

Approved: 4-25-97  
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 25, 1997 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department  
Kathy Porter, Legislative Research Department  
Mark Burenheide, Legislative Research Department  
Norman Furse, Revisor of Statutes  
Michael Corrigan, Revisor of Statutes  
Judy Bromich, Administrative Assistant  
Janet Henning, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Chairman Kerr told Committee members a Juvenile Justice Authority booklet was being distributed for their review. (Permanent copy on file with Legislative Research)

Senator Salisbury reviewed the Subcommittee report for the Department of Health and Environment (Attachment 1). Senator Salisbury explained to Committee members that a recent performance audit of the confined livestock feeding operations determined the Department of Health and Environment is dealing with a backlog of renewal permits to process. The Subcommittee recommended the inclusion of three FTE's, defined as the filling of vacant positions. Senator Salisbury also explained that in comparison to other states, Kansas has very high standards for the licensing procedure.

Senator Downey and Senator Petty expressed concern regarding the turnover for each of the Department's individual programs. James O'Connell, Secretary of Department of Health and Environment, stated he was not sure of the origin of the information. He stated he thought the discrepancy was the shrinkage rate versus actual turnover of personnel. Their department doesn't have the shrinkage rate problem because sometimes the funding does not come through for the authorized personnel. Chairman Kerr advised that since there is a discrepancy between the two sources of information, a memorandum was requested from the Department of Health and Environment to explain the true turnover is compared with the information in the Subcommittee's report.

Committee members also expressed concern regarding the Department's lack of enforcement of nursing home facility violations.

Senator Salisbury moved, Senator Petty seconded, that the Subcommittee report for the Department of Health and Environment be approved. The motion carried on a voice vote.

Senator Ranson reviewed the Subcommittee report for the Department of Human Resources (Attachment 2). In response to questions from Committee members regarding the purchase of computer components and enhancements, Roger Aeschliman, Deputy Director, Department of Human Resources, stated the equipment is critical for the merger with DISC. This equipment has to be in place and operational prior to the merger with DISC.

Senator Ranson moved, seconded by Senator Petty, to amend the Subcommittee report for FY 1997 and FY 1998. Adding in FY 1997, the language that a new request has been made and the Chairman of the Ways and Means would ask the Chairman of the Committee on Computers and Telecommunications to deal with this issue before Omnibus and in FY 1998, remove the

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 25, 1997.

expenditure authorization of \$175,000, to be referred to Omnibus. The motion carried on a voice vote.

After a brief discussion among Committee members, Senator Ranson moved, Senator Petty seconded, that the Subcommittee report for the Department of Human Resources be approved. The motion carried on a voice vote.

Senator Morris reviewed the Subcommittee report for the Department on Aging (Attachment 3). Senator Morris moved, seconded by Senator Downey, that the Subcommittee report for the Department of Aging be approved. The motion carried on a voice vote.

Senator Salmans reviewed the Subcommittee report for the Kansas Commission on Veterans Affairs (Attachment 4) Senator Salmans moved, seconded by Senator Jordan, that the Subcommittee report for the Kansas Commission on Veterans Affairs be approved. The motion carried on a voice vote.

Senator Salmans reviewed the Subcommittee report for the Kansas Soldiers Home budget (Attachment 5). Senator Salmans moved, seconded by Senator Gilstrap, that the Subcommittee report for the Kansas Soldiers Home be approved. The motion carried on a voice vote.

The Subcommittee report for the Homestead Property Tax Refunds (Attachment 6) was reviewed by Senator Salmans. Senator Salmans moved, seconded by Senator Jordan, that the Subcommittee report for the Homestead Property Tax Refunds budget be approved. The motion carried on a voice vote.

The Chairman adjourned the meeting at 12:33 p.m.

The next meeting is scheduled for March 26, 1997.

# SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 3/25/97

NAME	REPRESENTING
Tom Pakace	KOMA
Sharon Huffman	KCDC
TK Shively	KLS
Sue Anne Hoctor	Division of the Budget
Janet Wetla	KDHE
Steve Dotson	KDHE
Lore Phillips	KDHR
Jim Connell	KDHE
David B. Dallon	DOB
DH Zehr	KANSAS
Jandra Strand	Ks Advocates for Better Care
Roger Beschlimm	KDHR
Paul Schneider	KDHR
Jia Huang	DOB
DON A. MEER	KCVA
STEVE KEARNEY	KOMA
Ken Behr	KANSAS

**SUBCOMMITTEE REPORT**

**Agency:** Department of Health  
and Environment

**Bill No.** 2272

**Bill Sec.** 25

**Analyst:** Mah

**Analysis Pg. No.** 727

**Budget Page No.** 201

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

**Agency Estimate/Governor's Recommendation**

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

Senate Ways and Means Committee

Date 3-25-97

Attachment # /

facilities being regulated, which also will help to make them more assessable to the public who are affected the most by the facilities.

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

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

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

**Position Changes.** The Department estimates a total of 806.6 FTE positions and 149.6 unclassified temporary positions in FY 1997. The revised estimate provides for a reduction of 4.5 unclassified temporary positions from those approved for the current year at the end of last session, but it is just a half position less than those reported by the Department in its FY 1996 actual data. With regard to FTE positions, the revised estimate includes 7.0 new FTE positions for a southwest Kansas field

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

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

### **House Subcommittee Recommendation**

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

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

adequate oversight of confined animal feedlots. The recommendation would reduce the number of FTE positions, but make no change in the number of unclassified temporary positions as it is the intent of the Subcommittee that the Department use three existing unclassified temporary positions that are vacant. Of 152.6 approved unclassified temporary positions, 33 currently are vacant.

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

### **House Committee Recommendation**

The House Committee concurs with the House Subcommittee's recommendation.

### **House Recommendation**

***The full House has not taken action on this agency's budget.***

---

Agency: Department of Health and Environment

Bill No. 228

Bill Sec. 58

Analyst: Mah

Analysis Pg. No. 727

Budget Page No. 201

<u>Expenditure Summary</u>	<u>Agency Estimate FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 91,560,282	\$ 92,239,878	\$ (615,441)
Aid to Local Units	32,132,736	32,289,638	65,000
Other Assistance	33,633,915	33,633,915	0
<b>TOTAL</b>	<b>\$ 157,326,933</b>	<b>\$ 158,163,431</b>	<b>\$ (550,441)</b>
State General Fund:			
State Operations	\$ 18,416,964	\$ 18,146,009	\$ (450,940)
Aid to Local Units	7,184,281	7,184,281	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 25,601,245</b>	<b>\$ 25,330,290</b>	<b>\$ (450,940)</b>
Other Funds:			
State Operations	\$ 73,143,318	\$ 74,093,869	\$ (164,501)
Aid to Local Units	24,948,455	25,105,357	65,000
Other Assistance	33,633,915	33,633,915	0
<b>TOTAL</b>	<b>\$ 131,725,688</b>	<b>\$ 132,833,141</b>	<b>\$ (99,501)</b>
FTE Positions	806.6	802.6	0.0
Unclassified Temp. Positions	149.6	152.6	0.0
<b>TOTAL</b>	<b>956.2</b>	<b>955.2</b>	<b>0.0</b>

**Senate Subcommittee's Recommendation**

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

1. Delete \$90,481 from the Public Water Supply Loan Fund, which is from a new federal source of funding that was estimated at \$90,481 for FY 1997 but will not be available as originally anticipated.
2. Delete \$9,020 from federal funds, which is the difference between \$50,000 in anticipated funds that were budgeted for unspecified purposes and the \$40,980 that actually was received from two federal environmental grants. The \$40,980 will be used mostly for salaries and wages of existing staff in place of State

1-5

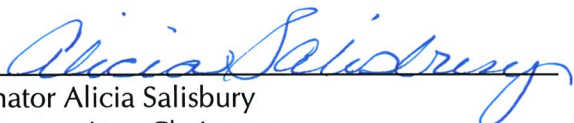


General Fund moneys that are no longer available to the Department because of the retirement law.

3. Reduce State General Fund recommended expenditures for vaccine supplies in FY 1997 from \$1,150,940 to \$700,000. Of the amount reduced (\$450,940), lapse \$350,940 and reappropriate the remainder (\$100,000) to reduce the amount of the State General Fund appropriation for state operating expenditures in FY 1998. As of February 10, 1997, only \$410,405 out of \$1.1 million has been spent for vaccine supplies. Historically, expenditures have been significantly less than the amount that has been appropriated. The Department agrees that it is unlikely that the full amount available in the current year will be spent. Under the Subcommittee's recommendation, the \$100,000 would still be available in the current year to make additional vaccine supply purchases if necessary. If the Department uses any of the recommended \$700,000 or additional \$100,000 for purposes other than vaccine purchases, it should be prepared to explain its actions to the 1998 Legislature.
4. Shift \$73,171 from a new fund created for the Voluntary Cleanup Program to an already-established federal fund that was created by the 1996 Legislature. The money was inadvertently budgeted in the wrong fund.
5. Shift \$65,000 in federal funds from state operations to aid to local units to correctly reflect how the agency intended the money to be spent.
6. Make technical corrections to the appropriations bill necessary to correctly reflect the Governor's recommendation.

**Current Status Comparison**

Expenditure	Gov. Rec. FY 1997	House Committee Rec. FY 1997	Senate Subcommittee Rec. FY 1997	Senate Change from House
<b>All Funds:</b>				
State Operations	\$ 92,239,878	\$ 92,075,377	\$ 91,624,437	\$ (450,940)
Aid to Local Units	32,289,638	32,354,638	32,354,638	0
Other Assistance	33,633,915	33,633,915	33,633,915	0
Subtotal - Operating	\$ 158,163,431	\$ 158,063,930	\$ 157,612,990	\$ (450,940)
Capital Improvements	0	0	0	0
<b>TOTAL</b>	<b>\$ 158,163,431</b>	<b>\$ 158,063,930</b>	<b>\$ 157,612,990</b>	<b>\$ (450,940)</b>
<b>State General Fund:</b>				
State Operations	\$ 18,146,009	\$ 18,146,009	\$ 17,695,069	\$ (450,940)
Aid to Local Units	7,184,281	7,184,281	7,184,281	0
Other Assistance	0	0	0	0
Subtotal - Operating	\$ 25,330,290	\$ 25,330,290	\$ 24,879,350	\$ (450,940)
Capital Improvements	0	0	0	0
<b>TOTAL</b>	<b>\$ 25,330,290</b>	<b>\$ 25,330,290</b>	<b>\$ 24,879,350</b>	<b>\$ (450,940)</b>
FTE Positions	802.6	799.6	802.6	3.0
Unclass. Temp. Positions	152.6	152.6	152.6	0.0
<b>TOTAL</b>	<b>955.2</b>	<b>952.2</b>	<b>955.2</b>	<b>3.0</b>

  
 Senator Alicia Salisbury  
 Subcommittee Chairperson

  
 Senator Barbara Lawrence

  
 Senator Marge Petty

**SUBCOMMITTEE REPORT**

**Agency:** Department of Health  
and Environment

**Bill No.** 2160

**Bill Sec.** 58

**Analyst:** Mah

**Analysis Pg. No.** 727

**Budget Page No.** 201

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

**Agency Request/Governor's Recommendation**

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

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

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

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

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

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

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

- **Contract for Medical Epidemiologist Services.** The Governor concurs with the Department's request for \$120,000 from private donor funds for contractual services to retain the current services provided to it by a medical epidemiologist who has been assigned to the Department by the Centers for Disease Control and whose term will end in FY 1997. He also adds another \$96,840 from private donor funds for a total of \$216,840 for FY 1998. The additional moneys were requested by the Department, indicating that it learned about the moneys too late to include them in the budget request.
- **Computerization of Licensing Records for Adult and Child Care Facilities.** The Governor provides an estimated \$360,169 for computerization of licensure records for adult and child care facilities. The Department wants to begin to convert paper records for the Bureau of Adult and Child Care to an optical disk system in FY 1998. The Department says that there has been a rapid increase in the number and size of records that the Bureau must handle. The FY 1998 recommendation includes \$130,622 from the State General Fund and \$229,547 from Medicaid and Medicare fund, which is different from the Department's proposal for \$90,597 from the State General Fund and \$271,791 from Medicaid and Medicare funds.
- **Transfer of Licensing Responsibility for Foster Care from the Department of Social and Rehabilitation Services (SRS) to the Department of Health and Environment.** The Governor provides an estimated \$1,050,279 for the requested transfer of licensing responsibility for foster care from SRS to the Department of Health and Environment. The two state agencies have renegotiated their Memorandum of Understanding (MOU) for licensing responsibilities for child care facilities. In the prior agreement, licensing responsibilities were split in that Health and Environment licensed day care facilities and SRS licensed family foster homes, child placement agencies, and twenty-four hour care residential facilities and detention centers. Under the new agreement, which has been signed by both agency heads, the Department of Health and Environment will assume no later than January 1, 1997, licensing responsibility for those facilities that have been licensed by SRS. According to the Department, this initiative helps to meet objectives of SRS for privatizing foster care activities. The Department intended to ask for \$1,060,032 from the State General Fund, but it inadvertently asked for less (\$1,025,627). A review of the Governor's recommendation indicates that of the \$1,050,279 included in his FY 1998 recommendation, only half (\$516,819) is from the State General Fund and the remaining (\$533,460) from another source. The other source is from federal Title IV-E moneys that SRS has used in the past to pay for the inspection costs. The MOU indicates that a total of \$877,919 is being transferred to the Department from SRS for FY 1997 costs, including the transfer of 20.0 FTE positions effective October 20, 1996. The Governor makes no adjustment in his FY 1997 recommended budget for this Department to reflect the transfer. He waits until FY 1998 to show the additional 20.0 FTE positions along with the moneys indicated above. Apparently, he does not make the adjustment because the plan is to have SRS continue to pay out of its budget the costs through FY 1997, even though the MOU indicates otherwise. For FY 1998, there is a reported reduction of \$1,060,032 and 20.0 or perhaps 20.5 FTE positions in the budget recommended for SRS.
- **New FTE for Data Entry Related to Kansas Bureau of Investigation (KBI) Criminal Record Checks for Child Care Facilities.** The Governor provides an estimated \$23,441 in FY 1998 from the State General Fund for a new 1.0 FTE keyboard operator position. The Department indicated that it needed the new position to increase its ability to conduct on a timely basis KBI criminal history and SRS child abuse registry checks on child care providers.

- **Ready Telephone Line for Information on Compliance History of Child Care Facilities.** The Governor provides an estimated \$17,029 from the State General Fund for a new 0.5 FTE office assistant position that would serve as staff for a new toll-free telephone line. The Department indicates that it wants to increase for parents the ability to choose a healthy and safe day care center for their children by making compliance history records of child care providers easily accessible on a timely basis.
- **Training for Child Care Providers.** The Governor concurs with the Department's requested \$50,000 in FY 1998 from a new federal grant for developing a manual and providing training for child care providers who care for children with special health care needs.
- **New Childhood Lead Poisoning Prevention.** The Governor concurs with the Department's request for expending federal moneys in FY 1998 for a childhood lead poisoning prevention program, which were initially authorized by Executive Directive of the Governor for expenditure in FY 1997. Included in his FY 1998 recommendation is \$247,387, which is slightly higher than the Department's request because it includes an adjustment for the Governor's recommended salary enhancement.
- **New FTE Positions for Oversight of Confined Animal Feedlot Facilities.** The Governor concurs with the Department's request for 9.0 new FTE positions for oversight of confined animal feedlot facilities. The Department proposed that 3.0 of the new positions begin in FY 1997, which was recommended by the Governor. Therefore, only 6.0 of the positions would be actually new in FY 1998. The recommended staff are for addressing issues related to providing adequate oversight of confined animal feedlots because of growth in the number of facilities and reliance on the use of lagoons for controlling pollution that can occur from various waste products.
- **Implement Public Water Supply Loan Program.** The Governor actually implements a new Public Water Supply Loan program in FY 1997, as was authorized by State Finance Council action. However, the Governor does not recommend any of 4.0 requested new FTE positions. He recommends the same amount of money (\$340,000) that was requested by the Department, but provides that all of it be used for nonsalary expenses.
- **New Voluntary Cleanup Program.** The Governor concurs with the Department's request for \$105,205 in FY 1998 that is to come from a new fee paid by parties responsible for cleanup at sites that impose no immediate risk to the health of Kansans. According to the Department, it has been conducting this program at a minimal level for the last year and a half by using its already existing resources, but is unable to meet the demands being placed on it unless it receives additional resources.
- **State Match for Lead Removal at the Cherokee County Superfund Site.** The Governor concurs with the Department's request for \$145,000 from the State General Fund for a 10.0 percent match required for sharing in the cost of lead removal at the Cherokee County Smelter site, which is included in the federal Superfund program.

**Financing Through Imposing Federal Indirect Cost Measures.** The Department put its budget together based on the assumption that the Legislature will approve a new policy on how it pays for administrative costs related to some of its fee funded programs. The policy change would apply to statutorily established funds for underground petroleum storage tanks, aboveground petroleum storage tanks, solid waste, dry-cleaning, and waste tire activities. Besides these environmental activity funds,

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

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

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

**Governor's Recommendation.** Of the 52.5 requested new FTE positions, the Governor recommends 30.5 positions. Instead of starting seven of the positions in FY 1997, as was requested by the Department, the Governor agrees to starting three of the requested new positions in FY 1997, which are for a new branch office in southwest Kansas. The FY 1998 recommendation includes another six

positions that were requested for confined animal feedlot regulatory activities, for a total of nine positions in the two-year period. He also recommends 21.5 new FTE positions for child care regulatory activities. Instead of 3.0 new FTE positions that were requested for a new federally funded childhood lead poisoning prevention program, he recommends that the positions start in FY 1997 and continue in FY 1998 as unclassified temporary positions. The Governor also adjusts the request to delete 2.0 existing FTE positions that were budgeted by the Department. The result of all the adjustments is that there is a net increase of 25.5 positions in his recommendation for FY 1998 from FY 1997, all of which are FTE positions. He already helped the Department meet its goal of deleting 5.8 FTE positions by the end of FY 1997 by deleting four of the positions in his FY 1997 recommendation. With the deletion of two more positions under the Governor's recommendation, the Department would achieve its goal at the start of FY 1998.

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

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

### House Subcommittee Recommendation

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

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



community to learn about health promotion activities. The purpose of the program is to provide communities with assistance and skills needed to establish public health interventions appropriate to their targeted population and to evaluate the outcomes.

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

9. Delete \$462,783 from the State General Fund and 9.0 FTE positions for activities related to oversight of confined animal feedlots. Instead, the Subcommittee recommends the introduction of a bill that would increase the fees imposed on confined animal feedlot facilities to raise the \$462,783. The Subcommittee asks the Department to develop a fee schedule that does not penalize small feedlot facility owners, which will be incorporated into the bill. It is the Subcommittee's opinion that any new positions associated with the oversight of confined animal feedlots should be funded from fees imposed on the feedlots, not from the State General Fund. If new positions are added for the oversight function, which in the Subcommittee's opinion should be unclassified temporary positions, it would be the Subcommittee's intention that the Secretary would have the flexibility to move the positions among the field offices in order to best utilize staff resources.
10. Shift \$59,059 of \$145,000 recommended from the State General Fund to the Remediation Projects Fund and appropriate the remaining State General Fund moneys (\$85,941) as a separate line item in the budget. The \$145,000 is the 10.0 percent match requirement on the federal Cherokee County Superfund Site. The Remediation Projects Fund was abolished by the Legislature several years ago, but had an encumbrance of \$59,059 that only recently has been released. In addition, add language to the appropriations bill to abolish the Remediation Projects Fund. According to the Department, dollars that have been spent by the federal government and the state for remediation cleanup in Cherokee County for the Superfund site are estimated to be \$24.8 million from FY 1989 through FY 1998.
11. Continue the policy of the 1996 Legislature with regard to expenditure limitations and provisos on various funds of the Department, except provide that the Training Fee Fund and the federal NICE 3 Grant Fund would have "no limit" expenditure limitations. Also, establish an expenditure limitation on a new federal fund for childhood lead poisoning prevention grants. In addition, appropriate as a separate line item State General Fund moneys recommended for vaccine purchases, which in FY 1997 are combined with the agency's other operating expenditures.
12. Shift \$65,000 in federal funds from state operations to aid to local units to correctly reflect how the agency intended the money to be spent.
13. Delete \$105,205 that is to come from a new fee paid by parties responsible for cleanup at sites that impose no immediate risk to the health of Kansans. According to the Department, it has been conducting this program at a minimal level for the last year and a half by using its already existing resources, but is unable to meet the demands being placed on it unless it receives additional resources. The Department put its proposal together under the assumption that it would be given new authority by passage of legislation this session. Its hope is that passage of new legislation will provide authority to give a release to responsible parties that the property in question has been cleaned up to Department's specifications and no further action is necessary at the site. While the Governor included the requested moneys in his recommendation, he did not recommend that a portion of the moneys be used for salaries and wages for 2.0

new unclassified temporary positions, as was requested. In his recommendation, all of the moneys are for nonsalary expenses. The Department reports that, under the Governor's recommendation, it will need to rethink its proposal for this requested enhancement, including how effectively it could administer the program. Therefore, review this item during the Omnibus Session, which also allows for consideration of the impact of legislation (S.B. 276) that was favorably acted upon by the Senate Energy and Natural Resource Committee today.

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

health departments provide basic community services such as immunizations, multiphasic screenings, and laboratory tests. They also assist with promoting hypertension screening and education programs, including participating in in-service training. Each county gets a minimum of \$7,000, with remaining moneys distributed among the local health departments on a population formula basis established in K.S.A. 65-241 through 65-246. There is a maintenance of effort requirement, meaning that local entities cannot reduce their funding levels for the program if they wish to get the same amount of state moneys received last year.

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

### **House Committee Recommendation**

The House Committee concurs with the Subcommittee's recommendation, with the following adjustments:

1. Amend item No. 9 above to restore \$162,783 of the \$462,783 that was deleted from the State General Fund. The adjustment to the Governor's recommendation is a reduction of \$300,000 from the State General Fund and 9.0 FTE positions for activities related to additional oversight of confined animal feedlots. Under the Committee's recommendation, the remaining \$162,783 would be used to fund 3.0 unclassified temporary positions instead of permanent FTE positions, as proposed by the Governor. The 3.0 positions, which are recommended to begin in the current year, will provide for the additional oversight. Included in the recommendation is \$106,555 for salaries and wages and \$56,228 for all other operating costs associated with the positions.
2. Delete item No. 20 above and recommend the deletion of 1.0 FTE position and \$60,000 from the State General Fund for the salary of the position which reportedly will be vacant in FY 1998 at the Office of Science and Support, Division of Environment. Also, add a proviso to the bill on the salary and wage account of the State General Fund appropriation to require the Secretary of Health and Environment to reorganize and redistribute staff assigned to the Division of Environment in order to create better service and greater efficiency.

**House Recommendation**

*The full House has not taken action on this agency's budget.*

Agency:	Department of Health and Environment	Bill No. 178	Bill Sec. 58
<u>Expenditure Summary</u>	<u>Agency Request FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate* Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 98,144,352	\$ 96,143,709	\$ (2,019,976)
Aid to Local Units	33,031,570	32,556,799	20,000
Other Assistance	34,600,000	34,600,000	(200,000)
TOTAL	<u>\$ 165,775,922</u>	<u>\$ 163,300,508</u>	<u>\$ (2,199,976)</u>
State General Fund:			
State Operations	\$ 22,646,594	\$ 20,296,787	\$ (1,014,578)
Aid to Local Units	7,669,052	7,184,281	0
Other Assistance	0	0	0
TOTAL	<u>\$ 30,315,646</u>	<u>\$ 27,481,068</u>	<u>\$ (1,014,578)</u>
Other Funds:			
State Operations	\$ 75,497,758	\$ 75,846,922	\$ (1,005,398)
Aid to Local Units	25,362,518	25,372,518	20,000
Other Assistance	34,600,000	34,600,000	(200,000)
TOTAL	<u>\$ 135,460,276</u>	<u>\$ 135,819,440</u>	<u>\$ (1,185,398)</u>
FTE Positions	852.1	828.1	(6.5)
Unclassified Temp. Positions	152.6	152.6	0.0
TOTAL	<u>1,004.7</u>	<u>980.7</u>	<u>(6.5)</u>

\* Includes a reduction of \$1,325,506 (\$481,954 from the State General Fund) for the Governor's employee salary adjustments.

## Senate Subcommittee Recommendation

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

1. Shift \$25,000 from one federal fund to another because expenditures, which are for aid to local units for child lead poisoning prevention activities, were recommended by the Governor from the wrong fund.
2. Delete \$50,700 from federal funds that were budgeted for an unspecified purpose.
3. The Subcommittee notes that there may be a Governor's Budget Amendment with regard to making use of anticipated new fee receipts because of the Department's plan to start billing Medicaid for cost recovery of screening newborns for certain metabolic diseases for which screening is required by law. The Department reports that historically the cost for the screening has been borne by the State General Fund for Medicaid eligible patients. According to the Department, estimated new receipts could total \$180,000 annually. If costs can be recovered for screening adults for tuberculosis and sexually transmitted diseases, the additional amount recovered is estimated to be \$20,000 annually.
4. Delete \$45,000 from private donor funds that were budgeted twice for the same purpose. The remaining \$45,000 is for grants to be awarded to communities (mostly health departments) to pay the cost of sending their staff to a different community to learn about health promotion activities. The purpose of the program is to provide communities with assistance and skills needed to establish public health interventions appropriate to their targeted population and to evaluate the outcomes.
5. Delete \$60,682 from the State General Fund that is overstated for salaries and wages in the foster care facilities licensing program. (The program is being transferred from the Department of Social and Rehabilitation Services.) In addition, shift \$18,794 from the State General Fund from other operating expenses to salaries to fund the salary of a 0.5 FTE position which, under the Subcommittee's recommendation, would be within the Department's existing position limitation. Because the position already is funded in another program, delete \$18,794 from the State General Fund to eliminate double funding the position that is being shifted.

Also, make the State General Fund appropriation for the foster care facilities licensing activity along with other child care state operations a separate line item to allow for monitoring the enhanced program.

6. The Department put its FY 1998 budget together based on the assumption that it could transfer up to 18.0 percent of the receipts from its various fee funds to a single fund that would be used to pay for administrative costs related to the Department's General Management Program, such as personnel, legal, and accounting services. According to the Department, allowing it to transfer up to

18.0 percent of fee fund receipts to the pooled fund could make enough additional revenue available to purchase items such as computers and related equipment, as well as to fund regular overhead costs.

It is not clear that the Department has the authority to do this. In fact, some of the Department's funds have specific statutory limits or restrictions on the amount of money that can be spent for administrative purposes that are in conflict with the assumptions the Department made when it prepared its FY 1998 budget. The House Appropriations Committee plans to introduce a bill that would give the Department the authority to make these transfers, which the Senate will have the opportunity to consider if the bill passes the House. In the meantime, the Subcommittee recommends amending existing language in the appropriations bill to make it clear that the Department cannot make transfers from its various fee funds to a pooled fund. If the bill passes giving the Department the authority to create the pooled administration overhead fund, the proviso language would be moot. If the bill does not pass, the Legislature will have to consider the Department's FY 1998 budget in the Omnibus Bill because there will be no authorization for the Department to make the expenditures it has budgeted from the pooled fund.

7. Delete \$350,940 from the State General Fund for vaccine supplies, for a total of \$800,000. This amount is an increase of \$100,000 over the recommendation for FY 1997. In addition, appropriate the funding in a separate line item, not as part of the Department's appropriation for operations. Total expenditures for vaccine supplies in FY 1996 were \$267,802.
8. Delete \$17,029 and a 0.5 FTE position financed from the State General Fund associated with a new toll-free line for information on compliance history of child care providers licensed by the Department. The Subcommittee was informed that the Governor did not intend to recommend the position.
9. Delete \$26,120 from the State General Fund for salaries for oversight of confined animal feedlot facilities that were overstated in the Governor's recommendations. In addition, make the 6.0 FTE positions recommended by the Governor unclassified temporary, not permanent, positions. According to a recent performance audit of the confined livestock feeding operations, the Department is dealing with a backlog of renewal permits to process. Because the workload may be inflated by the need to deal with the backlog, the Subcommittee believes temporary employees should be added until the backlog is addressed and then a judgment made as to how many permanent employees, if any, need to be added. (The six temporary positions recommended by the Subcommittee would bring the total staff for the feedlot operation to 18.5 permanent and temporary positions, including 3.0 FTE positions added during FY 1997.) The Committee's recommendation does not delete any funding recommended by the Governor for the six positions. However, the Subcommittee recommends that the Department fill the 6.0 unclassified temporary positions from among the many vacancies it has for such positions and not add additional positions.

In the January, 1997, efforts to protect water from pollution caused by feedlot operations, the Legislative Division of Post Audit found problems with the Department's animal waste regulatory program and its failure to follow procedures or requirements for regulating animal waste-control facilities. To monitor the recommendations made by the auditors, the Subcommittee requests that the Department report to the 1998 Legislature on the following:

- a. The Department's progress in addressing the backlog, including information about the number of staff positions and the amount of resources dedicated to processing renewal permits;
  - b. a projection of future staffing requirements to process renewal permits and a justification for any requests to add permanent positions for the activity;
  - c. documentation that quantifies how the Department's oversight of the confined feedlot program has protected the state's groundwater from feedlot pollution; and
  - d. evidence of how the Department has addressed specific shortfalls identified in the audit.
10. Shift \$59,059 of \$145,000 recommended from the State General Fund to the Remediation Projects Fund and appropriate the remaining State General Fund moneys (\$85,941) as a separate line item in the budget. The \$145,000 is the 10.0 percent match requirement on the federal Cherokee County Superfund Site. Besides the 10.0 percent match for cost-sharing, the state is required to assure future operation and maintenance at the site, which is estimated to be \$79,500 in FY 1999 and \$78,500 in at least FY 2000 and FY 2001. According to the Department, dollars that have been spent by the federal government and the state for remediation cleanup in Cherokee County for the Superfund site are estimated to be \$24.8 million from FY 1989 through FY 1998.
- The Subcommittee also notes that the Remediation Projects Fund was never abolished as intended several years ago, because it had an encumbrance of \$59,059 that only recently has been released. Therefore, add language to the appropriations bill to abolish the Remediation Projects Fund at the end of FY 1998.
11. Continue the policy of the 1996 Legislature with regard to expenditure limitations and provisos on various funds of the Department, except provide that the Training Fee Fund and Public Water Supply Loan would have "no limit" expenditure limitations. Also, establish an expenditure limitation on a new federal fund for childhood lead poisoning prevention grants and the federal NICE 3 Grant Fund.
12. Shift \$65,000 in federal funds from state operations to aid to local units to correctly reflect how the agency intended the money to be spent.



13. Delete \$105,205 that is to come from a new fee paid by parties responsible for cleanup at sites that impose no immediate risk to the health of Kansans. According to the Department, it has been conducting this program at a minimal level for the last year and a half by using its already existing resources, but is unable to meet the demands being placed on it unless it receives additional resources. The Department put its proposal together under the assumption that it would be given new authority by passage of legislation this session (S.B. 276). Its hope is that passage of new legislation will provide authority to give a release to responsible parties that the property in question has been cleaned up to Department's specifications and no further action is necessary at the site. While the Governor included the requested moneys in his recommendation, he did not recommend that a portion of the moneys be used for salaries and wages for 2.0 new unclassified temporary positions, as was requested. In his recommendation, all of the moneys are for nonsalary expenses. The Department reports that, under the Governor's recommendation, it could hire the needed staff through contractual arrangements. However, if the proposed legislation fails to become law, the Department says it will not do the program. Therefore, the Legislature should review this item during the Omnibus Session, which allows for consideration of the impact of legislation that is in the process of being considered by the second house.
14. Delete \$200,000 from the State Water Plan Fund recommended for the Kansas Rural Water Association for salaries and services such as leak detection, administration, water conservation, and other activities. The Subcommittee recalls that the Senate Ways and Means Subcommittee on the budget of the Kansas Water Office wanted the funding to be appropriated for the Kansas Water Office. The Department of Health and Environment informed the Subcommittee that it does not object to moving the funding.
15. The Subcommittee calls attention to a 1996 audit by the Legislative Division of Post Audit on the Department's regulation of nursing homes. According to the audit, the Department has failed to take advantage of the enforcement options it has with regard to nursing home facilities that violate state regulations. Information presented to the Subcommittee indicates that the Department is taking steps to address the shortcomings identified in the audit, including the greater use of its authority to assess civil money penalties when nursing home violations occur. The Subcommittee wants the Department to report to the 1998 Legislature on how effective its actions have been at addressing the shortcomings identified in the audit.
16. The Subcommittee notes that in FY 1997 the Department transferred a keyboard operator position from within the agency to work on the new automation process for KBI record checks and that the Governor adds a new 1.0 FTE keyboard operator position for the activity in FY 1998. The Subcommittee understands that both positions may be necessary while the database is being built, but requests that the Department report to the 1998 Legislature on how the database is working and what the ongoing staffing needs will be once the database is developed. In addition, the Subcommittee calls attention to pending legislation that could make the Department responsible for additional record checks (H.B.

2278). In the event the proposed legislation passes both houses, this item will need to be reviewed during the 1997 Omnibus Session.

17. The Subcommittee requests that the Department make a report to the 1998 Legislature on its turnover for each of the Department's individual programs and the extent to which staff is shifted among programs. The purpose of the report would be to give the Legislature information about how the Department allocates its staff and would identify programs that suffer from unusually high turnover, which could affect employee morale, or that may be subject to frequent staffing shifts.
18. The Legislative Division of Post Audit did a compliance and control audit report on the Department of Health and Environment in FY 1995. On page two of the audit, the auditors state: "Survey responses from some Department employees also indicated a concern that moneys restricted to one program may have been used to pay the costs of other programs. However, those responses didn't provide any specifics that we could follow up on."

The Subcommittee believes it is important for the auditors to continue their work. For that reason, it recommends that a letter be sent to the Chairperson of the Legislative Post Audit Committee requesting a special audit that would document that moneys received by the Department for specific purposes are being spent for the intended programs.


19. Delete \$1,325,506, including \$481,954 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$190,682); classified step movement (\$519,957); longevity bonus payments (\$306,703); and the 1.0 percent base salary adjustment for classified employees (\$308,164) from individual agency budgets.
20. Make technical corrections to the appropriations bill necessary to correctly reflect the Governor's recommendation.

**Current Status Comparison**

Expenditure	Gov. Rec. FY 1998	House Committee Rec. FY 1998	Senate* Subcommittee Rec. FY 1998	Senate Change from House
<b>All Funds:</b>				
State Operations	\$ 96,143,709	\$ 95,503,887	\$ 94,123,733	\$ (1,380,154)
Aid to Local Units	32,556,799	32,576,799	32,576,799	0
Other Assistance	34,600,000	34,400,000	34,400,000	0
Subtotal - Operating	<u>\$ 163,300,508</u>	<u>\$ 162,480,686</u>	<u>\$ 161,100,532</u>	<u>\$ (1,380,154)</u>
Capital Improvements	0	0	0	0
<b>TOTAL</b>	<u><u>\$ 163,300,508</u></u>	<u><u>\$ 162,480,686</u></u>	<u><u>\$ 161,100,532</u></u>	<u><u>\$ (1,380,154)</u></u>
<b>State General Fund:</b>				
State Operations	\$ 20,296,787	\$ 19,818,811	\$ 19,282,209	\$ (536,602)
Aid to Local Units	7,184,281	7,184,281	7,184,281	0
Other Assistance	0	0	0	0
Subtotal - Operating	<u>\$ 27,481,068</u>	<u>\$ 27,003,092</u>	<u>\$ 26,466,490</u>	<u>\$ (536,602)</u>
Capital Improvements	0	0	0	0
<b>TOTAL</b>	<u><u>\$ 27,481,068</u></u>	<u><u>\$ 27,003,092</u></u>	<u><u>\$ 26,466,490</u></u>	<u><u>\$ (536,602)</u></u>
FTE Positions	828.1	818.1	821.6	3.5
Unclass. Temp. Positions	152.6	152.6	152.6	0.0
<b>TOTAL</b>	<u><u>980.7</u></u>	<u><u>970.7</u></u>	<u><u>974.2</u></u>	<u><u>3.5</u></u>

\* Includes a reduction of \$1,325,506 (\$481,954 from the State General Fund) for the Governor's employee salary adjustments.

  
 \_\_\_\_\_  
 Senator Alicia Salisbury  
 Subcommittee Chairperson

  
 \_\_\_\_\_  
 Senator Barbara Lawrence

  
 \_\_\_\_\_  
 Senator Marge Petty

**SUBCOMMITTEE REPORT**

**Agency:** Department of Human Resources

**Bill No. –**

**Bill Sec. –**

**Analyst:** Milstead

**Analysis Pg. No.** 924

**Budget Page No.** 249

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

**Agency Estimate/Governor's Recommendation**

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

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

Senate Ways and Means Committee

Date *3-25-97*

Attachment # *2*

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

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

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

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

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

### House Subcommittee Recommendation

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

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

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

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

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

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

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

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

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

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

### House Committee Recommendation

The Committee concurs with the Subcommittee's recommendation with the following modification:

Delete \$430,000 (EDIF) of funding for the One-Stop Career Center System (One-Stop). The Committee notes that of the \$500,000 (EDIF) appropriated for One-Stop by the 1996 Legislature, the Department has expended approximately \$70,000 to date. The Committee expects the agency to show cause, before or during the 1997 Omnibus Session, why the aforementioned funding should not be removed.

### House Committee of the Whole

*The House has not yet taken action on this budget.*

---

Agency: Department of Human Resources                      Bill No. --                      Bill Sec. --

<u>Expenditure</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:		
State Operations	\$ 43,825,792	\$ (957,200)
Aid to Local Units	0	0
Other Assistance	<u>160,506,476</u>	<u>0</u>
TOTAL	<u>\$ 204,417,068</u>	<u>\$ (957,200)</u>
State General Fund:		
State Operations	\$ 1,194,058	\$ 0
Aid to Local Units	0	0
Other Assistance	<u>309,476</u>	<u>0</u>
TOTAL	<u>\$ 1,503,534</u>	<u>\$ 0</u>
FTE Positions	1,014.5	0.0

### Senate Subcommittee Recommendation

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

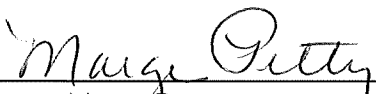
1. Delete \$980,000 (all funds) from the Governor's recommendation to reflect the deletion of the agency's proposed purchase of a mainframe computer. As part of that reduction, reduce the expenditure limitation on the Workmen's Compensation Fee Fund by \$226,776, from \$7,189,187 to \$6,962,411. The Governor had recommended the expenditure limitation increase as a means of financing a portion of the proposed mainframe computer purchase. That proposed purchase has been abandoned in lieu of the agency merging its mainframe functions with DISC. Consequently, the expenditure limitation increase on the fee fund is no longer necessary.
2. Increase the expenditure limitation on the Occupational Health and Safety federal fund by \$22,800 to reflect the receipt of additional federal monies. The expenditure limitation on the fund will increase from \$368,731 to \$ 391,531.
3. The Subcommittee requests that the agency report, on or before August 1, 1997, to the Joint Committee on Economic Development, regarding the status of the implementation of the One-Stop Career System. The Subcommittee expects the status report to include, but not be limited to, expenditures to date, locations of One-Stop Centers and services provided by the Centers.

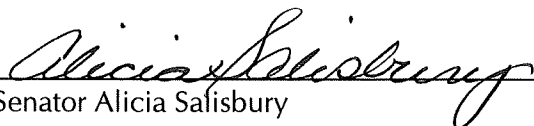


### Current Status Comparison

<u>Expenditure</u>	<u>Gov. Rec. FY 1997</u>	<u>House Committee Action FY 1997</u>	<u>Senate Subcommittee Action FY 1997</u>	<u>Senate Change from House</u>
All Funds:				
State Operations	\$ 43,825,792	\$ 43,418,592	\$ 42,868,592	\$ (550,000)
Aid to Local Units	0	0	0	0
Other Assistance	160,506,476	160,506,476	160,506,476	0
Subtotal - Operating	\$ 204,332,268	\$ 203,925,068	\$ 203,375,068	\$ (550,000)
Capital Improvements	84,800	84,800	84,800	0
TOTAL	<u>\$ 204,417,068</u>	<u>\$ 204,009,868</u>	<u>\$ 203,459,868</u>	<u>\$ (550,000)</u>
State General Fund:				
State Operations	\$ 1,194,058	\$ 1,194,058	\$ 1,194,058	\$ 0
Aid to Local Units	0	0	0	0
Other Assistance	309,476	309,476	309,476	0
Subtotal - Operating	\$ 1,503,534	\$ 1,503,534	\$ 1,503,534	\$ 0
Capital Improvements	0	0	0	0
TOTAL	<u>\$ 1,503,534</u>	<u>\$ 1,503,534</u>	<u>\$ 1,503,534</u>	<u>\$ 0</u>
FTE Positions	1,014.5	1,014.5	1,014.5	0.0

  
\_\_\_\_\_  
Senator Pat Ranson, Chair

  
\_\_\_\_\_  
Senator Marge Petty

  
\_\_\_\_\_  
Senator Alicia Salisbury

**SUBCOMMITTEE REPORT**

**Agency:** Department of Human Resources

**Bill No.** 2160

**Bill Sec.** 56

**Analyst:** Milstead

**Analysis Pg. No.** 924

**Budget Page No.** 249

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

**Agency Request/Governor's Recommendation**

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

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

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

- **One-Stop Career System.** The Department requests \$409,940 (EDIF) for the continued expansion of the Kansas One-Stop System and includes a new 1.0 FTE

position of web designer/administrator. The One-Stop System is to integrate information and assistance related to employment, education, training, social and other services for the public. The agency states that One-Stop is to transform current employment and training programs into a coordinated information and service delivery system. For FY 1997, the agency received \$500,000 from the EDIF for the initial implementation of the system. Those funds are being used to purchase and install 37 personal computers with the necessary software to access the Kansas One-Stop System homepage in remote locations in the state. The agency states the system will include, at a minimum, select programs of the Department of Human Resources, the Department of Education, and the Department of Social and Rehabilitation Services. The agency reports that the system will provide a single location for common functions of intake, assessment, case management, and employer relations. The requested FY 1998 funding will be used to purchase 30 personal computers, hire an administrator, and provide maintenance contracts. The Department has applied for a \$5.0 million federal grant for the system.

- **Public Employees Relations Board.** The Department requests \$55,316 (SGF) for the Public Employees Relations Board. The request is apportioned to salaries and wages (\$30,280) and to other operating expenditures (\$25,036). No new FTE position is requested.

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

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

### **House Subcommittee Recommendation**

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

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

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

### **House Committee Recommendation**

The Committee concurs with the Subcommittee's recommendation with the following modification:

Delete \$409,940 (EDIF) of funding for the One-Stop Career Center System. (**Note:** This item is also addressed in the FY 1997 Subcommittee report.) The Committee expects the agency to show cause, before or during the 1997 Omnibus Session, why this funding should not be removed.

**House Committee of the Whole Recommendation**

*The House has not acted upon this budget.*

**Agency:** Department of Human Resources

**Bill No.** 168

**Bill Sec.** 56

Expenditure	Gov. Rec. FY 98	Senate Subcommittee Adj. FY 1998
All Funds:		
State Operations	\$ 44,184,536	\$ (1,508,913)*
Aid to Local Units	0	0
Other Assistance	164,705,400	0
Subtotal - Operating	\$ 208,889,936	\$ (1,508,913)
Capital Improvements	25,000	0
TOTAL	<u>\$ 208,914,936</u>	<u>\$ (1,508,913)</u>
State General Fund:		
State Operations	\$ 1,263,117	\$ (97,317)*
Aid to Local Units	0	0
Other Assistance	305,400	0
Subtotal - Operating	\$ 1,568,517	\$ (97,317)
Capital Improvements	0	0
TOTAL	<u>\$ 1,568,517</u>	<u>\$ (97,317)</u>
FTE Positions	1,015.5	2.0
Unclassified Temp. Positions	21.0	0.0
TOTAL	<u>1,036.5</u>	<u>2.0</u>

\* Includes deletion of Governor's pay plan—\$1,323,973, including \$42,001 from the State General Fund. Figures do not reflect transfer of nonreportable funding from Department of Administration for Workplace Health and Safety program.

**Senate Subcommittee Recommendation**

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

1. Delete \$1,323,973, including \$ 42,001 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool

(\$31,771); classified step movement (\$584,171); longevity bonus payments (\$440,320); and the 1.0 percent classified base salary adjustment (\$267,711) from individual agency budgets.

2. Authorize expenditures of \$175,000 from the special employment security fund for the purchase of a new laser printer. The Subcommittee will revisit, before or during the 1997 Omnibus Session, the agency's request for authorization to expend additional monies from this fund for expenses related to the mainframe computer merger with DISC. The Subcommittee requests that the agency prepare an itemized list, to the best of its ability, reflecting possible merger-related expenses.
3. Concur with the Governor's recommendation to fund the agency's enhancement (\$55,316) request for PERB. The Subcommittee, however, recommends funding the request entirely from the special employment security fund instead of from the State General Fund as the Governor recommended. Further, the Subcommittee recommends a 1.0 Unclassified Temporary position in conjunction with the funding to deal with the ongoing workload and case backlog. Include proviso allowing the Department to utilize the special employment security fund in a manner consistent with this recommendation.
4. Delete \$359,940 (EDIF) from the Governor's recommendation of \$409,940 (EDIF) for the One-Stop Career Center System. This reduction will leave FY 1998 state funding for the program at \$50,000. The Subcommittee notes that the agency is pursuing federal funding for the One-Stop program. The \$50,000 (EDIF) that remains from the Governor's FY 1998 recommendation, when coupled with the FY 1997 recommendation of \$500,000 (EDIF), leaves the program with state funding of \$550,000 for the two-year period, FY 1997-FY 1998.
5. The Subcommittee notes the findings of a recent Legislative Post Audit report, *Reviewing the Effectiveness of the State's Workplace Health and Safety Program*. Among other conclusions, the report found that, for the following reasons, the Department of Administration Workplace Health and Safety program may not be very effective at providing training in state agencies. First, the program does not target training to areas that have the greatest needs, such as agencies with high accident rates, or accidents that occur most frequently or are more costly. Second, because the program is voluntary, some state agencies have decided not to participate, regardless of the cost or numbers of accidents they have had. Third, program officials have not done some things required by law, such as developing procedures for identifying and controlling workplace hazards, and conducting on-site workplace health and safety hazard surveys in all state agencies. Finally, the program's effectiveness is hampered by a lack of staffing resources, with fewer staff than almost all surrounding states and all the other self-insurers surveyed by Legislative Post Audit.

The Subcommittee notes that the Department of Human Resources (DHR) provides workplace health and safety training, primarily to private sector businesses. The Subcommittee believes that consolidating these two programs will result in greater efficiencies and a higher level of services to state agencies. The Subcommittee believes that DHR has the greater potential to administer an efficient and effective program. The Subcommittee recommends that the 2.0 FTE positions providing safety


training and related nonreportable funding of \$172,357 included in the Governor's recommendation for salaries and wages, OOE, outside contracts for safety services, and other items, be transferred from the Department of Administration budget to DHR. One clerical support position within the Department of Administration would be eliminated. The Subcommittee recommends that the two agencies work together each year to determine the amount to be transferred from the Department of Administration's Workers' Compensation Self-Insurance Fund to DHR to support safety training for state agencies.

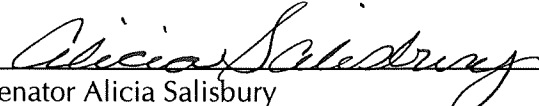
**Current Status Comparison**

Expenditure	Gov. Rec. FY 1998	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Change from House
<b>All Funds:</b>				
State Operations	\$ 44,184,536	\$ 43,744,316	\$ 42,675,623	\$ (1,068,693)*
Aid to Local Units	0	0	0	0
Other Assistance	164,705,400	164,705,400	164,705,400	0
Subtotal - Operating	<u>\$ 208,889,936</u>	<u>\$ 208,449,716</u>	<u>\$ 207,381,023</u>	<u>\$ (1,068,693)</u>
Capital Improvements	25,000	25,000	25,000	0
<b>TOTAL</b>	<u><u>\$ 208,914,936</u></u>	<u><u>\$ 208,474,716</u></u>	<u><u>\$ 207,406,023</u></u>	<u><u>\$ (1,068,693)</u></u>
<b>State General Fund:</b>				
State Operations	\$ 1,263,117	\$ 1,232,837	\$ 1,165,800	\$ (67,037)
Aid to Local Units	0	0	0	0
Other Assistance	305,400	305,400	305,400	0
Subtotal - Operating	<u>\$ 1,568,517</u>	<u>\$ 1,538,237</u>	<u>\$ 1,471,200</u>	<u>\$ (67,037)</u>
Capital Improvements	0	0	0	0
<b>TOTAL</b>	<u><u>\$ 1,568,517</u></u>	<u><u>\$ 1,538,237</u></u>	<u><u>\$ 1,471,200</u></u>	<u><u>\$ (67,037)</u></u>
<b>FTE Positions</b>	1,015.5	1,015.5	1,017.5	2.0

\* Includes deletion of \$1,323,973 (including \$42,001 from the State General Fund) to reflect removal of Governor's pay plan.

  
 \_\_\_\_\_  
 Senator Pat Ranson, Chair

  
 \_\_\_\_\_  
 Senator Marge Petty

  
 \_\_\_\_\_  
 Senator Alicia Salisbury

**SUBCOMMITTEE REPORT**

**Agency:** Department on Aging

**Bill No.** 2160

**Bill Sec.** 59

**Analyst:** Milstead

**Analysis Pg. No.** 695

**Budget Page No.** 47

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

**Agency Estimate/Governor's Recommendation**

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

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

Senate Ways and Means Committee

Date *3-25-97*

Attachment # *3*



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

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

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

### **House Subcommittee Recommendations**

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

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

### **House Committee Recommendation**

The House Committee concurs with the Subcommittee's recommendation.

### **House Committee of the Whole Recommendation**

*The House has not taken action on this budget.*

---

Agency: Department on Aging

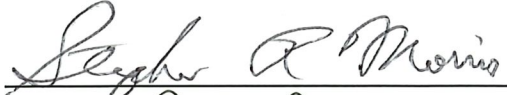
Bill No. -

Bill Sec. -

<u>Expenditure Summary</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:		
State Operations	\$ 4,351,781	\$ 0
Aid to Local Units	4,787,070	0
Other Assistance	<u>10,532,584</u>	<u>0</u>
Subtotal - Operating	\$ 19,671,435	\$ 0
Capital Improvements	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 19,671,435</u></u>	<u><u>\$ 0</u></u>
State General Fund:		
State Operations	\$ 1,500,245	\$ 0
Aid to Local Units	1,364,098	0
Other Assistance	<u>3,308,442</u>	<u>0</u>
Subtotal - Operating	\$ 6,172,785	\$ 0
Capital Improvements	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 6,172,785</u></u>	<u><u>\$ 0</u></u>
FTE Positions	79.8	0.0
Unclassified Temp. Positions	<u>4.7</u>	<u>0.0</u>
TOTAL	<u><u>84.5</u></u>	<u><u>0.0</u></u>

**Senate Subcommittee Recommendation**

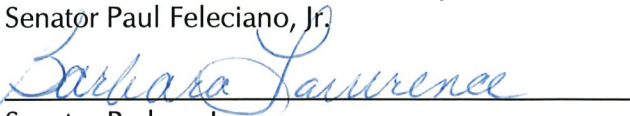
For FY 1997, the Subcommittee concurs with the Governor's recommendation.



Senator Stephen R. Morris  
Subcommittee Chair



Senator Paul Feleciano, Jr.



Senator Barbara Lawrence

**SUBCOMMITTEE REPORT**

Agency: Department on Aging

Bill No. 2160

Bill Sec. 59

Analyst: Milstead

Analysis Pg. No. 695

Budget Page No. 47

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

**Agency Request/Governor's Recommendation**

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

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

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

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

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

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

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

## House Subcommittee Recommendations

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

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

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

### **House Committee Recommendation**

The House Committee concurs with the Subcommittee's recommendation with the following modification:

1. Delete \$330,000, including \$189,519 from the State General Fund, in administrative expenditures for long-term care.

### **House Committee of the Whole Recommendation**

***The House has not taken action on this budget.***

Agency: Department on Aging

Bill No. 178

Bill Sec. 59

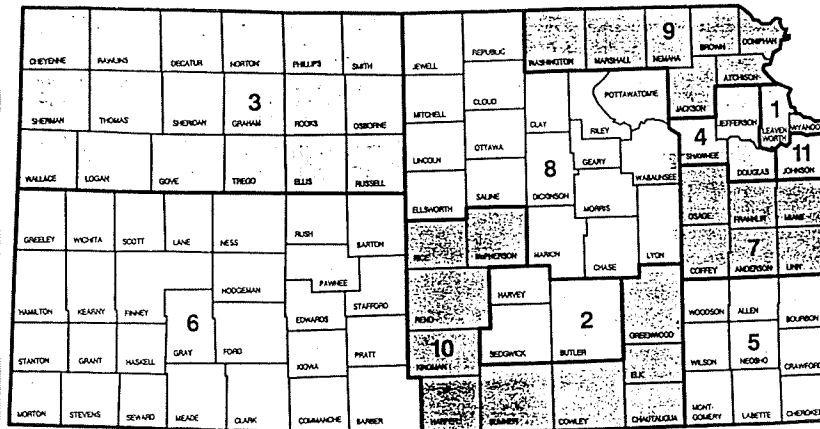
<u>Expenditure Summary</u>	<u>Agency Request FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 13,947,962	\$ 12,610,797	\$ 0
Aid to Local Units	5,198,149	5,107,012	0
Other Assistance	260,356,004	273,831,684	13,163
TOTAL	<u>\$ 279,502,115</u>	<u>\$ 291,549,493</u>	<u>\$ 13,163*</u>
State General Fund:			
State Operations	\$ 5,745,838	\$ 9,115,336	\$ 0
Aid to Local Units	1,771,279	1,632,463	0
Other Assistance	109,095,933	111,204,758	52,362
TOTAL	<u>\$ 116,613,050</u>	<u>\$ 121,952,557</u>	<u>\$ 52,362</u>
FTE Positions	140.8	166.3	0.0

\* Includes deletion of \$114,337 (\$67,638 SGF) to reflect removal of Governor's pay plan.

## Senate Subcommittee Recommendation

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

1. Delete \$114,337, including \$67,638 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$19,244); classified step movement (\$ 65,346); longevity pay (\$ 14,267) and the classified base salary adjustment (\$15,480).
2. The Subcommittee notes testimony provided by the Kansas Area Agencies on Aging (AAAs) regarding client waiting lists for Senior Care Act Services. A recent Kansas State University study indicates that for every dollar spent by the State in the Senior Care Act, \$1.65 is being saved by the State in long term nursing care. (Note: Services funded through the Senior Care Act include homemaker and attendant care services, respite care, chore services, transportation for care, custom care—where specific needed services ordered by a case manager are not available through regular service delivery systems—response services and assisted living). Of the eleven AAAs in the State, ten report waiting lists for Senior Care Act services. The total number of clients on waiting lists for the services is approximately 730. The following map reflects the distribution of those on waiting lists:



Please observe the attached list which sets out each area agency and its current waiting list.

Area	# of Clients
01	97
02	122
03	0
04	31
05	45
06	40
07	81
08	203
09	26
10	60
11	25
	<hr/> 730

The Subcommittee notes that if those waiting lists were eliminated and those clients provided Senior Care Act services in lieu of placement in nursing facilities, the savings to the State would be dramatic. For example, if on average, the 730 clients were provided a total of three hours of attendant care/homemaker services weekly, the annual cost of that care would be approximately \$1.5 million. Were those same 730 clients to be placed in nursing facilities, the annual cost would be close to \$17.0 million. To reiterate, the utilization of Senior Care Act services in lieu of client placement in nursing facilities results in dramatic savings to the State.

In light of the foregoing, the Subcommittee recommends the addition of \$120,000 from the State General Fund to finance a pilot program for one "urban" AAA and one "rural" AAA, in an effort to eliminate the waiting lists in those two AAAs. The Department on Aging is urged to track the fiscal impact of this pilot project and determine, if possible, the cost avoidance sustained in the two AAAs. The Subcommittee also encourages the Department to pursue any possible federal matching funds for such a program.

3. As a corollary to the previous recommendation, the Subcommittee requests that the Department report before or during the 1997 Omnibus Session on client waiting lists for any other programs funded through the Department on Aging. The Subcommittee requests that the Department develop an analysis of any possible cost avoidance to be obtained through reductions of existing client waiting lists.
4. Add \$7,500 (State General Fund) for the Retired and Senior Volunteer Program (RSVP). This would increase the program's recommended state funding to \$37,500. Funding for FY 1997 is \$30,000. Actual FY 1996 state funding was \$20,000. RSVP was developed as a part of the Older American's Act in 1971 and is designed for persons over the age of 55 that wish to remain active in their communities through volunteer service. There are currently 15 RSVPs in Kansas located in Colby, Dodge City, Garden City, Great Bend, Hutchinson, Iola/Chanute, Johnson County, Kansas City, Manhattan, Marysville, Newton, Pratt, Salina, Topeka and Wichita.

RSVP volunteers work in not-for-profit organizations providing such services as respite/hospice care, in-home visitation, meal delivery to homebound, medical transportation, tutoring for youth and adults, assisting individuals with developmental disabilities and many other services. In FY 1996, the 15 RSVPs had 9,470 senior volunteers working in 1,304 not-for-profit organizations. The volunteers worked 1,360,500 hours or approximately 20 hours a week per volunteer.

The Subcommittee's recommendation would provide an additional \$500 above the Governor's recommendation for each of the 15 RSVPs.

5. The Subcommittee notes that both the Secretary of the Department on Aging and the Secretary of Social and Rehabilitation Services report that the transfer of long-term care programs from SRS to KDOA is progressing smoothly toward the transfer date of July 1, 1997. 1996 H.B. 3047 transferred certain long-term care programs from SRS to KDOA effective July 1, 1997. The programs transferred include:



- Home- and Community-Based Services (HCBS) for the Frail Elderly—an alternative community based care program for Medicaid consumers which allows persons age 65 or older to live more independently and in less restrictive care settings.
- The Income Eligible Program—in-home services for persons age 60 and older not eligible for HCBS who are able to reside in a community based residence if a service is provided.
- Nursing facility programs for the frail elderly, excluding adults with mental illness living in specialized nursing facilities and intermediate facilities for mental retardation.

The Secretaries report that the alignment and allocation of resources to be transferred has been determined jointly by KDOA and SRS. As part of the transfer, SRS has transferred to KDOA for FY 1998 225.8 FTE positions. The Department on Aging has increased its FTE position count by 125.5 for FY 1998. The remaining 100.3 FTE positions from the transfer will be eliminated to reflect the complete privatization of direct care services commenced by SRS. SRS (and subsequently KDOA) will no longer employ direct service workers, case managers, and other positions in direct support of HCBS services.

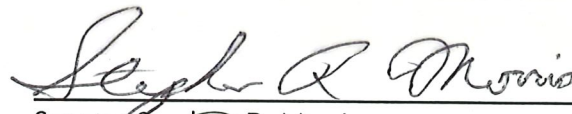
The Subcommittee notes that in light of the transfer of long-term care programs and the added responsibilities attendant with that transfer, KDOA is developing and reviewing an initiative work plan for the development of a Kansas Strategic Plan for Aging Services. The Plan will be the blueprint to guide the direction of the agency through this period of transition and into the future.

6. The Subcommittee notes that with the transfer of long-term care programs from SRS, an inherent conflict of interest arises regarding the Department's Office of Long-Term Care Ombudsman. In light of that conflict of interest, the Secretary of the Department on Aging is considering transferring the Ombudsman Program from KDOA. The question arises as to where should the Program be transferred. Because the transfer is not easily accomplished without running afoul of the conflict of interest issue, the Subcommittee recommends as a temporary solution that the Program be transferred to the Department of Administration. The Subcommittee recommends, however, that this topic be addressed by both the State Council on Privatization and the SRS Transition Oversight Committee. The Subcommittee recommends that a final and permanent resolution to the transfer of the Program be accomplished by the end of the first quarter of FY 1998.

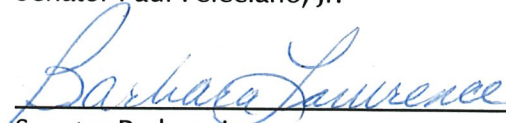
**Current Status Comparison**

Expenditure	Gov. Rec. FY 1998	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Change from House
<b>All Funds:</b>				
State Operations	\$ 12,610,797	\$ 12,610,797	\$ 12,610,797	\$ 0
Aid to Local Units	5,107,012	5,107,012	5,107,012	0
Other Assistance	273,831,684	261,831,684	273,959,184	12,013,163
Subtotal - Operating	\$ 291,549,493	\$ 279,549,493	\$ 291,676,993	\$ 12,013,163
Capital Improvements	0	0	0	0
<b>TOTAL</b>	<b>\$ 291,549,493</b>	<b>\$ 279,549,493</b>	<b>\$ 291,676,993</b>	<b>\$ 12,013,163*</b>
<b>State General Fund:</b>				
State Operations	\$ 9,115,336	\$ 9,115,336	\$ 9,115,336	\$ 0
Aid to Local Units	1,632,463	1,632,463	1,632,463	0
Other Assistance	111,204,758	106,285,958	111,332,258	4,978,662
Subtotal - Operating	\$ 121,952,557	\$ 117,033,757	\$ 122,080,057	\$ 4,978,662
Capital Improvements	0	0	0	0
<b>TOTAL</b>	<b>\$ 121,952,557</b>	<b>\$ 117,033,757</b>	<b>\$ 122,080,057</b>	<b>\$ 4,978,662</b>
 FTE Positions	 166.3	 166.3	 166.3	 0.0

\* Includes deletion of \$114,337 (\$67,638 SGF) to reflect removal of Governor's pay plan.

  
 \_\_\_\_\_  
 Senator Stephen R. Morris  
 Subcommittee Chair

  
 \_\_\_\_\_  
 Senator Paul Feleciano, Jr.

  
 \_\_\_\_\_  
 Senator Barbara Lawrence

**SUBCOMMITTEE REPORT**

Agency: Kansas Commission on Veterans Affairs Bill No. –

Bill Sec. –

Analyst: Milstead

Analysis Pg. No. 908

Budget Page No. 485

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

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

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

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

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

Senate Ways and Means Committee

Date 3-25-97

Attachment # 4

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

**House Subcommittee Recommendation**

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

**House Committee Recommendation**

The House Committee concurs with the Subcommittee's recommendation.

**House Recommendation**

The full House has not taken action on this agency's budget.


Agency: Kansas Commission on Veterans Affairs Bill No. --


Bill Sec. --

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

**Senate Subcommittee Recommendation**

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

  
\_\_\_\_\_  
Senator Larry Salmans

  
\_\_\_\_\_  
Senator Paul Feleciano, Jr.

**SUBCOMMITTEE REPORT**

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

**Bill Sec. 57**

Analyst: Milstead

Analysis Pg. No. 908

Budget Page No. 485

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

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

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

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

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

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

### **House Subcommittee Recommendation**

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

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

### **House Committee Recommendation**

The House Committee concurs with the recommendation of the Subcommittee.

### **House Recommendation**

The full House has not taken action on this agency's budget.

---

Expenditure	Agency Est. FY 98	Gov. Rec. FY 98	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 1,637,884	\$ 1,614,268	\$ (59,686)*
Aid to Local Unit	--	--	0
Other Assistance	--	--	0
Subtotal - Operating	\$ 1,637,884	\$ 1,614,268	\$ (59,686)
Capital Improvements	--	--	0
<b>TOTAL</b>	<b>\$ 1,637,884</b>	<b>\$ 1,614,268</b>	<b>\$ (59,686)</b>
State General Fund:			
State Operations	\$ 1,513,356	\$ 1,489,740	\$ (59,686)
Aid to Local Units	--	--	0
Other Assistance	--	--	0
Subtotal - Operating	\$ 1,513,356	\$ 1,489,740	\$ (59,686)
Capital Improvements	--	--	0
<b>TOTAL</b>	<b>\$ 1,513,356</b>	<b>\$ 1,489,740</b>	<b>\$ (59,686)</b>
FTE Positions	51.0	51.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>51.0</b>	<b>51.0</b>	<b>0.0</b>

\* Reflects deletion of Governor's pay plan.

### Senate Subcommittee Recommendation

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

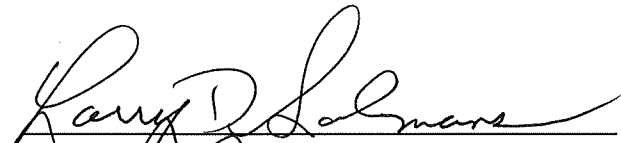
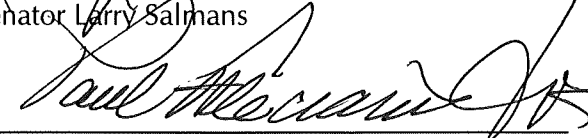
1. Delete \$59,686, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$2,070); classified step movement (\$33,702); longevity bonus payments (\$17,676) and the 1.0 percent classified base salary adjustment (\$18,044) from individual agency budgets.
2. The Subcommittee will review prior to or during the 1997 Omnibus Session the agency's capital outlay enhancement request to purchase veterans benefit computer software (\$19,850 SGF) and the agency's enhancement request for travel and subsistence for personnel training (\$6,000 SGF).



**Current Status Comparison**

	Gov. Rec. FY 1998	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Subcommittee Change from House FY 1998
<b>All Funds:</b>				
State Operations	\$ 1,614,268	\$ 1,614,268	\$ 1,554,582	\$ (59,686) *
Aid to Local Unit	0	0	0	0
Other Assistance	0	0	0	0
Subtotal - Operating	\$ 1,614,268	\$ 1,614,268	\$ 1,554,582	\$ (59,686)
Capital Improvements	0	0	0	0
<b>TOTAL</b>	<b>\$ 1,614,268</b>	<b>\$ 1,614,268</b>	<b>\$ 1,554,582</b>	<b>\$ (59,686)</b>
<b>State General Fund:</b>				
State Operations	\$ 1,489,740	\$ 1,489,740	\$ 1,430,054	\$ (59,686)
Aid to Local Units	0	0	0	0
Other Assistance	0	0	0	0
Subtotal - Operating	\$ 1,489,740	\$ 1,489,740	\$ 1,430,054	\$ (59,686)
Capital Improvements	0	0	0	0
<b>TOTAL</b>	<b>\$ 1,489,740</b>	<b>\$ 1,489,740</b>	<b>\$ 1,430,054</b>	<b>\$ (59,686)</b>
FTE Positions	51.0	51.0	51.0	51.0
Unclass.Temp. Positions	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>51.0</b>	<b>51.0</b>	<b>51.0</b>	<b>51.0</b>

\* Reflects deletion of Governor's pay plan.

  
 Senator Larry Salmans  
  
 Senator Paul Feleciano, Jr.

**SUBCOMMITTEE REPORT**

**Agency:** Kansas Soldiers Home

**Bill No. –**

**Bill Sec. –**

**Analyst:** Milstead

**Analysis Pg. No.** 914

**Budget Page No.** 486

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

**Agency Estimate/Governor's Recommendation**

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

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

**Senate Ways and Means Committee**

Date *3-25-97*

Attachment # *5*

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

### **House Subcommittee Recommendation**

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

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

### **House Committee Recommendation**

The House Committee concurs with the Subcommittee's recommendation.

### **House Committee of the Whole Recommendation**

*The House has not taken action on this budget.*

---

Expenditure	Gov. Rec. FY 97	Senate Subcommittee Adj FY 97
All Funds:		
State Operations	\$ 4,333,262	\$ 20,000
Aid to Local Units	0	0
Other Assistance	<u>0</u>	<u>0</u>
Subtotal - Operating	\$ 4,333,262	\$ 20,000
Capital Improvements	<u>708,475</u>	<u>0</u>
TOTAL	<u><u>\$ 5,041,737</u></u>	<u><u>\$ 20,000</u></u>
State General Fund:		
State Operations	\$ 1,026,107	\$ 20,000
Aid to Local Units	0	0
Other Assistance	<u>0</u>	<u>0</u>
Subtotal - Operating	\$ 1,026,107	\$ 20,000
Capital Improvements	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 1,026,107</u></u>	<u><u>\$ 20,000</u></u>
FTE Positions	138.8	138.8
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>138.8</u></u>	<u><u>138.8</u></u>

**Senate Subcommittee Recommendation**


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

1. Add \$20,000 (SGF) for professional and scientific supplies to make up a shortfall due to rising caseloads. The current fiscal year began with 231 residents at the Soldiers' Home and has increased to 243. The Subcommittee notes that the Governor's funding recommendation was based on FY 1997 residency of 222, 21 fewer residents than presently are at KSH. With the additional \$20,000, total funding for professional and scientific supplies will be \$212,000.

**Current Status Comparison**

Expenditure	Gov. Rec. FY 1997	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Change from House FY 1997
<b>All Funds:</b>				
State Operations	\$ 4,333,262	\$ 4,353,262	\$ 4,353,262	\$ 0
Aid to Local Units	0	0	0	0
Other Assistance	0	0	0	0
Subtotal - Operating	\$ 4,333,262	\$ 4,353,262	\$ 4,353,262	\$ 0
Capital Improvements	708,475	708,475	708,475	0
<b>TOTAL</b>	<b>\$ 5,041,737</b>	<b>\$ 5,061,737</b>	<b>\$ 5,061,737</b>	<b>\$ 0</b>
<b>State General Fund:</b>				
State Operations	\$ 1,026,107	\$ 1,046,107	\$ 1,046,107	\$ 0
Aid to Local Units	0	0	0	0
Other Assistance	0	0	0	0
Subtotal - Operating	\$ 1,026,107	\$ 1,046,107	\$ 1,046,107	\$ 0
Capital Improvements	0	0	0	0
<b>TOTAL</b>	<b>\$ 1,026,107</b>	<b>\$ 1,046,107</b>	<b>\$ 1,046,107</b>	<b>\$ 0</b>
<b>FTE Positions</b>	<b>138.8</b>	<b>138.8</b>	<b>138.8</b>	<b>0.0</b>

  
 Senator Larry Salmans  
 Subcommittee Chair

  
 Senator Paul Feleciano, Jr.

**SUBCOMMITTEE REPORT**

**Agency:** Kansas Soldiers Home

**Bill No.** 2160

**Bill Sec.** 57

**Analyst:** Milstead

**Analysis Pg. No.** 914

**Budget Page No.** 486

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

**Agency Request/Governor's Recommendation**

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

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

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

## Enhancement Request

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

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

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

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

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

## House Subcommittee Recommendation

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

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

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

**House Committee Recommendation**

The House Committee concurs with the Subcommittee's recommendation.

**House Committee of the Whole Recommendation**

*The House has not taken action on this budget.*

**Agency:** Kansas Soldiers Home

**Bill No.** 178

**Bill Sec.** 57

<u>Expenditure</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:		
State Operations	\$ 4,523,073	\$ (148,788)*
Aid to Local Units	0	0
Other Assistance	<u>0</u>	<u>0</u>
Subtotal - Operating	\$ 4,523,073	\$ (148,788)
Capital Improvements	<u>377,500</u>	<u>0</u>
TOTAL	<u><u>\$ 4,900,573</u></u>	<u><u>\$ (148,788)</u></u>
State General Fund:		
State Operations	\$ 1,155,140	\$ (10,579)
Aid to Local Units	0	0
Other Assistance	<u>0</u>	<u>0</u>
Subtotal - Operating	\$ 1,155,140	\$ (10,579)
Capital Improvements	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 1,155,140</u></u>	<u><u>\$ (10,579)</u></u>
FTE Positions	138.8	0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>138.8</u></u>	<u><u>0.0</u></u>

\* Reflects deletion of Governor's pay plan.



## Senate Subcommittee Recommendation

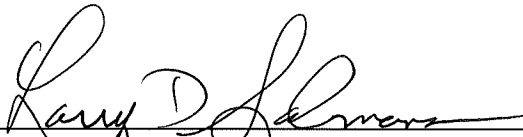
For FY 1998, the Subcommittee concurs with the Governor's recommendation with the following modifications and observations:

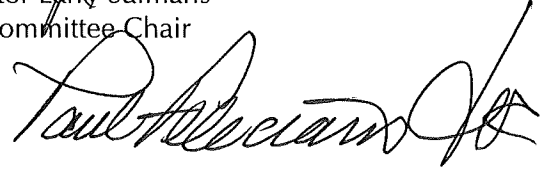
1. Delete \$148,788, including \$10,579 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$5,091); classified step movement (\$67,622); longevity pay (\$48,665); and 1.0 percent classified base salary adjustment (\$27,410).
2. Delay recommendations on the agency's enhancement request regarding the Wichita-based nursing facility until the 1997 Omnibus Session. The Subcommittee wishes to review additional relevant information regarding the agency's request. Specifically, the Subcommittee expects to consider the forthcoming decision by the Committee on Conversion of Winfield State Hospital. The Subcommittee also encourages the agency to seek a Governor's Budget Amendment in regard to the agency's request. The Subcommittee notes that H.B. 2497, the bill to convert Winfield State Hospital to a Veterans' home, and which would authorize the state's operation of the Wichita-based nursing facility, is still under consideration in House committee.

**Current Status Comparison**

Expenditure	Gov. Rec. FY 1998	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Change from Senate FY 1998
<b>All Funds:</b>				
State Operations	\$ 4,523,073	\$ 4,523,073	\$ 4,374,285	\$ (148,788)*
Aid to Local Units	0	0	0	0
Other Assistance	0	0	0	0
Subtotal - Operating	<u>\$ 4,523,073</u>	<u>\$ 4,523,073</u>	<u>\$ 4,374,285</u>	<u>\$ (148,788)</u>
Capital Improvements	377,500	377,500	377,500	0
<b>TOTAL</b>	<u><u>\$ 4,900,573</u></u>	<u><u>\$ 4,900,573</u></u>	<u><u>\$ 4,751,785</u></u>	<u><u>\$ (148,788)</u></u>
<b>State General Fund:</b>				
State Operations	\$ 1,155,140	\$ 1,155,140	0	\$ (10,579)*
Aid to Local Units	0	0	0	0
Other Assistance	0	0	0	0
Subtotal - Operating	<u>\$ 1,155,140</u>	<u>\$ 1,155,140</u>	<u>0</u>	<u>\$ (10,579)</u>
Capital Improvements	0	0	0	0
<b>TOTAL</b>	<u><u>\$ 1,155,140</u></u>	<u><u>\$ 1,155,140</u></u>	<u><u>0</u></u>	<u><u>\$(10,579)</u></u>
 FTE Positions	 138.8	 138.8	 138.8	 0.0

\* Reflects deletion of Governor's pay plan.

  
 \_\_\_\_\_  
 Senator Larry Salmans  
 Subcommittee Chair

  
 \_\_\_\_\_  
 Senator Paul Feleciano, Jr.

**SUBCOMMITTEE REPORT**

Agency: Homestead Property Tax Refunds

Bill No. –

Bill Sec. –

Analyst: Milstead

Analysis Pg. No. 758

Budget Page No. 399

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

**Agency Estimate/Governor's Recommendation**

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

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

Senate Ways and Means Committee

Date 3-25-97

Attachment # 6

**House Subcommittee Recommendation**

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

**House Committee Recommendation**

The House Committee concurs with the recommendation of the Subcommittee.

**House Recommendation**

The House has not taken action on this budget.

**Agency:** Homestead Property Tax Refunds

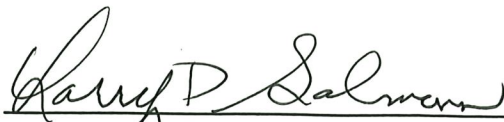
**Bill No. –**

**Bill Sec. –**

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

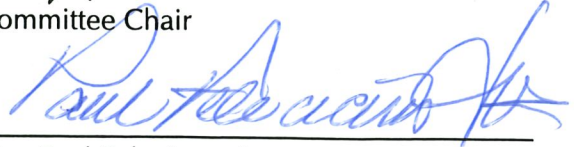
**Senate Subcommittee Recommendation**

For FY 1997, the Subcommittee concurs with the Governor.



---

Senator Larry Salmans  
Subcommittee Chair



---

Senator Paul Feleciano, Jr.

**SUBCOMMITTEE REPORT**

**Agency:** Homestead Property Tax Refunds

**Bill No.** 2160

**Bill Sec.** 55

**Analyst:** Milstead

**Analysis Pg. No.** 758

**Budget Page No.** 399

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

**Agency Request/Governor's Recommendation**

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

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

### House Subcommittee Recommendation

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

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

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

### House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendation.

### House Recommendations

The House has not taken action on this budget.

Agency: Homestead Property Tax Refunds

Bill No. 178

Bill Sec. 55

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

## Senate Subcommittee Recommendation

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

The Subcommittee urges the Department of Revenue to aggressively publicize the Homestead Property Tax Refund Program in an effort to increase participation in the Program. The need for greater and more effective publicity is now even more important in light of 1997 S.B. 40 which amends the Homestead Property Tax Refund Act and raises the maximum household income limitation from \$17,200 to \$25,000. With the increase in the maximum household income limitation, even more Kansas households will be eligible for the Program.

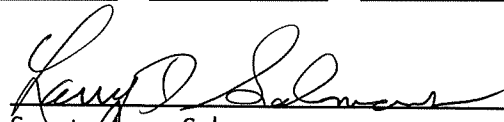
The Subcommittee encourages the Department's efforts to publicize the Program, particularly in light of the disappointing participation in the Program as it exists under current law. For example, 1990 data reveals that while 263,531 Kansas households may have qualified for the program, only 46,640 refunds were made. (Note: Of the 263,531 households mentioned, 124,667 households met the statute's age eligibility criteria and did qualify for the Program. The balance of the households, 138,864 did not meet the age eligibility criteria but may have qualified under other criteria). The pending amendment to the law will only increase the number of Kansas households that will/may qualify for the Program. These figures suggest that the Department should redouble its publicity efforts.

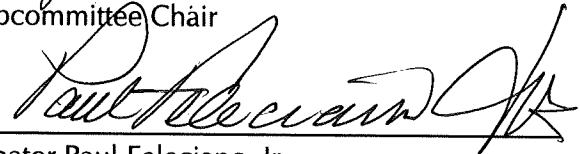
Finally, the Subcommittee notes that the Department is developing a public relations plan to help inform taxpayers about the Program. That plan includes issuance of a news release regarding the Program; contacting the Department on Aging and Area Agencies on Aging to publicize the program through upcoming activities and meetings; and providing Program brochures to SRS offices across the state. The Department is also considering airing Public Service Announcements for the Program and is considering adding a paragraph to the individual income tax booklet to help promote the Homestead Program.



### Current Status Comparison

	<u>Gov. Rec. FY 1998</u>	<u>House Committee Action FY 1998</u>	<u>Senate Subcommittee Action FY 1998</u>	<u>Senate Subcommittee Change from House FY 1998</u>
State General Fund	\$ 12,700,000	\$ 12,000,000	\$ 12,700,000	\$ 700,000
FTE Positions	0.0	0.0	0.0	0.0
Unclas. Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>0.0</u></u>	<u><u>0.0</u></u>	<u><u>0.0</u></u>	<u><u>0.0</u></u>

  
\_\_\_\_\_  
Senator Larry Salmans  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Paul Feleciano, Jr.