addition of 3.0 new positions. Included in the request are 152.6 unclassified temporary positions, which, when added to the requested 852.1 FTE positions, total 1,004.7 positions for the Department.

**Governor's Recommendation.** Of the 52.5 requested new FTE positions, the Governor recommends 30.5 positions. Instead of starting seven of the positions in FY 1997, as was requested by the Department, the Governor agrees to starting three of the requested new positions in FY 1997, which are for a new branch office in southwest Kansas. The FY 1998 recommendation includes another six positions that were requested for confined animal feedlot regulatory activities, for a total of nine positions in the two-year period. He also recommends 21.5 new FTE positions for child care regulatory activities. Instead of 3.0 new FTE positions that were requested for a new federally funded childhood lead poisoning prevention program, he recommends that the positions start in FY 1997 and continue in FY 1998 as unclassified temporary positions. The Governor also adjusts the request to delete 2.0 existing

FTE positions that were budgeted by the Department. The result of all the adjustments is that there is a net increase of 25.5 positions in his recommendation for FY 1998 from FY 1997, all of which are FTE positions. He already helped the Department meet its goal of deleting 5.8 FTE positions by the end of FY 1997 by deleting four of the positions in his FY 1997 recommendation. With the deletion of two more positions under the Governor's recommendation, the Department would achieve its goal at the start of FY 1998.

**Turnover Savings.** Agency-wide turnover savings are requested at approximately 4.4 percent for FY 1998 (\$1.9 million) and 4.0 percent for the current year (\$1.6 million). The 4.0 percent rate in the current year is lower than the 4.7 percent rate (\$1.8 million) that was recommended by the Governor and approved by the 1996 Legislature. Actual FY 1996 turnover savings were approximately 9.3 percent (\$3.6 million).

**Governor's Recommendation.** The Governor recommends a turnover savings rate of 5.0 percent (\$2.1 million) instead of the 4.4 percent rate (\$1.9 million) requested by the Department for FY 1998. For FY 1997, he increases the Department's estimated rate of 4.0 percent (\$1.6 million) to 4.3 percent (\$1.7 million).

### House Subcommittee Recommendation

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

1. Shift \$25,000 from one federal fund to another because expenditures were recommended by the Governor from the wrong fund. The money is for aid to local units for child lead poisoning prevention activities.
2. Delete \$50,700 from federal funds that were budgeted for an unspecified purpose.
3. The Subcommittee notes that there may be a Governor's Budget Amendment with regard to making use of anticipated new fee receipts because of the Department's plan to start billing Medicaid for cost recovery of screening newborns for certain metabolic diseases for which screening is required by law. The Department reports that historically the cost for the screening has been borne by the State General Fund for Medicaid eligible patients. According to the Department, estimated new receipts could total \$180,000 annually. If costs can be recovered for screening adults for tuberculosis and sexually transmitted diseases, the additional amount recovered is estimated to be \$20,000 annually.
4. Delete \$45,000 from private donor funds that were budgeted twice for the same purpose. The remaining \$45,000 is for grants to be awarded to communities (mostly health departments) to pay the cost of sending their staff to a different community to learn about health promotion activities. The purpose of the program is to provide communities with assistance and skills needed to establish public health interventions appropriate to their targeted population and to evaluate the outcomes.



5. Add a 0.5 FTE attorney position for activities related to licensing foster care facilities that are being transferred from the Department of Social and Rehabilitation Services. The Governor's recommendation, which supports the transfer, already provides adequate funding for the new position (\$18,794) so that no additional moneys are needed. Because the Governor's recommendation was over funded in salaries and wages for the transferred positions budgeted by the Department delete \$41,888 from the State General Fund. Also, appropriate the State General Fund moneys associated with the foster care facilities licensing activity (\$474,931) along with other licensing activity moneys as a separate line item in the budget so that expenditures for state operations from the State General Fund can be monitored. Other funding for the transferred activity would come from federal funds. Total expenditure for the transferred responsibility would be \$1,008,391 in FY 1998.
6. Introduce a bill that would allow the Department to transfer up to 18.0 percent of the receipts from its various fee funds to a single fund that would be used to pay for administrative costs related to the Department's General Management Program, such as personnel, legal, and accounting services. The legislation would give the Department the flexibility to pay for certain overhead costs from a pooled fund rather than have to attribute each budgeted overhead cost to a specific fee fund. According to the Department, allowing it to transfer up to 18.0 percent of fee fund receipts to the pooled fund could make enough additional revenue available to purchase items such as computers and related equipment, as well as to fund regular overhead costs.
7. The Subcommittee notes that the Governor includes \$40,000 in his budget for the Legislative Division of Post Audit that had been requested by the Department of Health and Environment for an audit of the Department's Health Care Database. An audit of the Database is required by law to be presented to the 1997 Legislature, but legislation has been introduced this session to delay the audit one year. Under the Governor's recommendation, the Legislative Division of Post Audit either could conduct the audit itself or contract with an outside firm. However, the House Appropriations Committee removed the \$40,000 from the Legislative Division of Post Audit's budget, as was recommended by the Subcommittee assigned to Post Audit's budget. Since the legislation for the audit is still pending, this Subcommittee for the Department of Health and Environment's budget makes no adjustment at this time.
8. Delete \$17,029 and a 0.5 FTE position financed from the State General Fund associated with a new toll-free line for information on compliance history of child care providers licensed by the Department. The Subcommittee was informed that the Governor did not intend to recommend the position.
9. Delete \$462,783 from the State General Fund and 9.0 FTE positions for activities related to oversight of confined animal feedlots. Instead, the Subcommittee recommends the introduction of a bill that would increase the fees imposed on confined animal feedlot facilities to raise the \$462,783. The Subcommittee asks the Department to develop a fee schedule that does not penalize small feedlot facility owners, which will be incorporated into the bill. It is the Subcommittee's opinion that any new positions associated with the oversight of confined animal

feedlots should be funded from fees imposed on the feedlots, not from the State General Fund. If new positions are added for the oversight function, which in the Subcommittee's opinion should be unclassified temporary positions, it would be the Subcommittee's intention that the Secretary would have the flexibility to move the positions among the field offices in order to best utilize staff resources.

10. Shift \$59,059 of \$145,000 recommended from the State General Fund to the Remediation Projects Fund and appropriate the remaining State General Fund moneys (\$85,941) as a separate line item in the budget. The \$145,000 is the 10.0 percent match requirement on the federal Cherokee County Superfund Site. The Remediation Projects Fund was abolished by the Legislature several years ago, but had an encumbrance of \$59,059 that only recently has been released. In addition, add language to the appropriations bill to abolish the Remediation Projects Fund. According to the Department, dollars that have been spent by the federal government and the state for remediation cleanup in Cherokee County for the Superfund site are estimated to be \$24.8 million from FY 1989 through FY 1998.
11. Continue the policy of the 1996 Legislature with regard to expenditure limitations and provisos on various funds of the Department, except provide that the Training Fee Fund and the federal NICE 3 Grant Fund would have "no limit" expenditure limitations. Also, establish an expenditure limitation on a new federal fund for childhood lead poisoning prevention grants. In addition, appropriate as a separate line item State General Fund moneys recommended for vaccine purchases, which in FY 1997 are combined with the agency's other operating expenditures.
12. Shift \$65,000 in federal funds from state operations to aid to local units to correctly reflect how the agency intended the money to be spent.
13. Delete \$105,205 that is to come from a new fee paid by parties responsible for cleanup at sites that impose no immediate risk to the health of Kansans. According to the Department, it has been conducting this program at a minimal level for the last year and a half by using its already existing resources, but is unable to meet the demands being placed on it unless it receives additional resources. The Department put its proposal together under the assumption that it would be given new authority by passage of legislation this session. Its hope is that passage of new legislation will provide authority to give a release to responsible parties that the property in question has been cleaned up to Department's specifications and no further action is necessary at the site. While the Governor included the requested moneys in his recommendation, he did not recommend that a portion of the moneys be used for salaries and wages for 2.0 new unclassified temporary positions, as was requested. In his recommendation, all of the moneys are for nonsalary expenses. The Department reports that, under the Governor's recommendation, it will need to rethink its proposal for this requested enhancement, including how effectively it could administer the program. Therefore, review this item during the Omnibus Session, which also allows for consideration of the impact of legislation (S.B. 276) that was favorably acted upon by the Senate Energy and Natural Resource Committee today.

14. Delete \$200,000 from the State Water Plan Fund recommended for the Kansas Rural Water Association for salaries and services such as leak detection, administration, water conservation, and other activities. It is the Subcommittee's understanding that the House Appropriations Subcommittee on the budget of the Kansas Water Office wants the funding to be appropriated for the Kansas Water Office. The Department of Health and Environment informed the Subcommittee that it does not object to moving the funding.
15. The Subcommittee calls attention to a 1996 audit by the Legislative Division of Post Audit on the Department's regulation of nursing homes. According to the audit, the Department has failed to take advantage of the enforcement options it has with regard to nursing home facilities that violate state regulations. Information presented to the Subcommittee indicates that the Department is taking steps to address the shortcomings identified in the audit, including the greater use of its authority to assess civil money penalties when nursing home violations occur. The Subcommittee wants the Department to report to the 1998 Legislature on how effective its actions have been at addressing the shortcomings identified in the audit.
16. Review the amount of federal moneys that are available for the Infant and Toddler program during the Omnibus Session. A total of \$5.2 million was budgeted for FY 1996, but only \$3.4 million was expended because the federal moneys were not received until late in the fiscal year. If additional resources are available, the Subcommittee wants to make sure that the moneys get budgeted for use by local and private entities that provide the services.
17. Review the Department's planned expenditures for federal maternal and child health block grant moneys during the Omnibus Session to clarify how moneys are to be used that were added by the Governor over the Department's budget request. It is not clear at this time as to whether a portion of the recommended moneys need to be shifted to salaries and wages to pay for an additional unclassified temporary position.
18. Review during Omnibus Session the way federal moneys for breast and cervical screenings and State General Fund moneys appropriated for pap smears and initial or follow-up laboratory tests are used. The Subcommittee wants to evaluate whether there is duplication.
19. Consider during the Omnibus Session increasing the amount of State General Fund moneys that are appropriated for support of general health programs (currently 98) provided in all 105 counties by local health departments. The health departments provide basic community services such as immunizations, multiphasic screenings, and laboratory tests. They also assist with promoting hypertension screening and education programs, including participating in in-service training. Each county gets a minimum of \$7,000, with remaining moneys distributed among the local health departments on a population formula basis established in K.S.A. 65-241 through 65-246. There is a maintenance of effort requirement, meaning that local entities cannot reduce their funding levels for the program if they wish to get the same amount of state moneys received last year.

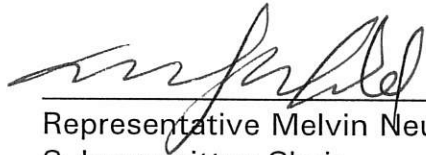


20. Delete \$747,158 from the State General Fund, which funds a portion of the Office of Science and Support, Division of Environment. The Subcommittee understands that legislation has been introduced to create a special commission on water quality standards to investigate and evaluate the technical and scientific basis of surface water quality standards used by the state (1997 H.B. 2368). Because the legislation proposes to locate functions of the division in the new commission, the Subcommittee recommends the adjustment to the Department of Health and Environment's budget in order to eliminate overlapping duties and duplication of services. However, it is the Subcommittee's plan to revisit this issue during the Omnibus Session to make adjustments deemed appropriate.
21. Make any technical corrections to the appropriations bill necessary to correctly reflect the Governor's recommendation.

FY 1997-1998

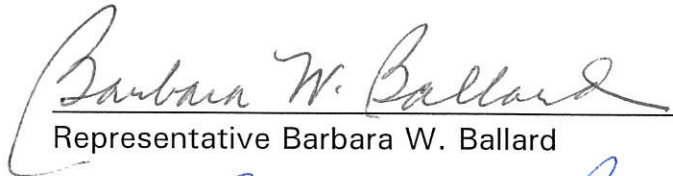
HOUSE SUBCOMMITTEE REPORTS

HOMESTEAD PROPERTY TAX REFUNDS  
COMMISSION ON VETERANS AFFAIRS/SOLDIERS' HOME



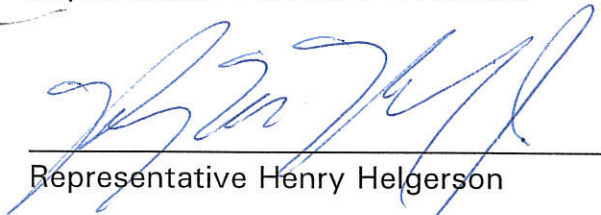
---

Representative Melvin Neufeld  
Subcommittee Chair



---

Representative Barbara W. Ballard



---

Representative Henry Helgerson



---

Representative Brenda Landwehr



---

Representative Kay O'Connor

Appropriations  
2-26-97  
Attachment 6

**SUBCOMMITTEE REPORT**

**Agency:** Homestead Property Tax Refunds

**Bill No. --**

**Bill Sec. --**

**Analyst:** Milstead

**Analysis Pg. No. 758**

**Budget Page No. 399**

Expenditure Summary	Agency Estimate FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	7,000,000	7,000,000	0
Subtotal - Operating	\$ 7,000,000	\$ 7,000,000	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 7,000,000</b>	<b>\$ 7,000,000</b>	<b>\$ 0</b>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	7,000,000	7,000,000	0
Subtotal - Operating	\$ 7,000,000	\$ 7,000,000	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 7,000,000</b>	<b>\$ 7,000,000</b>	<b>\$ 0</b>
FTE Positions	0.0	0.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Agency Estimate/Governor's Recommendation**

The current year estimate of \$7,000,000 is a decrease of \$1,099,700 from the budget approved by the 1996 Legislature. The lower than approved expenditures are a result of fewer than anticipated filers for the refund. The current year estimate is based on historical data which includes \$500,000 for accounts receivables and set-offs. In FY 1996 refunds fell to \$7.2 million from an estimate of \$8.8 million. This reduction is a result of fewer households filing or qualifying for a refund, a reduction in the average size of the refund and a continued effort by the agency in auditing questionable claims. The agency states these factors contributed to approximately 5,000 fewer approved claims in FY 1996 than in FY 1995.

**The Governor recommends \$7,000,000 for homestead property tax refunds for FY 1997.**

**House Subcommittee Recommendation**

For FY 1997, the Subcommittee concurs with the Governor's recommendation.

**SUBCOMMITTEE REPORT**

**Agency:** Homestead Property Tax Refunds

**Bill No.** 2160

**Bill Sec.** 55

**Analyst:** Milstead

**Analysis Pg. No.** 758

**Budget Page No.** 399

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	6,900,000	12,700,000	(700,000)
Subtotal - Operating	<u>\$ 6,900,000</u>	<u>\$ 12,700,000</u>	<u>\$ (700,000)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 6,900,000</u></u>	<u><u>\$ 12,700,000</u></u>	<u><u>\$ (700,000)</u></u>
<b>State General Fund:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	6,900,000	12,700,000	(700,000)
Subtotal - Operating	<u>\$ 6,900,000</u>	<u>\$ 12,700,000</u>	<u>\$ (700,000)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 6,900,000</u></u>	<u><u>\$ 12,700,000</u></u>	<u><u>\$ (700,000)</u></u>
FTE Positions	0.0	0.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>0.0</u></u>	<u><u>0.0</u></u>	<u><u>0.0</u></u>

**Agency Request/Governor's Recommendation**

The agency requests \$6,900,000 for Homestead Property Tax refunds in FY 1998, representing an estimated decrease of 500, or 1.3 percent, in the number of refunds claimed. The estimated average refund remains \$182, the same as is estimated for FY 1997. The \$6.9 million request includes approximately \$6.4 million for the refund program and \$500,000 for accounts receivables and set-offs in FY 1998.

**The Governor recommends** \$12,700,000 for FY 1998. The Governor proposes increasing the income eligibility for the Homestead Property Tax Program from \$17,200 to \$25,000, with the maximum refund remaining at \$600, and adjusting the refund table in such a manner that virtually all refunds are enhanced. This will allow more individuals to become eligible for homestead property tax rebates and will result in additional rebates of \$5.7 million beginning in FY 1998.

## House Subcommittee Recommendation

For FY 1998, the Subcommittee concurs with the Governor's recommendation with the following modification and observation:

Delete \$700,000 from the Governor's recommendation, consequently, reducing funding for the program to \$12 million.

The Subcommittee notes that the significant increase in funding for this program in FY 1998 stems from a proposed change in eligibility criteria for the refund program. (1997 S.B. 40) The Subcommittee's recommended reduction in funding (\$700,000) reflects the Subcommittee's belief that participation in the program will increase at a slower pace than that projected under the Governor's recommendation.

**SUBCOMMITTEE REPORT**

Agency: Kansas Commission on Veterans Affairs Bill No. –

Bill Sec. –

Analyst: Milstead

Analysis Pg. No. 908

Budget Page No. 485

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 1,564,951	\$ 1,561,197	\$ 0
Aid to Local Unit	–	–	0
Other Assistance	–	–	0
Subtotal - Operating	\$ 1,564,951	\$ 1,561,197	\$ 0
Capital Improvements	–	–	0
TOTAL	\$ 1,564,951	\$ 1,561,197	\$ 0
State General Fund:			
State Operations	\$ 1,472,924	\$ 1,469,170	\$ 0
Aid to Local Units	–	–	0
Other Assistance	–	–	0
Subtotal - Operating	\$ 1,472,924	\$ 1,469,170	\$ 0
Capital Improvements	–	–	0
TOTAL	\$ 1,472,924	\$ 1,469,170	\$ 0
FTE Positions	51.0	51.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	51.0	51.0	0.0

**Agency Est./Governor's Recommendation**

The agency's revised FY 1997 estimate is \$1,564,951, precisely the same amount approved by the 1996 Legislature. The entire request is for state operations. Of the total estimate, \$1,472,924 is from the State General Fund while \$92,027 is from special revenue funds.

The agency notes that a shrinkage rate of 4.4 percent (\$64,681 in savings) is estimated for the program. The Commission states that the shrinkage rate in addition to no appropriation to fund longevity pay will result in positions being held vacant for an inordinate amount of time. The agency reports that 1.5 FTE positions (two 3/4 time clerical positions) have not been filled due to the need to meet shrinkage and to provide for longevity pay.

**The Governor** recommends for the current year funding of \$1,561,197 which is \$3,754 or 0.2 percent less than the agency's revised estimate. The reduction is entirely from salaries and wages and

*Appropriations  
2-26-97  
Attachment 7*



is attributable to an increased shrinkage rate of 4.7 percent (an increase of \$4,731 from the agency's estimate).

**House Subcommittee Recommendation**

For FY 1997, the Subcommittee concurs with the recommendation of the Governor.

**SUBCOMMITTEE REPORT**

Agency: Kansas Commission on Veterans Affairs **Bill No. 2160**

**Bill Sec. 57**

Analyst: Milstead

**Analysis Pg. No. 908**

**Budget Page No. 485**

Expenditure	Agency Est. FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 1,637,884	\$ 1,614,268	\$ 0
Aid to Local Unit	--	--	0
Other Assistance	--	--	0
Subtotal - Operating	\$ 1,637,884	\$ 1,614,268	\$ 0
Capital Improvements	--	--	0
<b>TOTAL</b>	<b>\$ 1,637,884</b>	<b>\$ 1,614,268</b>	<b>\$ 0</b>
State General Fund:			
State Operations	\$ 1,513,356	\$ 1,489,740	\$ 0
Aid to Local Units	--	--	0
Other Assistance	--	--	0
Subtotal - Operating	\$ 1,513,356	\$ 1,489,740	\$ 0
Capital Improvements	--	--	0
<b>TOTAL</b>	<b>\$ 1,513,356</b>	<b>\$ 1,489,740</b>	<b>\$ 0</b>
FTE Positions	51.0	51.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>51.0</b>	<b>51.0</b>	<b>0.0</b>

**Agency Req./Governor's Recommendation**

The agency requests FY 1998 funding for state operations of \$1,637,884, an increase of \$72,933, or 4.7 percent, above the FY 1997 estimate. The requested increase includes the following **enhancement** requests:

- Travel and Subsistence.** The agency requests \$6,000 (State General Fund) for additional travel and subsistence funding for training of program personnel. The agency states that, currently, there are few funds available for this purpose. The Commission notes that it is difficult with current funding levels to provide required training in such areas as Kansas Quality Management and supervisory training. The agency states that additional funding is needed to ensure that program personnel are given needed training in veteran benefits and how to better utilize computers in performing job related tasks.

- 2. Capital Outlay.** The agency requests \$19,850 (State General Fund) capital outlay for the purchase of veteran benefit software for office computers. The Commission states that software specifically designed for veteran benefit claims is now available for purchase. The agency notes that other states have veterans programs similar to Kansas' and are utilizing such software which enhances the speed and quality of action on submitted claims. The agency also states that the software allows for the creation of a client data base.

**The Governor** recommends for FY 1998 funding of \$1,614,268 (\$1,489,740 SGF) which is \$23,616, (1.4 percent) less than the agency's request. The entire decrease is in State General Fund expenditures. The Governor does not recommend the agency's enhancement requests.

### **House Subcommittee Recommendation**

For FY 1998, the Subcommittee concurs with the Governor's recommendation with the following observations:

The Subcommittee will review during the 1997 Omnibus Session the agency's capital outlay enhancement request to purchase veterans benefit software (\$19,850 SGF) and the agency's enhancement request for travel and subsistence for personnel training (\$6,000 SGF). The agency is asked to report to the Subcommittee its evaluation of software presently considering. The report should include what type of training and implementation is expected with the software purchase.

**SUBCOMMITTEE REPORT**

**Agency:** Kansas Soldiers Home

**Bill No. --**

**Bill Sec. --**

**Analyst:** Milstead

**Analysis Pg. No.** 914

**Budget Page No.** 486

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 4,362,117	\$ 4,333,262	\$ 20,000
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 4,362,117	\$ 4,333,262	\$ 20,000
Capital Improvements	708,475	708,475	0
<b>TOTAL</b>	<b>\$ 5,070,592</b>	<b>\$ 5,041,737</b>	<b>\$ 20,000</b>
<b>State General Fund:</b>			
State Operations	\$ 1,054,962	\$ 1,026,107	\$ 20,000
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 1,054,962	\$ 1,026,107	\$ 20,000
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 1,054,962</b>	<b>\$ 1,026,107</b>	<b>\$ 20,000</b>
FTE Positions	138.8	138.8	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>138.8</b>	<b>138.8</b>	<b>0.0</b>

**Agency Estimate/Governor's Recommendation**

The agency's revised FY 1997 estimate is \$4,362,117 which is equal to the amount approved by the 1996 Legislature. Of the agency's total FY 1997 estimate, \$1,054,962, or 24.2 percent, is from the State General Fund and \$3,307,155 is from Special Revenue Funds (General Fees Fund and Benefit and Gift Fund). Expenditures of \$3,445,521 for salaries and wages constitute 79.0 percent of operating expenditures. The agency estimates spending \$708,475 for capital improvements in the current year for rehabilitation and repair projects and the completion of multi-year projects begun in prior fiscal years. These projects include: cottage renovation; power plant replacement; water distribution system installation and potable water well installation.

**The Governor recommends** funding of \$4,333,262, which is \$28,855, or 0.7 percent below the agency's revised FY 1997 estimate. The reduction is entirely in State General Fund financing. The

*Appropriations  
2-26-97  
Attachment 8*

reduction is attributable to a recommended increase in the shrinkage rate in the Nursing Home program. The agency had estimated that program's shrinkage rate at 1.2 percent while the Governor recommends a rate of 4.7 percent for a savings of \$47,777. Those savings are offset by recommended increases in wages and salaries in the Physical Plant-Central Services Division (\$6,491) and Residential Services (\$11,576).

### **House Subcommittee Recommendation**

For FY 1997, the Subcommittee concurs with the Governor's recommendation with the following modifications:

1. Add \$20,000 (SGF) for professional and scientific supplies to make up a shortfall due to rising caseloads. The current fiscal year began with 231 residents at the Soldiers' Home and has increased to 243. The Subcommittee notes that the Governor's funding recommendation was based on FY 1996 residency of 222, 21 fewer residents than presently are at KSH. With the additional \$20,000, total funding for professional and scientific supplies will be \$212,000.
2. In light of the recommendation found in Item No. 1, the Subcommittee recommends deleting \$20,000 from the Department on Social and Rehabilitation Services Long-Term Care budget for FY 1997. The Subcommittee considers the increased expenditures for professional and scientific supplies for KSH residents should result in a certain number of KSH residents remaining at Fort Dodge and consequently, not seeking services at other long-term care venues.

**SUBCOMMITTEE REPORT**

**Agency:** Kansas Soldiers Home

**Bill No.** 2160

**Bill Sec.** 57

**Analyst:** Milstead

**Analysis Pg. No.** 914

**Budget Page No.** 486

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 6,116,474	\$ 4,523,073	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 6,116,474	\$ 4,523,073	\$ 0
Capital Improvements	421,850	377,500	0
TOTAL	<u>\$ 6,538,324</u>	<u>\$ 4,900,573</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 1,739,155	\$ 1,155,140	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 1,739,155	\$ 1,155,140	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 1,739,155</u>	<u>\$ 1,155,140</u>	<u>\$ 0</u>
FTE Positions	166.8	138.8	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>166.8</u>	<u>138.8</u>	<u>0.0</u>

**Agency Req./Governor's Recommendation**

The agency requests \$6,116,474 for operating expenditure in FY 1998. This request is an increase of \$1,754,357, or 40.2 percent, above the FY 1997 estimate. Of the requested amount \$1,739,155 is from the State General Fund (SGF) and \$4,377,319 is from the General Fee Fund and the Benefit and Gift Fund. The FY 1998 request includes a significant enhancement request which is discussed below. The agency requests \$421,850 for capital improvements for FY 1998 for the following projects: construction of tornado shelters; air conditioning/heating of Halsey Hall; bathroom renovation; cottage restoration; construction of a storage shed; tree trimming and the partitioning of a dining facility.

**The Governor recommends** operating expenditures of \$4,523,073 for FY 1998, a decrease of \$1,593,401, or 26.1 percent, below the agency's request. The recommendation includes \$1,155,140 from the State General Fund, \$3,350,722 from the Soldier's Home Fee Fund and \$17,211 from the

Benefit and Gift Fund. The Governor does not recommend the requested enhancement which accounts for most of the decrease (\$1,546,769 (\$395,806 SGF)). The recommendation includes funding for 138.8 FTE positions. The Governor recommends \$375,500 (SIBF) for capital improvements, a decrease of \$44,350 below the agency request.

## Enhancement Request

1. **Intermediate Care Facility in Wichita.** The agency requests \$395,806 from the State General Fund and authority to spend \$1,150,963 from the Soldiers' Home Fee Fund as funding to operate a sixty bed intermediate care facility (ICF) in Wichita. The request includes 28.0 new FTE positions to staff the requested facility. The request centers on a proposed agreement by the Veterans Administration Medical Center in Wichita to lease, at the rate of \$1 annually, a vacant facility, which until mid-summer 1996, was operated as a nursing home by the V.A. The building at issue adjoins the Wichita V.A. Medical Center. The Kansas Soldiers' Home states the facility is a modern, fully equipped structure that meets all specifications required for licensure. Consequently, little, if any modification would be required prior to the facility's operation.

The agency reports that the annual expense to operate the facility is expected to be approximately \$1,546,769. The agency states that the entire cost of operating the facility will be funded through the revenues received from the nursing unit residents and the V.A. through individual charges, aid and assistance payments and per diem. The agency believes that the income generated from the aforementioned sources, based on current fee formulas and a 95 percent occupancy rate, is expected to be \$1,544,380 during FY 1998 and approximately \$1.9 million annually thereafter. The agency states that when the facility is fully operational with an occupancy rate of 95 percent, the Soldiers' Home will experience a positive cash flow of \$405,487 annually.

The agency reports that the FY 1998 request represents a one-time infusion of State General Fund financing to cover the operational costs which will be incurred during the first ninety days that the facility is operational. The agency anticipates that following the initial 90 days and the attainment of the specified occupancy rate, V.A. reimbursement will be forthcoming and the facility will be self sufficient with no further State General Fund financing necessary.

The agency deems this request necessary in order to provide Soldiers' Home services to individuals who reside in the eastern part of the State and who are hesitant to move far from their families to Fort Dodge.

**(Staff Note:** Should this enhancement request be approved, relevant statutes currently authorizing operation of the Kansas Soldiers' Home nursing facilities should be amended. Those statutes include K.S.A.'s 73-1207(l), 73-1208b, and 76-1901.)

## House Subcommittee Recommendation

For FY 1998, the Subcommittee concurs with the Governor's recommendation with the following observation:

Delay recommendations on the agency's enhancement request regarding the Wichita-based nursing facility, pending further information from the Division of Budget. The Subcommittee notes that the agency believes the possibility exists that significant SGF



savings may be obtained in the event the agency administers the Wichita facility and contracts for certain services.