

Approved 5-16-97
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 10:00 a.m. on April 24, 1997 in Room 123-S of the Capitol. The meeting was recessed at 5:45 p.m.

The meeting reconvened at 10:00 a.m. on April 25, 1997 in Room 123-S of the Capitol and recessed at 3:50 p.m.

The meeting reconvened at 9:00 a.m. on April 29, 1997 in Room 123-S of the Capitol.

All members were present except: Senator Petty (4/29-Excused)

Committee staff present: All members of KLRD staff
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

The Chairman called attention to the schedule of the meetings which were about to take place. It was moved by Senator Salmans, seconded by Senator Jordan, that the minutes for March 17 (b), 18, 19, 20, 21, 24, 25, 26, 27, 28 (a), 28 (b), and 31, 1997 meetings be approved. The motion carried on a voice vote.

Don Cawby, Legislative Research Department, briefly reviewed the Items for Omnibus Considerations, the Governor's budget amendments, and recommendations by the Joint Committee on Computers and Telecommunications (JCCT).

The State Water Plan Fund (Attachment 1) was reviewed by Don Cawby for Committee members. It was pointed out that was an ending balance in FY 1998 of \$116,000 which was because of money in the Wildlife and Parks budget that was not lapsed and was carryover money. It was also noted there was an approximate \$160,000 shortage of municipal water fees, however, the Water Department has advised this will not be a problem because of a carry forward balance and will be prorated.

Paul West, Legislative Research Department, reviewed the status of the Economic Development Initiatives Fund (EDIF) (Attachment 2).

Alan Conroy, Legislative Research Department, reviewed the State General Fund (SGF) Expenditures for FY 1997 to FY 1998 (Attachment 3) which were approved as of April 10, 1997. Mr. Conroy told Committee members that 53.2% of the increase in SGF expenditures were attributed to the mill levy reduction and motor vehicle tax replacement.

Alan Conroy, Legislative Research Department, reviewed the State General Fund (SGF) Expenditures by program or agency (Attachment 4) which were approved as of April 10, 1997. Mr. Conroy told Committee members that approximately 65% of the State General Fund budget is going toward education.

The State General Fund Profile for FY 1996 - FY 2001 (Attachment 5) was reviewed by Mr. Conroy who also advised this did not include the funding for the Juvenile Justice Authority. Also reviewed by Mr. Conroy was the State General Fund Profile for FY 1996 - FY 2001 (Attachment 6) and factors in items such as Juvenile Justice Authority, the upgrade of the SHaRP system, Cedar Crest renovation as well as the Corrections expansion.

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A memorandum titled "Items for Omnibus Consideration" by the Kansas Legislative Research Department was distributed to Committee members. Fiscal analysts reviewed items by agency as illustrated in Attachment 7. Copies of the Governor's Budget Amendment (GBA) (Attachment 8) dated April 24, 1997 and recommendations by the Joint Committee on Computers and Telecommunications (JCCT) (Attachment 9) were also distributed to members. Both of these documents were used as a basis for writing the Omnibus Appropriations Bill and are reprinted in their entirety in the context of these minutes. Committee discussion and decisions are denoted in italics following each item.

MEMORANDUM

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April 24, 1997

ITEMS FOR OMNIBUS CONSIDERATION

Department of Revenue

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

The Committee concurred with the JCCT recommendation.

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

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

The Committee concurred with this item.

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

The Committee concurred with the estimated amount of \$10,000 in FY 1998.

D. H.B. 2073 (Law). Effective January 1, 1998, H.B. 2073 changes all classes of driver's licenses, except commercial, and non-driver identification cards, for persons at least 21 years of age but less than 65 years of age, to expire after six years from issuance rather than after four years. The

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bill also increases fees to the six year rate at the present cost per year. The Department estimates a total of \$15,362 in FY 1998 from the Division of Vehicles Operating Fund to implement the changes in the Department's technological systems. The estimated changes include: 150 hours of programmer time (\$3,431) to modify the Kansas Drivers Licenses System, 150 hours of programmer time (\$3,431) to make the necessary changes the Motor Vehicle Imaging System, and 5 optical disk platters (\$2,500) and 2 additional 2 gigabyte hard drives (\$6,000) for the imaging system.

The Committee concurred with this item

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

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

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

The Committee concurred with this item and recommended an unclassified temporary position (UTP) instead of FTE and transfer the amount of \$72,329 from the Highway Fund to the Division of Vehicles Fund.

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

The Committee did not recommend funding for this item.

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

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

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

The Committee recommended deferring decision until bill passes.

Department of Agriculture

A. Substitute for S.B. 317 (Conference). Substitute for S.B. 317 would abolish the Grain Inspection Department and transfer the activities of the Warehouse program to the Department of Agriculture in. The Senate position would transfer the Warehouse program and program funds (estimated at \$179,126) to the Department of Agriculture on July 1, 1997. The remaining revenues in

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the Grain Inspection Fee Fund would be used to pay the outstanding liabilities of the Grain Inspection Fee Fund (under the Secretary of Agriculture's authority) and then the remaining balance would be transferred to the newly created Warehouse Fee Fund. The Senate's estimate of the remaining Grain Inspection Fee Fund balance which would be transferred to the Warehouse Fee Fund would be approximately \$1.3 million.

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

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

The Committee concurred with the House position to delete the approved SGF. It was recommended to add the Warehouse Fund and Grain Inspection Fund and prorate the approved Warehouse funding for 10 months of operation. Also to add language to transfer the balance available in the Grain Inspection Fee Fund on July 1, 1994 to the Warehouse Fee Fund, an additional \$302,715 above S.B. 317 provisions.

Grain Inspection Department

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

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

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

Committee members concurred with the House position on S.B. 317 and prorate approved funding for two months of operation.

Animal Health Department

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

The Committee concurred with this item.

Department of Human Resources

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

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

FY 1998: Governor recommended \$409,940 (EDIF); Senate reduced that recommendation to

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\$50,000 (EDIF); House deleted all funding.

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

The Committee concurred with the Governor for funding in FY 1997. For FY 1998, the Committee recommended funding of \$50,000 (EDIF). The Committee also recommended adding a proviso directing DHR and State Library to plan one-stops in libraries across the state.

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

The Committee concurred with the agency request and JCCT recommendation.

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

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

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

The Committee concurred with the funding and 3.0 FTE's for FY 1998, but recommended a reduction of \$25,000 in FY 1997 from Governor's Budget Amendment.

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

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

The Committee concurred with this item.

Committee members also recommended a technical change which would clarify that DHR will administer workplace health and safety program.

Department on Aging

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

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

The Committee concurred with a proviso authorizing the agency to contract with the Department of Administration to administer the ombudsman program.

Social and Rehabilitation Services—Long Term Care

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

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

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

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

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

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

The Committee concurred with this item.

State Library

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

The Committee concurred with the agency request.

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

Senator Downey moved, seconded by Senator Feleciano, to approve \$100,000 (SGF) for FY 1998. The motion carried on a voice vote.

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

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The Committee did not recommend this item.

Kansas Commission on Veterans Affairs

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

See Governor's Budget Amendment, Item #41.

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

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

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

The Committee concurred with the \$100,000 State General Fund transfer but recommended changing the 1.0 FTE to 1.0 unclassified temporary position.

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

Senator Feleciano moved, seconded by Senator Petty to the funding (SGF) for software and training. The motion carried on a show of hands. Committee members added a proviso that the agency is to report on the effect of the software.

Homestead Property Tax Refunds

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

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

The Committee did not concur with this item.

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Board of Optometry

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

The Committee did not recommend funding for this item.

Behavioral Sciences Regulatory Board

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

The Committee members concurred with this item.

Legislature

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

The Committee concurred with this item.

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

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

The Committee concurred with this item.

LEGISLATIVE COORDINATING COUNCIL

Senator Morris informed Committee members of the need for funding of the Hospital Closure Evaluation Study for the second year. After a brief discussion, Senator Morris moved, seconded by Senator Downey, to approve \$49,481 (SGF) funding for the second year study. The motion carried on a voice vote.

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Department of Wildlife and Parks

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

Senator Petty moved, seconded by Senator Feleciano, to approve \$25,000 funding per species to develop and implement recovery plans for all species listed in need of conservation, threatened, or endangered. The motion failed by voice vote.

Senator Downey moved, seconded by Senator Ranson, to approve \$25,000 funding as a separate line item (SGF) with a proviso for a report on expenditures. The motion carried on a voice vote.

Senator Lawrence requested the staff provide a list of FTE's.

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

The Committee recommended to lapse the funding for this item.

Adjutant General

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

No additional funding was recommended.

State Fire Marshal

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

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

As with most other fee funded agencies, the law (K.S.A. 75-3170a) provides that 20 percent of revenue collected by the Fire Marshal shall credit to the State General Fund, with a maximum contribution to the State General Fund of \$200,000. Unlike most other agencies, the FY 1998 appropriation (as in the past years since FY 1993) also provides that for the fiscal year ending June 30,

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1998, the Director of the Budget, after consultation with the State Fire Marshal, may periodically certify to the Director of Accounts and Reports, amounts of money for transfer from the Fire Marshal Fee Fund to the State General Fund. Upon receipt of such certification, the Director of Accounts and Reports shall transfer the amount certified (which was estimated to be \$550,000 in FY 1997) from the Fire Marshal Fee Fund to the State General Fund.

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

On April 14, 1997, the Attorney General issued a letter (Attachment 10) in response to the House Committee's request. The letter did not directly address the legality of the discretionary transfers, but did contain the following passage:

"The transfer of \$600,000 in fiscal year 1997 and \$1,200,000 in fiscal year 1998 which is directed under 1997 House Bill No. 2160, section 83 from the unexpended balance of the State Fire Marshal fee fund to the State general fund show on their face that the amounts transferred and appropriated are to be used to reimburse the State general fund for supportive services (generally reimbursed by K.S.A. 75-3170a) by state agencies which perform services on behalf of the Fire Marshal. The language in the appropriation mirrors that found in K.S.A. 1996 Supp. 75-3170a with regard to the services to be covered by the reimbursement. Thus it appears that either the expense of servicing the State Fire Marshal's office far exceeds the expense deemed necessary by K.S.A. 1996 Supp. 75-3170a to service other fee funded agencies, or the money transferred is being used for a purpose other than that for which it was collected. It is clearly in excess of the \$200,000 cap imposed by K.S.A. 1996 Supp. 75-3170a (c).

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

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

No action taken on this item.

Kansas Highway Patrol

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

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

No action taken on this item.

B. Technical Adjustment. The Governor has recommended a capital improvement project in FY 1997 for the construction of a freight elevator in the storage facility at the Highway Patrol Training Center in Salina. The Governor recommends \$145,000 from the Motor Carrier Inspection Fund for the project; the Joint Committee on State Building Construction has endorsed the project. However,

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due to an oversight, authorization for the project was not included in legislation reflecting the Governor's recommendation. A technical adjustment in the Omnibus bill is needed to authorize the project. Funding is already included in the agency's FY 1997 budget for the project.

The Committee concurred with construction of freight elevator.

Sentencing Commission

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

The Committee did not recommend funding for this item.

Fort Hays State University

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

The Committee concurred with lapse of \$65,675 (SGF).

Senator Salmans moved, seconded by Senator Lawrence, to add \$500,000 (EDIF) for construction of Sternberg Museum. The motion failed on a voice vote. Senator Salmans moved, seconded by Senator Lawrence, to add \$250,000 (EDIF) for Sternberg Museum, with a proviso on servicing new buildings funding and a release from State Finance Council. The motion carried on a voice vote.

Pittsburg State University

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

1. Willard Hall renovation, a residence hall renovation project with a projected cost of \$4.2 million; and
2. Horace Mann remodeling, a classroom building remodeling project with a projected cost of \$3.1 million.

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

Funding approved in Senate Substitute for HB 2166.

Board of Regents

A. Technology Equipment at Regents Institutions. The House Appropriations Committee has

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

No action was taken on this item.

Regents Systemwide

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

Committee members concurred with Governor's Budget Amendment, Item 46.

FY 1997

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

FY 1997 Consensus Tuition Estimates

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

FY 1998

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

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FY 1998 Consensus Tuition Estimates

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

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

Ray Hauke, Board of Regents, presented a comparison of administrative expenditures with total operating expenditures (Attachment 12) as requested by Committee members.

Kansas State University

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

The Committee concurred with this item.

University of Kansas

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

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

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

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from the list of items to be resolved.

The Committee did not recommend inclusion of proviso.

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

A. Omnibus Review Items

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

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

The Committee did not recommend funding.

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

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

At the request of Senator Petty, a handout concerning CDDO costs of implementing DD reform was given to Committee members (Attachment 16).

Senator Salisbury reviewed the Subcommittee report for SRS/MHDD Community Developmental Disabilities Services (Attachment 18). After a discussion among Committee members, Senator Salisbury moved to recognize the figures for SRS and add \$500,000 (SGF) as designated. The motion died for lack of second. Senator Downey moved to add \$1 million based upon discrepancies that have been identified and to provide the flexibility for the CDDO's to work with their caseloads, seconded by Senator Feleciano. Senator Ranson made a substitute motion to return to the original motion of adding \$500,000 as designated, seconded by Senator Salisbury. The motion carried on a voice vote.

Senator Salisbury moved to add an additional \$500,000 funds for a total of \$1 million for SRS/MHDD. The motion was seconded by Senator Gilstrap. The motion failed by a show of hands.

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

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

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

The Subcommittees received this information prior to the Committee meeting.

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

No action was taken on this item

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

Fiscal staff distributed a handout regarding an employees benefits package to Committee members (Attachment 17). Committee members recommended the addition of \$279,650 (SGF) to fund the estimated shortfall.

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

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Committee members concurred on this item.

Mental Health Institutions

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

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

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

HOSPITAL	SGF AMOUNT
Larned State Hospital	\$(1,712)
Osawatomie State Hospital	\$(1,320)
Rainbow Mental Health Facility	\$(1,969)

Committee members concurred with all adjustments.

Mental Retardation Institutions

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

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

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

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HOSPITAL	SGF AMOUNT
Kansas Neurological Institute	\$ 721
Parsons State Hospital and Training Center	\$ 632
Winfield State Hospital and Training Center	\$ 639

Committee members concurred with all adjustments.

Board of Cosmetology

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

Committee members concurred with this item.

Department of Commerce and Housing

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

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

Committee members recommended the addition of \$200,000 (EDIF) for FY 1998.

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

Committee members recommended allowing the agency to retain the \$165,600 in KQM funds.

C. Pending Bills

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

Committee members recommended the addition of \$25,000 (EDIF) for this item.

Committee members recommended the restoration of \$62,869 (SGF) in the Administration Division.

Committee members recommended the restoration of \$200,000 in KEIEP.

Kansas, Inc.

A. Technical Adjustment. The 1997 Legislature in Senate Sub. for H.B. 2160 shifted financing for the School Performance Study (\$64,620) from State General Fund (SGF) to Economic Development Initiatives Fund (EDIF) in FY 1998. The change was made in the appropriate lines but

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transfer amounts to the EDIF were not adjusted. Further, a proviso that limited expenditures in the amount of \$64,620 for the study needs to be added to the EDIF financing language to carry out the Legislature's intent.

Committee members concurred with this item.

Office of the Securities Commissioner

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

Staff members of the Securities Commissioner's Office presented an "Awareness" Campaign plan to Committee members (Attachment 22). Committee members concurred with this item.

State Department of Education

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

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

FY 1997	Prior Estimate	Revised Estimate 4/7/97	Difference
General State Aid	\$1,341,260,000	\$1,340,182,000	* (\$1,078,000)
Supp. Gen. State Aid	45700000	45600000	-100000
TOTAL	\$1,386,960,000	\$1,385,782,000	(\$1,178,000)

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

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

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

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revised estimates:

FY 1998	Prior Estimate	Revised Estimate 4/7/97	Difference
General State Aid	\$1,525,347,000	\$1,528,069,000	\$2,722,000
Supp. Gen. State Aid	52989000	53217000	228000
TOTAL	\$1,578,336,000	\$1,581,286,000	\$2,950,000

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

Committee members concurred with the Governor's Budget Amendment, Item 56, to add a total of \$1,772,000 from the State General Fund for FY 1998 (\$1,644,000 for general state aid and \$128,000 for supplemental general state aid) to fully fund school finance in both FY 1997 and FY 1998. The addition is the net adjustment of reappropriating savings of \$1,178,000 in FY 1997 to FY 1998 to offset an estimated increase of \$2,950,000.

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

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

Recommend a proviso reappropriating FY 1997 savings of \$296,508 to cover the estimated increase and lapse the remaining savings of \$120,860.

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

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

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

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

Committee members recommended addition of \$7.1 million in supplemental general state aid for increased LOB authority.

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Committee members recommended to delete the proviso requiring the deduction of 20% of carryforward special education funds in order not to penalize districts that recoup one-time Medicaid reimbursement.

Committee members discussed and recommended the addition of \$230,000 (SGF) and \$170,000 (EDIF) (for a total of \$400,000) for a grant to Hutchinson Community College to construct and equip the Advanced Technology Center (Attachment 25). Senator Morris moved, seconded by Senator Feleciano, to accept the addition of \$230,000 (SGF) and \$170,000 (EDIF) for the grant for Hutchinson Community College. Senator Downey moved for a substitute motion to reconsider the action on the Sternberg Museum. The motion died for lack of a second. The original motion carried on a voice vote.

Board of Technical Professions

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

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

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

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

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

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Committee members did not recommend items 1 and 2.

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

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

Committee members recommended funding of \$57,775 for FY 1998 and \$33,500 for FY 1999 for new Geologist licensure position.

State Corporation Commission

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

- \$22,140 for the cost of receiving and filing regulatory forms associated with over 15,000 contracts from around 400 gas gathering systems in the state. Under the bill, gas gatherers are required to file with the Commission rates paid for natural gas purchased at the wellhead; rates charged for gas gathering services; and data related to the characteristics of the gas purchased or gathered. The requested \$22,140 would be for the cost of 1.0 new FTE clerical position for filing and data entry. It also would be for anticipated mailing cost and handling of requests related to the data being collected.
- \$50,655 for the cost of reviewing the regulatory filings just described in order to ensure that gas gatherers are current and timely with the filing requirements. The requested \$50,655 would be for 1.0 new FTE research analyst position to analyze the regulatory filings for compliance; help determine which gas gatherers are operating in the state; and assist with filing informal complaints against gas gatherers.
- \$101,990 for the cost of processing complaints concerning gas gathering fees, terms, or practices. Under the bill, complaints can be filed by consumers of gas gathering services, persons seeking to purchase natural gas at the wellhead, or royalty owners. The requested \$101,990 would be for 2.0 new FTE positions, including an attorney and a clerical position to handle the anticipated complaints.

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

Committee members recommended the addition of 3.0 FTE positions and funding of \$123,790 in FY 1998.

Department of Health and Environment

A. S.B. 276 (Governor). S.B. 276 establishes a Voluntary Cleanup Program for the purpose of providing incentives to remediate contaminated properties by assuring reduced risks for future landowners and lenders; promoting economic development and reuse of contaminated properties through a streamlined process for voluntary cleanup actions; and reducing the burden of identifying contaminated sites by encouraging reporting on a voluntary basis. Moneys to pay for the program are to come from a nonrefundable application fee of \$200 to cover processing costs and a deposit of up to \$5,000 from each applicant to cover all direct and indirect costs of the program. If the cost exceeds the initial deposit of an applicant, an additional amount is required prior to proceeding with work on the applicant's project. Once a project is completed, the Department is required to refund all moneys

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not used for the project. All moneys are to be credited to a new Voluntary Cleanup Fund established by the bill. In addition to the fee moneys, the bill authorizes moneys to be credited to the new fund from gifts, grants, or appropriations from any source intended to be used for the purposes of the new Voluntary Cleanup Fund even though, under the bill, all costs of the program are to be paid for by moneys deposited by respective applicants.

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

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

Fiscal staff presented a handout regarding the fiscal impact of the Voluntary Clean Up Program (Attachment 23). Committee members concurred with estimated new fee receipts of \$105,118, but also added available new federal grant moneys of \$150,000. The Committee recommended that the program be administered using existing unclassified temporary positions.

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

See Item C, H.B. 2184 for decision of Committee members.

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

Committee members recommended the addition of \$4,500 for both bills in FY 1998.

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

Committee members did not concur with this item.

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

Committee members recommended the addition of \$50,000 in a separate line item.

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

Committee members did not recommend this item.

Juvenile Justice Authority

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

JUVENILE JUSTICE AUTHORITY- GOVERNOR'S BUDGET FY 1998

By Program	S & W	OOE	Aid to Local	Asst. & Grants	SGF	All Funds	FTE
SRS Transfers							
1. Administrative Services							
a. Central Office Staff	\$ 75,970	\$ 69,044	\$ 0	\$ 0	\$ 145,014	\$ 145,014	4.9
b. Area Office Staff	350,390	255,361	0	0	605,751	605,751	22.6
TOTAL	<u>\$ 426,360</u>	<u>\$ 324,405</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 750,765</u>	<u>\$ 750,765</u>	<u>27.5</u>
2. Children & Family Services							
a. Central Office	\$ 141,221	\$ 22,050	\$ 0	\$ 0	\$ 163,271	\$ 163,271	3.0
b. Delinquency Prevention Grants ¹⁾	38,394	315,150	550,000	0	0	903,544	1.0
c. Foster Care	0	0	0	5,970,162	5,970,162	5,970,162	0.0
d. Det. Fac. Debt Svc. ²⁾	0	712,830	0	0	0	712,830	0.0
e. Juv. Detn. Fac.	0	0	0	2,015,000	0	2,015,000	0.0
f. Field Staff	2,072,919	88,591	0	0	2,161,510	2,161,510	114.0
g. Aftercare ³⁾	0	750,000	0	0	750,000	750,000	0.0
Subtotal	<u>\$ 2,252,534</u>	<u>\$ 1,888,621</u>	<u>\$ 550,000</u>	<u>\$ 7,985,162</u>	<u>\$ 9,044,943</u>	<u>\$ 12,676,317</u>	<u>118.0</u>
TOTAL	<u>\$ 2,678,894</u>	<u>\$ 2,213,026</u>	<u>\$ 550,000</u>	<u>\$ 7,985,162</u>	<u>\$ 9,795,708</u>	<u>\$ 13,427,082</u>	<u>145.5</u>
<p>1) Juvenile Justice Delinquency Prevention funds from the federal Office of Juvenile Justice and Delinquency. Includes funding for a juvenile justice specialist mandated by the federal office of Juvenile Justice Delinquency Prevention to assist the Juvenile Justice Delinquency Prevention Kansas Advisory Group.</p> <p>2) Juvenile Detention Facilities Debt Service—Payments for bonds issued for the construction of regional juvenile detention facilities. The bond payments must be paid for another 15 years.</p> <p>3) Youth Center aftercare which is presently contracted with the Department of Corrections.</p>							
Office of Judicial Administration Transfers							
1. Intake and Assessment	\$ 48,670	\$ 7,900	\$ 4,124,173	\$ 0	4,180,743 ^{a)}	\$ 4,180,743	1.0
a) Includes \$1,279,518 in new State General Fund monies.							
Corporation For Change Transfers							
1. Fam. & Children Invest. Fund ^{b)}	\$ 0	\$ 0	\$ 975,000	\$ 0	\$ 0	\$ 975,000	0.0
b) This fund has been recommended withdrawn from the Juvenile Justice Authority by both Chambers.							
Department of Corrections Transfers							
1. Community Corrections	\$ 0	\$ 0	\$ 3,485,328	\$ 0	\$ 3,485,328	\$ 3,485,328	0.0
New Funding							
1. Core Staff	\$ 231,727	\$ 98,906	\$ 0	\$ 0	\$ 330,633	\$ 330,633 ^{c)}	5.0
c) In addition, \$1,279,518 within the amount recommended for intake and assessment to be transferred from the office of Judicial Administration (shown above) is new State General Fund money.							
GRAND TOTAL	<u>\$ 2,959,291</u>	<u>\$ 2,319,832</u>	<u>\$ 9,134,501</u>	<u>\$ 7,985,162</u>	<u>\$ 17,792,412</u>	<u>\$ 22,398,786</u>	<u>151.5</u>

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Committee members concurred with this item.

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

Fiscal staff presented a handout which illustrated the recommendations of the House and Senate Subcommittees, the Oversight Committee's recommendations and Governor's Budget Amendment (Attachment 14).

**Youth Centers FY 1998 Capital Improvements
Rehabilitation and Repair Systemwide**

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

Committee members concurred with this item.

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

Committee members concurred with this item.

Youth Center at Beloit

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

Committee members concurred with this item.

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Secretary of State

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

Committee members concurred with JCCT recommendation.

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

Committee members concurred with this item.

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

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

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

Committee members concurred with lesser amount and reduced 1.0 FTE

Board of Healing Arts

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

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

Committee members concurred with this item.

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

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that the Board would approve approximately the same number of registrations in FY 1998.

Committee members concurred with this item.

Committee members also recommended and included \$13,000 in FY 1999 for the Impaired Physician programs.

Kansas Department of Transportation

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

Committee members recommended 3139.5 FTE positions for this item.

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

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

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

Committee members concurred with this item and the Chairman instructed staff to draft language to exclude using salary savings for KQM funding.

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

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

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

Committee members took no action with this item.

Kansas Racing and Gaming Commission

A. Technical Adjustment—Cashflow. The Legislature in Senate Sub. for H.B. 2160 provides for a transfer out of the Horse Fair Racing Benefit Fund on July 1, 1997 (FY 1998), in the amount of \$200,000. At the present time, projections indicate that insufficient balances will be available for the

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transfer and for various other obligations. Payments to the Anthony County fair are estimated at \$160,000 in early July 1997. In addition, there are projected expenses of \$60,000 to be paid in July and August 1997 for Commission staff who work at two county fairs. An alternative date of December 31, 1997, would allow revenues to accrue and for a sufficient balance to be available for transfer pursuant to the Legislature's decision in Senate Sub. for H.B. 2160.

Committee members concurred with the December 31, 1997 date.

Kansas Lottery and Racing Estimates

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

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

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

Committee members concurred with FY 1997 revenue projections.

Kansas Public Employees Retirement System

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

Committee members did not take any action on this item.

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

Committee members did not take any action on this item.

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

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

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

2. **Allow KPERS Board To Appoint Benefit Appeal Hearing Officers (House and Senate).** Authorize KPERS Board to appoint and compensate someone other than a Board member or a KPERS employee as a hearing officer. Fiscal Note: \$15,000 of additional expenses are possible in FY 1998 as a result of using hearing officers for benefit appeals, depending on the number of hearings.
3. **Allow members to name different beneficiary for life insurance (House only).** Under current law the named beneficiary is the beneficiary for all benefits. This change would allow members to name different beneficiaries for life insurance benefits. Fiscal Note: KPERS indicates the costs would be \$95,900. Costs include \$7,500 for printing of new beneficiary forms and \$88,400 for computer programming changes.
4. **Provide Uniform Service Credit Purchases (House and Senate with different provisions).** A House provision to allow future purchases of service credit for work with non-participating and non-federal employers, either in-state or out-of-state, would provide a multiplier of 1.75 percent for each year of service bought at full actuarial cost and paid by KPERS employees. This provision would make credit purchases uniform in regard to the value for active KPERS members and would raise those purchases of the 1.00 percent multiplier to 1.75 percent. In addition, active KPERS members who purchased service credit previously would be allowed to buy an additional 0.75 percent multiplier to upgrade prior purchases to the 1.75 percent multiplier. The Senate version addressed only adding in-state, non-federal employment at a value of the 1.00 multiplier for purchasing service credit. Fiscal Note: The provisions allowing active KPERS members to purchase service credit based on a 1.00 or 1.75 percent multiplier should have no actuarial impact since employees must pay the full cost based on current law. The employer, the State of Kansas, and KPERS are not permitted to pay any of the cost. KPERS indicates that a delay in the implementation date for people to buy 0.75 percent service would allow time for in-house programming changes to be made and eliminate the administrative fiscal note of \$10,000 for outside programming of changes if the System must be ready July 1, 1997.
5. **Increase Judges Disability Benefit (House and Senate).** This provision would increase the minimum disability benefit from 25 to 50 percent payable under the Judges Retirement System. The provision originally was included in H.B. 2541 as requested by the District Judges Association in order to help younger members of the judiciary. Fiscal Note: The KPERS actuary indicates because past incidences of disability have been so few regarding disability claims for members of the Judges Retirement System and the size of the group is so small, that the best assumption is to assume there will be no disabilities and therefore no fiscal impact as a result of this change from 25 to 50 percent in benefit level. Future payments for disabilities would be made from the retirement account since there is no disability reserve. Although there is no state contribution relative to disability, the state does pay 0.4 percent for participation in the regular KPERS death benefit program. The KPERS actuary cautions that if several judicial members should become eligible for disability benefits, then there could be an actuarial impact since benefits would be paid out of the retirement funds.
6. **Permit Legislators to Elect New Retirement Coverage (House only).** Legislators, either new or continuing members, desiring to participate in a retirement plan would be allowed to elect either KPERS coverage or participation in the state's 8.0 percent deferred compensation program authorized in K.S.A. 1996 Supp. 74-4911f and K.S.A. 75-5521 et seq. Under this program, the Legislature would contribute 8.0 percent of a legislator's total yearly compensation and expenses. Alternatively, legislators could choose not to participate in any state-sponsored retirement plan. Fiscal Note: Allowing legislators to elect the 8.0 percent deferred compensation coverage as an alternative to KPERS coverage has a potential cost savings when calculations are based on a typical legislator. In FY 1997, total yearly compensation and expenses (excluding mileage) for a typical legislator is assumed to be \$20,266. For the same period, the KPERS annualized legislative

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compensation and expenses (excluding mileage) for a typical legislator is assumed to be \$59,946.

7. **Establish Minimum Benefit (House only).** Authorize an increase in the minimum monthly retirement benefit payment to an amount of not less than \$200 per month for retired KPERS, KSRS, KP&F and Judicial members with 20 years or more of service credit. A reduction of 5.0 percent per year for service under 20 years would reduce the minimum \$200 monthly benefit by \$10 per year for less than 20 years of covered service. Fiscal Note: A revised actuarial impact is estimated, with the old fiscal note of \$2.0 million rising to a total of almost \$5.0 million based on corrected data. The KPERS State/School group liability would increase by \$4.0 million. The KPERS Local group liability would increase by \$0.9 million and TIAA by \$30,000. No actuarial impact is computed for KP&F or the Judges plans due to the small number of retirees who would qualify for this benefit increase. If the Legislature does not prefund this obligation, then a statutory provision would increase the employer contribution rates beginning in FY 2000 to collect money for paying the unfunded liability created by this proposed legislation.
8. **Establish a "Shared Earnings Payment" Plan (House only).** Legislation is included in the House version to authorize a continuing program beginning in FY 1998. Implementation of the "shared earnings" concept would make 50 percent of funds available for benefit payments, based on paying a bonus amount on October 1, 1997, that would be paid to retired members, their beneficiaries, and disabled members who became eligible prior to July 1, 1996. The plan has the following parts:
 - n Create a new "Shared Earnings Reserve" account in the KPERS Fund.
 - n When KPERS investment earnings equal or exceed 10.0 percent in any fiscal year as of June 30, transfer from dividends and interest an amount equal to 0.5 percent of the ending market value of the Fund's investments to the "Shared Earnings Reserve" account.
 - n Authorize a "Shared Earnings Payment" to be distributed as a separate check on October 1 to all eligible retired members, beneficiaries, and disabled members as a one-time bonus payment in addition to the regular monthly benefit.
 - n Provide that 50 percent of available funds in the "Shared Earnings Reserve" account would be paid out each fiscal year and that half of the funds would be carried over to the subsequent year.
 - n Restrict the "Shared Earnings Payment" to only those who retired or became disabled prior to July 1 of the year preceding the payment date.

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

Committee members did not take any action on this item.

Department of Corrections

A. Conference Committee Items Deferred to Omnibus.

1. **Capital Improvements in FY 1997 and FY 1998.** The Conference Committee deferred to Omnibus consideration of capital improvements decisions to address prison expansion. The Senate recommended a revision of the Governor's original prison expansion plan. The plan includes the construction of a 200-bed medium custody male unit at Norton Correctional Facility, a 200-bed medium custody male

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unit at the Hutchinson East Unit, the addition of a 32-bed minimum custody male unit at the Hutchinson South Unit, and enhanced grant funding to add a 100-bed expansion at the Labette Correctional Conservation Camp. The plan includes a recommendation for funding to conduct a request for proposal for the private construction of 400 medium-custody male beds. The following table reflects the funding and composition of the Governor's original budget recommendation for prison expansion, the Senate position, and the House's original position. The House Select Committee on Corrections and Juvenile Justice is currently reviewing a capital improvements' recommendation.

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

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

Fiscal staff presented a Department of Corrections Omnibus Comparison which included the Governor's Budget Amendment #2 and the House Subcommittee positions (Attachment 15). Committee members concur with Senate position with privatization proviso which includes \$7,981,057 debt service.

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

Committee members did not concur with this item.

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

Committee members concurred with this item.

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

Committee members concurred with this item.

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

Committee members concurred with this item.

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

1. **Food Service Contract in FY 1998.** House Subcommittee recommendation to review the continued operations of Canteen Corporation as the food service provider for the correctional facilities. After the food service situations in the fall of 1996, the Subcommittee wished to review the KDOC relationship and satisfaction with the current food service provider. KDOC reported they are reviewing the current food services contract.
2. **Juvenile Community Corrections FY 1998.** House Subcommittee recommendation to review juvenile community corrections programs which the Governor recommended to transfer to the Juvenile Justice Authority, including \$3,485,328 SGF and \$750,000 Social and Rehabilitation Services Juvenile Aftercare Grants.
3. **Community Corrections Funding FY 1998.** House Subcommittee recommendation to review KDOC priorities for community corrections and offender programs in the community. The Subcommittee noted the Governor did not fund any agency requests for enhanced community programs. The Governor recommended community corrections funding of \$13,418,809 in FY 1998, an increase of 2.9 percent over FY 1997.
4. **Requests for Information from the Department of Corrections.** House Subcommittee recommendation that KDOC prepare responses by the Omnibus session to the following issues.
 - a. Information regarding operations and the need for inmate capacity expansion, including the Governor's capital improvement recommendation.
 - b. Alternatives to building new facilities including privatization, leasing of non-state beds, specialized facilities for lower-level offenders, *i.e.*, non-violent conditional violators, community based and preventive programs.
 - c. Examine potential modifications of sentencing grid and parole revocation statutes, rules, and regulations to address increasing population.
5. **Systemwide Facility Utility Expenditures.** House Subcommittee recommendation for KDOC systemwide to review correctional facility utility expenses in FY 1997. Upon review, the KDOC reports that the facilities have been able to absorb utility expenses within existing budgets and a supplemental appropriation will not be requested.

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

H.B. 2103 amends existing law regarding the disposition of bodies of persons in the custody of

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

Topeka Correctional Facility

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

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

Winfield Correctional Facility

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

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

Larned Correctional Mental Health Facility

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

	FTE	Operating Expenditures
Reduction to Larned State Hospital	-1	\$(246,038)
	FTE	Contract Cost Increase
Increase to Larned Correctional Mental Health Facility if agency begins full service kitchen	0	\$103,555 (kitchen remodeled)50,000
	FTE	SGF Expenditure
Reduction to the State	-1	\$92,483

The agency reports a net savings to the state at \$92,483 if the facility prepared its own food. The

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

Committee members reviewed the current food service arrangement and recommended no changes.

The Committee members reviewed the absence of funding in the Governor's budget for visitor centers at correctional facilities. Committee members recommended to fund visitor centers operations from inmate benefits funds at Hutchinson, Lansing, Ellsworth, and Norton correctional facilities.

Ombudsman of Corrections

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

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

Committee members concurred with this item.

Board of Accountancy

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

Committee members concurred with this item.

Department of Social and Rehabilitation Services

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

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

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

* Program appropriated to Department on Aging in FY 1998.

Committee members concurred with this item.

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

Committee members recommended to appropriate the fund with provisions of S.B. 187

SRS staff members presented a handout (Attachment 11) concerning the fiscal considerations for expanding the HCBS/HI waiver which was implemented in July, 1991 as a way to serve the head injured population of Kansas in an appropriate setting in a cost effective manner. Committee members recommended to expand the Head Injury HCBS waiver.

Kansas Bureau of Investigation

H.B. 2159 (vetoed) enacts the Personal and Family Protection Act. The KBI is charged under the bill to perform background checks and issue licenses for persons who wish to carry concealed

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, on April 24, 25, and 29, 1997.

weapons. The agency estimates that implementation of the bill would require \$737,587 in FY 1998. The following summarizes the estimated costs elements:

Salaries

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

Other Operating Expenditures

Postage	\$100,000
Printing	200,000
Travel and Subsistence	7,000
Rent and Utilities	9,570
Capital Outlay	19,700
FBI Record Check Fees	240,000
TOTAL OOE	\$576,270

GRAND TOTAL - FY 1998 \$737,587

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

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

No action taken on this item.

Department of Administration

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

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

It was the committee's recommendation to not fund this item pursuant to the Conference Committee's recommendation.

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

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, on April 24, 25, and 29, 1997.

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

CEDAR CREST RENOVATION

Building:

Exterior building repairs, paving, and removal of underground oil tank	\$155,300
Window replacement (must be coordinated with the State Historical Society)	88,800
Interior architectural repairs and removal of lead paint and asbestos	202,400
Plumbing	162,300
Heating, ventilation, and air conditioning	315,700
Electrical and lighting protection	125,100
ADA restroom and related work	84,000
Preparation for fire alarm and security system	28,800
Temporary housing for Governor	18,000
Subtotal -- Building Items	\$1,180,400

Security:

Surveillance camera upgrade and miscellaneous security items	\$188,000
Nonsecurity-type fence around residence	12,000
Subtotal of Building and Security Items—Recommended by Joint Committee on State Building Construction	\$1,380,400

New security office	\$132,000
Relocate private driveway	40,000
TOTAL Request—All Items	\$1,552,400

Committee members recommended the addition of \$1 million SGF.

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

Committee members concurred with this item.

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

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

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, on April 24, 25, and 29, 1997.

Committee members concurred with the JCCT recommendation including the language.

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

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

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

Committee members concurred with the JCCT recommendations including the language.

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

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

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

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

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, on April 24, 25, and 29, 1997.

KDFA personnel and operating costs (4.0 FTE attorneys and 4.0 FTE support staff, additional office space (\$24,000), capital outlay (\$20,000), and OOE (\$5,000) \$325,000

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

Funding was not recommended by Committee members.

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

Funding was not recommended by Committee members.

Judicial Branch

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

Committee members did not recommend funding for this item.

Board of Indigents' Defense Services

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

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

Committee members recommended to allow the expenditure of fees as recommended by the Senate Subcommittee.

State Treasurer

Committee members concurred in making a technical adjustment to the bill.

GOVERNOR'S BUDGET AMENDMENTS #2

April 24, 1997

The Honorable Dave Kerr, Chairperson
Senate Committee on Ways and Means
Room 120-S, Statehouse

and

The Honorable Phil Kline, Chairperson
House Committee on Appropriations
Room 514-S, Statehouse

Dear Senator Kerr:

For FY 1997, I amend my budget to decrease State General Fund expenditures by \$8,107,407. The FY 1998 adjustment is an increase of \$68,818,783, for a net State General Fund increase of \$60,711,376 for both years combined. Expenditures from all funding sources are decreased by \$17,810,633 in FY 1997 but increased by \$82,035,119 in FY 1998. My amended budget would also result in a reduction in the number of positions in state government. For FY 1997, there would be an increase of 19.0, 14.0 FTE positions and 5.0 unclassified temporary positions. For FY 1998, there would be a net reduction of 76.3, a deletion of 81.3 FTE positions but an increase of 5.0 unclassified temporary positions.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (8,107,407)	\$68,818,783
All Funds	\$ 17,810,633)	\$82,035,119
FTE Positions	14.0	(81.3)
Unclassified Temporary	<u>5.0</u>	<u>5.0</u>
Total Positions	19.0	(76.3)

With this memorandum, I submit the attached amendments to my budget recommendations.

Sincerely,

BILL GRAVES
Governor

Kansas Lottery and Kansas Racing and Gaming Commission

1. Decrease the Transfer to the Kansas Bureau of Investigation

I amend my budget for FY 1998 to allow a decrease in the amounts the Kansas Racing and Gaming Commission and the Kansas Lottery transfer to the Kansas Bureau of Investigation each fiscal year to support the KBI's Gaming Unit. Because of insufficient information regarding the allocation of work performed for each gaming agency by the KBI, the transfer totals for FY 1998 were incorrectly estimated under my original recommendation. Since that time, the Division of the Budget has received information which corrects the percentage of workload performed by the KBI Gaming Unit that is attributable to the Racing and Gaming Commission and the Lottery. In addition, it was discovered that a carryover balance was not taken into account in my original recommendation. Therefore, I recommend the transfer made from the Racing and Gaming Commission to the KBI be decreased to a total of \$227,172 in FY 1998 and the Lottery to be returned \$42,534 to reflect correctly the amount of work the Gaming Unit performs for these agencies. The State General Fund will experience an increase of approximately \$172,000 since the Racing and Gaming Commission's transfer amount is now lower than the original recommendation. This information is detailed in the following table:

<u>Agency</u>	<u>Current Gov. Rec.</u>	<u>As Adjusted</u>	<u>Difference</u>
Lottery	\$274,261	\$ (42,534)	\$(316,795)
Racing	400,002	227,172	(172,830)
Gaming (billed separately)	--	337,132	337,132
Carry Forward from FY 1996	--	<u>152,493</u>	<u>152,493</u>
Total for KBI Gaming Unit	\$674,263	\$674,263	\$ --

The Committee did not take any action on Governor's Budget Amendment since the Legislature had already adopted new procedures in HB 2160.

Kansas Lottery

2. Delete the Provision for the Backup Site Computer Expenditures

I amend my budget for FY 1997 to delete the appropriation proviso authorizing expenditures of up to \$500,000 for a computer backup site. The agency no longer plans to pursue this project. This amount was authorized in addition to the agency's expenditure limitation.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	(500,000)	--
All Funds	<u>\$ (500,000)</u>	<u>\$ --</u>

Committee members did not take any action on Governor's Budget Amendment as Legislature has already cut budget.

State Library

3. Additional Staff and Other Operating Expenditures

I amend my budget for FY 1998 to allow an increase of \$32,592 in salaries and wages for an additional 1.0 FTE position. A recent report by the Division of Legislative Post Audit revealed the Library does not provide adequate financial controls and project oversight regarding both state and federal grants. The Library indicates that current staff levels cannot provide the necessary time and travel to provide this oversight. The addition of an accountant, supplemented by current staff, will enable the Library to provide sufficient financial controls.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 32,592
All Other Funds	--	--
All Funds	<u>\$ --</u>	<u>\$ 32,592</u>

Securities Commissioner

4. Establishment of an Investor Education Fee Fund

I amend my budget for FY 1998 to allow for the establishment of a "no limit" Investor Education Fee Fund. This fund is to be used for investor education purposes only. Money collected from fines and penalties would be deposited in this dedicated fund, rather than the Securities Fee Fund, the agency's only fee fund currently. Money collected for fines and penalties are not part of the agency's revenue estimation for the budget year and would therefore not affect the transfer the agency makes to the State General Fund.

Staff members of the Securities Commissioner's Office presented a history of fines and penalties collected for a period of time from FY 1990 - FY 1996 (Attachment 13). Committee members did not concur with this item.

5. Official Hospitality Expenditures

I amend my budget for FY 1998 to allow expenditures of up to \$600 for official hospitality. This expenditure is within the existing expenditure limitation of the Securities Act Fee Fund.

Committee members concurred with this item.

Historical Society

6. Funds for NAGPRA Compliance

I amend my budget to include funds of \$38,500 from the State General Fund to bring the state into compliance with the federal Native American Graves Protection and Repatriation Act of 1990. This will allow for burial remains to be studied and returned to the appropriate tribes.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 38,500
All Other Funds	--	--
All Funds	<u>\$ --</u>	<u>\$ 38,500</u>

Committee members concurred with this item.

Committee members did not concur with JCCT on State Building Construction for full funding for renovation of Interior of Blockhouse at Fort Hays.

Committee members discussed the funding of the renovation of the First Territorial Capitol. Senator Salisbury moved, seconded by Senator Gilstrap, to approve full funding of \$71,000 (EDIF) with proviso to make the money subject to release by the State Finance Council following receipt of a sign agreement with a responsible party to transfer from the state, the daily operations and maintenance of the site. The motion carried on a voice vote.

Secretary of State

7. Additional Other Operating Expenditures

I amend my budget for FY 1998 to allow an increase of \$80,000 in the agency's Information and Copy Service Fee Fund. Proviso language should be added to allow \$1 from each business filing its franchise tax to be deposited in this fee fund. It is estimated that 80,000 businesses will pay this tax in FY 1998. This amount would cover the loss of revenue this agency will incur as a result of 1997 SB 227, which eliminates corporate balance sheets from corporate annual reports. The agency states it would not otherwise have the resources to perform all statutory duties in the business services divisions. The following language implements this recommendation:

Information and Copy Service Fee Fund No limit

Sec. . . During each month of the fiscal year ending June 30, 1998, the secretary of state shall certify to the director of accounts and reports the amount equal to the product of \$1 multiplied by the number of annual reports received by the secretary of state during the preceding month from professional corporations, domestic or foreign corporations, corporations organized not for profit, domestic or foreign limited liability companies, domestic or foreign limited partnerships or any other entities pursuant to statute, which include the receipt of an annual franchise tax or privilege fee. Upon receipt of each such certification, the director of accounts and reports shall transfer an amount equal to the amount certified from the state general fund to the information and copy service fee fund of the secretary of state.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	--	80,000
All Funds	<u>\$ --</u>	<u>\$ 80,000</u>

Department of Administration

8. Energy Conservation Improvement Bonds

An amount of \$2,866,873, including principal and interest, from the State General Fund is included in the budget of the Department of Administration for FY 1998 to pay the debt service on

the energy conservation bonds. After my recommendations were finalized in December 1996, the Kansas Development Finance Authority recertified each participating state agency's portion of the debt service, resulting in a new total of \$2,822,320 and a net savings of \$44,553. This amendment to my budget makes the proper adjustments by agency and lapses the \$44,553 from the Department of Administration's budget. Because this savings would be returned to the participants, there would be no net effect on the State General Fund. The following table details the adjustments.

<u>Participants:</u>	<u>Adjustments</u>
Department of Administration	\$15,741
Larned State Hospital	1892
Topeka State Hospital	-154
Winfield State Hospital	-298
Emporia State University	3240
Pittsburg State University	1344
Kansas State University	7951
University of Kansas	7766
KUMC	1623
Wichita State University	5448
DOA--Debt Service	-44553
Net Effect on SGF	\$ -

Committee members concurred with the Governor's Budget Amendment

9. State Building Insurance

I amend my budget to increase the insurance premium for coverage of state buildings by \$27,000 from the State General Fund for FY 1998. The amount currently in the Governor's recommendation totals \$290,000. With this addition, the new total would be \$317,000. This request arises from the addition of new buildings to the insurance policy's coverage: Technology Center at Pittsburg State University, Tomanek Hall at Fort Hays State University, and Hoch Auditorium/Budig Hall at the University of Kansas. The additional \$27,000 includes an adjustment for the new buildings, an 8.0 percent building cost index factor, and a small contingency amount for other buildings that might be added to the policy during FY 1998.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 27,000
All Other Funds	--	--
All Funds	\$ --	\$ 27,000

Committee members concurred with this Governor's Budget Amendment.

10. Wyandotte County Consolidation Study

The Legislature approved funding of \$150,000 in FY 1997 to study the consolidation of Wyandotte County and Kansas City, Kansas. The study was intended to be financed from contributions of \$50,000 each from Wyandotte County, Kansas City, Kansas, and the Economic Development Initiatives Fund of the Kansas Department of Commerce and Housing. Because the study was anticipated to conclude by the end of FY 1997, no expenditure authority was included in my recommendation for FY 1998. However, now that voters of the county have approved the consolidation, the commission undertaking the study will continue in existence until October 1, 1997, to serve as an advisory body to the new county commission. Therefore, I recommend restoration of the "no limit" Wyandotte County Consolidation Study Fund for FY 1998.

When this study terminates later in the year, it will be necessary to transfer the unspent funds back to the contributors in the same proportion as they contributed the funds originally. It will not be an equal distribution because Wyandotte County contributed only \$40,000, instead of the intended \$50,000. In order to authorize the transfer of funds after the commission concludes its business, the following proviso should be added to the Department of Administration's FY 1998 appropriations:

Provided, That upon certification by the director of the budget, the director of accounts and reports shall transfer the unencumbered balance in the Wyandotte county consolidation study fund to Wyandotte county, Kansas City, Kansas, and

the strategic action grants subaccount of the Kansas economic endowment account of the state economic development initiatives fund of the department of commerce and housing in the same proportion that each contributed to the Wyandotte county consolidation study fund: *Provided further*, That upon completion of the fund transfers the Wyandotte county consolidation study fund is hereby abolished.

Committee members concurred with this item, however, amended the proviso language.

11. Topeka State Hospital Transition Fund

Plans for the disposition and operation of the Topeka State Hospital campus are progressing, but are not anticipated to be finalized by the end of the 1997 Legislative Session. Some of the buildings on the campus are currently rented by other state agencies, and it is anticipated that other portions of the campus will be rented by, or sold to, other government or private agencies. To ensure that the physical plant for the campus will continue to provide service to tenants or future occupants of the campus, I recommend the transfer of operations of the remaining Topeka State Hospital campus to the Department of Administration. I also recommend that a "no limit" Topeka State Hospital Transition Fund be created to collect receipts and pay expenditures for operation of the campus in FY 1998. The cost of the operations of the rented facilities will be an "off budget" item, as the rent payments are included in the budgets of other state agencies. To provide for unknown contingencies in the operation of the campus, I recommend \$500,000 from the State General Fund, which will require release by the State Finance Council. The campus will be operated by a maximum of 24.0 FTE positions, also requiring approval by the State Finance Council.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 500,000
All Other Funds	--	--
All Funds	\$ --	\$ 500,000

Mike Hutfles, SRS, presented a handout regarding the future use of Topeka State Hospital (Attachment 19).

Committee members concurred with the Governor's Budget Amendment transferring temporary control of TSH to the Department of Administration creating "no limit" transition funds and appropriating funds and 24.0 FTE subject to Finance Council release. It was also recommended to transfer temporary custody of WSH&TC to the Department of Administration. The expenditures from the transition fund are subject to the approval of the Finance Council. The Committee recommended authorizing the Finance Council authority to dispose of the land. Committee members also recommended the Commission of Veterans Affairs shall maintain WSH&TC. It was the recommendation to authorize the sale of Capital City High School to USD 501 but prohibit the resale for ten years. It was also recommended to extend the closure benefits to transferred TSH employees.

Department of Health and Environment

12. Computer Consultation and Technical Assistance Grant

I amend my budget to allow the Department of Health and Environment to spend an unanticipated Kansas Health Foundation Grant of \$75,000 in FY 1997, which will require an expenditure limitation increase on the Gifts, Grants, and Donations Fund. The monies will be used for computer consultation and technical assistance in identifying issues and costs associated with both short and long-term development of the Kansas Immunization Information System.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	75,000	--
All Funds	\$ 75,000	\$ --

Committee members concurred with this item.

13. Community Health Initiative

I amend my budget to allow the expenditure of \$65,000 in FY 1997 and \$158,240 in FY 1998 for a project to develop capacity for evaluating the impact of community interventions on health status. The amendment would require a corresponding expenditure limitation increase on the Gifts, Grants, and Donations Fund. The grant is from the Kansas Health Foundation.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>65,000</u>	<u>158,240</u>
All Funds	\$ 65,000	\$ 158,240

Committee members did not concur for FY 1997 based on year-to-date expenditures or for FY 1998, because the \$158,240 was in the Governor's original recommendation and already approved by the 1997 Legislature.

14. Public Health Communications Project

I amend my budget to increase the expenditure limitation on the Gifts, Grants, and Donations Fund by \$58,000 in FY 1997 to spend a Kansas Health Foundation grant to begin work on a project that would be complementary to the "Day in the Life of Public Health" video series produced by the Department. The themes regarding health and environment would be carried through in a KDHE video that focuses on specific services and activities of the agency.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>58,000</u>	<u>--</u>
All Funds	\$ 58,000	\$ --

Committee members concurred with this item.

15. Public Health Improvement Plan

I amend my budget to allow the Department of Health and Environment to increase the expenditure limitation on the Gifts, Grants, and Donations Fund by \$10,000 in FY 1997 and \$40,000 in FY 1998 to allow the expenditure of a Kansas Health Foundation grant award. The monies will be used to begin development and implementation of a Public Health Improvement Plan for Kansas.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>10,000</u>	<u>40,000</u>
All Funds	\$ 10,000	\$ 40,000

Committee members concurred with this item.

16. Medicaid Cost Recoveries/Salary Shift

I amend my budget to finance operating expenditures in FY 1997 and FY 1998 with federal Medicaid reimbursements for certain laboratory tests performed for clients who are eligible under Medicaid rules. In FY 1997, expenditures from this source will be increased by \$158,000 to cover salary shortfalls in the laboratory. This will be combined with a shift of \$70,000 from the Department's State General Fund "Other Operating Expenditures (including official hospitality)" account to its "Salaries and Wages" State General Fund account. In FY 1998, a total of \$158,000 from this source will be used to offset an identical amount from the State General Fund for the purchase of laboratory equipment.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ (158,000)
All Other Funds	<u>158,000</u>	<u>158,000</u>
All Funds	\$ 158,000	\$ --

Committee members concurred with this item.

17. Medicare/Medicaid Funding Shift

I amend my budget to increase Medicare expenditures for salaries and wages by \$300,000 and reduce Medicaid expenditures by an identical amount. The shift is based on earnings of Title

XIX Medicare monies during the first half of FY 1997 and the fact that the Bureau of Adult and Child Care earned more funds in the latter half of FY 1996 than was actually expended in FY 1996.

Committee members concurred with this item.

18. Migrant Health Funding

I amend my budget to allow the Department of Health and Environment to expend an additional \$10,000 in federal monies for the Kansas Migrant Health Program. The funds will be used to increase the numbers and scope of medical care services of migrant and seasonal farm workers.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>10,000</u>	<u>--</u>
All Funds	\$ 10,000	\$ --

Committee members concurred with this item.

19. Federal Rural Health Funds

I amend my budget to allow the Department of Health and Environment to expend an additional \$13,271 in federal monies in FY 1997 and \$60,000 in FY 1998. The current year amount is available because of additional monies left over in FY 1996 that will be carried into the next fiscal year. The FY 1998 expenditures are requested because of additional federal monies that recently became available. The additional funding in both years will allow the agency to increase support for various activities conducted by the Bureau of Local and Rural Health Systems.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>13,271</u>	<u>60,000</u>
All Funds	\$ 13,271	\$ 60,000

Committee members concur only for FY 1998. The \$13,271 for FY 1997 was already included in the Governor's original recommendation and approved by the 1997 Legislature.

20. Increased Support for the AIDS Program

I amend my budget to increase expenditures by \$130,135 in FY 1998 in the Bureau of Disease Prevention and Health Promotion in order to conduct additional activities related to the prevention of HIV infection in newborns. The additional federal funds will allow the state to conduct outreach to high-risk women of childbearing age and to refer them to appropriate prevention services, such as counseling and HIV anti-body testing.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>130,135</u>
All Funds	\$ --	\$ 130,135

Committee members concurred with this item.

21. Increased Support for Sexually Transmitted Disease Programs

I amend my budget to allow the Department of Health and Environment to spend additional federal monies of \$118,000 that will be available in FY 1998 to increase activities related to sexually transmitted disease prevention.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>118,000</u>
All Funds	\$ --	\$ 118,000

Committee members concurred with this item.

22. Hemophilia Program Support Increases

I amend my budget to increase expenditures in the Department of Health and Environment by \$70,000 in FY 1998 to allow the agency to spend monies that will be received from the University of Iowa for the regional hemophilia program.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>70,000</u>
All Funds	\$ --	\$ 70,000

Committee members concurred with this item.

23. Stream-Use Designation Study

I amend my budget to use \$50,000 in State Water Plan Fund monies, which are currently designated for a saline study of the Ogallala Aquifer in FY 1998, for part of a multi-agency initiative to assess the appropriateness of stream-use designations in the state. This amendment will change the account title from "Saline study--Ogallala aquifer" to "Water quality planning."

Committee members did not concur with this item.

Department of Corrections

24. Capacity Expansion

I amend my budget to adjust the amount necessary to finance partially the planning, operating, and construction costs of a 557-bed capacity expansion project. The project consists of the following: (1) 232 beds at Hutchinson Correctional Facility; (2) 200 beds at Norton Correctional Facility; (3) 25 beds at Topeka Correctional Facility; and (4) 100 beds at the Labette Correctional Conservation Camp. The amendment includes \$147,000 and 5.0 FTE positions at the Topeka Correctional Facility and \$262,500 for partial-year funding of salaries and operating expenditures at the Labette Correctional Conservation Camp. The total construction cost for the project is estimated at \$13.6 million. Of this amount, \$5,857,152 will be financed with federal monies; \$227,497 will be financed from the Correctional Institutions Building Fund; and the remainder will be debt financed. The FY 1997 reduction represents an adjustment to the current year planning monies needed because of the deletion of the El Dorado portion of the original expansion plan. I recommend establishment of a new "no limit" fund entitled "Violent Offender Incarceration and Truth-in-Sentencing Incentive Grants--Federal Fund."

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (156,520)	\$ 409,500
All Other Funds	--	<u>6,084,649</u>
All Funds	\$ (156,520)	\$ 6,494,149

Committee members did not concur with the prison expansion. Committee members did concur with the amendment to include \$147,000 funding and 5.0 FTE positions at the Topeka Correctional Facility; and \$262,500 for partial-year funding of salaries and operating expenditures at the Labette Correctional Conservation Camp. The Committee concurred to create a no-limit fund for federal funds - prison expansion.

25. Health Care Contract Savings

I amend my budget to reduce a supplemental appropriation for the Department's health care contract that is no longer needed because of savings that were found elsewhere in the budget.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (51,000)	\$ --
All Other Funds	--	--
All Funds	\$ (51,000)	\$ --

Committee members concurred with this item.

26. Replacement of Site Utilities

I amend my budget to allow the Kansas Development Finance Authority to issue bonds to finance the cost of replacing site utilities at El Dorado Correctional Facility. The cost of

replacement is estimated to be \$5,637,316, while the total cost, including debt service payments, is estimated to be \$5,918,228. The insulation placed around the steam lines has failed, thus allowing heat to escape into the ground, which has damaged other utilities located in the trench and caused problems with life safety, security, and data systems. The Office of the Attorney General has filed litigation against the contractor, manufacturer and project architect to recover the costs of the site utilities replacement. However, because this litigation will take time, the project will have to be completed and financed by the state before any recoveries from litigation become available. All cost recovery must be applied to this debt. A new fund entitled "El Dorado Site Utilities Replacement Revenue Fund" should be established in the budget of the Department of Corrections to pay future years' debt service obligations. The following proviso should be inserted to allow the Kansas Development Finance Authority to issue the bonds.

Provided, That the Department of Corrections may make expenditures from the "El Dorado Site Utilities Replacement Revenue Fund" for the capital improvement project for replacement of site utilities at the El Dorado Correctional Facility: *Provided further*, That the capital improvement project for site utilities replacement at the El Dorado correctional facility is hereby approved for the department of corrections for the purposes of subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of bonds by the Kansas Development Finance Authority in accordance with that statute: *And provided further*, That all moneys received from the issuance of any such bonds shall be deposited in the state treasury to the credit of this fund.

Committee members concurred with this item.

Kansas Sentencing Commission

27. Correct Criminal Justice Information System Estimate

An error was made in estimating the amount of State General Fund monies needed to match federal monies for the continued development of the Criminal Justice Information System (CJIS). I amend my budget to increase the amount by \$45,770. This would increase the total amount of state matching funds from \$214,002 to \$259,772.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ 45,770	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 45,770	\$ --

The Committee concurred with this item.

Department of Social and Rehabilitation Services

28. Transfer of Expenditures for Nursing Homes for the Mentally Ill

I amend my budget in FY 1998 to transfer funds for the reimbursement of nursing homes for the mentally ill from the Department on Aging (DOA) to the Department of Social and Rehabilitation Services (SRS). The transfer of \$2,664,000, \$1,090,240 State General Fund is necessary because when expenditure authority for reimbursement of nursing home costs for the elderly were transferred to DOA it was estimated that there would be 12 facilities supplying services to the mentally ill and that responsibility for overseeing those facilities would remain with SRS. Subsequently SRS and DOA have discovered that 15 facilities will be supplying services to the mentally ill in FY 1998. This amendment will allow expenses for the reimbursement of nursing homes for the mentally ill to be shown in the proper manner. Because this amendment requires a transfer of funds, it has no effect on total expenditures or State General Fund expenditures in FY 1998.

Department on Aging:	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$(1,090,240)
All Other Funds	<u>--</u>	<u>(1,573,760)</u>
All Funds	\$ --	\$(2,664,000)

SRS:	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 1,090,240
All Other Funds	--	<u>1,573,760</u>
All Funds	\$ --	\$ 2,664,000

Committee members concurred with this item.

29. Disability Determination Unit and Staff Adjustments for Welfare Reform

I amend my budget to include 14.0 FTE positions and \$966,800 in federal funds in FY 1997 and 24.0 FTE positions and \$1,058,517 in federal funds in FY 1998 for the Disability Determination Unit of SRS. This request would provide the unit with authority to expend federal funds and hire additional staff so that it could administer the increased workload associated with the Supplemental Security Income Program (SSI). The SSI workload has increased because of the passage of federal Welfare Reform. The request also includes the federal funds necessary to move the Disability Determination Unit to different office space.

My amendment includes \$76,491 for salaries and wages in FY 1997 together with associated other operating costs of \$28,650. In addition, the FY 1997 estimate includes \$250,655 for consultant contracts. For FY 1998, \$605,084 is provided for salary costs and \$315,000 for consultant contracts. The federal Social Security Administration is required by the federal Welfare Reform law to become current with reviews of those people who receive SSI payments. Because the Disability Determination Unit of SRS is responsible for those reviews, the Social Security Administration has "requested" that the agency request these new positions. SRS estimates that an additional 2,900 children's SSI claims in FY 1998 would have to be processed to comply with the federal demand.

In addition, my amendment allows the Department on Aging to move into office space now occupied by the Disability Determination Unit on the 11th floor of the Docking State Office Building. In order to facilitate the move of the Disability Determination Unit from the existing space, additional federal funds of \$611,004 in FY 1997 and \$138,433 in FY 1998 are provided. The FY 1997 amount finances a new telephone system at a cost of \$141,260 and additional partitioning and equipment at \$378,000, with the balance to be used for miscellaneous moving costs. The FY 1998 amount reflects the estimated increase in the cost of rent.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>966,800</u>	<u>1,058,517</u>
All Funds	\$ 966,800	\$ 1,058,517

Committee members concurred with this item.

30. Robert Woods Johnson Foundation Grant

The Mental Health and Developmental Disabilities Program of SRS has been awarded a three-year grant totaling \$400,000 from the Robert Woods Johnson Foundation. I amend my budget for FY 1997 and FY 1998 to provide for this grant. The balance of \$220,607 will be spent in FY 1999. The funds will be used to establish pilot projects in Sedgwick and Shawnee Counties. The goals of the pilot projects are to develop service planning and service delivery models to increase individual mental retardation consumers' ability to determine and direct their own services. This project will be administered by existing staff.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>49,393</u>	<u>130,000</u>
All Funds	\$ 49,393	\$ 130,000

Committee members concurred with this item.

31. Alcohol and Drug Abuse Service--Expenditure Limitation Increases

I amend my budget for FY 1998 to increase the expenditure limitation by \$1,543,599 on the Alcohol and Drug Abuse Service Fund. The entire amount is federal grants. The increase in the expenditure limitation will allow the agency to provide additional support in federal grants to needy community programs.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>1,543,599</u>
All Funds	\$ --	\$ 1,543,599

Committee members concurred with this item.

32. Cashflow for Medicaid Management Information System

I amend my budget to shift expenditures of \$1,799,622 from federal funds to the Social Welfare Fee Fund (SRS Fee Fund) in FY 1997. This shift is to pay for costs related to the development of the Medicaid Management Information System (MMIS). SRS indicates that the certification of the MMIS by the federal government will begin in May, six months from the completion of the project last November. The agency also indicates that the certification process itself will take another three months. SRS states that although certification will occur, federal funding for the project at a ratio of 75 percent federal funds to 25 percent state funds will not occur until after certification. The current funding ratio is 50 percent federal funds and 50 percent state funds.

The 75 percent match was estimated when the project was first approved. However, when the project was completed in November 1996 and not in June 1996 as was originally planned, the federal share of the funding was not adjusted for the change in the completion date. The federal share of the total project will not change, but SRS states that the timing of the federal participation will change. This amendment makes available the funds necessary to pay for the completion of all but one part of the system in FY 1997. In FY 1998, the SRS Fee Fund would be completely repaid by the federal reimbursement which will be available because of the increased match rate. This amendment requires a shift in the funding for the MMIS project in FY 1997 and does not affect total expenditures.

Committee members concurred with this item.

33. Final Payment for the Medicaid Management Information System

I amend my budget to shift \$1,299,608 in expenditures from FY 1997 to FY 1998 to make the last payment for development of the Medicaid Management Information System (MMIS) by SRS. This amount includes \$122,961 from the State General Fund and \$1,176,647 in federal funds. The agency states that this shift is necessary to provide the State General Fund resources to match the federal funds that will be available in FY 1998 because of the shift of the final payment for development costs from FY 1997 to FY 1998 to correspond with the certification of completion of the system by the federal government. The shift is also necessary to provide the resources to reimburse the contractor who is responsible for development of the systems documentation portion of the MMIS. This documentation is to be resubmitted to SRS in FY 1998. SRS rejected the version of this system that was delivered to it in FY 1997.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (122,961)	\$ 122,961
All Other Funds	<u>(1,176,647)</u>	<u>1,176,647</u>
All Funds	\$(1,299,608)	\$ 1,299,608

Committee members concurred with this item.

34. Shift in Funding from the State General Fund to the Title XIX Fund

I amend my budget to reflect an increase in receipts to the Title XIX Fund. The Department has just completed the revised analysis of the Title XIX Fund of current receipts and receivables and indicates that collections during FY 1997 have increased above amounts anticipated. This review indicates that adequate funds are available to shift \$1.0 million in expenditures from the State General Fund to the Title XIX Fund.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$(1,000,000)	\$ --
All Other Funds	<u>1,000,000</u>	--
All Funds	\$ --	\$ --

No action needed, Legislature has already implemented.

35. Additional Assistance for Local Juvenile Detention Facilities

I amend my budget to provide \$399,843 from the Juvenile Detention Facilities Fee Fund to finance one-time expenditures for the renovation and operation of local detention centers. The funds would be distributed to the facilities according to the licensed bed capacity of the centers. This amendment is supported by the Kansas Advisory Group on Children and Families. SRS indicates that there are sufficient balances available in the Juvenile Detention Facilities Fee Fund in FY 1997 to permit this expenditure.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>399,843</u>	<u>--</u>
All Funds	\$ 399,843	\$ --

Committee members concurred with this item.

36. Social Services to Juvenile Offenders for the Juvenile Justice Authority

I amend my budget for FY 1998 to delete 126.5 FTE positions from the Juvenile Justice Authority's budget. This would leave the agency with 25.0 FTE positions. The agency indicates that it will contract with SRS for social services for juvenile offenders so that there will be no interruption of services while the Juvenile Justice Authority develops its programs. At the same time, I also amend my budget in FY 1998 to add 142.5 FTE positions to the SRS budget. The addition of these positions will allow SRS to continue to provide social services to juvenile offenders. Therefore, SRS asks for 142.5 of the 164.5 FTE positions it deleted for FY 1998 based on the assumption that services would be provided to juvenile offenders by the Juvenile Justice Authority.

Committee members concurred with this item.

37. Year 2000 Repair

I amend my budget in FY 1997 to attribute \$1.3 million of federal funds to the additional cost that SRS would incur in FY 1997 as a result of the computer repairs necessary for the year 2000. These funds match State General Fund expenditures identified for SRS computer needs in the budget of the Department of Administration.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>1,300,000</u>	<u>--</u>
All Funds	\$ 1,300,000	\$ --

Committee members concurred with this item.

38. Caseload Adjustments

I amend my budget to reflect changes in caseloads and the cost of aid and assistance programs administered by SRS. These SRS caseload adjustments are the result of a consensus caseload estimating meeting that included the staff of SRS, Legislative Research, and the Division of the Budget.

This amendment includes total reductions of \$15,927,348 for FY 1997, of which \$5,329,905 is from the State General Fund. These reductions are the result of several different factors. They reflect a continued decline in caseloads in the Cash Assistance Program, lower than anticipated costs in the Medicaid Program, and lower than anticipated growth in the Home and Community Based Services Program. For FY 1998, I amend my budget to reflect reductions of \$23,845,723 in expenditures from all funding sources, of which \$11,327,964 is from the State General Fund. These changes reflect a decline in the growth of caseloads for medical assistance, for adult care homes, and for community based services. The primary reason for the reduction in FY 1998 is a continued decline in the growth of the regular Medical Program and a decrease in the amount of state match for the entire Medicaid Program of .5 percent. There is also a reduction in the cost of the cash assistance programs.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (5,329,905)	\$11,327,964)
All Other Funds	<u>(10,597,443)</u>	<u>(12,517,759)</u>
All Funds	\$15,927,348)	\$23,845,723)

Committee members concurred with this item.

Larned State Hospital

39. Creation of a Motor Pool Revolving Fund

I amend my budget to create a "no limit" Motor Pool Revolving Fund in FY 1998 for the Hospital. The Central Motor Pool of the Department of Administration has requested that the Hospital function as a repair facility for Central Motor Pool vehicles being leased by state agencies in the Larned area. The creation of a "no limit" Motor Pool Revolving Fund would give the Hospital the flexibility to perform the repairs and then be reimbursed by the Central Motor Pool.

Committee members concurred with this item.

Rainbow Mental Health Facility

40. Salary and Wage Adjustment

By error the agency requested only 50 percent of the salary of the Hospital's Clinical Director in its budget request for FY 1998. I amended my budget by \$33,568 to correct this error by increasing the expenditure limitation on the Title XIX Fund for FY 1998.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>33,568</u>
All Funds	\$ --	\$ 33,568

Committee members concurred with this item.

Winfield Soldiers Home

41. Financing of Veterans Home at Winfield

I amend my budget to finance a cooperative effort between SRS and the Commission on Veterans Affairs to create the Kansas Veterans Home on the campus of Winfield State Hospital. I recommend \$4.2 million in FY 1998 to begin to make the capital improvements necessary to open 401 nursing home and assisted living beds for veterans at the facility. The amendment allows the process of remodeling the facility to begin as soon as possible. It is based on a report submitted to the Legislature by a Special Evaluation and Analysis Committee consisting of four legislators and representatives of SRS, the Department of Administration, and the Department of Commerce and Housing.

The cost of converting the facility is estimated to be \$6,940,182. The conversion would be carried out in two phases the cost of the first phase is estimated to be \$2,952,382 and would place into service 105 nursing home beds and 96 assisted living apartments. The second phase of the conversion would cost \$3,987,800 and convert another 200 beds. The cost of the project is to be shared by the State of Kansas, the United States Government, and the City of Winfield. I amend my budget to appropriate \$1,700,000 from the State Institutions Building Fund (SIBF) to finance the state share of the project in FY 1998. I also amend my budget to include a transfer in FY 1998 of \$2.5 million from the Social Welfare Fee Fund (SRS Fee Fund) to a special revenue fund of the Commission on Veterans Affairs to finance a portion of the project. These funds would be transferred back to the Social Welfare Fee Fund upon receipt of federal funds for the project.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>4,200,000</u>
All Funds	\$ --	\$ 4,200,000

Legislature has funded but with different funding sources and fiscal year expenditures.

42. Operating Expenditures

I amend my budget for FY 1998 to add \$126,500 from the State General Fund in operating expenditures and 8.0 FTE positions for the Kansas Commission on Veterans Affairs. The amount includes \$104,500 in salaries and wages and \$22,000 for utilities and communication costs. The amendment would allow the Commission to hire a superintendent and other supporting staff to begin working on the establishment of the Winfield Veterans Home in FY 1998.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 126,500
All Other Funds	--	--
All Funds	\$ --	\$ 126,500

Senator Salmans presented a letter from the Kansas Commission on Veterans' Affairs regarding the funding of the Winfield facility (Attachment 20). The Committee recommended funding of \$55,000 (SGF) and \$55,000 (EDIF) for FY 1998 and 2.0 FTE positions.

Winfield State Hospital & Training Center

43. FTE Position Reduction Related to Closure

I amend my budget for FY 1998 to reduce 121.5 FTE positions from the Winfield State Hospital & Training Center. With this amendment, the Winfield State Hospital & Training Center will have 400.0 FTE positions for FY 1998. The Hospital is scheduled to close by December 31, 1997, and this amendment will still give the agency flexibility in meeting its staffing needs during the closure process.

Committee members concurred with this item.

44. Expenditure Limitation Increase in the Title XIX Fund

I amend my budget for FY 1998 to increase the Title XIX Fund expenditure limitation by \$100,000 and decrease the fee fund expenditure limitation by the same amount in FY 1998 for Winfield State Hospital & Training Center. The Hospital is scheduled to close by December 31, 1997, and this amendment will not change the total amounts included in my original recommendation.

The Committee members concurred with this item.

Board of Barbering

45. Operating Expenditures

I amend my budget for FY 1997 to allow a \$4,617 increase in the expenditure limitation for the Board of Barbering Fee Fund. The current expenditure limitation for the fee fund is \$95,688. Unanticipated expenses resulting from additional board meetings, computer and phone repair and support, and the separation of the agency's secretary have precipitated the expenditure limitation increase. The expenditure limitation increase will allow the agency to handle these additional expenses and maintain its current service levels.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>4,617</u>	--
All Funds	\$ 4,617	\$ --

The Committee members concurred with this item.

Regents Institutions

46. Traditional General Fees Fund Adjustments

I amend my budget to adjust the recommended level of expenditures from General Fees Funds for FY 1997 and FY 1998 at those Regents institutions which continue to be budgeted in the traditional method. My original recommendations have been revised on the basis of the spring semester data on student credit hours and tuition receipts. The adjustments are detailed by year and by institution in the tables below. Where there is a negative number in the final column, I amend my budget to replace that shortfall with a State General Fund appropriation. A positive number indicates a reduction in State General Fund dollars because of additional tuition revenue. The revisions reflect a total increase from the State General Fund of \$219,028 in FY 1997 and \$291,498 in FY 1998.

FY 1997:	<u>Original Recommendation</u>	<u>Revised Recommendation</u>	<u>Surplus (Shortfall)</u>
KSU--Salina	\$ 908,568	\$ 883,832	\$ (24,736)
Emporia State	7,896,991	7,916,410	19,419
Pittsburg State	9,998,736	9,940,061	(58,675)
Fort Hays State	<u>7,957,638</u>	<u>7,802,602</u>	<u>(155,036)</u>
Total	\$26,761,933	\$26,542,905	\$(219,028)
FY 1998:	<u>Original Recommendation</u>	<u>Revised Recommendation</u>	<u>Surplus (Shortfall)</u>
KSU--Salina	\$ 959,499	\$ 933,491	\$ (26,008)
Pittsburg State	10,039,191	9,909,269	(129,922)
Fort Hays State	<u>7,813,299</u>	<u>7,677,731</u>	<u>(135,568)</u>
Total	\$ 8,811,989	\$18,520,491	\$(291,498)
	<u>FY 1997</u>	<u>FY 1998</u>	
State General Fund	\$ 219,028	\$ 291,498	
All Other Funds	<u>(219,028)</u>	<u>(291,498)</u>	
All Funds	\$ --	\$ --	

Committee members concurred with the Governor's Budget Amendment.

47. General Fees Fund Adjustments at Tuition Accountability Universities

I amend my budget to adjust the recommended level of expenditures from General Fees Funds for FY 1997 and FY 1998 at those Regents institutions which operate under tuition accountability. My original recommendations have been revised on the basis of the spring semester data on student credit hours and tuition receipts. In addition, the estimate for the reduction in tuition revenues resulting from converting to linear tuition at KU is reduced in both years, by \$142,190 in FY 1997 and \$147,167 in FY 1998. The adjustments are detailed by year and by institution in the tables below. For the University of Kansas, Kansas State University and Wichita State University, the adjustments are not offset with State General Fund monies under the provisions of tuition accountability. The tables reflect the change in actual available revenue from the General Fees Funds. To clarify the new process, I am not revising the expenditure limitation for Kansas State and Wichita State Universities in the event revenues above the estimates are generated. The revisions reflect a total decrease from all funding sources of \$1,052,239 in FY 1997 and \$966,254 in FY 1998.

FY 1997:	<u>Original Recommendation</u>	<u>Revised Recommendation</u>	<u>Difference</u>
University of Kansas	\$ 68,515,865	\$ 68,622,423	\$ 106,558
Kansas State University	38,047,596	37,078,976	(968,620)
Wichita State University	<u>24,122,481</u>	<u>23,932,304</u>	<u>(190,177)</u>
Total	\$130,685,942	\$129,633,703	\$(1,052,239)

FY 1998:	<u>Original Recommendation</u>	<u>Revised Recommendation</u>	<u>Difference</u>
University of Kansas	\$ 71,333,988	\$ 71,473,922	\$ 139,934
Kansas State University	39,584,241	38,573,383	(1,010,858)
Wichita State University	<u>25,017,435</u>	<u>24,922,105</u>	<u>(95,330)</u>
Total	\$135,935,664	\$134,969,410	\$ (966,254)
	<u>FY 1997</u>	<u>FY 1998</u>	
State General Fund	\$ --	\$ --	
All Other Funds	<u>(1,052,239)</u>	<u>(966,254)</u>	
All Funds	\$(1,052,239)	\$ (966,254)	

The Committee concurred with the Governor's Budget Amendment.

University of Kansas Medical Center

48. Capital Improvement Projects

I amend my budget to add two new capital improvement projects. Both projects are funded through restricted use sources and were approved by the Board of Regents after the agency's budget submission.

The first project is to construct a Center on Aging on the Medical Center campus. The proposed facility will provide a single-entry point clinic area, an auditorium for older adult and family education, a community resource center, and a wellness center, among other services for the elderly and their families. The funding for the project will be generated from a federal grant (\$4.0 million), the agency's Sponsored Research Overhead Fund (\$300,000) and \$3.7 million in revenue bond proceeds, secured by monies in the Sponsored Research Overhead Fund. The total project cost of \$8.0 million would be spent as follows: \$4.3 million in FY 1998 and \$3.7 million in FY 1999.

The second project will add space to the Medical Center's Research Support Facility. With the new programs being undertaken at the Medical Center, additional space in this building is needed. The architectural program proposes that the existing facility be expanded vertically to limit disruption of current facilities. The funding for the project will be generated by a \$1.5 million grant from the National Institute of Health (NIH) and \$1.75 million in revenue bond proceeds, secured by monies in the institution's Sponsored Research Overhead Fund. Total project costs of \$3.25 million would be spent as follows: \$1.7 million in FY 1998 and \$1.55 million in FY 1999.

Total new space for the facilities is estimated at 68,817 square feet. Using the Regents' formula for new space, the Division of the Budget estimates that 6.0 FTE positions, operating expenditures and utilities will require total servicing costs of approximately \$275,000. It is also assumed that a portion of that cost will be offset by the razing of Hinch Hall and part of the Eleanor Taylor Administration Hall.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>6,000,000</u>
All Funds	\$ --	\$ 6,000,000

University of Kansas

49. Capital Improvement Projects

I amend my budget to authorize several capital improvement projects. All projects are funded through restricted use sources and were approved by the Board of Regents after the agency's budget submission.

The first project is to make necessary structural repairs and improvements to Memorial Stadium and Allen Fieldhouse. The total estimated cost of the projects is \$32,391,210. The projects will be funded with Kansas University Athletic Corporation funds, gifts, and revenue obligations to be issued by the Kansas Development Finance Authority on behalf of the Board of Regents. The revenue bonds will be secured with income generated by the KU Athletic Corporation from increasing athletic event ticket prices and from the rental of the private suites in

the press box. The facilities will continue to be viable for many more years with the planned repairs. This project will not be included in the state budget, as the bond proceeds will not be deposited in the state treasury.

The second project is to complete renovations to the Hoch-Budig Building. The University has been specifically instructed by the Legislature not to request additional state monies for this purpose. Therefore, the University intends to locate monies from throughout its budget, including grants, gifts, the physical plant budget, the general operating budget, contracts, and fees. The project will take place over the next several years and will require up to \$6.0 million. This will allow the university to move books now stored in the J.R. Pearson Residence Hall to this building. That building needs to be vacated so it may be renovated as part of the crumbling classrooms initiative. I recommend the following appropriation be made, so that the University of Kansas may spend various monies from throughout its budget for this project:

Budig Hall Completion FundNo limit

Provided, during the fiscal year ending June 30, 1998, the director of accounts and reports shall transfer amounts specified by the Chancellor of the University of Kansas from monies available to the university, including the state general fund appropriation for operating expenditures, the general fees fund, the sponsored research overhead fund, and various monies within the restricted fees fund, including grants, gifts, contracts and fees to the Budig hall completion fund. Expenditures from this fund shall be for the completion of the shelled space in Budig hall. All expenditures for projects funded from this fund shall first be reviewed with and approved by the joint committee on state building construction.

Also, I recommend the University raze Building #17, the Blake Hall Annex. The cost of razing this building will be paid by the FY 1998 rehabilitation and repair allocation from the Educational Building Fund.

This item previously addressed in Senate Substitute HB 2166.

Kansas State University--ESARP

50. Additional Federal Funds

I amend my budget to reflect the latest estimates of available federal funding for programs in this agency. These additional federal funds will be offset with budgeted State General Fund monies for no net change to the agency's budget.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (340,648)	\$ (438,165)
All Other Funds	<u>340,648</u>	<u>438,165</u>
All Funds	\$ --	\$ --

Committee members concurred with this item.

Senator Morris moved, seconded by Senator Downey, to restore \$65,898 OOE funding to be used for research and extension. The motion failed by a show of hands. Senator Morris moved, seconded by Senator Gilstrap, to restore \$45,000 of the OOE funding deleted in Senate Substitute H.B. 2160 and designate the funding for the research portion of the budget. The motion carried by a show of hands.

Pittsburg State University

51. Operating Support for the Kansas Technology Center

I amend my budget recommendation for Pittsburg State University to concur with the Legislature in providing support for operation of the Kansas Technology Center. I am reducing \$100,000 from the State General Fund in FY 1997 and adding \$128,292 from the State General and 6.0 FTE positions for FY 1998. The request provides staffing based on 1.0 FTE position per 15,000 gross square feet of new space, which is dedicated to training in industry and technology.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (100,000)	\$ 128,292
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (100,000)	\$ 128,292

Item previously approved in Senate Substitute for HBs 2272 and 2160.

Kansas Corporation Commission

52. Abandoned Oil and Gas Well Fund Expenditures

I amend my budget to increase expenditures from the Abandoned Oil and Gas Well Fund by \$606,000 for FY 1997 and \$206,000 for FY 1998, and to remove the expenditure limit on the fund for both fiscal years. In addition to other revenue sources, the Abandoned Oil and Gas Well Fund is credited with one-half of the revenue the state receives from federal mineral leasing royalties. At the time of budget preparation the KCC did not know the level of receipts the fund would experience from the federal mineral royalties. The agency now believes it will receive \$606,000 from the royalties annually and will expend all available monies in both fiscal years. I am also removing the expenditure limit from the fund to give the agency the flexibility to use any additional revenue from the mineral royalties or earned interest for plugging and remediation work.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	606,000	206,000
All Funds	<u>\$ 606,000</u>	<u>\$ 206,000</u>

The Committee had already authorized "no limit" expenditure authority but adopted the portion of the Governor's Budget Amendment which reflects additional estimated expenditures.

Department of Revenue

53. Corporate Tax Consultant

I amend my budget to include \$250,000 from the State General Fund for FY 1997. The funding will be used by the Department of Revenue to retain a corporate tax consultant who will review tax cases on appeal before the agency. I am further recommending that any funds remaining for this purpose at the end of FY 1997 be carried over for use in FY 1998.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ 250,000	\$ --
All Other Funds	--	--
All Funds	<u>\$ 250,000</u>	<u>\$ --</u>

Committee members concurred with this item.

54. Expert Witness

Previously I recommended a total of \$200,000 from the State General Fund to allow the agency to retain an expert witness for a property valuation case which is currently on appeal. In my recommendation, \$100,000 was provided for each of FY 1997 and FY 1998. Additional testimony will require more time, travel, depositions and related costs beyond that which I have already recommended. I am amending my budget to provide an additional \$100,000 for FY 1997 and \$50,000 for FY 1998 to fund properly expenses related to retaining the expert witness. These funds would also come from the State General Fund.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ 100,000	\$ 50,000
All Other Funds	--	--
All Funds	<u>\$ 100,000</u>	<u>\$ 50,000</u>

Committee members concurred with this item.

Attorney General

55. Water Litigation

I amend my budget for FY 1998 to provide \$200,000 from the State General Fund for review and analysis of specific water rights compacts. These efforts are essential at this time to protect the vital natural resource interests of the State of Kansas.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 200,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 200,000

Committee members concurred with this item.

Department of Education

56. Revised School Finance Requirements

I amend my budget to decrease funding for school finance by \$1,428,000 in FY 1997 and increase funding by \$77,050,000 in FY 1998, all from the State General Fund. Current estimates for the amount of general state aid to school districts in both FY 1997 and FY 1998 are based on the recently released final assessed valuation data and enrollment growth. My recommendation fully funds the state's commitment to base budgets of \$3,648 in FY 1997 and \$3,670 in FY 1998.

	<u>FY 1997</u>	<u>FY 1998</u>
General State Aid	\$(1,078,000)	\$75,922,000
Supplemental State Aid	(100,000)	1,128,000
Capital Improvement State Aid	<u>(250,000)</u>	<u>--</u>
Total	\$(1,428,000)	\$77,050,000

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$(1,428,000)	\$77,050,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$(1,428,000)	\$77,050,000

Committee members concurred with this item (Reappropriation of FY 1997 saving results in need for \$1,772,000 new money in FY 1998)

Adjutant General

57. Utility Expenditure Adjustment

I amend my budget for FY 1997 to allow a \$57,101 increase in utility expenditures for the Adjutant General's Department. The agency made an overall underestimation in utility expenditures at the state armories and O&M facilities. Increased funding to correct this underestimate will represent a \$57,101 State General Fund addition.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ 57,101	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 57,101	\$ --

The Committee recommended funding of \$32,101 for utilities in FY 1997.

58. Correction of Base Salary Adjustment

I amend my budget for FY 1998 to allow a \$41,195 increase in expenditures for the Adjutant General's Operational Management Program. A miscalculation of the base salary adjustment was made in calculating the salaries of the Information Technology Program employees, which were transferred from other programs within the agency. Salary estimates for these employees were based on employment for three-fourths of the year. These salaries must be annualized for FY 1998. In order to correct this, \$20,597 from the State General Fund and \$20,598 in federal funds are added.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 20,597
All Other Funds	--	<u>20,598</u>
All Funds	\$ --	\$ 41,195

The Committee concurred with this item.

Kansas Human Rights Commission

59. Correction of Base Salary Adjustment

I amend my budget to allow for a \$7,294 increase in salary and wage expenditures in the Compliance and Education Program in the Human Rights Commission's FY 1998 budget. An undercalculation of the 1.0 percent base salary adjustment was made in determining the amount for salaries and wages in this program.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 5,368
All Other Funds	--	<u>1,926</u>
All Funds	\$ --	\$ 7,294

The Committee concurred with this item.

Department of Human Resources

60. Transition to DISC for Mainframe Computer Services

Before the 1997 Legislative Session began, the State Finance Council approved the acquisition of a new mainframe computer system for the agency. This approval was contingent upon further approval from the Joint Committee on Computers and Telecommunications. The joint committee recommended that the purchase be abandoned and the agency merge its mainframe functions with DISC. I amend my budget to remove funding for the acquisition of the mainframe in FY 1997 and to provide transition costs in FY 1998 for the merger.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (21,292)	\$ --
All Other Funds	<u>(958,708)</u>	<u>400,000</u>
All Funds	\$ (980,000)	\$ 400,000

The Committee concurred with this item.

Juvenile Justice Authority

61. Community Planning

I amend my budget for FY 1998 to include an additional \$1.2 million from the State General Fund and \$800,000 from the Juvenile Justice Community Planning Fund for the Juvenile Justice Authority. A transfer of \$800,000 would be made from the Detention Facilities Fund to the Juvenile Justice Community Planning Fund to finance this change. All funding would be used to finance the community planning process for the development of a continuum of community based sanctions and services for juvenile offenders. This funding would provide for the implementation of Substitute for HB 2506.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 1,200,000
All Other Funds	--	<u>800,000</u>
All Funds	\$ --	\$ 2,000,000

A memorandum from David Adkins, Chairman, Kansas Advisory Group for Juvenile Justice and Delinquency Prevention was presented to Committee members (Attachment 24). Committee members concurred with this item.

62. Substance Abuse Grant for Youth Center at Larned

I amend my budget to include an increase in the expenditure limitation of \$32,986 for the Department of Social and Rehabilitation Services in FY 1997 and \$134,501 for the Juvenile Justice Authority in FY 1998. This will provide the funding for the Residential Substance Abuse Treatment project at the Youth Center at Larned and is provided by the federal Residential Substance Abuse Treatment for State Prisoners grant funds. Approximately 50.0 percent of the space will be for referrals from the Youth Center at Topeka, 20.0 percent for referrals from the Youth Center at Atchison, and 30.0 percent for juveniles at the Youth Center at Larned. In addition, I amend my budget to include 5.0 unclassified temporary positions to provide professional and support staff for the project.

SRS:	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>32,986</u>	<u>--</u>
All Funds	\$ 32,986	\$ --
JJA:	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>134,501</u>
All Funds	\$ --	\$ 134,501

Committee members concurred with this item.

63. Management Information System

I amend my budget for FY 1998 to include \$1.5 million for the Juvenile Justice Authority's management information system. The funding required would \$1.0 million from the State General Fund and \$500,000 in potential federal funding provided by a federal Byrne Grant. It would provide a project plan and begin the development of the infrastructure.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 1,000,000
All Other Funds	<u>--</u>	<u>500,000</u>
All Funds	\$ --	\$ 1,500,000

Committee members concurred with this item.

64. Rehabilitation and Repair of State Youth Centers

I amend my budget for FY 1998 for the Juvenile Justice Authority to include \$1,055,200 from the State Institutions Building Fund. The funding would be used for the rehabilitation and repair of buildings at three youth centers: Atchison, Beloit, and Topeka. The projects would include renovation of restrooms and showers, the Americans with Disabilities Act upgrade of buildings, re-roofing, and an electrical system upgrades.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,055,200</u>
All Funds	\$ --	\$ 1,055,200

Committee members concurred with this item.

65. Maximum Security Planning and Other Capital Planning

I amend my budget for FY 1998 to add \$1.0 million to the Juvenile Justice Authority budget for planning associated with a maximum security/special need facility and other capital planning associated with the creation of the Juvenile Justice Authority. I recommend \$400,000 for an inventory and analysis of existing structures and planning of a youth academy from the State Institutions Building Fund. Planning for the maximum security facility would be funded by the federal Violent Offender Incarceration and Truth-in-Sentencing Incentive Formula Grant Program in mid FY 1998. The exact amount of federal funds available has not been identified but should be more than sufficient to provide \$600,000 for planning a maximum security facility. Because of the length of time needed for planning and uncertainty of the federal funding, these expenditures should be made subject to approval of the State Finance Council.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,000,000</u>
All Funds	\$ --	\$ 1,000,000

Committee members concurred with this item.

66. Incorporation of the Youth Center Budgets into the Juvenile Justice Authority Appropriation

I amend my budget by transferring the four state youth centers' budgets to the Juvenile Justice Authority section of the FY 1998 appropriation bill. Currently the budget of the youth centers are under the authority of the Juvenile Justice Commissioner but the appropriation for each of the budgets is done separately. This amendment would place the \$24,489,930 in funding for operation of the state youth centers, recommended in *The Governor's Budget Report*, into the Juvenile Justice Authority appropriation and improve the administrative flexibility available to the Commissioner. This action would have no net effect on the state budget. The following language should be added to the appropriation bill:

Juvenile Justice Authority

(a) There is appropriated for the above agency from the state general fund the following:

Facilities operations	\$23,532,007
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Provided, that any unencumbered balance in each of the following accounts in excess of \$100 as of June 30, 1997, is hereby reappropriated to the facilities operation account for fiscal year 1998: operating expenditures account of the youth center at Topeka; operating expenditures account of the youth center at Beloit; operating expenditures account of the youth center at Atchison; and operating expenditures account of the youth center at Larned: *Provided, however*, That expenditures from such reappropriated balance shall not exceed \$85,627 except upon the approval of the state finance council.

(b) There is appropriated for the above agency from the following special revenue fund or funds all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Youth center at Topeka--fee fund	No limit
Youth center at Topeka--improvement fund	\$0
Youth center at Topeka--elementary and secondary education fund--federal	No limit
Youth center at Topeka--canteen fund	No limit
Youth center at Topeka--patient benefit fund	No limit
Youth center at Beloit--fee fund	No limit
Youth center at Beloit--elementary and secondary education fund--federal	No limit
Youth center at Beloit--canteen fund	No limit
Youth center at Beloit--patient benefit fund	No limit
Youth center at Atchison--fee fund	No limit
Youth center at Atchison--elementary and secondary education fund--federal	No limit
Youth center at Atchison--canteen fund	No limit
Youth center at Atchison--patient benefit fund	No limit

(c) The following amounts are included in the facilities operations account of the state general fund for the following juvenile correctional facilities and institutions, but expenditures from this account for any such juvenile correctional facility shall not be limited to, nor be required to be made in, the amount listed for the juvenile correctional facility:

Juvenile correctional facility at Topeka	\$10,011,010
Juvenile correctional facility at Beloit	\$4,511,968
Juvenile correctional facility at Atchison	\$5,326,391
Juvenile correctional facility at Larned	\$3,768,265

Sec. . During the fiscal year ending June 30, 1998, the commissioner of the juvenile justice authority, with the governor's approval, may transfer any part of any item of appropriation for the fiscal year ending June 30, 1998, from the state general fund for the juvenile justice authority or any juvenile correctional facility or institution under the general supervision and management of the commissioner of juvenile justice to another item of appropriation for fiscal year

1998 from the state general fund for the juvenile justice authority or any juvenile correctional facility or institution under the general supervision and management of the commissioner of juvenile justice. The commissioner of juvenile justice shall certify each such transfer to the director of accounts and reports and shall transmit a copy of each such certification to the legislative research department.

Sec. . *Position limitations.* The number of full-time and regular part-time positions equated to full-time, excluding seasonal and temporary positions, paid for appropriations made in this or other appropriation act of the 1997 regular session of the legislature for the following agency or agencies shall not exceed the following, except upon approval of the state finance council.

Juvenile Justice Authority 711.5

Committee members concurred with this item.

67. Federal Funding

I amend my budget for FY 1998 to include \$1,857,493 in federal Title IV-E and Medicaid funds in the Juvenile Justice Authority budget for FY 1998. When my budget was originally submitted the Juvenile Justice Authority had not yet determined whether it was eligible for these funds. Since that time the agency has determined that it will be able to receive and disburse the funds. I also approve the establishment of a "no limit" Juvenile Justice Federal Fund to allow the Juvenile Justice Authority to expend federal funding which may be received by the agency.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>1,857,493</u>
All Funds	\$ --	\$ 1,857,493

Committee members concurred with this item.

68. Substance Abuse Funding for Youth Centers

I amend my budget for FY 1998 to authorize expenditures of \$90,000 using funds which would be transferred from the Alcohol, Drug Abuse and Mental Health Block Grant at the Department of Social and Rehabilitation Services to the Juvenile Justice Authority. This will provide for continuation of aftercare services associated with the youth centers.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>90,000</u>
All Funds	\$ --	\$ 90,000

Committee members concurred with this item.

69. Family and Children Investment Fund

I amend my budget for FY 1998 to delete the \$975,000 originally transferred from the Corporation for Change. The funding intended for child abuse prevention and child advocates would be appropriately placed in SRS.

JJA:	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>(975,000)</u>
All Funds	\$ --	\$ (975,000)

SRS:	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>975,000</u>
All Funds	\$ --	\$ 975,000

Committee members concurred with this item.

70. Technical Adjustments

I amend my budget for FY 1998 to include the following funds be established.

Kansas endowment for youth trust fund	No limit
Juvenile justice community initiative fund	No limit
Juvenile justice community planning fund	No limit
Juvenile justice fee fund	No limit
Juvenile justice federal fund	No limit

The funds are authorized by 1997 Substitute for HB 2506. The fee funds and federal funds are necessary for the Juvenile Justice Authority to receive and expend federal funds and other revenue.

Committee members concurred with this item.

Animal Health Department

71. Operating Expenditures

I amend my budget for the Kansas Animal Health Department to increase expenditures by \$76,675 from the State General Fund in FY 1998 for the following items:

1. Replacement of the phone system--\$6,000. In February DISC advised the agency that the phone system cannot be repaired and should be replaced.
2. Administrative hearing costs--\$16,000. The agency anticipates approximately 16 additional hearings will be required in FY 1998.
3. Moving expenses--\$4,675. The agency would like to move because of heating and air conditioning and storage problems.
4. Pseudorabies Indemnity Fund--\$50,000 from the State General Fund. HB 2279, which was enrolled and presented to me March 28, 1997, requires the Livestock Commissioner to eliminate swine herds infected with the pseudorabies virus. The \$50,000 would establish an indemnity fund to enable the Commission to eliminate infected herds.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 76,675
All Other Funds	--	--
All Funds	<u>\$ --</u>	<u>\$ 76,675</u>

The Committee concurred with Item #71, parts 1,2, and 4. The Committee did not recommend Item #71, part 3, the funding of moving expenses.

Department of Wildlife and Parks

72. Prairie Dog State Park Repairs

I amend my budget for FY 1997 to allow a \$50,000 increase in the expenditure limitation for the Department of Wildlife and Parks Park Fee Fund. The revised limitation proposed in my FY 1997 budget is \$1,326,124. A storm at Prairie Dog State Park in October 1996, resulted in damage to a Department owned marina. The Department has received an insurance settlement to repair the damage. The expenditure limitation increase is needed to allow the Department to repair the damage and maintain service to customers.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	50,000	--
All Funds	<u>\$ 50,000</u>	<u>\$ --</u>

This item was previously approved in Senate Substitute HB 2166.

73. Repair of El Dorado State Park Bridge

I amend my budget for FY 1998 to include \$236,400 to repair the bridge at El Dorado State Park. The expenditure is financed by a transfer to the Department of Wildlife and Parks from the State Highway Fund. An inspection in 1994 indicated that the bridge deck was in need of repair

and that, if not repaired in three to five years, superstructure damage could result. This bridge provides access to all main areas of the state park.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>236,400</u>
All Funds	\$ --	\$ 236,400

The Committee did not recommend funding for this item.

Kansas Bureau of Investigation

74. Federal High Intensity Drug Trafficking Area (HIDTA) Grant

I amend my budget for FY 1997 to allow the Kansas Bureau of Investigation to receive and spend \$904,194 of federal funds for the HIDTA Program. These monies are to be deposited in the agency's federal grants fund and are to be used for the support of anti-methamphetamine proliferation initiatives.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>904,194</u>	--
All Funds	\$ 904,194	\$ --

Committee members concurred with this item.

Kansas Water Office

75. Consultant Study

I amend my budget for FY 1998 to include \$50,000 to allow the Kansas Water Office to contract with a consultant to conduct a study of the overall direction of the State Water Plan Fund. The expenditure is financed by the State Water Plan Fund. This study will review and provide information to the Kansas Water Authority regarding the revision of the State Water Plan Fund to allow the fund to be utilized in the most resourceful manner, ensuring that goals are properly set and performance is adequately measured.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>50,000</u>
All Funds	\$ --	\$ 50,000

Al LeDoux, Director, Kansas Water Office, presented a memorandum which reviewed GBA #75 and a consultant study (Attachment 21). The Committee members concurred with this item but added the proviso to require the use of an outside consultant to work with KWO on the study.

Board of Technical Professions

76. Investigation Expenses

I amend my budget for FY 1997 to allow a \$15,000 increase in the expenditure limitation of the Technical Professions Fee Fund. The revised limitation for FY 1997 is \$370,977. The Board will be incurring additional expenditures because of unforeseen investigation activities and resulting disciplinary hearings. The expenditure limitation increase is needed to allow the Board to maintain services at a level that will ensure that all citizens of Kansas receive proper services from those professions regulated by the Board of Technical Professions.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>15,000</u>	--
All Funds	\$ 15,000	\$ --

Committee members concurred with this item.

Kansas Department of Transportation

77. Salary Savings

I amend my budget for FY 1997 to capture \$887,234 in salary savings from the State Highway Fund in the Kansas Department of Transportation. The Department has maintained approximately 90.0 vacant positions since early January in anticipation of reducing total staff positions to meet the Governor's 1996 directive to reduce staffing levels by 5.0 percent by the end of FY 1997. The Department has not filled positions in order to reclassify some positions as needed to ensure that the proper service to Kansas citizens and state highways is maintained at acceptable levels. This action has resulted in salary savings in the current year associated with the vacant positions.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	(887,234)	--
All Funds	<u>\$ (887,234)</u>	<u>\$ --</u>

Committee members concurred with this item

Selected Agencies

78. Retirement Reductions

I amend my budget to reduce expenditures in various agency budgets in FY 1997 and FY 1998 to reflect savings resulting from retirement reductions. In FY 1997, savings from retirements in addition to the amounts contained in *The FY 1998 Governor's Budget Report* total \$599,659, including \$228,980 from the State General Fund. Full-year salary savings in FY 1998 for positions that were eliminated by the Retirement Reduction Committee total \$1,376,362, including \$536,571 from the State General Fund. A total of 43.8 FTE positions will be reduced for FY 1998 as a result of retirement reductions that have occurred to date in FY 1997. The amounts by agency are contained in the attachment following this memorandum.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (228,980)	\$ (536,571)
All Other Funds	(370,679)	(839,791)
All Funds	<u>\$ (599,659)</u>	<u>\$(1,376,362)</u>

The Committee concurred with this item.

Chairman Kerr thanked the Committee members for their work and support during this Legislative session.

The meeting was adjourned April 29, 1997 at 7:15 pm.

Approved on: 5-16-97

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 4-24-97

NAME	REPRESENTING
Jill Crumpler	KDHR
Mike Lackey	KDST
John LaFaver	KDOR
Harry Tiffany	KDOR
James Good	KDOA
Jessie Clemons	KDOA
Ris Sore	KSL
Duane Johnson	KSL
Chris Starfield	KDHE
Janet Witta	KDHE
Steve Rosen	KDHE
Mark Tallman	KASB
Debra Duncan	Animal Health
George Teagarden	Animal Health
Meggen Griggs	KAAUTS
John Cusack	Motion Picture Association of America
Keith Haxton	S.E.A.K
Shannon Jones	SICR
TK Shivel	KANSAS LEGAL SERVICES

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 4-25-97

NAME	REPRESENTING
Ken Baker	Ks. Hospital Assn.
T. LAING	InterHab
Tanya Dorf	InterHab
Mark Tallman	KASIB
DAVID BRANT	SECURITIES COMMISSIONER
Rick Fleming	Office of Sec. Comm.
Mc Parnotto	Pittsburg State U
STEVE KEARNEY	KANSAS OIL MARKETERS
Dick Knecht	ICDWP
LARRY BUENING.	BD OF HEAVY ARTS
Betty Johnson	" " "
Frank Guick	KDHE
Stan Clark	Senate
Steve Assen	KDHE
Sherry Brewer	Commerce's Housing
Janet Wetta	KDHE
Whitney Janner	FS Bar Assn.
ED GARNER	Ks Assoc Local Health Dept.
Diane Gjerstad	USD 259

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 4-29-97

NAME	REPRESENTING
Ken Bahr	Ks. Hospital Assn
Ron Blum	FHM
Scott Stone	KAPE
JASON PITSEUBORGER	BRAD SMOOT
Kathy Brown Hoag	Chairman: Leg. Joint Fact / Threatened Endangered Species
Cynthia Abbott	Ks. Audubon Council
JK Scott	SRS
Chris Stanfield	KATTE
Steve Wasson	Office of Securities Comm.
Rick Fleming	"
Peter Rost	KTEC
Jerry Sloan	OJA
Paul Shelby	OJA
Sue Peterson	K-STATO
ERIC sexton	WSU
Dick Koeth	KIDWP
Candy Denton	DOB
Ann Koci	SRS
Rochelle Chronister	SRS

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 4-29-97

NAME	REPRESENTING
Natalie Haug	BIDS

**Legislature's Approved Status of the State Water Plan Fund
FY 1996 - FY 1998**

<u>Agency/Program</u>	<u>Actual FY 1996</u>	<u>Approved FY 1997</u>	<u>Approved FY 1998</u>
Beginning Balance	\$ 1,093,957	\$ 338,426	\$ 75,902
Receipts			
State General Fund	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
EDIF	2,000,000	2,000,000	2,000,000
Municipal Fees	3,292,606	3,426,804	3,390,558
Industrial Fees	1,128,911	1,129,006	1,135,000
Stock Water Fees	241,777	286,880	232,965
Fertilizer Fees	2,504,117	2,345,070	2,330,070
Pesticide Fees	860,000	845,000	845,000
Fines	9,470	12,000	12,000
Refund - Small Lakes	-	-	-
Released Encumbrance	39,277	161,474	-
Sand Royalties	96,160	288,307	290,650
Subtotal - Receipts	<u>\$ 16,172,318</u>	<u>\$ 16,494,541</u>	<u>\$ 16,236,243</u>
Cash Carryforward to be Spent by Agencies	\$ 1,510,030	\$ 3,348,037	1,516,613
Total Available	<u>\$ 18,776,305</u>	<u>\$ 20,181,004</u>	<u>\$ 17,828,758</u>
Less Expenditures:			
State Conservation Commission	\$ 9,815,970	\$ 11,123,284	\$ 9,756,550
Kansas Water Office	1,955,013	2,027,960	2,449,212
Wildlife and Parks	1,927,293	723,137	50,000
University of Kansas	193,386	8,030	0
Department of Agriculture	901,063	1,150,184	975,056
Health and Environment	3,645,154	4,620,000	4,053,398
Kansas State University	-	27,507	28,057
Department of Education	-	25,000	-
Corporation Commission	-	400,000	400,000
Subtotal - Expenditures	<u>\$ 18,437,879</u>	<u>\$ 20,105,102</u>	<u>\$ 17,712,273</u>
Ending Balance	<u>\$ 338,426</u>	<u>\$ 75,902</u>	<u>\$ 116,485</u>

Senate Ways and Means Committee

Date 4-24-97

Attachment # 1

FY 1998 APPROVED EXPENDITURES FROM THE STATE WATER PLAN FUND
Omnibus Worksheet

Agency/Program	Governor's Rec. FY 98	Legislative Adjustments to Governor	Legislative Approved FY 1998	Omnibus Adjustments	Final Approved FY 1998
State Conservation Commission					
Conservation District Aid	\$ 1,016,500	\$	\$ 1,016,500	\$	\$ 1,016,500
Watershed Dam Construction	800,000		800,000		800,000
Multipurpose Small Lakes	517,900		517,900		517,900
Nonpoint Source Pollution Asst.	2,482,100	(9,950)	2,472,150		2,472,150
Water Resources Cost Share	4,800,000		4,800,000		4,800,000
Riparian and Wetland Program	100,000		100,000		100,000
Watershed Planning Assistance	50,000		50,000		50,000
Total - Conservation Commission	\$ 9,766,500	\$ (9,950)	\$ 9,756,550	\$ 0	\$ 9,756,550
Kansas Water Office					
River Sub-basin Projects	\$ 70,000	\$	\$ 70,000	\$	\$ 70,000
Mineral/Salt Water Intrusion Studies	40,000		40,000		40,000
Tech. Assist. to Water Users	225,000	200,000	425,000		425,000
Basin Assessment	40,000		40,000		40,000
Water Quality Planning Assist.	20,000		20,000		20,000
Geography Resource Center	50,000		50,000		50,000
Stream Gauging Program	346,000		346,000		346,000
GIS Manager, Data Base, and Support	448,012		448,012		448,012
Public Information	30,000		30,000		30,000
Storage - O&M	395,200		395,200		395,200
Weather Modification	390,000	(70,000)	320,000		320,000
Quality/Declines UARK River	75,000		75,000		75,000
Public Water Supply	10,000		10,000		10,000
Water Quality Initiative	25,000		25,000		25,000
Watershed Dam Hydrological Impact	55,000		55,000		55,000
Feedlot Water Quality	100,000		100,000		100,000
Total - Kansas Water Office	\$ 2,319,212	\$ 130,000	\$ 2,449,212	\$ 0	\$ 2,449,212
Wildlife and Parks					
Neosho Madtom/Stream Monitor.	\$ 50,000	\$	\$ 50,000	\$	\$ 50,000
Conservation Easments	55,833	(55,833)	0		0
Total - Wildlife and Parks	\$ 105,833	\$ (55,833)	\$ 50,000	\$	\$ 50,000
University of Kansas					
Dakota Aquifer Study/Research	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Kansas State University					
Ogallala Aquifer Study	\$ 0	\$ 28,057	\$ 28,057	\$	\$ 28,057
Department of Agriculture					
Floodplain Management	\$ 50,260	\$	\$ 50,260	\$	\$ 50,260
Interstate Water Issues	381,981		381,981		381,981
Subbasin Management Plan	542,815		542,815		542,815
Total - Dept. of Agriculture	\$ 975,056	\$ 0	\$ 975,056	\$ 0	\$ 975,056
Health and Environment					
Contamination Remediation	\$ 1,501,651	\$	\$ 1,501,651	\$	\$ 1,501,651
Local Environmental Aid	2,200,000	(200,000)	2,000,000		2,000,000
Nonpoint Source Program	501,747		501,747		501,747
Saline Study for Ogallala Aquifer	50,000		50,000		50,000
Total - Health and Environment	\$ 4,253,398	\$ (200,000)	\$ 4,053,398	\$ 0	\$ 4,053,398
Kansas Corporation Commission					
Well Plugging	\$ 400,000	\$ 0	\$ 400,000	\$ 0	\$ 400,000
Department of Education					
Environmental Education	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL EXPENDITURES	\$ 17,819,999	\$ (107,726)	\$ 17,712,273	\$ 0	\$ 17,712,273
Estimated Receipts/Transfers	\$ 16,236,243		16,236,243		16,236,243
Beginning Balance	76,402	(500)	75,902		75,902
Estimated Carryforward/Available	1,572,446	(55,833)	1,516,613		1,516,613
ENDING BALANCE	\$ 65,092	\$ 51,393	\$ 116,485	\$ 0	\$ 116,485

ECONOMIC DEVELOPMENT INITIATIVES FUND - FY 1998

Agency/Program	GOV.REC. FY 1998	LEGISLATIVE ADJUSTMENTS	APPROVED FY 1998
Department of Commerce and Housing			
Agency Operations	\$ 7,324,315	\$ 511,560	\$ 7,835,875
Small Business Development Centers	525,000	--	525,000
Certified Development Companies	475,000	--	475,000
Kansas Industrial Training/Retraining	3,250,000	--	3,250,000
Trade Show Promotion Grants	270,000	--	270,000
Strategic Planning/Action Grants	250,000	(165,000)	85,000
Community Capacity Building Grants	--	165,000	165,000
Economic Opportunity Initiative Fund	4,000,000	--	4,000,000
High Performance Incentive Grants	75,000	--	75,000
Existing Industry Expansion	950,000	(250,000)	700,000
Tourism Promotion Grants	479,600	--	479,600
Mid-America World Trade Center	--	50,000	50,000
Tourism Strategic Plan	--	50,000	50,000
Mainstreet Grant and Development Prog.	200,000	--	200,000
Agriculture Product Development	300,000	--	300,000
Training Equipment Grants	500,000	(250,000)	250,000
Railroad Mitigation Fund	500,000	(500,000)	--
Travel Information Center Repairs	35,000	--	35,000
Prior Year Micro Loan Allocations	--	(200,000)	(200,000)
Subtotal - KDCH	\$ 19,133,915	\$ (588,440)	\$ 18,545,475
Kansas Technology Enterprise Corporation*			
Agency Operations	\$ 1,196,134	\$ --	\$ 1,196,134
Centers of Excellence	4,350,000	--	4,350,000
Research Matching Grants	1,260,000	--	1,260,000
Business Innovative Research Grants	526,000	--	526,000
Special Projects	79,303	--	79,303
Commercialization Grants	1,550,000	--	1,550,000
Mid-America Manufact. Tech. Center	1,137,628	--	1,137,628
EPSCoR	3,200,000	--	3,200,000
Subtotal - KTEC	\$ 13,299,065	\$ --	\$ 13,299,065
Kansas, Inc. - Agency Operations			
School District Performance Study	\$ 160,376	\$ --	\$ 160,376
Subtotal - Kansas, Inc.	\$ 160,376	\$ 64,620	\$ 224,996
Department of Education *			
At-Risk/Innovative Program Assist.	\$ --	\$ 1,485,000	\$ 1,485,000
Matching Grants - AVTS	200,000	--	200,000
Postsecondary Aid - AVTS	6,714,007	--	6,714,007
Capital Outlay Aid - AVTS	2,000,000	--	2,000,000
Subtotal - Education	\$ 8,914,007	\$ 1,485,000	\$ 10,399,007
Dept. of Administration - Performance Review Board *	\$ --	\$ --	\$ --
Historical Society - Cyclical Maintenance	\$ --	\$ 50,000	\$ 50,000
Dept of Human Res. - One Stop Career Center System	\$ 409,940	\$ (409,940)	\$ --
State Water Plan Fund	\$ 2,000,000	\$ --	\$ 2,000,000
TOTAL TRANSFERS AND EXPENDITURES	\$ 43,917,303	\$ 601,240	\$ 44,518,543
EDIF Resource Estimate			
Beginning Balance	\$ 1,254,731	\$ 250,000	\$ 1,504,731
Gaming Revenues	42,500,000	--	42,500,000
Other Income	500,000	--	500,000
Total Available	\$ 44,254,731	\$ 250,000	\$ 44,504,731
Less: Expenditures and Transfers	43,917,303	601,240	44,518,543
ENDING BALANCE	\$ 337,428	\$ (351,240)	\$ (13,812)
Plus additional FY 1997 resources			\$ 1,146,055
REVISED FY 1998 ENDING BALANCE			\$ 1,132,243

* - Does not include expenditures from prior year EDIF allocations.

Senate Ways and Means Committee

Date 4-24-97

Attachment # 2

ECONOMIC DEVELOPMENT INITIATIVES FUND - FY 1997

Agency/Program	GOV.REC. FY 1997	LEGISLATIVE ADJUST.	APPROVED FY 1997
Department of Commerce and Housing			
Agency Operations	\$ 6,712,160	\$ --	\$ 6,712,160
Small Business Development Centers	525,000	--	525,000
Certified Development Companies	475,000	--	475,000
Kansas Industrial Training/Retraining	3,250,000	--	3,250,000
Trade Show Promotion Grants	270,000	--	270,000
Strategic Planning/Action Grants	200,000	--	200,000
Economic Opportunity Initiative Fund	4,000,000	--	4,000,000
High Performance Incentive Grants	75,000	--	75,000
Existing Industry Expansion	950,000	(500,000)	450,000
Tourism Promotion Grants	379,600	--	379,600
Mid-America World Trade Center	50,000	--	50,000
Micro Loan Program	400,000	--	400,000
Mainstreet Grant and Development Prog.	200,000	--	200,000
Agriculture Product Development	300,000	--	300,000
Training Equipment Grants	250,000	--	250,000
Travel Information Center Repairs	61,000	--	61,000
Subtotal - KDCH	<u>\$ 18,097,760</u>	<u>\$ (500,000)</u>	<u>\$ 17,597,760</u>
Kansas Technology Enterprise Corporation *			
Agency Operations	\$ 1,218,114	\$ --	\$ 1,218,114
Centers of Excellence	4,350,000	--	4,350,000
Research Matching Grants	1,060,000	--	1,060,000
Business Innovative Research Grants	526,000	--	526,000
Special Projects	79,303	--	79,303
Commercialization Grants	1,550,000	--	1,550,000
Mid-America Manufact. Tech. Center	1,149,905	--	1,149,905
EPSCoR	3,400,000	--	3,400,000
Subtotal - KTEC	<u>\$ 13,333,322</u>	<u>\$ --</u>	<u>\$ 13,333,322</u>
Kansas, Inc. - Agency Operations	\$ 160,376	\$ --	\$ 160,376
Department of Education *			
At-Risk/Innovative Program Assist.	\$ 1,485,000	\$ --	\$ 1,485,000
Matching Grants - AVTS	200,000	--	200,000
Postsecondary Aid - AVTS	6,570,000	--	6,570,000
Capital Outlay Aid - AVTS	1,650,000	--	1,650,000
Subtotal - Education	<u>\$ 9,905,000</u>	<u>\$ --</u>	<u>\$ 9,905,000</u>
Dept. of Administration - Performance Review Board	\$ 150,000	\$ --	\$ 150,000
Pittsburg State University - Kansas Technology Center	\$ 1,000,000	\$ 250,000	\$ 1,250,000
Wichita State University - Cessna Stadium	\$ 400,000	\$ --	\$ 400,000
Historical Society - Adair Cabin *	\$ 45,000	\$ --	\$ 45,000
State Fair - Capital Improvements	\$ 95,000	\$ --	\$ 95,000
Dept of Human Res. - One Stop Career Center System	\$ 500,000	\$ --	\$ 500,000
State Water Plan Fund	\$ 2,000,000	\$ --	\$ 2,000,000
TOTAL TRANSFERS AND EXPENDITURES	<u>\$ 45,686,458</u>	<u>\$ (250,000)</u>	<u>\$ 45,436,458</u>

EDIF Resource Estimate

	GOV. REC. FY 1997	LEGISLATIVE ADJUSTMENTS	APPROVED FY 1997
Beginning Balance	\$ 3,791,189	\$ --	\$ 3,791,189
Gaming Revenues	42,500,000	--	42,500,000
Other Income	650,000	--	650,000
Total Available	<u>\$ 46,941,189</u>	<u>\$ --</u>	<u>\$ 46,941,189</u>
Less: Expenditures and Transfers	45,686,458	(250,000)	45,436,458
ENDING BALANCE	<u>\$ 1,254,731</u>	<u>\$ 250,000</u>	<u>\$ 1,504,731</u>

Plus additional interest earnings based on year to date receipts as of April 21, 1997 \$ 200,000

Plus prior year encumbrances released in FY 1997 as of April 21, 1997 (Dept. of Commerce and Housing) \$ 946,055

REVISED FY 1997 ENDING BALANCE **\$ 2,650,786**

* - Does not include expenditures from prior year EDIF allocations.

**INCREASE IN STATE GENERAL FUND EXPENDITURES
FY 1997 TO FY 1998
Legislative Approved as of April 10, 1997**

	Amount (000)	Percent of Total Increase
Total Increase	\$238,814	100.0 %
State Aid for Education, Total	214,568	89.8
Mill Levy Reduction and Motor Vehicle Replacement	127,100	53.2
Basic General Aid	56,987	23.9
Special Education	10,334	4.3
KPERs-School	6,893	2.9
Supp. General Aid	7,289	3.1
Capital Improvement Aid	2,000	0.8
Inservice Training	(1,000)	(0.4)
All Other	4,965	2.1
Department on Aging*	115,322	48.3
Board of Regents and Institutions*	21,969	9.2
State Aid to Local Units Except Education	2,811	1.2
Department of Corrections and Facilities*	11,379	4.8
Sales Tax Transfer to State Highway Fund	1,477	0.6
Judicial Branch*	2,524	1.1
Department of Revenue	711	0.3
Department of Administration*	997	0.4
SRS, Except Hospitals and Youth Centers*	(128,119)	(53.6)
All Other	(4,825)	(2.0)

*Excludes state aid to local units of government

Senate Ways and Means Committee

Date 4-24-97

Attachment # 3

STATE GENERAL FUND EXPENDITURES BY PROGRAM OR AGENCY
Legislative Approved as of April 10, 1997

	Amount	Percent	Cumulative	Increase Over FY 1997	
	(Thousands)	of Total	Percent	Amount (000)	Percent
Education					
State Aid to Local Units	\$1,847,157	48.62 %	48.62 %	\$87,508	5.0 %
Board of Regents/Institutions	504,724	13.28	61.90	21,969	4.6
Other Education*	20,123	0.53	62.43	1,037	5.4
Subtotal, Education	2,372,004	62.43	64.78	110,514	4.9
State Aid Except Education	222,069	5.84	68.27	2,811	1.3
SRS, Except Hospitals/Youth Centers	364,131	9.58	77.86	(128,119)	(26.0)
Dept. of Corrections/Institutions	170,611	4.49	82.35	11,378	7.1
Department on Aging	120,131	3.16	85.51	115,322	2,398.0
Sales Tax Transfer to SHF	85,839	2.26	87.77	1,477	1.8
Judicial Branch	69,854	1.84	89.61	2,524	3.7
State Hospitals	47,245	1.24	90.85	(10,223)	(17.8)
Highway Patrol and KBI	34,573	0.91	91.76	1,382	4.2
Dept. of Revenue Operations	27,846	0.73	92.49	711	2.6
Youth Centers	23,618	0.62	93.12	1,227	5.5
Department of Administration**	23,821	0.63	93.74	997	4.4
Dept. of Health and Environment	19,430	0.51	94.25	1,735	9.8
Other	91,240	2.40	96.65	(22)	(0.0)
Subtotal	\$3,672,412	96.65 %		\$111,714	3.1 %
School Mill Levy Reduction and Motor Vehicle Replacement	127,100	3.35		127,100	
TOTAL	\$3,799,512	100.00 %		\$238,814	6.7 %

* Includes Department of Education, Schools for the Blind and Deaf, State Library, Arts Commission, and Historical Society. except for state aid to local units.

** Includes Public Broadcasting, except state aid of \$0.231 million which is part of state aid.

a) Aid to Washburn University is included in state aid to local units (\$7.455 million).

b) Reflects the transfer of most long-term care services from SRS to the Department on Aging.

Note: All expenditures for each entry from SRS through "All Other" exclude state aid, if any.

Senate Ways and Means Committee

Date 4-24-97

Attachment # 4

State General Fund Profile
In Millions
FY 1996 - FY 2001

April 4, 1997 Consensus Revenue Estimate
Conference Comm. Rec. FY 97 and FY 98
Property Tax Relief - HB 2031 (Law)
Tax Reductions: Single Income Tax; Adoption - HB 2031 (Law)
Demand Transfers - 1.75% in FY 98
Latest School Finance Estimates for FY 1999 - 2001

	<u>FY 1996</u>	<u>Increase</u>	<u>FY 1997</u>	<u>Increase</u>	<u>FY 1998</u>	<u>Increase</u>	<u>FY 1999</u>	<u>Increase</u>	<u>FY 2000</u>	<u>Increase</u>	<u>FY 2001</u>	<u>Increase</u>
Beginning Balance(a)	\$370.2		\$379.2		\$460.8		\$387.3		\$297.8		\$303.2	
RECEIPTS:(b)(g)		7.1%		5.6%		2.3%		4.8%		3.7%		3.7%
Conference Committee Receipt Adjustments	3,448.3	229.5	3,642.1	193.8	3,724.6	82.5	3,902.8	178.2	4,046.4	143.6	4,197.4	151.0
Adjusted Receipts	0.0	0.0	0.3	0.3	1.4	1.1	0.0	(1.4)	0.0	0.0	0.0	0.0
	3,448.3	229.5	3,642.4	194.1	3,726.0	83.6	3,902.8	176.8	4,046.4	143.6	4,197.4	151.0
EXPENDITURES:												
General and Supplemental School Aid(c)	1,370.4	33.2	1,384.0	13.6	1,578.3	194.3	1,675.5	97.2	1,694.4	18.9	1,705.5	11.1
Demand Transfers: (e)	196.3	9.8	201.0	4.7	205.2	4.2	208.8	3.6	213.6	4.8	222.2	8.6
All Other Expenditures(d)	1,872.5	86.4	1,975.8	103.3	2,016.0	40.2	2,108.0	92.0	2,133.0	25.0	2,260.0	127.0
		4.8%		5.5%		2.0%		4.6%		1.2%		6.0%
TOTAL Expenditures	3,439.2	129.4	3,560.8	121.6	3,799.5	238.7	3,992.3	192.8	4,041.0	48.7	4,187.7	146.7
Percent Increase		3.9%		3.5%		6.7%		5.1%		1.2%		3.6%
EXHIBIT:												
Mill Levy Reduction (33/27 mills; \$20,000 reduction)												
Motor Vehicle Replacement												
Subtotal												
Total Expenditure Increase EXCLUDING Above												
Percent Increase												
Ending Balance(f)	379.2		460.8		387.3		297.8		303.2		312.9	
Percent of Expenditures	11.0%		12.9%		10.2%		7.5%		7.5%		7.5%	
Receipts in Excess of Expenditures	9.1		81.6		(73.5)		(89.5)		5.4		9.7	

(\$104.5)
(22.5)
(127.0)
111.7
3.1%

Senate Ways and Means Committee
Date 4-24-97
Attachment # 5

a) Includes actual released encumbrances.

b) Receipts are actual for FY 1996. Receipts for FY 1997 and FY 1998 reflect the April 4, 1997 consensus estimates. The projections for FYs 1999 through 2001 are not consensus estimates of receipts but are based on an annual growth rate of tax revenue of 3.8 percent in FY 1999, 3.7 percent in FY 2000 and 3.8 percent in FY 2001, and separate estimates for nontax revenue. FY 1997 and FY 1998 receipts are adjusted for Conference Committee adjustments on receipts (Lottery, Racing and Gaming, EBF hold harmless, and State Treasurer (PMIB)).

c) Estimate of general and supplemental school aid payments in FY 1999 - FY 2001 were made on April 7, 1997 by the Department of Education, Division of the Budget, and the Legislative Research Department. The FY 1997 and FY 1998 amounts reflect Conference Committee action as of April 8, 1997.

For FY 1998 the amount reflects an increase in the base per pupil amount of \$22 from \$3,648 to \$3,670, an additional \$9.8 million to accelerate the final year of correlation weighting, and \$4.0 million in connection with an increase in at-risk weight from .05 to .065, a declining enrollment adjustment, and the reduction in the uniform property tax rate from 33 to 27 mills and a homestead exemption of \$20,000. The amount also includes an adjustment for the recent Kansas Supreme Court decision relating to property tax on business machinery and equipment. The FY 1999 - FY 2001 estimates assume a uniform school mill levy of 27 mills and a \$20,000 homestead. The FY 1999 - FY 2001 estimates assume the uniform school mill levy of 27 mills and a \$20,000 homestead.

d) FY 1997 and FY 1998 as approved by the Conference Committee on all other expenditures. For FY 1999 - FY 2001 expenditures grow within available resources.

e) Demand transfers for the School District Capital Improvement Fund, Water Plan Fund and State Fair all reflect current law. For the State Highway Fund, Local Ad Valorem Tax Reduction Fund, County-City Revenue Sharing Fund, and the City-County Highway Fund are capped at 1.4 percent in FY 1997 and for FY 1998 the Conference Committee recommends a cap of 1.75 percent; the Governor recommends a cap of FY 1999 - 1.4 percent; FY 2000 - 2.1 percent and FY 2001 - 4.1 percent.

f) Current law minimum ending balance requirement is 7.5 percent of expenditures.

g) Tax reductions include: income tax rate equalization (four-year phase-in) ; adoption income tax credit.

File: ACCON410

Kansas Legislative Research Department
April 10, 1997

State General Fund Profile
In Millions
FY 1996 - FY 2001

April 4, 1997 Consensus Revenue Estimate
Conference Comm. Rec. FY 97 and FY 98
Property Tax Relief - HB 2031 (Law)
Tax Reductions: Single Income Tax; Adoption - HB 2031 (Law)
Demand Transfers - 1.75% in FY 98
Latest School Finance Estimates for FY 1999 - 2001
Assumes Senate Position on Items Deferred to Omnibus

	<u>FY 1996</u>	<u>Increase</u>	<u>FY 1997</u>	<u>Increase</u>	<u>FY 1998</u>	<u>Increase</u>	<u>FY 1999</u>	<u>Increase</u>	<u>FY 2000</u>	<u>Increase</u>	<u>FY 2001</u>	<u>Increase</u>
Beginning Balance(a)	\$370.2		\$379.2		\$455.1		\$356.7		\$298.2		\$303.6	
RECEIPTS:(b)(g)		7.1%		5.6%		2.3%		4.8%		3.7%		3.7%
Conference Committee Receipt Adjustments	3,448.3	229.5	3,642.1	193.8	3,724.6	82.5	3,902.8	178.2	4,046.4	143.6	4,197.4	151.0
Adjusted Receipts	0.0	0.0	0.3	0.3	1.4	1.1	0.0	(1.4)	0.0	0.0	0.0	0.0
	3,448.3	229.5	3,642.4	194.1	3,726.0	83.6	3,902.8	176.8	4,046.4	143.6	4,197.4	151.0
EXPENDITURES:												
General and Supplemental School Aid(c)	1,370.4	33.2	1,385.2	14.8	1,578.3	193.1	1,675.5	97.2	1,694.4	18.9	1,705.5	11.1
Demand Transfers: (e)	196.3	9.8	201.0	4.7	205.2	4.2	208.8	3.6	213.6	4.8	222.2	8.6
All Other Expenditures(d)	1,872.5	86.4	1,980.3	107.8	2,040.9	60.6	2,077.0	36.1	2,133.0	56.0	2,258.0	125.0
		4.8%		5.8%		3.1%		1.8%		2.7%		5.9%
TOTAL Expenditures	3,439.2	129.4	3,566.5	127.3	3,824.4	257.9	3,961.3	136.9	4,041.0	79.7	4,185.7	144.7
Percent Increase		3.9%		3.7%		7.2%		3.6%		2.0%		3.6%
EXHIBIT:												
Mill Levy Reduction (33/27 mills; \$20,000 reduction)							(104.5)					
Motor Vehicle Replacement							(22.5)					
Subtotal							(127.0)					
Total Expenditure Increase EXCLUDING Above							130.9					
Percent Increase							3.7%					
Ending Balance(f)	379.2		455.1		356.7		298.2		303.6		315.3	
Percent of Expenditures	11.0%		12.8%		9.3%		7.5%		7.5%		7.5%	
Receipts in Excess of Expenditures	9.1		75.9		(98.4)		(58.5)		5.4		11.7	

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a) Includes actual released encumbrances.

b) Receipts are actual for FY 1996. Receipts for FY 1997 and FY 1998 reflect the April 4, 1997 consensus estimates. The projections for FYs 1999 through 2001 are not consensus estimates of receipts but are based on an annual growth rate of tax revenue of 3.8 percent in FY 1999, 3.7 percent in FY 2000 and 3.8 percent in FY 2001, and separate estimates for nontax revenue. FY 1997 and FY 1998 receipts are adjusted for Conference Committee adjustments on receipts (Lottery, Racing and Gaming, EBF hold harmless, and State Treasurer (PMIB)).

c) Estimate of general and supplemental school aid payments in FY 1999 - FY 2001 were made on April 7, 1997 by the Department of Education, Division of the Budget, and the Legislative Research Department. The FY 1997 and FY 1998 amounts reflect Conference Committee action as of April 8, 1997. For FY 1998 the amount reflects an increase in the base per pupil amount of \$22 from \$3,648 to \$3,670, an additional \$9.8 million to accelerate the final year of correlation weighting, and \$4.0 million in connection with an increase in at-risk weight from .05 to .065, a declining enrollment adjustment, and the reduction in the uniform property tax rate from 33 to 27 mills and a homestead exemption of \$20,000. The amount also includes an adjustment for the recent Kansas Supreme Court decision relating to property tax on business machinery and equipment. The FY 1999 - FY 2001 estimates assume a uniform school mill levy of 27 mills and a \$20,000 homestead. The FY 1999 - FY 2001 estimates assume the uniform school mill levy of 27 mills and a \$20,000 homestead.

d) FY 1997 and FY 1998 as approved by the Conference Committee on all other expenditures, plus the Senate position on items deferred to the omnibus bill. Items deferred to Omnibus include new facilities weighting, Juvenile Justice Authority, computer funding, corrections expansion, and Cedar Crest renovation. For FY 1999 - FY 2001 expenditures grow within available resources.

e) Demand transfers for the School District Capital Improvement Fund, Water Plan Fund and State Fair all reflect current law. For the State Highway Fund, Local Ad Valorem Tax Reduction Fund, County-City Revenue Sharing Fund, and the City-County Highway Fund are capped at 1.4 percent in FY 1997 and for FY 1998 the Conference Committee recommends a cap of 1.75 percent; the Governor recommends a cap of FY 1999 - 1.4 percent; FY 2000 - 2.1 percent and FY 2001 - 4.1 percent.

f) Current law minimum ending balance requirement is 7.5 percent of expenditures.

g) Tax reductions include: income tax rate equalization (four-year phase-in); adoption income tax credit.

File: ACCON049

Prepared at the Request and Direction of Senator Dave Kerr
Kansas Legislative Research Department
April 10, 1997

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April 24, 1997

ITEMS FOR OMNIBUS CONSIDERATION

Department of Revenue

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

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

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

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

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

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

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

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

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

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

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

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

The Department requests \$36,913 from the State General Fund in FY 1998 to implement the House's provisions for S.B. 184. The estimate includes \$600 to print and include notices

of the exemption changes in approximately 110,000 sales tax return notifications. The Department estimates \$36,313 for the work of a Tax Examiner III and an Office Assistant III, with work stations, for six months to verify religious organizations' applications for exemption certificates.

Department of Agriculture

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

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

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

Grain Inspection Department

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

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

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

Animal Health Department

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

Department of Human Resources

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

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

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

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

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

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

The Department of Human Resources, based on the cost to operate the Advisory Committee on Hispanic Affairs, estimates \$172,031 in expenditures from the State General Fund to implement the provisions of H.B. 2444 for FY 1998. The proposed funding would

provide for a minimum of four Commission meetings, 1.0 FTE position of executive director, 2.0 FTE positions of support staff, and temporary salaries.

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

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

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

Department on Aging

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

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

Social and Rehabilitation Services—Long Term Care

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

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

The bill relates to the adult care home licensure act and would amend current law to allow nursing facilities with fewer than 60 beds the option of converting an area of less than

six beds to serve as a residential health care facility. The bill would also require that an operator of an assisted living facility or residential health care facility with fewer than 61 residents be a licensed nursing administrator or meet specific educational requirements.

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

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

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

State Library

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

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

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

Kansas Commission on Veterans Affairs

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

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

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

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

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

Homestead Property Tax Refunds

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

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

Board of Optometry

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

Behavioral Sciences Regulatory Board

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

Legislature

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

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

pay increase effective February 27, 1997 and statewide elected officials received their pay increase effective December 15, 1996.

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

Department of Wildlife and Parks

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

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

Adjutant General

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

State Fire Marshal

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

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

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

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

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

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

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

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

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

Kansas Highway Patrol

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

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

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

Sentencing Commission

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

Fort Hays State University

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

Pittsburg State University

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

1. Willard Hall renovation, a residence hall renovation project with a projected cost of \$4.2 million; and
2. Horace Mann remodeling, a classroom building remodeling project with a projected cost of \$3.1 million.

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

Board of Regents

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

Regents Systemwide

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

FY 1997

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

FY 1997 Consensus Tuition Estimates

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

FY 1998

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

FY 1998 Consensus Tuition Estimates

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

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

Kansas State University

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

University of Kansas

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

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

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

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

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

A. Omnibus Review Items

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

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

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

to pursue the appeal options available. The Department's goal for implementation is the period between October 1, 1997 and January 1, 1998.

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

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

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

With regard to whether the current FY 1998 budget is sufficient, the agency reports that it has been difficult to establish reliable baseline data on which to project for FY 1998 due to transition in Medicaid payment agents. The agency took into account the CDDOs' projections as well as persons to be transferred from the state hospitals to community services. Based on current known data and assumptions applied to the analysis, the agency projects expenditures for the HCBS/MR waiver for FY 1998 totaling approximately \$106.4 million, including an SGF match of \$43.8 million. Additionally, nonwaiver eligible projections total about \$255,000 in SGF for a total of approximately \$44.1 million in SGF needed to meet the current needs projected by the CDDOs for FY 1998 and persons transferred from state hospitals. Resources available in FY 1998 include approximately \$44.69 million SGF. The agency notes that these projections are based on certain assumptions regarding reliability of data used in projecting

current expenditures for purposes on annualization in FY 1998 and projected future daily costs per person for people not now receiving community services.

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

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

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

Mental Health Institutions

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

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

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

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

Mental Retardation Institutions

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

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

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

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

Board of Cosmetology

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

Department of Commerce and Housing

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

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

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

C. Pending Bills

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

Kansas, Inc.

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

Office of the Securities Commissioner

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

State Department of Education

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Board of Technical Professions

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

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

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

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

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

B. H.B. 2490 (Governor). H.B. 2490 provides for the licensure of geologists on or before July 1, 2000. The timetable set forth in the bill is that by September 30, 1997, the Board will appoint a geologist licensure committee to develop recommendations relating to continuing education requirements, licensure examinations, fees, rules and regulations, and other

matters enumerated in the bill. The recommendations of the licensure committee must be made to the Board by October 1, 1998. On or before July 1, 1999, the Board will begin to accept applications for licensure and will begin issuing licenses on or before July 1, 2000.

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

State Corporation Commission

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

- \$22,140 for the cost of receiving and filing regulatory forms associated with over 15,000 contracts from around 400 gas gathering systems in the state. Under the bill, gas gatherers are required to file with the Commission rates paid for natural gas purchased at the wellhead; rates charged for gas gathering services; and data related to the characteristics of the gas purchased or gathered. The requested \$22,140 would be for the cost of 1.0 new FTE clerical position for filing and data entry. It also would be for anticipated mailing cost and handling of requests related to the data being collected.
- \$50,655 for the cost of reviewing the regulatory filings just described in order to ensure that gas gatherers are current and timely with the filing requirements. The requested \$50,655 would be for 1.0 new FTE research analyst position to analyze the regulatory filings for compliance; help determine which gas gatherers are operating in the state; and assist with filing informal complaints against gas gatherers.
- \$101,990 for the cost of processing complaints concerning gas gathering fees, terms, or practices. Under the bill, complaints can be filed by consumers of gas gathering services, persons seeking to purchase natural gas at the wellhead, or royalty owners. The requested \$101,990 would be for 2.0 new FTE positions, including an attorney and a clerical position to handle the anticipated complaints.

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

Department of Health and Environment

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

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

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

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

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

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

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

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

Juvenile Justice Authority

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

JUVENILE JUSTICE AUTHORITY- GOVERNOR'S BUDGET FY 1998

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

- 1) Juvenile Justice Delinquency Prevention funds from the federal Office of Juvenile Justice and Delinquency. Includes funding for a juvenile justice specialist mandated by the federal office of Juvenile Justice Delinquency Prevention to assist the Juvenile Justice Delinquency Prevention Kansas Advisory Group.
- 2) Juvenile Detention Facilities Debt Service—Payments for bonds issued for the construction of regional juvenile detention facilities. The bond payments must be paid for another 15 years.
- 3) Youth Center aftercare which is presently contracted with the Department of Corrections.

Office of Judicial Administration Transfers

1. Intake and Assessment \$ 48,670 \$ 7,900 \$ 4,124,173 \$ 0 4,180,743^{a)} \$ 4,180,743 1.0

a) Includes \$1,279,518 in new State General Fund monies.

Corporation For Change Transfers

1. Fam. & Children Invest. Fund^{b)} \$ 0 \$ 0 \$ 975,000 \$ 0 \$ 0 \$ 975,000 0.0

b) This fund has been recommended withdrawn from the Juvenile Justice Authority by both Chambers.

Department of Corrections Transfers

1. Community Corrections \$ 0 \$ 0 \$ 3,485,328 \$ 0 \$ 3,485,328 \$ 3,485,328 0.0

New Funding

1. Core Staff \$ 231,727 \$ 98,906 \$ 0 \$ 0 \$ 330,633 \$ 330,633^{c)} 5.0

c) In addition, \$1,279,518 within the amount recommended for intake and assessment to be transferred from the office of Judicial Administration (shown above) is new State General Fund money.

GRAND TOTAL \$ 2,959,291 \$ 2,319,832 \$ 9,134,501 \$ 7,985,162 \$ 17,792,412 \$ 22,398,786 151.5

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

**Youth Centers FY 1998 Capital Improvements
Rehabilitation and Repair Systemwide**

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

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

Youth Center at Beloit

A. Technical Adjustment. In FY 1998 funding of \$41,333 for the Chemical Dependency Program Director position at the Youth Center at Beloit was inadvertently omitted. This amount of funding should have been transferred from the alcohol, drug abuse, and mental health block

grant—federal fund of the Department of Social and Rehabilitation Services to the Youth Center at Beloit Fee Fund of the Youth Center at Beloit.

Secretary of State

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

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

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

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

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

Board of Healing Arts

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

therapists and athletic trainers. Finally, S.B. 244 will allow the Board to collect a new fee for placing the name of a physician's assistant on the Board of Healing Arts Register.

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

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

Kansas Department of Transportation

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

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

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

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

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

Category	FY 1997	FY 1998 ^a
Microcomputers	\$ 0	\$ 129,654
Software	215,190	371,510
Other Info. Tech. Equip.	467,104	1,408,600
Total	<u>\$ 682,294</u>	<u>\$ 1,909,764</u>

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

Kansas Racing and Gaming Commission

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

Kansas Lottery and Racing Estimates

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

Source	Approved Estimates	Ten-Month Revenues
Lottery	\$ 55,373,000	\$ 46,071,113
Racing	<u>1,496,000</u>	<u>1,261,343</u>
Total SGRF	\$ 56,869,000	\$ 47,332,456
SGF Transfer Amount ^(a)	6,869,000	0

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

Kansas Public Employees Retirement System

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

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

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

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

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

2. **Allow KPERS Board To Appoint Benefit Appeal Hearing Officers (House and Senate).** Authorize KPERS Board to appoint and compensate someone other than a Board member or a KPERS employee as a hearing officer. Fiscal Note: \$15,000 of additional expenses are possible in FY 1998 as a result of using hearing officers for benefit appeals, depending on the number of hearings.
3. **Allow members to name different beneficiary for life insurance (House only).** Under current law the named beneficiary is the beneficiary for all benefits. This change would allow members to name different beneficiaries for life insurance benefits. Fiscal Note: KPERS indicates the costs would be \$95,900. Costs include \$7,500 for printing of new beneficiary forms and \$88,400 for computer programming changes.
4. **Provide Uniform Service Credit Purchases (House and Senate with different provisions).** A House provision to allow future purchases of service credit for work with non-participating and non-federal employers, either in-state or out-of-state, would provide a multiplier of 1.75 percent for each year of service bought at full actuarial cost and paid by KPERS employees. This provision would make credit purchases uniform in regard to the value for active KPERS members and would raise those purchases of the 1.00 percent multiplier to 1.75 percent. In addition, active KPERS members who purchased service credit previously would be allowed to buy an additional 0.75 percent multiplier to upgrade prior purchases to the 1.75 percent multiplier. The Senate version addressed only adding in-state, non-federal employment at a value of the 1.00 multiplier for purchasing service credit. Fiscal Note: The provisions allowing active KPERS members to purchase service credit based on a 1.00 or 1.75 percent multiplier should have no actuarial impact since employees must pay the full cost based on current law. The employer, the State of Kansas, and KPERS are not permitted to pay any of the cost. KPERS indicates that a delay in the implementation date for people to buy 0.75 percent service would allow time for in-house programming changes to be made and eliminate the administrative fiscal note of \$10,000 for outside programming of changes if the System must be ready July 1, 1997.
5. **Increase Judges Disability Benefit (House and Senate).** This provision would increase the minimum disability benefit from 25 to 50 percent payable under the Judges Retirement System. The provision originally was included in H.B. 2541 as requested by the District Judges Association in order to help younger members of the judiciary. Fiscal Note: The KPERS actuary indicates because past incidences of disability have been so few regarding disability claims for members of the Judges Retirement System and the size of the group is so

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

6. **Permit Legislators to Elect New Retirement Coverage (House only).** Legislators, either new or continuing members, desiring to participate in a retirement plan would be allowed to elect either KPERS coverage or participation in the state's 8.0 percent deferred compensation program authorized in K.S.A. 1996 Supp. 74-4911f and K.S.A. 75-5521 et seq. Under this program, the Legislature would contribute 8.0 percent of a legislator's total yearly compensation and expenses. Alternatively, legislators could choose not to participate in any state-sponsored retirement plan. Fiscal Note: Allowing legislators to elect the 8.0 percent deferred compensation coverage as an alternative to KPERS coverage has a potential cost savings when calculations are based on a typical legislator. In FY 1997, total yearly compensation and expenses (excluding mileage) for a typical legislator is assumed to be \$20,266. For the same period, the KPERS annualized legislative compensation and expenses (excluding mileage) for a typical legislator is assumed to be \$59,946.
7. **Establish Minimum Benefit (House only).** Authorize an increase in the minimum monthly retirement benefit payment to an amount of not less than \$200 per month for retired KPERS, KSRS, KP&F and Judicial members with 20 years or more of service credit. A reduction of 5.0 percent per year for service under 20 years would reduce the minimum \$200 monthly benefit by \$10 per year for less than 20 years of covered service. Fiscal Note: A revised actuarial impact is estimated, with the old fiscal note of \$2.0 million rising to a total of almost \$5.0 million based on corrected data. The KPERS State/School group liability would increase by \$4.0 million. The KPERS Local group liability would increase by \$0.9 million and TIAA by \$30,000. No actuarial impact is computed for KP&F or the Judges plans due to the small number of retirees who would qualify for this benefit increase. If the Legislature does not prefund this obligation, then a statutory provision would increase the employer contribution rates beginning in FY 2000 to collect money for paying the unfunded liability created by this proposed legislation.
8. **Establish a "Shared Earnings Payment" Plan (House only).** Legislation is included in the House version to authorize a continuing program beginning in FY 1998. Implementation of the "shared earnings" concept would make 50 percent of funds available for benefit payments, based on paying a bonus amount on October 1, 1997, that would be paid to retired members, their beneficiaries, and disabled members who became eligible prior to July 1, 1996. The plan has the following parts:

- ▶ Create a new "Shared Earnings Reserve" account in the KPERS Fund.
- ▶ When KPERS investment earnings equal or exceed 10.0 percent in any fiscal year as of June 30, transfer from dividends and interest an amount equal to 0.5 percent of the ending market value of the Fund's investments to the "Shared Earnings Reserve" account.
- ▶ Authorize a "Shared Earnings Payment" to be distributed as a separate check on October 1 to all eligible retired members, beneficiaries, and disabled members as a one-time bonus payment in addition to the regular monthly benefit.
- ▶ Provide that 50 percent of available funds in the "Shared Earnings Reserve" account would be paid out each fiscal year and that half of the funds would be carried over to the subsequent year.
- ▶ Restrict the "Shared Earnings Payment" to only those who retired or became disabled prior to July 1 of the year preceding the payment date.

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

Department of Corrections

A. Conference Committee Items Deferred to Omnibus.

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

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

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

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

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

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

4. **Community Programs FY 1998. Senate recommendation** to add \$100,000 SGF for community sex offender and substance abuse programs. The Governor recommended \$2,217,905 SGF for community sex and substance abuse programs. The agency requested but the Governor did not recommend an enhancement amount of \$194,050.
5. **Labette Camp Salary Increase FY 1998. Senate recommendation** to add \$35,000 SGF for staff salaries at Labette Correctional Conservation Camp. The Senate Subcommittee heard testimony that the camp has a 40 percent turnover rate and a starting salary of approximately \$16,000 per year. The agency requested an enhancement of \$70,000 which the Governor did not recommend.

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

1. **Food Service Contract in FY 1998. House Subcommittee recommendation** to review the continued operations of Canteen Corporation as the food service provider for the correctional facilities. After the food service situations in the fall of 1996, the Subcommittee wished to review the KDOC relationship and satisfaction with the current food service provider. KDOC reported they are reviewing the current food services contract.
2. **Juvenile Community Corrections FY 1998. House Subcommittee recommendation** to review juvenile community corrections programs which the Governor recommended to transfer to the Juvenile Justice Authority, including \$3,485,328 SGF and \$750,000 Social and Rehabilitation Services Juvenile Aftercare Grants.
3. **Community Corrections Funding FY 1998. House Subcommittee recommendation** to review KDOC priorities for community corrections and offender programs in the community. The Subcommittee noted the Governor did not fund any agency requests for enhanced community programs. The Governor recommended community corrections funding of \$13,418,809 in FY 1998, an increase of 2.9 percent over FY 1997.
4. **Requests for Information from the Department of Corrections. House Subcommittee recommendation** that KDOC prepare responses by the Omnibus session to the following issues.
 - a. Information regarding operations and the need for inmate capacity expansion, including the Governor's capital improvement recommendation.
 - b. Alternatives to building new facilities including privatization, leasing of non-state beds, specialized facilities for lower-level offenders, *i.e.*, non-violent conditional violators, community based and preventive programs.

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

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

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

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

Topeka Correctional Facility

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

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

Winfield Correctional Facility

A. Winfield State Hospital Closure and Transfer of FTE and Funding in FY 1998. House and Senate Subcommittee recommendation to review the Legislature's decision regarding disposition of Winfield State Hospital and the transfer of 23.0 FTE from the hospital staff to Winfield Correctional Facility. The 23.0 FTE include 10.0 security officers and 13.0 support

services personnel. The creation of the new soldiers' home may impact the transfer of positions, although no operating budget has been appropriated for the home FY 1998.

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

Larned Correctional Mental Health Facility

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

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

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

Ombudsman of Corrections

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

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

Board of Accountancy

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

Department of Social and Rehabilitation Services

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

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

FY 1998		October Estimate	April Estimate	Difference
Medical Assistance	All Funds	\$ 466,200,000	\$ 450,600,000	\$ (15,600,000)
	SGF	156,128,964	149,100,000	(7,028,964)
Adult Care Homes				
Nursing Facilities - Elderly*	All Funds	\$ 229,861,904	\$ 230,500,000	\$ 638,096
	SGF	94,222,064	93,230,000	(992,064)
Nursing Facilities - Mental Health	All Funds	9,283,967	8,810,000	(473,967)
	SGF	7,770,743	7,040,000	(730,743)
Nursing Facilities - MR	All Funds	38,554,129	37,590,000	(964,129)
	SGF	15,807,193	15,350,000	(457,193)
Subtotal - Adult Care Homes	All Funds	\$ 277,700,000	\$ 276,900,000	\$ (800,000)
	SGF	117,800,000	115,620,000	(2,180,000)
Home and Community Based Services				
HCBS - Frail Elderly*	All Funds	\$ 26,378,512	\$ 25,500,000	\$ (878,512)
	SGF	10,817,319	10,330,000	(487,319)
HCBS - Physically Disabled	All Funds	18,440,107	17,000,000	(1,440,107)
	SGF	7,560,444	6,890,000	(670,444)
HCBS - Head Injured	All Funds	4,695,160	4,700,000	4,840
	SGF	1,925,016	1,900,000	(25,016)
HCBS - MR	All Funds	107,249,861	107,200,000	(49,861)
	SGF	43,972,443	43,420,000	(52,443)
HCBS - Tech. Assisted	All Funds	136,360	100,000	(36,360)
	SGF	53,778	40,000	(13,778)
Subtotal - HCBS	All Funds	\$ 156,900,000	\$ 154,500,000	\$ (2,400,000)
	SGF	64,329,000	62,580,000	(1,749,000)
Temporary Assistance for Families	All Funds	\$ 81,745,723	\$ 77,070,000	\$ (4,675,723)
	SGF	31,555,777	31,555,777	0
General Assistance	All Funds	\$ 6,800,000	\$ 6,430,000	\$ (370,000)
	SGF	3,283,908	2,913,908	(370,000)
TOTAL - FY 1998	All Funds	\$ 989,345,723	\$ 965,500,000	\$ (23,845,723)
	SGF	373,097,649	361,769,685	(11,327,964)

* Program appropriated to Department on Aging in FY 1998.

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

Kansas Bureau of Investigation

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

<u>Salaries</u>		
1.0	Attorney I (program administration)	\$ 42,358
2.0	Special Investigator II (mental health and substance abuse treatment investigation)	69,939
1.0	Secretary III (support staff)	26,271
2.0	Office Specialist (record checks)	53,746
<u>6.0</u>	<u>Office Assistant III (record checks)</u>	<u>130,319</u>
12.0	TOTAL Positions/Salaries	\$ 322,633
--	(less six months hiring delay)	<u>(161,316)</u>
12.0	Balance for FY 1998	<u>\$ 161,317</u>
<u>Other Operating Expenditures</u>		
	Postage	\$ 100,000
	Printing	200,000
	Travel and Subsistence	7,000
	Rent and Utilities	9,570
	Capital Outlay	19,700
	FBI Record Check Fees	<u>240,000</u>
	TOTAL OOE	<u>\$ 576,270</u>
	 GRAND TOTAL - FY 1998	 <u>\$ 737,587</u>

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

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

Department of Administration

A. House Ceiling Mural Restoration (Conference Committee on Sen. Sub. for H.B. 2166).

A House floor amendment to 1997 H.B. 2166 added \$385,000 from the State General Fund in FY 1998 to restore the House Chamber ceiling murals. In Conference, House and Senate conferees agreed that this item would be included in the House version of the 1997 Omnibus bill.

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

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

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

CEDAR CREST RENOVATION

Building:

Exterior building repairs, paving, and removal of underground oil tank	\$ 155,300
Window replacement (must be coordinated with the State Historical Society)	88,800
Interior architectural repairs and removal of lead paint and asbestos	202,400
Plumbing	162,300
Heating, ventilation, and air conditioning	315,700
Electrical and lighting protection	125,100
ADA restroom and related work	84,000
Preparation for fire alarm and security system	28,800
Temporary housing for Governor	18,000
Subtotal -- Building Items	\$ 1,180,400

Security:

Surveillance camera upgrade and miscellaneous security items	\$ 188,000
Nonsecurity-type fence around residence	12,000
Subtotal of Building and Security Items -- Recommended by Joint Committee on State Building Construction	\$ 1,380,400

New security office	\$ 132,000
Relocate private driveway	40,000
TOTAL Request -- All Items	\$ 1,552,400

C. Insurance for State Buildings (House and Senate Subcommittees). Both the House and Senate Subcommittees reviewing the Department of Administration budget recommended

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

D. SHARP System Upgrade (Conference Committee on 1997 Sen. Sub. for H.B. 2272).

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

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

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

The Department of Administration presented testimony on this issue to both the House Appropriations and Senate Ways and Means Committees. The agency states that the year 2000 problem occurs in those systems and applications that do not have a four-digit year in computer programs and databases. When the year 2000 occurs, a two-digit "00" date field will be interpreted as the year 1900, or as some other year. Some applications may simply shut down, and others may produce erroneous results. For example, the state accounting system may think that a January 2000 invoice is really a January 1900 invoice. In some cases, an

invoice paid in the year 2000 may be lost in the system and may cause the State to double pay. All systems feeding into those systems that are affected will face potential problems. Rather than simply a computer problem, this is an imbedded chip problem, and other computerized systems, such as elevators, air handling equipment, preprogrammed jail cells, and other equipment may behave unpredictably.

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

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

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

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

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

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

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

Judicial Branch

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

Board of Indigents' Defense Services

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

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

STATE OF KANSAS



BILL GRAVES, Governor
State Capitol, 2nd Floor
Topeka, Kansas 66612-1590

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OFFICE OF THE GOVERNOR

April 24, 1997

The Honorable Dave Kerr, Chairperson
Senate Committee on Ways and Means
Room 120-S, Statehouse

and

The Honorable Phil Kline, Chairperson
House Committee on Appropriations
Room 514-S, Statehouse

Dear Senator Kerr:

For FY 1997, I amend my budget to decrease State General Fund expenditures by \$8,107,407. The FY 1998 adjustment is an increase of \$68,818,783, for a net State General Fund increase of \$60,711,376 for both years combined. Expenditures from all funding sources are decreased by \$17,810,633 in FY 1997 but increased by \$82,035,119 in FY 1998. My amended budget would also result in a reduction in the number of positions in state government. For FY 1997, there would be an increase of 19.0, 14.0 FTE positions and 5.0 unclassified temporary positions. For FY 1998, there would be a net reduction of 76.3, a deletion of 81.3 FTE positions but an increase of 5.0 unclassified temporary positions.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (8,107,407)	\$ 68,818,783
All Funds	\$(17,810,633)	\$ 82,035,119
FTE Positions	14.0	(81.3)
Unclassified Temporary	<u>5.0</u>	<u>5.0</u>
Total Positions	19.0	(76.3)

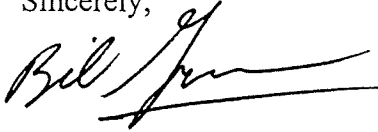
Senate Ways and Means Committee

Date 4-24-97

Attachment # 8

With this memorandum, I submit the attached amendments to my budget recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Graves", with a long horizontal flourish extending to the right.

BILL GRAVES
Governor

Kansas Lottery and Kansas Racing and Gaming Commission

1. Decrease the Transfer to the Kansas Bureau of Investigation

I amend my budget for FY 1998 to allow a decrease in the amounts the Kansas Racing and Gaming Commission and the Kansas Lottery transfer to the Kansas Bureau of Investigation each fiscal year to support the KBI's Gaming Unit. Because of insufficient information regarding the allocation of work performed for each gaming agency by the KBI, the transfer totals for FY 1998 were incorrectly estimated under my original recommendation. Since that time, the Division of the Budget has received information which corrects the percentage of workload performed by the KBI Gaming Unit that is attributable to the Racing and Gaming Commission and the Lottery. In addition, it was discovered that a carryover balance was not taken into account in my original recommendation. Therefore, I recommend the transfer made from the Racing and Gaming Commission to the KBI be decreased to a total of \$227,172 in FY 1998 and the Lottery to be returned \$42,534 to reflect correctly the amount of work the Gaming Unit performs for these agencies. The State General Fund will experience an increase of approximately \$172,000 since the Racing and Gaming Commission's transfer amount is now lower than the original recommendation. This information is detailed in the following table:

<u>Agency</u>	<u>Current Gov. Rec.</u>	<u>As Adjusted</u>	<u>Difference</u>
Lottery	\$274,261	\$ (42,534)	\$(316,795)
Racing	400,002	227,172	(172,830)
Gaming (billed separately)	--	337,132	337,132
Carry Forward from FY 1996	<u>--</u>	<u>152,493</u>	<u>152,493</u>
Total for KBI Gaming Unit	\$674,263	\$674,263	\$ --

Kansas Lottery

2. Delete the Provision for the Backup Site Computer Expenditures

I amend my budget for FY 1997 to delete the appropriation proviso authorizing expenditures of up to \$500,000 for a computer backup site. The agency no longer plans to pursue this project. This amount was authorized in addition to the agency's expenditure limitation.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(500,000)</u>	<u>--</u>
All Funds	\$ (500,000)	\$ --

State Library

3. Additional Staff and Other Operating Expenditures

I amend my budget for FY 1998 to allow an increase of \$32,592 in salaries and wages for an additional 1.0 FTE position. A recent report by the Division of Legislative Post Audit revealed the Library does not provide adequate financial controls and project oversight regarding both state and federal grants. The Library indicates that current staff levels cannot provide the necessary time and travel to provide this oversight. The addition of an accountant, supplemented by current staff, will enable the Library to provide sufficient financial controls.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 32,592
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 32,592

Securities Commissioner

4. Establishment of an Investor Education Fee Fund

I amend my budget for FY 1998 to allow for the establishment of a "no limit" Investor Education Fee Fund. This fund is to be used for investor education purposes only. Money collected from fines and penalties would be deposited in this dedicated fund, rather than the Securities Fee Fund, the agency's only fee fund currently. Money collected for fines and penalties are not part of the agency's revenue estimation for the budget year and would therefore not affect the transfer the agency makes to the State General Fund.

5. Official Hospitality Expenditures

I amend my budget for FY 1998 to allow expenditures of up to \$600 for official hospitality. This expenditure is within the existing expenditure limitation of the Securities Act Fee Fund.

Historical Society

6. Funds for NAGPRA Compliance

I amend my budget to include funds of \$38,500 from the State General Fund to bring the state into compliance with the federal Native American Graves Protection and Repatriation Act of 1990. This will allow for burial remains to be studied and returned to the appropriate tribes.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 38,500
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 38,500

Secretary of State

7. Additional Other Operating Expenditures

I amend my budget for FY 1998 to allow an increase of \$80,000 in the agency's Information and Copy Service Fee Fund. Proviso language should be added to allow \$1 from each business filing its franchise tax to be deposited in this fee fund. It is estimated that 80,000 businesses will pay this tax in FY 1998. This amount would cover the loss of revenue this agency will incur as a result of 1997 SB 227, which eliminates corporate balance sheets from corporate annual reports. The agency states it would not otherwise have the resources to perform all statutory duties in the business services divisions. The following language implements this recommendation:

Information and Copy Service Fee Fund No limit

Sec. . . During each month of the fiscal year ending June 30, 1998, the secretary of state shall certify to the director of accounts and reports the amount equal to the product of \$1 multiplied by the number of annual reports received by the secretary of state during the preceding month from professional corporations, domestic or foreign corporations, corporations organized not for profit, domestic or foreign limited liability companies, domestic or foreign limited partnerships or any other entities pursuant to statute, which include the receipt of an annual franchise tax or privilege fee. Upon receipt of each such certification, the director of accounts and reports shall transfer an amount equal to the amount certified from the state general fund to the information and copy service fee fund of the secretary of state.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>80,000</u>
All Funds	\$ --	\$ 80,000

Department of Administration

8. Energy Conservation Improvement Bonds

An amount of \$2,866,873, including principal and interest, from the State General Fund is included in the budget of the Department of Administration for FY 1998 to pay the debt service on

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the energy conservation bonds. After my recommendations were finalized in December 1996, the Kansas Development Finance Authority recertified each participating state agency's portion of the debt service, resulting in a new total of \$2,822,320 and a net savings of \$44,553. This amendment to my budget makes the proper adjustments by agency and lapses the \$44,553 from the Department of Administration's budget. Because this savings would be returned to the participants, there would be no net effect on the State General Fund. The following table details the adjustments.

<u>Participants:</u>	<u>Adjustments</u>
Department of Administration	\$15,741
Larned State Hospital	1,892
Topeka State Hospital	(154)
Winfield State Hospital	(298)
Emporia State University	3,240
Pittsburg State University	1,344
Kansas State University	7,951
University of Kansas	7,766
KUMC	1,623
Wichita State University	5,448
DOA--Debt Service	<u>(44,553)</u>
Net Effect on SGF	\$ --

9. State Building Insurance

I amend my budget to increase the insurance premium for coverage of state buildings by \$27,000 from the State General Fund for FY 1998. The amount currently in the Governor's recommendation totals \$290,000. With this addition, the new total would be \$317,000. This request arises from the addition of new buildings to the insurance policy's coverage: Technology Center at Pittsburg State University, Tomanek Hall at Fort Hays State University, and Hoch Auditorium/Budig Hall at the University of Kansas. The additional \$27,000 includes an adjustment for the new buildings, an 8.0 percent building cost index factor, and a small contingency amount for other buildings that might be added to the policy during FY 1998.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 27,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 27,000

10. Wyandotte County Consolidation Study

The Legislature approved funding of \$150,000 in FY 1997 to study the consolidation of Wyandotte County and Kansas City, Kansas. The study was intended to be financed from contributions of \$50,000 each from Wyandotte County, Kansas City, Kansas, and the Economic

Development Initiatives Fund of the Kansas Department of Commerce and Housing. Because the study was anticipated to conclude by the end of FY 1997, no expenditure authority was included in my recommendation for FY 1998. However, now that voters of the county have approved the consolidation, the commission undertaking the study will continue in existence until October 1, 1997, to serve as an advisory body to the new county commission. Therefore, I recommend restoration of the "no limit" Wyandotte County Consolidation Study Fund for FY 1998.

When this study terminates later in the year, it will be necessary to transfer the unspent funds back to the contributors in the same proportion as they contributed the funds originally. It will not be an equal distribution because Wyandotte County contributed only \$40,000, instead of the intended \$50,000. In order to authorize the transfer of funds after the commission concludes its business, the following proviso should be added to the Department of Administration's FY 1998 appropriations:

Provided, That upon certification by the director of the budget, the director of accounts and reports shall transfer the unencumbered balance in the Wyandotte county consolidation study fund to Wyandotte county, Kansas City, Kansas, and the strategic action grants subaccount of the Kansas economic endowment account of the state economic development initiatives fund of the department of commerce and housing in the same proportion that each contributed to the Wyandotte county consolidation study fund: *Provided further*, That upon completion of the fund transfers the Wyandotte county consolidation study fund is hereby abolished.

11. Topeka State Hospital Transition Fund

Plans for the disposition and operation of the Topeka State Hospital campus are progressing, but are not anticipated to be finalized by the end of the 1997 Legislative Session. Some of the buildings on the campus are currently rented by other state agencies, and it is anticipated that other portions of the campus will be rented by, or sold to, other government or private agencies. To ensure that the physical plant for the campus will continue to provide service to tenants or future occupants of the campus, I recommend the transfer of operations of the remaining Topeka State Hospital campus to the Department of Administration. I also recommend that a "no limit" Topeka State Hospital Transition Fund be created to collect receipts and pay expenditures for operation of the campus in FY 1998. The cost of the operations of the rented facilities will be an "off budget" item, as the rent payments are included in the budgets of other state agencies. To provide for unknown contingencies in the operation of the campus, I recommend \$500,000 from the State General Fund, which will require release by the State Finance Council. The campus will be operated by a maximum of 24.0 FTE positions, also requiring approval by the State Finance Council.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 500,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 500,000

Department of Health and Environment

12. Computer Consultation and Technical Assistance Grant

I amend my budget to allow the Department of Health and Environment to spend an unanticipated Kansas Health Foundation Grant of \$75,000 in FY 1997, which will require an expenditure limitation increase on the Gifts, Grants, and Donations Fund. The monies will be used for computer consultation and technical assistance in identifying issues and costs associated with both short and long-term development of the Kansas Immunization Information System.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>75,000</u>	<u>--</u>
All Funds	\$ 75,000	\$ --

13. Community Health Initiative

I amend my budget to allow the expenditure of \$65,000 in FY 1997 and \$158,240 in FY 1998 for a project to develop capacity for evaluating the impact of community interventions on health status. The amendment would require a corresponding expenditure limitation increase on the Gifts, Grants, and Donations Fund. The grant is from the Kansas Health Foundation.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>65,000</u>	<u>158,240</u>
All Funds	\$ 65,000	\$ 158,240

14. Public Health Communications Project

I amend my budget to increase the expenditure limitation on the Gifts, Grants, and Donations Fund by \$58,000 in FY 1997 to spend a Kansas Health Foundation grant to begin work on a project that would be complementary to the "Day in the Life of Public Health" video series produced by the Department. The themes regarding health and environment would be carried through in a KDHE video that focuses on specific services and activities of the agency.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>58,000</u>	<u>--</u>
All Funds	\$ 58,000	\$ --

15. Public Health Improvement Plan

I amend my budget to allow the Department of Health and Environment to increase the expenditure limitation on the Gifts, Grants, and Donations Fund by \$10,000 in FY 1997 and \$40,000 in FY 1998 to allow the expenditure of a Kansas Health Foundation grant award. The monies will be used to begin development and implementation of a Public Health Improvement Plan for Kansas.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>10,000</u>	<u>40,000</u>
All Funds	\$ 10,000	\$ 40,000

16. Medicaid Cost Recoveries/Salary Shift

I amend my budget to finance operating expenditures in FY 1997 and FY 1998 with federal Medicaid reimbursements for certain laboratory tests performed for clients who are eligible under Medicaid rules. In FY 1997, expenditures from this source will be increased by \$158,000 to cover salary shortfalls in the laboratory. This will be combined with a shift of \$70,000 from the Department's State General Fund "Other Operating Expenditures (including official hospitality)" account to its "Salaries and Wages" State General Fund account. In FY 1998, a total of \$158,000 from this source will be used to offset an identical amount from the State General Fund for the purchase of laboratory equipment.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ (158,000)
All Other Funds	<u>158,000</u>	<u>158,000</u>
All Funds	\$ 158,000	\$ --

17. Medicare/Medicaid Funding Shift

I amend my budget to increase Medicare expenditures for salaries and wages by \$300,000 and reduce Medicaid expenditures by an identical amount. The shift is based on earnings of Title XIX Medicare monies during the first half of FY 1997 and the fact that the Bureau of Adult and Child Care earned more funds in the latter half of FY 1996 than was actually expended in FY 1996.

18. Migrant Health Funding

I amend my budget to allow the Department of Health and Environment to expend an additional \$10,000 in federal monies for the Kansas Migrant Health Program. The funds will be used to increase the numbers and scope of medical care services of migrant and seasonal farm workers.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>10,000</u>	<u>--</u>
All Funds	\$ 10,000	\$ --

19. Federal Rural Health Funds

I amend my budget to allow the Department of Health and Environment to expend an additional \$13,271 in federal monies in FY 1997 and \$60,000 in FY 1998. The current year amount is available because of additional monies left over in FY 1996 that will be carried into the next fiscal year. The FY 1998 expenditures are requested because of additional federal monies that recently became available. The additional funding in both years will allow the agency to increase support for various activities conducted by the Bureau of Local and Rural Health Systems.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>13,271</u>	<u>60,000</u>
All Funds	\$ 13,271	\$ 60,000

20. Increased Support for the AIDS Program

I amend my budget to increase expenditures by \$130,135 in FY 1998 in the Bureau of Disease Prevention and Health Promotion in order to conduct additional activities related to the prevention of HIV infection in newborns. The additional federal funds will allow the state to conduct outreach to high-risk women of childbearing age and to refer them to appropriate prevention services, such as counseling and HIV anti-body testing.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>130,135</u>
All Funds	\$ --	\$ 130,135

21. Increased Support for Sexually Transmitted Disease Programs

I amend my budget to allow the Department of Health and Environment to spend additional federal monies of \$118,000 that will be available in FY 1998 to increase activities related to sexually transmitted disease prevention.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>118,000</u>
All Funds	\$ --	\$ 118,000

22. Hemophilia Program Support Increases

I amend my budget to increase expenditures in the Department of Health and Environment by \$70,000 in FY 1998 to allow the agency to spend monies that will be received from the University of Iowa for the regional hemophilia program.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>70,000</u>
All Funds	\$ --	\$ 70,000

23. Stream-Use Designation Study

I amend my budget to use \$50,000 in State Water Plan Fund monies, which are currently designated for a saline study of the Ogallala Aquifer in FY 1998, for part of a multi-agency initiative to assess the appropriateness of stream-use designations in the state. This amendment will change the account title from "Saline study--Ogallala aquifer" to "Water quality planning."

Department of Corrections

24. Capacity Expansion

I amend my budget to adjust the amount necessary to finance partially the planning, operating, and construction costs of a 557-bed capacity expansion project. The project consists of the following: (1) 232 beds at Hutchinson Correctional Facility; (2) 200 beds at Norton Correctional Facility; (3) 25 beds at Topeka Correctional Facility; and (4) 100 beds at the Labette Correctional Conservation Camp. The amendment includes \$147,000 and 5.0 FTE positions at the Topeka Correctional Facility and \$262,500 for partial-year funding of salaries and operating expenditures at the Labette Correctional Conservation Camp. The total construction cost for the project is estimated at \$13.6 million. Of this amount, \$5,857,152 will be financed with federal monies;

\$227,497 will be financed from the Correctional Institutions Building Fund; and the remainder will be debt financed. The FY 1997 reduction represents an adjustment to the current year planning monies needed because of the deletion of the El Dorado portion of the original expansion plan. I recommend establishment of a new "no limit" fund entitled "Violent Offender Incarceration and Truth-in-Sentencing Incentive Grants--Federal Fund."

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (156,520)	\$ 409,500
All Other Funds	<u> --</u>	<u>6,084,649</u>
All Funds	\$ (156,520)	\$ 6,494,149

25. Health Care Contract Savings

I amend my budget to reduce a supplemental appropriation for the Department's health care contract that is no longer needed because of savings that were found elsewhere in the budget.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (51,000)	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ (51,000)	\$ --

26. Replacement of Site Utilities

I amend my budget to allow the Kansas Development Finance Authority to issue bonds to finance the cost of replacing site utilities at El Dorado Correctional Facility. The cost of replacement is estimated to be \$5,637,316, while the total cost, including debt service payments, is estimated to be \$5,918,228. The insulation placed around the steam lines has failed, thus allowing heat to escape into the ground, which has damaged other utilities located in the trench and caused problems with life safety, security, and data systems. The Office of the Attorney General has filed litigation against the contractor, manufacturer and project architect to recover the costs of the site utilities replacement. However, because this litigation will take time, the project will have to be completed and financed by the state before any recoveries from litigation become available. All cost recovery must be applied to this debt. A new fund entitled "El Dorado Site Utilities Replacement Revenue Fund" should be established in the budget of the Department of Corrections to pay future years' debt service obligations. The following proviso should be inserted to allow the Kansas Development Finance Authority to issue the bonds.

Provided, That the Department of Corrections may make expenditures from the "El Dorado Site Utilities Replacement Revenue Fund" for the capital improvement project for replacement of site utilities at the El Dorado Correctional Facility:
Provided further, That the capital improvement project for site utilities replacement at the El Dorado correctional facility is hereby approved for the department of

corrections for the purposes of subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of bonds by the Kansas Development Finance Authority in accordance with that statute: *And provided further*, That all moneys received from the issuance of any such bonds shall be deposited in the state treasury to the credit of this fund.

Kansas Sentencing Commission

27. Correct Criminal Justice Information System Estimate

An error was made in estimating the amount of State General Fund monies needed to match federal monies for the continued development of the Criminal Justice Information System (CJIS). I amend my budget to increase the amount by \$45,770. This would increase the total amount of state matching funds from \$214,002 to \$259,772.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ 45,770	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 45,770	\$ --

Department of Social and Rehabilitation Services

28. Transfer of Expenditures for Nursing Homes for the Mentally Ill

I amend my budget in FY 1998 to transfer funds for the reimbursement of nursing homes for the mentally ill from the Department on Aging (DOA) to the Department of Social and Rehabilitation Services (SRS). The transfer of \$2,664,000, \$1,090,240 State General Fund is necessary because when expenditure authority for reimbursement of nursing home costs for the elderly were transferred to DOA it was estimated that there would be 12 facilities supplying services to the mentally ill and that responsibility for overseeing those facilities would remain with SRS. Subsequently SRS and DOA have discovered that 15 facilities will be supplying services to the mentally ill in FY 1998. This amendment will allow expenses for the reimbursement of nursing homes for the mentally ill to be shown in the proper manner. Because this amendment requires a transfer of funds, it has no effect on total expenditures or State General Fund expenditures in FY 1998.

Department on Aging:	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$(1,090,240)
All Other Funds	<u> --</u>	<u>(1,573,760)</u>
All Funds	\$ --	\$(2,664,000)

SRS:	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 1,090,240
All Other Funds	<u>--</u>	<u>1,573,760</u>
All Funds	\$ --	\$ 2,664,000

29. Disability Determination Unit and Staff Adjustments for Welfare Reform

I amend my budget to include 14.0 FTE positions and \$966,800 in federal funds in FY 1997 and 24.0 FTE positions and \$1,058,517 in federal funds in FY 1998 for the Disability Determination Unit of SRS. This request would provide the unit with authority to expend federal funds and hire additional staff so that it could administer the increased workload associated with the Supplemental Security Income Program (SSI). The SSI workload has increased because of the passage of federal Welfare Reform. The request also includes the federal funds necessary to move the Disability Determination Unit to different office space.

My amendment includes \$76,491 for salaries and wages in FY 1997 together with associated other operating costs of \$28,650. In addition, the FY 1997 estimate includes \$250,655 for consultant contracts. For FY 1998, \$605,084 is provided for salary costs and \$315,000 for consultant contracts. The federal Social Security Administration is required by the federal Welfare Reform law to become current with reviews of those people who receive SSI payments. Because the Disability Determination Unit of SRS is responsible for those reviews, the Social Security Administration has "requested" that the agency request these new positions. SRS estimates that an additional 2,900 children's SSI claims in FY 1998 would have to be processed to comply with the federal demand.

In addition, my amendment allows the Department on Aging to move into office space now occupied by the Disability Determination Unit on the 11th floor of the Docking State Office Building. In order to facilitate the move of the Disability Determination Unit from the existing space, additional federal funds of \$611,004 in FY 1997 and \$138,433 in FY 1998 are provided. The FY 1997 amount finances a new telephone system at a cost of \$141,260 and additional partitioning and equipment at \$378,000, with the balance to be used for miscellaneous moving costs. The FY 1998 amount reflects the estimated increase in the cost of rent.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>966,800</u>	<u>1,058,517</u>
All Funds	\$ 966,800	\$ 1,058,517

30. Robert Woods Johnson Foundation Grant

The Mental Health and Developmental Disabilities Program of SRS has been awarded a three-year grant totaling \$400,000 from the Robert Woods Johnson Foundation. I amend my budget for FY 1997 and FY 1998 to provide for this grant. The balance of \$220,607 will be spent in FY

1999. The funds will be used to establish pilot projects in Sedgwick and Shawnee Counties. The goals of the pilot projects are to develop service planning and service delivery models to increase individual mental retardation consumers' ability to determine and direct their own services. This project will be administered by existing staff.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>49,393</u>	<u>130,000</u>
All Funds	\$ 49,393	\$ 130,000

31. Alcohol and Drug Abuse Service--Expenditure Limitation Increases

I amend my budget for FY 1998 to increase the expenditure limitation by \$1,543,599 on the Alcohol and Drug Abuse Service Fund. The entire amount is federal grants. The increase in the expenditure limitation will allow the agency to provide additional support in federal grants to needy community programs.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,543,599</u>
All Funds	\$ --	\$ 1,543,599

32. Cashflow for Medicaid Management Information System

I amend my budget to shift expenditures of \$1,799,622 from federal funds to the Social Welfare Fee Fund (SRS Fee Fund) in FY 1997. This shift is to pay for costs related to the development of the Medicaid Management Information System (MMIS). SRS indicates that the certification of the MMIS by the federal government will begin in May, six months from the completion of the project last November. The agency also indicates that the certification process itself will take another three months. SRS states that although certification will occur, federal funding for the project at a ratio of 75 percent federal funds to 25 percent state funds will not occur until after certification. The current funding ratio is 50 percent federal funds and 50 percent state funds.

The 75 percent match was estimated when the project was first approved. However, when the project was completed in November 1996 and not in June 1996 as was originally planned, the federal share of the funding was not adjusted for the change in the completion date. The federal share of the total project will not change, but SRS states that the timing of the federal participation will change. This amendment makes available the funds necessary to pay for the completion of all but one part of the system in FY 1997. In FY 1998, the SRS Fee Fund would be completely repaid by the federal reimbursement which will be available because of the increased match rate. This

amendment requires a shift in the funding for the MMIS project in FY 1997 and does not affect total expenditures.

33. Final Payment for the Medicaid Management Information System

I amend my budget to shift \$1,299,608 in expenditures from FY 1997 to FY 1998 to make the last payment for development of the Medicaid Management Information System (MMIS) by SRS. This amount includes \$122,961 from the State General Fund and \$1,176,647 in federal funds. The agency states that this shift is necessary to provide the State General Fund resources to match the federal funds that will be available in FY 1998 because of the shift of the final payment for development costs from FY 1997 to FY 1998 to correspond with the certification of completion of the system by the federal government. The shift is also necessary to provide the resources to reimburse the contractor who is responsible for development of the systems documentation portion of the MMIS. This documentation is to be resubmitted to SRS in FY 1998. SRS rejected the version of this system that was delivered to it in FY 1997.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (122,961)	\$ 122,961
All Other Funds	<u>(1,176,647)</u>	<u>1,176,647</u>
All Funds	\$(1,299,608)	\$ 1,299,608

34. Shift in Funding from the State General Fund to the Title XIX Fund

I amend my budget to reflect an increase in receipts to the Title XIX Fund. The Department has just completed the revised analysis of the Title XIX Fund of current receipts and receivables and indicates that collections during FY 1997 have increased above amounts anticipated. This review indicates that adequate funds are available to shift \$1.0 million in expenditures from the State General Fund to the Title XIX Fund.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$(1,000,000)	\$ --
All Other Funds	<u>1,000,000</u>	<u>--</u>
All Funds	\$ --	\$ --

35. Additional Assistance for Local Juvenile Detention Facilities

I amend my budget to provide \$399,843 from the Juvenile Detention Facilities Fee Fund to finance one-time expenditures for the renovation and operation of local detention centers. The funds would be distributed to the facilities according to the licensed bed capacity of the centers. This amendment is supported by the Kansas Advisory Group on Children and Families. SRS indicates that there are sufficient balances available in the Juvenile Detention Facilities Fee Fund in FY 1997 to permit this expenditure.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>399,843</u>	<u>--</u>
All Funds	\$ 399,843	\$ --

36. Social Services to Juvenile Offenders for the Juvenile Justice Authority

I amend my budget for FY 1998 to delete 126.5 FTE positions from the Juvenile Justice Authority's budget. This would leave the agency with 25.0 FTE positions. The agency indicates that it will contract with SRS for social services for juvenile offenders so that there will be no interruption of services while the Juvenile Justice Authority develops its programs. At the same time, I also amend my budget in FY 1998 to add 142.5 FTE positions to the SRS budget. The addition of these positions will allow SRS to continue to provide social services to juvenile offenders. Therefore, SRS asks for 142.5 of the 164.5 FTE positions it deleted for FY 1998 based on the assumption that services would be provided to juvenile offenders by the Juvenile Justice Authority.

37. Year 2000 Repair

I amend my budget in FY 1997 to attribute \$1.3 million of federal funds to the additional cost that SRS would incur in FY 1997 as a result of the computer repairs necessary for the year 2000. These funds match State General Fund expenditures identified for SRS computer needs in the budget of the Department of Administration.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>1,300,000</u>	<u>--</u>
All Funds	\$ 1,300,000	\$ --

38. Caseload Adjustments

I amend my budget to reflect changes in caseloads and the cost of aid and assistance programs administered by SRS. These SRS caseload adjustments are the result of a consensus caseload estimating meeting that included the staff of SRS, Legislative Research, and the Division of the Budget.

This amendment includes total reductions of \$15,927,348 for FY 1997, of which \$5,329,905 is from the State General Fund. These reductions are the result of several different factors. They reflect a continued decline in caseloads in the Cash Assistance Program, lower than anticipated costs in the Medicaid Program, and lower than anticipated growth in the Home and Community Based Services Program. For FY 1998, I amend my budget to reflect reductions of \$23,845,723 in expenditures from all funding sources, of which \$11,327,964 is from the State General Fund. These changes reflect a decline in the growth of caseloads for medical assistance, for adult care homes, and

for community based services. The primary reason for the reduction in FY 1998 is a continued decline in the growth of the regular Medical Program and a decrease in the amount of state match for the entire Medicaid Program of .5 percent. There is also a reduction in the cost of the cash assistance programs.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (5,329,905)	\$(11,327,964)
All Other Funds	<u>(10,597,443)</u>	<u>(12,517,759)</u>
All Funds	\$(15,927,348)	\$(23,845,723)

Larned State Hospital

39. Creation of a Motor Pool Revolving Fund

I amend my budget to create a "no limit" Motor Pool Revolving Fund in FY 1998 for the Hospital. The Central Motor Pool of the Department of Administration has requested that the Hospital function as a repair facility for Central Motor Pool vehicles being leased by state agencies in the Larned area. The creation of a "no limit" Motor Pool Revolving Fund would give the Hospital the flexibility to perform the repairs and then be reimbursed by the Central Motor Pool.

Rainbow Mental Health Facility

40. Salary and Wage Adjustment

By error the agency requested only 50 percent of the salary of the Hospital's Clinical Director in its budget request for FY 1998. I amended my budget by \$33,568 to correct this error by increasing the expenditure limitation on the Title XIX Fund for FY 1998.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>33,568</u>
All Funds	\$ --	\$ 33,568

Winfield Soldiers Home

41. Financing of Veterans Home at Winfield

I amend my budget to finance a cooperative effort between SRS and the Commission on Veterans Affairs to create the Kansas Veterans Home on the campus of Winfield State Hospital. I recommend \$4.2 million in FY 1998 to begin to make the capital improvements necessary to open 401 nursing home and assisted living beds for veterans at the facility. The amendment allows the process of remodeling the facility to begin as soon as possible. It is based on a report submitted to the Legislature by a Special Evaluation and Analysis Committee consisting of four legislators and representatives of SRS, the Department of Administration, and the Department of Commerce and Housing.

The cost of converting the facility is estimated to be \$6,940,182. The conversion would be carried out in two phases the cost of the first phase is estimated to be \$2,952,382 and would place into service 105 nursing home beds and 96 assisted living apartments. The second phase of the conversion would cost \$3,987,800 and convert another 200 beds. The cost of the project is to be shared by the State of Kansas, the United States Government, and the City of Winfield. I amend my budget to appropriate \$1,700,000 from the State Institutions Building Fund (SIBF) to finance the state share of the project in FY 1998. I also amend my budget to include a transfer in FY 1998 of \$2.5 million from the Social Welfare Fee Fund (SRS Fee Fund) to a special revenue fund of the Commission on Veterans Affairs to finance a portion of the project. These funds would be transferred back to the Social Welfare Fee Fund upon receipt of federal funds for the project.

	FY 1997	FY 1998
State General Fund	\$ --	\$ --
All Other Funds	-----	4,200,000
All Funds	\$ --	\$ 4,200,000

42. Operating Expenditures

I amend my budget for FY 1998 to add \$126,500 from the State General Fund in operating expenditures and 8.0 FTE positions for the Kansas Commission on Veterans Affairs. The amount includes \$104,500 in salaries and wages and \$22,000 for utilities and communication costs. The amendment would allow the Commission to hire a superintendent and other supporting staff to begin working on the establishment of the Winfield Veterans Home in FY 1998.

	FY 1997	FY 1998
State General Fund	\$ --	\$ 126,500
All Other Funds	-----	--
All Funds	\$ --	\$ 126,500

Winfield State Hospital & Training Center

43. FTE Position Reduction Related to Closure

I amend my budget for FY 1998 to reduce 121.5 FTE positions from the Winfield State Hospital & Training Center. With this amendment, the Winfield State Hospital & Training Center will have 400.0 FTE positions for FY 1998. The Hospital is scheduled to close by December 31, 1997, and this amendment will still give the agency flexibility in meeting its staffing needs during the closure process.

44. Expenditure Limitation Increase in the Title XIX Fund

I amend my budget for FY 1998 to increase the Title XIX Fund expenditure limitation by \$100,000 and decrease the fee fund expenditure limitation by the same amount in FY 1998 for Winfield State Hospital & Training Center. The Hospital is scheduled to close by December 31, 1997, and this amendment will not change the total amounts included in my original recommendation.

Board of Barbering

45. Operating Expenditures

I amend my budget for FY 1997 to allow a \$4,617 increase in the expenditure limitation for the Board of Barbering Fee Fund. The current expenditure limitation for the fee fund is \$95,688. Unanticipated expenses resulting from additional board meetings, computer and phone repair and support, and the separation of the agency's secretary have precipitated the expenditure limitation increase. The expenditure limitation increase will allow the agency to handle these additional expenses and maintain its current service levels.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> 4,617</u>	<u> --</u>
All Funds	\$ 4,617	\$ --

Regents Institutions

46. Traditional General Fees Fund Adjustments

I amend my budget to adjust the recommended level of expenditures from General Fees Funds for FY 1997 and FY 1998 at those Regents institutions which continue to be budgeted in the traditional method. My original recommendations have been revised on the basis of the spring semester data on student credit hours and tuition receipts. The adjustments are detailed by year and by institution in the tables below. Where there is a negative number in the final column, I amend my budget to replace that shortfall with a State General Fund appropriation. A positive number

indicates a reduction in State General Fund dollars because of additional tuition revenue. The revisions reflect a total increase from the State General Fund of \$219,028 in FY 1997 and \$291,498 in FY 1998.

FY 1997:	<u>Original Recommendation</u>	<u>Revised Recommendation</u>	<u>Surplus (Shortfall)</u>
KSU--Salina	\$ 908,568	\$ 883,832	\$ (24,736)
Emporia State	7,896,991	7,916,410	19,419
Pittsburg State	9,998,736	9,940,061	(58,675)
Fort Hays State	<u>7,957,638</u>	<u>7,802,602</u>	<u>(155,036)</u>
Total	\$26,761,933	\$26,542,905	\$(219,028)
FY 1998:	<u>Original Recommendation</u>	<u>Revised Recommendation</u>	<u>Surplus (Shortfall)</u>
KSU--Salina	\$ 959,499	\$ 933,491	\$ (26,008)
Pittsburg State	10,039,191	9,909,269	(129,922)
Fort Hays State	<u>7,813,299</u>	<u>7,677,731</u>	<u>(135,568)</u>
Total	\$ 8,811,989	\$18,520,491	\$(291,498)
	<u>FY 1997</u>	<u>FY 1998</u>	
State General Fund	\$ 219,028	\$ 291,498	
All Other Funds	<u>(219,028)</u>	<u>(291,498)</u>	
All Funds	\$ --	\$ --	

47. General Fees Fund Adjustments at Tuition Accountability Universities

I amend my budget to adjust the recommended level of expenditures from General Fees Funds for FY 1997 and FY 1998 at those Regents institutions which operate under tuition accountability. My original recommendations have been revised on the basis of the spring semester data on student credit hours and tuition receipts. In addition, the estimate for the reduction in tuition revenues resulting from converting to linear tuition at KU is reduced in both years, by \$142,190 in FY 1997 and \$147,167 in FY 1998. The adjustments are detailed by year and by institution in the tables below. For the University of Kansas, Kansas State University and Wichita State University, the adjustments are not offset with State General Fund monies under the provisions of tuition accountability. The tables reflect the change in actual available revenue from the General Fees Funds. To clarify the new process, I am not revising the expenditure limitation for Kansas State and Wichita State Universities in the event revenues above the estimates are generated. The revisions reflect a total decrease from all funding sources of \$1,052,239 in FY 1997 and \$966,254 in FY 1998.

FY 1997:	Original <u>Recommendation</u>	Revised <u>Recommendation</u>	<u>Difference</u>
University of Kansas	\$ 68,515,865	\$ 68,622,423	\$ 106,558
Kansas State University	38,047,596	37,078,976	(968,620)
Wichita State University	<u>24,122,481</u>	<u>23,932,304</u>	<u>(190,177)</u>
Total	\$130,685,942	\$129,633,703	\$(1,052,239)

FY 1998:	Original <u>Recommendation</u>	Revised <u>Recommendation</u>	<u>Difference</u>
University of Kansas	\$ 71,333,988	\$ 71,473,922	\$ 139,934
Kansas State University	39,584,241	38,573,383	(1,010,858)
Wichita State University	<u>25,017,435</u>	<u>24,922,105</u>	<u>(95,330)</u>
Total	\$135,935,664	\$134,969,410	\$ (966,254)

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(1,052,239)</u>	<u>(966,254)</u>
All Funds	\$ (1,052,239)	\$ (966,254)

University of Kansas Medical Center

48. Capital Improvement Projects

I amend my budget to add two new capital improvement projects. Both projects are funded through restricted use sources and were approved by the Board of Regents after the agency's budget submission.

The first project is to construct a Center on Aging on the Medical Center campus. The proposed facility will provide a single-entry point clinic area, an auditorium for older adult and family education, a community resource center, and a wellness center, among other services for the elderly and their families. The funding for the project will be generated from a federal grant (\$4.0 million), the agency's Sponsored Research Overhead Fund (\$300,000) and \$3.7 million in revenue bond proceeds, secured by monies in the Sponsored Research Overhead Fund. The total project cost of \$8.0 million would be spent as follows: \$4.3 million in FY 1998 and \$3.7 million in FY 1999.

The second project will add space to the Medical Center's Research Support Facility. With the new programs being undertaken at the Medical Center, additional space in this building is needed. The architectural program proposes that the existing facility be expanded vertically to limit disruption of current facilities. The funding for the project will be generated by a \$1.5 million grant

from the National Institute of Health (NIH) and \$1.75 million in revenue bond proceeds, secured by monies in the institution's Sponsored Research Overhead Fund. Total project costs of \$3.25 million would be spent as follows: \$1.7 million in FY 1998 and \$1.55 million in FY 1999.

Total new space for the facilities is estimated at 68,817 square feet. Using the Regents' formula for new space, the Division of the Budget estimates that 6.0 FTE positions, operating expenditures and utilities will require total servicing costs of approximately \$275,000. It is also assumed that a portion of that cost will be offset by the razing of Hinch Hall and part of the Eleanor Taylor Administration Hall.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>6,000,000</u>
All Funds	\$ --	\$ 6,000,000

University of Kansas

49. Capital Improvement Projects

I amend my budget to authorize several capital improvement projects. All projects are funded through restricted use sources and were approved by the Board of Regents after the agency's budget submission.

The first project is to make necessary structural repairs and improvements to Memorial Stadium and Allen Fieldhouse. The total estimated cost of the projects is \$32,391,210. The projects will be funded with Kansas University Athletic Corporation funds, gifts, and revenue obligations to be issued by the Kansas Development Finance Authority on behalf of the Board of Regents. The revenue bonds will be secured with income generated by the KU Athletic Corporation from increasing athletic event ticket prices and from the rental of the private suites in the press box. The facilities will continue to be viable for many more years with the planned repairs. This project will not be included in the state budget, as the bond proceeds will not be deposited in the state treasury.

The second project is to complete renovations to the Hoch-Budig Building. The University has been specifically instructed by the Legislature not to request additional state monies for this purpose. Therefore, the University intends to locate monies from throughout its budget, including grants, gifts, the physical plant budget, the general operating budget, contracts, and fees. The project will take place over the next several years and will require up to \$6.0 million. This will allow the university to move books now stored in the J.R. Pearson Residence Hall to this building. That building needs to be vacated so it may be renovated as part of the crumbling classrooms initiative. I recommend the following appropriation be made, so that the University of Kansas may spend various monies from throughout its budget for this project:

Budig Hall Completion Fund No limit

Provided, during the fiscal year ending June 30, 1998, the director of accounts and reports shall transfer amounts specified by the Chancellor of the University of Kansas from monies available to the university, including the state general fund appropriation for operating expenditures, the general fees fund, the sponsored research overhead fund, and various monies within the restricted fees fund, including grants, gifts, contracts and fees to the Budig hall completion fund. Expenditures from this fund shall be for the completion of the shelled space in Budig hall. All expenditures for projects funded from this fund shall first be reviewed with and approved by the joint committee on state building construction.

Also, I recommend the University raze Building #17, the Blake Hall Annex. The cost of razing this building will be paid by the FY 1998 rehabilitation and repair allocation from the Educational Building Fund.

Kansas State University--ESARP

50. Additional Federal Funds

I amend my budget to reflect the latest estimates of available federal funding for programs in this agency. These additional federal funds will be offset with budgeted State General Fund monies for no net change to the agency's budget.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (340,648)	\$ (438,165)
All Other Funds	<u>340,648</u>	<u>438,165</u>
All Funds	\$ --	\$ --

Pittsburg State University

51. Operating Support for the Kansas Technology Center

I amend my budget recommendation for Pittsburg State University to concur with the Legislature in providing support for operation of the Kansas Technology Center. I am reducing \$100,000 from the State General Fund in FY 1997 and adding \$128,292 from the State General and 6.0 FTE positions for FY 1998. The request provides staffing based on 1.0 FTE position per 15,000 gross square feet of new space, which is dedicated to training in industry and technology.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (100,000)	\$ 128,292
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ (100,000)	\$ 128,292

Kansas Corporation Commission

52. Abandoned Oil and Gas Well Fund Expenditures

I amend my budget to increase expenditures from the Abandoned Oil and Gas Well Fund by \$606,000 for FY 1997 and \$206,000 for FY 1998, and to remove the expenditure limit on the fund for both fiscal years. In addition to other revenue sources, the Abandoned Oil and Gas Well Fund is credited with one-half of the revenue the state receives from federal mineral leasing royalties. At the time of budget preparation the KCC did not know the level of receipts the fund would experience from the federal mineral royalties. The agency now believes it will receive \$606,000 from the royalties annually and will expend all available monies in both fiscal years. I am also removing the expenditure limit from the fund to give the agency the flexibility to use any additional revenue from the mineral royalties or earned interest for plugging and remediation work.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> 606,000</u>	<u> 206,000</u>
All Funds	\$ 606,000	\$ 206,000

Department of Revenue

53. Corporate Tax Consultant

I amend my budget to include \$250,000 from the State General Fund for FY 1997. The funding will be used by the Department of Revenue to retain a corporate tax consultant who will review tax cases on appeal before the agency. I am further recommending that any funds remaining for this purpose at the end of FY 1997 be carried over for use in FY 1998.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ 250,000	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 250,000	\$ --

54. Expert Witness

Previously I recommended a total of \$200,000 from the State General Fund to allow the agency to retain an expert witness for a property valuation case which is currently on appeal. In my recommendation, \$100,000 was provided for each of FY 1997 and FY 1998. Additional testimony will require more time, travel, depositions and related costs beyond that which I have already recommended. I am amending my budget to provide an additional \$100,000 for FY 1997 and \$50,000 for FY 1998 to fund properly expenses related to retaining the expert witness. These funds would also come from the State General Fund.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ 100,000	\$ 50,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 100,000	\$ 50,000

Attorney General

55. Water Litigation

I amend my budget for FY 1998 to provide \$200,000 from the State General Fund for review and analysis of specific water rights compacts. These efforts are essential at this time to protect the vital natural resource interests of the State of Kansas.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 200,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ 200,000

Department of Education

56. Revised School Finance Requirements

I amend my budget to decrease funding for school finance by \$1,428,000 in FY 1997 and increase funding by \$77,050,000 in FY 1998, all from the State General Fund. Current estimates for the amount of general state aid to school districts in both FY 1997 and FY 1998 are based on the recently released final assessed valuation data and enrollment growth. My recommendation fully funds the state's commitment to base budgets of \$3,648 in FY 1997 and \$3,670 in FY 1998.

	<u>FY 1997</u>	<u>FY 1998</u>
General State Aid	\$(1,078,000)	\$ 75,922,000
Supplemental State Aid	(100,000)	1,128,000
Capital Improvement State Aid	<u>(250,000)</u>	<u>--</u>
Total	\$(1,428,000)	\$ 77,050,000

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$(1,428,000)	\$ 77,050,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$(1,428,000)	\$ 77,050,000

Adjutant General

57. Utility Expenditure Adjustment

I amend my budget for FY 1997 to allow a \$57,101 increase in utility expenditures for the Adjutant General's Department. The agency made an overall underestimation in utility expenditures at the state armories and O&M facilities. Increased funding to correct this underestimate will represent a \$57,101 State General Fund addition.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ 57,101	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 57,101	\$ --

58. Correction of Base Salary Adjustment

I amend my budget for FY 1998 to allow a \$41,195 increase in expenditures for the Adjutant General's Operational Management Program. A miscalculation of the base salary adjustment was made in calculating the salaries of the Information Technology Program employees, which were transferred from other programs within the agency. Salary estimates for these employees were based on employment for three-fourths of the year. These salaries must be annualized for FY 1998. In order to correct this, \$20,597 from the State General Fund and \$20,598 in federal funds are added.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 20,597
All Other Funds	<u>--</u>	<u>20,598</u>
All Funds	\$ --	\$ 41,195

Kansas Human Rights Commission

59. Correction of Base Salary Adjustment

I amend my budget to allow for a \$7,294 increase in salary and wage expenditures in the Compliance and Education Program in the Human Rights Commission's FY 1998 budget. An undercalculation of the 1.0 percent base salary adjustment was made in determining the amount for salaries and wages in this program.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 5,368
All Other Funds	<u> --</u>	<u>1,926</u>
All Funds	\$ --	\$ 7,294

Department of Human Resources

60. Transition to DISC for Mainframe Computer Services

Before the 1997 Legislative Session began, the State Finance Council approved the acquisition of a new mainframe computer system for the agency. This approval was contingent upon further approval from the Joint Committee on Computers and Telecommunications. The joint committee recommended that the purchase be abandoned and the agency merge its mainframe functions with DISC. I amend my budget to remove funding for the acquisition of the mainframe in FY 1997 and to provide transition costs in FY 1998 for the merger.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (21,292)	\$ --
All Other Funds	<u>(958,708)</u>	<u>400,000</u>
All Funds	\$ (980,000)	\$ 400,000

Juvenile Justice Authority

61. Community Planning

I amend my budget for FY 1998 to include an additional \$1.2 million from the State General Fund and \$800,000 from the Juvenile Justice Community Planning Fund for the Juvenile Justice Authority. A transfer of \$800,000 would be made from the Detention Facilities Fund to the Juvenile Justice Community Planning Fund to finance this change. All funding would be used to finance the community planning process for the development of a continuum of community based sanctions and

services for juvenile offenders. This funding would provide for the implementation of Substitute for HB 2506.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 1,200,000
All Other Funds	<u>--</u>	<u>800,000</u>
All Funds	\$ --	\$ 2,000,000

62. Substance Abuse Grant for Youth Center at Larned

I amend my budget to include an increase in the expenditure limitation of \$32,986 for the Department of Social and Rehabilitation Services in FY 1997 and \$134,501 for the Juvenile Justice Authority in FY 1998. This will provide the funding for the Residential Substance Abuse Treatment project at the Youth Center at Larned and is provided by the federal Residential Substance Abuse Treatment for State Prisoners grant funds. Approximately 50.0 percent of the space will be for referrals from the Youth Center at Topeka, 20.0 percent for referrals from the Youth Center at Atchison, and 30.0 percent for juveniles at the Youth Center at Larned. In addition, I amend my budget to include 5.0 unclassified temporary positions to provide professional and support staff for the project.

SRS:	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>32,986</u>	<u>--</u>
All Funds	\$ 32,986	\$ --

JJA:	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>134,501</u>
All Funds	\$ --	\$ 134,501

63. Management Information System

I amend my budget for FY 1998 to include \$1.5 million for the Juvenile Justice Authority's management information system. The funding required would \$1.0 million from the State General Fund and \$500,000 in potential federal funding provided by a federal Byrne Grant. It would provide a project plan and begin the development of the infrastructure.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 1,000,000
All Other Funds	<u>--</u>	<u>500,000</u>
All Funds	\$ --	\$ 1,500,000

64. Rehabilitation and Repair of State Youth Centers

I amend my budget for FY 1998 for the Juvenile Justice Authority to include \$1,055,200 from the State Institutions Building Fund. The funding would be used for the rehabilitation and repair of buildings at three youth centers: Atchison, Beloit, and Topeka. The projects would include renovation of restrooms and showers, the Americans with Disabilities Act upgrade of buildings, re-roofing, and an electrical system upgrades.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,055,200</u>
All Funds	\$ --	\$ 1,055,200

65. Maximum Security Planning and Other Capital Planning

I amend my budget for FY 1998 to add \$1.0 million to the Juvenile Justice Authority budget for planning associated with a maximum security/special need facility and other capital planning associated with the creation of the Juvenile Justice Authority. I recommend \$400,000 for an inventory and analysis of existing structures and planning of a youth academy from the State Institutions Building Fund. Planning for the maximum security facility would be funded by the federal Violent Offender Incarceration and Truth-in-Sentencing Incentive Formula Grant Program in mid FY 1998. The exact amount of federal funds available has not been identified but should be more than sufficient to provide \$600,000 for planning a maximum security facility. Because of the length of time needed for planning and uncertainty of the federal funding, these expenditures should be made subject to approval of the State Finance Council.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,000,000</u>
All Funds	\$ --	\$ 1,000,000

66. Incorporation of the Youth Center Budgets into the Juvenile Justice Authority Appropriation

I amend my budget by transferring the four state youth centers' budgets to the Juvenile Justice Authority section of the FY 1998 appropriation bill. Currently the budget of the youth centers are under the authority of the Juvenile Justice Commissioner but the appropriation for each of the

budgets is done separately. This amendment would place the \$24,489,930 in funding for operation of the state youth centers, recommended in *The Governor's Budget Report*, into the Juvenile Justice Authority appropriation and improve the administrative flexibility available to the Commissioner. This action would have no net effect on the state budget. The following language should be added to the appropriation bill:

Juvenile Justice Authority

(a) There is appropriated for the above agency from the state general fund the following:

Facilities operations \$23,532,007

Provided, that any unencumbered balance in each of the following accounts in excess of \$100 as of June 30, 1997, is hereby reappropriated to the facilities operation account for fiscal year 1998: operating expenditures account of the youth center at Topeka; operating expenditures account of the youth center at Beloit; operating expenditures account of the youth center at Atchison; and operating expenditures account of the youth center at Larned: *Provided, however*, That expenditures from such reappropriated balance shall not exceed \$85,627 except upon the approval of the state finance council.

(b) There is appropriated for the above agency from the following special revenue fund or funds all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Youth center at Topeka--fee fund	No limit
Youth center at Topeka--improvement fund	\$0
Youth center at Topeka--elementary and secondary education fund--federal	No limit
Youth center at Topeka--canteen fund	No limit
Youth center at Topeka--patient benefit fund	No limit
Youth center at Beloit--fee fund	No limit
Youth center at Beloit--elementary and secondary education fund--federal	No limit
Youth center at Beloit--canteen fund	No limit
Youth center at Beloit--patient benefit fund	No limit
Youth center at Atchison--fee fund	No limit
Youth center at Atchison--elementary and secondary education fund--federal	No limit
Youth center at Atchison--canteen fund	No limit
Youth center at Atchison--patient benefit fund	No limit

(c) The following amounts are included in the facilities operations account of the state general fund for the following juvenile correctional facilities and institutions, but expenditures from this account for any such juvenile correctional facility shall not be limited to, nor be required to be made in, the amount listed for the juvenile correctional facility:

Juvenile correctional facility at Topeka \$10,011,010

Juvenile correctional facility at Beloit	\$4,511,968
Juvenile correctional facility at Atchison	\$5,326,391
Juvenile correctional facility at Larned	\$3,768,265

Sec. . During the fiscal year ending June 30, 1998, the commissioner of the juvenile justice authority, with the governor's approval, may transfer any part of any item of appropriation for the fiscal year ending June 30, 1998, from the state general fund for the juvenile justice authority or any juvenile correctional facility or institution under the general supervision and management of the commissioner of juvenile justice to another item of appropriation for fiscal year 1998 from the state general fund for the juvenile justice authority or any juvenile correctional facility or institution under the general supervision and management of the commissioner of juvenile justice. The commissioner of juvenile justice shall certify each such transfer to the director of accounts and reports and shall transmit a copy of each such certification to the legislative research department.

Sec. . *Position limitations.* The number of full-time and regular part-time positions equated to full-time, excluding seasonal and temporary positions, paid for appropriations made in this or other appropriation act of the 1997 regular session of the legislature for the following agency or agencies shall not exceed the following, except upon approval of the state finance council.

Juvenile Justice Authority	711.5
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67. Federal Funding

I amend my budget for FY 1998 to include \$1,857,493 in federal Title IV-E and Medicaid funds in the Juvenile Justice Authority budget for FY 1998. When my budget was originally submitted the Juvenile Justice Authority had not yet determined whether it was eligible for these funds. Since that time the agency has determined that it will be able to receive and disburse the funds. I also approve the establishment of a "no limit" Juvenile Justice Federal Fund to allow the Juvenile Justice Authority to expend federal funding which may be received by the agency.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,857,493</u>
All Funds	\$ --	\$ 1,857,493

68. Substance Abuse Funding for Youth Centers

I amend my budget for FY 1998 to authorize expenditures of \$90,000 using funds which would be transferred from the Alcohol, Drug Abuse and Mental Health Block Grant at the Department of Social and Rehabilitation Services to the Juvenile Justice Authority. This will provide for continuation of aftercare services associated with the youth centers.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>90,000</u>
All Funds	\$ --	\$ 90,000

69. Family and Children Investment Fund

I amend my budget for FY 1998 to delete the \$975,000 originally transferred from the Corporation for Change. The funding intended for child abuse prevention and child advocates would be appropriately placed in SRS.

JJA:	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>(975,000)</u>
All Funds	\$ --	\$ (975,000)

SRS:	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>975,000</u>
All Funds	\$ --	\$ 975,000

70. Technical Adjustments

I amend my budget for FY 1998 to include the following funds be established.

Kansas endowment for youth trust fund	No limit
Juvenile justice community initiative fund	No limit
Juvenile justice community planning fund	No limit
Juvenile justice fee fund	No limit
Juvenile justice federal fund	No limit

The funds are authorized by 1997 Substitute for HB 2506. The fee funds and federal funds are necessary for the Juvenile Justice Authority to receive and expend federal funds and other revenue.

Animal Health Department

71. Operating Expenditures

I amend my budget for the Kansas Animal Health Department to increase expenditures by \$76,675 from the State General Fund in FY 1998 for the following items:

1. Replacement of the phone system--\$6,000. In February DISC advised the agency that the phone system cannot be repaired and should be replaced.
2. Administrative hearing costs--\$16,000. The agency anticipates approximately 16 additional hearings will be required in FY 1998.
3. Moving expenses--\$4,675. The agency would like to move because of heating and air conditioning and storage problems.
4. Pseudorabies Indemnity Fund--\$50,000 from the State General Fund. HB 2279, which was enrolled and presented to me March 28, 1997, requires the Livestock Commissioner to eliminate swine herds infected with the pseudorabies virus. The \$50,000 would establish an indemnity fund to enable the Commission to eliminate infected herds.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ 76,675
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ 76,675

Department of Wildlife and Parks

72. Prairie Dog State Park Repairs

I amend my budget for FY 1997 to allow a \$50,000 increase in the expenditure limitation for the Department of Wildlife and Parks Park Fee Fund. The revised limitation proposed in my FY 1997 budget is \$1,326,124. A storm at Prairie Dog State Park in October 1996, resulted in damage to a Department owned marina. The Department has received an insurance settlement to repair the damage. The expenditure limitation increase is needed to allow the Department to repair the damage and maintain service to customers.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> 50,000</u>	<u> --</u>
All Funds	\$ 50,000	\$ --

73. Repair of El Dorado State Park Bridge

I amend my budget for FY 1998 to include \$236,400 to repair the bridge at El Dorado State Park. The expenditure is financed by a transfer to the Department of Wildlife and Parks from the

State Highway Fund. An inspection in 1994 indicated that the bridge deck was in need of repair and that, if not repaired in three to five years, superstructure damage could result. This bridge provides access to all main areas of the state park.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>236,400</u>
All Funds	\$ --	\$ 236,400

Kansas Bureau of Investigation

74. Federal High Intensity Drug Trafficking Area (HIDTA) Grant

I amend my budget for FY 1997 to allow the Kansas Bureau of Investigation to receive and spend \$904,194 of federal funds for the HIDTA Program. These monies are to be deposited in the agency's federal grants fund and are to be used for the support of anti-methamphetamine proliferation initiatives.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>904,194</u>	<u>--</u>
All Funds	\$ 904,194	\$ --

Kansas Water Office

75. Consultant Study

I amend my budget for FY 1998 to include \$50,000 to allow the Kansas Water Office to contract with a consultant to conduct a study of the overall direction of the State Water Plan Fund. The expenditure is financed by the State Water Plan Fund. This study will review and provide information to the Kansas Water Authority regarding the revision of the State Water Plan Fund to allow the fund to be utilized in the most resourceful manner, ensuring that goals are properly set and performance is adequately measured.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>50,000</u>
All Funds	\$ --	\$ 50,000

Board of Technical Professions

76. Investigation Expenses

I amend my budget for FY 1997 to allow a \$15,000 increase in the expenditure limitation of the Technical Professions Fee Fund. The revised limitation for FY 1997 is \$370,977. The Board will be incurring additional expenditures because of unforeseen investigation activities and resulting disciplinary hearings. The expenditure limitation increase is needed to allow the Board to maintain services at a level that will ensure that all citizens of Kansas receive proper services from those professions regulated by the Board of Technical Professions.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> 15,000</u>	<u> --</u>
All Funds	\$ 15,000	\$ --

Kansas Department of Transportation

77. Salary Savings

I amend my budget for FY 1997 to capture \$887,234 in salary savings from the State Highway Fund in the Kansas Department of Transportation. The Department has maintained approximately 90.0 vacant positions since early January in anticipation of reducing total staff positions to meet the Governor's 1996 directive to reduce staffing levels by 5.0 percent by the end of FY 1997. The Department has not filled positions in order to reclassify some positions as needed to ensure that the proper service to Kansas citizens and state highways is maintained at acceptable levels. This action has resulted in salary savings in the current year associated with the vacant positions.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> (887,234)</u>	<u> --</u>
All Funds	\$ (887,234)	\$ --

Selected Agencies

78. Retirement Reductions

I amend my budget to reduce expenditures in various agency budgets in FY 1997 and FY 1998 to reflect savings resulting from retirement reductions. In FY 1997, savings from retirements in addition to the amounts contained in *The FY 1998 Governor's Budget Report* total \$599,659, including \$228,980 from the State General Fund. Full-year salary savings in FY 1998 for positions that were eliminated by the Retirement Reduction Committee total \$1,376,362, including \$536,571 from the State General Fund. A total of 43.8 FTE positions will be reduced for FY 1998 as a result of retirement reductions that have occurred to date in FY 1997. The amounts by agency are contained in the attachment following this memorandum.

	<u>FY 1997</u>	<u>FY 1998</u>
State General Fund	\$ (228,980)	\$ (536,571)
All Other Funds	<u>(370,679)</u>	<u>(839,791)</u>
All Funds	\$ (599,659)	\$(1,376,362)

GBAIREAL

Attachment for Retirement Reductions

	FY 1997		FY 1998		FTE
	SGF	All Funds	SGF	All Funds	
Lansing Correctional Facility	\$15,948	\$15,948	\$61,372	\$61,372	2.0
Department of Revenue	2,337	25,083	24,076	130,994	4.0
Department of Education	25,710	25,710	57,729	57,729	1.0
Human Resources	107	54,733	739	199,328	5.0
SRS	29,686	75,242	--	--	--
Youth Center at Topeka	5,256	5,256	27,414	27,414	1.0
Kansas University	19,088	19,088	61,791	61,791	3.0
KUMC	25,056	64,362	69,523	159,648	5.0
Kansas State University	35,779	71,401	68,691	139,800	5.8
KSU--ESARP	7,258	7,258	22,634	22,634	1.0
Wildlife and Parks*	12,524	12,524	49,149	49,149	1.0
Pittsburg State University	12,914	12,914	--	--	--
Wichita State University	859	859	24,558	24,558	1.0
Administration	23,335	23,335	68,895	68,895	2.0
Administration	--	--	--	--	2.0
Topeka State Hospital	2,283	17,562	--	--	--
Osawatomie State Hospital	4,786	9,572	--	--	--
Health and Environment	6,054	39,672	--	--	--
Transportation*	--	112,766	--	343,815	9.0
Agriculture	--	6,374	--	29,235	1.0
Total	\$228,980	\$599,659	\$536,571	\$1,376,362	43.8

*Part of FTE positions that have been deleted by the House for FY 1998.

APPENDIX A

RECOMMENDATIONS BY JCCT

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

Year 2000 Issue

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

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

SHARP Upgrade

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

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

Senate Ways and Means Committee

Date 4-24-97

Attachment # 9

Human Resources Mainframe Merger

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

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

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

Secretary of State Imaging Project

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

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

Juvenile Offender Management System

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

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

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

STATE AGENCY YEAR 2000 FUNDING

AGENCY ESTIMATE AND JCCT RECOMMENDATION

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

JCCT CONCURS
WITH CURRENT RESOURCES
ESTIMATE

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

APPENDIX B

RECOMMENDATIONS OF THE JOINT COMMITTEE ON STATE BUILDING CONSTRUCTION

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

Juvenile Justice Authority (JJA)

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

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

Department of Corrections

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

State Historical Society

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



State of Kansas

Office of the Attorney General

301 S.W. 10TH AVENUE, TOPEKA 66612-1597

CARLA J. STOVALL
ATTORNEY GENERAL

April 14, 1997

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The Honorable Phil Kline
State Representative, 19th District
9123 Walmer
Overland Park, Kansas 66212

Re: State Departments; Public Officers and Employees--State Fire Marshal-- Insurance Company
Fees; Expenses of Office

Dear Representative Kline:

As Chairman of the House Appropriations Committee, you inquire whether the discretionary transfers from the Fire Marshal fee fund to the State general fund found in 1997 House Bill No. 2160, section 83, violate the Kansas Constitution.

As a fee funded agency, the State Fire Marshal performs a regulatory function with moneys it collects from those who have a vested interest in the regulation. The moneys collected pursuant to K.S.A. 75-1508 fund the office of the State Fire Marshal which enforces fire codes and in turn protects the interests of the insurance companies which cover fire risks. Moneys collected for the purpose of funding the Fire Marshal's office and performance of its regulatory functions must be used for this purpose.

The state may, under its police power, reimburse itself for the cost of regulating and supervising a business or commodity by assessing the necessary expenses to such business or commodity which created the necessity for such regulation and supervision. But where a statute which purports to assess expenses of regulation and supervision shows on its face that some part of the exaction is to be used for other purposes, the police power is exceeded and the statute is void as it violates Article 11, Section 5 of the Kansas Constitution, the Commerce Clause and the Fourteenth Amendment to the United States Constitution. *Panhandle Eastern Pipe Line Co. v. Fadely*, 183 Kan. 803 (1958).

In response to *Panhandle* and the legislative need to fund supportive services provided by the State to regulatory agencies, the legislature enacted K.S.A. 75-3170 which constitutes a legislative declaration that twenty per cent of regulatory fees collected is a reasonable reimbursement for supportive state services performed for the regulatory agency and may be transferred to the State

Senate Ways and Means Committee

Date 4-24-97

Attachment # 10

general fund. *Fidelity Investment Co. v. Hale*, 212 Kan. 321 (1973) (where the court held that the payment of twenty per cent of the fees does not convert the assessment into a revenue measure in contravention of Article 11, Section 5 of the Kansas Constitution). K.S.A. 1996 Supp. 75-3170a (c) caps the twenty percent credit at \$200,000 per fiscal year.

At issue is whether the transfer of excess regulatory fees (not those charged pursuant to K.S.A. 75-3170 and K.S.A. 1996 Supp. 75-3170a) to the State general fund to be used for administrative purposes exceeds the police power of the State and is thus unconstitutional. We believe the question turns on the facts.

Section 83 of 1997 House Bill No. 2160 states:

“During the fiscal year ending June 30, 1998, the director of the budget, after consultation with the state fire marshal, may periodically certify to the director of accounts and reports amounts of money for transfer from the fire marshal fee fund to the state general fund in order to transfer moneys which are not currently needed to pay for the operations of the office of the state fire marshal. . . . All amounts transferred from the fire marshal fee fund to the state general fund under this subsection are to reimburse the state general fund for accounting, auditing, budgeting, legal, payroll, personnel and purchasing services and any other governmental services which are performed on behalf of the fire marshal by other state agencies which receive appropriations from the state general fund to provide such services. *Such reimbursements are in addition to those authorized by K.S.A. 75-3170a and amendments thereto.*” (Emphasis-added).

The transfer of \$600,000 in fiscal year 1997 and \$1,200,00 in fiscal year in 1998 which is directed under 1997 House Bill No. 2160, section 83 from the unexpended balance of the State Fire Marshal fee fund to the State general fund show on their face that the amounts transferred and appropriated are to be used to reimburse the State general fund for supportive services (generally reimbursed by K.S.A. 75-3170a) by state agencies which perform services on behalf of the Fire Marshal. The language in the appropriation mirrors that found in K.S.A. 1996 Supp. 75-3170a with regard to the services to be covered by the reimbursement. Thus it appears that either the expense of servicing the State Fire Marshal's office far exceeds the expense deemed necessary by K.S.A. 1996 Supp. 75-3170a to service other fee funded agencies, or the money transferred is being used for a purpose other than that for which it was collected. It is clearly in excess of the \$200,000 cap imposed by K.S.A. 1996 Supp. 75-3170a (c).

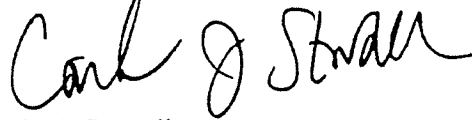
We do not possess sufficient facts to determine whether the moneys collected by the State Fire Marshal's office are actually needed to reimburse the costs of operating the office or whether the moneys collected exceed the costs necessary for its regulatory function. See *R.B Enterprises, Inc.*

Representative Phil Kline
Page 3

v. *State*, 242 Kan. 241, 248 (1987). We question, however, the need to recover significantly more from that office than from other similarly situated state agencies.

In conclusion it is our opinion that if the facts show that the amount of money transferred pursuant to section 83 of 1997 House Bill No. 2160 is needed to fund the operation of the Fire Marshal's office then the transaction is constitutional. Conversely, if the facts reveal that the amount of the transfer is not needed for that purpose, the transfer is unconstitutional. We do not, however, attempt to determine those facts, as that is beyond the scope of a legal opinion.

Very truly yours,



Carla J. Stovall
Attorney General of Kansas

CJS:GE:jm

**Kansas Department of Social and Rehabilitation Services
Adult and Medical Services**

Fiscal Considerations for Expanding the HCBS/HI Waiver

The HCBS Head-Injury Waiver was implemented in July 1991 as a way to serve the head injured population of Kansas in an appropriate setting in a cost effective manner. Before the development of the HCBS/HI program, many traumatic brain injured (TBI) consumers were receiving services out-of-state in high cost rehabilitation facilities or in nursing facilities and State Institutions for Mental Disease (IMDs). The HCBS/HI Waiver has been shown to be effective in diverting consumers from institutional settings as well as deinstitutionalization of consumers currently in the more expensive setting of nursing facilities and IMD's. Several former HCBS/HI program consumers are now employed and functioning well in their community.

This is a model waiver and therefore can serve no more than 200 consumers at a time. This number is set by HCFA for all model waivers. At this time the State budget allows for the HCBS/HI program to serve 100 consumers.

The following services are provided through the HCBS/HI Waiver:

- * Transitional Living Skills
- * Physical, Occupational and Speech Therapy
- * Drug and Alcohol Therapy
- * Cognitive and Behavior Therapy
- * Case Management
- * Medical and Nonmedical Attendant Services
- * Night Support
- * Home Modifications

This program was approved by HCFA because it is cost effective. This program also has long term effects on the TBI population. The purpose of this program is to assist the consumer to be as independent as possible. A traumatic brain injury may leave a person unemployed and in some cases homeless. With appropriate services as soon as possible following the injury, the consumer may return to be an active member of the community.

The average cost of HCBS/HI services is \$4,000 per month or \$48,000 per year. The average cost of institutionalizations is \$7,620 per month or \$91,400 per year. There continues to be the need for a limited amount of care to be provided in the institutional setting. This is currently budgeted for and is being utilized fully. In 1995, pursuant to a Legislative directive, SRS reduced the institutional program and redirected the savings to the head injury waiver. Institutional expenditures cannot be further reduced in order to provide funding for community-based services. The FY 98 Governor's Budget Recommendation is \$4,695,160 for 100 persons. There had been a waiting list of 48 persons for the head injury waiver; however, a recent survey found that many are now being served by the HCBS waiver for persons with disabilities (HCBS/PD) which was implemented January 1997. To eliminate the waiting list for the HCBS/HI program, currently at 17, would require an additional \$800,000 (\$328,000 SGF).

Senate Ways and Means Committee

Date 4-24-97

Attachment # 11

COMPARISON OF ADMINISTRATIVE EXPENDITURES WITH TOTAL OPERATING EXPENDITURES
FY 1995 - COMBINED GENERAL USE AND RESTRICTED USE FUNDS

OPERATING EXPENDITURES (1):	KU	KSU & ESARP	WSU	ESU	PSU	FHSU	TOTAL
Instruction (PCS 1.0)	\$107,647,367	\$74,748,436	\$43,403,035	\$17,922,955	\$18,680,995	\$17,522,330	\$279,925,118
Academic Support (4.0)	27,924,912	17,870,468	13,304,573	5,069,206	4,663,836	5,920,465	74,553,280
Student Services (5.0)	12,293,848	11,954,881	11,417,417	4,684,841	3,534,129	3,244,182	47,129,298
Institutional Support (8.0)	17,024,566	11,846,437	8,831,216	3,105,562	3,276,786	2,870,533	44,755,100
Physical Plant (7.0)	23,685,439	17,679,049	14,554,179	5,017,991	5,511,775	4,290,137	70,738,570
Research (2.0)	37,256,294	70,451,064	7,586,076	194,899	1,428,277	43,908	116,970,518
Public Service (3.0)	10,068,819	32,915,408	6,709,501	1,509,395	1,434,267	879,184	53,516,574
Scholarships/Fellowships (8.0)	42,390,837	12,622,409	8,960,856	5,615,654	3,996,448	3,027,064	74,613,268
Mandatory Transfers	989,438	1,233,540	348,021			112,574	2,883,573
Auxiliary Enterprises	22,330,285	19,616,261	3,135,882	2,841,394	3,189,554	3,936,757	54,850,133
TOTAL EXPENDITURES	\$301,611,805	\$270,737,953	\$114,280,756	\$45,761,897	\$45,715,867	\$41,647,134	\$819,735,412
ADMINISTRATIVE EXPENDITURES (2):							
Academic Administration (PCS 4.6)	7,558,745	5,901,804	4,527,177	1,732,779	1,435,404	1,095,444	22,251,153
Institutional Support (8.0)	17,024,566	11,846,437	8,831,216	3,105,562	3,276,786	2,870,533	44,755,100
TOTAL ADMINISTRATIVE EXPENDITURES	\$24,583,311	\$17,748,041	\$11,358,393	\$4,838,341	\$4,712,190	\$3,765,977	\$67,006,253
PERCENT OF TOTAL FOR ADMINISTRATION	8.2%	8.8%	9.9%	10.6%	10.3%	9.0%	8.2%
PERCENT OF TOTAL FOR INSTITUTIONAL SUPPORT	5.8%	4.4%	6.0%	6.8%	7.2%	6.4%	5.5%

COMPARISON OF ADMINISTRATIVE EXPENDITURES WITH TOTAL OPERATING EXPENDITURES
FY 1995 - GENERAL USE FUNDS

OPERATING EXPENDITURES (1):	KU	KSU & ESARP	WSU	ESU	PSU	FHSU	TOTAL
Instruction (PCS 1.0)	\$87,150,791	\$64,233,595	\$38,643,132	\$15,828,884	\$17,945,277	\$16,387,451	\$240,189,130
Academic Support (4.0)	23,226,068	14,531,373	10,446,070	4,547,448	4,298,021	5,327,536	62,376,516
Student Services (5.0)	7,049,594	5,493,533	4,529,610	2,834,026	2,766,020	2,346,498	25,019,281
Institutional Support (8.0)	13,787,226	9,454,814	6,197,887	2,668,368	2,975,836	2,520,488	37,604,419
Physical Plant (7.0)	21,557,446	17,468,136	11,705,072	4,803,010	5,435,701	4,220,300	65,189,865
Research (2.0)	12,957,771	28,531,405	1,199,591	38,160		20,172	42,747,099
Public Service (3.0)	2,669,243	20,492,053	978,442	248,063	193,193	121,231	24,700,225
Scholarships/Fellowships (8.0)	1,646,711	817,104	678,600	244,430	583,198	77,434	4,027,477
Mandatory Transfers							0
Auxiliary Enterprises							
TOTAL EXPENDITURES	\$170,044,850	\$181,022,013	\$74,378,404	\$31,210,389	\$34,177,046	\$31,021,110	\$501,853,812
ADMINISTRATIVE EXPENDITURES (2):							
Academic Administration (PCS 4.8)	6,384,124	5,417,799	3,097,248	1,542,453	1,412,000	1,081,889	18,935,513
Institutional Support (8.0)	13,787,226	9,454,814	6,197,887	2,668,368	2,975,836	2,520,488	37,604,419
TOTAL ADMINISTRATIVE EXPENDITURES	\$20,171,350	\$14,872,613	\$9,295,135	\$4,210,821	\$4,387,836	\$3,602,377	\$56,539,932
PERCENT OF TOTAL FOR ADMINISTRATION	11.9%	9.2%	12.5%	13.5%	12.8%	11.6%	11.3%
PERCENT OF TOTAL FOR INSTITUTIONAL SUPPORT	8.1%	5.9%	8.3%	8.5%	8.7%	8.1%	7.5%

(1) Source: FY 1997 Legislative Budget/Operating Budget Summary

(2) Source: FY 1995 Annual Financial Report

file:oadcost2

Senate Ways and Means Committee

Date 4-25-97

Attachment # 12

OFFICE OF THE SECURITIES COMMISSIONER OF KANSAS
History of Fines and Penalties Collected

<u>Year</u>	<u>\$ Amount</u>
FY 1990	175,300
FY 1991	8,765
FY 1992	12,790
FY 1993	149,240
FY 1994	524,000
FY 1995	59,000
FY 1996	67,110

Senate Ways and Means Committee

Date 4-25-97

Attachment # 13

Juvenile Justice Authority FY 1998

	Governor's Budget Amendment	FTE	House Subcommittee Rec.	FTE	Senate Subcommittee Rec.	FTE	Oversight Comm. Rec.	FTE
SRS Transfers:								
1. Administrative Services	\$ 750,765	0.0	\$ 750,765	0.0	\$ 750,765	0.0	\$ 750,765	0.0
2. Children and Family Services	12,676,317	0.0	12,676,317	0.0	12,676,317	0.0	12,676,317	0.0
Office of Judicial Admin. Transfers:								
1. Intake and Assessment	4,180,743	0.0	4,763,621 ^(a)	0.0	4,180,743	0.0	4,763,621 ^(a)	0.0
Corporation for Change Transfers:								
1. Family and Children Invest. Fund	0	0.0	0	0.0	0	0.0	0	0.0
Dept. of Corrections Transfers:								
1. Community Corrections	3,485,328	0.0	3,485,328	0.0	3,485,328	0.0	3,485,328	0.0
New Funding:								
1. Care Staff	330,633	25.0	330,633	30.0	330,633	30.0	330,633	30.0
2. Community Planning	2,000,000	0.0	2,000,000	0.0	2,000,000	0.0	2,000,000	0.0
3. Juv. Justice Commun. Init. Fund ^(b)	0	0.0	5,000,000	0.0	0	0.0	5,000,000	0.0
4. CETU/Chem. Depend.	224,501	0.0	224,501 ^(c)	0.0	224,501	0.0	1,224,501	0.0
5. Management Info. System	1,500,000	0.0	1,500,000 ^(c)	0.0	1,500,000	0.0	1,500,000	0.0
6. Rehab. and Repair	1,055,200	0.0	1,055,200 ^(d)	0.0	1,055,200 ^(e)	0.0	1,055,200	0.0
7. Planning for Juvenile Justice Fac.	1,000,000	0.0	1,000,000 ^(d)	0.0	1,000,000 ^(e)	0.0	1,000,000	0.0
8. Additional Federal Funds	1,857,493	0.0	1,857,493	0.0	1,857,493	0.0	1,857,493	0.0
9. FTE Adjustment		125.5		(121.5)		(121.5)		(121.5)
TOTAL	\$ 29,060,980	150.5	\$ 34,643,858	30.0	\$ 28,185,980	30.0	\$ 35,643,858	30.0
10. Youth Center Budget Transfers	\$ 24,489,930	561.0	\$ 24,489,930	561.0	\$ 24,489,930	561.0	\$ 24,489,930	561.0
GRAND TOTAL	\$ 53,550,910	711.5	\$ 59,133,788	591.0	\$ 52,675,910	591.0	\$ 60,133,788	591.0

- a) This includes \$582,878 State General Fund for county equalization.
- b) Money credited to the Fund shall be used solely for the purpose of making grants to communities to assist in supporting field services; case management services; and juvenile justice programs, services, and placements in the judicial district.
- c) Proviso added requiring presentation of strategic plan for the information technology system the Joint Committee on Computers and Telecommunications (JCCT) and recommendation by the JCCT for release to the State Finance Council.
- d) Proviso added stipulating expenditures are for systemwide facility review and development of a master plan and any expenditures beyond facilities review and master planning shall be reviewed by the Joint Committee on Building Construction and the Joint Committee on Corrections and Juvenile Justice for release by the State Finance Council.
- e) The Senate Subcommittee added wording to the House proviso for this item recommending exploration of privatization options.

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 4-25-97
 Attachment #14

Department of Corrections Omnibus Comparison
 (Includes Governor's Budget Amendment #2 and House Subcommittee Positions)

Capital Projects

<u>Capital Projects</u>	<u>Gov. Bud. and GBA #2.</u>	<u>Senate Position</u>	<u>House Subcommittee Position</u>
1. Norton, El Dorado, Hutchinson 550 bed expansion and SGF planning funds	GBA Item 24, \$600,946 SGF planning funds	\$676,956 SGF planning funds for alternate prison expansion plan at Norton and Hutchinson with RFP proviso on privatization	\$364,586 SGF planning for Norton
2. CIBF planning funds	\$176,010 CIBF for construction planning	\$76,010 CIBF for RFP and \$100,000 CIBF for alternate project planning	\$80,000 CIBF funding for 10 year criminal justice master plan and incarceration options planning; \$40,000 for RFP for low-cost special population 175-bed unit. Includes proviso that holds CIBF funds pending review and recommendation by the Select Committee/Joint Committee and release of funds by the State Finance Council. Further proviso reflecting the Select Committee intentions for the masterplan and study of incarceration options to provide communities and other local or not-for-profit groups with opportunities to participate
3. Norton Correctional Facility 200 bed medium custody	\$6,202,450 total cost, \$31,012 per bed; \$5,837,864 balance due	Recommended	\$6,202,450 total cost, \$31,012 per bed; \$5,057,152 federal funds; \$780,712 CIBF funding. Includes proviso that holds CIBF and federal funds release pending review and recommendation by the Select Committee/Joint Committee and release of funds by the State Finance Council
4. Hutchinson Correctional Facility 200 bed medium custody	\$7,112,715 total cost; \$35,564 per bed; \$6,700,345 balance due	Recommended	Not recommended
5. El Dorado Correctional Facility, 150 bed minimum custody	Recommendation withdrawn	Not recommended	Not recommended
6. Hutchinson 32 bed South Unit addition	GBA Item 24 adds \$227,497 CIBF in FY 1997	\$227,497 total cost; CIBF funded	\$227,497 total cost; CIBF funded in FY 1998. Includes proviso that holds CIBF expenditure pending review and recommendation by the Select Committee/Joint Committee and release of funds by the State Finance Council
7. Labette Correctional Conservation Camp expansion	GBA Item 24 adds, 100 bed expansion \$907,039, \$816,335 federal funds and \$90,704 local match for capital improvements	100 bed expansion \$907,039, \$816,335 federal funds and \$90,704 local match for capital improvements	100 bed expansion \$907,039, \$816,335 federal funds and local match of \$90,704 for capital improvements. Federal funds includes proviso that holds release of funds pending review and recommendation by the Select Committee/Joint Committee and release of funds by the State Finance Council
8. Debt service funding shift	No recommendation	Shift \$750,000 SGF funding for debt service to \$750,000 CIBF	Not recommended
FUNDING *	SGF 600,946 CIBF 403,507 Federal 5,873,487 Local 90,704 <u>Debt 7,481,057</u> Total 14,449,701	SGF 676,956 CIBF 403,507 Federal 5,873,487 Local 90,704 <u>Debt 7,481,057</u> Total 14,525,711 (excluding debt shift)	SGF 364,586 CIBF 1,128,209 Federal 5,873,487 Local 90,704 <u>Debt 0</u> Total 7,456,986

*All funding except Nos. 1 & 2 are FY 1998

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Attachment # 15

15-2

Other Omnibus Items

Gov. Rec and GBA #2

Senate Position

House Subcommittee Position

- 1. Half-way House Beds (Senate Rec.) Not recommended Add \$284,700 SGF for beds in southern parole region Not recommended
- 2. Community sex abuse and substance abuse (Senate Rec.) Not recommended Add \$100,000 SGF for expanded funding Not recommended
- 3. Labette Camp salary increase (Senate Rec.) Not recommended Add \$35,000 SGF for staff salary enhancements Not recommended
- 4. 5 percent FTE reduction (House Rec.) No recommendation No recommendation Delete 14.0 FTE and \$442,652 SGF
- 5. Community Corrections (House Rec.) No recommendation No recommendation \$700,000 SGF for community corrections enhancements pending review and recommendation by the Select Committee/Joint Committee and release of funds by the State Finance Council
- 6. Visitor Center Funding (House Rec.) Not recommended Not recommended Funding of visitor centers from the inmate benefits funds. Proviso to KDOC fund to pay for Norton and Ellsworth visitors' centers and administrative costs, \$119,029; proviso to Lansing fund for \$46,657; proviso to Hutchinson fund \$47,388; funding is from ending balances

FUNDING

SGF 419,700

SGF 257,348
IBF 213,074

GBA #2 Items

Gov. Rec and GBA #2.

Senate Position

House Subcommittee Position

- 1. Item 24 – Expansion See: Capital Projects Do not concur, in part
- 2. Item 24 – Topeka Correctional Facility Add 5.0 FTE and 147,000 SGF in FY 1998 Concur with GBA
- 3. Item 24 – Labette Operating Expenditures Add 262,500 SGF in FY 1998 for operating expenditures Concur with GBA
- 4. Item 24 –Create no-limit federal fund for prison expansion Concur with GBA
- 5. Item 25 –Health Care Contract Savings Reduce FY 1997 SGF by \$51,000 due to savings Concur with GBA
- 6. Item 26 – El Dorado Replacement Utilities Establish bonding authority through KDFA for replacement costs of \$5,637,316. A Proviso would place any funds gained in lawsuits to return to the debt payment fund Do not concur with bond funding. Add \$1,800,000 SGF in FY 1997 and \$3,837,316 SGF in FY 1999. Proviso that any recovered funds revert to the general fund*

* Joint Committee on State Building Construction recommends PMIB loan

**Community Developmental Disability Organization (CDDO)
 Costs of Implementing Developmental Disabilities Reform (DD Reform)
 All Costs (*New \$ **Re-Allocated) Presented as Reported by Each CDDO**

	COSTS		
	New	Reallocated	Total
DD Reform Categories:			
Single Pt Entry/App/Referral	\$370,828	\$219,409	\$590,237
BASIS Maintenance	\$373,149	\$177,934	\$551,083
Uniform Access	\$0	\$0	\$0
Quality Enhancement	\$0	\$58,558	\$58,558
Quality Assurance	\$173,604	\$223,147	\$396,751
Cont/Portability Services	\$58,191	\$4,097	\$62,288
Gatekeeping	\$162,777	\$137,491	\$300,268
Waiting List Maint	\$63,535	\$0	\$63,535
Council Comm Members	\$161,948	\$113,703	\$275,651
Dispute Resolution	\$94,269	\$39,882	\$134,151
Fiscal Mgmt	\$119,382	\$93,470	\$212,852
Ann Budget Planning Rprt	\$44,286	\$15,930	\$60,216
CSP Subcontracting	\$375,755	\$187,056	\$562,811
DD Info Request Info	\$142,594	\$61,055	\$203,649
Other	\$34,489	\$22,776	\$57,265
***Total	\$2,174,807	\$1,354,508	\$3,529,315
Expense Categories:			
Staff Salary/taxes/insur/fringe	\$1,522,904	\$1,225,782	\$2,748,686
Staff Devlpmt/Travel	\$101,150	\$22,322	\$123,472
Rent/Property	\$60,646	\$35,910	\$96,556
Utilities	\$37,483	\$27,708	\$64,928
Equipment	\$137,587	\$38,888	\$176,475
Supplies	\$64,161	\$15,030	\$79,191
Public Relations	\$40,182	\$19,502	\$59,684
Legal	\$48,290	\$554	\$48,844
Other	\$106,464	\$58,805	\$165,269
***Total	\$2,118,867	\$1,444,501	\$3,563,105

*# 3M last year
 for DD Reform
 (Sen. Petty's)
 a memorandum*

*New Costs - Those additional costs which CDDOs incurred as a result of DD Reform responsibilities (e.g.: hiring new staff, purchasing new equipment)

**Re-Allocated Costs - Those costs associated with CDDO responsibilities attributed to DD Reform activities from pre-existing costs

***Ideally, these totals should be equal. However, some costs reported by CDDOs fell outside those attributed to DD Reform pursuant to K.A.R. 30-64-01 et seq. Costs which were outside of DD Reform Category costs are included in Expense Categories but cannot be accurately adjusted by MH&DD to precisely match DD Reform Category Costs

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Date 4-25-97

Attachment # 16

Employee Benefits Package

\$1,000,000	SGF	Appropriated by the 1996 Legislature
<u>(666,100)</u>	SGF	FY 1997 expenditures for TSH (included in budget)
\$ 333,900	SGF	Reappropriation to FY 1998
262,950	Title XIX	Expected Title XIX match
<u>(876,500)</u>	SGF	FY 1998 expenditures for WSH&TC
\$ (279,650)	SGF	Total shortfall in FY 1998 for employee benefits

ESTIMATE OF EMPLOYEE BENEFIT COSTS RELATED TO CLOSURE

17-2

	Employees	Cost	FY 97 Cost	Employees	Cost	FY 98 Cost	Combined Costs	Leg. Estimate
Moving Expenses								
TSH	0	2,000	0	0	0	0		
WSH&TC	0	2,000	0	5	2,000	10,000		
Subtotal			0			10,000	10,000	None - Supplemental
Term Life 24 mos								
TSH	2	45,000	90,000	0	0.00	0		
WSH&TC	0	0	0	3	45,000	135,000		
Subtotal			90,000			135,000	225,000	20,000
20% Sick Leave								
TSH	275	1,150	316,250	0	0	0		
WSH&TC	0	0	0	350	1,150	402,500		
Subtotal			316,250			402,500	718,750	992,942
Six Mo. Health Ins.								
TSH	275	944	259,600	0	0	0		
WSH&TC	0	0	0	350	1,035	362,250		
Subtotal			259,600			362,250	621,850	1,454,082
Direct Care Bonus Paym.								
TSH	150	2,110	316,500	0	0	0		
WSH&TC	0	0	0	175	2,110	369,250		
Subtotal			316,500			369,250	685,750	1,377,728
Grand Total			982,350			1,279,000	2,261,350	
Less Funding from State Leave			(316,250)			(402,500)	(718,750)	
Payment Reserve Fund								
Estimated Cost of Benefits - All Funds			666,100			876,500	1,542,600	2,831,810
SGF (See Note 1)			666,100			876,500	1,542,600	2,347,019

Notes:

1. Six months health insurance costs are based on a new estimate of \$944 instead of the \$1,246 utilized last year by Legislative Research.
2. Life insurance benefits, under the self-insured program, estimates 5 deaths over the period of time at an estimated payout of \$45,000 for each occurrence.

04/07/97

SUBCOMMITTEE REPORT

SRS/MHDD Community Developmental Disabilities Services

The following issues and questions were addressed by the Subcommittee with representatives from SRS and community developmental disabilities services organizations:

Community Services Waiting Lists and Costs to Serve

1. Are SRS's contracts with the Community Developmental Disabilities Organizations (CDDO's) entitlements because they require the CDDO's to serve all developmentally disabled persons who seek services?

SRS does not consider the contract provisions entitlements to services because they are only agreements for one year and are subject to change at the end of the year. Funding would be renegotiated based on the amount needed to serve all of the people seeking services.

2. Is there a certain amount of money allocated to each CDDO's?

There is a negotiation process to determine what reasonable costs are for projected numbers of people seeking services. Contract negotiations can be very contentious with regard to the projected numbers to be served and what the costs will be to serve those persons.

3. Was the cost estimate for persons anticipated to need services by the end of FY 1998 (including those currently being served and those leaving state hospitals) submitted by SRS arrived at in conjunction with the CDDO's?

Yes, CDDO's were asked to submit the numbers of people actually being served and the names of others they know of who need services. These numbers do not include persons who are unknown to the CDDO at the time of the survey (e.g. persons who do not know about the services). When the caseload estimates are done for the HCBS/MR waiver there may be other considerations factored in such as Legislative actions, federal changes, economic factors, etc.

4. Are there levels of funding connected to a specific level of retardation/disability or do CDDO's have flexibility in choosing services and funding those services?

SRS responded that they use tiered rates when specific wishes on the part of the consumer or family are unknown. These rates are based on diagnostic information. If the persons wishes are known SRS and the CDDO's negotiate for the costs of the services needed. The provisions of DD Reform specify that the consumer or their family/guardian has the final say on what services are received.

The Subcommittee believes the dispute over DD Reform funding involves whether the CDDO's are allowed flexibility on which services to provide and whether there is enough flexibility in funding. SRS believes that Medicaid waivers they are seeking from HCFA will allow the CDDO's more flexibility. Also, SRS indicated that if the CDDO's are anticipating a shortfall in funding there is an opportunity to reallocate funding between CDDO's. In any given year, some CDDO's will have shortfalls and so will have excess funding.

5. Did all CDDO's respond to the survey regarding the number of people to be served and the costs for providing those services?

All 28 CDDO's responded to the survey but that Sedgwick county reported no waiting list. According to SRS, the method used for counting people to be served is left to the individual CDDO's. The level of sophistication in seeking out names of persons who might seek services varies between the CDDO's.

Should we be skeptical that Sedgwick county did not project any waiting lists or additional people needing services?

Representatives from the community indicated that Sedgwick county did not feel it could not report reliable numbers on persons seeking services in the time allotted to respond to the survey and therefore, did not submit its estimates.

The Subcommittee notes that they also received information that estimates on people to be served were much lower when actual names were requested as opposed to when specific names were not requested. The Subcommittee also notes that the estimates could be affected by the timing of the request at the end of the fiscal year and that better numbers could be available in October.

6. Did SRS use the waiting list numbers provided by the CDDO's in projecting the number of people who would need services by the end of FY 1998 and the costs related to providing those services?

SRS responded that it had used the numbers reported by the CDDO's in a survey sent out to all of the CDDO's in March. SRS did note that those number were not used in the consensus caseload estimated process. Also, SRS did indicate that the consensus caseloads will be revised in October and that funding would be adjusted if the estimates indicated it would be needed. The community and SRS agreed that the caseload estimating process has improved a great deal but that it is still difficult to get numbers from school districts regarding the number of DD youths graduating from special education programs who may seek services. Not all persons graduating from these programs will seek services.

DD Reform Funding

1. What is SRS's current estimate of the cost to the CDDO's of implementing the provisions of DD Reform?

SRS's current estimate based upon surveys sent to all of the CDDO's is \$3.5 million. These estimates are based on actual current costs and are a "snapshot in time" of the costs. SRS indicated that these costs could change as the CDDO's continue with the implementation process. The cost submitted by the community representatives in \$4.7 million.

2. What would account for the difference in the amounts?

The SRS survey asked for a breakdown of actual current costs but the community's estimate is based on cost projections. Also, there are some functions such case management which the CDDO's included in their costs but SRS does not include.

3. What is included in the current year's budget for DD Reform implementation costs?

\$3.0 million was added to the FY 1997 budget and is built into the base for FY 1998. This money could be used for DD Reform costs.

The Subcommittee discussed the origins of the \$3.0 million in the current budget. The proviso in the 1996 Session Laws for SRS prescribes the formula for allocated the \$3.0 million and provides that DD Reform costs are one of items which could be funded out of this money. The money was distributed based on numbers of people served and needs of the CDDO's.

The Subcommittee noted that the \$3.0 million is now being used to fund the implementation of DD Reform but questioned whether the Legislature should appropriate money to cover service costs that could have been paid for with the \$3.0 million. The community indicated the HCBS/MR waiver funding is now the main funding stream and that it had increased dramatically in the last two years. However, the community notes that discretionary funding has decreased. SRS agrees that non-HCBS discretionary money has not increased and has decreased in some funding streams. SRS also agrees with the community that there are costs and services that the CDDO's cannot fund with HCBS/MR waiver money.

4. According to the SRS estimate of \$3.5 million for DD Reform costs, an additional \$500,000 would be needed to fund DD Reform. Is this true?

SRS responded that the costs for DD Reform are still only an estimation and that the costs could grow above the current estimate.

5. Are the rules and regulations developed by SRS excessive?

Rules and regulations developed by SRS for the implementation of the DD Reform Act went into effect in July and August of 1996. The Subcommittee notes that all of these requirements went into effect at the same time.

Representatives responded that while the rules and regulations connected with DD Reform will probably help to build a better system, some areas are overburdensome (e.g. medication management and quality assurance). The testimony presented indicated that a major factor in the cost of DD Reform implementation is that all of the regulations came at one time instead of being phased in over time. The regulations are not misplaced or bad but the expectation of immediate implementation has been overwhelming. One representative indicated that the costs of DD Reform implementation were not fully understood at the time the Act was discussed.

3. Will the costs for implementation of the rules and regulation related to DD Reform implementation continue over time?

The community responded that with one more full year of experience there should be a much better understanding of the costs involved. The community also indicated that they expect the costs to decrease over time. In addition, information currently being provided to the public by SRS regarding DD service availability will probably increase the number of people coming in for services.

Conclusions and Recommendations

The Subcommittee makes the following conclusions and recommendations::

1. **Rules and Regulations:** A major factor impacting the cost of the implementation of the rules and regulations for the DD Reform Act is that all of the requirements were implemented at one time instead of being phased in over time. CDDO's have had to add staff and make other adjustments because of the time pressures put on them by the rules and regulations.
2. **Cost Estimates:** There is approximately \$1.2 million in dispute for DD Reform implementation costs. SRS estimates the cost for implementing DD Reform is \$3.5 million based on a survey sent to CDDO's in March. The community estimates the costs at \$4.7 million. Of the \$3.5 million estimated by SRS, \$2.1 million represents new costs.
3. **Reasons for Cost Estimate Differences:** There are two main reasons for the difference between cost estimates for DD Reform implementation by SRS and the community. The first is that the SRS estimates are a picture in time of actual current costs and the community estimates are a projection of anticipated costs. For example, if the CDDO had to hire an additional staff person in the middle of the year, the SRS estimate would only show the salary for a half year but the CDDO's projections would annualize the cost of the salary. The second is that there are certain costs such as case management which the community includes as DD Reform costs but SRS does not.
3. **Cost Estimate Projections:** Costs for the implementation of DD Reform provisions will be clearer with another entire year's experience. Also, the costs will stabilize after that period and possibly diminish.
4. **Caseload Estimates:** Caseload estimates are based on actual numbers of people receiving services and not projections. Also, the estimates will be revised in October at which time funding adjustments will be requested if necessary.
5. **FY 1997 Funding:** The \$3.0 million put into the SRS FY 1997 budget in Omnibus last legislative session has largely been used for DD Reform implementation costs. This same amount is built into the base for FY 1998.
6. The Subcommittee recommends that \$500,000 SGF be added to the SRS-MHDD budget to finance DD Reform costs. As much as \$1,000,000 SGF may be needed in anticipation of adjusted caseloads and supplemental requests next legislative session.

The Future Use of Topeka State Hospital

April 25, 1997

Prepared for
Secretary Rochelle Chronister

by
Evaluation and Analysis Committee

Senate Ways and Means Committee

Date 4-29-97

Attachment # 19

INTRODUCTION

This report provides recommendations for the future use of Topeka State Hospital (TSH). The Evaluation and Analysis committee for Request for Proposal 32190 makes the following recommendations to the Secretary of Social and Rehabilitation Services(SRS).

Background

The 1995 Legislature created the Hospital Closure Commission to make binding recommendations to the 1996 Legislature. This Commission was to look at the need for the State of Kansas to maintain seven state hospitals, four mental health facilities and three developmental disability facilities. The Commission recommended that the State close two hospitals, Topeka State Hospital and Winfield State Hospital and Training Center and that the hospitals close no later than December 31, 1997.

The Closure Commission stated the following guiding principles:

- ◆ The welfare and safety of the clients should be the primary consideration of all decisions made throughout the closure process;
- ◆ The State should assist the employees of the hospitals to ensure appropriate care of patients through closure and assist those employees as they seek other employment;
- ◆ The State should consider the economic impact of closure on the two communities as it considers alternative uses for the closed facilities.

The 1996 Legislature upheld the findings of the Hospital Closure Commission. In addition, the 1996 Legislature passed House Substitute for SB 388 which provided an enhanced severance package for those hospital employees who remain with the state hospital until closure. The House Appropriations Committee placed a proviso on the 1996 budget bill that required the Department of Social and Rehabilitation Services to seek approval from the Legislature before disposing of either State Hospital.

Evaluation and Analysis Committee

In August of 1996, the Secretary of SRS began exploring options to look at alternative uses for Topeka State Hospital and Winfield State Hospital. After

consulting with the Governor's Cabinet Commission on Closure, the Secretary initiated Request for Proposal(RFP) 32190. The department went through the normal RFP process with one exception. The normal process creates a 3-person Procurement Negotiating Committee to evaluate the bids that are received. SRS, with the approval of the Governor and the Legislative Leadership, created an 8-person Evaluation and Analysis (E&A) Committee. The committee is made up of the following members or their designees:

- The Secretary of SRS
- The Secretary of Commerce and Housing
- The Secretary of Administration
- The Division of Purchasing
- Senate President
- Speaker of the House
- Senate Minority Leader
- House Minority Leader

The designated members of the committee are:

- Michael Hutfles, SRS (Chairman)
- Randy Speaker, Commerce and Housing
- Jeff Wagaman, Dep't of Administration
- Fran Welch, Division of Purchasing
- Senator Ben Vidricksen
- Representative Brenda Landwehr
- Senator Janis Lee
- Representative Henry Helgerson

The Secretary felt it was very important that the Legislature be involved in this process. Any decision that this committee makes will need the support of both the Executive branch and the Legislature. We are pleased that the Legislative Leadership agreed to join us on this decision making process.

RECOMMENDATIONS

The Evaluation and Analysis Committee makes the following recommendations concerning the next use of Topeka State Hospital:

1. The State should accept the proposal from USD 501(attachment A) with the following modifications:
 - ▶ USD 501 will purchase Capital City High for \$1,075,200 on a 10 year contract at 6% interest rate. This amounts to approximately \$140,000 per

year for 10 years.

- ▶ The state will continue to provide power and heat from the power plant for up to 14 months. The school district will pay a fair market rate for these utilities. This 14 month window will allow Capital City to become self-reliant for power and heat.
- 2. The State should reject the proposal from Health Resources(attachment B). Although the purchase offer of \$7.6 million does look attractive, the deductions within the proposal significantly reduce the purchase offer. In fact, depending on the unknown costs of some of the deductions requested by Health Resources, this proposal could cost the State money.
- 3. The State should reject the proposal from Main Street Investors, LLC(attachment C). The Committee endorses the concept that the taxpayers of Kansas and of Topeka will be far better off if the Topeka State grounds are put back on the tax rolls. The State may choose to work with Main Street at a later time.
- 4. The State should reject the proposal from the City of Topeka at this time. No member of the committee believed it was in the best interest of the State to “give away” the entire campus. On April 16, a three-member subcommittee met with Mayor Wagnon to discuss the City’s proposal. After the City reaffirmed its proposal, the subcommittee countered with an offer to give the City the state hospital buildings included in the City’s proposal and the land immediately around those buildings. The City rejected the counter-offer.

The Mayor and the subcommittee discussed the following:

- a. It would not be fiscally prudent for the City to accept the State’s counter-proposal. The City taxpayers would be asked to pay for the renovation of the buildings because the not-for-profits agencies may not have the resources.
- b. If and when it is possible, the majority of the Topeka State Campus should be back on the tax rolls.
- c. The State and the City of Topeka should continue to work together on the future use of the Topeka State property. If this endeavor is to be successful, the City and State will have to work together on all possible development activities.
- d. A priority of both the City and the State should be the retention of State employees in the downtown/State Capitol corridor. In addition, those State

agencies that are located in other areas of Topeka should look at consolidating closer to the Capitol as space becomes available.

OTHER RECOMMENDATIONS

The following recommendations are not tied specifically to any of the proposals received through the RFP process. They are intended to give the Governor and the Legislature a possible course of action for the remainder of the Topeka State Hospital Campus.

1. The State should end all negotiations on RFP #32190. The Evaluation and Analysis Committee has completed its work on RFP #32190 at this time. The Committee has accepted one proposal and has rejected three others regarding Topeka State Hospital and has completed its work with Winfield State Hospital and Training Center.
2. The Legislature, through proviso, should create a fund for payments received from USD 501 with the necessary spending authority related to the future use and maintenance of the Topeka State Hospital campus. All expenditures related to the sale, transfer or lease of the property should require Finance Council approval.
3. The Executive Branch and the Legislature should ask the appropriate Cabinet Secretary to reappoint the Evaluation and Analysis Committee to continue its work concerning the future use of the property at Topeka State Hospital. The combination of Legislators and Executive Branch members should be retained. The Mayor of Topeka, or her designee, should also be a member of this committee. The Committee should report its progress to the Interim Budget Committee and prepare a report for the 1998 Legislature. Any selling, conveying, leasing or otherwise disposing of the Topeka State Campus or Winfield State Hospital and Training Center should require Finance Council approval.
4. The State should consider contracting with a real estate consultant to develop a comprehensive development plan for the Topeka State Campus. Any attempt to sell this large a property, as is, may result in undervalued sale prices. Both the City and the State would lose in that scenario. The State would receive pennies on the dollar for the asset. The City would still control zoning issues and the issuance of building permits, but it would have little control over who would develop the campus or how it would be developed. Both entities will have to work together for this project to succeed.

5. The Secretaries of Agriculture, Corrections, and Social and Rehabilitation Services should begin exploring options to move their operations off the Topeka State Campus. This will achieve two objectives: 1) The value of the campus should increase, thus more property can be placed back on the tax rolls; 2) The consolidation of SRS could provide a boost to downtown Topeka.
6. The Governor's Budget Amendments released on Thursday, April 24, recommends that the Secretary of Administration take over operations at Topeka State on July 1, 1997.

**Phase II Proposal
for
Acquisition of the Karl Menninger Education
and Activity Center
and the School Shop**

Proposal No. 32190

Phase II Proposal

**Submitted by:
Dr. Jeffrey W. Weaver
Superintendent of Schools
Unified School District No. 501
Topeka Public Schools
624 West 24th Street
Topeka, Kansas 66611**

April 4, 1997

3.2 Proposer's Qualifications

- a. USD No. 501 is a local educational agency formed in 1869 to provide education for school-age children.
- b. The Topeka Public Schools maintain the status, privileges, and responsibilities of a Kansas unified school district whose Board of Education acts on the authority given it by Kansas Statutes.
- c. USD 501 is a governmental agency and has no partners.
- d. USD 501 is an educational agency and has no other lines of business.

3.3 A Description of the Proposer's Qualifications and Experience with Similar Projects.

The Topeka Public Schools have provided educational programs for school-age children in Topeka since 1869. The Topeka Public Schools provide educational services in 44 facilities with 1237.8 teachers, 729.8 classified personnel, 52 campus administrators and 29.5 central administrators. Approximately 14,500 students are enrolled in the Topeka Public Schools educational program. Special education services have not only been provided at the local level, but also for the Kansas Department of Social and Rehabilitation Services at the Topeka State Hospital. Since 1965, the Topeka Public Schools have contracted for the operation of the special education school program at Topeka State Hospital. The Topeka Public Schools continue to administer the program and maintain all standards of accreditation and program accessibility. The students served in the program range in age from five through twenty-one years and the majority are diagnosed as individuals with behavior disorders. Additional programs have included the Comprehensive Evaluation and Treatment Unit for youth and contractual services with surrounding school districts for low-incident students. Approximately forty-nine certified staff, twenty-two paraprofessionals, one security officer, one bus driver, two secretaries, one food service worker, one-half time nurse, and a bookkeeper are assigned to the present program.

3.4 Detailed Description of the Phase II Concept Proposal.

- a. USD No. 501 desires to continue providing educational programs for school age children with behavior disorders on the campus of the Topeka State Hospital. Specifically the district is interested in the Karl Menninger Education and Activity Center (Building I.D. No. 20), the School Shop (Building I.D. No. 19) and approximately 12.35 acres of grounds including the above buildings, and the south parking lot (See Attachment A). These buildings are located on the Topeka State Hospital campus.

b. The local school district is mandated by State and Federal regulations to provide appropriate special educational services. The cost of educating school-age patients is presently the responsibility of the Topeka State Hospital. When the hospital closes, this responsibility will shift to the local school districts. This funding shift from Social and Rehabilitation Services to USD 501 will have a dramatic financial impact on the education budget of the local school district. Acquisition of the Karl Menninger Building would assist USD 501 in meeting this new responsibility to educate students previously funded through the Topeka State Hospital budget. The Karl Menninger Building was specifically designed to serve students with emotional and behavior needs.

While it is recognized that Topeka State Hospital serves students from districts other than USD 501, it is suspected that students and families from rural areas are going to gravitate to communities where they can receive both mental health and education services. As the Topeka community increases its mental health and education services to meet the needs of patients formerly served by the Topeka Hospital, more families will depend on the Topeka community to provide appropriate services. Surrounding school districts are already contacting USD 501 to inquire about the possibility of continuing educational services at Capital City Schools for school-age students who will reside in their community after they are discharged from the Topeka State Hospital.

Capital City Schools consists of fully accredited K-12 educational programs designed to meet the needs of school age students from the community who are diagnosed as behaviorally and educationally unable to function in a regular public school setting. The educational programs include Capital City High/Middle/Elementary School, Homebound classes, Satellite classes, Intervention Interval Program and Cluster classes. The major premise of Capital City Schools is that a child of school age with behavior problems should not be deprived of an opportunity to continue with his/her education. The educational programs are staffed with faculty certified in their academic content fields as well as trained and certified in special education. The educational programs are operated under the administration and guidance of a principal and assistant principal with qualifications in special education. The school presently operates officially under the aegis of USD #501 by contractual arrangements between the Topeka State Hospital, the Comprehensive Evaluation and Treatment Unit, and the local school district. The district proposes to utilize the buildings and the surrounding land to provide specialized education services for school age students with behavioral disorders.

c. Unlike other agencies seeking facilities at the Topeka State Hospital, Capital City Schools is presently located on the grounds of the Topeka State Hospital. If USD 501 is not successful in acquiring the Karl Menninger Education and Activity Center and the School Shop Building, the program will need to be located in other facilities. Therefore, USD 501 is requesting continuing occupancy. Topeka Public School proposes to continue to occupy the Karl Menninger Education and Activity Center Building, the School Shop Building and approximately 12.35 acres of land adjacent to the subject property through a purchase agreement.

d. The Topeka Public Schools has the following expectations of the State:

(1) If the district is successful in purchasing the Karl Menninger Education and Activity Center, it will be necessary to continue to utilize the power plant for heat for up to twelve months.

(2) USD 501 will need access to the Karl Menninger Education and Activity Center and School Shop buildings from Center Building Drive which is on the Topeka State Hospital campus. USD 501 requests the egress road which now exits onto sixth street from the Karl Menninger Education and Activity Center parking lot.

(3) That all fixed assets, including fixtures and all equipment, not currently owned by USD No. 501, remain with the facility and grounds as part of the purchase agreement.

e. USD 501 seeks ownership of the property by warranty deed. The property should be surveyed.

f. The Topeka Public Schools presently maintains its 44 facilities by a central service staff. The District would incorporate the Karl Menninger Educational and Activity Center and the School Shop into its comprehensive, district-wide building maintenance planning schedule. This maintenance schedule is supported by a team of professionals skilled in the trades necessary to maintain and support the buildings and grounds.

3.5 Payment

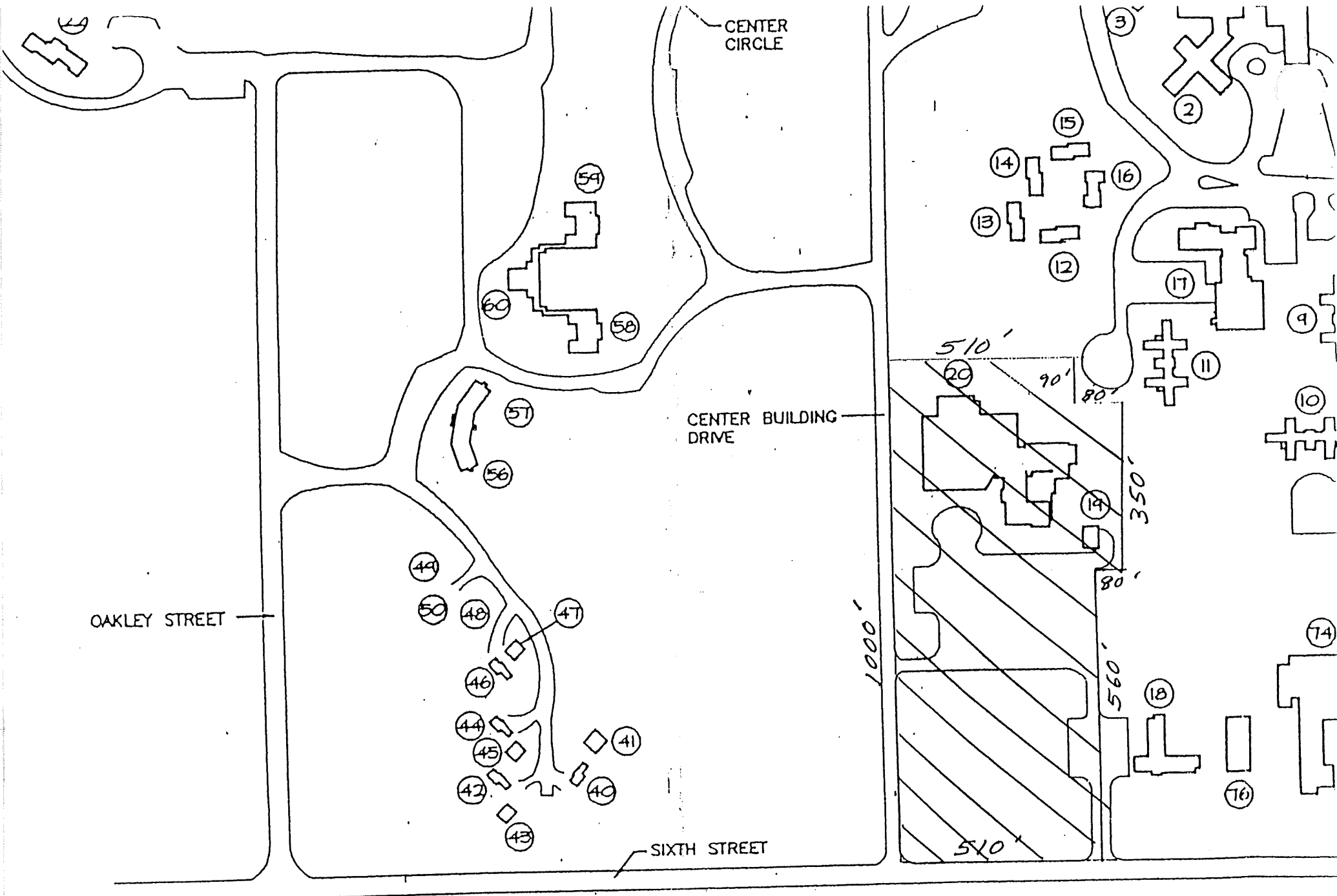
USD 501 does not make this offer lightly. The Mental Health Reform Act emphasizes a shift from institutional to community-based mental health care. For the many children and adolescents served by Topeka State Hospital this means a comprehensive expansion of community services. One constant in the lives of every child whether in an institution or living in the community, is education. Once the Topeka State Hospital closes, Capital City Schools will continue to operate as it has--serving the same student population it

always has served. As a political subdivision of the State of Kansas, USD 501 has been serving the educational needs of children and adolescents with serious emotional disturbance at the Capital City Schools program for the past 32 years. In a proactive effort to effectively plan for the shift from institutional to community-based mental health care, Capital City Schools and Family Service and Guidance Center designed and implemented a Day Treatment Program at the school, which provides mental health community based services for students. In effect, the sale of Capital City Schools site to USD 501 can be seen as retaining a portion of the Topeka State Hospital campus for continued use by the State of Kansas, which has chosen to deliver mental health services at the local level.

Should USD 501 acquire ownership of the Capital City Schools site, it is currently estimated that in excess of \$400,000 will need to be expended to make repairs, add a boiler, change electrical service, conform with requirements of the ADA, change the telephone system, and to transport students. Unfortunately, these expenditures will divert capital improvement funds otherwise intended to maintain our other buildings.

Therefore, USD 501 offers the following proposal:

- A. USD 501 requests continued occupancy of the building from June 1, 1997 until the completion of the sale.
- B. USD 501 will make payment of \$275,000 on June 30, 1997 for a clear title to the Karl Menninger Educational and Activity Center, the School Shop, all fixed assets, including fixtures and equipment, and the 12.35 acres.
- C. USD 501 requests continued utilization of the power plant for up to fourteen months beginning June 1, 1997. USD 501 will reimburse the State for the power used until a conversion is accomplished.



21-61

TOPEKA STATE HOSPITAL CAMPUS - SITE PLAN

health resources®
5505 N.W. Fox Hill road
Kansas City, MO 64152-3427
Fax: (816) 531-4470
(816) 5870920

Office of the Chairman

Friday 04 April 1997
Delivered by hand

Kansas Division of Purchases
Attention: Frances Welch, Procurement Officer
Proposal # 32190-Phase II
Closing: April 4, 1997
900 SW Jackson Street, Room 102 N
Topeka, Kansas

Dear Ms. Welch:

I am pleased to submit 15 copies of our Phase II response to the above referenced Request for Proposals.

Sincerely,



Ronald L. Hammerle
Chairman and Chief Executive Officer

Enclosed: 15 copies, sealed, and hand delivered on this date.

Financial Summary of Health Resources' Proposal

I. Purchase

Purchase offer \$ 7,600,000

Less deductions for the following property exclusions:

1. The independent transfer of 2 buildings and 7 acres of land to the Topeka Unified School District; and (900,000)
2. fair market value for exclusion of an unknown amount of land used as a cemetery. (Unknown)

In addition, the following deductions will be made from our offer for the reasons noted:

3. 115% of the actual costs incurred to correct pre-existing defects and current liabilities in the property by:
 - a. Clearing and removing all but 5 buildings (the power plant, laundry, Aichorn, Sullivan, and Gerard).
 - b. Environmentally-sealing or removing heating tunnels below the campus and correcting any other environmental defects on, in, or below the land.
 - c. Bringing the five buildings and all land into full compliance with city, state and federal code in order to obtain clear and marketable title. (Unknown)
4. We propose to purchase the laundry and its equipment for \$496,143, as soon as that facility meets all city, state and federal codes.

II. Lease

To facilitate the process of immediate redevelopment, we propose to lease *all of the land* on the campus (excluding the school and cemetery properties) for \$ 1 per year. At soon as portions of the property become ready for redevelopment and are able to meet all legal requirements for sale, we will make pro-rated land purchase payments, based upon the land values contained in the State's January 31, 1997 appraisal.

III. Management

Our proposal contains provisions for an immediate facilities management contract with the State. Under that contract, we will preserve existing assets, begin the process of re-development, provide job opportunities for hospital personnel, prevent the rapid decline of abandoned property, and provide property management services for a flexible period of time to enable current State agencies to relocate on or off campus.

MAIN STREET INVESTORS, LLC

110 McDONALD DR., SUITE 190 • LAWRENCE, KANSAS 66044 • (913) 841-6565 • FAX: (913) 841-8016

April 4, 1997

Kansas Division of Purchases
Room 102 N
900 SW Jackson Street
Topeka, Kansas 66612

RE: Contract #32190

To Whom It May Concern,

Main Street Investors LLC would like to see the Topeka State Hospital grounds redeveloped and put back on the tax role for the benefit of Topeka.

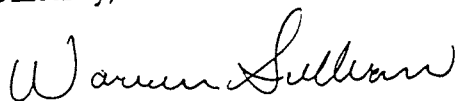
Main Street Investors, LLC provides the following Phase II detailed proposal:

1. Manage the final identification of hazardous materials and manage abatement as needed.
2. Manage demolition of those properties mutually deemed valueless in todays market.
3. Manage the sale or disposition of the subject tract or tracts as mutually agreed.

Main Street Investors, LLC will manage this project for a negotiated fee to accomplish all goals and objectives as mutually agreed.

Currently our sister company, Advanco, Inc. is performing similar services under an agreement with Alliant Techsystems at Sunflower Army Ammunition Plant which covers 10,000 acres in Johnson County.

Sincerely,



Warren Sullivan
Mainstreet Investors, LLC



CITY OF TOPEKA

Harry "Butch" Felker, Mayor
 215 E. 7th Street Room 352
 Topeka, Kansas 66603
 Phone 913-295-3895
 Fax Number 913-295-3850

TRANSMITTAL LETTER

April 4, 1997

Mike Hutfles, Chairman
 Proposal Evaluation and Analysis Committee
 Department of Social and Rehabilitation Services
 Docking State Office Building
 915 SW Harrison Street
 6th Floor
 Topeka, Kansas 66612

RE: Proposal No. 32190; Topeka State Hospital; Phase II

Dear Chairman Hutfles:

The City of Topeka is pleased to submit the attached Phase II "Detailed Offer" with respect to RFP No. 32190, for review and recommendation by the Proposal Evaluation and Analysis Committee.

This Phase II Detailed Offer is submitted on behalf of the City and the following 11 entities, most of which have been, or will be, directly impacted by the closure of Topeka State Hospital:

Shawnee County Health Agency
 Shawnee Community Mental Health Center
 Florence Crittenton Services
 Sunflower Alliance for the Mentally Ill
 Kansas Mental Illness Awareness Council
 U.S.D. 501¹

Kansas Children's Service League
 Family Service and Guidance Center
 Topeka Day Care, Inc.
 Sunshine Connection
 Depressive/Manic Depressive Association
 of Kansas

¹U.S.D. 501 has submitted its own Phase II Detailed Offer. As explained below, we support U.S.D. 501's separate proposal and have included U.S.D. 501 as part of this proposal in order to formally express that support and to explain the linkage between a continuation of Capital City School and the success of our Service Campus.

Page Two
Mike Hutfles, Chairman
April 4, 1997

Additional information as to each of the above organizations or entities participating in this community proposal ("participating organizations") was included in the Phase I Concept Proposal, submitted January 24, 1997, under Tab B.

Because the Community's Phase I Concept Proposal provided considerable detail as to our request for buildings and land to establish the Topeka-Shawnee County Service Campus for Families, Youth and Adults, the enclosed Phase II Detailed Offer makes only minor revisions to the Phase I proposal. This document repeats our proposal that certain land and buildings be conveyed without the payment of any consideration to the State of Kansas. The attached materials provide an updating and minor revisions to that portion of the Phase I Concept Proposal which appeared under the heading of Tab A of that document.

SUMMARY OF REVISIONS TO THE PHASE I CONCEPT PROPOSAL:

1. At the request of the Shawnee County Board of County Commissioners, by action taken by the Board on April 3, 1997, the Shawnee County Health Agency has been added as a participating organization. As noted below, the Health Agency desires to locate clinical services and administrative offices at TSH, most likely at the Awl Building and Woodward Building.
2. The Phase I Concept Proposal noted the Community's strong support for the separate proposal submitted by U.S.D. 501 for the Capital City School Building. U.S.D. No. 501 has participated in the development of the Community's proposal over the past 16 months. After consultation with U.S.D. 501 officials we have specifically identified U.S.D. 501 as one of our participating organizations. We understand that U.S.D. 501 will submit a separate Phase II Detailed Offer for the Capital City School, however we wish to use every means at our disposal to emphasize the level of support this Community has for Capital City School remaining with U.S.D. 501, and for Capital City School to be incorporated within the Service Campus as an integral and necessary element to the Campus proposal.
3. The City of Topeka proposes to utilize the Awl Building as a facility to supplement the Child and Adolescent Assessment Center, now housed at the Adams Building, and to serve as a detention facility for juveniles who violate local ordinances, such as curfew, which does not place them within the juvenile justice system.
4. The boundaries of the Human Services Campus have been revised to include the Woodward Building and Awl Building at the northern edge of the Service Campus, at the request of the Shawnee County Health Agency and City of Topeka.

5. Our Phase I proposal for proposed use of the Southard Building has been revised. Because the Kansas Children's Service League has had to take immediate action to secure additional space for its fast-growing operation, it no longer proposes to utilize the Southard Building. The Phase II proposal states that Southard would be utilized by some or all of the participating organizations for food service, dining facilities, conference rooms and administrative office space. Collective ownership of the Southard Building is proposed in Phase II.

With the exception of the above noted revisions and updates, the Phase II Detailed Offer is virtually identical to the Phase I Concept Proposal.

DESIGNATION OF USERS FOR SERVICE CAMPUS BUILDINGS:

As expressly noted in the Phase I Concept Proposal, an integral part of the Human Services Campus plan is the retention of flexibility to match buildings with specific users and proposed uses. If the State of Kansas agrees to convey the 20 buildings requested, the participating organizations will reach agreement as to the specific utilization and ownership of each building as well as the possibility of common ownership of certain properties, such as parking lots, and common ownership of "shared" buildings, such as the Southard Building.

FINANCIAL CONSIDERATIONS:

1. **Buildings.** As express in the Phase I Proposal the City and participating organizations are requesting the State's conveyance of the 20 buildings, and intervening land, parking lots, etc. as indicated on the enclosed map.

The proposal does not provide for the payment of any consideration to the State of Kansas for these 20 buildings and adjoining properties. We request conveyance at no cost in the belief that the State of Kansas will recognize: (a) the benefits to Kansans which will result from creation of the Service Campus; (b) that this community has suffered a large economic hit as a result of the closure of the Hospital; and (c) that the Service Campus cannot be created if buildings and grounds must be purchased from the State. We request the State's partnership in this undertaking in the form of conveyance at no cost to the participating entities.

2. **Land.** Because the Service Campus is not feasible without the expenditure of moneys

Page Four
Mike Hutfles, Chairman
April 4, 1997

to make certain modifications to the 20 buildings, to bring the buildings into ADA compliance, to remove asbestos and potentially other environmental problems, financial support for the Service Campus, from the State of Kansas, must be secured.

Consistent with the Phase I Proposal we are requesting conveyance by the State of the open space at Topeka State Hospital, with such property proposed to be converted into moneys to be applied to necessary improvements and infrastructure. It is not envisioned that any of the open space will be retained for public use or ownership other than: (a) the two acre building site for the City of Topeka's fire station and (b) the 10 acre building site for the Shawnee Community Mental Health Center, both as noted in the Phase I Concept Proposal and the enclosed Phase II Detailed Offer. For the balance of the open space requested, the proposal is for sale or lease of that property for private development and redevelopment. This strategy is intended to promote the creation of jobs and strengthening of the Topeka economy and the movement of property onto the property tax roles -- events which will hopefully lessen the economic impacts of TSH closure.

The disposition and reuse of Topeka State Hospital is a matter of enormous importance. We have presented a plan under which not only Topekans, but all Kansans would benefit from the services provided at the Families, Youth and Adult Service Campus. The City of Topeka and the other participating organizations look forward to the opportunity to meet with the Proposal Evaluation and Analysis Committee to further discuss our plan for a partnership with the State to turn the buildings and land of Topeka State Hospital into a valuable Community and State asset.

On behalf of the entire Community, we respectfully submit this Phase II Detailed Offer for your Committee's consideration.

Very truly yours,

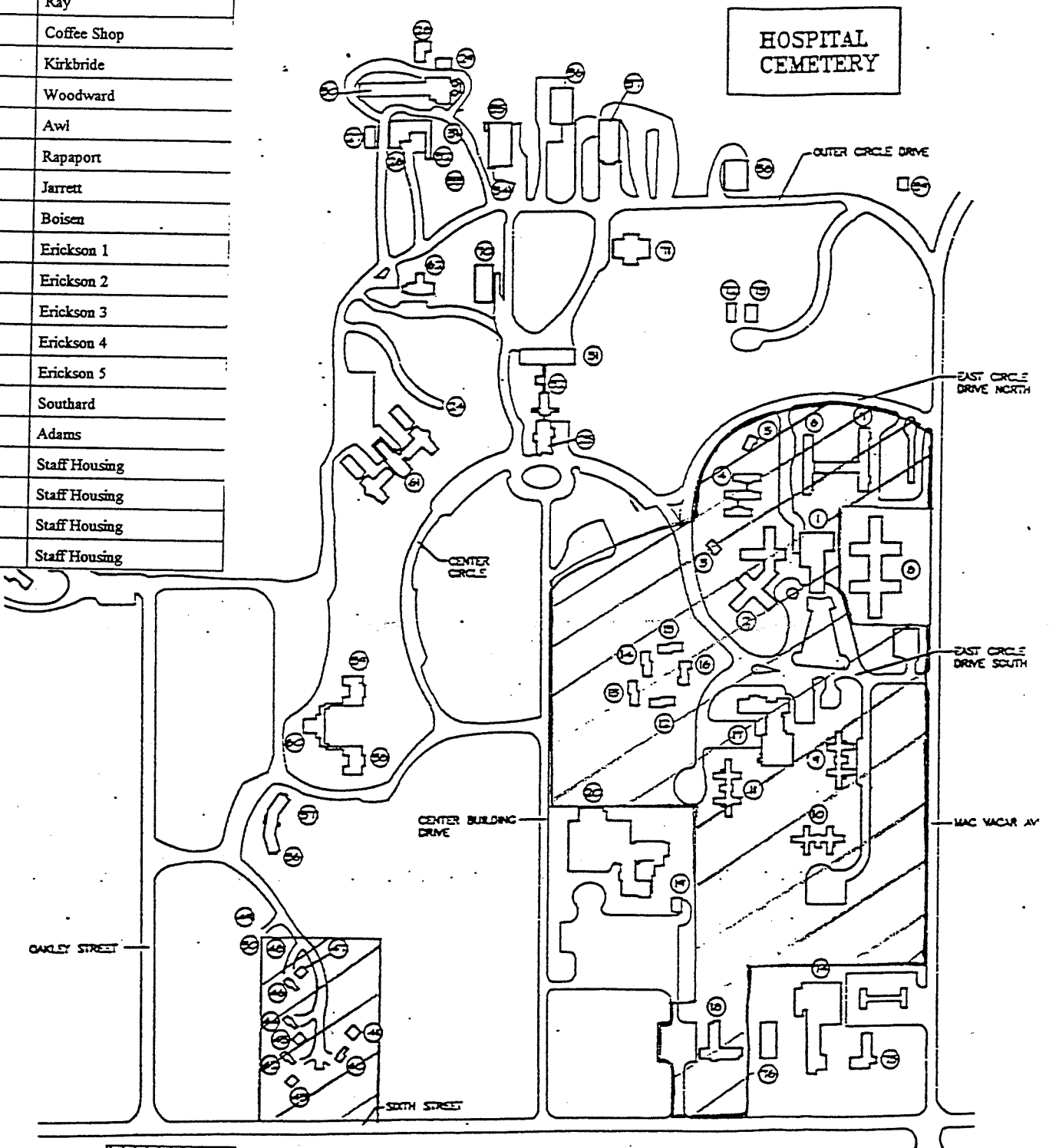

Mayor Butch Felker


Attachment

cc: Members of the Shawnee County Delegation
Mayor-Elect Joan Wagnon

Bldg. No.	Building Name
1	Eastman
2	Ray
3	Coffee Shop
4	Kirkbride
6	Woodward
7	Awl
9	Rapaport
10	Jarrett
11	Boisen
12	Erickson 1
13	Erickson 2
14	Erickson 3
15	Erickson 4
16	Erickson 5
17	Southard
18	Adams
40	Staff Housing
42	Staff Housing
44	Staff Housing
46	Staff Housing

HUMAN SERVICES CAMPUS

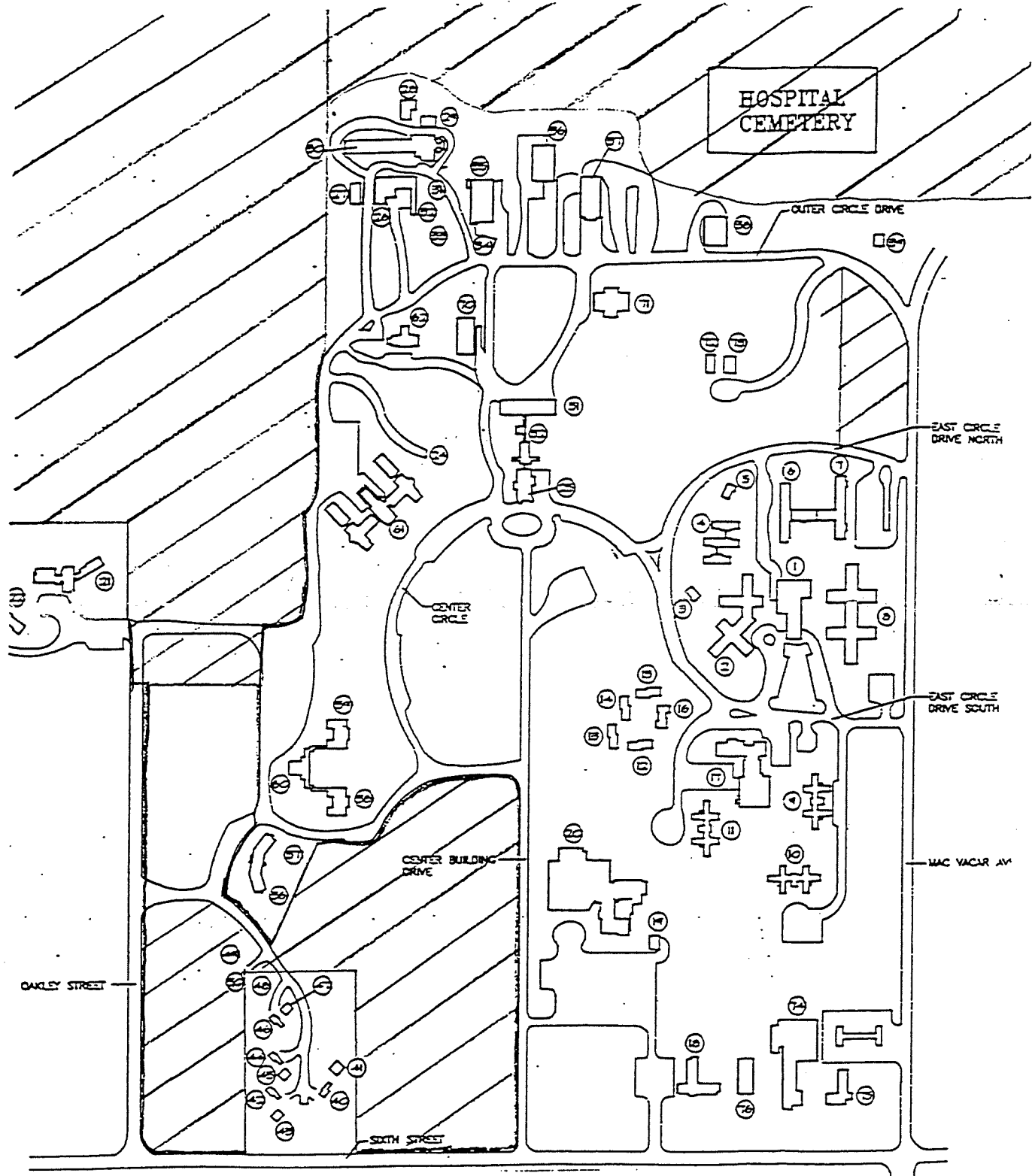


 Buildings, Parking and Common Area requested as part of the Community's Proposal

TOPEKA STATE HOSPITAL CAMPUS - SITE PLAN



OPEN SPACE (View 1)

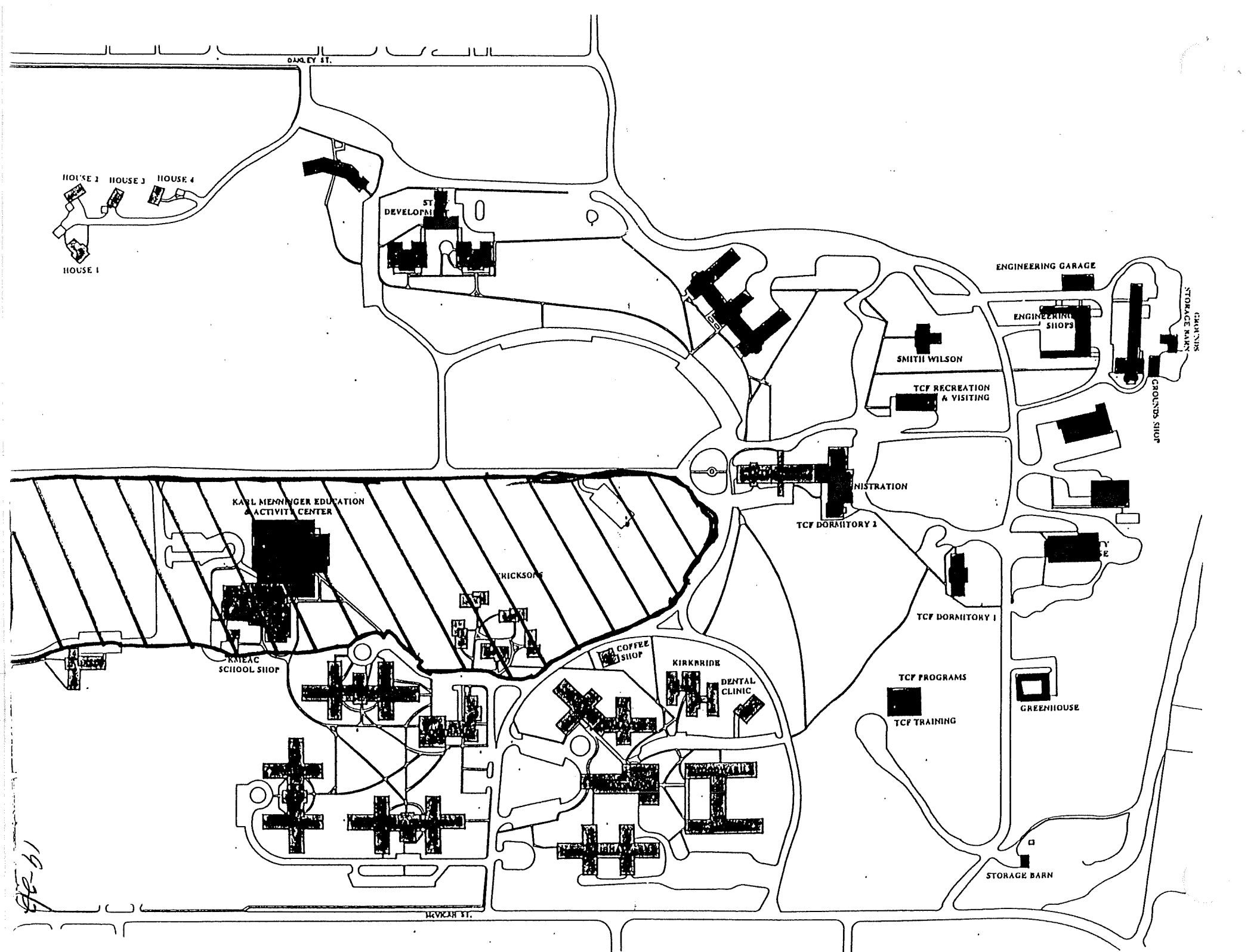


Undeveloped Land requested as part of Community's Proposal

TOPEKA STATE HOSPITAL CAMPUS - SITE PLAN



19-21





KANSAS
COMMISSION ON VETERANS' AFFAIRS
KANSAS

Jayhawk Towers, Ste. 701, 700 SW Jackson
 Topeka, Kansas 66603 (913) 296-3976
 FAX #913-296-1462

21 April 1997

Gloria Timmer
 Budget Director
 State Capitol-1st Fl.
 Topeka KS 66612-2210

RE: Governors Budget Amendment

Dear Ms. Timmer:

As you know the Commission has been charged with the responsibility of operating a Kansas Veterans' Home located on the grounds of Winfield State Hospital. The Commission will take over on January 1, 1998.

We have entered into discussions with the Warden at the Winfield Correctional Facility about shared services that WCF can provide. We have been encouraged by these discussions as we have identified areas such as security, building and ground maintenance, laundry and warehousing where duplications are not necessary.

Our immediate problem will be on or after January 1, 1998. We have no operating funds to staff the takeover of this facility. There is no provision for operating funds until FY 1999.

We would like to request a Governors Budget Amendment to provide for operating funds in FY 1998. At a minimum we would like to request the following positions and salary:

	<u>Salary/Benefits</u>
Superintendent	\$40,000 48,000
Office Assistant IV	26,000
Office Assistant III	25,000
Physical Plant Supervisor I	32,000
Electrician I	23,000
Plumber I	23,000
Power Plant Operator	23,000
Utility Worker	17,000
	<u>\$209,000</u>

Senate Ways and Means Committee

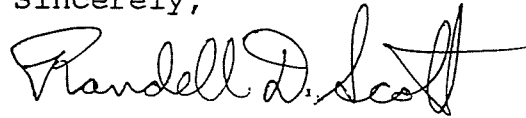
Date 4-29-97

Attachment # 20

\$209,000 at six months = \$104,500 Salaries & Benefits.
22,000 Utilities-Phone Bill
\$126,500

We would like \$126,500 in operating funds in FY 1998. Should you have any questions please contact us.

Sincerely,



RANDELL D. SCOTT
Public Service Executive I

RDS:ms

cc: Dr. Jie Huang

STATE OF KANSAS



Bill Graves, Governor

KANSAS WATER OFFICE
Al LeDoux
Director

Suite 300
109 SW Ninth
Topeka, Kansas 66612-1249

MEMORANDUM

913-296-3185
FAX 913-296-0878
TTY 913-296-6604

Date: April 25, 1997
To: Senator Dave Kerr, Chairman, Senate Ways and Means Committee
From: Al LeDoux, Director, Kansas Water Office - *AL*
Subject: Governor Budget Amendment #75 Regarding a Consultant Study

The Governor's Budget Amendment contains provision #75 to include \$50,000 from the State Water Plan Fund to allow the Kansas Water Office to contract with a consultant to conduct a study of the overall direction of the State Water Plan Fund. The study is to review and provide information to the Kansas Water Authority regarding the revision of the State Water Plan Fund to allow the Fund to be utilized in the most resourceful manner, ensuring that goals are properly set and performance is adequately measured.

BACKGROUND

The call for this "study" was first recommended by the Kansas Water Authority in its "Recommendations for Implementation of the *Kansas Water Plan* in Fiscal Year 1998", which stated:

"The Authority recommends that, in addition to the recommendations for funding among the 39 programs identified within this report, the Kansas Water Office be authorized to utilize the remaining balance to acquire the necessary personnel and resources to develop a water education infrastructure. This program will gather the success stories of these programs, distribute that information to the public and establish a set of Goals and Objectives for the *Kansas Water Plan* to guide the Authority, the Governor and the Legislature of the state programs which will effectively address priority issues. If future funding decisions are to be based on performance, this action is essential to determine that performance".

A proviso was included among the recommended agency expenditures relative to the State Water Plan Fund within HB 2160 which stated:

"Expenditures may be made from this fund for a study of the overall direction of programs and activities funded from this [State Water Plan] fund, not to exceed \$50,000. Senate Ways and Means Comm

Date 4-29-97

Attachment # 21

MEMORANDUM

April 25, 1997

Page Two

The intent of the Governor, the Authority and the agency was that expenditures for this study were to occur in addition to the recommended FY 98 appropriations of the State Water Plan Fund made by the Governor for the agency. HB 2160, however, did not contain any line item appropriation or expenditure authority for this endeavor. GBA item #75 corrects that shortcoming.

INTENT OF STUDY

At the time of its recommendation to the Governor and the Legislature, the Water Authority was struggling with an appropriate means of evaluating the *Kansas Water Plan* and the State Water Plan Fund in setting direction of state policy on water and improving the condition of water resources in the state. Since that Autumn 1996 meeting, the Authority has held two meetings, both of which were dominated by discussions of goal setting and performance evaluation.

At its April meeting, the Water Authority set out 10 water resource topical areas and goals in those areas slated for 2001. A memo outlining those goals is attached.

The Authority also replaced the concept of a single study with a three part strategy for establishing *Kansas Water Plan* performance and direction. These three items constitute the anticipated expenditure of FY 1998 State Water Plan Funds, up to the \$50,000 limit expressed in the proviso of HB 2160. No decisions have been made in terms of allocating any funds among the three activities at this time.

1. RESOURCE EVALUATION - The Authority has decided the ultimate measurement of the cumulative impact of state water programs lies with the condition of the water resources treated by those programs, whether that be ground water levels within the Rattlesnake Creek Subbasin or the ambient water quality within Tuttle Creek lake. Efforts to enhance data collection on the condition of those water resources is to begin in FY 1998. Future (FY 99 and beyond) direction of data collection and research efforts under the State Water Plan Fund will start focusing on water resource evaluation rather than plan implementation. Expenditures may occur through the acquisition of that information.

2. VISION SUMMIT - In order to assess the accomplishments of the *Kansas Water Plan* to date and establish the priority issues it must deal with as the state approaches the next century, a vision summit is planned for Autumn of 1997. This summit would bring in leaders from areas of government, business, agriculture and the environment to help the Authority identify the critical water issues facing the state. This summit is intended to spawn the next generation of policy analysis and recommendations and program orientation to address these major water issues. Expenditures may occur from the logistics of conducting this summit.

3. ANNUAL IMPLEMENTATION PROCESS - The Authority has initiated a forum with the state water agencies to track program performance and activities necessary to achieve the Authority's goals for the *Kansas Water Plan*. The Authority has set its 10 goals relative to water,

MEMORANDUM

April 25, 1997

Page Three

the next step will be further refinement of each agency's program objectives, strategies, expected outcomes and outputs from those programs as reflected in their budget documents. Results from this process should be used in the development of the agencies' budget request for FY 99 and in the Authority's review of those requests this Autumn. The Authority has also instituted a schedule of semi-annual briefings by the agencies on their programs at the July and January meetings to provide the Authority with greater awareness of the progress made in the water programs. Some expenditure is anticipated for the acquisition of program tracking software to be used in managing this process.

USE OF A CONSULTANT

Although the Governor Budget Amendment calls for use of a consultant to conduct the study, the Water Authority has modified its original thoughts on studying the issues of future direction and performance. As such, the agency does not foresee the need to hire a solitary consultant to conduct the above mentioned tasks under the guise of a "study".

The agency does anticipate expenditures will be needed to acquire program activity tracking software. The agency also anticipates the need to contract outside parties, such as the Kansas Geological Survey or U.S. Geological Survey, to begin resource evaluations. Additionally, the agency will likely contract facilitators to help conduct the vision summit. No decisions have been made by the agency regarding specific expenditures at this time.

IMPACT ON FUTURE DISTRIBUTION OF STATE WATER PLAN FUNDS

The activities identified by this memo are specific to FY 1998 and are intended to address the need for defining the future direction of the *Kansas Water Plan* and evaluating the performance of activities funded from the State Water Plan Fund. The agency anticipates that future recommendations to the Governor and Legislature from the Water Authority in terms of legislative policy, program operations and funding requests will reflect the information which the above three activities will produce. Future State Water Plan Fund allocations should correspond to the priority level of water resource goals established by the Water Authority in light of this effort.

On April 24, the House Subcommittee approved GBA item #75 with a proviso that the Water Authority report to the Senate Ways and Means Committee, the House Appropriations Committee, the Senate Energy and Natural Resources Committee and the House Environment Committee within the first two weeks of the 1998 Session on the outcomes of the activities supported by this expenditure. The Water Authority and the Water Office support this proviso and intend to include members of those committees at the Autumn Vision Summit.

The agency, on behalf of the Kansas Water Authority, requests the Senate Ways and Means Committee, take favorable action regarding Governor Budget Amendment item #75.

AL:TCS:kf

STATE OF KANSAS



Bill Graves, Governor

KANSAS WATER OFFICE
Al LeDoux
Director

Suite 300
109 SW Ninth
Topeka, Kansas 66612-1249

MEMORANDUM

913-296-3185
FAX 913-296-0878
TTY 913-296-6604

Date: April 17, 1997
To: Kansas Water Authority
From: Thomas C. Stiles *TS*
Subject: Water Resource Goals Set by Authority at Dodge City

Attached are the ten goals set by the Kansas Water Authority last week in Dodge City. These goals should provide the framework for the Authority to evaluate the various state agency programs as well as make its recommendations to Governor Graves and the 1998 Legislature. The Annual Implementation Process will take the following steps over the remainder of the year.

1. The state agencies will continue to refine their objectives, desired outcomes, strategies and outputs toward achieving these goals. The agencies can use the *Annual Implementation Plan* (AIP) worksheets which were prepared for the Dodge City meetings to continue these refinements. The ten goals will now replace the stated AIP FY 1999 Goals listed on each of those worksheets. The original language on those worksheets might be incorporated into program objectives.
2. The staff of the Kansas Water Office will use the information from these AIP worksheets and the ten goals to develop briefing material for each of the 12 Basin Advisory Committees for their review and comment at the June meetings.
3. At the July meeting of the Kansas Water Authority, the committees will finalize their respective worksheets and finalize the document into their FY 1999 *Annual Implementation Plan*.
4. Over July-September, the state agencies will use the AIP to develop their budgets for FY 1999.
5. The Authority will review those budgets at its October meeting relative to achievement of the ten goals and frame their recommendations on the ten water resources areas on which the goals were established.

Kansas Water Authority
April 17, 1997
Page Two

6. At its January meeting, the Authority committees will be briefed by the agencies on the mid-year status of their respective programs and update information on relevant activities.

cc: Kansas Water Office Staff
Blake Henning, State Conservation Commission
Matt Scherer, Division of Water Resources
Karl Mueldener, Kansas Department of Health and Environment
David Heinemann, Kansas Corporation Commission
Steve Adams, Kansas Department of Wildlife and Parks

JAWBASKETDLONG99KWALTR.WPD

21.5

The following programs have been assigned to the ten water resources subject areas:

<p>WATER SUPPLY</p> <ol style="list-style-type: none"> 1. Storage - KWO 2. Multipurpose Small Lakes Program - SCC 3. Public Wholesale Water Supply Strategy - KWO 	<p>FLOOD MANAGEMENT</p> <ol style="list-style-type: none"> 1. Watershed Dam Construction - SCC 2. Floodplain Management - DWR
<p>WATER QUALITY PROTECTION</p> <ol style="list-style-type: none"> 1. Nonpoint Source - SCC 2. Water Resources Cost-Share - SCC 3. Nonpoint Source Technical Assistance - KDHE 4. Local Environmental Protection Program - KDHE 5. Water Quality Planning Assistance - KWO 6. Governor's Water Quality Initiative - KWO 	<p>WATER RIGHT MANAGEMENT</p> <ol style="list-style-type: none"> 1. Subbasin Management - DWR 2. Interstate Water Issues - DWR 3. Water Rights Purchase - SCC
<p>WATER CONSERVATION</p> <ol style="list-style-type: none"> 1. Technical Assistance to Water Users - KWO 2. Weather Modification - KWO 3. Water Resources Cost-Share - SCC 	<p>RESEARCH AND DATA</p> <ol style="list-style-type: none"> 1. Geographic Information Systems - KWO 2. Gaging Stations - KWO 3. Basin Assessment - KWO 4. Research - KWO 5. Stream Monitoring - KDWP
<p>WATER QUALITY REMEDIATION</p> <ol style="list-style-type: none"> 1. Environmental Remediation - KDHE 2. Oil and Gas Remediation - KCC 	<p>RIPARIAN AND WETLAND MANAGEMENT</p> <ol style="list-style-type: none"> 1. Conservation Easements - KDWP 2. Riparian and Wetland Protection - SCC
<p>RECREATION</p> <ol style="list-style-type: none"> 1. River Recreation - KDWP 	<p>PUBLIC INFORMATION AND EDUCATION</p> <ol style="list-style-type: none"> 1. Public Information - KWO 2. Project WET - KWO

**THE 10 GOALS OF THE KANSAS WATER AUTHORITY
FOR WATER RESOURCE MANAGEMENT**

1. **WATER SUPPLY.** Meet water supply needs beyond 2001 through regional strategies using state investments in storage.
2. **WATER CONSERVATION.** Reduce the overuse of water by irrigation and public water users by 25% between 1995 and 2001.
3. **WATER QUALITY PROTECTION.** Demonstrate water quality and environmental improvements in water bodies and ecosystems in the Kansas-Lower Republican Basin and other priority areas by the year 2001.
4. **WATER QUALITY REMEDIATION.** Initiate remediation efforts on water resources impacted by the highest priority contamination sites by 2001.
5. **WATER RIGHT MANAGEMENT.** Improve the relationship between area water demands and available supplies in critical hydrologic units, achieving sustainable yield in those units after 2001.
6. **DATA AND RESEARCH.** Incorporate real time information to guide and evaluate state program operations to improve water resources between 1997 and 2001.
7. **FLOOD MANAGEMENT.** Reduce flood damage in the top ten 1997 priority areas after 2001.
8. **WETLAND AND RIPARIAN MANAGEMENT.** Improve the condition of wetland and riparian resources in Eastern Kansas by 2001.
9. **RECREATION.** Increase recreational activity along the Kansas River by 2001.
10. **PUBLIC INFORMATION AND EDUCATION.** Increase public exposure to the benefits and opportunities of State Water Plan activities and encourage public input on Kansas water issues annually over 1997-2001.

J:\WBASKET\DLONG\99GOALS.WPD

"AWARENESS" CAMPAIGN PLAN

Office of the Securities Commissioner of Kansas

Public Information Services..... \$ 54,300

- Selected statewide telephone "yellow page" advertisements \$ 9,000
- Investor Education pamphlets and materials 19,000
- Speaker's Bureau travel and supplies 1,800
- Special Events:
 - Investor workshops 8,000
 - Display booths at "senior" fairs and other special events 8,000
- Special "Investor Alerts" (radio/TV/newspaper) 8,500

Targeted Communications..... 14,300

- "Awareness" direct-mail letters/fliers to:
 - Recently-retired and "soon to be retired" Kansans 12,800
 - Accountants, attorneys, and law enforcement officials 1,500

TOTAL \$ 68,600

342 INTERNET - INVESTMENTS

<p>Dimensions-Financial Consultants Inc 7701 E Kellogg.....Wichita 682-9398 (See Our Ad Under Estate Planning)</p> <p>Equity Plus 1011 Kingsley St.....Scott City 872-5529</p> <p>Essenburg Randall L 619 N 2nd Ave.....Dodge City 227-6454</p> <p>FSC Securities Corporation 1505 E Hackberry St.....Garden City 276-7194</p> <p>Fairbairn Financial Services 1505 E Hackberry St.....Garden City 276-7194</p> <p>Fidelity State Bank And Trust Co 510 N 2nd Ave.....Dodge City 227-8586 (See Our Ad Under Banks)</p> <p>Financial Service Corp 303 N Kansas Ave...Liberal 624-2300</p> <p>Financial Solutions.....Garden City 276-1630</p> <p>Frigon Ann Hastings 1206 W Frontview St.....Dodge City 225-2999</p> <p>Hay Rice & Associates 21 Plaza Dr.....Liberal 624-8471 (See Our Ad Under Accountants-Certified Public)</p> <p>IDS Financial Services 2606 Fleming St.....Garden City 276-8025</p> <hr/> <p>Kansas Securities Commissioner "Investigate Before You Invest" Check the background of brokers and investment advisers by calling Investor Services 800-232-9580</p> <hr/> <p>Keamy County Bank 221 N Main.....Lakin 355-6222 (See Our Ad Under Banks)</p>	<p>New York Life Insurance-Dale Brummer PO Box 2011.....Dodge City 225-4501</p> <p>Oakhurst Group Inc 701 E Comanche St Ste A.....Dodge City 227-7341 (See Our Ad Under Insurance)</p> <p>Pishny Financial Services L C 502 N 7th St.....Garden City 276-3437 (See Our Ad This Classification)</p> <p>Preferred Investments Inc-Linsco/Private Ledger 1206 W Frontview St Suite 208.....Dodge City 225-2999 (See Our Ad Under Investments)</p> <p>Schnellbacher James 109 W Fern.....Sublette 675-8394</p> <p>Southwest Financial Services Inc 2408 1st Ave.....Dodge City 225-2427 (See Our Ad This Classification)</p> <p>Spikes Sue A 103 W Chestnut St.....Garden City 276-8075</p> <p>Waddell & Reed Financial Services-Mike Hill 103 W Chestnut St.....Garden City 276-6112</p> <p>Whitehurst Financial Services 502 N 7th St.....Garden City 276-6860</p> <hr/> <p>Equity Plus 1011 Kingsley St.....</p>
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Senate Ways and Means Committee

Date 4-29-97

Attachment # 22

Voluntary Clean Up Program

Fiscal Impact

	Fee Revenues	Number of Positions	Federal Funds	Number of Positions
Salaries	\$83,076	2.0 Unc. Temp.	\$87,395	2.0 Unc. Temp.
Communications	4,252		0	
Rent	6,000		0	
Travel	1,442		7,464	
Contract Services	1,052		33,226	
Supplies	1,050		2,500	
Office Equipment	1,918		6,065	
Computers	6,328		13,350	
	\$105,118		\$150,000	
Total Fee and Federal Funds	\$255,118			

Senate Ways and Means Committee

Date 4-29-97

Attachment # 23

Memorandum

To: Rochelle Chronister, Secretary of SRS

From: David Adkins, Chairman Kansas Advisory Group for Juvenile Justice and Delinquency Prevention

Background:

The Juvenile Detention Facilities Fund (JDFF) was created by the 1990 session of the legislature as two separate funds: (1) The Juvenile Detention Facilities Capital Improvement Fund, restricted to construction or renovation and based on certain drivers license reinstatement fees. (2) The Juvenile Detention Facilities Fund, available for construction, renovation or operations and based on a portion of the docket fee. The two funds were merged during the 1994 session as the JDFF. The legal authority for the JDFF is found in KSA 79-4803 and restricted to operations, construction, renovation, or remodeling and based on gaming revenues.

The creation of the JDFF was designed to assist the counties in meeting the requirements of the 1990 legislation which set January 1, 1993 as the date upon which juveniles could no longer be held in adult jails and lockup. The Secretary of SRS was to seek advice from the Advisory Committee on Juvenile Offender Programs, which was rescinded by executive order 96-2 and reestablished as the Kansas Advisory Group on Juvenile Justice and Delinquency Prevention, on the use of the funds.

Discussion:

The Kansas Advisory Group on Juvenile Justice and Delinquency Prevention Group (KAG) has met on three occasions to explore how best to use the JDFF funds. After examining all the facts concerning the use of these funds we recommend the following:

(1) That an amount of money equal to the bond payments for the next fiscal year remain in the account to pay applicable bond costs

(2) That \$60,157 be held in the account for emergency uses.

(3) The \$399,843 be divided and given to the detention centers to renovations and operations. The amount will be divided by the licensed bed capacity of the detention center. No privately operated facility will receive JDFF allocations. The following amounts are allocated to the applicable facility:

DETENTION CENTER	LICENSED BEDS	ALLOCATION
Johnson County Juvenile Hall	30	\$47,790.00
Wyandotte County Juvenile Detention Center	48	\$76,464.00
Saline County Juvenile Center	10	\$15,930.00
Shawnee County Youth Center	22	\$35,046.00
Youth Residence Hall	33	\$52,569.00

Senate Ways and Means Committee

Date 4-29-97

Attachment # 24

Reno County Juvenile Detention Center	12	\$19,116.00
Greater Western KS Juvenile Detention Center	12	\$19,116.00
Northcentral Regional Detention Center	14	\$22,302.00
Southeast Regional Juvenile Detention Center	16	\$25,488.00
Southwest Regional Detention Center	23	\$36,639.00
Northeast Regional Juvenile Detention Center	16	\$25,488.00
Leavenworth Co Juvenile Detention Center	8	\$12,744.00
Franklin County Juvenile Facility	7	\$11,151.00

(4) That the detention centers settle any audit amount that they owe SRS prior to receiving this allocation.

(5) That SRS not use the JDFF to pay for SRS youth within the Detention Centers.

(6) That the KAG be allowed to make the presentation of the award to the county commissioners of the applicable county

cc: Teresa Markowitz, Commissioner of Children and Family Services, SRS

Advanced Technology Center

Hutchinson Community College
and Area Vocational School



OFFICE OF THE PRESIDENT

Proposal

Hutchinson Community College, with its tradition of serving South Central Kansas and the 126,000 residents in its service area, plans to construct an Advanced Technology Center on its campus. The center will be an industry-education partnership that will provide training for traditional and non-traditional students in cooperation with business and industry to develop a "world class" work force.

Background

Hutchinson Community College has worked with local manufacturing concerns, such as Eaton Corporation, Master Machine, and Lowen Corporation, in developing programs that will prepare students for employment and upgrade the existing work force. The proposed center will integrate a variety of programs in one facility and provide the equipment and training support needed to implement the advanced technology program. It is expected that Computer Assisted Drafting, Electronics, Data Processing, Computer Integrated Manufacturing, and Computerized Numerical Controls programs will be centralized in the facility along with the Small Business Development Center, which will serve as a bridge for introducing these technologies into the small business environment. Additionally, HCC has interactive video links with the university centers for excellence that will further enhance the expansion of technology.

Benefits

Hutchinson Community College has been an important training and retraining resource for many employees of area businesses and industries. Some employees have received their associate degrees from the College and others have been able to stay current with technology through continuing education.

With the Advanced Technology Center, Hutchinson Community College will be at the center of a technological revolution in South Central Kansas. The center will solidify the strong relationship that currently exists with local industry and provide a vehicle for the expansion of technology transfer in the region.

Senate Ways and Means Committee

Date 4-29-97

Attachment # 25

The Advanced Technology Center will augment existing college programs, provide a resource for local industry, provide a wellspring for economic development, and be a vehicle for building a world class work force to make central Kansas economically competitive in the global market. The impact may be reflected in an increased number of jobs in the community, increased wage levels, industrial expansions, retention of existing industry, and enhancement of the appeal the community has for industries desiring to relocate.

According to Charles Krider, in an article in *Kansas Business Review*, Kansas faces an important strategic decision: either focus on a high skill/high wage strategy or compete with developing nations for low skill jobs. He further emphasizes that for an organization to be "high performance" it must have a highly skilled work force. Most of the new jobs today and into the next century will require post high school training and will have a technological orientation.

The Advanced Technology Center will ensure that Reno County and South Central Kansas will have the vehicle to train workers entering technical careers in industry as well as retrain the existing work force. It is expected that the Advanced Technology Center will generate a great deal of interest in technical education. Currently more than one-third of the credit hours at Hutchinson Community College and Area Vocational School are vocational. Although it is nearly impossible to quantify the growth created by a facility, it is anticipated that at least a ten percent increase in vocational enrollment could be experienced.

Investment

The cost for the center will be \$2 million in today's dollars. The College will invest equipment, instructors, land and approximately \$1.1 million dollars in local capital outlay funds and \$400,000 in pledges and contributions from local donors. Because of the obvious benefit to the economic health of the State of Kansas, the College is requesting the remaining \$500,000 from the State of Kansas.