Approved: 4-25-97
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 9:10 a.m. on April 24, 1997 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy and all fiscal analysts, 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 April 2 and 10 were distributed to the members for review. Other handouts included letters from the Kansas Industries for the Blind and a folder of information from Employment and Training Services within the Kansas Department of Human Resources.

Alan Conroy, chief fiscal analyst, introduced Don Cawby to review a legislative research handout entitled *Items for Omnibus Consideration* dated April 24, 1997. (Attachment 1)

He also explained the procedure for today which would involve meeting in subcommittees with appropriate fiscal staff present. A subcommittee list by agency and analyst was distributed as well as a sheet showing the Legislature's Approved Status of the State Water Plan Fund, FY 1996-FY 1998. Paul West reviewed the Economic Development Initiatives Fund-FY 1998 as of April 23, 1997.

Alan Conroy explained that the Governor's Budget Amendment would be distributed shortly, and he announced that several select committees had met and made recommendations. (Attachment 2) He then reviewed four handouts relating to the status of the State General Fund as of April 10, 1997.

A few questions followed, and the chairman welcomed Representative Dean back after his surgery.

Chairperson Kline announced the committee would recess into subcommittees until 1:30 when the full committee was to have a walk-through tour of Cedar Crest with experts from facilities management, architectural services, and the historical society. After the tour the full committee would once again convene for brief status reports from the subcommittees.

The meeting recessed at 9:35 a.m.

The meeting reconvened at 3:10 p.m. with all members present. A revised memo from the director of architectural services regarding renovation projects at Cedar Crest was distributed.

Chairperson Kline asked the subcommittee chairpersons to report on the status of their subcommittee. He then announced the subcommittees would meet for the rest of the afternoon to try and finish their work. The full committee will meet again at 9:00 a.m. tomorrow.

A motion was made by Representative Ballard, seconded by Representative Pottorff, to approve the minutes of April 2 and 10. The motion carried.

The meeting adjourned at 3:15 p.m.

The next meeting is scheduled for April 25, 1997.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: April 24, 1997

NAME	REPRESENTING
Jill Crumpacker	KDHR
Dick Koerth	KDWP
Dan Gronniger	KD on Aging
Craig Kammen	" "
Chris Stanfield	KDHE
Gerald Schneider	KDHR
Jerry Sloan	OJA
Paul Shelby	OJA
Pat Higgins	D of A
Sherry Brown	Commerce & Housing
Jamie Harper	Adjutant General
~~Cpt~~ Stephanie Campbell	Adjutant General
Marvin Burris	Regents
Lori Rost	KTEC
Lori Rand	KSC

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April 24, 1997

ITEMS FOR OMNIBUS CONSIDERATION

Department of Revenue

A. Year 2000 Conversions (Deferred to Omnibus). The **Conference Committee on Senate Substitute for H.B. 2272** recommended deferring a decision on funding for year 2000 conversions until the Omnibus Session and, in part, so that review by the **Joint Committee on Computers and Telecommunications** could be completed. The Governor recommended $500,000 from the Division of Vehicles Operating Fund in FY 1997 for year 2000 conversions. (***See Appendix A*** for JCCT recommendations.)

B. Expert Testimony (Senate Subcommittee). The Senate Subcommittee noted that the department would be seeking additional funding for expert testimony through a requested Governor's Budget Amendment. The Subcommittee recommended that this item be reviewed during the Omnibus Session. The Department requests funding for expert testimony to assist in defending against a lawsuit brought by the ANR Pipeline and Colorado Interstate Gas (CIG) companies. The companies are seeking a reduction in the property valuations established by the Property Valuation Division (PVD). The Governor recommended and the Legislature approved $100,000 from the State General Fund in each fiscal year (FY 1997 and FY 1998) earlier in the 1997 Session.

The Department notes that the litigation and discovery process conducted during the recent fall and winter months has revealed that additional evidence and testimony will be needed. According to the agency, in addition to tax assessments being challenged, the underlying valuation methodology used to determine the assessment value is now being challenged, thus expanding the role of the expert witness testimony and requiring additional time, travel, depositions and related costs. The Department requests a total of $150,000 from the State General Fund for the additional expert testimony, including $100,000 in FY 1997 and $50,000 in FY 1998.

C. S.B. 169 (Law). S.B. 169 requires, effective July 1, 1997, all driver's licenses and non-driver identification cards issued to persons under the age of 18 to be readily distinguishable from those issued to persons 18 years or older. The Department of Revenue states that the vendor of the Division of Vehicles' digitized driver's license system (NBS Imaging Systems, Inc.) estimates between $6,500 and $10,000 (Division of Vehicles Operating Fund) for the necessary modifications to the system in FY 1998.

D. H.B. 2073 (Law). Effective January 1, 1998, H.B. 2073 changes all classes of driver's licenses, except commercial, and non-driver identification cards, for persons at least 21 years of age but less than 65 years of age, to expire after six years from issuance rather than after four years. The bill also increases fees to the six year rate at the present cost per year. The Department estimates a total of $15,362 in FY 1998 from the Division of Vehicles

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Operating Fund to implement the changes in the Department's technological systems. The estimated changes include: 150 hours of programmer time ($3,431) to modify the Kansas Drivers Licenses System, 150 hours of programmer time ($3,431) to make the necessary changes the Motor Vehicle Imaging System, and 5 optical disk platters ($2,500) and 2 additional 2 gigabyte hard drives ($6,000) for the imaging system.

E. H.B. 2170 (Law). Effective January 1, 1998, H.B. 2170 changes the statutes relating to distinctive license plates. The bill authorizes distinctive license plates for veterans and changes current law to require that active or retired Kansas National Guard members seeking National Guard license plates certify their Guard membership to the Division of Vehicles with an armed forces identification card. The bill also makes changes to the processes for certification of educational institutions license plates and annual emblem authorization.

The Department estimates that 20,000 (8.0 percent) of the 250,000 individuals who qualify for the veteran's plate will apply. **The estimate would bring approximately $800,000 in revenue to the State Highway Fund** for the new veteran's plates. The Department requests $72,329 from the Division of Vehicles Operating Fund and an additional 1.0 FTE position to implement H.B. 2170 in FY 1998. The Department's estimate includes:

- **$13,268** for one-time computer programming costs to modify the Vehicle Information Processing System (VIPS) in FY 1998,
- **$27,861** for an additional 1.0 FTE Office Assistant III (including $21,785 for annual salary, $5,800 for one-time costs such as a computer and workstation, and $276 for other annual operating expenditures), and
- **$31,200** for labor and materials to produce each plate ($1.56/plate) for an estimated 20,000 applicants.

F. H.B. 2056 (Governor). H.B. 2056 allows for a non-probate transfer of motor vehicles, by allowing the owner of a motor vehicle to name a "take on death" beneficiary on the certificate of title. The effective date of the bill is January 1, 1998. The Department estimates total programming time of 1,423 hours to accommodate the changes necessitated by the bill. The estimate includes 889 hours to modify and download county programs and 534 hours to modify the mainframe batch programs at the State level. The Department estimates $32,551 (1,423 @ $22.875 per hour) in FY 1998 for Programmer/Analyst III time to implement the changes created by the bill.

G. S.B. 184 (Conference). As passed by the **Senate**, S.B. 184 would allow cities located in Labette County to levy a retailer's sales tax on the sale or transfer of personal property and providing services. This would have no impact on state revenues or expenditures.

The **House** amended S.B. 184 to include sales tax exemptions for: (1) purchases by rural volunteer fire-fighting organization (H.B. 2474), (2) purchases by a religious organization (H.B. 2107), and (3) all-terrain vehicles, as part of the definition of farm machinery and equipment being exempt from sales tax.

The Department requests $36,913 from the State General Fund in FY 1998 to implement the House's provisions for S.B. 184. The estimate includes $600 to print and include notices of the exemption changes in approximately 110,000 sales tax return notifications. The Department estimates $36,313 for the work of a Tax Examiner III and an Office Assistant III, with work stations, for six months to verify religious organizations' applications for exemption certificates.

Department of Agriculture

A. Substitute for S.B. 317 (Conference). Substitute for S.B. 317 would abolish the Grain Inspection Department and transfer the activities of the Warehouse program to the Department of Agriculture in. **The Senate position** would transfer the Warehouse program and program funds (estimated at $179,126) to the Department of Agriculture on **July 1, 1997**. The remaining revenues in the Grain Inspection Fee Fund would be used to pay the outstanding liabilities of the Grain Inspection Fee Fund (under the Secretary of Agriculture's authority) and then the remaining balance would be transferred to the newly created Warehouse Fee Fund. The Senate's estimate of the remaining Grain Inspection Fee Fund balance which would be transferred to the Warehouse Fee Fund would be approximately $1.3 million.

The House position changes the Warehouse program transfer date to **September 1, 1997**. The House position also transfers, on September 1, 1997, the balance of the Grain Inspection Fee Fund as of December 1, 1993 ($926,777) to the Warehouse Fee Fund. The remaining balance in the Grain Inspection Fee Fund ($586,594, less outstanding obligations) would remain in the fund, with the interest earned on the fund being transferred monthly to the Warehouse Fee Fund.

For FY 1998, the Governor recommended and the Legislature approved 12.0 FTE positions for the Warehouse program. The FY 1998 Legislative approved expenditures for the Warehouse Program included $34,589 from the State General Fund and $492,126 from the Grain Inspection Fee Fund.

Grain Inspection Department

A. Substitute for S.B. 317 (Conference). Substitute for S.B. 317 would abolish the Grain Inspection Department and transfer the activities of the Warehouse program to the Department of Agriculture. The bill would abolish the Grain Inspection Department, which would allow grain inspection and sampling services to be provided by a private entity designated as the official grain inspection service for Kansas by the Federal Grain Inspection, Packers, and Stockyards Administration of the U.S. Department of Agriculture. Under both versions of the bill, the Secretary of Agriculture would be given the authority to pay the outstanding liabilities of the Grain Inspection Fee Fund from the remaining balances in the fund.

The Senate position would abolish the Department and transfer the Warehouse Program to the Department of Agriculture on July 1, 1997. **The House position** would make the transfers the same as the Senate, but would delay the date to September 1, 1997. The Division of the Budget estimates July and August FY 1998 expenditures from the Grain Inspection Fee Fund to be $375,800 for the Grain Inspection Program and $74,000 for the Warehouse Program.

The Legislative approved FY 1998 budget for the Grain Inspection Department (excluding the Warehouse Program) includes $4,486,975 from the Grain Inspection Fee Fund and 105.0 FTE positions.

Animal Health Department

A. H.B. 2279 (Law). H.B. 2279 authorizes the Livestock Commissioner of the Kansas Animal Health Department to take control of any pseudorabies infected swine herd from the herd's owner. The bill also authorizes the Commissioner to depopulate the herd if necessary. If the herd is depopulated, the Commissioner would pay for the animals from funds appropriated by the Legislature for that purpose. The agency requests $50,000 from the State General Fund to be transferred to the new no-limit Pseudorabies Indemnity Fund to allow for the depopulation of infected swine in FY 1998.

Department of Human Resources

A. One-Stop Career System. Funding for One-Stop for both FY 1997 and FY 1998 was deferred until Omnibus by the Conference Committee on Senate Sub. for H.B. 2160. The following reflects Legislative action prior to Conference Committee:

FY 1997: Governor recommended $500,000 (EDIF); Senate concurred with the Governor; House deleted $430,000 (EDIF).

FY 1998: Governor recommended $409,940 (EDIF); Senate reduced that recommendation to $50,000 (EDIF); House deleted all funding.

The agency notes that RFPs have been mailed to prospective localities for placement of One-Stop Centers. The agency is awaiting response to the RFPs to begin selection of sites for the Centers.

B. Mainframe merger-related costs. The Senate Committee requested the Joint Committee on Computers and Telecommunications review the Department's request for FY 1997 funding of possible items related to the Department's merger of its mainframe computer functions with DISC. **(JCCT recommendation)**

C. H.B. 2444 (Law). H.B. 2444 creates the African-American Affairs Advisory Commission which will be advisory to the Secretary of Human Resources. The Commission will gather and disseminate information on problems concerning African-Americans, assist and cooperate with other state agencies to serve the needs of African-Americans, and propose new programs concerning African Americans. The Commission would be required to meet at least four times a year and consist of seven members. Three members would be appointed by the Governor and the remaining four members would be appointed by the leadership of the Legislature.

The Department of Human Resources, based on the cost to operate the Advisory Committee on Hispanic Affairs, estimates $172,031 in expenditures from the State General Fund to implement the provisions of H.B. 2444 for FY 1998. The proposed funding would provide for a minimum of four Commission meetings, 1.0 FTE position of executive director, 2.0 FTE positions of support staff, and temporary salaries.

The Department also requests $25,000 in FY 1997 for start-up costs related to the purchase and placement of personal computers, telephones, network interface and other items.

D. H.B. 2011 (Passed second house). H.B. 2011 as amended by the Senate Committee of the Whole deletes the reference to the National Council on Compensation Insurance (NCCI), a ratemaking organization for workers compensation purposes in two statutes dealing with workers compensation pools. The fiscal impact of the bill emanates from the Senate's amendments which inserted the provisions contained in S.B. 137 which is summarized in the following:

> The pertinent provision provides that a pro tem appointed to the Workers Compensation Board for requests of review of administrative law judge decisions would be paid from the Workers Compensation Fee Fund. Fees are currently paid by the individual requesting the review. The Department estimates that this provision would increase expenditures from the Workers Compensation Fee Fund by $15,000 for FY 1998.

Department on Aging

A. Senate and House Subcommittee Recommendation—Transfer of Long-Term Care Ombudsman. Both Subcommittees recommended to review in the Omnibus bill the transfer of the Long-Term Care Ombudsman from the Department on Aging to another agency. The transfer may be necessary to avoid a conflict of interest arising from the impending transfer of long-term care programs from SRS to the Department on Aging. The Senate Subcommittee recommended transferring the program to the Department of Administration on a temporary basis. The Senate Subcommittee also recommended that permanent placement of the program be an Interim topic for the SRS Transition Oversight Committee and/or the State Council on Privatization. The Senate Subcommittee recommended that a permanent site for the Ombudsman Program be found no later than the end of the first quarter of FY 1998.

The estimated fiscal cost of a transfer of the program to the Department of Administration would total $208,386, of which $26,178 would be from the State General Fund, $182,208 in federal funds, 3.75 FTE positions, and .75 unclassified temporary position.

Social and Rehabilitation Services—Long Term Care

A. Senate Committee Recommendation—Status of S.B. 241 and H.B. 2185. The Senate Ways and Means Committee recommended reviewing, during Omnibus, the status of the following two bills.

S.B. 241 current status: The bill was withdrawn from Ways and Means and re-referred to Committee on Public Health and Welfare.

The bill relates to the adult care home licensure act and would amend current law to allow nursing facilities with fewer than 60 beds the option of converting an area of less than six beds to serve as a residential health care facility. The bill would also require that an operator of an assisted living facility or residential health care facility with fewer than 61 residents be a licensed nursing administrator or meet specific educational requirements.

H.B. 2185 current status: The bill remains in Conference Committee following the failure of a motion to concur in the House.

The bill, as amended by the Senate Committee on Public Health and Welfare amends two statutes that are contained in the act under which adult care home administrators are licensed. The amendments add a new definition of the term "sponsor" to the statute. Sponsor refers to an entity that has been approved by the Board of Adult Care Home Administrators to provide continuing education programs or courses in accordance with any rules and regulations adopted by the Board.

Other amendments authorize the Board of Adult Care Home Administrators to set a fee for approval of a continuing education sponsor through rules and regulations. The effect of the Senate Committee amendments is to return the bill to the form in which it was recommended by the House Committee on Health and Human Services.

State Library

A. House and Senate Subcommittee Recommendations—Funding and staff for administrative oversight of grants to local library systems. Both Subcommittees recommended to revisit this request during Omnibus. The agency requests for FY 1998 $68,894 (SGF) and 1.5 FTE positions (0.5 Librarian III and a 1.0 Accountant I) in response to a Post Audit Report which found that the Library does not provide adequate financial controls and grant project oversight for state and federal expenditures. The Library indicates it has requested similar funding and staffing in the past in an effort to address the issues now raised by Post Audit. The request includes $54,717 (SGF) for salaries and wages for the 1.5 FTE positions and $14,177 (SGF) for OOE.

B. House Subcommittee Recommendation—First Search online research subscription. The House Subcommittee recommended revisiting during Omnibus the agency's request for $200,000 (SGF) to fund in FY 1998 the First Search online research subscription service. First Search is described as a family of online databases supplying research information for education, economic development, and medical services. The agency states the online service would be available to library patrons statewide. The agency states that its request for funding of First Search is supported by regional library systems within the state.

C. House Subcommittee Recommendation—Integrated online catalog. The House Subcommittee recommended reviewing the agency's FY 1998 request for $100,000 (SGF) to fund an integrated online catalog system. The Library states that the proposed online catalog would be compatible with library operations in the university libraries, urban public libraries, and the Supreme Court Law Library.

Kansas Commission on Veterans Affairs

A. H. B 2497 (Passed second house). H.B. 2497, as amended by the House Committee on Appropriations, authorizes the conversion of Winfield State Hospital and Training Center to a new Veterans' Home. The Legislature has authorized FY 1997 expenditures of $1.7 million (SIBF) for renovation and FY 1998 expenditures of $2.5 million (SGF) for the purchase of the facility from SRS.

B. H.B. 2108 (Law). H.B. 2108 would establish a nine-member "Persian Gulf Veterans Health Initiative Board" appointed by the Kansas Commission on Veterans Affairs. The Board would include three veterans, three members from the medical profession, two legislators, and one behavioral scientist. The Board would develop or adopt comprehensive surveys to determine and study the physical and mental conditions, problems, and illness experienced by the Persian Gulf War veterans, their spouses, and family members. The bill also creates the Persian Gulf War Veterans Health Initiative Fund to receive gifts, grants, and donations from individuals or organizations for the purpose of furthering the activities of the Board.

The Kansas Commission on Veterans Affairs estimates that expenditures of $104,652 from the Persian Gulf War Veterans Health Initiative Fund would be necessary in FY 1998 to implement provisions of the bill. Of this amount, $60,000 is for the Board to conduct surveys, $40,000 for a 1.0 FTE position (Researcher/Analyst), and $4,652 for services of the board members. After FY 1998, the agency estimates that it would need $100,000 to continue activities related to the Gulf War syndrome. Of the total amount, $98,000 would be from the State General Fund, and $2,000 from the Persian Gulf War Veterans Health Initiative Fund.

The transfer of $100,000 from the State General Fund to the Persian Gulf War Veterans Health initiative Fund in FY 1998 would decrease receipts to the State General Fund by $100,000 and increase special revenue fund receipts by the same amount. The transfer is only for FY 1998. The Division of the Budget estimates that future activities of the agency relating to the Gulf War syndrome would be financed by the special revenue fund or by State General Fund appropriation if necessary.

C. Senate and House Subcommittee Recommendation--Training and Software enhancements. In Subcommittee Reports, both House and Senate Subcommittees noted to review during Omnibus the agency's FY 1998 request for two items: $19,850 (SGF) to purchase veterans benefit computer software and $6,000 (SGF) for training of personnel. The agency states that with the purchase of the veterans benefits software and the subsequent training of KCVA staff in its proper use, the agency goal will be to improve veteran claims accepted from 70 percent to 75 percent. The agency estimates this will result in an additional $900,000 in claims gained by Kansas veterans.

Homestead Property Tax Refunds

A. H.B. 2031 (law). The homestead property tax relief program is expanded such that individual refund amounts are increased and the total household income eligibility ceiling is increased from $17,200 to $25,000. The program is enhanced further by H.B. 2031 for renters by increasing from 15.0 to 20.0 percent the amount of rent assumed equivalent to property taxes paid.

H.B. 2031 enhanced the Governor's recommendation from $12.7 million (State General Fund) to $13.7 million (State General Fund) for the program in FY 1998. The Conference Committee on Senate Sub. for H.B. 2160 reduced expenditures by $700,000 (State General Fund) from the $12.7 million recommended by the Governor to $12.0 million to reflect a more modest increase in participation in the program.

Board of Optometry

A. Senate Subcommittee Recommendation—Funding for part-time investigator. For FY 1998, the agency requested $6,000 to finance a contract for a part-time investigator. The Governor did not recommend funding for that request. The Subcommittee concurred with the Governor but requested the Board itemize costs incurred for investigative services and provide that information for review during Omnibus.

Behavioral Sciences Regulatory Board

A. House Proviso. The House included as a floor amendment a proviso for FY 1998 and FY 1999 prohibiting the Board from expending funds for disciplinary investigations of current or former SRS "state supervisor" employees. The proviso specifically prohibits expenditures for disciplinary action against a "state supervisor" for alleged failure of the state supervisor to report the possible impaired condition of an SRS employed licensed social worker who was subsequently "dismissed, demoted or suspended as a direct result of the impaired condition of such licensed social worker." This proviso was not included as an item for Conference Committee due to staff oversight.

Legislature

A. House Substitute for S.B. 69 (Conference). House Substitute for S.B. 69 as amended by the House on Emergency Final Action makes several changes relating to the Juvenile Justice Reform Act of 1996. In particular, the bill establishes a 16-member Joint Committee on Corrections and Juvenile Justice Oversight. Members would consist of seven Senators and nine Representatives. Legislators would receive per diem compensation ($66.63 per day), subsistence ($80 a day) and mileage ($0.30 a mile) for attendance at any meetings of the Joint Committee. In addition secretarial support for the Joint Committee would be necessary for minutes and other clerical duties. Assuming six two-day meetings during the 1997 interim period the total estimated cost for the Joint Committee in FY 1998 would be $40,541 (State General Fund).

B. S.B. 383 (House General Orders). S.B. 383 would amend current law to specify the biweekly pay rate for legislators, legislative leadership, and statewide elected officials effective June 15, 1997 (the first day of the first payroll period chargeable to FY 1998) be increased in effect, 3.5 percent. The statewide elected officials include the Governor, Lieutenant Governor, Attorney General, Secretary of State, State Treasurer, and the Commissioner of Insurance. Because the substantive law regarding the pay rates for legislators and elected officials was not amended by the 1996 Legislature, the 2.5 percent FY 1997 pay increase was provided through one-year authorizing language in the 1996 Omnibus appropriation bill. Legislators received their pay increase effective February 27, 1997 and statewide elected officials received their pay increase effective December 15, 1996.

The Governor for FY 1998 recommended and the Legislature approved financing in Senate Sub. for H.B. 2160 for a 3.5 percent salary increase for legislators and statewide elected officials upon the FY 1997 salaries which included the 2.5 percent salary increase as provided in the 1996 Omnibus bill. If S.B. 383 does not become law, the Legislature could add one-year authorizing language for the pay increases in the 1997 Omnibus bill. However, if the Legislature would not add the one-year authorizing language for FY 1998 the budget of the Legislature could be reduced by $75,373 (State General Fund). This amount reflects the difference between the current statutory legislator compensation amount of $65.00 per day increased to $66.00 per day by the 1.0 percent base salary adjustment for all state employees in FY 1998 and the $68.96 per day that is currently financed for legislators in Senate Sub. for H. B. 2160.

Department of Wildlife and Parks

A. H.B. 2361 (Governor). H.B. 2361 makes several amendments to the Kansas Nongame and Endangered Species Conservation Act. The bill imposes new duties upon the Secretary of Wildlife and Parks in order to create a greater opportunity for public participation at public meetings regarding the listing of a species as threatened or endangered. Specifically, the Department estimates that it could incur costs of up to $25,000 per species to develop and implement recovery plans for all species listed as in need of conservation, threatened, or endangered. The Secretary would be required, on or before January 1, 1998 (FY 1998), to adopt rules and regulations establishing procedures for developing and implementing the recovery plans. The bill requires the Secretary to begin implementation of recovery plans for at least two listed species on or before January 1, 1999, based on a priority ranking.

B. Technical Adjustment. The Governor had originally recommended $55,833 (State Water Plan Fund, SWPF) for a boat ramp project on the Kansas River. The House had shifted this funding to the Boating Fee Fund; the Senate deleted the funding. The Conference Committee agreed with the Senate position, and included no funding for the project. However, the Governor's recommendation utilized the carry-forward balance in the Department's current year SWPF account to fund the project. While the Conference Committee action removed the authorization for the project, the $55,833 is still available to the agency for expenditure in FY 1997 or to carry forward to FY 1998. The Committee may wish to consider whether to leave this amount of funding in the agency's SWPF account, or whether to lapse this amount.

Adjutant General

A. Long-Term Capital Improvements Plan. The House Appropriations Committee has asked the Adjutant General to prioritize the agency's long-term capital improvements needs, and to submit a report to the appropriate subcommittee during Omnibus. The 1997 Legislature has approved an FY 1998 appropriation of $250,000 from the State General Fund for repair and rehabilitation projects at National Guard facilities; that amount is an increase of $50,000 over the $200,000 recommended by the Governor for repair and rehabilitation projects. The FY 1997 approved amount for rehabilitation projects at National Guard facilities is $400,000 ($200,000 from the State General Fund and $200,000 from federal funds).

State Fire Marshal

Discretionary Transfers from the Fire Marshal Fee Fund. Both the Senate Ways and Means Committee and the House Appropriations Committee had requested omnibus review on the issue of discretionary transfers from the Fire Marshal Fee Fund to the State General Fund. Both committees stated the belief that the legality of the discretionary transfers from the Fire Marshal Fee Fund to the State General Fund should be determined. These discretionary transfers have been authorized by appropriation language since FY 1993. This transfer language is contained in the FY 1998 appropriations bill (Senate Sub. for H.B. 2160) as approved by the 1997 Legislature.

Current law allows the State Fire Marshal to annually set a levy on each fire insurance company doing business in Kansas not to exceed 1.25 percent of the gross cash receipts of such company on all fire business transacted in the preceding year. The levy is currently set at 1.20 percent; this levy generates approximately $3.0 million in receipts annually. (This tax levy equates to $3.00 on a $100,000 house.) The tax levy is estimated to produce revenues of $2.7 million in FY 1998.

As with most other fee funded agencies, the law (K.S.A. 75-3170a) provides that 20 percent of revenue collected by the Fire Marshal shall credit to the State General Fund, with a maximum contribution to the State General Fund of $200,000. Unlike most other agencies, the FY 1998 appropriation (as in the past years since FY 1993) also provides that for the fiscal year ending June 30, 1998, the Director of the Budget, after consultation with the State Fire Marshal, may periodically certify to the Director of Accounts and Reports, amounts of money for transfer from the Fire Marshal Fee Fund to the State General Fund. Upon receipt of such certification, the Director of Accounts and Reports shall transfer the amount certified (which was estimated to be $550,000 in FY 1997) from the Fire Marshal Fee Fund to the State General Fund.

Last year's House Subcommittee which reviewed the Fire Marshal's budget objected strongly to this practice. This year's House Subcommittee noted that the Governor has recommended discretionary transfers of $600,000 in FY 1997 and $1,200,000 in FY 1998 to the State General Fund; the Committee questioned both the legality and appropriateness of these transfers. The Committee directed the Chair of the House Appropriations Committee to seek a formal opinion of the Attorney General regarding the legality of these discretionary transfers.

On April 14, 1997, the Attorney General issued a letter in response to the House Committee's request. The letter did not directly address the legality of the discretionary transfers, but did contain the following passage:

> "The transfer of $600,000 in fiscal year 1997 and $1,200,000 in fiscal year 1998 which is directed under 1997 House Bill No. 2160, section 83 from the unexpended balance of the State Fire Marshal fee fund to the State general fund show on their face that the amounts transferred and appropriated are to be used to reimburse the State general fund for supportive services (generally reimbursed by K.S.A. 75-3170a) by state agencies which perform services on behalf of the Fire Marshal. The language in the appropriation mirrors that found in K.S.A. 1996 Supp. 75-3170a with regard to the services to be covered by the reimbursement.

Thus it appears that either the expense of servicing the State Fire Marshal's office far exceeds the expense deemed necessary by K.S.A. 1996 Supp. 75-3170a to service other fee funded agencies, or the money transferred is being used for a purpose other than that for which it was collected. It is clearly in excess of the $200,000 cap imposed by K.S.A. 1996 Supp. 75-3170a (c).

"We do not possess sufficient facts to determine whether the moneys collected by the State Fire Marshal's office are actually needed to reimburse the costs of operating the office or whether the moneys collected exceed the costs necessary for its regulatory function. We question, however, the need to recover significantly more from that office than from other similarly situated state agencies.

"In conclusion it is our opinion that if the facts show that the amount of money transferred pursuant to section 82 of 1997 House Bill 2160 is needed to fund the operation of the Fire Marshal's office then the transaction is constitutional. Conversely, if the facts reveal that the amount of the transfer is not needed for that purpose, the transfer is unconstitutional. We do not, however, attempt to determine those facts, as that is beyond the scope of a legal opinion."

Kansas Highway Patrol

A. Five Percent FTE Reduction. Both the Senate Ways and Means Committee and the House Appropriations Committee included language in their subcommittee reports which noted the concern that, under the Governor's directive to reduce FTE positions by 5 percent, the Patrol must give up 40.0 FTE positions by the start of FY 1998. All of the positions eliminated are Trooper positions. The committees expressed the concern that eliminating 40.0 FTE positions may have a negative impact on the ability of the Highway Patrol to continue its mission in an efficient and professional manner. The House Committee requested that the Superintendent provide additional information on the impact of this staffing reduction and how it will affect the distribution of KHP personnel across the state.

The Senate Committee noted that it costs about $50,000 ($30,000 salary and $20,000 for other operating expenditures, largely the initial purchase of a car) to field 1.0 new Trooper, and recommended that this issue be reviewed at omnibus. The Conference Committee on Senate Sub. for H.B. 2160 reached an agreement to delete 24.7 FTE positions at the Highway Patrol. This action brings the Highway Patrol into compliance with the Governor's directive to reduce FTE positions by 5 percent.

B. Technical Adjustment. The Governor has recommended a capital improvement project in FY 1997 for the construction of a freight elevator in the storage facility at the Highway Patrol Training Center in Salina. The Governor recommends $145,000 from the Motor Carrier Inspection Fund for the project; the Joint Committee on State Building Construction has endorsed the project. However, due to an oversight, authorization for the project was not included in legislation reflecting the Governor's recommendation. A technical adjustment in the Omnibus bill is needed to authorize the project. Funding is already included in the agency's FY 1997 budget for the project.

Sentencing Commission

A. 1.0 New FTE Research Analyst Position. The House Appropriations Committee requested Omnibus review for the addition of a 1.0 new FTE Research Analyst position in the Sentencing Commission for FY 1998. The House Committee noted that the Sentencing Commission had requested 2.0 new Research Analyst positions, one of which would be an FTE position, while the other would be an unclassified temporary position. The Governor recommended and the Legislature approved funding for 1.0 new unclassified temporary position. The House Committee stated that the additional full-time 1.0 FTE Research Analyst position may well be needed to aid in the development of a Juvenile Justice Database System, as mandated in 1996 H.B. 2900, which enacted the Juvenile Justice Reform Act of 1996. The Committee also noted that the agency has expressed the concern that it may need additional office space for the new position recommended by the Governor. The Committee recommended that the Joint Committee on State Building Construction review the space needs of the Sentencing Commission and make a recommendation for Omnibus review (see Appendix B). Funding requested by the Sentencing Commission includes $32,267 (State General Fund) for the full-time 1.0 FTE position and $1,425 (State General Fund) for additional rent for office space.

Fort Hays State University

A. Technical Adjustment for Utilities Funding. In GBA No. 1, the Governor had recommended appropriations of $65,675 from the State General Fund in both FY 1997 and FY 1998 for utilities funding at the Sternberg Museum. The Division of the Budget has determined that adequate funding is available in FY 1997 for this purpose, and has requested a technical adjustment to lapse the current year appropriation of $65,675.

Pittsburg State University

A. Bonding Authority for Two Renovation Projects. Pittsburg State University presented two renovation projects which were not included in the original budget request. The University requested legislative approval to authorize the issuance of revenue bonds for two projects in FY 1998:

1. Willard Hall renovation, a residence hall renovation project with a projected cost of $4.2 million; and

2. Horace Mann remodeling, a classroom building remodeling project with a projected cost of $3.1 million.

The bonds would be retired through student housing revenues (the Willard Hall project) or student fees (the Horace Mann project). The Conference Committee on Senate Sub. for H.B. 2166 recommended approval of these two projects, pending the receipt of additional information and review by the Joint Committee on State Building Construction. The 1997 Legislature in Senate Sub. for H.B. 2166 approved funding for the projects pending review by the Joint Committee on State Building Construction. (See Appendix B.)

Board of Regents

A. Technology Equipment at Regents Institutions. The House Appropriations Committee has raised the issue of Regents equipment needs for omnibus review. The Board of Regents has requested $12.0 million (SGF) for technology equipment at the Regents institutions. The Governor had recommended $7.5 million for this purpose in FY 1998. The Conference Committee on S. Sub. for H.B. 2160 reached an agreement for an appropriation of $750,000 (SGF) for Regents equipment, as a one-time expenditure not to be included in the base budget. The 1997 Legislature approved the $750,000 for Regents equipment in Senate Sub. for H.B. 2160. The House Appropriations Committee had requested that the Board of Regents develop a long-range strategic plan on a systemwide basis for the acquisition of this technology equipment. The Committee also requested that additional information be provided by Regents staff during Omnibus concerning the planned acquisition of such equipment.

Regents Systemwide

A. General Fees Fund (Tuition) Revised Estimates—Non-Tuition Accountability Institutions. The Consensus Tuition Estimating Committee has agreed on revised estimates of tuition revenues for FY 1997 and FY 1998, based on Spring 1997 enrollments. Estimates have been included in this memorandum for those institutions not participating in tuition accountability.

FY 1997

For FY 1997, based on Spring estimates at the non-tuition accountability institutions, the consensus estimating committee projects a net shortfall in available tuition revenue totaling $135,427. Based on these revisions, under traditional budgeting methods, additional State General Fund dollars of $135,427 would be required to maintain institutional operating budgets at the approved levels. The table below shows the net increase or decrease in available tuition revenue at each Regents institution based on the revised estimates.

FY 1997 Consensus Tuition Estimates

	Net Increase/ (Decrease) in Available Revenue
Fort Hays State University	$ (155,036)
KSU-Salina, College of Technology	(24,736)
Emporia State University	19,419
Pittsburg State University	24,926
TOTAL	$ (135,427)

FY 1998

For FY 1998, based on Spring estimates at the non-tuition accountability institutions, the consensus estimating committee projects a net shortfall in available tuition revenue totaling $265,604. Based on these revisions, under traditional budgeting methods, additional State General Fund dollars of $265,604 would be required to maintain institutional operating budgets at the approved levels. The table below shows the net increase or decrease in available tuition revenue at each Regents institution based on the revised estimates.

FY 1998 Consensus Tuition Estimates

	Net Increase/ (Decrease) in Available Revenue
Fort Hays State University	$ (135,568)
KSU-Salina, College of Technology	(26,008)
Emporia State University	0
Pittsburg State University	(51,037)
KU Medical Center	(52,991)
TOTAL	$ (265,604)

B. Administrative Costs of the Regents Institutions. The House Appropriations Committee requested additional information on administrative or "overhead" costs at the various institutions. The Committee received information indicating that the percentages of "institutional support" to general use expenditures varies widely from institution to institution, from a low of 5.8 percent (Kansas State University) to a high of 8.8 percent (Pittsburg State University) based on actual FY 1996 expenditures. This is one of the core performance indicators reported by the institutions, and the Committee noted its concern about the different percentage rates. The Committee requested that the institutions be prepared to discuss the issue of administrative costs during Omnibus.

Kansas State University

A. Technical Adjustment. To date, the Legislature has recommended FY 1998 expenditures totaling $40,543,740 from the general fees fund of Kansas State University. The amount included in the appropriations bill totals $39,658,501. This amount needs to be increased by $885,239 to accurately reflect the amount approved for expenditure.

University of Kansas

A. Kansas Museum of Natural History Proviso. During its consideration of H.B. 2160 (the FY 1998 appropriations bill), the House Committee of the Whole added an amendment to the State General Fund operating expenditure appropriation of the University of Kansas. The relevant proviso language added reads as follows:

> . . . [E]xpenditures shall be made from the operating expenditures (including official hospitality) account of the state general fund for acquisition of computer hardware and software and associated equipment and for operating expenditures

to provide computer internet connection services for the natural museum of history of the university of Kansas to establish, develop and maintain an electronic internet web site displaying the collections of the natural history museum, including the collections of Kansas plant and animal species: *And provided further*, That if any such expenditures are made from this account to establish, develop and maintain such electronic internet web site pursuant to a contract for services with one or more private service providers, such expenditures shall be made only pursuant to contracts with qualified service providers having demonstrated experience which includes development of print or electronic media education displays or presentation of wildlife or other natural history information: *And provided further,* That expenditures from this account to establish, develop and maintain an electronic internet web site displaying the collections of the natural history museum, including the collections of Kansas plant and animal species, shall not exceed $30,000.

This proviso was not included in the Senate version of the FY 1998 appropriation bill. It should have been considered by the Conference Committee on the bill, but was inadvertently omitted from the list of items to be resolved.

Department of Social and Rehabilitation Services/Mental Health and Development Disabilities Services

A. Omnibus Review Items

Mental Health Services—Additional Requests. The House Subcommittee reviewing the MHDD-Mental Health Services budget acknowledged that there were additional needs within the mental health system for FY 1998 which were expressed during the public testimony. The Subcommittee recommended that these items be revisited during Omnibus. The additional requests are shown in the table below:

Amount	Purpose
$150,000 SGF	Supportive Employment Increase
$540,000 SGF	Community Run Organizations (CROs) Funding Increase
$720,000 SGF	Medical Inflation Increase in Mental Health Reform Contracts
$1,000,000 SGF	CMHC State Aid Increase of 1 Percent
$2,000,000 SGF	Increase Children's Initiative Funding

Children's Mental Health Initiative. The House Subcommittee recommended revisiting FY 1998 funding for the Children's Mental Health Initiative during Omnibus. Specifically, the Subcommittee wanted information on the status of the federal Medicaid HCBS waiver being applied for by SRS to help fund the Initiative. According to the agency, the waiver application was submitted to the Health Care Finance Authority (HCFA) on March 14, 1997. HCFA has 90 days to either approve the application, deny the application or provide the state with a list of questions and clarifications. Based upon passed experiences, the agency anticipates the first contact to be questions and clarifications. Should the waiver be denied, the Department intends to pursue the appeal options available. The Department's goal for implementation is the period between October 1, 1997 and January 1, 1998.

Developmental Disabilities Reform Funding. The House and Senate Subcommittees reviewing the FY 1997 and FY 1998 Developmental Disabilities Services budget requested additional information from MH&DD regarding the costs to CDDOs of implementing the provisions of DD Reform. According to the agency, a structured survey was sent to CDDOs at the beginning of March. The survey listed DD Reform responsibilities of CDDOs, asked that those agencies break out costs according to general accepted accounting categories, and requested the costs be identified as new or re-allocated expenditures. As reported in response to the survey, the total annual costs expected by CDDOs for administering DD Reform is approximately $3.5 million. Of this total, SRS estimates that $2.1 million are new costs and $1.4 are costs reallocated to DD Reform activities from pre-existing costs which were reimbursed prior to DD Reform. The agency reports that there was a fairly wide variability in expected costs by CDDOs. This may be due to the fact the system is in the very early stages of implementation. The actual costs to CDDOs of administering an organized network of community services will be knows more precisely when there has been at least one year of expenditures, allocated to a DD Reform cost center and reported to SRS, which are audited by independent auditors.

Developmental Disabilities—Waiting Lists. The House and Senate Subcommittees reviewing this budget requested that MH&DD report back to the Legislature at Omnibus regarding potential waiting lists of adults with developmental disabilities and families with developmentally disabled children and the amount of funding needed in FY 1998 to eliminate those lists. Finally, the agency was requested to provide information as to whether the current FY 1998 budget for community MR/DD services is sufficient to meet the projected fiscal impact.

The agency compiled this information using the Basic Assessment and Services Information System (BASIS) and a survey to all CDDOs. These methods cover the period between July 1, 1997 and March 1, 1998. In addition, CDDOs were asked to report expected service needs for the period of February 1, 1998 through June 30, 1998 (27 of 28 CDDOs responded). Based on the two methods of obtaining information, the total number of additional adults and families of children with developmental disabilities known to the CDDOs who may seek services by the end of FY 1998 is 152. The total expected fiscal impact is $2,128,752, including $1,023,770 from the State General Fund (SGF). Of the projected SGF impact, $254,842 is for persons who are not eligible for the HCBS/MR waiver and $768,928 is to match Medicaid expenditures of $1,104,982 for total additional waiver expenditures of $1,869,500 in FY 1998.

With regard to whether the current FY 1998 budget is sufficient, the agency reports that it has been difficult to establish reliable baseline data on which to project for FY 1998 due to transition in Medicaid payment agents. The agency took into account the CDDOs' projections as well as persons to be transferred from the state hospitals to community services. Based on current known data and assumptions applied to the analysis, the agency projects expenditures for the HCBS/MR waiver for FY 1998 totaling approximately $106.4 million, including an SGF match of $43.8 million. Additionally, nonwaiver eligible projections total about $255,000 in SGF for a total of approximately $44.1 million in SGF needed to meet the current needs projected by the CDDOs for FY 1998 and persons transferred from state hospitals. Resources available in FY 1998 include approximately $44.69 million SGF. The agency notes that these projections are based on certain assumptions regarding reliability of data used in projecting current expenditures for purposes on annualization in FY 1998 and projected future daily costs per person for people not now receiving community services.

DD Employment Services. The House Subcommittee requested that SRS attempt to find $1 million SGF in the FY 1998 budget to fund additional employment support services for persons with developmental disabilities in the community. This funding would support such services for people who do not qualify for employment support assistance through the HCBS/MR waiver program and can no longer be funded by the Vocational Rehabilitation (VR) Services supported employment funding. According to the agency, based on current known fiscal data, there is not sufficient SGF in the FY 1998 appropriation to absorb an additional $1 million in SGF expenditures if persons currently served under the VR supported employment funding projects require on-going supports. MH&DD and Vocational Rehabilitation Services have identified DD persons currently enrolled in the project and will work together with the community agencies to track those who will and will not need ongoing support in FY 1998. DD Services will also work with the community service providers involved and develop a format to determine if additional resources are needed and, if so, provide a report in January 1998.

Employee Benefits Package. The House Subcommittee recommended addressing the cost estimates for the benefits package approved by the 1996 Legislature for employees of Topeka State Hospital (TSH) and Winfield State Hospital and Training Center (WSH&TC) when better estimates of the actual costs would be available. The 1996 Legislature appropriated $1,000,000 SGF for FY 1997 to cover these costs. According to SRS, the cost of these benefits to TSH will be incurred during FY 1997 and total $982,350, of which $666,100 will be charged to the TSH budget. Adequate funding is available in the TSH budget to cover these expected expenditures. Employee benefits for WSH&TC are expected to total $1,279,000 during FY 1998, with $876,500 charged to the WSH&TC budget. No new funds have been included in the FY 1998 budget to cover all of the WSH&TC employee benefit costs.

B. Technical Correction. To correct an oversight in Senate Sub. for H.B. 2160 and properly reflect the Legislature's intent, proviso language for the Mental Health and Retardation Services Aid and Assistance and State Institutions Operations account of the State General Fund regarding aid to school districts for the purchase of specialized equipment in FY 1998 should be changed to include developmentally disabled children leaving all state mental retardation hospitals.

Mental Health Institutions

A. Categorical Aid. In FY 1998, the budgeted school contracts for each of the institutions include categorical aid based on a rate of $19,360. Currently, the FY 1998 categorical aid rate per eligible teaching unit is estimated to be $19,600. If this rate is maintained, the school contracts at the hospitals would be over funded. The following State General Fund amounts would be deleted from each of the hospitals' budgets in FY 1998 to adjust for this difference in rates:

Hospital		SGF Amount
Larned State Hospital	$	(3,314)
Osawatomie State Hospital		(2,880)
Rainbow Mental Health Facility		(4,296)

The categorical aid rate for FY 1997 was budgeted at $19,360 per qualified teaching unit. The current estimate for the rate is $19,250. The following State General Fund amounts would be added to each of the hospitals' budgets in FY 1997 to adjust for this difference in rates:

Hospital		SGF Amount
Larned State Hospital	$	1,712
Osawatomie State Hospital		1,320
Rainbow Mental Health Facility		1,969

Mental Retardation Institutions

A. Categorical Aid. In FY 1998, the budgeted school contracts for each of the institutions include categorical aid based on a rate of $19,300. Currently, the FY 1998 categorical aid rate per eligible teaching unit is estimated to be $19,600. If this rate is maintained, the school contracts at the hospitals would be over funded. The following State General Fund amounts would be deleted from each of the hospitals' budgets in FY 1998 to adjust for this difference in rates:

Hospital		SGF Amount
Kansas Neurological Institute	$	(4,327)
Parsons State Hospital and Training Center		(2,695)
Winfield State Hospital and Training Center		(1,439)

The categorical aid rate for FY 1997 was budgeted at $19,300 per qualified teaching unit. The current estimate for the rate is $19,250. The following State General Fund amounts would be added to each of the hospitals' budgets in FY 1997 to adjust for this difference in rates:

Hospital	SGF Amount
Kansas Neurological Institute	$ 721
Parsons State Hospital and Training Center	632
Winfield State Hospital and Training Center	639

Board of Cosmetology

A. Omnibus Review Item. The House Subcommittee deleted 1.0 FTE position beginning in FY 1997 pending further review of the agency's relations with the people it regulates. This position was restored during the conference committee action on Senate Sub. for H.B. 2272 and Senate Sub. for H.B. 2160.

Department of Commerce and Housing

A. Railroad Mitigation Program. The Governor recommended $500,000 (EDIF) in FY 1998 for the development of a new Railroad Mitigation Program. The Governor recommended that these funds be used to aid localities which have been adversely affected by the Union Pacific/Southern Pacific merger. As a result of the merger, a number of communities will experience much greater railway traffic. The Governor recommended extending these funds to communities for necessary traffic studies or infrastructure enhancements. These funds would be distributed in the form of grants, and priority would be given to communities willing to match state funds, increasing the overall effect of the program's resources.

The Conference Committee on Senate Sub. for H.B. 2160 deleted funding for the Railroad Mitigation Program for further consideration in the omnibus bill. The Conference Committee requested that the Department of Commerce and Housing provide information on the need for this program.

B. Technical Amendment in KQM Funds. The Conference Committee on Senate Sub. for H.B. 2160 removed from FY 1998 a total of $165,600 (EDIF) in KQM monies, pending a review by the Joint Committee on Computers and Technology (JCCT). The agency states that the funds would be used to purchase computer equipment and electronic storage devices. Due to an oversight, the $165,600 was not deleted from the bill as intended by the Conference Committee. (See Appendix A and Item C of the Department of Transportation section within this memorandum.)

C. **Pending Bills**

1. H.B. 2374 (Conference). H.B. 2374 as amended, would create the Commission on Travel and Tourism and a State Tourism Fund beginning in FY 1998. The Commission on Travel and Tourism would be responsible for selecting and overseeing a consultant who would do a study of public and private tourism efforts in Kansas. The request for proposals for the consultant would be prepared by the Division of Travel and Tourism of the Kansas Department of Commerce and Housing, with input from the Travel Industry Association of Kansas. The Secretary of the Department of Commerce and Housing estimates that $100,000 (EDIF) would be required for the Study. Senate Sub. for H.B. 2160 (Appropriations Bill) provides $50,000 (EDIF) for the study.

Kansas, Inc.

A. Technical Adjustment. The 1997 Legislature in Senate Sub. for H.B. 2160 shifted financing for the School Performance Study ($64,620) from State General Fund (SGF) to Economic Development Initiatives Fund (EDIF) in FY 1998. The change was made in the appropriate lines but transfer amounts to the EDIF were not adjusted. Further, a proviso that limited expenditures in the amount of $64,620 for the study needs to be added to the EDIF financing language to carry out the Legislature's intent.

Office of the Securities Commissioner

A. H.B. 2094 (Law). H.B. 2094, as amended, concerns the regulation of securities at the state level in light of passage at the federal level of the National Securities Markets Improvement Act of 1996. The bill reflects the partnership between federal and state regulation, eliminates duplication, and enhances cooperation, while at the same time endorsing the role and primary mission of the state regulator to protect and inform investors. The bill provides that the Securities Commissioner will regulate investment adviser firms not subject to federal regulation. The Securities Commissioner estimates the cost of regulating those investment adviser firms and 2.0 FTE State Auditor II positions would be $81,368 (fee funds) for salaries and operating expenses for FY 1998 and $84,371 (fee funds) for FY 1999.

State Department of Education

A. Revisions to School Finance Estimates for FY 1997 and FY 1998. Staff from the State Department of Education, the Legislative Research Department, and the Division of the Budget met April 7 to consider revisions to the school finance estimates for FY 1997 and FY 1998. Changes agreed to by the group are described below:

General and Supplemental General State Aid. The estimates for both FY 1997 and FY 1998 have been revised to reflect greater than expected enrollment growth and to take into account changes in local resources. For FY 1997, increased expenditures due to enrollment growth are more than offset by increased local resources, the result being that general state aid could be reduced by $1,078,000 and supplemental general state aid by $100,000, for combined savings in the current year of $1,178,000. These figures are shown in the table below:

FY 1997	Prior Estimate	Revised Estimate 4/7/97	Difference
General State Aid	$ 1,341,260,000	$ 1,340,182,000 *	$ (1,078,000)
Supp. Gen. State Aid	45,700,000	45,600,000	(100,000)
TOTAL	$ 1,386,960,000	$ 1,385,782,000	$ (1,178,000)

* Includes $1,150,000 for new facilities weighting for the Olathe and Blue Valley school districts not included in the prior estimate.

The table above assumes full funding of school finance for FY 1997. However, the Conference Committee on Senate Sub. for H.B. 2272 agreed to defer to the Omnibus Bill the question of whether to fully fund school finance in the current year. At issue is the new facilities weighting for the Olathe and Blue Valley school districts provided for in 1997 H.B. 2031, which is estimated to be $1,150,000. If the decision were made not to fund the new facilities weighting, the revised estimate for FY 1997 would have to be decreased by $1,150,000, thus increasing the savings in general state aid shown in the table above for FY 1997 by $1,150,000 (from $1,078,000 to $2,228,000).

For FY 1998, it is estimated that general and supplemental general state aid will need to be increased by a total of $2,950,000 in order to fund the formula. The table below shows the prior and revised estimates:

FY 1998	Prior Estimate	Revised Estimate 4/7/97	Difference
General State Aid	$ 1,525,347,000	$ 1,528,069,000	$ 2,722,000
Supp. Gen. State Aid	52,989,000	53,217,000	228,000
TOTAL	$ 1,578,336,000	$ 1,581,286,000	$ 2,950,000

In summary, assuming full funding of the formula in both FY 1997 and FY 1998, there are savings of $1,178,000 in FY 1997 ($1,078,000 in general state aid and $100,000 in supplemental general state aid) and the need for additional appropriations totaling $2,950,000 in FY 1998 ($2,722,000 for general state aid and $228,000 for supplemental general state aid).

B. KPERS-School. Revisions have been made in estimated expenditures to pay the employers' contribution for school members in the Kansas Public Employees Retirement System. For FY 1997, it is tentatively estimated that expenditures could be reduced by $417,368 (from $69,723,333 to $69,305,965). The estimate for FY 1998 has been increased by $296,508 (from $76,616,225 to $76,912,733). The increase is the consequence of expected payroll growth resulting from changes made to the school finance formula by the 1997 Legislature.

Taking into account the margin of error in an estimate the size of the KPERS-School appropriation, the State Department of Education is not requesting additional funding for FY 1998. However, it notes that estimated savings in FY 1997 approximate the increase estimated for FY 1998 and asks that an unlimited reappropriation proviso be attached to the KPERS-School appropriation so that any savings in FY 1997 will be reappropriated to FY 1998.

C. House Sub. for S.B. 36 and H.B. 2098 (Conference). House Sub. for S.B. 36 and H.B. 2098 concern local option budgets (LOBs). House Sub. for S.B. 36 also has a provision concerning the treatment of federal P.L. 874 funds and H.B. 2098 has a provision relating to pupil transportation. The information in this memorandum pertains only to selected parts of the bills that have an identifiable fiscal impact.

The provisions of both bills that most directly affect state funding for LOBs in FY 1998 are identical with respect to the mechanism they provide that would be available to school districts whose FTE budget per pupil (unweighted) for the prior year is less than the comparable average FTE budget per pupil for the district's enrollment grouping. These districts would be able to access an additional LOB percentage based on the difference between their budget per pupil and their enrollment group average. This provision is phased in over a five-year period.

A computer printout prepared by the State Department of Education suggests the impact of the first 20 percent increment would be $18.3 million in additional LOB authority in FY 1998. The state's portion of this amount in the form of additional supplemental general state aid is estimated to be $7.1 million from the State General Fund.

House Sub. for S.B. 36 would have another impact on state funding due to a provision that relates to federal P.L 874 funds. Currently, P.L. 874 funds received by certain school districts are treated as local resources and are deducted in the calculation used to determine the general state aid entitlement of the district. House Sub. for S.B. 36 would change the amount of the deduction from 100 to 75 percent, the result being that less state aid would be offset in the formula by the federal funds. The State Department of Education estimates that the added cost to the State General Fund of the change would be about $1.94 million a year. (In FY 1996, 48 school districts received a total of $8.3 million P.L. 874 funds, of which more than 80 percent went to the Junction City and Ft. Leavenworth school districts.)

Board of Technical Professions

A. Board Enhancements. Both subcommittees that reviewed the Board of Technical Profession's budget recommended that the Board's budget be reviewed at the end of the Session if legislation is enacted that would raise the statutory maximum on the Board's fees. The recommendation was prompted by the Board's request for several enhancements that would take additional revenues to implement. Specifically, the Board requested an additional position that neither the Governor nor the Legislature approved and an additional amount of expenditure authority for "Board initiatives." Legislation that would raise the statutory maximum on the Board's fees (H.B. 2509) is on Senate General Orders. According to the Chairman of the Board, approval of the Board's requests would not necessarily result in an increase in fees in either FY 1998 or FY 1999.

The enhancements requested by the Board have been revised since the budget was submitted and are the following:

1. 1.0 FTE New Position. The Board originally requested 2.0 FTE positions for FY 1998 (for an office total of 6.0 FTE positions), one to oversee the Board's new continuing education requirement and the other to help with the licensure of corporations. The Governor and the Legislature approved the addition of 1.0 FTE new position, which the Board will assign primarily to the continuing education activity. The Board renews its request for the position to work with corporations, an area the Board says needs attention because many practitioners do not know that corporations, as well as individual practitioners of the technical professions, have to be licensed. The Board estimates that the number of licensed corporations could grow from 600 in FY 1997 to 883 in FY 1998 and 1,167 in FY 1999 if it had the staff to become more vigorous in this area. The Board estimates that the increase in the number of licensed corporations would generate an additional $35,100 in fee fund receipts annually.

   However, the Board has upgraded its request from $21,806 for an Office Assistant IV position to $40,000 in FY 1998 and $43,000 in FY 1999 for an Assistant Executive Director who would be in the unclassified civil service. The authorization to employ an unclassified Assistant Executive Director is contained in H.B. 2509. The rationale for the Board's revised request is that responsibilities of the Board have grown to the point that it is unrealistic to expect that the Executive Director can oversee the operations of the support staff without assistance. It is the Board's plan that the requested new position would work in the area of corporation licensure, oversee the regulation of one of the Board's other professions, and perform management functions in the office. Part of the cost of this position would be offset by increased revenues due to more corporations being licensed.

2. Board Initiatives. The Board's budget originally contained a request for $50,000 for unspecified initiatives of the Board. Meeting before the budget subcommittees, the Board's Chairman explained that the Board has resolved to become more active on several fronts, including taking a greater part in regional and national professional associations and visiting university campuses in Kansas to meet with students and professors at professional schools to facilitate communication about the Board's licensure process. In preparation for the Omnibus Bill, the Board has revised its request from $50,000 to $36,000 for both FY 1998 and FY 1999, which consists of $30,000 for travel and subsistence for Board members to attend meetings of professional associations and $6,000 for Board members' expenses and payment to a facilitator for a two-day strategic planning meeting to be held in Topeka. The $30,000 requested for travel is based on per-member costs of about $1,250 for between 22 and 30 trips. Actual travel expenditures in FY 1996 were $20,688, of which $13,104 was for out-of-state travel.

B. H.B. 2490 (Governor). H.B. 2490 provides for the licensure of geologists on or before July 1, 2000. The timetable set forth in the bill is that by September 30, 1997, the Board will appoint a geologist licensure committee to develop recommendations relating to continuing education requirements, licensure examinations, fees, rules and regulations, and other matters enumerated in the bill. The recommendations of the licensure committee must be made to the Board by October 1, 1998. On or before July 1, 1999, the Board will begin to accept applications for licensure and will begin issuing licenses on or before July 1, 2000.

The Board is requesting a total of $57,775 for FY 1998 to implement the requirements of the bill. The amount consists of $36,775 for the salary and associated costs for 1.0 FTE new position (an Office Assistant II) and $21,000 for examination development costs. Ongoing costs of the geology licensure function in FY 1999 total $33,500, which consists of $20,000 for the salary of the requested position and $13,500 for other operating costs. The Board does not know how many geologists may be licensed and has provided estimates ranging from 700 to 2,350.

State Corporation Commission

A. S.B. 333 (Governor). S.B. 333, among other things, implements policy changes related to the regulation of gas gathering services. The Corporation Commission breaks the fiscal impact of the bill into the following three components:

- $22,140 for the cost of receiving and filing regulatory forms associated with over 15,000 contracts from around 400 gas gathering systems in the state. Under the bill, gas gatherers are required to file with the Commission rates paid for natural gas purchased at the wellhead; rates charged for gas gathering services; and data related to the characteristics of the gas purchased or gathered. The requested $22,140 would be for the cost of 1.0 new FTE clerical position for filing and data entry. It also would be for anticipated mailing cost and handling of requests related to the data being collected.

- $50,655 for the cost of reviewing the regulatory filings just described in order to ensure that gas gatherers are current and timely with the filing requirements. The requested $50,655 would be for 1.0 new FTE research analyst position to analyze the regulatory filings for compliance; help determine which gas gatherers are operating in the state; and assist with filing informal complaints against gas gatherers.

- $101,990 for the cost of processing complaints concerning gas gathering fees, terms, or practices. Under the bill, complaints can be filed by consumers of gas gathering services, persons seeking to purchase natural gas at the wellhead, or royalty owners. The requested $101,990 would be for 2.0 new FTE positions, including an attorney and a clerical position to handle the anticipated complaints.

The above three components total $174,785 and 4.0 new FTE positions in FY 1998, of which all would be from the Conservation Fee Fund.

Department of Health and Environment

A. S.B. 276 (Governor). S.B. 276 establishes a Voluntary Cleanup Program for the purpose of providing incentives to remediate contaminated properties by assuring reduced risks for future landowners and lenders; promoting economic development and reuse of contaminated properties through a streamlined process for voluntary cleanup actions; and reducing the burden of identifying contaminated sites by encouraging reporting on a voluntary basis. Moneys to pay for the program are to come from a nonrefundable application fee of $200 to cover processing costs and a deposit of up to $5,000 from each applicant to cover all direct and indirect costs of the program. If the cost exceeds the initial deposit of an applicant, an additional amount is required prior to proceeding with work on the applicant's project. Once a project is completed, the Department is required to refund all moneys not used for the project. All moneys are to be credited to a new Voluntary Cleanup Fund established by the bill. In addition to the fee moneys, the bill authorizes moneys to be credited to the new fund from gifts, grants, or appropriations from any source intended to be used for the purposes of the new Voluntary Cleanup Fund even though, under the bill, all costs of the program are to be paid for by moneys deposited by respective applicants.

According to a fiscal note from the Division of the Budget, revenues from fees and deposits of applicants are expected to be $105,118 for FY 1998. In terms of expenditures, the Governor included approximately the same amount of moneys as the estimated revenues in his FY 1998 recommendation for the Department. However, the Legislature deleted the moneys pending passage of legislation, which the Department indicated it wanted before it began the new program.

While the Governor included moneys requested by the Department for the new program in his recommendation, he did not agree with the Department on how the moneys should be used. The Department wanted to use a portion of the moneys for the salaries of 2.0 new unclassified temporary positions. Under the Governor's recommendation, none of the money is to be used for salaries and wages. The Department reports it could hire personnel for the program through a contractual arrangement or use existing staff if positions are available from another program to be shifted to this new program.

B. H.B. 2183 (Law). H.B. 2183 allows for long-term approval of sponsors of continuing education for speech-language pathologists and audiologists. Specifically, the bill authorizes the Department to collect up to a $200 sponsorship fee that is to be set by rules and regulations. According to the fiscal note from the Division of the Budget, it is anticipated that 30 long-term sponsors would be approved annually at a fee of $150 each. Revenues generated from the new fee are estimated at $4,500 annually, of which all is to be credited to the State General Fund. The fiscal note also indicated that $4,500 from the State General Fund would be needed in FY 1998 to revise application forms and provide information notices, including telephone communications to explain the program to potential sponsors.

C. H.B. 2184 (Law). H.B. 2184 provides for the same policy change as was just described for H.B. 2183, except that it is for continuing education for dietitians. The fiscal note for this bill also is the same as the one for H.B. 2183. There would be $4,500 from the State General Fund for FY 1998 to cover the cost of revising application forms and providing information notices, including telephone communications to explain the program to potential sponsors. Annual revenues generated from a $150 fee on an estimated 30 sponsors would be $4,500, of which all is to be credited to the State General Fund.

D. H.B. 2185 (Conference). H.B. 2185 implements the same policy as described in the previous two bills except that it provides for long-term approval for sponsors of continuing education for adult care home administrators. Estimated costs for FY 1998 are reported at $4,500 for revising application forms and providing information notices, including telephone communications to explain the program to potential sponsors. The amount of moneys generated by a new sponsorship fee also would be $4,500 annually from a $150 fee on an estimated 30 sponsors.

E. H.B. 2255 (Law). H.B. 2255 directs the Department to reimburse up to $1,500 per year the cost of medically necessary food treatment products for persons 18 years old or younger and diagnosed as having certain metabolic disorder diseases. Eligibility requirements for the reimbursement are established by the bill, including an income level that is not in excess of 300 percent of the poverty level established under the most recent poverty guidelines. (For a three member family, this would be $39,990 of gross income.) The bill also establishes an option for the Department to purchase the food treatment products directly for distribution. Under the bill, the Department is required to pay for special food products that are in addition to a prescription formula for phenylketonuria (PKU) currently purchased through a state contract. The Department estimates 68 individuals could qualify for reimbursement of $1,500 each, for a fiscal impact in FY 1998 of $102,000 from the State General Fund.

F. H.B. 2368 (Governor). H.B. 2368 establishes a seven member Kansas Special Commission on Surface Water Quality, of which all members are to be appointed by the Governor. Unless the Commission is terminated earlier by the Governor, it will exist until July 1, 1998, and is required to present a preliminary report to the Governor and Legislature on January 1, 1998. A final report is required on or before June 30, 1998. The Commission, among other things, is to suggest revisions to the state's 1994 surface water quality standards after investigating and evaluating the technical and scientific basis of the standards. Under the bill, staff of the Department of Health and Environment, the Department of Agriculture, the Kansas Biological Survey, and the Department of Wildlife and Parks are required to cooperate and assist with the deliberations of the Commission. The Secretary of the Department of Administration is required to appropriate space for the meetings of the Commission. There is an FY 1998 fiscal impact to the bill as each member of the Commission is to receive compensation, subsistence, mileage, and expenses for each meeting attended. Also, the Commission is authorized to retain consultants and temporary staff to complete the Commission's investigations and final report. The bill does not specify which state agency to appropriate moneys for the Commission's expenses.

Juvenile Justice Authority

A. Budget. The Conference Committee on Senate Sub. for H.B. 2160 deferred action on the Juvenile Justice Authority budget to the Omnibus Session pending further information from the newly appointed Juvenile Justice Commissioner and the Kansas Youth Authority, the legislatively created advisory group to the Juvenile Justice Authority. The Juvenile Justice Authority will begin operation pursuant to the Juvenile Justice Reform Act on July 1, 1997. The Commissioner will begin work full time on May 5, 1997 (FY 1998). The Governor's budget recommendations are shown below.

JUVENILE JUSTICE AUTHORITY- GOVERNOR'S BUDGET FY 1998

By Program	S & W	OOE	Aid to Local	Asst. & Grants	SGF	All Funds	FTE
SRS Transfers							
1. Administrative Services							
a. Central Office Staff	$ 75,970	$ 69,044	$ 0	$ 0	$ 145,014	$ 145,014	4.9
b. Area Office Staff	350,390	255,361	0	0	605,751	605,751	22.6
TOTAL	$ 426,360	$ 324,405	$ 0	$ 0	$ 750,765	$ 750,765	27.5
2. Children & Family Services							
a. Central Office	$ 141,221	$ 22,050	$ 0	$ 0	$ 163,271	$ 163,271	3.0
b. Delinquency Prevention Grants[1]	38,394	315,150	550,000	0	0	903,544	1.0
c. Foster Care	0	0	0	5,970,162	5,970,162	5,970,162	0.0
d. Det. Fac. Debt Svc.[2]	0	712,830	0	0	0	712,830	0.0
e. Juv. Detn. Fac.	0	0	0	2,015,000	0	2,015,000	0.0
f. Field Staff	2,072,919	88,591	0	0	2,161,510	2,161,510	114.0
g. Aftercare[3]	0	750,000	0	0	750,000	750,000	0.0
Subtotal	$ 2,252,534	$ 1,888,621	$ 550,000	$ 7,985,162	$ 9,044,943	$ 12,676,317	118.0
TOTAL	$ 2,678,894	$ 2,213,026	$ 550,000	$ 7,985,162	$ 9,795,708	$ 13,427,082	145.5

1) Juvenile Justice Delinquency Prevention funds from the federal Office of Juvenile Justice and Delinquency. Includes funding for a juvenile justice specialist mandated by the federal office of Juvenile Justice Delinquency Prevention to assist the Juvenile Justice Delinquency Prevention Kansas Advisory Group.

2) Juvenile Detention Facilities Debt Service—Payments for bonds issued for the construction of regional juvenile detention facilities. The bond payments must be paid for another 15 years.

3) Youth Center aftercare which is presently contracted with the Department of Corrections.

	S & W	OOE	Aid to Local	Asst. & Grants	SGF	All Funds	FTE
Office of Judicial Administration Transfers							
1. Intake and Assessment	$ 48,670	$ 7,900	$ 4,124,173	$ 0	4,180,743[a]	$ 4,180,743	1.0
a) Includes $1,279,518 in new State General Fund monies.							
Corporation For Change Transfers							
1. Fam. & Children Invest. Fund[b]	$ 0	$ 0	$ 975,000	$ 0	$ 0	$ 975,000	0.0
b) This fund has been recommended withdrawn from the Juvenile Justice Authority by both Chambers.							
Department of Corrections Transfers							
1. Community Corrections	$ 0	$ 0	$ 3,485,328	$ 0	$ 3,485,328	$ 3,485,328	0.0
New Funding							
1. Core Staff	$ 231,727	$ 98,906	$ 0	$ 0	$ 330,633	$ 330,633[c]	5.0
c) In addition, $1,279,518 within the amount recommended for intake and assessment to be transferred from the office of Judicial Administration (shown above) is new State General Fund money.							
GRAND TOTAL	$ 2,959,291	$ 2,319,832	$ 9,134,501	$ 7,985,162	$ 17,792,412	$ 22,398,786	151.5

B. Capital Improvements. The Conference Committee deferred action on the Juvenile Justice Authority request for capital improvements pending review by the Joint Committee on State Building Construction. The Governor's recommendation for the Juvenile Justice Authority omitted funding for general rehabilitation and repair at the youth centers which are to shift from the jurisdiction of SRS to the jurisdiction of the Juvenile Justice Authority beginning July 1, 1997. Funding of $1,055,200 is requested in FY 1998 from the State Institutions Building Fund for FY 1998. The following table summarizes the request by major category, institution, and priority. Also, please see Appendix B for the Joint Committee's recommendations.

Youth Centers FY 1998 Capital Improvements
Rehabilitation and Repair Systemwide

Rehabilitation and Repair by Divisions	YCAA	YCAT	YCAB	Total
Major Maintenance	$ 305,500	$ 325,000	$ 121,500	$ 752,000
Reroofing	0	99,400	21,000	120,400
Equipment	2,300	0	0	2,300
Code Compliance	40,000	72,600	67,900	180,500
TOTAL	$ 347,800	$ 497,000	$ 210,400	$ 1,055,200

C. House Sub. for S.B. 69 (Conference Committee). House Sub. for S.B. 69 pertains to the operation and duties of the Juvenile Justice Authority. It includes provisions which relate to community planning, the transfer of authority from other state agencies, and the establishment of a discretionary sentencing grid. It also abolishes the Corporation for Change and makes other changes to current law. The Kansas Youth Authority reports that $3,500,000 will be needed in FY 1998 ($2.2 million State General Fund) to implement community planning. That includes $2.0 million for planning and $1.5 million for a management information system. To provide funding for the Comprehensive Evaluation and Treatment Unit and to fund the chemical dependency program at the Youth Center at Larned, $1,224,501 is needed in FY 1998, $1 million from the State General Fund. The Kansas Youth Authority notes an additional $1.0 million for planning of a maximum security facility is needed in FY 1998. The acquisition cost for a secure correctional facility cannot be determined until the location is selected. The Kansas Youth Authority estimates the Juvenile Justice Authority will receive funding of $1,857,493 in Title IV-E and Medicaid funds that SRS has previously received for providing services now shifted to the Juvenile Justice Authority. The total additional funding resulting from the passage of this bill would be $6,779,701—all funds and $4,072,455 State General Fund. (Of this total, $1,055,200 is for rehabilitation and repair of the Youth Centers (see item B, above.)

Youth Center at Beloit

A. Technical Adjustment. In FY 1998 funding of $41,333 for the Chemical Dependency Program Director position at the Youth Center at Beloit was inadvertently omitted. This amount of funding should have been transferred from the alcohol, drug abuse, and mental health block grant—federal fund of the Department of Social and Rehabilitation Services to the Youth Center at Beloit Fee Fund of the Youth Center at Beloit.

Secretary of State

A. Optical Disc Image System. The Conference Committee on Senate Sub. for H.B. 2272 deferred action on an optical disc image system for the Corporations Division of the Office of the Secretary of State in FY 1997 until the Omnibus Session pending review by the Joint Committee on Computers and Telecommunications. Please see Appendix A.

B. S.B. 267 (Law). S.B. 267 eliminates the responsibility of the Secretary of State to maintain and microfilm all documents that are recorded in the *Kansas Register*. The law will allow the Secretary of State to destroy the documents after six months. In the past, the agency was required to maintain one certified copy of each filed document on microfilm and there was no deadline for destruction. The agency will continue to maintain and safekeep copies of the *Kansas Register* in which the information is published. The bill as passed will save $2,604 in State General Fund expenditures in FY 1998.

C. S.B. 227 (Law). S.B. 227 eliminates the requirement of a balance sheet as part of the annual report which is filed with the Secretary of State by all registered businesses, including corporations, professional corporations, limited liability companies, and limited partnerships. It also establishes a fee fund to allow the Secretary of State to recoup $1 from each franchise fee.

The Secretary of State estimates savings of $35,000 in salaries and wages by eliminating one examiner who reviews balance sheets and calculations for franchise taxes. Savings of $20,320 will occur by eliminating the need to hire summer intern staff to help examine annual reports. A savings of $2,048 will also be accumulated as a result of not having to mail back correct annual reports. Thus, in FY 1998 an expenditure amount of $57,368 will be saved under this law with $43,600 from the State General Fund.

The Secretary of State also indicates it will lose approximately $20,000 from copying receipts previously charged to a firm that copies balance sheet information maintained by the Secretary of State's office, and $4,425 to individuals who copy this information. An amount of $60,000 will also be lost in fees from businesses that pay a $20 fee to file confidential annual reports. These losses of $84,425 will be partially offset by receipts from the franchise fee. This bill, as passed, establishes the Franchise Tax Fee Fund to allow the Secretary of State to recoup $1 from each franchise fee for an estimated recovery of $80,000 in FY 1998. Thus, the State General Fund, which had received all franchise fees, will lose revenue by this same amount. This bill as passed decreases revenue to the Secretary of State by $4,425.

Board of Healing Arts

A. S.B. 244 (Law). S.B. 244 increases the statutory cap on registration and licensing fees for podiatrists, practitioners of the healing arts, occupational and respiratory therapists, and athletic trainers. In addition, the bill authorizes the Board of Healing Arts to impose and collect a new fee for the verification of the license of podiatrists and practitioners of the healing arts. The Board will also charge a new fee for the registration of occupational and respiratory therapists and athletic trainers. Finally, S.B. 244 will allow the Board to collect a new fee for placing the name of a physician's assistant on the Board of Healing Arts Register.

The passage of S.B. 244 increases receipts in the State Board of Healing Arts Fee Fund in FY 1998 and subsequent fiscal years. The Board will increase license application and renewal fees and generate additional receipts of $270,000 in FY 1998. All receipts will be credited to the Board of Healing Arts Fee Fund since the Board has reached its maximum contribution of $200,000 to the State General Fund. The FY 1998 Board of Healing Arts budget as approved by the 1997 Legislature provided for a projected ending balance in the Board of Healing Arts Fee Fund of $741,848.

B. S.B. 246 (Law). S.B. 246 does not allow the Board of Healing Arts to issue more than one temporary registration to any one person for occupational therapists, occupational therapy assistants, and respiratory therapists. The Kansas Board of Healing Arts indicates that the fiscal impact of S.B. 246 is not significant. During the past year, the Board has approved the issuance of 10 second temporary respiratory therapy registrations at $15 each ($150 in receipts) and 30 second temporary registrations to occupational therapists and occupational therapy assistants ($450 in receipts). Therefore, S.B.246 will result in a decrease in receipts to the Healing Arts Fee Fund of $600 assuming that the Board would approve approximately the same number of registrations in FY 1998.

Kansas Department of Transportation

A. Technical Amendment—FTE Limitation. The final KDOT staff level adjustment approved by the conference committee on Senate Sub. for H.B. 2160 was not posted to reduce 88.2 FTE positions in FY 1998. A reduction from the 3,227.5 to 3,159.3 FTE positions needs to be made in the omnibus bill to reflect the Legislature's intent.

B. FY 1997 Salary Turnover Savings. The Senate Ways and Means Committee requested a Governor's Budget Amendment and legislative consideration during the Omnibus period regarding the Governor's announced 3.0 percent reductions in staffing and financing that certain agencies must achieve by July 1, 1997. For KDOT, the Governor reduced 11.0 FTE positions and funding of $267,892 for salary turnover savings based on retirements for which positions were not restored in FY 1997. However, no reduction in expenditure limitation was included in the Governor's recommendations for H.B. 2272 nor did the Legislature provide for the reduction in the bill.

In addition, the agency has identified an additional 86.0 FTE positions and financing of approximately $1,000,000 in potential FY 1997 savings associated with the 3.0 percent reduction. Reductions were made in FY 1998, but not in the current fiscal year. In order to identify more accurately an amount of savings in the current fiscal year, the Senate Ways and Means Committee recommends revisiting this topic at the end of the 1997 legislative session.

Finally, the Senate Committee points out that unless the KDOT agency operations account expenditure limitation is reduced in FY 1997 to reflect savings associated with keeping positions vacant, half of any savings may be used in FY 1998 for the Kansas Quality Management (KQM) program which is addressed in the next item.

C. Estimated KQM Expenditures. The House and Senate Committees were awaiting results expected during Omnibus of a 100-hour audit of the KQM program in order to learn more about the KDOT procedures for using funds. Unfortunately, the Post Audit Committee does not meet until April 29 at which time the audit will become public. KDOT did provide information concerning its KQM program and the FY 1998 budget detail that was not in the budget document as submitted to the 1997 Legislature:

Category	FY 1997	FY 1998[a]
Microcomputers	$ 0	$ 129,654
Software	215,190	371,510
Other Info. Tech. Equip.	467,104	1,408,600
Total	$ 682,294	$ 1,909,764

a) Funding budgeted in FY 1998 is derived from FY 1996 savings of $2,217,805 and the portion not used in the current fiscal year that will carry over; any additional FY 1997 savings will enhance funds available in FY 1998.

Kansas Racing and Gaming Commission

A. Technical Adjustment—Cashflow. The Legislature in Senate Sub. for H.B. 2160 provides for a transfer out of the Horse Fair Racing Benefit Fund on July 1, 1997 (FY 1998), in the amount of $200,000. At the present time, projections indicate that insufficient balances will be available for the transfer and for various other obligations. Payments to the Anthony County fair are estimated at $160,000 in early July 1997. In addition, there are projected expenses of $60,000 to be paid in July and August 1997 for Commission staff who work at two county fairs. An alternative date of December 31, 1997, would allow revenues to accrue and for a sufficient balance to be available for transfer pursuant to the Legislature's decision in Senate Sub. for H.B. 2160.

Kansas Lottery and Racing Estimates

A. Current Revenue Projections. Both the House and Senate committees asked to revisit this item during Omnibus. Pending legislation, such as the House version of H.B. 2374, may impact the amount of money available for the State General Fund from gaming revenues. Currently, any amount over the first $50.0 million which is reserved for the State Gaming Revenues Fund is dedicated to the State General Fund. The Legislature concurs with the Governor's FY 1997 estimates as considered this session prior to Omnibus for transfers to the State Gaming Revenues Fund. Actual receipts for the first ten months this fiscal year appear on target to meet the Governor's estimate that has been approved previously.

Source	Approved Estimates	Ten-Month Revenues
Lottery	$ 55,373,000	$ 46,071,113
Racing	1,496,000	1,261,343
Total SGRF	$ 56,869,000	$ 47,332,456
SGF Transfer Amount[a]	6,869,000	0

a) Due for transfer on June 20, 1997, plus $312,761 approved by the Legislature in H.B. 2272 as an additional amount.

Kansas Public Employees Retirement System

A. FY 1997 Expenditure Limit Adjustment. The KPERS approved expenditure limitation in FY 1997 for the agency operations account is $4,643,380 and the Governor's recommended reduction to $4,566,679 was not reflected in Senate Sub. for H.B. 2272. The House Appropriations Committee indicates that this issue should be considered during the Omnibus period. No adjustment in the agency operations account limitation was recommended by either House or Senate committee to be included in Senate Sub. for H.B. 2272 during the regular part of the 1997 Session.

B. FY 1997 Expenditure Limit Adjustment. An expenditure limitation increase to $19,339,400 in the FY 1997 KPERS investment-related account was included in Senate Sub. for H.B. 2272. There also was a recommendation by both House and Senate committees to review this item during the Omnibus period in case expenses had increased significantly in FY 1997. Based on information provided to the KPERS Board of Trustees on April 18, 1997, expenditures are projected at $19,109,000 in FY 1997, or $230,400 less than the approved amount of $19,339,400 million in the revised budget. The Executive Secretary indicates that the recent downturn in the financial markets has made it unnecessary to adjust the investment expenses limitation at this time.

C. House Sub. For S.B. 11 (Conference). This KPERS bill contains substantive legislation with both actuarial and administrative fiscal impacts on the agency. The associated fiscal impact is noted below for each item in the House and Senate versions of the bill:

1. **Reduce the Frequency of Performance Audits (House and Senate).** A provision recommended by the Legislative Post Audit Committee and the subject matter in the original S.B. 11 would require that at least once every three years, one or more performance audit subjects be included as part of the annual financial-compliance audit. Current law requires that separate financial-compliance and performance audits be conducted every year. Fiscal Note: Under current law, an annual financial-compliance audit is conducted

by an accounting firm under contract with the Legislative Division of Post Audit. In the past, Post Audit staff have undertaken separate performance audits on an annual basis as required by current law. KPERS has budgeted $34,800 in FY 1997 and FY 1998 to pay for financial-compliance audits. The Legislative Division of Post Audit advised KPERS that passage of this legislation could add between $10,000 and $15,000 to the cost if performance auditing were undertaken as part of the contractor's work for financial-compliance audits.

2. **Allow KPERS Board To Appoint Benefit Appeal Hearing Officers (House and Senate).** Authorize KPERS Board to appoint and compensate someone other than a Board member or a KPERS employee as a hearing officer. Fiscal Note: $15,000 of additional expenses are possible in FY 1998 as a result of using hearing officers for benefit appeals, depending on the number of hearings.

3. **Allow members to name different beneficiary for life insurance (House only).** Under current law the named beneficiary is the beneficiary for all benefits. This change would allow members to name different beneficiaries for life insurance benefits. Fiscal Note: KPERS indicates the costs would be $95,900. Costs include $7,500 for printing of new beneficiary forms and $88,400 for computer programming changes.

4. **Provide Uniform Service Credit Purchases (House and Senate with different provisions).** A House provision to allow future purchases of service credit for work with non-participating and non-federal employers, either in-state or out-of-state, would provide a multiplier of 1.75 percent for each year of service bought at full actuarial cost and paid by KPERS employees. This provision would make credit purchases uniform in regard to the value for active KPERS members and would raise those purchases of the 1.00 percent multiplier to 1.75 percent. In addition, active KPERS members who purchased service credit previously would be allowed to buy an additional 0.75 percent multiplier to upgrade prior purchases to the 1.75 percent multiplier. The Senate version addressed only adding in-state, non-federal employment at a value of the 1.00 multiplier for purchasing service credit. Fiscal Note: The provisions allowing active KPERS members to purchase service credit based on a 1.00 or 1.75 percent multiplier should have no actuarial impact since employees must pay the full cost based on current law. The employer, the State of Kansas, and KPERS are not permitted to pay any of the cost. KPERS indicates that a delay in the implementation date for people to buy 0.75 percent service would allow time for in-house programming changes to be made and eliminate the administrative fiscal note of $10,000 for outside programming of changes if the System must be ready July 1, 1997.

5. **Increase Judges Disability Benefit (House and Senate).** This provision would increase the minimum disability benefit from 25 to 50 percent payable under the Judges Retirement System. The provision originally was included in H.B. 2541 as requested by the District Judges Association in order to help younger members of the judiciary. Fiscal Note: The KPERS actuary indicates because past incidences of disability have been so few regarding disability claims for members of the Judges Retirement System and the size of the group is so

small, that the best assumption is to assume there will be no disabilities and therefore no fiscal impact as a result of this change from 25 to 50 percent in benefit level. Future payments for disabilities would be made from the retirement account since there is no disability reserve. Although there is no state contribution relative to disability, the state does pay 0.4 percent for participation in the regular KPERS death benefit program. The KPERS actuary cautions that if several judicial members should become eligible for disability benefits, then there could be an actuarial impact since benefits would be paid out of the retirement funds.

6. **Permit Legislators to Elect New Retirement Coverage (House only).** Legislators, either new or continuing members, desiring to participate in a retirement plan would be allowed to elect either KPERS coverage or participation in the state's 8.0 percent deferred compensation program authorized in K.S.A. 1996 Supp. 74-4911f and K.S.A. 75-5521 et seq. Under this program, the Legislature would contribute 8.0 percent of a legislator's total yearly compensation and expenses. Alternatively, legislators could choose not to participate in any state-sponsored retirement plan. Fiscal Note: Allowing legislators to elect the 8.0 percent deferred compensation coverage as an alternative to KPERS coverage has a potential cost savings when calculations are based on a typical legislator. In <u>FY 1997</u>, total yearly compensation and expenses (excluding mileage) for a typical legislator is assumed to be $20,266. For the same period, the KPERS annualized legislative compensation and expenses (excluding mileage) for a typical legislator is assumed to be $59,946.

7. **Establish Minimum Benefit (House only).** Authorize an increase in the minimum monthly retirement benefit payment to an amount of not less than $200 per month for retired KPERS, KSRS, KP&F and Judicial members with 20 years or more of service credit. A reduction of 5.0 percent per year for service under 20 years would reduce the minimum $200 monthly benefit by $10 per year for less than 20 years of covered service. Fiscal Note: A revised actuarial impact is estimated, with the old fiscal note of $2.0 million rising to a total of almost $5.0 million based on corrected data. The KPERS State/School group liability would increase by $4.0 million. The KPERS Local group liability would increase by $0.9 million and TIAA by $30,000. No actuarial impact is computed for KP&F or the Judges plans due to the small number of retirees who would qualify for this benefit increase. If the Legislature does not prefund this obligation, then a statutory provision would increase the employer contribution rates beginning in FY 2000 to collect money for paying the unfunded liability created by this proposed legislation.

8. **Establish a "Shared Earnings Payment" Plan (House only).** Legislation is included in the House version to authorize a continuing program beginning in <u>FY 1998.</u> Implementation of the "shared earnings" concept would make 50 percent of funds available for benefit payments, based on paying a bonus amount on October 1, 1997, that would be paid to retired members, their beneficiaries, and disabled members who became eligible prior to July 1, 1996. The plan has the following parts:

- Create a new "Shared Earnings Reserve" account in the KPERS Fund.

- When KPERS investment earnings equal or exceed 10.0 percent in any fiscal year as of June 30, transfer from dividends and interest an amount equal to 0.5 percent of the ending market value of the Fund's investments to the "Shared Earnings Reserve" account.

- Authorize a "Shared Earnings Payment" to be distributed as a separate check on October 1 to all eligible retired members, beneficiaries, and disabled members as a one-time bonus payment in addition to the regular monthly benefit.

- Provide that 50 percent of available funds in the "Shared Earnings Reserve" account would be paid out each fiscal year and that half of the funds would be carried over to the subsequent year.

- Restrict the "Shared Earnings Payment" to only those who retired or became disabled prior to July 1 of the year preceding the payment date.

Fiscal Note: This proposal will transfer an amount based on taking 0.5 percent of the KPERS Fund's FY 1997 ending market value into the "Shared Earnings Reserve" account for payments during FY 1998. As of January 31, 1997, the KPERS Fund assets were $7.329 billion, with a 12-month time-weighted return of 13.6 percent. If this balance and rate of return were realized on June 30, a total of $36.6 million would be deposited into the "Shared Earnings Reserve" account, and 50 percent in the account ($18.3 million), would be paid out proportionately to all eligible retired and disabled members on October 1, 1997. Administrative costs would include data processing fees and postage for mailing the additional checks to eligible members, beneficiaries and disabled members which the agency indicates will be absorbed.

Department of Corrections

A. Conference Committee Items Deferred to Omnibus.

1. **Capital Improvements in FY 1997 and FY 1998.** The Conference Committee deferred to Omnibus consideration of capital improvements decisions to address prison expansion. The Senate recommended a revision of the Governor's original prison expansion plan. The plan includes the construction of a 200-bed medium custody male unit at Norton Correctional Facility, a 200-bed medium custody male unit at the Hutchinson East Unit, the addition of a 32-bed minimum custody male unit at the Hutchinson South Unit, and enhanced grant funding to add a 100-bed expansion at the Labette Correctional Conservation Camp. The plan includes a recommendation for funding to conduct a request for proposal for the private construction of 400 medium-

custody male beds. The following table reflects the funding and composition of the Governor's original budget recommendation for prison expansion, the Senate position, and the House's original position. The House Select Committee on Corrections and Juvenile Justice is currently reviewing a capital improvements' recommendation.

Planning funds in items Nos. 1 and 2 are FY 1997. All other funds are FY 1998.

Project	Gov. Budget Rec.	Senate Position	House Position
1. Norton, El Dorado, Hutchinson 550 bed expansion and SGF planning funds	$757,466 SGF planning funds	$676,956 SGF planning funds for alternate prison expansion plan at Norton and Hutchinson with RFP proviso on privatization	Not recommended
2. CIBF planning funds	$176,010 CIBF for planning	$176,010 CIBF for RFP and alternate project planning	$176,010 CIBF Mobile facility planning
3. Norton Correctional Facility 200 bed medium custody	$6,202,450 total cost, $31,012 per bed; $5,837,864 debt financed	$6,202,450 total cost, $31,012 per bed; $5,837,864 debt financed	Not recommended
4. Hutchinson Correctional Facility 200 bed medium custody	$7,112,715 total cost; $35,564 per bed; $6,700,345 debt financed	$7,112,715 total cost; $35,564 per bed; $6,700,345 debt financed	Not recommended
5. El Dorado Correctional Facility, 150 bed minimum custody	$2,872,452 total cost; $19,150 per bed; $2,715,932 debt financed	Not recommended	Not recommended
6. Hutchinson 32 bed South Unit addition	Not recommended	$227,497 total cost; CIBF funded	No recommendation
7. Labette Correctional Conservation Camp expansion	Not recommended	100 bed expansion, $900,000 federal funds and local match for capital improvements	Not recommended
8. Debt service funding shift	No recommendation	Shift $750,000 SGF funding for debt service to $750,000 CIBF	No recommendation

2. **5 Percent FTE Reduction FY 1998. House recommendation** to delete 14.0 FTE and funding of $422,652 SGF to achieve the Governor's recommended 5 percent reduction of FTE in FY 1996 and FY 1997.

3. **Half-way House Beds FY 1998. Senate recommendation** to add $284,700 SGF for 30 half-way house beds in the southern parole region. The Governor's recommendation includes $259,834 for ten half-way house beds in Salina and twenty beds in Kansas City. The thirty southern region beds were an enhancement request the Governor did not recommend.

4. **Community Programs** FY 1998. **Senate recommendation** to add $100,000 SGF for community sex offender and substance abuse programs. The Governor recommended $2,217,905 SGF for community sex and substance abuse programs. The agency requested but the Governor did not recommend an enhancement amount of $194,050.

5. **Labette Camp Salary Increase** FY 1998. **Senate recommendation** to add $35,000 SGF for staff salaries at Labette Correctional Conservation Camp. The Senate Subcommittee heard testimony that the camp has a 40 percent turnover rate and a starting salary of approximately $16,000 per year. The agency requested an enhancement of $70,000 which the Governor did not recommend.

B. House Subcommittee Recommendations. The following items were selected for review during the Omnibus Session.

1. **Food Service Contract in** FY 1998. **House Subcommittee recommendation** to review the continued operations of Canteen Corporation as the food service provider for the correctional facilities. After the food service situations in the fall of 1996, the Subcommittee wished to review the KDOC relationship and satisfaction with the current food service provider. KDOC reported they are reviewing the current food services contract.

2. **Juvenile Community Corrections** FY 1998. **House Subcommittee recommendation** to review juvenile community corrections programs which the Governor recommended to transfer to the Juvenile Justice Authority, including $3,485,328 SGF and $750,000 Social and Rehabilitation Services Juvenile Aftercare Grants.

3. **Community Corrections Funding** FY 1998. **House Subcommittee recommendation** to review KDOC priorities for community corrections and offender programs in the community. The Subcommittee noted the Governor did not fund any agency requests for enhanced community programs. The Governor recommended community corrections funding of $13,418,809 in FY 1998, an increase of 2.9 percent over FY 1997.

4. **Requests for Information from the Department of Corrections. House Subcommittee recommendation** that KDOC prepare responses by the Omnibus session to the following issues.

   a. Information regarding operations and the need for inmate capacity expansion, including the Governor's capital improvement recommendation.

   b. Alternatives to building new facilities including privatization, leasing of non-state beds, specialized facilities for lower-level offenders, *i.e.*, non-violent conditional violators, community based and preventive programs.

c. Examine potential modifications of sentencing grid and parole revocation statutes, rules, and regulations to address increasing population.

5. **Systemwide Facility Utility Expenditures. House Subcommittee recommendation** for KDOC systemwide to review correctional facility utility expenses in FY 1997. Upon review, the KDOC reports that the facilities have been able to absorb utility expenses within existing budgets and a supplemental appropriation will not be requested.

C. H.B. 2103 (Conference). The fiscal impact of H.B. 2103, based on KDOC data, would be a reduction in burial expenses from $13,350 to $6,600 per year, resulting in a savings of $6,750 SGF in FY 1998.

H.B. 2103 amends existing law regarding the disposition of bodies of persons in the custody of the Secretary of Corrections. The bill requires KDOC to pay burial expenses of unclaimed, deceased inmates; authorizes KDOC to cremate unclaimed, deceased bodies even if the inmate requested burial; increases from 72 to 96 hours the length of time allowed for a search for friend of family of the deceased inmate; and decreases from 90 to 60 days the length of time unclaimed bodies provided to University of Kansas Medical School must be held. The Senate Committee on Federal and State Affairs amended the bill clarifying the Secretary's authority to cremate unclaimed bodies.

Topeka Correctional Facility

A. Topeka State Hospital Closure and Transfer of FTE and Funding. House Subcommittee recommendation to review issues related to closure of Topeka State Hospital and possible need for a supplemental appropriation in the current year to fund 6.0 FTE laundry personnel and operating expense which will transfer to the KDOC in FY 1998 as well as the funds to pay KDOC East Campus utilities in FY 1998. Upon review, despite the mid-May closure of Topeka State Hospital, KDOC reports that the 6.0 FTE and funding, and utility expenses will be paid from the Social and Rehabilitation Services budget through the end of the current fiscal year.

B. Topeka West Unit and Hospital Closure. House Subcommittee recommends review of future use of Topeka State Hospital facility pending the decision of the Hospital Proposal Evaluation and Analysis Committee. The Subcommittee was concerned that the decision regarding disposition of hospital buildings and grounds might impact the West Unit. At this time, no decisions have been made regarding the property.

Winfield Correctional Facility

A. Winfield State Hospital Closure and Transfer of FTE and Funding in FY 1998. House and Senate Subcommittee recommendation to review the Legislature's decision regarding disposition of Winfield State Hospital and the transfer of 23.0 FTE from the hospital staff to Winfield Correctional Facility. The 23.0 FTE include 10.0 security officers and 13.0 support services personnel. The creation of the new soldiers' home may impact the transfer of positions, although no operating budget has been appropriated for the home FY 1998.

B. Transfer of 2.0 FTE from Winfield State Hospital in FY 1998. House Subcommittee recommendation to review 2.0 FTE microtechnician positions the agency requested to transfer from Winfield State Hospital to Winfield Correctional Facility. The Governor and the Legislature did not recommend the transfer.

Larned Correctional Mental Health Facility

A. Food Service Arrangement in FY 1998. Senate Subcommittee recommendation to review food service contract and possible removal of food service preparation from Larned State Hospital. The Senate Subcommittee reviewed the food service operations at the facility and the possible termination of the food service preparation by the staff of Larned State Hospital for the correctional facility. Currently, food is prepared by Larned State Hospital staff and delivered to the correctional facility where Canteen Corporation employees make final preparations and serve food to the inmates. The Subcommittee recognizes the high level of satisfaction with the current relationship at the facilities. The state hospital reports the FY 1998 costs associated with providing food to the correctional facility would change according to the following table:

	FTE	Operating Expenditures
Reduction to Larned State Hospital	(1.0)	$(246,038)
	FTE	Contract Cost Increase
Increase to Larned Correctional Mental Health Facility if agency begins full service kitchen	0.0	$ 103,555
		(kitchen remodeled) 50,000
	FTE	SGF Expenditure
Reduction to the State	(1.0)	$ 92,483

The agency reports a net savings to the state at $92,483 if the facility prepared its own food. The agency reports that expansion at the correctional facility kitchen to a full-service kitchen would cost $50,000, which would be funded from the Correctional Institutions Building Fund. The Senate Subcommittee notes the warden does not support changing the current food service system.

Ombudsman of Corrections

A. Savings Program and 0.5 FTE Reduction in FY 1997 and FY 1998. House Subcommittee recommendation to review efforts to gain savings in the current year and review of the decision to concur with Governor's recommendation to cut 0.5 FTE associate ombudsman and funding. The Conference Committee on Senate Sub. for H.B. 2160 has agreed to reduce FY 1998 SGF appropriation by $4,000 and add $15,000 funding from the KDOC Inmate Benefit Fund. The Conference Committee also agreed to restore the 0.5 FTE associate ombudsman in Senate Sub. for H.B. 2160.

B. FY 1997 Carry-Over Funds. The House Subcommittee recommended that the Ombudsman of Corrections be allowed to carry forward from FY 1997 to FY 1998 any SGF savings the agency was able to gain in the current year. Currently, remaining funds over $100 are lapsed. Staff inadvertently omitted the recommendation during the Senate Committee review.

Board of Accountancy

A. Technical Adjustment—FY 1997 Proviso. The Conference Committee concurred with a proviso allowing expenditures in excess of the expenditure limitation to pay the private administer of the CPA examination. The proviso was inadvertently omitted from the supplemental bill.

Department of Social and Rehabilitation Services

A. Caseload Estimates. Staff of the Kansas Legislative Research Department, the Division of the Budget, the Kansas Department on Aging, and the Department of Social and Rehabilitation Services (SRS) met on April 17 to develop consensus caseload estimates on agency programs. Consensus was reached on expenditure estimates for Temporary Assistance for Families, General Assistance, regular medical assistance, nursing facilities (including adult care homes, nursing facilities for mental health, and intermediate care facilities for the developmentally disabled), and the Home and Community Based Services (HCBS) programs. Expenditure estimates were revised downward or remained unchanged for all programs overall, with some individual program elements showing slight increases. The estimates reflect continued declining caseloads in most programs, as well as more advantageous Medicaid matching rates in FY 1998. In total, estimated State General Fund expenditures are reduced by $5.3 million in FY 1997 and by $11.3 million in FY 1998, compared to the approved budget. The following tables summarize the October, 1996 and April, 1997 caseload estimates and the resulting differences.

FY 1997		October Estimate	April Estimate	Difference
Medical Assistance	All Funds	$ 444,000,000	$ 440,000,000	$ (4,000,000)
	SGF	153,547,424	152,937,519	(609,905)
Adult Care Homes				
Nursing Facilities - Elderly	All Funds	$ 227,655,205	$ 227,655,205	$ 0
	SGF	94,285,103	94,285,103	0
Nursing Facilities - Mental Health	All Funds	7,472,975	7,472,975	0
	SGF	6,547,152	6,547,152	0
Nursing Facilities - MR	All Funds	36,371,820	36,371,820	0
	SGF	14,912,446	14,912,446	0
Subtotal - Adult Care Homes	All Funds	$ 271,500,000	$ 271,500,000	$ 0
	SGF	115,744,701	115,744,701	0
Home and Community Based Services				
HCBS - Frail Elderly	All Funds	$ 12,126,647	$ 13,700,000	$ 1,573,353
	SGF	5,239,921	5,630,000	390,079
HCBS - Physically Disabled	All Funds	15,318,186	11,370,000	(3,948,186)
	SGF	6,300,370	4,670,000	(1,630,370)
HCBS - Head Injured	All Funds	4,374,131	3,310,000	(1,064,131)
	SGF	1,799,080	1,360,000	(439,080)
HCBS - MR	All Funds	98,072,076	93,520,000	(4,552,076)
	SGF	41,115,814	38,430,000	(2,685,814)
HCBS - Tech. Assisted	All Funds	108,959	100,000	(8,959)
	SGF	44,815	40,000	(4,815)
Subtotal - HCBS	All Funds	$ 129,999,999	$ 122,000,000	$ (7,999,999)
	SGF	54,500,000	50,130,000	(4,370,000)
Temporary Assistance for Families	All Funds	$ 88,077,349	$ 84,500,000	$ (3,577,349)
	SGF	36,244,000	36,244,000	0
General Assistance	All Funds	$ 6,800,000	$ 6,450,000	$ (350,000)
	SGF	3,283,908	2,933,908	(350,000)
TOTAL - FY 1997	**All Funds**	**$ 940,377,348**	**$ 924,450,000**	**$ (15,927,348)**
	SGF	**363,320,033**	**357,990,128**	**(5,329,905)**

FY 1998		October Estimate	April Estimate	Difference
Medical Assistance	All Funds	$ 466,200,000	$ 450,600,000	$ (15,600,000)
	SGF	156,128,964	149,100,000	(7,028,964)
Adult Care Homes				
Nursing Facilities - Elderly*	All Funds	$ 229,861,904	$ 230,500,000	$ 638,096
	SGF	94,222,064	93,230,000	(992,064)
Nursing Facilities - Mental Health	All Funds	9,283,967	8,810,000	(473,967)
	SGF	7,770,743	7,040,000	(730,743)
Nursing Facilities - MR	All Funds	38,554,129	37,590,000	(964,129)
	SGF	15,807,193	15,350,000	(457,193)
Subtotal - Adult Care Homes	All Funds	$ 277,700,000	$ 276,900,000	$ (800,000)
	SGF	117,800,000	115,620,000	(2,180,000)
Home and Community Based Services				
HCBS - Frail Elderly*	All Funds	$ 26,378,512	$ 25,500,000	$ (878,512)
	SGF	10,817,319	10,330,000	(487,319)
HCBS - Physically Disabled	All Funds	18,440,107	17,000,000	(1,440,107)
	SGF	7,560,444	6,890,000	(670,444)
HCBS - Head Injured	All Funds	4,695,160	4,700,000	4,840
	SGF	1,925,016	1,900,000	(25,016)
HCBS - MR	All Funds	107,249,861	107,200,000	(49,861)
	SGF	43,972,443	43,420,000	(552,443)
HCBS - Tech. Assisted	All Funds	136,360	100,000	(36,360)
	SGF	53,778	40,000	(13,778)
Subtotal - HCBS	All Funds	$ 156,900,000	$ 154,500,000	$ (2,400,000)
	SGF	64,329,000	62,580,000	(1,749,000)
Temporary Assistance for Families	All Funds	$ 81,745,723	$ 77,070,000	$ (4,675,723)
	SGF	31,555,777	31,555,777	0
General Assistance	All Funds	$ 6,800,000	$ 6,430,000	$ (370,000)
	SGF	3,283,908	2,913,908	(370,000)
TOTAL - FY 1998	**All Funds**	**$ 989,345,723**	**$ 965,500,000**	**$ (23,845,723)**
	SGF	**373,097,649**	**361,769,685**	**(11,327,964)**

* **Program appropriated to Department on Aging in FY 1998.**

House Sub. for S.B. 69 (Conference). The House version of H. Sub. for S.B. 69 eliminates the Corporation for Change and transfers authority for Family and Children Trust Account of the Family and Children Investment Fund to the Secretary of SRS. Responsibility for the Permanent Families Account is transferred to the Judicial Administrator. These provisions are similar to the Senate position on S.B. 187 (currently in House Appropriations Committee), except that S.B. 187 put both accounts under SRS with the requirement that the agency contract with the Office of Judicial Administration for administration of the Permanent Families Account. (**Staff Note:** Should no legislation pass which abolishes the Corporation for Change, provision should be made for the continuation of the Corporation's existence in FY 1998.)

Kansas Bureau of Investigation

H.B. 2159 (vetoed) enacts the Personal and Family Protection Act. The KBI is charged under the bill to perform background checks and issue licenses for persons who wish to carry concealed weapons. The agency estimates that implementation of the bill would require $737,587 in FY 1998. The following summarizes the estimated costs elements:

	Salaries		
1.0	Attorney I (program administration)	$	42,358
2.0	Special Investigator II (mental health and substance abuse treatment investigation)		69,939
1.0	Secretary III (support staff)		26,271
2.0	Office Specialist (record checks)		53,746
6.0	Office Assistant III (record checks)		130,319
12.0	TOTAL Positions/Salaries	$	322,633
--	(less six months hiring delay)		(161,316)
12.0	Balance for FY 1998	$	161,317

Other Operating Expenditures		
Postage	$	100,000
Printing		200,000
Travel and Subsistence		7,000
Rent and Utilities		9,570
Capital Outlay		19,700
FBI Record Check Fees		240,000
TOTAL OOE	$	576,270
GRAND TOTAL - FY 1998	$	737,587

The fiscal note submitted by the agency indicates that State General Fund financing would be required to implement the program. This assumed a July 1, 1998 program start date, while the bill provides for a program start date of January 1, 1998. Thus, it would appear that application fees would be available to finance some portion of the FY 1998 costs. The January 1, 1998 start date included in the bill would also increase the fiscal note submitted by the agency, since some expenditures would be required prior to January 1, 1998 to begin the process of program administration.

The bill also creates the Concealed Weapon Licensure Fund, which is supported by application fees and is to be used for program administration, and the County Law Enforcement Equipment Fund, which would provide for equipment grants to sheriff's departments from a portion of concealed weapon receipts in excess of those required for program administration. The provisions of the latter fund would not be effective until FY 1999.

Department of Administration

A. House Ceiling Mural Restoration (Conference Committee on Sen. Sub. for H.B. 2166). A House floor amendment to 1997 H.B. 2166 added $385,000 from the State General Fund in FY 1998 to restore the House Chamber ceiling murals. In Conference, House and Senate conferees agreed that this item would be included in the House version of the 1997 Omnibus bill.

A November 15, 1994, estimate placed the cost of this project at $396,700, excluding the cost of removing the chandeliers extending from the murals. If that cost were adjusted for inflation at the rate of 1.5 percent per year for three years (to November 1997), the cost would be $414,821.

B. Cedar Crest Renovation (Conference Committee on Sen. Sub. for H.B. 2166). The Senate recommended a total of $1,000,000 ($500,000 in FY 1998 and $500,000 in FY 1999) to renovate Cedar Crest, the Governor's residence. The House did not recommend any funding for this project. House and Senate conferees on 1997 Senate Sub. for H. B. 2166 (the capital improvements bill) agreed that this would be an item in both the House and Senate versions of the Omnibus bill.

The Joint Committee on State Building Construction recommended a total of $1,380,400 for Cedar Crest renovation, out of a total request of $1,552,400, as follows:

CEDAR CREST RENOVATION

Building:	
Exterior building repairs, paving, and removal of underground oil tank	$ 155,300
Window replacement (must be coordinated with the State Historical Society)	88,800
Interior architectural repairs and removal of lead paint and asbestos	202,400
Plumbing	162,300
Heating, ventilation, and air conditioning	315,700
Electrical and lighting protection	125,100
ADA restroom and related work	84,000
Preparation for fire alarm and security system	28,800
Temporary housing for Governor	18,000
Subtotal -- Building Items	**$ 1,180,400**
Security:	
Surveillance camera upgrade and miscellaneous security items	$ 188,000
Nonsecurity-type fence around residence	12,000
Subtotal of Building and Security Items—Recommended by Joint Committee on State Building Construction	**$ 1,380,400**
New security office	$ 132,000
Relocate private driveway	40,000
TOTAL Request—All Items	**$ 1,552,400**

C. Insurance for State Buildings (House and Senate Subcommittees). Both the House and Senate Subcommittees reviewing the Department of Administration budget recommended that this issue be addressed through a Governor's Budget Amendment or, absent such an amendment, as an Omnibus item. Four recently completed or soon to be completed buildings (the Pittsburg State University Technology Center, Tomanek Hall at Fort Hays State University, Hoch Auditorium/Budig Hall at the University of Kansas, and the Olathe Travel Center) were not yet completed, and therefore were not included under the terms of coverage when the present state insurance policy was negotiated last year. Although each building was covered under the contractor's insurance policy during construction, that coverage expires when buildings are completed. The current policy provides coverage of $100 million per occurrence, with a $2 million per occurrence deductible. The policy covers all buildings with a replacement value of $500,000 or more that are not otherwise insured. As each building is completed, the State has either added or will add it to the current policy, at an additional cost of $30,000 from the State General Fund in FY 1998. An additional $3,000 thought to be needed in FY 1997 is no longer necessary at this time.

D. SHARP System Upgrade (Conference Committee on 1997 Sen. Sub. for H.B. 2272). The Governor recommended FY 1997 State General Fund supplemental funding of $3.8 million for a SHARP (Statewide Human Resource and Payroll) System upgrade. This funding was not recommended by the House, was reduced to $2.3 million by the Senate, then was deleted in Conference, with the understanding that it would be considered as an Omnibus item. The funding would pay for the PeopleSoft software upgrade, for software installation, and for the consulting services needed to bring forward to PeopleSoft release 6.0 (the new release) those modifications the State made to PeopleSoft release 4.02 (the software release currently in place). The agency states that PeopleSoft has a policy of upgrading to new releases every twelve months, and 18 months from the date of each software release, the previous release is unsupported. The agency explained that, when a software release is unsupported, the company will no longer maintain the code, and will no longer repair or modify the software. If the software application were to fail, the State could not obtain repairs from the vendor. The agency also stated that there is no migration path beyond release 6.0 for release 4.0 users. Therefore, if the State wanted to buy a later release at some point in the future, that later release would have to be installed as a new system, which can be very costly.

The Joint Committee on Computers and Telecommunications (JCCT) recommended that this project be funded in an amount not to exceed $4 million. (See Appendix A.)

E. Year 2000 Computer Issue (Conference Committee on 1997 Sen. Sub. for H.B. 2272). The Governor recommended FY 1997 State General Fund supplemental funding of $6,416,673 to pay for the technical services that some state agencies will need to prepare computer systems and applications for the year 2000. The Governor authorized additional nonreportable expenditures of $1,818,635 ($1.3 million for SRS, $0.5 million for the Department of Revenue, and $18,635 for the Securities Commissioner), for total FY 1997 expenditures of $8,235,308. Of the State General Fund total, $3.5 million is recommended for repair of the Department of Administration's own central systems.

The Department of Administration presented testimony on this issue to both the House Appropriations and Senate Ways and Means Committees. The agency states that the year 2000 problem occurs in those systems and applications that do not have a four-digit year in computer programs and databases. When the year 2000 occurs, a two-digit "00" date field will be interpreted as the year 1900, or as some other year. Some applications may simply shut down, and others may produce erroneous results. For example, the state accounting system may think that a January 2000 invoice is really a January 1900 invoice. In some cases, an invoice paid in the year 2000 may be lost in the system and may cause the State to double pay. All systems feeding into those systems that are affected will face potential problems. Rather than simply a computer problem, this is an imbedded chip problem, and other computerized systems, such as elevators, air handling equipment, preprogrammed jail cells, and other equipment may behave unpredictably.

Both the House and Senate Subcommittees and Committees recommended JCCT review of this item. The House Committee deleted funding for this item and recommended that it be considered as an Omnibus item. The Senate Committee recommended $5,000,000 from the State General Fund for this item. In Conference, all funding was deleted and this item was deferred for Omnibus consideration. (See Appendix A.)

F. S.B. 18 (Conference). Among other provisions, House Committee of the Whole amendments to S.B. 18 would require all professional services contracts for state agencies, with certain statutorily permitted exceptions, to be awarded on a competitive bid basis in conformance with guidelines established by rules and regulations adopted by the Kansas Development Finance Authority (KDFA) Board. Provisions in current law regarding negotiating committees and procurement negotiating committees would be struck and the KDFA rules and regulations would govern the process. The Department of Administration, Division of Personnel Services, which would initiate the requests for proposal for the professional services, estimates an FY 1998 State General Fund fiscal impact of $249,000 for the following items:

3.0 FTE Procurement Officers	$ 147,000
3.0 FTE Secretary Positions	66,000
Other Operating Expenditures	18,900
Capital Outlay	18,000
TOTAL	$ 249,900

Impact to KDFA. The KDFA is considered an independent instrumentality of the state. With the exception of some "start-up" funding, which was later repaid to the state, KDFA has never received a State General Fund appropriation. KDFA anticipates that passage of the House Committee of the Whole amendments to S.B. 18 would have a total fiscal impact of $11,140,000 to the state. Although the KDFA is not financed from the State General Fund, there would be no other funding source to finance the provisions of the bill pertaining to the KDFA, in the absence of a provision allowing the KDFA to charge a fee for these services. In addition, the KDFA anticipates that the restrictions on bond sales included in the bill would eliminate all of its "conduit" private activity bond issuances, from which the KDFA anticipates it would receive $175,000 in FY 1998 income and other estimates. According to KDFA, the costs to KDFA and other entities are as noted in the following table:

KDFA personnel and operating costs (4.0 FTE attorneys and 4.0 FTE support staff, additional office space ($24,000), capital outlay ($20,000), and OOE ($5,000)	$ 325,000
Loss of conduit issue income	175,000
Other state agency personnel (staff and support funding for 70 agencies)	3,640,000
Publication costs (advertisements in appropriate trade publications)	2,000,000
Interest costs on bonds	5,000,000
TOTAL	$ 11,140,000

In addition, local units of government would be required to comply with any regulations issued by KDFA. KDFA estimates the cost to local units of government as $9,000,000, which would fund additional personnel (360 employees at $25,000 per employee) throughout the state.

G. S.B. 373 (Conference). S.B. 373 would establish an independent public authority, the University of Kansas Hospital Authority, and would place the University of Kansas Hospital under the governance of the authority. As amended by the Senate Committee, the Authority would assume existing Hospital assets and liabilities on a date or dates agreed to by the Board of Regents and the Authority, but no later than July 1, 1998. As amended by the House Committee, the transfer would take place not prior to March 1, 1998, and not later than July 1, 1998. Among other provisions, the bill would allow the Authority to convene a negotiating committee to obtain collection services. Currently, the University of Kansas Medical Center (including the Hospital) participates in the debt set-off and write-off programs of the Department of Administration. A collection fee is charged for the collection of these accounts. The Department of Administration estimates that FY 1998 set-off and write-off collection fees from the University of Kansas Medical Center will total $119,565. These fees are included in the fee estimates and expenditures of the Accounting Services Recovery Fund. Any reduction in receipts to this fund in FY 1998 would be dependent upon two factors: transfer of the Hospital to the Authority prior to July 1, 1998, and the Authority deciding not to contract with the Department of Administration for the debt set-off service. If both of these factors would occur, additional State General Fund financing for the Division of Accounts and Reports may be necessary.

Judicial Branch

A. FY 1998 Judicial Branch Funding (House Subcommittee). The House Appropriations Subcommittee reviewing the Judicial Branch budget recommended that the Judicial Branch seek a Governor's Budget Amendment for $622,053 in FY 1998, which, together with the $726,081 recommended by the Subcommittee for new FTE positions and turnover reduction, would have provided the Judicial Branch with its full FY 1998 request. (**Staff Note:** In Conference, the full amount added to the FY 1998 Judicial Branch budget above the Governor's recommendation was $345,000). The Subcommittee recommended that this issue be addressed as an Omnibus item in the absence of a Governor's Budget Amendment.

Board of Indigents' Defense Services

H.B. 2025 (Conference). The Senate Committee of the Whole amended provisions of S.B. 28 into H.B. 2025. S.B. 28 incorporated the recommendations of a Judicial Council study of the Board of Indigents' Defense Services (BIDS). Among the recommendations of the Council included in the bill is an administrative fee of $35 (an "up front" fee) to be imposed by the court and paid by defendants that qualify to have legal services provided by BIDS. All or a portion of the fee could be waived in cases of hardship.

BIDS estimates that this fee would generate $70,000 in FY 1998. The bill specifies that these funds are to be deposited to the credit of the Indigents' Defense Services Fund. That fund includes a proviso authorizing expenditures for the purpose of assigned counsel and other professional services related to contract cases. The Senate Subcommittee reviewing the BIDS budget recommended the introduction of legislation authorizing the fee and recommended that BIDS be allowed to use $262,500 from this source in FY 1998 (based on a $50 fee and a higher compliance rate) for several items included in the BIDS FY 1998 agency request. These include providing salaries for the agency's attorneys more in line with those paid to state classified attorneys ($145,964); funding additional support positions ($64,903); providing funding for a Wichita office phone system ($8,616), and other items. The Senate Committee recommended delaying a bill introduction on this issue pending Senate action on S.B. 28.

APPENDIX A

RECOMMENDATIONS BY JCCT

The Joint Committee on Computers and Telecommunications (JCCT) met April 23 and the morning of April 24 to formulate recommendations for Omnibus review by the standing committees of House Appropriations and Senate Ways and Means. Most of the items were referred to the JCCT by the House and Senate in adopting conference committee reports on two appropriations bills, namely Senate Sub. for H.B. 2272 (FY 1997) and Senate Sub. for H.B. 2160 (FY 1998).

Year 2000 Issue

The JCCT recommends a total of $5,453,012 from the State General Fund ($800,000 in FY 1997 and $4,653,012 in FY 1998) and $1,995,545 from all other funds ($500,000 in FY 1997 and $1,495,545 in FY 1998) for Year 2000 issues. Total funding recommended over the two years is $7,448,557. Although most of the funding is added to the Department of Administration's budget, the expenditure limitation on the Division of Vehicles Operating Fund in the Department of Revenue for FY 1997 should be increased by $500,000 to enable work on the Vehicle Information Processing System (VIPS) to begin.

The Joint Committee also recommends that agencies continue to report to the Chief Information Architect on a monthly basis and that the Chief Information Architect report periodically to JCCT regarding Year 2000 issues.

SHARP Upgrade

In March 1997, the Committee recommended that the SHARP upgrade to public sector release 6.0 be funded in an amount not to exceed $3.8 million in FY 1997.

On April 23, the Committee added a recommendation that the Secretary of Administration convey to PeopleSoft (the software vendor for the SHARP system) the Committee's recommendation that PeopleSoft incorporate into future public sector software releases (including specifically Release 8.0) those modifications made by the State of Kansas in PeopleSoft Releases 4.02 and 6.0 that are deemed to be necessary to state agencies. The Joint Committee notes that, because the State of Kansas was one of the first public sector users of PeopleSoft, the State has borne considerable expense in modifying the system for public sector use. In light of the State's financial commitment and its position as a reference for future PeopleSoft customers, the Committee expects financially beneficial concessions from the company. In addition, the Committee recommends that the State "go vanilla" as soon as possible and to the greatest extent possible. This means that the State will, to the greatest extent possible, adapt its procedures to match the functions included in the software.

Appropriations
4-24-97
Attachment 2

Human Resources Mainframe Merger

The Department of Human Resources requests authority to expend $400,000 from the special employment security fund to finance costs associated with the transition of the agency's mainframe system to DISC.

On April 23, the JCCT adopts the following recommendation: In FY 1997 add $140,000 (Special Employment Security Fund) and in FY 1998 add $260,000 (Special Employment Security Fund) to approved expenditures for main frame computer merger-related costs.

The JCCT also recommends that by proviso to require that the agency report to the JCCT on or before October 15, 1997, the status of the merger with the DISC and the results of an agencywide strategic plan for information technology.

Secretary of State Imaging Project

The Secretary of State requests $550,000 in FY 1997 as recommended by the Governor.

The JCCT at its meeting of April 23 recommends for an agencywide strategic plan for information technology be developed for review and that no funding for imaging, an AS/400 computer upgrade, or any scanning equipment be appropriated until a plan is submitted to the JCCT for its review. The JCCT also notes that the Secretary of State should consult with the Secretary of Revenue about using the off-season capacity of the Department of Revenue's scanning equipment.

Juvenile Offender Management System

The JCCT at its meeting of April 23 reviewed the request for $3.0 million over a two-year period made on behalf of the new Juvenile Justice Authority. Although the Legislature did not delegate review of this matter to the JCCT, the Joint Committee historically has reviewed and made recommendations about these kind of matters.

The JCCT recommends $125,000 be appropriated in FY 1998 from the State General Fund in order to match up to $500,000 in federal grant funds. The SGF financing should be appropriated as a line item for the purpose of planning and developing a management system. In addition, the JCCT recommends that expenditures be authorized for no more than $125,000 from the non-SGF account in FY 1998 for planning purposes, and that an additional $375,000 be subject to release by the State Finance Council. The JCCT anticipates that funding will be utilized in order to develop a strategic plan for information technology.

A proviso should be included to require quarterly reporting to the JCCT by the Commissioner for the Juvenile Justice Authority on the status of expenditures and development of a strategic plan for information technology. JCCT should be given authority to review the strategic plan and to make recommendations to the State Finance Council regarding additional expenditures beyond the $250,000 in FY 1998.

STATE AGENCY YEAR 2000 FUNDING

AGENCY ESTIMATE AND JCCT RECOMMENDATION

Agency	Agency Staff Hours Estimate	Within Current Resources		Additional Funding Required		Total Year 2000 Funding		JCCT Rec. FY 1997		JCCT Rec. FY 1998		Total JCCT Rec. FY 1997 and FY 1998 Excluding Curr. Resources	
		SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds
Dept. of Administration	7,784			$3,500,000	$3,500,000	$3,500,000	$3,500,000	$454,835	$454,835	$3,045,165	$3,045,165	$3,500,000	$3,500,000
Health and Environment				180,000	180,000	180,000	180,000			180,000	180,000	180,000	180,000
Secretary of State	240	36,500	36,500			36,500	36,500						
KBI	744			63,400	63,400	63,400	63,400			63,400	63,400	63,400	63,400
Highway Patrol	279			163,703	163,703	163,703	163,703			163,703	163,703	163,703	163,703
Dept. of Revenue	52,403			635,868	1,146,568	635,868	1,146,568	71,190	571,190	564,678	575,378	635,868	1,146,568
SRS	78,120		9,792,500	907,500	2,207,500	907,500	12,000,000	273,975	273,975	633,525	1,933,525	907,500	2,207,500
Judicial Branch			404,000				404,000						
Securities Commissioner					18,635		18,635				18,635		18,635
Emergency Medical Services				2,541	2,541	2,541	2,541			2,541	2,541	2,541	2,541
Dept. of Human Resources	28,350												
Other Agencies	65,196				166,210		166,210				166,210		166,210
TOTAL	233,116	$36,500	$10,233,000	$5,453,012	$7,448,557	$5,489,512	$17,681,557	$800,000	$1,300,000	$4,653,012	$6,148,557	$5,453,012	$7,448,557

JCCT CONCURS
WITH CURRENT RESOURCES
ESTIMATE

Governor's Recommendation for the Dept of Administration: FY 1997 funding of $8,235,308, including $6,416,673 from the State General Fund and $1,818,635 from other funds.

APPENDIX B

RECOMMENDATIONS OF THE JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

At its meeting in Topeka on April 23, 1997, the Joint Committee on State Building Construction made the following recommendations for capital improvement projects for consideration for inclusion in the Omnibus appropriations bill:

Juvenile Justice Authority (JJA)

1. The Joint Committee concurs with the request of the JJA for $1,055,200 from the State Institutions Building Fund (SIBF) in FY 1998 to continue rehabilitation and repair projects at the state's Youth Centers.

2. The Joint Committee concurs with the request of the JJA for $1,000,000 from the SIBF in FY 1998 for capital improvement planning to develop a master plan of capital improvement needs of the JJA, improvements to existing facilities, and planning for new juvenile correctional facilities.

Department of Corrections

1. The Joint Committee recommends a five year loan from the Pooled Money Investment Board of $5,637,316 in FY 1998 for repairs to the site utilities at El Dorado Correctional Facility. The Joint Committee understands that litigation has been filed which may lead to the recovery of these expenditures sometime in the future which could be utilized to pay off the loan

State Historical Society

1. The Joint Committee recommends the addition of $39,600 from the EDIF in FY 1998 to the $50,000 EDIF already approved by the 1997 Legislature for the above agency. This would provide sufficient funding to renovate the interior of the Blockhouse at Fort Hays so that facility could be reopened to the public.