

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson David Adkins at 9:10 a.m. on March 20, 2000 in Room 514-S of the Capitol.

All members were present except: Representative Peterson - excused

Committee staff present: Alan Conroy, Kansas Legislative Research Department
Robert Waller, Kansas Legislative Research Department
Rae Ann Davis, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Jim Wilson, Revisor of Statutes Office
Mike Corrigan, Revisor of Statutes Office
Dave Stallings, Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list.

Education and Legislative Budget Committee report on:

Department of Education

Representative Farmer presented the Education and Legislative Budget Committee report on the Governor's recommendations on the Department of Education FY 2001 budget (Attachment 1)

Representative Farmer made a motion, seconded by Representative Stone, to adopt the Education and Legislative Budget Committee budget report recommendations regarding the Department of Education.

Minority Report

Representative Dean presented the Education and Legislative Budget Committee report on the Governor's recommendations on the Department of Education FY 2001 budget found in the Education and Legislative Budget Committee Report beginning on page 11.

Representative Dean made a substitute motion, seconded by Representative Reinhardt, to move the Minority Report. Committee questions and discussion followed. The Chairman asked Carolyn Rampey, Kansas Legislative Research Department, to clarify the intent. Ms. Rampey mentioned that she thought their intent was to add \$50 to the base and go up to special education 85 percent and she will amend the report to say that. Representative Dean closed. A vote was taken and division was requested. Motion failed.

Representative Dean made a substitute motion, seconded by Representative Farmer, to include the endorsement of SCR 1644 that petitions U. S. Congress to fully fund the Individuals With Disabilities Act. Motion carried.

Representative Dean made a motion, seconded by Representative Reinhardt, for a proviso to introduce a bill regarding the contingency fund in school districts to remove the cap on it. Committee questions and discussion followed. Representative Dean closed. A vote was taken and division was requested. Motion failed.

Representative Dean made a motion, seconded by Representative Reardon, to increase the funding by \$50 dollars in base state aid per pupil for 2001. Representative closed. A vote was taken and division was requested. The Chairman voted "No" and the motion failed on a tie.

CONTINUATION SHEET

Representative McKechnie made a motion, seconded by Representative Landwehr, to on Page 8, Item Number 2, of the Education and Legislative Budget Committee report, to delete the \$4.5 million dollars for KAN-ED funding and move it to omnibus. Committee questions and discussion followed.

Representative Shriver mentioned that he would support Representative McKechnie's motion, pointed out two existing programs and distributed the following information regarding the programs:

- Cox Communications Offers Free High Speed Internet to Kansas Schools through Project K.I.D.S. (Attachment 2)
- Letter addressed to Chairperson JoAnn Pottorff, General Government and Human Resources, from MoKan Kids Network (Attachment 3)

The Chairman called the Committee's attention that the question arose on the motion by Representative McKechnie and the motion carried.

Representative McKechnie made a motion, seconded by Representative Dean, to insert a proviso to direct the Department of Education to identify the special education cost, report to the 2001 Legislature regarding excess cost and in identification with the report to cap the cost at 100 percent of actual cost, but not have a bill introduced, that it would be appropriate for a one-year issue for the Legislature to review in the year 2001. Detailed Committee questions and discussion followed. Representative Landwehr distributed a Supplemental Chart Comparing % of "Excess" Costs for Special Education Funded by State Categorical Aid (Attachment 4). Representative McKechnie closed. A vote was taken and division was requested. Motion carried.

Representative Dean made a motion, seconded by Representative Reinhardt, to fund special education at 85 percent for the year 2001. Committee questions and discussion followed. Representative Dean closed. A vote was taken and division was requested. Motion failed.

Representative Landwehr made a motion, seconded by Representative McKechnie, to direct the Task Force the Governor has put in place to take a serious look at the special education examples of third party pay and how effective those examples are, definitions of special education, looking at transportation costs and some of the procedures, all the areas pertaining to identifying and implementing services for the special education children and direct that the Task Force would review the Legislative Post Audit Report on Special Education and that recommendations be submitted to the House Appropriations Committee and Senate Ways and Means Committee in the 2001 Legislature. Motion carried.

Representative McKechnie made a motion, seconded by Representative Dean, to request that the Education and Legislative Budget Committee review requiring all school districts to participate in the Communities That Care Survey at least once every two years and have that contingent upon them receiving at-risk money and report back to the full committee by omnibus whether that is workable and he felt that would help solve problems collecting data from those communities so the spending of the Juvenile Justice Authority can be directed in the most beneficial way. Motion carried.

A motion was made by Representative Farmer, seconded by Representative Neufeld, to adopt the Education and Legislative Budget Committee budget report for the Department of Education as amended. Representative Farmer closed. A vote was taken and division was requested. Motion carried. Representative Dean and Representative Reardon requested to be recorded as voting "No".

Social Services Budget Committee Report on:

Department of Health and Environment

Representative Landwehr presented the Social Services Budget Committee report on the Governor's recommendations on the Department of Health and Environment FY 2001 budget. (Attachment 5) Representative Landwehr mentioned that there was a technical correction on Page 11, Item Number 8, first line where "the following" should be omitted and the article "a" inserted.

CONTINUATION SHEET

Representative Landwehr made a motion, seconded by Representative Neufeld, to adopt the Social Services Budget Committee budget report recommendations regarding the Department of Health and Environment. Committee questions and discussion followed.

Representative Reinhardt made a motion, seconded by Representative Landwehr, to add a proviso to the Social Services Budget Committee report regarding daycare licensure be extended from 90 days to six months and his concern is if it should be tied to an Appropriations bill, and for whatever reason that if **HB 3005** does not move, he does not want daycare shut down because the state did not get around to inspecting it and recommended to have it reviewed at omnibus, and if **HB 3005** fails, to make headway with it. Motion carried.

Representative Neufeld made a motion, seconded by Representative Landwehr, to put additional money into the SIDS project the budget included \$25,000 and there may be other funds available to move that up to a maximum of \$40,000 subject to Finance Council approval. Motion carried.

Representative Landwehr made a motion, seconded by Representative Neufeld, to adopt the Social Services Budget Committee report regarding the Department of Health and Environment as amended. Motion carried.

Kansas Bureau of Investigation

Representative Kline presented the Public Safety Budget Committee report on the Governor's recommendations on the Kansas Bureau of Investigation FY 2001 budget. (Attachment 6)

Representative Kline made a motion, seconded by Representative McKechnie, to adopt the Public Safety Budget Committee budget report recommendations regarding the Kansas Bureau of Investigation. Committee questions and discussion followed.

Representative Schwartz made a motion, seconded by Representative Feuerborn, to amend back into the budget of the Public Safety Budget Committee report the \$78,609 to replace what the Governor had taken out of the budget regarding matching funds found in the Senate Report found on page 3. Committee questions and discussion followed. Motion carried.

The Chairman ruled and called to the Committee's attention that the question arose on the renewed motion by Representative Kline, seconded by Representative McKechnie, to adopt the Public Safety Budget Committee Report for the Kansas Bureau of Investigation. Motion carried.

The Committee recessed at 11:00 a.m. until 3:00 p.m..

The Chairman reconvened the meeting at 3:05 p.m. with the purpose of looking at several bills for the Committees.

SB 481 - Governmental ethics commission; biennial budget

Representative Spangler made a motion, seconded by Representative Kline, to recommend **SB 481** favorable for passage.

Representative McKechnie made a motion, seconded by Representative Pottorff, to amend **SB 481** to increase the fees by 20 percent substitute effective July 1 (Attachment 7) and technical corrections where references to subsection G in two places and should be corrected to subsection F. Committee questions and discussion followed. Motion carried.

Representative Spangler renewed his motion, seconded by Representative Kline, to pass **SB 481** favorable as amended. Motion carried.

CONTINUATION SHEET

SB 100 - State emergency fund, transfers from state general fund

Chairman Adkins mentioned that **SB 100** has not had a hearing. He introduced Paul West, Kansas Legislative Research Department, who gave a briefing on **SB 100**. Committee questions and discussion followed.

Representative Shriver made a motion, seconded by Representative Stone, to report **SB 100** favorable for passage. Committee questions and discussion followed. Representative Shriver closed. Motion carried.

HB 2996 - Community colleges, determination of operating grants

Chairman Adkins introduced Paul West, Kansas Legislative Research Department, who gave a briefing on **HB 2996**. Committee questions and discussion followed.

Representative Reinhardt made a motion, seconded by Representative Farmer, to report **HB 2996** favorably for passage. Motion carried.

Bill Introductions

Representative McKechnie made a motion, seconded by Representative Reardon, to introduce a bill regarding a Gaming Consolidation act as detailed in the attached proposal for a committee bill (Attachment 8). Committee questions and discussion followed. Motion carried. Representatives Farmer, Landwehr, Neufeld, Mollenkamp and Pottorff requested to be recorded as voting "No".

Chairman Adkins asked Representative Shriver to carry **SB 100**, Representative Reinhardt to carry **HB 2996**, and Representative Feuerborn to carry **SB 481**.

The meeting was adjourned at 3:30 p.m. The next meeting is scheduled for March 22, 2000.

**HOUSE APPROPRIATIONS COMMITTEE
GUEST LIST**

DATE March 20, 2000

NAME	REPRESENTING
Sharon Patnode	KDHE
Craig Grant	KNEA
CHARLES SIMONSON	KBT
Roger Carlson	KDHE
Ed BARNER	KALHD
M. Moser	KDHE
S. Parigi	KDHE
Benny Pennie	Families Together, Inc
Lisa Baker	SRS
Dale Finger	KBI
Marsha Pappas	KBI
Larry Welch	KBI
Stacey Farmer	KASB
Jacquie Oakes	SQE
Kathy Finney	Ko. Public Health Assn.
Linda Breen	Ko. Foundation for Ag in the Classroom
LOANA A. PHILLIPS	KDHE
David B Dallon	KDHE
Joe Furd	KDHE

**HOUSE APPROPRIATIONS COMMITTEE
GUEST LIST**

DATE March 20, 2000

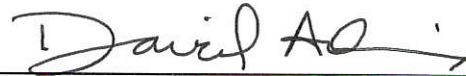
NAME	REPRESENTING
Ron Witzler	KSDE
Jim Longford	DOB

EDUCATION AND LEGISLATIVE BUDGET COMMITTEE

Department of Education



Representative Mike Farmer, Chairperson



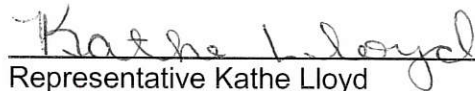
Representative David Adkins



Representative Mary Compton

Representative George Dean

Representative Annie Kuether



Representative Kathe Lloyd

Representative Richard Reinhardt



Representative Clark Shultz



Representative Ralph Tanner

House Appropriations
3-20-00
Attachment 1

Subcommittee Report

Agency: State Department of Education **Bill No.** 639

Bill Sec. 35

Analyst: Rampey

Analysis Pg. No. 31 **Budget Page No.** 147

Expenditure Summary	Agency Request FY 01	Gov. Rec. FY 01	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 18,697,740	\$ 17,800,419	\$ (311,449)
Aid to Local Units	2,551,149,692	2,489,801,594	0
Other Assistance	29,978,420	29,701,420	0
Subtotal - Operating	\$ 2,599,825,852	\$ 2,537,303,433	\$ (311,449)
Capital Improvements	0	0	0
TOTAL	\$ 2,599,825,852	\$ 2,537,303,433	\$ (311,449)
State General Funds:			
State Operations	\$ 9,730,591	\$ 8,918,517	\$ (160,791)
Aid to Local Units	2,328,641,629	2,255,556,031	0
Other Assistance	479,000	204,000	0
Subtotal - Operating	\$ 2,338,851,220	\$ 2,264,678,548	\$ (160,791)
Capital Improvements	0	0	0
TOTAL	\$ 2,338,851,220	\$ 2,264,678,548	\$ (160,791)
FTE Positions	200.5	200.5	--
Unclass. Temp. Positions	36.4	36.4	-
TOTAL	236.9	236.9	-

* Consists of a reduction of \$311,449 (\$160,791 from the State General Fund) for the Governor's employee salary adjustments.

Agency Overview

The State Board of Education is a ten-member elected board established by the Kansas Constitution. It is responsible for the general supervision of public schools and all other educational interests of the state that are not under the jurisdiction of the State Board of Regents. Its duties include accrediting elementary and secondary schools; establishing standard courses of study in the public schools; certifying teachers and administrators; approving public and private teacher education programs; and administering a variety of state and federal aid programs. The State Board's duties involving the licensure of proprietary schools, the approval of adult basic and adult supplementary education

programs, and the supervision of area vocational schools, technical colleges, and community colleges were transferred to the State Board of Regents, effective July 1, 1999.

Agency Request/Governor's Recommendation

The State Department of Education's request for FY 2001 is \$2,599,825,852, of which \$2,338,851,220 is from the State General Fund and \$260,974,632 is from other funds. Major items include \$11,517,755 for salaries and wages (an increase of \$317,461 or 2.8 percent over the current year); a total of \$1,905,390,152 for general and supplemental state aid, which is the amount needed to fully fund Base State Aid Per Pupil (BSAPP) under current law and also includes \$2,764,152 to expand the four-year-old at-risk program from 1,794 children to 3,000; and \$248,605,885 to fund an estimated 85.1 percent of special education excess costs.

The Governor recommends a total of \$2,537,303,433, of which \$2,264,678,548 is from the State General Fund. The Governor's recommendation for salaries is a reduction of \$220,321 from the State Department's request, primarily due to increasing the shrinkage rate on salaries funded from the State General Fund from 3.0 percent to 5.2 percent. The Governor approves the conversion of one unclassified temporary position to permanent FTE status, as requested by the State Department. The Governor recommends a total of \$1,894,865,000 for general and supplemental general state aid, which will increase BSAPP by \$50 over the Governor's recommendation for FY 2000, but will fund BSAPP at \$13 less than authorized under current law (\$3,820). The Governor's recommendation for special education of \$233,736,000 is an increase of \$4,977,256 (2.2 percent) over his recommendation for the current year and would fund an estimated 80.0 percent of special education excess costs. The Governor's recommendations include \$7,277,833 in expenditures from the Kansas Endowment for Youth Fund (tobacco money).

Senate Subcommittee Recommendation

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

1. Delete \$311,449, of which \$160,791 is from the State General Fund, based on the decision to delete funding for the Governor's recommended pay plan adjustments. The adjustments consist of \$152,429 for a 2.5 percent step movement for classified employees, \$83,620 for a 2.5 percent unclassified merit pool, and \$75,400 for longevity bonus payments.
2. Do not provide for the reappropriation from FY 2000 to FY 2001 of any savings in general and supplemental general state aid. The effects of this recommendation are the following:
 - a. Estimated savings totaling \$10,872,261 (\$6,846,896 in general state aid and \$4,025,365 in supplemental general state aid)

would lapse at the end of the current fiscal year unless needed to fully fund Base State Aid Per Pupil (BSAPP) of \$3,770. BSAPP in FY 2001 would be \$3,807, as recommended by the Governor, and would be \$13 less than the \$3,820 provided for in current law.

- b. Pursuant to the Governor's recommendation concerning inservice education, and in keeping with policy adopted by the Legislature in recent years, unanticipated savings in general state aid in excess of the amount estimated (currently \$6,846,896) would be transferred to the inservice education program, subject to a limit of \$2.0 million. The effect of this policy would be that up to \$2.0 million would be made available for inservice education, in addition to the recommended appropriation of \$2.6 million.
3. Reduce the required local match for parent education from 75 percent to 65 percent and concur with the Governor's recommendation of a total of \$5,917,333 for the program. It was reported to the Subcommittee that approximately \$100,000 in state aid for the parent education program could not be allocated in the current year because some school districts could not meet the required local match. Reducing the financial burden on school districts to match the state appropriation would ensure that more children and families on the waiting list would be served. Under the Subcommittee's recommendation, it is estimated that an additional 750 children and families could be served.
4. Delete the \$500,000 from the Kansas Endowment for Youth (KEY) Fund (tobacco money) recommended by the Governor for the Experimental Wraparound Kansas Project and use the money to fund grants to school districts for learning readiness programs in reading, mathematics, and language arts.
5. Concur with the Governor's recommendation to appropriate \$4.5 million from the KEY Fund for technology infrastructure, but make expenditure of the money contingent upon receiving E-rate discounts from the federal government. The funding would begin the implementation of the KAN-ED proposal, which would link all school districts and 330 libraries to the state's KANS-A-N network and to the Kansas Research Education Network (KANREN). These connections would allow schools and libraries to share electronic publications on a high speed backbone, have access to Internet 2, use data bases in all the state's central computer data centers, and allow sites to communicate with each other. According to the Chief Information Technology Officer for the Executive Branch, the state appropriation of \$4.5 million for FY 2001 could be used to leverage approximately \$4.0 million in E-rate discounts from the federal government,

making a total of \$8.5 million available to install circuits and lines to all school districts and 330 library sites and pay for on-going operating costs. However, it will not be known until later in the year whether the State Department of Education will qualify for E-rate discounts. Therefore, the Subcommittee conditions its recommendation upon approval of the discounts and stipulates that the money cannot be spent unless the State Department obtains discounted telecommunications services through the E-rate subsidy provided by the Federal Universal Service Fund under provisions of the federal Telecommunications Act of 1996.

6. The Subcommittee notes that the State Department of Education currently is engaged in discussions with the State Board of Regents concerning federal funding the state receives under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998. The Kansas Higher Education Reform Act enacted by the 1999 Legislature transferred administration of the program from the State Board of Education to the State Board of Regents. Staff to administer the program, however, remained with the State Department of Education and is engaged in approving secondary vocational education programs. The staff also approves postsecondary vocational education programs for federal funding. Federal law requires that there be only one administrative agency in a state for these funds and the State Board of Education and the State Board of Regents are attempting to work out a Memorandum of Understanding that will recognize the division of responsibility under Kansas law between the two boards for secondary and postsecondary education and provide for the transfer of money between the boards to support their respective activities. Staff whose salaries are paid from the federal funds are strictly limited to activities relating to vocational and technical education, as provided for under the federal law. The Subcommittee calls attention to this matter and is hopeful that the issue will be resolved by the two boards.

SENATE WAYS AND MEANS COMMITTEE RECOMMENDATION

The Senate Ways and Means Committee concurs with the recommendations of the Subcommittee, with the following exception:

1. Amend item 7, which pertains to items to be flagged for Omnibus consideration, to read as follows (new material underlined):
 7. The Subcommittee wishes to flag the following items for Omnibus consideration should revisions in estimated state revenues made on April 4 prove favorable and additional funding for selected programs become available. The Ways and Means Committee is mindful of the seriousness of likely shortfalls in a number of other state agency budgets and realizes that elementary-secondary education is but one of the essential services the state must adequately fund. Nevertheless, the Committee considers education one of its very highest priorities and makes a commitment to

consider dedicating additional resources, either as a result of favorable revisions in estimated state revenues or as the result of savings identified in other state programs, to elementary-secondary education. Of the items listed below, the Committee considers additional funding for BSAPP its highest priority.

- a. *General and supplemental general state aid.* Consideration should be given to increasing BSAPP in FY 2001 above the currently-recommended level of \$3,807.
 - b. *Special education.* Consideration should be given to increasing the level of excess costs funded from the 80 percent level currently recommended for FY 2001.
 - c. *Structured mentoring and educational excellence.* Consideration should be given to funding the structured mentoring program and the educational excellence program. The Governor recommends no funding for either program.
-

MINORITY REPORT

We cannot support the majority of the Subcommittee in its decision to concur with the Governor in three key areas—Base State Aid Per Pupil (BSAPP), special education, and KPERS—School. The Governor's recommendation to fund less than the agreed-to amount of \$3,820 for BSAPP in FY 2001 goes back on a commitment the Legislature made last year to bring a measure of stability to school district funding by passing a two-year increase of \$50 on the base each year.

Failure to fully fund BSAPP is compounded by a reduction in the level of state support for special education excess costs under the Governor's recommendation. Under the Governor's proposal for FY 2001 for special education funding, the level will drop to 80 percent of excess costs. But the dollars that school districts have to spend on mandated services are growing, too, and reducing the level of support is a real reduction to the districts. Reducing the level of support for excess costs and not fully funding BSAPP has twice the impact for many school districts that have to transfer money from their general funds to pay for special education costs. These cuts also fail to take into account the trouble that school districts are already having in recruiting and retaining teachers, as well as meeting all other rising educational costs. How do we attract good people to teaching if we are unwilling to adequately fund elementary-secondary education?

The 1999 Legislature passed legislation committing \$50 on the base for FY 2000 and FY 2001 budgets, along with 85 percent of the excess costs of special education in FY 2000. The impact of the special education cut midway through FY 2000 reduced the \$50 on the base increase by \$4. The action of this Subcommittee's decision to only fund a \$37 increase on the base for FY 2001 and only fund special education excess costs at 80 percent results in a mere \$12 increase in base budget funding for school districts. We are not placing a priority on our promise to fund education at an adequate level of at least \$50 on the base and 85 percent of special education excess costs. As a reminder to the Committee, we did provide multiple sources of funding that could be utilized to cover the costs of the \$50 increase for FY 2001 and provide 85 percent of special education costs. These options were not utilized by the Subcommittee, but should be considered if we are to be consistent with our promise to the school districts of Kansas.

Finally, we believe it is inappropriate to look to the state's retirement system as a place to get money in tight budget years. We have a commitment to retirees that should be honored, especially when these short-term gains could have long-term negative consequences.

For these reasons, we cannot support the majority report.

Senator Marge Petty

House Budget Committee Report

Agency: State Department on Education **Bill No.** 2994

Bill Sec. 35

Analyst: Rampey

Analysis Pg. No. 31 **Budget Page No.** 147

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Subtotal - Operating	\$ 2,599,825,852	\$ 2,537,303,433	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 2,599,825,852	\$ 2,537,303,433	\$ 0
State General Funds:			
State Operations	\$ 9,730,591	\$ 8,918,517	\$ 0
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Other Assistance	479,000	204,000	0
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TOTAL	236.9	236.9	-

Agency Request/Governor's Recommendation

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House Budget Committee Recommendations

The House Budget Committee concurs with the recommendations of the Governor, with the following exceptions:

1. Reduce the required local match for parent education from 75 percent to 65 percent and concur with the Governor's recommendation of a total of \$5,917,333 for the program. Reducing the financial burden of school districts to match the state appropriation would ensure that more children and families on the waiting list would be served. Under the Budget Committee's recommendation, it is estimated that an additional 750 children and families could be served.
2. Concur with the Governor's recommendation to appropriate \$4.5 million from the Children's Initiatives Fund for technology infrastructure for schools and libraries, but make expenditure of the money contingent upon receiving E-rate discounts from the federal government. The funding would begin the implementation of the KAN-ED proposal, so that all school districts and 330 libraries would be able to share electronic publications on a high speed backbone, have access to Internet 2, and be able to communicate with each other. According to the Chief Information Technology Officer for the Executive Branch, the state appropriation of \$4.5 million for FY 2001 could be used to leverage approximately \$4.0 million in E-rate discounts from the federal government to pay for installation and operating costs. Because it will not be known until later in the year whether the State Department of Education and the State Library will qualify for E-rate discounts, the Budget Committee conditions its recommendation upon approval of the discounts and stipulates that the money cannot be spent unless the State Department and the State Library obtain discounted telecommunications services through the E-rate subsidy provided by the Federal Universal Service Fund under provisions of the federal Telecommunications Act of 1996.

3. The Budget Committee wishes to identify the following items for Omnibus consideration, if anticipated funding, estimated to be up to \$100 million, is received from the Inter-Governmental Transfer Program (funding for nursing home care).
 - Continuation of Reading and Vision Research—\$250,000. The Committee was impressed with the results of research the 1998 Legislature funded through the Kansas Optometric Association with an appropriation of \$27,000 for FY 1999. Research indicates that 20 percent of children entering kindergarten will have some form of vision problem and that the percentage doubles to 40 percent by high school. The problems addressed by the study dealt with vision or eye coordination, not eyesight that can be corrected with glasses or contact lenses. The proposed research project would expand the number of students involved from 60 to 160 and expand the vision problems addressed to include convergence insufficiency, convergence excess, and accommodation problems. Under the proposal, vision therapy would be provided students at 12 sites by participating optometrists. Most of the cost of the project would be for treatment of students with vision problems (\$192,000). Other costs would be for diagnosis eye examinations (\$17,500), transportation expenses for parents (\$20,000), and other costs. The Committee is interested in this project because of the potential it has for identifying why students fail to learn in school and how, with treatment, more costly interventions could be avoided.
 - Increase in Base State Aid Per Pupil (BSAPP). At this time, the Budget Committee concurs with the Governor's recommended expenditure for FY 2001, which would fund a \$37 increase in BSAPP. However, if funding from the Inter-Governmental Transfer Program is available, the Budget Committee recommends the addition of \$7,761,000 to the Governor's recommendation for general and supplemental general state in FY 2001, to fully fund BSAPP at the statutory amount of \$3,820. The recommendation would increase the Governor's recommended BSAPP of \$3,807 by \$13 and would be an increase of \$50 over the approved level for the current year.
 - Increase in Special Education Excess Costs Funding to 85 Percent. At this time, the Budget Committee concurs with the Governor's recommended level of 80 percent for special education excess costs funding. However, if funding is available from the Inter-Governmental Transfer Program, the Budget Committee recommends the addition of \$14.6 million for special education above the Governor's recommendation, for a total of \$248,345,000. The addition would increase estimated funding for excess costs from 80 percent to 85 percent.

4. The Budget Committee wishes to identify the following items for Omnibus consideration if funding from any source becomes available:
 - Increase in Funding for State Department Operating Budget. If funding is available, consideration should be given to adding funding for State Department operating expenditures. The Governor's recommendation for FY 2001 reduces operating expenditures by 9.5 percent from the State General Fund, compared to FY 2000. The State Department has requested additional funding totaling \$329,407.
 - Additional Funding for Discretionary Grants. If funding is available, consideration should be given to continuing the Discretionary Grant Program, which is funded in the current year at \$100,000. Under the program, the State Board of Education allocates grants for programs it considers meritorious.

5. The Budget Committee wishes to commend Commissioner Andy Tompkins and Deputy Commissioner Dale Dennis. Dr. Tompkins is recognized for his leadership and good judgment in his service to the State Board and to education in general. Appreciation is extended to Mr. Dennis for the continued quality of his performance and his unfailing responsiveness to policy makers.

MINORITY REPORT

We support a number of recommendations contained in the majority report, but disagree with the recommendations on school finance and special education. In addition, we believe there are additional items the Budget Committee should have addressed in its recommendations.

The 1999 Legislature made a promise to children, parents, and educators that elementary-secondary education was a priority and that every effort would be made to adequately fund it. We made a commitment to increase funding for Base State Aid Per Pupil (BSAPP) by \$50 in the current year and by \$50 in FY 2001 and we should keep our word.

Failure to adequately fund BSAPP will compound the problem created by the Governor's recommendation to reduce the percentage of special education excess costs funding from approximately 84 percent in FY 2000 to 80 percent in FY 2001. Under the Governor's recommendation, school districts will have both a lower level of funding for special education excess costs and less than full funding of BSAPP, a situation that will especially impact those districts that have to transfer from their general funds to meet special education costs.

In addition, we believe the Budget Committee should have considered the following issues:

- The endorsement of S.C.R. 1644, which urges the President and the Congress of the United States to increase funding for special education from an average federal share of 12 percent nationwide to the 40 percent level authorized by the Individuals with Disabilities Education Act.
- The creation of a new tier of special education catastrophic aid for children whose IEP provides for services which cost from between \$17,000 and \$25,000. For services to children in this category, school districts should be eligible to receive a grant of state money equal to 50 percent of that portion of the special education costs incurred by the district per child that is in excess of \$17,000. (The state currently pays 75 percent of the special education costs incurred by the district per child that is in excess of \$25,000.) Consideration should be given to funding this proposal, estimated to be \$16.0 million, from the Inter-Governmental Transfer Program.
- The creation of a new grant program for special education assistive devices, which would provide for a state aid program separate from special education categorical aid.
- The consideration of a capital outlay funding program for computer equipment at the school district level. The recommendation to begin funding KAN-ED with \$4.5 million will provide for connectivity between school districts and public libraries, but the state will be paying for high

speed communications lines that are going nowhere because computer equipment in schools is too slow and obsolete to utilize the new linkages.

- The establishment of a link between BSAPP and the Consumer Price Index so that aid to school districts will be tied to an inflation measure. Unless aid to schools keeps up with inflation, school district funding always will lag behind, making it even harder to attract and retain good teachers. However, if an inflation adjustment for state aid to schools is not adopted, consideration should be given to increasing the cap on Local Option Budget authority from 25 percent to 50 percent so that local boards of education will have the option of generating local support for school district services and programs.
- A consideration of increasing the amount of money a school district may keep in its contingency reserve fund. Currently, school districts maintain a contingency reserve fund in order to pay expenses attributable to financial contingencies which were not anticipated at the time the general fund budget was adopted. The amount in the fund may not exceed 4 percent of the district's general fund budget for the school year. The 4 percent limit may not allow districts enough flexibility to meet unanticipated expenses and should be increased.



Representative George Dean



Representative Annie Kuether



Home Page FOR IMMEDIATE RELEASE
Information Request March 14, 2000
Availability
Press Release Contact:
Cox Communications Cox Communications
Scott Petre 316-262-4270
Carolyn Chapman 316-262-4270
Road Runner

**COX COMMUNICATIONS OFFERS FREE HIGH SPEED
INTERNET TO KANSAS SCHOOLS THROUGH PROJECT
K.I.D.S.**

*Kansas students will soon have free access to the technology of
the future*

WICHITA – Kansas schools and libraries can soon connect to the future with **free high speed Internet** access from Cox Communications. Project K.I.D.S. (**K**ansas **I**nternet **D**onation for **S**chools), will provide public and private schools and libraries in Cox's service areas with free Road Runner high speed Internet service that can be fed to every computer in their buildings.

Students will be able to connect to the Internet at 2 megabits per second – much faster than the vast majority of connections in schools today, including T-1 telephone lines. With this always-on high-speed connection, students will be able to quickly navigate the Internet to research topics, complete assignments and discover more about the world around them. In addition to its Internet connection, Project K.I.D.S. will provide free web hosting, mouse pads and related software for all participating schools and libraries.

As today's digital economy changes the way Americans work, communicate, purchase goods, and obtain information, future

jobs will increasingly require technical skills and familiarity with the Internet and new technologies. Even today, many schools in Kansas are without the valuable resource of the Internet. Cox has recognized this need and has developed Project KIDS to better equip students for this age of technology and to break down the barriers of the digital divide.

"Cox has always been a company that is committed to the communities it serves, and we are further demonstrating this commitment by providing free broadband Internet access to schools and libraries," said Ron Marnell, Vice President - General Manager Kansas. "This broadband access will give students in Kansas the opportunity to work with the most powerful Internet technology available."

The value of Cox's Project K.I.D.S. education initiative is estimated to be well **over \$3 million annually**. This donation is in addition to the multimillion-dollar investment in infrastructure, hardware, and software that the company has made in the past few years to make Road Runner service possible.

The Internet service offered by Project K.I.D.S. may be distributed through a Local Area Network (LAN) to every computer in an individual school or library or distributed to an entire school district's sites through an existing Wide Area Network (WAN). Many schools in the state have already contracted with Cox Communications to develop their Wide Area Networks. Since the cable modem technology is Ethernet based, schools can feed the Internet service to every computer connected to their network.

All areas that currently have access to Road Runner High Speed Online service will be immediately qualified for this donation. These areas include Wichita, Andover, Arkansas City, Augusta, Bel Aire, Derby, El Dorado, Goddard, Haysville, Halstead, Hesston, Hutchinson, Kechi, Maize, Mulvane, Newton, Park City, Rose Hill, Sedgwick, Towanda, Valley Center, Winfield and selected areas of Topeka. Other towns in the Cox serving area will be eligible when Road Runner service reaches their area. Upcoming launches of Road Runner are planned for Great Bend, Manhattan, Junction City, McPherson, Salina, the Southeast Kansas area including Pittsburg, Iola, and Coffeyville and the Western Kansas area including Dodge City and Garden City.

Educators who are interested in connecting their schools and libraries through Project K.I.D.S. can go to www.coxprojectkids.com to pre-register. Project K.I.D.S. will officially begin installations this spring in order for service to be available to many schools beginning with the 2000-2001 school year.

Cox Communications serves 307,000 customers in Kansas. Nationally, Atlanta-based Cox Communications, Inc. (NYSE:COX) serves approximately 5.5 million customers. At the close of pending acquisitions, Cox will serve 6 million customers in 23 states, making it the nation's fifth largest cable company. A full-service provider of entertainment and telecommunications products, Cox offers an array of services, including cable television under the Cox Cable brand; local and long distance telephone services under the Cox Digital Telephone brand; high-speed Internet access via Cox@Home and Road Runner High Speed Online; advanced digital video programming services under the Cox Digital Cable brand; and commercial voice and data services via Cox Business Services. Cox is an investor in telecommunications companies including Sprint PCS and Excite@Home, as well as programming networks including Discovery Channel, The Learning Channel, Outdoor Life and Speedvision. More information about Cox Communications can be accessed on the Internet at www.cox.com.



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K I D S N E T W O R K

A SERVICE OF KCPT & SHPTV

www.mkn.org

March 2, 2000

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KS REGIONAL OFFICE
18601 SW FOX
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(316) 776-9641

The Honorable JoAnn Pottorff
Chair
General Government & Human Resources
Budget Committee
Kansas House of Representatives
State Capitol - 183 W
Topeka, Kansas 66612-1590

Dear Representative Pottorff:

During a meeting of your committee on Wednesday, February 23rd, I understand that the MoKan Kids Network came up in discussion, and I wanted to write you to make sure that you have accurate facts about this service.

The MoKan Kids Network is a partnership among Kansas and Missouri schools using the service and Smoky Hills Public Television and KCPT, Kansas City. I am chair of the 12-member board of directors, which oversees the MoKan operation. This school year, the MoKan Network serves 331,359 students - 159,001 from Missouri and 172,358 from Kansas. The fiscal year 2000 MoKan budget is \$1,168,237. Participating schools pay membership fees, which total \$478,612 --, \$300,934 from Kansas Schools and \$177,678 from Missouri schools. The Missouri Department of Elementary and Secondary Education provides an additional \$74,000 for instructional television program fees for Missouri schools.

The MoKan Network spends \$3.53 per student each year for its services broken out as \$2.22 per student for instructional television services; \$.51 per student for teacher professional development; and \$.80 cost per student for Online Content and services. That cost is much higher than the school membership fees, which leaves an operating shortfall of \$689,625 this year (the Kansas share of that shortfall is \$358,605). KCPT subsidizes the shortfall each year through use of general operating funds from memberships, underwriting and auction and from federal and local grants, including some of the operating funds received from through the Kansas Public Broadcasting Council. I have attached a fact sheet that provides some additional information.

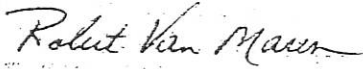
House Appropriations
3-20-00
Attachment 3

The Honorable JoAnn Pottorff
March 2, 2000
Page Two

In the Bonner Springs/Edwardsville school district, we support the efforts of KCPT to provide quality educational programming at all levels from our pre-school, parents as teachers, head start and day care programs all the way through the 12th grade. We make use of the online resources provided by the MoKan Network, and our teachers have participated in training offered by the station. We have also had teachers attend the National Teacher Training Institute workshop sponsored by the MoKan Network, Smoky Hills Public Television and KCPT during the summer and have found it to be the best hands-on training session for teachers working with technology and video in science and mathematics. The board of MoKan consists of representatives of large and small districts in Kansas including Shawnee Mission and Olathe, and has provided a forum for us to collaborate in a way that has been a benefit to all of our districts.

KCPT has demonstrated its support of quality education in Kansas not only by involving educators in making policies and decisions, but it has continued to provide a high level of monetary support to help the students of Kansas succeed. If you have any additional questions or if I can be of help in any way, please feel free to call.

Sincerely,



Dr. Robert Van Maren
Superintendent
Bonner Springs School District

cc: General Government & Human Resources Budget Committee Members
MoKan Board of Directors
KCPT Board of Directors
Smoky Hills Public Television



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BOARD OF DIRECTORS MOKAN KIDS NETWORK
February, 2000

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Superintendent
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Fax: (913) 422-4193
Assistant: Kathi
email: vanmarenb@usd204.k12.ks.us

Vice Chairman

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Superintendent
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Belton, MO 64012

Phone: 348-1084
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Assistant: Carol
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Smokey Hills Public Television
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Great Bend, KS 67530

Phone: (316) 793-3150
none

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Assistant: Dolores Gray
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Past Chairman

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Telecommunication Committee Representative

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Superintendent
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Dr. Kathy Dale
Southwest Plains Regional
Service Center
PO Box 1010
Sublette, KS 67877

Phone: (316) 675-2241
Fax: (316) 675-8396
email: kdale@swprsc.org

Current positions as of September, 1999

Kansas City Public Television Fact Sheet

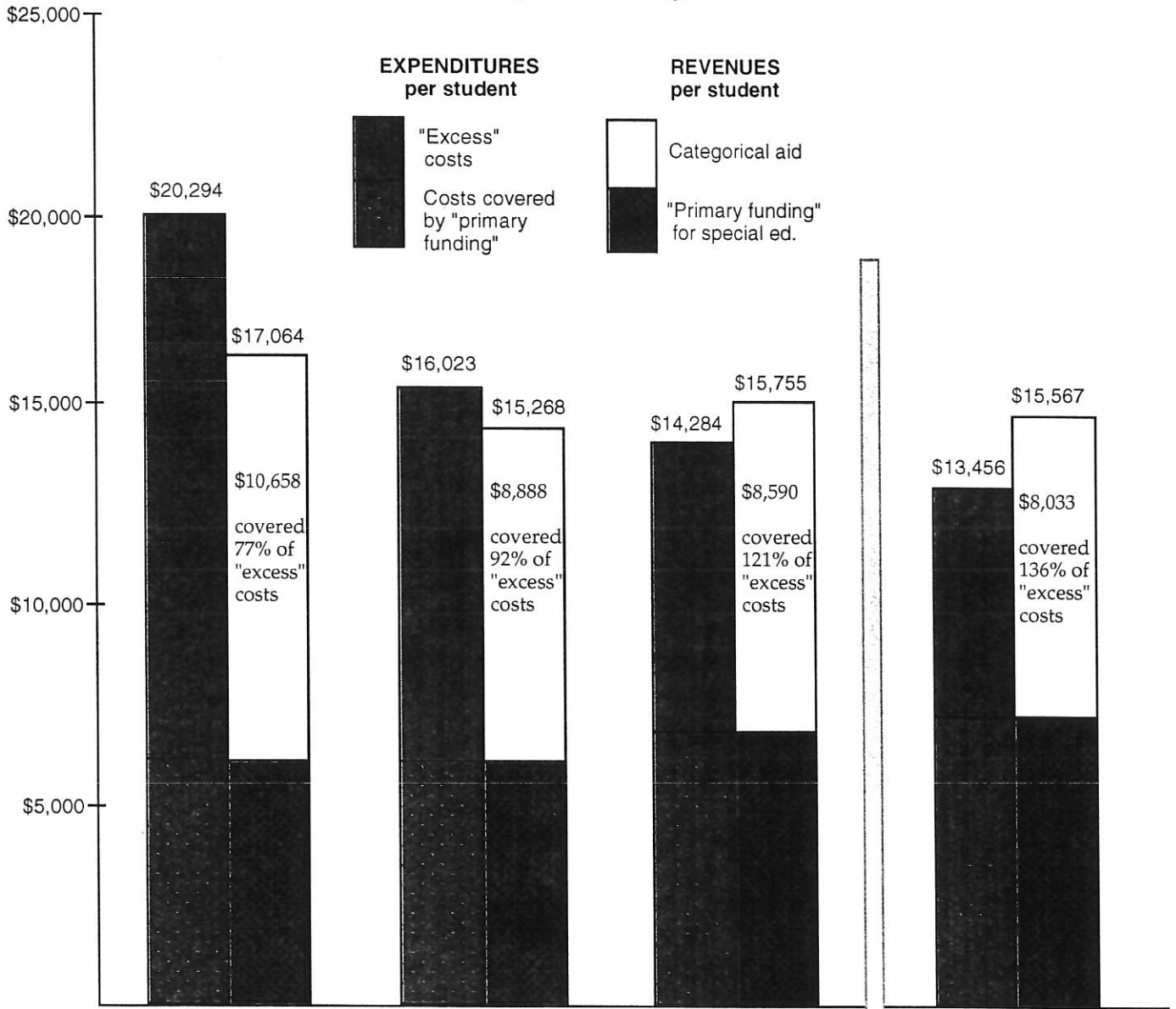
Services to Kansas

January 2000

- **KCPT reaches 497,210 Kansas television households, with 107,528 (26%) using our services in an average week, more than any other public television station serving Kansas. (Based on the 1999 Nielsen County Coverage reports).**
- **KCPT has 16,890 member Kansas households.**
- **In partnership with Smoky Hills Public Television and KCPT, the MoKan Kids Network provides services to 172,358 K-12 Kansas students.**
- **Three Kansas colleges are part of the Kansas City Regional Access Consortium for Higher Education (KC REACHE), a distance education partnership among colleges and KCPT serving Kansas and Missouri – Johnson County Community College; Kansas City, Kansas Community College and Washburn University.**
- **Over 200 Kansas students have successfully studied for their GED examinations via the KCPT delivered GED on TV Project.**
- **Eighteen members of the thirty-four member KCPT Board of Directors live in Kansas, including the chairman, David Francis; the vice chair, Barbara Adam; the immediate past chair, Barbara Nelson; and the First Lady of Kansas, Linda Graves.**
- **There are twenty-nine full-time KCPT Kansas employees with an annual payroll of \$1,172,926.**

SUPPLEMENTAL CHART

Comparing % of "Excess" Costs for Special Education Funded by State Categorical Aid



Sample districts with the lowest % of "excess" costs funded by State categorical aid.

Sample districts with the highest % of "excess" costs funded by State categorical aid.

Sample cooperatives (also have a high % of "excess" costs funded)

School districts included in each group:

Derby
Manhattan
Haysville
Lawrence
Wichita
Blue Valley
Shawnee Mission

Kaw Valley
Mulvane
Junction City
Fort Scott
Garden City
Liberal

Eureka
Ottawa
Atchison
Turner
Russell
Hutchinson
Wabaunsee East

Special Ed.
Cooperatives:

Doniphan County
Holton
Three Lakes

*House Appropriations
3-20-00
Attachment 4*

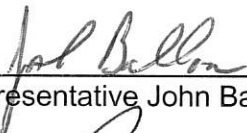
SOCIAL SERVICES BUDGET COMMITTEE

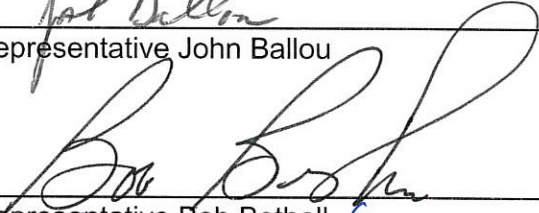
Department of Health and Environment


Representative Melvin Neufeld, Chairperson

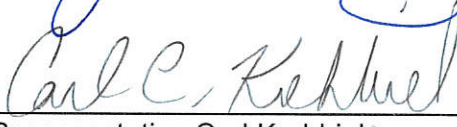

Representative Barbara Allen


Representative Barbara Ballard


Representative John Ballou


Representative Bob Bethell


Representative Jerry Henry


Representative Carl Krehbiel


Representative Brenda Landwehr


Representative Doug Spangler

House Appropriations
3-20-00
Attachment 5

Subcommittee Report

Agency: Kansas Department of Health
and Environment

Bill No. 639

Bill Sec. 31

Analyst: Davis

Analysis Pg. No. 364

Budget Page No. 185

Expenditure Summary	Agency Request FY 01	Gov. Rec. FY 01	Subcommittee Adjustments
All Funds:			
State Operations	\$ 113,762,640	\$ 105,559,727	\$ (1,268,855)
Aid to Local Units	35,435,647	35,235,647	3,000,000
Other Assistance	30,000,000	33,000,000	(3,000,000)
TOTAL	<u><u>\$ 179,198,287</u></u>	<u><u>\$ 173,795,374</u></u>	<u><u>\$ (1,268,855)</u></u>
State General Fund:			
State Operations	\$ 23,155,774	\$ 21,526,522	\$ (500,477)
Aid to Local Units	10,325,333	10,025,333	0
Other Assistance	0	0	0
TOTAL	<u><u>\$ 33,481,107</u></u>	<u><u>\$ 31,551,855</u></u>	<u><u>\$ (500,477)</u></u>
Other Funds:			
State Operations	\$ 90,606,866	\$ 84,033,205	\$ (768,378)
Aid to Local Units	25,110,314	25,210,314	3,000,000
Other Assistance	30,000,000	33,000,000	(3,000,000)
TOTAL	<u><u>\$ 145,717,180</u></u>	<u><u>\$ 142,243,519</u></u>	<u><u>\$ (768,378)</u></u>
FTE Positions	849.5	842.5	0.0
Unclassified Temp. Positions	185.5	185.5	0.0
TOTAL	<u><u>1,035.0</u></u>	<u><u>1,028.0</u></u>	<u><u>0.0</u></u>

* Includes a reduction of \$1,268,855 (including \$500,477 from the SGF) for the Governor's employee salary adjustment. Absent the decrease for the pay plan, the recommendation does not change total expenditures from the Governor's recommendation for FY 2001.

Agency Request/Governor's Recommendation

The Department's FY 2001 request is \$179,198,287. The request is an increase of \$9.8 million or 5.8 percent over the FY 2000 estimate. The Department requests:

State General Fund

- \$33,481,107, or 18.7 percent of the total request

**HOUSE APPROPRIATIONS COMMITTEE
GUEST LIST**

DATE March 20, 2000

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Craig Grant	KNEA
CHARLES STIXSON	KBT
Roger Carlson	KDHE
Ed BARNER	KALHD
M. Moser	KDHE
S. Parigi	KDHE
Benny Pennie	Families Together, Inc
Lisa Baker	SRS
Dale Finger	KBI
Marsha Pappas	KBI
Larry Welch	KBI
Stacey Farmer	KASB
Jacquie Oakes	SQE
Kathy Finney	Ko. Public Health Assn.
Linda Breen	Ko. Foundation for Ag in the Classroom
LOANA A. PHILLIPS	KDHE
David B Dallon	KDHE
Joe Furd	KDHE

**HOUSE APPROPRIATIONS COMMITTEE
GUEST LIST**

DATE March 20, 2000

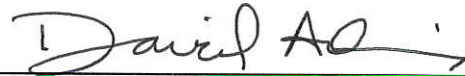
NAME	REPRESENTING
Ron Witzler	KSDE
Jim Longford	DOB

EDUCATION AND LEGISLATIVE BUDGET COMMITTEE

Department of Education



Representative Mike Farmer, Chairperson



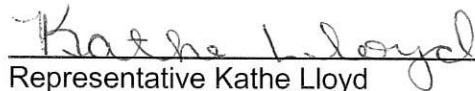
Representative David Adkins



Representative Mary Compton

Representative George Dean

Representative Annie Kuether



Representative Kathe Lloyd

Representative Richard Reinhardt



Representative Clark Shultz



Representative Ralph Tanner

House Appropriations
3-20-00
Attachment 1

Subcommittee Report

Agency: State Department of Education **Bill No.** 639

Bill Sec. 35

Analyst: Rampey

Analysis Pg. No. 31 **Budget Page No.** 147

Expenditure Summary	Agency Request FY 01	Gov. Rec. FY 01	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 18,697,740	\$ 17,800,419	\$ (311,449)
Aid to Local Units	2,551,149,692	2,489,801,594	0
Other Assistance	29,978,420	29,701,420	0
Subtotal - Operating	\$ 2,599,825,852	\$ 2,537,303,433	\$ (311,449)
Capital Improvements	0	0	0
TOTAL	\$ 2,599,825,852	\$ 2,537,303,433	\$ (311,449)
State General Funds:			
State Operations	\$ 9,730,591	\$ 8,918,517	\$ (160,791)
Aid to Local Units	2,328,641,629	2,255,556,031	0
Other Assistance	479,000	204,000	0
Subtotal - Operating	\$ 2,338,851,220	\$ 2,264,678,548	\$ (160,791)
Capital Improvements	0	0	0
TOTAL	\$ 2,338,851,220	\$ 2,264,678,548	\$ (160,791)
FTE Positions	200.5	200.5	--
Unclass. Temp. Positions	36.4	36.4	-
TOTAL	236.9	236.9	-

* Consists of a reduction of \$311,449 (\$160,791 from the State General Fund) for the Governor's employee salary adjustments.

Agency Overview

The State Board of Education is a ten-member elected board established by the Kansas Constitution. It is responsible for the general supervision of public schools and all other educational interests of the state that are not under the jurisdiction of the State Board of Regents. Its duties include accrediting elementary and secondary schools; establishing standard courses of study in the public schools; certifying teachers and administrators; approving public and private teacher education programs; and administering a variety of state and federal aid programs. The State Board's duties involving the licensure of proprietary schools, the approval of adult basic and adult supplementary education

programs, and the supervision of area vocational schools, technical colleges, and community colleges were transferred to the State Board of Regents, effective July 1, 1999.

Agency Request/Governor's Recommendation

The State Department of Education's request for FY 2001 is \$2,599,825,852, of which \$2,338,851,220 is from the State General Fund and \$260,974,632 is from other funds. Major items include \$11,517,755 for salaries and wages (an increase of \$317,461 or 2.8 percent over the current year); a total of \$1,905,390,152 for general and supplemental state aid, which is the amount needed to fully fund Base State Aid Per Pupil (BSAPP) under current law and also includes \$2,764,152 to expand the four-year-old at-risk program from 1,794 children to 3,000; and \$248,605,885 to fund an estimated 85.1 percent of special education excess costs.

The Governor recommends a total of \$2,537,303,433, of which \$2,264,678,548 is from the State General Fund. The Governor's recommendation for salaries is a reduction of \$220,321 from the State Department's request, primarily due to increasing the shrinkage rate on salaries funded from the State General Fund from 3.0 percent to 5.2 percent. The Governor approves the conversion of one unclassified temporary position to permanent FTE status, as requested by the State Department. The Governor recommends a total of \$1,894,865,000 for general and supplemental general state aid, which will increase BSAPP by \$50 over the Governor's recommendation for FY 2000, but will fund BSAPP at \$13 less than authorized under current law (\$3,820). The Governor's recommendation for special education of \$233,736,000 is an increase of \$4,977,256 (2.2 percent) over his recommendation for the current year and would fund an estimated 80.0 percent of special education excess costs. The Governor's recommendations include \$7,277,833 in expenditures from the Kansas Endowment for Youth Fund (tobacco money).

Senate Subcommittee Recommendation

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

1. Delete \$311,449, of which \$160,791 is from the State General Fund, based on the decision to delete funding for the Governor's recommended pay plan adjustments. The adjustments consist of \$152,429 for a 2.5 percent step movement for classified employees, \$83,620 for a 2.5 percent unclassified merit pool, and \$75,400 for longevity bonus payments.
2. Do not provide for the reappropriation from FY 2000 to FY 2001 of any savings in general and supplemental general state aid. The effects of this recommendation are the following:
 - a. Estimated savings totaling \$10,872,261 (\$6,846,896 in general state aid and \$4,025,365 in supplemental general state aid)

would lapse at the end of the current fiscal year unless needed to fully fund Base State Aid Per Pupil (BSAPP) of \$3,770. BSAPP in FY 2001 would be \$3,807, as recommended by the Governor, and would be \$13 less than the \$3,820 provided for in current law.

- b. Pursuant to the Governor's recommendation concerning inservice education, and in keeping with policy adopted by the Legislature in recent years, unanticipated savings in general state aid in excess of the amount estimated (currently \$6,846,896) would be transferred to the inservice education program, subject to a limit of \$2.0 million. The effect of this policy would be that up to \$2.0 million would be made available for inservice education, in addition to the recommended appropriation of \$2.6 million.
3. Reduce the required local match for parent education from 75 percent to 65 percent and concur with the Governor's recommendation of a total of \$5,917,333 for the program. It was reported to the Subcommittee that approximately \$100,000 in state aid for the parent education program could not be allocated in the current year because some school districts could not meet the required local match. Reducing the financial burden on school districts to match the state appropriation would ensure that more children and families on the waiting list would be served. Under the Subcommittee's recommendation, it is estimated that an additional 750 children and families could be served.
4. Delete the \$500,000 from the Kansas Endowment for Youth (KEY) Fund (tobacco money) recommended by the Governor for the Experimental Wraparound Kansas Project and use the money to fund grants to school districts for learning readiness programs in reading, mathematics, and language arts.
5. Concur with the Governor's recommendation to appropriate \$4.5 million from the KEY Fund for technology infrastructure, but make expenditure of the money contingent upon receiving E-rate discounts from the federal government. The funding would begin the implementation of the KAN-ED proposal, which would link all school districts and 330 libraries to the state's KANS-A-N network and to the Kansas Research Education Network (KANREN). These connections would allow schools and libraries to share electronic publications on a high speed backbone, have access to Internet 2, use data bases in all the state's central computer data centers, and allow sites to communicate with each other. According to the Chief Information Technology Officer for the Executive Branch, the state appropriation of \$4.5 million for FY 2001 could be used to leverage approximately \$4.0 million in E-rate discounts from the federal government,

making a total of \$8.5 million available to install circuits and lines to all school districts and 330 library sites and pay for on-going operating costs. However, it will not be known until later in the year whether the State Department of Education will qualify for E-rate discounts. Therefore, the Subcommittee conditions its recommendation upon approval of the discounts and stipulates that the money cannot be spent unless the State Department obtains discounted telecommunications services through the E-rate subsidy provided by the Federal Universal Service Fund under provisions of the federal Telecommunications Act of 1996.

6. The Subcommittee notes that the State Department of Education currently is engaged in discussions with the State Board of Regents concerning federal funding the state receives under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998. The Kansas Higher Education Reform Act enacted by the 1999 Legislature transferred administration of the program from the State Board of Education to the State Board of Regents. Staff to administer the program, however, remained with the State Department of Education and is engaged in approving secondary vocational education programs. The staff also approves postsecondary vocational education programs for federal funding. Federal law requires that there be only one administrative agency in a state for these funds and the State Board of Education and the State Board of Regents are attempting to work out a Memorandum of Understanding that will recognize the division of responsibility under Kansas law between the two boards for secondary and postsecondary education and provide for the transfer of money between the boards to support their respective activities. Staff whose salaries are paid from the federal funds are strictly limited to activities relating to vocational and technical education, as provided for under the federal law. The Subcommittee calls attention to this matter and is hopeful that the issue will be resolved by the two boards.

SENATE WAYS AND MEANS COMMITTEE RECOMMENDATION

The Senate Ways and Means Committee concurs with the recommendations of the Subcommittee, with the following exception:

1. Amend item 7, which pertains to items to be flagged for Omnibus consideration, to read as follows (new material underlined):
 7. The Subcommittee wishes to flag the following items for Omnibus consideration should revisions in estimated state revenues made on April 4 prove favorable and additional funding for selected programs become available. The Ways and Means Committee is mindful of the seriousness of likely shortfalls in a number of other state agency budgets and realizes that elementary-secondary education is but one of the essential services the state must adequately fund. Nevertheless, the Committee considers education one of its very highest priorities and makes a commitment to

consider dedicating additional resources, either as a result of favorable revisions in estimated state revenues or as the result of savings identified in other state programs, to elementary-secondary education. Of the items listed below, the Committee considers additional funding for BSAPP its highest priority.

- a. *General and supplemental general state aid.* Consideration should be given to increasing BSAPP in FY 2001 above the currently-recommended level of \$3,807.
 - b. *Special education.* Consideration should be given to increasing the level of excess costs funded from the 80 percent level currently recommended for FY 2001.
 - c. *Structured mentoring and educational excellence.* Consideration should be given to funding the structured mentoring program and the educational excellence program. The Governor recommends no funding for either program.
-

MINORITY REPORT

We cannot support the majority of the Subcommittee in its decision to concur with the Governor in three key areas—Base State Aid Per Pupil (BSAPP), special education, and KPERS—School. The Governor's recommendation to fund less than the agreed-to amount of \$3,820 for BSAPP in FY 2001 goes back on a commitment the Legislature made last year to bring a measure of stability to school district funding by passing a two-year increase of \$50 on the base each year.

Failure to fully fund BSAPP is compounded by a reduction in the level of state support for special education excess costs under the Governor's recommendation. Under the Governor's proposal for FY 2001 for special education funding, the level will drop to 80 percent of excess costs. But the dollars that school districts have to spend on mandated services are growing, too, and reducing the level of support is a real reduction to the districts. Reducing the level of support for excess costs and not fully funding BSAPP has twice the impact for many school districts that have to transfer money from their general funds to pay for special education costs. These cuts also fail to take into account the trouble that school districts are already having in recruiting and retaining teachers, as well as meeting all other rising educational costs. How do we attract good people to teaching if we are unwilling to adequately fund elementary-secondary education?

The 1999 Legislature passed legislation committing \$50 on the base for FY 2000 and FY 2001 budgets, along with 85 percent of the excess costs of special education in FY 2000. The impact of the special education cut midway through FY 2000 reduced the \$50 on the base increase by \$4. The action of this Subcommittee's decision to only fund a \$37 increase on the base for FY 2001 and only fund special education excess costs at 80 percent results in a mere \$12 increase in base budget funding for school districts. We are not placing a priority on our promise to fund education at an adequate level of at least \$50 on the base and 85 percent of special education excess costs. As a reminder to the Committee, we did provide multiple sources of funding that could be utilized to cover the costs of the \$50 increase for FY 2001 and provide 85 percent of special education costs. These options were not utilized by the Subcommittee, but should be considered if we are to be consistent with our promise to the school districts of Kansas.

Finally, we believe it is inappropriate to look to the state's retirement system as a place to get money in tight budget years. We have a commitment to retirees that should be honored, especially when these short-term gains could have long-term negative consequences.

For these reasons, we cannot support the majority report.

Senator Marge Petty

House Budget Committee Report

Agency: State Department on Education **Bill No.** 2994

Bill Sec. 35

Analyst: Rampey

Analysis Pg. No. 31 **Budget Page No.** 147

Expenditure Summary	Agency Request FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 18,697,740	\$ 17,800,419	\$ 0
Aid to Local Units	2,551,149,692	2,489,801,594	0
Other Assistance	29,978,420	29,701,420	0
Subtotal - Operating	\$ 2,599,825,852	\$ 2,537,303,433	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 2,599,825,852	\$ 2,537,303,433	\$ 0
State General Funds:			
State Operations	\$ 9,730,591	\$ 8,918,517	\$ 0
Aid to Local Units	2,328,641,629	2,255,556,031	0
Other Assistance	479,000	204,000	0
Subtotal - Operating	\$ 2,338,851,220	\$ 2,264,678,548	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 2,338,851,220	\$ 2,264,678,548	\$ 0
FTE Positions	200.5	200.5	--
Unclass. Temp. Positions	36.4	36.4	-
TOTAL	236.9	236.9	-

Agency Request/Governor's Recommendation

The State Department of Education's request for FY 2001 is \$2,599,825,852, of which \$2,338,851,220 is from the State General Fund and \$260,974,632 is from other funds. Major items include \$11,517,755 for salaries and wages (an increase of \$317,461 or 2.8 percent over the current year); a total of \$1,905,390,152 for general and supplemental state aid, which is the amount needed to fully fund Base State Aid Per Pupil (BSAPP) under current law and also includes \$2,764,152 to expand the four-year-old at-risk program from 1,794 children to 3,000; and \$248,605,885 to fund an estimated 85.1 percent of special education excess costs.

The Governor recommends a total of \$2,537,303,433, of which \$2,264,678,548 is from the State General Fund. The Governor's recommendation for salaries is a reduction of \$220,321 from the State Department's request, primarily due to increasing the shrinkage rate on salaries funded from the State General Fund from 3.0 percent to 5.2 percent. The Governor approves the conversion of one unclassified temporary position to permanent FTE status, as requested by the State Department. The Governor recommends a total of \$1,894,865,000 for general and supplemental general state aid, which will increase BSAPP by \$50 over the Governor's recommendation for FY 2000, but will fund BSAPP at \$13 less than authorized under current law (\$3,820). The Governor's recommendation for special education of \$233,736,000 is an increase of \$4,977,256 (2.2 percent) over his recommendation for the current year and would fund an estimated 80.0 percent of special education excess costs. The Governor's recommendations include \$7,277,833 in expenditures from the Kansas Endowment for Youth Fund (tobacco money).

House Budget Committee Recommendations

The House Budget Committee concurs with the recommendations of the Governor, with the following exceptions:

1. Reduce the required local match for parent education from 75 percent to 65 percent and concur with the Governor's recommendation of a total of \$5,917,333 for the program. Reducing the financial burden of school districts to match the state appropriation would ensure that more children and families on the waiting list would be served. Under the Budget Committee's recommendation, it is estimated that an additional 750 children and families could be served.
2. Concur with the Governor's recommendation to appropriate \$4.5 million from the Children's Initiatives Fund for technology infrastructure for schools and libraries, but make expenditure of the money contingent upon receiving E-rate discounts from the federal government. The funding would begin the implementation of the KAN-ED proposal, so that all school districts and 330 libraries would be able to share electronic publications on a high speed backbone, have access to Internet 2, and be able to communicate with each other. According to the Chief Information Technology Officer for the Executive Branch, the state appropriation of \$4.5 million for FY 2001 could be used to leverage approximately \$4.0 million in E-rate discounts from the federal government to pay for installation and operating costs. Because it will not be known until later in the year whether the State Department of Education and the State Library will qualify for E-rate discounts, the Budget Committee conditions its recommendation upon approval of the discounts and stipulates that the money cannot be spent unless the State Department and the State Library obtain discounted telecommunications services through the E-rate subsidy provided by the Federal Universal Service Fund under provisions of the federal Telecommunications Act of 1996.

3. The Budget Committee wishes to identify the following items for Omnibus consideration, if anticipated funding, estimated to be up to \$100 million, is received from the Inter-Governmental Transfer Program (funding for nursing home care).
 - Continuation of Reading and Vision Research—\$250,000. The Committee was impressed with the results of research the 1998 Legislature funded through the Kansas Optometric Association with an appropriation of \$27,000 for FY 1999. Research indicates that 20 percent of children entering kindergarten will have some form of vision problem and that the percentage doubles to 40 percent by high school. The problems addressed by the study dealt with vision or eye coordination, not eyesight that can be corrected with glasses or contact lenses. The proposed research project would expand the number of students involved from 60 to 160 and expand the vision problems addressed to include convergence insufficiency, convergence excess, and accommodation problems. Under the proposal, vision therapy would be provided students at 12 sites by participating optometrists. Most of the cost of the project would be for treatment of students with vision problems (\$192,000). Other costs would be for diagnosis eye examinations (\$17,500), transportation expenses for parents (\$20,000), and other costs. The Committee is interested in this project because of the potential it has for identifying why students fail to learn in school and how, with treatment, more costly interventions could be avoided.
 - Increase in Base State Aid Per Pupil (BSAPP). At this time, the Budget Committee concurs with the Governor's recommended expenditure for FY 2001, which would fund a \$37 increase in BSAPP. However, if funding from the Inter-Governmental Transfer Program is available, the Budget Committee recommends the addition of \$7,761,000 to the Governor's recommendation for general and supplemental general state in FY 2001, to fully fund BSAPP at the statutory amount of \$3,820. The recommendation would increase the Governor's recommended BSAPP of \$3,807 by \$13 and would be an increase of \$50 over the approved level for the current year.
 - Increase in Special Education Excess Costs Funding to 85 Percent. At this time, the Budget Committee concurs with the Governor's recommended level of 80 percent for special education excess costs funding. However, if funding is available from the Inter-Governmental Transfer Program, the Budget Committee recommends the addition of \$14.6 million for special education above the Governor's recommendation, for a total of \$248,345,000. The addition would increase estimated funding for excess costs from 80 percent to 85 percent.

4. The Budget Committee wishes to identify the following items for Omnibus consideration if funding from any source becomes available:
 - Increase in Funding for State Department Operating Budget. If funding is available, consideration should be given to adding funding for State Department operating expenditures. The Governor's recommendation for FY 2001 reduces operating expenditures by 9.5 percent from the State General Fund, compared to FY 2000. The State Department has requested additional funding totaling \$329,407.
 - Additional Funding for Discretionary Grants. If funding is available, consideration should be given to continuing the Discretionary Grant Program, which is funded in the current year at \$100,000. Under the program, the State Board of Education allocates grants for programs it considers meritorious.

5. The Budget Committee wishes to commend Commissioner Andy Tompkins and Deputy Commissioner Dale Dennis. Dr. Tompkins is recognized for his leadership and good judgment in his service to the State Board and to education in general. Appreciation is extended to Mr. Dennis for the continued quality of his performance and his unfailing responsiveness to policy makers.

MINORITY REPORT

We support a number of recommendations contained in the majority report, but disagree with the recommendations on school finance and special education. In addition, we believe there are additional items the Budget Committee should have addressed in its recommendations.

The 1999 Legislature made a promise to children, parents, and educators that elementary-secondary education was a priority and that every effort would be made to adequately fund it. We made a commitment to increase funding for Base State Aid Per Pupil (BSAPP) by \$50 in the current year and by \$50 in FY 2001 and we should keep our word.

Failure to adequately fund BSAPP will compound the problem created by the Governor's recommendation to reduce the percentage of special education excess costs funding from approximately 84 percent in FY 2000 to 80 percent in FY 2001. Under the Governor's recommendation, school districts will have both a lower level of funding for special education excess costs and less than full funding of BSAPP, a situation that will especially impact those districts that have to transfer from their general funds to meet special education costs.

In addition, we believe the Budget Committee should have considered the following issues:

- The endorsement of S.C.R. 1644, which urges the President and the Congress of the United States to increase funding for special education from an average federal share of 12 percent nationwide to the 40 percent level authorized by the Individuals with Disabilities Education Act.
- The creation of a new tier of special education catastrophic aid for children whose IEP provides for services which cost from between \$17,000 and \$25,000. For services to children in this category, school districts should be eligible to receive a grant of state money equal to 50 percent of that portion of the special education costs incurred by the district per child that is in excess of \$17,000. (The state currently pays 75 percent of the special education costs incurred by the district per child that is in excess of \$25,000.) Consideration should be given to funding this proposal, estimated to be \$16.0 million, from the Inter-Governmental Transfer Program.
- The creation of a new grant program for special education assistive devices, which would provide for a state aid program separate from special education categorical aid.
- The consideration of a capital outlay funding program for computer equipment at the school district level. The recommendation to begin funding KAN-ED with \$4.5 million will provide for connectivity between school districts and public libraries, but the state will be paying for high

speed communications lines that are going nowhere because computer equipment in schools is too slow and obsolete to utilize the new linkages.

- The establishment of a link between BSAPP and the Consumer Price Index so that aid to school districts will be tied to an inflation measure. Unless aid to schools keeps up with inflation, school district funding always will lag behind, making it even harder to attract and retain good teachers. However, if an inflation adjustment for state aid to schools is not adopted, consideration should be given to increasing the cap on Local Option Budget authority from 25 percent to 50 percent so that local boards of education will have the option of generating local support for school district services and programs.
- A consideration of increasing the amount of money a school district may keep in its contingency reserve fund. Currently, school districts maintain a contingency reserve fund in order to pay expenses attributable to financial contingencies which were not anticipated at the time the general fund budget was adopted. The amount in the fund may not exceed 4 percent of the district's general fund budget for the school year. The 4 percent limit may not allow districts enough flexibility to meet unanticipated expenses and should be increased.



Representative George Dean



Representative Annie Kuether



Home Page FOR IMMEDIATE RELEASE
Information Request March 14, 2000
Availability
Press Release Contact:
Cox Communications Cox Communications
Scott Petre 316-262-4270
Carolyn Chapman 316-262-4270
Road Runner

**COX COMMUNICATIONS OFFERS FREE HIGH SPEED
INTERNET TO KANSAS SCHOOLS THROUGH PROJECT
K.I.D.S.**

*Kansas students will soon have free access to the technology of
the future*

WICHITA – Kansas schools and libraries can soon connect to the future with **free high speed Internet** access from Cox Communications. Project K.I.D.S. (**K**ansas **I**nternet **D**onation for **S**chools), will provide public and private schools and libraries in Cox's service areas with free Road Runner high speed Internet service that can be fed to every computer in their buildings.

Students will be able to connect to the Internet at 2 megabits per second – much faster than the vast majority of connections in schools today, including T-1 telephone lines. With this always-on high-speed connection, students will be able to quickly navigate the Internet to research topics, complete assignments and discover more about the world around them. In addition to its Internet connection, Project K.I.D.S. will provide free web hosting, mouse pads and related software for all participating schools and libraries.

As today's digital economy changes the way Americans work, communicate, purchase goods, and obtain information, future

jobs will increasingly require technical skills and familiarity with the Internet and new technologies. Even today, many schools in Kansas are without the valuable resource of the Internet. Cox has recognized this need and has developed Project KIDS to better equip students for this age of technology and to break down the barriers of the digital divide.

"Cox has always been a company that is committed to the communities it serves, and we are further demonstrating this commitment by providing free broadband Internet access to schools and libraries," said Ron Marnell, Vice President - General Manager Kansas. "This broadband access will give students in Kansas the opportunity to work with the most powerful Internet technology available."

The value of Cox's Project K.I.D.S. education initiative is estimated to be well **over \$3 million annually**. This donation is in addition to the multimillion-dollar investment in infrastructure, hardware, and software that the company has made in the past few years to make Road Runner service possible.

The Internet service offered by Project K.I.D.S. may be distributed through a Local Area Network (LAN) to every computer in an individual school or library or distributed to an entire school district's sites through an existing Wide Area Network (WAN). Many schools in the state have already contracted with Cox Communications to develop their Wide Area Networks. Since the cable modem technology is Ethernet based, schools can feed the Internet service to every computer connected to their network.

All areas that currently have access to Road Runner High Speed Online service will be immediately qualified for this donation. These areas include Wichita, Andover, Arkansas City, Augusta, Bel Aire, Derby, El Dorado, Goddard, Haysville, Halstead, Hesston, Hutchinson, Kechi, Maize, Mulvane, Newton, Park City, Rose Hill, Sedgwick, Towanda, Valley Center, Winfield and selected areas of Topeka. Other towns in the Cox serving area will be eligible when Road Runner service reaches their area. Upcoming launches of Road Runner are planned for Great Bend, Manhattan, Junction City, McPherson, Salina, the Southeast Kansas area including Pittsburg, Iola, and Coffeyville and the Western Kansas area including Dodge City and Garden City.

Educators who are interested in connecting their schools and libraries through Project K.I.D.S. can go to www.coxprojectkids.com to pre-register. Project K.I.D.S. will officially begin installations this spring in order for service to be available to many schools beginning with the 2000-2001 school year.

Cox Communications serves 307,000 customers in Kansas. Nationally, Atlanta-based Cox Communications, Inc. (NYSE:COX) serves approximately 5.5 million customers. At the close of pending acquisitions, Cox will serve 6 million customers in 23 states, making it the nation's fifth largest cable company. A full-service provider of entertainment and telecommunications products, Cox offers an array of services, including cable television under the Cox Cable brand; local and long distance telephone services under the Cox Digital Telephone brand; high-speed Internet access via Cox@Home and Road Runner High Speed Online; advanced digital video programming services under the Cox Digital Cable brand; and commercial voice and data services via Cox Business Services. Cox is an investor in telecommunications companies including Sprint PCS and Excite@Home, as well as programming networks including Discovery Channel, The Learning Channel, Outdoor Life and Speedvision. More information about Cox Communications can be accessed on the Internet at www.cox.com.



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K I D S N E T W O R K

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www.mkn.org

March 2, 2000

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The Honorable JoAnn Pottorff
Chair
General Government & Human Resources
Budget Committee
Kansas House of Representatives
State Capitol - 183 W
Topeka, Kansas 66612-1590

Dear Representative Pottorff:

During a meeting of your committee on Wednesday, February 23rd, I understand that the MoKan Kids Network came up in discussion, and I wanted to write you to make sure that you have accurate facts about this service.

The MoKan Kids Network is a partnership among Kansas and Missouri schools using the service and Smoky Hills Public Television and KCPT, Kansas City. I am chair of the 12-member board of directors, which oversees the MoKan operation. This school year, the MoKan Network serves 331,359 students - 159,001 from Missouri and 172,358 from Kansas. The fiscal year 2000 MoKan budget is \$1,168,237. Participating schools pay membership fees, which total \$478,612 --, \$300,934 from Kansas Schools and \$177,678 from Missouri schools. The Missouri Department of Elementary and Secondary Education provides an additional \$74,000 for instructional television program fees for Missouri schools.

The MoKan Network spends \$3.53 per student each year for its services broken out as \$2.22 per student for instructional television services; \$.51 per student for teacher professional development; and \$.80 cost per student for Online Content and services. That cost is much higher than the school membership fees, which leaves an operating shortfall of \$689,625 this year (the Kansas share of that shortfall is \$358,605). KCPT subsidizes the shortfall each year through use of general operating funds from memberships, underwriting and auction and from federal and local grants, including some of the operating funds received from through the Kansas Public Broadcasting Council. I have attached a fact sheet that provides some additional information.

House Appropriations
3-20-00
Attachment 3

The Honorable JoAnn Pottorff
March 2, 2000
Page Two

In the Bonner Springs/Edwardsville school district, we support the efforts of KCPT to provide quality educational programming at all levels from our pre-school, parents as teachers, head start and day care programs all the way through the 12th grade. We make use of the online resources provided by the MoKan Network, and our teachers have participated in training offered by the station. We have also had teachers attend the National Teacher Training Institute workshop sponsored by the MoKan Network, Smoky Hills Public Television and KCPT during the summer and have found it to be the best hands-on training session for teachers working with technology and video in science and mathematics. The board of MoKan consists of representatives of large and small districts in Kansas including Shawnee Mission and Olathe, and has provided a forum for us to collaborate in a way that has been a benefit to all of our districts.

KCPT has demonstrated its support of quality education in Kansas not only by involving educators in making policies and decisions, but it has continued to provide a high level of monetary support to help the students of Kansas succeed. If you have any additional questions or if I can be of help in any way, please feel free to call.

Sincerely,



Dr. Robert Van Maren
Superintendent
Bonner Springs School District

cc: General Government & Human Resources Budget Committee Members
MoKan Board of Directors
KCPT Board of Directors
Smoky Hills Public Television



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February, 2000

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Current positions as of September, 1999

Kansas City Public Television Fact Sheet

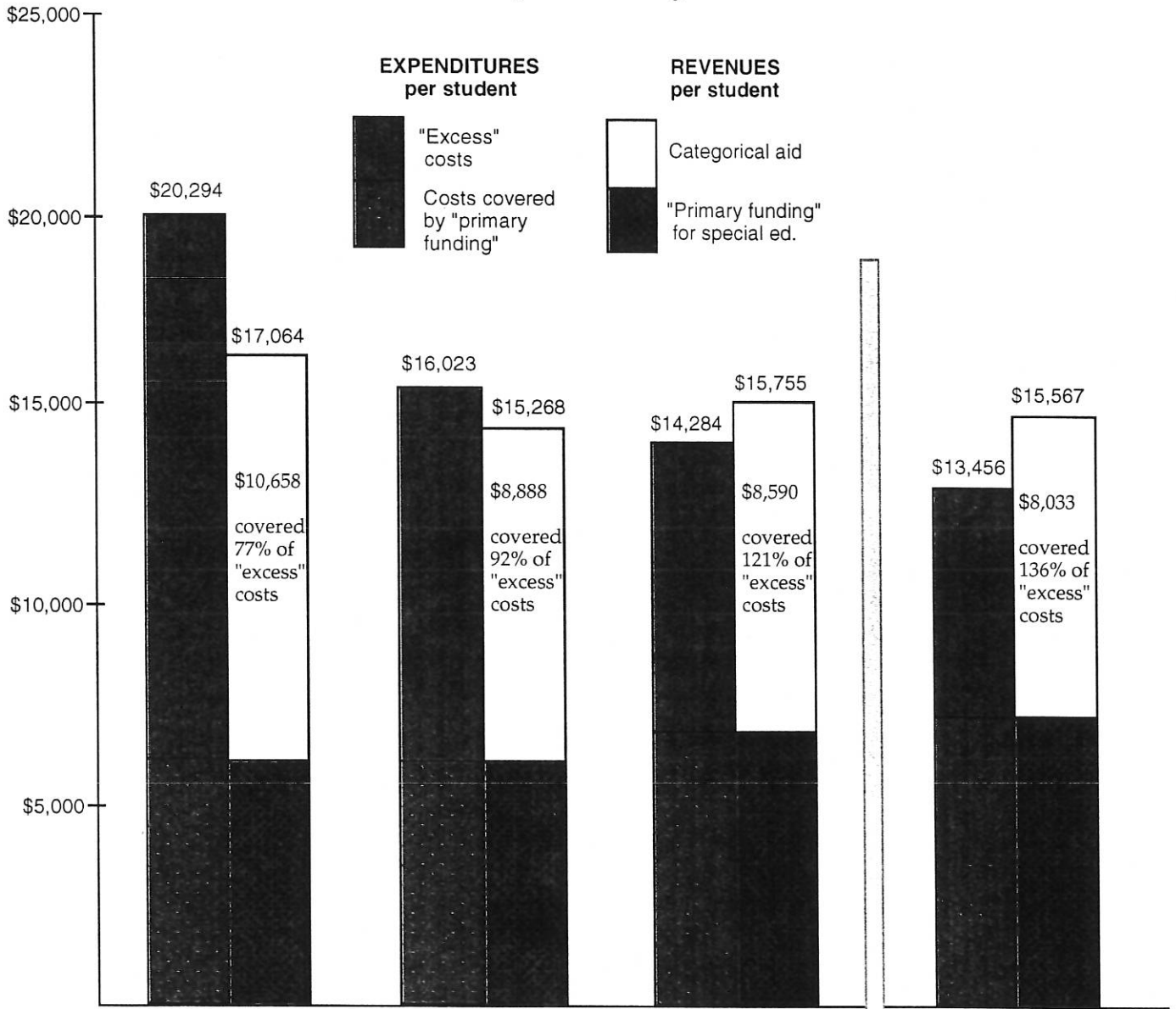
Services to Kansas

January 2000

- **KCPT reaches 497,210 Kansas television households, with 107,528 (26%) using our services in an average week, more than any other public television station serving Kansas. (Based on the 1999 Nielsen County Coverage reports).**
- **KCPT has 16,890 member Kansas households.**
- **In partnership with Smoky Hills Public Television and KCPT, the MoKan Kids Network provides services to 172,358 K-12 Kansas students.**
- **Three Kansas colleges are part of the Kansas City Regional Access Consortium for Higher Education (KC REACHE), a distance education partnership among colleges and KCPT serving Kansas and Missouri – Johnson County Community College; Kansas City, Kansas Community College and Washburn University.**
- **Over 200 Kansas students have successfully studied for their GED examinations via the KCPT delivered GED on TV Project.**
- **Eighteen members of the thirty-four member KCPT Board of Directors live in Kansas, including the chairman, David Francis; the vice chair, Barbara Adam; the immediate past chair, Barbara Nelson; and the First Lady of Kansas, Linda Graves.**
- **There are twenty-nine full-time KCPT Kansas employees with an annual payroll of \$1,172,926.**

SUPPLEMENTAL CHART

Comparing % of "Excess" Costs for Special Education Funded by State Categorical Aid



Sample districts with the lowest % of "excess" costs funded by State categorical aid.

Sample districts with the highest % of "excess" costs funded by State categorical aid.

Sample cooperatives (also have a high % of "excess" costs funded)

School districts included in each group:

Derby
Manhattan
Haysville
Lawrence
Wichita
Blue Valley
Shawnee Mission

Kaw Valley
Mulvane
Junction City
Fort Scott
Garden City
Liberal

Eureka
Ottawa
Atchison
Turner
Russell
Hutchinson
Wabaunsee East

Special Ed.
Cooperatives:

Doniphan County
Holton
Three Lakes

*House Appropriations
3-20-00
Attachment 4*

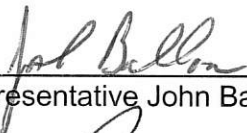
SOCIAL SERVICES BUDGET COMMITTEE

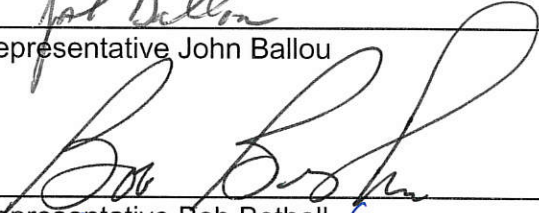
Department of Health and Environment


Representative Melvin Neufeld, Chairperson

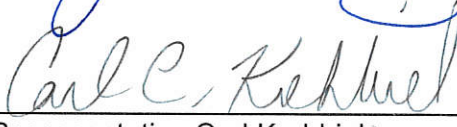

Representative Barbara Allen


Representative Barbara Ballard


Representative John Ballou


Representative Bob Bethell


Representative Jerry Henry


Representative Carl Krehbiel


Representative Brenda Landwehr


Representative Doug Spangler

House Appropriations
3-20-00
Attachment 5

Subcommittee Report

Agency: Kansas Department of Health
and Environment

Bill No. 639

Bill Sec. 31

Analyst: Davis

Analysis Pg. No. 364

Budget Page No. 185

Expenditure Summary	Agency Request FY 01	Gov. Rec. FY 01	Subcommittee Adjustments
All Funds:			
State Operations	\$ 113,762,640	\$ 105,559,727	\$ (1,268,855)
Aid to Local Units	35,435,647	35,235,647	3,000,000
Other Assistance	30,000,000	33,000,000	(3,000,000)
TOTAL	<u>\$ 179,198,287</u>	<u>\$ 173,795,374</u>	<u>\$ (1,268,855)</u>
State General Fund:			
State Operations	\$ 23,155,774	\$ 21,526,522	\$ (500,477)
Aid to Local Units	10,325,333	10,025,333	0
Other Assistance	0	0	0
TOTAL	<u>\$ 33,481,107</u>	<u>\$ 31,551,855</u>	<u>\$ (500,477)</u>
Other Funds:			
State Operations	\$ 90,606,866	\$ 84,033,205	\$ (768,378)
Aid to Local Units	25,110,314	25,210,314	3,000,000
Other Assistance	30,000,000	33,000,000	(3,000,000)
TOTAL	<u>\$ 145,717,180</u>	<u>\$ 142,243,519</u>	<u>\$ (768,378)</u>
FTE Positions	849.5	842.5	0.0
Unclassified Temp. Positions	185.5	185.5	0.0
TOTAL	<u>1,035.0</u>	<u>1,028.0</u>	<u>0.0</u>

* Includes a reduction of \$1,268,855 (including \$500,477 from the SGF) for the Governor's employee salary adjustment. Absent the decrease for the pay plan, the recommendation does not change total expenditures from the Governor's recommendation for FY 2001.

Agency Request/Governor's Recommendation

The Department's FY 2001 request is \$179,198,287. The request is an increase of \$9.8 million or 5.8 percent over the FY 2000 estimate. The Department requests:

State General Fund

- \$33,481,107, or 18.7 percent of the total request

- including requested enhancements of \$58,421
- decreases of:
 - \$288,572 in Other Operating Expenditures
 - \$234,831 in Immunization Programs
 - \$40,412 in Title XIX matching funds for nursing home inspections
 - \$39,675 in Aid to Local Units
- offset mainly by an increase of \$658,613 in Salaries and Wages

Special Revenue Funds

- **\$145,717,180**, or 81.3 percent of the total request

Salaries and Wages

- **\$44,687,129** for 849.5 FTE positions and 185.5 unclassified temporary positions
- an increase of \$1.7 million or 3.9 percent over the FY 2000 estimate

The Governor recommends FY 2001 expenditures of \$173,795,374. The recommendation is an increase of \$8.2 million or 5.0 percent over the FY 2000 revised recommendation. The recommendation includes:

State General Fund

- \$31,551,855, or 18.2 percent of the total request
- Consolidation of accounts to new Operating Expenditures account
 - Salaries and Wages
 - Other Operating
 - Salaries and Wages—Swine Production Inspections
 - Child Care Licensing Operating Expenditures
 - Adult Care Home Criminal Record Checks
 - Newborn Hearing Screening
 - Chemical Control Act
- Elimination of Pregnancy Maintenance Program funded at \$300,000 by the 1999 Legislature for FY 2000

Special Revenue Funds

- \$142,243,519 or 81.8 percent of the total recommendation
- \$3,000,000 from the Kansas Endowment for Youth Fund for Kansas Health Foundation Grants for Children's Health Initiatives

Salaries and Wages

- \$43,093,085 for 842.5 FTE and 185.5 unclassified temporary positions
- Increase of \$1.1 million or 2.5 percent over the FY 2000 revised recommendation

FY 2001 Enhancements						
Enhancement	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Food and Drug Section Staffing - Bureau of Consumer Health	\$ 57,641	\$ 144,102	3.0	\$ 0	\$ 0	0.0
Waste Management Staffing - Bureau of Waste Management State Water Plan	0	69,948	1.0	0	69,948	1.0
Continuation of Water Programs - Bureau of Environmental Field Services	0	806,400	1.0	0	654,774	1.0
Non-Point Source Water Pollution Control - Bureau of Water	0	296,100	1.4	0	284,655	1.4
Local Environmental Protection Program - Bureau of Water	0	2,200,000	0.0	0	1,800,000	0.0
Contamination Remediation - Bureau of Environmental Remediation	0	1,600,000	0.0	0	1,397,023	0.0
TOTAL - FY 2001 Enhancement Request	\$ 57,641	\$ 5,116,550	6.4	\$ 0	\$ 4,206,400	3.4

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor with the following adjustments and notations:

1. Delete \$1,268,855 (including \$500,477 from the SGF) for the Governor's recommended pay plan adjustments for classified step movement (\$734,529), longevity bonus payments (\$356,607), and a 2.5 percent unclassified merit pool (\$177,719).
2. The Subcommittee was informed that the most recent report regarding the adequacy of federal funds in the AIDS Drug Assistance Program (ADAP) is that the program will not need additional funds in the current fiscal year. The Department reports it will be able to manage its cashflow by borrowing from the next federal fiscal year; the federal fiscal year for this program ends March 31.

However, the Department currently predicts a shortfall in ADAP of up to \$400,000 for the upcoming federal fiscal year. The Subcommittee recognizes that any state funding used in the ADAP program will most likely establish a maintenance of effort on the part of the state of Kansas. Based on past experience, this estimate is likely to be much higher than the actual shortfall. Therefore, the Subcommittee asks the Department to return to the 2001 Legislature with revised estimates.

3. The Subcommittee notes that the Governor's recommendation includes expenditures of \$838,526 in FY 2000 and \$904,647 in FY 2001 from the Food Inspection Fee Fund. The program is funded 60 percent from fees in FY 2000 and 70 percent in FY 2001. These are the first two years of expenditures from the Fund, as the program was funded from the State General Fund in FY 1999 to allow sufficient balances to build. The Governor's budget recommendation includes a carryforward fund balance

of \$451,532 from FY 2001 to FY 2002. In order to operate the program, carry forward balances must be used for the first half of a fiscal year until licenses are renewed, generating fees at the end of the calendar year. The Department informed the Subcommittee that at current levels of income and expenditure, the Fund's balance will be depleted by FY 2004, or sooner, if the ending balance is used to further offset State General Fund expenditures.

Currently, grocery stores and food processors are inspected the same as any food services establishment but are not required to pay fees. The cost of these inspections is paid out of State General Fund dollars. The Subcommittee recognizes the changed nature of grocery operations. Much food preparation goes on at grocery stores, and all food establishments present a risk to public health if health-focused best practices are not properly employed. Further, the 1999 Food and Drug Administration (FDA) Food Code adopted regulations governing food service establishments and retail food stores became identical. The Subcommittee believes that license fees for retail grocers and food processors are appropriate, and should be used to reduce the need for State General Fund dollars in supporting the expense of food protection activities in Kansas. The Subcommittee recommends the introduction of a bill to establish annual license fees for retail food stores and food processors based on the complexity of the individual establishment, to be established by the Department to a maximum of \$200. These fees will be credited to the Food Inspection Fee Fund and be used to support the inspection activities associated with these facilities. It is the Subcommittee's intention that the increased fees generate sufficient revenues to allow the food inspection program to be entirely fee funded, without reliance on the State General Fund.

As the additional fee income can be used to offset State General Fund expenditures, the Subcommittee recommends that the food inspection program's State General Fund expenditures of approximately \$400,000 be reviewed at Omnibus to determine if those dollars can be shifted elsewhere.

4. The Subcommittee recommends that the Department undertake a study and evaluation of the manner in which local public health is funded in Kansas. Except for an increase of approximately \$250,000 in FY 1999, grants to local health departments for general operations have been virtually flat for the past 19 years. The formula, enacted in 1991, may no longer reflect the needs of today's local health activities in both rural and urban settings. The Subcommittee requests that the Department undertake a thorough evaluation of the grant delivery system, including categorical grants, involving its knowledgeable and experienced staff and members of the public health community, and return to the 2001 Legislature with carefully considered recommendations for statutory and/or policy

changes. The Department's review should take the entire public health system into account and consider all funding streams when undertaking its review. The Subcommittee notes its concern that increased categorical grants to communities to address individual health issues may not result in the best use of state dollars due to the failure to examine the various issues in conjunction with each other. The Subcommittee notes that an ideal policy review will focus on a cohesive and comprehensive public health system that involves the state and local communities and uses funds to attain an optimum level of increased public health. The Subcommittee directs the Department to be as comprehensive as possible while examining and making recommendations to improve the funding delivery system.

5. The Subcommittee reviewed the recommendations of the Performance Review Board regarding the consolidation of the Department's Laboratories with those of the Department of Agriculture. According to the Department, while it is not opposed to a consolidation that results in cost savings and improvements in services, the proposed consolidation would not be beneficial to Kansans and would not result in the cost savings reflected in the recommendation of the Board. The Department informed the Subcommittee that the Board did not research adequately a variety of factors which would affect the cost savings and feasibility of the proposed consolidation, such as moving costs for sensitive lab equipment, the rent likely to be charged by the owner of the building proposed for the relocation, the remodeling costs which would be necessary to make the space suitable for laboratory purposes, the penalty for early cancellation of the current lease and the laboratory and scientific responsibilities of the FTE identified for elimination.

The Board maintains that its recommendation for a consolidated laboratory will achieve the intended goals of a state-of-the-art laboratory to serve state programs, which is streamlined in authority to rapidly address unknown future requirements, and can be linked to other internal assets, other states, regional, and federal facilities to minimize time and maximize resources.

6. The Subcommittee notes that the Local Environmental Protection Program (LEPP), which is funded from the State Water Plan, is maintained at the current level of \$1.8 million in FY 2001. The Department's request was for \$2.2 million, and the Subcommittee heard testimony from several local health departments requesting the additional \$400,000. The main concern of the conferees was that the Department was going to require that funds be targeted toward total maximum daily load (TMDL) activities. The Department informed the Subcommittee that all the FY 2001 LEPP funds would be retained in base programs (creation and implementation of environmental protection plans). However, the Department intends to work with the Water Office and local health departments to discuss and develop

potential targeting strategies for addressing TMDL issues with FY 2002 LEPP dollars.

7. The Subcommittee received a report from the Director of the Center for Health and Environmental Statistics (CHES) regarding the re-engineering of the vital statistics database which is currently underway. Due to the age of the system, it is now necessary to rewrite the entire database. The new system will need to be compatible with the modern operating systems at the hospitals across the state to continue the electronic birth certificate system and be compliant with new Social Security Administration requirements for electronic death registration. The Director of CHES informed the Subcommittee that they are looking into funding sources other than the State General Fund to complete this large project, which is currently funded at \$500,000 (State General Fund) over a two year period.
8. The Subcommittee reviewed the July 1999 performance audit report from Legislative Post Audit regarding personnel and financial practices at the Department. The report concluded that the Department's Kansas Savings Incentive Program (KSIP) employee bonuses were poorly administered, undermining effectiveness and credibility. The Secretary reported that he had requested the audit and under his administration, KSIP employee bonuses have been administered following the recommendations contained in the report. The Secretary reported that, in addition to a written policy for awarding KSIP bonuses, recommendations are solicited from supervisors, written recommendations are sent to the Secretary from each division, and the employees receiving bonuses are identified in the Department's newsletter.
9. The Subcommittee recognizes that abused and neglected children are at an increased risk for persistent behavior problems, academic failure, chronic delinquency, antisocial personality disorder and violent crime. The pandemic problems of Kansas juveniles include a wide variety of health issues inextricably intertwined with social, family and emotional problems that often begin in infancy or before birth. Such problems faced by abused and neglected children are best addressed before they begin. The Subcommittee was informed of a standardized and validated early childhood and prenatal home visitation program that has been demonstrated to address these areas. The Olds Model is designed to help low-income, first-time parents start their lives with their children on a sound course and prevent the health and parenting problems that can contribute to the early development of antisocial behavior. Several studies indicate that the nurse home visitation program reduces the risks for early antisocial behavior and prevents problems associated with youth crime and delinquency such as child abuse, maternal substance abuse, and maternal criminal involvement. Recent evidence shows that nurse home visitation even reduces juvenile offending.

The Olds Model encompasses the goals and desired outcomes of many other programs, including reducing teen smoking, sexual promiscuity, alcohol consumption and child abuse. In addition, implementation of the Olds Model produces benefits to mothers such as reduced welfare use after the birth of the

first child and fewer subsequent pregnancies. A 1998 Rand Corporation study of the Olds Model identified the following cost benefits of the program:

- Net reductions in public costs begin to accrue by the time the children are four years old
- Cost savings to society and government over the child's lifetime are at least four times greater than the cost of the program itself
- Savings begin to accumulate sooner than in other early childhood programs

The Subcommittee recommends the \$3 million of tobacco settlement proceeds recommended in the Governor's budget to provide matching state dollars for Kansas Health Foundation community grants be redirected. The Foundation has made grants to 18 communities, and the Subcommittee learned that a state match was not needed. Rather, \$3 million should be appropriated to the Department to provide grants to local health departments on a competitive basis to develop prevention based, outcomes-driven programming, and/or community partnerships for delivery of services. Because local health departments statewide are not necessarily linked in their planning processes, the Department should establish efficacy standards such as exist in the Olds Model that will provide certainty in the distribution of funding for prevention initiatives. The Subcommittee wishes to encourage innovation and creativity on the part of local health departments to identify partners for new and expanded initiatives.

Senate Committee Recommendation

The Committee concurs with the Subcommittee with the following modification.

1. The Committee notes that the \$3 million for grants to local health departments (item 9) is intended as a one-year appropriation with the expectation that the programs developed under the Olds Model will be reviewed for effectiveness by the Children's Cabinet.
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Budget Committee Report

Agency: Kansas Department of Health
and Environment

Bill No. 2994

Bill Sec. 31

Analyst: Davis

Analysis Pg. No. 364

Budget Page No. 185

Expenditure Summary	Agency Req FY 01	Gov. Rec. FY 01	Budget Committee Adjustments
All Funds:			
State Operations	\$ 113,762,640	\$ 105,559,727	\$ (144,000)
Aid to Local Units	35,435,647	35,235,647	300,000
Other Assistance	30,000,000	33,000,000	0
TOTAL	<u><u>\$ 179,198,287</u></u>	<u><u>\$ 173,795,374</u></u>	<u><u>\$ 156,000</u></u>
State General Fund:			
State Operations	\$ 23,155,774	\$ 21,526,522	\$ (300,000)
Aid to Local Units	10,325,333	10,025,333	300,000
Other Assistance	0	0	0
TOTAL	<u><u>\$ 33,481,107</u></u>	<u><u>\$ 31,551,855</u></u>	<u><u>\$ 0</u></u>
Other Funds:			
State Operations	\$ 90,606,866	\$ 84,033,205	\$ 156,000
Aid to Local Units	25,110,314	25,210,314	0
Other Assistance	30,000,000	33,000,000	0
TOTAL	<u><u>\$ 145,717,180</u></u>	<u><u>\$ 142,243,519</u></u>	<u><u>\$ 156,000</u></u>
FTE Positions	849.5	842.5	0.0
Unclassified Temp. Positions	185.5	185.5	0.0
TOTAL	<u><u>1,035.0</u></u>	<u><u>1,028.0</u></u>	<u><u>0.0</u></u>

Budget Committee Recommendation

The Budget Committee concurs with the recommendations of the Governor with the following exceptions and notations.

1. The Budget Committee recommends that the proviso on the Publication Fee Fund limiting expenditures from that fund to publication activities

only be added. This proviso has been included for several years but was is not included in the Governor's bill.

2. The Budget Committee notes that over the past two years, many of the Department's special revenue funds have had the expenditure limitations removed. The Department has improved its fiscal reporting and has been able to use the no limit funds to assist in accurate budgeting; rather than over estimating the amount of funding from a particular fund that will be needed in order to avoid being limited if an unforeseen increase is needed, the Department now bases budgetary predictions on actual experience and expectations. Special revenue funds without expenditure limitations allow for unforeseen events to be dealt with if they occur. The Budget Committee intends to review this issue in FY 2001 to be certain that improvements are still occurring.
3. The Budget Committee recognizes that the Department's budgeting process and responses regarding budgetary matters have improved in recent years. The Budget Committee also appreciates the documentation provided to the Legislature in the Department's Legislative Briefing Book.
4. The Budget Committee believes that special attention should be paid by the Department to maximizing the amount of federal funds that can be spent in place of state dollars. This includes maximizing use of federal dollars for administrative expenditures within the Department, identifying all costs that can be covered by special revenue funds, and looking at all grants to make certain that all administrative expenses incurred for the grant program are charged to the grant.
5. The Budget Committee was informed that the most recent report regarding the adequacy of federal funds in the AIDS Drug Assistance Program (ADAP) is that the program will not need additional funds in the current fiscal year. The Department reports it will be able to manage its cashflow by borrowing from the next federal fiscal year; the federal fiscal year for this program ends March 31. However, the Department currently predicts a shortfall in ADAP of up to \$400,000 for the upcoming federal fiscal year. The Budget Committee recognizes that any state funding used in the ADAP program will most likely establish a maintenance of effort on the part of the state of Kansas. Based on past experience, this estimate is likely to be much higher than the actual shortfall. Therefore, the Budget Committee asks the Department to return to the 2001 Legislature with revised estimates.

The Budget Committee recognizes and appreciates the Department's cost containment efforts in the ADAP program. The Department's diligence in finding ways to stretch the federal dollars for this program have allowed Kansas to avoid adding state funds in both FY 1999 and FY 2000. In order to contain costs, the Department:

- Found \$84,000 unclaimed in carry forward federal funds going back to 1993;
- Negotiated with Kansas City (a Ryan White Title I recipient) for coverage of 54 Kansas clients for AIDS drugs, resulting in a savings of over \$250,000 on medications per year for the state program; and
- Increased pharmaceutical rebates for drug purchases and performed retroactive recovery of rebates.

The Budget Committee was informed of the possibility of state Medicaid funds being incorporated into the calculations for Kansas' maintenance of effort for the ADAP program. This would require identification of how many Medicaid dollars are spent on HIV/AIDS activities, but would not actually require increased expenditures in either program. In the event that additional state funding is necessitated for the ADAP program in the future, it is possible that Medicaid funds could be used in the following fiscal years to meet the maintenance of effort that would be established. The Budget Committee recommends that the Department examine this possibility and report its findings prior to Omnibus.

Further, the Budget Committee recommends the introduction of a concurrent resolution to urge the Congress of the United States to expeditiously reauthorize the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act in order to ensure that the expanding medical care and support services needs of individuals living with HIV disease are met.

6. Currently, grocery stores and food processors are inspected the same as any food services establishment but are not required to pay fees. The cost of these inspections is paid out of State General Fund dollars. The Budget Committee recognizes the changed nature of grocery operations. Much food preparation goes on at grocery stores, and all food establishments present a risk to public health if health-focused best practices are not properly employed. Further, the 1999 Food and Drug Administration (FDA) Food Code adopted identical regulations governing food service establishments and retail food stores. The Budget Committee believes that license fees based on the complexity of operations for retail grocers and food processors are appropriate and notes that the Senate Committee on Ways and Means has introduced a bill which would implement such fees.
7. The Budget Committee recommends that expenditures of \$156,000 from the Trauma Fund be added to continue the Rural Stroke Prevention Program in FY 2001. Sufficient balances exist in the Fund to cover this

expenditure. The Budget Committee recommends a proviso be added which allows expenditures from the Trauma Fund for this purpose.

8. The Budget Committee recommends that the following proviso be added to the Department's State General Fund operating expenditures account, the effect of which is to continue the Pregnancy Maintenance Program, begun by the 1999 Legislature, in FY 2001 at the current amount of \$300,000 within the Department's existing State General Fund allocation. The Budget Committee intends this funding to be used for continuation of the FY 2000 program, with the same not-for-profit entities selected through the grant application process carried out in FY 2000.
9. The Budget Committee requests that the Department provide the Budget Committee with its plan for a statewide Hepatitis B Immunization Initiative prior to Omnibus.
10. The Budget Committee notes that public water systems across the state are not meeting federal standards under the Safe Drinking Water Act. The Budget Committee was informed that the State's revolving loan fund does not have enough money to make all of the loans that will be needed across that state to update public water systems. The Budget Committee was informed that compliance rates are decreasing, from 93.0 percent of public water systems in total compliance in FY 1999 to 90.0 percent in FY 2000 and 85.0 percent in FY 2001. The Budget Committee requests the following information from the Department prior to Omnibus: the cause of this decrease in performance and how much is caused by changed federal standards; the exact number of systems which will be out of compliance and the cost of bringing these systems into compliance; and a list of systems which the Department expects to address in the next five years.
11. Add language to the appropriation bill to allow the Department to transfer money from the Department's special revenue funds to the Sponsored Project Overhead Fund. The Department requested this in order that expenditures for administration may be attributed to the Sponsored Project Overhead Fund, rather than from the various funds which contribute to administration expenses.
12. The Budget Committee reviewed the following performance measures for the Department.

Department of Health and Environment			
Selected Performance Measures			
	<u>FY 1999 Actual</u>	<u>FY 2000 Estimate</u>	<u>FY 2001 Goal</u>
Administration			
Staff trained in utilizing new tools	20.0%	25.0%	25.0%
Center for Health and Environmental Statistics			
Births registered	38,476	36,450	36,450
Deaths registered	23,449	23,150	23,150
Division of Health			
Number of migrant farm workers served	2,857	3,300	3,300
Percent of food service establishments not inspected annually	36.0%	33.0%	33.0%
Percent of food service consumer complaints investigated	90.0%	92.0%	92.0%
Percent of persons eligible for WIC services served by program	68.6%	68.2%	69.5%
Teenage pregnancy rate (age 10-19)	3.3%	3.3%	3.2%
Percent of children properly immunized when they were two years of age	70.0%	71.0%	73.0%
Number of counties and communities receiving training in public health intervention	7	10	10
Division of Environment			
Percent of underground storage tanks in substantial compliance with regulations	97.8%	90.0%	90.0%
Hazardous waste inspections with no or minor violations	92.0%	85.0%	85.0%
Solid waste inspections with no or minor violations	52.0%	53.0%	55.0%
Percent of public water systems in total compliance	93.0%	90.0%	85.0%
Percent of radiation control inspections completed	93.0%	93.0%	100.0%
Percent of water taste and odor problems responded to	100.0%	100.0%	100.0%
Health and Environment Laboratories			
Percent of reports electronically transmitted to laboratory clients	45.0%	45.0%	50.0%

PUBLIC SAFETY BUDGET COMMITTEE

Kansas Bureau of Investigation



Representative Phil Kline, Chairperson



Representative Marti Crow



Representative Ed McKechnie

Representative John Toplikar



Representative Shari Weber

House Appropriations
3-20-00
Attachment 6

SENATE SUBCOMMITTEE REPORT

Agency: Kansas Bureau of Investigation **Bill No.** 639

Bill Sec. 57

Analyst: Waller

Analysis Pg. No. 1141

Budget Page No. 292

Expenditure Summary	Agency Request FY 2001	Gov. Rec. FY 2001	Senate* Subcommittee Adjustments
All Funds:			
State Operations	\$ 18,464,037	\$ 17,024,438	\$ 43,354
Aid to Local Units	942,238	942,238	0
Subtotal - Operating	\$ 19,406,275	\$ 17,966,676	\$ 43,354
Capital Improvements	798,407	195,000	0
TOTAL	\$ 20,204,682	\$ 18,161,676	\$ 43,354
State General Fund:			
State Operations	\$ 14,970,918	\$ 12,243,430	\$ 60,271
Aid to Local Units	0	0	0
Subtotal - Operating	\$ 14,970,918	\$ 12,243,430	\$ 60,271
Capital Improvements	798,407	195,000	0
TOTAL	\$ 15,769,325	\$ 12,438,430	\$ 60,271
FTE Positions	203.0	200.0	3.0
Unclassified Temp. Positions	34.0	25.0	0.0
TOTAL	237.0	225.0	3.0

* Excluding the adjustment for the Governor's pay plan, the change by the Subcommittee would be an increase of \$300,000 (from the State General Fund) above the Governor's recommendation.

Agency Estimate/Governor's Recommendation

The FY 2001 operating budget request for the Kansas Bureau of Investigation totals \$19,406,275, with \$14,970,918 or 77.1 percent being financed by the State General Fund. This is a decrease of \$184,028 or 0.9 percent below the FY 2000 all funds operating budget. Requested State General Fund expenditures increase by \$2,403,271 or 19.1 percent due to the continued funding for the operation and maintenance of the Criminal Justice Information System (CJIS) and the agency's enhancement package. Requested all other funds decrease by \$2,587,299, or 36.8 percent, due to elimination of federal funds to finance the implementation of CJIS.

The agency's operating budget request includes:

- \$10,864,568 for salaries and wages
 - 203.0 FTE positions
- \$5,295,927 for contractual services
- \$654,663 for commodities
- \$1,522,924 for capital outlay
- \$125,955 for debt service interest
- \$942,238 for aid to local units

Absent the requested enhancements, the agency's requested and operating budget for FY 2001 totals \$19,091,952 which represents a decrease of \$498,351 or 2.5 percent from FY 2000 estimates.

The Governor recommends an operating budget total of \$17,966,676. This is an increase of \$946,084 above the FY 2000 revised budget. State General Fund expenditures increase by \$957,605, or 8.5 percent, due to the inclusion of step movement and longevity, the annualization of positions approved by the 1999 Legislature, and the shifting of funded expenditures to the State General Fund due to the reduction of federal grant funding received. All other funds decrease by \$11,521 or 0.2 percent due to a decrease in the amount of federal funding received by the agency to finance salaries and wages and other operating expenses. The Governor recommends an agencywide shrinkage savings of 4.7 percent.

The Governor's operating budget recommendation includes:

- \$10,162,401 for salaries and wages
 - 200.0 FTE positions
- \$5,022,912 for contractual services
- \$653,663 for commodities
- \$1,059,507 for capital outlay
- \$125,955 for debt service interest
- \$942,238 for aid to local units

Senate Subcommittee Recommendation

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

1. Delete \$256,646 (\$239,729 from the State General Fund) based on the recommendation to delete funding for a 2.5 percent classified step movement (\$131,290); longevity bonus payments (\$97,884); and the 2.5 percent unclassified merit pool (\$27,472) from individual agency budgets.
2. The Senate Subcommittee restores 3.0 FTE positions reduced in the Governor's recommendation. No additional funding is recommended for

those positions. The Subcommittee reviewed the agency's budget and determined that although additional funding for those positions was not feasible, the reduction of those positions from the agency's FTE limitation should not be recommended.

3. Add \$300,000 (from the State General Fund) in FY 2001, distributed as follows:

- \$97,154 is recommended to replace funding provided to the agency by local jurisdictions for the Southeast Kansas Drug Enforcement Task Force. Under the Governor's recommendation, those funds were shifted to finance normal operating expenses of the agency.
- \$60,000 is recommended to replace funding provided to the agency by Wyandotte County for the KBI laboratory on the campus of the Kansas City Kansas Community College. The Governor's recommendation shifted some funds to finance normal operating expenses of the agency.
- \$78,609 is recommended to replace the Governor's recommended utilization of Federal Forfeiture Funds to finance the normal operating expenses of the agency. According to the "Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies," which is distributed by the U.S. Department of Justice:

. . . sharing must be used to increase or supplement the resources of the receiving state or local law enforcement agency or any other ultimate recipient agency. Shared resources shall not be used to replace or supplant the resources of the recipient. . . .

Penalties for non-compliance include: federal criminal prosecution; civil enforcement actions for breach of contract; or being barred, temporarily or permanently, from the sharing program. Additionally, K.S.A. 60-4117 (d)(3) states:

. . . moneys in the Kansas Bureau of Investigation state forfeiture fund, Kansas Highway Patrol state forfeiture fund, Kansas Department of Correction forfeiture fund and the special law enforcement trust funds shall not be considered a source of revenue to meet normal operating expenses. . .

- \$47,770 is recommended to provide funding for the Offender Registration Program. The program is intended to provide the public with

information regarding convicted offenders who could pose a threat to the safety of Kansas citizens by requiring them to register with the Bureau. The funding finances the two special project positions in the Offender Registration Program. Under the Governor's recommendation, the program is not funded in FY 2001.

- \$16,467 is added to provide additional salary and wages funding for forensic laboratory scientists.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

HOUSE BUDGET COMMITTEE REPORT

Agency: Kansas Bureau of Investigation **Bill No.** 639

Bill Sec. 57

Analyst: Waller

Analysis Pg. No. 1141 **Budget Page No.** 292

<u>Expenditure Summary</u>	<u>Agency Request FY 2001</u>	<u>Gov. Rec. FY 2001</u>	<u>House Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 18,464,037	\$ 17,024,438	\$ 157,154
Aid to Local Units	942,238	942,238	0
Subtotal - Operating	\$ 19,406,275	\$ 17,966,676	\$ 157,154
Capital Improvements	798,407	195,000	0
TOTAL	<u>\$ 20,204,682</u>	<u>\$ 18,161,676</u>	<u>\$ 157,154</u>
State General Fund:			
State Operations	\$ 14,970,918	\$ 12,243,430	\$ 157,154
Aid to Local Units	0	0	0
Subtotal - Operating	\$ 14,970,918	\$ 12,243,430	\$ 157,154
Capital Improvements	798,407	195,000	0
TOTAL	<u>\$ 15,769,325</u>	<u>\$ 12,438,430</u>	<u>\$ 157,154</u>
FTE Positions	203.0	200.0	0.0
Unclassified Temp. Positions	34.0	25.0	0.0
TOTAL	<u>237.0</u>	<u>225.0</u>	<u>0.0</u>

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendations with the following adjustments:

1. The House Budget Committee adds \$157,154 (from the State General Fund) in FY 2001, distributed as follows:
 - \$97,154 is recommended to replace funding provided to the agency by local jurisdictions for the Southeast Kansas Drug Enforcement Task Force. Within the Governor's recommendation, those funds were shifted to finance the normal operating expenses of the agency.

- \$60,000 is recommended to replace funding provided to the agency by Wyandotte County for the KBI laboratory on the campus of the Kansas City, Kansas Community College. The Governor's recommendation shifted some funds to finance normal operating expenses of the agency.
2. The House Budget recommends the removal of the cap, within H.B. 2994, regarding the number of unclassified temporary positions authorized for the agency during FY 2001. However, the Budget Committee endorses directing the Attorney General to inform both the Legislative Research Department and the Division of Budget as to the number of unclassified positions authorized.

Administration of
Campaign Finance,
Conflict of Interest
& Lobbying Laws

STATE OF KANSAS



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GOVERNMENTAL ETHICS COMMISSION

MEMO

TO Rep. Ed McKechnie
FROM Carol Williams
DATE March 16, 2000
RE Commission's Fee Fund

You asked me to get you figures on a 20% increase for the agency's fee fund. I've put the info in a chart format. A 20% fee increase in all categories will generate an additional \$22,037 in FY 2002. I used this year for comparison, because lobbyists have already paid their fees for this year (FY2000). FY2001 is not a good year to compare because there are just city candidates paying fees, therefore, I used FY2002 since it will be a fiscal year that receives fees from all categories. If this increase were to be implemented before the filing deadline this year, the additional fees generated this year would be approximately \$8,436. To date 412 candidates have already filed for office, we anticipate an additional 1,406 before the June 10 filing deadline. In FY2001 the total fee increase would generate an additional \$17,573.

CANDIDATES	Number of	Current Fees		Fees Increased by 20%	
		Individual	Aggregate	Individual	Aggregate
Statewide	23	\$400	\$ 9,200	\$480	\$11,040
State	338	30	10,140	36	12,168
Local	364	30	10,920	36	13,104
PACS	105	15	1,575	18	1,890
	75	30	2,250	36	2,700
	85	200	17,000	240	20,400
LOBBYISTS	850	30	25,500	36	30,600
	120	250	30,000	300	36,000
	12	300	3,600	360	4,320
			<u>\$110,185</u>		<u>\$132,222</u>

House Appropriations
3-20-00
Attachment 7

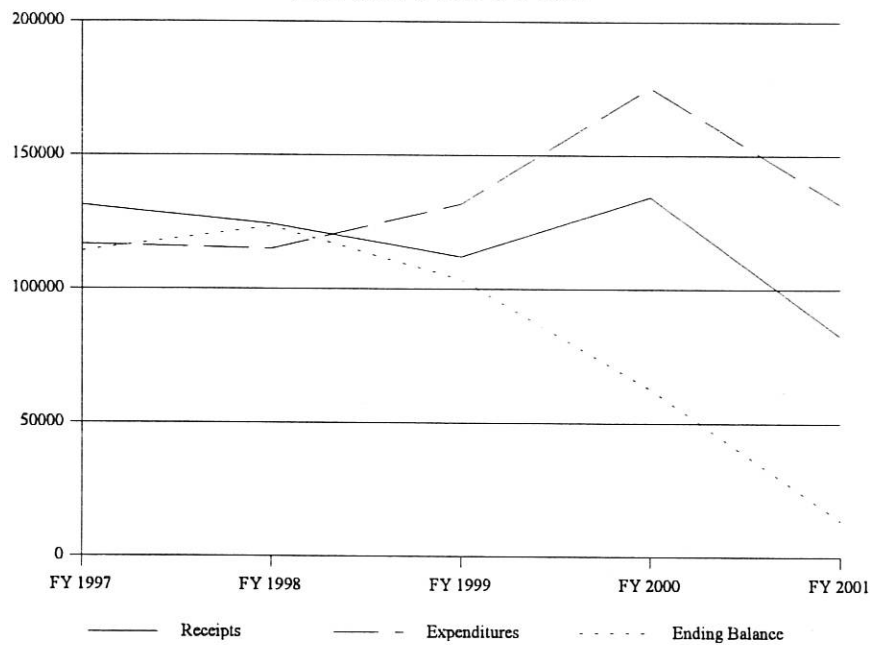
**Fee Fund Information
Governmental Ethics Commission**

Historical Trend - FY 1997-FY 2001

<u>Resource Estimate</u>	<u>Actual FY 1997</u>	<u>Actual FY 1998</u>	<u>Actual FY 1999</u>	<u>Leg. Rec. FY 2000</u>	<u>Gov. Rec. FY 2001</u>
Beginning Balance	\$ 99,546	\$ 114,150	\$ 123,391	\$ 103,555	\$ 62,723
Net Receipts	131,232	124,216	112,070	134,465	82,628
Total Funds Available	\$ 230,778	\$ 238,366	\$ 235,461	\$ 238,020	\$ 145,351
Less: Expenditures	116,628	114,975	131,816	175,297	131,692
Less: Nonreportable Expenditures	0	0	90	0	0
Ending Balance	\$ 114,150	\$ 123,391	\$ 103,555	\$ 62,723	\$ 13,659
Ending Balance as Percentage of Expend.	97.9%	107.3%	78.6%	35.8%	10.4%

Governmental Ethics Commission

Fee Fund FY 1997-FY 2001



Agency Estimated Receipts through FY 2004

Source	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Estimate
Candidates	\$ 11,860	\$ 54,540	\$ 6,090	\$ 30,260	\$ 6,090	\$ 54,120
PACs	25,875	20,825	22,675	20,825	22,675	20,825
Lobbyists	69,120	59,100	59,100	59,100	59,100	59,100
TOTAL	\$ 106,855	\$ 134,465	\$ 87,865	\$ 110,185	\$ 87,865	\$ 134,045

Ethics Commission Fee Fund Information

Receipts to the Governmental Ethics Commission Fee Fund come mainly from three sources: candidate filings, political action committee registrations, and lobbyist registrations. Other sources for receipts are civil penalties and fines imposed by the Commission and charges for publications, but these amounts are relatively small.

Candidates for state office and lobbyists pay fees to the Secretary of State. Candidates for city or county office pay the fee to the county election officer. These fees are then remitted quarterly to the State Treasurer to be credited to the fee fund. Political action committees pay the Ethics Commission directly.

The fees charged are set out in statute and were last changed by the 1994 Legislature. The following table lists the fee charged for each category.

Category	Fee
Candidates for office elected by statewide election	\$ 400
Candidates for State Senator, State Representative, State Board of Education, District Attorney, Board of Public Utilities of Kansas City, and elected county offices	\$ 30
Candidates for members of boards of education of unified school districts having 35,000 or more pupils, elective offices in first class cities, and district court judges	\$ 30
Political Action Committees receiving less than \$500 in contributions	\$ 15
Political Action Committees receiving more than \$500 but less than \$2,501 in contributions	\$ 30
Political Action Committees receiving more than \$2,501 in contributions	\$ 200
Lobbyists expending less than \$1,000	\$ 30
Lobbyists expending more than \$1,000	\$ 250
Employees of lobbying firms	\$ 300

Estimated Receipts through FY 2004

Source	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Estimate
Candidates	\$ 11,860	\$ 54,540	\$ 6,090	\$ 30,260	\$ 6,090	\$ 54,120
PACs	\$ 25,875	\$ 20,825	\$ 22,675	\$ 20,825	\$ 22,675	\$ 20,825
Lobbyists	\$ 69,120	\$ 59,100	\$ 59,100	\$ 59,100	\$ 59,100	\$ 59,100
TOTAL	\$ 106,855	\$ 134,465	\$ 87,865	\$ 110,185	\$ 87,865	\$ 134,045

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TOPEKA
HOUSE OF
REPRESENTATIVES

March 20, 2000

COMMITTEE ASSIGNMENTS
CHAIR: KANSAS PASSENGER RAIL
TASK FORCE
VICE CHAIR: RULES AND JOURNAL
MEMBER: APPROPRIATIONS
BUDGET COMMITTEE ON
CORRECTIONS AND PUBLIC
SAFETY
JOINT COMMITTEE ON LEGISLATIVE
POST AUDIT
COUNCIL OF STATE GOVERNMENT
EXECUTIVE COMMITTEE
MIDWEST LEGISLATIVE CONFERENCE
HIGH SPEED RAIL TASK FORCE

Proposed Appropriations Committee Bill

Gaming Consolidation Act.

1. Intent. Wherever possible it is the intent of the Kansas Legislature to limit Class III gaming in the state. It is the public policy of this state to co-locate Class III gaming sites with approved dog and horse tracks.

2. Video Lottery, slot machines connected by central computer system and the three pari-mutual track locations.

3. Distribution -

All gaming monies are deposited in the Gaming Distribution Fund and then distributed as follows:

- 0.5 % Gambling Addiction Fund; Grants by Lottery Commission.
- 1.5 % of Location Money to Racing License Holder
- 2% Lottery Administration
- 2% Local units of Government
Kansas City - all Unified Government; Wichita - 1/2 Sedgwick County; 1/2 City of Wichita; Frontenac - 1/3 Frontenac; 1/3 Pittsburg; 1/3 Crawford County
- 3% Purse Enhancements
- 4% Central Computer System
- 12% Gaming Device Leases
- 17% Track Operation
- 27% Native American Tribes
- 27% Gaming Distribution Fund

4. Native American Tribes that agree

1. - Governor negotiates that resident tribes that have ability to establish Class III, get 1/2 of the state share if they do not operate a facility for a contractual period of 5 years, renewable in the fourth year of the contact for an additional 5 years, continuing for each subsequent 5 years.

House Appropriations
3-20-00
Attachment 8

2. Governor certifies contract with Attorney General and the Secretary of State and then that tribe is eligible for money from the tribe account based on their percentage of the population of the total approved population.
3. Finance Council approves contract.
4. Distribution cycle will begin on the first day of each month - money distributed by the 15th of the next month.
5. Extend lottery until 2007

Dollar amounts for proposed Appropriations Committee Bill

First Full Year of Operation; per G-Tech

• Gambling Addition Fund	0.5%	\$ 1.492
• Racing License Holder	1.5%	\$ 4.476
• Lottery Administration	2.0%	\$ 5.968
• Local Units	2.0%	\$ 5.968
• Purse Enhancements	3.0%	\$ 8.952
• Central Computer System	4.0%	\$11.936
• Gaming Device Leases	12.0%	\$35.808
• Track Operation	17.0%	\$50.728
• Native American Tribes	27.0%	\$80.568
• Gaming Distribution Fund	27.0%	\$80.568

Dollar Amounts in Millions