

Approved: 4-23-98
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 8:00 a.m. on March 30, 1998 in Room 514-S of the Capitol.

All members were present except: Representative JoAnn Pottorff (out a.m. only) - excused

Committee staff present: Alan Conroy, Stuart Little, Shannon Nichols, Mark Burenheide, Rae Anne Davis, Julian Efird, April Holman, Reed Holwegner, Susan Kannarr, Russell Mills, Carolyn Rampey, Leah Robinson, Paul West, Legislative Research Department; Jim Wilson, Mike Corrigan, Revisor of Statutes Office; Helen Abramson, Administrative Aide; Linda Swain, Appropriations Secretary

Conferees appearing before the committee:

Gloria Timmer, Director, Division of the Budget

Meredith Williams, Executive Director, Kansas Public Employees Retirement System (KPERS)

Others attending: See attached list

Chair Kline announced the KPERS bill would not be considered until at least after the House session.

Alan Conroy, Legislative Research Department, spoke briefly on the Budget Stabilization Fund (Attachment 1), explaining revenue transfers, appropriation bill language and the Governor's FY 1999 State Budget Stabilization Fund recommendations. A discussion followed.

Alan Conroy also distributed copies of the House Adjustments to the Amended Governor's Recommendation which reflects the House Appropriation Committee adjustments for FY 98 and FY 99 (Attachment 2).

The meeting was adjourned at approximately 9:00 a.m. so the Democratic and Republican Caucuses could meet. The meeting reconvened at approximately 9:40 a.m.

Hearing on HB 2893 - FY 99 Appropriations for state agencies including supplemental appropriations.

A motion was made by Representative Toplikar to return the appropriations bill back to the Governor's recommendations. No second was received. The motion died.

A motion was made by Representative O'Connor, seconded by Representative Packer that a proviso be added that no expenditures may be made from the Health and Hospital Insurance Clearing Fund for entering into any state employee health or hospitalization insurance contract which provides for reimbursement, payment, or coverage of abortions or abortion related services. An extensive discussion followed. The motion carried with 12 in favor.

Representative Farmer advised the committee of a request by Representative Pottorff that a motion be made in her absence.

A motion was made by Representative Farmer, seconded by Representative Landwehr to amend the bill by adopting the Governor's recommendation for three items: 1) the Governor's budget; 2) the Lt. Governor's budget; and 3) the budget for the Commission on Governmental Standards and Conduct. The motion carried with 13 in favor.

Chair Kline noted the committee would begin working through Attachment 1, beginning on page 3, FY 1999.

A motion was made by Representative Packer, seconded by Representative Landwehr to add a proviso in the Department of Administration to research the impact of the provisions of 1997 HB 2064 as it limits unclassified employees' private sector employment. The motion carried.

A motion was made by Representative Farmer, seconded by Representative Helgerson to add \$150,000 from the State General Fund (SGF) to provide a microwave interconnection between KPTS in Wichita, KTWU in Topeka, and the Kansas Statehouse; Provided further, that expenditures may be made from the above account for grants to extend the microwave interconnection to KCPT in Kansas City and Smoky Hills Public Television in Bunker Hill. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Neufeld to add a proviso to suspend for one year the state employee retirement reduction provisions of K.S.A.75-6891. A discussion followed. The motion carried.

A motion was made by Representative Edmonds, seconded by Representative Helgerson to add a proviso requiring the Department of Wildlife and Parks to repair or replace a farm bridge at the Cheyenne Bottoms Wildlife Area (a minimum of 22 feet wide and able to support 40 tons) using available resources in the Wildlife Conservation Fund. A discussion followed. The motion carried.

A motion was made by Representative Nichols, seconded by Representative Packer that a transfer be created for \$250,000 from the Budget Stabilization Funds, and \$250,000 from the Economic Development Initiative Funds (EDIF) for the Kansas Arts Commission, for a one time funding only, for capital aid and cultural planning. A discussion followed. The motion failed with 9 in favor and 12 opposed.

A motion was made by Representative Helgerson, seconded by Representative Farmer to delete the \$5.0 million (State Budget Stabilization Fund) recommended by the Governor for Regents' technology equipment, and instead recommend a three-year appropriation of \$1.7 million (State General Fund) each year for Regent's equipment in FY 1999, FY 2000, and FY 2001. The motion carried with 12 in favor.

A motion was made by Representative McKechnie, seconded by Representative Spangler to create the Kansas 1998 Fund to manage the funds transferring \$40 million from the SGF, appropriating \$10.0 million to Regents' technology, \$10.0 million for Community College technology and \$10.0 million in special education aid, leaving a balance of \$10.0 million for other one time funding issues. Also the Regents' technology would be deleted from EDIF in the amount of <\$5.0 million>. A discussion followed. The motion failed with 12 opposed.

A motion was made by Representative Spangler, seconded by Representative McKechnie to support the original Subcommittee report on the Highway Patrol adding back 5.0 FTE new troopers. A discussion followed. The motion failed with 9 in favor and 10 opposed.

A motion was made by Representative Neufeld, seconded by Representative Helgerson to establish a fund in the Department of Health and Environment to authorize the receipt of gifts for the Sudden Infant Death Syndrome and upon approval the State Finance Council authorize the transfer of matching funds from Maternal and Child Health Care Services block grant fund. A discussion followed. The motion carried.

A motion was made by Representative Neufeld, seconded by Representative Helgerson to add a proviso to authorize the Secretary of Health and Environment to review the City of Shawnee's clean-up plan and to cooperate with them in the 1999 grants to finish the clean-up project (City of Shawnee dump site) and furthermore to make it clear clean-up fee fund money is not to be used to build a park. The source of the funds is the clipping fee fund. The motion carried.

A motion was made by Representative Packer, seconded by Representative Ballard to add an additional \$100,000 from SGF into the Primary Health Care Projects under the Department of Health and Environment. A discussion followed. The motion failed with 6 in favor and 15 opposed.

Chair Kline announced a recess at 10:55 a.m. to reconvene 15 minutes after the House adjourns.

Chair Kline reconvened the meeting at 1:00 p.m.

A motion was made by Representative Packer, seconded by Representative Helgerson to add an additional \$50,000 from SGF into the Primary Health Care Projects under the Department of Health and Environment. A discussion followed.

Representative Neufeld offered information on state funded community based primary care clinics arguing against the amendment (Attachment 3).

A vote was taken on Representative Packer's motion. The motion failed with 9 in favor and 10 opposed.

A motion was made by Representative Packer, seconded by Representative Spangler to add \$150,000 to Kansas State funding for Athletics in order to start a men's wrestling program and an equal woman's wrestling program. A discussion followed. The motion failed with 7 in favor and 13 opposed.

A motion was made by Representative Spangler, seconded by Representative Farmer to add a total of \$51,925 (including \$50,365 from the SGF) and 2.0 FTE positions to transfer the operations of the Statehouse Travel Information Center from the Department of Commerce and Housing to the Historical Society. The motion carried.

A motion was made by Representative Spangler, seconded by Representative Nichols to add \$95,000 to the State Historical Society budget from the EDIF for a one time grant to allow the Friends of the Free State Capitol, Inc., to acquire buildings located at 427-429 Kansas Avenue in Topeka. A discussion followed. The motion carried with 12 in favor and 11 opposed.

A motion was made by Representative Packer, seconded by Representative Spangler to add a proviso to the Kansas Lottery to increase in FY 99 the payment of compensation to Lottery retailers from approximately 5.6 percent to no less than 7.5 percent; prohibit the Lottery from collecting a 1.0 percent fee from retailers for communications costs; and provide for the payment of retailer commissions as a separate no limit account, financed in part by reducing \$430,000 from the agency operating account expenditure limitation of the Lottery Operating Fund. A discussion followed. The motion failed.

A motion was made by Representative Feuerborn, seconded by Representative Spangler to delete the \$50,000 from the State Department of Education for the second year of the contract with Coopers and Lybrand to complete a management reporting system pilot project with seven school districts. A discussion followed. The motion carried.

Representative Farmer expressed concerns with the second item under State Department of Education -- "Add \$5 million in Child Care Development Block Grant fund and up to \$5 million in temporary assistance for needy families for grants for preschool programs for at-risk four-year olds.". He also distributed information concerning the Early Childhood Services (Attachment 4).

A motion was made by Representative Farmer, seconded by Representative Helgerson to flag the above for Omnibus to address concerns on funding. A brief discussion followed. The motion carried.

A motion was made by Representative Neufeld, seconded by Representative Kejr to remove from the Judicial Branch the \$135,443 for step increases for employees who have reached the last step of their salary grade. A discussion followed. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Neufeld to add a section to the bill directing the Attorney General to terminate the contingency agreement entered into with law firms to represent Kansas with regard to tobacco litigation and stipulate that no money appropriated for FY 99 shall be used in any way connected with the contracts. The motion carried.

Representative Mollenkamp requested a list of all the contracts the Attorney General has issued for professional services within the last year. Chair Kline asked Administrative Aide Helen Abramson to request that information.

Representative McKechnie, noted on page 8 of **HB 2893**, beginning on line 40 (speaking about funds for the legislature on special revenue funds), there is a proviso that says -- "when the Legislature is not in session any expenditure from this fund for FY 99 which is not in excess of \$2,500 may be approved by either the President of the Senate or the Speaker of the House of Representatives". Representative McKechnie noted this puts a limit on the amount of a purchase or cost of work to be done without going through the LCC.

A motion was made by Representative McKechnie, seconded by Representative Farmer to delete the stated proviso. A discussion followed. The motion carried with 13 in favor.

A motion was made by Representative Farmer, seconded by Representative Dean to add \$40,000 to the Legislative Budget for development and production costs of a CD-Rom on the legislative process for Kansas schools and other interested parties. Funds would come from the State Budget Stabilization Fund. A discussion followed. The motion carried.

While reviewing the Governor's and Lieutenant Governor's budgets, Chair Kline reminded the committee of the motion made earlier by Representative Farmer concerning restoring deleted funds.

A motion was made by Representative Peterson, seconded by Representative Feuerborn to add back the \$36,209 to the Animal Health Department from the SGF to create 1.0 FTE Animal Facility Inspector. A brief discussion followed. The motion carried with 10 in favor and 9 opposed.

A motion was made by Representative Holmes, seconded by Representative Feuerborn to make the unclassified temporary position (temporary position since 1991) in the Kansas Water Office a FTE and pay the \$54,026 out of the SGF. A discussion followed. The motion failed.

A motion was made by Representative Toplikar, seconded by Representative Farmer to add a proviso to the State Library Budget with three points: 1) restore funding for grants in aid to local libraries in the amount of \$254,500. 2) Direct that the expenses of First Search database, of \$150,000, and the On-line Public Access Catalog, of \$107,122 to be paid from Federal Library Services and Technology Act funds. 3) Direct the State Library to provide leadership and support in the development of locally adopted policy and management methods for control of access by all library users to illegal information on library computers. The State Library shall provide assurances to the 1999 Legislature that all libraries receiving state and federal funding through State Library administered programs have adopted the policies necessary to meet this objective.

Representative Edmonds asked the question be divided. A discussion followed.

A vote was taken on point #1 of the motion by Representative Farmer. The motion carried. Representative Edmonds is recorded as voting no.

After a discussion a vote was taken on point #2. The motion carried.

After a discussion a vote was taken on point #3. The motion carried.

A motion was made by Representative Farmer, seconded by Representative O'Connor adding an additional proviso to be attached to the Department of Social and Rehabilitation Services (SRS) dealing with the Children's Health Insurance Account providing that no expenditures shall be made from this account to match federal Title XXI dollars until the 1998 Legislature passes legislation outlining the powers and duties of the secretary of SRS with regard to an implementation of a children's health insurance program under Title XXI. A discussion followed. The motion carried.

A motion was made by Representative Neufeld, seconded by Representative Landwehr to add \$2.0 million of Kansas Quality Management (KOM) money to fund the grant program for transportation which helps collaborating providers in a community (like the community health centers, the SRS office, the Department of Aging, and Meals on Wheels) which can all share the same vehicles. A discussion followed.

A substitute motion was made by Representative Reinhardt, seconded by Representative Minor to use the State Budget Stabilization Fund instead. The motion carried.

A motion was made by Representative Landwehr, seconded by Representative Nichols to add a proviso to the Youth Services Aid and Assistance account of the SGF in HB 2893 that would prohibit the secretary from renewing or entering into a contract to serve more than one region with a foster care provider currently providing services in multiple regions that is not meeting performance objectives under the current contract and also asking for an interim study on the foster care system.

A motion was made by Representative McKechnie to table the motion until Omnibus. The motion failed.

An extensive discussion followed concerning Representative Landwehr's motion.

Representative Reinhardt requested the question be divided.

Chair Kline requested each of the specific portions of the motion be restated.

A vote was taken on the first portion of the motion which provided that the secretary of SRS shall review the performance of all service providers that are providing foster care services under the statewide foster care program. The motion carried. Representatives Spangler and McKechnie were recorded as voting no.

A vote was taken on the second portion of the motion which provided that the secretary of SRS shall not renew or enter into a provider contract agreement with any service provider to provide foster care services in more than one region of the state if such service provider is providing services in more than one region of the state and is not fully meeting all outcome goals and indicators and other performance objectives under the provider contract agreement. A discussion followed. The motion carried with 14 in favor. Representatives Spangler and McKechnie were recorded as voting no.

A vote was taken on the third portion of the motion which stipulated an interim study be conducted on the foster care system. A discussion followed. The motion failed with 7 in favor and 11 opposed. Representatives Spangler and McKechnie were recorded as voting no.

Chair Kline reminded the committee of Representative Farmer's earlier amendment which returned the budget for the Commission on Governmental Standards and Conduct to the Governor's recommendations.

Representative Helgerson explained last year's **HB 2350** which created a tourism fund. The money carried over above the \$50 million of EDIF dollars would go to the SGF, \$5 million of which would be transferred over to the tourism fund and the funds would then be transferred to the destination sites. **HB 2350** passed out of the House but did not make it through the Senate.

A motion was made by Representative Helgerson, seconded by Representative Pottorff to use the concept proposed by the House Tourism Committee and transfer surplus funds which would normally go into SGF into EDIF funds to be divided into three projects: \$3.0 million for the Cosmosphere in Hutchinson; \$5.0 million for the Exploration Place In Wichita ; and \$1.0 million for Boothill in Dodge City. An extensive discussion followed.

A substitute motion was made by Representative Packer, seconded by Representative Pottorff to add to the above \$150,000 for the Starbase Program at Forbes Field in Topeka. The motion carried.

A motion was made by Representative Nichols, seconded by Representative Farmer to add a proviso asking

the Department of Revenue to use the existing budget funds to reprint the Driver Education booklets in Spanish. The motion carried.

Alan Conroy explained the KQM Program and how the Governor proposes to expand the program into the Savings Incentive Program (Attachment 5). A discussion followed concerning the last proposed change "The law would be clarified to ensure that the maximum salary bonus is a net amount after tax withholdings."

A motion was made by Representative O'Connor, seconded by Representative Landwehr to change the word "net" to "gross" in the above point as well as other places in the bill referring to the net amount. The motion carried with 11 in favor.

Gloria Timmer, Director, Division of the Budget, addressed questions by the committee concerning KQM funds.

Representative Farmer requested information by Omnibus from Alan Conroy and the Legislative Research Department concerning KQM: the eligibility of all state agencies; what agencies are not currently included; an estimate of dollars in savings if possible; and what the dollar amount is for the program that includes agencies with no limit accounts.

Representative Toplikar distributed a report concerning out-of-state and international travel expenditures (Attachment 6).

A motion was made by Representative Toplikar, seconded by Representative Edmonds to request a list of out-of-state travel and international travel as separate line items. A discussion followed concerning the feasibility of this level of detail during the current budget. The motion was withdrawn with the intent to restate.

A conceptual motion was made by Representative Toplikar, seconded by Representative Edmonds to provide in the future budget, separate line items for out-of-state travel and international travel. The motion failed with 7 in favor and 7 opposed.

A conceptual motion was made by Representative Toplikar, seconded by Representative Edmonds to provide in the future budget separate line items for out-of-state travel. The motion failed with 4 in favor and 6 opposed.

A motion was made by Representative McKechnie, seconded by Representative Helgerson to add an amendment in the Department of Transportation Budget to authorize expenditure of \$10,000 or exchange of real estate for use as a materials storage and mixing strip on K-7 in Girard, Kansas. The motion carried.

A motion was made by Representative Spangler, seconded by Representative Helgerson to add a proviso that on July 1, 1998, July 1, 1999 and July 1, 2000 and quarterly thereafter on October 1, January 1, and April 1, the director of accounts and reports shall transfer \$4.167 million each quarter to the State Highway Fund to the railroad rehabilitation fund for the purpose of railroad mitigation projects; and appropriate the new fund at \$0 in FY 99 and FY 2000. A discussion followed. The motion failed with 6 in favor and 10 opposed.

A motion was made by Representative Landwehr, seconded by Representative O'Connor that would require all the agencies report to the LCC, the Chairman of Appropriations, the Ranking Minority Leader of Appropriations, Subcommittee Chairmen of Appropriations, Chairmen of the Senate Ways and Means, the Ranking Minority Member of Ways and Means, and the Subcommittee Chairmen of Ways and Means on any unbudgeted federal or private or fee funds monies the agencies receive and this information be provided to the 1999 legislature. The motion carried.

Concerning **HB 2893**, Representative Helgerson noted the intent is to send out the 1999 Budget and deal with the 1998 budget separately. He also noted the necessity of giving some latitude to the revisors office if there are any technical changes that need to be made.

A motion was made by Representative Helgerson, seconded by Representative Neufeld to pass out **HB 2893** favorably as amended. The motion carried.

A short recess was called at 4:30 p.m. The meeting was reconvened at 4:45 p.m. to work on **HB 2895**.

Beginning on page 1 of Attachment 1 the committee proceeded through the FY 98 Supplemental Bill. There were no adjustments made to this portion of the proposed budget. Additional items were discussed and the following action taken.

Representative Spangler referred to his motion earlier in the meeting which funded the purchase of the Constitutional Hall Building. It was Representative Spangler's intent to budget the request out of FY 98 funds. There were no objections. The fund request was shifted from FY 99 to FY 98.

Representative Helgerson introduced a discussion on the State Budget Stabilization Fund identifying some

items to use those funds: Capitol outlay for Department of Corrections in FY 99; Energy Conservation Debt Service of \$3.1 million; adjust the State Highway Demand Transfer from SGF by the full amount; offset property tax relief from a transfer of Budget Stabilization Fund; offset debt service within the Department of Corrections by \$6.3 million. Approximately \$15,650,000 was left in the Budget Stabilization Fund.

A conceptual motion was made by Representative Helgerson, seconded by Representative Dean to shift financing of \$15,650,235 from the SGF to the Budget Stabilization Fund in FY 99 in order to spend down the remaining balance. A discussion followed. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Farmer to reconsider HB 2893. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Dean the remaining balance of Budget Stabilization Funds be transferred to the State Highway Demand Transfer account and the SGF corresponding amount be reduced from the State Highway Demand Transfer. A brief discussion followed. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Dean to pass out HB 2893 for FY 99 as amended. A brief discussion followed. The motion carried.

Work resumed on **HB 2895** for FY 98.

Representative Farmer noted **HB 2632** was a bill the committee considered concerning the federal grant contract clearing fund. It abolished that fund and transferred that money into 3 separate areas. There was \$600,000 in the fund, so when the fund was abolished it transferred \$200,000 to the SGF, \$300,000 to the Kansas Educational Building Fund and \$100,000 to the State Institutions Building Fund. As he understood it, the contents of **HB 2632** could be put in the FY 98 Supplemental Bill.

A motion was made by Representative Farmer, seconded by Representative Helgerson to move the contents of HB 2632 into HB 2895. The motion carried.

Representative Nichols requested to revisit out-of-state travel. He felt it is important to have the information broken out separately when the Subcommittees review budgets in future years.

A conceptual motion was made by Representative Nichols, seconded by Representative Edmonds that as the budgets are broken out by the Budget Division that they track out-of-state travel and it appears separately in the Subcommittee reports. A discussion followed. The motion failed.

A motion was made by Representative Helgerson, seconded by Representative Farmer to pass HB 2895 out favorably as amended. The motion carried.

Chair Kline called for a recess at approximately 5:15 p.m. The meeting reconvened at 5:30 p.m.

Chair Kline directed to the committee to begin work on **SB 618**.

Julian Efird, Legislative Research Department, introduced the bill with a summary on status of separate bill items, and **SB 618**, the 1998 Omnibus bill (Attachment 7).

Representative Packer noted that when benefits are received for a minor, KPERS members legally need to appoint a conservator. He also noted it can be very expensive and repetitious each year to pay an attorney to appoint the conservator. Representative Packer requested the revisors add the correct language so that if the parents are still both together, still the guardians, and the children are still living with them, that the parents should not need to appoint a conservator.

Gordon Self, Revisor of Statutes Office, noted he would need to go into the areas that required a conservatorship and make an exception, and that the amendment would not be in the probate statutes or any conservators type statutes, but rather in the KPERS statutes.

A motion was made by Representative Packer, seconded by Representative McKechnie to clarify that a conservatorship would not be needed in certain situations when the custodial parents are taking care of the children. A discussion followed. The motion carried.

Representative Landwehr requested KPERS report back to the Committee by Omnibus on the cost of a study on the cost of going from a defined benefit plan to a defined contribution plan for future employees.

A motion was made by Representative Landwehr, seconded by Representative Dean to put language (which is already in SB 11, which may not pass) in HB 618 that new affiliated employers pay the actuarial cost upon affiliation rather than have the system absorb the cost. A discussion followed. The motion carried.

Representative Spangler requested a status report in regards to legal council from an Indianapolis Law Firm on the issue of transferring individuals from Tier 1 to Tier 2.

Meredith Williams, Executive Secretary, responded that a year ago when the legislature was contemplating the large bill dealing with the Internal Revenue Service (IRS) code compliance, KPERS told the legislature, on the advise of Council, that the code prohibited multiple elections for members to move from Tier 1 to Tier 2. When the Council changed their position on this during the interim the council was asked to put their position in writing. The Council doesn't advise it but they don't preclude it either. A discussion followed. Executive Director Williams explained the potential impact to amend the bill by opening up an enrollment period to enroll members in Tier 1 to Tier 2.

A motion was made by Representative Spangler, seconded by Representative Helgerson to amend the bill by authorizing the KPERS Board of Trustees to have the power to set up a one time 90 day window (after a letter is requested and received from the IRS) to enroll employees from Tier 1 to Tier 2. A discussion followed. The motion carried.

Representative McKechnie noted this bill would be a good place to insert his motion made earlier in the week concerning the legislature's retirement system.

A motion was made by Representative McKechnie, seconded by Representative Weber to amend the bill to include legislators in the deferred compensation plan; a plan based on actual salary and expenses in non session; one in which the legislators would be immediately vested; and one in which the legislators would be able to choose either the KPERS or the deferred compensation plan. A discussion followed. The motion carried.

A motion was made by Representative McKechnie, seconded by Representative Weber to amend by allowing the career staff the retirement choice of either KPERS or the deferred compensation plan. A discussion followed. The motion carried.

A motion was made by Representative Nichols, seconded by Representative Pottorff to amend **HB 2890** by adding "On and after January 1, 1999, "Police", "policeman" or policemen" shall include a city or county correction officers who have a minimum of thirty (30) hours of in-house training as a city or county correction officer; and who is specifically designated, appointed, commissioned or styled as such by the governing body or city manager of the participating employer and certified to the retirement system as such." A discussion followed. The motion failed with 8 in favor and 13 opposed.

Representative Nichols requested another change concerning the KP&F retirement.

A motion was made by Representative Nichols, seconded by Representative Pottorff to amend **HB 2890** by striking language from page 4, line 3 after the word "who" through the word "thereto:" on line 6, and by adding on page 4, line 3, after the word "who" -- "are subject to certification required by the provisions of KSA 74-5607a and amendments thereto;" A discussion followed. The motion failed with 9 in favor and 9 opposed.

Representative Edmonds referred to a memorandum from the Legislative Research Department, concerning Service Credit Purchases (Attachment 7) and a chart on Automatic COLA Estimates (Attachment 8). He spoke to the differences between the Governor's recommendation and that of the House Subcommittee concerning KPERS COLA.

A motion was made by Representative Edmonds, seconded by Representative Minor to recommend **HB 618** pass out favorably as amended. An extensive discussion followed. The motion carried with 13 in favor.

A motion was made by Representative Helgerson, seconded by Representative O'Connor to approve the minutes for March 18, 19 and 20.

The next meeting will be at 8:00 a.m. on March 31. The meeting was adjourned at 6:50 p.m.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 3/30/98

NAME	REPRESENTING
Don Pound	SRS
Sherry Brown	Commerce & Housing
Lori Rost	KTEC
Basil Cowey	KRTA
Jan Murphy	KDHE
Jela Warner	St Conservation Comm.
Jane Wedel	Ks. Water Office
Robert G. Ray	Ks Human Rts Comm
Margaret Bradshaw	Friends of Free State Capital
Chuck Seidell	Adj General's Dept
May Foster	KDA
Marlynn Riem	KU
Owen Ryan	SEAK
Ken Baker	Ks. Court Reporter Assn
Mike Huttles	SRS
Jon Jasserand	VU
Don Moler	League of KS Mun.
Rae Wilson	KARE
Meredith Williams	UPERS

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 3/30/98

NAME	REPRESENTING
Jack Hawn	KPERS
Leland Bredlow	KPERS

March 27, 1998

STATE BUDGET STABILIZATION FUND

Revenue Transfer

Definition—authority in an appropriation bill that transfers all or part of the revenue from a particular fund to another fund prior to expending the funds. Examples would include the transfer from the State Highway Fund in the Department of Transportation to the Division of Vehicles Operating Fund in the Department of Revenue or the transfer as recommended by the Governor in FY 1999 from the State General Fund to the State Budget Stabilization Fund.

The 1992 Legislature authorized a transfer of \$75,000,000 from the Social Welfare Fund of the Department of Social and Rehabilitation Services to the State Budget Stabilization Fund for FY 1993. The Social Welfare Fund received a one-time special payment of federal disproportionate share funds. Most expenditures from the State Budget Stabilization Fund were made in FY 1995. The attached table reflects how those funds were expended.

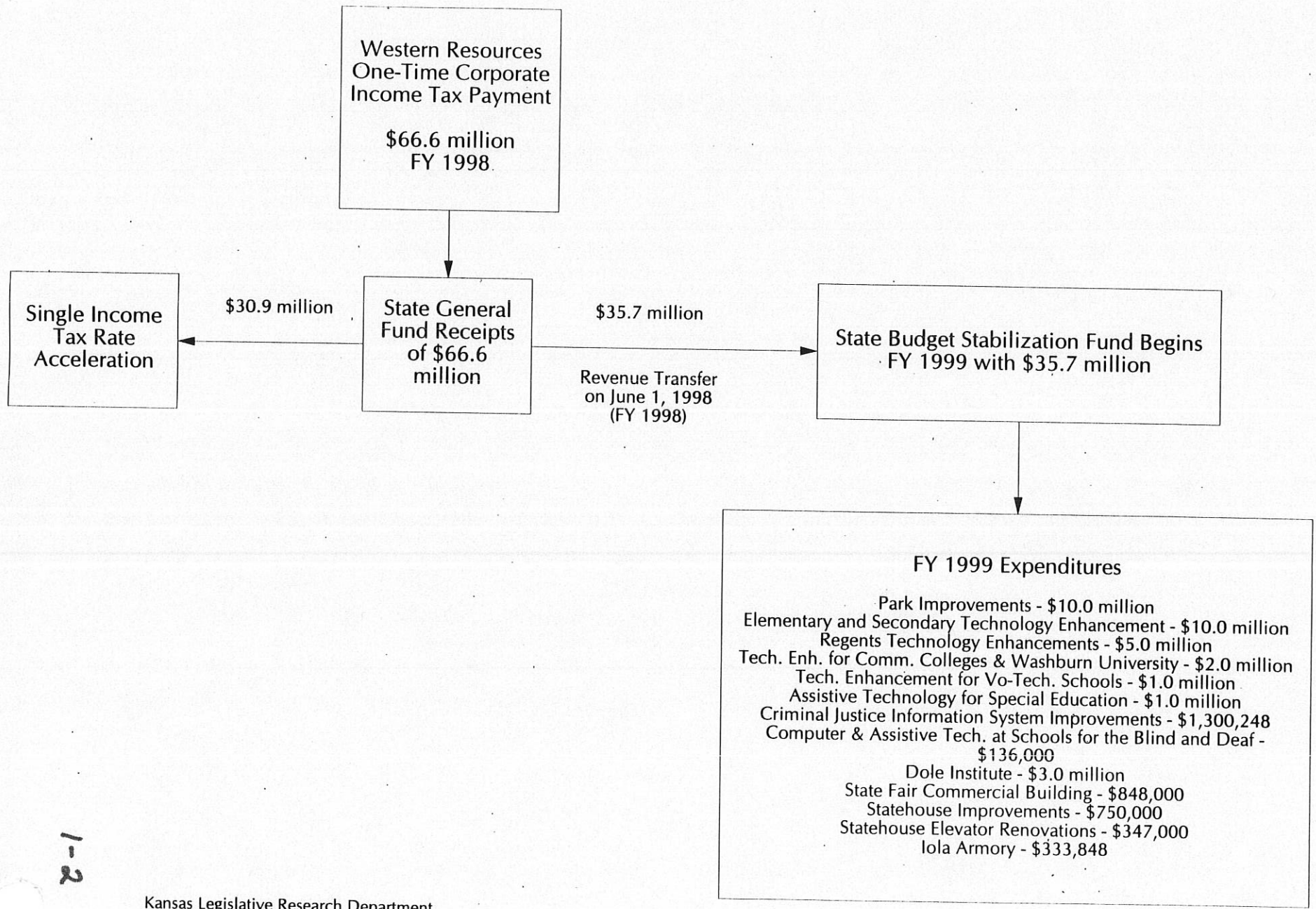
Appropriation Bill Language

In the FY 1998 supplemental bill, H.B. 2895, the following language pertains to the State Budget Stabilization Fund:

Section 2(d)—On June 1, 1998, or as soon thereafter as moneys are available, the Director of Accounts and Reports shall transfer \$35,715,096 from the State General Fund to the State Budget Stabilization Fund.

As part of the Governor's FY 1999 appropriation recommendations, various one-time expenditures of \$35,787,059 are included from the State Budget Stabilization Fund. See attached list.

Governor's FY 1999 State Budget Stabilization Fund Recommendations



1-2

1-2

TABLE G

FY 1998 Status of the Budget Stabilization Fund

	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Beginning Balance	\$ 75,000,000	\$ 74,980,391	\$ 9,655,723	\$ 782,895	\$ 171,541
Less Transfers and Expenditures:					
Dept. of Social and Rehabilitation Services (Mainly to Offset Reduction of Federal Funds)	\$ -	\$ 38,388,201	\$ 265,996	\$ -	\$ -
Department of Revenue – Military Retirees	19,609	19,134,300	44,891	-	-
State Finance Council -- 1.5 Percent Base Salary Increase	-	4,559,639	-	-	-
Historical Society – Capital Improvements and Other One-Time Expenditures	1,811,238	1,806,040	601,631	161,909	-
Department of Wildlife and Parks – 1993 Flood					
a. Flood Damage Repair	-	575,928	524,456	-	-
b. ADA Projects	-	-	10,340	34,440	90,000
State Fair - Safety Code Improvements	-	43,091	-	-	30,000
Department of Administration					
a. Capital Improvements	-	209,332	78,387	132,853	-
b. Judicial Center Roof Replacement	-	-	3,034	246,966	-
c. Transfer to State Emergency Fund	-	-	1,376,465	-	-
d. Statewide Human Resource and Payroll System (SHARP)	-	-	2,100,000	-	-
Adjutant General – Capital Improvements/ Capital Outlay	-	179,286	18,618	29,058	-
State Library – Computers	-	160,000	-	-	-
Corporation for Change – Evaluation of SRS Family Agenda	-	100,000	-	-	-
Board of Indigents' Defense Services – Management Study	-	65,000	-	-	-
Animal Health Dept. – Livestock Indemnity	-	40,000	-	-	-
University of Kansas – Hoch Auditorium	-	-	3,800,000	-	-
Board of Agriculture					
a. Octane Analysis Devices	-	21,690	2,310	6,128	-
b. Air Conditioner Replacement	-	43,091	-	-	-
c. ADA Capital Improvements	-	-	46,700	-	-
Department On Aging – Hold Harmless – Population Shift	-	22,161	-	-	-
Soldiers' Home – Capital Outlay	-	20,000	-	-	-
FY Total Transfers and Expenditures	\$ 19,609	\$ 65,324,668	\$ 8,872,828	\$ 611,354	\$ 120,000
Ending Balance	\$ 74,980,391	\$ 9,655,723	\$ 782,895	\$ 171,541	\$ 51,541

STATUS OF THE STATE BUDGET STABILIZATION FUND

Agency/ Project	Governor's Rec.	Senate Adjust.	House Adjust.
FY 1998	FY 1998	FY 1998	FY 1998
Transfer from State General Fund	\$ 35,715,096	\$ --	\$ --
New Projects:			
Department of Administration			
Statehouse Elevator Renovations	\$ FY 99	\$ 347,000	\$ FY 99
Legislature			
Computerization Plan	\$ --	\$ -- (T)	\$ 3,350,000
<hr/>			
FY 1999	FY 1999	FY 1999	FY 1999
Department of Administration			
Statehouse Elevator Renovations	\$ 347,000	\$ (347,000)	\$ --
Statehouse Renovations	750,000	--	--
Subtotal - Administration	<u>\$ 1,097,000</u>	<u>\$ (347,000)</u>	<u>\$ --</u>
Dept. of Social and Rehabilitation Services			
Assistive Technology	\$ 1,000,000	\$ --	\$ --
Department of Education			
Community College Technology	\$ 2,000,000	\$ --	\$ (2,000,000)
USD Technology	10,000,000	--	(10,000,000)
AVTS Technology	1,000,000	--	(1,000,000)
Subtotal - Education	<u>\$ 13,000,000</u>	<u>\$ --</u>	<u>\$ (13,000,000)</u>
Kansas State School for the Blind			
Computers and Assistive Tech.	\$ 68,000	\$ --	\$ --
Kansas State School for the Deaf			
Computers and Assistive Tech.	\$ 68,000	\$ --	\$ --
Board of Regents - Technology Equipment	\$ 5,000,000	\$ --	\$ (5,000,000)
University of Kansas - Dole Institute	\$ 3,000,000	\$ --	\$ (3,000,000)
Adjutant General - Iola Armory	\$ 333,848	\$ --	\$ --
Sentencing Commission			
Criminal Justice Information System	\$ 1,300,248	\$ --	\$ --
Department of Wildlife and Parks			
State Park Improvements	\$ 10,000,000	\$ --	\$ --
ADA Projects	71,963	--	--
Subtotal - Wildlife and Parks	<u>\$ 10,071,963</u>	<u>\$ --</u>	<u>\$ --</u>
Transfer to State Water Plan Fund	\$ --	\$ 40,000	\$ --
Kansas State Fair - New Commercial Building	\$ 848,000	\$ --	\$ --
TOTAL	\$ 35,787,059	\$ 40,000	\$ (17,650,000)
ENDING BALANCE	<u>\$ 40,235</u>	<u>\$ 235</u>	<u>\$ 17,690,235</u>

(T) - Tentative Recommendation.

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HOUSE COMMITTEES TO AMENDED GOVERNOR'S RECOMMENDATION
(Reflects House Committee Adjustments for FY 1998 and FY 1999)

Agency/Item	State General Fund	All Funds	FTE Positions
FY 1998:			
Department of Agriculture			
Increase expenditure limitation of fertilizer fee fund	0	50,000	0.0
State Fair Board			
Shift operating expenditures from the State General Fund to EDIF	(115,000)	0	0.0
Arts Commission			
Shift \$20,539 (federal funds) from Other Assistance to State Operations	0	0	0.0
Sentencing Commission			
Add funding for other operating expenditures	17,326	17,326	0.0
Upgrade PROPHET population projection model software	10,600	10,600	0.0
State Fire Marshal			
Create new fund to receive private contributions	0	45,000	0.0
Adjutant General			
Storm sewer at Olathe Armory	33,000	33,000	0.0
Kansas Dental Board			
Add funding for unusually high legal fees in FY 1998	0	30,000	0.0
Board of Pharmacy			
Delete funding for travel and other operating expenses associated with oxygen distributor inspections	0	(20,000)	0.0
Department of Health and Environment			
Shift \$1,106,158 (SGF) from FY 1999 to FY 1998 for Year 2000 repairs; can reappropriate to FY 1999	1,106,158	1,106,158	0.0
Add a proviso that no individual that is currently receiving ADAP funding will be cut off from their medication due to shortfall of funds	0	0	0.0
Add a proviso that requires name identification tracking of people with AIDS and the HIV virus and tracking of people who have had contact with a person with the HIV virus or AIDS. Information shall remain confidential	0	0	0.0
Add a child care facilities licensure fund to receive a grant from SRS of \$1.0 million	0	0	0.0
Add a proviso that would reappropriate any ADAP funding from FY 1998 to FY 1999	0	0	0.0
Kansas, Inc.			
Add \$5,787 for expenses incurred due to the resignation of the President of Kansas, Inc.	0	5,787	0.0
Department of Commerce and Housing			
Add proviso designating World Trade Center funding as a grant to the World Trade Center and Department is merely pass-through agency for grant	0	0	0.0
Judicial Branch			
Add a proviso authorizing payment from the Permanent Families Account of the Family and Children Investment Fund for two legislators who serve on an advisory commission to the Judicial Administrator	0	0	0.0
State Board of Indigent's Defense			
Add \$238,645 for assigned counsel to bring total to \$5,404,000, as requested by the Board	238,645	238,645	0.0
State Board of Tax Appeals			
Add \$16,787 to reduce shrinkage from 3.0 percent to 1.75 percent	16,787	16,787	0.0
Add \$65,000 to complete computer system upgrade	65,000	65,000	0.0
Insurance Department			
Authorize official hospitality for SHICK program	0	0	0.0

0 0.0
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HOUSE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION
(Effects House Committee Adjustments for FY 1998 and 1999)

Agency/Item	State General Fund	All Funds	FTE Positions
Kansas Bureau of Investigations			
Authorize no limit expenditure limit on the General Fees Fund	0	0	0.0
Department of Human Resources			
Increase expenditure limitation on OSHA federal fund	0	24,269	0.0
Increase expenditure limitation on Employment Security Administration federal fund (Year 2000 grant)	0	2,934,045	0.0
Department of Social and Rehabilitation Services			
Establish a true trust fund account in the Family and Children Investment fund	0	0	0.0
Department on Aging			
Establish two no limit fee funds	0	0	0.0
Add a proviso transferring all SGF funds allocated for professional services in the Office of the Secretary which remain at the end of the fiscal year to the program grants fund to be used for services in FY 1999	0	0	0.0
Kansas Lottery			
Reduce \$200,000 all funds for advertising costs	0	(200,000)	0.0
Reduce 4.0 FTE positions and \$145,599 all funds for vacant positions	0	(145,599)	(4.0)
Kansas Racing and Gaming Commission			
Add 4.0 FTE positions to Gaming Agency	0	0	4.0
Add 3.0 FTE positions to Racing Agency	0	0	3.0
Kansas Department of Transportation			
Reduce 10.0 FTE positions due to retirements as recommended by Governor and post to bill	0	0	(10.0)
Reduce \$300,054 all funds due to salary recalculations by the Governor and post to bill	0	(300,054)	0.0
Lapse \$2,640,870 all funds of QQM savings and return to the State Highway Fund (SHF) by proviso in bill	0	0	0.0
Authorize expenditures of not more than \$1,909,764 all funds from QQM savings to be expended in FY 1998 and post to bill	0	0	0.0
Legislature			
Add \$3,350,000 (State Budget Stabilization Fund) and 2.0 FTE positions for the agency's strategic computerization plan; funding includes: \$2,026,000 for new computers, printers and other related equipment, software upgrades and new software, 2.0 FTE positions; plus \$1,324,000 for fiber optic wiring and electrical upgrades in the Statehouse to accommodate the new computer system.	0	3,350,000	2.0
TOTAL CHANGE - FY 1998	\$1,372,516	\$7,260,964	(5.0)

**HOUSE COMMITTEE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION
(Reflects House Committee Adjustments for FY 1998 and FY 1999)**

Agency/Item	State General Fund	All Funds	FTE Positions
FY 1999:			
Department of Administration			
Public Broadcasting Equipment Grants	200,000	200,000	0.0
Full funding for Cedar Crest Renovations	380,400	380,440	0.0
Reduction in state operation expenditures	(667,430)	(667,430)	0.0
Insurance Department			
Authorize official hospitality SHICK Program	0	0	0.0
University of Kansas Medical Center			
Delete 1/2 of Hospital Budget due to SB 373	0	(80,468,671)	0.0
Kansas Bureau of Investigation			
Authorize no limit expenditure on the general fees fund	0	0	0.0
Funding to reconfigure former gaming unit/reduce shrinkage	424,082	424,082	(3.5)
Wildlife and Parks			
Delete funding for purchase of 20 new 800 MHz radios (Omnibus item)	0	(32,400)	0.0
Shift funding of \$132,000 recommended for Kansas river access from SWPF to EDIF	0	0	0.0
Add proviso to limit new wetlands acquisition to McPherson Wetlands and Cheyenne Bottoms	0	0	0.0
Add proviso to limit playa lakes acquisition to lands adjacent to state-owned playa lakes	0	0	0.0
Create new "State Agriculture Production Fund"	0	0	0.0
Arts Commission			
Remove expenditure limitation on federal funds for state operations	0	0	0.0
Sentencing Commission			
Add rent for additional office space (300 sq. foot)	1,569	3,138	0.0
Board of Regents			
Shift \$5.0 million recommended for Regents technology equipment from SBSF to EDIF	0	0	0.0
Add proviso linking salary increases for CEO's at Regents schools to average for full-time professors systemwide	0	0	0.0
Emporia State University			
Delete "Teacher Excellence Initiative"	(50,000)	(50,000)	0.0
Highway Patrol			
5.0 FTE new Troopers	335,810	335,810	5.0
Dedicated Communication lines at central dispatch	120,000	120,000	0.0
Fire Marshal			
Add 1.0 Public Service Executive II	0	71,319	1.0
Create new fund for private contributions	0	45,000	0.0
Office of the Securities Commissioner			
Add \$28,000 for "Investor Awareness Campaign"	0	28,000	0.0
Department of Commerce and Housing			
Add \$50,000 (EDIF) for the World Trade Center	0	50,000	0.0
Add a proviso designating previous appropriation as a grant	0	0	0.0

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HOUSE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION
(Recommends House Committee Adjustments for FY 1998 and 1999)

Agency/Item	State General Fund	All Funds	FTE Positions
Add \$55,000 (EDIF) for Rural Development Council	0	55,000	0.0
Delete \$50,000 (EDIF) for Training Equipment Grants	0	(50,000)	0.0
Transfer the Tourism Information Center funding and 2.0 FTE from Department to the Kansas State Historical Society	(50,365)	(51,925)	(2.0)
Kansas Technology Enterprise Corporation			
Delete \$5,039 (EDIF) for MAMTC	0	(5,039)	0.0
Delete \$493,735 (EDIF) for EPSCoR	0	(493,735)	0.0
Department of Health and Environment			
Add proviso for the Secretary to reorganize the Division of Health	0	0	0.0
Add limits to all "no limit" funds	0	0	0.0
Shift \$1,106,158 (SGF) from FY 1998 to FY 1999 for Year 2000 repairs	(1,106,158)	(1,106,158)	0.0
Delete \$458,156 for Year 2000 repairs	(169,518)	(458,156)	0.0
Add proviso to Voluntary Cleanup Fund to clarify that federal funds are supplemental to the fee funds	0	0	0.0
Add proviso that no individual that is currently receiving ADAP will be cut off	0	0	0.0
Add proviso that requires tracking of individuals that are HIV positive and diagnosed with AIDS and individuals that have had contact with person who has been diagnosed as HIV positive or with AIDS	0	0	0.0
Add \$131,345 and .5 FTE to the Bureau of Adult and Child Care for initial inspections of Assisted Living and Residential Health Care Facilities	131,345	131,345	0.5
Kansas State School for the Deaf			
Add \$25,000 (SIBF) to replace roof of dressing room in Old Gym	0	25,000	0.0
Board of Cosmetology			
Delete \$100,000 in enhancement funding recommended by Governor	0	(100,000)	0.0
University of Kansas			
Shift funding recommended for Hugoton Natural Gas Area Study from SGF to EDIF	(150,000)	0	0.0
Delete funding from State Budget Stabilization Fund for construction of Dole Institute	0	(3,000,000)	0.0
Kansas State University			
Construct materials acoustics laboratory	0	100,000	0.0
KSU - Ext. Systems and Ag. Research Programs			
Make federal land grant funds no-limit funds	0	0	0.0
State Historical Society			
Add funding from the EDIF (up to \$100,000) to match voluntary contributions from visitors on a dollar for dollar basis	0	200,000	0.0
Kansas Lottery			
Reduce \$350,000 all funds advertising costs	0	(350,000)	0.0
Reduce 4.0 FTE positions and \$150,025 all funds for vacant positions	0	(150,025)	(4.0)
Increase retailer commissions to 7.5 percent; prohibit communication charges; and shift funds of \$420,000 from limited account to partially finance this item	0	0	0.0
Kansas Racing and Gaming Commission			
Reduce monthly ending balance of State Racing Fund (SRF) to \$250,000	0	0	0.0
Shift \$754,268 of financing 13.0 FTE from SGF to SRF	(754,268)	0	0.0
Increase SRF salary turnover savings by \$67,695	0	(67,695)	0.0

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**HOUSE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION
(Reflects House Committee Adjustments for FY 1998 and FY 1999)**

Agency/Item	State General Fund	All Funds	FTE Positions
Authorize KBI payments to be in addition to limited expenditures from SRF	0	0	0.0
Increase Tribal Gaming Fund salary turnover savings by \$59,549	0	(59,549)	0.0
Add \$5,000 to salary for Gaming Agency Executive Director	0	5,000	0.0
State Department of Education			
Add 1.0 FTE Food Service Consultant	0	42,945	1.0
Add \$5 million in Child Care Development Block Grant fund and up to \$5 million in Temporary Assistance for needy family for grants for preschool programs for at-risk four-year olds	0	10,000,000	0.0
Add proviso incorporating HB 2844, which would create the Kansas Fast Start School Readiness Program	0	0	0.0
Delete \$13 million from the Budget Stabilization Fund and add \$3.25 million from the SGF for technology grants (\$2.5 million for USDs, \$500,000 for community colleges and Washburn; and \$250,000 for technical colleges and AVTSs)	3,250,000	(9,750,000)	0.0
Add \$27,000 for pilot study of link between vision problems and behavior and academic performance	27,000	27,000	0.0
Add \$50,000 for second year of contract with Coopers and Lybrand to complete management reporting system pilot project with seven USDs	50,000	50,000	0.0
Delete all funding for Communities in Schools	0	(50,000)	0.0
Judicial Branch			
Add \$289,540 to upgrade the salaries of court reporters	289,540	289,540	0.0
Add \$1,544,704 for 41.0 FTE positions (5.0 FTE central staff; 12.0 FTE judicial personnel, and 24.0 FTE nonjudicial personnel)	1,544,704	1,544,704	41.0
Add \$636,569 to reduce shrinkage rate from 1.7 percent to 0.85 percent	636,569	636,569	0.0
Add \$623,179 for base salary increases of \$5,000 for Justices of the Supreme Court, judges of the appellate court, and district court judges and base salary increases of \$2,500 for district magistrate judges, beginning with the second half of FY 1999	623,179	623,179	0.0
Add \$135,443 for step increases for employees who have reached the last step of their salary grade	135,443	135,443	0.0
Add a proviso stipulating that any reappropriated balance from FY 1998 will be credited to new Judicial Center Technology, Building, and Grounds Fund	0	0	0.0
Add a proviso authorizing payment from the Permanent Families Account of the Family and Children Investment Fund for two legislators who serve on an advisory commission to the Judicial Administrator	0	0	0.0
Judicial Council			
Shift \$4,986 in expenditures from the Publications Fee Fund to the SGF	4,986	0	0.0
State Board of Indigents' Defense			
Add \$160,297 for a "parity" salary increase for the Board's unclassified attorneys who were not part of an upgrade of classified attorneys in FY 1995	160,297	160,297	0.0
Continue the Legislature's practice since FY 1994 of placing no limitation on the number of positions the Board is authorized	0	0	0.0
Add \$39,423 for the salary of an existing unclassified temporary position that was inadvertently left out of the budget	39,423	39,423	0.0
Add \$121,062 to reduce the shrinkage rate from 7.0 percent to 5.6 percent	121,062	121,062	0.0
Add \$135,510 for Legal Services for Prisoners, Inc., for legal assistance for indigent inmates	135,510	135,510	0.0
Citizens' Utility Ratepayer Board			

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HOUSE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION
(Funds House Committee Adjustments for FY 1998 and 1999)

Agency/Item	State General Fund	All Funds	FTE Positions
Add \$62,527 for the salary and associated costs of a new unclassified temporary accountant-economist	0	62,527	0.0
State Board of Tax Appeals			
Add \$24,149 to reduce the shrinkage rate from 3.5 percent to 1.7 percent	24,149	24,149	0.0
Add \$5,000 for travel	5,000	5,000	0.0
Do not authorize the reappropriation of any savings from FY 1998	0	0	0.0
Attorney General			
Reduce agency operating expenditures by 3.0 percent	(138,000)	(138,000)	0.0
Ombudsman of Corrections			
Delete rent savings	(1,569)	(1,569)	0.0
Juvenile Justice Authority			
Delete funding and 1.0 FTE position based on the agency's addition of a deputy commissioner to the statutorily approved officers of the agency	(75,642)	(75,642)	(1.0)
Add proviso raising the daily rate paid to juvenile detention centers for housing juvenile offenders in state custody from \$75 to \$140 per juvenile offender	0	0	0.0
Add proviso preventing expenditures for hiring consultants after July 1, 1998	0	0	0.0
Atchison Juvenile Correction Facility			
Add funding for adventure-based counseling	51,624	51,624	0.0
Legislative Division of Post-Audit			
Reduction of costs for contracted financial compliance audits	(38,800)	(38,800)	0.0
Legislature			
Delete \$89,200 (SGF) for out-of-state travel for legislators in FY 1999. The amount leaves \$125,000 for out-of-state travel with proviso limiting the Senate to \$30,300 and the House to \$90,700 in the budget year.	(89,200)	(89,200)	0.0
Governor			
Delete 3.0 percent	(54,125)	(54,125)	0.0
Lieutenant Governor			
Delete 3.0 percent	(3,865)	(3,865)	0.0
Animal Health Department			
Create 1.0 Animal Facility Inspector and for other operating expenses associated with the position	0	36,209	1.0
State Fair Board			
Shift operating expenditures from the State General Fund to EDIF	(115,000)	0	0.0
Educational Field Trip Program for children	0	15,000	0.0
Reclassify an Office Assistant IV to a Public Service Administrator I	0	10,301	0.0
State Conservation Commission			
Conservation buffer initiative	80,000	(720,000)	0.0
Water Resource Cost-Share	0	350,000	0.0
Delete 0.5 FTE	0	0	(0.5)
Kansas Water Office			
Add \$495 from State Water Plan Fund for benefits of 1.0 Unclassified Temporary Position (GIS Coordinator)	0	495	0.0
Department of Human Resources			
Add funding for Neighborhood Improvement and Youth Employment Act	30,000	30,000	0.0
Increase expenditure limitation on Employment Security Administration federal fund	0	500,000	0.0
Consolidate JTPA Title II appropriation line items from 6 to 2	0	0	0.0

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**HOUSE COMMITTEE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION
(Reflects House Committee Adjustments for FY 1998 and FY 1999)**

Agency/Item	State General Fund	All Funds	FTE Positions
Delete 3.0 percent from state operations	(43,000)	(43,000)	0.0
Kansas Commission on Veterans Affairs			
Add funding for capital outlays at Soldiers' Home	115,110	115,110	0.0
Delete funding for operating expenditures at Veterans' Home	(810,512)	(3,311,332)	(135.0)
Add funding for Persian Gulf Health Initiative Program	101,856	101,856	0.0
State Library			
Delete funding for grants in aid to local libraries	(254,500)	(254,500)	0.0
Department of Social and Rehabilitation Services			
Add \$160,000 SGF to increase Medicaid reimbursements for children's eyewear	160,000	400,000	0.0
Add \$111,294 SGF to increase funding for selected Independent Living Centers across the state	111,294	111,294	0.0
Add \$300,000 SGF to the Family and Children Trust account.	300,000	300,000	0.0
Add \$224,152 SGF for a grant to Assistive Technology for Kansans	224,152	224,152	0.0
Add \$75,000 SGF to expand supportive employment services at Community Mental Health Centers	75,000	75,000	0.0
Increase the expenditure limitation on the Social Welfare Fund by \$1.8 million to fully fund the Children's Mental Health Initiative Medicaid waiver	0	1,800,000	0.0
Establish a revolving trust account within the Family and Children Investment Fund with interest transferred to the Family and Children Trust account	0	0	0.0
Add unlimited reappropriation language to the children's mental health initiative account	0	0	0.0
Add a proviso stating that funding required in excess of dollars available in the Children's Mental Health Initiative account must come from the Social Welfare Fund and not existing Community Mental Health Center funds	0	0	0.0
Department on Aging			
Add a proviso stating that of funds allocated for professional services in the Office of the Secretary, any amount remaining at the end of the year are transferred to program grants	0	0	0.0
Continue two no limit fee funds established in FY 1998	0	0	0.0
Add a proviso stating that if a person is eligible for HCB-FE services, they will not be eligible for Senior Care Act funded services	0	0	0.0
Secretary of State			
Delete \$24,000 (SGF) for a total reduction of 3.0 percent in agency funding	(24,000)	(24,000)	0.0
Commission on Governmental Standards and Conduct			
Delete \$10,000 (SGF) for a total reduction of 3.0 percent in agency funding	(10,000)	(10,000)	0.0
Board of Pharmacy			
Delete funding for travel and other operating expenses associated with oxygen distributor inspections	0	(25,000)	0.0
TOTAL CHANGE - FY 1999	\$5,283,152	(\$81,507,293)	(96.5)

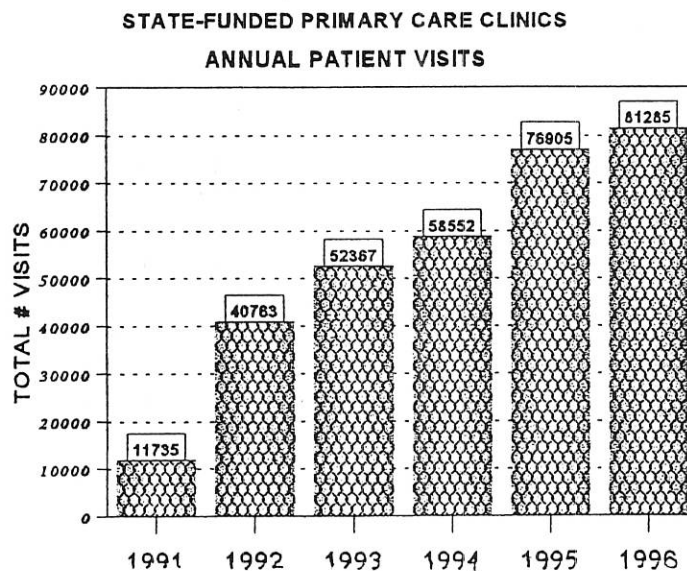
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HOUSE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION
(Reports House Committee Adjustments for FY 1998 and 1999)

Agency/Item	State General Fund	All Funds	FTE Positions
FY 2000:			
Board of Regents			
Add funding for House Select Committee on Higher Education recommendations	13,200,000	13,200,000	0.0
Fort Hays State University			
Add funding for House Select Committee on Higher Education recommendations	1,101,600	1,101,600	0.0
Emporia State University			
Add funding for House Select Committee on Higher Education recommendations	943,920	943,920	0.0
Pittsburg State University			
Add funding for House Select Committee on Higher Education recommendations	1,159,920	1,159,920	0.0
University of Kansas			
Add funding to reflect recommendations of House Select Committee on Higher Education	6,676,560	6,676,560	0.0
Kansas State University			
Add funding to reflect recommendations of House Select Committee on Higher Education	4,201,200	4,201,200	0.0
KSU - Ext. Systems and Ag. Research Programs			
Add funding to reflect recommendations of House Select Committee on Higher Education	1,751,760	1,751,760	0.0
KSU - Veterinary Medical Center			
Add funding to reflect recommendations of House Select Committee on Higher Education	427,660	427,660	0.0
University of Kansas Medical Center			
Funding to reflect House Select Committee	3,531,600	3,531,600	0.0
Wichita State University			
Add funding to reflect recommendations of House Select Committee on Higher Education	1,805,760	1,805,760	0.0
Council on Higher Education			
Add funding to reflect recommendations of House Select Committee on Higher Education	1,000,000	1,000,000	0.0
State Department of Education			
Add multi-year appropriations for community colleges, and area vocational schools to carry out the recommendations of the House Select Committee on Higher Education (\$44,821,704 for community colleges and \$1.0 million for technical college and area vocational school technology improvements)	45,821,704	45,821,704	0.0
TOTAL CHANGE - FY 2000	\$81,621,684	\$81,621,684	0.0
FY 2001:			
Council on Higher Education			
Add funding to reflect recommendations of House Select Committee on Higher Education	100,421,704	100,421,704	0.0
TOTAL CHANGE - FY 2001	\$100,421,704	\$100,421,704	0.0
FY 2002:			
Council on Higher Education			
Add funding to reflect recommendations of House Select Committee on Higher Education	127,421,704	127,421,704	0.0
TOTAL CHANGE - FY 2002	\$127,421,704	\$127,421,704	0.0

PROJECT HISTORY

- 1989 The Legislative Commission on Access to Services for the Medically Indigent and Homeless reported that approximately 375,000 Kansans lacked financial resources to obtain basic medical care. The Legislative Report strongly urged that state health care resources focus on the provision of primary and preventive health care services for low-income, medically underserved families. At the same time, thirteen indigent care clinics emerged across the state as local responses to community need. The Report advocated local coordination of efforts between public health departments and providers of primary care suggesting that local public health departments either expand their own services to provide primary care or take a lead role in developing integrated systems of primary care within the community.
- 1991 With the 1989 Legislative Report in mind, the Legislature passed Senate Bill 2019 (K.S.A. 65-226) establishing three pilot projects for primary care services in local health departments throughout the state. Legislative authority was later expanded in the Senate Substitute for House Bill 2640 to include additional funding for start-up or expansion of additional primary care clinics in alliance with local health departments or voluntary non-profit organizations or agencies. A "request for proposal" was distributed and nine applications were approved; four from health departments and five from private, non-profit entities.
- 1992 Manhattan-Riley County Health Department was added as a health department pilot project.
- 1993 Two state funded primary clinics in health department made successful application for federal funding of PHS Section 330 Community Health Center (CHC) projects: Topeka Shawnee County Health Department and Wyandotte County Health Department. As the new CHCs became operational, new primary care sites were located and state funding was moved.
- 1994-96 Additional local projects were funded and the current network of community based primary clinics was in place. (complete listing follows)
- 1996 State-funded clinics reported a total of 81,285 patient visits. Of these, 82% had household incomes at or below 150% of the federal poverty level (FPL).
- 1997 State-funded Community-Based Primary Care Clinic grants provide matching funds to assist fourteen grantees to operate clinics in twenty-one locations across the state. Three grant recipients are local health departments, eleven are voluntary, non-profit organizations in the private sector.



*Appropriations
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Attachment 3*

STATE-FUNDED COMMUNITY BASED PRIMARY CARE CLINICS: 1997

1. BROOKSIDE UNITED METHODIST CHURCH
MEDICAL CLINIC, INC.
Contact: Liatrix Studer, MS, MPH
2760 S. ROOSEVELT
WICHITA, KS 67210
PHONE: (316) 684-6648
2. COMMUNITY HEALTH CENTER-
HUTCHINSON
Contact: Sally Tesluk,
200 W 2nd
HUTCHINSON, KS 67502
PHONE: (316) 663-8484
3. CARITAS CLINICS, INC. (Two sites)
Contact: Sr. Ann McGuire, SCL
- * DUCHESNE CLINIC
636 TAUROMEE
KANSAS CITY, KS 66101
PHONE: (785) 321-2626
- * ST. VINCENT'S CLINIC
422 WALNUT
LEAVENWORTH, KS 66048
PHONE: (785) 651-8860
4. DOUGLAS COMMUNITY HEALTH CENTER, INC.
Contact: Alfred Thomas
200 W 32nd St
KANSAS CITY, KS 66102
PHONE: (913) 371-2720
5. HEALTH CARE ACCESS, INC.
Contact: Carol Stambaugh, M.S.W.
P.O. BOX 531
LAWRENCE, KS 66044
PHONE: (785) 841-5760
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7. HEALTH PARTNERSHIP CLINIC
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8. LYON COUNTY HEALTH DEPARTMENT
Contact: Jan Chapman, ARNP
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PRIMARY CARE CLINIC
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PHONE: (785) 776-4779
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Contact: Marc Hoffmeister, PA
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PHONE: (316) 336-21131
- * ELK COUNTY RURAL HEALTH CLINIC
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HOWARD, KS 67349
PHONE: (316) 374-2164
- * PLEASANTON FAMILY MEDICINE CLINIC
Contact: Rhonda Dierksen, ARNP
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PHONE: (785) 352-8379
- * MEDICAL PLAZA OF ARMA
Contact: Donna Dewey, ARNP
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ARMA, KS 66712
PHONE: (785) 347-4033
11. UNITED METHODIST WESTERN KANSAS
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- * UMWKMAM - GARDEN CITY
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- * UMWKMAM - ULYSSES
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12. UNITED METHODIST URBAN
MINISTRY MEDICAL CLINIC
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PHONE: (316) 263-7455
13. WE CARE PROJECT, INC.
Contact: Mary Miles, R.N.
3007 W. 10th
GREAT BEND KS 67530
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14. WICHITA/SEDGWICK COUNTY HEALTH DEPARTMENT
PRIMARY CARE CLINIC
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1900 EAST 9th St
WICHITA, KS 67214
PHONE: (316) 268-8424

February 9, 1998

To:

Office No.:

From: Susan Kannarr, Fiscal Analyst

Re: Federal Funding Options for Early Childhood Services

I. Fast Start Preschools

A. Welfare/TANF Eligible Children

1. State can prorate TANF dollars based on the percentage of eligible children in the program with the usual TANF consequences.

B. Non-Eligible Children

1. Social Services Block Grant (SSBG, Title XX)
2. Welfare-to-Work funding for nonwelfare eligible families in training programs (working poor). (Balanced Budget Reconciliation Act of 1997)
3. Child Care Development Block Grant (CCDBG) (Personal Responsibility and Work Opportunities Act of 1996)

II. Healthy Start, Healthy Families, and Parents as Teachers

A. Eligible Children/Families

1. TANF dollars may be used if services are temporary

B. Non-Eligible

1. Can use Family Preservation and Support Services Program (Title IV-B, Part II) funding. (Adoption and Safe Families Act of 1997, P.L. 105-89)
2. Social Services Block Grant (SSBG, Title XX)
3. Look at the Maternal and Child Health Block Grant

*Appropriations
3-30-98
Attachment 4*

III. Children's Trust Fund

- A. The Fund must still serve TANF eligible children if TANF dollars are put into Fund. However, TANF "consequences" would not apply.
- B. State might be able to give money to a nonprofit foundation (501(c)(3)) which could then distribute benefits to children.
- C. The major issue is determining when the money is actually spent for purposes of the federal Cash Management Act.

SK/aem

#22784.01(2/9/98(8:39AM))

Kansas Department of Social and Rehabilitation Services

Finance Department

Diane Duffy, Chief Financial Officer

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(785) 296-4676 (fax)

Budget Division
J. G. Scott, Director
296-6217

Accounting Division
Ray Dalton, Director
368-6358

MEMORANDUM

TO: **DATE:** March 2, 1998

FROM: Diane Duffy *Duffy* **RE:** Federal TANF Funding as a Source of Funding for Fast Start Preschools Proposal

This memo is to follow up on the February 28 meeting that Secretary Chronister and I had regarding the tables SRS provided to you entitled, *Available Funds to be Transferred from TANF* and *Enhancements for Proposals for Early Childhood Programs in Kansas*.

Among other issues you discussed with the Secretary, you were interested in the use of federal TANF block grant funding for the Fast Start Preschools proposal. As you know, under the federal Welfare Reform law, Kansas is allowed to transfer up to 30 percent of the Temporary Assistance for Needy Families (TANF) block grant to the Social Services Block Grant (SSBG) and the Child Care and Development Fund (CCDF) with no more than 10 percent going to the SSBG. Under the Governor's recommendations there is approximately \$7.1 million in FY 1999 that could be transferred into CCDF and used for the proposed Fast Start program. According to Federal officials, they interpret the Fast Start proposal to require full reporting at a case-specific level. The *Available Funds to be Transferred from TANF* table reflects a decline in the level of funds available in future fiscal years due to the anticipated increase in child care associated with "Work First" philosophy of welfare reform.

You asked about the feasibility of using the TANF block grant itself. As you observed, the federal TANF Block Grant balances are substantial, totaling an estimated \$65.7 million in FY 1998 and \$94.3 million in FY 1999. I indicated that the State could use TANF dollars for TANF eligible children noting that the family would be subject to the TANF consequences, but that I would research this issue. Under current HHS interpretations, TANF funds directly spent for child care will count as TANF "assistance," meaning that a month of TANF-funded child care assistance will count against TANF time limits and that a family receiving TANF-funded child care assistance will be required to assign its child support to the state as a condition of receiving

Representative Nichols

Page 2

assistance. Current SRS data indicates there are an estimated 2,100 children ages three and four in the current TAF caseload. For children in TAF families, the family is already subject to the requirements of TANF.

I hope I've answered your question. Please let me know if I can provide any other information.

cc Rochelle Chronister, Secretary, SRS
Janet Schalansky, Deputy Secretary, SRS
Candace Shively, Commissioner, IMEPS, SRS

Definition of Assistance. Section 404(a) of the TANF statute authorizes states to use the federal grant in any manner that is reasonably calculated to accomplish the purpose of the Act or in any manner that they were authorized to use the funds received under AFDC, EA or JOBS programs (except as otherwise provided in the TANF statute). Other than language allowing states to use their grants to provide low income households with assistance for heating and cooling costs, the statute does not define assistance. HHS does, however, in the regulation propose a definition of assistance that encompasses most forms of support other than services that have no direct monetary value and one-time, short-term assistance. Any support defined as assistance is subject to the work requirements and time limits of TANF. Thus, under their proposed definition, child care and work subsidies (such as transportation and payments to employers to help cover the costs of employment or on-the-job training) would subject a recipient to the time limits and work requirements of TANF. These types of support are not the same as cash assistance, do not result in ongoing aid, and should not be subjected to the same requirements of TANF cash assistance [See preamble discussion in 62 Fed. Reg. 62132 and § 270.30].

Additionally, HHS has defined short-term assistance as assistance that is paid no more than once in any twelve-month period, is paid within a 30-day period, and covers needs that do not extend beyond a 90-day period [§ 270.30; see also preamble discussion in 62 Fed. Reg. 62132]. Narrowly defining "short-term assistance" as an amount paid no more than once in any 12-month period significantly limits state flexibility to serve the needs of their unique populations. If, for example, a family received a diversion payment equal to 30 days of assistance early in the year and then in September was faced with returning to the welfare rolls if repairs to the family car were not made, a state would be limited in its response based on the proposed definition of assistance. Diversion is meant to be prevention-oriented and states should have the flexibility to serve families struggling to stay off of welfare as needed.

In a final rule, HHS should not include child care and work subsidies such as transportation in their definition of assistance--these are work supports and differ from cash assistance. Additionally, HHS should broaden their definition of short-term assistance to allow states to assist families for discreet periods for nonrecurring events that may arise in a 12-month period.

Definition of Administrative Costs. The HHS regulations define administrative costs for states and remove flexibility for states to develop their own definitions. HHS has specifically requested comments on their approach to the definition of administrative costs. Under their definition, eligibility determination is considered an administrative expense rather than a service [See preamble, 62 Fed. Reg. 62151.] However, under the new structure of welfare offices, the front-line worker is performing more in-depth assessment in the eligibility determination than under AFDC. Eligibility determinations have become integrated with case management, counseling and job placement services and would be impractical to cost-out as an administrative expense. The proposed rule also requires that administrative costs incurred by subgrantees, contractors, community service providers and other third parties must be part of the total 15% administrative cost cap. Such a proposal will create additional administrative burdens for the TANF agency and will be impossible to track. Additionally, many states have already entered into performance contracts with third-party providers, making this requirement legally burdensome on states. Finally, the proposed rule would calculate the 15% administrative cap after the state has transferred any TANF funds into the Child Care and Development Block Grant or Title XX (Social Services Block Grant). The proposed rule would further reduce the already limited amount of TANF funds that a state could use for administrative costs.

HHS should not include eligibility determinations as part of the definition of TANF administrative costs. Eligibility determinations have become integrated with case management, counseling and job placement services under TANF and would be impractical to cost-allocate as an administrative expense. Eligibility determinations should be excluded from the definition of administrative cost, paralleling federal regulations of child care. The proposed rules should not require organizations under contract or grant with the state to track administrative spending which would fall under the state's 15% cap. This proposal is impossible to track and inconsistent with current state contracts. Finally, the final rule should not further limit the

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*Note underlined information
on pages 2 and 4.*

Spend or Transfer, Federal or State?

Considerations in Using TANF and TANF-Related Dollars for Child Care

Mark H. Greenberg

January 1998

Thanks to Steve Savner and Nancy Ebb for their comments and suggestions; I am solely responsible for any errors of fact or interpretation

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Introduction

Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), states have broad discretion in using their Temporary Assistance for Needy Families (TANF) dollars and state maintenance of effort dollars. A state wishing to do so can use this discretion to expand the availability of child care assistance to low-income families. States have multiple options: a state can directly spend TANF dollars on child care; can transfer TANF funds to the Child Care and Development Fund; can transfer TANF funds to the Title XX Social Services Block Grant; can (to at least some extent) spend Welfare-to-Work grant dollars on child care; and can spend state "maintenance of effort" funds for child care. The array of options can sometimes be confusing because different consequences attach to each choice. This document summarizes the choices and their consequences.

In brief, the key conclusions are:

- **Direct Expenditure of TANF Funds:** A state can spend an unlimited amount of its TANF funds directly for child care assistance for needy families. However, there are significant disadvantages in taking this approach. First, under current HHS interpretations, most TANF funds directly spent for child care will count as TANF "assistance," meaning that a month of TANF-funded child care assistance will count against TANF time limits and that a family receiving TANF-funded child care assistance will be required to assign its child support to the state as a condition of receiving assistance. In addition, TANF funds directly spent for child care are not subject to the protections and other rules governing the Child Care and Development Fund¹.
- **Transfer of Funds:** A state can transfer up to 30% of its TANF funds to the Child Care and Development Fund and can also transfer up to 10% of its TANF funds to the Title XX Social Services Block Grant (provided, that the total amount transferred to CCDF and Title XX cannot exceed 30% of the state's TANF block grant.) One key virtue of transferring funds is that they will be subject to the rules of the block grant (CCDF or Title XX) and not be treated as TANF assistance. A key advantage of transferring to CCDF is the facilitation of integrated and coordinated state planning. The principal advantage of a transfer to Title XX would be in the very limited circumstances where a state wishes to expend funds for child care assistance in a manner that is restricted by CCDF rules.
- **Welfare-to-Work Grant Funds:** An entity may spend WtW grant funds on child care assistance for eligible individuals if the service is not "otherwise available." However, it is not clear how a determination is made as to when child care is "otherwise available."

¹ The U.S. Department of Health and Human Services has adopted the approach of referring to the multiple funding components comprising the Child Care and Development Block Grant (CCDBG) as "the Child Care and Development Fund." (CCDF)

- **Expenditure of State Funds:** If a state is considering expanding state funding for child care, it is necessary to distinguish between two distinct TANF maintenance of effort (MOE) requirements: the basic TANF MOE requirement and a separately determined requirement that must be satisfied in a year in which a state seeks access to the federal Contingency Fund. Under many (but not all) circumstances, spending of state funds for child care assistance to needy families will count toward basic TANF MOE requirements; however, expenditures on child care do not count toward Contingency Fund MOE requirements. Accordingly, it will be important to understand and weigh the Contingency Fund consequences when determining whether to commit additional state funding (as opposed to, for instance, transferring additional TANF funding to CCDF).
- **The TANF Caseload Reduction Credit:** Alternative methods of spending for child care have different consequences in determining whether the child care spending helps the state to qualify for (or qualify for a larger) TANF caseload reduction credit. The state can benefit if the TANF funds are transferred to another block grant or if state funds not counting toward TANF MOE are used; the state cannot benefit if TANF funds are directly used or WtW funds are used; and it is not yet clear if the state can benefit if state funds counting toward TANF MOE are used.

The following pages provide a considerably more detailed explanation of the alternatives and their pros and cons.

Before proceeding to the analysis, one cautionary note is needed. The following discussion is not intended to be suggesting that a state should reduce or restrict TANF assistance or otherwise curtail the availability of needed cash assistance and employment and training services for needy families in order to fund child care expansions. Rather, this discussion is written in the recognition that with continuing caseload declines, many states now face the question each year of how to best spend their "TANF surplus," and that expending some or all of that surplus on expanding child care could provide important assistance in helping low income parents enter or retain employment, while promoting the well-being of their children. In instances where a state has decided to spend TANF-related funds on child care, it is helpful to understand the implications of each alternative.

1. Spending TANF Block Grant funds Directly On Child Care Assistance

A state can spend TANF funds directly on child care for needy families. However, there are significant disadvantages in taking this approach. When the state spends TANF funds directly for child care, those funds will usually be considered "assistance," for TANF purposes, meaning among other things, that any month of TANF-funded child care assistance will count against the federal TANF time limit, and that families will be required to assign their child support rights to the state (and the state will be required to turn over the federal share of that child support) as a condition of receiving the assistance. In light of these troubling consequences, it will usually be

preferable for a state wishing to expand child care spending to use other approaches (discussed below) rather than directly spending TANF funds on child care assistance.

As an initial matter, it is clearly permissible for a state to expend TANF funds on child care assistance.² There is no statutory limit on the share of the TANF block grant that can be spent on child care assistance. In order to spend federal TANF funds directly on child care assistance, the assistance must be for "needy families" as defined in the state's TANF plan. There is no federal definition of "needy," so it appears that the state has broad discretion to set its own definition of "needy." While HHS has not addressed the question, it appears that a state could elect to set one income guideline for TANF child care assistance and a different (higher or lower) income guideline for TANF cash assistance.

If TANF funds are directly expended for child care (as opposed to transferred to CCDF or the state's Title XX Program), then they are subject to TANF rules rather than to the rules of CCDF or another block grant. Most significantly, most direct child care expenditures with TANF funds will be considered "assistance" for TANF purposes, according to proposed HHS regulations.³ The preamble to the proposed rules explains:

In the proposed rule, we are clarifying that child care, work subsidies, and allowances that cover living expenses for individuals in education or training are included within the definition of assistance. For this purpose, child care includes payments or vouchers for direct child care services, as well as the value of direct child care services provided under contract or a similar arrangement. It does not include child care services such as information and referral or counseling, or child care provided on a short-term, ad hoc basis.

² There are two alternative bases on which the state can spend TANF funds on child care. First, states can spend TANF funds in any manner reasonably calculated to accomplish the purpose of TANF; one of the purposes of TANF is to "end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;" another purpose is to "provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives."

Second, a state may expend TANF funds in any manner that the State was authorized to use amounts received under Title IV-A of the Social Security on September 30, 1995, or, at state option, August 21, 1996; on either of those dates, Title IV-A included the AFDC Child Care, Transitional Child Care, and At-Risk Child Care Programs.

³ [Proposed] 45 C.F.R. §270.30, 62 Fed. Reg. 62182, defines "assistance for TANF purposes as follows: "Assistance means every form of support provided to families under TANF (including child care, work subsidies, and allowances to meet living expenses), except: services that have no direct monetary value to an individual family and that do not involve implicit or explicit income support, such as counseling, case management, peer support, and employment services that do not involve subsidies or other forms of income support; and one-time, short-term assistance (i.e., assistance paid within a 30-day period, no more than once in any twelve-month period, to meet needs that do not extend beyond a 90-day period; such as automobile repair to retain employment and avoid welfare receipt and appliance repair to maintain living arrangements)."

62 Fed. Reg. 62132. What are the consequences if child care is provided with a TANF dollar and treated as "assistance?"

- **Time Limits:** Any month in which a family that includes an adult receives child care assistance funded with a federal TANF dollar will count as a month of assistance for purposes of the federal sixty month limit (i.e., the prohibition on using federal TANF funds to provide assistance to a family that includes an adult that has received federally-funded TANF assistance for sixty months, subject to allowable exceptions for 20% of a state's cases).
- **Participation Rates:** For any month in which an individual receives TANF-funded child care assistance, the individual will count for purposes of federal TANF participation rates (i.e., the individual will be part of the universe from which the participation rate denominator is determined, and if the individual participates for a sufficient number of countable hours, she will count in the numerator in calculating the state's rate).
- **Child Support:** For any month in which an individual receives TANF-funded child care assistance, the family will be required to assign its child support to the state; the federal government will keep the federal share of child support collected, and the state can choose whether to pass on the state share of support to the family or retain the state share as reimbursement for assistance provided.
- **Other Federal Prohibitions:** In a number of instances, states are prohibited from using federal TANF funds to provide assistance to certain categories of families or individuals. These prohibitions include a set of restrictions on assistance to legal immigrants.⁴ When child care falls within the definition of assistance, a state is prohibited from using federal TANF funds to provide that child care assistance to a family or individual subject to the prohibition.
- **TANF Reporting Requirements:** Assistance provided with TANF funds is subject to all of the TANF reporting requirements that apply to individuals and families receiving TANF assistance.

It has sometimes been suggested that a state might find it advantageous to use TANF funds to provide child care to working families, because those families would then count toward the state's TANF participation rate. However, if federal TANF funds are used, there is no way to have the families count toward the participation rates without also having a month count toward time limits and without also requiring a mandated assignment of child support. Moreover (as discussed in Section 5), if a family not otherwise receiving assistance is provided child care

⁴ For a complete listing of the TANF prohibitions, see Greenberg and Savner, *A Brief Summary of Key Features of the Temporary Assistance for Needy Families Block Grant* (CLASP, Rev. May 1997).

assistance with a TANF dollar, the family will count as part of the state's TANF caseload for purposes of determining whether the state qualifies for the TANF caseload reduction credit.

It has also been suggested that, in light of the time limit problem, a state should only use TANF funds for child care when the family is already receiving TANF cash assistance, because then the month is already counting as a month for time limit purposes. A problem, however, may still arise in relation to child support. For example, suppose Ms. Smith is receiving \$250 in TANF cash, and a \$300 child care subsidy. If the child care is provided through CCDF, the amount of the child support assignment would not include her child care assistance; if the child care assistance is funded with a TANF dollar, it apparently would become subject to the child support assignment.⁵

There are several possible advantages in using TANF funds for child care assistance, though they are not likely to outweigh the disadvantages. First, TANF has a 15% administration cap, while CCDF has only a 5% administrative cap, though this analysis becomes complicated because the definition of "administration" under proposed CCDF rules is different from the definition under the proposed TANF rules.⁶ Second, there may be some limited circumstances where a state wants to spend money for child care in a manner not subject to CCDF rules, e.g., if a child does not meet CCDF age eligibility requirements or if a non-protective services family does not meet the "working or attending a job training or educational program" requirement of CCDF. See [Proposed] 45 C.F.R. §98.20, 92 Fed. Reg. 39610, 39645 (July 23, 1997). Even in such instances, though, it would still be more advantageous to the family if the state were to use state funds (or perhaps, funds transferred to Title XX) rather than using TANF funds directly, because of the requirements attached to "TANF assistance." Thus, even though it is permissible to spend TANF funds directly for child care assistance, there are significant policy reasons why states should explore other alternatives.

2. Transferring TANF funds to other block grants for child care assistance

A state may transfer up to 30% of its TANF block grant to the Child Care and Development Fund for the provision of child care assistance. If the state wishes to shift TANF resources to child care, this approach offers significant advantages in facilitating coordination and integration of state child care policy. In limited instances where a state wishes to provide child care assistance and particular CCDF restrictions impair the ability to do so, the state can also consider the option to transfer up to 10% of its TANF block grant to its Title XX Program. However,

⁵ The language of the federal TANF statute says that family members must assign support rights to the state "not exceeding the amount of assistance so provided..." Sec. 408(a)(3)(A). It remains unclear whether HHS would interpret this language as allowing a state the discretion to make a child support assignment be for an amount less than the total assistance provided if, for instance, a state did not wish to extent the assignment to non-cash assistance.

⁶ Compare [Proposed] 45 C.F.R. §273.0(b), 62 Fed. Reg. 62192 (definition of administration for TANF) with [Proposed] 45 C.F.R. §98.52, 62 Fed. Reg. 39648-49 (definition of administration for CCDF).

given the risk that funds transferred to Title XX may simply supplant other state spending, it will generally be preferable to limit the Title XX transfer (if any) to instances where there is a clearly identified CCDF restriction that impairs addressing specific child care needs.

After corrective legislation in 1997, the rules governing transfer of TANF funds are now that:

- A state may transfer up to 30% of its TANF funds to other block grants.
- Up to 30% can be transferred to the Child Care and Development Fund (CCDF).
- Up to 10% can be transferred to the state's Title XX Program.
- The total amount transferred cannot exceed 30%, and so, for example, if the state transfers 10% to Title XX, then not more than 20% can be transferred to CCDF.⁷

The transfer option involves a significant amount of money. For example, in FY 97, 30% of TANF was approximately \$4.9 billion, while the amount of the entire CCDF, if states drew down all available funds, was only \$3 billion.

As compared to spending TANF funds directly for child care, one significant advantage of transferring funds to CCDF is that the funds become subject to CCDF rules rather than TANF rules, so that any assistance provided will not count as "assistance" for TANF purposes. A related potential advantage is that since the funds become subject to CCDF rules, they are subject to the same rules governing all other CCDF funds -- e.g., CCDF planning process requirements, consumer information requirements, health and safety requirements, parental choice requirements, etc. Thus, the funds can more easily be integrated into programs operated with other CCDF funds and there may be less risk of fragmentation in state child care policy if the funds are transferred to CCDF.

The federal CCDF income eligibility guideline for each state is set at 85% of state median income. This is likely to be a considerably higher income standard than is applicable to TANF. Some administrators and analysts may view the higher CCDF income limits as a positive feature of the transfer, because it allows for an expansion of child care to working families, and may allow, e.g., for a state to use a more gradually escalating sliding fee scale in its CCDF program. Other persons may be concerned that a result might be that funds previously targeted for very low-income families are shifted away from this group. In any case, if a transfer is being considered in a state, it is important to at least be aware that one consequence may be a shift from very-low income to less-low income families.

⁷ Initially, as a result of what appeared to be a drafting error, the language of the PRWORA said that a state could only transfer funds to Title XX if at the same time, the state was also transferring funds to CCDF; the law provided that the state must transfer \$2 to CCDF for every \$1 transferred to Title XX. This situation was corrected in the Balanced Budget Act of 1997, which now clearly allows a state to transfer funds to Title XX without also transferring to CCDF.

One potential disadvantage of a transfer of funds to CCDF concerns federal "expenditure" requirements. Under CCDF rules, funds received in a year must be expended in that year or in the following year. In contrast, a state can reserve its unspent TANF funds for future years without limitation. Thus, if a state determines to transfer funds to CCDF, it is important to ensure that they will be spent within the required period, or the state will risk losing them.

If funds are transferred to Title XX, they become subject to Title XX rules rather than TANF rules. However, there are very few Title XX rules. The TANF statute requires that funds transferred to Title XX must be used for children and their families with incomes below 200% of poverty. (As with CCDF, the issue of shifting resources from very-low income to less-low income individuals potentially arises with a transfer). While child care is an allowable use of Title XX funding, the funds expended under Title XX are not subject to CCDF requirements.

While there may be legitimate reasons for a transfer to Title XX, advocates and budget-watchers in a state should closely review any state transfer of funds to Title XX to be sure that the funds actually go to expand services for low-income families. The reason for this concern is that there are no federal "maintenance of effort" or "non-supplantation" requirements affecting how a state spends its federal or state funds when TANF funds are transferred to Title XX. Thus, a state wishing to redirect funds away from low-income assistance can easily make use of a transfer of TANF funds to Title XX, followed by a corresponding freeing up of state funds that had previously been directed to the services. As a result, a transfer to Title XX may or may not result in increased expenditure of funds for low-income families; it may simply be a means by which the state shifts funds away from low-income assistance.⁸

Accordingly, in instances where it is proposed to transfer TANF funds to Title XX for child care assistance, there should be a clear and careful analysis of what, if any, advantages such a transfer has over a transfer to CCDF. Unless it is possible to identify specific CCDF restrictions that impair the state's ability to provide needed child care, it may be more appropriate to transfer to CCDF rather than Title XX.

3. Spending of Welfare-to-Work Grant Funds on Child Care

The Balanced Budget Act of 1997 provides for a total of \$3 billion for Welfare to-Work (WtW) grants for FY 98 and FY 99. Generally, a state's share of funding must be expended on certain "allowable activities" for a population of "hard-to-employ individuals" and "individuals with long-term welfare dependence characteristics." Child care assistance for such individuals is one

⁸ The same shifting of funds away from low-income assistance could occur when funds are transferred to CCDF, if the state is one that previously was spending state funds on child care in excess of the CCDF maintenance of effort and match levels. In such a situation, the transferred TANF funds could simply be used to free up state funds previously invested in child care. Accordingly, in any instance where a transfer occurs, interested persons will wish to ensure that it actually results in a new level of child care investment.

of the allowable activities, though only when the service is "not otherwise available" to the participant..

Under the WtW rules, after certain set-asides, 75% of the funds are available in formula grants to states and 25% of the funds will be disbursed through competitive grants. Each state is eligible for its share of the formula grants; in order to qualify, the state must meet TANF maintenance of effort requirements and make additional state expenditures for allowable activities⁹. Under interim final regulations, a state is eligible to receive federal funding up to the amount available for allotment to the state, based on a 2:1 match structure, i.e., \$2 of federal funding will be available for every \$1 of state match expenditures; the interim regulations provide that only costs that would be allowable if paid for with WtW grant funds will be accepted as match. See 20 C.F.R. §645.300(a),(b)(1), 62 Fed. Reg. 61588, 61609 (November 18, 1997). The regulations also provide that up to one-half of the match may be in the form of third party in-kind contributions. 20 C.F.R. §645.300(b)(3).

Within a state, at least 85% of the formula grant funds will be administered by Private Industry Councils (or alternative agencies designated by the Governor) with the remainder to be distributed by the Governor to projects that appear likely to help long-term TANF/AFDC recipients. The Department of Labor will award competitive grants, without requiring a matching share: eligible applicants must be private industry councils, political subdivisions, or private entities applying in conjunction with a private industry council or political subdivision.

Both formula grants and competitive grants must be expended on "hard-to-employ individuals" and "individuals with long-term dependence characteristics" (defined in 20 C.F.R. §645.212 and §645.213) and used for "allowable activities" (defined in 20 C.F.R. §645.220). The regulations provide that allowable activities include a defined list of job readiness activities, employment activities, job placement services, post-employment services, job retention services and support services, and individual development accounts. The regulations expressly identify child care assistance as one permissible job retention and support service; however the following conditions apply to any job retention service or support service:

- the service must be provided after an individual is placed in a job readiness activity, an employment activity, or in any other subsidized or unsubsidized job; and
- the service can be provided with WtW funds only if not otherwise available to the participant.

20 C.F.R. §645.220(e)(3). The preamble expressly notes: "For example, in the area of child care, the operating entity should ensure that WtW funds are not substituted for child care services available from the Child Care and Development Block Grant, TANF funds, and other State and

⁹ See generally *Welfare-to Work Grants and Other TANF-Related Provisions in the Balanced Budget Act of 1997* (CLASP, August 1997).

local funds.” 62 Fed. Reg. 61594. The regulations also expressly require coordination of resources between WtW, TANF, and CCDF. 20 C.F.R. §645.225. The regulation and preamble do not otherwise clarify how an entity determines whether the service is “otherwise available” to the participant.

If WtW funds are used for non-cash assistance (such as child care), the assistance will not be considered “assistance” for purposes of TANF time limits, but will be considered “assistance” for all other TANF purposes, e.g., child support assignment, other TANF prohibitions, TANF work and participation requirements, TANF data collection requirements. [Proposed] 45 C.F.R. §274.1(a)(2),(b)(3).

4. Spending State Funds for Child Care Assistance

A state is free to spend as much state funding on child care as it wishes. However, there are two important TANF-related consequences to keep in mind. There are two TANF “maintenance of effort” requirements: the basic TANF MOE requirement, and the separate MOE requirement for a state wishing access to the federal contingency fund in times of economic downturn. Under current law:

- Under many circumstances, state spending on child care can count toward satisfying the basic TANF maintenance of effort requirements.
- In contrast, state spending for child care will not count toward satisfying the contingency fund MOE requirement.

As a result, a state wishing to significantly expand state spending for child care may face a difficult choice if the state also needs to count the spending toward TANF-related requirements. In many cases, states may conclude that, given the numerous problems in the current design of the Contingency Fund, a state’s broader social policy decisions should not be driven by contingency fund rules; however, this is not an easy issue, and it is important to at least be aware of the applicable rules.

The rest of this section first explains when state MOE dollars count toward TANF MOE requirements and then explains why state child care spending does not count toward Contingency Fund MOE.

a. State Child Care Expenditures and TANF MOE Requirements

Certain state child care expenditures can count toward satisfying a state’s TANF maintenance of effort requirements. The short summary is that a state can count expenditures of state funds for child care assistance, whether expended in the TANF program or in a separate state program, if:

- the expenditures are for “eligible families,” defined as including citizen families and most immigrant families with children, so long as the families meet the state’s TANF income and resource standards;
- the expenditures must not be expenditures that the state is counting as matching expenditures for purposes of CCDF; and
- if the expenditures are in a state or local program, the expenditures must be above the FY 95 level of spending for that program, with one exception: the state can count expenditures in a separate state program (e.g., an At-Risk child care program) to the extent that those expenditures were ones which matched federal funding for that program in FY 95.

The rest of this section explains in more detail when child care expenditures can count toward TANF MOE and highlights some of the most significant implications of the federal rules.

To receive a full TANF block grant, a state must satisfy a TANF maintenance of effort (MOE) requirement. The requirement is that qualified state expenditures reach at least 80% (or 75% if the state meets TANF participation rates) of an “historic state expenditure” level. In general, the historic state expenditure level is the level of non-federal spending which was needed to match the state’s federal spending for a set of programs (AFDC, JOBS, Emergency Assistance, AFDC Child Care, Transitional Child Care, and At-Risk Child Care) in FY 94.

A state must satisfy its MOE requirement by making certain allowable expenditures for needy families, but MOE funds need not be spent in the TANF Program; a state can also choose to spend them in other state programs. Expenditures can count toward TANF MOE whether they are made in the state’s TANF program or in a separate state program if they are for “eligible families” for child care or for a set of other permissible purposes.¹⁰

Under proposed regulations, an “eligible family” as defined by the State, must:

- be comprised of citizens, qualified aliens, non-immigrants under the Immigration and Nationality Act, aliens paroled into the U.S. for less than one year, or, in the case of aliens

¹⁰ The other allowable purposes are:

- Cash assistance;
- Educational activities designed to increase self-sufficiency, job training, and work, excluding any expenditure for public education in the state except expenditures which involve the provision of services or assistance to a member of an eligible family which is not generally available to persons who are not members of an eligible family;
- Administrative costs in connection with the above expenditures, but only to the extent that such costs do not exceed 15% of the total amount of qualified state expenditures for the fiscal year, and
- Any other use of funds not prohibited by the block grant and reasonably calculated to accomplish the purpose of TANF. See Section 409(a)(7)(B); [Proposed] 45 C.F.R. §273.2, 62 Fed. Reg. 62192-93.

not lawfully present in the U.S., provided that the State enacted a law after August 22, 1996, that "affirmatively provides" for such services; and

- include a child living with a custodial parent or other adult caretaker relative (or consist of a pregnant individual); and
- be financially eligible according to the TANF income and resource standards established by the State under its TANF plan.

[Proposed] 45 C.F.R. §273.2(b)(1), 62 Fed. Reg. 62193. Thus, if a family meets the state's TANF income and resource standards, then child care assistance for the family can count toward TANF MOE requirements even if the family is not eligible for federally-funded TANF assistance. For example, certain immigrant families will be ineligible for federally-funded TANF assistance because they are in the midst of the five-year ineligibility period after having entered the United States. However, if they fall within one of the above listings, then the state may use state funds to provide child care assistance (or other forms of assistance that meet the definition of "qualified state expenditures"), and have those funds count toward the state's TANF MOE requirement. In addition, a consideration that may be relevant in later years is that a state may count toward MOE its expenditures for families that have reached and exceeded the TANF time limit.

To qualify as an eligible family, the family must meet the state's TANF income and resource standards. There are some important unresolved questions about what this requirement means. There are no specified federal standards, so it appears that the state has broad discretion in establishing its own standards. However:

- It is not clear if, for example, a state could set a definition of "eligible families" for MOE purposes that makes use of higher income eligibility guideline used in determining eligibility for TANF cash assistance.
- Similarly, it is not clear whether the proposed regulations are intended to require that states must apply resource standards, or whether the meaning is just that if the state elects to use resource standards for TANF eligibility, it must also apply those standards for MOE "eligible families" determinations. It is also unclear whether a state could elect to apply resource standards for some forms of assistance (e.g., cash) and not for others (e.g., child care).
- A state may or may not have different definitions or count income differently for its child care programs than for its TANF Program, and it is unclear whether the implication of this proposed rule is that the state must, for example, determine the family's eligibility under the TANF income rules to resolve whether the expenditure for the family would count toward TANF MOE requirements, i.e., is it sufficient to apply the TANF income standards, or is it also necessary to apply the TANF income methodologies.

Note that there is no requirement that the child care expenditures be necessary for employment. Accordingly, a state could, for example, fund child care expenditures for education and training programs for needy families, and have them count toward maintenance of effort. It appears that the state could also count other kinds of child care expenditures for needy families, e.g., respite care, protective services care (keeping in mind that a child must be residing in the home for the family to meet the definition of eligible family.)

Note, however, that some state child care expenditures for "eligible families" do not count toward the TANF MOE requirement. To understand which state child care expenditures count, a brief review of the CCDF funding structure may be helpful:

- Under CCDF rules, every state receives a block grant of federal funds (of which some of the funds, in federal budget terms, are "mandatory" and some are "discretionary"). This block grant approximately represents the state's federal funding for a set of child care programs from the higher of 1994, 1995 or the 1992-94 average. The state qualifies for this block grant without any requirement to expend state funds.
- Additional federal matching funds are available to the state above the level of its discretionary and mandatory funding. However, these matching funds are only available to the state if: 1) the state meets a CCDF maintenance of effort requirement, set at the higher of 1994 or 1995 level of state funding that represented the non-Federal share for the then-existing IV-A child care programs (i.e., AFDC Child Care, Transitional Child Care, At-Risk Child Care); and 2) the state commits additional state funds to match the federal matching funds.

In light of this structure, one can think of state child care spending as having three components:

- first, the state must meet CCDF MOE requirements if it wishes to qualify for federal matching funds;
- then, the state must provide state match to receive the available federal matching funds; and
- then, if a wishes to do so, it can expend state funding for child care above the level of CCDF MOE and the match for federal funding.

In this structure:

- the state expenditures that count toward CCDF MOE can also count toward TANF MOE so long as they meet the other TANF MOE requirements (i.e., for eligible families);

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- the state expenditures that match federal child care funding cannot count toward TANF MOE, because there is a prohibition against counting state funds that are used to match federal funds for MOE purposes; and .
- if a state has state spending above the CCDF MOE and CCDF match level, that state spending can count toward TANF MOE, so long as it meets other TANF MOE requirements.

There is only one more potential qualification to keep in mind. TANF MOE rules also provide that if the state previously had expenditures under a state or local program that meet the definition of a qualified purpose, e.g., cash assistance for families, child care, etc., the state may count spending under that program only to the extent that it represents a higher level of spending than the FY 95 level. The state cannot, for example, simply identify pre-existing state or local programs for the allowable purposes (e.g., cash assistance, child care assistance, etc.) and claim those expenses as part of maintenance of effort. This would seem to mean, for example, that if a state had an existing state child care program in FY 95, and that program was not matching federal funds, and the state continues to operate that program now, then only the level of spending for the program above the FY 95 level can count toward TANF MOE requirements.

While the rules governing child care and TANF MOE may sometimes be complex, the basic conclusion is clear: increased state spending for child care for low-income families can often count toward TANF MOE requirements. Particularly in those cases where a state's TANF caseload is declining, and the state is seeking to determine how it can ensure that it continues to comply with TANF MOE requirements, the expenditure of funds on child care is one means to both reduce the need for TANF assistance and to meet MOE requirements.

b. State Child Care Spending and TANF Contingency Fund Maintenance of Effort Requirements

A very different set of rules concern the TANF "contingency fund." Child care expenditures do not count toward the maintenance of effort requirement for the contingency fund. Accordingly, a state concerned about assuring that it qualifies for the Contingency Fund in times of need will need to carefully attend to which expenditures do and do not count toward the contingency fund requirements.

The Contingency Fund is a \$2 billion federal fund, generally intended to be available to states to provide matching federal funds for certain expenses during periods of economic downturn. In order to be eligible to receive contingency funds, there are two principal requirements: first, the state must meet an economic trigger (based on either unemployment increases or increases in the numbers of families receiving food stamps); and second, the state must satisfy a Contingency Fund MOE requirement.

The Contingency Fund MOE requirement is different from the TANF MOE requirement in a number of ways:

- The TANF MOE requirement must be satisfied every year in order to avoid a federal penalty; the Contingency Fund MOE requirement need only be satisfied in the year in which the state is seeking access to the Contingency Fund;
- The TANF MOE requirement is based on having state expenditures of 80% (or if the state meets TANF participation rates, 75%) of a historic state expenditure level. The Contingency Fund requirement is based on having state expenditures of 100% of a historic expenditure level. However, the levels used are different for the two provisions. The TANF MOE historic state expenditure level is based on the higher of 1994 or 1995 spending for AFDC, AFDC Administration, the JOBS Program, Emergency Assistance, and the former IV-A Child Care programs (AFDC Child Care, Transitional Child Care, At-Risk Child Care). The Contingency Fund MOE requirement begins from the TANF definition, but then subtracts out the spending for the IV-A child care programs. Thus, it is a higher standard (100%) but using a lower base (1994 or 1995 IV-A spending excluding IV-A child care spending).
- While state spending for child care can count toward TANF MOE requirements (subject to the qualifications described in the preceding section), spending for child care assistance may not count toward satisfying contingency fund MOE requirements.
- In addition, while expenditures in separate state programs can count toward TANF MOE requirements, expenditures in separate state programs cannot count toward Contingency Fund MOE requirements, i.e., the expenditures must be state expenditures within the TANF Program.

What are the practical implications of this difference in MOE rules? The principal implication is that a state that satisfies its TANF MOE obligation, even in part, through child care spending may have a more difficult time in meeting Contingency Fund MOE requirements than a state that meets its TANF MOE obligations through non-child care spending within its TANF program. An example demonstrates the problem. Consider a hypothetical state, with a TANF MOE historic expenditure level of \$100, and a corresponding TANF MOE level of \$80. Further assume that the share of historic state spending attributable to IV-A child care was \$10; thus the Contingency Fund historic expenditure level and MOE level will be \$90. In this example, if the state is only concerned with meeting the TANF MOE requirements, it only needs spending of \$80, of which any amount could be for child care, and any amount could be spent in one or more separate state programs. However, the part of the spending attributable to separate state programs, and the part attributable to child care (whether spent in TANF, spent in a separate state program, or even if spent commingled with CCDF funds) will not count toward Contingency Fund MOE. Thus, if the state is also concerned about meeting Contingency Fund MOE requirements, the state will need to have state spending of \$90, exclusive of child care, in its

TANF Program. Accordingly, the perhaps-unintended effect of the Contingency Fund MOE rules is to place a state at greater risk of being unable to meet Contingency Fund MOE requirements if the state elects to meet a substantial share of its TANF MOE requirements through child care spending.

How should a state structure policies in light of this difficulty? A threshold question for a state is whether it wishes to maintain at least the chance of qualifying for Contingency Fund eligibility. Recall that a state does not need to meet 100% of the historic state expenditure level every year, so long as the state reaches that level in the year in which it qualifies. However, as a practical matter, if a state's spending falls (or has already fallen) very far below the 100% level, it may not realistically have the capacity to be eligible for the Contingency Fund, and the question of whether particular expenditures will count toward Contingency Fund MOE may not be very important. Due to declining state spending based on caseload declines in recent years, a number of states may already be in this position.

Second, there are a number of other problems with the Contingency Fund beyond the MOE difficulty described above, and these difficulties may make the Contingency Fund sufficiently problematic that the state concludes that state policy should not be driven by efforts to remain eligible for the Contingency Fund. The most significant other problem in Contingency Fund design is its annual "reconciliation process;" under reconciliation, a qualifying state will be eligible for federal matching funds, but its actual match rate for the year will not be known until the end of the year, and even then, its effective match rate will be less favorable than the Medicaid match rate unless it qualifies for Contingency Fund eligibility in every single month in the fiscal year; if the state only qualifies in a few months, its effective match rate may be extremely unattractive.¹¹

In summary, child care expenditures, whether within or outside of TANF, do not count toward contingency fund MOE. As a result, any state using at least some child care expenditures to count toward TANF MOE (which is likely to be the case for all states) needs to review the current composition of spending to determine if any policy adjustments are needed. In the long run, the best resolution would be for Congress to revisit and restructure the Contingency Fund requirements, both to ensure that child care expenditures were countable and to address the problems in the reconciliation process.

¹¹ For example, if a state's Medicaid matching rate is 50%, but it only qualifies for contingency funding for six months of the year, its effective match rate will be 75% state, 25% federal; if the state only qualifies for three months of the year, its effective match rate will be 87.5% state, 12.5% federal. For a more extended discussion of the problem, see discussion in *Welfare-to-Work Grants and Other TANF-Related Provisions in the Balanced Budget Act of 1997* (CLASP, August 1997).

5: Child Care and the TANF Caseload Reduction Credit

In deciding how to structure child care spending, one additional consideration for some states may be the relation between expanding child care availability and the TANF "caseload reduction credit." Generally, a state that is able to reduce the number of families receiving TANF assistance may find that doing so also assists the state in meeting its TANF participation rates. The reason is that certain forms of caseload reduction reduce a state's required TANF participation rate; as a result, expanding the availability of non-TANF child care (or other forms of non-TANF assistance to working poor families) may be an effective strategy in helping a state meet its TANF participation rates. However, the form of the child care spending will affect whether the state can benefit from TANF's "caseload reduction credit."

Under TANF rules, many states may face actual participation rates that are significantly below the listed participation rates in the statute. Generally, the statute required HHS to prescribe regulations for reducing a state's participation rate based on the state's caseload reduction. The participation rate reduction for a year will be the number of percentage points equal to the number of percentage points by which the number of families receiving assistance under the TANF Program during the immediately preceding fiscal year is less than the number of families that received aid in FY 95, subject to two exceptions: The rate shall not be reduced to the extent that:

- HHS determines that the reduction in the number of families receiving assistance had been required by federal law; or
- HHS proves that the families were diverted from receiving TANF assistance as a direct result of differences in state eligibility criteria from the criteria in effect on September 30, 1995.

For example, suppose that the state has had no relevant changes in eligibility since FY 95, and that its FY 97 caseload is 15% lower than its FY 95 caseload. In such a situation, the FY 98 participation rate would be adjusted downward by 15 percentage points, i.e., the rate will be reduced from 30% down to 15%. Thus, caseload reduction becomes a significant strategy for helping a state to meet its TANF participation rates.

HHS' proposed rules to implement the caseload reduction credit are located at [Proposed] 45 C.F.R. §271.40-44. Generally, the rules require that any state seeking the caseload reduction credit must submit a listing of changes in state eligibility rules since FY 95, along with estimates of the extent to which those rules affected caseload and an explanation of the methodology used. HHS will review the state reporting in determining the extent, if any, to which a state qualifies for the caseload reduction credit.

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How do child care expenditures affect the extent to which a state benefits from the caseload reduction credit? It depends on whether the family receives other forms of TANF assistance and on how the child care assistance is provided. If a family is still receiving even \$1 of TANF assistance, then the TANF caseload will not have declined, even if the extent of the family's assistance is substantially reduced. Suppose, however, that the family is no longer receiving any other form of TANF assistance. In such a case, the impact on the caseload reduction credit depends on how the child care assistance is structured:

- **If TANF funds are directly used for the child care assistance, the state will not benefit from the caseload reduction credit, because the family will still be receiving TANF assistance.**
- **If the TANF funds are transferred to CCDF or Title XX to be used for child care assistance, the state can benefit from the caseload reduction credit, because the family is no longer receiving TANF assistance.**
- **If Welfare-to-Work grant funds are used, the families receiving the child care assistance will still be considered a part of the TANF caseload (because WtW funds used for child care will be considered assistance for all TANF purposes other than time limits), so the state will not get the benefit of the caseload reduction credit for such families.**
- **If state TANF maintenance of effort funds are used to provide child care assistance, it is unclear whether the state will qualify for the credit. Under proposed regulations, HHS says that it will normally count cases assisted in a separate state program that counts toward TANF MOE requirements when calculating a state's eligibility for the caseload reduction credit; however, HHS indicates that it will "consider" excluding cases in such separate state programs if they "are cases that are receiving only State earned income tax credits, child care, transportation subsidies or benefits for working families that are not directed at their basic needs." [Proposed] 45 C.F.R. §271.42(c). In the proposed regulations and preamble, it is not clear what factors HHS will take into account when it makes this consideration.**
- **If the state uses state funds which are not counting toward TANF MOE to provide child care assistance, and the effect of the child care assistance is to reduce the number of families receiving TANF, then the state can benefit from the caseload reduction credit for such cases. The HHS scrutiny and counting of cases in separate state programs will only be applicable to those cases in separate state programs that count toward TANF MOE requirements.**

Thus, if a state decides to commit additional resources to child care, the manner in which the spending is structured can (among the many other factors already noted) also affect whether the state qualifies for the TANF caseload reduction credit, and whether there will be a corresponding reduction in the state's TANF participation rates.

Conclusion

A state wishing to expand child care spending faces multiple choices, based on the competing claims for alternative use of dollars and based on the differing consequences of differing choices. The clearest conclusion that emerges from the above analysis is that if a state wishes to expand child care funding, the least attractive way to do so is by expending a TANF dollar directly. Doing so has adverse consequences for families (e.g., time limits, child support requirements) and adverse requirements for the state (additional requirements to turn over child support to the federal government, an increased TANF caseload when calculating the TANF caseload reduction credit). The option to transfer to CCDF will often be the most straightforward and advantageous for both states and families. The decision to expand state spending (if that spending is needed to count toward TANF MOE) necessarily forces the state to consider the impact on Contingency Fund eligibility: for some states, this may not be a difficult issue but for others, it may pose troubling trade-offs.

It is hoped that this discussion of the alternatives and their consequences can enhance thoughtful decision-making as states explore means of expanding child care assistance for needy families.

Kansas Quality Management Program/Savings Incentive Program

Currently, this program allows agencies participating in the Kansas Quality Management Program to keep one-half of the amount saved from the approved budgets and authorizes them to spend it in the following fiscal year in three budget areas: (1) salary bonuses of up to \$1,000 for regular, permanent employees; (2) professional development training; and (3) purchase of technology equipment. The Governor proposes five changes to this program in FY 1999:

- ◆ Eligibility would be expanded to include all state agencies, not just those participating in the Kansas Quality Management Program.
- ◆ The program would include agencies with "no-limit" accounts.
- ◆ The title of the program would be changed to the "Savings Incentive Program" to reflect the expansion.
- ◆ The appropriation bills will clarify authorization to expend funds for official hospitality in connection with professional development training.
- ◆ The law would be clarified to ensure that the maximum salary bonus is a net amount after tax withholdings.

*Appropriations
3-30-98
Attachment 5*

Appropriations for KQM Expenditures FY 1998

Agency No.	Agency Name	Fund	Bud. Unit	General Fund	Other Funds (1)	Total
039	Dept. on Aging	1000	0309	119,923.99		119,923.99
046	Dept of Agriculture	1000	0058	29,835.99		29,835.99
094	Bank Commissioner	2811	4009		89,115.21	89,115.21
143	Corporation Commission	2019	1009		425.00	425.00
143		2130	2099		83,410.00	83,410.00
	Subtotals				83,835.00	83,835.00
159	Dept. of Credit Unions	2026	0109		7,357.80	7,357.80
167	Dental Board	2708	0109		14,405.53	14,405.53
173	Dept. of Administration	1000	0529	74,643.93		74,643.93
173		1000	0539	6,893.08		6,893.08
173		1000	0559	1,483.19		1,483.19
173		6148	4109		371,617.49	371,617.49
173		6151	5509		2,606.16	2,606.16
	Subtotals			83,020.20	374,223.65	457,243.85
177	Ellsworth Correctional Fac.	1000	0309	1,400.00		1,400.00
195	El Dorado Correctional Fac.	1000	0309	2,900.00		2,900.00
204	Board Of Mortuary Arts	2709	0109		4,194.29	4,194.29
234	Fire Marshal	2330	2009		16,851.96	16,851.96
234		3199	3109		No Limit	No Limit
	Subtotals				16,851.96	16,851.96
264	Dept. of Health & Environ.	1000	0103	7,538.89		7,538.89
264		1000	0203	118,007.74		118,007.74
264		1000	0206	64,435.79		64,435.79
264		2912	2718		58,942.48	58,942.48
264		2912	2719		4,430.50	4,430.50
	Subtotals			189,982.42	63,372.98	253,355.40
276	Dept. of Transportation	4100	0409		4,231,349.01	4,231,349.01
280	Highway Patrol	1000	0059	28,605.07		28,605.07
280		2213	2409		82,033.15	82,033.15
280		2829	2609		53,093.14	53,093.14
	Subtotals			28,605.07	135,126.29	163,731.36
296	Dept. of Human Resources	1000	0509	53,270.63		53,270.63
296		2124	2228		518,479.34	518,479.34
296		2124	2229		31,657.61	31,657.61
	Subtotals			53,270.63	550,136.95	603,407.58
300	Dept. of Commerce & Housing	1000	0509	1,134.19		1,134.19
300		2610	2602		124,010.20	124,010.20
	Subtotals			1,134.19	124,010.20	125,144.39
313	Hutchinson Correctional Fac.	1000	0309	2,320.00		2,320.00
400	Lansing Correctional Fac.	1000	0309	5,400.00		5,400.00
408	Larned Correctional MH Fac.	1000	0309	1,300.00		1,300.00
450	Kansas Lottery	5123	5900		17,453.49	17,453.49
482	Board of Nursing	2716	0209		6,290.69	6,290.69
488	Board of Optometry Examiners	2717	0109		3,579.86	3,579.86
521	Dept. of Corrections	1000	0159	89,031.71		89,031.71
521		1000	0309	9,119.71		9,119.71
521		1000	0609	85,307.38		85,307.38
	Subtotals			183,458.80		183,458.80
522	Dept of Corr.-Correctional Ind.	6126	7309		280,309.64	280,309.64
549	Real Estate Commission	2721	0109		3,000.00	3,000.00
565	Dept. of Revenue	1000	0309	350.00		350.00
565		2089	2029		2,145.33	2,145.33
	Subtotals			350.00	2,145.33	2,495.33
581	Norton Correctional Fac.	1000	0309	1,800.00		1,800.00

Appropriations for KQM Expenditures FY 1998

629	Social & Rehab. Services	1000	0019	41,803.66		41,803.66
629		1000	3049	1,769.84		1,769.84
629		2195	0119		2,424.25	2,424.25
	Subtotals			<u>43,573.50</u>	<u>2,424.25</u>	<u>45,997.75</u>
660	Topeka Correctional Fac.	1000	0309	2,100.00		2,100.00
663	Board of Technical Professions	2729	0109		8,114.94	8,114.94
700	Board of Veterinary Examiners	2727	1109		4,299.17	4,299.17
710	Dept. of Wildlife & Parks	1000	0009	609.61		609.61
712	Winfield Correctional Fac.	1000	0309	900.00		900.00
	Grand Totals			<u>751,884.40</u>	<u>6,021,596.24</u>	<u>6,773,480.64</u>

Footnotes: (1) The appropriation amounts (spending authority) is only the limit on expenditures.
It does not mean the cash is on hand.



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MAR 27 1998

Secretary of Administration

BILL GRAVES
Governor

DAN STANLEY
Secretary of Administration

SHIRLEY A. MOSES
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Landon State Office Building
Topeka, KS 66612-1248
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DEPARTMENT OF ADMINISTRATION

Division of Accounts and Reports

MEMORANDUM

DATE: March 27, 1998
TO: Paul West, Legislative Research Department
FROM: Shirley A. Moses, Director
SUBJECT: STARS Extract Report

The attached report is being provided in response to your March 26, 1998 request for information concerning statewide out-of-state and international travel expenditures processed during fiscal year 1997. The report summarizes these expenditures by fund within agency and provides a sub-total by agency and a grand total for all agencies. The report, which was created via a download to Excel from STARS is also being forwarded to you electronically.

Please let me know if we can be of further service in this matter.

SAM:rr

attachment

Appropriations
3-30-98
Attachment 6

AGY-NAME	FUND-NAME	AMOUNT
028 ACCOUNTANCY, BOARD OF	2701 BOARD OF ACCOUNTANCY FEE FUND	6,053.89
028 Total		6,053.89
034 ADJUTANT GENERAL	1000 STATE GENERAL FUND	17,049.12
034 ADJUTANT GENERAL	2027 EMERGENCY MANAGEMENT-FEE FUND	2,776.56
034 ADJUTANT GENERAL	2081 NUCLEAR SAFETY EMERGENCY PREPAREDNESS FEE FUND	155.16
034 ADJUTANT GENERAL	2152 MILITARY FEES FUND	14,215.88
034 ADJUTANT GENERAL	3001 EMERGENCY MANAGEMENT-FED FUND MATCHING ADMIN	4,988.74
034 ADJUTANT GENERAL	3003 EMER MGMT-RADEF INSTRUMENT MAINTENANCE FUND FED	1,029.75
034 ADJUTANT GENERAL	3004 STATE DISASTER COORDINATION-FEDERAL FUND	265.73
034 ADJUTANT GENERAL	3611 EMER MANAGEMENT-NUCLEAR CIVIL PROTECTION-FED FUND	8,526.82
034 ADJUTANT GENERAL	3788 TRAINING AND SUPPORT OF TITLE III-FEDERAL FUND	261.91
034 Total		49,269.67
036 STATE COUNCIL ON VOCATIONAL EDUCATION	3416 STATE COUNCIL ON VOCATIONAL EDUCATION-FEDERAL FUND	200.00
036 Total		200.00
039 AGING, DEPARTMENT ON	1000 STATE GENERAL FUND	18,072.34
039 AGING, DEPARTMENT ON	2173 CONFERENCES & WORKSHOPS ATTEND & PUBLICATION FEES	191.70
039 AGING, DEPARTMENT ON	3054 MEDICAID FUND-FEDERAL	749.04
039 AGING, DEPARTMENT ON	3402 OLDER AMERICANS ACT-FEDERAL FUND	9,307.01
039 AGING, DEPARTMENT ON	3913 SHICK FUND-FEDERAL	99.70
039 AGING, DEPARTMENT ON	7318 COMMUNITY BASED LONG-TERM CARE FUND-PRIV DONATIONS	2,248.18
039 Total		30,667.97
046 DEPARTMENT OF AGRICULTURE	1000 STATE GENERAL FUND	36,545.93
046 DEPARTMENT OF AGRICULTURE	2002 DAIRY DIVISION FEE FUND	2,224.56
046 DEPARTMENT OF AGRICULTURE	2004 MEAT AND POULTRY INSPECTION FEE FUND	541.62
046 DEPARTMENT OF AGRICULTURE	2005 WHEAT QUALITY SURVEY FUND	475.49
046 DEPARTMENT OF AGRICULTURE	2006 ENTOMOLOGY FEE FUND	6,554.89
046 DEPARTMENT OF AGRICULTURE	2041 SOYBEAN PROMOTION AND RESEARCH FEE FUND	1,878.16
046 DEPARTMENT OF AGRICULTURE	2043 WATER STRUCTURES-STATE HIGHWAY FUND	6,989.08
046 DEPARTMENT OF AGRICULTURE	2165 WEIGHTS AND MEASURES FEE FUND	640.90
046 DEPARTMENT OF AGRICULTURE	2168 WATER APPROPRIATION CERTIFICATION FUND	2,034.12
046 DEPARTMENT OF AGRICULTURE	2194 CHEMIGATION FEE FUND	535.25
046 DEPARTMENT OF AGRICULTURE	2531 ECONOMIC DEVELOPMENT FUND	38.00
046 DEPARTMENT OF AGRICULTURE	2582 KANSAS CORN COMMISSION FUND	15,478.04
046 DEPARTMENT OF AGRICULTURE	2583 KANSAS GRAIN SORGHUM COMMISSION FUND	24,954.14
046 DEPARTMENT OF AGRICULTURE	2698 WATER PLAN SPECIAL REVENUE FUND	19,085.64
046 DEPARTMENT OF AGRICULTURE	2800 AGRICULTURAL CHEMICAL FEE FUND	1,253.11
046 DEPARTMENT OF AGRICULTURE	2801 FEEDING STUFFS FEE FUND	1,019.70
046 DEPARTMENT OF AGRICULTURE	2802 FERTILIZER FEE FUND	547.07
046 DEPARTMENT OF AGRICULTURE	2804 PESTICIDE USE FEE FUND	1,884.50
046 DEPARTMENT OF AGRICULTURE	2806 SEED EXAMINATION FEE FUND	124.74
046 DEPARTMENT OF AGRICULTURE	2808 EGG FEE FUND	5,098.91
046 DEPARTMENT OF AGRICULTURE	3013 MEAT AND POULTRY INSPECTION FUND-FEDERAL	10,443.04
046 DEPARTMENT OF AGRICULTURE	3085 EPA PESTICIDE PERFORMANCE PARTNERSHIP GRANT	4,368.01
046 DEPARTMENT OF AGRICULTURE	3108 OTHER GRANTS FUND	4,872.90
046 DEPARTMENT OF AGRICULTURE	3422 FEDERAL PESTICIDE ENFORCEMENT FUND	322.05
046 DEPARTMENT OF AGRICULTURE	3594 PESTICIDE USE & GROUNDWATER PROTECTION-FED FUND	1,502.67
046 DEPARTMENT OF AGRICULTURE	3596 PESTICIDE USE & WORKER PROTECTION OUTREACH-FED FND	19.00
046 Total		149,431.52
055 ANIMAL HEALTH DEPARTMENT	1000 STATE GENERAL FUND	6,839.26
055 ANIMAL HEALTH DEPARTMENT	2011 LIVESTOCK BRAND FEE FUND	1,135.02
055 ANIMAL HEALTH DEPARTMENT	2202 ANIMAL DISEASE CONTROL FUND	1,371.77
055 Total		9,346.05
058 KANSAS HUMAN RIGHTS COMMISSION	1000 STATE GENERAL FUND	9,103.59
058 KANSAS HUMAN RIGHTS COMMISSION	3016 FEDERAL FUND	4,578.53
058 Total		13,682.12
082 ATTORNEY GENERAL	1000 STATE GENERAL FUND	64,665.88
082 ATTORNEY GENERAL	2012 COURT COST FUND	7,701.07
082 ATTORNEY GENERAL	2254 BOND TRANSCRIPT REVIEW FEE FUND	1,214.80
082 ATTORNEY GENERAL	2259 DRUG FREE SCHOOLS AND COMMUNITIES FUND	2,186.70
082 ATTORNEY GENERAL	2506 ATTORNEY GENERAL'S ANTITRUST SPECIAL REVENUE FUND	2,006.42
082 ATTORNEY GENERAL	2563 CRIME VICTIMS COMPENSATION FUND	2,262.89
082 ATTORNEY GENERAL	2598 CRIME VICTIMS ASSISTANCE FUND	6,189.57
082 ATTORNEY GENERAL	2613 TORT CLAIMS FUND	5,903.95
082 ATTORNEY GENERAL	2615 ATTORNEY GENERAL'S MEDICAID FRAUD CONTROL FUND	13,986.39
082 ATTORNEY GENERAL	3103 VICTIMS OF CRIME ACT-FEDERAL FUND	617.38
082 ATTORNEY GENERAL	3243 FAMILY VIOLENCE PREVENTION AND SERV. FUND-FEDERAL	2,042.09
082 Total		108,777.14
083 ATTORNEY GENERAL-KANSAS BUREAU OF INVESTIGATION	1000 STATE GENERAL FUND	100,350.35
083 ATTORNEY GENERAL-KANSAS BUREAU OF INVESTIGATION	2077 FORENSIC LABORATORY AND MATERIALS FEE FUND	2,864.49
083 ATTORNEY GENERAL-KANSAS BUREAU OF INVESTIGATION	2140 GENERAL FEES FUND	47,255.75
083 ATTORNEY GENERAL-KANSAS BUREAU OF INVESTIGATION	2283 AGENCY SPECIAL ASSET FORFEITURE FUND	1,633.54
083 ATTORNEY GENERAL-KANSAS BUREAU OF INVESTIGATION	3350 FEDERAL GRANTS FUND	5,996.27
083 Total		158,100.40
094 BANK COMMISSIONER	2811 BANK COMMISSIONER FEE FUND	90,194.92
094 Total		90,194.92
105 HEALING ARTS, STATE BOARD OF	2705 HEALING ARTS FEE FUND	31,139.39

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AGY-NAME	FUND-NAME	AMOUNT
105 Total		31,139.39
122 CITIZENS' UTILITY RATEPAYER BOARD	2030 UTILITY REGULATORY FEE FUND	13,620.02
122 Total		13,620.02
140 CORPORATION FOR CHANGE	2637 CORPORATION FOR CHANGE-PRIVATE FUND	1,014.96
140 CORPORATION FOR CHANGE	7396 FAMILY AND CHILDREN INVESTMENT FUND	2,354.60
140 Total		3,369.56
143 CORPORATION COMMISSION	2019 PUBLIC SERVICE REGULATION FUND	93,768.76
143 CORPORATION COMMISSION	2130 CONSERVATION FEE FUND	12,323.93
143 CORPORATION COMMISSION	2812 MOTOR CARRIER LICENSE FEES FUND	6,522.77
143 CORPORATION COMMISSION	3088 DATA MANAGEMENT SYSTEM FUND	1,392.74
143 CORPORATION COMMISSION	3682 ENERGY CONSERVATION PLAN-FEDERAL FUND	5,603.52
143 Total		119,611.72
149 COSMETOLOGY, KANSAS STATE BOARD OF	2706 COSMETOLOGY FEE FUND	4,763.91
149 Total		4,763.91
159 STATE DEPARTMENT OF CREDIT UNIONS	2026 CREDIT UNION FEE FUND	7,642.28
159 Total		7,642.28
167 DENTAL BOARD	2708 DENTAL BOARD FEE FUND	408.45
167 Total		408.45
172 DEPARTMENT OF ADMINISTRATION-DIVISION OF PRINTING	6130 INTRAGOVERNMENTAL PRINTING SERVICE FUND	1,864.95
172 Total		1,864.95
173 DEPARTMENT OF ADMINISTRATION	1000 STATE GENERAL FUND	71,098.78
173 DEPARTMENT OF ADMINISTRATION	2197 GENERAL FEES FUND	1,570.43
173 DEPARTMENT OF ADMINISTRATION	2521 PREVENTIVE HEALTH CARE PROGRAM FUND	1,344.82
173 DEPARTMENT OF ADMINISTRATION	2566 KANSAS PERFORMANCE REVIEW BOARD	2,418.16
173 DEPARTMENT OF ADMINISTRATION	6105 ACCOUNTING SERVICES RECOVERY FUND	2,900.24
173 DEPARTMENT OF ADMINISTRATION	6110 INFORMATION TECHNOLOGY FUND	73,344.21
173 DEPARTMENT OF ADMINISTRATION	6146 CENTRAL AIRCRAFT FUND	165.00
173 DEPARTMENT OF ADMINISTRATION	6148 STATE BUILDINGS OPERATING FUND	996.80
173 DEPARTMENT OF ADMINISTRATION	6151 ARCHITECTURAL SERVICES RECOVERY FUND	935.63
173 DEPARTMENT OF ADMINISTRATION	6161 CENTRAL MAIL SERVICES FUND	520.42
173 DEPARTMENT OF ADMINISTRATION	6162 STATE WORKERS COMPENSATION SELF-INSURANCE FUND	2,916.96
173 DEPARTMENT OF ADMINISTRATION	7719 CAFETERIA BENEFITS FUND-HEALTH INSURANCE	1,228.02
173 DEPARTMENT OF ADMINISTRATION	7731 BENEFITS ANALYSIS PROGRAM FUND	1,374.24
173 DEPARTMENT OF ADMINISTRATION	7732 DEPENDENT CARE ASSISTANCE PROGRAM FUND	177.50
173 DEPARTMENT OF ADMINISTRATION	8508 ENERGY CONSERVATION BONDS-KDFA SERIES 1996A	2,066.99
173 Total		163,058.20
176 KANSAS DEVELOPMENT FINANCE AUTHORITY	2571 KDFA-STATE OPERATIONS FUND	3,585.28
176 Total		3,585.28
177 ELLSWORTH CORRECTIONAL FACILITY	1000 STATE GENERAL FUND	8,985.85
177 Total		8,985.85
195 EL DORADO CORRECTIONAL FACILITY	1000 STATE GENERAL FUND	5,886.59
195 Total		5,886.59
204 STATE BOARD OF MORTUARY ARTS	2709 MORTUARY ARTS FEE FUND	5,726.20
204 Total		5,726.20
206 EMERGENCY MEDICAL SERVICES BOARD	1000 STATE GENERAL FUND	1,886.60
206 EMERGENCY MEDICAL SERVICES BOARD	2326 EMERGENCY MEDICAL SERVICES OPERATING FUND	4,415.22
206 EMERGENCY MEDICAL SERVICES BOARD	3815 EMS-FEDERAL FUND	4,079.55
206 Total		10,381.37
234 FIRE MARSHAL	2330 FIRE MARSHAL FEE FUND	15,609.50
234 Total		15,609.50
246 FORT HAYS STATE UNIVERSITY	1000 STATE GENERAL FUND	266,072.36
246 FORT HAYS STATE UNIVERSITY	2029 WILDLIFE ART FUND	263.27
246 FORT HAYS STATE UNIVERSITY	2510 RESTRICTED FEES FUND	116,976.03
246 FORT HAYS STATE UNIVERSITY	5101 HEALTH FEES FUND	2,372.90
246 FORT HAYS STATE UNIVERSITY	5102 STUDENT UNION FEES FUND	2,123.71
246 FORT HAYS STATE UNIVERSITY	5103 REVENUE FUND	4,245.60
246 FORT HAYS STATE UNIVERSITY	6000 SERVICE CLEARING FUND	2,808.07
246 FORT HAYS STATE UNIVERSITY	8001 KANSAS EDUCATIONAL BUILDING FUND	5,094.25
246 FORT HAYS STATE UNIVERSITY	8831 REGENTS REHAB & REPAIR PROJ-SER SK-I & SK-II, 1996	441.48
246 Total		400,397.67
247 COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT	2188 KS COMM ON GOVERNMENTAL STANDARDS & CONDUCT FEE FD	2,736.42
247 Total		2,736.42
252 GOVERNOR	1000 STATE GENERAL FUND	34,532.51
252 Total		34,532.51
258 GRAIN INSPECTION DEPARTMENT	2037 GRAIN INSPECTION FEE FUND	8,247.48
258 Total		8,247.48
261 KANSAS GUARDIANSHIP PROGRAM	1000 STATE GENERAL FUND	1,439.67
261 Total		1,439.67
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	1000 STATE GENERAL FUND	59,761.52
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	2020 AIR QUALITY FEE FUND	25,060.76
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	2042 TITLE XIX FUND	18,137.90
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	2131 POWER GENERATING FACILITY FEE FUND	1,058.15
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	2183 HEALTH AND ENVIRONMENT TRAINING FEE FUND	2,340.89
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	2233 MINED-LAND CONSERVATION & RECLAMATION FEE FUND	371.94
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	2243 INSURANCE STATISTICAL PLAN FUND	3,128.07
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	2271 SOLID WASTE MANAGEMENT FUND	9,111.65

AGY-NAME	FUND-NAME	AMOUNT
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	2415 NUCLEAR SAFETY EMERGENCY PREPAREDNESS SPECIAL REV	3,197.57
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	2662 ENVIRONMENTAL RESPONSE FUND	1,166.82
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	2686 WATER PLAN SPECIAL REVENUE FUND	4,921.85
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3028 CHILD CARE & DEVELOPMENT BLOCK GRANT-FEDERAL FUND	1,201.43
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3031 OFFICE OF RURAL HEALTH-FEDERAL FUND	3,368.00
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3040 EPA-CORE SUPPORT FUND-FEDERAL	5,476.85
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3064 MEDICARE FUND-FEDERAL	7,919.90
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3069 FEDERAL MIGRANT HEALTH PROGRAM FUND	943.75
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3070 VENEREAL DISEASE CONTROL PROJECT FUND-FEDERAL	7,297.39
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3071 DISEASE PREVENTN-HEALTH PROMO FEDERAL GRANT FUND	17,537.54
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3072 FEDERAL AIR QUALITY PROGRAM FUND	3,276.25
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3077 FED WOMEN, INFANTS AND CHILDREN HEALTH PROG FUND	7,508.75
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3080 FED OCCUPATIONAL HEALTH & SAFETY STATS PROG FUND	3,400.22
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3086 EPA WATER RELATED FEDERAL GRANTS FUND	4,120.79
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3087 OTHER FEDERAL GRANTS FUND	2,910.40
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3150 BREAST & CERVICAL CANCER PROGRAM & DETECTION FUND	5,848.20
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3295 WATER SUPPLY FUND-FEDERAL	9,465.30
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3372 IMMUNIZATION GRANT FUNDS-FEDERAL FUND	15,031.11
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3511 DIAGNOSTIC X-RAY PROGRAM-FEDERAL FUND	4,084.70
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3516 TITLE I-P.L. 99-457 EARLY CHILDHOOD DEVEL FED FUND	5,728.37
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3586 RESOURCE CONSERVATION AND RECOVERY ACT-FED FUND	5,224.08
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3614 PREVENTIVE HEALTH AND HEALTH SERV BLOCK GRANT FUND	5,685.57
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3616 MATERNAL AND CHILD HEALTH SERV BLOCK GRANT FUND	9,414.42
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3617 NATIONAL CENTER FOR HEALTH STATISTICS FUND-FEDERAL	2,845.95
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3618 FEDERAL EPA UNDERGROUND INJECTION CONTROL FUND	3,181.43
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3619 FEDERAL EPA 106 WATER POLLUTION CONTROL FUND	595.52
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3622 FEDERAL TITLE X FAMILY PLANNING FUND	2,211.31
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3626 LEAD POISONING PREVENTION-FEDERAL FUND	2,292.33
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3689 PREGNANCY NUTRITION SURVEILLANCE SYSTEM-FED FUND	423.25
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3699 EARLY CHILDHOOD DEVELOPMENTAL SERVICES-FED FUND	734.38
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3732 UNDERGROUND STORAGE TANK FUND-FEDERAL	58.00
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3740 AIDS PROJECT-EDUCATION & RISK REDUCTION-FED FUND	6,990.00
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3812 LEAKING UNDERGROUND STORAGE TANK TRUST FUND-FED	624.64
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3820 NAT'L SURFACE MINING CONTROL & RECLAM ACT-FED FUND	191.85
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3821 ABANDONED MINED-LAND FUND	3,499.32
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3889 EPA NON-POINT SOURCE IMPLEMENTATION PROG-FEDERAL	3,262.50
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	3908 POLLUTION PREVENTION PROGRAM-FED FUND	1,708.66
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	7311 GIFTS, GRANTS AND DONATIONS FUND	13,140.36
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	7399 UNDERGROUND PETROL STORAGE TANK RELEASE TRUST FUND	1,487.72
264 DEPARTMENT OF HEALTH AND ENVIRONMENT	7530 WATER POLLUT CNTRL REVOLV FND-1993 SRF SER I & II	2,059.42
264 Total		299,006.78
270 HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS	7404 HEALTH CARE STABILIZATION FUND	2,690.41
270 Total		2,690.41
276 DEPARTMENT OF TRANSPORTATION	4100 STATE HIGHWAY FUND	349,090.05
276 Total		349,090.05
280 HIGHWAY PATROL	1000 STATE GENERAL FUND	52,676.43
280 HIGHWAY PATROL	2208 MOTOR CARRIER SAFETY ASSISTANCE PROGRAM FUND	16,440.06
280 HIGHWAY PATROL	2213 VEHICLE IDENTIFICATION NUMBER FEE FUND	40.00
280 HIGHWAY PATROL	2306 HIGHWAY PATROL TRAINING CENTER FUND	4,045.98
280 HIGHWAY PATROL	2468 FEDERAL FORFEITURE FUND	10,144.03
280 HIGHWAY PATROL	2514 FOR PATROL OF KANSAS TURNPIKE FUND	438.27
280 HIGHWAY PATROL	2829 MOTOR CARRIER INSPECTION FUND	120.50
280 HIGHWAY PATROL	3615 HIGHWAY PATROL FEDERAL FUND	18,974.95
280 HIGHWAY PATROL	6143 CAPITOL AREA SECURITY FUND	2,206.20
280 Total		105,086.42
288 HISTORICAL SOCIETY, STATE	1000 STATE GENERAL FUND	10,340.81
288 HISTORICAL SOCIETY, STATE	2047 GENERAL FEES FUND	1,933.10
288 HISTORICAL SOCIETY, STATE	2638 ARCHEOLOGY FEE FUND	268.00
288 HISTORICAL SOCIETY, STATE	3089 NATIONAL HISTORIC PRESERVATION ACT FUND-FED.-STATE	4,287.37
288 HISTORICAL SOCIETY, STATE	7379 HERITAGE TRUST FUND	1,222.03
288 Total		18,051.31
296 DEPARTMENT OF HUMAN RESOURCES	1000 STATE GENERAL FUND	9,615.69
296 DEPARTMENT OF HUMAN RESOURCES	2121 EMPLOYMENT SEC. COMPUTER SYSTEMS INSTITUTE FUND	71,869.09
296 DEPARTMENT OF HUMAN RESOURCES	2124 WORKMEN'S COMPENSATION FEE FUND	42,894.50
296 DEPARTMENT OF HUMAN RESOURCES	2128 BOILER INSPECTION FEE FUND	3,411.27
296 DEPARTMENT OF HUMAN RESOURCES	3191 JTPA-TITLE IIC-STATE OPERATIONS	93.30
296 DEPARTMENT OF HUMAN RESOURCES	3335 EMPLOYMENT SECURITY ADMINISTRATION FUND	142,295.46
296 DEPARTMENT OF HUMAN RESOURCES	3339 OCCUPATIONAL HEALTH AND SAFETY-FEDERAL FUND	20,002.80
296 DEPARTMENT OF HUMAN RESOURCES	3457 OCCUPATIONAL INFORMATION SYSTEM-FEDERAL FUND	2,431.48
296 DEPARTMENT OF HUMAN RESOURCES	3658 JTPA-TITLE II-A-DISADVANTAGED TRAINING-FED FUND	26,272.56
296 DEPARTMENT OF HUMAN RESOURCES	3659 JTPA-TITLE II-B-SUMMER YOUTH TRAINING-FEDERAL FUND	3,047.42
296 DEPARTMENT OF HUMAN RESOURCES	3850 ECONOMIC DISLOCATION & WORKER ADJ ASSIST ACT-FED	18,885.69
296 DEPARTMENT OF HUMAN RESOURCES	7364 COMM ON HANDICAPPED-GIFTS, GRANTS & DONATIONS FUND	2,473.18
296 Total		343,292.44
300 DEPARTMENT OF COMMERCE AND HOUSING	2048 PUBLICATION AND OTHER SALES FUND	(800.00)
300 DEPARTMENT OF COMMERCE AND HOUSING	2176 IMPACT PROGRAM SERVICES FUND	3,244.22

AGY-NAME	FUND-NAME	AMOUNT
300 DEPARTMENT OF COMMERCE AND HOUSING	2222 LOW-INCOME HOUSING TAX CREDIT FEE FUND	5,202.65
300 DEPARTMENT OF COMMERCE AND HOUSING	2275 REIMBURSEMENT AND RECOVERY FUND	376.82
300 DEPARTMENT OF COMMERCE AND HOUSING	2610 SEDIF-KANSAS ECONOMIC DEVELOPMENT ENDOWMENT ACCT	110,830.60
300 DEPARTMENT OF COMMERCE AND HOUSING	3097 HOME-FEDERAL FUND	12,837.07
300 DEPARTMENT OF COMMERCE AND HOUSING	3099 COMMUNITY SERVICES BLOCK GRANT-FEDERAL FUND	5,359.69
300 DEPARTMENT OF COMMERCE AND HOUSING	3100 OTHER GRANTS FUND	3,125.26
300 DEPARTMENT OF COMMERCE AND HOUSING	3102 ENERGY WINTERIZATION-FEDERAL FUND	2,109.93
300 DEPARTMENT OF COMMERCE AND HOUSING	3584 HOUSING ASSISTANCE PROGRAM-FEDERAL FUND	4,530.80
300 DEPARTMENT OF COMMERCE AND HOUSING	3669 COMMUNITY DEVELOPMENT BLOCK GRANT-FEDERAL FUND	10,861.94
300 DEPARTMENT OF COMMERCE AND HOUSING	7373 STATE HOUSING TRUST FUND	3,988.35
300 Total		161,667.33
313 HUTCHINSON CORRECTIONAL FACILITY	1000 STATE GENERAL FUND	23,575.59
313 Total		23,575.59
319 TOPEKA JUVENILE CORRECTIONAL FACILITY	1000 STATE GENERAL FUND	12,482.55
319 Total		12,482.55
325 BELOIT JUVENILE CORRECTIONAL FACILITY	1000 STATE GENERAL FUND	9,346.16
325 Total		9,346.16
328 STATE BOARD OF INDIGENTS' DEFENSE SERVICES	1000 STATE GENERAL FUND	33,512.81
328 Total		33,512.81
331 INSURANCE DEPARTMENT	2055 INSURANCE COMPANY EXAMINATION FUND	128,636.82
331 INSURANCE DEPARTMENT	2056 INSURANCE COMPANY ANNUAL STATEMENT EXAM. FUND	195.00
331 INSURANCE DEPARTMENT	2057 INSURANCE COMPANY EXAMINER TRAINING FUND	20,370.02
331 INSURANCE DEPARTMENT	2270 INSURANCE DEPARTMENT SERVICE REGULATION FUND	35,236.89
331 INSURANCE DEPARTMENT	2299 SENIOR HEALTH INSURANCE COUNSELING FOR KANSANS FND	602.75
331 INSURANCE DEPARTMENT	2367 INSURANCE EDUCATION AND TRAINING FUND	820.00
331 INSURANCE DEPARTMENT	7354 WORKERS' COMPENSATION FUND	200.94
331 INSURANCE DEPARTMENT	7356 MUNICIPAL GROUP FUNDED POOLS FEE FUND	869.47
331 INSURANCE DEPARTMENT	7374 GROUP-FUNDED WORKERS' COMPENSATION POOLS FEE FUND	4,864.50
331 INSURANCE DEPARTMENT	9090 COMMISSIONER'S TRAVEL REIMBURSEMENT CLEARING FUND	8,050.37
331 Total		199,846.76
355 ATCHISON JUVENILE CORRECTIONAL FACILITY	1000 STATE GENERAL FUND	7,154.55
355 Total		7,154.55
359 KANSAS ARTS COMMISSION	3560 KANSAS ARTS COMMISSION GIFTS, GRANTS & BEQUESTS FD	4,107.42
359 Total		4,107.42
360 KANSAS, INC.	2218 EDIF FUND	2,174.76
360 Total		2,174.76
363 KANSAS NEUROLOGICAL INSTITUTE	1000 STATE GENERAL FUND	4,985.06
363 KANSAS NEUROLOGICAL INSTITUTE	3115 FOSTER GRANDPARENTS PROGRAM-FEDERAL	5,653.96
363 Total		10,639.02
365 KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM	7002 KANSAS PUBLIC EMPLOYEES RETIREMENT FUND	48,914.88
365 Total		48,914.88
367 KANSAS STATE UNIVERSITY	1000 STATE GENERAL FUND	630,408.44
367 KANSAS STATE UNIVERSITY	2024 GENERAL FEES FUND	243.71
367 KANSAS STATE UNIVERSITY	2103 RESTRICTED FEES FUND	10,482.82
367 KANSAS STATE UNIVERSITY	2129 GENERAL FEES FUND	38,078.54
367 KANSAS STATE UNIVERSITY	2263 FERTILIZER RESEARCH FUND	2,770.38
367 KANSAS STATE UNIVERSITY	2520 RESTRICTED FEES FUND	1,110,568.09
367 KANSAS STATE UNIVERSITY	2590 RESTRICTED FEES FUND	90,449.38
367 KANSAS STATE UNIVERSITY	2630 RESTRICTED FEES FUND-HOWARD HUGHES GRANT	2,606.47
367 KANSAS STATE UNIVERSITY	2697 RESTRICTED FEES FUND	754,041.63
367 KANSAS STATE UNIVERSITY	2901 SPONSORED RESEARCH OVERHEAD FUND	446,422.65
367 KANSAS STATE UNIVERSITY	2921 SPONSORED RESEARCH OVERHEAD FUND	61,163.20
367 KANSAS STATE UNIVERSITY	2922 SPONSORED RESEARCH OVERHEAD FUND	1,526.81
367 KANSAS STATE UNIVERSITY	3044 FEDERAL EXTENSION FUND	134,653.51
367 KANSAS STATE UNIVERSITY	3046 FEDERAL EXPERIMENTAL STATION FUND	99,882.60
367 KANSAS STATE UNIVERSITY	3047 SMITH-LEVER SPECIAL PROGRAM GRANT-FEDERAL FUND	1,027.81
367 KANSAS STATE UNIVERSITY	3113 US ARMY RESEARCH GRANT-METAL PARTICLE CHEMISTRY	4,100.82
367 KANSAS STATE UNIVERSITY	3855 FEDERAL AWARDS-ADVANCE PAYMENTS	6,150.00
367 KANSAS STATE UNIVERSITY	5104 KANSAS ARTIFICIAL BREEDING SERVICE UNIT FEES FUND	660.62
367 KANSAS STATE UNIVERSITY	5109 STUDENT HEALTH FEES FUND	33,308.82
367 KANSAS STATE UNIVERSITY	5125 KSU-SAL HOUSING SYS REVENUE FND-KDFA H BONDS, 1993	875.00
367 KANSAS STATE UNIVERSITY	5160 HOSPITAL AND DIAGNOSTIC LABORATORY REVENUE FUND	5,533.62
367 KANSAS STATE UNIVERSITY	5163 HOUSING SYSTEM OPERATIONS FUND	52,614.36
367 KANSAS STATE UNIVERSITY	5181 PARKING SYSTEM REVENUE FUND	3,477.13
367 KANSAS STATE UNIVERSITY	6003 SERVICE CLEARING FUND	65,090.58
367 KANSAS STATE UNIVERSITY	7303 FARRELL LIBRARY RENOVATION/EXPANSION-GIFTS/DON FND	335.93
367 Total		3,556,472.92
368 KS STATE UNIVERSITY-SALINA, COLLEGE OF TECHNOLOGY	2018 GENERAL FEES FUND	1,695.20
368 KS STATE UNIVERSITY-SALINA, COLLEGE OF TECHNOLOGY	2920 SPONSORED RESEARCH OVERHEAD FUND	490.12
368 Total		2,185.32
371 KANSAS TECHNOLOGY ENTERPRISE CORPORATION	2231 KTEC SPECIAL REVENUES FUND	40,339.27
371 KANSAS TECHNOLOGY ENTERPRISE CORPORATION	2917 ECONOMIC DEVELOPMENT RESEARCH AND DEVELOPMENT FUND	25,042.47
371 KANSAS TECHNOLOGY ENTERPRISE CORPORATION	3325 SMALL BUSINESS INNOVATION RSRCH-FED FND	2,191.96
371 KANSAS TECHNOLOGY ENTERPRISE CORPORATION	3407 IAMTC FEDERAL SPECIAL REVENUE FUND	20,727.55
371 KANSAS TECHNOLOGY ENTERPRISE CORPORATION	3541 INDUSTRIAL AGRICULTURE-FEDERAL FUND	1,650.00
371 Total		89,951.25

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AGY-NAME	FUND-NAME	AMOUNT
373 STATE FAIR BOARD	5182 STATE FAIR FEE FUND	20,841.72
373 STATE FAIR BOARD	5183 NON-FAIR DAYS ACTIVITIES FEE FUND	570.27
373 Total		21,411.99
379 EMPORIA STATE UNIVERSITY	1000 STATE GENERAL FUND	219,214.48
379 EMPORIA STATE UNIVERSITY	2069 GENERAL FEES FUND	21,765.04
379 EMPORIA STATE UNIVERSITY	2526 RESTRICTED FEES FUND	240,968.73
379 EMPORIA STATE UNIVERSITY	2527 COMMENCEMENT FEES FUND	295.00
379 EMPORIA STATE UNIVERSITY	2902 RESEARCH AND INSTITUTIONAL OVERHEAD FUND	16,090.13
379 EMPORIA STATE UNIVERSITY	5115 STUDENT HEALTH FEES FUND	515.00
379 EMPORIA STATE UNIVERSITY	5120 TWIN TOWERS PROJECT REVENUE FUND	174.09
379 EMPORIA STATE UNIVERSITY	5169 HOUSING SYSTEM OPERATIONS FUND	5,471.73
379 EMPORIA STATE UNIVERSITY	6004 SERVICE CLEARING FUND	550.11
379 EMPORIA STATE UNIVERSITY	8834 REGENTS REHAB & REPAIR PROJ-SER SK-I & SK-II, 1996	654.04
379 Total		505,698.35
385 PITTSBURG STATE UNIVERSITY	1000 STATE GENERAL FUND	96,610.62
385 PITTSBURG STATE UNIVERSITY	2070 GENERAL FEES FUND	71,188.36
385 PITTSBURG STATE UNIVERSITY	2174 IMPACT PROGRAM-CESSNA, INDEPENDENCE	4,008.21
385 PITTSBURG STATE UNIVERSITY	2529 RESTRICTED FEES FUND	198,950.87
385 PITTSBURG STATE UNIVERSITY	5126 HOSPITAL AND STUDENT HEALTH FEES FUND	3,209.13
385 PITTSBURG STATE UNIVERSITY	5165 HOUSING SYSTEM OPERATIONS FUND	667.18
385 PITTSBURG STATE UNIVERSITY	5187 PARKING FEES FUND	2,151.16
385 PITTSBURG STATE UNIVERSITY	6005 SERVICE CLEARING FUND	785.51
385 Total		377,571.04
391 KANSAS WHEAT COMMISSION	2071 KANSAS WHEAT COMMISSION FUND	51,044.20
391 Total		51,044.20
400 LANSING CORRECTIONAL FACILITY	1000 STATE GENERAL FUND	110,816.87
400 LANSING CORRECTIONAL FACILITY	2040 GENERAL FEES FUND	(66.80)
400 Total		110,750.07
408 LARNED CORRECTIONAL MENTAL HEALTH FACILITY	1000 STATE GENERAL FUND	6,148.22
408 Total		6,148.22
410 LARNED STATE HOSPITAL	1000 STATE GENERAL FUND	3,354.96
410 LARNED STATE HOSPITAL	2074 TITLE XIX FUND	405.00
410 Total		3,759.96
412 LARNED JUVENILE CORRECTIONAL FACILITY	1000 STATE GENERAL FUND	4,997.20
412 Total		4,997.20
422 LEGISLATIVE COORDINATING COUNCIL	1000 STATE GENERAL FUND	2,301.09
422 Total		2,301.09
425 LEGISLATIVE RESEARCH DEPARTMENT	1000 STATE GENERAL FUND	15,597.95
425 Total		15,597.95
428 LEGISLATURE	1000 STATE GENERAL FUND	214,131.13
428 Total		214,131.13
434 LIBRARY, STATE	1000 STATE GENERAL FUND	7,134.45
434 LIBRARY, STATE	2076 STATE LIBRARY FUND	526.00
434 LIBRARY, STATE	3020 FED LIBRARY SRVCS & CONSTRUCTION ACT-TITLE I FUND	1,570.56
434 LIBRARY, STATE	3030 FED LIBRARY SRVCS & CONSTRUCT ACT-TITLE III FUND	846.51
434 LIBRARY, STATE	3067 U. S. DEPT. OF JUSTICE ADA-FEDERAL FUND	391.19
434 Total		10,468.71
446 LIEUTENANT GOVERNOR	1000 STATE GENERAL FUND	3,436.25
446 Total		3,436.25
450 KANSAS LOTTERY	2212 LOTTERY OPERATING FUND	62,386.38
450 Total		62,386.38
454 CONSUMER CREDIT COMMISSIONER	2078 CONSUMER CREDIT FEE FUND	7,493.21
454 Total		7,493.21
482 NURSING, BOARD OF	2209 EDUCATION CONFERENCE FUND	130.00
482 NURSING, BOARD OF	2716 BOARD OF NURSING FEE FUND	13,409.32
482 Total		13,539.32
488 OPTOMETRY EXAMINERS, BOARD OF	2717 OPTOMETRY FEE FUND	736.75
488 Total		736.75
494 OSAWATOMIE STATE HOSPITAL	1000 STATE GENERAL FUND	9,170.58
494 OSAWATOMIE STATE HOSPITAL	2079 OSAWATOMIE STATE HOSPITAL FEE FUND	98.00
494 Total		9,268.58
507 PARSONS STATE HOSPITAL AND TRAINING CENTER	1000 STATE GENERAL FUND	9,501.31
507 PARSONS STATE HOSPITAL AND TRAINING CENTER	2082 PARSONS STATE HOSPITAL & TRAINING CENTER FEE FUND	5,874.59
507 PARSONS STATE HOSPITAL AND TRAINING CENTER	2083 TITLE XIX FUND	6,396.63
507 Total		21,772.53
521 DEPARTMENT OF CORRECTIONS	1000 STATE GENERAL FUND	33,241.70
521 Total		33,241.70
522 DEPARTMENT OF CORRECTIONS-CORRECTIONAL INDUSTRIES	6126 CORRECTIONAL INDUSTRIES FUND	16,383.35
522 Total		16,383.35
523 KANSAS PAROLE BOARD	1000 STATE GENERAL FUND	3,101.84
523 Total		3,101.84
531 PHARMACY, BOARD OF	2718 STATE BOARD OF PHARMACY FEE FUND	16,811.92
531 Total		16,811.92
540 POST AUDIT, LEGISLATIVE DIVISION OF	1000 STATE GENERAL FUND	10,413.48
540 POST AUDIT, LEGISLATIVE DIVISION OF	9204 FEDERAL AUDIT SERVICES CLEARING FUND	692.81
540 Total		11,106.29

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AGY-NAME	FUND-NAME	AMOUNT
543 REAL ESTATE APPRAISAL BOARD	2732 APPRAISER FEE FUND	7,568.25
543 Total		7,568.25
549 REAL ESTATE COMMISSION	2721 REAL ESTATE FEE FUND	6,077.57
549 Total		6,077.57
553 KANSAS RACING AND GAMING COMMISSION	2214 STATE RACING FUND	28,441.49
553 KANSAS RACING AND GAMING COMMISSION	2320 TRIBAL GAMING FUND	3,410.04
553 Total		31,851.53
555 RAINBOW MENTAL HEALTH FACILITY	1000 STATE GENERAL FUND	265.93
555 Total		265.93
561 BOARD OF REGENTS	1000 STATE GENERAL FUND	12,404.13
561 BOARD OF REGENTS	3709 EDUCATION FOR ECONOMIC SECURITY GRANT-FEDERAL FUND	889.00
561 Total		13,293.13
562 BOARD OF TAX APPEALS	1000 STATE GENERAL FUND	2,315.96
562 Total		2,315.96
565 DEPARTMENT OF REVENUE	1000 STATE GENERAL FUND	261,834.31
565 DEPARTMENT OF REVENUE	2089 DIVISION OF VEHICLES OPERATING FUND	32,633.50
565 DEPARTMENT OF REVENUE	2618 AUTOMATED TAX SYSTEMS FUND	5,615.88
565 DEPARTMENT OF REVENUE	2677 STATE BINGO REGULATION FUND	1,055.45
565 DEPARTMENT OF REVENUE	3780 FEDERAL COMMERCIAL MOTOR VEHICLE SAFETY FUND	10,046.04
565 Total		311,185.18
579 REVISOR OF STATUTES	1000 STATE GENERAL FUND	5,485.43
579 Total		5,485.43
581 NORTON CORRECTIONAL FACILITY	1000 STATE GENERAL FUND	5,223.93
581 Total		5,223.93
604 KANSAS STATE SCHOOL FOR THE BLIND	1000 STATE GENERAL FUND	18,858.70
604 KANSAS STATE SCHOOL FOR THE BLIND	2093 GENERAL FEES FUND	1,301.00
604 Total		20,159.70
610 SCHOOL FOR THE DEAF	1000 STATE GENERAL FUND	4,606.00
610 SCHOOL FOR THE DEAF	2094 GENERAL FEES FUND	2,898.26
610 SCHOOL FOR THE DEAF	3167 VOCATIONAL EDUCATION FUND-FEDERAL	324.00
610 Total		7,828.26
622 SECRETARY OF STATE	1000 STATE GENERAL FUND	6,557.72
622 SECRETARY OF STATE	2430 INFORMATION AND COPY SERVICE FEE FUND	2,500.80
622 SECRETARY OF STATE	2664 UNIFORM COMMERCIAL CODE FEE FUND	2,837.35
622 Total		11,895.87
625 OFFICE OF THE SECURITIES COMMISSIONER OF KANSAS	2162 SECURITIES ACT FEE FUND	9,203.52
625 Total		9,203.52
626 KANSAS SENTENCING COMMISSION	1000 STATE GENERAL FUND	5,829.02
626 KANSAS SENTENCING COMMISSION	2201 GENERAL FEES FUND	1,481.26
626 KANSAS SENTENCING COMMISSION	3600 STATISTICAL ANALYSIS-FEDERAL FUND	2,687.85
626 KANSAS SENTENCING COMMISSION	3610 DRUG ABUSE FUND-FEDERAL	7,554.99
626 KANSAS SENTENCING COMMISSION	3941 JUVENILE JUSTICE-FEDERAL FUND	2,074.24
626 Total		19,627.36
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	1000 STATE GENERAL FUND	112,834.05
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	2195 SOCIAL WELFARE FUND	4,444.07
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	2220 OTHER STATE FEES FUND	1,880.99
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3301 ALCOHOL AND DRUG ABUSE BLOCK GRANT FEDERAL FUND	987.92
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3302 AT-RISK CHILD CARE BLOCK GRANT FEDERAL FUND	105.67
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3303 CHILD CARE DEVELOPMENT BLOCK GRANT FEDERAL FUND	643.33
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3304 CHILD WELFARE SERVICES BLOCK GRANT FEDERAL FUND	1,787.86
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3305 ENERGY ASSISTANCE BLOCK GRANT FEDERAL FUND	1,517.52
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3306 EMERGENCY ASSISTANCE FEDERAL FUND	1,362.19
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3307 SOCIAL SERVICES BLOCK GRANT FEDERAL FUND	3,923.32
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3310 MENTAL HEALTH BLOCK GRANT FEDERAL FUND	716.05
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3312 FOSTER CARE ASSISTANCE FEDERAL FUND	416.69
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3315 REHABILITATION SERVICES FEDERAL FUND	23,596.86
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3317 OTHER FEDERAL GRANTS AND ASSISTANCE FUND	65,086.92
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3318 OTHER FEDERAL STATE OPERATIONS FUND	121,073.70
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3321 CHILD CARE MANDATORY-FEDERAL FUND	344.93
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	3323 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES-FEDERAL FD	7,035.32
629 DEPT. OF SOCIAL AND REHABILITATION SERVICES	5020 ENTERPRISE FUND	965.00
629 Total		348,722.39
634 STATE CONSERVATION COMMISSION	1000 STATE GENERAL FUND	1,036.15
634 STATE CONSERVATION COMMISSION	2542 LAND RECLAMATION FEE FUND	775.65
634 STATE CONSERVATION COMMISSION	2603 WATER PLAN SPECIAL REVENUE FUND	2,613.73
634 Total		4,425.53
652 DEPARTMENT OF EDUCATION	1000 STATE GENERAL FUND	84,429.02
652 DEPARTMENT OF EDUCATION	2532 SCHOOL BUS SAFETY FUND	1,793.74
652 DEPARTMENT OF EDUCATION	2538 STATE SAFETY FUND	1,325.31
652 DEPARTMENT OF EDUCATION	2628 GED CREDENTIALS PROCESSING FEES FUND	263.00
652 DEPARTMENT OF EDUCATION	2723 CERTIFICATE FEE FUND	12,240.88
652 DEPARTMENT OF EDUCATION	3056 REIMBURSEMENT FOR SERVICES FUND	5,709.78
652 DEPARTMENT OF EDUCATION	3131 STATE OPERATIONS-EDUCATIONALLY DEPRIVED CHILD-FED	21,400.43
652 DEPARTMENT OF EDUCATION	3132 STATE OPERATIONS-ESEA CHAPTER II-FEDERAL FUND	3,405.54
652 DEPARTMENT OF EDUCATION	3228 ADULT BASIC EDUCATION-FEDERAL FUND	8,069.59
652 DEPARTMENT OF EDUCATION	3230 FOOD ASSISTANCE-FEDERAL FUND	9,120.95

AGY-NAME	FUND-NAME	AMOUNT
652 DEPARTMENT OF EDUCATION	3233 ELEMENTARY AND SECONDARY SCHOOL AID-FEDERAL FUND	7,148.75
652 DEPARTMENT OF EDUCATION	3240 CARL D. PERKINS VOC EDUCATION ACT-FEDERAL FUND	1,254.59
652 DEPARTMENT OF EDUCATION	3299 GOALS 2000 FEDERAL FUND	2,631.91
652 DEPARTMENT OF EDUCATION	3534 EDUCATION OF HANDICAPPED CHILDREN-STATE OPS-FED	27,434.26
652 DEPARTMENT OF EDUCATION	3536 EDUC OF HANDICAPPED CHILD-PRE-SCHOOL-STATE OPS-FED	11,578.34
652 DEPARTMENT OF EDUCATION	3538 ELEMENT & SECOND SCHOOL AID-MIGRANT EDUC-FED-ST OP	2,115.05
652 DEPARTMENT OF EDUCATION	3540 VOCATIONAL EDUCATION-TITLE II-FEDERAL-STATE OPER	7,070.08
652 DEPARTMENT OF EDUCATION	3592 EDUC RESEARCH GRANTS AND PROJECTS FUND-FEDERAL	47,440.98
652 DEPARTMENT OF EDUCATION	3708 EDUCATION AND ECONOMIC SECURITY ACT-FEDERAL FUND	4,197.90
652 DEPARTMENT OF EDUCATION	3799 DRUG ABUSE FUNDS-FEDERAL-STATE OPERATIONS	2,607.30
652 DEPARTMENT OF EDUCATION	7307 PRIVATE DONATIONS, GIFTS, GRANTS AND BEQUESTS FUND	2,388.15
652 Total		263,625.55
660 TOPEKA CORRECTIONAL FACILITY	1000 STATE GENERAL FUND	2,594.16
660 Total		2,594.16
663 TECHNICAL PROFESSIONS, STATE BOARD OF	2729 TECHNICAL PROFESSIONS FEE FUND	14,642.76
663 Total		14,642.76
664 TOPEKA STATE HOSPITAL	2104 TOPEKA STATE HOSPITAL FEE FUND	2,119.00
664 TOPEKA STATE HOSPITAL	2105 TITLE XIX FUND	105.51
664 Total		2,224.51
670 STATE TREASURER	1000 STATE GENERAL FUND	2,497.04
670 STATE TREASURER	2362 UNCLAIMED PROPERTY EXPENSE FUND	2,899.27
670 Total		5,396.31
671 POOLED MONEY INVESTMENT BOARD	2319 POOLED MONEY INVESTMENT PORTFOLIO FEE FUND	2,931.11
671 Total		2,931.11
677 JUDICIAL BRANCH	1000 STATE GENERAL FUND	7,111.92
677 JUDICIAL BRANCH	2126 DISPUTE RESOLUTION FUND	233.75
677 JUDICIAL BRANCH	2324 JUDICIAL BRANCH EDUCATION FUND	96,137.19
677 JUDICIAL BRANCH	2724 BAR ADMISSION FEE FUND	1,916.93
677 JUDICIAL BRANCH	2726 BAR DISCIPLINE FEE FUND	6,961.17
677 JUDICIAL BRANCH	3942 CHILD WELFARE-FEDERAL GRANT FUND	2,651.81
677 Total		115,012.77
682 UNIVERSITY OF KANSAS	1000 STATE GENERAL FUND	444,204.70
682 UNIVERSITY OF KANSAS	2107 GENERAL FEES FUND	43,770.39
682 UNIVERSITY OF KANSAS	2133 LAW ENFORCEMENT TRAINING CENTER FUND	12,043.89
682 UNIVERSITY OF KANSAS	2512 RESTRICTED FEES FUND-ANDREW MELLON FOUNDATION GRT	895.95
682 UNIVERSITY OF KANSAS	2545 RESTRICTED FEES FUND	2,062,823.11
682 UNIVERSITY OF KANSAS	2585 STATE WATER PLAN-DAKOTA AQUIFER STUDY FUND	857.78
682 UNIVERSITY OF KANSAS	2596 RESTRICTED FEES FUND-MDA RESEARCH GRANT FUND	919.00
682 UNIVERSITY OF KANSAS	2905 SPONSORED RESEARCH OVERHEAD FUND	133,086.65
682 UNIVERSITY OF KANSAS	5136 HEALTH SERVICE FUND	6,901.62
682 UNIVERSITY OF KANSAS	5142 HOUSING SYSTEM OPERATIONS FUND	18,879.84
682 UNIVERSITY OF KANSAS	5175 PARKING FACIL REVENUE FUND-KDFA G BONDS, 1993	6,857.13
682 UNIVERSITY OF KANSAS	6006 SERVICE CLEARING FUND-LAWRENCE CAMPUS	45,844.14
682 Total		2,777,084.20
683 UNIVERSITY OF KANSAS MEDICAL CENTER	1000 STATE GENERAL FUND	205,914.94
683 UNIVERSITY OF KANSAS MEDICAL CENTER	2108 GENERAL FEES FUND	54,578.17
683 UNIVERSITY OF KANSAS MEDICAL CENTER	2109 HOSPITAL REVENUE FUND	149,175.60
683 UNIVERSITY OF KANSAS MEDICAL CENTER	2551 RESTRICTED FEES FUND	366,045.87
683 UNIVERSITY OF KANSAS MEDICAL CENTER	2907 SPONSORED RESEARCH OVERHEAD FUND	43,673.11
683 UNIVERSITY OF KANSAS MEDICAL CENTER	5180 PARKING FEES FUND	1,372.74
683 UNIVERSITY OF KANSAS MEDICAL CENTER	6007 SERVICE CLEARING FUND-KANSAS CITY CAMPUS	35,834.23
683 Total		856,594.66
694 COMMISSION ON VETERANS AFFAIRS	2198 KANSAS COMMISSION ON VETERANS AFFAIRS FUND	3,585.34
694 COMMISSION ON VETERANS AFFAIRS	2241 SOLDIERS' HOME FEE FUND	1,649.86
694 Total		5,235.20
700 VETERINARY EXAMINERS, BOARD OF	2727 VETERINARY EXAMINERS FEE FUND	2,119.17
700 Total		2,119.17
709 KANSAS WATER OFFICE	1000 STATE GENERAL FUND	33.09
709 KANSAS WATER OFFICE	2623 STATE WATER PLAN FUND	2,314.67
709 KANSAS WATER OFFICE	3673 FEDERAL GRANTS AND RECEIPTS FUND	12,444.03
709 Total		14,791.79
710 KANSAS DEPARTMENT OF WILDLIFE AND PARKS	1000 STATE GENERAL FUND	5,473.96
710 KANSAS DEPARTMENT OF WILDLIFE AND PARKS	2100 WILDLIFE CONSERVATION FUND	487.40
710 KANSAS DEPARTMENT OF WILDLIFE AND PARKS	2122 PARKS FEE FUND	14,379.88
710 KANSAS DEPARTMENT OF WILDLIFE AND PARKS	2245 BOATING FEE FUND	11,076.86
710 KANSAS DEPARTMENT OF WILDLIFE AND PARKS	2300 WILDLIFE FEE FUND	73,585.18
710 KANSAS DEPARTMENT OF WILDLIFE AND PARKS	2303 WATER PLAN SPECIAL REVENUE FUND	538.45
710 KANSAS DEPARTMENT OF WILDLIFE AND PARKS	2593 NONGAME WILDLIFE IMPROVEMENT FUND	2,020.48
710 KANSAS DEPARTMENT OF WILDLIFE AND PARKS	3846 FEDERAL GRANTS FUND	369.64
710 KANSAS DEPARTMENT OF WILDLIFE AND PARKS	7335 DEPT OF WILDLIFE & PARKS GIFT & DONATION FUND	1,196.96
710 Total		109,128.81
712 WINFIELD CORRECTIONAL FACILITY	1000 STATE GENERAL FUND	1,396.85
712 Total		1,396.85
713 WINFIELD STATE HOSPITAL AND TRAINING CENTER	1000 STATE GENERAL FUND	364.32
713 WINFIELD STATE HOSPITAL AND TRAINING CENTER	2110 WINFIELD STATE HOSPITAL & TRAINING CENTER FEE FUND	9.60
713 WINFIELD STATE HOSPITAL AND TRAINING CENTER	2111 TITLE XIX FUND	539.48

AGY-NAME	FUND-NAME	AMOUNT
713 Total		913.40
715 WICHITA STATE UNIVERSITY	1000 STATE GENERAL FUND	10,682.85
715 WICHITA STATE UNIVERSITY	2112 GENERAL FEES FUND	146,230.53
715 WICHITA STATE UNIVERSITY	2558 RESTRICTED FEES FUND	653,515.90
715 WICHITA STATE UNIVERSITY	2908 SPONSORED RESEARCH OVERHEAD FUND	79,902.27
715 WICHITA STATE UNIVERSITY	2909 SPONSORED RESEARCH FUND	105,490.87
715 WICHITA STATE UNIVERSITY	5100 WSU HOUSING SYSTEMS REVENUE FUND	3,353.29
715 WICHITA STATE UNIVERSITY	6008 SERVICE CLEARING FUND	5,573.33
715 Total		1,004,749.04
Grand Total		14,244,707.29

New

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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March 23, 1998

TO: House Appropriations Committee

RE: KPERS Issues and 1998 House Committee Actions

The House Appropriations Committee adopted the following items on KPERS issues at its meetings of March 13 and March 20, 1998. In addition, S.B. 11, as amended by the House during the 1997 Legislature, was passed last session and remains in conference committee for consideration during the 1998 Legislature.

A. Separate Bill Items. The House Committee recommends favorable for passage these bills.

S.B. 11, as amended by the House Committee of the Whole. The 1997 KPERS omnibus bill contains many items approved last session (see May 3, 1997 bill summary).

S.B. 382, as amended by the Senate Committee of the Whole. The bill addresses compliance with Internal Revenue Service requirements for public pension systems and would make state laws conform. The Joint Committee on Pensions, Investments and Benefits originally recommended this bill in 1997 and the 1998 Senate amendments. The bill is intended to bring KPERS into federal compliance with all qualified plan requirements. The provisions were requested by the KPERS Board of Trustees after completing a compliance review process which was detailed and complex, and largely technical in nature. Administrative costs are estimated to be \$78,000 for contract programming required to change the member data base for monitoring the compliance issues.

H.B. 2542, as amended by the House Committee. The bill would ease real estate restrictions on KPERS investments. The KPERS Board requested the bill to remove certain of the investment constraints, specifically as they apply to real estate investments. These constraints include requirements in K.S.A. 74-4921, section (5)(c)(i - viii) that the System:

1. own no more than a 20 percent interest in any new investments;
2. participate in new investments only if two other sophisticated co-investors also invest; and
3. take positions in commingled funds only to the extent that they do not individually exceed 20 percent of the total real estate portfolio.

No administrative costs for KPERS are indicated in the fiscal note.

H.B. 2612, as introduced. The bill would eliminate the current annual requirement for performance audits of the Kansas Public Employees Retirement System (KPERS). The bill would allow less frequent performance audits as directed by the Legislative Post Audit Committee. It also would allow performance audits to be combined with the annual financial compliance audits. The frequency of financial audits is not changed by this bill. The new legislation also

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would require KPERS to pay future costs of any performance audits. Currently, only financial-compliance audits are financed by KPERS and the performance audits are the responsibility of the Legislative Division of Post Audit. The fiscal note indicates minor savings by reducing the frequency of performance audits. The savings attributed to the Legislative Division of Post Audit would be in staff time, rather than monetary amounts, since future performance audits would be contracted out, according to the fiscal note.

B. 1998 Omnibus Bill Items. The House Committee amended the next items into **S.B. 618**, retaining the original subject matter of that Senate passed bill.

Criminal Penalty. The provisions in the version passed by the Senate as **S.B. 618**, also included in this bill, would add a criminal penalty for making false statements pertaining to KPERS matters. The proposed change would delete references to "misdemeanor" and "\$500," and would substitute language providing that such a person is "subject to the provisions of K.S.A. 21-3904" which is the criminal code section governing the presenting of a false claim. K.S.A. 21-3904 defines presenting a false claim as knowingly and with intent to defraud, presenting a false claim or demand to a public officer or body authorized to pay such claim, and provides a graduated level of severity depending upon the dollar amount of the fraud. Current law provides that a person who knowingly makes a false statement for the purpose of committing fraud shall be guilty of a misdemeanor and upon conviction subject to a fine of up to \$500. KPERS has paid a false claim through its long term disability program of over \$100,000.

Restriction Rescinded. This provision would allow pre-July 1, 1995, members to retire under one system and to continue working under a second system while drawing retirement benefits from the original plan. Current law passed in 1995 requires that if a person uses credit from one plan in order to retire under a different plan, then the person must retire from both plans in order to collect retirement benefits. The amendment also is included in **S.B. 617**. KPERS staff estimates that 546 individuals could be affected by the issue of retiring under two systems, but that most active employees (80 percent) would not be involved in the fiscal consequences. The fiscal note indicates that 126 of those presently working under one plan (regular KPERS) and inactive under another plan (KP&F) would cost KPERS approximately \$14 million if all individuals continued working until age 65. However, if all active members of this group retired as soon as eligible under regular KPERS, then the cost estimate is approximately \$3.5 million. The fiscal note suggests that the cost most likely would be in the \$10-\$12 million range. The fiscal note does not address the retirement benefits that would be paid from KP&F and would be paid in addition to an employee's salary from the second participating KPERS employer if a person continued to work and earn additional service credit under KPERS.

Service Credit Purchases. A provision was included that would authorize all service credit purchases that are currently 1.0 to be purchase optionally at 1.75 percent. This item also is included in **S.B. 619**. The Joint Committee on Pensions, Investments and Benefit studied this issue during the 1997 interim and recommended introduction of the bill which was assigned to the Senate for first consideration. The proposal would allow all KPERS service credit purchases currently based on a 1.0 percent multiplier to be acquired at the actuarial cost for either the present 1.0 percent multiplier or an enhanced 1.75 percent multiplier.

Summary of Authorized KPERS Service Credit Purchases

<u>Category</u>	<u>Multiplier</u>
First Year of Employment	1.75
Out-of-State Teaching	1.0
Military—Public Health Service	1.75
Barred Membership	1.0
Elected Official	1.75
Previous TIAA-CREF Member	1.75
Nonfederal Governmental Employment	1.0
Local Police and Fire Employment	1.75
Peace Corps Employment	1.0
ESU Memorial Union Employment	1.0

Technical Amendments. The following provision requested by the KPERS Board of Trustees also are added to the bill. The provisions are included in **S.B. 620**, which was recommended for introduction by the Joint Committee on Pensions, Investments and Benefits to include these items:

1. provide regulatory authority for the Judges' Retirement System;
2. clarify the definition of a KPERS employee;
3. clarify an elected official's membership date;
4. address returning from military service;
5. provide for rebuttable presumption under KP&F for disability benefits;
6. allow the crediting of one-for-two KP&F prior non-service work;
7. distinguish between a disabled and active KP&F member;
8. allow use of a workers' compensation report in determining a disability for KP&F; and
9. clarify references to KPERS Act and the definition of Act.

Reduce Frequency of Audits. This provision would reduce frequency of KPERS performance audits. It also is included in **1997 S.B. 11** and **1998 H.B. 2612** that was reported favorable for passage by the Committee on March 20, 1998.

Purchase of Military Service Credit. A provision is included that would allow judges and justices to purchase credit for military service. Current law allows members under both KPERS

and KP&F to buy military credits. This change would make such purchases uniform across plans. This provision is included in **S.B. 512** and **H.B. 2615**.

Social Security Offset. This proposal would exempt any quadriplegic person from the current social security offset for the KPERS disability program. The proposal was introduced as **H.B. 2873**.

Assignment of Space. This amendment would eliminate assignment of KPERS' office location in the Capitol Complex by Secretary of Administration. This provision was introduced as **H.B. 2889**.

Definition of Public Safety Officers. A provision is included that would define a policeman and fireman. The provision would change the definition of a policeman to require that they be certified by the Kansas Law Enforcement Training Commission which initially requires 320 hours of accredited instruction at the Training Center and 40 hours of instruction annually thereafter. As firemen currently do not receive the same type of training, their definition is being changed to require that their principal duties are engagement in the fighting and extinguishment of fires. This amendment would not affect anyone who is already a KP&F member. The current definition of "policeman and fireman" in the KP&F statutes, includes a person who is ". . . in support thereof and who is specifically designated, appointed, commissioned or styled as such by the governing body or city manager of the participating employer" Some employers have certified employees such as secretaries, dispatchers, mechanics and city managers as being either a policeman or fireman and eligible for coverage under KP&F since benefits are substantially higher under KP&F than under KPERS. The proposal was introduced as **H.B. 2890**.

Employer Contributions. A provision would ensure that the regular KPERS employer rate will be at least equal to or greater than than employee rate. This measure was introduced as **H.B. 2935**.

Service Credit Purchases. This item would provide for purchases of additional benefits by Magistrate Judges. This provision would provide that District Magistrate Judges, who elected to become members of the Judges Retirement System in 1994 and who were judges prior to July 1, 1987, upon retirement would have their first ten years of service credit calculated at 5.0 percent of their final average salary. When these judges initially elected to purchase this service credit, the cost of purchases assumed the service would be credited at 3.5 percent. This measure was introduced as **H.B. 2937** and also is included in 1997 **S.B. 11**.

Purchases of Forfeited Service. The provision would allow judges to purchase forfeited KPERS and KP&F service. The provision would allow purchases of service by payroll deductions to be made by the modified double or triple payroll deduction method. Under current law, this service can only be purchased in a single lump-sum payment. This measure was introduced as **H.B. 2938**.

Increase in Post-Retirement Earnings Limit. This item would increase the earnings limitation after retirement if a member returns to work for the employer from which the employee originally retired. Effective July 1, 1998, the earnings limitation for employment after retirement would be increased to \$14,500 for calendar year 1998, \$15,500 for 1999, \$17,000 in 2000, \$25,000 for 2001 and \$30,000 in 2002 and thereafter. This would coincide with the

changes in the social security earnings limitation for those respective years. Under current law, if a KPERS or KP&F retired member returns to employment with the same employer they were employed with prior to retirement, there is an earnings limitation of \$11,280. Once the retired member receives compensation of this amount they must either (1) cease employment so their retirement benefit will continue or (2) continue employment and have their benefit suspended for the balance of the calendar year. There is no earnings limitation if the retired member returns to employment with some other participating employer. This measure was introduced as **H.B. 2952**.

Upgrading KP&F Service. This provision would allow a participating KP&F employer to reaffiliate for the purpose of bringing employees' past service into coverage under KP&F if the employer had initially affiliated for future service only.

EFT Remittances. KPERS requested legislation to amend current law regarding the timing of employer remittances by electronic funds transfers (EFT) of employee contributions and improving the timely remittance by participating employers of contributions. This item was requested by the KPERS Board of Trustees.

KSRS COLA Increase. This provision would grant Kansas School Retirement System (KSRS) members with 25 or more years of service a monthly benefit increase of \$100, effective July 1, 1998, for anyone who had retired under KSRS prior to January 1, 1971. This increase would impact 336 KSRS retirants (as of October 1, 1997) and the additional first year benefits would cost \$403,200 if paid for 12 months to all 336 people. Because this is an older group, the KPERS actuary has indicated there would be a negligible actuarial cost since the mortality rate annually would reduce the size of this closed group. The provision was included in **H. B. 2963** that originally was recommended for introduction by the Joint Committee on Pensions, Investments and Benefits.

Automatic COLA Provision. The House Committee adopted a proposed 2.0 percent automatic cost-of-living adjustment (COLA) to be paid by both employers and employees, and to be financed over the remaining 35 years of the current KPERS plan period. Benefit increases would commence five years after retirement without regard to age. This proposal would have KPERS School employer contributions to be paid directly by school districts and other school employers. The state's contribution of roughly \$85 million anticipated in FY 1999, along with new funding for an automatic COLA, would be distributed quarterly to school districts and other school employers to pay their share of KPERS contributions based on monthly assessments. Both employer and employee KPERS contributions would be submitted monthly. Any subsequent increases assessed to school employers for financing an automatic COLA would be assumed by the state in order to hold harmless the districts from future contribution increases. The proposal to have state agencies pay a portion of the costs through savings, however, is dropped from this amendment. The Committee voted to include this proposal in **S.B. 618** as amended.

2% Automatic COLA to all current and future retirants commencing five years after retirement regardless of age.

TABLE 1-1
(Revised 3/19/98)*

**AUTOMATIC COLA ESTIMATES
EMPLOYER**

	Increase in Actuarial Liability	Increase in Contribution Rate Year 1	Additional First Year Employer Contribution	Increase in Contribution Rate Year 5	Additional Fifth Year Employer Contribution	Total* Additional Employer Contributions Through 2033
KPERS						
State	\$ 181,000,000	0.86%	\$ 6,540,000	1.96%	\$ 17,440,000	\$ 896,930,000
School	445,000,000	0.86%	18,040,000	1.96%	48,100,000	2,473,850,000
Local ⁽¹⁾	111,000,000	1.92%	15,830,000	2.18%	21,030,000	1,402,270,000
TIAA	3,000,000	0.14%	600,000	0.16%	810,000	3,650,000
Judges						
Judges	6,000,000	2.13%	390,000	3.42%	730,000	26,960,000
KP&F						
KP&F-State	16,510,000	2.84%	890,000	4.93%	1,820,000	71,610,000
KP&F-Local	110,490,000	2.84%	6,150,000	4.93%	12,490,000	492,120,000
Totals	<u>\$ 873,000,000</u>		<u>\$ 48,450,000</u>		<u>\$ 102,420,000</u>	<u>\$ 5,367,390,000</u>

1) Local KPERS first year will be calendar year 1999; fifth year will be 2003. The remaining groups first year will begin in calendar year 1998.

2% Automatic COLA to all current and future retirants commencing five years after retirement regardless of age.

TABLE 1-2
AUTOMATIC COLA ESTIMATES
EMPLOYEE

	Increase in Actuarial Liability	Increase in Contribution Rate Year 1	Additional First Year Employee Contribution	Increase in Contribution Rate Year 5	Additional Fifth Year Employee Contribution	Total Additional Employee Contributions Through 2033
KPERS						
State	\$ 181,000,000	0.25%	\$ 1,900,000	1.00%	\$ 8,900,000	\$ 578,540,000
School	445,000,000	0.25%	5,250,000	1.00%	24,540,000	1,595,770,000
Local	111,000,000	0.25%	2,060,000	1.00%	9,650,000	594,640,000
TIAA	3,000,000	0.00%	0	0.00%	0	0
Judges						
Judges	6,000,000	0.38%	70,000	1.50%	320,000	20,760,000
KP&F						
KP&F-State	16,510,000	0.44%	140,000	1.75%	650,000	41,940,000
KP&F-Local	152,220,000	0.44%	950,000	1.75%	4,430,000	288,060,000
Totals	\$ 873,000,000		\$ 10,370,000		\$ 48,490,000	\$ 3,119,710,000

C. Other Legislation Recommended for Introduction. The Committee recommends that the following items be introduced for consideration during the 1998 Legislature:

Investment Restrictions. Introduce a House concurrent resolution to amend the State Constitution and hold a hearing on the provision that would allow KPERS to invest funds in banks and other financial institutions.

Final Average Salary. Introduce a separate bill on and hold a hearing on the provision that would establish the statutory basis for determining the final average salary to be used when computing KPERS retirement benefits for Regents unclassified personnel who presently are covered by a defined contribution plan implemented by the Board of Regents, but who previously had service recognized under KPERS.

D. Interim Study Items. The Committee recommends that the Joint Committee on Pensions, Investments and Benefits study the following subjects during the 1998 interim.

H.B. 2874. The proposal would move fire investigators in State Fire Marshal's office from KPERS to KP&F coverage. The Secretary of Administration raised an objection to legislative consideration of this bill since the matter is an issue being considered as part of the meet-and-confer process involving units in a number of state agencies with public safety personnel who desire KP&F coverage to replace KPERS.

75-Point Plan. This proposal would place KPERS public safety officers under an early retirement plan provision that would allow retirement after reaching any combination of age plus service that equaled 75. Current KPERS early retirement provisions are based on an 85-point plan in order to retire without penalty.

AUTOMATIC COLA ESTIMATES - TOTAL EMPLOYER CONTRIBUTIONS thru 2014

	Current Benefit Plan Total Contributions	House Committee Additional Contributions	House Committee Total Contributions	3% Ad Hoc, Every Year Additional Contributions	3% Ad Hoc, Every Year Total Contributions
KPERS					
State	823,970,000	359,810,000	1,183,780,000	403,880,000	1,227,850,000
School	2,272,720,000	992,390,000	3,265,110,000	870,200,000	3,142,920,000
Local	630,780,000	406,460,000	1,037,240,000	191,680,000	822,460,000
TIAA	44,240,000	3,650,000	47,890,000	1,750,000	45,990,000
Judges					
Judges	63,190,000	14,500,000	77,690,000	20,070,000	83,260,000
KP&F					
KP&F - State	58,570,000	36,160,000	94,730,000	25,090,000	83,660,000
KP&F - Local	402,240,000	248,330,000	650,570,000	172,290,000	574,530,000
Totals	4,295,710,000	2,061,300,000	6,357,010,000	1,684,960,000	5,980,670,000

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AUTOMATIC COLA ESTIMATES - TOTAL EMPLOYER CONTRIBUTIONS thru 2033

	Current Benefit Plan Total Contributions	House Committee Additional Contributions	House Committee Total Contributions	3% Ad Hoc, Every Year Additional Contributions	3% Ad Hoc, Every Year Total Contributions
KPERS					
State	2,623,900,000	896,930,000	3,520,830,000	5,933,720,000	8,557,620,000
School	7,237,360,000	2,473,850,000	9,711,210,000	12,784,740,000	20,022,100,000
Local	2,028,300,000	1,402,270,000	3,430,570,000	2,421,750,000	4,450,050,000
TIAA	44,240,000	3,650,000	47,890,000	1,750,000	45,990,000
Judges					
Judges	200,330,000	26,960,000	227,290,000	237,880,000	438,210,000
KP&F					
KP&F - State	183,580,000	71,610,000	255,190,000	321,390,000	504,970,000
KP&F - Local	1,260,820,000	492,120,000	1,752,940,000	2,207,290,000	3,468,110,000
Totals	13,578,530,000	5,367,390,000	18,945,920,000	23,908,520,000	37,487,050,000

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