

Approved: 3/27/98 \_\_\_\_\_  
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 18, 1998 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department  
Russell Mills, Legislative Research Department  
April Holman, Legislative Research Department  
Norman Furse, Revisor of Statutes  
Michael Corrigan, Revisor of Statutes  
Judy Bromich, Administrative Assistant  
Ann Deitcher, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Senator Salmans read from the Subcommittee Report on the Homestead Property Tax Refunds. The Subcommittee concurs with the recommendation of the Governor for Fiscal Year 1998. (Attachment 1).

The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1999 with the one modification on page 2. (Section 2).

Senator Jordan read from the Subcommittee Report on the Department of Human Resources. The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1998 with the modifications and observations listed on page 3 and 4. (Attachment 2).

The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1999 with the modifications and observations listed on pages 3 and 4. (Section 2).

Senator Salmans read from the Subcommittee Report on the Kansas Commission on Veterans Affairs (including Soldiers' Home and Veterans Home). The Subcommittee concurs with the recommendation of the Governor for Fiscal Year 1998 with the modifications and notations listed on pages 3 and 4. (Attachment 3).

It was moved by Senator Feleciano and seconded by Senator Salmans to amend the Subcommittee Report to reflect that the \$80,000 overage was caused by a \$52,000 underestimate by the state architect of the contractor's bid and the architects percentage for their services. The Subcommittee Report for Fiscal Year 1998 was amended by a voice vote.

The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1999 with the modifications and notations listed on pages 4, 5 and 6. (Section 2).

A motion was made by Senator Salmans and seconded by Senator Ranson to amend the Subcommittee Report on the Fort Dodge Kansas Soldiers' Home by deleting the \$120,000 for capital outlay from Item 1, page 5. The Subcommittee Report was adopted as amended by a voice vote.

Senator Feleciano moved and it was seconded by Senator Salmans that the Subcommittee Reports on the Homestead Property Tax Refunds, the Department of Human Resources and the Kansas Commission on Veterans Affairs be adopted as amended. The motion carried on a voice vote.

Senator Salisbury read from the Subcommittee Report on the Department of Health and Environment. The Subcommittee concurs with the recommendations of the Governor for Fiscal Year 1998, with the modifications and observations listed on pages 6 and 7. (Attachment 4).

The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1999 with the adjustments and observations listed on pages 11, 12, 13, 14 and 15. (Section 2).

Senator Petty made the motion, seconded by Senator Downey, that the Subcommittee Report be amended to add \$500,000 in additional funding for the infants and toddler program. The motion failed on a voice vote. A show of hands was called for. The motion to amend did not pass.

It was moved by Senator Petty and seconded by Senator Feleciano to amend the Subcommittee Report to include acquiring information on legislation and federal funding in regard to some action the House of Representatives may take on a bill regarding lead poisoning. The motion carried on a voice vote.

Senator Salisbury moved and Senator Ranson seconded that the Subcommittee Report on the Department of Health and Environment be adopted as amended. The motion carried on a voice vote.

Senator Morris read from the Subcommittee Report on the Kansas Department on Aging. The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1998 with the recommendations listed on page 5. (Attachment 5).

The Subcommittee concurs with the Governor's recommendation for Fiscal Year 1999 with the adjustments and comments listed on page 5. (Section 2).

Senator Ranson moved to delete item 4 from the Subcommittee Report and defer action on it until Omnibus. The motion carried on a voice vote.

Senator Morris moved and Senator Feleciano seconded that the Department of Aging Subcommittee Report be adopted as amended. The motion carried on a voice vote.

It was moved by Senator Salisbury and seconded by Senator Gilstrap to approve the committee minutes for March 10 and 11.

The meeting was adjourned by the Chairman at 12:15 p.m. The next meeting is scheduled for March 19, 1998.

# SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 3-18-98

NAME	REPRESENTING
Cynthia Maddaloni	KSWA
John Finney	Ks Public Health Comm
Ed Barner	Ks Assoc Acad Health Dept
Ken Baker	Ks Governmental Consulting
Bill Henry	Ks Assn of Local Agencies - Aging
Marc Lowe	Ks. Dept. of Human Resources
Gerald Schneider	Ks. Dept. of Human Resources
Craig Kammen	Dept on Aging
Franky Scott	KCVA
Lee Stule	KCVA
STAN REED	KCVA - KS SOLDIERS HOME
Craig Kabe	KCDD
Doug Bowman	CCECDs
Deb Vott	STATE ICC + RAINBOW
George Chelonia	JAAC
Katharine Beckstrom	KPINKS
GARY MITCHELL	KDHE
Jim Murphy	KAHE
Elaine Frisbet	Div. of the Budget

# SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 3-18-98

NAME	REPRESENTING
C K Frank	GOK
Don Cowby	DOB
Jerry Williams	SEKARA CHANT
David Dallas	DOB
Leland Cole	Leland Sen. Iowa

**SUBCOMMITTEE REPORT**

**Agency:** Homestead Property Tax Refunds

**Bill No.** 2895

**Bill Sec.** 19

**Analyst:** Davis

**Analysis Pg. No.** 748

**Budget Page No.** 400

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 12,000,000	\$ 12,000,000	\$ 0
Special Revenue Funds	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>12,000,000</u></u>	<u><u>12,000,000</u></u>	<u><u>0</u></u>
FTE Positions	0.0	0.0	-
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>-</u>
TOTAL	<u><u>0.0</u></u>	<u><u>0.0</u></u>	<u><u>-</u></u>

**Agency Estimate/Governor's Recommendation**

The current year estimate of \$12,000,000 reflects the significant changes made to the Homestead Act by the 1997 Legislature. It does not differ from the budget approved by the 1997 Legislature. This estimate is based on historical data and includes \$500,000 for accounts receivables and set-offs.

The Governor concurs with the agency estimate.

**House Subcommittee Recommendation**

The Subcommittee concurs with the Governor and concurs with the Governor's recommendation to lapse \$3,259,937 to correct a technical error.

**House Committee Recommendation**

The House Committee concurs with the recommendation of the Subcommittee.

**House Committee Recommendation**

The House Committee concurs with the recommendation of the Subcommittee.

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3/18/98  
Attachment 1-1*

Agency: Homestead Property Tax Refunds

Bill No. 643

Bill Sec. 19

Analyst: Davis

Analysis Pg. No. 748


Budget Page No. 400

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$12,000,000	\$ 12,000,000	\$ 0
Special Revenue Funds	0	0	0
TOTAL	<u>12,000,000</u>	<u>12,000,000</u>	<u>0</u>
FTE Positions	0.0	0.0	-
Unclassified Temp. Positions	0.0	0.0	-
TOTAL	<u>0.0</u>	<u>0.0</u>	<u>-</u>

**Senate Subcommittee Recommendation**

The Subcommittee concurs with the recommendation of the Governor.

  
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 Senator Larry Salmans, Chair

  
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 Senator Paul Feleciano, Jr.

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 3/18/98  
 Attachment 1-2

**SUBCOMMITTEE REPORT**

**Agency:** Homestead Property Tax Refunds

**Bill No.** 2893

**Bill Sec.** 53

**Analyst:** Davis

**Analysis Pg. No.** 748

**Budget Page No.** 400

<u>Expenditure</u>	<u>Agency Req. FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 12,000,000	\$ 12,000,000	\$ 0
Special Revenue Funds	0	0	0
<b>TOTAL</b>	<b><u>\$ 12,000,000</u></b>	<b><u>\$ 12,000,000</u></b>	<b><u>\$ 0</u></b>
FTE Positions	0.0	0.0	-
Unclassified Temp. Positions	0.0	0.0	-
<b>TOTAL</b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>-</u></b>

**Agency Request/Governor's Recommendation**

The agency requests \$12,000,000 for Homestead Property Tax refunds in FY 1999, representing an estimated increase of 500, or 0.9 percent, in the number of refunds claimed. The estimated average refund is \$213, slightly less than the \$215 estimated for FY 1998. The \$12 million request includes approximately \$11.5 million for the refund program and \$500,000 for accounts receivables and set-offs.

The Governor concurs.

**House Subcommittee Recommendation**

The Subcommittee concurs with the recommendation of the Governor with the following modifications:

1. The Subcommittee recognizes the agency's progress in publicizing this program and encourages further avenues of publicity and advertizing.
2. The Subcommittee asks the agency to report on the number of refunds which have been filed prior to the Omnibus session, so that the amount appropriated can be based on accurate projections and the Legislature can be sure to appropriate sufficient amounts.

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Attachment 1-3*

### House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

Agency: Homestead Property Tax Refunds

Bill No. 642

Bill Sec. 53

Analyst: Davis

Analysis Pg. No. 748

Budget Page No. 400

<u>Expenditure Summary</u>	<u>Agency Estimate FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 12,000,000	\$ 12,000,000	\$ 0
Special Revenue Funds	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>12,000,000</u>	<u>12,000,000</u>	<u>0</u>
FTE Positions	0.0	0.0	-
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>-</u>
TOTAL	<u>0.0</u>	<u>0.0</u>	<u>-</u>

### Senate Subcommittee Recommendation

The Subcommittee concurs with the recommendation of the Governor with the following modification:

1. The Subcommittee requests a report on the number of refunds which have been filed prior to Omnibus so the Subcommittee can be satisfied that adequate funding is provided.

  
 Senator Larry Salmans, Chair

  
 Senator Paul Felecciano, Jr.

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3/18/98

Attachment 1-4



**SUBCOMMITTEE REPORT**

**Agency:** Department of Human Resources

**Bill No.** 2895

**Bill Sec.** 16

**Analyst:** Davis

**Analysis Pg. No.** 855

**Budget Page No.** 249

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 45,726,338	\$ 45,635,053	\$ 2,958,314
Aid to Local Units	303,000	0	0
Other Assistance	<u>179,084,659</u>	<u>189,390,258</u>	<u>0</u>
Subtotal-Operating	\$ 225,113,997	\$ 235,025,311	\$ 2,958,314
Capital Improvements	<u>25,000</u>	<u>269,000</u>	<u>0</u>
TOTAL	<u><u>\$ 225,138,997</u></u>	<u><u>\$ 235,294,311</u></u>	<u><u>\$ 2,958,314</u></u>
State General Fund:			
State Operations	\$ 1,430,105	\$ 1,430,105	\$ 0
Aid to Local Units	303,000	0	0
Other Assistance	<u>4,659</u>	<u>3,641,859</u>	<u>0</u>
Subtotal-Operating	\$ 1,737,764	\$ 5,071,964	\$ 0
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 1,737,764</u></u>	<u><u>\$ 5,071,964</u></u>	<u><u>\$ 0</u></u>
FTE Positions	1,003.5	1,003.5	0.0
Unclassified Temp. Positions	<u>29.0</u>	<u>29.0</u>	<u>0.0</u>
TOTAL	<u><u>1,032.5</u></u>	<u><u>1,032.5</u></u>	<u><u>0.0</u></u>

**Agency Estimate/Governor's Recommendation**

The agency's estimate for FY 1998 operating expenditures of \$225,138,997 is an increase of \$16,336,298 from the approved budget. This results from an increase in unemployment benefits due to an adjustment in the amount of weekly benefit payments. While subject to appropriation, the employment security benefit fund is treated as a "no limit" appropriation.

**The Governor** recommends \$235,025,311 in FY 1998 for operating expenditures, an increase of \$9,911,314 (4.4 percent) from the agency request. The Governor recommends \$5,071,964 from the State General Fund (\$3,334,200 above the agency request) and \$229,953,347 (\$6,577,114 above the agency request) from other funds. This increase is accounted for by a welfare to work grant, requiring state matching funds of \$3.6 million, received after the agency's submission of the budget. The Governor recommends an additional \$244,000, all in federal and special revenue funds, in capital improvements.

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Attachment 2-1*

### House Subcommittee Recommendation

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

1. The Subcommittee recommends that the expenditure limitation on the Employment Security Administration Fee Fund be adjusted by \$2,934,045 to allow the agency to utilize additional federal money. The agency received notification after the completion of the Governor's budget that these funds would be made available for resolution of Year 2000 problems associated with the Unemployment Insurance and Job Service programs.
2. The Subcommittee notes that the agency states they will have all of their computer hardware and software systems Year 2000 compliant by the beginning of FY 2000.
3. The Subcommittee recommends that the expenditure limitation on the Occupational and Safety Health (OSHA) Federal Fund be adjusted by \$24,269. The agency recently received notice of the availability of the additional federal funds.

### House Committee Recommendation

The House Committee concurs with the Subcommittee.

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Attachment 2-2

Agency: Department of Human Resources

Bill No. 643

Bill Sec. 15

Expenditure Summary	Agency Estimate FY 98	Gov. Rec. FY 98	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 45,726,338	\$ 45,635,053	\$ 3,021,867
Aid to Local Units	303,000	0	0
Other Assistance	179,084,659	189,390,258	0
Subtotal-Operating	\$ 225,113,997	\$ 235,025,311	\$ 3,021,867
Capital Improvements	25,000	269,000	0
TOTAL	<u>\$ 225,138,997</u>	<u>\$ 235,294,311</u>	<u>\$ 3,021,867</u>
State General Fund:			
State Operations	\$ 1,430,105	\$ 1,430,105	\$ 0
Aid to Local Units	303,000	0	0
Other Assistance	4,659	3,641,859	0
Subtotal-Operating	\$ 1,737,764	\$ 5,071,964	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 1,737,764</u>	<u>\$ 5,071,964</u>	<u>\$ 0</u>
FTE Positions	1,003.5	1,003.5	0.0
Unclassified Temp. Positions	29.0	29.0	0.0
TOTAL	<u>1,032.5</u>	<u>1,032.5</u>	<u>0.0</u>

**Senate Subcommittee Recommendation**

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

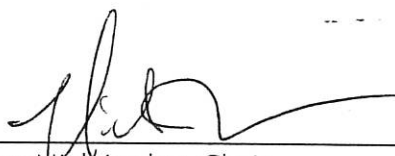
1. The Subcommittee recommends that the expenditure limitation on the Employment Security Administration Fee Fund be adjusted by \$2,934,045 to allow the agency to utilize additional federal money. The agency received notification after the completion of the Governor's budget that these funds would be made available for resolution of Year 2000 problems associated with the Unemployment Insurance and Job Service programs. The Subcommittee notes that this will enable the agency to have all of their computer hardware and software systems year 2000 compliant by the beginning of FY 2000.
2. The Subcommittee recommends that the expenditure limitation on the Occupational and Safety Health (OSHA) Federal Fund be adjusted by \$24,269. The agency

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Attachment 2-3*

recently received notice of the availability of the additional federal funds for the Kansas consultation agreement. This program provides for consultations with private sector businesses for workplace safety inspections to identify potential federal violations so they may be corrected prior to federal inspections.

3. The Subcommittee recommends that the expenditure limitation on the Occupational Information System Fund be adjusted by \$63,553. The agency recently received approval from the federal government to spend carryover funds from previous years and requested this expenditure limitation increase to allow them to do so.

The funding is for the Kansas Occupational Information Coordinating Committee (KOICC). KOICC provides information and training to job counselors on the planning of career development, employment services, and workforce training programs. The Subcommittee heard testimony that the agency intends to use the KOICC funds to purchase software and printed training material.



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Senator Nick Jordan, Chair



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Senator Marge Petty



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Senator Alicia Salisbury

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Attachment 2-4

**SUBCOMMITTEE REPORT**

**Agency:** Department of Human Resources

**Bill No.** 2893

**Bill Sec.** 54

**Analyst:** Davis

**Analysis Pg. No.** 855

**Budget Page No.** 249

<u>Expenditure Summary</u>	<u>Agency Request FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 45,369,333	\$ 45,794,680	\$ 500,000
Aid to Local Units	0	0	0
Other Assistance	<u>186,707,224</u>	<u>186,782,224</u>	<u>0</u>
Subtotal-Operating	\$ 232,076,557	\$ 232,576,904	\$ 500,000
Capital Improvements	<u>2,173,500</u>	<u>123,500</u>	<u>0</u>
TOTAL	<u><u>\$ 234,250,057</u></u>	<u><u>\$ 232,700,404</u></u>	<u><u>\$ 500,000</u></u>
State General Fund:			
State Operations	\$ 1,433,958	\$ 1,434,996	\$ 0
Aid to Local Units	0	0	0
Other Assistance	<u>307,224</u>	<u>307,224</u>	<u>0</u>
Subtotal-Operating	\$ 1,741,182	\$ 1,742,220	\$ 0
Capital Improvements	<u>50,000</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 1,791,182</u></u>	<u><u>\$ 1,742,220</u></u>	<u><u>0</u></u>
FTE Positions	1,003.5	1,001.5	0.0
Unclassified Temp. Positions	<u>29.0</u>	<u>29.0</u>	<u>0.0</u>
TOTAL	<u><u>1,032.5</u></u>	<u><u>1,030.5</u></u>	<u><u>0.0</u></u>

**Agency Request/Governor's Recommendation**

The agency requests for FY 1999 operating expenditures funding of \$232,076,557, this is an increase of \$6,962,560 (3.1 percent) above the FY 1998 estimate. The increase is attributable to an estimated increase of \$8.0 million in unemployment insurance benefits. That increase is offset by reductions in other federal and special revenue funds. Of the total FY 1999 operating request, \$1,741,182 (0.8 percent) is financed from the State General Fund.

**The Governor** recommends operating expenditures of \$232,576,904 for FY 1999, an increase of \$500,347 (21.6 percent) from the agency request. The Governor recommends \$1,742,220 from the State General Fund and \$230,834,684 from other funds. The Governor's recommendation includes \$1,669,336 for employee salary adjustments, including \$46,345 from the State General Fund.

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3/18/98  
Attachment 2-5*

## House Subcommittee Recommendation

For FY 1999 the Subcommittee concurs with the Governor's recommendation with the following modifications and observations:

1. The Subcommittee recommends that the expenditure limitation on the Employment Security Administration Fee Fund be adjusted by \$500,000 to allow the agency to utilize additional federal funds. The agency received notification after the completion of the Governor's budget that these funds would be made available for resolution of Year 2000 problems associated with the Unemployment Insurance and Job Service programs.
2. The Subcommittee notes that the agency states they will have all of their computer hardware and software systems Year 2000 compliant by the beginning of FY 2000.
3. The Subcommittee recommends the consolidation of the Job Training Partnership Act (JTPA) Title II accounts into one line item appropriation. The Subcommittee has been informed by the agency that federal accounting guidelines have increased flexibility to transfer funds between programs, eliminating the need for separate line items and funds for JTPA Title II-A, Title II-B and Title II-C programs. This will also help work towards the Department of Administration goal of reducing the number of accounts statewide.
4. The Subcommittee recommends that the supervisory position in the Industrial Safety program be filled by a Certified Safety Engineer. The Subcommittee notes that the agency is including this credential as a preferred skill in the position description. The Subcommittee also notes that the position is currently filled by an individual undergoing continuing education to obtain the aforementioned certification. The Subcommittee encourages the agency to continue to support that individual's education efforts.

## House Committee Recommendation

The House Committee concurs with the Subcommittee, with the following modification:

1. Add \$30,000 (SGF) for the Neighborhood Improvement Youth Employment Act (NIYEA).

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3/18/98  
Attachment 2-6

Agency: Department of Human Resources

Bill No. 642

Bill Sec. 54

Expenditure Summary	Agency Request FY 99	Gov. Rec. FY 99	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 45,369,333	\$ 45,794,680	\$ (1,169,336) *
Aid to Local Units	0	0	0
Other Assistance	186,707,224	186,782,224	0
Subtotal-Operating	\$ 232,076,557	\$ 232,576,904	\$ (1,169,336) *
Capital Improvements	2,173,500	123,500	0
TOTAL	<u>\$ 234,250,057</u>	<u>\$ 232,700,404</u>	<u>\$ (1,169,336) *</u>
State General Fund:			
State Operations	\$ 1,433,958	\$ 1,434,996	\$ (46,345)
Aid to Local Units	0	0	0
Other Assistance	307,224	307,224	0
Subtotal-Operating	\$ 1,741,182	\$ 1,742,220	\$ (46,345)
Capital Improvements	50,000	0	0
TOTAL	<u>\$ 1,791,182</u>	<u>\$ 1,742,220</u>	<u>\$ (46,345)</u>
FTE Positions	1,003.5	1,001.5	0.0
Unclassified Temp. Positions	29.0	29.0	0.0
TOTAL	<u>1,032.5</u>	<u>1,030.5</u>	<u>0.0</u>

\* Includes a reduction of \$1,669,336 (of which \$46,345 is from the State General Fund) for the Governor's employee salary adjustments.

**Senate Subcommittee Recommendation**

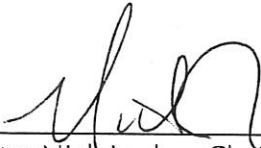
For FY 1999 the Subcommittee concurs with the Governor's recommendation with the following modifications and observations:


1. Delete \$1,669,336, including \$46,345 from the State General Fund, based on the recommendation to delete funding for the 4.0 percent unclassified merit pool (\$84,537); classified step movement (\$581,592); longevity bonus payments (\$515,356); and the 1.5 percent classified base salary adjustment (\$487,851) from individual agency budgets.
2. The Subcommittee recommends that the expenditure limitation on the Employment Security Administration Fee Fund be adjusted by \$500,000 to allow the agency to


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Attachment 2-7*

utilize additional federal funds. The agency received notification after the completion of the Governor's budget that these funds would be made available for resolution of Year 2000 problems associated with the Unemployment Insurance and Job Service programs. The Subcommittee notes that this will enable the agency to have all of their computer hardware and software systems year 2000 compliant by the beginning of FY 2000.

3. The Subcommittee recommends the consolidation of the Job Training Partnership Act (JTPA) Title II accounts into one line item appropriation for state operations and one for non-state operations. The Subcommittee has been informed by the agency that federal accounting guidelines have increased flexibility to transfer funds between programs, eliminating the need for separate line items and funds for JTPA Title II-A, Title II-B and Title II-C programs. This will also help work towards the Department of Administration goal of reducing the number of accounts statewide.
4. The Subcommittee notes that H.B. 2933 has passed the House of Representatives. H.B. 2933 eliminates the July 1, 1998 expiration date for the Neighborhood Improvement and Youth Employment Act (NIYEA), in addition to making other changes to the Act. The Subcommittee further notes that if H.B. 2933 passes, the possible addition of additional funding for the program could be considered at Omnibus.

  
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Senator Nick Jordan, Chair

  
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Senator Marge Petty

  
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Senator Alicia Salisbury

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Attachment 2-8



## SUBCOMMITTEE REPORT

**Agency:** Kansas Comm. on Veterans Affairs  
(including Soldiers' Home and Veterans Home)

**Bill No.** 2895

**Bill Sec.** 20

**Analyst:** Davis

**Analysis Pg. No.** 835

**Budget Page No.** 487

Expenditure Summary	Agency Estimate FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 6,288,057	\$ 6,248,209	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 6,288,057	\$ 6,248,209	\$ 0
Capital Improvements	5,047,337	5,011,747	0
<b>TOTAL</b>	<b>\$ 11,335,394</b>	<b>\$ 11,259,956</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 2,696,874	\$ 2,676,947	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 2,696,874	\$ 2,676,947	\$ 0
Capital Improvements	2,500,000	2,500,000	0
<b>TOTAL</b>	<b>\$ 5,196,874</b>	<b>\$ 5,176,947</b>	<b>\$ 0</b>
FTE Positions	190.8	190.8	0.0
Unclassified Temp. Positions	1.0	1.0	0.0
<b>TOTAL</b>	<b>191.8</b>	<b>191.8</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The Agency's revised FY 1998 estimate for operating expenditures is \$6,288,057. This is a total of \$85,134 less than the amount approved by the 1997 Legislature.

The Governor recommends operating expenditures of \$6,248,209 for FY 1998. This is a decrease of \$39,848 from the agency request. The reduction is due to an increased shrinkage rate and savings from a position not filled upon retirement.

### House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations with the following observations and requests:

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***Kansas Commission on Veterans Affairs***

1. The Subcommittee requests a revised report prior to Omnibus on the estimates for computer costs for the agency.
2. The Subcommittee encourages correspondence with the Kansas Congressional delegation to ask for support and collaboration with the Veterans Administration on the joint use of properties and resources. Additionally, the Subcommittee urges cooperation with the Veterans Administration in Fort Dodge and Winfield and across the state for services to Kansas veterans.
3. The Subcommittee expresses appreciation to the Kansas Commission on Veterans' Affairs, its executive director, and the employees of the Commission for their hard work in developing plans for the massive changes within the agency and for their work on behalf of the veterans of this state.

***Kansas Soldiers' Home (Fort Dodge)***

1. The Subcommittee recommends that the agency finish the construction of the power plant begun in FY 1997 within existing repair funds.

***Kansas Veterans Home (Winfield)***

1. The Subcommittee asks for a report on the status of the sewer project and the division of the costs for that project prior to Omnibus.
2. The Subcommittee encourages rapid negotiations with the Veterans Administration on the Wichita annex.

**House Committee Recommendation**

The House Committee concurs with the recommendation of the Subcommittee.

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Attachment 3-2

**Agency:** Kansas Comm. on Veterans Affairs  
(including Soldiers' Home and Veterans Home)

**Bill No.** 643

**Bill Sec.** 20

Expenditure Summary	Agency Estimate FY 98	Gov. Rec. FY 98	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 6,288,057	\$ 6,248,209	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 6,288,057	\$ 6,248,209	\$ 0
Capital Improvements	5,047,337	5,011,747	0
<b>TOTAL</b>	<b>\$ 11,335,394</b>	<b>\$ 11,259,956</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 2,696,874	\$ 2,676,947	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 2,696,874	\$ 2,676,947	\$ 0
Capital Improvements	2,500,000	2,500,000	0
<b>TOTAL</b>	<b>\$ 5,196,874</b>	<b>\$ 5,176,947</b>	<b>\$ 0</b>
FTE Positions	190.8	190.8	0.0
Unclassified Temp. Positions	1.0	1.0	0.0
<b>TOTAL</b>	<b>191.8</b>	<b>191.8</b>	<b>0.0</b>

**Senate Subcommittee Recommendation**

The Subcommittee concurs with the Governor's recommendation with the following modifications and notations:

*Kansas Commission on Veterans Affairs*

1. The Subcommittee requests a report prior to Omnibus on the status of collaboration with the Veterans Administration on computers agencywide. The Subcommittee heard testimony that the agency has the opportunity to link information management systems with the Veterans Administration within their available resources for FY 1998. The Subcommittee is supportive of the agency working with the Veterans Administration in this area.

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Attachment 3-3*

*Kansas Soldiers' Home (Fort Dodge)*

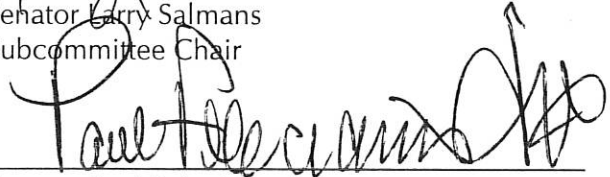
1. The Subcommittee asks the Subcommittee on Capital Improvements to consider the addition of \$80,065 (State Institutions Building Fund) to complete the power plant project.

*Kansas Veterans Home (Winfield)*

1. The Subcommittee requests a report on the status of the sewer construction project prior to Omnibus.
2. The Subcommittee encourages the Department of Social and Rehabilitation Services to continue the employment of the five members of the transition team at Winfield until the end of FY 1998 using the resources available for this purpose in the budget of the Winfield State Hospital and Training Center. The Subcommittee notes that the Department has agreed to so continue its employment of the members of the transition team.



Senator Gary Salmans  
Subcommittee Chair



Senator Paul Feleciano, Jr.

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Attachment 3-4

## SUBCOMMITTEE REPORT

**Agency:** Kansas Comm. on Veterans Affairs **Bill No.** 2893  
(Including Soldiers' Home and Veterans Home)

**Bill Sec.** 55

**Analyst:** Davis

**Analysis Pg. No.** 835

**Budget Page No.** 487

Expenditure Summary	Agency Request FY 99	Gov. Rec. FY 99	House Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 10,734,841	\$ 9,559,517	\$ (3,196,222)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 10,734,841</u>	<u>\$ 9,559,517</u>	<u>\$ (3,196,222)</u>
Capital Improvements	528,206	310,000	0
<b>TOTAL</b>	<u><u>\$ 11,263,047</u></u>	<u><u>\$ 9,869,517</u></u>	<u><u>\$ (3,196,222)</u></u>
<b>State General Fund:</b>			
State Operations	\$ 3,638,393	\$ 3,508,916	\$ (695,402)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 3,638,393</u>	<u>\$ 3,508,916</u>	<u>\$ (695,402)</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 3,638,393</u></u>	<u><u>\$ 3,508,916</u></u>	<u><u>\$ (695,402)</u></u>
FTE Positions	322.8	321.8	(135.0)
Unclassified Temp. Positions	1.0	0.0	0.0
<b>TOTAL</b>	<u><u>323.8</u></u>	<u><u>321.8</u></u>	<u><u>(135.0)</u></u>

### Agency Request/Governor's Recommendation

The agency's FY 1999 request for operating expenses is \$10,734,841, this is an increase of \$4,446,784 over the FY 1998 estimate. This increase is explained by the inclusion of operating expenditures for the Kansas Veterans Home in Winfield and the agency's enhancement requests for FY 1999 which are included below. The agency requests \$528,206 for capital improvements at the Kansas Soldiers' Home in Fort Dodge.

The Governor recommends funding of \$9,559,517 for operating expenditures in FY 1999. This is a decrease of \$1,175,324 from the agency request. The reduction is mainly attributable to the Governor not recommending two of the requested enhancements and a recommended decrease in operating expenditures at the Kansas Veterans Home in Winfield due to a later projected opening date. The Governor also recommends a reduction of 1.0 FTE not filled upon retirement in FY 1998.

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## **FY 1999 Enhancements**

### **1. Continued operation of the Persian Gulf War Health Initiative Program (\$101,856)**

This program was established by the 1997 Legislature to provide the Persian Gulf War veterans in Kansas with information on their health and well being, coordinate research, and gather information on Persian Gulf War health issues. \$100,000 (SGF) was transferred to fund the program in FY 1998. The agency is requesting \$101,856 be transferred to the Persian Gulf War Health Initiative Fund from the State General Fund for FY 1999.

The Governor does not recommend this enhancement.

### **2. Overtime pay for Veterans Service Representatives (\$5,924)**

This figure, which includes fringe benefits, would allow for payment of an average of two days overtime to each veterans service representative in FY 1999. The agency states that there are numerous requirements for veterans service representatives to perform duties after hours and during holidays. The agency states that the ability to pay overtime will give them the flexibility to increase veterans service representative marketability without penalizing office operations.

The Governor concurs with this enhancement.

### **3. Purchase of DocStar 20 Electronic Filing System (\$102,375)**

The agency is requesting capital outlay to lease twenty-one systems. Currently all of the filing and retrieval in the agency is done by hand. The agency states that requirements to maintain veterans claims records indefinitely have resulted in many offices filling with filing cabinets, and collapsing of files and storage at state archives is extremely time consuming and is interfering with normal office operations.

The Governor does not recommend this enhancement.

## **House Subcommittee Recommendation**

The Subcommittee concurs with the Governor's recommendation with the following modifications and observations:

### **Kansas Commission on Veterans Affairs**

1. The Subcommittee recommends that the agency reclassify a position to create a budget officer.
2. The Subcommittee concurs with the Governor's recommendations for the Persian Gulf War Health Initiative Program and notes that it supports finding funding for this program prior to Omnibus. The Subcommittee asks for a report on the status of any federal monies which could be used for the program prior

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to Omnibus. The Subcommittee wants to thank the Department of Health and Environment epidemiologists, Kansas State University, the Department of Human Resources, and the Department of Revenue for their help and interest in the Persian Gulf War Health Initiative Program. In addition, the Subcommittee would like to encourage these state agencies to maximize their resources and cooperation on this project. Finally, the Subcommittee asks for the cooperation of the Department of Health and Environment and asks that agency to look into its research grants for any monies which could be used for this program.

3. The Subcommittee expresses appreciation to the Kansas Commission on Veterans Affairs, its executive director, and the employees of the Commission for their hard work in developing plans for the massive changes within the agency and for their work on behalf of the veterans of this state.

### ***Kansas Soldiers' Home (Fort Dodge)***

1. Add \$115,110 for capital outlay for the purchase of items necessary for continued operation and patient care.
2. The Subcommittee asks the Department of Health and Environment to respond to the Subcommittee's concerns about the Soldiers' Home licensure status with regard to the remodeling of Halsey Hall, specifically on the issue of the addition of a smoking lounge. The Subcommittee requests this information prior to Omnibus so that a determination can be made as to whether the \$200,000 recommended by the Governor for this project is sufficient for maintaining licensure.

### ***Kansas Veterans Home (Winfield)***

1. Delete \$3,311,332 for operating expenditures at the Kansas Veterans Home for FY 1999 pending further review at Omnibus as explained below.
2. The Subcommittee requests a building by building budget for renovations and staffing for FY 1999 and FY 2000 along with revenue projections for each building prior to Omnibus.
3. The Subcommittee requests an operating budget for the Wichita annex for FY 1999 prior to Omnibus.
4. The Subcommittee looks favorably on the suggestion that the Joint Committee on State Building Construction and the Senate and House Subcommittees meet together to hear presentations on the plans of development for the Kansas Veterans Home prior to Omnibus.

### **House Committee Recommendation**

The House Committee concurs with the recommendation of the Subcommittee.

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Attachment 3-7

Agency: Kansas Comm. on Veterans Affairs **Bill No. 642**  
(Including Soldiers' Home and Veterans Home)

**Bill Sec. 55**

<u>Expenditure Summary</u>	<u>Agency Req. FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 10,734,841	\$ 9,559,517	\$ (3,265,831)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 10,734,841	\$ 9,559,517	\$ (3,265,831)
Capital Improvements	528,206	310,000	0
TOTAL	<u>\$ 11,263,047</u>	<u>\$ 9,869,517</u>	<u>\$ (3,265,831)</u>
State General Fund:			
State Operations	\$ 3,638,393	\$ 3,508,916	\$ (672,914)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 3,638,393	\$ 3,508,916	\$ (672,914)
Capital Improvements	0	0	0
TOTAL	<u>\$ 3,638,393</u>	<u>\$ 3,508,916</u>	<u>\$ (672,914)</u>
FTE Positions	322.8	321.8	(135.0)
Unclassified Temp. Positions	1.0	0.0	1.0
TOTAL	<u>323.8</u>	<u>321.8</u>	<u>(134.0)</u>

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following modifications and notations:

#### *Kansas Commission on Veterans Affairs*

1. Delete \$57,300 from the State General Fund, based on the recommendation to delete funding for the 4.0 percent unclassified merit pool (\$2,306); classified step movement (\$15,747); longevity bonus payments (\$20,627); and the 1.5 percent classified base salary adjustment (\$18,620) from individual agency budgets.

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2. Add \$101,856 (State General Fund) and 1.0 Unclassified Temporary Position for the Persian Gulf War Health Initiative Program. The Subcommittee notes the importance of this program and recommends this funding to avoid the possibility that the program not continue due to a lack of financial support.
3. The Subcommittee requests the introduction of legislation which would allow the Commission to meet anywhere in the state of Kansas; put the Superintendents of the Kansas Soldiers' Home and the Kansas Veterans Home under the direct supervision of the Executive Director of the Commission; and exempt the direct care staff at the Kansas Soldiers' Home and the Kansas Veterans Home from the retirement reduction requirements contained in K.S.A. 75-6901.
4. The Subcommittee recommends that the addition of a budget officer position be reviewed at Omnibus. Due to the recent expansion of the agency, the Executive Director does not have the time nor the expertise to continue to prepare the agency's budget. The Subcommittee notes however, that as the final decision on the agency's FTE position limitation has yet to be made, it would be more appropriate to defer a decision on this item until Omnibus when the operating budget for the Kansas Veterans Home at Winfield is finalized.
5. The Subcommittee notes that all federal audits of the Commission have been complimentary.

*Kansas Soldiers' Home (Fort Dodge)*

1. Delete \$134,055, including \$41,958 from the State General Fund, based on the recommendation to delete funding for the 4.0 percent unclassified merit pool (\$5,231); classified step movement (\$37,557); longevity bonus payments (\$45,867); and the 1.5 percent classified base salary adjustment (\$45,400) from individual agency budgets.
2. Add \$120,000 (State General Fund) for capital outlay for the purchase of items necessary for continued operation and patient care. The Subcommittee heard testimony that the agency neglected to include several items in its budget request which are vital to its operation. This includes such items as an EKG machine, which the Subcommittee heard testimony is necessary for the health and safety of residents; a microcomputer system which would move the agency towards Year 2000 readiness; food carts to maintain the proper temperature of food as it is transported throughout the facility; and replacement of a food mixer which is critical to maintain minimum health requirements. The Subcommittee also requests a Governor's Budget Amendment to add this \$120,000 (State General Fund) for capital outlay.
3. Add \$15,000 (State General Fund) for salaries and wages to fund overtime, shift differential and temporary salaries. The Subcommittee heard testimony that while the Governor's budget provides some funding for these, it is not at the level which the agency feels is necessary for operation, given the difficulty the agency has in maintaining the required level of staffing in an economy with very low unemployment.

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Attachment 3-9

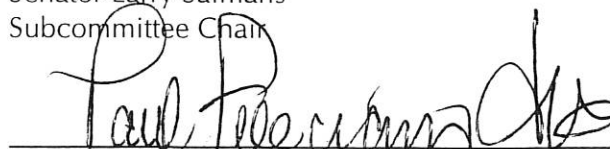
4. The Subcommittee recommends that the addition of \$120,000 for upgrading communications equipment be considered at Omnibus. The Subcommittee heard testimony that the Superintendent of the Kansas Soldiers' Home is collecting and reviewing proposals to upgrade the antiquated system currently in place. The Subcommittee recommends that the agency attempt to link its offices across the state with one communications system.
5. The Subcommittee notes that the agency was able to negotiate an agreement with the Department of Health and Environment which allows for the reduction of required remodeling costs at Halsey Hall from \$384,225 to \$202,100. The Subcommittee recommends that the agency complete the Halsey Hall construction within the \$200,000 included in the Governor's budget for the project.

*Kansas Veterans Home (Winfield)*

1. Delete \$3,311,332 (including \$810,512 from the State General Fund) for operating expenditures at the Kansas Veterans Home for FY 1999 pending further review at Omnibus as explained below. This includes deleting \$54,717, including \$15,540 from the State General Fund, based on the recommendation to delete funding for the 4.0 percent unclassified merit pool (\$6,267); longevity bonus payments (\$16,972); and the 1.5 percent classified base salary adjustment (\$31,478) from individual agency budgets.
2. The Subcommittee requests a building by building budget for operations and staffing for FY 1999 and FY 2000 along with revenue projections for each building prior to Omnibus.
3. The Subcommittee requests an operating budget for the Wichita annex for FY 1999 prior to Omnibus.
4. The Subcommittee committee recommends that the Senate and House Subcommittees meet together to hear the presentations of the plans of development for the Kansas Veterans Home prior to Omnibus.



Senator Larry Salmans  
Subcommittee Chair



Senator Paul Feleciano, Jr.

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Attachment 3-10

**SUBCOMMITTEE REPORT**

Agency: Department of Health and Environment **Bill No. 2895**

**Bill Sec. 39**

Analyst: Burenheide

Analysis Pg. No. 731

Budget Page No. 205

<u>Expenditure</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 97,807,156	\$ 97,846,664	\$ 349,009
Aid to Local Units	33,351,767	34,586,767	0
Other Assistance	<u>34,000,000</u>	<u>34,000,000</u>	<u>0</u>
TOTAL	<u>\$ 165,158,923</u>	<u>\$ 166,433,431</u>	<u>\$ 349,009</u>
State General Fund:			
State Operations	\$ 19,660,803	\$ 19,636,938	\$ 108,009
Aid to Local Units	7,184,281	7,419,281	0
Other Assistance	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 26,845,084</u>	<u>\$ 27,056,219</u>	<u>\$ 108,009</u>
Other Funds:			
State Operations	\$ 78,146,353	\$ 78,209,726	\$ 241,000
Aid to Local Units	26,167,486	27,167,486	0
Other Assistance	<u>34,000,000</u>	<u>34,000,000</u>	<u>0</u>
TOTAL	<u>\$ 138,313,839</u>	<u>\$ 139,377,212</u>	<u>\$ 241,000</u>
FTE Positions	821.1	820.6	0.0
Unclass. Temp. Positions	<u>154.6</u>	<u>154.6</u>	<u>0.0</u>
TOTAL	<u>975.7</u>	<u>975.2</u>	<u>0.0</u>

**Agency Estimate/Governor's Recommendation**

The Department's revised current year estimate reflects an increase of \$452,998 over the budget approved by the 1997 Legislature and adjusted by the State Finance Council. The Secretary of the Department of Health and Environment asked the State Finance Council to adjust its 1998 expenditure limitations on several federal funds to accommodate the receipt of additional grants or carryover monies. A total of \$1,736,014 was added, including \$293,389 to the Maternal and Child Health Services Block Grant Fund for a new abstinence from sexual activity education program that was provided for in the federal welfare reform act. Abstinence grant recipients must meet a match requirement for the federal dollars, which is \$3 for \$4 of the federal moneys.

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Attachment 4-1*

The Department's revised current year estimate includes an additional \$134,020 from the State General Fund, of which \$49,051 is for salaries and wages and \$84,969 is for other operating expenditures. According to the Department, the additional State General Fund moneys for salaries are requested to pay for the cost of 4.0 unclassified positions. The 1997 Legislature added language in the appropriations bill giving the Secretary of Health and Environment the authority to shift 4.0 existing FTE positions from the classified to the unclassified service in FY 1998. There was no fiscal impact anticipated. When asked about the need for the requested State General Fund supplemental appropriation for salaries, the Department now reports that it no longer plans to ask the Legislature for the supplemental to cover the higher salary costs in FY 1998. To keep the four positions in the unclassified service beyond FY 1998, the Legislature will need to continue to include language in the appropriations bill or amend the statute (K.S.A. 75-5610) that places all but a specified few of the Department's employees in the classified service.

The remaining portion of the requested State General Fund supplemental appropriation for \$84,969 is mostly for the cost of implementing the Women's Right to Know Act which was enacted by the 1997 Legislature but not funded. The legislation was one of the last bills to be passed by the 1997 Legislature. Costs are for the preparation and distribution of an educational booklet that must be provided to a woman prior to having an abortion. The Department began printing in September, 1997, the educational booklet called, *If you are Pregnant*.

With regard to the change in FTE positions from the approved budget, the Department indicates that the additional 0.5 FTE position reflected in the table above was inadvertently included and that it has asked the Governor to correct the error. The revised budget also reflects an increase of 2.0 unclassified temporary positions from the approved budget. The Department is unable to explain the two additional positions, saying that it did not realize it was over the approved amount and that staff who prepared the budget document are no longer with the Department. It is not possible to say what positions were added because the make-up of unclassified temporary positions has been significantly altered in the revised budget from those that were approved. Cost of the different positions does not appear to be significantly higher than the amount of funding that was approved last year.

**Governor's Recommendation.** Under the Governor's recommendation, expenditures would be increased by \$1.7 million from the approved budget. There would be additional spending from the State General Fund of \$345,155. However, a portion of the State General Fund moneys (\$189,980) is funds that are already available to the Department because of legislation enacted by the 1994 Legislature. In addition to moneys already authorized, the Department, like other state agencies, can expend up to 50 percent of any unbudgeted moneys that are reappropriated in accounts for state operations if the additional moneys are used for salary bonuses, purchase of technology equipment that had been previously requested but not funded, or fees for training related to the Kansas Quality Management program established by K.S.A. 75-37,115. The Governor recommends that the Department make use of the \$189,980 in reappropriated State General Fund moneys along with \$63,373 that is available from reappropriated fee funds, for a total of \$253,353, to replace the Department's obsolete E-mail system. The Governor also recommends \$235,000 from the State General Fund to be used to cover a shortfall in federal moneys for AIDS medications. **(Staff Note:** The Governor budgets the recommended \$235,000 as aid-to-local units, but historically moneys for the program are part of the Department's state operations component.) The Legislature may want to inquire about an estimated \$232,000 in unbudgeted funds that the federal government has agreed just recently to make available for FY 1998.

The Governor reduces by \$166,468 the Department's request for salaries and wages. Under the Governor's recommendation, the Department would be required to fund any upgrades in salaries for the

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Attachment 4-2

4.0 unclassified FTE positions that were authorized by the 1997 Legislature by using existing resources, which the Department says is its latest plan. The Governor also deletes the 0.5 FTE position that was inadvertently included in the Department's request. He concurs with the Department's request for 2.0 additional unclassified temporary positions over the approved budget.

Of the \$84,969 requested as a State General Fund supplemental appropriation mostly for the cost of implementing the Women's Right to Know Act, the Governor recommends \$37,592. The difference is largely because the Department reduced its original request from \$84,020 to \$55,000 for the cost of the Women's Right to Know Act when it made its appeal to the Governor. The Governor includes in his recommendation the \$55,000 that now is requested, but he makes other adjustments to reduce the need for a State General Fund supplemental appropriation to his recommended \$37,592. The Governor makes no other changes to the Department's revised estimate except that he adds \$1,000,000 from federal funds that the Department says it will be getting from the Department of Social and Rehabilitation Services for child care licensing activities. Under the Governor's recommendation all of the \$1.0 million would be for aid-to-local units. However, information from the Department indicates that it had planned to use a portion of the moneys for staffing. Therefore, the Legislature may wish to have the Department provide an update on how the moneys will be used.

**Fee Fund Transfers to a Pooled Fund.** The Department's FY 1998 revised budget is put together using policy that was rejected by the 1997 Legislature. The Department did the same thing it did last year in that the budget is put together based on the assumption that the Department will have access to receipts in its various fee funds by way of transfers. The proposal is that the Department will make transfers of receipts from its various fee funds to a single fund which then will be used to pay for administrative costs related to the Department's General Management program, such as personnel, legal, and accounting services. The Department's position is that it is inefficient to continue to budget directly from its various fee funds for the expenditures. Last year, the Department said that allowing it to transfer fee fund receipts to the pooled fund could make enough additional revenue available to purchase items such as computers and related equipment, as well as to fund regular overhead costs. Under the Department's proposal, it would have had access to \$1.2 million in fee fund receipts when past amounts from these fee funds to pay for administrative costs have been about \$400,000. The House Appropriations Committee introduced H.B. 2547 to give the Department the authority to make the proposed transfers. However, no action was taken on the bill and instead existing language in the appropriations bill was amended to make it clear that the Department cannot make the proposed transfers from its various fee funds to a pooled fund.

When asked why the budget was put together in FY 1998 and also in FY 1999 using policy that was rejected by the Legislature, a representative from the Department said he was in the process of gathering information to be represented to the 1998 Legislature. He explained that the budget was put together by someone who has left the agency.

**Governor's Recommendation.** The Governor makes no changes to the Department's plan to fund its budget by way of transfers into a pooled fund.

### House Subcommittee Recommendation

The Subcommittee concurs with the Governor, with the following observations and modifications:

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Attachment 4-3

1. In regard to Year 2000, make the following changes:
  - a. Recommend shifting \$500,000 (\$259,000 (SGF), (\$241,000 all other funds)) of Year 2000 funding from FY 1999 to Emergency Supplemental Bill.
2. The Subcommittee commends the department for its plan for hardware/computerization of child care licensing/registration to provide local health departments with computerized technology and Internet linkage between the department and the its contractors. This system should allow complaints and follow-ups to be processed more quickly. Review the Department's plan and planned expenditures for Child Care Licensing and Registration for the \$1.0 million in FY 1998 at Omnibus. It is not clear at this time how much of the recommended moneys need to be shifted to State Operations, instead of Aid-to-Locals.
3. In regard to the AIDS Drug Assistance Program (ADAP), the subcommittee recommends the following:
  - a. Delete \$150,991 (SGF) for the AIDS Drug Assistance Program (ADAP). The Governor originally proposed \$235,000 (SGF) for this program. Due to the department receiving an advance of \$232,219 (25 percent of next year's federal grant), the estimated shortfall is \$84,009 to complete the fiscal year. The subcommittee acknowledges that there will be an additional need for funding in FY 1999.
  - b. Add a proviso that no individual that is currently receiving ADAP funding will be cut off from their medication due to a shortfall of funds.
  - c. Add a proviso that requires the department to begin tracking individuals via a confidential name identification that are HIV positive and those diagnosed with AIDS. Further, the department should track individuals that have had a contact with an individual that could result in the person contracting the HIV virus and AIDS to prevent the further spread of the HIV virus. This information shall remain confidential and be in line with any other confidentiality statutes.
  - d. The Subcommittee also notes that the department missed the deadline on applying for the Ryan White federal funds that provides funds for the ADAP program in federal FY 1998. Kansas was the only state that missed this deadline. The subcommittee received information that the department has received an extension and it appears have been approved for an advance on next year's funding. The subcommittee would like to review this issue at Omnibus to make sure everything has resolved itself.

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Attachment 4-4

- 4. The Subcommittee notes that the department is using \$253,000 in QQM monies to replace the Department's e-mail system. Total cost for the system is \$450,000.

**Minority Report Attached.**

**House Committee Recommendation**

The House Committee concurs with the recommendation of the Subcommittee.

Agency: Department of Health and Environment Bill No. 643

Bill Sec. 39

Expenditure	Agency Estimate FY 98	Gov. Rec. FY 98	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 97,807,156	\$ 97,846,664	\$ 0
Aid to Local Units	33,351,767	34,586,767	0
Other Assistance	34,000,000	34,000,000	0
TOTAL	<u>\$ 165,158,923</u>	<u>\$ 166,433,431</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 19,660,803	\$ 19,636,938	\$ 0
Aid to Local Units	7,184,281	7,419,281	0
Other Assistance	0	0	0
TOTAL	<u>\$ 26,845,084</u>	<u>\$ 27,056,219</u>	<u>\$ 0</u>
Other Funds:			
State Operations	\$ 78,146,353	\$ 78,209,726	\$ 0
Aid to Local Units	26,167,486	27,167,486	0
Other Assistance	34,000,000	34,000,000	0
TOTAL	<u>\$ 138,313,839</u>	<u>\$ 139,377,212</u>	<u>\$ 0</u>
FTE Positions	821.1	820.6	0.0
Unclass. Temp. Positions	154.6	154.6	0.0
TOTAL	<u>975.7</u>	<u>975.2</u>	<u>0.0</u>

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## Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor, with the following modifications and observations:

1. The Subcommittee notes that the Senate has already passed the emergency supplemental bill (SB 545) for FY 1998. The bill made the following adjustments:
  - a. In regard to Year 2000, the full Senate has shifted \$500,000 (SGF) of Year 2000 repair funding from FY 1999 to the Emergency Supplemental Bill.
  - b. In regard to the AIDS Drug Assistance Program, the Senate has concurred with the Governor and added \$235,000 SGF to the AIDS Drug Assistance Program.
  - c. The Senate also has established a no-limit fund titled Child Care Facilities Licensure Fund. Through a federal government grant to SRS, the federal government has made \$1.0 million available for child care licensing. This newly created fund would allow SRS to transfer grant funds to the Department of Health and Environment to increase the human resource and technology needs of the child care licensing bureau and local government aid for child care.
  
2. In regard to the Child Care Licensing, the Subcommittee notes that the Secretary is taking steps to enact recommendations from the Legislative Post Audit Study, "Reviewing the Department of Health and Environment's Regulation of Child Care Facilities and Family Day Care Homes" (November 1997). Specifically, the study asked the Department to ensure that complaints were handled in a timely manner. The Secretary will be spending \$444,000 for hardware/computerization of child care licensing/registration to provide local health departments with a computerized system for Internet linkage between the Department and the 98 contractors; and \$190,508 as grants for Aid to Local units of government. This will allow for the timely handling of complaints and enforcement actions. The Department will expend \$93,136 for salaries and wages and \$207,098 for hardware/computerization of child care licensing/registration. The balance of \$65,258 will be spent in FY 1998 or carried forward to FY 1999.

In order to accomplish this the Department will assign 8.0 FTE (6.0 trainers in district offices and 2.0 FTE in the Department's office) in FY 1998 and 11.0 FTE (6.0 trainers in district offices and 5.0 FTE in the Department's office) in FY 1999 to child care licensing within existing FTE.

The Subcommittee notes that the Governor's recommendation called for 100 percent of funding to go to Aid-to-Locals. The Secretary stated that actually 70.0 percent will go to Aid-to-Locals and 30.0 percent will remain with the Department for state

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operations. In FY 1999, the Aid-to-Locals will increase to 75.0 percent as long as locals maintain their current effort.

At Omnibus the Subcommittee would like a breakdown of the distribution of funds for hardware/software vs. staff.

3. The Subcommittee is aware of the House Appropriations Committee proviso that directs the Secretary to begin tracking individuals that are HIV positive; those diagnosed with AIDS and individuals that have had a contact with the individual that could result in the person contracting the HIV virus and AIDS. The Subcommittee believes this public policy should be determined through the introduction of a statutory bill and not through the use of a proviso in an appropriations bill. Therefore, the Subcommittee recommends that a bill be introduced that would authorize tracking individuals that are HIV positive; those diagnosed with AIDS and individuals that have had contact with an individual that could result in the person contracting the HIV virus and AIDS.
4. The Subcommittee reviewed changes made to the Department to correct significant management deficiencies. The Subcommittee commends the Secretary for identifying problems in the agency and implementing solutions and assuming duties to solve those problems. The Subcommittee also is favorably impressed with the reorganization of Division of Environment which was directed by the 1997 Legislature. The Secretary is encouraged to consider a comparable effort in the Division of Health. The Secretary has only been with the Department for nine months but has made significant progress in addressing many of the complaints against the Department.

  
\_\_\_\_\_  
Senator Alicia Salisbury, Chair

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

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

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Attachment 4-7

**SUBCOMMITTEE REPORT**

**Agency:** Department of Health and Environment **Bill No.** 2893

**Bill Sec.** 51

**Analyst:** Burenheide

**Analysis Pg. No.** 731

**Budget Page No.** 205

Expenditure	Agency Request FY 99	Gov. Rec. FY 99	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 101,713,206	\$ 102,100,442	\$ (526,811)
Aid to Local Units	33,706,839	34,623,520	0
Other Assistance	<u>35,000,000</u>	<u>35,000,000</u>	<u>0</u>
TOTAL	<u>\$ 170,420,045</u>	<u>\$ 171,723,962</u>	<u>\$ (526,811)</u>
State General Fund:			
State Operations	\$ 22,314,839	\$ 21,924,666	\$ (1,486,309)
Aid to Local Units	7,883,127	7,399,808	0
Other Assistance	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 30,197,966</u>	<u>\$ 29,324,474</u>	<u>\$ (1,486,309)</u>
Other Funds:			
State Operations	\$ 79,398,367	\$ 80,175,776	\$ 959,498
Aid to Local Units	25,823,712	26,887,527	0
Other Assistance	<u>35,000,000</u>	<u>35,000,000</u>	<u>0</u>
TOTAL	<u>\$ 140,222,079</u>	<u>\$ 142,399,488</u>	<u>\$ 959,498</u>
FTE Positions	830.1	818.6	0.5
Unclass. Temp. Positions	<u>158.1</u>	<u>155.1</u>	<u>0.0</u>
TOTAL	<u>988.2</u>	<u>973.7</u>	<u>0.5</u>

**Agency Request/Governor's Recommendation**

The Department requests a total budget of \$170.0 million in FY 1999, an increase of \$5.3 million or 3.2 percent over the revised current year estimate. Proposed enhancements for FY 1999 are shown in the table that follows. Total cost of the enhancements is \$7.0 million, of which \$1.9 million would come from the State General Fund. Absent the requested enhancements, the Department's request would be a reduction of \$1,786,094 or 1.1 percent from the current year revised estimate. The drop occurs because all State Water Plan expenditures necessary to maintain current services are budgeted as enhancements in FY 1999. The Department budgeted the expenditures as enhancements

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to comply with directions given to it by the Division of Budget. There is \$4.8 million in State Water Plan expenditures for FY 1999 that is reflected in the Department's enhancement request.

- **Salaries for Unclassified Positions.** As discussed earlier in this analysis, the 1997 Legislature added language in the appropriations bill to authorized the Secretary to shift 4.0 existing FTE positions from the classified to the unclassified service in FY 1998. The Department asked that this policy be continued for FY 1999 and requests a lump sum of \$98,100 from the State General Fund that would be used to cover a portion of the salary cost of the 4.0 FTE positions. The budget document shows that the Secretary has used the authority to appoint an Assistant Secretary of Health. It also indicates that his plans are to appoint an Assistant for Environmental Policy and a special assistant to review internal processes of the agency and implement performance-based standards for all internal functions. However, these two positions as well as another position that is authorized to be shifted to the unclassified service are not part of the positions listed in either the FY 1999 or FY 1998 budget. The Department reports that it plans to present to the 1998 Legislature revisions needed to its budget for the 4.0 FTE positions. Although it is not reflected in the budget, three of the four positions are currently filled.
- **Cost to Relocate Administrative Staff.** The Department requests \$50,000 from the State General Fund to fund the relocation of administrative staff from several buildings to one building on the same floor. Currently, offices for administrative staff are spread between three buildings. The Department reports that rational management of the agency is nearly impossible under the current situation.
- **Computer Equipment and Training for Staff.** The Department requests \$500,000 from the State General Fund, of which \$400,000 would be for unspecified computer equipment and the remaining would be for training for staff. According to the Department, there is a large number of professionals who are not getting access or support needed to work proficiently with peers or other government agencies because of limited access to available information technology. The purpose of the enhancement is to improve external and internal access to the Department's AS 400 databases.
- **New Staff Development Specialist Position.** The Department requests \$41,838 from the State General Fund for a new Staff Development Specialist position that would be in the classified service and therefore part of the Department's FTE count. According to the Department, the new position is needed to provide professional development and training for the Department's employees.
- **New Position for Health Care Database.** The Department requests \$55,185 from the State General Fund for a new Research Analyst position that would assist with gathering and providing health care information. The health care database project began as a result of passage of 1993 S.B. 118, which created the seven-member Health Care Governing Board for developing policy with regard to the collection of health data and procedures for ensuring confidentiality and security of the data collected. The Secretary of Health and Environment is required to administer the health care database and to receive data from medical care facilities, psychiatric facilities, licensing boards of health care providers, and third-party payers who must submit data annually to the Secretary as prescribed by the Health Care Governing Board. The database is for use by policy makers, managers, and researchers for making decisions related to the health care system in Kansas.
- **Funding for Required Audit of the Health Care Database.** The Department requests \$25,000 from the State General Fund for an audit of the Department's Health Care Database. The audit was supposed to be presented to the 1997 Legislature. However, it was postponed until FY 1999. The audit is for the purpose of reviewing the progress and benefits of the database project and identifying

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total costs to the state and to the providers of the database. The requested moneys are the amount that is estimated a private firm would charge. By law, the Department is required to pay for the audit if Legislative Division of Post Audit chooses not to perform it.

- **Convert Temporary Staff to Permanent Unclassified Temporary Positions.** The Department requests \$102,066 from a new dedicated fee fund that would get its revenues from an increase of \$1.00 in fees collected for vital statistics information. The requested moneys would be used in FY 1999 to hire temporary staff on a permanent basis. In FY 1998, the salary cost of the temporary positions is estimated at \$59,864, a difference of \$42,202 from the FY 1999 request. According to the Department, it has been functioning with five to seven temporary office assistants for the last ten years. There has been very high turnover which has negatively impacted the ability to serve the public in a timely manner. In the last two years, the Department has converted two of the temporary positions into permanent unclassified temporary positions and the result has been minimal turnover for the two positions.
- **Vital Statistics—Open Marriage Records and Equipment Replacement.** The Department requests \$196,779 from the same dedicated fee fund mentioned above that would get its revenues from the increase of \$1.00 in fees collected for vital statistics information. The requested moneys would be used for several projects, including replacing equipment and updating computer equipment by using a three-year replacement plan. The moneys also would be used to computerize marriage and divorce records with the intent of making them available to the public at the state level. Currently, K.S.A. 65-2422d restricts access to these records even though the same records are available as open records at the county level.
- **Additional Funding for General Health Program Grant.** The Department requests \$246,169 from the State General Fund to increase by 12.8 percent the funding for the Department's General Health program. The request, along with another \$57,814 requested at the Department's FY 1999 current service level budget, would increase funding for this State General Fund program from \$1,927,127 in FY 1998 to \$2,231,110 in FY 1999. The moneys are used for support of general health programs (currently 98) provided in all 105 counties by local health departments. The health departments provide basic community services such as immunizations, multiphasic screenings, and laboratory tests. They also assist with promoting hypertension screening and education programs, including participating in in-service training. Each county is to get a minimum of \$7,000, with remaining moneys distributed among the local health departments on a population formula basis established in K.S.A. 65-241 through 65-246. There is a maintenance of effort requirement, meaning that local entities cannot reduce their funding levels for the program if they wish to get the same amount of state moneys received last year.
- **Additional Funding for Child Care Licensure Grants.** The Department requests \$237,150 from the State General Fund to increase by 31.5 percent contractual funds provided as grants to county health departments for carrying out the state child care licensing and regulation program. The request, along with another \$8,729 requested at the Department's FY 1999 current service level budget, would increase State General Fund financing for the program from \$290,983 in FY 1998 to \$536,862 in FY 1999. Total funding for the program would be \$999,862 in FY 1999, which includes \$463,000 from federal funds. In recent years, the agency also has contracted with some private groups for inspections because local health departments have opted not to receive the grants. The agency says that local health departments have chosen not to participate in the grants because grant amounts have not covered the full costs of providing the service. It is the Department's opinion that national efforts to reform welfare and reduce dependency on public assistance will increase

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demand for child care. Licensing is required in those facilities such as foster homes where children who are under 16 years of age live outside the home.

- **Upgrade for Health Occupations Credentialing Computer System.** The Department requests \$43,166, of which \$34,943 would be from the State General Fund. The requested moneys would be for upgrading the computer system for the credentialing of health care professionals.
- **New Positions for Food Establishment Inspections.** The Department requests \$326,283 from the State General Fund to hire 7.0 FTE new food, drug, and lodging surveyors who would be in the classified service and therefore part of the FTE position count. The new positions are requested to strengthen the Department's food protection program and reduce workloads to approximately 525 establishments per inspector. One of the requested positions would serve as a statewide supervisor to improve evaluations of the staff, complaint follow-up, and staff training.
- **Continue State Water Plan Expenditures.** The Department requests \$4,818,623 from the State Water Plan, of which all but \$700,000 would be for continuing existing serves for protecting water in the state. The \$700,000 would be used for two new initiatives. One initiative would be to establish the acceptable amount of waste inputs into waters, referred to as Total Maximum Daily Loads (TMDLs). The Department reports that work to establish TMDLs has been minimal even though the state is required to establish them under the federal Clean Water Act. The other initiative would be to expand a program that provides analyses of surface waters for eight designated uses (aquatic life support, contact recreation, domestic water supply, food procurement, groundwater recharge, industrial water supply, irrigation, and livestock watering) and for noncontact recreation. The Department reports that use designations exist for the multitude of surface waters across the state. However, there is controversy on whether they are correct. In addition, a significant number of uses has not been determined due to a lack of resources.
- **Capital Outlay Equipment for Laboratory Services.** The Department requests \$306,857 from the State General Fund for replacing old laboratory equipment, including some computer equipment. The Department reports its goal is to replace old and obsolete equipment that is in most cases at least ten years old.

**Governor's Recommendation.** The Governor recommends a total budget of \$171.7 million in FY 1999, an increase of \$1.3 million over the Department's FY 1999 request. The Governor's recommendation provides for a \$5,290,531 (3.2 percent) increase over his current year recommendation, of which a little less than half (\$2,268,255) would be from the State General Fund. Included in the recommendation is \$7.2 million in moneys for requested enhancements, of which \$4.3 million basically would be for maintaining current services financed from the State Water Plan Fund. The remaining \$2.9 million would be for three of the requested enhancements. The Governor's recommendations include the following:

- ▶ \$2,593,596 for expenditures related to computer needs, including changes required for year 2000 repairs. In its appeal to the Governor, the Department reported that its original request for \$500,000 was grossly understated. A large portion of the recommended moneys will be for year 2000 repairs. The Department reported to the Joint Committee on Computers and Telecommunications during the 1997 Interim that it had only recently become aware of what will be needed for year 2000. Recommended financing consists of \$1,340,891 from the State General Fund and \$ 1,252,705 from

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other funds. The Department has agreed to present to its assigned House Appropriations and Senate Ways and Means subcommittees its financing plan for the computer enhancement.

- ▶ \$175,995, of which \$123,452 would be for salaries and \$52,543 would be for other associated costs, to increase food establishment inspections. Recommended financing is all from the State General Fund. There are no new positions included in the recommendation. Under the Governor's recommendation, the recommended salary moneys would be used for existing positions which, too, are funded. The Legislature may wish to inquire about the extent to which the same positions are being funded twice.
- ▶ \$4,319,193 to continue activities funded from the State Water Plan Fund, including funding for 10.0 FTE positions. Historically, the positions have consisted of 2.0 FTE classified positions and 8.0 unclassified temporary positions. However, under the Governor's recommendation, the two existing classified FTE positions were shifted to unclassified temporary positions. According to the Division of the Budget, the shift was unintentional and the FTE position limitation in the appropriations bill likely will reflect an adjustment to continue them as FTE positions.
- ▶ \$150,000 to provide for unspecified laboratory equipment. All financing would be from the State General Fund.
- ▶ \$1,500,000 from federal funds which, as reported earlier in this analysis, the Department will be getting from the Department of Social and Rehabilitation Services for child care licensing activities. All of the \$1.5 million would be for aid-to-local units, which, as mentioned for FY 1998, is inconsistent with the Department's reported plan to use a portion of the moneys for staffing.

The Governor also recommends a 1.5 percent base salary adjustment for classified employees that is in addition to the requested step movement that was budgeted. There also is a 4.0 percent merit pool for unclassified employees, which provides an additional 1.5 percent over the amount budgeted. In addition, the Governor adjusted the Department's salary request to delete \$98,100 from the State General Fund which was requested for the 4.0 FTE positions that the 1997 Legislature authorized the Secretary to shift from the classified to unclassified service in FY 1998. The Secretary has used this authority to appoint an Assistant Secretary of Health. The Governor deletes the moneys that were budgeted for this position, but includes the position in the FTE count. **(Staff Note:** The Legislature may want to reduce by half, which is \$336,185, the federal moneys that were recommended for grants for abstinence education. Moneys for the grant program were inadvertently budgeted twice by the Department.)

**Turnover Savings.** Agency-wide turnover savings are requested at approximately 3.9 percent for FY 1999 (\$1.7 million) and 4.6 percent for the current year (\$1.9 million). The 4.6 percent rate in the current year is lower than the 5.0 percent (\$2.1 million) that was recommended by the Governor and approved by the 1997 Legislature. Actual FY 1997 turnover savings were approximately 8.9 percent (\$3.5 million).

Last session, the Senate Ways and Means Committee requested that the Department make a report to the 1998 Legislature on its turnover for each of the Department's individual programs and the extent to which staff is shifted among programs. The purpose of the report is to give the Legislature information about how the Department allocates its staff and to identify programs that suffer from

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Attachment 4-12

unusually high turnover, which could affect employee morale, or that may be subject to frequent staffing shifts.

**Governor's Recommendation.** The Governor recommends a turnover savings rate of 4.4 percent (\$1.9 million) instead of the 3.9 percent rate (\$1.7 million) requested by the Department for FY 1999. For FY 1998, he increases by \$64,445 the Department's estimated rate of 4.6 percent to 4.7 percent.

### ***Additional Information***

**Reorganization.** The 1997 Legislature included language in the appropriations bill to require the Secretary of Health and Environment to reorganize and redistribute staff assigned to the Division of Environment in order to create better service and greater efficiency. The revised budget shows that two programs have been merged into one. The Office of Science and Support and the Bureau of District Operations are now the Bureau of Environmental Field Services. The Department also has shifted its Office of Information Systems from its computer division to its general management section and the budget for the Coordinating Council on Early Childhood Development has been merged into the program for Children with Special Health Care Needs. In addition, the Bureau of Disease Control was merged into the program for Chronic Disease and Health Promotion to form the Bureau of Disease Prevention and Health Promotion.

**Requested Reports for the 1998 Session.** The Department told the 1997 Senate Ways and Means and House Appropriations committees that it was taking steps to address shortcomings identified in a 1996 audit by the Legislative Division of Post Audit on the Department's regulation of nursing homes. According to the audit, the Department had failed to take advantage of the enforcement options it had with regard to nursing home facilities that violate state regulations. Information presented to the committees indicated that the Department was taking steps to address the shortcomings identified in the audit, including the greater use of its authority to assess civil money penalties when nursing home violations occur. The committees asked the Department to report to the 1998 Legislature on how effective its actions have been at addressing the shortcomings identified in the audit.

Also, the 1997 Legislature approved 3.0 new unclassified temporary positions that were to begin the latter quarter of FY 1997 to address problems related to oversight over confined animal feedlots. A Legislative Division of Post Audit report, dated January, 1997, found problems with the Department's animal waste regulatory program and its failure to follow procedures or requirements for regulating animal waste-control facilities. To monitor the recommendations made by the auditors, the Department was told to report to the 1998 Legislature on the following:

1. The Department's progress in addressing the backlog, including information about the number of staff positions and the amount of resources dedicated to processing renewal permits;
2. a projection of future staffing requirements to process renewal permits and a justification for any requests to add permanent positions for the activity;
3. documentation that quantifies how the Department's oversight of the confined feedlot program has protected the state's groundwater from feedlot pollution; and
4. evidence of how the Department has addressed shortfalls identified in the audit.

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Attachment 4-13

With regard to KBI checks, the Ways and Means Committee noted that in FY 1997 the Department transferred a keyboard operator position from within the agency to work on the new automation process for KBI record checks and that the Governor added a new 1.0 FTE keyboard operator position for the activity in FY 1998. The Committee understood that both positions may be necessary while the database is being built, but requested that the Department report to the 1998 Legislature on how the database is working and what the ongoing staffing needs will be once the database is developed. The Legislature also may want to inquire about legislation enacted in 1997 that made the Department responsible for additional record checks (H.B. 2278). The 1997 Legislature added as a separate line item \$200,000 from the State General Fund to cover the fiscal impact of the new law, which requires criminal record background checks on employees of adult care homes. Under the bill, a fee of up to \$10 for each name checked is authorized to be collected from those requesting the information, which is credited to the State General Fund. The amount of the fee imposed is supposed to be equal to expenditures. The Department was told to use existing positions to provide for the new activity.

### House Subcommittee Recommendation

The Subcommittee concurs with the Governor, with the following modifications and observations:

1. Add the following language to the appropriations bill, "*Provided further*, That expenditures shall be made from this account for the purposes of reorganization and reassignment of duties and staff with the division of health of the department of health and environment, which organization and reassignment is hereby authorized and directed to be conducted by the secretary of health and environment for the purposes of providing better service and greater efficiency." The purpose of this language is for the secretary to reorganize the division of health. This same proviso was included in last year's appropriations bill but was directed to the division of environment.
2. Introduce a bill that would eliminate the requirement that the director of health hold a valid license to practice medicine and surgery. Further, establish an office of epidemiological services. This office shall be administered by the state epidemiologist. The state epidemiologist shall be a physician, hold a valid license to practice medicine and surgery, have training in the field of epidemiology and experience in public health.
3. In regard to Year 2000, make the following changes:
  - a. Recommend reducing the Governor's Recommendation for Year 2000 by \$458,156 (\$237,325 (SGF), \$220,831 (all other funds)). C.T.A. Incorporated (State of Kansas Year 2000 consultant) estimates \$2,135,440 for Year 2000 repairs. The Governor recommended \$2,593,596 for Year 2000 repairs.

Therefore, the total recommendation for Year 2000 funding for FY 1998 would be \$500,000 (\$259,000 (SGF), \$241,000 all other funds))

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and \$1,635,440 (\$847,158 (SGF) and \$788,282 (all other funds)) for FY 1999.

4. The Subcommittee commends the department for its plan for hardware/computerization of child care licensing/registration to provide local health departments with computerized technology and Internet linkage between the department and the its contractors. This system should allow complaints, enforcement actions, and follow-ups to be processed more quickly. Review the Department's plan and planned expenditures for Child Care Licensing and Registration for the \$1.5 million in FY 1999 in Omnibus. It is not clear at this time how much of the recommended moneys need to be shifted to State Operations, instead of Aid-to-Locals.
5. Add a Proviso to the Voluntary Cleanup Program for contaminated properties federal fund to clarify that the federal funds are supplemental to the fee funds in the program. Further, additional staff needed for the new activities would come from existing unclassified temporary positions that are unfilled.
6. In FY 1999, the Governor submitted the Department's budget with federal funds having no-limits. The subcommittee recommends that no-limit funds (including federal funds) have an appropriation limit placed on them. In the past there have been some problems with funds not being used for their intended purpose. By placing a limit on the funds, it will be easier for the Legislature to track how funds are being used. The Subcommittee feels that the Department has made tremendous strides in this area but would still like to see limits added to the funds. The subcommittee would also recommend a proviso that allows the department to receive a federal grant that exceeds the limit of the fund. The proviso should state that the department has the authority to receive the additional funding as long as the Legislative Coordinating Council is notified before the department accepts grants.
7. The subcommittee concurs with the Governor's Budget Amendment No. 2, Item 2. This amendment reduces the Maternal and Child Health Service Block Grant Fund by \$336,185 (All Other Funds). This amount was included twice in the agency's budget submission.
8. The subcommittee concurs with the Governor's Budget Amendment No. 2, Item 3. This amendment shifts 2.0 unclassified temporary positions to 2.0 FTE positions. These were incorrectly reported in the Governor's Budget. There is no net effect on the total number of positions for the department.
9. Delete \$232,219 (SGF) from AIDS Testing and Counseling. This funding will be used for the AIDS Drug Assistance Program. (See next item)
10. In regard to the AIDS Drug Assistance Program(ADAP), the subcommittee recommends the following:

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- a. Add \$232,219 (SGF) for ADAP for FY 1999. This is the amount the department received as an advance on next year's federal funds. The subcommittee will also review this issue at omnibus to make sure there is appropriate funding for FY 1999. The subcommittee would also like SRS to look into the possibility of increasing the poverty level to 150 percent to see if some of the population might be able to qualify for Medicaid. This would allow ADAP money to provide medications to more people.
  - b. Add a proviso that no individual that is currently receiving ADAP funding will be cut off from their medication due to a shortfall of funds.
  - c. Add a proviso that requires the department to begin tracking individuals, via confidential name identification, that are HIV positive and those diagnosed with AIDS. Further, the department should track individuals that have had a contact with an individual that could result in the person contracting the HIV virus and AIDS to prevent the further spread of the HIV virus. This information shall remain confidential and be in line with any other confidentiality statutes.
11. Create a Food Inspection Fee Fund and add a proviso that transfers funds raised from inspections to the fee fund. Food inspection fees have been credited to the State General Fund instead of being used for Food Inspection. The subcommittee also recommends increasing budget amounts by \$300,000 to \$1,421,329 for the Food Inspection Program. At omnibus the subcommittee would like a report as to how this additional funding will reduce public hazards. Any amounts over the limit on the Food Inspection Fee Fund would be transferred to the State General Fund. The Department is encouraged to raise the money available for the fund for safety inspection, education, and training by increasing the restaurant and hotel licensing fee.
  12. Add \$131,345 (SGF) (\$73,663 for salaries and wages, \$20,436 for fringe benefits, and \$37,246 for other operating expenditures) and .5 FTE to the Bureau of Adult and Child Care. Currently, the bureau issues an initial license for assisted living and small bed homes after the facilities complete a self-attestation process. At this time the bureau does not perform an on-site inspection. The same process is used for home health agencies. The subcommittee recommends that the department begin initial inspections and other inspections of Assisted Living and Residential Health Care Facilities, Home Plus and Small Bed Adult Day Care. The department estimates that 2.5 FTE will be needed to complete these inspections. The subcommittee will review at omnibus whether the Secretary can find 2.0 FTE within his current resources. If the Secretary cannot find the 2.0 FTE, the issue will be reviewed at omnibus. The subcommittee will also review at omnibus as to the possibility that Medicare and Medicaid might be available to assist in this program.
  13. The Subcommittee recommends that the department explore the possibility of establishing an Office of Quality Control and Audit and provide an update at omnibus. At this time, the department has auditors spread throughout the agency.

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Attachment 4-16

By combining the auditors into a single agency, the subcommittee believes it may be possible for the auditors to operate in a more effective manner. Further, this combination may allow the department to draw down some additional federal money to assist in this process.

14. The Subcommittee would also like to review the Healthy Start program at omnibus to see if additional funding might be available to assist the program.
15. The Subcommittee would also like to review the Infant/Toddler program at omnibus to see if additional funding might be available to assist the program.

**Minority Report attached.**

### **House Committee Recommendation**

The House Committee concurs with the recommendations of the Subcommittee.

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Attachment 4-17

Agency: Department of Health and Environment **Bill No. 642**

**Bill Sec. 51**

Expenditure	Agency Request FY 99	Gov. Rec. FY 99	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 101,713,206	\$ 102,100,442	\$ (2,024,667) *
Aid to Local Units	33,706,839	34,623,520	481,120
Other Assistance	35,000,000	35,000,000	0
<b>TOTAL</b>	<b>\$ 170,420,045</b>	<b>\$ 171,723,962</b>	<b>\$ (1,543,547)</b>
State General Fund:			
State Operations	\$ 22,314,839	\$ 21,924,666	\$ (2,238,263)
Aid to Local Units	7,883,127	7,399,808	481,120
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 30,197,966</b>	<b>\$ 29,324,474</b>	<b>\$ (1,757,143)</b>
Other Funds:			
State Operations	\$ 79,398,367	\$ 80,175,776	\$ 213,569
Aid to Local Units	25,823,712	26,887,527	0
Other Assistance	35,000,000	35,000,000	0
<b>TOTAL</b>	<b>\$ 140,222,079</b>	<b>\$ 142,399,488</b>	<b>\$ 213,569</b>
FTE Positions	830.1	818.6	0.0
Unclass. Temp. Positions	158.1	155.1	0.0
<b>TOTAL</b>	<b>988.2</b>	<b>973.7</b>	<b>0.0</b>

\* Includes a reduction of \$1,566,511 (\$579,609 SGF) for the Governor's employee salary adjustment.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. The Subcommittee notes that the Director of Health position is currently vacant and that H.B. 2996 has been introduced which would eliminate the requirement that the Director of Health hold a valid license to practice medicine and surgery. H.B. 2996 would establish an office of epidemiological services to be administered by the state epidemiologist who shall be a physician, hold a valid license to practice medicine and surgery, and have training in the field of epidemiology and experience in public health. The Subcommittee recommends that consideration be given to this bill requested by the Secretary.

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2. In regard to Year 2000, make the following changes:
  - a. Recommend reducing the Governor's Recommendation for Year 2000 by \$458,156 (\$237,325 (SGF), \$220,831 (all other funds)). CTA Incorporated (Year 2000 consultant) estimates it will not need the total amount recommended by the Governor at this time (\$2,135,440) if \$500,000 approved by the Senate in the emergency supplemental bill is enacted. The above amount is the amount of avoided costs estimated by CTA Incorporated.

The total recommendation for Year 2000 funding for FY 1998 would be \$500,000 and \$1,635,440 for FY 1999.

3. The Subcommittee notes that through a federal grant to SRS, \$1.5 million will be made available to the Department for child care licensing. The Secretary stated that approximately 75.0 percent would go to local health agencies (as long as local health departments maintain their current effort) and 28.0 percent would remain with the Department for state operations. The grant would be used to increase the human resource and technology needs of the child care licensing bureau and local government aid for child care. This is intended to provide for the timely handling of complaints and enforcement actions. At Omnibus, the Subcommittee would like to see a breakdown between proposed funding spent on staffing and proposed funding spent on technology.

The Subcommittee also received the following comparisons between child care licensing and adult care facilities. There are currently 491 licensed adult care facilities (nursing homes) serving 31,651 fragile and not so fragile elderly. This program is administered at the state level by a director, an assistant director, four program specialists, and 23 support staff, in addition to six regional managers who oversee the surveyors, for a total of 36.0 FTEs. Contrasting that with the child care licensing program, there are 12,600 licensed or registered child care facilities with a license capacity of 139,000, serving an estimated 250,000 children. Administrative staff at the state level consists of one director, (no assistant), five program specialists (two positions unfilled), one trainer/grants manager, one person to check KBI records, nine support staff (three positions unfilled, with work being done by TEMPS and volunteers) and three foster care program managers, for a total of 20 FTEs.

4. Last year, the Legislature placed language in the appropriations bill prohibiting the Department from making transfers of receipts from its various fee receipts to a single pool fund. In FY 1999, the Governor submitted the Department's budget with federal funds and fee funds having no-limits on them. The subcommittee recommends that no-limit funds (including federal funds) have an appropriation limit placed on them to enforce the policy approved by the Legislature last year. In the past,

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questions have been raised about whether fees and receipts have been used for their intended purposes. The Subcommittee feels that the Department has made tremendous strides in this regard. However, the budget was developed by making expenditures from a pooled administration overhead fund, so the appropriation fund limits have been increased. The subcommittee would also recommend a proviso that allows the department to receive a grant that exceeds the limit of the fund as long as the Legislative Coordinating Council is notified before the department accepts the grant.

5. The subcommittee concurs with the Governor's Budget Amendment #2, Item #2. This amendment reduces the Maternal and Child Health Service Block Grant Fund by \$336,185 (All Other Funds). This amount was included twice in the agency's budget submission.
6. The subcommittee concurs with the Governor's Budget Amendment #2, Item #3. This amendment shifts 2.0 unclassified temporary positions to 2.0 FTE positions. These were incorrectly reported in the Governor's Budget. There is no net effect on the total number of positions for the department.
7. In regard to the AIDS Drug Assistance Program (ADAP), the subcommittee recommends the following:
  - a. Add a proviso that no individual that is currently receiving ADAP funding will be cut off from medication but that the Secretary should consider implementing a cost containment policy to control growth of SGF expenditures. Further, the Subcommittee believes that the experience in other states suggests that it is hard to predict what resources will be needed in FY 1999. The Subcommittee anticipates that the Department may need to request another supplemental appropriation next year.
8. Create a Food Inspection Fee Fund and add a proviso that transfers funds raised from inspections to the fee fund. Food inspection fees have been credited to the State General Fund instead of being used for Food Inspection. Any amounts over the limit on the Food Inspection Fee Fund would be transferred to the State General Fund. The Department is encouraged to raise fees for the inspection of restaurants and hotels from \$70 per inspection to \$100 per inspection and recommends increasing budget amounts \$300,000 to \$1,421,329 for the Food Inspection Program.
9. The Subcommittee reviewed the Department's plan, which was prepared by the Department's Bureau of Water, for implementing H.B. 2950. This bill would mandate that a Department inspector visit every Confined Animal Feedlot Operation (CAFO) every 36 months. The Bureau of Water estimates that it will require \$1,061,392 and an additional 22.5 FTEs to fully implement this bill in FY 1999.

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The Division of the Budget projects FY 1999 costs of approximately \$558,700 (SGF). Specifically, these expenditures would include salary and wage and operating costs funding for 11.5 FTE positions, of which 7.0 FTE positions would be used to perform inspections of swine feeding facilities. This item may need to be addressed at Omnibus.

10. The Subcommittee also received an Inspection Work Plan for CAFOs. It is outlined below:

- a. All CAFOs with a federal NPDES permit will be inspected in calendar year 1998. Biennial inspections will be conducted thereafter (50 percent in 1999; 50 percent in 2000, etc.)
- b. State-permitted CAFOs will be provided a self-certification checklist as a part of the renewal application. The annual billing statement will include a self-certification checklist regarding facility status. Any facility which indicates a change that impacts existing pollution controls will be inspected (e.g., increase in animal unit capacity for which the facility was permitted or potential modification of pollution control system). A statistically valid, random sample of remaining facilities will be inspected each year.
- c. Certified CAFOs will not routinely be inspected. However, self-audit checklists will be provided and a statistically valid, random sample of these facilities will be inspected each year.
- d. Facilities for which complains are routinely received may be inspected at a greater frequency.
- e. 1998 District Office Workloads for NPDES Permitted Facilities:

<u>District</u>	<u>NC</u>	<u>NE</u>	<u>NW</u>	<u>SC</u>	<u>SE</u>	<u>SW</u>	<u>Total</u>
Facilities	65	14	76	23	14	165	357
FTEs	2.3	2.5	1.2	1.2	1.25	5.0	13.45

Facilities as of 12/22/97.

11. The Subcommittee received an update in regard to regulation of Assisted Living and Residential Health Care Facilities. Currently, the Bureau of Adult and Child Care issues an initial license for assisted living and small-bed homes after the facilities complete a self-attestation process. At this time, the bureau does not perform an on-site inspection. The same process is used for home health agencies. Consequently, many Assisted Living and Residential Health Care Facilities, Home-Plus, and Small-Bed Adult Day Care facilities do not receive an on-site inspection. The Department intends to consider any adverse consequences of this policy and recommend to the 1999 Legislature the proper level of regulation.

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12. The Subcommittee received testimony on the Infant/Toddler Program. The Program is a collaborative effort by multiple entities and funding sources to serve families consisting of a child age birth to three years of disability. It was learned that the number of children served by the Infant/Toddler Program has tripled over the last five years. At the same time, state general fund support has remained flat. Recent research in brain development shows that the sooner a developmental delay or disability is identified and the sooner intervention services are delivered, the greater the likelihood of mitigating the impact on the child's disability for the child's future. The Subcommittee recommends adding \$481,120 for FY 1999. This would provide funding of \$992,000 (SGF) for FY 1999, which is double the appropriation of FY 1998.

  
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Senator Alicia Salisbury, Chair

  
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Senator Barbara Lawrence

  
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Senator Marge Petty

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Attachment 4-22



## Minority Report

### FY 1998

I concur with the Governor's recommendations and the Subcommittee with the following modifications:

1. Restore the Governor's Recommendations on Aids Drug Assistance Program. I have concerns about the subcommittee's recommendations. Specifically,
  - a. The Subcommittee would delete \$150,991 (SGF) and simply claim it as savings to the State General Fund.
  - b. Amend section 3(c) of the subcommittee report to introduce a bill that essentially does what the section 3(c) proviso attempts to accomplish. Further, since this is such a major change in policy, hearings should be held on the bill to receive comments from the public. This is the more appropriate manner to handle this matter instead of as a proviso, as hearings were not held on this proviso.

### FY 1999

I concur with the Governor's recommendations and the Subcommittee with the following modifications:

1. Restore the Governor's recommendations on Aids Testing and Counseling. In regard to item #9 and item #10 (a), the subcommittee would delete \$232,219 (SGF) from AIDS Testing and Counseling and use that funding to fill in the hole created by the federal advance of \$232,219 funds for the AIDS Drug Assistance Program. This reduction concerns me due to the fact that under the Governor's Recommendations, the Aids Testing and Counseling was funded at \$317,757 (State General Fund). Those funds are used to fund the following: Counseling and testing; Case Management; and Health Education/Risk Reduction. The Subcommittee's recommendation is a 73.1 percent reduction in State General Fund. I cannot support reducing this program to cover the FY 1999 ADAP federal draw-down reduction.
2. Amend section 10(c) of the subcommittee report to introduce a bill that essentially does what the section 10(c) proviso attempts to accomplish. Further, since this is such a major change in policy, hearings should be held on the bill to receive comments from the public. This is the more appropriate manner to handle this matter instead of as a proviso, as hearings were not held on this proviso.
3. In regard to Item #1, delete proviso added by subcommittee on reorganization and change report to encourage Secretary to work on communication problems and increase team work skills between departments. I am concerned about the subcommittee's proviso for the following reasons:
  - a. Secretary can do this already without a proviso. No plan was presented for reorganization and I do not want the Legislature to sign off on an reorganization plan unless we know how it will occur.

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Representative Rocky Nichols

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Attachment 4-23

**SUBCOMMITTEE REPORT**

**Agency:** Kansas Department on Aging

**Bill No.** 2895

**Bill Sec.** 18

**Analyst:** Kannarr

**Analysis Pg. No.** 703

**Budget Page No.** 46

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
State Operations	\$ 20,051,645	\$ 14,294,400	-
Aid to Local Units	5,696,748	5,542,279	-
Other Assistance	293,764,606	281,059,476	-
Total - Operating Expend.	<u>\$ 319,512,999</u>	<u>\$ 300,896,155</u>	<u>-</u>
State General Fund	\$ 132,178,520	\$ 124,401,974	-
Other Fund	187,334,479	176,494,181	-
Total - Operating Expend.	<u>\$ 319,512,999</u>	<u>\$ 300,896,155</u>	<u>-</u>
FTE Positions	160.3	160.3	-
Unclassified Temp. Positions	4.5	1.5	-
TOTAL	<u>164.8</u>	<u>161.8</u>	<u>-</u>

**Agency Estimate/Governor's Recommendation**

The agency estimates FY 1998 expenditures of \$319,512,999 (including \$132,178,520 from the SGF). The estimate is an increase of \$31,008,403 or 10.7 percent (\$12,985,105 SGF, or 10.9 percent) above the approved amount of \$288,504,596. The principal increases are found in Long-Term Care programs and include the following: \$24,654,000 (\$12,711,686 SGF) in Nursing Facilities and Home- and Community-Based Services for the Frail Elderly (HCBS/FE) and Targeted Care Management. Other increases include salaries and wages (\$259,992). In addition, the estimated FY 1998 expenditures include \$479,316 in reappropriated SGF money from FY 1997.

1. **State Operations.** The agency estimates FY 1998 expenditures for state operations of \$20,051,645 (\$10,160,191 SGF) which is an increase of \$4,025,848 or 32.8 percent above the approved amount. **(Staff Note:** The agency indicates, however, that the FY 1998 estimate is overstated by approximately \$4,000,000, including \$485,280 from the SGF. The agency indicates that of that \$4 million overstated, approximately \$2.9 million is an overstatement of federal funding for contracts with the Department of Health and Environment and approximately \$1.1 million is overstated in the Senior Services Commission for fees for professional services).

**The Governor recommends** for FY 1998 funding of \$14,294,400 for state operations. The recommendation is a decrease of \$5,757,249 (28.7 percent) from the agency's estimate. The reduction is attributable to a reduction in contractual services (\$5,547,679) and takes into account the agency's overstatement of expenditures.

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Attachment 5-1*

2. **Aid and Other Assistance.** The agency estimates expenditures for aid and other assistance of \$299,461,354 in FY 1998. This is an increase of \$28,534,086 or 10.5 percent above the approved amount of \$270,927,268. The increase is primarily attributable to estimated increased expenditures for long-term care programs including: Nursing Facilities (\$18,569,070 including \$10,364,318 SGF) and Home- and Community-Base Services for the Frail Elderly (HCBS/FE) (\$5,431,200 including \$2,132,180 SGF). Other increases include approximately \$598,879 (\$241,564 SGF) in the Targeted Case Management program and \$479,316 in reappropriation of SGF money from FY 1997. The remaining \$1.5 million increase stems from a greater than anticipated participation of federal Medicaid dollars in various programs.

**The Governor recommends** funding of \$286,601,755 for aid and other assistance, a decrease of \$12,859,599 (4.3 percent) from the agency's estimate. The decrease is primarily attributable to recommended decreases based on November 1997 consensus caseload estimates for long-term care programs. Specifically, the Governor recommended reductions from the agency's revised estimate in the following: Nursing Homes (\$2.9 million); HCBS/FE (\$9.5 million); Presumptive Eligibility Community Grants (\$171,000); Case Management (\$70,000); and salaries and wages (\$182,766).

### House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations with the following exceptions and comments:

1. The Subcommittee recommends the issue of reimbursement for Targeted Case Management services provided by Area Agencies on Aging (AAAs) be reviewed in Omnibus. The Subcommittee notes that discussions are currently underway regarding the adequacy of this rate and hopes a Governor's Budget Amendment will be forthcoming to address the issue.
2. The Subcommittee recommends the agency begin tracking the average length of stay in nursing facilities and on the HCBS - Frail Elderly waiver program. If the system is working properly, the Subcommittee believes stays in nursing facilities should begin decreasing and time spent receiving waiver services in the community should increase.
3. The Subcommittee requests the agency compare the cost of HCBS - Frail Elderly services which are self-directed by the consumer to the cost of services under case management by the AAAs and report back to the Subcommittee during the 1999 Session.
4. The Subcommittee requests the agency report back at Omnibus on project income contributions for nutrition programs.
5. The Subcommittee recommends the establishment of two no limit fee funds in FY 1998. Currently, the agency collects these fees but has no authority to expend them. The first is a Medical Resources and Collection Fund which would collect fees generated from fines imposed on nursing facilities by the Department of Health and Environment or the Health Care Financing Administration for licensure deficiencies; and, recoveries and collection of Medicaid provider overpayments. The agency would use the funds to pay the costs of relocating residents when a

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Attachment 5-2

nursing facility closes as well as other allowable costs under federal law. The Second is a General Fees Fund which would collect fees from the sale of surplus property, fees charged for access to, or furnishing copies of public records and any other miscellaneous fees.

6. The Subcommittee recommends a proviso be added to the appropriations bill stating that, of funds allocated for professional services in the Office of the Secretary, including those for nursing facility lawsuits, any amount remaining at the end of the fiscal year be transferred to program services to the next fiscal year.
7. The Subcommittee encourages the agency to try and increase volunteer programs and encourage volunteer services.
8. The Subcommittee recommends the agency contact the new KUMC Center for Gerontology and encourages them to work with the program on training for program service employees and improving service programs.
9. The Subcommittee notes two issues with regard to access to HCBS-Frail Elderly services.

First, the Subcommittee heard concerns from individuals who have had trouble accessing HCBS - Frail Elderly services promptly. The Subcommittee encourages the agency to work with communities and other agencies to improve this delay. The Subcommittee does appreciate the work the AAAs have done and encourages the AAAs to further cooperate with independent living resource centers and other community-based agencies. The Subcommittee requests the agency report back at Omnibus with a plan to address the delay problem.

In addition, the Subcommittee requests the agency report back at Omnibus on the issue of presumptive eligibility for HCBS - Frail Elderly services. Currently, community providers are not reimbursed for the expense of screenings done before Medicaid eligibility has been established. The agency should work with other departments to figure out how to solve the problem of getting reimbursement for screenings that do not result in eligibility for services.

10. The Subcommittee requests the agency investigate the issue of case manager choice for the HCBS - Frail Elderly waiver and report at Omnibus on possible alternatives to the current system. The agency should investigate federal restrictions on case manager choice and whether we could amend the state plan to allow such choice. In other Medicaid waivers (including Head Injury, Developmental Disabilities and Physically Disabled), consumers are allowed to choose who they want to provide their case management services.
11. The Subcommittee recommends the agency evaluate the financial and other impact of implementing an automatic cost cap exception for people moving from the Physically Disabled waiver to the Frail Elderly waiver because of age. Also, the Subcommittee recommends the agency investigate tougher enforcement of the cost cap exception.
12. The Subcommittee recommends the agency work to ensure that all people over the age of 65, who have not been adjudicated incompetent, have the right to all

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Attachment 5-3

choices in the community. This should include the option to self direct services and the right to know of all community providers.

- 13. The Subcommittee recommends the agency work with the AAAs to establish a set policy on the procedure for changing case managers if the consumer requests such a change.
- 14. With regard to the agency's management information system, the Subcommittee notes that the current system, CARS, is outdated and is not year 2000 compliant. The Subcommittee recommends the agency request a Governor's Budget Amendment for funding of the new Kansas Aging Management Information System (KAMIS). The current estimate for the system is \$750,000 in FY 1998. The Subcommittee requests the agency report at Omnibus on the status of this project.
- 15. The Subcommittee recommends introduction of 7RS 2234 which allows the partial conversion of a nursing facility wing to a residential health care facility.

### House Committee Recommendation

The House Committee concurs with the Subcommittee recommendation.

Agency: Kansas Department on Aging

Bill No. 643

Bill Sec. 18

<u>Expenditure Summary</u>	<u>Agency Estimate FY 1998</u>	<u>Gov. Rec. FY 1998</u>	<u>Senate Subcommittee Adjustments</u>
State Operations	\$ 20,051,645	\$ 14,294,400	--
Aid to Local Units	5,696,748	5,542,279	--
Other Assistance	<u>293,764,606</u>	<u>281,059,476</u>	--
Total - Operating Expend.	<u>\$ 319,512,999</u>	<u>\$ 300,896,155</u>	--
State General Fund	\$ 132,178,520	\$ 124,401,974	--
Other Funds	<u>187,334,479</u>	<u>176,494,181</u>	--
Total - Operating Expend.	<u>\$ 319,512,999</u>	<u>\$ 300,896,155</u>	--
FTE Positions	160.3	160.3	--
Unclassified Temp. Positions	<u>4.5</u>	<u>1.5</u>	--
TOTAL	<u>164.8</u>	<u>161.8</u>	--

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*Attachment 5-4*

### Senate Subcommittee Recommendation

1. The Subcommittee recommends the establishment of two no limit fee funds to allow the agency to spend funds it is already receiving but has no authority to spend. The first is a Medical Resources and Collection Fund which would collect fees generated from fines imposed on nursing facilities by the Department of Health and Environment. for the Health Care Financing Administration for licensure deficiencies; and recoveries and collection of Medicaid provider overpayments. The agency would use the funds to pay the costs of relocating residents when a nursing facility closes as well as other allowable costs under federal law. The second is a General Fees Fund which would collect fees from the sale of surplus property, fees charged for access to or furnishing copies of public records and any other miscellaneous fees.
2. The Subcommittee notes funding for the new Kansas Aging Management Information System (KAMIS) was not recommended by the Governor. However, it was informed that a Governor's Budget Amendment (GBA) is expected to address the issue. The Subcommittee recommends that if no GBA is offered, the issue of funding for the KAMIS project should be addressed at Omnibus. The Subcommittee was informed that the current information system is outdated, inefficient and not Year 2000 compliant. The current estimate for the system is \$2.0 million over two years beginning in FY 1998.



Senator Stephen Morris, Chair



Senator Dave Kern



Senator Paul Feleciano, Jr.

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Attachment 5-5

**SUBCOMMITTEE REPORT**

**Agency:** Kansas Department on Aging

**Bill No.** 2893

**Bill Sec.** 57

**Analyst:** Kannarr

**Analysis Pg. No.** 703

**Budget Page No.** 46

<u>Expenditure Summary</u>	<u>Agency Request FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Subcommittee Adjustments</u>
State Operations	\$ 21,639,118	\$ 15,569,969	--
Aid to Local Units	6,595,599	5,653,204	--
Other Assistance	322,058,311	303,562,904	--
Total - Operating Expend.	<u>\$ 350,293,028</u>	<u>\$ 324,786,077</u>	<u>--</u>
State General Fund	\$ 146,074,427	\$ 134,319,210	--
Other Funds	204,218,601	190,466,867	--
Total - Operating Expend.	<u>\$ 350,293,028</u>	<u>\$ 324,786,077</u>	<u>--</u>
FTE Positions	160.3	160.3	--
Unclassified Temp. Positions	4.5	1.5	--
TOTAL	<u>164.8</u>	<u>161.8</u>	<u>--</u>

**Agency Request/Governor's Recommendation**

The agency requests total expenditures for FY 1999 of \$350,293,028 an increase of \$30,780,029, or 9.6 percent, above the FY 1998 revised estimate. The increase stems from requested increases in the following: Nursing Facilities--\$23,925,525 (\$9,639,594 SGF); Home- and Community-Based Services for the Frail Elderly (HCBS/FE)--\$2,165,185 (\$872,353 SGF); Targeted Case Management--\$535,000 (\$215,288 SGF); Nutrition Grants--\$465,426 (\$295,750 SGF); salaries and wages--\$820,363 (\$549,446 SGF). The following enhancements are in addition to the aforementioned increases: Care Coordination--\$1,000,000 (SGF); Senior Care Act Enhancement--\$1,000,000 (SGF); Income Eligible Home Care Program enhancement--\$500,000 (SGF); and, Long-Term Care Service Development Fund--\$150,000 (SGF).

**The Governor recommends** total expenditures for FY 1999 of \$324,786,077, which is \$25,506,951 (7.3 percent) below the agency's request. Of the Governor's recommendation, \$134,319,210 is from the State General Fund (41.4 percent) and \$190,466,867 (58.6 percent) is from federal and special revenue funds. The Governor recommends \$293,438,625 (\$118,253,273 SGF) to fund the agency's long-term care programs. Absent the recommended funding for long-term care programs, the Governor recommends funding of \$31,347,452 or \$8,574,602 (21.5 percent) below the agency's non-long-term care request.

1. **State Operations.** The FY 1999 state operations request of \$21,639,118, is a \$1,052,413 (6.5 percent) increase over the FY 1998 revised estimate. The increases are found primarily in salaries and wages (\$820,363, or 14.1 percent) and contractual services (\$671,249, or 6.9 percent).

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**The Governor recommends** for FY 1999 state operations funding of \$15,569,969, which is \$6,067,149 (28.0 percent) less than the agency's initial estimate. The Governor's recommendation adjusts for overstatements in the agency's budget, principally in contractual services which accounts for \$5,839,165 of the reduction.

**Salaries and Wages.** For FY 1999, the agency requests \$6,640,164 (including fringe benefits) for salaries and wages, an increase of \$820,363 or 14.1 percent, above estimated FY 1998 expenditures of \$5,819,801 (including fringe benefits). Both fiscal years reflect 160.3 FTE positions. For FY 1999, the agency requests \$90,218 for classified step movement, \$45,680 for longevity, and \$17,953 for unclassified merit. The agency requests a shrinkage rate of 1.0 percent for savings of \$69,699.

The Governor recommends \$6,634,085 for salaries and wages for FY 1999, including \$107,448 for a 1.5 classified base salary adjustment and a 4.0 unclassified merit pool.

**2. Local Aid and Other Assistance.** The agency requests \$328.7 million in FY 1999 for local aid and other assistance. The vast majority of that amount, \$310.3 million, or 93.2 percent, is attributable to long-term care. The request includes \$137,189,109 from the State General Fund and \$195,744,801 from other funds.

**The Governor recommends** for FY 1999 for local aid and other assistance funding of \$309.2 million (\$125,806,480 SGF), which is \$19.5 million (5.9 percent) below the agency's request. Long-term care programs account for \$293.4 million (\$118.3 million SGF) of the recommendation.

### House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations with the following exceptions and comments:

1. The Subcommittee recommends the issue of reimbursement for Targeted Case Management services provided by Area Agencies on Aging (AAAs) be reviewed in Omnibus. The Subcommittee notes that discussions are currently underway regarding the adequacy of this rate and hopes a Governor's Budget Amendment will be forthcoming to address the issue.
2. The Subcommittee recommends the agency begin tracking the average length of stay in nursing facilities and on the HCBS - Frail Elderly waiver program. If the system is working properly, the Subcommittee believes stays in nursing facilities should begin decreasing and time spent receiving waiver services in the community should increase.
3. The Subcommittee requests the agency compare the cost of HCBS - Frail Elderly services which are self-directed by the consumer to the cost of services under case management by the AAAs and report back to the Subcommittee during the 1999 Session.
4. The Subcommittee requests the agency report back at Omnibus on project income contributions for nutrition programs.

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5. The Subcommittee recommends the continuation of two no limit fee funds recommended for FY 1998. The first is a Medical Resources and Collection Fund and the second is a General Fees Fund. Explanations of these funds can be found in the Subcommittee report for FY 1998.
6. The Subcommittee recommends a proviso be added to the appropriations bill stating that of funds allocated for professional services in the Office of the Secretary, including those for nursing facility lawsuits, any amount remaining at the end of FY 1999 be transferred to program services to FY 2000.
7. The Subcommittee recommends the agency contact the new KUMC Center for Gerontology and encourages them to work with the program on training for program service employees and improving service programs.
8. The Subcommittee notes two issues with regard to access to HCBS-Frail Elderly Services.

First, the Subcommittee heard concerns from individuals who have had trouble accessing HCBS - Frail Elderly services promptly. The Subcommittee encourages the agency to work with communities and other agencies to improve this delay. The Subcommittee does appreciate the work the AAAs have done and encourages further cooperate with independent living resource centers and other community-based agencies.

In addition, the Subcommittee requests the agency report back at Omnibus on the issue of presumptive eligibility for HCBS - Frail Elderly services. Currently, community providers are not reimbursed for the expense of screenings done before Medicaid eligibility has been established. The agency should work with other departments to figure out how to solve the problem of getting reimbursement for screenings that do not result in eligibility for services.

9. The Subcommittee requests the agency investigate the issue of case manager choice for the HCBS - Frail Elderly waiver and report at Omnibus on possible alternatives to the current system. The agency should investigate federal restrictions on case manager choice and whether we could amend the state plan to allow such choice. In other Medicaid waivers (including Head Injury, Developmental Disabilities and Physically Disabled), consumers are allowed to choose who they want to provide their case management services.
10. The Subcommittee recommends the agency evaluate the financial and other impact of implementing an automatic cost cap exception for people moving from the Physically Disabled waiver to the Frail Elderly waiver because of age. The Subcommittee believes that just because someone has a birthday and turns 65, their services shouldn't change. Also, the Subcommittee recommends the agency investigate tougher enforcement of the cost cap exception in general.
11. The Subcommittee recommends the agency work to ensure that all people over the age of 65, who have not been adjudicated incompetent, have the right to all

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choices in the community. This should include the option to self direct services and the right to know of all community providers.

12. The Subcommittee recommends the agency work with the AAAs to establish a set policy on the procedure for changing case managers if the consumer requests such a change.
13. With regard to the agency's management information system, the Subcommittee notes that the current system, CARS, is outdated and is not year 2000 compliant. The Subcommittee recommends the agency request a Governor's Budget Amendment for funding of the new Kansas Aging Management Information System (KAMIS). The current estimate for the system is \$1,250,000 in FY 1999. The Subcommittee requests the agency report at Omnibus on the status of this project.
14. The Subcommittee recommends a proviso be added to appropriations bill which states that if a person is eligible for HCBS - Frail Elderly Medicaid waiver services, they will not be eligible for Senior Care Act funded services, effective at the time of the client's annual reassessment and for all new persons entering the system. The proviso would also require that there be no interruption in services if the funding mechanism is changed.

### **House Committee Recommendation**

The House Committee concurs with the Subcommittee recommendation.

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Agency: Kansas Department on Aging

Bill No. 642

Bill Sec. 52

<u>Expenditure Summary</u>	<u>Agency Estimate FY 1999</u>	<u>Gov. Rec. FY 1999</u>	<u>Senate Subcommittee Adjustments</u>
State Operations	\$ 21,639,118	\$ 15,569,969	\$ (248,406) *
Aid to Local Units	6,595,599	5,653,204	-
Other Assistance	322,058,311	303,562,904	350,000
Total - Operating Expend.	<u>\$ 350,293,028</u>	<u>\$ 324,786,077</u>	<u>\$ 101,594 *</u>
State General Fund	\$ 146,074,427	\$ 134,319,210	\$ (143,678) *
Other Funds	204,218,601	190,466,867	245,272 *
Total - Operating Expend.	<u>\$ 350,293,028</u>	<u>\$ 324,786,077</u>	<u>\$ 101,594 *</u>
FTE Positions	160.3	160.3	-
Unclassified Temp. Positions	4.5	1.5	-
TOTAL	<u>164.8</u>	<u>161.8</u>	-

\* Includes a reduction of \$248,406 (of which \$143,678 is from the State General Fund) for the Governor's employee salary adjustments.

**Senate Subcommittee Recommendations**

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

1. Delete \$248,406, including \$143,678 from the State General Fund, based on the recommendation to delete funding for the 4.0 percent unclassified merit pool (\$29,006), a 1.5 percent classified base salary adjustment (\$78,444), classified step movement (\$90,218) and longevity bonus payments (\$50,738) from agency budgets.
2. The Subcommittee requests the agency report at Omnibus regarding recommended adjustments to reimbursement rates paid to Area Agencies on Aging (AAAs) for Targeted Case Management services. The agency should include the fiscal impact of any recommended rate change. Testimony indicated that the current reimbursement rate is \$30 per hour while AAAs estimates for costs range from \$32.95 to \$46.74 per hour. The agency testified that efforts are currently underway between the agency and the AAAs to address this problem.
3. The Subcommittee notes H.B. 2607, which would transfer the Long-term Care Ombudsman program from the Department on Aging to the Department of Administration, is currently in Senate committee. The Subcommittee notes passage

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of this bill is required to comply with federal conflict of interest rules in the Older Americans Act. The Subcommittee further notes the interim SRS Transition Oversight Committee received testimony that the Ombudsman program is significantly underfunded. However, due to the uncertain status of the program, an estimate of additional funding needed is not available.

4. The Subcommittee recommends \$200,000 of the demand transfer from the State Highway Fund to the Elderly and Disabled Coordinated Public Transportation Assistance Fund in the Department of Transportation be transferred to the Department on Aging. In addition, the Subcommittee recommends \$150,000 be directly transferred from the State Highway Fund to the Department on Aging beginning on July 1, 1998. The funding of \$350,000 will be used to provide matching funds for the purchase of vehicles by community aging organizations. The state match shall not exceed 50 percent of the purchase price and no administrative costs may be paid out of this fund. A separate account should be established in the agency to receive the monies and provide the matching funds.
5. The Subcommittee notes funding for the new Kansas Aging Management Information System (KAMIS) was not recommended by the Governor. However, it was informed that a Governor's Budget Amendment (GBA) is expected to address the issue. The Subcommittee recommends that if no GBA is offered, the issue of funding for the KAMIS project should be addressed at Omnibus. The Subcommittee was informed that the current information system is outdated, inefficient and not Year 2000 compliant. The current estimate for the system is \$2.0 million over two years beginning in FY 1998.
6. The Subcommittee recommends a proviso be added to the appropriations bill stating that the AAAs are not required to pay back the \$45,000 in start-up monies appropriated to each AAA last session. According to testimony, the original intent of the start-up monies was that they were a one-time grant and not a loan requiring repayment.
7. The Subcommittee recommends the continuation of two no limit fee funds recommended in FY 1998. The two funds are the Medical Resources and Collection Fund and the General Fees Fund.
8. The Subcommittee notes the number of meals served, the cost per meal and total funding in the Older Americans Act (OAA) and Low Income In-Home Nutrition Programs from FY 1996 to FY 1999 (Est.):

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	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u> <u>Gov. Rec.</u>	<u>FY 1999</u> <u>Gov. Rec.</u>
<b>OAA Nutrition Programs</b>				
Number of Meals	3,624,922	3,778,866	3,780,834	3,780,834
Cost Per Meal	\$ 3.279	\$ 3.318	\$ 3.445	\$ 3.590
Total Funding	\$ 12,002,888	\$ 12,536,558	\$ 13,026,851	\$ 13,573,194
Contributions	\$ 4,379,279	\$ 4,565,712	\$ 4,650,045	\$ 4,683,351
<b>Low Income In-Home Nutrition Program</b>				
Number of Meals	470,708	505,285	506,830	506,880
Cost Per Meal	\$ 3.194	\$ 3.310	\$ 3.400	\$ 3.540
Total Funding	\$ 1,503,576	\$ 1,612,965	\$ 1,722,887	\$ 1,794,355
Contributions	\$ 246,726	\$ 323,382	\$ 324,403	\$ 311,256

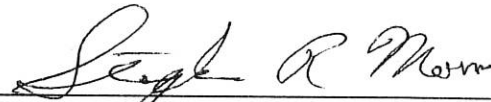
9. The Subcommittee received testimony that estimates (compiled through Resident Status Review (RSR)) of the number of people who could be moved out of nursing facilities and into the community through the Living Independently for Everyone (LIFE) program have been lowered from 1,600 to 1,040 to 600. Further, only 42 people have actually been moved into the community through this program. The Subcommittee believes it is apparent the goals of the LIFE program are not being met even though the expectations have been significantly lowered. According to agency testimony, the original RSR estimates did not take many factors into account when evaluating whether a person would be able to move into the community. Examples of such factors are length of stay in the nursing home, availability of housing, family/resident wishes, age and the resident's health trend. The agency testified that efforts have been made to move people into the community by the expectations are too high. The Subcommittee heard additional testimony that required lists of individuals who might be able to move are not being given to Centers for Independent Living and other community providers so they can assist in the process. The Subcommittee directs the agency to evaluate the LIFE program and determine whether the program can be reworked to meet its anticipated goals or whether the program is fundamentally flawed in its assumptions. The agency should report its findings to the SRS Transition Oversight Committee, its replacement or another interim committee studying aging issues.
  
10. The Subcommittee recommends the proviso added by the House Subcommittee directing that if a person is eligible for HCBS - Frail Elderly services they will not be eligible for Senior Care Act funded services be deleted. Instead, the Subcommittee recommends people be placed in the most cost effective services with regard to State General Fund expenditures. In addition, a person may receive Senior Care Act services while eligibility for HCBS - Frail Elderly services is being determined. The following chart reflects the agency estimate of the cost of implementing the House proviso:

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<u>Funding Source</u>	<u>Number of Customers*</u>	<u>Avg. Plan of Care Per Month</u>	<u>Total Cost Per Month</u>	<u>Monthly State Share</u>
Medicaid	654	\$ 763.00	\$ 499,002.00	\$ 204,590.82
Senior Care Act	654	61.40	40,155.60	26,770.40
Difference	-	701.60	458,846.40	177,820.42

\* This number represents the estimate of the number of Senior Care Act recipients who might be eligible for HCBS—Frail Elderly (Medicaid) services.

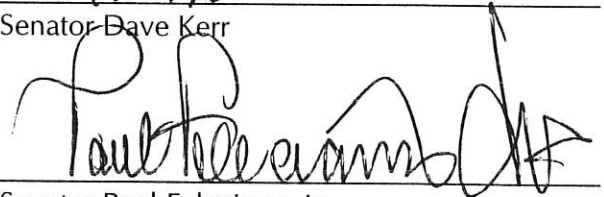
11. The Subcommittee requests the agency report at Omnibus on the status of the waiting list for Senior Care Act services and on the pilot project implemented in Wichita and Ottawa to eliminate the waiting lists in those areas.



Senator Stephen Morris, Chair



Senator Dave Kerr



Senator Paul Feleciano, Jr.

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