

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 9:30 a.m. on April 23, 1998 in Room 123-S of the Capitol. The meeting was recessed at 6:10 p.m. and reconvened at 8:30 a.m. on April 24, 1998. The meeting was recessed at 3:45 p.m. and reconvened at 10:00 a.m. on April 27, 1998. The meeting was recessed at 5:15 p.m. and reconvened at 9:30 a.m. on April 28, 1998.

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: Representative Ray Cox
Gary Mitchell, Secretary, Department
of Health and Environment
Ted Bredehoft - SIDS Network of Kansas
Dr. Lance Slaymaker

Others attending: See attached list

Senator Kerr opened the hearings on the Block Grant Programs Administered by the Department of Health and Environment.

Representative Ray Cox spoke to the Committee of his involvement with the SIDS Network of Kansas and introduced Ted Bredehoft who read from a copy explaining the need for funding support for Fiscal Year 1999 for the Sudden Infant Death Support (SIDS) Network of Kansas. (Attachments 1, 2 and 3).

Appearing next before the Committee was Dr. Lance Slaymaker who spoke of the loss of his infant daughter, Haley Elizabeth, and the need for funding for a support group for SIDS parents.

Senator Kerr asked Dr. Slaymaker if the focus of this organization would be just support for parents in their loss or would it also provide information about SIDS.

Dr. Slaymaker said he saw the purpose of this organization as allowing support to families, providing educational services to the community at large, to those who respond to these emergencies such as law enforcement, EMTs, physicians in the communities and the public in general. He thinks that increasing awareness should be the goal.

Secretary of the Department of Health and Environment, Gary Mitchell, testified before the Committee in regard to Preventative Health and Health Services Block Grant and Maternal and Child Health Services Block Grant. (Attachment 4).

Senator Kerr announced that the hearings on the Block Grant Programs Administered by the Department of Health and Environment were now closed.

It was moved by Senator Salisbury and seconded by Senator Gilstrap that the minutes of the March 19 and 20, 1998 be approved. The motion carried on a voice vote.

Alan Conroy, Legislative Research Department, referred to a handout that gave the status of where the budget is currently as approved by the Legislature on first adjournment. He pointed out the \$300 million increase, an 8.5 percent increase, in 1998 over 1997. For FY 1999, the current approved budget is \$4.18 billion, an increase of 8.9 percent. (Attachment 5).

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Mr. Conroy also explained the State General Fund Profile that reflects the expenditures as approved by the Legislature on first adjournment. These figures reflect revisions made. (Attachment 6).

Carolyn Rampey, Legislative Research Department, explained to the Committee the findings of the Budget Division and the Education and Research Departments met to look at the estimates of what the Senate Ways and Means Committee had arrived at that it would take to fully fund school finances this year and next year. The last time this was done was last November and what they have now found is that they had overestimated what it would take. The reason for this is lower enrollment plus property and vehicle taxes that came into the school districts which were greater than expected.

A memorandum titled "Items for Omnibus Consideration" by the Kansas Legislative Research Department was distributed to Committee members. Fiscal analysts reviewed items by agency as illustrated in (Attachment 6). Copies of the Governor's Budget Amendment (GBA) (Attachment 7) dated April 23, 1998 were also distributed to members. Both of these documents were used as a basis for writing the Omnibus Appropriations Bill and are reprinted in their entirety in the context of these minutes. Committee discussion and decisions are denoted in italics following each item.

ITEMS FOR OMNIBUS CONSIDERATION

State Department of Education

A. Revisions to School Finance, KPERS-School, School District Capital Improvements, and the State School District Finance Fund (Deferred to Omnibus). Staff from the Legislative Research Department, the State Department of Education, and the Division of the Budget met April 17 to review school finance estimates for FY 1998 and FY 1999. Revisions were made to several state aid programs.

General and Supplemental General State Aid. Primarily because enrollments did not increase as much as had been expected and because property and motor vehicle taxes were greater than expected, estimates for general and supplemental general state in both FY 1998 and FY 1999 have been revised downward by a total of almost \$18.7 million for both years combined. (The revisions take into account the substantive changes to school finance adopted by the Legislature in H.B. 2249.) The table below shows the revisions. (Numbers are in thousands.)

	Previous Est. FY 1998	Revised Est. FY 1998	Savings	Approp. for FY 1999 in S.B. 495	Revised Est. FY 1999	Savings	Two-Year Savings Combined
General							
State Aid	\$1,512,897	\$1,504,398	\$8,499	\$1,721,145	\$1,710,549	\$10,596	\$19,095
Supplemental							
General							
State Aid	51,265	50,390	875	57,877	59,161	(1,284)	(409)
TOTAL	\$1,564,162	\$1,554,788	\$9,374	\$1,779,022	\$1,769,710	\$9,312	\$18,686

Note: The savings shown for FY 1998 are in addition to savings previously identified that total \$26.0 million. In all, savings in FY 1998 from the amount approved by the 1997 Legislature total \$35.4 million.

The policy contained in S.B. 495 regarding the State Department's budget is to reappropriate savings from FY 1998 to FY 1999 in order to reduce the amount of new money needed. If that policy were to be continued, the appropriation for general state aid in FY 1999 could be reduced by about \$19.1 million (almost \$8.5 million in savings reappropriated, plus a reduction of \$10.6 million in estimated expenditures.) To fully fund the estimate, the appropriation for supplemental general state aid would have to be increased by \$409,000. (Supplemental general state aid has to be adjusted upward to reflect the higher Base State Aid Per Pupil amount approved by the Legislature.) The net

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change to general and supplemental general state aid in FY 1999 would be a reduction of \$18.7 million.

KPERS-School. The revised estimate for KPERS-School in the current year is \$76,509,098, a reduction of \$403,635 from the prior estimate. The revised estimate for FY 1999 is \$84,561,389, an increase of \$610,932 over the amount currently approved. The State Department requests that the Legislature continue the policy it began last year and reappropriate the FY 1998 savings of \$403,635 to help finance FY 1999 and appropriate an additional \$207,297 in FY 1999 to fully fund the estimate.

The Committee concurred with this item.

School District Capital Improvements. No change has been made to the estimate of \$19.0 million in FY 1998 for school district capital improvements, but the estimate for FY 1999 has been increased from \$21.5 million to \$22.0 million. No legislative action is necessary because the amount is a demand transfer with a "no limit" expenditure limitation.

The Committee concurred with this item.

State School District Finance Fund. The reduction in the school district property tax rate to 20 mills affects expenditures from the State School District Finance Fund, which consists primarily of local effort remittance. For FY 1998, the estimate of expenditures has been reduced from \$31.0 million to \$28.5 million. For FY 1999, estimated expenditures have been reduced from \$29.0 million to \$17.0 million.

The Committee concurred with this item.

B. Juvenile Detention Facilities--FY 1998 and FY 1999 (Deferred to Omnibus). The Senate Subcommittee on the State Department's budget said it might consider additional funding for juvenile detention facilities grants for FY 1998 and FY 1999 when it was known whether the Governor would submit an amendment to his budget, as requested by the State Department on March 19. Because the Governor has not added additional funding, the State Department renews its request for an additional \$219,046 in FY 1998 and \$715,732 in FY 1999. The Governor's recommendation of \$2,712,248 in both FY 1998 and in FY 1999 is based on 440 students receiving services. However, based on reports filed in December, 1997, the State Department now estimates that 454 students will receive services in FY 1998 and 485 in FY 1999.

The program provides grants to school districts that provide educational services to pupils who are confined in juvenile detention facilities or who reside at the Flint Hills Job Corp Center. Payments are based on the lesser of the actual cost of the service or two times the base state aid per pupil amount. If the program is not fully funded, payments would be prorated.

The Committee concurred with the Governor's Budget Amendment of \$259,419 for FY 1999, Item 38.

C. Special Education (Deferred to Omnibus). Both the House and Senate Subcommittees that considered the State Department's budget agreed to review the appropriation for special education at the end of the Session when more information would be available about the receipt of Medicaid reimbursement for special education services provided by school districts to eligible students. In addition, the House Subcommittee called for a review of special education funding with a view toward possibly adding more funding to target school districts with unusual needs.

In both FY 1998 and FY 1999, it is estimated that Medicaid reimbursement will total approximately \$15.8 million. Assuming that the estimate is correct, the appropriation for special education is expected to fund 86.5 percent of excess costs in FY 1998 and 85.5 percent in FY 1999.

According to the State Department, payments received thus far in FY 1998 lead it to believe that the full amount of the estimated reimbursement will be realized. The State Department is less willing to affirm that the estimate will be realized in FY 1999, but indicates that it will continue to work with the Department of Social and Rehabilitation Services and special education advocacy groups to ensure that the state receives as much reimbursement as possible.

It was moved by Senator Salmans and seconded by Senator Feleciano that the issue of the impact of hospital closings upon Special Education costs and the search for appropriate remedies be given to the Joint Committees on SRS Transition Oversight. This would include the review of therapeutic medical components. The motion was adopted by a voice vote.

D. Community College Funding (Deferred to Omnibus). The Senate Subcommittee that reviewed the State Department's budget recommended that the Legislature consider adding an additional \$515,038 for community college credit hour aid in FY 1999 in order to increase community

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college funding by 4.9 percent over FY 1998. That increase is the percentage increase recommended by the Governor for the Regents universities, Medical Center, and Board Office combined, excluding funding for technology. The Subcommittee's intention was to bring community colleges to the same level of increase as the Regents institutions.

Taking into account both the Legislature's adjustments to the Governor's recommendations and funding for technology, funding for the Regents institutions combined would increase by 5.9 percent over FY 1998, by 7.2 percent for Washburn University, by 5.8 percent for the technical colleges and area vocational schools, and by 4.0 percent for community colleges. It would take an additional \$1,090,842 for community colleges to equal the percentage increase for the Regents institutions and Board Office combined. (Calculations take into account technology equipment grants for community colleges and Washburn University; technology innovation grants for community colleges, area vocational schools, and technical colleges; and funding for area vocational schools and technical colleges from the Economic Development Initiatives Fund.)

The House Subcommittee also recommended that funding for community colleges be addressed in the Omnibus Bill. Specifically, the House Subcommittee recommended that the following items be addressed for FY 1999:

1. \$3.0 million to fund approved vocational education courses at the 14 community colleges that are not designated area vocational schools at two times the rate for academic courses;
2. \$1,525,000 to eliminate the 64/72 hour limit on academic courses for purposes of out-district state aid;
3. continuation of the present policy not to charge out-district tuition for community college courses offered at Fort Hays State University and Wichita State University that are offered pursuant to an agreement between the university and the community college; and
4. additional funding to help equalize funding increases among postsecondary institutions.

Regarding items 2 and 3, there is a House bill in the Senate Ways and Means Committee (HB 2748) that both removes the 64/72 hour limit on academic courses for purposes of out-district state aid and continues the policy that waives out-district tuition charges for community college courses offered at Fort Hays State University and Wichita State University. That policy will expire June 30, 1998, unless continued by the Legislature.

It was moved by Senator Feleciano and seconded by Senator Petty that the \$1,090,842 be added for community colleges to equal the percentage increase for the Regents institutions and Board Office combined. The motion was adopted by a voice vote.

E. Customized Training Programs (Deferred to Omnibus). The House Subcommittee that reviewed the State Department's budget held hearings on customized training courses offered for credit and state aid reimbursement by community colleges, technical colleges, and area vocational schools. Concerned that some customized training going on in the state using company facilities, equipment, and employees to teach the courses is no different from what the companies could do on their own, the Subcommittee asked the State Board of Education to respond to the following questions by the end of the Session and, if it wished, to provide the Subcommittee with any other comments or recommendations.

1. How does customized training differ from on-the-job-training and what is the rationale for the state paying for such training and for postsecondary education institutions to offer credit for such courses?
2. Is the current approval process for customized training programs adequate to ensure that approved courses meet high standards of quality and that the process is appropriate for the types of courses and programs being reviewed?

Information prepared by the State Department will be given to Legislators during the Omnibus Session.

No action was taken by the Committee on this item.

F. Concurrent Enrollments (Deferred to Omnibus). The House Subcommittee asked the State Board of Education to contact community colleges to obtain information about the number of credit hours generated by high school students who are concurrently enrolled at community colleges.

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The Subcommittee requested the information by the end of the Session so that it could consider additional recommendations after it has time to review material provided by the State Board.

Information prepared by the State Department will be given to Legislators during the Omnibus Session.

No action was taken by the Committee on this item.

G. Proposed Truancy Project (Deferred to Omnibus). The House Subcommittee asked the coordinators of a proposed project in Wichita to combat truancy to provide more detailed information about the project for the Subcommittee's review during the Omnibus Session. The information was to include performance measures, a description of the project, and how the project would be funded. The project involves the Wichita school district and other public and private entities, including the district attorney's office, Communities in Schools, Wichita State University, and the Department of Social and Rehabilitation Services.

No action was taken by the Committee on this item.

H. Additional Funding for Inservice Education (Deferred to Omnibus). The Senate Subcommittee concurred with the Governor's recommendation of \$3.0 million for inservice education, but added the program to the list of items to consider later in the Session when updated revenue estimates were available. In the meantime, a proviso contained in SB 495 which contains the State Department's funding for FY 1999 authorizes the transfer of savings in the general state aid program of up to \$1.0 million for approved inservice education programs. Were that amount to be transferred, a total of \$4.0 million would be available for inservice education in FY 1999, which would fund a little over 30 percent of local program costs. (The cap for state funding is 50 percent.)

No action was taken by the Committee on this item.

I. Communities in Schools (Deferred to Omnibus). The Senate Subcommittee concurred with the Governor's recommendation of \$50,000 for FY 1999 from the Family and Children Investment Fund for Communities in Schools, but agreed to consider additional funding for the program in the Omnibus Bill when it was known whether a \$75,000 federal HUD grant could be renewed. Funding for the program has been a combination of state, federal, and private money, with the federal portion consisting of a two-year HUD grant that had to be matched dollar for dollar (\$50,000 from the state and \$25,000 from private sources). The federal grant ends in FY 1998 and cannot be renewed for FY 1999.

No action was taken by the Committee on this item.

J. S.B. 298 (Conference). S.B. 298 originally concerned issuance by the State Board of Education of teaching certificates or certificate renewals to persons who have been convicted of a felony drug offense, most other felony offenses, some misdemeanor crimes involving children, or who have entered into a diversion agreement regarding these offenses. The bill has been amended to include portions of S.B. 571, which would require administrators to inform educators if they have information about certain dangerous behavior of students, and portions of S.B. 444, which concerns proprietary schools.

The provisions of S.B. 298 that have a fiscal impact on the State Department involve the issuance of teaching certificates and proprietary schools. With regard to teaching certificates, the bill would require district attorneys to report to the State Board the name, address, and social security number of any person who has been determined to have committed an offense or to have entered into a diversion agreement in connection with a charge for an offense addressed by the bill. The additional duty imposed on the State Department would be to update and process the data received from the county and district attorneys across the state to check against applications for teaching certificates or renewals. Because of this, the State Department says it may have to add 1.0 FTE new Secretary I position in FY 1999 at a cost of \$25,021.

Regarding proprietary schools, the bill would increase certain fees, including the fees for the initial issuance of a certificate of approval and for a renewal of approval. The changes in the bill were initiated by the State Board and the Kansas Advisory Commission on Proprietary Schools, whose members, according to testimony before committees, want the State Department to monitor the schools more closely to ensure quality and to work with schools that may be having trouble in order to help avert problems that could cause a school to close. The State Department says the additional duties imposed would require it to increase from half-time to full-time the portion of an Education Program Consultant's time that is allocated to proprietary schools, at a cost of \$30,234 in FY 1999.

In both cases, the cost of the positions would be borne by fees--teacher certificate fees in one case and proprietary school fees in the other. Both of the fee funds involved have a "no limit"

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expenditure limitation, so no legislative action is necessary to allow the State Department to spend the money. Likewise, the State Department has no position limitation, which gives it the flexibility to add positions within available resources. But because the State Department always has sought and received permission from the Legislature to add new positions, it is requesting permission to add 1.0 FTE new position for the teacher certification division and 0.5 FTE new position for the proprietary schools division. It also notes that, if duties related to the issuance of teaching certificates do not increase as much as expected, the position requested would be part-time or would not be added at all.

Committee members concurred with this item with the exception of hiring FTEs.

K. H.B. 2837 (Conference). H.B. 2837 originally defined the term "boarding schools" but now has been amended to include S.B. 591, which concerns special education. The special education portions of the bill would bring Kansas into conformity with the recently amended federal Individuals with Disabilities Education Act (IDEA). The bill assures state compliance with federal law and provides for an appropriate public education for exceptional children. Under IDEA, Kansas was awarded \$33.2 million in federal funding for the 1997-98 school year.

The special education provisions of H.B. 2837 generally would require the State Board of Education by July, 1998, to include children with disabilities in statewide assessment programs, with appropriate accommodations, when necessary. For those children who, even with accommodations, could not participate in the regular assessment program, the State Board would have to develop alternative assessments by July, 2000. In addition, the State Board would have to report to the public the number of children with disabilities participating in regular assessments and the number participating in alternative assessments. The student's performance on these assessments would have to be reported if the data were statistically sound and would not result in the disclosure of performance results identifiable to individual children.

The University of Kansas, which is under contract to develop and administer the regular state assessment program, estimates that it would cost \$225,000 from the State General Fund to develop, pilot test, and administer the alternate assessments in FY 1999.

Committee members recommended the addition of \$200,000 (SGF) to develop, pilot test and administer the alternate assessments in FY 1999.

L. S.B. 510 (Conference). S.B. 510 concerns the residence of students for fee purposes at the Regents institutions, but has been amended to include H.B. 2770, which would provide for credit hour state aid and out-district state aid to Haskell Indian Nations University. Under the bill, Haskell would receive credit hour aid for freshman and sophomore-level courses in the same amount per hour as received by community colleges (\$31.26 in FY 1999 under the Governor's recommendation). It also would receive \$24 per hour (the same rate as community colleges) for courses taken by Kansas residents who live outside Douglas County. No credit hour aid or out-district state aid could be reimbursed for any course offered outside Douglas County unless the course were approved by the State Board of Education.

The State Department estimates the impact of the legislation in FY 1999 to be \$91,707 (State General Fund), which consists of \$76,587 for credit hour aid and \$15,120 for out-district state aid.

The Committee did not recommend funding.

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*****U.S.D. #207--Fort Leavenworth.** U.S.D. #207, Ft. Leavenworth, received a check from the U.S. Dept. of Education in FY 1995 in the amount of \$1,310,760. These funds were coded on the federal payment voucher as Section b which is a regular Public Law 874 payment. The school district deposited the money in its GF as required by Kansas law. In turn, this money became a deduction in the computation of state aid which, in effect, reduced the district's state aid by an equal amount.

In April, 1997, the school district was notified by the U.S. Dept. of Education that the payment voucher was coded incorrectly and the \$1,310,760 was Section f money which is a special payment for unusual circumstances that was to be deposited in the school district's capital outlay fund.

School officials have tried unsuccessfully to get the U.S. Dept. of Education to correct the error. The school district would appreciate receiving the \$1,310,760 which was deducted in the computation of state aid due to an error by the U.S. Dept of Education and to deposit this money in the capital outlay fund in which the original Section f payment would have been deposited. U.S.D. #207 does not have authority to issue bonds and any special payment under Section f are used exclusively for capital outlay projects.

Due to unanticipated back (P.L. 874) payments as well as current year payments, U.S.D. #207 will be refunding to the state approximately \$1,000,000 in June, 1998.

Committee members recommended the payment of \$1,310,760 to U.S.D. #207.

State Corporation Commission

A. Legislative Post Audit of the Conservation Division (Deferred to Omnibus). The House Subcommittee that reviewed the budget of the State Corporation Commission completed its work before the performance audit of the conservation division of the Corporation Commission was completed in February, 1998. It was the Subcommittee's intention to review the audit when it became available and propose any recommendations it cared to make for consideration in the Omnibus Bill.

The Committee did not concur with this item.

B. Additional Funding for Well Plugging (Deferred to Omnibus). The Senate Subcommittee that reviewed the Corporation Commission's budget put on the list of things to consider later in the Session increased funding for well plugging. The Commission is spending about \$1.7 million a year on well plugging activities, of which \$500,000 is from the Conservation Fee Fund and the remainder is from the Abandoned Oil and Gas Well Fund, a new fund created in 1997 that will be available until FY 2002. (Receipts to the Fund consist of annual \$400,000 transfers from the State General Fund, the State Water Plan Fund, and the Conservation Fee Fund, in addition to about \$400,000 that represents half of the money Kansas receives from the federal government in mineral royalties.)

The Commission estimates it will take until at least the year 2008 to plug the Priority I wells (those that pose the most serious threat to public health and the environment). The Subcommittee is concerned that Priority I wells are not being plugged quickly enough, particularly in the western part of the state, and believes additional funding may be necessary to enable the Commission to move more quickly. The Subcommittee asked the Commission to submit a plan outlining how it would intensify its well plugging efforts in terms of additional money needed and the availability of agency staff and independent contractors to oversee and perform well plugging operations. (A response from the Commission will be made available to legislators during the Omnibus Session.)

The Committee did not concur with this item.

C. House Sub. for S.B. 212 (to Governor). House Sub. for S.B. 212 amends the Kansas Telecommunications Act of 1996 (Kansas Act) by reducing the size of the Kansas Universal Service Fund (KUSF); reducing KUSF assessments for contributions by wireless providers; clarifying the Corporation Commission's authority to implement the Act as it relates to Internet access; delaying the implementation of enhanced universal services until July 1, 2003; and giving the Commission new authority with regard to the implementation of enhanced universal services. The bill also establishes the KUSF working committee, which is to report its recommendations to the 1999 Legislature, and amends the Kansas Consumer Protection Act to prohibit "slamming." The latter amendment affects the Office of the Attorney General and is discussed in that agency's section of the memorandum.

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The portion of the bill that has a fiscal impact on the State Corporation Commission relates to the deployment of enhanced universal services. Under the 1996 Act, local exchange carriers were required to file plans with the Corporation Commission on how they intend to deploy the infrastructure to support universal service and enhanced universal service. Amendments to the Act contained in House Sub. for S.B. 212 expand the Commission's authority in this area by establishing a process by which deployment of enhanced universal services will be conditioned upon the completion by a local telephone company of a deployment plan which is subject to the Commission's approval or rejection. If the Commission takes no action on the plan within 90 days, the plan will be considered approved. The approval process will continue until July 1, 2000.

According to the Commission, it will have to develop an administrative process that provides for filing, review, and making a decision on each deployment plan so that the Commission can determine if the plan is necessary, appropriate, cost effective, and whether it would place an unreasonable or excessive demand on the KUSF. To do this, the Commission requests 1.0 FTE position in FY 1999 for the utilities division at a total cost of \$66,665 (\$55,800 for salary and fringe benefits and \$10,865 for associated costs). The position would be for a Senior Telecommunications Analyst with an emphasis in engineering and telecommunications technology. Although the process for approving deployment plans would end by July 1, 2000, the Commission believes the position would be ongoing, in part because it is expected that the working committee will recommend changes to the law to reflect new regulatory strategies to accommodate change in technology and to respond to greater competition.

The Committee did not recommend funding for this item.

Attorney General

A. Tobacco Litigation (Deferred to Omnibus). The House position with regard to litigation against tobacco companies was to require the Attorney General to terminate the contract with both local and national counsel representing Kansas and to make no payments in connection with the contracts in either FY 1998 or FY 1999. As an alternative, the Conference Committee on S.B. 495 considered asking the Attorney General to renegotiate the contract to limit the amount the law firms could receive to a percent of the recovery and a dollar amount that were tied to the amount of money recovered by the state. The total amount the law firms could receive was to be capped at \$20.0 million. The Conference Committee finally adopted the original House position, but agreed to reconsider the issue in the Omnibus Bill.

Information is available from the State Tobacco Information Center about contracts for legal services in 16 of the 39 states and Puerto Rico that are party to the tobacco settlement. In Mississippi, Louisiana, and Iowa, attorneys fees will be determined by the court. In nine states, including Kansas, the contract identifies a specific percentage of the settlement that will be paid to attorneys. The states are Illinois (10 percent); Indiana (10 to 15 percent); Texas and Washington (15 percent); Arizona (18 percent); and Kansas, Minnesota, Florida, Massachusetts, and Maryland (25 percent). One state (West Virginia) has obtained legal counsel *pro bono*. Attorneys general in two states (California and Georgia) are using their own staffs. According to James E. Tierney, former Attorney General of Maine who is serving as a resource to attorneys general and the public on tobacco litigation matters, there seems to be a trend for the states that have filed litigation recently to have negotiated better deals with the law firms representing them, in the sense that the percentage of recoveries for attorneys fees tends to be lower than for the states that entered the litigation early. Mr. Tierney speculates the reason for this is that the early states did much of the groundwork in the cases and the attorneys for the late-entry states have less work to do. (Kansas filed June 6, 1996, becoming the 11th state to file. Twenty-three states waited until 1997 to file.)

If the Legislature is interested in changing the way Kansas is being represented in the tobacco litigation, several alternatives are listed below:

1. Conduct the litigation in-house and hire additional staff for the Office of the Attorney General. Two states (California and Georgia) are known to be handling tobacco litigation in house. It is reported that the tobacco unit in the California Attorney General's Office is comprised of 50 attorneys and 50 paralegals. To varying degrees, even those states that have hired outside counsel are also committing in their attorney general's office to the litigation. The Florida Attorney General, who has a staff of 338 assistant and deputy attorneys general, has involved regular employees on a full-time basis in tobacco litigation, in addition to contracting with outside law firms. In Washington State, seven state employees are involved in the litigation, in addition to the outside counsel that has been retained. Kansas, with 47 assistant and deputy attorneys general, has two attorneys working part-time on the case. A rough estimate of what it might cost to do the litigation in-house in Kansas has been provided by the Attorney General, who says that, at a minimum, it would take 15 attorneys, 10 paralegals, and 12 support staff (for a total of 37 new positions) for between two and five years. The first-year cost of the tobacco litigation unit,

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including office rent and other operating expenses, plus the cost of experts, would be \$12.5 million. Cumulative costs of the unit could reach \$20.7 million by the fifth year. According to the General, one problem with this alternative would be the difficulty in finding staff with the expertise to do the work for what basically would be a temporary job.

2. Adopt the present position in S.B. 495 and direct the Attorney General to terminate the contracts. If this alternative is selected, most likely the state would be liable for expenses incurred thus far by the attorneys currently under contract. In addition, were Kansas to receive money from an eventual settlement, it is almost certain that the attorneys would claim part of the settlement as their share for the work they did to help Kansas prior to the time their contracts were terminated.
3. Adopt the alternative considered earlier and direct the Attorney General to renegotiate the fee provision in the contract, subject to a limit. As an alternative to a total dollar amount, e.g., \$20.0 million, an amount per hour might be considered. Of the 16 states for which information is available, no state appears to have set a dollar limit on attorneys fees. A bill was introduced in Arizona that would set a cap of \$1.0 million on litigation expenses--\$250,000 for expenses and \$250,000 for each of the three law firms under contract--but the legislation has not received serious attention, according to staff in the Office of the Arizona Attorney General. While no state is known to have set a cap, according to Mr. Tierney, some states have negotiated sliding scales whereby the percentage that a law firm would receive diminishes as the amount of the state's recovery increases.
4. Do nothing and continue with the arrangement the Attorney General presently has with the local and national counsel. In the event that Kansas recovers money, attorneys fees would be paid from the money received from the tobacco industry in an amount that is subject to a combined limit of 25 percent for all the law firms involved. The amount of money received by the law firms could be reviewed by the Kansas Supreme Court as to whether the fees are reasonable. Model Rules of Professional Conduct, as adopted by the Kansas Supreme Court, provide, in part, that a lawyer's fee shall be reasonable. Factors taken into account by the Court include the time and labor required, the novelty and difficulty of the questions involved, the skill required to perform the legal service, and the fee customarily charged in the locality for similar legal services. The contract Kansas has with both local and national counsel references the Model Rules of Professional Conduct. The Kansas Legislature itself has seldom enacted legislation that limits fees for legal services. K.S.A. 1997 Supp. 44-536 in the Workers Compensation Act limits attorneys who represent an employee or the employee's dependents to either "a reasonable amount" for services, as determined by the court, or 25 percent of the amount of compensation recovered, whichever is less. K.S.A. 39-719a sets a limit on attorneys fees in cases involving Medicaid recoveries of up to 33.3 percent of the recovery for cases settled prior to trial and up to 40 percent of the recovery in cases that go to trial.

The Committee concurred with the capping version that was drawn up by Assistant Attorney General Campbell.

B. Child Abuse Protection Position (Deferred to Omnibus). The Legislature authorized the addition of an Assistant Attorney General in FY 1999 to assist county and district attorneys in investigating and prosecuting cases of reported child abuse or neglect. However, no funding was added for the position and the Attorney General was asked to report at the end of the Session on how the position could be funded from within available resources.

The Attorney General reports that it is possible the agency could receive a four-year Byrne grant to partially fund the position. The total cost of the position would be \$77,474, of which \$58,105 would be from the Byrne grant and the remainder would be a required 25 percent state match of \$19,369. Because the Attorney General will not know until after the Session ends whether the Byrne grant will be approved, she is asking the Legislature to appropriate \$19,369 from the State General Fund, contingent upon receipt of the federal grant. A second alternative, which is less desirable from the agency's perspective, would be to match the Byrne grant with money from the child abuse component of the Crime Victims Assistance Fund. Using money from the Fund to meet the match would reduce the amount of money available for local programs that provide child protection services. In addition, a proviso would have to be added to enable the agency to use money from the Fund for operating expenditures.

The Committee concurred with the Attorney General's request for SGF matching funds of \$19,000. This amount would be taken from the consumer protection fee fund and put into the SGF to finance this request. These funds would be available contingent upon the Attorney General acquiring funds from the Byrne Grant.

C. H.B. 2789 (Law). H.B. 2789 raises certain limits on payments that may be made from the Crime Victims Compensation Fund. For example, compensation for funeral expenses is increased from \$2,000 to \$5,000. In addition, the statute of limitations on award eligibility is increased from one year to two. As a result of the changes in H.B. 2789, it is estimated that expenditures from the Crime Victims Compensation Fund in FY 1999 will increase by \$505,985 (from \$1,856,005 to \$2,361,990).

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No legislative action is necessary as the result of the passage of H.B. 2789 because the Crime Victims Compensation Fund has a "no limit" expenditure limitation and balances in the Fund are adequate to fund the expected increase in expenditures.

The Committee did not concur with this item.

D. H.C.R. 5030 (Adopted by the Legislature). H.C.R. 5030 requires the Attorney General to file and prosecute an action against the State of Nebraska to enforce the provisions of the Republican River Compact. The Attorney General intends to file suit before the U.S. Supreme Court in mid-May. The 1997 Legislature appropriated \$200,000 to be used in FY 1998 in connection with the litigation. For FY 1999, the Attorney General requests \$980,000 from the State General Fund, most of which will be used for fees and expenses of the Special Master appointed by the Court and for counsel and experts retained by the state. The Attorney General warns that litigation against Nebraska will be lengthy and expensive and estimates that ongoing costs in the year 2000 will be in the range of \$1.25 million.

The Committee concurred with the Attorney General's request of \$980,000 from the SGF.

E. House Sub. for S.B. 212 (to Governor). House Sub. for S.B. 212 amends the Kansas Telecommunications Act of 1996 (Kansas Act) and the Kansas Consumer Protection Act to prohibit "slamming"--the practice of a telephone company to switch a consumer's long distance or local telephone company without obtaining the consumer's express authorization. It is the latter feature of the bill that affects the Office of the Attorney General because the Attorney General would be authorized to investigate and enforce telecommunication slamming complaints. (Other provisions of the bill are discussed in the section of the memorandum that deals with the Corporation Commission.)

Based on information provided by the Corporation Commission, the Attorney General believes the office could receive up to 900 complaints a year. According to the General, the new complaints would be added to an already-heavy workload in the consumer protection division and under ordinary circumstances would require the addition of a new position. However, the addition of permanent staff is a problem, given a lack of space in the existing facilities. It would be the General's intention to use unclassified temporary employees, as necessary, whose salaries would be paid from funds recouped from the successful prosecution of consumer protection violations and to report to the Legislature at a later date on plans to make these employees permanent in the future.

The Committee did not concur with this item.

State Board of Indigents' Defense

A. "Parity" Increases for Unclassified Attorneys (Deferred to Omnibus). The issue of parity increases for unclassified attorneys already has been addressed by the Legislature, which added \$80,000 for the increases in FY 1999. However, the full amount requested by the Board was \$160,297 and the Senate Subcommittee that reviewed the Board's budget early this year added parity increases to the list of items that would be considered at the end of the Session. The \$160,297 requested by the Board is the first year of a three-year plan totaling \$400,743. The issue involved is that unclassified attorneys were not part of a salary upgrade of classified attorneys that occurred in FY 1995 and, consequently, their salaries lag behind the salaries of other attorneys in state government.

The Committee concurred with this item noting that the Legislature had also approved of this expenditure in agreement with the GBA. Item 4.

Judicial Branch

A. S.B. 482 (to Governor). S.B. 482 would amend the criminal procedure statutes by expanding the law to permit the expungement of arrest records, diversion agreements, and proceedings resulting in diversion agreements. "Expungement" would be defined to mean that records would be sealed except to the petitioner and criminal justice agencies. The provisions would apply to arrest and diversion records involving violations of city ordinances and state laws and would have an impact on the workload at the municipal and district court levels. The list of crimes for which there can be no expungement for adults or juvenile offenders would be expanded to include capital murder, murder in the first degree, murder in the second degree, voluntary manslaughter, involuntary manslaughter, and involuntary manslaughter under the influence of alcohol or drugs.

The Office of Judicial Administration believes the expansion of the expungement statutes to include diversions will significantly increase filings in the court system and notes that there were an estimated 9,000 diversion agreements entered into in FY 1997 alone. Although a request is not made for more positions specifically related to S.B. 482, the Judicial Branch renews its original request for

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new judges in FY 1999, arguing that the enactment of the legislation makes it even more important that more judges be added. The Legislature has approved the addition of the three District Court Judge positions requested, as well as three of the nine District Magistrate Judge positions requested. The remaining six District Magistrate Judge positions would total \$326,652 (\$54,442 each for salary and fringe benefits), all from the State General Fund.

The Committee did not concur with this item.

B. H.B. 2233 (Conference). H.B. 2233 would amend the Criminal Procedure Code to allow cities and counties to charge a booking and processing fee when fingerprinting is required. The fees would be credited to the general fund of the city or county that funds the law enforcement agency that obtains the fingerprints. According to the Office of Judicial Administration, temporary clerks at the district court level would have to be added to handle the fees collected as the result of district court cases. These temporary clerks would be state employees whose salaries would total an estimated \$35,495 (State General Fund) in FY 1999.

The Committee did not concur with this item. It was decided that the hiring practices of this agency would be tracked for one year.

Department of Corrections

A. Reception and Diagnostic Unit. The Conference Committee recommended deleting \$412,370 SGF from the FY 1998 capital improvements appropriations bill for planning a new 256-bed reception and diagnostic unit. The House had initially recommended the planning funds, but requested that they review the agency determination of where to locate the unit and possible funding options. The Senate deleted all funding pending a review at Omnibus. S.B. 495 contains no planning funds.

The agency proposes to construct two 128-bed housing units and an evaluation building to serve as a new reception and diagnostic unit for the evaluation of male inmates transferred from county jails to the state correctional system. The current reception and diagnostic unit is located at Topeka Correctional Facility, which the agency believes is inadequate for its designated purpose and is reported to contain fire safety problems. Planning for the project in FY 1998 are requested at \$500,000 (\$412,370 SGF and \$87,630 from the Correctional Institutions Building Fund) and \$17,139,478 in FY 2000 for a total project expenditure of \$17,639,478. Estimated project cost per gross square foot is \$199 and construction cost is \$68,904 per bed.

The Governor had initially recommended the project for the El Dorado Correctional Facility, but the Secretary of Corrections has testified that the agency is reviewing the possibility of constructing the new unit at the Topeka Correctional Facility. The agency has yet to make a determination of the new facility location.

Additionally, federal crime bill funds (Violent Offender Incarceration and Truth-in-Sentencing Grants) which currently total approximately \$5.6 million, are available for possible use if the project were to expand bed space in some manner. This year's federal funding is the second of a five-year program, and funds of approximately \$5 million should be available for each of the remaining three years. Last session, these funds were used to construct the new 200-bed unit at Norton (\$5,057,152).

The Joint Committee on State Building Construction reviewed the item on April 22, 1998, and recommended the appropriation of planning funds.

It was moved by Senator Salisbury that \$412,270 SGF be spent for the construction of a new Reception and Diagnostic Unit. The motion died for lack of a second.

It was moved by Senator Morris that the funding be taken out of Federal Crime Money with the proviso that in the future, the legislature will be allowed to expand regular bed space. The motion died for lack of a second.

The Committee did not concur on this item.

B. Alternative Punishments Funding. The House Subcommittee requested a review of potential savings options, from which funds could be redirected to alternative punishment options. The subcommittee identified specific funds, most within the agency's budget, which are available for use to provide less costly, potentially recidivism-reducing options for non-violent offenders who might be diverted from more costly prison beds. The subcommittee intends to review these funds for possible redirection to community corrections programs:

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FY 1998

Labette Operating Cost Savings	\$110,000
Unspent Community Corrections Grant Funds	200,678
Facility Operations Savings	100,000

FY 1999

New Inmate Postage and Supply Program	150,000
	\$ 560,678*

* S.B. 495 included the reappropriation and spending of \$100,000 from facility savings and \$115,000 from the postage and supply savings for community sex offender treatment and 1.0 FTE parole officer. The remaining funds identified total \$345,678.

The House Subcommittee requested a review and possible redirection of these funds to community corrections' programs to address the growing prison population, particularly non-violent offenders and parole condition violators who comprise up to 155 new admissions per month (36 percent of the total).

The Committee did not concur with this item.

C. Review Female Boot Camp Project. The House Subcommittee requested a review of the status of the agency's issuance of a request for proposal for the construction and operation of a 30-bed boot camp for female offenders. Bids were closed on March 16, 1998, and if the agency rejects the one-bid submitted, it has expressed the intention to request additional funding to operate the camp. Federal crime bill funds are available to cover 50 percent of construction costs (less a 10 percent match). If a private vendor were selected to operate the unit, 50 percent of the operating costs (less a 10 percent match) can be paid with federal crime bill funds. If the agency constructs and operates the 30-bed unit, they project construction costs of \$655,000 at Topeka Correctional Facility and annual operating costs of \$600,000, as well as the addition of 10.0 FTE.

Senator Petty moved and Senator Downey seconded to approve funding of \$350,000 (SGF) to match Federal money in the amount of \$281,000 for construction of a female boot camp in Topeka.

Stuart Little of the Legislative Research Department pointed out that the motion to put the camp in Topeka might have an impact on the Department's negotiations with a private vendor. Since it is unspecified at this point, where they would want to place the unit, if a private vendor is chosen to construct and operate the unit, where it's put is up to Departmental negotiations. If the Department constructs and operates the unit, it will be in Topeka.

Senator Petty withdrew her motion.

The Committee concurred with the Governor's Budget Amendment, (Item 56), of \$655,000 with the proviso that one-year will be provided for, making the full amount \$737,000.

D. Private Industry Proviso. The House Subcommittee heard testimony from the agency that a consortium of private businesses in Wichita related to the aviation industry were interested in establishing a prison work/vocational education project for inmates within a correctional facility. The agency requested that the issue be reviewed to determine if any provisos were needed to carry out any negotiated agreements with private employers.

The Committee did not concur with this item.

E. Review Disposition of the Former Topeka State Hospital Property. The House Subcommittee wished to review any possible disposition plans for former Topeka State Hospital property due to the continued presence of 111 minimum-custody male offenders on the grounds.

The Committee did not concur with this item.

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Larned Correctional Mental Health Facility

A. Resolution of Sex Predator Unit. The House Subcommittee requested that the Department of Social and Rehabilitation Services and the Department of Corrections review methods to address the expansion of the sexual predator population located in one 30-bed wing of the facility. A Senate Subcommittee reviewing the situation has received plans from the affected agencies to implement short-term and long-term resolutions to the situation. As proposed, the short-term plan would move the sexual predators to the Dillon building at the hospital from October 1998 to October 2000 with \$594,217 capital improvements costs and \$769,343 in operating costs (\$1,363,560 total) and including 25.0 FTE over the Governor's recommendation for the hospital and the sex predator treatment program. The long-range proposal would construct 150 beds at Larned Correctional Mental Health Facility, doubling the size of the facility, and making 120 beds available for sex predators. Projected costs for the new construction are \$10,684,119 (\$740,000 planning funds in FY 1999 and \$9,944,119 in FY 2000), and additional annual operating costs for the facility of \$1,060,000 and 15.0 FTE. As of the preparation date of this memorandum, the agencies proposal has not been acted upon.

The Committee did not concur with this item.

El Dorado Correctional Facility

A. Possible Visitors' Center for El Dorado. The House Subcommittee requested the agency contact Outside Connections, which operates visitors' centers at four other correctional facilities, to determine if the agency could provide some type of services using the ending balance of \$19,908 in FY 1999 from the agency's inmate benefits fund.

The Committee did not concur with this item.

Ombudsman of Corrections

A. Additional Operating Expenditures. The Senate Committee recommended a review of the agency's FY 1998 operating expenditures. The Subcommittee heard testimony from the agency that it may have insufficient funds to continue operations in the current fiscal year due to a previous subcommittee recommendation to visit each correctional facility once every six months. The agency's revised budget in FY 1998 is \$184,105, which includes a supplemental appropriation the Governor recommended of \$2,356 in the current legislative session. The agency has made no specific request for additional funding in the current fiscal year.

The Committee did not concur with this item.

Kansas Public Employees Retirement System (KPERS)

Julian Efird, Legislative Fiscal Analyst referred to a letter received by the Committee from Meredith Williams, Executive Secretary of KPERS. (Attachment 10).

A. House and Senate Subcommittee Recommendation — Adjustment to Investment-Related Expenditure Limitation. Both House and Senate Subcommittees recommended that during Omnibus a review be made of expenditures for fees paid to the firms that manage the System's investments, and that the expenditure limitations in FY 1998 and FY 1999 be adjusted, as required. The approved limitation in the current fiscal year is \$22,212,030 and the amount approved for next fiscal year is \$23,164,887. In a projection made on April 20, 1998, the agency is estimating FY 1998 expenditures of \$22,515,006 and FY 1999 expenditures of \$24,084,723 for investment related expenses. The two requests for increases in approved expenditure limitations are shown in the table below:

	S.B. 495 Approved	Revised Estimate	Difference
FY 1998	\$22,120,030	\$22,515,006	\$394,976
FY 1999	23,164,887	24,084,723	919,836

The Committee concurred with this item.

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B. Senate Ways and Means Subcommittee Recommendation — Request for Governor's Budget Amendment. The Senate Subcommittee suggested waiting to consider this proposal until Omnibus and to await a possible GBA that the agency had requested. This proposed enhancement for agency reengineering, computer programming, and imaging is estimated to cost \$3.0 million, of which \$2.4 million would be in FY 1999 for consultant assistance, computer hardware, imaging system components, and contract programming. Financing would be from the KPERS Fund. A needs analysis was presented to the Joint Committee on Computers and Telecommunications (JCCT) on February 13, 1998. No formal action was taken by the JCCT regarding the KPERS project. The same needs analysis was presented to the Kansas Information Resources Council (KIRC) on March 24, 1998, and the proposal will be discussed again at the KIRC meeting of April 28, 1998. The minutes of the March 24 KIRC meeting indicate that there was significant discussion about this project and that a number of concerns were expressed that are suppose to be addressed at the April 28 KIRC meeting. The KIRC minutes further indicate that KPERS is suppose to return to the next meeting with answers to some of the questions raised by the KIRC, and that KPERS also was suppose to prepare answers to the KIRC's concerns about this project and forward them to the JCCT.

The Committee concurred with this item.

C. S.B. 382 (Law). This legislation is intended to bring KPERS into federal compliance with the Internal Revenue Service and other federal regulations that govern public pension plans. Administrative costs to implement this bill are estimated by KPERS staff at \$78,000 all funds in FY 1999 to pay for contract programming and reprogramming of the System's computer software in order to conform with the new provisions in S.B. 382.

The Committee concurred with this item.

D. S.B. 11, S.B. 618, H.B. 2149 (Conference Committee). Financing of \$28,342,761 from the State General Fund in FY 1999 was included in 1998 S.B. 495 in order to pay a portion of a cost-of-living adjustment (COLA) for KPERS retirees and beneficiaries. None of the bills that would implement a COLA provision has passed the 1998 Legislature, and all three bills that have COLA provisions remain in conference.

A conference committee report on S.B. 11, that was rejected by the House, would have provided for a 3.0 percent ad hoc COLA to those retired prior to July 1, 1993. The financing in S.B. 495 was intended to help fund a portion of this 3.0 percent plan by prepaying the state's actuarial liability of the KPERS School, KP&F State, TIAA, and Judges plans. The other two bills have different COLA provisions and would require other financing plans.

The Senate plan for a 2.0 percent ad hoc COLA would require an FY 1999 State General Fund appropriation of \$18,895,173. Funding for that COLA is included in Senate Sub. for H.B. 2149 (conference committee). Additional employer contributions would begin in FY 2000.

The House plan for an automatic COLA, linked to two-thirds of CPI and capped at no more than 2.0 percent, had no financing included in FY 1999 by House Sub. for S.B. 618 (conference committee). However, based on the current version of the bill, increased employer and employee payments would begin in FY 1999. There is a five-year phased schedule for raising contributions that runs until 2003, and after that date, the enhanced contributions continue until 2033 in order to finance this plan. The estimated FY 1999 State General Fund allocation would be \$22.8 million, with an additional \$3.7 million from other state funds, \$22.0 million from local funds in CY 1999, and \$8.3 million from increased employee contributions. For the state, these amounts would need to be built into the agency budgets in order to collect the non-State General Fund amounts. The KPERS actuary would calculate the appropriate percent of payroll that would be assessed each employer, and the enhanced contributions would begin July 1, 1998, under provisions of House Sub. for S.B. 618. No specific appropriations during the 1998 Omnibus period would be necessary, but revised budget requests could be expected by the 1999 Legislature in order to finance the increased contributions in FY 1999 that would result from passage of House Sub. for S.B. 618. (Staff Note: An additional cost not reflected in the original fiscal note for an automatic COLA is the cost of including disabled members under S.B. 618 provisions. The KPERS actuary is developing an estimate of actuarial liability for this group.)

The Committee did not concur with this item.

The Committee concurred with the Governor's budget amendment to provide \$95,853 from the KPERS Fund in FY 1999 for expenses related to relocation of the KPERS offices. Item 7.

Kansas Department of Transportation

A. Technical Adjustment. A posting error in S.B. 495 resulted in the wrong adjustment for the recommended reduction that should have totaled \$251,738 in FY 1998. The amount posted was off by \$300. The corrected expenditure limitation would be \$194,307,225 for agency operations in

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order to reflect the Governor's recommended salary reductions due to retirements that were approved during the 1998 Legislature.

The Committee concurred with the technical adjustment of \$300 due to a posting error.

The Committee concurred with the Governor's budget amendment to shift utility connection costs from operating expenditures to capital improvements within the Department. This will mean an increase of expenditure limitations from FY 98 by \$231,370 and FY 99 by \$75,000 with an appropriate reduction for agency operation. There will be no net change in the agency's expenditure authority, it's simply reallocation from one line to another line increasing that expenditure limitation. Item 75.

The Committee concurred with the Governor's budget amendment to include \$970,000 from the State Highway Fund for relocation of the Ft. Scott subarea shop, including \$20,000 for the purchase of new land. Item 76.

Department of Health and Environment

A. Technical Amendment. The Legislature placed limitations on all funds for the Department of Health and Environment. Further, the Legislature wanted the Department to have the ability to accept and expend additional special revenue funds, should they be offered or be made available, as long as notice is sent to the Legislative Coordinating Council prior to accepting the additional funds. Additional technical language needs to be added in order to fully accomplish this task.

The Committee concurred with this item.

B. Clarification. The Legislature placed limitations on all funds, that were "no-limit funds" in the Governor's budget. This same practice has been followed in past years. However, in reviewing past appropriation bills there are approximately 14 funds that remained no-limit under that practice. Those funds are the following: DUI Equipment Fund, Breast Cervical Cancer, Health and Environment Training Fee Fund, Food Service Inspection Reimbursement Fund, Health and Environment Publication Fee Fund, District Coroners Fund, Adult Care Licensing Revolving Fund, Venereal Disease Control Project Fund, Immunization Grant Funds, Aids Drug Reimbursement Program Fund, Public Water Supply Loan Fund, Kansas Water Pollution Control Revolving Fund, and Cost Issuance Fund KWPCRF. Those same funds currently have appropriation limits placed on them. If the Legislature desires to have those funds returned to "no limit" funds, that change needs to be made in the Omnibus bill.

The Committee concurred with the clarification that limitations be placed on all funds.

C. Child Care Licensing and Registration (Senate and House Subcommittee). Both the House and Senate Subcommittees recommended reviewing Child Care Licensing and Registration at Omnibus. For FY 1998, the Department will receive a \$1.0 million grant and for FY 1999, a \$1.5 million for Child Care Licensing and Registration from SRS. The Subcommittees have requested information on percentages of funds that will go to local health departments and percentages of funds to be used on computers and Internet linkage between the state and local health departments. As of this date the Legislative Research Department has not received this information from the agency.

The Committee concurred with this item for FYs 98 and 99.

D. AIDS Drug Assistance Program (ADAP) (House Subcommittee). The House Subcommittee would like to review the status of the AIDS Drug Assistance Program. To date the Legislative Research Department has not received an update. The Legislature added \$235,000 (State General Fund) in FY 1998 so that all recipients of the program will continue to receive AIDS Drug Assistance if federal funds run out. Further, the Department has been able to access over \$232,000 (25.0 percent of next year's federal draw down) in federal funds for FY 1998. No funding has been appropriated for ADAP in FY 1999.

The Committee did not concur with the item at this time. Will look into during 1999 session.

E. Bureau of Adult and Child Care (House Subcommittee). The Legislature, in S.B. 495, added \$65,000 and a 0.5 FTE to the Bureau of Adult and Child Care for FY 1999 for assisted living and residential health care facilities inspections. Currently, the Bureau issues an initial license for assisted living and small bed homes after the facility completes 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 House Subcommittee recommended 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 positions and an additional \$66,345 (State General Fund) are needed to complete these inspections. The House Committee requested that the Secretary report at Omnibus to see if he can shift 2.0 FTE positions into the Bureau to complete the inspections. As of this date the Legislative Research Department has not received this information.

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The Committee did not concur with this item.

F. Healthy Start Home Visitor Program (House Subcommittee). The House Subcommittee recommended reviewing funding for the Healthy Start Home Visitor program at Omnibus. The Healthy Start Home Visitor program provides education and support to pregnant women and families with a baby, birth through one year of age. Home visitors provide information on: health care, immunizations, child health assessments; child development; parent-child interactions and relationships and prevention of child injuries. The Legislature provided funding of \$501,880 (State General Fund) and \$837,203 (all funds) for FY 1999.

The Committee did not concur with this item.

G. Infant/Toddler (House Subcommittee). The Legislature concurred with the Governor's Budget Amendment in S.B. 495. Therefore State General Fund funding for infant/Toddlers is now \$1,992,000 (State General Fund) or 301.6 percent above the FY 1998 appropriation of \$496,000 (State General Fund). Including federal funds, FY 1999 funding would total \$3,913,187 as compared to the FY 1998 total amount of \$2,432,067.

No action was taken on this item.

H. Food Inspection Program (House and Senate Subcommittee). The Department proposes creating a Food Establishment Inspection Fee Fund to fund Restaurant inspections. Currently, fees from food establishment inspections are credited to the State General Fund. The Department proposes raising fees for an annual inspection from \$70 to \$100 for the inspection of restaurants and hotels. At Omnibus, both subcommittees requested that the Department present a plan of how the restaurant/hotel fees portion of State General Fund could be shifted to a fee fund to fund food establishment inspections and report on how this would improve food inspections. Further, what additional FTE positions and funding would be necessary for the program. Under this scenario (increased fees in a fee fund) it may be possible to increase expenditures an additional \$300,000 (all other funds) to improve food establishment inspections. The Legislature approved food inspection expenditures of \$1,121,329 (State General Fund) in FY 1999. This appropriation includes an enhancement of \$175,995 (SGF) above current service level to increase food establishment inspections. As of this date, no information has been provided to the Legislative Research Department by the agency.

The Committee did not concur with this item.

I. Office of Quality Control and Audit (House Subcommittee). The House Subcommittee requested that the Department explore the possibility of establishing an Office of Quality Control and Audit and present a report at Omnibus. At this time, the department has auditors located throughout the agency in various divisions and bureaus. By combining the auditors into a single office, the House Subcommittee believes it may possible for the auditors to operate in a more effective manner. As of this date the Legislative Research Department has not received this information from the agency.

The Committee did not concur with this item.

J. Sub. for S.B. 437 (House Floor). The Senate Committee wanted to review the status of Sub. for S.B. 437 at Omnibus. Sub. for S.B. 437 would establish the Childhood Lead Poisoning Prevention Act. The bill authorizes and directs the Secretary of the Department of Health and Environment to develop and implement a childhood lead poisoning prevention program. As part of this program, the Secretary would adopt rules and regulations, standards and procedures relative to lead poisoning prevention as necessary to protect the health of Kansas' children. The bill also allows the Secretary to establish a fee schedule for annual accreditation, licensing, certification and renewal. The bill has passed the Senate, been amended by the House Committee on Health and Human Services and is awaiting debate on the House floor. The Department of Health and Environment estimates that it will require additional expenditures of \$119,000 (all funds) beginning with FY 1999. This funding would provide for a 0.5 Office Specialist FTE position (\$12,750), \$80,000 in professional services from two environmental scientists, and another \$26,250 in other operating expenditures. The expenditures would be directed toward promoting and developing a qualified and trained workforce able to conduct lead-based testing. These expenditures could be financed from the proposed fee fund established by S.B. 437. The Department estimates annual fee receipts of \$119,000, using a projected fee schedule and estimates of the types of licenses, renewals, and accreditation fees that would be assessed in FY 1999. The agency made these assumptions based on Missouri's experience, indicating that Kansas usually has one-half the number of environmental professionals that Missouri does. Finally, the Department reports that it would be eligible for additional federal grant monies. These additional monies would be made available to local health departments through aid to local contracts for screening and public awareness. No estimate is available as to the amount of potential federal funds.

The Committee did not concur with this item.

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K. H.B. 2950 (Law). Substitute for H.B. 2950 pertains to animal feeding facilities for swine. The bill defines "best management practices for swine facilities" as those schedules of activities, maintenance procedures and other management practices of a swine facility that are designed to minimize or prevent pollution of the air, water or soil or to control odor, flies, rodents and other pests, as determined by the Department of Health and Environment in consultation with Kansas State University and others mentioned in the bill. In S.B. 495, the Legislature added \$580,700 (SGF) and 11.5 FTE for Swine Production Facility Inspectors.

The Committee concurred with this item

The Committee concurred with the Substitute for HB 2950 establishing new provisions relating to the regulation of confined animal feeding facilities. The provisions of this bill will be implemented by \$558,700 for SGF. Item 34.

L. H.B. 2972 (Conference Committee). H.B. 2972 would amend current law to permit an adult care home to employ persons who have violated certain laws only if those persons have demonstrated by clear and convincing evidence that they are rehabilitated. The Department indicates that the passage of the bill would require expenditures from the State General Fund of \$239,742 in FY 1999. The agency also indicates that it would require the addition of 5.0 FTE positions. The Department indicates that the bill would require it to initiate a fair hearing process for the purpose of proving, with clear and convincing evidence, that an individual has been rehabilitated to the degree that employment by an adult care home would be allowed. KDHE would also have to establish rules and regulations governing the process of hiring adult care home staff. The agency indicates that two Administrative Law Judge positions, an Attorney II, an Office Specialist, and an Office Assistant II would be necessary to deal with an estimated 1,025 hearings in FY 1999. The total cost of the FTE positions is estimated to be \$195,142. Other operating costs of \$44,600 would be necessary in FY 1999 to provide equipment for the new positions and to finance travel, communications, and other costs related to the preparation of rules and regulations and the hearing process. Of the other operating costs, \$15,100 would be one-time expenditures for FY 1999.

The Committee did not concur with this item.

Kansas Technology Enterprise Corporation

A. Special Projects (Senate and House Subcommittee). Both the House and Senate Subcommittees recommended reviewing Special Projects funding at Omnibus and consider adding \$50,000 (EDIF). It was noted by both subcommittees that the Special Projects Funding had been reduced by the Governor's recommendation from \$69,303 in FY 1998 to \$29,303 in FY 1999. The Legislature concurred with the Governor for FY 1998 and FY 1999. KTEC had requested \$79,303 for FY 1999. The Special Projects Program addresses projects that are not covered under any of KTEC's other existing programs. The KTEC Board of Directors approves expenditures for Special Projects. In the past it has enabled KTEC to initiate the Industrial Agriculture Program (now at Department of Commerce and Housing), prepare a strategic technologies study and plan, develop the initial stage of the formal commercialization process, and provide funding for the graduate intern program.

The Committee concurred with this item.

Department of Commerce and Housing

A. Technical Amendment. S.B. 495 provides \$250,000 (EDIF) as the amount appropriated for Training Equipment Grants for FY 1999. The actual amount to reflect the Legislature's intent should be \$300,000 (EDIF). Therefore, a technical adjustment needs to be made.

The Committee concurred with the appropriation of \$150,000 in EDIF for the purpose of stabilizing the operation of the Kansas Sports Hall of Fame. The funding is available only with the signing of an agreement that there will be no future requests for on-going funding from the Legislature.

The Committee concurred with the Governor's budget amendment of \$100,000 of EDIF for the Motion Picture and Television Sales Tax Reimbursement Program. Item 15.

The Committee concurred with the Governor's budget amendment of \$25,770. Item 8.

Board of Cosmetology

A. Enhancement Funding. The Conference Committee and the Legislature, in S.B. 495, deleted all enhancement funding recommended by the Governor for both FY 1998 and FY 1999. The Governor's recommendation for enhancements consists of the following:

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FY 1998

- \$15,000 for the consultation of a new computer system
- \$14,850 to change four part-time inspectors to full-time

FY 1999

- \$100,000 for a new computer system
- \$27,496 to upgrade four part-time inspectors to full-time

The Senate Subcommittee noted that funding for enhancements would be restored for FY 1998 and FY 1999 with a satisfactory response by the agency to the 1997 performance audit. Additionally, the House Subcommittee recommended withholding enhancement funding until a new Executive Director is hired and the agency can demonstrate the capability to effectively handle its affairs.

B. Substitute H.B. 2609 (Conference). Substitute for H.B. 2609, as amended by the House Committee of the Whole, concerns the Board of Cosmetology and the profession it regulates. The amendments address issues in three primary categories: the organization and powers of the Board of Cosmetology, educational requirements for licensees and regulatory matters. H.B. 2609, as substituted by the House Committee on Education, was not substantially different from the current version. The House Committee of the Whole made a change to the maximum allowable fee for renewal of a cosmetologist license. The Board of Cosmetology indicates that the passage of Substitute for H.B. 2609 would impact revenues and expenditures for FY 1999. At this time, the Board indicates that licensing and renewal fees would be raised to increase fee revenue by \$176,189, but not all fees would be increased to the new maximum allowed by the bill. Of the total amount, 20.0 percent, or \$35,237 would be deposited in the State General Fund and 80.0 percent, or \$140,952 would be deposited in the Cosmetology Fee Fund. In addition, the agency would realize a savings of \$675 because Continuing Education Summary Orders to licensees would no longer be required.

The Committee did not concur with this item.

Board of Barbering

A. Enhancement Funding for Salaries and Wages. The House Subcommittee recommended deleting \$1,612 in enhancement funding for salaries and wages until the resolution of H.B. 2720. The bill would transfer all inspection duties from the Board of Barbering to the Department of Health and Environment. The House Committee recommended restoring the \$1,612 since H.B. 2720 is still pending in House Education. The funding has been restored in S.B. 495.

The Committee concurred with the Governor's Budget Amendment, Item 2.

Kansas Guardianship Program

A. New Position. The House Subcommittee recommended that the agency provide the amount (including fringe benefits and other operating expenditures) which would be needed to fund an additional Business Assistant for FY 1999. Although the Governor did not recommend funding for this new position, the House Subcommittee recommended revisiting the request during Omnibus. An additional Business Assistant would be responsible for the fiscal tracking system which monitors the receipt of monthly reports regarding guardians and maintaining the annual accounting to the court for the 1500 wards served through the program. According to the agency, the amount needed for an additional Business Assistant would be \$26,482 from the State General Fund to fund salaries and wages (\$23,482) and other operating expenditures (\$3,000).

The Committee concurred on this item.

Mental Health Hospitals—Systemwide

A. Teacher Salary Increase. The amounts recommended by the Governor and approved by the 1998 Legislature for the school contracts do not include funding for teacher salary increases in FY 1999. The following table shows the amounts from the State General Fund that would be needed to fund salary increases of various percentages.

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<u>% Increase</u>	<u>Larned State Hospital</u>	<u>Rainbow Mental Health Facility</u>	<u>Total</u>
0.5	\$7,186	\$2,947	\$10,133
1.0	14,372	5,894	20,266
1.5	21,558	8,841	30,399
2.0	28,744	11,778	40,522
2.5	35,931	14,736	50,667
3.0	43,117	17,683	60,800
3.5	50,303	20,630	70,933
4.0	57,489	23,577	81,066

The Committee concurred with a 3.0% teacher salary increase for FY 1999.

B. Categorical Aid. In FY 1999, the budgeted school contract for each of the institutions include categorical aid based on a rate of \$19,600 for Larned State Hospital and \$19,360 for Rainbow Mental Health Facility. Currently, the FY 1999 categorical aid rate per eligible teaching unit is estimated to be \$19,750. If this rate is maintained, the school contracts at the hospitals would be overfunded. The following State General Fund amounts would be deleted from each of the hospitals' budgets in FY 1999 to adjust for this difference in rates:

<u>Hospital</u>	<u>SGF Amount</u>
Larned State Hospital	(\$2,121)
Rainbow Mental Health Facility	(7,410)

The categorical aid rate for FY 1998 was budgeted at \$19,600 for Larned State Hospital and \$19,360 for Rainbow Mental Health Facility per qualified teaching unit. The current estimate for the rate is \$19,350. The following State General Fund amounts would be added to each of the hospitals' budgets in FY1998 to adjust for this difference in rates:

<u>Hospital</u>	<u>SGF Amount</u>
Larned State Hospital	\$3,535
Rainbow Mental Health Facility	190

The Committee concurred with this item for FYs 1998 and 1999.

The Committee concurred with the Governor's Budget Amendment of \$412,302. Item 19.

C. Interruptible Gas Contract: The Senate Subcommittee recommended an evaluation of the benefits of an interruptible gas contract for all hospitals. Osawatomie State Hospital provided testimony in favor of an interruptible gas contract as the least expensive. All state hospitals are currently served by a interruptible gas contract or are planning to renew their contract for interruptible gas, except Rainbow Mental Health Facility. According to the Department of Social and Rehabilitation Services (SRS), for the larger hospitals which have access to an alternative service, an interruptible gas contract is the most feasible. Because of its minimal size, however, SRS reports that Rainbow Mental Health Facility would be unable to support an alternative services and therefore an interruptible gas service would not be the most beneficial.

The Committee did not recommend this item.

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Mental Retardation—Systemwide

A. Teacher Salary Increase. The amounts recommended by the Governor and approved by the 1998 Legislature for the school contracts do not include funding for teacher salary increases in FY 1999. The following table shows the amounts from the State General Fund that would be needed to fund salary increases of various percentages.

% Increase	Kansas Neurological Institute	Parsons State Hospital	Total
0.5	\$2,610	\$2,947	\$5,557
1.0	5,221	2,500	7,721
1.5	7,832	7,502	15,334
2.0	10,442	10,002	20,444
2.5	13,053	12,503	25,556
3.0	15,664	15,004	30,668
3.5	18,274	17,505	35,779
4.0	20,885	20,005	40,890

The Committee concurred with the 3% funding for teacher salary increases.

B. Categorical Aid. In FY 1999, the budgeted school contracts for each of the institutions include categorical aid based on a rate of \$19,170 for Kansas Neurological Institute and \$19,600 for Parsons State Hospital. Currently, the FY 1999 categorical aid rate per eligible teaching unit is estimated to be \$19,750. If this rate is maintained, the school contract at the hospital would be over funded for Kansas Neurological Institute and underfunded Parsons State Hospital. The following State General Fund amounts would be deleted from each of the hospitals' budgets in FY 1999 to adjust for this difference in rates:

Hospital	SGF Amount
Kansas Neurological Institute	(\$10,730)
Parsons State Hospital and Training Center	(2,438)

The categorical aid rate for FY 1998 was budgeted at \$19,170 for Kansas Neurological Institute and \$19,600 for Parsons State Hospital and Training Center per qualified teaching unit. The current estimate for the rate is \$19,350. The following State General Fund amount would be adjusted to each of the hospitals' budgets in FY 1998 to compensate for this difference in rates:

Hospital	SGF Amount
Kansas Neurological Institute	(\$3,690)
Parsons State Hospital and Training Center	23,663

Committee members concurred with all adjustments.

State Fair Board

Reed Holwegner of the Legislative Research Department called the Committee's attention to the packet of handouts. (Attachments 18, 19 and 20).

A. Compliance Costs for ADA, EPA, and Fire Safety Regulations (House and Senate Committees, Joint Building Committee). The House and Senate Subcommittees and the Joint Committee on State Building Construction, all requested that the agency report on the results of a study that was authorized by the 1997 Legislature for compliance with accessibility requirements and environmental and fire safety enhancements. The total costs for ADA compliance (\$1,428,295), asbestos removal (\$811,886), lead paint removal (\$996,112), and fire safety compliance (\$1,118,205)

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are \$4,354,498. The Fair Board is reviewing its original request for \$50,000 from the State General Fund which was not recommended by the Governor. The Fair Board is also requesting an additional \$578,603 from the State General Fund. For FY 1999, the Fair Board's total request for compliance costs is \$628,603 from the State General Fund.

On April 22, 1998, the Joint Committee on State Building Construction recommended \$500,000 from the State General Fund for compliance costs.

Committee members recommended the addition of \$50,000 (SGF) for FY 1999.

Department of Agriculture

The Fiscal Analyst made reference to the Governor's Budget Amendment. (Attachment 21).

A. Office Location and Associated Costs (Deferred to Omnibus). The House and Senate Subcommittees requested to consider the costs related to the Department's location and lease during the Omnibus session. The Department's current lease in the Mills Building expires June 30. The Department has been investigating several alternatives to the location of office space. The current lease is for 37,315 square feet of office space at \$8.33 per square foot, 4,813 square feet of office space at \$7.65 per square foot, and 4,813 square feet of storage space at \$2.51 per square foot.

On April 22, 1998, the Joint Committee on State Building Construction was made aware of the Department's intention to stay at the Mills Building. The Department is requesting a Governor's Budget Amendment for \$709,000 with \$602,000 from the State General Fund and \$107,000 from fee funds.

B. Meat and Poultry Division (House Subcommittee). The House Subcommittee requested to review the Legislative Post Audit report on the Meat and Poultry Division. The report answers the two questions of:

1. What do meat processing plants have to do under new federal laws and regulations relating to food safety requirements and how is the information being communicated to them?
2. Has Kansas adopted more stringent requirements for meat processing plants than those imposed by the federal government, and if so, what is the additional cost of those requirements?

It is uncertain how much these new regulations will cost meat processors. While plant owners are generally satisfied, they expressed concern that inspections were not consistent statewide. Kansas has not adopted more stringent regulations than the federal government's; thus there are no additional costs.

The Committee took no action with this item.

C. Pawnee Water Basin Study (Senate Committee). The Senate Committee requested to review the Pawnee Water Basin Study. The Pawnee Water Basin Study, which is designed to study water quality and depletion, is under evaluation to determine if the study needs to be continued. This basin study has spent \$67,769. If it is determined that the study has either fulfilled its objectives or is no longer necessary, then the study should be discontinued as required by law.

The Committee took no action with this item.

D. Deleted 0.5 Unclassified Temporary Position (House Action). The House had recommended in its subcommittee report the deletion of 0.5 unclassified temporary engineering technician position, but the Department is allowed to keep funds for the position (\$10,519), which comes from the State Water Plan Fund. The funds will be used to pay for equipment needs in its Division of Water Resources.

The Committee recommended allowing the Department to keep funds for the position (\$10,519) from the Water Plan Fund, for FY 1999 only.

E. Substitute for H.B. 2950 (Governor). The Department indicates that the passage of the Substitute for H.B. 2950 (the regulation and permitting of swine facilities) will require 1.0 FTE position for the review of nutrient management plans. The Department estimates that it will need \$45,000 annually for the position. Funding would be from the State General Fund. The Department states that it can reallocate an existing FTE position and would not need another.

The Committee concurred with the Governor's Budget Amendment to provide \$45,000 from the SGF for FY 1999. Item 73.

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Kansas Water Office

Reference was made by the Fiscal Analyst to a copy of the State Water Plan Fund. (Attachment 22).

A. State Water Plan Fund (House and Senate Subcommittees). Both the House and Senate Subcommittees requested a review of the receipts and expenditures of the State Water Plan Fund. For FY 1998, the Governor recommends \$20,883,775 in total available resources. This includes a beginning balance of \$4,441,775. The Governor recommends \$18,763,775 in expenditures. This leaves an ending balance of \$2,120,000. The Legislature has not adjusted the Governor's FY 1998 recommendation.

For FY 1999, the Governor recommends \$18,430,000 in total available resources. This includes a beginning balance of \$2,120,000. The Governor recommends \$18,430,000 in expenditures. This leaves an ending balance of zero dollars. The Legislature has adjusted the Governor's recommendation by adding \$495 to the Kansas Water Office's budget for an employee's benefits that were not completely calculated previously and by adding \$91,000 for the KSU Ogallala Aquifer Study. The Legislature also deleted \$132,000 for river recreation in the Wildlife and Parks's budget and transferred \$40,000 from the State Budget Stabilization Fund to the State Water Plan Fund. The Legislature has approved expenditures of \$18,389,495 from the Water Plan Fund. This leaves an ending balance of \$80,505.

The Committee recommended the expenditure of \$900,000 (SGF) to accommodate the offices of the Department of Agriculture, the Kansas Water Office and the State Conservation Commission. This amount is \$62,000 below that recommended in the GBA. Item 74.

B. Rental Costs for Office Space (Deferred to Omnibus). Both the House and Senate Subcommittees requested to consider the costs associated to the Water Office's expenses for office space in the Mills Office Building. Along with the Department of Agriculture and the State Conservation Commission, the current lease expires June 30.

On April 22, 1998, the Joint Committee on State Building Construction was made aware of the Water Office's intention to stay in the Mills Building. The Water Office is requesting a Governor's Budget Amendment for furnishings and rental space of \$169,000 from the State General Fund.

Committee members concurred with the GBA on this item. See item 74.

State Conservation Commission

A. Substitute for H.B. 2950—Conservation Buffer Initiative (Governor). The legislation concerning the establishment of the buffer initiative (originally found in S.B. 523) was amended into Substitute for H.B. 2950, the regulation and permitting of swine facilities. The Governor recommended \$800,000 from the Economic Development Initiatives Fund for the ten-year life of the program. In their original positions, the House and Senate reduced the funding to \$80,000 for the program's first year of operation. However, the House recommended the program be financed through the State General Fund, and the Senate recommended the program be financed through the State Water Plan Fund. The Conference Committee and the Legislature agreed to delete all funding for the program in S.B. 495.

The Committee concurred with the Governor's recommendation to provide \$80,000 from the State Water Plan Fund.

B. Rental Costs for Office Space (Deferred to Omnibus). Both the House and Senate Subcommittees requested to consider the costs related to the Commission's expenses for office space and office equipment in the Mills Office Building. Along with the Department of Agriculture and the Kansas Water Office, the current lease expires June 30.

On April 22, 1998, the Joint Committee on State Building Construction was made aware of the Commission's intention to stay in the Mills Building. The Commission is requesting a Governor's Budget Amendment for furnishings and rental space of \$79,000 with \$72,680 from the State General Fund and \$6,320 from fee funds.

The Committee concurred with this item.

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Juvenile Justice Authority

A. Case Management (House Subcommittee). The House Subcommittee recommended revisiting during Omnibus the issue of adequacy of funding for juvenile offender case management. The Subcommittee received testimony from regional providers predicting that funding for juvenile offender case management in FY 1999 would fall short by as much as \$4.0 million (SGF). The agency is monitoring the cost of case management to determine if additional funding is necessary. The agency reports that if a shortfall becomes imminent, there will be a supplemental request for case management funding in the 1999 Legislative Session.

The Committee recommended the addition of \$3,129,500 (SGF) and \$385,171 (AF) for FY 1999. This concurred with the Governor's amendment. Item 62.

B. Community Initiatives Grants (House Subcommittee). The House Subcommittee recommended for Omnibus review the process for awarding Community Initiative grants. The Legislature has appropriated \$2.5 million for Community Initiative Grants in FY 1999. These grants are intended to assist the various juvenile justice community planning districts in developing programming alternatives to the state juvenile correctional facilities. Community Initiative grants are currently awarded through the Juvenile Justice Authority, however the House Subcommittee requested review of the effectiveness of this process with the idea that the grants may be more effectively distributed by the Kansas Youth Authority.

Committee members took no action with this item.

C. Rural Intake and Assessment (House Subcommittee). The House Subcommittee requested a report from the agency on a proposal for improving the efficiency of rural intake and assessment of juveniles to be reviewed in the Omnibus Session. The Subcommittee received information that the current system of intake and assessment results in difficulties for local law enforcement in rural areas and subsequently directed the agency to develop a recommendation for adapting intake and assessment for successful implementation in rural communities. The agency has submitted a report to the House Subcommittee which will be distributed during Omnibus review.

The Committee took no action with this item.

D. Pay equity for direct care staff in juvenile correctional facilities (House Subcommittee). The House Subcommittee recommended for Omnibus review the issue of pay equity for direct care staff at the juvenile correctional facilities with similar positions in the Department of Corrections. The Juvenile Justice Authority reports that a reclassification of two pay grades for Youth Service Specialist classifications would align them with the Department of Corrections' Correctional Officer classifications. The FY 1999 (SGF) cost of this realignment by facility is as follows:

Atchison Juvenile Correctional Facility	\$57,591
Beloit Juvenile Correctional Facility	20,468
Larned Juvenile Correctional Facility	67,250
Topeka Juvenile Correctional Facility	97,515

The agency is currently developing a plan to go beyond the request for a pay range change to address the overall Youth Service Specialist classification series. According to the agency, this plan will include content change to the required duties of the classifications, as well as the minimum requirements for the classifications and the knowledge, skills and abilities need to work in the juvenile correctional facilities. The plan will also include a title change to better reflect the nature of the work being asked of the individuals in the positions.

The Committee did not concur with this item.

The Committee concurred with the Governor's amendment to finance \$2,921,393 in expenditures in FY 1999 and add 3.0 FTE. Item 61.

The Committee concurred with the Governor's amendment to finance \$31,000 (SGF) in FY 1999 to match \$2,818,400 in federal funding. A proviso would be added stating that the funds can not be spent without approval of their plans by the Legislature.

Kansas Dental Board

A. Legal Fees (Senate Subcommittee). The Senate Subcommittee recommended revisiting during Omnibus the agency's request for an expenditure limitation increase of \$30,000 in FY 1998 for

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unusually high legal fees. The agency requested and received an expenditure limitation increase of \$30,000 in FY 1998 in S.B. 495. In total, the agency has requested \$60,000 in additional funding for legal fees in FY 1998 from the 1998 Legislature and has received half of that amount already. The agency attributes the unusually high legal fees in FY 1998 to the presence of a more active Dental Board and a more enlightened public resulting in the filing of more complaints and subsequent legal actions.

Committee members recommended funding of \$30,000. The GBA was for \$60,000. Item 1.

B. H.B. 2724 (Governor). The bill, as amended by the Senate Committee of the Whole, modifies four of the statutes that are a part of the Dental Practices Act. The amendments relate to the practice of dental hygienists and unlicensed persons employed by a dentist, to supervision by a licensed dentist of licensed and unlicensed persons working under the direction of the dentist, to the practice of licensed dentists in certain settings as employees or under contract, and to the expansion, composition, and selection of the Kansas Dental Board.

According to the Kansas Dental Board, the fiscal impact of this bill as it relates to the expansion of the Board is an increase in expenditures of \$3,230 for board member travel and per diem. The agency was not able to estimate the additional cost for implement of new regulations related to the bill at this time.

Committee members recommended the addition of \$3,230 for FY 1999.

Board of Healing Arts

A. S.B. 242 (Conference Committee). S.B. 242, as amended by the Senate Committee on Public Health and Welfare, modifies the credentialing status of respiratory therapists from registration to licensure. The bill would require the licensing of respiratory therapists by the Kansas Board of Healing Arts, making the practice of respiratory therapy exclusive to those who are licensed by the board. Current law requires people in this profession to be registered by the board, but not licensed.

The bill amends the definition of respiratory therapy as it appears in K.S.A 65-5502 in order to make it conform with the concept of a protected scope of practice and adds a new definition of qualified medical director to the statute. The bill also modifies the composition of the existing respiratory therapy council, which is advisory to the Board of Healing Arts; to include three respiratory therapists, one physician, a member of the Board of Healing Arts designated by the board president, and two members of the public who are not engaged in providing health care.

According to the Kansas Board of Healing Arts, S.B. 242 would result in expenditures of \$500 in FY 1998 which can be absorbed in the existing agency budget and additional licensing receipts to the Healing Arts Fee Fund of \$11,500 and expenditures from the Healing Arts Fee Fund of \$2,759 for expenses associated with the expanded board in FY 1999.

Committee members concurred with the amendment of SB 242.

The Committee concurred with the Governor's budget amendment of \$5,600. Item 6.

Behavioral Sciences Regulatory Board

A. Revised Year 2000 Estimate (House Subcommittee). The House Subcommittee noted that it would like to receive an undated and more detailed report on Year 2000 expenditures. The Board has provided the following plan for its Year 2000 expenditures in FY 1998: network connection, \$1,400 to \$2000; creation of new database, \$15,000; and implementation and user training \$400 to \$600. The total cost of this is \$16,800 to \$17,600. The Governor recommended, and the Legislature approved in S.B. 495, \$17,000 for a Year 2000 upgrade in FY 1998.

No action was taken on this item.

Kansas Human Rights Commission

A. Report on donations received for the mediation program (House Subcommittee). The House Subcommittee asked for a report on the amount of donations received for the mediation program contracted with Kansas Legal Services so that the amount appropriated for the state matching funds could be reviewed. The Legislature recommended the removal of the \$100,000 cap on State General Fund matching funds for FY 1999 without appropriating additional funds for the program. According to the agency, this will allow them to increase the amount of state dollars directed toward the program internally, if the necessary private donations are received, without increasing their overall expenditures. To date, the agency reports that \$33,333 in private donations have been received for the program for FY 1998.

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No action was taken on this item.

B. Review the municipal investigation contracts program (House Subcommittee). The House Subcommittee noted that the Governor's FY 1999 budget recommendation was reduced by \$20,000 from the agency request, the amount of the municipal investigation contracts program. The agency did not appeal the Governor's recommendation. The House Subcommittee recommended that the agency continue the municipal investigation program within available resources and that the possibility of additional funding for the program be reviewed at Omnibus. The agency reports that this program has not been as successful as hoped due to lack of adequate staff and expertise at the local level. However, the Commission does note the program's value in providing a cooperative relationship with participating local agencies.

No action was taken on this item.

Homestead Property Tax Refunds

A. Report on the number of refunds to date (House and Senate Subcommittees). Both the House and the Senate Subcommittees requested a report on the number of refunds which had been filed at Omnibus so that an accurate funding estimate could be made. The Department of Revenue's latest estimate assumes an additional 18,193 returns through the end of the fiscal year at the current average of \$215 per refund, for a total of 55,800 refunds and total expenditures of \$13.8 million (State General Fund). The Governor recommended and the Legislature approved \$12.0 million (State General Fund) for FY 1998. Based on the latest estimates, the Department is requesting an additional \$1.8 million (State General Fund) for FY 1998.

The Committee recommended an additional \$1.8 million (SGF) which concurred with the Governor's amendment. Item 16.

Kansas Commission on Veterans Affairs

A. Review funding for the Kansas Veterans Home at Winfield (House and Senate Subcommittees). Both the House and the Senate Subcommittees deleted all FY 1999 operating expenditures for the Veterans Home at Winfield recommended by the Governor (\$3,311,332, of which \$810,512 was from the State General Fund, and 135.0 FTE). The Subcommittees requested revised estimates for operating costs prior to Omnibus. The Senate Subcommittee also noted that it intended to look at the possibility of adding an additional FTE position of a budget officer in conjunction with its review of expenditures and positions at the Veterans Home.

- The Commission presented a revised request for operating expenditures of \$530,512 (State General Fund) and 42.0 FTE for FY 1999. Since construction, opening and occupation dates have been revised to a later date there will be no fee fund revenues and this request is funded entirely from the State General Fund. This does not include construction costs for the Kansas Veterans Home.
- The Commission expressed its intent to fill 6.0 FTE position for the entirety of FY 1999. These six administrative positions will be responsible for preparations for opening of the facility. The 36.0 other FTE positions would be filled in the fourth quarter of FY 1999 (probably mid-May or early-June 1999) just prior to beds being occupied. These positions will make up the facility's direct care, food service, and maintenance staff.
- The Commission has revised the construction completion dates so that the first units will be ready for occupation at the end of FY 1999. Because the beds will not be occupied, there is no financing source for operating expenditures in FY 1999 other than state funds.

It was moved by Senator Feleciano and seconded by Senator Morris that the Committee concur with the Commission's request for 530,512 (SGF) and 42.0 FTE for FY 1999.

B. Review status of the campus-wide sewer project at the Kansas Veterans Home at Winfield (House and Senate Subcommittees). Both the House and the Senate Subcommittees requested a report prior to Omnibus on the sewer construction project on the Winfield campus. The Commission has provided an estimate for the total project cost of \$1.6 million in FY 1998. The Commission is operating under the assumption that its fair share of the total project cost is \$800,000, with the other half being the responsibility of the Department of Corrections. It is possible that the Veterans Administration will provide 65 percent of the sewer funds (\$520,000) in its overall construction grant for the Kansas Veterans Home. This would require additional state dollars for construction

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of \$280,000 which would bring the total state and local contribution for construction of the Kansas Veterans Home to \$5,730,000 (\$2.5 million State General Fund for building purchase; \$1.7 million State Institutions Building Fund for construction; \$1.25 million from the City of Winfield, Arkansas City, and Cowley County; and \$280,000 for the sewer).

The Committee concurred with this item.

C. Review funding for the Wichita Annex to the Kansas Veterans Home at Winfield (House and Senate Subcommittees). Both the House and the Senate Subcommittees requested estimates for operating expenditures at the Wichita Annex prior to Omnibus. No funding has been included in the approved FY 1999 budget for the Wichita Annex, a 60-bed nursing facility adjacent to the Veterans Administration Medical Center and Regional Office. The Commission reports that total operating costs for the annex at 100 percent operation would be \$2,603,019, of which 38.8 percent, or \$1,008,590, would be from the State General Fund. Additionally, prior to opening capital improvements of at least \$228,000 would be required to bring the facility into compliance with state and federal regulations. The Commission has not requested that funding for operating the Wichita annex be included in its FY 1999 budget but does request permission to continue to negotiate with the Veterans Administration regarding the Wichita Annex.

No action was taken on this item.

D. Review upgrade of communications equipment (Senate Subcommittee). The Senate Subcommittee recommended revisiting during Omnibus the Agency's request for \$120,000 (State General Fund) to purchase an upgraded communications system at the Kansas Soldiers' Home at Fort Dodge in FY 1999. The Subcommittee instructed the Commission to obtain additional estimates for a new system. The Commission reports that it has obtained two additional cost estimates for communications systems of \$116,000 and \$134,566.

The Committee recommended the addition of \$116,000 from the SGF for the Agency's communication system.

E. Receive report on computer collaboration with the Veterans Administration (House and Senate Subcommittees). Both the House and the Senate Subcommittees requested a report prior to Omnibus on the status of the agency's collaboration with the Veterans Administration (VA) to upgrade the computer system. The Commission has \$25,000 in its approved FY 1998 budget for computer upgrades. The Commission reports that it intends to move forward with the integration of the VA information management system within current resources. The cost of this integration is \$25,464 (\$19,868 for hardware and software, \$2,800 for state provided computer training, and \$2,800 for VA system specific training).

The Committee recommended the commission move forward with integration of the Agency's information management system within current resources.

F. Review status of Halsey Hall remodeling project (House Subcommittee). The House Subcommittee recommended reviewing the Halsey Hall project at the Soldiers' Home at Fort Dodge to determine if the \$200,000 included in the FY 1999 budget, as approved by the Legislature in S.B. 495, for the project would be adequate to maintain licensure. The Commission has negotiated an agreement the Kansas Department of Health and Environment which allows for the reduction of required remodeling costs at Halsey Hall from \$384,225 to \$202,100. This is a continuation of remodeling necessary to upgrade licensure at Halsey Hall from a Recuperative Care Center to an Intermediate Care Facility in order to continue eligibility for per diem reimbursements from the Veterans Administration for veteran care.

The Committee concurred with the amount of \$202,100 from the State Institutions' Building Fund to finance the required remodeling costs at Halsey Hall.

G. Review funding for the Persian Gulf War Health Initiative Program (House Subcommittee). The House Subcommittee recommended revisiting the possibility of funding this program. The Commission requested \$101,856 in FY 1999 which was not recommended by the Governor. The Legislature added the requested level of funding to the Commission's FY 1999 budget.

The Committee concurred with the Commission's request of \$101,856 from SGF in FY 1999.

Department of Human Resources

A. Neighborhood Improvement and Youth Employment Act funding (Senate Subcommittee). The Senate subcommittee noted that it might want to consider the possibility of adding additional funding for the program at Omnibus. The House Committee added \$30,000 (State General Fund) in FY 1999 above the Governor's recommendation for a total of \$100,000 (State General Fund) for the

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program. The Conference Committee and the Legislature in S.B. 495 concurred with the House position and the program is now funded at the \$100,000 level. The Neighborhood Improvement and Youth Employment program provides grants to employers to offer summer and after school work opportunities to youths meeting certain income guidelines.

No action was necessary on this item.

B. H.B. 3005 (Law). H.B. 3005 changes regulations relating to boiler safety inspections and provides that 20 percent of inspection fees be deposited in the State General Fund, with the balance of the inspection and all of the certificate fees going to the Boiler Inspection Fee Fund (previously 20 percent of inspection and certificate fees were deposited in the State General Fund). According to the Department of Human Resources, H.B. 3005 would affect the Boiler Safety Unit in the Industrial Safety and Health Section in three ways. First, the agency estimates an additional 400 inspections annually, these inspections could be accommodated with present staff. Second, the Boiler Inspection Fee Fund would realize addition revenues of approximately \$40,000 in FY 1999, which had previously been deposited in the State General Fund. Third, one additional FTE would be required to record and mail certificates. This position could be financed by the additional revenues to the Boiler Safety Inspection Fee Fund. The cost of this is approximated at an additional \$22,000 in FY 1999.

The Committee concurred with this item.

C. H.B. 2799 (Law). H.B. 2799 makes changes to the Workers Compensation Act procedurally and expands criminal liability for fraud. The bill also allows for the use of video conferencing in a mediation conference. According to the Department of Human Resources, the provision to allow mediation by video conference is estimated to cost \$48,350 (Workers Compensation Fee Fund) in FY 1999 and \$18,600 (Workers Compensation Fee Fund) in ensuing years. This estimate is based on the purchase of computers, other hardware and the phone and data lines that would be necessary. Expenditures for the equipment purchase and line installation would be made in the first year (\$29,750) only; expenditures for phone and data line time (\$8,600) would be ongoing.

The Committee concurred with this item.

Kansas Sentencing Commission

A. Senate Subcommittee Recommendation— PROPHET Software Upgrade. The Senate Subcommittee recommended Omnibus review of the PROPHET software upgrade. The Sentencing Commission submitted a revised request for an additional \$10,600 from the State General Fund in FY 1998 to upgrade the current PROPHET prison population model to produce population projections by institutional custody classification level, such as maximum, medium, and minimum. The current model is not capable of making projections by classification level. The Conference Committee on S.B. 495 included the requested funding of \$10,600 in FY 1998 in S.B. 495.

The Subcommittee also recommended that the Sentencing Commission and the Department of Corrections prepare a report to be reviewed during Omnibus describing the current procedures used by the two agencies to develop inmate population projections and the division of tasks between the two agencies. The report should include a recommendation regarding the future role of the PROPHET model in making projections by classification level, and the need for the requested software upgrade. Reports have been received from both the Sentencing Commission and the Department of Corrections which outline the procedures used by both agencies in developing the population projections.

No action was taken on this item.

Highway Patrol

A. Senate Subcommittee Recommendation— New Trooper Positions. The Senate Subcommittee flagged the issue of providing additional Trooper positions for the Highway Patrol. In its budget submission, the Patrol had requested 40.0 new FTE positions and associated funding of \$1.4 million in FY 1999. The Governor recommended no new positions. The House Committee originally added \$671,620 (SGF) for 10.0 new FTE positions; this amount was later reduced to 5.0 new positions and \$335,810. A House floor amendment deleted the authorization for the new positions and shifted the funding to "hazardous duty pay." The Conference Committee deleted the funding for the "hazardous duty pay." The Senate Committee recommended that a study of the Patrol's staffing level and management practices be conducted by the Legislative Division of Post Audit.

No action was taken on this item.

B. Recommendation by the Senate Committee, House Committee, and Joint Committee on State Building Construction. All three committees recommended Omnibus review of the proposed

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purchase of a building for storage of vehicles. The agency has requested \$551,000 (Motor Carrier Inspection Fund) in FY 1999 for the purchase of a building in northern Shawnee County to be used as a storage facility for new patrol vehicles and confiscated vehicles. The agency is currently leasing the building at an annual rate of \$18,000. The agency noted the importance of secure storage for the Patrol's new cars and also to protect confiscated property until it is disposed of.

No action was taken on this item.

C. Technical Correction— Expenditure Limitation Increase. The Patrol requests a technical correction regarding the Capitol Area Security Patrol (CASP) Fund. The 1997 Legislature approved both funding and positions associated with the closing of Topeka State Hospital. The State Finance Council on June 18, 1997 authorized 6.0 FTE of these positions for the Highway Patrol (Capitol Area Security) to provide security at the West Complex (the former Topeka State Hospital). The expenditure limitation on the CASP Fund should have been increased by \$263,338 to accommodate the new positions; the increase was inadvertently omitted. This funding is included in the Governor's recommendation for FY 1998, but is not reflected in the appropriation bill. No additional funding is requested. In the alternative, the Patrol requests that the CASP Fund be appropriated as "no-limit" in FY 1998. The Governor's recommendation for FY 1999 does appropriate the fund at "no-limit."

The Committee concurred with the increase by \$263,338 to accommodate new positions; this increase was inadvertently omitted.

Adjutant General

A. Senate and House Committee Recommendation— Additional Funding for STARBASE. Both the Senate and House Committees recommended Omnibus review of the issue of additional funding for the STARBASE educational program. This program, which is 100-percent federally funded, is an effort to improve the mathematics, science, and technology skills of fourth, fifth, and sixth grade Kansas school children. The two sites are located at Forbes Field in Topeka and McConnell Air Force Base in Wichita. The Governor's recommendation includes \$172,000 (federal funds) in each year. Representatives of the program requested an additional \$150,000 to expand the program to Salina. The House Committee added \$150,000 (EDIF) for the program in FY 1999. The Conference Committee deleted this funding and, instead, added \$100,000 (SGF) to the Department of Education for Innovative Program Assistance.

No action was taken on this item.

B. House Committee Recommendation— National Guard Educational Assistance Program. The House Committee recommended Omnibus review of the funding for the National Guard Educational Assistance Program. The Governor has recommended \$101,395 (State General Fund) for this program in FY 1999. The 1996 Legislature enacted S.B. 670 which created the Kansas National Guard Educational Assistance Program for the purpose of providing state payment of tuition and fees for eligible members of the Kansas Army and Air National Guard at Kansas educational institutions. The first funding for the program was approved by the 1997 Legislature, which appropriated \$100,000 (SGF) for FY 1998. The agency reports that, during the fall 1997 semester, 235 scholarships were awarded to Army and Air Guard soldiers at an average of \$425 per student; this resulted in an expenditure of \$99,925 which left no funding available for the spring 1998 semester. The Conference Committee on S.B. 495 added \$80,000 (SGF) for this program, resulting in total funding of \$181,395 for FY 1999.

No action was taken on this item.

Department of Wildlife and Parks

A. Senate and House Subcommittee Recommendation— 800 MHZ Radios. Both the Senate and House Subcommittees recommended Omnibus review of the item related to the purchase of 20 new 800 MHZ radios in FY 1999 for law enforcement personnel of the Department. The Senate Committee held a hearing on the 800 MHZ issue and received reports from the Kansas Department of Transportation, Department of Administration, Highway Patrol, and Wildlife and Parks. The Governor had recommended \$32,400 (Wildlife Fee Fund) for the purchase of 20 radios. The funds were deleted by both the Senate and House Committees.

The Committee concurred on this item.

B. H.B. 2876 (Law). H.B. 2876 establishes the Kansas Local Government Outdoor Recreation Grant Program Act. "Outdoor recreational facility" is defined as any public park or other outdoor recreational area or facility, including but not limited to, parks, open spaces, trails, swimming

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pools, playgrounds, playing courts, and fields. The bill requires the Secretary of Wildlife and Parks to develop and administer a grant program to award grants to Kansas local governments for capital improvements for outdoor recreation facilities. The Secretary of Wildlife and Parks is required to establish, through rules and regulations, guidelines and criteria for awarding these grants. The bill requires a 50 percent match by local governments for each award. According to the Department of Wildlife and Parks, this annual grant process would require additional staff. Specifically, the Department submits that it would require a 0.5 FTE position at an estimated cost of \$15,000 annually. Also, \$5,000 is estimated for postage, printing, and other operating expenditures, for a total of \$20,000 in FY 1999. Also, it should be noted that at present no appropriation exists to provide the state's portion of the grant awards.

The Committee did not concur on this item.

C. Technical Correction—Capital Improvement Reappropriation Language. The Revisor's Office recommends a technical correction to the capital improvements section of S.B. 495. The technical correction would allow any FY 1998 balances in the Migratory Waterfowl Propagation and Protection Fund (Duck Stamp Fund) to carryforward to FY 1999 in the wetlands acquisition account. The Legislature has approved expenditures from the Duck Stamp Fund of \$300,000 in FY 1998 and \$100,000 in FY 1999.

No action was taken on this item.

Kansas Arts Commission

A. Senate Subcommittee Recommendation—Federal Funds Receipts. The Senate Subcommittee noted that the Governor's recommendation for FY 1999 assumes the receipt of \$412,000 in federal funds to be used for program grants. The Arts Commission had expressed the belief that federal funds in FY 1999 will decline. The Senate Subcommittee wished to review this issue at Omnibus to determine what level of federal funding may be expected in FY 1999. Information received by Legislative Research staff from the Arts Commission (as of April 16, 1998) indicates that the FY 1999 federal grant amount is anticipated to be equal to or slightly greater than the FY 1998 grant (which totaled \$412,100). Therefore, no additional State General Fund resources are requested.

No action was taken on this item.

Board of Regents

A. Concurrent Enrollment—House Subcommittee. The House Subcommittee asked that the State Board of Regents and the State Board of Education to contact Regents schools and community colleges to obtain information about the number of credit hours generated by high school students who are concurrently enrolled at Regents schools and community colleges. The Subcommittee requested the information before the end of the session so that it could consider additional recommendations after it has time to review the material.

No action was necessary on this item.

B. National Geographic Society Education Foundation—Senate Subcommittee. The Conference Committee on S.B. 495 added \$250,000 from the Economic Development Initiatives Fund for the minimum payment to the National Geographic Society Education Foundation, which will allow Kansas to participate in the Foundation's "Endowment Fund Program." This funding will be matched by a like amount from the Foundation, making a total of \$500,000 available.

The Senate Subcommittee had originally flagged this item for Omnibus review; however, the funding was included in S.B. 495. Also, staff of the Board of Regents and the Revisor of Statute's Office think that additional technical and clarifying language may be needed in the appropriation bill to implement this policy.

The Committee concurred with the staff of the Board of Regents and the Revisor of Statute's Office that additional technical and clarifying language may be needed.

C. H.B. 2753 (House Appropriations). The House Committee recommended that the proposed changes to the Nursing Scholarship Program be reviewed at Omnibus. The *FY 1999 Governor's Budget Report* recommends that four of the professional scholarship programs (Nursing, Teaching, Osteopathic, and Optometry) administered by the Board of Regents be converted to a forgivable loan structure. The substantive legislation to implement this change, H.B. 2753, is currently in the House Appropriations Committee. The FY 1999 appropriations bill sections for the State Board of Regents were drafted as though the implementing legislation had been approved. References to

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these four programs in the bill were in terms of "forgivable loan programs" rather than "scholarship programs." The Conference Committee on S.B. 495 modified the language in the appropriations section to reference "scholarship programs" to reflect the existing statutory structure. The Conference Committee also made a dollar adjustment that was required: a reduction in the Nursing program of \$136,328 from the State General Fund and a similar increase in local sponsor funds to continue the local sponsor contribution requirement. (Current law requires that the local sponsor must also provide financial assistance to the nursing student.) No other funding adjustments were needed.

As Amended by the Conference Committee, S.B. 495 continues the current structure of these four scholarship programs. No further action is needed in the appropriation bill.

No action was needed on this item.

D. H.B. 2758 (House General Orders). H.B. 2758 would establish a new "Comprehensive Grant Program," as recommended by the Governor. The Governor recommends the creation of a new Comprehensive Grant Program to replace the Tuition Grant Program, the Washburn University Tuition Grant Program, and the Regents Supplemental Grant Program. The *Governor's Budget Report* states that the new program will serve as an access program geared for full-time financially needy students attending a Regents university or independent college. H.B. 2758 would abolish the Regents Supplemental and Tuition Grant Programs, and in their place, establish the Kansas Comprehensive Grant Program. The Governor included \$9.9 million from the State General Fund in FY 1999 for the new grant program. This is an increase of \$940,969 (SGF) over the amount recommended for the three existing programs in FY 1998.

In addition, the bill would repeal the sunset provision currently attached to the Kansas Ethnic Minority Scholarship Program. This program is set to expire on June 30, 1999. As amended, the bill also eliminates the cap on the number of scholarships which can be awarded under the Vocational Scholarship Program. The Governor has recommended that funding for the Vocational Scholarship Program be increased from \$65,000 in FY 1998 to \$100,000 in FY 1999.

The existing appropriation language in S.B. 495 references the new "Comprehensive Grant Program" and makes no mention of the three existing programs. If H.B. 2758 is not enacted, the appropriation language should be revised to reference the current statutory aid programs (the Tuition Grant Program, the Washburn University Tuition Grant Program, and the Regents Supplemental Grant Program). It should also be noted that the Legislature has shifted \$280,000 of the \$9.9 million recommended by the Governor from the State General Fund to federal funds.

The Committee concurred on this item.

Fort Hays State University

A. Senate and House Subcommittee Recommendation— Physical Therapy Program. Both Subcommittees recommended Omnibus review of the request to establish a Physical Therapy Program at FHSU. The University requests funding of \$201,000 (revised request) in FY 1999 from the State General Fund and 3.0 FTE positions to establish a Physical Therapy Program at FHSU. The agency estimates that the program, when fully operational, would enroll 24 students per class. The program would be operated with partnerships with other existing programs to reduce costs. The ongoing costs are expected to be around \$330,000. The program would enroll its first students in the Fall of 1998. The Conference Committee on S.B. 495 included the requested funding of \$201,000 and 3.0 FTE.

No action was taken on this item.

B. Senate and House Subcommittee Recommendation— Servicing New Buildings Request. Both Senate and House Subcommittees recommended Omnibus review of the request for new buildings operating support at FHSU. The University requests \$90,908 (SGF) in FY 1999 for annualization of the new buildings operating support for the Sternberg Museum project. The FY 1999 request is composed of \$55,394 for salaries and wages, \$13,183 for other operating expenditures, and \$22,331 for utilities. (Staff Note: Actions by prior Legislatures have approved a total of 7.1 FTE positions for the new museum. This was calculated on the basis of 1.0 FTE per 12,500 gross square feet.) The 1997 Legislature approved funding of \$68,577 (State General Fund) for operating support for the Sternberg Museum; that funding is being held pending a firm opening date. The current estimate is that the museum will open in March of 1999.

The Committee concurred with the Governor's budget amendment, effective for the last half of FY 1999, in the amount of \$79,742 (SGF). Item 44.

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Emporia State University

A. House Subcommittee Recommendation— Servicing New Buildings Request. The House Subcommittee recommended Omnibus review of the servicing new buildings request at ESU. The University requests a total of \$81,639 (State General Fund) in FY 1999 and 2.0 new FTE positions for servicing new buildings in FY 1999. Of that amount, \$7,824 is for nine-months for other operating expenditures and utilities for a 6,065 gross square foot (gsf) addition to the press box at Welch Stadium: the new addition will house enclosed seating on the first floor; a President's area and sky boxes on the second floor; and a press box on the third floor.

The remaining \$73,815 and 2.0 FTE positions are requested for a 23,962-square-foot addition to Beach Music Hall which will be used to accommodate large ensembles and allow more space for offices and classrooms. The two positions are a Custodial Worker and a General Maintenance and Repair Technician. In accordance with Regents guidelines, the University request was calculated on the basis on 1.0 FTE per 12,500 gsf at \$22,230 per FTE; other operating expenditures at \$0.51 per gsf; and utilities at \$0.78 per gsf. (Staff Note: The 1997 Legislature approved a formula of 1.0 new FTE for each 15,000 gsf for the Kansas Technology Center at Pittsburg State University.)

The Committee concurred with the expenditure for utilities for a press box only.

B. House Subcommittee Recommendation— "Teacher Excellence Initiative." The House Subcommittee recommended that the "Teacher Excellence Initiative" be reviewed during Omnibus. The Governor recommends \$50,000 (SGF) in FY 1999 for a "Teacher Excellence Initiative." According to the *Governor's Budget Report*, the Governor is funding a program at Emporia State University to promote excellence in elementary and secondary teaching. Teachers will receive certification by meeting criteria established by the national Board of Professional Teaching Standards. Emporia State University will receive \$50,000 from the State General Fund to coordinate the program. Another \$75,000 is recommended for the Department of Education to provide scholarships to 75 teachers. The Conference Committee on S.B. 495 included \$40,000 in the ESU budget and another \$40,000 in the Department of Education budget for the program.

The Committee concurred with this item.

Regents Systemwide

A. General Fees Fund (Tuition) Revised Estimates - Non-Tuition Accountability Institutions. Based on Spring 1998 enrollments, the institutions not participating in tuition accountability have submitted revised estimates of tuition revenues for both FY 1998 and FY 1999. The Consensus Tuition Estimating Committee (composed of staff of the Board of Regents Office, Division of the Budget, and the Legislative Research Department) has concurred with the institutions' revised estimates.

For FY 1998, based on Spring enrollments, a net shortfall in available tuition revenue totaling \$76,903 is projected. Based on these revisions, under traditional budgeting methods, additional State General Fund dollars of \$76,903 would be required to maintain institutional operating budgets at the approved levels. The table below shows the net increase or decrease in available tuition revenue at each institution based on the revised estimates. It should be noted, however, that the KSU Veterinary Medical Center is requesting supplementation for only \$5,279, instead of the full \$12,228 reflected in its revised estimate. The lower figure was the amount increased over the FY 1998 approved expenditure limitation based on Fall 1997 enrollments. With that adjustment the total from the State General Fund that would be required to supplement the budgets affected would total \$69,954.

For FY 1999, based on Spring enrollments, a net shortfall in available tuition revenue totaling \$364,973 is projected. Based on these revisions, under traditional budget methods, additional State General Fund dollars of \$364,973 would be required to maintain institutional operating budgets at the approved levels. The table below shows the net increase or decrease in available tuition revenue at each Regents institution based on the revised estimates.

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FY 1998 Revised Tuition Estimates

	Approved Amount	Revised Estimate	Difference
KU Medical Center	\$9,618,455	\$9,564,126	(\$54,329)
KSU Veterinary Medical Center	4,615,500	4,603,272	(12,228) *
Emporia State University	7,929,713	7,929,222	(491)
Fort Hays State University	7,779,176	7,769,321	(9,855)
Pittsburg State University	9,793,595	9,793,595	0
TOTAL	\$39,736,439	\$39,659,536	(\$76,903)

* The amount requested by KSU Veterinary Medical Center is \$5,279, not the full \$12,228 reflected in its revised estimate. The adjusted total would be \$69,954.

The Committee concurred with this item.

FY 1999 Revised Tuition Estimates

	Approved Amount	Revised Estimate	Difference
KU Medical Center	\$9,979,582	\$9,876,807	(\$102,775)
KSU Veterinary Medical Center	4,847,749	4,811,757	(35,992)
Emporia State University	8,210,994	8,074,206	(136,788)
Fort Hays State University	8,020,642	7,862,549	(158,093)
Pittsburg State University	9,965,170	10,033,845	68,675
TOTAL	\$41,024,137	\$40,659,164	(\$364,973)

The Committee concurred with this item.

A. General Fees Fund (Tuition) Revised Estimates - Tuition Accountability Institutions. Based on Spring 1998 enrollments, the institutions participating in tuition accountability have submitted revised estimates of tuition revenues for both FY 1998 and FY 1999. The Consensus Tuition Estimating Committee has concurred with the institutions' revised estimates.

For FY 1998, based on Spring enrollments, a net shortfall in available tuition revenue totaling \$36,840 is projected. Under the provisions of tuition accountability, the shortfalls are not offset, but the recommended levels of expenditure would be adjusted accordingly. In the past, the Governor has recommended retaining the original expenditure limitation, however, in the event that revenues above the revised estimates are actually generated. The table below reflects the increases and decreases in available tuition revenue projected for each institution participating in tuition accountability.

For FY 1999, based on Spring enrollments, a net shortfall in available tuition revenue totaling \$51,562 is projected. Under the provisions of tuition accountability, the shortfalls are not offset, but the recommended levels of expenditure would be adjusted accordingly. In the past, the Governor has recommended retaining the original expenditure limitation, however, in the event that revenues above the revised estimates are actually generated. The table below reflects the increases and decreases in available tuition revenue projected for each institution participating in tuition accountability.

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FY 1998 Revised Tuition Estimates

	Approved Amount	Revised Estimate	Difference
University of Kansas	\$71,621,799	\$71,426,303	(\$195,496)
Kansas State University	39,506,874	40,611,914	1,105,040
Wichita State University	24,626,795	23,680,411	(946,384)
TOTAL	\$135,755,468	\$135,718,628	(\$36,840)

FY 1999 Revised Tuition Estimates

	Approved Amount	Revised Estimate	Difference
University of Kansas	\$74,289,000	\$74,289,000	\$0
Kansas State University	40,907,590	42,314,867	1,407,277
Wichita State University	25,982,576	24,523,737	(1,458,839)
TOTAL	\$141,179,166	\$141,127,604	(\$51,562)

With regard to Wichita State University, the sharp reduction in estimated tuition revenues appears to be related to a substantial reduction in non-resident student credit hours. The University attributes much of this decline to the Asian currency crisis. Information provided by the University indicates that from the 1996-1997 academic year to the 1997-1998 academic year, credit hour enrollment for students from Hong Kong, Indonesia, Japan, Korea, Malaysia, and Thailand fell by 2,756 credit hours, or 22.0 percent, for an FY 1998 tuition revenue loss of \$736,541 had enrollment remained steady.

No action was taken on these items.

University of Kansas

A. Funding for Dole Institute of Public Service and Public Policy. During the 1998 regular Session, the House Subcommittee deleted FY 1999 funding of \$3.0 million from the State Budget Stabilization Fund recommended by the Governor for partial construction costs of the Dole Institute. The House Subcommittee indicated that it believed private funding would be the most appropriate method of constructing the facility, but decided to review the issue again during Omnibus. The Conference Committee on S.B. 495 subsequently adopted the Senate position and included the funding for the facility.

No action was taken on this item.

Wichita State University

A. New Buildings Operating Support - Wichita Metropolitan Complex. The House Subcommittee deferred a decision on funding for new buildings operating support for the Wichita Metropolitan Complex for Omnibus review. The University had requested \$237,874 in FY 1998, annualized to \$318,478 in FY 1999, and 6.0 FTE positions. The University's request was based on a formula of 1.0 new FTE position for each 12,500 square feet of space, as approved by the Board of Regents. During the 1998 regular session, the Senate added a total of \$222,186 in FY 1998, and \$305,358 in FY 1999 and 5.0 FTE positions, based on a formula of 1.0 new FTE position for each 15,000 square feet of space. The Conference Committee on S.B. 495 accepted the Senate position and that amount of funding was added to the WSU budget.

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No action was taken on this item.

B. Physician Assistant Program. The House Subcommittee deferred a decision regarding additional funding for the Physician Assistant (PA) program at Wichita State University in FY 1999 pending Omnibus review. The funding would replace money lost with the expiration of a Kansas Health Foundation grant. The grant allowed WSU, beginning in 1994, to increase the class size by 16 students per year. The University originally requested \$268,331 as part of its budget request submitted to the Board of Regents. That amount was subsequently reduced to \$94,853 to partially replace the funding. During the 1998 regular Session, the Senate added \$75,000 from the State General Fund for partial replacement of the lost funding, but the amount was deleted by the Conference Committee. The House Subcommittee requested information on grants made by the Health Foundation to other state agencies to assist it in determining whether replacement funding for the PA program was appropriate.

The Kansas Health Foundation lists active grants totaling \$39.8 million made to state agencies, including Wichita State University, the University of Kansas, the University of Kansas Medical Center, Fort Hays State University, and the Kansas Department of Health and Environment. As of April 16, 1998, a total of \$29.3 million of the grant funding had actually been paid to the agencies involved. The Foundation indicates that each grantee is asked to plan for the long term sustainability of the projects if continued funding is anticipated to be necessary.

The Committee did not concur with this item.

Kansas State University Extension Systems and Agriculture Research Programs

A. H.B. 2289 (Law). H.B. 2289 requires the University to establish a research project to study the biology and control of sericea lespedeza (which is designated as a noxious weed by the bill). The project, which is subject to appropriations, would be for a period of two years and calls for the establishment of demonstration plots and for the institution to conduct field days and workshops with respect to the control and eradication of sericea lespedeza. The University estimates FY 1999 expenditures of \$26,000 from the SGF for costs associated with the study, including \$16,700 for the salaries of a part-time graduate research assistant and other student help.

The Committee concurred with this item.

B. Substitute for H.B. 2950 (Governor). Sub. for H.B. 2950 amends prior law and establishes new provisions relating to the regulation of confined animal feeding facilities. Among other things, the bill requires KSU Extension Systems and Agriculture Research Programs, within the limitations of appropriations, to conduct nutrient management testing of land where animal waste is applied, including deep soil sampling for the purpose of identifying potential risk of groundwater contamination. The testing would be in addition to the lagoon study recommended by the Governor and approved by the Legislature. Information presented to the Conference Committee on H.B. 2950 indicates a three year cost totaling \$711,675, or \$237,225 per year, beginning in FY 1999, to support the costs of the additional nutrient management testing. The funding would be entirely for the salaries and wages of 9.0 positions, including 2.0 post-doctoral scientists, 4.0 Ph.D. students, and 3.0 technicians to conduct the testing.

The Committee concurred with the three-year cost totaling \$237,225 per year from the SGF, beginning in FY 1999.

Kansas State Historical Society

A. Funding for Historic Sites Preservation and Development. During its review of the capital improvements request of the State Historical Society, the Joint Committee on State Building Construction determined that it would review the issue of funding for historic sites preservation and development during Omnibus. The agency had originally requested \$411,640 in FY 1999 from the State General Fund for renovation work at Fort Hays, Shawnee Mission, the Kaw Mission, and Marais des Cygnes Massacre Park. Subsequent to the budget submission, the agency developed a three-year \$2.4 million plan to complete work at 13 different sites. The plan would call for first year funding of \$605,000, second year funding of \$870,000, and third year funding of \$875,000. The 1998 Legislature has so far added a total of \$100,000 from the Economic Development Initiatives Fund to provide for historic sites renovation. The Building Committee considered this issue at its meeting on April 22, 1998, and took no additional action.

No action was taken on this item.

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MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S at Statehouse, at 9:30 a.m. on April 23, 1998.

B. Storage Bay 3 -- Center for Historical Research. At its meeting on April 22, 1998, the Joint Committee on State Building Construction recommended the expenditure of \$2,098,540 from the State General Fund in FY 1999 to construct a third storage bay at the Center for Historical Research. The 1992 Legislature appropriated a total of \$12.3 million, including \$8.3 million from the State General Fund and \$4.0 million from the Economic Development Initiatives Fund, for construction of the Center for the Historical Research. The appropriation included funding for three storage bays. The Governor subsequently vetoed the \$4.0 million appropriation from the EDIF, and one bay was eliminated to reduce the cost of the facility. According to the Society, the two storage bays were full when the facility opened and over 10,000 cubic feet of archival materials is currently stored off site in an unheated and uncooled warehouse. The Society estimates that the 22,500 square foot third storage bay would meet its archival material storage needs through the year 2020.

It was moved by Senator Petty and seconded by Senator Feleciano the expenditure of \$2,098,540 (SGF) in FY 1999 to construct a third storage bay at the Center for Historical Research. The motion failed.

University of Kansas Medical Center

A. S.B. 373 (Law) transfers control of the University of Kansas Medical Center (KUMC) to the newly created University of Kansas Hospital Authority. The transfer is to take place on or before December 31, 1998. KUMC estimates that the Governor's recommended FY 1999 budget could be reduced by \$80.4 million from special revenue funds, based on a December 31 transfer date. This action has already been taken by the 1998 Legislature. The agency also requests the appropriation of two new special revenue funds, the Services to Hospital Authority Fund and the Direct Medical Education Reimbursement Fund. The agency requests no limit expenditure authority on the Services to Hospital Authority Fund and a limit of \$2,428,197 on the Direct Medical Education Reimbursement Fund. After the transition these two funds would take the place of the Hospital Overhead Reimbursements Fund. The agency's request would not change the approved budget.

The Committee concurred on this item.

Department of Administration

A. State Complex West. The Conference Committee recommended Omnibus review of funding to maintain and operate the grounds of the former Topeka State Hospital, now known as the State Complex West, in FY 1999. The agency's authority to operate and dispose of the property expires in FY 1998 and no funding or positions are currently included in the FY 1999 budget. The current year budget for operating the facility includes reportable expenditures of \$773,291, including \$500,000 from the State General Fund, and nonreportable expenditures of \$1,380,806. In addition, 18.0 FTE positions are authorized in the current year to operate and maintain the facility. The property currently is occupied by the Department of Corrections, the Department of Agriculture, the Department of Social and Rehabilitation Services and the State Printing Plant. For FY 1999 the Department of Administration requests authority to operate and dispose of the facility, to charge rents to agencies occupying the property, and 8.0 FTE positions. Funding to support the positions would come from the rents charged for use of the facility. The agency also requests authority to transfer any positions no longer required due to disposition of the property to the Department of Corrections, where they would be utilized to operate the central heating plant and help maintain the facility.

The Committee concurred on this item.

B. Memorial Hall. The Conference Committee recommended Omnibus review of the funding needs for the renovation of Memorial Hall. The estimated cost of the renovation project has increased from the approved amount of \$4.8 million to a new revised estimate of \$5,530,600. The agency requests that the bonding authority for the project be increased to the revised amount. The agency attributes the required increase to increases in the personnel of the agencies to occupy Memorial Hall, building inefficiencies, circulation design changes and the inclusion of a covered walkway between Memorial Hall and the Landon State Office Building. The Joint Committee on State Building Construction concurred with the agency's request for additional bonding authority at the Committee's April 22, 1998, meeting.

The budget submitted by the Governor for FY 1999 included \$295,000 from the State General Fund for the first year of debt service for Memorial Hall and \$40,000 from the State Building Depreciation Fund for design work for a new steam tunnel connection between the Statehouse and the Judicial Center, Memorial Hall and the Landon State Office Building. These amounts were removed from the budget pending Omnibus review. A revised debt service schedule prepared by the Kansas Development Finance Authority indicates that amount required in FY 1999 to service the \$5.5 million in bonds totals \$223,682. The revised construction budget of \$5.5 million does not include the

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planning funds for the new steam tunnel nor the steam tunnel's estimated construction cost of \$270,000.

The Committee concurred on this item.

C. Public Broadcasting Funding. The House Committee recommended that state funding for public broadcasting be reviewed at Omnibus. The approved FY 1999 budget for the Kansas Public Broadcasting Council includes \$1.7 million for operating grants (an increase of \$200,000 from the current year) and \$450,000 for equipment grants (an increase of \$150,000 from the amount approved by the 1997 Legislature). The Council's FY 1999 request included \$4,955,148 for operating grants and \$400,000 for equipment grants.

No action was taken on this item.

D. H.B. 2607 (Law) abolishes the Office of the State Long-Term Care Ombudsman in the Department on Aging and transfers its functions to an independent Office attached to the Department of Administration effective June 14, 1998. The approved FY 1999 budget for the Department on Aging includes \$221,018 (\$32,108 State General Fund) and 4.5 positions for the Office of the State Long-Term Care Ombudsman. The Department of Administration reports that an additional \$286,401 from the State General Fund and 3.5 FTE positions would be required to operate the new independent Office in addition to those amounts currently in the Department on Aging's budget. The total requested amount to operate the office is \$507,413 including \$318,509 from the State General Fund.

The Committee recommended \$291,018 (\$102,108 SGF) and 5.5 FTE positions.

Kansas Bureau of Investigation

A. Regional Forensic Laboratory. The House Committee, Senate Committee, and Joint Committee on State Building Construction all have recommended that the issue of funding for a regional forensic laboratory to serve southeast Kansas be considered at Omnibus. The agency requests \$468,197 from the State General Fund and 1.0 FTE position to establish a forensic laboratory in Pittsburg in FY 1999. The facility would be located in Shirk Hall on the campus of Pittsburg State University (PSU) in space adjacent to the PSU police department. The facility would serve as a regional evidence receiving center and to analyze fingerprints and illegal drugs in the 15 county region. In addition to the 1.0 FTE Evidence Technician position requested by the agency, 3.0 additional existing positions would be stationed at the facility. The requested funding includes \$180,000 to renovate Shirk Hall for laboratory space, \$157,266 for laboratory equipment, \$103,310 for operating expenses and \$27,621 for the requested new position. The Joint Committee on State Building Construction concurred with the agency's request for the capital improvement portion of this project at the Committee's April 22, 1998, meeting.

The House Committee also recommended review of establishing a regional forensic laboratory in Kansas City. Agency officials report that discussions about such a facility have occurred with local officials but that no estimate of the cost of establishing a Kansas City facility has been established.

Senator Feleciano moved and Senator Ranson seconded the motion to provide funding in the amount of \$468,197 SGF). When federal money is received as funding for this project, SGF will be reimbursed.

B. ASTRA Fees. The House Committee recommended consideration of funding for increased DISC fees associated with the installation of the new Automated Statewide Telecommunications and Record Access (ASTRA) System in FY 1999. The agency reports that \$269,532 from the State General Fund would be required for DISC fees to maintain both the new and old systems while local law enforcement agencies install and become familiar with the new equipment.

No action was taken on this item.

C. Headquarters Expansion Project. The House Committee recommended Omnibus review of a proposed expansion for the agency's Topeka headquarters. The current facility, constructed in 1928 and remodeled in the early 1980s, reportedly provides inadequate space and potentially dangerous conditions for the personnel located in the forensic laboratory. The agency has received a proposal to construct a \$6.4 million facility adjacent to the existing headquarters building to serve as a new laboratory. An additional \$900,000 would be required to renovate the current facility. Estimated costs of bonding the new facility are \$690,000 per year, based on a 20-year bond issuance. The Joint Committee on State Building Construction recommended at its April 22, 1998, meeting that this project not be funded.

No action was taken on this item.

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MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S at
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Department of Revenue

A. H.B. 2686 (Law) authorizes permanent license plates for apportioned fleet registration of commercial vehicles, effective January 1, 1999. The agency reports that \$16,959 from the Division of Vehicles (DOV) Operating Fund will be required in FY 1999 for the computer program changes required to implement the bill.

The Committee concurred on this item.

B. H.B. 2707 (Law) would authorize a special sales tax in Atchison County to support jail construction. The agency reports that \$3,920 from the State General Fund will be required in FY 1998 for computer system changes and to print and mail new sales tax rate cards.

The Committee did not concur on this item.

C. S.B. 139 (Governor) revises numerous statutes related to motor vehicle titles and license plates. The following summarizes the fiscal notes on several sections of the bill:

Repossessed Vehicles. The bill creates the new Repossessed Certificates of Title Fee Fund and authorizes the imposition of an additional \$3 fee for obtaining a new certificate of title on repossessed vehicles. The agency reports that implementation of the bill would require total expenditures from the fund in FY 1999 of \$97,570 and 3.0 FTE Office Assistant III positions. The estimate includes \$76,050 for the salaries of the requested positions, \$17,400 for capital outlay, \$3,292 for computer program modifications and \$828 in annual operating expenses.

It was noted that \$125,000 in revenue will be realized. The Committee concurred on the amount of \$97,570 and 3.0 FTE OA III positions.

Merchant Marines. The bill adds veterans of the Merchant Marines to the list of those eligible for special veterans licence plates. The agency estimates that \$780 from the DOV Operating Fund would be required in FY 1999 to manufacture an additional 500 license plates.

The Committee did not concur with this item.

Antique Vehicles. The bill authorizes antique vehicle owners to register and display a model year license plate. The agency estimates that between \$30,000 and \$50,000 from the DOV Operating Fund would be required in FY 1999 for contract programmers to make the necessary program changes to the Vehicle Information Processing System (VIPS) required to implement this provision.

The Committee did not concur with this item.

D. S.B. 416 (Governor) expands the ability of insurance companies to qualify for certain tax credits and investment incentives. The agency reports that implementation of the bill would require one Tax Examiner III position with an image enabled work station for one hour a day at an estimated FY 1999 cost of \$11,776.

The Committee did not concur with this item.

E. S.B. 418 (Governor) allows for licensed motor vehicle fuel tax distributors to receive a tax credit against the motor fuel tax for the costs of installing equipment necessary to file reports via electronic or magnetic media. The agency reports that \$1,980 would be required in FY 1998 for one time computer programming changes. The fiscal note from the Division of the Budget also indicates that the bill may reduce FY 1999 State General Fund receipts by \$2.9 million depending on the number of distributors who elect to claim the tax credit.

The Committee did not concur with this item.

F. S.B. 488 (Governor) requires the agency to mail renewal notices to holders of nondriver identification cards. The agency estimates that implementation of the bill in FY 1999 will require \$11,188 from the DOV Operating Fund for computer modifications (\$6,388) and forms and postage to mail renewal notices (\$4,800).

The Committee concurred with this item.

G. S.B. 493 (Governor) modifies several sections of the Kansas tax code, including elimination of the inheritance tax, creating a state earned income tax credit, expansion of exemptions

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from sales tax, increasing income tax deductions, and many more. A preliminary estimate of the cost to implement S.B. 493 in FY 1999 is \$3,962,951 from the State General Fund, including 20.0 FTE positions. The estimate includes on going costs of \$744,841 for the salaries of 2.0 State Auditor IV, 16.0 Tax Examiner III, 1.0 Office Assistant IV and 1.0 Office Assistant II positions and \$5,520 for telephone charges. One time costs of \$3,215,590 include \$2,945,800 for contractual programming services to modify the Project 2000 computer system, \$140,000 for 20 image enabled workstations for the requested positions, \$62,000 for postage, \$48,000 for auditor training and \$16,790 for printing.

No action was taken on this item.

Department of Social and Rehabilitation Services

A. Caseload Estimates. Staff of the Kansas Legislative Research Department, the Division of the Budget, the Kansas Department on Aging (KDOA) and the Department of Social and Rehabilitation Services (SRS) met on April 16 to develop consensus caseload estimates on agency programs for FY 1998 and FY 1999. Consensus was reached on expenditure estimates for Temporary Assistance for Families, General Assistance, regular medical assistance, adult care facilities (including nursing facilities, nursing facilities for mental health and intermediate care facilities for the mentally retarded), the Home and Community Based Services (HCBS) programs, and child welfare services (including foster care contracts, adoption contracts and adoption support). In total, estimated State General Fund expenditures are increased by \$3.6 million in FY 1998 and \$853,000 in FY 1999 compared to the recommended budget. Large all funds decreases in the Temporary Assistance for Families program were not matched by State General Fund decreases due to the required maintenance of effort. Financing from the State General Fund for programs operated by KDOA was decreased by \$1.0 million in FY 1998 and \$4.3 million in FY 1999. State General Fund expenditures for programs operated by SRS were increased by \$4.5 million in FY 1998 and \$5.1 million in FY 1999. The following tables summarize the November 1997 and April 1998 caseload estimates and the resulting differences:

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FY 1998		November Estimate	April Estimate	Difference
Cash Assistance				
Temporary Assistance for Families	All Funds	\$59,000,000	\$53,400,000	(\$5,600,000)
	SGF	40,078,100	40,078,100	0
General Assistance	All Funds	4,500,000	4,500,000	0
	SGF	983,900	983,900	0
Medical Assistance				
	All Funds	\$485,000,000	\$480,800,000	(\$4,200,000)
	SGF	147,902,600	147,902,600	0
Adult Care Facilities				
Nursing Facilities (KDOA)	All Funds	\$246,000,000	\$240,000,000	(\$6,000,000)
	SGF	99,138,000	96,720,000	(2,418,000)
Nursing Facilities - Mental Health	All Funds	10,800,000	10,800,000	0
	SGF	8,036,300	8,036,300	0
Intermediate Care Facilities - MR	All Funds	37,000,000	35,500,000	(1,500,000)
	SGF	14,985,000	14,377,500	(607,500)
Subtotal - Adult Care Facilities	All Funds	\$293,800,000	\$286,300,000	(\$7,500,000)
	SGF	122,159,300	119,133,800	(3,025,500)
Home and Community Based Services				
HCBS - Frail Elderly (KDOA)	All Funds	\$21,400,000	\$25,000,000	\$3,600,000
	SGF	8,622,100	10,072,500	1,450,400
HCBS - Physically Disabled	All Funds	18,500,000	24,500,000	6,000,000
	SGF	7,492,500	9,922,500	2,430,000
HCBS - Head Injured	All Funds	4,700,000	3,700,000	(1,000,000)
	SGF	1,903,500	1,498,500	(405,000)
HCBS - Tech. Assisted	All Funds	100,000	100,000	0
	SGF	40,500	40,500	0
HCBS - Developmentally Disabled	All Funds	109,000,000	118,600,000	9,600,000
	SGF	44,145,000	48,033,000	3,888,000
Subtotal - HCBS	All Funds	\$153,700,000	\$171,900,000	\$18,200,000
	SGF	62,203,600	69,567,000	7,363,400
Children's Services				
Foster Care Contracts	All Funds	\$53,000,000	\$53,000,000	\$0
	SGF	22,796,000	24,380,000	1,584,000
Adoption Contracts	All Funds	10,000,000	8,000,000	(2,000,000)
	SGF	6,451,700	3,680,000	(2,771,700)
Adoption Support	All Funds	10,000,000	10,300,000	300,000
	SGF	4,332,300	4,738,000	405,700
Total - Children's Services	All Funds	\$73,000,000	\$71,300,000	(\$1,700,000)
TOTAL - FY 1998	All Funds	\$1,069,000,000	\$1,068,200,000	(\$800,000)

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FY 1998		November Estimate	April Estimate	Difference
	SGF	\$406,907,400	\$410,463,400	\$3,556,000
FY 1999		November Estimate	April Estimate	Difference
Cash Assistance				
Temporary Assistance for Families	All Funds	\$53,000,000	\$46,260,000	(\$6,740,000)
	SGF	35,336,000	35,336,000	0
General Assistance	All Funds	4,500,000	4,500,000	0
	SGF	983,900	983,900	0
Medical Assistance				
	All Funds	\$499,000,000	\$486,700,000	(\$12,300,000)
	SGF	149,663,600	149,700,000	36,400
Adult Care Facilities				
Nursing Facilities (KDOA)	All Funds	\$265,000,000	\$250,000,000	(\$15,000,000)
	SGF	106,795,000	100,750,000	(6,045,000)
Nursing Facilities - Mental Health	All Funds	11,200,000	11,200,000	0
	SGF	8,317,100	8,317,100	0
Intermediate Care Facilities - MR	All Funds	34,800,000	36,500,000	1,700,000
	SGF	14,020,900	14,705,900	685,000
Subtotal - Adult Care Facilities	All Funds	\$311,000,000	\$297,700,000	(\$13,300,000)
	SGF	129,133,000	123,773,000	(5,360,100)
Home and Community Based Services				
HCBS - Frail Elderly (KDOA)	All Funds	\$24,600,000	\$29,000,000	\$4,400,000
	SGF	9,911,300	11,684,100	1,772,800
HCBS - Physically Disabled	All Funds	19,400,000	25,000,000	5,600,000
	SGF	7,816,300	10,072,500	2,256,200
HCBS - Head Injured	All Funds	5,000,000	5,000,000	0
	SGF	2,014,500	2,014,500	0
HCBS - Tech. Assisted	All Funds	103,000	100,000	(3,000)
	SGF	41,500	40,300	(1,200)
HCBS - Developmentally Disabled	All Funds	118,000,000	125,500,000	7,500,000
	SGF	47,542,200	50,564,000	3,021,800
Subtotal - HCBS	All Funds	\$167,103,000	\$184,600,000	\$17,497,000
	SGF	67,325,800	74,375,300	7,049,500
Children's Services				
Foster Care Contracts	All Funds	\$43,500,000	\$44,600,000	\$1,100,000
	SGF	20,010,000	20,516,000	506,000
Adoption Contracts	All Funds	10,900,000	8,000,000	(2,900,000)
	SGF	5,014,000	3,680,000	(1,334,000)
Adoption Support	All Funds	13,000,000	13,000,000	0
	SGF	5,980,000	5,980,000	0
Subtotal - Children's Services	All Funds	\$67,400,000	\$65,600,000	(\$1,800,000)

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FY 1999		November Estimate	April Estimate	Difference
	SGF	31,048,900	30,176,000	(872,900)
TOTAL - FY 1999	All Funds	\$1,102,003,000	\$1,085,360,000	(\$16,643,000)
	SGF	\$413,491,200	\$414,344,200	\$853,000

The Committee concurred with the se items.

- 1.. Mental Health Services -- KAPS Watchdog Project (House and Senate Subcommittees).** The House and Senate Subcommittees reviewing the community mental health budget for FY 1999 received a request from Kansas Advocacy and Protective Services (KAPS) for funding of \$250,000 SGF to provide statewide monitoring and advocacy services to persons with mental illness now living in the community. In addition, the Senate Subcommittee received an alternate request for \$100,000 SGF to implement a pilot project in Shawnee County. Currently, KAPS federal funding limits their mental health related services to persons in an institution and for 90 days after discharge. The requested funding would allow KAPS to serve mentally ill persons living in the community who either have not be institutionalized or have been discharged for more than 90 days. The House Subcommittee recommended the request for \$250,000 SGF be reviewed again during Omnibus. The Senate Subcommittee recommended more limited funding of \$75,000 SGF be review in Omnibus.

No action was taken on this item.

- 2.. Mental Health Services -- Families Together (House Subcommittee).** The House Subcommittee reviewing the mental health services budget for FY 1999 recommended that a request by Families Together for additional funding of \$200,000 SGF be reviewed in Omnibus. The requested funding would allow the organization to begin serving families who have child(ren) with mental severe emotional disturbances (SED). Currently, the organization serves families with disabled children.

No action was taken on this item.

- 3.. Mental Health Services -- Consumer Run Organizations (House Subcommittee).** The House Subcommittee reviewing the mental health services budget for FY 1999 recommended that two alternate requests by consumer run organizations (CROs) for additional funding be considered at Omnibus. The first is a request for additional funding of \$524,000 SGF for total funding of \$784,000. The second is a request for CROs to receive a line item amount of one percent of the total mental health budget. This amount would total \$1.24 million SGF total funding. Current funding for FY 1998 and FY 1999 is \$260,000 SGF.

No action was taken on this item.

- 4.. Mental Health Services -- State Grants to Community Mental Health Centers (CMHCs) (House Subcommittee).** The House Subcommittee reviewing the mental health services budget for FY 1999 recommended that a request by CMHCs for additional funding of \$377,545 SGF to increase state grants to CMHC's by 3 percent be reviewed again in Omnibus. The Governor recommended and the Legislature approved a 2 percent increase in these items for FY 1999 totaling \$714,972 SGF. The requested additional funding represents the difference between the 2 percent and 3 percent increases. Approved funding for state grants totals \$10.03 million in FY 1998 and \$10.23 million in FY 1999.

No action was taken on this item.

- 5.. Mental Health Services -- Keys for Networking (House and Senate Subcommittees).** The House and Senate Subcommittees reviewing the mental health services budget for FY 1999 recommended that a request by Keys for Networking for additional funding of \$150,000 SGF be considered in Omnibus. Total grant funding for Keys for Networking in FY 1999 would be \$300,000 SGF. Current approved funding in FY 1998 is \$150,000 SGF.

No action was taken on this item.

- 6.. Mental Health Services -- Children's Mental Health Initiative (Senate Subcommittee).** The Senate Subcommittee reviewing the mental health services budget for FY 1999 received a request

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for additional funding of \$1,775,610 State General Fund to fully fund the 1,000 slots planned for FY 1999 in the Children's Mental Health Initiative waiver program. The Subcommittee noted this issue needs further consideration and recommended that additional funding of \$750,000 SGF be considered at Omnibus. The 1998 Legislature added \$234,640 SGF to the \$2,000,000 SGF recommended by the Governor for FY 1999 to fund a total of 600 slots. Approved funding for FY 1998 is \$1,000,000 SGF.

No action was taken on this item.

- 7.. **Mental Health Services -- Consumer Grants Distribution (House Committee and Senate Subcommittee).** The House Committee and the Senate Subcommittees reviewing the mental health services budget requested the agency evaluate whether specific consumer organizations should be selected for funding by the Legislature or whether all consumer grants should be distributed on a competitive basis. The agency was requested to report at Omnibus on its findings.

The agency reports that funding of \$260,000 SGF for Consumer Run Organizations (CROs) is currently distributed on a competitive basis. However, funding of \$350,000 SGF to other statewide organizations is based upon status quo funding and specific recommendations by the Legislature. Because none of these funds are subject to a line item appropriation or a specific appropriation proviso they could all be granted on a competitive basis. The agency notes that it does not have specific information on how many other organizations would potentially submit proposals should a request for proposals for statewide organizations be issued.

No action was taken on this item.

- 8.. **Mental Health Services -- Consumer Grants Audits (Senate Subcommittee).** The Senate Subcommittee reviewing the mental health services budget directed the agency to conduct audits of selected recipients of consumer grant funding and report its findings at Omnibus. The Subcommittee noted possible irregularities in the operation of some organizations and would use the agency's findings to determine whether further investigation is warranted.

During the last few months, the agency conducted audits on four CROs and two statewide organizations. The audits found that bookkeeping and financial controls were often inadequate, Boards of Directors did not always exert appropriate decision making and financial and program reporting was not always timely and accurate. In addition, the agency found that it had not been aggressive enough in monitoring and oversight. The agency reports that due to these findings it will make training and technical assistance mandatory, make quarterly on-site visits and more closely monitor the activities of these organizations.

No action was taken on this item.

- 9.. **Mental Health Services -- Atypical Antipsychotic Medications (Senate Subcommittee).** The Senate Subcommittee reviewing the mental health services budget requested the agency to investigate whether the current level of funding (\$680,000 SGF) for atypical antipsychotic medications will be adequate to meet the needs of eligible consumers in FY 1999 and beyond and report at Omnibus. The Subcommittee noted additional resources may be required after FY 1999 and that this is an important issue for consideration.

The agency reports that the number of consumers utilizing the program has increased from three in July 1997 when the program was implemented to 87 as of March 1998. Claims paid have increased from three in July 1997 to 234 as of March 1998. The amount paid in claims per month has increased from \$262 in July 1997 to \$17,813 in March 1998. The total of claims paid in FY 1998 to date is \$62,270. In summary, the agency states that a growing need for the Community Support Medication Program (CSMP) is being met for consumers on atypical antipsychotic medications residing in Kansas communities who would otherwise be unable to afford these medications.

No action was taken on this item.

- 10.. **Mental Health and Developmental Disabilities (MH&DD) -- Administrative Costs (House Subcommittee).** The House Subcommittee reviewing the budget for SRS MH&DD Services recommended the agency determine the administrative costs in community mental health and developmental disabilities organizations.

In response to the Legislative request, the agency first developed specific definitions of administrative costs for CDDOs and CMHCs to ensure some uniformity. Using these definitions, information was requested from all CMHCs, CDDOs and the major DD affiliates. Responses were received from 21 of 27 CMHCs and 38 of 59 CDDOs or licensed affiliates. Although there was not unanimous participation, the agency indicates that no significant gaps were identified which would significant-

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ly compromise the use of the data gathered. The responses were considered generally representative of the range of administrative costs incurred by the various providers. The agency notes that the costs covered do not include the costs specifically identified as being related to the CDDOs responsibility to administer the DD Reform Act. In addition, the costs reported are unaudited and some level of inconsistency is expected between various providers. Finally, the agency was unable to find comparable data from other states to use as a benchmark. The information provided by the providers indicates that the average cost of administration for CMHCs was 17.8 percent, while the average for CDDOs and major affiliates was 11.94 percent. The agency reviewed the administrative costs of the state hospitals and found an average of 17.27 percent for the three mental health hospitals compared to a 7.89 percent average for the two mental retardation hospitals.

No action was taken on this item.

11..Developmental Disabilities Services -- HCBS -MR/DD Rate Increase (House and Senate Subcommittees). The House and Senate Subcommittees reviewing the developmental disabilities services budget received a request for additional funding of \$3.8 million SGF in FY 1999 to increase provider rates by 8 percent in the Home and Community Based Services for Mental Retardation/Developmental Disabilities (HCBS-MR/DD) waiver. Testimony indicated that the increase is needed to address community staffing issues including low pay and significant turnover. The House Subcommittee recommended the issue of additional funding be considered at Omnibus. The Senate Subcommittee recommended the agency review a study performed by Kansas State University on the issue of salaries and turnover in community organization and report on its findings at Omnibus. The Senate Subcommittee indicated that the review by the agency is intended to provide the Legislature with a basis for determining whether provider rates should be increased.

The agency reviewed the findings of the "Community Service Provider Direct Care Staff Turnover Study" performed by the Institute of Behavioral and Social Research (ISBR) of Kansas State University. In general, the study indicates that community provider agencies fell into high, medium and low turnover groups. Seven CDDOs and five affiliates (23 percent of those included in the study) had high turnover ranging from 88 percent to 150 percent. Forty-three percent of the agencies studied (thirteen CDDOs and nine affiliates) had moderate turnover rates of 37 percent to 75 percent. Low turnover of 0 percent to 33 percent was experienced at seven CDDOs and nine affiliates (23 percent of the agencies included in the study). The research indicated that turnover rates were related to level of wages, number and type of benefits and management style.

A motion was made by Senator Downey and seconded by Senator Petty to increase provider rates by 4% (a funding of \$1.9 million). The motion failed.

12..Developmental Disabilities Services -- Targeted Case Management (House Subcommittee). The House Subcommittee reviewing the developmental disabilities services budget received a request for \$3.0 million SGF in FY 1999 to be used as matching funds for Targeted Case Management. The Subcommittee was informed this amount would be matched by the community developmental disabilities organizations (CDDOs) in an equal amount to draw down additional federal dollars for Target Case Management services. The Subcommittee was informed these services have grown dramatically both in scope and number of persons served.

No action was taken on this item.

13..Child Support Enforcement -- KESSEP Update (House and Senate Subcommittees). The House and Senate Subcommittees reviewing the FY 1998 and FY 1999 SRS budgets requested an update from the agency on the Kansas Enhanced Statewide Support Enforcement Project (KESSEP) automated system. The update should include the status of the system and federal requirements (including any recent changes made by the federal government with regard to system requirements, deadlines, and penalties).

The agency reports the status of the KESSEP project as follows:

- Kansas completed its Federal Certification review the week of February 9th. Preliminary indications from the review demonstrated that the KESSEP system meets all of the functionality required for certification. Twenty-three states and territories have been certified leaving thirty-one others having a review done and not yet certifies, or having not requested a review by the March 1st date. Kansas has received formal notice of Federal intent to disallow the state plan because the system is not operational statewide. The state now faces potential penalties.

On March 4, 1998, the U.S. House of Representatives approved legislation (HR 3130) to reduce financial penalties against states for failure to complete automation systems. Pursuant to this bill, penalties are reduced to four percent of IV-D funding for the first year and an additional four percent each year until the penalty reaches 20 percent. However, if

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a state has a certifiable system by October 1998, 75 percent of the four percent penalty will be returned to the state. The U.S. Senate is expected to pass a similar bill. Federal funding for the CSE program is \$25.0 million. A four percent penalty, under HR 3130, would be \$1.0 million. However, if a federally certifiable system is implemented by October 1998, the state would receive a rebate of \$751,210 leaving a total penalty of \$250,403.

- The SRS project steering committee on KESSEP recommended the agency do the following: Continue the Phase I re-engineering of the finance portion of the system by IBM; contract with IBM to review the non-finance portions of KESSEP; contract with DynCorp or other company to provide test scripting of the entire application and also ask them to do a Quality Assurance review of the Phase I finance re-engineering document from IBM; and develop a sole source contract with IBM to oversee all construction of finance recommendations from Phase I and all fixes to non-finance so the end result is a certifiable system.
- MTW had offered two proposals to assist SRS in finishing KESSEP. Both proposals were rejected by the agency. MTW then offered to leave a minimal amount of staff on the project at their cost which was also rejected by the agency. MTW staff vacated the project at the end of business on March 27th and have not been paid for January, February and March. The agency has not made a determination on payment of these invoices. SRS has entered into discussions with an attorney, with expertise in this field, to review the MTW contract and determine potential recovery of monies paid to MTW and their portion of penalties the State of Kansas may have to pay for failure to be certified by October 1, 1997.
- IBM began work to complete the re-engineering of the finance portion of KESSEP on March 27th. The current plan is to complete the re-engineering in 13 weeks, and then begin Phase II. Contract negotiations are underway and IBM is working on a pre-contract agreement with SRS until negotiations are completed. The agreement ends April 30th, so a signed contract with IBM would be needed by then to continue to re-engineer the finance section.
- It was decided the system would not be brought up statewide in April and no date is set for implementation. Once Phase I of the IBM contract is complete, an estimated implementation date should be agreed on.

No action required on this item.

- 14.. **Child Support Enforcement -- Collection Contracts (House Subcommittee).** The House Subcommittee reviewing the FY 1998 SRS budget requested the agency report at Omnibus with information on the following: Child support collection aging of arrearages, the Maximus collection contract and corrective action plan, and the fulfillment of contract requirements and commitments by all collection contractors.

The agency reports that they currently do not have information from the collection contractors on the aging of arrearages. Once the KESSEP automation is implemented, a quality assurance feature of the system could be used to accomplish aging of debts such as how many accounts are 30,60,90 days past due. Typical collection agencies age debts because they write off debts after a relatively short time. The agency has not required aging of arrearages because child support debts are not typical as they remain enforceable for over twenty years and are not written off as a program policy. In addition, by the time a typical child support case is opened in the CSE program, the arrearages are often over a year old prior to referral to a contractor. Delinquency reports are used to detect when payments are missed but they do not provide summary information about the percentage of cases in specific number of days in arrears. Finally, there are relatively short time periods specified in the contracts in which the contractors must take enforcement actions.

With regard to the corrective action plan with Maximus, the company was formally notified of the need for such plan to remedy deficiencies on February 24, 1998. The company submitted a timely, high level plan which appeared to be a good faith effort to remedy many of the problems. An additional 12 staff will be added and the company plans to realign staff functions for more efficiency. In addition, the company hired a contractor to manage the project and brought in a temporary manager with considerable experience. The agency requested additional details on the corrective plan by April 1, 1998 to which the company responded in a timely manner with a more detailed corrective action plan. The agency is currently assessing the proposals and are arranging a series of meetings to discuss implementation.

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In response to the concern regarding contract fulfilment, the agency indicates it has evaluated all of the contractors in their first year of operation by reviewing data and reading or auditing cases. The only contractor with problems sufficient to warrant a corrective action plan was Maximus. Public assistance collections for all of the contractors are down due to a larger than expected reduction in the number of open public assistance cases. Although the contracts required at least a ten percent increase in public assistance collections, the agency is not confident that many of the contractors will comply by the beginning of 1999 unless public assistance caseloads increase or special efforts are made to collect public assistance arrearages remaining on the books. The agency has notified the contractors that accelerated efforts to collect these arrearages will be expected.

No action was taken on this item.

- 15.. **Adult and Medical Services -- HCBS - Head Injury Waiver (House Committee and Senate Subcommittee).** The House Committee and the Senate Subcommittee recommended the status of the HCBS - Head Injured waiver be reviewed at Omnibus. In particular, the issue of the current waiting list for services should be addressed. Information received by the Senate Subcommittee indicated there was a waiting list of 54 persons as of January 1998.

Additional information provided by the agency indicates that a new design for the program has been developed which will go into effect on July 1, 1998. The new design allows Targeted Case Management (TCM) services for the Head Injury population even if the person is on the waiting list for HCBS - HI services. The TCM services will allow improved tracking of consumers on the waiting list and ensure that alternative services are available to help stabilize this unpredictable and sometimes very mobile population. Projections show that, with the new plan, 120 consumers may be served monthly within the \$5.0 million projected budget as opposed to the 101 persons currently being served.

No action was taken on this item.

- 16.. **Adult and Medical Services -- Medicaid Provider Reimbursement Rates (House Committee).** The House Committee recommended the issue of increasing Medicaid provider reimbursement rates be reviewed during Omnibus. The 1998 Legislature added \$4.0 million State General Fund (\$10.0 million all funds) to increase inpatient and outpatient provider rates.

No action was taken on this item.

- 17.. **Children and Family Services -- Child Welfare Services Contracts (House Committee).** During review of the SRS budget for FY 1999, the House Committee recommended the agency report at Omnibus on any corrective action plans with foster care, family preservation and adoption contractors.

The agency reports that the most recent quarterly on-site monitoring visits for the child welfare services contractors were conducted in March and April 1998. For family preservation services, five corrective action plans were required and have been submitted. The adoption contractor correction plan is due April 27. The foster care contractor on-site visits were conducted on April 2 (Kaw Valley Center), April 7 (United Methodist Youthville), and April 9 (Kansas Children's Service League). The on-site reports will be mailed to the contractors within 14 days of the visit with a corrective action plan due 14 days after receipt of the monitoring report. The agency notes that the on-site review does not monitor all data every quarter. The agency will review the corrective action plan and notify the contractor within seven days if the plan is approved or needs to be clarified.

No action was taken on this item.

- 18.. **Children and Family Services -- Family and Children Endowment Account (House Subcommittee).** The House Subcommittee reviewing the SRS budget for FY 1998 and FY 1999 recommended that the establishment of an endowment account in the Family and Children Investment Fund to act as a true trust account be reviewed during Omnibus. The Legislature established a Family and Children Endowment Account in S.B. 495.

No action was taken on this item.

C. House Sub. for Substitute for S.B. 424 (Law). House Sub. for Substitute for S.B. 424 establishes a new health insurance program for targeted children under Title XXI of the Social Security Act. The bill sets out the duties and responsibilities of the Secretary of SRS in developing the program. A ten-member joint legislative committee on children's issues is also established by the bill. Also, the bill establishes the Kansas Insurance Coverage for Children fund and provides for the transfer of \$12.0 million annually from the State General Fund to operate the children's health insurance

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program. Interest accrued by moneys in the Kansas Insurance Coverage for Children fund are directed back into the fund and not to the State General Fund. The bill also establishes the Children's Health Care Programs fund in SRS to be used for providing additional funding for children's health care, services for children and tobacco use prevention and cessation programs. The bill provides that 50 percent of any money received by the state in a tobacco litigation settlement or judgment shall be credited to the Children's Health Care Programs fund. In order to carry out the intent of the bill, both funds established by S.B. 424 will need to be appropriated in the Omnibus appropriations bill. Also, due to the transfer established by the bill to the Kansas Insurance Coverage for Children fund, the \$12.0 million appropriated from the State General Fund in 1998 S.B. 495 will need to be deleted to avoid double funding the program.

The Committee concurred with this item.

In order to carry out the intent of the bill, both funds established by SB 424 need to be appropriated in Omnibus appropriations bill. Also, due to the transfer established by the bill, the \$12 million appropriated in SB 495 will need to be deleted. Otherwise, the program has been funded twice.

D. H.B. 2820 (Governor). Among other things, H.B. 2820 amends the Kansas Code for the Care of Children to conform Kansas law with the federal Adoption and Safe Families Act of 1997. The provisions are designed to speed up the adoption process and shorten the time spent in foster care. SRS indicates that if the bill becomes law it would have no fiscal effect on the agency. However, if the bill is not signed into law, the state would not be in compliance with federal law and would not be eligible to receive \$25.0 million in federal funds including Title IV-E and IV-B which help fund child welfare services.

No action was taken by the Committee on this item.

E. Technical. The Energy Assistance Block Grant federal fund, which funds the Low Income Energy Assistance Program (LIEAP), was inadvertently omitted from the appropriations bill for FY 1999. As a technical adjustment, this no-limit federal fund needs to be added to the appropriations for SRS to allow for funding of LIEAP in FY 1999.

The Committee concurred with the technical adjustment to add \$9.6 million of federal funds that were inadvertently omitted from the appropriations bill for FY 1999.

The Committee concurred with the Governor's budget amendment to add \$2.5 million of federal block grant funds to expand the New Head Start Program. Item 20.

The Committee concurred with the Governor's budget amendment to add \$2 million in FY 98 (SGF) to settle the dispute with the Federal government regarding reimbursement for training of state personnel. Item 21.

The Committee concurred with the Governor's budget amendment to shift of expenditures for Medicaid Management Information System from FY 1998 to FY 1999. Item 22.

The Committee concurred with the Governor's budget amendment to include \$453,004 of federal Title XIX funds. Item 23.

Department on Aging

A. Omnibus Review Items

- 1. Targeted Case Management (House and Senate Subcommittees).** The House and Senate Subcommittees reviewing the Department on Aging budget for FY 1998 and FY 1999 recommended the issue of reimbursement for Targeted Case Management (TCM) services provided by Area Agencies on Aging (AAAs) be reviewed in omnibus. In addition, the Senate Subcommittee requested the agency report at Omnibus regarding recommended adjustments to the rates including the fiscal impact of any recommended change. Testimony indicated that the current reimbursement rate is \$30 per hour while AAAs estates for costs range from \$32.95 to \$46.74 per hour. Additional information provided by the agency indicates that TCM rates need to be increased to \$40 per hour in order for AAAs to cover costs incurred in providing TCM services. Funding required to implement this increase is \$979,560 including \$394,665 from the State General Fund in FY 1999.

The Committee concurred with the Governor's budget amendment to provide \$394,665 (SGF) in FY 1999. Item 30.

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2. **Kansas Aging Management Information System (KAMIS) (House and Senate Subcommittee).** The House and Senate Subcommittees reviewing the Department on Aging budget for FY 1998 and FY 1999 recommended the agency report at Omnibus on the status of KAMIS including the status of funding for the project. The Subcommittees were informed that funding for the system was not included in the agency request or Governor's recommendation because accurate estimates for the cost of the system were not available. Information provided by the agency indicates that funding of \$550,000 State General Fund in FY 1998 and \$2.45 million State General Fund in FY 1999 would be needed to begin implementing KAMIS. The funding estimate represents the agency's best estimate of the costs for replacing the current system before its Year 2000 incompatibility becomes an issue.

The Committee concurred with the Governor's budget amendment to include \$2.45 million (SGF) over a three-year period of 1998, 1999 and 2000.

3. **Senior Care Act (Senate Subcommittee).** The Senate Subcommittee reviewing the Department on Aging budget for FY 1999 requested the agency report at Omnibus on the status of the waiting list for Senior Care Act services. In addition, the agency is to report on the pilot project implemented in Wichita and Ottawa during the current fiscal year to eliminate the waiting lists in those areas. At the time of preparation of this memo, no information had been received from the agency on this topic.

It was moved by Senator Salmans and seconded by Senator Lawrence to appropriate \$150,000 to finance the Senior Companion Program, currently being federally funded. The motion failed.

4. **Nutrition Programs -- Project Income (House Subcommittee).** The House Subcommittee reviewing the Department on Aging budget for FY 1998 and FY 1999 recommended the agency report at Omnibus on project income contributions for nutrition programs.

Information received from the agency indicates that project income in the Older Americans Act Nutrition Program has generally increased since FY 1992. In FY 1992, a total of \$4.04 million was received with a contribution of \$1.03 per meal. In FY 1999, receipts are projected to be \$4.76 million with a contribution rate of \$1.24 per meal. Project income in the In-Home Nutrition Program has also increased. In FY 1992, receipts totaled \$138,584 with a contribution of approximately \$.39 per meal. In FY 1999, receipts are projected to total \$324,403 with a contribution of approximately \$.61 per meal.

No action was taken on this item.

5. **Home and Community Based Services for the Frail Elderly (HCBS-FE) - Service Delays (House Subcommittee).** The House Subcommittee reviewing the FY 1998 and FY 1999 budget for the Department on Aging received testimony regarding delays experienced by consumer in accessing HCBS-FE services from AAAs. The Subcommittee requested the agency report at Omnibus with a plan to address this delay problem. At the time of preparation of this memo, no information had been received from the agency on this topic.

No action was taken on this item.

6. **Home and Community Based Services for the Frail Elderly (HCBS-FE) - Case Manager Choice (House Subcommittee).** The House Subcommittee reviewing the FY 1998 and FY 1999 budget for the Department on Aging requested the agency investigate the issue of case manager choice for HCBS-FE services and report at Omnibus on possible alternatives to the current system. The Subcommittee was informed that consumers are allowed to choose their case manager in other HCBS waivers. At the time of preparation of this memo, no information had been received from the agency on this topic.

No action was taken on this item.

7. **Home and Community-Based Services for the Frail Elderly (HCBS-FE) - Presumptive Eligibility (House Subcommittee).** The House Subcommittee reviewing the FY 1998 and FY 1999 requested the agency report at Omnibus on the issue of presumptive eligibility for HCBS-FE services. Currently, providers are not reimbursed for the expense of screening done before Medicaid eligibility has been established if the person is found not to be eligible for Medicaid. The Subcommittee directed the agency to work with other departments to try and find a way for providers to be reimbursed for screening that do not result in eligibility for services.

According to information provided by the agency in its request for a Governor's Budget Amendment (GBA), establishing a system of presumptive eligibility is more than the development of an instrument on which to base a presumption of financial eligibility for Medicaid services in order to begin services immediately. Sufficient state dollars must be available to cover the cost of

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services for the customer found to be non-Medicaid eligible. Integral to a presumptive eligibility system is a "risk pool" or a pot of money that will cover the cost of the assessment and services for individuals found not eligible for Medicaid services and to cover for Medicaid eligibles until the federal funding catches up. According to the agency, the amount of money required in this pool will depend upon the number of customers assessed, "error rate" percentage and the design of the program. To address this problem, the agency proposes an expedited service delivery system. This is a process of gathering enough information during the functional eligibility assessment to make a fairly accurate "presumption" of financial eligibility for Medicaid services. The customer must still complete the actual financial edibility process and SRS will then make the final determination. Under this system, Medicaid services can begin as soon as functional eligibility has been determined, financial eligibility has been presumed and the actual financial eligibility application has been filed. If a person is presumed eligible and begins services, but is then determined not to be eligible, any services provided will not be reimbursed by Medicaid unless HCFA will allow the assessment to be reimbursable. The agency is currently working on a proposal, in cooperation with SRS, to allow such reimbursements.

In developing the proposal for expedited service delivery, the agency also contracted with the University of Kansas School of Social Welfare to study systems in other states, develop an Expedited Service Delivery Financial Screening Worksheet, make a cost-benefit analysis of such a system, and make recommendation for an Expedited Service Delivery System. A draft was presented to the agency in March which served as the basis for the GBA request for the funding of pilot projects during FY 1999 to test and fine tune. The department would expect to make addition budget requests for this program for FY 2000. However, the agency indicates that because error rates should be low (and should decrease) and because federal funding will replenish the Expedited Services fund for initial services to Medicaid-eligible customers, the initial FY 2000 funding should last several years if adequately funded. The amount requested for the pilot project in the GBA was \$458,000 from the State General Fund which would be potentially matched with \$840,000 in federal Medicaid funds.

No action was taken on this item.

B. H.B. 2607 (Law). H.B. 2607 established the Office of the State Long-Term Care Ombudsman as an independent state agency attached to the Department of Administration for administrative support. The bill takes effect on June 14, 1998 and its publication in the Kansas register. In order to carry out the provisions of the bill, accounts need to be established within the Department of Administration for FY 1998 and FY 1999 to receive monies from the Department on Aging to finance the operations of the Ombudsman office. Approved funding for the Ombudsman in FY 1999 is \$221,012 (\$32,108 State General Fund) including 4.5 FTE positions. These funds would be deleted from the Department on Aging and transferred to the accounts established in the Department of Administration budget. The Department of Administration estimates that an additional \$286,401 State General Fund and 3.5 FTE positions will be needed for the operation of the program as an independent state agency for the full year of FY 1999. Total funding for the agency would be \$507,413 (\$318,509 State General Fund) and 8.0 FTE positions.

The Committee concurred with this item.

To be deleted is the sentence, "Approved funding for the Ombudsman in FY 1999 is \$221,012 (#32,108 SGF) including 4.5 FTE positions." and the phrase "and transferred".

C. Technical Adjustment. The Legislature approved a proviso directing that funds remaining at the end of FY 1999 in the administration account of the State General Fund be transferred to the program grants account. An adjustment needs to be made to the language of the proviso included in the final version of S.B. 495 to reflect the Legislature's intent.

The Committee concurred with the adjustment to the language in this item.

The Committee concurred with the Governor's budget amendment of the inclusion of \$458,000 from SGF. Item 31.

Legislative Division of Post Audit

A. Staff Salaries (House Committee). The House Appropriations Committee requested that the Legislative Division of Post Audit report at Omnibus Session information concerning staff salaries. The Committee noted with concern the ability of the agency to attract and retain quality professional staff. The agency has prepared information to respond to the House Committee's concern, which will be distributed to legislators during the Omnibus Session.

The Committee did not concur with this item.

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Legislative Research Department

A. Staff Salaries (House Committee). The House Appropriations Committee requested that the Legislative Research Department report at Omnibus Session information concerning staff salaries. The Committee noted with concern the ability of the agency to attract and retain quality professional staff. The agency has prepared information to respond to the House Committee's concern, which will be distributed to legislators during the Omnibus Session.

The Committee did not concur with this item.

Legislature

A. S.B. 495 (Governor) -- SRS Transition Oversight Committee. S.B. 495 provides for a one-year continuation of the SRS Transition Oversight Committee. The authorizing language in S.B. 495 continues the 12 member committee for another year or until June 30, 1999. Under previous law, the Oversight Committee was scheduled to be abolished on June 30, 1998. The duties and responsibilities of the Oversight Committee remain unchanged. Expenditures, including legislator compensation, subsistence and mileage for calendar year 1997 for the Oversight Committee totaled \$33,082. The exact fiscal note would depend on the number of meetings held during FY 1999.

The Committee concurred with this item.

B. House Substitute for Substitute for S.B. 424 (Law). House Substitute for Substitute for S.B. 424 deals with insurance coverage for Kansas children. The bill authorizes a health insurance program for targeted children that is to be developed and implemented pursuant to guidelines set out in the bill and Title XXI of the Social Security Act. Among other things, the bill creates a 10 member (all legislators) Joint Committee on Children's Issues. The Joint Committee is empowered to meet at any time and at any place within the state on the call of the chairperson. Legislators would receive per diem compensation (\$72.06 per day), subsistence (\$80 per day) and mileage (\$0.31 a mile) for attendance at any meetings of the Joint Committee. In addition secretarial support for the Joint Committee would be necessary for minutes and other clerical duties. The exact fiscal note would depend on who was appointed to the Joint Committee and the number of meeting days held during FY 1999.

Committee members did not concur with this item.

C. S.B. 501 (House Appropriations Committee). S.B. 501 would amend current law to specify the biweekly pay rate for legislators, legislative leadership, and statewide elected officials effective June 14, 1998 (the first day of the first payroll period chargeable to FY 1999) be increased in effect, 4.0 percent. The statewide elected officials include the Governor, Lieutenant Governor, Attorney General, Secretary of State, State Treasurer, and the Commissioner of Insurance. Because the substantive law regarding the pay rates for legislators and elected officials was not amended by the 1996 or 1997 Legislature, the 2.5 percent FY 1997 pay increase and the 3.5 percent FY 1998 pay increase, were both provided through one-year authorizing language in the 1996 and 1997 Omnibus appropriations bills.

The Governor for FY 1999 recommended and Legislature approved financing in S.B. 495 for a 4.0 percent salary increase for legislators and statewide elected officials upon the FY 1998 salaries which included the 2.5 percent salary increase as provided by the 1996 Omnibus bill and the 3.5 percent salary increase as provided by the 1997 Omnibus bill. If S.B. 501 does not become law, the Legislature could add one-year authorizing language for the pay increases in the 1998 Omnibus bill. However, if the Legislature would not add the one-year authorizing language for FY 1999 the budget of the Legislature could be reduced by \$151,522 (State General Fund). This amount reflects the difference between the current statutory legislator compensation amount of \$66.00 per day increased to \$72.06 per day that is currently financed for legislators in S.B. 495 which represents the 4.0 percent salary adjustment for all state employees in FY 1999.

Again assuming that S.B. 501 is not enacted, and if the Legislature still intends to implement the Governor's pay plan proposal of a 4.0 percent merit pool for state unclassified employees and the 1.5 percent base salary adjustment for classified employees, additional authorizing language would need to be added to the Omnibus bill. The entire funding (\$27.9 million from the State General Fund and \$53.7 million from all funds) for the FY 1999 state employee pay adjustments, including longevity bonus payments and classified step movement was contained in S.B. 495.

The Committee recommended that temporary (1 year) language be added to provide a 4% salary increase for all statewide elected officials. This would not include Legislators.

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Legislative Coordinating Council

A. House Sub. for S.B. 212 (Governor). House Sub. for S.B. 212 amends the Kansas Telecommunications Act of 1996 (Kansas Act) by reducing the size of the Kansas Universal Service Fund (KUSF); reducing KUSF assessments for contributions by wireless providers; clarifying the Corporation Commission's authority to implement the Act as it relates to Internet access; delaying the implementation of enhanced universal services until July 1, 2003; and giving the Commission new authority with regard to the implementation of enhanced universal services. The bill also amends the Kansas Consumer Protection Act to prohibit "slamming" and establishes the KUSF Working Committee. The latter amendment affects the Legislative Coordinating Council's budget for FY 1999.

The bill requires the 22-member working group to discuss, identify and develop recommendations regarding technology issues, KUSF funding regulatory procedures, modifications to enhanced universal service, including what mechanism is most appropriate for the recovery of capital costs, and how to address Internet access in light of changing technology. The bill requires the working group to report to the Legislature on or before December 1, 1998. The working group members include eight legislators who would receive compensation (\$72.06), subsistence (\$80 a day), and private vehicle mileage at \$0.31 a mile. In addition, five of the individuals appointed to the working group would receive state employee subsistence (paid on the basis of \$28 for meals and the actual cost of lodging up to a maximum of \$54), private car mileage (\$0.32 a mile), and other actual and necessary expenses. The total cost for attending the meetings would be paid from appropriations to the Legislative Coordinating Council. The exact fiscal note is undeterminable until such time as the members of the working group are appointed and a meeting schedule is established. (**Staff Note:** Traditionally any appropriations for operating expenses associated with special committees, task forces or working groups have been made to the Legislature and not the Legislative Coordinating Council.)

No action was taken by the Committee on this item.

Senator Kerr told the Committee that a proviso should be made in SB 684 since the Lottery Director's name was inadvertently mentioned at the time the Committee was amending the bill. It was agreed by the Committee to delete the Director's name by proviso.

The Committee members did not recommend appropriations for the \$250,000 from EDIF for funding of The National Geographic Geography Education Program.

#24541.01(6/15/98{7:40am})

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 4/23/98

NAME	REPRESENTING
Ted C. Bredshott (RAY COX INTRO.)	SIDS Network of KANSAS
Dick Bauman	KDOT
Maryellen O'Brien Wright	Assis. Tech for Kansas
Jessie Torres	Families Together
Constance Zentgraf	Families Together
DON MYER	KCVB
LANCE SLAIMAKER (RAY COX INTRO.)	SIDS NETWORK of KANSAS
Ray L. W. Rep	37 th Dist
Gary Mitchell	KDHE
Greg Tugman	DOB
Curtis Deaton	Budget
William T. Deibel	DOB
Janelle Wilhite	DOB
Charles Simmons	Dept. of Corrections
Dennis Williams	DOC
Jan Johnson	DOC
Ray Smith	DOC
Cassie Lauer	KDHE
Paula F. Marmet	KDHE

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: _____

NAME	REPRESENTING
Don Ryan	S. E. A. K.
Erik Sartorius	Pet N'Gill Lassen
Ron Seiber	Dept of Admin
Pat Higgins	D of A
SUE PETERSON	K-State
Marvin Burris	K BOR
Ken Behr	KHA

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 4/24/98

NAME	REPRESENTING
Sharon Huffman	KCDC
Rochelle Chronister	SRS
Dick Bauman	KDOT
Marlene Reim	KU
Lola Warner	SCC
Max Foster	KDA
Mary Jane Stattelman	KBA
Ron Seebert	Dept of Admin
Mary Ellen O'Brien Wright	assis. Teach. for Kansas
Robin Lehman	Kansas Action for Children
Mike Hutfllos	SRS
Shebra Pidoaux	FHSU
Marvin Morris	KIBOIR
Ken Behr	KHA

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

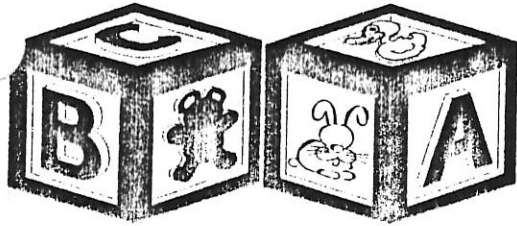
DATE: 4/27/

NAME	REPRESENTING
SUE PETERSON	K-STATE
Ken Bahr	KHA
Denise App	USA
Terry Knowles	KBI
Marsha Pappan	KBI
Larry Welch	KBI
Kenn M. Miller	INTERHAB
Ron Seelber	Dept of Admin
Pat Higgins	DofA
Faith Loretto	"
Mike Huffles	SRS
Jim Allen	KACCT
Keith Haxton	S.E.A.K
Josie Torres	Families Together
Honnor Jones	SILCK
Michelle Rola	KAPS
Gleda	Keep
Rosie Cooper	Keep
Stan Clark	Senate

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 4-28-98

NAME	REPRESENTING
Ken Bako	KHA
Denise Axt	USA
Chris McKenzie	League of Ks. Municipalities
Lori Rost	KTEC
Bill Watts	KDOT
Randy Scott	KCVN
DON A. MARR	KCUA
John LaFavers	KDOR
Harry Tibbony	KDOR
Blaine Timmer	SAB
Greg Tugman	DOR
Mike Huttles	SKS
MIKE WOLCICKI	KTEC
Gindy Dzial	KTEC
Susan Huff	KDOT



FACTS ABOUT SIDS

- ◆ *Sudden Infant Death Syndrome (SIDS)* is the sudden, unexplained and unexpected death of an infant under one year of age. It is the major cause of death in babies from 1 month to 1 year of age.
- ◆ Most SIDS deaths occur when a baby is between 1 and 4 months old. More boys than girls are victims, and most deaths occur during the fall, winter and early spring months.
- ◆ It is not contagious, and it is not caused by immunization or by child abuse.
- ◆ This is every parent's nightmare. Yet, it is a reality for the parents of over 4,000 babies per year in the United States alone.
- ◆ After 30 years of research, scientists still have not found a cause for SIDS. Although there are factors that may reduce the risk of SIDS, there is no way to predict or prevent **Sudden Infant Death Syndrome**.

SUDDEN INFANT DEATH SUPPORT NETWORK SERVICES:

- ◆ Offer 24-hour phone counseling by calling:
K.C.S.L. Parent Helpline
1-800-332-6378
- ◆ Sponsorship of peer grief support meetings
- ◆ Provide counseling to bereaved parents, grandparents, siblings and childcare providers.
- ◆ Promote community awareness about Back to Sleep and SIDS.
- ◆ Educate health professionals, police and others who are the first to come in contact with families experiencing an infant death.
- ◆ Coordinate services statewide through Wichita office.

No fee charged for services

Tax deductible contributions can be made payable to SIDS Network of Kansas/Sedgwick County.

The SIDS Network of Kansas is a statewide support organization to help families, relatives, friends, caregivers and all who are affected by the devastating sudden death of an infant.



MEMBERS:

- ◆ Hospice Incorporated
- ◆ Kansas Children's Service League
- ◆ Kansas Department of Health and Environment
- ◆ Sedgwick County Regional Forensic Science Center
- ◆ SIDS Families
- ◆ Wichita-Sedgwick County Health Department

**Sudden Infant Death Support
Network of Kansas
SIDS
Family Support and
Community Education**

**Helpline
1-800-332-6378
(316) 383-4520**

**Proposal for the Development of
Sudden Infant Death Support (SIDS) Network of Kansas
January 28, 1998**

Purpose for Program:

Kansas is one of only four states in the nation without an organized system of support and referral services for families who have experienced an infant death due to Sudden Infant Death Syndrome or other unexpected causes:

- * In 1995 a total of 220 infants died in Kansas from multiple causes.
- * Kansas families must reach out to other states for information and support.
- * Provider and consumer education is fragmented and not ongoing.
- * National prevention strategies exist (e.g., Back-to-Sleep Campaign), but their purposes do not include family counseling.
- * Local counseling centers are not specifically trained to assist families experiencing infant deaths.

Legislative Summary:

While K.S.A. 22a-241 to 22a-244 mandates funding for infant autopsies and activities of the Child Death Review Board, resources are not provided for prevention or family support (see attachment).

Program Impact/Anticipated Outcome:

The SIDS Network of Kansas proposes an organized system for referral, support services, provider and consumer education, and prevention strategies that will provide:

- * Toll free number for 24-Hour access to the Network
- * Statewide referral to a nearby counselor trained by the Network
- * Access to printed or electronic information about SIDS and other infant death (OID)
- * Training for health professionals, social workers, first responders, and others
- * Public awareness of current prevention strategies

Senate Ways and Means Committee

Date 4/23/98

Attachment # 2-1

Impact on Other Agencies/Organizations:

The Network will identify services and grassroots community supports in each county across the state to provide support for any family experiencing an infant death. The Network will be responsible for providing the special training, education, and follow-up. These agencies and community supports may include the Kansas Department of Health and Environment, the State Child Death Review Board, Hospice organizations, Kansas Children's Service League, the Kansas Funeral Directors' Association, Coroners' Association, hospital staff, clergy, law enforcement, emergency medical personnel, and other interested agencies and providers.

Recommendation:

The Executive Committee of the SIDS Network of Kansas recommends legislative support for funds to be allocated for services coordinated through the Network (see attached membership list).

Fiscal Impact:

Executive Director	-	\$45,000
Training Coordinator	-	\$35,000
Administrative Assistant	-	\$25,000
Personnel Benefits	-	\$31,500
Travel	-	\$ 8,000
Printing/Brochures	-	\$15,000
Postage	-	\$ 4,500
Telephone	-	\$ 5,000
Supplies	-	\$ 2,000
Equipment	-	\$ 8,000
Association Dues	-	\$ 500
Volunteer Recognition	-	\$ 2,000
Professional Fees	-	\$ 2,000
Conferences/Meetings	-	\$ 4,100
Total	-	\$187,600

which is not subject to public disclosure by the agency that provided the information to the board.

(h) Information, documents and records otherwise available from other sources are not immune from discovery or use in a civil or criminal action solely because they were presented during proceedings of the state review board. A person who presented information before the board or who is a member of the board shall not be prevented from testifying about matters within the person's knowledge.

History: L. 1992, ch. 312, § 34; July 1.

EXECUTIVE COMMITTEE
SUDDEN INFANT DEATH SUPPORT NETWORK OF KANSAS

Susan E. Bredehoff
Susan E. Bredehoff
SIDS Grandparent

Ted C. Bredehoff
Ted C. Bredehoff
SIDS Grandparent

Linda Sifford
Linda Sifford
Medical Investigator

Deborah G. Johnson MD
Deborah G. Johnson, M.D.
Deputy District Coroner

Corrie L. May
Corrie L. May, M.D.
District Coroner

Katherine Melhorn MD
Kathy Melhorn, M.D.
UKSM-W Pediatrics

Anne Nelson
Anne Nelson, M.S.F.T.
Kansas Children's
Service League

Nadine Reimer Penner ACSW, LSCSW
Nadine Reimer-Penner
Hospice, Inc.

Linda M. Popp LMSW
Linda Popp
Kansas Children's
Service League

Peggy Giesen
Peggy Giesen
Wichita-Sedgwick County
Department of Community Health

Regional Forensic Science Center
Coroner - Medical Examiner
1109 N. Minneapolis
Wichita, Kansas 67214-3129

SENATE WAYS AND MEANS COMMITTEE
SENATOR DAVE KERR, CHAIRMAN

APRIL 23, 1998

Re: FUNDING SUPPORT for FISCAL YEAR 1999 - SUDDEN INFANT DEATH SUPPORT
(SIDS) NETWORK of KANSAS

SENATORS: I do not purport to be the Statesman each of you are with your respective constituents nor your colleagues, however, I do aspire to fulfill the role of Ambassador for Sudden Infant Death Syndrome (SIDS) and Other Infant Deaths (OID) in Kansas.

On behalf of the SIDS Network of Kansas and the hundreds of infants who have died of SIDS and the thousands of parents and others over the years who have been directly and indirectly affected by this devastating and tragic death, and those infants who will die, and their parents who will face the death of a child, I am personally grateful, as a SIDS grandparent, for the opportunity to address you.

JUNE 16, 1997. The sun rose over Kansas with a special warmth and glow. Nothing unusual. It was always like this after Haley Elizabeth, our first grandchild, visited grandma and grandpa with her parents. It was a wonderful world. We truly had been blessed with such a healthy, loving and beautiful granddaughter. She was 6 months, 7 days old today. An Angel in disguise.

I had never heard of SIDS, or if I had, it didn't register with me. Little did I know that before that glowing sun set, I would know more about SIDS than I had ever dreamed.

At noon, Haley's father had taken her to the care provider. At 2:30 P.M. Haley was not breathing. She was pronounced dead at the hospital. Reason of death: SUDDEN INFANT DEATH SYNDROME (SIDS). The Kansas sun set in the west with a haze. Haley was a perfectly healthy child who was put down for a nap and never woke up.

There is an unanswered crisis in our State, but no one hears.... until it happens to them. Since Haley's death I have been saddened and frustrated to learn that our State is one of 4 states in the nation without a professionally organized system of support and referral services for families who have experienced death due to SUDDEN INFANT DEATH SYNDROME (SIDS) or other unexpected death for infants 1 month to 12 months.

Further, I have learned that Missouri SIDS organization is responding to the needs of Kansans' in the Kansas City area and Colorado SIDS organization answers the needs of Kansas in Goodland. Can Kansas take care of its own??? I believe it can.

Twice during the last decade attempts were made to form a SIDS organization. Twice it failed. WHY? From available information, it appears the primary reasons appeared to be emotional fatigue ("burnout") and stress by SIDS mothers who tried to assume the leadership and organizational planning for future infants and parents who would surely experience the same tragedy; lack of SIDS awareness by the public; and lack of funding for professionally trained leadership. The intent was well meaning, however, provider and consumer education was fragmented and not on-going.

Senate Ways and Means Committee

Date 4/23/98

Attachment # 3-1

In September, 1997, a group of individuals joined hands and formed the **SIDS** Network of Kansas. This initial group has active, interagency participation from State, county and local social service agencies as well as SIDS families.

The mission of **SIDS** Network of Kansas is to serve those citizens who are or who may be touched by the tragedy of **SIDS**. This is accomplished by providing supportive services for families, education of, and for, professionals, local regional and state education, and financial resources and other support for research.

The **SIDS** Network of Kansas currently has a central office in Wichita, and projects establishment of regional and local offices throughout the state. The state-wide organization will provide free services to families who have lost a child to **SIDS** or other unexpected infant deaths. **SIDS** claims approximately 4,000 infant deaths a year. **SIDS** deaths and its subsequent tragedies for parents, siblings, grandparents, caregivers, relatives and friends has no boundaries. A **SIDS** death touches families from every religion, ethnic and economic group.

The **SIDS** Network of Kansas is asking you , our elected representatives , to stop and listen to the cries of Kansas parents for their dead infant sons and daughters; hear their closeted and open cries for help and attend to their wish that others will be afforded support where there was none; education about **SIDS** where there was none; and fiscal resources where there was none.

I believe the requested resources will meet the eligibility requirements set-forth by Title V, Maternal and Child Block Grant funding. Utilizing the "\$4 for \$3" Block Grant formula, the **SIDS** Network of Kansas proposes that of the \$5,000,000 plus monies to be received from the Federal Block Grant, \$107,000 be allocated for the **SIDS** Network of Kansas and \$80, 600 be appropriated from the state of Kansas for fiscal year 1999. (See Appendix A)

We sincerely believe that approval of start-up funding for the **SIDS** Network of Kansas for FY' 99 will translate into a viable investment for the people of the State.

SIDS is the single leading cause of death of infants between 4 weeks and one year of age. Babies have been dying suddenly and unexpectedly with no explanation for years. We still do not know the cause, but finally there is some hope -- hope that by making parents aware of simple child care practices, we might be able to lower a child's risk of dying of **SIDS**. These same child care practices have also been identified as important indicators for infant wellness in general, thereby reducing the risk of all infant mortality and morbidity.

Thank you for your consideration in this matter. Your fiscal support and that of your colleagues will be appreciated.



APPENDIX A

The SIDS Network of Kansas respectfully requests a three (3) year commitment for start-up funding commencing with fiscal year 1999, with decreasing funding for fiscal year 2000 and 2001, and subsequent annual funding not more than ten percent (10%) of the SIDS Network of Kansas annual budget.

To illustrate the aforementioned, the SIDS Network of Kansas has requested, under separate cover, to members of the 1998 Legislature, a request for \$187,600 for fiscal year 1999. It is proposed that of this amount \$107,000 be funded from the Maternal and Child Health Services Block Grant and \$80,600 from partial matching (\$4 for \$3 Block Grant requirement) from state funds.

Thereafter, it is proposed that maximum funding from the Maternal and Child Health Services Block Grant and partial matching state funds shall not exceed ten percent (10%) of the SIDS Network of Kansas annual budget. (i.e. If a SIDS Network of Kansas operational budget was \$200,000, the maximum funding request from MCH Block Grant and partial matching state (\$4 for \$3) funds combined could not exceed 10% of the SIDS Network of Kansas annual budget or \$20,000 (\$11,430 from MCH Block Grant, \$8,572 from state funds).

<u>Fiscal Year</u>	<u>Amount</u>	<u>Block Grant - \$4</u>	<u>State Match - \$3</u>	
1999	187,600	107,000	80,600	Initial Start up yr.
2000	150,100	85,600	64,480	2 nd yr.,20% decrease
2001	120,080	68,480	51,584	3 rd yr.,20% decrease



KANSAS
DEPARTMENT OF HEALTH & ENVIRONMENT
BILL GRAVES, GOVERNOR
Gary R. Mitchell, Secretary

Testimony presented to

Senate Ways and Means Committee
Legislative Hearing

by

Gary R. Mitchell, Secretary

Preventive Health and Health Services Block Grant
Maternal and Child Health Services Block Grant

April 23, 1998

Background

In the early 1980's, the federal block grant programs were initiated in order to provide states greater flexibility in administering federal funding to provide needed services. Funding from a number of programs was consolidated into block grants to provide centralized administrative oversight. The Department of Health and Environment was awarded two federal block grants, the Preventive Health and Health Services Block Grant (PH) and the Maternal and Child Health Services Block Grant (MCH). By federal regulation, public hearings are required for both block grants. This hearing meets legislative hearing and public review and comment requirements for these grant programs for public input into expenditure of block grant funds toward priority state health needs.

The Preventive Health and Health Services Block Grant

The block grant supports preventive health programs and services that address **preventable** health problems that contribute to the state's leading causes of premature death and disability and that are consistent with the Year 2000 Health Objectives for the nation. The 1992 amendment to Title XIX, Part A, of the PHS Act significantly changed both the application process and reporting requirements in order to better respond to the National Objectives. Beginning with the fiscal year 1993 application, KDHE responded to the new requirements by:

- Facilitating a process to identify preventable health priorities for Kansas that are compatible with national priorities. The Healthy Kansans 2000 Plan has seven (7) priority health areas for Kansas. More than 200 people participated in the initial process which

produced a state plan that included target populations for which activities are to be carried out, populations with greater need, and strategies for implementation;

- Providing a description of the programs and projects that are funded with PHHS block grant and estimate the number of individuals to be served;
- Establishing a state preventive health advisory committee, chaired by the state health officer, to make recommendations regarding development and implementation of the state plan, and holding public hearings on the state plan as stipulated by law;
- Establishing an ongoing process for public review and comment;
- Measuring progress towards meeting the state preventive health objectives, including developing the necessary surveillance systems for measuring progress towards meeting the state's objectives and submission of required uniform data items.

The revised law stipulates that the state use funds to supplement and increase the level of state, local and other non-federal funds and will not supplant other non-federal funds. State expenditures for activities should be maintained at a level that is not less than the average level of such expenditures maintained by the state for the two year period preceding the fiscal year for which the state is applying.

Section 1904 of the revised law stipulates that funds may be used for the following:

- Activities consistent with making progress toward achieving the Year 2000 Health Objectives for the health status of the population;
- Preventive health service programs for the control of rodents and for community and school based fluoridation programs;
- Feasibility studies and planning for emergency medical services systems and the establishment, expansion, and improvement of such systems;
- Providing services to victims of sex offenses and for prevention of sex offenses;
- Program activities related to planning, administration and education, including monitoring evaluation of the Year 2000 Health Objectives addressed in the state plan.

A state may not use the funds to:

- Provide inpatient services;
- Make cash payments to intended recipients of health services;
- Purchase or improve land, purchase, construct, or permanently improve any building or other facility or purchase major medical equipment;
- Satisfy any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds; or,
- Provide financial assistance to any entity other than a public or non-profit private entity.

The Maternal and Child Health Service (MCH) Block Grant

Under Title V of the Social Security Act supports activities to improve the health of all mothers and children consistent with applicable national goals and objectives established under the U. S. Public Health Services Act for the Year 2000. In 1989, Congress adopted the Omnibus Budget Reconciliation Act (OBRA '89) which contained a number of important amendments affecting access to comprehensive health care for women and children, including children with special health care needs.

Those amendments consisted of new requirements for states in planning, service delivery and reporting. Specifically, the changes were designed to improve planning and accountability, targeting federal funds to priority populations and explicitly linking Title V Maternal and Child Health to applicable goals and objectives for the Year 2000. Kansas is currently in compliance with these amendments.

Funds are allocated to Kansas by a block grant formula enabling the state to:

- Provide and assure mothers and children (particularly those with low income or with limited access to services) access to quality maternal and child health services;
- Reduce infant mortality and the incidence of preventable disease and handicapping conditions among children;
- Reduce the need for inpatient and long term care services;
- Increase the number of children (especially preschool children) appropriately immunized against disease and the number of low income children receiving health assessments and follow-up diagnostic and treatment services;
- Promote the health of mothers and infants by providing prenatal, delivery, and postpartum care for low-income, at-risk pregnant women;
- Promote the health of children by providing preventive and primary care services for low-income children;
- Provide rehabilitation services for blind and disabled individuals under the age of 16 receiving benefits under Title XVI of the Social Security Act to the extent medical assistance for such services is not provided under Title XIX; and,
- Provide and promote family-centered, community-based, coordinated care (including care coordination services) and facilitate the development of community-based systems of service for children with special health care needs and their families.

The MCH block application process has been changed to include a Performance Measurement System. Starting in FY 99, the MCH Block Grant application process responds to the Government Performance and Results Act (GPRA), a government-wide effort to establish measurable performance goals and linking funding decisions to performance. The grant application process includes state accountability within the flexibility of state identified needs and

solutions. States must report progress on key maternal and child health indicators along with other program information.

A key function for MCH in each state is identification and prioritization of the key problems and issues for the maternal and child health population and specific subgroups. A needs assessment which identifies and prioritizes major MCH problems is required by the Title V legislation and each state must conduct one every five years. Assessment includes:

- Documentation through quantitative and qualitative data of the mortality and morbidities facing the overall population and subgroups within;
- Diagnosis of the problems' causes or associative factors; and
- Proposed population-based solutions.

After determining a state's priorities, resources are allocated to activities that address the priorities. Activities are categorized by four levels of service: basic; enabling; population-based; and capacity/infrastructure services. The collective efforts of all MCH state and local programs in the state should have a contributory effect of positively impacting Kansas MCH health outcomes. This effect is measured by the performance measures. Health outcomes measure the end result or impact of programs or interventions (e.g., decrease in infant mortality rates).

Attached to this material are two tables exhibiting actual expenditures of prior state fiscal years and projected expenditures for state fiscal years 1998 and 1999.

The tables show data for each of the block grants separately.

The tables exhibit PH and MCH funding for Aid to Local (primarily local health departments) grant programs. The tables also show PH and MCH funding for state operations by program/subprogram. Over eighty (80) percent of funding in the Children with Special Health Care Needs program is for direct payment of medical specialty services, pharmaceuticals and equipment for children with disabling conditions.

DESCRIPTION OF SERVICES TO BE FUNDED IN FY 1999

Aid to Local Agencies:

MCH, PH, and SGF - The Maternal and Child Health Grants - Ninety four (94) Kansas counties provide M & I prenatal services, Healthy Start home visitor, and Child Health services to optimize the health of Kansas families, in particular for uninsured families and those with limited access to care. Counties must provide comprehensive services by coordinating with all available community resources. Based on a community health assessment, counties provide a set of core services. Up to 30 percent of the funding is flexible to be used on these and other locally identified MCH priorities.

PH -Chronic Disease Risk Reduction - Grants are awarded to support development and implementation of community-based programs to decrease premature death and disability due to cancer and cardiovascular disease, the two leading causes of death in Kansas. Program interventions are designed to decrease the leading modifiable risk factors for cancer and

cardiovascular disease, including tobacco use, physical inactivity, and nutrition. Currently, 40 counties, representing over 70 percent of the state's population are included in the program. Interventions are delivered through schools, work sites, churches, community organizations and in other community settings.

MCH, PH, and SGF - Five adolescent health projects provide school-based primary care and teen pregnancy reduction services. Projects focus on high risk adolescent health issues. In the case of the maternity homes (funded solely with state general funds), the focus is repeat pregnancy prevention.

MCH and SGF - The Black Infant Mortality project in Wichita and the Black Family Preservation project in Kansas City provide community, group and individual education to adolescents and their parents about the consequences of too early childbearing by black youth.

PH - Health Prevention projects fund specific services based on identified need. Funds will be awarded to Pittsburg State University for facilitation of a statewide initiative to promote physical activity and a Black Churches Hypertension/Cholesterol reduction project in Sedgwick County.

Transfers of PH Funding to Other State Agencies:

PH - A portion of PH funding to Kansas is designated, per federal mandate, for rape prevention education and programming and is granted to the Attorney General's Office to be used for local programs. The new allocation to Kansas is used exclusively for rape prevention education as stipulated via the authorizing legislation.

State Operations:

MCH - Data processing costs for data reports related to maternal and child health services.

MCH - Portion of operating expenses for Vital Statistics, providing health status indicators related to maternal and child health.

MCH - Portion of operating expenses for Child Care Facilities Licensure and Registration program.

MCH - Operating expenses for Services for Children with Special Health Care Needs Section to include direct provider payments for medical specialty services for children with disabling conditions.

MCH - Minor portion of operating expenses for Nutrition and WIC Services Section to develop nutrition resources and services that contribute to the prevention and correction of health problems related to nutrition for women, infants and children.

MCH - Portion of operating expenses for Children and Families Section to provide program oversight to local agencies providing maternal and child health services.

MCH - Minor portion of local funding for immunization initiatives.

PH - Minor portion of operating expenses for Office of Epidemiologic Services in the Director of

Health's budget.

PH -Portion of operating expenses for Bureau for Disease Prevention and Health Promotion.

MCH and PH - Portion of operating expenses for Office of Public Information which manages the dissemination of education and public information material relating to maternal and child health and other appropriate subjects.

MCH and PH - Portion of operating expenses for the Bureau of Local and Rural Health Systems for consultation, education and support services by community nurse/public health specialists relating to maternal and child health and risk reduction/health promotion activities.

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KANSAS DEPARTMENT OF HEALTH & ENVIRONMENT
Maternal & Child Health Block Grant - Direct Expenditures

04/20/98

PROGRAM NAME	PROG #	Actuals FY 94	Actuals FY 95	Actuals FY 96	Actuals FY 97	GBR FY 98	GBR FY 99
Office of the Secretary	0111	2,806					
Gov't & Community Relations	0161	69,263	70,219	42,362	102,927	149,203	144,170
Research	0211						10,719
Office of Information Systems	0212	73,713	59,309	54,176			
Vital Statistics	0220	46,805	50,009	87,225	108,739	122,176	123,357
Mothers & Infants	3XXX	1,007,320	1,007,022	1,008,863	1,008,856	1,008,856	1,008,856
Healthy Start/Home Visitor		133,052	134,644	134,978	134,667	135,203	135,203
Black Infant Mortality		48,485	49,115	49,115	49,115	49,115	49,115
Child Health		711,524	707,536	703,200	711,607	711,607	711,607
Adolescent Health Promotion		117,810	117,463	117,783	117,783	117,783	117,783
Child Health Assessments			48,117	61,051	62,992	70,578	70,578
Health & Prevention Projects		75,651					
Abstinence Education						252,139	336,185
Immunization Incentive Pool		38,484	72,969	21,324	22,102	130,000	130,000
Aid to Locals Subtotal		2,132,326	2,136,866	2,096,314	2,107,122	2,475,281	2,559,327
Director of Health	6010	18,046	441	4,828	70,068	50,911	56,010
Early Childhood Coord Council	6020	991					
Bureau of Local & Rural Hlth	6040	54,684	63,072	72,109	55,703	110,505	108,016
Director of Hlth - Subtotal		73,721	63,513	76,937	125,771	161,416	164,026
Child Care Facility Licensing	6220	248,290	271,087	277,944	257,366	242,476	251,899
Disease Control	6400	14,885	10,169	24,945	(91)		
Child w/ Spec Hlth Needs	6511	1,237,044	1,268,854	1,497,938	1,532,859	1,716,815	1,682,679
Children & Families	6512			376,318	446,940	410,191	493,027
Child Develop Serv	6513			49,672	85,068	101,864	107,023
Nutrition & WIC	6520	3,802	56,890	29,467	23,416	61,843	62,261
Children & Families	6530	418,395	378,195				
Labs	8400				21,710		
AGENCY TOTAL		4,321,050	4,365,111	4,613,298	4,811,827	5,441,265	5,598,488

KANSAS DEPARTMENT OF HEALTH & ENVIRONMENT
Preventive Health Block Grant - Direct Expenditures

04/20/98

PROGRAM NAME	PROG #	Actuals FY 94	Actuals FY 95	Actuals FY 96	Actuals FY 97	GBR FY 98	GBR FY 99
Gov't & Community Relations Office of the Secretary	0161 0111	98,558	96,873	80,248			
Healthy Start/Home Visitor	3XXX	195,869	199,642	199,484	89,080	98,281	101,904
Teen Pregnancy Reduction		51,897	51,371	52,000	199,806	200,556	200,556
CV Risk Reduction		148,956	150,702	150,465	52,000	52,000	52,000
Vaccine Purchases		42,208	652		150,788	150,800	150,800
Health & Prevention Projects				41,424		79,256	79,256
Child Health Assessments		58,480	36,001	45,350	53,659	42,113	42,113
Aid to Locals Subtotal		497,410	479,792	447,299	456,253	66,000	66,000
Director of Health	6010		14,816	12,249		590,725	590,725
Bureau of Chronic Disease	6030	341,827	349,484	445,223	72,412	75,997	81,013
Bureau of Local & Rural Hlth	6040	117,457	102,217	127,300	127,501	138,411	135,922
Director of Hlth - Subtotal		459,284	466,517	584,772	199,913	214,408	216,935
Disease Control	6400	11,973	3,794	21,962	411,914	471,807	390,929
TOTAL DIRECT EXPEND		1,067,225	1,046,976	1,134,281	1,157,160	1,375,221	1,300,493
Non-Reportables		106,133	109,626	106,757	106,757	523,013	523,013
TOTAL		1,173,358	1,156,602	1,241,038	1,263,917	1,898,234	1,823,506

→ Card Vascular
Cancer

**Expenditures From the State General Fund and All Funding Sources
 FY 1997 Actual, FY 1998 and FY 1999 As Approved by the Legislature on First Adjournment
 (In Millions)**

	FY 1997	Change		Legislative Approved FY 1998	Change		Legislative Approved FY 1999	Change	
		Dollar	Percent		Dollar	Percent		Dollar	Percent
State General Fund	\$3,538.1	\$98.9	2.9 %	\$3,838.3	\$300.2	8.5 %	\$4,180.9	\$342.6	8.9 %
Excluding FY 1999 Property Tax Relief							\$4,046.0	\$207.7	5.4 %
 All Funds	 \$7,844.6	 \$215.7	 2.8 %	 \$8,155.7	 \$311.1	 4.0 %	 \$8,569.2	 \$413.5	 5.1 %
Excluding FY 1999 Property Tax Relief							\$8,434.3	\$278.6	3.4 %

Senate Ways and Means Committee
 Date 4/23/98
 Attachment # 5

April 22, 1998

ITEMS FOR OMNIBUS CONSIDERATION

State Department of Education

A. Revisions to School Finance, KPERS-School, School District Capital Improvements, and the State School District Finance Fund (Deferred to Omnibus). Staff from the Legislative Research Department, the State Department of Education, and the Division of the Budget met April 17 to review school finance estimates for FY 1998 and FY 1999. Revisions were made to several state aid programs.

General and Supplemental General State Aid. Primarily because enrollments did not increase as much as had been expected and because property and motor vehicle taxes were greater than expected, estimates for general and supplemental general state in both FY 1998 and FY 1999 have been revised downward by a total of almost \$18.7 million for both years combined. (The revisions take into account the substantive changes to school finance adopted by the Legislature in H.B. 2249.) The table below shows the revisions. (Numbers are in thousands.)

	Previous Est. FY 1998	Revised Est. FY 1998	Savings	Approp. for FY 1999 in S.B. 495	Revised Est. FY 1999	Savings	Two-Year Savings Combined
General State Aid	\$ 1,512,897	\$ 1,504,398	\$ 8,499	\$ 1,721,145	\$ 1,710,549	\$ 10,596	\$ 19,095
Supplemental General State Aid	51,265	50,390	875	57,877	59,161	(1,284)	(409)
TOTAL	\$ 1,564,162	\$ 1,554,788	\$ 9,374	\$ 1,779,022	\$ 1,769,710	\$ 9,312	\$ 18,686

Note: The savings shown for FY 1998 are in addition to savings previously identified that total \$26.0 million. In all, savings in FY 1998 from the amount approved by the 1997 Legislature total \$35.4 million.

The policy contained in S.B. 495 regarding the State Department's budget is to reappropriate savings from FY 1998 to FY 1999 in order to reduce the amount of new money needed. If that policy were to be continued, the appropriation for general state aid in FY 1999 could be reduced by about \$19.1 million (almost \$8.5 million in savings reappropriated, plus a reduction of \$10.6 million in estimated expenditures.) To fully fund the estimate, the appropriation for supplemental general state aid would have to be increased by \$409,000. (Supplemental general state aid has to be adjusted upward to reflect the higher Base State Aid

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Per Pupil amount approved by the Legislature.) The net change to general and supplemental general state aid in FY 1999 would be a reduction of \$18.7 million.

KPERS-School. The revised estimate for KPERS-School in the current year is \$76,509,098, a reduction of \$403,635 from the prior estimate. The revised estimate for FY 1999 is \$84,561,389, an increase of \$610,932 over the amount currently approved. The State Department requests that the Legislature continue the policy it began last year and reappropriate the FY 1998 savings of \$403,635 to help finance FY 1999 and appropriate an additional \$207,297 in FY 1999 to fully fund the estimate.

School District Capital Improvements. No change has been made to the estimate of \$19.0 million in FY 1998 for school district capital improvements, but the estimate for FY 1999 has been increased from \$21.5 million to \$22.0 million. No legislative action is necessary because the amount is a demand transfer with a "no limit" expenditure limitation.

State School District Finance Fund. The reduction in the school district property tax rate to 20 mills affects expenditures from the State School District Finance Fund, which consists primarily of local effort remittance. For FY 1998, the estimate of expenditures has been reduced from \$31.0 million to \$28.5 million. For FY 1999, estimated expenditures have been reduced from \$29.0 million to \$17.0 million.

B. Juvenile Detention Facilities--FY 1998 and FY 1999 (Deferred to Omnibus). The Senate Subcommittee on the State Department's budget said it might consider additional funding for juvenile detention facilities grants for FY 1998 and FY 1999 when it was known whether the Governor would submit an amendment to his budget, as requested by the State Department on March 19. Because the Governor has not added additional funding, the State Department renews its request for an additional \$219,046 in FY 1998 and \$715,732 in FY 1999. The Governor's recommendation of \$2,712,248 in both FY 1998 and in FY 1999 is based on 440 students receiving services. However, based on reports filed in December, 1997, the State Department now estimates that 454 students will receive services in FY 1998 and 485 in FY 1999.

The program provides grants to school districts that provide educational services to pupils who are confined in juvenile detention facilities or who reside at the Flint Hills Job Corp Center. Payments are based on the lesser of the actual cost of the service or two times the base state aid per pupil amount. If the program is not fully funded, payments would be prorated.

C. Special Education (Deferred to Omnibus). Both the House and Senate Subcommittees that considered the State Department's budget agreed to review the appropriation for special education at the end of the Session when more information would be available about the receipt of Medicaid reimbursement for special education services provided by school districts to eligible students. In addition, the House Subcommittee called for a review of special education funding with a view toward possibly adding more funding to target school districts with unusual needs.

In both FY 1998 and FY 1999, it is estimated that Medicaid reimbursement will total approximately \$15.8 million. Assuming that the estimate is correct, the appropriation for special education is expected to fund 86.5 percent of excess costs in FY 1998 and 85.5 percent in FY 1999.

According to the State Department, payments received thus far in FY 1998 lead it to believe that the full amount of the estimated reimbursement will be realized. The State Department is less willing to affirm that the estimate will be realized in FY 1999, but indicates that it will continue to work with the Department of Social and Rehabilitation Services and special education advocacy groups to ensure that the state receives as much reimbursement as possible.

D. Community College Funding (Deferred to Omnibus). The Senate Subcommittee that reviewed the State Department's budget recommended that the Legislature consider adding an additional \$515,038 for community college credit hour aid in FY 1999 in order to increase community college funding by 4.9 percent over FY 1998. That increase is the percentage increase recommended by the Governor for the Regents universities, Medical Center, and Board Office combined, excluding funding for technology. The Subcommittee's intention was to bring community colleges to the same level of increase as the Regents institutions.

Taking into account both the Legislature's adjustments to the Governor's recommendations and funding for technology, funding for the Regents institutions combined would increase by 5.9 percent over FY 1998, by 7.2 percent for Washburn University, by 5.8 percent for the technical colleges and area vocational schools, and by 4.0 percent for community colleges. It would take an additional \$1,090,842 for community colleges to equal the percentage increase for the Regents institutions and Board Office combined. (Calculations take into account technology equipment grants for community colleges and Washburn University; technology innovation grants for community colleges, area vocational schools, and technical colleges; and funding for area vocational schools and technical colleges from the Economic Development Initiatives Fund.)

The House Subcommittee also recommended that funding for community colleges be addressed in the Omnibus Bill. Specifically, the House Subcommittee recommended that the following items be addressed for FY 1999:

1. \$3.0 million to fund approved vocational education courses at the 14 community colleges that are not designated area vocational schools at two times the rate for academic courses;
2. \$1,525,000 to eliminate the 64/72 hour limit on academic courses for purposes of out-district state aid;
3. continuation of the present policy not to charge out-district tuition for community college courses offered at Fort Hays State University and Wichita State University that are offered pursuant to an agreement between the university and the community college; and
4. additional funding to help equalize funding increases among postsecondary institutions.

Regarding items 2 and 3, there is a House bill in the Senate Ways and Means Committee (HB 2748) that both removes the 64/72 hour limit on academic courses for purposes of out-district state aid and continues the policy that waives out-district tuition charges for community college courses offered at Fort Hays State University and Wichita State University. That policy will expire June 30, 1998, unless continued by the Legislature.

E. Customized Training Programs (Deferred to Omnibus). The House Subcommittee that reviewed the State Department's budget held hearings on customized training courses offered for credit and state aid reimbursement by community colleges, technical colleges, and area vocational schools. Concerned that some customized training going on in the state using company facilities, equipment, and employees to teach the courses is no different from what the companies could do on their own, the Subcommittee asked the State Board of Education to respond to the following questions by the end of the Session and, if it wished, to provide the Subcommittee with any other comments or recommendations.

1. How does customized training differ from on-the-job-training and what is the rationale for the state paying for such training and for postsecondary education institutions to offer credit for such courses?
2. is the current approval process for customized training programs adequate to ensure that approved courses meet high standards of quality and that the process is appropriate for the types of courses and programs being reviewed?

Information prepared by the State Department will be given to Legislators during the Omnibus Session.

F. Concurrent Enrollments (Deferred to Omnibus). The House Subcommittee asked the State Board of Education to contact community colleges to obtain information about the number of credit hours generated by high school students who are concurrently enrolled at community colleges. The Subcommittee requested the information by the end of the Session so that it could consider additional recommendations after it has time to review material provided by the State Board.

Information prepared by the State Department will be given to Legislators during the Omnibus Session.

G. Proposed Truancy Project (Deferred to Omnibus). The House Subcommittee asked the coordinators of a proposed project in Wichita to combat truancy to provide more detailed information about the project for the Subcommittee's review during the Omnibus Session. The information was to include performance measures, a description of the project, and how the project would be funded. The project involves the Wichita school district and other public and private entities, including the district attorney's office, Communities in Schools, Wichita State University, and the Department of Social and Rehabilitation Services.

H. Additional Funding for Inservice Education (Deferred to Omnibus). The Senate Subcommittee concurred with the Governor's recommendation of \$3.0 million for inservice education, but added the program to the list of items to consider later in the Session when updated revenue estimates were available. In the meantime, a proviso contained in SB 495 which contains the State Department's funding for FY 1999 authorizes the transfer of savings in the general state aid program of up to \$1.0 million for approved inservice education programs. Were that amount to be transferred, a total of \$4.0 million would be available for inservice education in FY 1999, which would fund a little over 30 percent of local program costs. (The cap for state funding is 50 percent.)

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I. Communities in Schools (Deferred to Omnibus). The Senate Subcommittee concurred with the Governor's recommendation of \$50,000 for FY 1999 from the Family and Children Investment Fund for Communities in Schools, but agreed to consider additional funding for the program in the Omnibus Bill when it was known whether a \$75,000 federal HUD grant could be renewed. Funding for the program has been a combination of state, federal, and private money, with the federal portion consisting of a two-year HUD grant that had to be matched dollar for dollar (\$50,000 from the state and \$25,000 from private sources). The federal grant ends in FY 1998 and cannot be renewed for FY 1999.

J. S.B. 298 (Conference). S.B. 298 originally concerned issuance by the State Board of Education of teaching certificates or certificate renewals to persons who have been convicted of a felony drug offense, most other felony offenses, some misdemeanor crimes involving children, or who have entered into a diversion agreement regarding these offenses. The bill has been amended to include portions of S.B. 571, which would require administrators to inform educators if they have information about certain dangerous behavior of students, and portions of S.B. 444, which concerns proprietary schools.

The provisions of S.B. 298 that have a fiscal impact on the State Department involve the issuance of teaching certificates and proprietary schools. With regard to teaching certificates, the bill would require district attorneys to report to the State Board the name, address, and social security number of any person who has been determined to have committed an offense or to have entered into a diversion agreement in connection with a charge for an offense addressed by the bill. The additional duty imposed on the State Department would be to update and process the data received from the county and district attorneys across the state to check against applications for teaching certificates or renewals. Because of this, the State Department says it may have to add 1.0 FTE new Secretary I position in FY 1999 at a cost of \$25,021.

Regarding proprietary schools, the bill would increase certain fees, including the fees for the initial issuance of a certificate of approval and for a renewal of approval. The changes in the bill were initiated by the State Board and the Kansas Advisory Commission on Proprietary Schools, whose members, according to testimony before committees, want the State Department to monitor the schools more closely to ensure quality and to work with schools that may be having trouble in order to help avert problems that could cause a school to close. The State Department says the additional duties imposed would require it to increase from half-time to full-time the portion of an Education Program Consultant's time that is allocated to proprietary schools, at a cost of \$30,234 in FY 1999.

In both cases, the cost of the positions would be borne by fees--teacher certificate fees in one case and proprietary school fees in the other. Both of the fee funds involved have a "no limit" expenditure limitation, so no legislative action is necessary to allow the State Department to spend the money. Likewise, the State Department has no position limitation, which gives it the flexibility to add positions within available resources. But because the State Department always has sought and received permission from the Legislature to add new positions, it is requesting permission to add 1.0 FTE new position for the teacher certification division and 0.5 FTE new position for the proprietary schools division. It also notes that, if duties related to the issuance of teaching certificates do not increase as much as expected, the position requested would be part-time or would not be added at all.

K. H.B. 2837 (Conference). H.B. 2837 originally defined the term "boarding schools" but now has been amended to include S.B. 591, which concerns special education. The special education portions of the bill would bring Kansas into conformity with the recently amended

federal Individuals with Disabilities Education Act (IDEA). The bill assures state compliance with federal law and provides for an appropriate public education for exceptional children. Under IDEA, Kansas was awarded \$33.2 million in federal funding for the 1997-98 school year.

The special education provisions of H.B. 2837 generally would require the State Board of Education by July, 1998, to include children with disabilities in statewide assessment programs, with appropriate accommodations, when necessary. For those children who, even with accommodations, could not participate in the regular assessment program, the State Board would have to develop alternative assessments by July, 2000. In addition, the State Board would have to report to the public the number of children with disabilities participating in regular assessments and the number participating in alternative assessments. The student's performance on these assessments would have to be reported if the data were statistically sound and would not result in the disclosure of performance results identifiable to individual children.

The University of Kansas, which is under contract to develop and administer the regular state assessment program, estimates that it would cost \$225,000 from the State General Fund to develop, pilot test, and administer the alternate assessments in FY 1999.

L. S.B. 510 (Conference). S.B. 510 concerns the residence of students for fee purposes at the Regents institutions, but has been amended to include H.B. 2770, which would provide for credit hour state aid and out-district state aid to Haskell Indian Nations University. Under the bill, Haskell would receive credit hour aid for freshman and sophomore-level courses in the same amount per hour as received by community colleges (\$31.26 in FY 1999 under the Governor's recommendation). It also would receive \$24 per hour (the same rate as community colleges) for courses taken by Kansas residents who live outside Douglas County. No credit hour aid or out-district state aid could be reimbursed for any course offered outside Douglas County unless the course were approved by the State Board of Education.

The State Department estimates the impact of the legislation in FY 1999 to be \$91,707 (State General Fund), which consists of \$76,587 for credit hour aid and \$15,120 for out-district state aid.

State Corporation Commission

A. Legislative Post Audit of the Conservation Division (Deferred to Omnibus). The House Subcommittee that reviewed the budget of the State Corporation Commission completed its work before the performance audit of the conservation division of the Corporation Commission was completed in February, 1998. It was the Subcommittee's intention to review the audit when it became available and propose any recommendations it cared to make for consideration in the Omnibus Bill.

B. Additional Funding for Well Plugging (Deferred to Omnibus). The Senate Subcommittee that reviewed the Corporation Commission's budget put on the list of things to consider later in the Session increased funding for well plugging. The Commission is spending about \$1.7 million a year on well plugging activities, of which \$500,000 is from the Conservation Fee Fund and the remainder is from the Abandoned Oil and Gas Well Fund, a new fund created in 1997 that will be available until FY 2002. (Receipts to the Fund consist of annual \$400,000 transfers from the State General Fund, the State Water Plan Fund, and the Conservation Fee Fund, in

addition to about \$400,000 that represents half of the money Kansas receives from the federal government in mineral royalties.)

The Commission estimates it will take until at least the year 2008 to plug the Priority I wells (those that pose the most serious threat to public health and the environment). The Subcommittee is concerned that Priority I wells are not being plugged quickly enough, particularly in the western part of the state, and believes additional funding may be necessary to enable the Commission to move more quickly. The Subcommittee asked the Commission to submit a plan outlining how it would intensify its well plugging efforts in terms of additional money needed and the availability of agency staff and independent contractors to oversee and perform well plugging operations. (A response from the Commission will be made available to legislators during the Omnibus Session.)

C. House Sub. for S.B. 212 (to Governor). House Sub. for S.B. 212 amends the Kansas Telecommunications Act of 1996 (Kansas Act) by reducing the size of the Kansas Universal Service Fund (KUSF); reducing KUSF assessments for contributions by wireless providers; clarifying the Corporation Commission's authority to implement the Act as it relates to Internet access; delaying the implementation of enhanced universal services until July 1, 2003; and giving the Commission new authority with regard to the implementation of enhanced universal services. The bill also establishes the KUSF working committee, which is to report its recommendations to the 1999 Legislature, and amends the Kansas Consumer Protection Act to prohibit "slamming." The latter amendment affects the Office of the Attorney General and is discussed in that agency's section of the memorandum.

The portion of the bill that has a fiscal impact on the State Corporation Commission relates to the deployment of enhanced universal services. Under the 1996 Act, local exchange carriers were required to file plans with the Corporation Commission on how they intend to deploy the infrastructure to support universal service and enhanced universal service. Amendments to the Act contained in House Sub. for S.B. 212 expand the Commission's authority in this area by establishing a process by which deployment of enhanced universal services will be conditioned upon the completion by a local telephone company of a deployment plan which is subject to the Commission's approval or rejection. If the Commission takes no action on the plan within 90 days, the plan will be considered approved. The approval process will continue until July 1, 2000.

According to the Commission, it will have to develop an administrative process that provides for filing, review, and making a decision on each deployment plan so that the Commission can determine if the plan is necessary, appropriate, cost effective, and whether it would place an unreasonable or excessive demand on the KUSF. To do this, the Commission requests 1.0 FTE position in FY 1999 for the utilities division at a total cost of \$66,665 (\$55,800 for salary and fringe benefits and \$10,865 for associated costs). The position would be for a Senior Telecommunications Analyst with an emphasis in engineering and telecommunications technology. Although the process for approving deployment plans would end by July 1, 2000, the Commission believes the position would be ongoing, in part because it is expected that the working committee will recommend changes to the law to reflect new regulatory strategies to accommodate change in technology and to respond to greater competition.

Attorney General

A. Tobacco Litigation (Deferred to Omnibus). The House position with regard to litigation against tobacco companies was to require the Attorney General to terminate the contract with both local and national counsel representing Kansas and to make no payments in connection with the contracts in either FY 1998 or FY 1999. As an alternative, the Conference Committee on S.B. 495 considered asking the Attorney General to renegotiate the contract to limit the amount the law firms could receive to a percent of the recovery and a dollar amount that were tied to the amount of money recovered by the state. The total amount the law firms could receive was to be capped at \$20.0 million. The Conference Committee finally adopted the original House position, but agreed to reconsider the issue in the Omnibus Bill.

Information is available from the State Tobacco Information Center about contracts for legal services in 16 of the 39 states and Puerto Rico that are party to the tobacco settlement. In Mississippi, Louisiana, and Iowa, attorneys fees will be determined by the court. In nine states, including Kansas, the contract identifies a specific percentage of the settlement that will be paid to attorneys. The states are Illinois (10 percent); Indiana (10 to 15 percent); Texas and Washington (15 percent); Arizona (18 percent); and Kansas, Minnesota, Florida, Massachusetts, and Maryland (25 percent). One state (West Virginia) has obtained legal counsel *pro bono*. Attorneys general in two states (California and Georgia) are using their own staffs. According to James E. Tierney, former Attorney General of Maine who is serving as a resource to attorneys general and the public on tobacco litigation matters, there seems to be a trend for the states that have filed litigation recently to have negotiated better deals with the law firms representing them, in the sense that the percentage of recoveries for attorneys fees tends to be lower than for the states that entered the litigation early. Mr. Tierney speculates the reason for this is that the early states did much of the groundwork in the cases and the attorneys for the late-entry states have less work to do. (Kansas filed June 6, 1996, becoming the 11th state to file. Twenty-three states waited until 1997 to file.)

If the Legislature is interested in changing the way Kansas is being represented in the tobacco litigation, several alternatives are listed below:

1. Conduct the litigation in-house and hire additional staff for the Office of the Attorney General. Two states (California and Georgia) are known to be handling tobacco litigation in house. It is reported that the tobacco unit in the California Attorney General's Office is comprised of 50 attorneys and 50 paralegals. To varying degrees, even those states that have hired outside counsel are also committing in their attorney general's office to the litigation. The Florida Attorney General, who has a staff of 338 assistant and deputy attorneys general, has involved regular employees on a full-time basis in tobacco litigation, in addition to contracting with outside law firms. In Washington State, seven state employees are involved in the litigation, in addition to the outside counsel that has been retained. Kansas, with 47 assistant and deputy attorneys general, has two attorneys working part-time on the case. A rough estimate of what it might cost to do the litigation in-house in Kansas has been provided by the Attorney General, who says that, at a minimum, it would take 15 attorneys, 10 paralegals, and 12 support staff (for a total of 37 new positions) for between two and five years. The first-year cost of the tobacco litigation unit, including office rent and other operating expenses, plus the cost of experts, would be \$12.5 million.

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Cumulative costs of the unit could reach \$20.7 million by the fifth year. According to the General, one problem with this alternative would be the difficulty in finding staff with the expertise to do the work for what basically would be a temporary job.

2. Adopt the present position in S.B. 495 and direct the Attorney General to terminate the contracts. If this alternative is selected, most likely the state would be liable for expenses incurred thus far by the attorneys currently under contract. In addition, were Kansas to receive money from an eventual settlement, it is almost certain that the attorneys would claim part of the settlement as their share for the work they did to help Kansas prior to the time their contracts were terminated.
3. Adopt the alternative considered earlier and direct the Attorney General to renegotiate the fee provision in the contract, subject to a limit. As an alternative to a total dollar amount, *e.g.*, \$20.0 million, an amount per hour might be considered. Of the 16 states for which information is available, no state appears to have set a dollar limit on attorneys fees. A bill was introduced in Arizona that would set a cap of \$1.0 million on litigation expenses--\$250,000 for expenses and \$250,000 for each of the three law firms under contract--but the legislation has not received serious attention, according to staff in the Office of the Arizona Attorney General. While no state is known to have set a cap, according to Mr. Tierney, some states have negotiated sliding scales whereby the percentage that a law firm would receive diminishes as the amount of the state's recovery increases.
4. Do nothing and continue with the arrangement the Attorney General presently has with the local and national counsel. In the event that Kansas recovers money, attorneys fees would be paid from the money received from the tobacco industry in an amount that is subject to a combined limit of 25 percent for all the law firms involved. The amount of money received by the law firms could be reviewed by the Kansas Supreme Court as to whether the fees are reasonable. Model Rules of Professional Conduct, as adopted by the Kansas Supreme Court, provide, in part, that a lawyer's fee shall be reasonable. Factors taken into account by the Court include the time and labor required, the novelty and difficulty of the questions involved, the skill required to perform the legal service, and the fee customarily charged in the locality for similar legal services. The contract Kansas has with both local and national counsel references the Model Rules of Professional Conduct. The Kansas Legislature itself has seldom enacted legislation that limits fees for legal services. K.S.A. 1997 Supp. 44-536 in the Workers Compensation Act limits attorneys who represent an employee or the employee's dependents to either "a reasonable amount" for services, as determined by the court, or 25 percent of the amount of compensation recovered, whichever is less. K.S.A. 39-719a sets a limit on attorneys fees in cases involving Medicaid recoveries of up to 33.3 percent of the recovery for cases settled prior to trial and up to 40 percent of the recovery in cases that go to trial.

B. Child Abuse Protection Position (Deferred to Omnibus). The Legislature authorized the addition of an Assistant Attorney General in FY 1999 to assist county and district attorneys in investigating and prosecuting cases of reported child abuse or neglect. However, no funding was added for the position and the Attorney General was asked to report at the end of the Session on how the position could be funded from within available resources.

The Attorney General reports that it is possible the agency could receive a four-year Byrne grant to partially fund the position. The total cost of the position would be \$77,474, of which \$58,105 would be from the Byrne grant and the remainder would be a required 25 percent state match of \$19,369. Because the Attorney General will not know until after the Session ends whether the Byrne grant will be approved, she is asking the Legislature to appropriate \$19,369 from the State General Fund, contingent upon receipt of the federal grant. A second alternative, which is less desirable from the agency's perspective, would be to match the Byrne grant with money from the child abuse component of the Crime Victims Assistance Fund. Using money from the Fund to meet the match would reduce the amount of money available for local programs that provide child protection services. In addition, a proviso would have to be added to enable the agency to use money from the Fund for operating expenditures.

C. H.B. 2789 (Law). H.B. 2789 raises certain limits on payments that may be made from the Crime Victims Compensation Fund. For example, compensation for funeral expenses is increased from \$2,000 to \$5,000. In addition, the statute of limitations on award eligibility is increased from one year to two. As a result of the changes in H.B. 2789, it is estimated that expenditures from the Crime Victims Compensation Fund in FY 1999 will increase by \$505,985 (from \$1,856,005 to \$2,361,990).

No legislative action is necessary as the result of the passage of H.B. 2789 because the Crime Victims Compensation Fund has a "no limit" expenditure limitation and balances in the Fund are adequate to fund the expected increase in expenditures.

D. H.C.R. 5030 (Adopted by the Legislature). H.C.R. 5030 requires the Attorney General to file and prosecute an action against the State of Nebraska to enforce the provisions of the Republican River Compact. The Attorney General intends to file suit before the U.S. Supreme Court in mid-May. The 1997 Legislature appropriated \$200,000 to be used in FY 1998 in connection with the litigation. For FY 1999, the Attorney General requests \$980,000 from the State General Fund, most of which will be used for fees and expenses of the Special Master appointed by the Court and for counsel and experts retained by the state. The Attorney General warns that litigation against Nebraska will be lengthy and expensive and estimates that ongoing costs in the year 2000 will be in the range of \$1.25 million.

E. House Sub. for S.B. 212 (to Governor). House Sub. for S.B. 212 amends the Kansas Telecommunications Act of 1996 (Kansas Act) and the Kansas Consumer Protection Act to prohibit "slamming"--the practice of a telephone company to switch a consumer's long distance or local telephone company without obtaining the consumer's express authorization. It is the latter feature of the bill that affects the Office of the Attorney General because the Attorney General would be authorized to investigate and enforce telecommunication slamming complaints. (Other provisions of the bill are discussed in the section of the memorandum that deals with the Corporation Commission.)

Based on information provided by the Corporation Commission, the Attorney General believes the office could receive up to 900 complaints a year. According to the General, the new complaints would be added to an already-heavy workload in the consumer protection

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division and under ordinary circumstances would require the addition of a new position. However, the addition of permanent staff is a problem, given a lack of space in the existing facilities. It would be the General's intention to use unclassified temporary employees, as necessary, whose salaries would be paid from funds recouped from the successful prosecution of consumer protection violations and to report to the Legislature at a later date on plans to make these employees permanent in the future.

State Board of Indigents' Defense

A. "Parity" Increases for Unclassified Attorneys (Deferred to Omnibus). The issue of parity increases for unclassified attorneys already has been addressed by the Legislature, which added \$80,000 for the increases in FY 1999. However, the full amount requested by the Board was \$160,297 and the Senate Subcommittee that reviewed the Board's budget early this year added parity increases to the list of items that would be considered at the end of the Session. The \$160,297 requested by the Board is the first year of a three-year plan totaling \$400,743. The issue involved is that unclassified attorneys were not part of a salary upgrade of classified attorneys that occurred in FY 1995 and, consequently, their salaries lag behind the salaries of other attorneys in state government.

Judicial Branch

A. S.B. 482 (to Governor). S.B. 482 would amend the criminal procedure statutes by expanding the law to permit the expungement of arrest records, diversion agreements, and proceedings resulting in diversion agreements. "Expungement" would be defined to mean that records would be sealed except to the petitioner and criminal justice agencies. The provisions would apply to arrest and diversion records involving violations of city ordinances and state laws and would have an impact on the workload at the municipal and district court levels. The list of crimes for which there can be no expungement for adults or juvenile offenders would be expanded to include capital murder, murder in the first degree, murder in the second degree, voluntary manslaughter, involuntary manslaughter, and involuntary manslaughter under the influence of alcohol or drugs.

The Office of Judicial Administration believes the expansion of the expungement statutes to include diversions will significantly increase filings in the court system and notes that there were an estimated 9,000 diversion agreements entered into in FY 1997 alone. Although a request is not made for more positions specifically related to S.B. 482, the Judicial Branch renews its original request for new judges in FY 1999, arguing that the enactment of the legislation makes it even more important that more judges be added. The Legislature has approved the addition of the three District Court Judge positions requested, as well as three of the nine District Magistrate Judge positions requested. The remaining six District Magistrate Judge positions would total \$326,652 (\$54,442 each for salary and fringe benefits), all from the State General Fund.

B. S.B. 2233 (Conference). H.B. 2233 would amend the Criminal Procedure Code to allow cities and counties to charge a booking and processing fee when fingerprinting is required. The fees would be credited to the general fund of the city or county that funds the law enforcement agency that obtains the fingerprints. According to the Office of Judicial Administration, temporary clerks at the district court level would have to be added to handle the

rees collected as the result of district court cases. These temporary clerks would be state employees whose salaries would total an estimated \$35,495 (State General Fund) in FY 1999.

Department of Corrections

A. Reception and Diagnostic Unit. The Conference Committee recommended deleting \$412,370 SGF from the FY 1998 capital improvements appropriations bill for planning a new 256-bed reception and diagnostic unit. The House had initially recommended the planning funds, but requested that they review the agency determination of where to locate the unit and possible funding options. The Senate deleted all funding pending a review at Omnibus. S.B. 495 contains no planning funds.

The agency proposes to construct two 128-bed housing units and an evaluation building to serve as a new reception and diagnostic unit for the evaluation of male inmates transferred from county jails to the state correctional system. The current reception and diagnostic unit is located at Topeka Correctional Facility, which the agency believes is inadequate for its designated purpose and is reported to contain fire safety problems. Planning for the project in FY 1998 are requested at \$500,000 (\$412,370 SGF and \$87,630 from the Correctional Institutions Building Fund) and \$17,139,478 in FY 2000 for a total project expenditure of \$17,639,478. Estimated project cost per gross square foot is \$199 and construction cost is \$68,904 per bed.

The Governor had initially recommended the project for the El Dorado Correctional Facility, but the Secretary of Corrections has testified that the agency is reviewing the possibility of constructing the new unit at the Topeka Correctional Facility. The agency has yet to make a determination of the new facility location.

Additionally, federal crime bill funds (Violent Offender Incarceration and Truth-in-Sentencing Grants) which currently total approximately \$5.6 million, are available for possible use if the project were to expand bed space in some manner. This year's federal funding is the second of a five-year program, and funds of approximately \$5 million should be available for each of the remaining three years. Last session, these funds were used to construct the new 200-bed unit at Norton (\$5,057,152).

The Joint Committee on State Building Construction reviewed the item on April 22, 1998, and recommended the appropriation of planning funds.

B. Alternative Punishments Funding. The House Subcommittee requested a review of potential savings options, from which funds could be redirected to alternative punishment options. The subcommittee identified specific funds, most within the agency's budget, which are available for use to provide less costly, potentially recidivism-reducing options for non-violent offenders who might be diverted from more costly prison beds. The subcommittee intends to review these funds for possible redirection to community corrections programs:

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FY 1998

Labette Operating Cost Savings	\$ 110,000
Unspent Community Corrections Grant Funds	200,678
Facility Operations Savings	100,000

FY 1999

New Inmate Postage and Supply Program	150,000
	<u>\$560,678*</u>

* S.B. 495 included the reappropriation and spending of \$100,000 from facility savings and \$115,000 from the postage and supply savings for community sex offender treatment and 1.0 FTE parole officer. The remaining funds identified total \$345,678.

The House Subcommittee requested a review and possible redirection of these funds to community corrections' programs to address the growing prison population, particularly non-violent offenders and parole condition violators who comprise up to 155 new admissions per month (36 percent of the total).

C. Review Female Boot Camp Project. The House Subcommittee requested a review of the status of the agency's issuance of a request for proposal for the construction and operation of a 30-bed boot camp for female offenders. Bids were closed on March 16, 1998, and if the agency rejects the one-bid submitted, it has expressed the intention to request additional funding to operate the camp. Federal crime bill funds are available to cover 50 percent of construction costs (less a 10 percent match). If a private vendor were selected to operate the unit, 50 percent of the operating costs (less a 10 percent match) can be paid with federal crime bill funds. If the agency constructs and operates the 30-bed unit, they project construction costs of \$655,000 at Topeka Correctional Facility and annual operating costs of \$600,000, as well as the addition of 10.0 FTE.

D. Private Industry Proviso. The House Subcommittee heard testimony from the agency that a consortium of private businesses in Wichita related to the aviation industry were interested in establishing a prison work/vocational education project for inmates within a correctional facility. The agency requested that the issue be reviewed to determine if any provisos were needed to carry out any negotiated agreements with private employers.

E. Review Disposition of the Former Topeka State Hospital Property. The House Subcommittee wished to review any possible disposition plans for former Topeka State Hospital property due to the continued presence of 111 minimum-custody male offenders on the grounds.

Larned Correctional Mental Health Facility

A. Resolution of Sex Predator Unit. The House Subcommittee requested that the Department of Social and Rehabilitation Services and the Department of Corrections review methods to address the expansion of the sexual predator population located in one 30-bed wing of the facility. A Senate Subcommittee reviewing the situation has received plans from the affected agencies to implement short-term and long-term resolutions to the situation. As proposed, the short-term plan would move the sexual predators to the Dillon building at the hospital from October 1998 to October 2000 with \$594,217 capital improvements costs and \$769,343 in operating costs (\$1,363,560 total) and including 25.0 FTE over the Governor's recommendation for the hospital and the sex predator treatment program. The long-range proposal would construct 150 beds at Larned Correctional Mental Health Facility, doubling the size of the facility, and making 120 beds available for sex predators. Projected costs for the new construction are \$10,684,119 (\$740,000 planning funds in FY 1999 and \$9,944,119 in FY 2000), and additional annual operating costs for the facility of \$1,060,000 and 15.0 FTE. As of the preparation date of this memorandum, the agencies proposal has not been acted upon.

El Dorado Correctional Facility

A. Possible Visitors' Center for El Dorado. The House Subcommittee requested the agency contact Outside Connections, which operates visitors' centers at four other correctional facilities, to determine if the agency could provide some type of services using the ending balance of \$19,908 in FY 1999 from the agency's inmate benefits fund.

Ombudsman of Corrections

A. Additional Operating Expenditures. The Senate Committee recommended a review of the agency's FY 1998 operating expenditures. The Subcommittee heard testimony from the agency that it may have insufficient funds to continue operations in the current fiscal year due to a previous subcommittee recommendation to visit each correctional facility once every six months. The agency's revised budget in FY 1998 is \$184,105, which includes a supplemental appropriation the Governor recommended of \$2,356 in the current legislative session. The agency has made no specific request for additional funding in the current fiscal year.

Kansas Public Employees Retirement System (KPERs)

A. House and Senate Subcommittee Recommendation — Adjustment to Investment-Related Expenditure Limitation. Both House and Senate Subcommittees recommended that during Omnibus a review be made of expenditures for fees paid to the firms that manage the System's investments, and that the expenditure limitations in FY 1998 and FY 1999 be adjusted, as required. The approved limitation in the current fiscal year is \$22,212,030 and the amount approved for next fiscal year is \$23,164,887. In a projection made on April 20, 1998, the agency is estimating FY 1998 expenditures of \$22,515,006 and FY 1999 expenditures of \$24,084,723 for investment related expenses. The two requests for increases in approved expenditure limitations are shown in the table below:

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	S.B. 495 Approved		Revised Estimate		Difference
FY 1998	\$ 22,120,030	\$	22,515,006	\$	394,976
FY 1999	23,164,887		24,084,723		919,836

B. Senate Ways and Means Subcommittee Recommendation — Request for Governor’s Budget Amendment. The Senate Subcommittee suggested waiting to consider this proposal until Omnibus and to await a possible GBA that the agency had requested. This proposed enhancement for agency reengineering, computer programming, and imaging is estimated to cost \$3.0 million, of which \$2.4 million would be in FY 1999 for consultant assistance, computer hardware, imaging system components, and contract programming. Financing would be from the KPERS Fund. A needs analysis was presented to the Joint Committee on Computers and Telecommunications (JCCT) on February 13, 1998. No formal action was taken by the JCCT regarding the KPERS project. The same needs analysis was presented to the Kansas Information Resources Council (KIRC) on March 24, 1998, and the proposal will be discussed again at the KIRC meeting of April 28, 1998. The minutes of the March 24 KIRC meeting indicate that there was significant discussion about this project and that a number of concerns were expressed that are suppose to be addressed at the April 28 KIRC meeting. The KIRC minutes further indicate that KPERS is suppose to return to the next meeting with answers to some of the questions raised by the KIRC, and that KPERS also was suppose to prepare answers to the KIRC’s concerns about this project and forward them to the JCCT.

C. S.B. 382 (Law). This legislation is intended to bring KPERS into federal compliance with the Internal Revenue Service and other federal regulations that govern public pension plans. Administrative costs to implement this bill are estimated by KPERS staff at \$78,000 all funds in FY 1999 to pay for contract programming and reprogramming of the System’s computer software in order to conform with the new provisions in S.B. 382.

D. S.B. 11, S.B. 618, H.B. 2149 (Conference Committee). Financing of \$28,342,761 from the State General Fund in FY 1999 was included in 1998 S.B. 495 in order to pay a portion of a cost-of-living adjustment (COLA) for KPERS retirees and beneficiaries. None of the bills that would implement a COLA provision has passed the 1998 Legislature, and all three bills that have COLA provisions remain in conference.

A conference committee report on S.B. 11, that was rejected by the House, would have provided for a 3.0 percent ad hoc COLA to those retired prior to July 1, 1993. The financing in S.B. 495 was intended to help fund a portion of this 3.0 percent plan by prepaying the state’s actuarial liability of the KPERS School, KP&F State, TIAA, and Judges plans. The other two bills have different COLA provisions and would require other financing plans.

The Senate plan for a 2.0 percent ad hoc COLA would require an FY 1999 State General Fund appropriation of \$18,895,173. Funding for that COLA is included in Senate Sub. for H.B. 2149 (conference committee). Additional employer contributions would begin in FY 2000.

The House plan for an automatic COLA, linked to two-thirds of CPI and capped at no more than 2.0 percent, had no financing included in FY 1999 by House Sub. for S.B. 618 (conference committee). However, based on the current version of the bill, increased employer

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and employee payments would begin in FY 1999. There is a five-year phased schedule for raising contributions that runs until 2003, and after that date, the enhanced contributions continue until 2033 in order to finance this plan. The estimated FY 1999 State General Fund allocation would be \$22.8 million, with an additional \$3.7 million from other state funds, \$22.0 million from local funds in CY 1999, and \$8.3 million from increased employee contributions. For the state, these amounts would need to be built into the agency budgets in order to collect the non-State General Fund amounts. The KPERS actuary would calculate the appropriate percent of payroll that would be assessed each employer, and the enhanced contributions would begin July 1, 1998, under provisions of House Sub. for S.B. 618. No specific appropriations during the 1998 Omnibus period would be necessary, but revised budget requests could be expected by the 1999 Legislature in order to finance the increased contributions in FY 1999 that would result from passage of House Sub. for S.B. 618. (Staff Note: An additional cost not reflected in the original fiscal note for an automatic COLA is the cost of including disabled members under S.B. 618 provisions. The KPERS actuary is developing an estimate of actuarial liability for this group.)

Kansas Department of Transportation

A. Technical Adjustment. A posting error in S.B. 495 resulted in the wrong adjustment for the recommended reduction that should have totaled \$251,738 in FY 1998. The amount posted was off by \$300. The corrected expenditure limitation would be \$194,307,225 for agency operations in order to reflect the Governor's recommended salary reductions due to retirements that were approved during the 1998 Legislature.

Department of Health and Environment

A. Technical Amendment. The Legislature placed limitations on all funds for the Department of Health and Environment. Further, the Legislature wanted the Department to have the ability to accept and expend additional **special** revenue funds, should they be offered or be made available, as long as notice is sent to the Legislative Coordinating Council prior to accepting the additional funds. Additional technical language needs to be added in order to fully accomplish this task.

B. Clarification. The Legislature placed limitations on all funds, that were "no-limit funds" in the Governor's budget. This same practice has been followed in past years. However, in reviewing past appropriation bills there are approximately 14 funds that remained no-limit under that practice. Those funds are the following: DUI Equipment Fund, Breast Cervical Cancer, Health and Environment Training Fee Fund, Food Service Inspection Reimbursement Fund, Health and Environment Publication Fee Fund, District Coroners Fund, Adult Care Licensing Revolving Fund, Venereal Disease Control Project Fund, Immunization Grant Funds, Aids Drug Reimbursement Program Fund, Public Water Supply Loan Fund, Kansas Water Pollution Control Revolving Fund, and Cost Issuance Fund KWPCRF. Those same funds currently have appropriation limits placed on them. If the Legislature desires to have those funds returned to "no limit" funds, that change needs to be made in the Omnibus bill.

C. Child Care Licensing and Registration (Senate and House Subcommittee). Both the House and Senate Subcommittees recommended reviewing Child Care Licensing and Registration at Omnibus. For FY 1998, the Department will receive a \$1.0 million grant and for

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FY 1999, a \$1.5 million for Child Care Licensing and Registration from SRS. The Subcommittees have requested information on percentages of funds that will go to local health departments and percentages of funds to be used on computers and Internet linkage between the state and local health departments. As of this date the Legislative Research Department has not received this information from the agency.

D. AIDS Drug Assistance Program (ADAP) (House Subcommittee). The House Subcommittee would like to review the status of the AIDS Drug Assistance Program. To date the Legislative Research Department has not received an update. The Legislature added \$235,000 (State General Fund) in FY 1998 so that all recipients of the program will continue to receive AIDS Drug Assistance if federal funds run out. Further, the Department has been able to access over \$232,000 (25.0 percent of next year's federal draw down) in federal funds for FY 1998. No funding has been appropriated for ADAP in FY 1999.

E. Bureau of Adult and Child Care (House Subcommittee). The Legislature, in S.B. 495, added \$65,000 and a 0.5 FTE to the Bureau of Adult and Child Care for FY 1999 for assisted living and residential health care facilities inspections. Currently, the Bureau issues an initial license for assisted living and small bed homes after the facility completes 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 House Subcommittee recommended 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 positions and an additional \$66,345 (State General Fund) are needed to complete these inspections. The House Committee requested that the Secretary report at Omnibus to see if he can shift 2.0 FTE positions into the Bureau to complete the inspections. As of this date the Legislative Research Department has not received this information.

F. Healthy Start Home Visitor Program (House Subcommittee). The House Subcommittee recommended reviewing funding for the Healthy Start Home Visitor program at Omnibus. The Healthy Start Home Visitor program provides education and support to pregnant women and families with a baby, birth through one year of age. Home visitors provide information on: health care, immunizations, child health assessments; child development; parent-child interactions and relationships and prevention of child injuries. The Legislature provided funding of \$501,880 (State General Fund) and \$837,203 (all funds) for FY 1999.

G. Infant/Toddler (House Subcommittee). The Legislature concurred with the Governor's Budget Amendment in S.B. 495. Therefore State General Fund funding for infant/Toddlers is now \$1,992,000 (State General Fund) or 301.6 percent above the FY 1998 appropriation of \$496,000 (State General Fund). Including federal funds, FY 1999 funding would total \$3,913,187 as compared to the FY 1998 total amount of \$2,432,067.

H. Food Inspection Program (House and Senate Subcommittee). The Department proposes creating a Food Establishment Inspection Fee Fund to fund Restaurant inspections. Currently, fees from food establishment inspections are credited to the State General Fund. The Department proposes raising fees for an annual inspection from \$70 to \$100 for the inspection of restaurants and hotels. At Omnibus, both subcommittees requested that the Department present a plan of how the restaurant/hotel fees portion of State General Fund could be shifted to a fee fund to fund food establishment inspections and report on how this would improve food inspections. Further, what additional FTE positions and funding would be necessary for the program. Under this scenario (increased fees in a fee fund) it may be possible to increase expenditures an additional \$300,000 (all other funds) to improve food establishment

inspections. The Legislature approved food inspection expenditures of \$1,121,329 (State General Fund) in FY 1999. This appropriation includes an enhancement of \$175,995 (SGF) above current service level to increase food establishment inspections. As of this date, no information has been provided to the Legislative Research Department by the agency.

I. Office of Quality Control and Audit (House Subcommittee). The House Subcommittee requested that the Department explore the possibility of establishing an Office of Quality Control and Audit and present a report at Omnibus. At this time, the department has auditors located throughout the agency in various divisions and bureaus. By combining the auditors into a single office, the House Subcommittee believes it may possible for the auditors to operate in a more effective manner. As of this date the Legislative Research Department has not received this information from the agency.

J. Sub. for S.B. 437 (House Floor). The Senate Committee wanted to review the status of Sub. for S.B. 437 at Omnibus. Sub. for S.B. 437 would establish the Childhood Lead Poisoning Prevention Act. The bill authorizes and directs the Secretary of the Department of Health and Environment to develop and implement a childhood lead poisoning prevention program. As part of this program, the Secretary would adopt rules and regulations, standards and procedures relative to lead poisoning prevention as necessary to protect the health of Kansas' children. The bill also allows the Secretary to establish a fee schedule for annual accreditation, licensing, certification and renewal. The bill has passed the Senate, been amended by the House Committee on Health and Human Services and is awaiting debate on the House floor. The Department of Health and Environment estimates that it will require additional expenditures of \$119,000 (all funds) beginning with FY 1999. This funding would provide for a 0.5 Office Specialist FTE position (\$12,750), \$80,000 in professional services from two environmental scientists, and another \$26,250 in other operating expenditures. The expenditures would be directed toward promoting and developing a qualified and trained workforce able to conduct lead-based testing. These expenditures could be financed from the proposed fee fund established by S.B. 437. The Department estimates annual fee receipts of \$119,000, using a projected fee schedule and estimates of the types of licenses, renewals, and accreditation fees that would be assessed in FY 1999. The agency made these assumptions based on Missouri's experience, indicating that Kansas usually has one-half the number of environmental professionals that Missouri does. Finally, the Department reports that it would be eligible for additional federal grant monies. These additional monies would be made available to local health departments through aid to local contracts for screening and public awareness. No estimate is available as to the amount of potential federal funds.

K. H.B. 2950 (Law). Substitute for H.B. 2950 pertains to animal feeding facilities for swine. The bill defines "best management practices for swine facilities" as those schedules of activities, maintenance procedures and other management practices of a swine facility that are designed to minimize or prevent pollution of the air, water or soil or to control odor, flies, rodents and other pests, as determined by the Department of Health and Environment in consultation with Kansas State University and others mentioned in the bill. In S.B. 495, the Legislature added \$580,700 (SGF) and 11.5 FTE for Swine Production Facility Inspectors.

L. H.B. 2972 (Conference Committee). H.B. 2972 would amend current law to permit an adult care home to employ persons who have violated certain laws only if those persons have demonstrated by clear and convincing evidence that they are rehabilitated. The Department indicates that the passage of the bill would require expenditures from the State General Fund of \$239,742 in FY 1999. The agency also indicates that it would require the addition of 5.0 FTE positions. The Department indicates that the bill would require it to initiate

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a fair hearing process for the purpose of proving, with clear and convincing evidence, that an individual has been rehabilitated to the degree that employment by an adult care home would be allowed. KDHE would also have to establish rules and regulations governing the process of hiring adult care home staff. The agency indicates that two Administrative Law Judge positions, an Attorney II, an Office Specialist, and an Office Assistant II would be necessary to deal with an estimated 1,025 hearings in FY 1999. The total cost of the FTE positions is estimated to be \$195,142. Other operating costs of \$44,600 would be necessary in FY 1999 to provide equipment for the new positions and to finance travel, communications, and other costs related to the preparation of rules and regulations and the hearing process. Of the other operating costs, \$15,100 would be one-time expenditures for FY 1999.

Kansas Technology Enterprise Corporation

A. Special Projects (Senate and House Subcommittee). Both the House and Senate Subcommittees recommended reviewing Special Projects funding at Omnibus and consider adding \$50,000 (EDIF). It was noted by both subcommittees that the Special Projects Funding had been reduced by the Governor's recommendation from \$69,303 in FY 1998 to \$29,303 in FY 1999. The Legislature concurred with the Governor for FY 1998 and FY 1999. KTEC had requested \$79,303 for FY 1999. The Special Projects Program addresses projects that are not covered under any of KTEC's other existing programs. The KTEC Board of Directors approves expenditures for Special Projects. In the past it has enabled KTEC to initiate the Industrial Agriculture Program (now at Department of Commerce and Housing), prepare a strategic technologies study and plan, develop the initial stage of the formal commercialization process, and provide funding for the graduate intern program.

Department of Commerce and Housing

A. Technical Amendment. S.B. 495 provides \$250,000 (EDIF) as the amount appropriated for Training Equipment Grants for FY 1999. The actual amount to reflect the Legislature's intent should be \$300,000 (EDIF). Therefore, a technical adjustment needs to be made.

Board of Cosmetology

A. Enhancement Funding. The Conference Committee and the Legislature, in S.B. 495, deleted all enhancement funding recommended by the Governor for both FY 1998 and FY 1999. The Governor's recommendation for enhancements consists of the following:

FY 1998

- \$15,000 for the consultation of a new computer system
- \$14,850 to change four part-time inspectors to full-time

FY 1999

- \$100,000 for a new computer system
- \$27,496 to upgrade four part-time inspectors to full-time

The Senate Subcommittee noted that funding for enhancements would be restored for FY 1998 and FY 1999 with a satisfactory response by the agency to the 1997 performance audit. Additionally, the House Subcommittee recommended withholding enhancement funding until a new Executive Director is hired and the agency can demonstrate the capability to effectively handle its affairs.

B. Substitute H.B. 2609 (Conference). Substitute for H.B. 2609, as amended by the House Committee of the Whole, concerns the Board of Cosmetology and the profession it regulates. The amendments address issues in three primary categories: the organization and powers of the Board of Cosmetology, educational requirements for licensees and regulatory matters. H.B. 2609, as substituted by the House Committee on Education, was not substantially different from the current version. The House Committee of the Whole made a change to the maximum allowable fee for renewal of a cosmetologist license. The Board of Cosmetology indicates that the passage of Substitute for H.B. 2609 would impact revenues and expenditures for FY 1999. At this time, the Board indicates that licensing and renewal fees would be raised to increase fee revenue by \$176,189, but not all fees would be increased to the new maximum allowed by the bill. Of the total amount, 20.0 percent, or \$35,237 would be deposited in the State General Fund and 80.0 percent, or \$140,952 would be deposited in the Cosmetology Fee Fund. In addition, the agency would realize a savings of \$675 because Continuing Education Summary Orders to licensees would no longer be required.

Board of Barbering

A. Enhancement Funding for Salaries and Wages. The House Subcommittee recommended deleting \$1,612 in enhancement funding for salaries and wages until the resolution of H.B. 2720. The bill would transfer all inspection duties from the Board of Barbering to the Department of Health and Environment. The House Committee recommended restoring the \$1,612 since H.B. 2720 is still pending in House Education. The funding has been restored in S.B. 495.

Kansas Guardianship Program

A. New Position. The House Subcommittee recommended that the agency provide the amount (including fringe benefits and other operating expenditures) which would be needed to fund an additional Business Assistant for FY 1999. Although the Governor did not recommend funding for this new position, the House Subcommittee recommended revisiting the request during Omnibus. An additional Business Assistant would be responsible for the fiscal tracking system which monitors the receipt of monthly reports regarding guardians and maintaining the annual accounting to the court for the 1500 wards served through the program. According to the agency, the amount needed for an additional Business Assistant would be \$26,482 from

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the State General Fund to fund salaries and wages (\$23,482) and other operating expenditures (\$3,000).

Mental Health Hospitals—Systemwide

A. Teacher Salary Increase. The amounts recommended by the Governor and approved by the 1998 Legislature for the school contracts do not include funding for teacher salary increases in FY 1999. The following table shows the amounts from the State General Fund that would be needed to fund salary increases of various percentages.

<u>% Increase</u>	<u>Larned State Hospital</u>	<u>Rainbow Mental Health Facility</u>	<u>Total</u>
0.5	\$ 7,186	\$ 2,947	\$ 10,133
1.0	14,372	5,894	20,266
1.5	21,558	8,841	30,399
2.0	28,744	11,778	40,522
2.5	35,931	14,736	50,667
3.0	43,117	17,683	60,800
3.5	50,303	20,630	70,933
4.0	57,489	23,577	81,066

B. Categorical Aid. In FY 1999, the budgeted school contract for each of the institutions include categorical aid based on a rate of \$19,600 for Larned State Hospital and \$19,360 for Rainbow Mental Health Facility. Currently, the FY 1999 categorical aid rate per eligible teaching unit is estimated to be \$19,750. If this rate is maintained, the school contracts at the hospitals would be overfunded. The following State General Fund amounts would be deleted from each of the hospitals' budgets in FY 1999 to adjust for this difference in rates:

<u>Hospital</u>	<u>SGF Amount</u>
Larned State Hospital	\$ (2,121)
Rainbow Mental Health Facility	(7,410)

The categorical aid rate for FY 1998 was budgeted at \$19,600 for Larned State Hospital and \$19,360 for Rainbow Mental Health Facility per qualified teaching unit. The current estimate for the rate is \$19,350. The following State General Fund amounts would be added to each of the hospitals' budgets in FY1998 to adjust for this difference in rates:

Hospital	SGF Amount
Larned State Hospital	\$ 3,535
Rainbow Mental Health Facility	190

C. Interruptible Gas Contract: The Senate Subcommittee recommended an evaluation of the benefits of an interruptible gas contract for all hospitals. Osawatomie State Hospital provided testimony in favor of an interruptible gas contract as the least expensive. All state hospitals are currently served by an interruptible gas contract or are planning to renew their contract for interruptible gas, except Rainbow Mental Health Facility. According to the Department of Social and Rehabilitation Services (SRS), for the larger hospitals which have access to an alternative service, an interruptible gas contract is the most feasible. Because of its minimal size, however, SRS reports that Rainbow Mental Health Facility would be unable to support an alternative service and therefore an interruptible gas service would not be the most beneficial.

Mental Retardation—Systemwide

A. Teacher Salary Increase. The amounts recommended by the Governor and approved by the 1998 Legislature for the school contracts do not include funding for teacher salary increases in FY 1999. The following table shows the amounts from the State General Fund that would be needed to fund salary increases of various percentages.

% Increase	Kansas Neurological Institute	Parsons State Hospital	Total
0.5	\$ 2,610	\$ 2,947	\$ 5,557
1.0	5,221	2,500	7,721
1.5	7,832	7,502	15,334
2.0	10,442	10,002	20,444
2.5	13,053	12,503	25,556
3.0	15,664	15,004	30,668
3.5	18,274	17,505	35,779
4.0	20,885	20,005	40,890

B. Categorical Aid. In FY 1999, the budgeted school contracts for each of the institutions include categorical aid based on a rate of \$19,170 for Kansas Neurological Institute and \$19,600 for Parsons State Hospital. Currently, the FY 1999 categorical aid rate per eligible teaching unit is estimated to be \$19,750. If this rate is maintained, the school contract at the hospital would be over funded for Kansas Neurological Institute and underfunded Parsons State Hospital. The following State General Fund amounts would be deleted from each of the hospitals' budgets in FY 1999 to adjust for this difference in rates:

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Hospital	SGF Amount
Kansas Neurological Institute	\$ (10,730)
Parsons State Hospital and Training Center	(2,438)

The categorical aid rate for FY 1998 was budgeted at \$19,170 for Kansas Neurological Institute and \$19,600 for Parsons State Hospital and Training Center per qualified teaching unit. The current estimate for the rate is \$19,350. The following State General Fund amount would be adjusted to each of the hospitals' budgets in FY 1998 to compensate for this difference in rates:

Hospital	SGF Amount
Kansas Neurological Institute	\$ (3,690)
Parsons State Hospital and Training Center	23,663

State Fair Board

A. Compliance Costs for ADA, EPA, and Fire Safety Regulations (House and Senate Committees, Joint Building Committee). The House and Senate Subcommittees and the Joint Committee on State Building Construction, all requested that the agency report on the results of a study that was authorized by the 1997 Legislature for compliance with accessibility requirements and environmental and fire safety enhancements. The total costs for ADA compliance (\$1,428,295), asbestos removal (\$811,886), lead paint removal (\$996,112), and fire safety compliance (\$1,118,205) are \$4,354,498. The Fair Board is reviewing its original request for \$50,000 from the State General Fund which was not recommended by the Governor. The Fair Board is also requesting an additional \$578,603 from the State General Fund. For FY 1999, the Fair Board's total request for compliance costs is \$628,603 from the State General Fund.

On April 22, 1998, the Joint Committee on State Building Construction recommended \$500,000 from the State General Fund for compliance costs.

Department of Agriculture

A. Office Location and Associated Costs (Deferred to Omnibus). The House and Senate Subcommittees requested to consider the costs related to the Department's location and lease during the Omnibus session. The Department's current lease in the Mills Building expires June 30. The Department has been investigating several alternatives to the location of office space. The current lease is for 37,315 square feet of office space at \$8.33 per square foot, 4,813 square feet of office space at \$7.65 per square foot, and 4,813 square feet of storage space at \$2.51 per square foot.

On April 22, 1998, the Joint Committee on State Building Construction was made aware of the Department's intention to stay at the Mills Building. The Department is requesting a Governor's Budget Amendment for \$709,000 with \$602,000 from the State General Fund and \$107,000 from fee funds.

B. Meat and Poultry Division (House Subcommittee). The House Subcommittee requested to review the Legislative Post Audit report on the Meat and Poultry Division. The report answers the two questions of:

1. What do meat processing plants have to do under new federal laws and regulations relating to food safety requirements and how is the information being communicated to them?
2. Has Kansas adopted more stringent requirements for meat processing plants than those imposed by the federal government, and if so, what is the additional cost of those requirements?

It is uncertain how much these new regulations will cost meat processors. While plant owners are generally satisfied, they expressed concern that inspections were not consistent statewide. Kansas has not adopted more stringent regulations than the federal government's; thus there are no additional costs.

C. Pawnee Water Basin Study (Senate Committee). The Senate Committee requested to review the Pawnee Water Basin Study. The Pawnee Water Basin Study, which is designed to study water quality and depletion, is under evaluation to determine if the study needs to be continued. This basin study has spent \$67,769. If it is determined that the study has either fulfilled its objectives or is no longer necessary, then the study should be discontinued as required by law.

D. Deleted 0.5 Unclassified Temporary Position (House Action). The House had recommended in its subcommittee report the deletion of 0.5 unclassified temporary engineering technician position, but the Department is allowed to keep funds for the position (\$10,519), which comes from the State Water Plan Fund. The funds will be used to pay for equipment needs in its Division of Water Resources.

E. Substitute for H.B. 2950 (Governor). The Department indicates that the passage of the Substitute for H.B. 2950 (the regulation and permitting of swine facilities) will require 1.0 FTE position for the review of nutrient management plans. The Department estimates that it will need \$45,000 annually for the position. Funding would be from the State General Fund. The Department states that it can reallocate an existing FTE position and would not need another.

Kansas Water Office

A. State Water Plan Fund (House and Senate Subcommittees). Both the House and Senate Subcommittees requested a review of the receipts and expenditures of the State Water Plan Fund. For FY 1998, the Governor recommends \$20,883,775 in total available resources. This includes a beginning balance of \$4,441,775. The Governor recommends \$18,763,775 in

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expenditures. This leaves an ending balance of \$2,120,000. The Legislature has not adjusted the Governor's FY 1998 recommendation.

For FY 1999, the Governor recommends \$18,430,000 in total available resources. This includes a beginning balance of \$2,120,000. The Governor recommends \$18,430,000 in expenditures. This leaves an ending balance of zero dollars. The Legislature has adjusted the Governor's recommendation by adding \$495 to the Kansas Water Office's budget for an employee's benefits that were not completely calculated previously and by adding \$91,000 for the KSU Ogallala Aquifer Study. The Legislature also deleted \$132,000 for river recreation in the Wildlife and Parks's budget and transferred \$40,000 from the State Budget Stabilization Fund to the State Water Plan Fund. The Legislature has approved expenditures of \$18,389,495 from the Water Plan Fund. This leaves an ending balance of \$80,505.

B. Rental Costs for Office Space (Deferred to Omnibus). Both the House and Senate Subcommittees requested to consider the costs associated to the Water Office's expenses for office space in the Mills Office Building. Along with the Department of Agriculture and the State Conservation Commission, the current lease expires June 30.

On April 22, 1998, the Joint Committee on State Building Construction was made aware of the Water Office's intention to stay in the Mills Building. The Water Office is requesting a Governor's Budget Amendment for furnishings and rental space of \$169,000 from the State General Fund.

State Conservation Commission

A. Substitute for H.B. 2950—Conservation Buffer Initiative (Governor). The legislation concerning the establishment of the buffer initiative (originally found in S.B. 523) was amended into Substitute for H.B. 2950, the regulation and permitting of swine facilities. The Governor recommended \$800,000 from the Economic Development Initiatives Fund for the ten-year life of the program. In their original positions, the House and Senate reduced the funding to \$80,000 for the program's first year of operation. However, the House recommended the program be financed through the State General Fund, and the Senate recommended the program be financed through the State Water Plan Fund. The Conference Committee and the Legislature agreed to delete all funding for the program in S.B. 495.

B. Rental Costs for Office Space (Deferred to Omnibus). Both the House and Senate Subcommittees requested to consider the costs related to the Commission's expenses for office space and office equipment in the Mills Office Building. Along with the Department of Agriculture and the Kansas Water Office, the current lease expires June 30.

On April 22, 1998, the Joint Committee on State Building Construction was made aware of the Commission's intention to stay in the Mills Building. The Commission is requesting a Governor's Budget Amendment for furnishings and rental space of \$79,000 with \$72,680 from the State General Fund and \$6,320 from fee funds.

Juvenile Justice Authority

A. Case Management (House Subcommittee). The House Subcommittee recommended revisiting during Omnibus the issue of adequacy of funding for juvenile offender case management. The Subcommittee received testimony from regional providers predicting that funding for juvenile offender case management in FY 1999 would fall short by as much as \$4.0 million (SGF). The agency is monitoring the cost of case management to determine if additional funding is necessary. The agency reports that if a shortfall becomes imminent, there will be a supplemental request for case management funding in the 1999 Legislative Session.

B. Community Initiatives Grants (House Subcommittee). The House Subcommittee recommended for Omnibus review the process for awarding Community Initiative grants. The Legislature has appropriated \$2.5 million for Community Initiative Grants in FY 1999. These grants are intended to assist the various juvenile justice community planning districts in developing programming alternatives to the state juvenile correctional facilities. Community Initiative grants are currently awarded through the Juvenile Justice Authority, however the House Subcommittee requested review of the effectiveness of this process with the idea that the grants may be more effectively distributed by the Kansas Youth Authority.

C. Rural Intake and Assessment (House Subcommittee). The House Subcommittee requested a report from the agency on a proposal for improving the efficiency of rural intake and assessment of juveniles to be reviewed in the Omnibus Session. The Subcommittee received information that the current system of intake and assessment results in difficulties for local law enforcement in rural areas and subsequently directed the agency to develop a recommendation for adapting intake and assessment for successful implementation in rural communities. The agency has submitted a report to the House Subcommittee which will be distributed during Omnibus review.

D. Pay equity for direct care staff in juvenile correctional facilities (House Subcommittee). The House Subcommittee recommended for Omnibus review the issue of pay equity for direct care staff at the juvenile correctional facilities with similar positions in the Department of Corrections. The Juvenile Justice Authority reports that a reclassification of two pay grades for Youth Service Specialist classifications would align them with the Department of Corrections' Correctional Officer classifications. The FY 1999 (SGF) cost of this realignment by facility is as follows:

Atchison Juvenile Correctional Facility	\$	57,591
Beloit Juvenile Correctional Facility		20,468
Larned Juvenile Correctional Facility		67,250
Topeka Juvenile Correctional Facility		97,515

The agency is currently developing a plan to go beyond the request for a pay range change to address the overall Youth Service Specialist classification series. According to the agency, this plan will include content change to the required duties of the classifications, as well as the minimum requirements for the classifications and the knowledge, skills and abilities need to work in the juvenile correctional facilities. The plan will also include a title change to better reflect the nature of the work being asked of the individuals in the positions.

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Kansas Dental Board

A. Legal Fees (Senate Subcommittee). The Senate Subcommittee recommended revisiting during Omnibus the agency's request for an expenditure limitation increase of \$30,000 in FY 1998 for unusually high legal fees. The agency requested and received an expenditure limitation increase of \$30,000 in FY 1998 in S.B. 495. In total, the agency has requested \$60,000 in additional funding for legal fees in FY 1998 from the 1998 Legislature and has received half of that amount already. The agency attributes the unusually high legal fees in FY 1998 to the presence of a more active Dental Board and a more enlightened public resulting in the filing of more complaints and subsequent legal actions.

B. H.B. 2724 (Governor). The bill, as amended by the Senate Committee of the Whole, modifies four of the statutes that are a part of the Dental Practices Act. The amendments relate to the practice of dental hygienists and unlicensed persons employed by a dentist, to supervision by a licensed dentist of licensed and unlicensed persons working under the direction of the dentist, to the practice of licensed dentists in certain settings as employees or under contract, and to the expansion, composition, and selection of the Kansas Dental Board.

According to the Kansas Dental Board, the fiscal impact of this bill as it relates to the expansion of the Board is an increase in expenditures of \$3,230 for board member travel and per diem. The agency was not able to estimate the additional cost for implement of new regulations related to the bill at this time.

Board of Healing Arts

A. S.B. 242 (Conference Committee). S.B. 242, as amended by the Senate Committee on Public Health and Welfare, modifies the credentialing status of respiratory therapists from registration to licensure. The bill would require the licensing of respiratory therapists by the Kansas Board of Healing Arts, making the practice of respiratory therapy exclusive to those who are licensed by the board. Current law requires people in this profession to be registered by the board, but not licensed.

The bill amends the definition of respiratory therapy as it appears in K.S.A 65-5502 in order to make it conform with the concept of a protected scope of practice and adds a new definition of qualified medical director to the statute. The bill also modifies the composition of the existing respiratory therapy council, which is advisory to the Board of Healing Arts; to include three respiratory therapists, one physician, a member of the Board of Healing Arts designated by the board president, and two members of the public who are not engaged in providing health care.

According to the Kansas Board of Healing Arts, S.B. 242 would result in expenditures of \$500 in FY 1998 which can be absorbed in the existing agency budget and additional licensing receipts to the Healing Arts Fee Fund of \$11,500 and expenditures from the Healing Arts Fee Fund of \$2,759 for expenses associated with the expanded board in FY 1999.

Behavioral Sciences Regulatory Board

A. Revised Year 2000 Estimate (House Subcommittee). The House Subcommittee noted that it would like to receive an undated and more detailed report on Year 2000 expenditures. The Board has provided the following plan for its Year 2000 expenditures in FY 1998: network connection, \$1,400 to \$2000; creation of new database, \$15,000; and implementation and user training \$400 to \$600. The total cost of this is \$16,800 to \$17,600. The Governor recommended, and the Legislature approved in S.B. 495, \$17,000 for a Year 2000 upgrade in FY 1998.

Kansas Human Rights Commission

A. Report on donations received for the mediation program (House Subcommittee). The House Subcommittee asked for a report on the amount of donations received for the mediation program contracted with Kansas Legal Services so that the amount appropriated for the state matching funds could be reviewed. The Legislature recommended the removal of the \$100,000 cap on State General Fund matching funds for FY 1999 without appropriating additional funds for the program. According to the agency, this will allow them to increase the amount of state dollars directed toward the program internally, if the necessary private donations are received, without increasing their overall expenditures. To date, the agency reports that \$33,333 in private donations have been received for the program for FY 1998.

B. Review the municipal investigation contracts program (House Subcommittee). The House Subcommittee noted that the Governor's FY 1999 budget recommendation was reduced by \$20,000 from the agency request, the amount of the municipal investigation contracts program. The agency did not appeal the Governor's recommendation. The House Subcommittee recommended that the agency continue the municipal investigation program within available resources and that the possibility of additional funding for the program be reviewed at Omnibus. The agency reports that this program has not been as successful as hoped due to lack of adequate staff and expertise at the local level. However, the Commission does note the program's value in providing a cooperative relationship with participating local agencies.

Homestead Property Tax Refunds

A. Report on the number of refunds to date (House and Senate Subcommittees). Both the House and the Senate Subcommittees requested a report on the number of refunds which had been filed at Omnibus so that an accurate funding estimate could be made. The Department of Revenue's latest estimate assumes an additional 18,193 returns through the end of the fiscal year at the current average of \$215 per refund, for a total of 55,800 refunds and total expenditures of \$13.8 million (State General Fund). The Governor recommended and the Legislature approved \$12.0 million (State General Fund) for FY 1998. Based on the latest estimates, the Department is requesting an additional \$1.8 million (State General Fund) for FY 1998.

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Kansas Commission on Veterans Affairs

A. Review funding for the Kansas Veterans Home at Winfield (House and Senate Subcommittees). Both the House and the Senate Subcommittees deleted all FY 1999 operating expenditures for the Veterans Home at Winfield recommended by the Governor (\$3,311,332, of which \$810,512 was from the State General Fund, and 135.0 FTE). The Subcommittees requested revised estimates for operating costs prior to Omnibus. The Senate Subcommittee also noted that it intended to look at the possibility of adding an additional FTE position of a budget officer in conjunction with its review of expenditures and positions at the Veterans Home.

- The Commission presented a revised request for operating expenditures of \$530,512 (State General Fund) and 42.0 FTE for FY 1999. Since construction, opening and occupation dates have been revised to a later date there will be no fee fund revenues and this request is funded entirely from the State General Fund. This does not include construction costs for the Kansas Veterans Home.
- The Commission expressed its intent to fill 6.0 FTE position for the entirety of FY 1999. These six administrative positions will be responsible for preparations for opening of the facility. The 36.0 other FTE positions would be filled in the fourth quarter of FY 1999 (probably mid-May or early-June 1999) just prior to beds being occupied. These positions will make up the facility's direct care, food service, and maintenance staff.
- The Commission has revised the construction completion dates so that the first units will be ready for occupation at the end of FY 1999. Because the beds will not be occupied, there is no financing source for operating expenditures in FY 1999 other than state funds.

B. Review status of the campus-wide sewer project at the Kansas Veterans Home at Winfield (House and Senate Subcommittees). Both the House and the Senate Subcommittees requested a report prior to Omnibus on the sewer construction project on the Winfield campus. The Commission has provided an estimate for the total project cost of \$1.6 million in FY 1998. The Commission is operating under the assumption that its fair share of the total project cost is \$800,000, with the other half being the responsibility of the Department of Corrections. It is possible that the Veterans Administration will provide 65 percent of the sewer funds (\$520,000) in its overall construction grant for the Kansas Veterans Home. This would require additional state dollars for construction of \$280,000 which would bring the total state and local contribution for construction of the Kansas Veterans Home to \$5,730,000 (\$2.5 million State General Fund for building purchase; \$1.7 million State Institutions Building Fund for construction; \$1.25 million from the City of Winfield, Arkansas City, and Cowley County; and \$280,000 for the sewer).

C. Review funding for the Wichita Annex to the Kansas Veterans Home at Winfield (House and Senate Subcommittees). Both the House and the Senate Subcommittees requested estimates for operating expenditures at the Wichita Annex prior to Omnibus. No funding has been included in the approved FY 1999 budget for the Wichita Annex, a 60-bed nursing facility adjacent to the Veterans Administration Medical Center and Regional Office. The Commission

reports that total operating costs for the annex at 100 percent operation would be \$2,603,019, of which 38.8 percent, or \$1,008,590, would be from the State General Fund. Additionally, prior to opening capital improvements of at least \$228,000 would be required to bring the facility into compliance with state and federal regulations. The Commission has not requested that funding for operating the Wichita annex be included in its FY 1999 budget but does request permission to continue to negotiate with the Veterans Administration regarding the Wichita Annex.

D. Review upgrade of communications equipment (Senate Subcommittee). The Senate Subcommittee recommended revisiting during Omnibus the Agency's request for \$120,000 (State General Fund) to purchase an upgraded communications system at the Kansas Soldiers' Home at Fort Dodge in FY 1999. The Subcommittee instructed the Commission to obtain additional estimates for a new system. The Commission reports that it has obtained two additional cost estimates for communications systems of \$116,000 and \$134,566.

E. Receive report on computer collaboration with the Veterans Administration (House and Senate Subcommittees). Both the House and the Senate Subcommittees requested a report prior to Omnibus on the status of the agency's collaboration with the Veterans Administration (VA) to upgrade the computer system. The Commission has \$25,000 in its approved FY 1998 budget for computer upgrades. The Commission reports that it intends to move forward with the integration of the VA information management system within current resources. The cost of this integration is \$25,464 (\$19,868 for hardware and software, \$2,800 for state provided computer training, and \$2,800 for VA system specific training).

F. Review status of Halsey Hall remodeling project (House Subcommittee). The House Subcommittee recommended reviewing the Halsey Hall project at the Soldiers' Home at Fort Dodge to determine if the \$200,000 included in the FY 1999 budget, as approved by the Legislature in S.B. 495, for the project would be adequate to maintain licensure. The Commission has negotiated an agreement the Kansas Department of Health and Environment which allows for the reduction of required remodeling costs at Halsey Hall from \$384,225 to \$202,100. This is a continuation of remodeling necessary to upgrade licensure at Halsey Hall from a Recuperative Care Center to an Intermediate Care Facility in order to continue eligibility for per diem reimbursements from the Veterans Administration for veteran care.

G. Review funding for the Persian Gulf War Health Initiative Program (House Subcommittee). The House Subcommittee recommended revisiting the possibility of funding this program. The Commission requested \$101,856 in FY 1999 which was not recommended by the Governor. The Legislature added the requested level of funding to the Commission's FY 1999 budget.

Department of Human Resources

A. Neighborhood Improvement and Youth Employment Act funding (Senate Subcommittee). The Senate subcommittee noted that it might want to consider the possibility of adding additional funding for the program at Omnibus. The House Committee added \$30,000 (State General Fund) in FY 1999 above the Governor's recommendation for a total of \$100,000 (State General Fund) for the program. The Conference Committee and the Legislature in S.B. 495 concurred with the House position and the program is now funded at the \$100,000 level. The

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Neighborhood Improvement and Youth Employment program provides grants to employers to offer summer and after school work opportunities to youths meeting certain income guidelines.

B. H.B. 3005 (Law). H.B. 3005 changes regulations relating to boiler safety inspections and provides that 20 percent of inspection fees be deposited in the State General Fund, with the balance of the inspection and all of the certificate fees going to the Boiler Inspection Fee Fund (previously 20 percent of inspection and certificate fees were deposited in the State General Fund). According to the Department of Human Resources, H.B. 3005 would affect the Boiler Safety Unit in the Industrial Safety and Health Section in three ways. First, the agency estimates an additional 400 inspections annually, these inspections could be accommodated with present staff. Second, the Boiler Inspection Fee Fund would realize addition revenues of approximately \$40,000 in FY 1999, which had previously been deposited in the State General Fund. Third, one additional FTE would be required to record and mail certificates. This position could be financed by the additional revenues to the Boiler Safety Inspection Fee Fund. The cost of this is approximated at an additional \$22,000 in FY 1999.

C. H.B. 2799 (Law). H.B. 2799 makes changes to the Workers Compensation Act procedurally and expands criminal liability for fraud. The bill also allows for the use of video conferencing in a mediation conference. According to the Department of Human Resources, the provision to allow mediation by video conference is estimated to cost \$48,350 (Workers Compensation Fee Fund) in FY 1999 and \$18,600 (Workers Compensation Fee Fund) in ensuing years. This estimate is based on the purchase of computers, other hardware and the phone and data lines that would be necessary. Expenditures for the equipment purchase and line installation would be made in the first year (\$29,750) only; expenditures for phone and data line time (\$8,600) would be ongoing.

Kansas Sentencing Commission

A. Senate Subcommittee Recommendation— PROPHET Software Upgrade. The Senate Subcommittee recommended Omnibus review of the PROPHET software upgrade. The Sentencing Commission submitted a revised request for an additional \$10,600 from the State General Fund in FY 1998 to upgrade the current PROPHET prison population model to produce population projections by institutional custody classification level, such as maximum, medium, and minimum. The current model is not capable of making projections by classification level. The Conference Committee on S.B. 495 included the requested funding of \$10,600 in FY 1998 in S.B. 495.

The Subcommittee also recommended that the Sentencing Commission and the Department of Corrections prepare a report to be reviewed during Omnibus describing the current procedures used by the two agencies to develop inmate population projections and the division of tasks between the two agencies. The report should include a recommendation regarding the future role of the PROPHET model in making projections by classification level, and the need for the requested software upgrade. Reports have been received from both the Sentencing Commission and the Department of Corrections which outline the procedures used by both agencies in developing the population projections.

Highway Patrol

A. Senate Subcommittee Recommendation— New Trooper Positions. The Senate Subcommittee flagged the issue of providing additional Trooper positions for the Highway Patrol. In its budget submission, the Patrol had requested 40.0 new FTE positions and associated funding of \$1.4 million in FY 1999. The Governor recommended no new positions. The House Committee originally added \$671,620 (SGF) for 10.0 new FTE positions; this amount was later reduced to 5.0 new positions and \$335,810. A House floor amendment deleted the authorization for the new positions and shifted the funding to "hazardous duty pay." The Conference Committee deleted the funding for the "hazardous duty pay." The Senate Committee recommended that a study of the Patrol's staffing level and management practices be conducted by the Legislative Division of Post Audit.

B. Recommendation by the Senate Committee, House Committee, and Joint Committee on State Building Construction. All three committees recommended Omnibus review of the proposed purchase of a building for storage of vehicles. The agency has requested \$551,000 (Motor Carrier Inspection Fund) in FY 1999 for the purchase of a building in northern Shawnee County to be used as a storage facility for new patrol vehicles and confiscated vehicles. The agency is currently leasing the building at an annual rate of \$18,000. The agency noted the importance of secure storage for the Patrol's new cars and also to protect confiscated property until it is disposed of.

C. Technical Correction— Expenditure Limitation Increase. The Patrol requests a technical correction regarding the Capitol Area Security Patrol (CASP) Fund. The 1997 Legislature approved both funding and positions associated with the closing of Topeka State Hospital. The State Finance Council on June 18, 1997 authorized 6.0 FTE of these positions for the Highway Patrol (Capitol Area Security) to provide security at the West Complex (the former Topeka State Hospital). The expenditure limitation on the CASP Fund should have been increased by \$263,338 to accommodate the new positions; the increase was inadvertently omitted. This funding is included in the Governor's recommendation for FY 1998, but is not reflected in the appropriation bill. No additional funding is requested. In the alternative, the Patrol requests that the CASP Fund be appropriated as "no-limit" in FY 1998. The Governor's recommendation for FY 1999 does appropriate the fund at "no-limit."

Adjutant General

A. Senate and House Committee Recommendation— Additional Funding for STARBASE. Both the Senate and House Committees recommended Omnibus review of the issue of additional funding for the STARBASE educational program. This program, which is 100-percent federally funded, is an effort to improve the mathematics, science, and technology skills of fourth, fifth, and sixth grade Kansas school children. The two sites are located at Forbes Field in Topeka and McConnell Air Force Base in Wichita. The Governor's recommendation includes \$172,000 (federal funds) in each year. Representatives of the program requested an additional \$150,000 to expand the program to Salina. The House Committee added \$150,000 (EDIF) for the program in FY 1999. The Conference Committee deleted this funding and, instead, added \$100,000 (SGF) to the Department of Education for Innovative Program Assistance.

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B. House Committee Recommendation— National Guard Educational Assistance Program.

The House Committee recommended Omnibus review of the funding for the National Guard Educational Assistance Program. The Governor has recommended \$101,395 (State General Fund) for this program in FY 1999. The 1996 Legislature enacted S.B. 670 which created the Kansas National Guard Educational Assistance Program for the purpose of providing state payment of tuition and fees for eligible members of the Kansas Army and Air National Guard at Kansas educational institutions. The first funding for the program was approved by the 1997 Legislature, which appropriated \$100,000 (SGF) for FY 1998. The agency reports that, during the fall 1997 semester, 235 scholarships were awarded to Army and Air Guard soldiers at an average of \$425 per student; this resulted in an expenditure of \$99,925 which left no funding available for the spring 1998 semester. The Conference Committee on S.B. 495 added \$80,000 (SGF) for this program, resulting in total funding of \$181,395 for FY 1999.

Department of Wildlife and Parks

A. Senate and House Subcommittee Recommendation— 800 MHZ Radios. Both the Senate and House Subcommittees recommended Omnibus review of the item related to the purchase of 20 new 800 MHZ radios in FY 1999 for law enforcement personnel of the Department. The Senate Committee held a hearing on the 800 MHZ issue and received reports from the Kansas Department of Transportation, Department of Administration, Highway Patrol, and Wildlife and Parks. The Governor had recommended \$32,400 (Wildlife Fee Fund) for the purchase of 20 radios. The funds were deleted by both the Senate and House Committees.

B. H.B. 2876 (Law). H.B. 2876 establishes the Kansas Local Government Outdoor Recreation Grant Program Act. "Outdoor recreational facility" is defined as any public park or other outdoor recreational area or facility, including but not limited to, parks, open spaces, trails, swimming pools, playgrounds, playing courts, and fields. The bill requires the Secretary of Wildlife and Parks to develop and administer a grant program to award grants to Kansas local governments for capital improvements for outdoor recreation facilities. The Secretary of Wildlife and Parks is required to establish, through rules and regulations, guidelines and criteria for awarding these grants. The bill requires a 50 percent match by local governments for each award. According to the Department of Wildlife and Parks, this annual grant process would require additional staff. Specifically, the Department submits that it would require a 0.5 FTE position at an estimated cost of \$15,000 annually. Also, \$5,000 is estimated for postage, printing, and other operating expenditures, for a total of \$20,000 in FY 1999. Also, it should be noted that at present no appropriation exists to provide the state's portion of the grant awards.

C. Technical Correction—Capital Improvement Reappropriation Language. The Revisor's Office recommends a technical correction to the capital improvements section of S.B. 495. The technical correction would allow any FY 1998 balances in the Migratory Waterfowl Propagation and Protection Fund (Duck Stamp Fund) to carryforward to FY 1999 in the wetlands acquisition account. The Legislature has approved expenditures from the Duck Stamp Fund of \$300,000 in FY 1998 and \$100,000 in FY 1999.

Kansas Arts Commission

A. Senate Subcommittee Recommendation— Federal Funds Receipts. The Senate Subcommittee noted that the Governor's recommendation for FY 1999 assumes the receipt of \$412,000 in federal funds to be used for program grants. The Arts Commission had expressed the belief that federal funds in FY 1999 will decline. The Senate Subcommittee wished to review this issue at Omnibus to determine what level of federal funding may be expected in FY 1999. Information received by Legislative Research staff from the Arts Commission (as of April 16, 1998) indicates that the FY 1999 federal grant amount is anticipated to be equal to or slightly greater than the FY 1998 grant (which totaled \$412,100). Therefore, no additional State General Fund resources are requested.

Board of Regents

A. Concurrent Enrollment—House Subcommittee. The House Subcommittee asked that the State Board of Regents and the State Board of Education to contact Regents schools and community colleges to obtain information about the number of credit hours generated by high school students who are concurrently enrolled at Regents schools and community colleges. The Subcommittee requested the information before the end of the session so that it could consider additional recommendations after it has time to review the material.

B. National Geographic Society Education Foundation—Senate Subcommittee. The Conference Committee on S.B. 495 added \$250,000 from the Economic Development Initiatives Fund for the minimum payment to the National Geographic Society Education Foundation, which will allow Kansas to participate in the Foundation's "Endowment Fund Program." This funding will be matched by a like amount from the Foundation, making a total of \$500,000 available.

The Senate Subcommittee had originally flagged this item for Omnibus review; however, the funding was included in S.B. 495. Also, staff of the Board of Regents and the Revisor of Statute's Office think that additional technical and clarifying language may be needed in the appropriation bill to implement this policy.

C. H.B. 2753 (House Appropriations). The House Committee recommended that the proposed changes to the Nursing Scholarship Program be reviewed at Omnibus. The *FY 1999 Governor's Budget Report* recommends that four of the professional scholarship programs (Nursing, Teaching, Osteopathic, and Optometry) administered by the Board of Regents be converted to a forgivable loan structure. The substantive legislation to implement this change, H.B. 2753, is currently in the House Appropriations Committee. The FY 1999 appropriations bill sections for the State Board of Regents were drafted as though the implementing legislation had been approved. References to these four programs in the bill were in terms of "forgivable loan programs" rather than "scholarship programs." The Conference Committee on S.B. 495 modified the language in the appropriations section to reference "scholarship programs" to reflect the existing statutory structure. The Conference Committee also made a dollar adjustment that was required: a reduction in the Nursing program of \$136,328 from the State General Fund and a similar increase in local sponsor funds to continue the local sponsor contribution requirement. (Current law requires that the local sponsor must also provide financial assistance to the nursing student.) No other funding adjustments were needed.

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As Amended by the Conference Committee, S.B. 495 continues the current structure of these four scholarship programs. No further action is needed in the appropriation bill.

D. H.B. 2758 (House General Orders). H.B. 2758 would establish a new "Comprehensive Grant Program," as recommended by the Governor. The Governor recommends the creation of a new Comprehensive Grant Program to replace the Tuition Grant Program, the Washburn University Tuition Grant Program, and the Regents Supplemental Grant Program. The *Governor's Budget Report* states that the new program will serve as an access program geared for full-time financially needy students attending a Regents university or independent college. H.B. 2758 would abolish the Regents Supplemental and Tuition Grant Programs, and in their place, establish the Kansas Comprehensive Grant Program. The Governor included \$9.9 million from the State General Fund in FY 1999 for the new grant program. This is an increase of \$940,969 (SGF) over the amount recommended for the three existing programs in FY 1998.

In addition, the bill would repeal the sunset provision currently attached to the Kansas Ethnic Minority Scholarship Program. This program is set to expire on June 30, 1999. As amended, the bill also eliminates the cap on the number of scholarships which can be awarded under the Vocational Scholarship Program. The Governor has recommended that funding for the Vocational Scholarship Program be increased from \$65,000 in FY 1998 to \$100,000 in FY 1999.

The existing appropriation language in S.B. 495 references the new "Comprehensive Grant Program" and makes no mention of the three existing programs. If H.B. 2758 is not enacted, the appropriation language should be revised to reference the current statutory aid programs (the Tuition Grant Program, the Washburn University Tuition Grant Program, and the Regents Supplemental Grant Program). It should also be noted that the Legislature has shifted \$280,000 of the \$9.9 million recommended by the Governor from the State General Fund to federal funds.

Fort Hays State University

A. Senate and House Subcommittee Recommendation— Physical Therapy Program. Both Subcommittees recommended Omnibus review of the request to establish a Physical Therapy Program at FHSU: The University requests funding of \$201,000 (revised request) in FY 1999 from the State General Fund and 3.0 FTE positions to establish a Physical Therapy Program at FHSU. The agency estimates that the program, when fully operational, would enroll 24 students per class. The program would be operated with partnerships with other existing programs to reduce costs. The ongoing costs are expected to be around \$330,000. The program would enroll its first students in the Fall of 1998. The Conference Committee on S.B. 495 included the requested funding of \$201,000 and 3.0 FTE.

B. Senate and House Subcommittee Recommendation— Servicing New Buildings Request. Both Senate and House Subcommittees recommended Omnibus review of the request for new buildings operating support at FHSU. The University requests \$90,908 (SGF) in FY 1999 for annualization of the new buildings operating support for the Sternberg Museum project. The FY 1999 request is composed of \$55,394 for salaries and wages, \$13,183 for other operating expenditures, and \$22,331 for utilities. (**Staff Note:** Actions by prior Legislatures have approved a total of 7.1 FTE positions for the new museum. This was calculated on the basis of 1.0 FTE per 12,500 gross square feet.) The 1997 Legislature

approved funding of \$68,577 (State General Fund) for operating support for the Sternberg Museum; that funding is being held pending a firm opening date. The current estimate is that the museum will open in March of 1999.

Emporia State University

A. House Subcommittee Recommendation— Servicing New Buildings Request. The House Subcommittee recommended Omnibus review of the servicing new buildings request at ESU. The University requests a total of \$81,639 (State General Fund) in FY 1999 and 2.0 new FTE positions for servicing new buildings in FY 1999. Of that amount, \$7,824 is for nine-months for other operating expenditures and utilities for a 6,065 gross square foot (gsf) addition to the press box at Welch Stadium: the new addition will house enclosed seating on the first floor; a President's area and sky boxes on the second floor; and a press box on the third floor.

The remaining \$73,815 and 2.0 FTE positions are requested for a 23,962-square-foot addition to Beach Music Hall which will be used to accommodate large ensembles and allow more space for offices and classrooms. The two positions are a Custodial Worker and a General Maintenance and Repair Technician. In accordance with Regents guidelines, the University request was calculated on the basis on 1.0 FTE per 12,500 gsf at \$22,230 per FTE; other operating expenditures at \$0.51 per gsf; and utilities at \$0.78 per gsf. (**Staff Note:** The 1997 Legislature approved a formula of 1.0 new FTE for each 15,000 gsf for the Kansas Technology Center at Pittsburg State University.)

B. House Subcommittee Recommendation— "Teacher Excellence Initiative." The House Subcommittee recommended that the "Teacher Excellence Initiative" be reviewed during Omnibus. The Governor recommends \$50,000 (SGF) in FY 1999 for a "Teacher Excellence Initiative." According to the *Governor's Budget Report*, the Governor is funding a program at Emporia State University to promote excellence in elementary and secondary teaching. Teachers will receive certification by meeting criteria established by the national Board of Professional Teaching Standards. Emporia State University will receive \$50,000 from the State General Fund to coordinate the program. Another \$75,000 is recommended for the Department of Education to provide scholarships to 75 teachers. The Conference Committee on S.B. 495 included \$40,000 in the ESU budget and another \$40,000 in the Department of Education budget for the program.

Regents Systemwide

A. General Fees Fund (Tuition) Revised Estimates - Non-Tuition Accountability Institutions. Based on Spring 1998 enrollments, the institutions not participating in tuition accountability have submitted revised estimates of tuition revenues for both FY 1998 and FY 1999. The Consensus Tuition Estimating Committee (composed of staff of the Board of Regents Office, Division of the Budget, and the Legislative Research Department) has concurred with the institutions' revised estimates.

For FY 1998, based on Spring enrollments, a net shortfall in available tuition revenue totaling \$76,903 is projected. Based on these revisions, under traditional budgeting methods, additional State General Fund dollars of \$76,903 would be required to maintain institutional operating budgets at the approved levels. The table below shows the net increase or decrease

in available tuition revenue at each institution based on the revised estimates. It should be noted, however, that the KSU Veterinary Medical Center is requesting supplementation for only \$5,279, instead of the full \$12,228 reflected in its revised estimate. The lower figure was the amount increased over the FY 1998 approved expenditure limitation based on Fall 1997 enrollments. With that adjustment the total from the State General Fund that would be required to supplement the budgets affected would total \$69,954.

For FY 1999, based on Spring enrollments, a net shortfall in available tuition revenue totaling \$364,973 is projected. Based on these revisions, under traditional budget methods, additional State General Fund dollars of \$364,973 would be required to maintain institutional operating budgets at the approved levels. The table below shows the net increase or decrease in available tuition revenue at each Regents institution based on the revised estimates.

FY 1998 Revised Tuition Estimates

	Approved Amount	Revised Estimate	Difference
KU Medical Center	\$ 9,618,455	\$ 9,564,126	\$ (54,329)
KSU Veterinary Medical Center	4,615,500	4,603,272	(12,228) *
Emporia State University	7,929,713	7,929,222	(491)
Fort Hays State University	7,779,176	7,769,321	(9,855)
Pittsburg State University	9,793,595	9,793,595	0
TOTAL	\$ 39,736,439	\$ 39,659,536	\$ (76,903)

* The amount requested by KSU Veterinary Medical Center is \$5,279, not the full \$12,228 reflected in its revised estimate. The adjusted total would be \$69,954.

FY 1999 Revised Tuition Estimates

	Approved Amount	Revised Estimate	Difference
KU Medical Center	\$ 9,979,582	\$ 9,876,807	\$ (102,775)
KSU Veterinary Medical Center	4,847,749	4,811,757	(35,992)
Emporia State University	8,210,994	8,074,206	(136,788)
Fort Hays State University	8,020,642	7,862,549	(158,093)
Pittsburg State University	9,965,170	10,033,845	68,675
TOTAL	\$ 41,024,137	\$ 40,659,164	\$ (364,973)

A. General Fees Fund (Tuition) Revised Estimates - Tuition Accountability Institutions.

Based on Spring 1998 enrollments, the institutions participating in tuition accountability have submitted revised estimates of tuition revenues for both FY 1998 and FY 1999. The Consensus Tuition Estimating Committee has concurred with the institutions' revised estimates.

For FY 1998, based on Spring enrollments, a net shortfall in available tuition revenue totaling \$36,840 is projected. Under the provisions of tuition accountability, the shortfalls are not offset, but the recommended levels of expenditure would be adjusted accordingly. In the past, the Governor has recommended retaining the original expenditure limitation, however, in the event that revenues above the revised estimates are actually generated. The table below reflects the increases and decreases in available tuition revenue projected for each institution participating in tuition accountability.

For FY 1999, based on Spring enrollments, a net shortfall in available tuition revenue totaling \$51,562 is projected. Under the provisions of tuition accountability, the shortfalls are not offset, but the recommended levels of expenditure would be adjusted accordingly. In the past, the Governor has recommended retaining the original expenditure limitation, however, in the event that revenues above the revised estimates are actually generated. The table below reflects the increases and decreases in available tuition revenue projected for each institution participating in tuition accountability.

FY 1998 Revised Tuition Estimates

	<u>Approved Amount</u>	<u>Revised Estimate</u>	<u>Difference</u>
University of Kansas	\$ 71,621,799	\$ 71,426,303	\$ (195,496)
Kansas State University	39,506,874	40,611,914	1,105,040
Wichita State University	<u>24,626,795</u>	<u>23,680,411</u>	<u>(946,384)</u>
TOTAL	<u>\$ 135,755,468</u>	<u>\$ 135,718,628</u>	<u>\$ (36,840)</u>

FY 1999 Revised Tuition Estimates

	<u>Approved Amount</u>	<u>Revised Estimate</u>	<u>Difference</u>
University of Kansas	\$ 74,289,000	\$ 74,289,000	\$ 0
Kansas State University	40,907,590	42,314,867	1,407,277
Wichita State University	<u>25,982,576</u>	<u>24,523,737</u>	<u>(1,458,839)</u>
TOTAL	<u>\$ 141,179,166</u>	<u>\$ 141,127,604</u>	<u>\$ (51,562)</u>

With regard to Wichita State University, the sharp reduction in estimated tuition revenues appears to be related to a substantial reduction in non-resident student credit hours. The University attributes much of this decline to the Asian currency crisis. Information provided by

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the University indicates that from the 1996-1997 academic year to the 1997-1998 academic year, credit hour enrollment for students from Hong Kong, Indonesia, Japan, Korea, Malaysia, and Thailand fell by 2,756 credit hours, or 22.0 percent, for an FY 1998 tuition revenue loss of \$736,541 had enrollment remained steady.

University of Kansas

A. Funding for Dole Institute of Public Service and Public Policy. During the 1998 regular Session, the House Subcommittee deleted FY 1999 funding of \$3.0 million from the State Budget Stabilization Fund recommended by the Governor for partial construction costs of the Dole Institute. The House Subcommittee indicated that it believed private funding would be the most appropriate method of constructing the facility, but decided to review the issue again during Omnibus. The Conference Committee on S.B. 495 subsequently adopted the Senate position and included the funding for the facility.

Wichita State University

A. New Buildings Operating Support - Wichita Metropolitan Complex. The House Subcommittee deferred a decision on funding for new buildings operating support for the Wichita Metropolitan Complex for Omnibus review. The University had requested \$237,874 in FY 1998, annualized to \$318,478 in FY 1999, and 6.0 FTE positions. The University's request was based on a formula of 1.0 new FTE position for each 12,500 square feet of space, as approved by the Board of Regents. During the 1998 regular session, the Senate added a total of \$222,186 in FY 1998, and \$305,358 in FY 1999 and 5.0 FTE positions, based on a formula of 1.0 new FTE position for each 15,000 square feet of space. The Conference Committee on S.B. 495 accepted the Senate position and that amount of funding was added to the WSU budget.

B. Physician Assistant Program. The House Subcommittee deferred a decision regarding additional funding for the Physician Assistant (PA) program at Wichita State University in FY 1999 pending Omnibus review. The funding would replace money lost with the expiration of a Kansas Health Foundation grant. The grant allowed WSU, beginning in 1994, to increase the class size by 16 students per year. The University originally requested \$268,331 as part of its budget request submitted to the Board of Regents. That amount was subsequently reduced to \$94,853 to partially replace the funding. During the 1998 regular Session, the Senate added \$75,000 from the State General Fund for partial replacement of the lost funding, but the amount was deleted by the Conference Committee. The House Subcommittee requested information on grants made by the Health Foundation to other state agencies to assist it in determining whether replacement funding for the PA program was appropriate.

The Kansas Health Foundation lists active grants totaling \$39.8 million made to state agencies, including Wichita State University, the University of Kansas, the University of Kansas Medical Center, Fort Hays State University, and the Kansas Department of Health and Environment. As of April 16, 1998, a total of \$29.3 million of the grant funding had actually been paid to the agencies involved. The Foundation indicates that each grantee is asked to plan for the long term sustainability of the projects if continued funding is anticipated to be necessary.

Kansas State University Extension Systems and Agriculture Research Programs

A. H.B. 2289 (Law). H.B. 2289 requires the University to establish a research project to study the biology and control of sericea lespedeza (which is designated as a noxious weed by the bill). The project, which is subject to appropriations, would be for a period of two years and calls for the establishment of demonstration plots and for the institution to conduct field days and workshops with respect to the control and eradication of sericea lespedeza. The University estimates FY 1999 expenditures of \$26,000 for costs associated with the study, including \$16,700 for the salaries of a part-time graduate research assistant and other student help.

B. Substitute for H.B. 2950 (Governor). Sub. for H.B. 2950 amends prior law and establishes new provisions relating to the regulation of confined animal feeding facilities. Among other things, the bill requires KSU Extension Systems and Agriculture Research Programs, within the limitations of appropriations, to conduct nutrient management testing of land where animal waste is applied, including deep soil sampling for the purpose of identifying potential risk of groundwater contamination. The testing would be in addition to the lagoon study recommended by the Governor and approved by the Legislature. Information presented to the Conference Committee on H.B. 2950 indicates a three year cost totaling \$711,675, or \$237,225 per year, beginning in FY 1999, to support the costs of the additional nutrient management testing. The funding would be entirely for the salaries and wages of 9.0 positions, including 2.0 post-doctoral scientists, 4.0 Ph.D. students, and 3.0 technicians to conduct the testing.

Kansas State Historical Society

A. Funding for Historic Sites Preservation and Development. During its review of the capital improvements request of the State Historical Society, the Joint Committee on State Building Construction determined that it would review the issue of funding for historic sites preservation and development during Omnibus. The agency had originally requested \$411,640 in FY 1999 from the State General Fund for renovation work at Fort Hays, Shawnee Mission, the Kaw Mission, and Marais des Cygnes Massacre Park. Subsequent to the budget submission, the agency developed a three-year \$2.4 million plan to complete work at 13 different sites. The plan would call for first year funding of \$605,000, second year funding of \$870,000, and third year funding of \$875,000. The 1998 Legislature has so far added a total of \$100,000 from the Economic Development Initiatives Fund to provide for historic sites renovation. The Building Committee considered this issue at its meeting on April 22, 1998, and took no additional action.

B. Storage Bay 3 -- Center for Historical Research. At its meeting on April 22, 1998, the Joint Committee on State Building Construction recommended the expenditure of \$2,098,540 from the State General Fund in FY 1999 to construct a third storage bay at the Center for Historical Research. The 1992 Legislature appropriated a total of \$12.3 million, including \$8.3 million from the State General Fund and \$4.0 million from the Economic Development Initiatives Fund, for construction of the Center for the Historical Research. The appropriation included funding for three storage bays. The Governor subsequently vetoed the \$4.0 million appropriation from the EDIF, and one bay was eliminated to reduce the cost of the facility. According to the Society, the two storage bays were full when the facility opened and

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over 10,000 cubic feet of archival materials is currently stored off site in an unheated and uncooled warehouse. The Society estimates that the 22,500 square foot third storage bay would meet its archival material storage needs through the year 2020.

University of Kansas Medical Center

A. S.B. 373 (Law) transfers control of the University of Kansas Medical Center (KUMC) to the newly created University of Kansas Hospital Authority. The transfer is to take place on or before December 31, 1998. KUMC estimates that the Governor's recommended FY 1999 budget could be reduced by \$80.4 million from special revenue funds, based on a December 31 transfer date. This action has already been taken by the 1998 Legislature. The agency also requests the appropriation of two new special revenue funds, the Services to Hospital Authority Fund and the Direct Medical Education Reimbursement Fund. The agency requests no limit expenditure authority on the Services to Hospital Authority Fund and a limit of \$2,428,197 on the Direct Medical Education Reimbursement Fund. After the transition these two funds would take the place of the Hospital Overhead Reimbursements Fund. The agency's request would not change the approved budget.

Department of Administration

A. State Complex West. The Conference Committee recommended Omnibus review of funding to maintain and operate the grounds of the former Topeka State Hospital, now known as the State Complex West, in FY 1999. The agency's authority to operate and dispose of the property expires in FY 1998 and no funding or positions are currently included in the FY 1999 budget. The current year budget for operating the facility includes reportable expenditures of \$773,291, including \$500,000 from the State General Fund, and nonreportable expenditures of \$1,380,806. In addition, 18.0 FTE positions are authorized in the current year to operate and maintain the facility. The property currently is occupied by the Department of Corrections, the Department of Agriculture, the Department of Social and Rehabilitation Services and the State Printing Plant. For FY 1999 the Department of Administration requests authority to operate and dispose of the facility, to charge rents to agencies occupying the property, and 8.0 FTE positions. Funding to support the positions would come from the rents charged for use of the facility. The agency also requests authority to transfer any positions no longer required due to disposition of the property to the Department of Corrections, where they would be utilized to operate the central heating plant and help maintain the facility.

B. Memorial Hall. The Conference Committee recommended Omnibus review of the funding needs for the renovation of Memorial Hall. The estimated cost of the renovation project has increased from the approved amount of \$4.8 million to a new revised estimate of \$5,530,600. The agency requests that the bonding authority for the project be increased to the revised amount. The agency attributes the required increase to increases in the personnel of the agencies to occupy Memorial Hall, building inefficiencies, circulation design changes and the inclusion of a covered walkway between Memorial Hall and the Landon State Office Building. The Joint Committee on State Building Construction concurred with the agency's request for additional bonding authority at the Committee's April 22, 1998, meeting.

The budget submitted by the Governor for FY 1999 included \$295,000 from the State General Fund for the first year of debt service for Memorial Hall and \$40,000 from the State

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Building Depreciation Fund for design work for a new steam tunnel connection between the Statehouse and the Judicial Center, Memorial Hall and the Landon State Office Building. These amounts were removed from the budget pending Omnibus review. A revised debt service schedule prepared by the Kansas Development Finance Authority indicates that amount required in FY 1999 to service the \$5.5 million in bonds totals \$223,682. The revised construction budget of \$5.5 million does not include the planning funds for the new steam tunnel nor the steam tunnel's estimated construction cost of \$270,000.

C. Public Broadcasting Funding. The House Committee recommended that state funding for public broadcasting be reviewed at Omnibus. The approved FY 1999 budget for the Kansas Public Broadcasting Council includes \$1.7 million for operating grants (an increase of \$200,000 from the current year) and \$450,000 for equipment grants (an increase of \$150,000 from the amount approved by the 1997 Legislature). The Council's FY 1999 request included \$4,955,148 for operating grants and \$400,000 for equipment grants.

D. H.B. 2607 (Law) abolishes the Office of the State Long-Term Care Ombudsman in the Department on Aging and transfers its functions to an independent Office attached to the Department of Administration effective June 14, 1998. The approved FY 1999 budget for the Department on Aging includes \$221,018 (\$32,108 State General Fund) and 4.5 positions for the Office of the State Long-Term Care Ombudsman. The Department of Administration reports that an additional \$286,401 from the State General Fund and 3.5 FTE positions would be required to operate the new independent Office in addition to those amounts currently in the Department on Aging's budget. The total requested amount to operate the office is \$507,413 including \$318,509 from the State General Fund.

Kansas Bureau of Investigation

A. Regional Forensic Laboratory. The House Committee, Senate Committee, and Joint Committee on State Building Construction all have recommended that the issue of funding for a regional forensic laboratory to serve southeast Kansas be considered at Omnibus. The agency requests \$468,197 from the State General Fund and 1.0 FTE position to establish a forensic laboratory in Pittsburg in FY 1999. The facility would be located in Shirk Hall on the campus of Pittsburg State University (PSU) in space adjacent to the PSU police department. The facility would serve as a regional evidence receiving center and to analyze fingerprints and illegal drugs in the 15 county region. In addition to the 1.0 FTE Evidence Technician position requested by the agency, 3.0 additional existing positions would be stationed at the facility. The requested funding includes \$180,000 to renovate Shirk Hall for laboratory space, \$157,266 for laboratory equipment, \$103,310 for operating expenses and \$27,621 for the requested new position. The Joint Committee on State Building Construction concurred with the agency's request for the capital improvement portion of this project at the Committee's April 22, 1998, meeting.

The House Committee also recommended review of establishing a regional forensic laboratory in Kansas City. Agency officials report that discussions about such a facility have occurred with local officials but that no estimate of the cost of establishing a Kansas City facility has been established.

B. ASTRA Fees. The House Committee recommended consideration of funding for increased DISC fees associated with the installation of the new Automated Statewide Telecommunications and Record Access (ASTRA) System in FY 1999. The agency reports that

\$269,532 from the State General Fund would be required for DISC fees to maintain both the new and old systems while local law enforcement agencies install and become familiar with the new equipment.

C. Headquarters Expansion Project. The House Committee recommended Omnibus review of a proposed expansion for the agency's Topeka headquarters. The current facility, constructed in 1928 and remodeled in the early 1980s, reportedly provides inadequate space and potentially dangerous conditions for the personnel located in the forensic laboratory. The agency has received a proposal to construct a \$6.4 million facility adjacent to the existing headquarters building to serve as a new laboratory. An additional \$900,000 would be required to renovate the current facility. Estimated costs of bonding the new facility are \$690,000 per year, based on a 20-year bond issuance. The Joint Committee on State Building Construction recommended at its April 22, 1998, meeting that this project not be funded.

Department of Revenue

A. H.B. 2686 (Law) authorizes permanent license plates for apportioned fleet registration of commercial vehicles, effective January 1, 1999. The agency reports that \$16,959 from the Division of Vehicles (DOV) Operating Fund will be required in FY 1999 for the computer program changes required to implement the bill.

B. H.B. 2707 (Law) would authorize a special sales tax in Atchison County to support jail construction. The agency reports that \$3,920 from the State General Fund will be required in FY 1998 for computer system changes and to print and mail new sales tax rate cards.

C. S.B. 139 (Governor) revises numerous statutes related to motor vehicle titles and license plates. The following summarizes the fiscal notes on several sections of the bill:

Repossessed Vehicles. The bill creates the new Repossessed Certificates of Title Fee Fund and authorizes the imposition of an additional \$3 fee for obtaining a new certificate of title on repossessed vehicles. The agency reports that implementation of the bill would require total expenditures from the fund in FY 1999 of \$97,570 and 3.0 FTE Office Assistant III positions. The estimate includes \$76,050 for the salaries of the requested positions, \$17,400 for capital outlay, \$3,292 for computer program modifications and \$828 in annual operating expenses.

Merchant Marines. The bill adds veterans of the Merchant Marines to the list of those eligible for special veterans licence plates. The agency estimates that \$780 from the DOV Operating Fund would be required in FY 1999 to manufacture an additional 500 license plates.

Antique Vehicles. The bill authorizes antique vehicle owners to register and display a model year license plate. The agency estimates that between \$30,000 and \$50,000 from the DOV Operating Fund would be required in FY 1999 for contract programmers to make the necessary program changes to the Vehicle Information Processing System (VIPS) required to implement this provision.

D. S.B. 416 (Governor) expands the ability of insurance companies to qualify for certain tax credits and investment incentives. The agency reports that implementation of the bill would require one Tax Examiner III position with an image enabled work station for one hour a day at an estimated FY 1999 cost of \$11,776.

E. S.B. 418 (Governor) allows for licensed motor vehicle fuel tax distributors to receive a tax credit against the motor fuel tax for the costs of installing equipment necessary to file reports via electronic or magnetic media. The agency reports that \$1,980 would be required in FY 1998 for one time computer programming changes. The fiscal note from the Division of the Budget also indicates that the bill may reduce FY 1999 State General Fund receipts by \$2.9 million depending on the number of distributors who elect to claim the tax credit.

F. S.B. 488 (Governor) requires the agency to mail renewal notices to holders of nondriver identification cards. The agency estimates that implementation of the bill in FY 1999 will require \$11,188 from the DOV Operating Fund for computer modifications (\$6,388) and forms and postage to mail renewal notices (\$4,800).

G. S.B. 493 (Governor) modifies several sections of the Kansas tax code, including elimination of the inheritance tax, creating a state earned income tax credit, expansion of exemptions from sales tax, increasing income tax deductions, and many more. A preliminary estimate of the cost to implement S.B. 493 in FY 1999 is \$3,962,951 from the State General Fund, including 20.0 FTE positions. The estimate includes on going costs of \$744,841 for the salaries of 2.0 State Auditor IV, 16.0 Tax Examiner III, 1.0 Office Assistant IV and 1.0 Office Assistant II positions and \$5,520 for telephone charges. One time costs of \$3,215,590 include \$2,945,800 for contractual programming services to modify the Project 2000 computer system, \$140,000 for 20 image enabled workstations for the requested positions, \$62,000 for postage, \$48,000 for auditor training and \$16,790 for printing.

Department of Social and Rehabilitation Services

A. Caseload Estimates. Staff of the Kansas Legislative Research Department, the Division of the Budget, the Kansas Department on Aging (KDOA) and the Department of Social and Rehabilitation Services (SRS) met on April 16 to develop consensus caseload estimates on agency programs for FY 1998 and FY 1999. Consensus was reached on expenditure estimates for Temporary Assistance for Families, General Assistance, regular medical assistance, adult care facilities (including nursing facilities, nursing facilities for mental health and intermediate care facilities for the mentally retarded), the Home and Community Based Services (HCBS) programs, and child welfare services (including foster care contracts, adoption contracts and adoption support). In total, estimated State General Fund expenditures are increased by \$3.6 million in FY 1998 and \$853,000 in FY 1999 compared to the recommended budget. Large all funds decreases in the Temporary Assistance for Families program were not matched by State General Fund decreases due to the required maintenance of effort. Financing from the State General Fund for programs operated by KDOA was decreased by \$1.0 million in FY 1998 and \$4.3 million in FY 1999. State General Fund expenditures for programs operated by SRS were increased by \$4.5 million in FY 1998 and \$5.1 million in FY 1999. The following tables summarize the November 1997 and April 1998 caseload estimates and the resulting differences:

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FY 1998		November Estimate	April Estimate	Difference
Cash Assistance				
Temporary Assistance for Families	All Funds	\$ 59,000,000	\$ 53,400,000	\$ (5,600,000)
	SGF	40,078,100	40,078,100	0
General Assistance	All Funds	4,500,000	4,500,000	0
	SGF	983,900	983,900	0
Medical Assistance				
	All Funds	\$ 485,000,000	\$ 480,800,000	\$ (4,200,000)
	SGF	147,902,600	147,902,600	0
Adult Care Facilities				
Nursing Facilities (KDOA)	All Funds	\$ 246,000,000	\$ 240,000,000	\$ (6,000,000)
	SGF	99,138,000	96,720,000	(2,418,000)
Nursing Facilities - Mental Health	All Funds	10,800,000	10,800,000	0
	SGF	8,036,300	8,036,300	0
Intermediate Care Facilities - MR	All Funds	37,000,000	35,500,000	(1,500,000)
	SGF	<u>14,985,000</u>	<u>14,377,500</u>	<u>(607,500)</u>
Subtotal - Adult Care Facilities	All Funds	\$ 293,800,000	\$ 286,300,000	\$ (7,500,000)
	SGF	<u>122,159,300</u>	<u>119,133,800</u>	<u>(3,025,500)</u>
Home and Community Based Services				
HCBS - Frail Elderly (KDOA)	All Funds	\$ 21,400,000	\$ 25,000,000	\$ 3,600,000
	SGF	8,622,100	10,072,500	1,450,400
HCBS - Physically Disabled	All Funds	18,500,000	24,500,000	6,000,000
	SGF	7,492,500	9,922,500	2,430,000
HCBS - Head Injured	All Funds	4,700,000	3,700,000	(1,000,000)
	SGF	1,903,500	1,498,500	(405,000)
HCBS - Tech. Assisted	All Funds	100,000	100,000	0
	SGF	40,500	40,500	0
HCBS - Developmentally Disabled	All Funds	109,000,000	118,600,000	9,600,000
	SGF	<u>44,145,000</u>	<u>48,033,000</u>	<u>3,888,000</u>
Subtotal - HCBS	All Funds	\$ 153,700,000	\$ 171,900,000	\$ 18,200,000
	SGF	<u>62,203,600</u>	<u>69,567,000</u>	<u>7,363,400</u>
Children's Services				
Foster Care Contracts	All Funds	\$ 53,000,000	\$ 53,000,000	\$ 0
	SGF	22,796,000	24,380,000	1,584,000
Adoption Contracts	All Funds	10,000,000	8,000,000	(2,000,000)
	SGF	6,451,700	3,680,000	(2,771,700)
Adoption Support	All Funds	10,000,000	10,300,000	300,000
	SGF	<u>4,332,300</u>	<u>4,738,000</u>	<u>405,700</u>
Total - Children's Services	All Funds	\$ 73,000,000	\$ 71,300,000	\$ (1,700,000)
TOTAL - FY 1998	All Funds	\$ 1,069,000,000	\$ 1,068,200,000	\$ (800,000)
	SGF	\$ 406,907,400	\$ 410,463,400	\$ 3,556,000

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FY 1999		November Estimate	April Estimate	Difference
Cash Assistance				
Temporary Assistance for Families	All Funds	\$ 53,000,000	\$ 46,260,000	\$ (6,740,000)
	SGF	35,336,000	35,336,000	0
General Assistance	All Funds	4,500,000	4,500,000	0
	SGF	983,900	983,900	0
Medical Assistance				
	All Funds	\$ 499,000,000	\$ 486,700,000	\$ (12,300,000)
	SGF	149,663,600	149,700,000	36,400
Adult Care Facilities				
Nursing Facilities (KDOA)	All Funds	\$ 265,000,000	\$ 250,000,000	\$ (15,000,000)
	SGF	106,795,000	100,750,000	(6,045,000)
Nursing Facilities - Mental Health	All Funds	11,200,000	11,200,000	0
	SGF	8,317,100	8,317,100	0
Intermediate Care Facilities - MR	All Funds	34,800,000	36,500,000	1,700,000
	SGF	<u>14,020,900</u>	<u>14,705,900</u>	<u>685,000</u>
Subtotal - Adult Care Facilities	All Funds	\$ 311,000,000	\$ 297,700,000	\$ (13,300,000)
	SGF	<u>129,133,000</u>	<u>123,773,000</u>	<u>(5,360,100)</u>
Home and Community Based Services				
HCBS - Frail Elderly (KDOA)	All Funds	\$ 24,600,000	\$ 29,000,000	\$ 4,400,000
	SGF	9,911,300	11,684,100	1,772,800
HCBS - Physically Disabled	All Funds	19,400,000	25,000,000	5,600,000
	SGF	7,816,300	10,072,500	2,256,200
HCBS - Head Injured	All Funds	5,000,000	5,000,000	0
	SGF	2,014,500	2,014,500	0
HCBS - Tech. Assisted	All Funds	103,000	100,000	(3,000)
	SGF	41,500	40,300	(1,200)
HCBS - Developmentally Disabled	All Funds	118,000,000	125,500,000	7,500,000
	SGF	<u>47,542,200</u>	<u>50,564,000</u>	<u>3,021,800</u>
Subtotal - HCBS	All Funds	\$ 167,103,000	\$ 184,600,000	\$ 17,497,000
	SGF	<u>67,325,800</u>	<u>74,375,300</u>	<u>7,049,500</u>
Children's Services				
Foster Care Contracts	All Funds	\$ 43,500,000	\$ 44,600,000	\$ 1,100,000
	SGF	20,010,000	20,516,000	506,000
Adoption Contracts	All Funds	10,900,000	8,000,000	(2,900,000)
	SGF	5,014,000	3,680,000	(1,334,000)
Adoption Support	All Funds	13,000,000	13,000,000	0
	SGF	<u>5,980,000</u>	<u>5,980,000</u>	<u>0</u>
Subtotal - Children's Services	All Funds	\$ 67,400,000	\$ 65,600,000	\$ (1,800,000)
	SGF	<u>31,048,900</u>	<u>30,176,000</u>	<u>(872,900)</u>
TOTAL - FY 1999	All Funds	\$ 1,102,003,000	\$ 1,085,360,000	\$ (16,643,000)
	SGF	\$ 413,491,200	\$ 414,344,200	\$ 853,000

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B. Omnibus Review Items.

1. **Mental Health Services -- KAPS Watchdog Project (House and Senate Subcommittees).** The House and Senate Subcommittees reviewing the community mental health budget for FY 1999 received a request from Kansas Advocacy and Protective Services (KAPS) for funding of \$250,000 SGF to provide statewide monitoring and advocacy services to persons with mental illness now living in the community. In addition, the Senate Subcommittee received an alternate request for \$100,000 SGF to implement a pilot project in Shawnee County. Currently, KAPS federal funding limits their mental health related services to persons in an institution and for 90 days after discharge. The requested funding would allow KAPS to serve mentally ill persons living in the community who either have not be institutionalized or have been discharged for more than 90 days. The House Subcommittee recommended the request for \$250,000 SGF be reviewed again during Omnibus. The Senate Subcommittee recommended more limited funding of \$75,000 SGF be review in Omnibus.
2. **Mental Health Services -- Families Together (House Subcommittee).** The House Subcommittee reviewing the mental health services budget for FY 1999 recommended that a request by Families Together for additional funding of \$200,000 SGF be reviewed in Omnibus. The requested funding would allow the organization to begin serving families who have child(ren) with mental severe emotional disturbances (SED). Currently, the organization serves families with disabled children.
3. **Mental Health Services -- Consumer Run Organizations (House Subcommittee).** The House Subcommittee reviewing the mental health services budget for FY 1999 recommended that two alternate requests by consumer run organizations (CROs) for additional funding be considered at Omnibus. The first is a request for additional funding of \$524,000 SGF for total funding of \$784,000. The second is a request for CROs to receive a line item amount of one percent of the total mental health budget. This amount would total \$1.24 million SGF total funding. Current funding for FY 1998 and FY 1999 is \$260,000 SGF.
4. **Mental Health Services -- State Grants to Community Mental Health Centers (CMHCs) (House Subcommittee).** The House Subcommittee reviewing the mental health services budget for FY 1999 recommended that a request by CMHCs for additional funding of \$377,545 SGF to increase state grants to CMHC's by 3 percent be reviewed again in Omnibus. The Governor recommended and the Legislature approved a 2 percent increase in these items for FY 1999 totaling \$714,972 SGF. The requested additional funding represents the difference between the 2 percent and 3 percent increases. Approved funding for state grants totals \$10.03 million in FY 1998 and \$10.23 million in FY 1999.
5. **Mental Health Services -- Keys for Networking (House and Senate Subcommittees).** The House and Senate Subcommittees reviewing the mental health services budget for FY 1999 recommended that a request by Keys for Networking for additional funding of \$150,000 SGF be considered

in Omnibus. Total grant funding for Keys for Networking in FY 1999 would be \$300,000 SGF. Current approved funding in FY 1998 is \$150,000 SGF.

6. **Mental Health Services -- Children's Mental Health Initiative (Senate Subcommittee).** The Senate Subcommittee reviewing the mental health services budget for FY 1999 received a request for additional funding of \$1,775,610 State General Fund to fully fund the 1,000 slots planned for FY 1999 in the Children's Mental Health Initiative waiver program. The Subcommittee noted this issue needs further consideration and recommended that additional funding of \$750,000 SGF be considered at Omnibus. The 1998 Legislature added \$234,640 SGF to the \$2,000,000 SGF recommended by the Governor for FY 1999 to fund a total of 600 slots. Approved funding for FY 1998 is \$1,000,000 SGF.
7. **Mental Health Services -- Consumer Grants Distribution (House Committee and Senate Subcommittee).** The House Committee and the Senate Subcommittees reviewing the mental health services budget requested the agency evaluate whether specific consumer organizations should be selected for funding by the Legislature or whether all consumer grants should be distributed on a competitive basis. The agency was requested to report at Omnibus on its findings.

The agency reports that funding of \$260,000 SGF for Consumer Run Organizations (CROs) is currently distributed on a competitive basis. However, funding of \$350,000 SGF to other statewide organizations is based upon status quo funding and specific recommendations by the Legislature. Because none of these funds are subject to a line item appropriation or a specific appropriation proviso they could all be granted on a competitive basis. The agency notes that it does not have specific information on how many other organizations would potentially submit proposals should a request for proposals for statewide organizations be issued.

8. **Mental Health Services -- Consumer Grants Audits (Senate Subcommittee).** The Senate Subcommittee reviewing the mental health services budget directed the agency to conduct audits of selected recipients of consumer grant funding and report its findings at Omnibus. The Subcommittee noted possible irregularities in the operation of some organizations and would use the agency's findings to determine whether further investigation is warranted.

During the last few months, the agency conducted audits on four CROs and two statewide organizations. The audits found that bookkeeping and financial controls were often inadequate, Boards of Directors did not always exert appropriate decision making and financial and program reporting was not always timely and accurate. In addition, the agency found that it had not been aggressive enough in monitoring and oversight. The agency reports that due to these findings it will make training and technical assistance mandatory, make quarterly on-site visits and more closely monitor the activities of these organizations.

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9. **Mental Health Services -- Atypical Antipsychotic Medications (Senate Subcommittee).** The Senate Subcommittee reviewing the mental health services budget requested the agency to investigate whether the current level of funding (\$680,000 SGF) for atypical antipsychotic medications will be adequate to meet the needs of eligible consumers in FY 1999 and beyond and report at Omnibus. The Subcommittee noted additional resources may be required after FY 1999 and that this is an important issue for consideration.

The agency reports that the number of consumers utilizing the program has increased from three in July 1997 when the program was implemented to 87 as of March 1998. Claims paid have increased from three in July 1997 to 234 as of March 1998. The amount paid in claims per month has increased from \$262 in July 1997 to \$17,813 in March 1998. The total of claims paid in FY 1998 to date is \$62,270. In summary, the agency states that a growing need for the Community Support Medication Program (CSMP) is being met for consumers on atypical antipsychotic medications residing in Kansas communities who would otherwise be unable to afford these medications.

10. **Mental Health and Developmental Disabilities (MH&DD) -- Administrative Costs (House Subcommittee).** The House Subcommittee reviewing the budget for SRS MH&DD Services recommended the agency determine the administrative costs in community mental health and developmental disabilities organizations.

In response to the Legislative request, the agency first developed specific definitions of administrative costs for CDDOs and CMHCs to ensure some uniformity. Using these definitions, information was requested from all CMHCs, CDDOs and the major DD affiliates. Responses were received from 21 of 27 CMHCs and 38 of 59 CDDOs or licensed affiliates. Although there was not unanimous participation, the agency indicates that no significant gaps were identified which would significantly compromise the use of the data gathered. The responses were considered generally representative of the range of administrative costs incurred by the various providers. The agency notes that the costs covered do not include the costs specifically identified as being related to the CDDOs responsibility to administer the DD Reform Act. In addition, the costs reported are unaudited and some level of inconsistency is expected between various providers. Finally, the agency was unable to find comparable data from other states to use as a benchmark. The information provided by the providers indicates that the average cost of administration for CMHCs was 17.8 percent, while the average for CDDOs and major affiliates was 11.94 percent. The agency reviewed the administrative costs of the state hospitals and found an average of 17.27 percent for the three mental health hospitals compared to a 7.89 percent average for the two mental retardation hospitals.

11. **Developmental Disabilities Services -- HCBS -MR/DD Rate Increase (House and Senate Subcommittees).** The House and Senate Subcommittees reviewing the developmental disabilities services budget received a request for additional funding of \$3.8 million SGF in FY 1999 to increase provider rates by 8 percent in the Home and Community Based Services for Mental Retardation/Developmental Disabilities (HCBS-MR/DD) waiver. Testimony indicated that the increase is needed to address community staffing issues including low pay and significant turnover. The House Subcommittee recommended the issue of additional funding be considered at Omnibus. The Senate Subcommittee recommended the agency review a study performed by Kansas State University on the issue of salaries and turnover in community organization and report on its findings at Omnibus. The Senate Subcommittee indicated that the review by the agency is intended to provide the Legislature with a basis for determining whether provider rates should be increased.

The agency reviewed the findings of the "Community Service Provider Direct Care Staff Turnover Study" performed by the Institute of Behavioral and Social Research (ISBR) of Kansas State University. In general, the study indicates that community provider agencies fell into high, medium and low turnover groups. Seven CDDOs and five affiliates (23 percent of those included in the study) had high turnover ranging from 88 percent to 150 percent. Forty-three percent of the agencies studied (thirteen CDDOs and nine affiliates) had moderate turnover rates of 37 percent to 75 percent. Low turnover of 0 percent to 33 percent was experienced at seven CDDOs and nine affiliates (23 percent of the agencies included in the study). The research indicated that turnover rates were related to level of wages, number and type of benefits and management style.

12. **Developmental Disabilities Services -- Targeted Case Management (House Subcommittee).** The House Subcommittee reviewing the developmental disabilities services budget received a request for \$3.0 million SGF in FY 1999 to be used as matching funds for Targeted Case Management. The Subcommittee was informed this amount would be matched by the community developmental disabilities organizations (CDDOs) in an equal amount to draw down additional federal dollars for Target Case Management services. The Subcommittee was informed these services have grown dramatically both in scope and number of persons served.
13. **Child Support Enforcement -- KESSEP Update (House and Senate Subcommittees).** The House and Senate Subcommittees reviewing the FY 1998 and FY 1999 SRS budgets requested an update from the agency on the Kansas Enhanced Statewide Support Enforcement Project (KESSEP) automated system. The update should include the status of the system and federal requirements (including any recent changes made by the federal government with regard to system requirements, deadlines, and penalties).

The agency reports the status of the KESSEP project as follows:

- Kansas completed its Federal Certification review the week of February 9th. Preliminary indications from the review demonstrated that the KESSEP system meets all of the functionality required for certification. Twenty-three states and territories have been certified leaving thirty-one others having a review done and not yet certified, or having not requested a review by the March 1st date. Kansas has received formal notice of Federal intent to disallow the state plan because the system is not operational statewide. The state now faces potential penalties.

On March 4, 1998, the U.S. House of Representatives approved legislation (HR 3130) to reduce financial penalties against states for failure to complete automation systems. Pursuant to this bill, penalties are reduced to four percent of IV-D funding for the first year and an additional four percent each year until the penalty reaches 20 percent. However, if a state has a certifiable system by October 1998, 75 percent of the four percent penalty will be returned to the state. The U.S. Senate is expected to pass a similar bill. Federal funding for the CSE program is \$25.0 million. A four percent penalty, under HR 3130, would be \$1.0 million. However, if a federally certifiable system is implemented by October 1998, the state would receive a rebate of \$751,210 leaving a total penalty of \$250,403.

- The SRS project steering committee on KESSEP recommended the agency do the following: Continue the Phase I re-engineering of the finance portion of the system by IBM; contract with IBM to review the non-finance portions of KESSEP; contract with DynCorp or other company to provide test scripting of the entire application and also ask them to do a Quality Assurance review of the Phase I finance re-engineering document from IBM; and develop a sole source contract with IBM to oversee all construction of finance recommendations from Phase I and all fixes to non-finance so the end result is a certifiable system.
- MTW had offered two proposals to assist SRS in finishing KESSEP. Both proposals were rejected by the agency. MTW then offered to leave a minimal amount of staff on the project at their cost which was also rejected by the agency. MTW staff vacated the project at the end of business on March 27th and have not been paid for January, February and March. The agency has not made a determination on payment of these invoices. SRS has entered into discussions with an attorney, with expertise in this field, to review the MTW contract and determine potential recovery of monies paid to MTW and their portion of penalties the State of Kansas may have to pay for failure to be certified by October 1, 1997.
- IBM began work to complete the re-engineering of the finance portion of KESSEP on March 27th. The current plan is to complete the re-engineering in 13 weeks, and then begin Phase II. Contract negotiations are underway and IBM is working on a pre-contract agreement

with SRS until negotiations are completed. The agreement ends April 30th, so a signed contract with IBM would be needed by then to continue to re-engineer the finance section.

- It was decided the system would not be brought up statewide in April and no date is set for implementation. Once Phase I of the IBM contract is complete, an estimated implementation date should be agreed on.

14. **Child Support Enforcement -- Collection Contracts (House Subcommittee).** The House Subcommittee reviewing the FY 1998 SRS budget requested the agency report at Omnibus with information on the following: Child support collection aging of arrearages, the Maximus collection contract and corrective action plan, and the fulfillment of contract requirements and commitments by all collection contractors.

The agency reports that they currently do not have information from the collection contractors on the aging of arrearages. Once the KESSEP automation is implemented, a quality assurance feature of the system could be used to accomplish aging of debts such as how many accounts are 30,60,90 days past due. Typical collection agencies age debts because they write off debts after a relatively short time. The agency has not required aging of arrearages because child support debts are not typical as they remain enforceable for over twenty years and are not written off as a program policy. In addition, by the time a typical child support case is opened in the CSE program, the arrearages are often over a year old prior to referral to a contractor. Delinquency reports are used to detect when payments are missed but they do not provide summary information about the percentage of cases in specific number of days in arrears. Finally, there are relatively short time periods specified in the contracts in which the contractors must take enforcement actions.

With regard to the corrective action plan with Maximus, the company was formally notified of the need for such plan to remedy deficiencies on February 24, 1998. The company submitted a timely, high level plan which appeared to be a good faith effort to remedy many of the problems. An additional 12 staff will be added and the company plans to realign staff functions for more efficiency. In addition, the company hired a contractor to manage the project and brought in a temporary manager with considerable experience. The agency requested additional details on the corrective plan by April 1, 1998 to which the company responded in a timely manner with a more detailed corrective action plan. The agency is currently assessing the proposals and are arranging a series of meetings to discuss implementation.

In response to the concern regarding contract fulfillment, the agency indicates it has evaluated all of the contractors in their first year of operation by reviewing data and reading or auditing cases. The only contractor with problems sufficient to warrant a corrective action plan was Maximus. Public assistance collections for all of the contractors are down

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due to a larger than expected reduction in the number of open public assistance cases. Although the contracts required at least a ten percent increase in public assistance collections, the agency is not confident that many of the contractors will comply by the beginning of 1999 unless public assistance caseloads increase or special efforts are made to collect public assistance arrearages remaining on the books. The agency has notified the contractors that accelerated efforts to collect these arrearages will be expected.

15. **Adult and Medical Services -- HCBS - Head Injury Waiver (House Committee and Senate Subcommittee).** The House Committee and the Senate Subcommittee recommended the status of the HCBS - Head Injured waiver be reviewed at Omnibus. In particular, the issue of the current waiting list for services should be addressed. Information received by the Senate Subcommittee indicated there was a waiting list of 54 persons as of January 1998.

Additional information provided by the agency indicates that a new design for the program has been developed which will go into effect on July 1, 1998. The new design allows Targeted Case Management (TCM) services for the Head Injury population even if the person is on the waiting list for HCBS - HI services. The TCM services will allow improved tracking of consumers on the waiting list and ensure that alternative services are available to help stabilize this unpredictable and sometimes very mobile population. Projections show that, with the new plan, 120 consumers may be served monthly within the \$5.0 million projected budget as opposed to the 101 persons currently being served.

16. **Adult and Medical Services -- Medicaid Provider Reimbursement Rates (House Committee).** The House Committee recommended the issue of increasing Medicaid provider reimbursement rates be reviewed during Omnibus. The 1998 Legislature added \$4.0 million State General Fund (\$10.0 million all funds) to increase inpatient and outpatient provider rates.
17. **Children and Family Services -- Child Welfare Services Contracts (House Committee).** During review of the SRS budget for FY 1999, the House Committee recommended the agency report at Omnibus on any corrective action plans with foster care, family preservation and adoption contractors.

The agency reports that the most recent quarterly on-site monitoring visits for the child welfare services contractors were conducted in March and April 1998. For family preservation services, five corrective action plans were required and have been submitted. The adoption contractor correction plan is due April 27. The foster care contractor on-site visits were conducted on April 2 (Kaw Valley Center), April 7 (United Methodist Youthville), and April 9 (Kansas Children's Service League). The on-site reports will be mailed to the contractors within 14 days of the visit with a corrective action plan due 14 days after receipt of the monitoring report. The agency notes that the on-site review does not monitor all data every quarter. The agency will

review the corrective action plan and notify the contractor within seven days if the plan is approved or needs to be clarified.

18. **Children and Family Services -- Family and Children Endowment Account (House Subcommittee).** The House Subcommittee reviewing the SRS budget for FY 1998 and FY 1999 recommended that the establishment of an endowment account in the Family and Children Investment Fund to act as a true trust account be reviewed during Omnibus. The Legislature established a Family and Children Endowment Account in S.B. 495.

C. House Sub. for Substitute for S.B. 424 (Law). House Sub. for Substitute for S.B. 424 establishes a new health insurance program for targeted children under Title XXI of the Social Security Act. The bill sets out the duties and responsibilities of the Secretary of SRS in developing the program. A ten-member joint legislative committee on children's issues is also established by the bill. Also, the bill establishes the Kansas Insurance Coverage for Children fund and provides for the transfer of \$12.0 million annually from the State General Fund to operate the children's health insurance program. Interest accrued by moneys in the Kansas Insurance Coverage for Children fund are directed back into the fund and not to the State General Fund. The bill also establishes the Children's Health Care Programs fund in SRS to be used for providing additional funding for children's health care, services for children and tobacco use prevention and cessation programs. The bill provides that 50 percent of any money received by the state in a tobacco litigation settlement or judgment shall be credited to the Children's Health Care Programs fund. In order to carry out the intent of the bill, both funds established by S.B. 424 will need to be appropriated in the Omnibus appropriations bill. Also, due to the transfer established by the bill to the Kansas Insurance Coverage for Children fund, the \$12.0 million appropriated from the State General Fund in 1998 S.B. 495 will need to be deleted to avoid double funding the program.

D. H.B. 2820 (Governor). Among other things, H.B. 2820 amends the Kansas Code for the Care of Children to conform Kansas law with the federal Adoption and Safe Families Act of 1997. The provisions are designed to speed up the adoption process and shorten the time spent in foster care. SRS indicates that if the bill becomes law it would have no fiscal effect on the agency. However, if the bill is not signed into law, the state would not be in compliance with federal law and would not be eligible to receive \$25.0 million in federal funds including Title IV-E and IV-B which help fund child welfare services.

E. Technical. The Energy Assistance Block Grant federal fund, which funds the Low Income Energy Assistance Program (LIEAP), was inadvertently omitted from the appropriations bill for FY 1999. As a technical adjustment, this no-limit federal fund needs to be added to the appropriations for SRS to allow for funding of LIEAP in FY 1999.

Department on Aging

A. Omnibus Review Items

1. **Targeted Case Management (House and Senate Subcommittees).** The House and Senate Subcommittees reviewing the Department on Aging budget for FY

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1998 and FY 1999 recommended the issue of reimbursement for Targeted Case Management (TCM) services provided by Area Agencies on Aging (AAAs) be reviewed in omnibus. In addition, the Senate Subcommittee requested the agency report at Omnibus regarding recommended adjustments to the rates including the fiscal impact of any recommended 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. Additional information provided by the agency indicates that TCM rates need to be increased to \$40 per hour in order for AAAs to cover costs incurred in providing TCM services. Funding required to implement this increase is \$979,560 including \$394,665 from the State General Fund in FY 1999.

2. **Kansas Aging Management Information System (KAMIS) (House and Senate Subcommittee).** The House and Senate Subcommittees reviewing the Department on Aging budget for FY 1998 and FY 1999 recommended the agency report at Omnibus on the status of KAMIS including the status of funding for the project. The Subcommittees were informed that funding for the system was not included in the agency request or Governor's recommendation because accurate estimates for the cost of the system were not available. Information provided by the agency indicates that funding of \$550,000 State General Fund in FY 1998 and \$2.45 million State General Fund in FY 1999 would be needed to begin implementing KAMIS. The funding estimate represents the agency's best estimate of the costs for replacing the current system before its Year 2000 incompatibility becomes an issue.
3. **Senior Care Act (Senate Subcommittee).** The Senate Subcommittee reviewing the Department on Aging budget for FY 1999 requested the agency report at Omnibus on the status of the waiting list for Senior Care Act services. In addition, the agency is to report on the pilot project implemented in Wichita and Ottawa during the current fiscal year to eliminate the waiting lists in those areas. At the time of preparation of this memo, no information had been received from the agency on this topic.
4. **Nutrition Programs -- Project Income (House Subcommittee).** The House Subcommittee reviewing the Department on Aging budget for FY 1998 and FY 1999 recommended the agency report at Omnibus on project income contributions for nutrition programs.

Information received from the agency indicates that project income in the Older Americans Act Nutrition Program has generally increased since FY 1992. In FY 1992, a total of \$4.04 million was received with a contribution of \$1.03 per meal. In FY 1999, receipts are projected to be \$4.76 million with a contribution rate of \$1.24 per meal. Project income in the In-Home Nutrition Program has also increased. In FY 1992, receipts totaled \$138,584 with a contribution of approximately \$.39 per meal. In FY 1999, receipts are projected to total \$324,403 with a contribution of approximately \$.61 per meal.

5. **Home and Community Based Services for the Frail Elderly (HCBS-FE) - Service Delays (House Subcommittee).** The House Subcommittee reviewing the FY 1998 and FY 1999 budget for the Department on Aging received testimony regarding delays experienced by consumer in accessing HCBS-FE services from AAAs. The Subcommittee requested the agency report at Omnibus with a plan to address this delay problem. At the time of preparation of this memo, no information had been received from the agency on this topic.
6. **Home and Community Based Services for the Frail Elderly (HCBS-FE) - Case Manager Choice (House Subcommittee).** The House Subcommittee reviewing the FY 1998 and FY 1999 budget for the Department on Aging requested the agency investigate the issue of case manager choice for HCBS-FE services and report at Omnibus on possible alternatives to the current system. The Subcommittee was informed that consumers are allowed to choose their case manager in other HCBS waivers. At the time of preparation of this memo, no information had been received from the agency on this topic.
7. **Home and Community-Based Services for the Frail Elderly (HCBS-FE) - Presumptive Eligibility (House Subcommittee).** The House Subcommittee reviewing the FY 1998 and FY 1999 requested the agency report at Omnibus on the issue of presumptive eligibility for HCBS-FE services. Currently, providers are not reimbursed for the expense of screening done before Medicaid eligibility has been established if the person is found not to be eligible for Medicaid. The Subcommittee directed the agency to work with other departments to try and find a way for providers to be reimbursed for screening that do not result in eligibility for services.

According to information provided by the agency in its request for a Governor's Budget Amendment (GBA), establishing a system of presumptive eligibility is more than the development of an instrument on which to base a presumption of financial eligibility for Medicaid services in order to begin services immediately. Sufficient state dollars must be available to cover the cost of services for the customer found to be non-Medicaid eligible. Integral to a presumptive eligibility system is a "risk pool" or a pot of money that will cover the cost of the assessment and services for individuals found not eligible for Medicaid services and to cover for Medicaid eligibles until the federal funding catches up. According to the agency, the amount of money required in this pool will depend upon the number of customers assessed, "error rate" percentage and the design of the program. To address this problem, the agency proposes an expedited service delivery system. This is a process of gathering enough information during the functional eligibility assessment to make a fairly accurate "presumption" of financial eligibility for Medicaid services. The customer must still complete the actual financial edibility process and SRS will then make the final determination. Under this system, Medicaid services can begin as soon as functional eligibility has be determined, financial eligibility has been presumed and the actual financial eligibility application has been filed. If a person is presumed eligible and begins services, but is then determined not to be eligible, any services provided will not be reimbursed by Medicaid unless HCFA will allow the assessment to be reimbursable. The agency is currently working on a proposal, in cooperation with SRS, to allow such reimbursements.

In developing the proposal for expedited service delivery, the agency also contracted with the University of Kansas School of Social Welfare to study systems in other states, develop an Expedited Service Delivery Financial Screening Worksheet, make a cost-benefit analysis of such a system, and make recommendation for an Expedited Service Delivery System. A draft was presented to the agency in March which served as the basis for the GBA request for the funding of pilot projects during FY 1999 to test and fine tune. The department would expect to make addition budget requests for this program for FY 2000. However, the agency indicates that because error rates should be low (and should decrease) and because federal funding will replenish the Expedited Services fund for initial services to Medicaid-eligible customers, the initial FY 2000 funding should last several years if adequately funded. The amount requested for the pilot project in the GBA was \$458,000 from the State General Fund which would be potentially matched with \$840,000 in federal Medicaid funds.

B. H.B. 2607 (Law). H.B. 2607 established the Office of the State Long-Term Care Ombudsman as an independent state agency attached to the Department of Administration for administrative support. The bill takes effect on June 14, 1998 and its publication in the Kansas register. In order to carry out the provisions of the bill, accounts need to be established within the Department of Administration for FY 1998 and FY 1999 to receive monies from the Department on Aging to finance the operations of the Ombudsman office. Approved funding for the Ombudsman in FY 1999 is \$221,012 (\$32,108 State General Fund) including 4.5 FTE positions. These funds would be deleted from the Department on Aging and transferred to the accounts established in the Department of Administration budget. The Department of Administration estimates that an additional \$286,401 State General Fund and 3.5 FTE positions will be needed for the operation of the program as an independent state agency for the full year of FY 1999. Total funding for the agency would be \$507,413 (\$318,509 State General Fund) and 8.0 FTE positions.

C. Technical Adjustment. The Legislature approved a proviso directing that funds remaining at the end of FY 1999 in the administration account of the State General Fund be transferred to the program grants account. An adjustment needs to be made to the language of the proviso included in the final version of S.B. 495 to reflect the Legislature's intent.

Legislative Division of Post Audit

A. Staff Salaries (House Committee). The House Appropriations Committee requested that the Legislative Division of Post Audit report at Omnibus Session information concerning staff salaries. The Committee noted with concern the ability of the agency to attract and retain quality professional staff. The agency has prepared information to respond to the House Committee's concern, which will be distributed to legislators during the Omnibus Session.

Legislative Research Department

A. Staff Salaries (House Committee). The House Appropriations Committee requested that the Legislative Research Department report at Omnibus Session information concerning staff salaries. The Committee noted with concern the ability of the agency to attract and retain quality professional staff. The agency has prepared information to respond to the House Committee's concern, which will be distributed to legislators during the Omnibus Session.

Legislature

A. S.B. 495 (Governor) -- SRS Transition Oversight Committee. S.B. 495 provides for a one-year continuation of the SRS Transition Oversight Committee. The authorizing language in S.B. 495 continues the 12 member committee for another year or until June 30, 1999. Under previous law, the Oversight Committee was scheduled to be abolished on June 30, 1998. The duties and responsibilities of the Oversight Committee remain unchanged. Expenditures, including legislator compensation, subsistence and mileage for calendar year 1997 for the Oversight Committee totaled \$33,082. The exact fiscal note would depend on the number of meetings held during FY 1999.

B. House Substitute for Substitute for S.B. 424 (Law). House Substitute for Substitute for S.B. 424 deals with insurance coverage for Kansas children. The bill authorizes a health insurance program for targeted children that is to be developed and implemented pursuant to guidelines set out in the bill and Title XXI of the Social Security Act. Among other things, the bill creates a 10 member (all legislators) Joint Committee on Children's Issues. The Joint Committee is empowered to meet at any time and at any place within the state on the call of the chairperson. Legislators would receive per diem compensation (\$72.06 per day), subsistence (\$80 per day) and mileage (\$0.31 a mile) for attendance at any meetings of the Joint Committee. In addition secretarial support for the Joint Committee would be necessary for minutes and other clerical duties. The exact fiscal note would depend on who was appointed to the Joint Committee and the number of meeting days held during FY 1999.

C. S.B. 501 (House Appropriations Committee). S.B. 501 would amend current law to specify the biweekly pay rate for legislators, legislative leadership, and statewide elected officials effective June 14, 1998 (the first day of the first payroll period chargeable to FY 1999) be increased in effect, 4.0 percent. The statewide elected officials include the Governor, Lieutenant Governor, Attorney General, Secretary of State, State Treasurer, and the Commissioner of Insurance. Because the substantive law regarding the pay rates for legislators and elected officials was not amended by the 1996 or 1997 Legislature, the 2.5 percent FY 1997 pay increase and the 3.5 percent FY 1998 pay increase, were both provided through one-year authorizing language in the 1996 and 1997 Omnibus appropriations bills.

The Governor for FY 1999 recommended and Legislature approved financing in S.B. 495 for a 4.0 percent salary increase for legislators and statewide elected officials upon the FY 1998 salaries which included the 2.5 percent salary increase as provided by the 1996 Omnibus bill and the 3.5 percent salary increase as provided by the 1997 Omnibus bill. If S.B. 501 does not become law, the Legislature could add one-year authorizing language for the pay increases in the 1998 Omnibus bill. However, if the Legislature would not add the one-year authorizing language for FY 1999 the budget of the Legislature could be reduced by \$151,522 (State General Fund). This amount reflects the difference between the current statutory legislator

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compensation amount of \$66.00 per day increased to \$72.06 per day that is currently financed for legislators in S.B. 495 which represents the 4.0 percent salary adjustment for all state employees in FY 1999.

Again assuming that S.B. 501 is not enacted, and if the Legislature still intends to implement the Governor's pay plan proposal of a 4.0 percent merit pool for state unclassified employees and the 1.5 percent base salary adjustment for classified employees, additional authorizing language would need to be added to the Omnibus bill. The entire funding (\$27.9 million from the State General Fund and \$53.7 million from all funds) for the FY 1999 state employee pay adjustments, including longevity bonus payments and classified step movement was contained in S.B. 495.

Legislative Coordinating Council

A. House Sub. for S.B. 212 (Governor). House Sub. for S.B. 212 amends the Kansas Telecommunications Act of 1996 (Kansas Act) by reducing the size of the Kansas Universal Service Fund (KUSF); reducing KUSF assessments for contributions by wireless providers; clarifying the Corporation Commission's authority to implement the Act as it relates to Internet access; delaying the implementation of enhanced universal services until July 1, 2003; and giving the Commission new authority with regard to the implementation of enhanced universal services. The bill also amends the Kansas Consumer Protection Act to prohibit "slamming" and establishes the KUSF Working Committee. The latter amendment affects the Legislative Coordinating Council's budget for FY 1999.

The bill requires the 22-member working group to discuss, identify and develop recommendations regarding technology issues, KUSF funding regulatory procedures, modifications to enhanced universal service, including what mechanism is most appropriate for the recovery of capital costs, and how to address Internet access in light of changing technology. The bill requires the working group to report to the Legislature on or before December 1, 1998. The working group members include eight legislators who would receive compensation (\$72.06), subsistence (\$80 a day), and private vehicle mileage at \$0.31 a mile. In addition, five of the individuals appointed to the working group would receive state employee subsistence (paid on the basis of \$28 for meals and the actual cost of lodging up to a maximum of \$54), private car mileage (\$0.32 a mile), and other actual and necessary expenses. The total cost for attending the meetings would be paid from appropriations to the Legislative Coordinating Council. The exact fiscal note is undeterminable until such time as the members of the working group are appointed and a meeting schedule is established. **(Staff Note:** Traditionally any appropriations for operating expenses associated with special committees, task forces or working groups have been made to the Legislature and not the Legislative Coordinating Council.)

Attachment
4/2

STATE OF KANSAS



BILL GRAVES, Governor
State Capitol, 2nd Floor
Topeka, Kansas 66612-1590

(913) 296-3232
1-800-748-4408
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OFFICE OF THE GOVERNOR

April 23, 1998

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

and

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

Dear Senator Kerr:

I amend my budget to decrease State General Fund expenditures by \$1,353,845 for FY 1998 and increase them by \$6,730,412 for FY 1999. These adjustments will result in a decrease of \$5,376,567 in the balance of the State General Fund by the end of FY 1999. My amended budget would also result in a reduction in the number of positions in state government. For FY 1999, there would be a net increase of 23.5, 14.5 FTE positions and 9.0 unclassified temporary positions.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ (1,353,845)	\$ 6,730,412
All Funds	\$ (27,950,572)	\$ (102,153,474)
FTE Positions	--	14.5
Unclassified Temporary	--	<u>9.0</u>
Total Positions	--	23.5

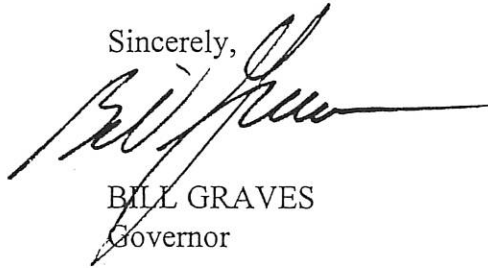
Senate Ways and Means Committee

Date 4/23/98

Attachment # 7-1

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

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Graves", with a long horizontal flourish extending to the right.

BILL GRAVES
Governor

Kansas Dental Board

1. Increased Legal Fees

For FY 1998, I recommend increasing the expenditure limit on the Kansas Dental Board Fee Fund to allow the agency to expend additional funds to cover unanticipated cost increases associated with complaint investigations and hearings.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>60,000</u>	<u>--</u>
All Funds	\$ 60,000	\$ --

Board of Barbering

2. Operations

yes
I amend my budget to finance \$4,650 in operating expenditures for the Board of Barbering from the Barber Examiners Fee Fund for FY 1998. The amount of \$3,850 will compensate board members for travel and subsistence expenses to attend three special meetings. The agency staff and board members attended a seminar designed to familiarize board members with management issues common to all boards. The Board also attended a hearing concerning barber school compliance and another meeting to discuss legislative issues during the 1998 Legislative Session. The Board will use the remaining \$800 to purchase a new computer so that agency equipment is Year 2000 compatible.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>4,650</u>	<u>--</u>
All Funds	\$ 4,650	\$ --

Real Estate Commission

3. Transfer to Real Estate Fee Fund

X
I amend my budget to transfer \$100,000 from the Real Estate Recovery Revolving Fund of the Real Estate Commission to the Real Estate Fee Fund, which finances the operation of the Commission. The Recovery Fund is used to reimburse persons who suffer monetary damage as a result of the actions of persons licensed by the Real Estate Commission. The transfer is necessary

to ensure adequate balances in the Real Estate Fee Fund. It allows balances in that fund to be maintained without increasing fees charged to "users." No additional expenditures are necessary. The Real Estate Recovery Revolving Fund was created through a transfer of \$200,000 from the Fee Fund in FY 1974. Therefore, this transfer is an appropriate use for that fund.

Board of Indigents' Defense Services

4. Capital Defense Investigator Technical Correction

For FY 1999, I recommend adding \$39,423 from the State General Fund and 1.0 unclassified temporary position, which were left out of the agency's budget submission last fall. The Capital Investigator Position works in the Death Penalty Defense Unit of the agency.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 39,423
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 39,423

Attorney General

5. Nebraska Water Litigation

I amend my budget to finance operating expenditures to pursue litigation before the U.S. Supreme Court against the State of Nebraska concerning the Republican River. In FY 1999, \$980,000 from the State General Fund will be used to pay costs associated with outside counsel, expert fees and travel. The State of Kansas has received a favorable judgment in *Kansas v. Colorado* and is awaiting a decision on damages to be awarded. Litigation in the Nebraska case would involve similar legal issues.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 980,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 980,000

Governmental Standards and Conduct

6. Investigator Contract

I amend my budget to finance \$5,660 in operating expenditures from the State General Fund in FY 1998 to pay professional fees associated with a Special Investigator. Because of an increase in the number and complexity of recent investigations, the Commission found it necessary to retain an additional investigator. The agency had not anticipated these additional costs during the preparation of its FY 1998 budget.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 5,660	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 5,660	\$ --

Kansas Public Employees Retirement System

7. Moving Expenses

I amend my budget to provide \$95,853 from the KPERS Fund in FY 1999 for expenses related to relocation of the KPERS offices to 611 SW Kansas in Topeka. The agency is vacating its current offices because of space limitations in the Capitol Tower Building and to offer more office space to the other tenants in the building. The recommendation would provide for the additional real estate taxes, utility charges, janitorial expenses, and maintenance costs associated with the new location.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> --</u>	<u>95,853</u>
All Funds	\$ --	\$ 95,853

Office of the Securities Commissioner

8. Year 2000 Repair

I amend my budget to finance operating expenditures in FY 1999 to repair the AS/400 computer custom software for Year 2000 readiness in the Office of the Securities Commissioner. The cost estimate is based on the Year 2000 assessment report prepared by a private consulting firm.

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A total of \$25,770 from the Securities Act Fee Fund will be used to pay costs associated with the repair.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>25,770</u>
All Funds	\$ --	\$ 25,770

Department of Administration

9. Memorial Hall Debt Finance Limit Increase

Two years ago the Department of Administration was authorized to issue bonds totaling \$4,830,000, excluding issuance costs, to renovate Memorial Hall. Issuance of the bonds is now scheduled for this spring. It was originally estimated that the Attorney General, the Secretary of State, the Secretary of Administration and one or more small agencies would be the future occupants of Memorial Hall. However, it is now clear that only the Attorney General and the Secretary of State will occupy this building because of increases in agency personnel, upgrading the space for both agencies, renovating space in the basement as office space that was not part of the original plan, adding areas for breaks and conference rooms, and adjusting architect fees and contingencies accordingly.

Therefore, I amend my budget to recommend increasing the debt limitation by \$590,000 to \$5,420,000, excluding issuance costs, on the bonds that will be used to finance renovation of the building. Although the increase in the debt ceiling reflects an increase in the costs, this change would result in a net savings for FY 1999 and beyond because current interest rates are lower than when the original estimates were made. Therefore, the \$295,000 in my original recommendation for the FY 1999 debt service payment can be reduced to \$219,201, a savings of \$75,799. The following proviso is recommended to effect this change:

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

Memorial hall renovation fund
 For the fiscal year ending June 30, 1999.....No limit

Provided, That the department of administration may make expenditures from the Memorial hall renovation fund for the capital improvement project to renovate and equip Memorial hall in an amount of not more than the total of \$5,420,000, plus all amounts required for the cost of bond issuance, the cost of interest on the bonds during the construction of the project and the required reserves for the payment of principal and interest on the bonds: *Provided further*: That such capital improvement project is hereby approved for the department of administration for the purposes of

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subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of bonds by the Kansas development finance authority in accordance with that statute: *And provided further:* That all moneys received from the issuance of any such bonds shall be deposited in the state treasury to the credit of this fund: *And provided further:* That such capital improvement project to renovate and equip Memorial hall is exempt from the provisions of K.S.A. 75-2724 and amendments thereto.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ (75,799)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (75,799)

10. State Health Care Plan Consulting Contract

OK Since 1996, most of the State Health Care Plan for state employees has been self-insured, which requires the state itself to administer the program. The Kansas Employees Health Care Office currently contracts with Mercer, Inc. for actuarial-consulting services and plan design. In renewing its contract with Mercer, the Office recently extended the contract to include assistance with program administration. Therefore, I amend my budget recommendations to increase the expenditure limitation by \$161,264 on the Cafeteria Benefits Fund for FY 1999. This fund, which derives its revenues from a portion of the group health rates charged to agencies' salary budgets, is in the Off Budget and is not included in reportable expenditures. Balances in the fund are sufficient to cover the additional expense.

11. Executive Aircraft Repairs

OK During a recent inspection of the executive aircraft, the Department of Administration was notified of problems involving the right engine. Corrosion was discovered on the power section casing, and cracks were found on the guide vane ring. The cost is expected to total \$60,023 to make the necessary repairs and to undertake an inspection of the "hot section" of the engine to determine whether there are any additional problems. Of this amount, the Department will cover \$10,023 of the cost from existing expenditure authority. Therefore, I amend my budget to recommend that the \$50,000 balance be appropriated from the State General Fund for FY 1998. These repairs are essential to ensure the integrity of the aircraft and the safety of its passengers.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 50,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 50,000	\$ --

12. Performance Review Contracts

The Performance Review Board currently has adopted a performance review methodology, including development of an activity-based cost model, and has undertaken pilot studies recommended by the Council on Privatization's final report. Now the board is ready to undertake performance reviews in keeping with its mission. Additional funds are needed to conduct studies on a contractual basis that require expertise beyond what the board or its staff can provide. Therefore, I amend my budget to include \$80,000 from the State General Fund for FY 1999. This amount would be added to approximately \$120,000 in savings in the current fiscal year, so that \$200,000 is available. This total is based on eight studies costing an average of \$25,000 each. I also recommend that the board be granted unlimited reappropriation authority on its State General Fund account to provide flexibility in managing the funds between FY 1998 and FY 1999 so the funds would be available when needed.

In addition, I recommend the establishment of a clearing fund with authority for the executive director to bill agencies initiating studies that would be financed from special revenue funds, as follows:

Performance review clearing fund.....No limit

Provided, That the executive director of the performance review board may fund the costs of analyses of governmental functions conducted in accordance with K.S.A. 75-7140, and amendments thereto, from one or more appropriate special revenue funds of the state agency or agencies that are the subject of the analyses: *And provided further*, That expenditures from these special revenue funds shall not be subject to any expenditure limitations established for the funds.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 80,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ 80,000

13. Topeka Complex--West

I amend my budget to add 8.0 FTE positions for FY 1999 to continue maintaining the former Topeka State Hospital grounds in case the property has not been disposed of by the end of FY 1998. The Department believes it has sufficient funds from rental charges to finance the positions as needed. I also recommend a proviso attached to the Topeka State Hospital Transition Fund to authorize the charging of rent to occupants of the facilities. Most of the proviso language, which is recommended below, is the same as a year ago, except if the property is disposed of, any positions not needed by the Secretary of Administration could be transferred to the Department of Corrections which would be the only occupant. The Division of Facilities Management plans to pare its maintenance responsibilities to a bare minimum and no security would be provided.

Sec. __. Expenditures may be made by a state agency for the expenses of the sale, exchange, or other disposition conveying title for any portion or all of the Topeka state hospital property. These expenditures may be made only upon specific authorization by the state finance council acting on this matter, which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto, and such portion or all of Topeka state hospital property may be sold, exchanged or otherwise conveyed or disposed of by the state agency in accordance with such authorization by the state finance council: *Provided*, That the net proceeds from the sale of any Topeka state hospital property shall be deposited in the state treasury to the credit of the Topeka state hospital transition fund of the department of administration: *Provided further*, That any property transferred to the city of Topeka pursuant to this section shall be exempt from ad valorem taxation so long as such property is owned by the city of Topeka and not leased to any person or entity that is not exempt from payment of ad valorem taxation.

As used in this section, "Topeka state hospital property" means all state-owned land and improvements in the city of Topeka, KS, which is in the area bounded by west sixth street on the south, MacVicar Avenue on the east, Interstate 70 on the north and Oakley Avenue on the west, including the adjacent state-owned land west of Oakley Avenue, excluding state printing plant land designated by the secretary of administration.

Topeka state hospital transition fund
For the fiscal year ending June 30, 1999.....No limit

Provided, That expenditures may be made from the Topeka state hospital transition fund for the fiscal year ending June 30, 1999, for the following: (1) consultant services relating to the sale or other disposition of the Topeka state hospital property; and (2) operating expenditures for the operation and maintenance of the Topeka state hospital property, including any expenses for operating heating plants and other facilities and for the security, repair, and capital improvements for the Topeka state hospital property: *Provided further*, That, notwithstanding the provisions of K.S.A. 75-3307 and 75-3316 and amendments thereto, the secretary of administration is hereby given temporary custody and control of the Topeka state hospital property and is given authority for the following: (1) permitting the use of the Topeka state hospital property by state agencies or others; (2) entering into agreements with such state agencies or others for their use of the property; and (3) fixing and altering charges for use of the Topeka state hospital property in such amounts as the secretary of administration determines to be beneficial or necessary: *And provided further*, That such fees shall be fixed in order to recover all or part of such operating expenses: *And provided further*, That, notwithstanding the provisions of K.S.A. 75-3316 and amendments thereto, all moneys received for such charges or fees shall be deposited in the state treasury to the credit of this fund: *And provided, however*, That, if the Topeka state hospital property is disposed of in some manner that conveys title to the property, the governor may direct the transfer of any portion of the funds appropriated in this subsection to the Topeka correctional facility general fees fund as necessary for the department of corrections to maintain its operations on the premises of the Topeka state hospital property.

In addition to the other purposes for which expenditures may be made by the above agency from moneys appropriated for the fiscal year ending June 30, 1999, as authorized by this or any other appropriation act of the 1998 regular session of the legislature or by any appropriation act of the 1999 regular session of the legislature, expenditures may be made by the above agency from the moneys appropriated for fiscal year 1999 for operating expenditures for the operation and maintenance of the Topeka state hospital property, including any expenses for operating heating plants and other facilities and for the security and repair of the Topeka state hospital property: *Provided*, That all expenditures from any such special revenue fund for such purposes shall be in addition to any expenditure limitation imposed on such special revenue fund for fiscal year 1999.

In addition to the other purposes for which expenditures may be made by the above agency from moneys appropriated for the fiscal year ending June 30, 1999, as authorized by this or any other appropriation act of the 1998 regular session of the legislature, expenditures may be made by the above agency from the moneys appropriated for fiscal year 1999 for expenditures for a total of eight additional full-time and regular part-time positions equated to full-time: *Provided*, That the eight full-time equivalent positions shall be in addition to the number of full-time and regular part-time positions equated to full-time, excluding seasonal and temporary positions, authorized for the above agency under this or other appropriation act of the 1998 regular session of the legislature: *Provided, however*, That if the Topeka state hospital property is disposed of in some manner that conveys title to the property, the governor may direct the transfer of any portion of the positions provided for in this subsection to the department of corrections as necessary for the department of corrections to maintain its operations on the premises of the Topeka state hospital property; *Provided further*, That any employee who was transferred during the fiscal year ending June 30, 1998 from the Topeka state hospital to the department of administration upon assumption of temporary custody and control of Topeka state hospital property by the secretary of administration, and who is subsequently laid off from the department of administration or the department of corrections due to disposition of the Topeka state hospital property, shall be provided with the same rights and benefits available to employees of Topeka state hospital who were laid off upon closure of Topeka state hospital: *And provided further*, That any expenditures for such rights and benefits shall be funded and paid in the same manner as prescribed by law for other employees of Topeka state hospital who were laid off upon closure of Topeka state hospital.

In addition to the other purposes for which expenditures may be made by the above agency from moneys appropriated for the fiscal year ending June 30, 1998, as authorized by this or other appropriation act of the 1998 regular session of the legislature, and for the fiscal year ending June 30, 1999, as authorized by this or any other appropriation act of the 1998 regular session of the legislature, expenditures may be made by the above agency from moneys appropriated for (1) expenses related to the review and consideration of proposals and other matters relating to the potential disposition of the Topeka state hospital property, as defined by this section, including, but not limited to, expenditures for members of the legislature who are members of any advisory committee which is hereby authorized to be established for such purposes by the secretary of administration, for per diem compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3212 or 75-3223 and amendments thereto for attending meetings of such advisory committee, or attending a subcommittee meeting thereof authorized by such advisory committee, and (2) any expenses relating to any sale of any Topeka state hospital property, as defined by this section.

A year ago, \$500,000 from the State General Fund was appropriated for FY 1998, together with 24.0 FTE positions, 18.0 of which were retained by the Department to keep up the facilities and 6.0 of which were transferred to the Highway Patrol for security. When the FY 1998 budget was revised last fall, the estimated total for this purpose was \$2,154,097. Assuming the property would be disposed of by the end of FY 1998, no dollars or staff were included in my original FY 1999 budget for the Department of Administration. However, the 6.0 FTE positions in the Highway Patrol were left in, and I amend my budget as a technical correction to delete them.

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Department of Commerce and Housing

14. Kansas Sports Hall of Fame--Operating Expenditures

I amend my budget to finance operating expenditures in FY 1999 for The Kansas Sports Hall of Fame in the amount of \$100,000 from the State General Fund. Kansas Regents institutions have been contributing \$1 per ticket from selected athletic events for the operating expenditures of the facility. In January 1998 several of the universities stopped contributing to the Sports Hall of Fame through ticket revenue, giving the facility six months' notice. This appropriation from the State of Kansas will cover operating expenditures.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 100,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 100,000

15. Motion Picture and Television Sales Tax Reimbursements

I amend my budget to include \$100,000 from the Economic Development Initiatives Fund for the Motion Picture and Television Sales Tax Reimbursement Program in the Department of Commerce and Housing. When my budget was drafted the usefulness of this tax reimbursement program had not yet been proven. Since that time, it has become clear that the total amount approved in FY 1998 will be utilized prior to FY 1999. This recommendation will allow for the continuation of a program which stimulates increased spending in Kansas through the reimbursement of sales and use taxes paid by motion picture and television production companies while working in Kansas.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>100,000</u>
All Funds	\$ --	\$ 100,000

Department of Revenue

16. Increase in Homestead Property Tax Refunds

For FY 1998, I amend my budget to add \$1.8 million from the State General Fund to fund the increase in filings over the estimate for Homestead Property Tax Refunds. Through April 6, 1998, the Department of Revenue reports that 37,607 refunds, equaling \$9.9 million, have been filed. The Department estimates that approximately 18,100 returns, averaging \$215 per return, will be filed

for the remainder of the fiscal year. This estimate requires \$13.8 million to fund the program in FY 1998, an increase of \$1.8 million over the current appropriation.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 1,800,000	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 1,800,000	\$ --

17. Litigation

(\$110K pd. in atty fees)

For FY 1999, I amend my budget to add \$200,000 from the State General Fund to finance a one-time need for legal representation in litigation against the state. The funding is needed to pay for legal services beyond that being provided by the Attorney General.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 200,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ 200,000

yes,

Board of Tax Appeals

18. Computer System Completion

For FY 1998, I recommend a supplemental appropriation of \$65,000 from the State General Fund to complete the final programming necessary for the Board of Tax Appeal's computer system. The Board has experienced unanticipated problems in implementation of the new system, which tracks cases and provides better statistical information on those cases. The funding will allow the contractor to finish the programming necessary to bring the new system on line.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 65,000	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 65,000	\$ --

Rainbow Mental Health Facility

19. Hospital Salary Shortfall

I amend my budget to expend \$412,302 from the federal Title XIX Fund to reduce the shrinkage rate at the institution from 9.5 percent to 7.0 percent. This will enable the institution to hire 8.0 unclassified temporary training positions to assist in direct patient care and to be trained in the care of acutely ill and violent patients. It will also give the institution the resources to pay the salaries of 25.0 existing employees that were previously employed by Topeka State Hospital. The salaries for these transferred employees is higher than the beginning salaries for the positions originally budgeted by the Hospital.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>412,302</u>
All Funds	\$ --	\$ 412,302

Department of Social and Rehabilitation Services

20. Head Start Programs

I amend my budget to add \$2.5 million of federal block grant funds to expand Head Start programs in Kansas. In my original budget, I recommended funding to expand Early Head Start programs in the state. The funds included in this amendment will supplement that recommendation and allow for the expansion of both Early Head Start programs for children from birth to three and Head Start programs for children from three to five. The additional funding will be available to 27 Headstart grantees and will be used to expand services to an additional 500 to 550 children.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>2,500,000</u>
All Funds	\$ --	\$ 2,500,000

21. Federal Audit Settlement

I amend my budget for FY 1998 to include \$2.0 million from the State General Fund to settle a dispute with the federal government concerning federal reimbursement for training of state personnel that in the delivery of services to children and families received grants financed in part by federal Title IV E funds. A federal audit has revealed that SRS claimed \$6.4 million in federal funds as reimbursement for training activities for social workers that was not allowed under the rules.

2 of Feds want settle for \$2M - Chronister wants to go to court.

7/13

These officials indicate that this amount includes \$5.1 million for the period of 1992 through 1996 and \$1.3 million for the three quarters prior to the release of the audit in August 1997.

SRS indicates that its interpretation of the federal rules was correct and that the use of the funds for enhanced child welfare training activities was proper. However, the agency indicates that it is prudent for the state to settle the appeal if it can be done for a reasonable sum. SRS suggests that the \$2.0 million State General Fund is an appropriate amount. I recommend that the money be appropriated for FY 1998 so that it can be available immediately to finance a settlement, but that it should be subject to reappropriation to FY 1999 if the settlement with the federal government is not accomplished.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 2,000,000	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 2,000,000	\$ --

22. Medical Management Information System (MMIS) Costs

I amend my budget to shift \$1,188,456 in expenditures for the development of the Medicaid Management Information System (MMIS) from FY 1998 to FY 1999. This shift is necessary to reflect the delay in payments for the development of certain features of the system. Of the amount shifted, \$557,142 will be from the State General Fund.

OK

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ (557,142)	\$ 557,142
All Other Funds	<u>(631,314)</u>	<u>631,314</u>
All Funds	\$(1,188,456)	\$ 1,188,456

23. Contracts with Community Developmental Disability Organizations

I amend my budget to include \$453,004 of federal Title XIX funds to finance contracts with Community Developmental Disability Organizations (CDDOs) for the coordination of the delivery of services to individuals in the community who are developmentally disabled. The cost of contracting with CDDOs for coordination of community services is estimated to be \$4,590,000 in FY 1998 instead of the \$3,500,000 ordinarily estimated, an increase of \$1,090,000. By changing the way in which SRS reimburses CDDOs for costs, \$636,996 of existing State General Fund can be shifted to this program to "leverage" an additional \$453,004 of federal funds. These actions would cover the additional costs.

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	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>453,004</u>	<u>--</u>
All Funds	\$ 453,004	\$ --

24. Sex Predator Treatment Program--Remodeling

I amend my budget to include \$633,983 of additional expenditures from the State Institutions Building Fund for FY 1999 to finance the creation of housing and treatment space for an additional 30 sex predators in the Sex Predator Treatment Program at Larned State Hospital. The current sex predator unit has 30 beds. Current census estimates indicate that the unit will house 28 residents by October 1998 and 43 by October 1999. To provide housing and treatment space for these individuals, I amend my budget to remodel the Dillon Building at the Larned State Hospital to house 30 more predators. The monies will also be used to provide additional program space through the purchase of modular buildings. The patients currently housed in the space to be renovated for this use are to be relocated to the Jung Building at Larned State Hospital.

Hold

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>633,983</u>
All Funds	\$ --	\$ 633,983

25. Sex Predator Treatment Program--Operating Costs

I amend my budget to include 23.0 FTE positions and \$273,934 from the State General Fund to provide the staff and other operating costs necessary for the expanded Sex Predator Program at Larned State Hospital for part of FY 1999. The new positions will be hired as the additional residents are added to the program and as the new beds come on line. The full year cost for operating the unit will be \$664,442 in addition to the current costs of the program. This estimate includes expenditures for salaries and wages of \$644,442 and other operating expenditures of \$20,000. The positions to be added include direct care staff, a Psychologist III, a Social Worker, and a Registered Nurse.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 273,934
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 273,934

26. Sex Predator Unit Construction Planning

Hold

I amend my budget for FY 1999 to include \$740,000 from the State Institutions Building Fund to plan for the construction of a 120-bed addition to the existing Larned Correctional Mental Health Facility. This unit will provide program space for the sex predator unit. It is estimated that the number of sex predators will exceed the existing 30-bed unit and the temporary 30-bed unit by FY 2002. In order to have beds available when that occurs, the planning of additional beds is necessary. The beds would be under the control of SRS but could be transferred back to the Department of Corrections if SRS no longer has a need for them.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>740,000</u>
All Funds	\$ --	\$ 740,000

27. Caseload Adjustments

all adopted by SRS

ques. by Kanson, why

I amend my budget to reflect changes in caseloads and the cost of aid and assistance programs administered by SRS. These caseload adjustments are the result of a consensus caseload estimating meeting that included the staff of SRS, Legislative Research, and the Division of the Budget. This amendment includes a net increase of \$1.6 million in FY 1998 but an increase of \$4,523,500 from the State General Fund. These changes are the result of higher than anticipated state costs in the Home and Community Based Services Program and lower than anticipated costs in the Nursing Home Program for the mentally ill and developmentally disabled, the Medical Program, and children's services programs. For FY 1999, I amend my budget to reflect a net reduction of \$6,043,000 in expenditures from all funding sources, but an increase of \$5,125,200 from the State General Fund. These changes reflect a change in the funding of the Medical Program to reflect a greater dependence on the State General Fund, an increase in Home and Community-Based Services costs, a modest increase in nursing home costs for the developmentally disabled, and a slight decrease in the cost of children's services programs. In addition, the reduction in all other funds in FY 1998 and FY 1999 is due primarily to a reduction in the estimated Temporary Assistance for Families (TAF) caseload.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 4,523,500	\$ 5,125,200
All Other Funds	<u>(2,923,500)</u>	<u>(11,168,200)</u>
All Funds	\$ 1,600,000	\$ (6,043,000)

Department on Aging

28. Caseload Adjustments

I amend my budget to reflect changes in caseloads and the cost of aid and assistance programs administered by the Department on Aging. These caseload adjustments are the result of a consensus caseload estimating meeting that included the staff of the Department on Aging, Legislative Research, and the Division of the Budget. This amendment includes an increase of \$2.4 million in FY 1998, of which \$967,600 is from the State General Fund. These changes reflect a continued increase in caseloads in the Home and Community Based Services Program but reduced caseloads in the Nursing Home Program. For FY 1999, I amend my budget to reflect a reduction of \$10.6 million in expenditures from all funding sources, including a decrease of \$4,272,200 from the State General Fund.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ (967,600)	\$ (4,272,200)
All Other Funds	<u>(1,432,400)</u>	<u>(6,327,800)</u>
All Funds	\$(2,400,000)	\$(10,600,000)

29. Management Information System Development

I amend my budget to include \$550,000 in FY 1998, \$1,850,000 in FY 1999, and \$600,000 in FY 2000 from the State General Fund to finance the development of the Kansas Aging Management Information System (KAMIS). The system will replace the current Client Assessment and Referral System (CARS), which has not functioned effectively. In addition to replacement of that system, the new system will interface with the Medical Management Information System (MMIS) operated by SRS. This link is essential so that necessary data related to the care of older Kansans can be maintained. The system will:

1. Allow the Department on Aging to be thorough and timely in its assessment of the health needs of older Kansans.
2. Increase the productivity of agency staff.
3. Improve agency accountability by linking services delivered to clients with client plans of care.

The amendment finances the cost of a contractor to develop the system as well as the various other operating costs associated with the development of the system. The vendor that will develop the system will be selected in early April. To begin system development immediately, the amendment provides the initial appropriation for the program in FY 1998.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 550,000	\$ 1,850,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 550,000	\$ 1,850,000

30. Targeted Case Management

I amend my budget to provide \$979,560, of which \$394,665 is from the State General Fund and \$584,895 is from other funding sources to increase the level of reimbursement paid to the Area Agencies on Aging and for the delivery of targeted case management services to elderly Kansans. Currently, the 11 Area Agencies on Aging are paid \$30 an hour to deliver these services. I amend my budget to allow that reimbursement rate to be increased to \$40 an hour.

Targeted case management is a service provided by the Area Agencies on Aging to older Kansans who are interested in obtaining Home and Community Based Services. The case manager employed by an Area Agency on Aging outlines the services the individual needs, determines which providers can deliver the service, and when the services are to be delivered. This rate increase would cover the administrative costs experienced by the Area Agencies on Aging when they deliver targeted case management services.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 394,665
All Other Funds	<u> --</u>	<u> 584,895</u>
All Funds	\$ --	\$ 979,560

31. Presumptive Eligibility

I amend my budget to include \$458,000 from the State General Fund in FY 1999 to finance a pilot project to determine the feasibility of implementing a system of presumptive eligibility for Home and Community Based Services for elders. Currently, elders must be determined to be both functionally and financially eligible to receive federally reimbursed Home and Community Based Services before services can be delivered. This delays the delivery of services because, even though functional eligibility can be easily determined, financial eligibility cannot, thereby delaying the delivery of services as much as six weeks from the application date. The pilot would test the cost and accuracy of a system that would allow services to be delivered as soon as functional eligibility is determined.

OK

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 458,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 458,000

Department of Human Resources

32. Unemployment Insurance Benefits

The Kansas economy continues to perform far better than anticipated when compared to the total unemployment rate for FY 1997 of 4.3 percent. The Department of Human Resources has reduced its estimate for unemployment insurance benefits by \$32.0 million and \$20.0 million for FY 1998 and FY 1999, respectively. The original total unemployment rate was estimated at 4.3 percent for each year. The Department of Human Resources has revised this rate to 3.8 percent for each year. Therefore, I amend my budget to reflect the latest estimates.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(32,000,000)</u> ✓	<u>(20,000,000)</u> ✓
All Funds	\$ (32,000,000)	\$ (20,000,000)

Department of Health and Environment

33. Computer Costs for Year 2000 Upgrades

When the budget of the Department of Health and Environment was prepared, the agency estimated it would need \$2,593,596 for Year 2000 conversion costs. Of this amount that was requested for FY 1999, an amount of \$1,340,891 was requested from the State General Fund. I recommended this funding as requested by the agency. The agency now has information that was provided by CTA, Inc., a computer consulting firm that estimates Year 2000 readiness conversion costs at \$2,135,440, instead of the amount originally requested. I amend my budget to reduce recommended expenditures for the Year 2000 conversion from \$2,593,596 to \$2,135,440.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ (237,325)
All Other Funds	<u>--</u>	<u>(220,831)</u>
All Funds	\$ --	\$ (458,156)

34. Confined Animal Feeding Facilities for Swine

Substitute for HB 2950 establishes new provisions relating to the regulation of confined animal feeding facilities. I amend my budget to provide funding that will enable the Department of Health and Environment to implement the provisions of this bill. For FY 1999, I recommend \$558,700 from the State General Fund. The funds will allow for staff training, public notices, regulation and plan development, inspections, facility and financial closures, tax credit information, and testing devices. The agency will require 11.5 FTE positions. Additional funding will also be necessary for the Department of Agriculture.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 558,700
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 558,700

Veterans' Affairs

35. Federal Construction Grant

I amend my budget in FY 1998 to add \$10,641,400 from Kansas Veterans Home Federal Construction Grant Fund to allow the Commission to expend a construction grant to be received from the U.S. Department of Veterans Affairs. The funds will be used to renovate the former Winfield State Hospital buildings into the Kansas Veterans Home. Funds were appropriated during the 1997 Legislative Session to match \$10,121,400 of these construction grant funds in FY 1998. The additional funds of \$520,000 will be matched from the state's cost of the sewer project at Winfield, which is included in the next item.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>10,641,400</u>	<u>--</u>
All Funds	\$ 10,641,400	\$ --

36. State's Share of Sewer Costs

I amend my budget in FY 1998 to add \$1,080,000 from the State General Fund to upgrade the sewer on the state campus located at Winfield. Of the funds appropriated, \$280,000 will be used to match \$520,000 of U.S. Department of Veterans Affairs construction grant funds. The remaining \$800,000 is the state's share of the project for which these federal funds cannot be used. Both the Kansas Veterans Home and the Winfield Correctional Facility will use the sewer system.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 1,080,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 1,080,000	\$ --

37. Veterans Home Delayed Opening Date

For FY 1999, I amend my budget to reduce my recommendations for the Kansas Veterans Home by \$2,780,820, including \$280,000 from the State General Fund, and 93.0 FTE positions. These adjustments reflect the Home's opening to residents on July 1, 1999, rather than October 1, 1998, as was previously projected because of revisions in the construction schedule. My recommended FY 1999 operating expenditures of \$530,512 from the State General Fund reflect the costs of funding the remaining 42.0 FTE positions, because they are needed to prepare for full operations in FY 2000.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ (280,000)
All Other Funds	<u>--</u>	<u>(2,500,820)</u>
All Funds	\$ --	\$(2,780,820)

Department of Education

38. Juvenile Detention Facilities Funding

I amend my budget to increase State General Fund financing for Juvenile Detention Facilities Grants by \$219,046 in FY 1998 and \$259,419 in FY 1999. The request is based on revised estimates of the number of students in juvenile detention facilities receiving educational services provided by school districts.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 219,046	\$ 259,419
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 219,046	\$ 259,419

39. Revised School Finance Estimates

I amend by budget to decrease funding for school finance by \$9,374,000 in FY 1998 and \$8,812,000 in FY 1999, all from the State General Fund. Current estimates for the amount of general state aid to school districts in both FY 1998 and FY 1999 are based on the recently released

final assessed valuation data and enrollment growth. My recommendation fully funds the state's commitment to base budgets of \$3,670 in FY 1998 and \$3,720 in FY 1999.

	<u>FY 1998</u>	<u>FY 1999</u>
General State Aid	\$(8,499,000)	\$(10,596,000)
Supplemental State Aid	(875,000)	1,284,000
Capital Improvement State Aid	<u>--</u>	<u>500,000</u>
Total	\$(9,374,000)	\$ (8,812,000)

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$(9,374,000)	\$(8,812,000)
All Other Funds	<u>--</u>	<u>--</u>
	\$(9,374,000)	\$(8,812,000)

40. Revised KPERS-School Estimates

I amend by budget to decrease funding for KPERS-School payments by \$403,635 in FY 1998 and increase funding by \$610,932 in FY 1999. These adjustments reflect the amounts necessary to fund the state's obligation for school employee contributions based on a revised estimate of growth in the school salary base, including a projected teachers' salary increase of 4.0 percent.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ (403,635)	\$ 610,932
All Other Funds	<u>--</u>	<u>--</u>
	\$ (403,635)	\$ 610,932

Board of Regents

41. Traditional General Fees Fund Adjustments

I amend my budget to adjust the recommended level of expenditures from General Fees Funds for FY 1998 and FY 1999 at those Regents institutions which are budgeted through the traditional method. My original recommendations have been revised on the basis of the spring semester data on student credit hours and tuition receipts. The adjustments are detailed by year and by institution in the table below. Where there is a positive number, I amend my budget to replace a tuition shortfall with a State General Fund appropriation. A negative number indicates a reduction

in State General Fund dollars because of additional tuition revenue. The revisions reflect a total increase from the State General Fund of \$128,297 in FY 1998 and \$183,586 in FY 1999.

	<u>FY 1998</u>	<u>FY 1999</u>
Emporia State University	\$ 51,884	\$ 88,401
Pittsburg State University	--	(68,675)
Fort Hays State University	9,856	25,093
Univ. of Kansas Medical Center	54,329	102,775
KSU--Veterinary Medical	<u>12,228</u>	<u>35,992</u>
	\$ 128,297	\$ 183,586

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 128,297	\$ 183,586
All Other Funds	<u>(128,297)</u>	<u>(183,586)</u>
All Funds	\$ --	\$ --

42. Nursing Scholarship Funding

I recommended several changes to the state's financial aid programs in my original budget. One of these changes was to convert several scholarship programs from an employment obligation to a forgivable loan structure. I also had recommended eliminating the sponsorship requirement imposed on recipients of nursing scholarships and had added funding from the State General Fund to maintain funding for this scholarship. Because the Legislature has failed to take any action on this change, which is contained in 1998 HB 2753, I amend my budget to restore funding of \$136,328 projected to come from private employer sponsors in support of this scholarship program and reduce the State General Fund appropriation by the same amount.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ (136,328)
All Other Funds	<u>--</u>	<u>136,328</u>
All Funds	\$ --	\$ --

43. Federal Financial Aid Grant

In my original budget recommendations no federal funds for the State Student Incentive Grant Program were assumed to be available for FY 1999. The Board of Regents has recently been notified that Kansas will receive additional federal funds of \$280,000 for student aid. Therefore, I amend my budget to offset State General Fund monies recommended for the Comprehensive Grant Program.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ (280,000)
All Other Funds	<u>--</u>	<u>280,000</u>
All Funds	\$ --	\$ --

Fort Hays State University

44. Sternberg Museum Operating Support

I am amending my budget to add \$79,742 from the State General Fund to provide operating support for the new Sternberg Museum effective for the last half of FY 1999. Fort Hays State University has indicated that the new museum will open to the public in March, 1999. This provides a total of \$255,905 and 7.1 FTE positions for the museum.

OK

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 79,742
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 79,742

University of Kansas

45. Dormitory Renovation

OK
no money involved

The University of Kansas is converting its dormitories to a modern, suite-style arrangement. I recommend the University be given authority to issue bonds in the amount of \$10.5 million in FY 1999 to continue this conversion for Ellsworth Hall, the third dormitory to be renovated. Estimated annual debt service on this project is \$300,000, paid with housing fees. Debt service payments will begin in FY 2000. The project was approved by the Board of Regents after the agency's budget submission. Also, the funding is entirely from restricted fees.

46. Recover Prior Year Expenditure

The University of Kansas contracted for the design, testing, and implementation of a new integrated library system in June 1996. The University recently ended the agreement because the company was unable to deliver services on a timely basis. In canceling the agreement, the University has agreed to return the performance bond in return for the vendor refunding the \$100,000 down payment as well as to pay an additional \$30,000 to offset other incidental expenses that the University incurred in connection with the contract. This \$130,000 will be deposited in the State General Fund, not to the University. As this money is part of the University's general use base, I

recommend the following one-time appropriation to return this money to KU. This item will result in no net effect on the State General Fund.

Integrated library system \$130,000

would go to SF

Provided, That no expenditures shall be made from the integrated library system account until the chancellor of the university of Kansas certifies to the director of accounts and reports that a refund has been deposited in the state general fund: *Provided further*, That expenditures shall not be made in excess of the amount of the refund.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 130,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ 130,000

47. Remodeling for Energy-Balance Laboratory

A new weight-management program has been established at the University of Kansas in the Department of Health, Sport, and Exercise Sciences with a grant from the National Institute of Health. Implementation of this program requires that approximately 8,000 gross square feet of space in Robinson Gymnasium be renovated. I amend my budget to add \$960,000 from the Sponsored Research Overhead Fund in FY 1999 to renovate this space.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> --</u>	<u> 960,000</u>
All Funds	\$ --	\$ 960,000

University of Kansas Medical Center

48. Implementation of 1998 SB 373

The University of Kansas is actively pursuing implementation of 1998 SB 373, establishing a new Hospital Authority to govern and operate the KU Hospital. The institution hopes to make the transfer to the new organization on October 1, 1998; however, for budget purposes it is more realistic to assume that the transfer will occur December 31, 1998, the latest date allowed by the bill. The University has revised its operating budget estimate for FY 1999 based on the later date. I therefore amend my budget recommendations to reduce expenditures from the Hospital Revenue Fund by \$80,336,481 and the Restricted Fees Fund by \$66,095. Further, I recommend changes to the University's appropriation bill to facilitate the transition. In addition to the Hospital Overhead Reimbursements Fund, two funds should be added as follows:

Services to Hospital Authority Fund No limit
 Direct Medical Education Reimbursement Fund \$2,428,197

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	(80,402,576)
All Funds	\$ --	\$ (80,402,576)

49. Addition to Research Support Facility

A year ago the Legislature recommended expenditures of \$3.25 million from bond proceeds to supplement a federal grant for addition to the Research Support Facility. The University has submitted a revised program statement to expand the project to provide a complete second additional floor on the facility. To accommodate this additional space, I recommend that the authorization for bond proceeds be increased to \$4.74 million. Estimated additional debt service on this project is \$105,000, to be paid with restricted fee funds beginning in FY 2000. In addition, I recommend two new funds be added for the institution to facilitate this project and another federally-supported project to construct a Center for Health in Aging.

Construct and equip center for health in aging--grant and gift fund No limit
 Construct and equip addition to research support facility No limit

Kansas State University

50. Acoustics Lab and Football Stadium

Done { I amend my budget to add two new capital improvement projects, which will be funded through restricted use sources and were approved by the Board of Regents after the agency's budget submission. First, the University intends to renovate space in Seaton Hall for an acoustics laboratory for use by the Department of Architectural Engineering and by the Construction Science program. The equipment needed for this lab will be provided by the construction industry. I amend my budget to authorize the expenditure of \$100,000 from restricted fees for the project. The total project cost is estimated at \$250,000, with the balance funded from the Crumbling Classroom allocation.

Second, I amend my budget to authorize the issuance of up to \$16.0 million in bonds in FY 1998. Of the \$16.0 million, \$12.8 million is for expansion of the KSU football stadium and \$3.2 million is to refinance operating debt in the Athletic Department. The expansion of the stadium will increase permanent seating by approximately 7,000 seats to 46,100. In addition, the project will provide additional restrooms and concession stands, improve underground drainage, resurface the parking lot directly east of the stadium, and increase the number of luxury suites in the press box. These funds are not budgeted through the state treasury; only the authorization is needed.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>100,000</u>
All Funds	\$ --	\$ 100,000

Kansas State University Veterinary Medical Center

51. Hospital and Diagnostic Laboratory Revenue Fund

I amend my budget to reflect the latest estimates of consumable expenditures by the Veterinary Medical Center for FY 1999, which results in a savings to the State General Fund of \$37,830. Consumable expenditures include those supplies used in delivering medical services in the Teaching Hospital, such as blood, laboratory tests, pharmaceuticals, and surgical supplies. These additional dollars will offset budgeted State General Fund monies, for no net change to the agency's budget. This is possible because revenues to this general use fund are higher than those included in the original budget recommendations. Rather than offset the full amount of the additional revenues estimated to be available (\$385,968 in FY 1998 and \$396,164 in FY 1999) with the State General Fund budgeted amounts, I recommend that the Hospital retain these monies and use them to acquire oncology equipment.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ (37,830)
All Other Funds	<u>--</u>	<u>37,830</u>
All Funds	\$ --	\$ --

Wichita State University

52. Raze Communications Building

The 1993 Legislature authorized Wichita State University to raze the old communications building, which is building Number 12. Because of a lack of space elsewhere, the University was unable to raze the building and move into other space. With the donation of the Metroplex facility, the University is now able to raze the building. Therefore, I recommend Wichita State University be authorized to raze this building in FY 1999. No additional funding is required.

Authority to raze building

*Reduce 10.5
deduct bldg.*

Historical Society

53. Technical Correction

I amend my budget to shift \$2,156 of operating expenditures for the State Historical Society from fee funds to the State General Fund in FY 1999. This shift will make a technical correction, so that the base salary increase is financed from the proper funding source.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 2,156
All Other Funds	<u>--</u>	<u>(2,156)</u>
All Funds	\$ --	\$ --

Department of Corrections

54. Jail Costs

I amend my budget to provide \$200,000 from the State General Fund in FY 1998 for reimbursements to jails for the temporary housing of parole violators. Year-to-date expenditures indicate that the current population is 12.0 percent higher than was budgeted and would require an additional \$482,300 over the \$1,068,700 I had originally recommended. The Department will be able to absorb more than half of these costs using the savings in its current health care and food service contracts. The recommended amount will cover the difference.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 200,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 200,000	\$ --

55. Medical Expenses

I amend my budget to provide the authority for the Department of Corrections to use FY 1998 monies to pay for FY 1997 expenses for its medical contract. My recommendation is technical in nature and would enable the agency to use savings in the current fiscal year to pay for \$23,414 in last year's expenses relating to a records technician provided by the private contractor.

56. Conservation Camp for Women

I amend my budget to provide \$737,000 for the construction of a 30-bed conservation camp for female offenders at the Topeka Correction Facility. The construction costs would include

\$343,750 from the State General Fund and \$281,250 from federal Violent Offender Incarceration and Truth in Sentencing grants. The federal match will be provided from construction savings of \$291,000 related to the 200-bed addition at the Norton Correctional Facility in FY 1998. The conservation camp would be operated through contracts with a private vendor and would provide an additional 15 correctional beds for women for the state and 15 beds for direct placements by the courts. My recommendation includes \$112,000 from the State General Fund for the first month of operations, to begin in June FY 1999. The need for a separate conservation camp for women became apparent when the original plans for expanding the Labette Conservation Camp indicated that it would be difficult to provide sufficient segregation from male offenders.

Department of Corrections:

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 455,750
All Other Funds	<u>--</u>	<u>281,250</u>
All Funds	\$ --	\$ 737,000

Norton Correctional Facility:

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(291,000)</u>	<u>--</u>
All Funds	\$ (291,000)	\$ --

57. Razing of Buildings

I amend my budget to provide the authority for the Department of Corrections to raze two buildings at the Winfield Correctional Facility and two buildings at the Lansing Correctional Facility. The Winfield buildings include the Bakery Shop (building #125027) and the Old Main Kitchen (building #125028), both of which have been vacant for 32 years. The Lansing buildings include the East power plant (building #400009) which was taken out of service in 1990 when individual heating systems were installed in the East Unit buildings. Also recommended is the razing of a fire station at the same facility.

58. "No Limit" Expenditure Authority for Correctional Industries Fund

I amend my budget to remove the expenditure limit for the Correctional Industries Fund in FY 1998. The program had some difficulty in FY 1997 with its expenditure limit, which prevented it from purchasing the supplies and materials needed for its industries programs. The recommendation is consistent with the "no limit" status I have included in my FY 1999 recommendation.

59. Labette Conservation Camp Savings

I amend my budget to reduce \$110,000 from the FY 1998 Department of Corrections budget for savings related to the operation of a new 200-bed expansion at the Labette Conservation Camp. The expansion will be completed and ready for occupancy later than originally anticipated.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ (110,000)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (110,000)	\$ --

60. Community Corrections Grant Fund Savings

I amend my budget to reduce \$200,678 in FY 1998 from the Department of Corrections' budget for savings related to the balances in the \$700,000 appropriation for probation violator grants. The balances resulted from the time it has taken to implement the new grants in FY 1998.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ (200,678)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (200,678)	\$ --

Juvenile Justice Authority

61. Information System

I amend my budget to finance \$2,921,393 in expenditures in FY 1999 and add 3.0 FTE positions for a juvenile justice management information system. The funding sources would be \$2,459,393 State General Fund and \$462,000 federal funds. This is the first of three years of funding for the development of the system to collect and disseminate information about juvenile offenders. Estimated expenditures from the State General Fund are \$2,215,781 for the second year and \$2,329,689 for the third year. The total cost of the system over the three-year period will be approximately \$7.5 million. The on-going costs for maintenance of the system are estimated to be greater than \$850,000 per year. This system was mandated by KSA 1997 Supp. 38-1618. The strategic plan for the system has been developed by the agency's consultants and approved by the Joint Committee on Computers and Telecommunications and the Division of Information Systems and Communications. The 3.0 FTE positions will provide technical support.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 2,459,393
All Other Funds	<u>--</u>	<u>462,000</u>
All Funds	\$ --	\$ 2,921,393

62. State Matching Funds for Federal Block Grant

I amend my budget to finance \$31,000 in expenditures from the State General Fund in FY 1999 to match \$2,818,400 in federal funding for a Juvenile Accountability and Incentive Block Grant. An additional \$282,155 would be accessed from grant recipients. The grant has 11 designated purposes on which the money can be spent, they include construction/operation of juvenile correctional facilities, staffing to increase the efficiency of the juvenile justice system, drug programs, information sharing, and accountability based programs to work with juvenile offenders.

yes

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 31,000
All Other Funds	<u>--</u>	<u>3,100,555</u>
All Funds	\$ --	\$ <u>3,131,555</u>

63. Case Management Costs

I amend my budget to provide an additional \$3,514,671 in FY 1999 expenditures for case management services. The purpose of case management services is to provide supervision and appropriate services to juvenile offenders in the community who have not committed serious crimes. These services are cost effective and less restrictive than placement in a juvenile correctional facility. This updated estimate of needed services is based on the number of offenders in the Authority's custody and the services they receive.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 3,129,500
All Other Funds	<u>--</u>	<u>385,171</u>
All Funds	\$ --	\$ 3,514,671

3.1 mil from SGF

Highway Patrol

64. Motor Carrier Safety Assistance Program (MCSAP) Financing Change

I amend my budget to finance a portion of the MCSAP Program from the State Highway Fund in FY 1998 and FY 1999. These funds will replace federal funds which are not expected to

yes

be appropriated for federal FY 1998. In state FY 1998, an amount of \$111,804 from the State Highway Fund will be appropriated to make up for the expected federal shortfall. In FY 1999 an amount of \$1,179,156 will be appropriated provided that any federal funds which are appropriated for the MCSAP Program will be used to reimburse the State Highway Fund.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
MCSAP Fund	(111,804)	(1,179,156)
Highway Fund	<u>111,804</u>	<u>1,179,156</u>
All Funds	\$ --	\$ --

65. Arbitration Losses from the SHARP Conversion

I amend my budget to include \$12,338 from the State General Fund to finance the overtime payments that occurred as a result of the conversion from KIPPS to SHARP. Following the conversion on December 17, 1995, the troopers filed suit¹ alleging that the period between 12:00 midnight and 7:00 am had not been accounted for by either KIPPS or SHARP. The troopers sought reimbursement for work hours which they alleged the state had not paid. The arbitration following that suit led to a ruling that the state would pay for the work hours in question. This amount would fully fund the state's obligation under the arbitration ruling.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 12,338	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 12,338	\$ --

66. CJIS Project Conversion and Training Program

I amend my budget to finance salaries and wages and operating expenditures for training related to the CJIS project conversion. An amount of \$621,940 from the State General Fund in FY 1999, along with 7.0 new FTE positions, is recommended. Of that amount, \$293,940 would provide for 6.0 Communication Operators and 1.0 Communication Supervisor to undertake necessary programming, technical support, and training. The remaining \$328,000 would provide for the replacement of 42 personal computers and software at 11 troop offices, as well as the Highway Patrol's portion of CJIS maintenance fees.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 621,940
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 621,940

67. Additional Trooper Positions

I amend my budget to include an additional \$470,134 from the State General Fund and 7.0 FTE Trooper positions in FY 1999. These positions will be assigned to patrol highways as considered appropriate by the Superintendent and management of the Highway Patrol. This amount of financing will provide salaries and wages, recruiting expenses, training costs, vehicles, and all other necessary equipment for the new troopers. These additional troopers will be hired by September 1998, complete the training academy by February 1999, and be on the road independently by July 1999. They will be in addition to the class of at least 20 trainees scheduled to begin training in September 1998.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 470,134
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 470,134

Adjutant General's Department

68. Active Duty Pay

yes

I amend my budget to include \$8,100 from the State General Fund to finance unexpected state active duty days. The Adjutant General's Department anticipates a minimal number of active duty days each year for the purpose of responding to state emergencies. During FY 1998, the agency responded to a larger than anticipated number of emergency situations, including the blizzard of March 8, 1998, and the hay drop in parts of western Kansas. This amount of funding will provide the agency with sufficient funds to reimburse members of the National Guard for their service to the state without jeopardizing the agency's operating budget.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ 8,100	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 8,100	\$ --

State Fire Marshal

69. Salary and Wage Technical Correction

I amend my budget to correct a shrinkage and fringe benefit calculation error for the State Fire Marshal in FY 1998. An additional \$17,092 in shrinkage was subtracted from the approved FY 1998 salaries and wages. In addition, a correction of \$3,415 to fringe benefits should be made.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>20,507</u>	<u>--</u>
All Funds	\$ 20,507	\$ --

Sentencing Commission

70. Criminal Justice Information System (CJIS) Funding

I amend my budget to finance continued implementation of CJIS. In FY 1999, expenditures from the State General Fund will be increased by \$298,933. This additional funding will be combined with the original recommendation of \$1,300,248 from the Budget Stabilization Fund, for a total of \$1,599,181. It has been determined that the CJIS project now is 18 months ahead of schedule for implementation and that an additional \$298,933 is needed to continue implementation of the local interfaces portion of the project in a timely manner.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 298,933
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 298,933

State Conservation Commission

71. Buffer Initiative

Improving and maintaining water quality is essential to the well-being of the state. It places the state in a desirable position from a business standpoint and, more importantly, it is essential to the good health of Kansas residents. My budget recommendation for FY 1999 included a program that would provide positive results in improving water quality in Kansas. Substitute for HB 2950, which has passed both houses of the Legislature, includes provisions that establish the Kansas Water Quality Buffer Initiative in the State Conservation Commission. The bill also establishes the Water

Quality Buffer Initiative Fund. The Legislature has joined me in recognizing the value of this program by adopting this legislation. Monies from the fund will be used to make grants available to landowners who install water quality management practices.

My initial recommendation for this program provided one-time seed monies of \$800,000 from the Economic Development Initiatives Fund. During the Legislative Session, this funding was deleted. The Buffer Initiative Program is an important program that is fundamental to improving the state's water quality. I recognize the sentiment of some legislators who feel that funding for this program could be divided over a ten-year period. This option of partial funding in the first year is far better than the current situation where the program is not funded. Therefore, I amend my budget to provide \$80,000 from the State Water Plan Fund for the Water Quality Buffer Initiative Program in FY 1999. It is my intent that at least \$80,000 will be provided in future fiscal years.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>80,000</u>
All Funds	\$ --	\$ 80,000

Department of Wildlife and Parks

72. Local Government Outdoor Recreation Grant Program

HB 2876, which establishes the Kansas Local Government Outdoor Recreation Grant Program Act, was passed by the Legislature. The Secretary of Wildlife and Parks is to develop and administer a grant program to award grants to Kansas local government for capital improvements for outdoor recreation facilities. The bill provides that the grants would be awarded annually on a competitive basis. A 50.0 percent match is required by local governments for each award. I amend my budget to provide \$1.0 million from the State General Fund in FY 1999. This funding will provide a source of funding for these grant awards.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 1,000,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 1,000,000

80

7-35

Department of Agriculture

73. Confined Animal Feeding Facilities for Swine

Substitute for HB 2950 establishes new provisions relating to the regulation of confined animal feeding facilities. In addition to my FY 1999 State General Fund recommendation of \$558,700 for the Department of Health and Environment, I amend my budget to provide funding for the Department of Agriculture. Substitute for HB 2950 requires that nutrient management plans be submitted by facility operators. This provision will require 1.0 FTE position to review nutrient management plans. I amend my budget to provide for \$45,000 from the State General Fund for the Department of Agriculture for FY 1999. The agency will reallocate an existing FTE position. Therefore, no new position is recommended.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 45,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ 45,000

Mills Building Rehabilitation

74. Moving Expenses and Associated Rent Increases

The Department of Agriculture, the State Conservation Commission, the Water Office, and the Kansas Commission on Governmental Standards and Conduct are tenants in the Mills Building. The current office space occupied by these agencies is inadequate and needs to be rehabilitated. Worn carpet needs to be replaced, painting must be done, and floor space reconfigured. Additionally, many of the existing furnishings are no longer suitable or operable. To accommodate the needs of these agencies, I amend my budget to provide \$962,000 (\$848,680 from the State General Fund), for the rehabilitation of the Mills Building. The affected agencies have reviewed FY 1998 expenditures and have attempted to defray as much of the costs as possible. These adjustments are reflected in the amounts that I am recommending for this project. Of the total, approximately \$650,800 is for partitions and furnishings and represents a one-time expenditure. The Department of Health and Environment occupies approximately 30,000 square feet within this building. Tentative plans require this agency to re-locate to accommodate the rehabilitation work. Expenditures associated with major rehabilitation work, furnishings, and moving costs are recommended for FY 1999 and would be distributed, by agency, as follows:

Department of Agriculture:

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 602,000
All Other Funds	<u>--</u>	<u>107,000</u>
All Funds	\$ --	\$ 709,000

Kansas Water Office:

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 169,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 169,000

State Conservation Commission:

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 72,680
All Other Funds	<u>--</u>	<u>6,320</u>
All Funds	\$ --	\$ 79,000

Kansas Commission on Governmental Standards and Conduct:

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 5,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 5,000

The total for these four agencies is summarized in the following table:

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ 848,680
All Other Funds	<u>--</u>	<u>113,320</u>
All Funds	\$ --	\$ 962,000

Department of Transportation

75. Utility Connection Costs Shift

For FY 1998 and FY 1999, I amend my budget to shift utility connection costs from operating expenditures to capital improvements within the Department. Utility connection costs for four projects were included in the operating budget. I recommend the shift of these expenditures from the State Highway Fund to identify building costs properly at the Ellsworth Sub-Area, the Wichita East Sub-Area, Sub-Area Wash Bays, and the Junction City Sub-Area.

76. Fort Scott Subarea Shop Relocation

For FY FY 1999, I amend my budget to include \$970,000 from the State Highway Fund for relocation of the Fort Scott subarea shop, including \$20,000 for the purchase of new land. The funding will provide the agency better access to highways because the planned location is on the outskirts of the community. The agency expects to receive \$260,000 for the sale of its current property in Fort Scott to offset part of the cost. The proceeds will be deposited in the State Highway Fund upon the sale of the property.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> --</u>	<u> 970,000</u>
All Funds	\$ --	\$ 970,000

Selected Agencies

77. Retirement Reductions

I amend my budget to reduce expenditures in various agencies in FY 1998 and FY 1999 to reflect savings resulting from retirement reductions. In FY 1998, savings from retirements in addition to the amounts included in my original budget recommendations total \$752,508, of which \$382,731 is from the State General Fund. Full-year salary savings in FY 1999 for positions that were eliminated through the retirement reduction process \$1,089,823, including \$381,335 from the State General Fund. A total of 39.0 FTE positions will be reduced for FY 1999 that have occurred to date in FY 1998. The amounts by agency are contained in the attachment following this memorandum.

	<u>FY 1998</u>	<u>FY 1999</u>
State General Fund	\$ (382,731)	\$ (381,335)
All Other Funds	<u>(369,777)</u>	<u>(708,488)</u>
All Funds	\$ (752,508)	\$ (1,089,823)

Attachment for
Retirement Reductions
("lost" positions)

Agency	FY 1998		FY 1999		
	SGF	All Funds	SGF	All Funds	FTE
Department of Administration	\$28,115	\$28,115	\$42,829	\$42,829	4.0
Kansas Corporation Commission	--	30,113	--	30,113	1.0
Department of Revenue	13,726	13,726	37,618	37,618	1.0
Social and Rehabilitation Services	121,064	226,933	--	--	--
Kansas Neurological Institute	20,110	20,110	--	--	--
Larned State Hospital	64,041	64,041	65,374	65,374	3.0
Osawatomie State Hospital	30,551	30,551	--	--	--
Dept. of Health and Environ--Health	2,480	30,071	7,239	74,265	2.0
Department of Human Resources	--	9,611	--	44,631	1.0
Commission on Veterans Affairs	10,764	10,764	25,170	25,170	1.0
Kansas State--ESARP	6,522	6,522	23,135	23,135	1.0
Pittsburg State University	13,934	19,114	56,102	86,178	3.0
University of Kansas	14,967	23,471	83,148	123,479	4.0
KU Medical Center--Hospital	--	57,567	--	114,101	4.0
Wichita State University	8,185	8,185	--	--	--
—Department of Corrections	25,000	25,000	--	--	1.0
—Topeka Correctional Facility	4,546	4,546	40,720	40,720	1.0
Adjutant General	--	15,843	--	26,382	1.0
Department of Agriculture	18,726	22,344	--	--	--
Department of Transportation	--	105,881	--	355,828	11.0
Total	\$382,731	\$752,508	\$381,335	\$1,089,823	39.0