

MINUTES OF THE SENATE WAYS & MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 14, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Chief Fiscal Analyst, KLRD
 Rae Anne Davis, KS Legislative Research Department
 Debra Hollon, KS Legislative Research Department
 Norman Furse, Revisor of Statutes
 Michael Corrigan, Asst. Revisor of Statutes
 Judy Bromich, Administrative Assistant to the Chairman
 Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

It was moved by Senator Jordan and seconded by Senator Gilstrap that the minutes of the March 8th and March 13th meetings be approved. The motion carried on a voice vote.

Senator Salisbury reviewed the FY 2001 subcommittee report on the **Kansas Department of Health and Environment** (Attachment 1). In discussing the subcommittee's recommendation to redirect \$3 million of tobacco settlement proceeds from the Kansas Health Foundation, Senator Salisbury stated that

- a representative from the Department of Health and Environment had indicated to the subcommittee that failure to provide the state match would not impact efforts of the Kansas Health Foundation
- the subcommittee asked the Department to develop standards along the lines of the Olds Model
- home visitation is not incompatible with the grants made to increase local capacity to meet health needs of children

Concern was expressed that the purpose of the newly created Childrens' Cabinet is to analyze the effectiveness of programs and make recommendations, and the subcommittee's recommendation might be "getting ahead" of the Cabinet and negating their usefulness. Senator Jordan moved, Senator Salisbury seconded, that item 9 of the subcommittee report be amended to clarify that this is a one year appropriation with the expectation that the Childrens' Cabinet review the effectiveness of the Olds model. The motion to amend the report carried on a voice vote.

In response to a question regarding the subcommittee's comments on the consolidation of the Department's Laboratories with those of the Department of Agriculture, Secretary Graeber, Department of Health & Environment, stated that he believed there were a number of factors the Performance Review Board had not considered when evaluating the consolidation, and he brought those concerns to the attention of the subcommittee. Senator Ranson stated that she would ask for more specific information.

It was moved by Senator Salisbury and seconded by Senator Petty that the subcommittee report as amended be adopted. The motion carried on a voice vote.

Senator Salisbury moved that bill draft 9rs 2418 as requested by the Health & Environment subcommittee be introduced. The motion was seconded by Senator Lawrence and carried on a voice vote.

Senator Salmans reviewed the FY 2001 subcommittee report on the **Kansas Commission on Veterans' Affairs (including the Soldiers' and Veterans' Homes)** (Attachment 2). Senator Salisbury commented that the state cemeteries were to be at no cost to the state except for maintenance. Executive Director

CONTINUATION SHEET

SENATE WAYS & MEANS COMMITTEE MINUTES

Wages stated that planning dollars are needed as part of the federal process, but those will be reimbursed to the state.

Members expressed concern about the potential shortfall of \$500,000 in operating expenditures for this agency (item 3). The Executive Director stated that there were numerous unanticipated repairs which added to the cost of the Winfield Veterans' Home. The agency has been advised that in order to recover funds associated with those additional projects, the agency must have exceeded costs of \$400,000. The Director stated that he believes that expenditures will exceed that amount and will submit a grant to recover the costs.

Senator Salmans moved, Senator Feleciano seconded, that the FY 2001 subcommittee report on the Kansas Commission on Veterans' Affairs be adopted. The motion carried on a voice vote.

The FY 2001 subcommittee report on the **Homestead Property Tax Refunds** (Attachment 3) was presented by Senator Salmans. There were no questions.

Senator Jordan reviewed the FY 2001 subcommittee report on the **Kansas Department of Human Resources** (Attachment 4). Chairman Kerr acknowledged concern about the Kansas Workforce Investment Partnership (KWIP), and inquired whether recommendations 4 & 5 would provide reasonable flexibility so that the money can be delegated to effective programs. Senator Jordan stated that that is the intent of the recommendation, and added that local boards will be able to prioritize and address their regional needs. He commented that the Vice-Chair of Senate Ways & Means is on the Workforce Development Task Force and it was the subcommittee's hope that the Task Force would ensure good coordination of the programs. Senator Ranson expressed concern that the membership list of KWIP did not include all the agencies that had training programs. A representative from the Department of Human Resources stated that the agency would investigate that issue.

Senator Salisbury noted that a technical amendment should be made to item 1 to clarify that the \$30,000 should come from internal resources.

It was moved by Senator Jordan and seconded by Senator Petty that the subcommittee report be technically amended as suggested by Senator Salisbury and that the report as amended be adopted. The motion carried on a voice vote.

Senator Feleciano moved, Senator Petty seconded, that bill draft 9rs 2375 be introduced. The motion carried on a voice vote.

The Chairman adjourned the meeting at 12:15 p.m. The next meeting is scheduled for March 15, 2000.

SENATE WAYS & MEANS COMMITTEE GUEST LIST

DATE: March 14, 2000

NAME	REPRESENTING
John Fund	KDHE
Jim Murphy	KDHE
Pat Humber	KDHE
Kevin Cochran	KDHE
Josie Torres	DD Council
Bonnie Pennie	Families Together, Inc.
Liz J. Weeks	SRS
Sandy Braden	Mallett Hedges & Assoc. Council of Health KC
Elaine Frisbie	DOB
Bill Brady	Ks Gov't Consulting
Don CAWBY	DOB
David DALLAN	KDHE
Doug Bowman	CLEADS
Lea Steele	KCVA
Wayne & Dollie	KCVA
STONEX WAGES	KCVA
Randell Scott	KCVA
Donna Weck	KCVA
Phil HARRISS	KDHR - Dir. of Work. Comp.
Gerald Schneider	KDHR

SENATE WAYS & MEANS COMMITTEE GUEST LIST

DATE: March 14, 2000

NAME	REPRESENTING
Marc Lowe	DHR
Michael Moser	KDHE
Shaun Patnode	KDHE
LORNE PHILLIPS	KDHE

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 Req 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 Req/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

Senate Ways and Means Committee

Date *March 14, 2000*

Attachment # *1*

- 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	0	69,948	1.0	0	69,948	1.0
State Water Plan						
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.

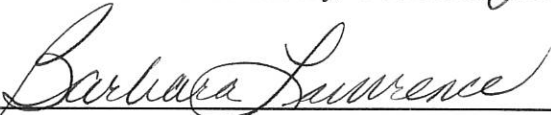
The Olds Model encompasses the goals and desired outcomes of many other programs, including reducing teen smoking, sexual promiscuity, alcohol consumption and child abuse. In addition, implementation of the Olds Model produces benefits to mothers such as reduced welfare use after the birth of the first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



Senator Alicia Salisbury, Subcommittee Chair



Senator Barbara Lawrence



Senator Marge Petty

Budget Committee Report

Agency: Kansas Commission on Veterans' Affairs (including the Soldiers' and Veterans' Homes) **Bill No. 2994**

Bill Sec. 30

Analyst: Davis

Analysis Pg. No. 519

Budget Page No. 471

Expenditure Summary	Agency Request FY 01	Gov. Rec. FY 01	Budget Committee Adjustments
All Funds:			
State Operations	\$ 16,282,388	\$ 13,192,155	\$ 1,169,156
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 16,282,388</u>	<u>\$ 13,192,155</u>	<u>\$ 1,169,156</u>
Capital Improvements	993,920	780,000	0
TOTAL	<u><u>\$ 17,276,308</u></u>	<u><u>\$ 13,972,155</u></u>	<u><u>\$ 1,169,156</u></u>
State General Fund:			
State Operations	\$ 5,213,110	\$ 4,944,464	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 5,213,110</u>	<u>\$ 4,944,464</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 5,213,110</u></u>	<u><u>\$ 4,944,464</u></u>	<u><u>\$ 0</u></u>
Other Funds:			
State Operations	\$ 11,069,278	\$ 8,247,691	\$ 1,169,156
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 11,069,278</u>	<u>\$ 8,247,691</u>	<u>\$ 1,169,156</u>
Capital Improvements	993,920	780,000	0
TOTAL	<u><u>\$ 12,063,198</u></u>	<u><u>\$ 9,027,691</u></u>	<u><u>\$ 1,169,156</u></u>
FTE Positions	459.8	454.8	0.0
Unclassified Temp. Positions	4.0	4.0	0.0
TOTAL	<u><u>463.8</u></u>	<u><u>458.8</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

The agency's FY 2001 operating expenditures request of \$16,282,388 is an increase of \$6.6 million or 68.7 percent over FY 2000. The request includes:

Senate Ways and Means Committee

Date *March 14, 2000*

Attachment # *2*

- **State General Fund**
 - \$5,213,110 or 32.0 percent of the total FY 2001 operating request
- **Special Revenue Funds**
 - \$11,069,278 or 68.0 percent of the total FY 2001 operating request
- **Salaries and Wages**
 - \$11.6 million (including fringe benefits) for 459.8 FTE positions and 4.0 Unclassified Temporary Positions, an increase of \$4.5 million (63.0 percent) over the FY 2000 estimate
- **Kansas Veterans' Home at Winfield Operating Expenditures** of \$8,281,923
 - including \$2,176,163 from the **State General Fund** (26.3 percent of the total Kansas Veterans' Home (KVH) operating request)
 - \$6,105,760 from the KVH Fee Fund (73.7 percent of total KVH operating request)
 - including \$5,780,500 for salaries and wages for 271.0 FTE
 - budget request assumes an opening date of March 2000

The Governor recommends total operating expenditures of \$13,192,155, an increase of \$4.7 million or 54.9 percent over FY 2000. The recommendation includes:

- **State General Fund**
 - \$4,944,464 or 37.5 percent of the total FY 2001 operating recommendation
- **Special Revenue Funds**
 - \$8,247,691 or 62.5 percent of the total FY 2001 operating recommendation
- **Salaries and Wages**
 - \$10.3 million (including fringe benefits) for 454.8 FTE and 4.0 unclassified temporary positions
 - the Governor recommends a reduction of \$20,205 and 1.0 FTE for a retirement reduction at the Kansas Soldiers' Home
- **Kansas Veterans Home total operating expenditures** of \$5,728,702
 - \$2,551,265 from the State General Fund (44.5 percent of the total KVH operating request)
 - \$3,177,437 from the KVH Fee Fund (55.5 percent of the total KVH operating request)
 - including \$4,704,877 for salaries and wages for 267.0 FTE positions
 - the funding is adjusted for the delayed opening, now scheduled for May 2000

FY 2001 Enhancements							
Enhancement	Agency Request			Governor's Recommendation			
	SGF	All Funds	FTE	SGF	All Funds	FTE	
The Commission requests no enhancements for FY 2001.							

House Budget Committee Recommendation

The Budget Committee concurs with the Governor with the following modification and notations.

1. Increase the expenditure limitation on the Kansas Veterans' Home Fee Fund by \$1,169,156, from \$3,177,437 to \$4,346,593, to reflect revised revenue and expenditure expectations for the Winfield Veterans' Home. The Veterans' Home presented information to the Budget Committee regarding its expectations to fill beds and, consequently, receive per diem payments from the federal Department of Veterans Affairs (VA). The Home expects to fill beds at a more accelerated pace than originally anticipated, and therefore has increased revenues and expenditures in the fee fund.
2. The Budget Committee notes that the Division of the Budget is currently working with the Fort Dodge Kansas Soldiers' Home regarding unintended shortfalls in the Home's budget. The Budget Committee anticipates revised recommendations for the Kansas Soldiers' Home from the Governor at Omnibus.
3. The Budget Committee notes its concern for the ability of the Commission to adequately operate in FY 2001 under the recommendations of the Governor. The Budget Committee recommends review of the budget at Omnibus, with the hope that sufficient funding might be available, of the following areas:
 - a. **Other Operating Expenditures at the Kansas Veterans' Home.** The Superintendent of the Home informed the Budget Committee that he has serious concerns as to the adequacy of the Governor's recommendation regarding other operating expenditures. In spite of the increased expenditures recommended by the Budget Committee for the Veterans Home Fee Fund, the Budget Committee believes the possibility of adding funding should be reviewed at Omnibus.
 - b. **Budget Shortfalls at the Kansas Soldiers' Home.** The Superintendent of the Soldiers' Home raised serious concerns as well regarding the adequacy of the Governor's recommendation. While some of these will probably be addressed by the expected revised recommendations, it is doubtful that the needs of the Home will be fully funded. The Superintendent noted concerns about the ability to fully fund staffing needs, both of employees and contract help, due to the increased shrinkage rate combined with the amount recommended for contractual services. The Superintendent emphasized the importance of maintaining direct patient care staffing levels in order to keep the Home's state license and to meet VA requirements for payments. This, combined with the Home's revised fee fund revenue expectations, could lead to serious budgetary shortfalls in FY 2001.

- c. **Veterans' Home Construction Contingency Fund.** The Superintendent of the Veterans' Home also noted that the contingency fund for the construction project has been depleted to \$7,000. The Superintendent requested additional funding for contingency items in order to finish construction on the Home.

 - d. **Planning Funds for the Veterans' Cemeteries Program.** The Commission requested \$50,000 (State Institutions Building Fund) for reimbursable planning costs for the veterans cemeteries at Winfield (\$25,000) and the WaKeeney (\$25,000). According to the Commission delaying funding for planning at these two sites would impact over 100,000 Kansas veterans residing in those areas of the state.
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Subcommittee Report

Agency: Kansas Commission on Veterans' Affairs (including the Soldiers' and Veterans' Homes) **Bill No.** 519

Bill Sec. 30

Analyst: Davis

Analysis Pg. No. 519

Budget Page No. 471

Expenditure Summary	Agency Request FY 01	Gov. Rec. FY 01	Subcommittee Adjustments
All Funds:			
State Operations	\$ 16,282,388	\$ 13,192,155	\$ (230,122)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 16,282,388</u>	<u>\$ 13,192,155</u>	<u>\$ (230,122)</u>
Capital Improvements	993,920	780,000	0
TOTAL	<u><u>\$ 17,276,308</u></u>	<u><u>\$ 13,972,155</u></u>	<u><u>\$ (230,122)</u></u>
State General Fund:			
State Operations	\$ 5,213,110	\$ 4,944,464	\$ (143,246)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 5,213,110</u>	<u>\$ 4,944,464</u>	<u>\$ (143,246)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 5,213,110</u></u>	<u><u>\$ 4,944,464</u></u>	<u><u>\$ (143,246)</u></u>
Other Funds:			
State Operations	\$ 11,069,278	\$ 8,247,691	\$ (86,876)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 11,069,278</u>	<u>\$ 8,247,691</u>	<u>\$ (86,876)</u>
Capital Improvements	993,920	780,000	0
TOTAL	<u><u>\$ 12,063,198</u></u>	<u><u>\$ 9,027,691</u></u>	<u><u>\$ (86,876)</u></u>
FTE Positions	459.8	454.8	0.0
Unclassified Temp. Positions	4.0	4.0	0.0
TOTAL	<u><u>463.8</u></u>	<u><u>458.8</u></u>	<u><u>0.0</u></u>

* Includes a reduction of \$230,122 (including \$143,246 from the SGF) for the Governor's employee salary adjustment. Absent the decrease for the pay plan, the recommendation is the same as the Governor's recommendation for FY 2001.

Agency Request/Governor's Recommendation

The agency's FY 2001 operating expenditures request of \$16,282,388 is an increase of \$6.6 million or 68.7 percent over FY 2000. The request includes:

- **State General Fund**
 - \$5,213,110 or 32.0 percent of the total FY 2001 operating request
- **Special Revenue Funds**
 - \$11,069,278 or 68.0 percent of the total FY 2001 operating request
- **Salaries and Wages**
 - \$11.6 million (including fringe benefits) for 459.8 FTE positions and 4.0 Unclassified Temporary Positions, an increase of \$4.5 million (63.0 percent) over the FY 2000 estimate
- **Kansas Veterans' Home at Winfield Operating Expenditures of \$8,281,923**
 - including \$2,176,163 from the **State General Fund** (26.3 percent of the total Kansas Veterans' Home (KVH) operating request)
 - \$6,105,760 from the KVH Fee Fund (73.7 percent of total KVH operating request)
 - including \$5,780,500 for salaries and wages for 271.0 FTE
 - budget request assumes an opening date of March 2000

The Governor recommends total operating expenditures of \$13,192,155, an increase of \$4.7 million or 54.9 percent over FY 2000. The recommendation includes:

- **State General Fund**
 - \$4,944,464 or 37.5 percent of the total FY 2001 operating recommendation
- **Special Revenue Funds**
 - \$8,247,691 or 62.5 percent of the total FY 2001 operating recommendation
- **Salaries and Wages**
 - \$10.3 million (including fringe benefits) for 454.8 FTE and 4.0 unclassified temporary positions
 - the Governor recommends a reduction of \$20,205 and 1.0 FTE for a retirement reduction at the Kansas Soldiers' Home
- **Kansas Veterans Home total operating expenditures of \$5,728,702**
 - \$2,551,265 from the State General Fund (44.5 percent of the total KVH operating request)
 - \$3,177,437 from the KVH Fee Fund (55.5 percent of the total KVH operating request)
 - including \$4,704,877 for salaries and wages for 267.0 FTE positions
 - the funding is adjusted for the delayed opening, now scheduled for May 2000

Senate Subcommittee Recommendation

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

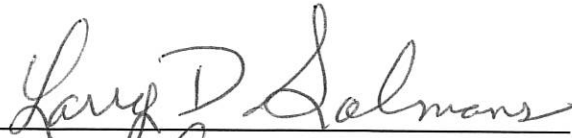
1. Delete \$230,122 (including \$143,246 from the SGF) for the Governor's recommended pay plan adjustments for classified step movement (\$107,209), longevity bonus payments (\$107,209), and a 2.5 percent unclassified merit pool (\$15,704).
2. The Subcommittee recommends that the Kansas Veterans Home Fee Fund have no expenditure limitation in FY 2001. It is not the Subcommittee's intention that the Fund would have no expenditure limitation in future fiscal years, however, the Subcommittee makes this recommendation for FY 2001 in order to assist the start up of the Winfield Veterans' Home. The Subcommittee was informed that revenue and expenditure projections from the Fund have been revised and expects a Governor's Budget Amendment to address budgeted expenditures.
3. The Subcommittee was informed that the Superintendent of the Veterans' Home has serious concerns as to the adequacy of the Governor's recommendation regarding State General Fund dollars for other operating expenditures in FY 2001. In spite of the increased expenditures anticipated for the Veterans Home Fee Fund, the Subcommittee notes that a very serious potential for a shortfall of up to \$500,000 in other operating expenditures exists. The Subcommittee recommends this situation be reviewed at Omnibus.
4. The Subcommittee commends the work done by the Kansas Persian Gulf War Veterans Health Initiative over the past three years. The program has operated under two mandates from the Legislature, to investigate the unexplained health problems affecting Kansas Gulf War veterans and to provide outreach and information to veterans about these concerns. The Commission has now completed final analyses of the data and has found that Kansas veterans who served in the Gulf War have significantly more health problems than veterans who did not. This was a breakthrough research effort as Kansas, unlike the federal government, now knows how many of our veterans are ill and who is most stricken with Gulf War-related health problems. The results indicate that about a third of Kansas Gulf War veterans are affected by a pattern of chronic and sometimes disabling symptoms. These conditions have now been acknowledged by the United States Departments of Defense and Veterans Affairs, but there are still no answers regarding their cause or treatment. Just as troubling, Kansas veterans who are the most severely ill with these unexplained conditions often face another war at home when they attempt to secure medical treatment or disability benefits.

The Subcommittee is pleased that a federal grant program for Gulf War research projects was finally announced last spring. The Commission is collaborating with the Midwest Research Institute in Kansas City to submit a scientific proposal to study nervous system damage in Kansas Gulf War veterans. The Commission is one of the few recipients of such grants across the country and will have federal grant money for the next three years of operations, with no new State General Fund dollars being required.

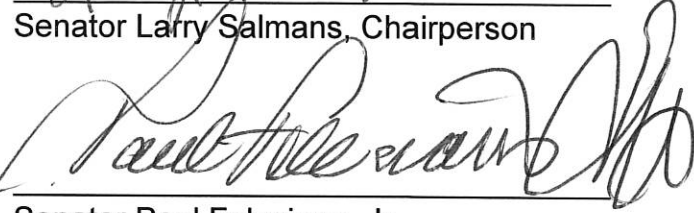
5. The Subcommittee notes that plans are currently underway for expansion of the cemetery at the Fort Dodge Kansas Soldiers' Home. The statewide veterans cemeteries program will eventually include three additional state veterans cemeteries located at Fort Riley, Winfield and (most likely) WaKeeney. The Commission had originally anticipated constructing the cemeteries in that order, however, due to unresolved issues with the transfer of the Fort Riley land to the Commission, the Commission now reports that plans for WaKeeney may be moved up to FY 2001.

The Subcommittee recommends that the issue of planning costs for cemeteries be reviewed at Omnibus. The Commission has requested an additional \$50,000 (SIBF) in FY 2001, however, the Commission currently has \$100,000 (SIBF) for planning for cemetery construction in FY 2000, originally intended for Fort Riley and Winfield, that can possibly be redirected toward planning costs for WaKeeney. The Subcommittee has requested follow up information regarding the timing of the transfer of the Fort Riley land, the progress of United States Senator Pat Roberts in securing such transfer through federal legislation, the Commission's anticipated time frame for the construction of the Winfield cemetery, and the possible contractual arrangements between the Commission and the city of WaKeeney for maintenance and operations.

6. The Subcommittee was informed that the Superintendent of the Kansas Soldiers' Home is currently working with the Division of the Budget to develop revised fee revenue estimates for FY 2001. The Home is looking at the possibility of hiring 25 new nurses at no cost to the state which would allow the Home to charge a higher per diem to the federal Veterans Administration. This would not only improve staffing ratios and ease budgetary restraints at the Soldiers' Home, but would increase the revenues at the Winfield Veterans' Home as well. In its first year of operations, the Veterans' Home is statutorily prohibited from charging more than the Soldiers' Home, regardless of the Veterans' Home's costs.
7. The Subcommittee notes that Stoney Wages has recently taken over as Executive Director of the Kansas Commission on Veterans' Affairs. The Subcommittee appreciates Mr. Wages' efforts and looks forward to working with him.



Senator Larry Salmans, Chairperson



Senator Paul Feleciano, Jr.

House Budget Committee Report

Agency: Homestead Property Tax Refunds **Bill No.**

Bill Sec.

Analyst: Nogle

Analysis Pg. No. 387

Budget Page No. 383

Expenditure Summary	Agency Est. FY 2001	Gov. Rec. FY 2001	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 14,000,000	\$ 13,776,554	\$ 0
Special Revenue Funds	0	0	0
TOTAL	\$ 14,000,000	\$ 13,776,554	\$ 0
FTE Positions	0.0	0.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0

Agency Estimate/Governor's Recommendation

The agency requests \$14,000,000 for Homestead Property Tax Refunds in FY 2001, a decrease of \$1,302,149 (8.5 percent) from the FY 2000 estimate. The decrease in the request is based on the historical trend of decreasing refunds in years the program remains unchanged. The decrease is due to changes in the conditions required for eligibility for the program.

The Governor recommends \$13,776,554 for Homestead Property Tax Refunds in FY 2001, \$223,446 (1.6 percent) less than the agency request and \$25,595 (0.2 percent) less than the recommendation for FY 2000.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

The Budget Committee notes that the decrease in the request is based on the historical trend of decreasing refunds in years the program remains unchanged. The decrease is due to changes in the conditions required for eligibility for the program.

House Committee Recommendation

The Committee concurs with the Budget Committee recommendation.

Senate Ways and Means Committee

Date *March 14, 2000*

Attachment #

3

Senate Subcommittee Report

Agency: Homestead Property Tax Refunds **Bill No.**

Bill Sec.

Analyst: Nogle

Analysis Pg. No. 387

Budget Page No. 383

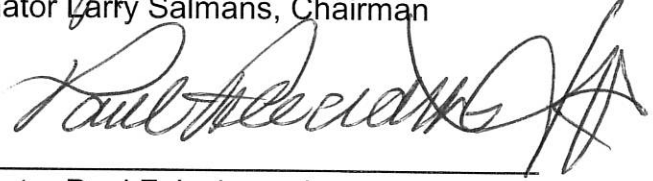
<u>Expenditure Summary</u>	<u>Agency Est. FY 2001</u>	<u>Gov. Rec. FY 2001</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 14,000,000	\$ 13,776,554	\$ 0
Special Revenue Funds	0	0	0
TOTAL	\$ 14,000,000	\$ 13,776,554	\$ 0
FTE Positions	0.0	0.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0

Senate Subcommittee Recommendations

1. The Subcommittee notes that the agency has expended more during this time period in FY 2000 than in previous years due to faster processing of refund applications. The average refund is holding at \$166.
2. The Subcommittee notes that when the agency does not have enough money to provide refunds to all taxpayers who are eligible and apply for the refund, the agency stops processing claims until the following fiscal year. This delay in processing usually lasts from mid-May until July. The main impact is on the claimant through delayed refunds. The agency made a supplemental request of \$1.5 million for FY 2000, \$900,000 of which are funds for FY 1999 refunds that were pushed to FY 2000.
3. The Subcommittee recommends review of this budget at omnibus to get a better estimate of FY 2000 refund expenditures. The Subcommittee also recommends the addition of funds if it is determined that the agency will not have enough to pay all claimants for FY 2000.



Senator Larry Salmans, Chairman



Senator Paul Feleciano, Jr.

Senate Subcommittee Report

Agency: Kansas Department
of Human Resources

Bill No. --

Bill Sec.--

Analyst: Nogle

Analysis Pg. No. 536

Budget Page No. 231

<u>Expenditure Summary</u>	<u>Agency Request FY 01</u>	<u>Gov. Rec. FY 01</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 4,912,389	\$ 1,939,283	\$ (143,434)
Special Revenue Funds	219,826,354	216,562,363	(1,195,839)
TOTAL	\$ 224,738,743	\$ 218,501,646	\$ (1,339,273)
FTE Positions	998.5	996.5	0.0
Unclassified Temp. Positions	28.0	28.0	0.0
TOTAL	1,026.5	1,024.5	0.0

* The entire reduction reflects the removal of the Governor's pay plan adjustments.

Agency Request/Governor's Recommendation

The agency requests \$224,738,743 in operating expenditures for FY 2001, \$20,400,657 (10.0 percent) more than the agency FY 2000 estimate. This is based on the agency estimate of an additional \$19,000,000 in unemployment benefits to be paid out in FY 2001.

The Governor recommends \$218,501,646 in operating expenditures for FY 2001, \$14,220,327 (7.0 percent) more than the FY 2000 recommendation.

Senate Subcommittee Recommendation

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

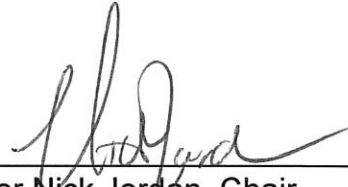
1. The Subcommittee understands that proposed reductions in the Older Kansans Employment Program (OKEP) would require a 22 percent (300 participants) decrease in the number of older workers served. This proposal would restore approximately 12 percent of the funding. The Subcommittee recommends the agency shift \$30,000 to OKEP for FY 2001 from operating expenditures.
2. The Subcommittee recommends the removal of the Governor's pay plan adjustments of \$1,339,273.

Senate Ways and Means Committee

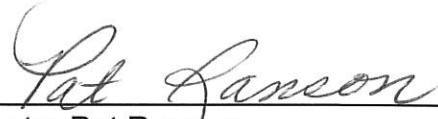
Date *March 14, 2000*

Attachment # *4*

3. The Subcommittee notes the federal Job Training Partnership Act (JTPA) will end in FY 2000 and be replaced by the Workforce Investment Act (WIA) for FY 2001. The Kansas version of the WIA will be the Kansas Workforce Investment Partnership (KWIP). The WIA changes the focus on workforce development services from the provider to the consumer and provides more local control. WIA will fund services through a voucher system that allows the job seeker to choose training services from an approved list of providers, where JTPA funded specific programs. The WIA will be governed by a State Workforce Investment Board (SWIB)—the KWIP Board—appointed by the Governor. The KWIP Board will oversee Local Workforce Investment Boards (LWIBs) in the five service delivery areas in the state appointed by the chief elected officials of the service delivery area in accordance with the requirements set out by the WIA. The local boards will determine which programs meet the WIA criteria and are eligible to receive the vouchers. The WIA gives broad discretion to the local boards in developing the best programs for the service delivery area.
4. The Subcommittee expresses concern about the lack of coordination of workforce development activities in the state between agencies and sees a need for statewide coordination of these activities to make the best use of scarce resources. The Subcommittee recognizes that under the Governor's recommendation there is a total of approximately \$400 million (all funds) for workforce development in the State of Kansas between the Department of Human Resources, the Department of Social and Rehabilitative Services, the Department of Commerce and Housing, the Department of Education, and the Department of Corrections. This represents approximately 70 different programs.
5. The Subcommittee recognizes the Governor is creating a Workforce Development Task force and recommends that this task force study the issue of workforce development coordination under KWIP and recommend any necessary, statutory coordination to further this goal.
6. The Subcommittee recognizes the importance of the Welfare to Work program. Federal Welfare to Work funds are still available for the program if match monies can be found. The Subcommittee encourages the agency to work with the Department of Social and Rehabilitation Services to find the additional \$1.6 million state money to draw down as much of the remaining \$3.2 million in federal dollars as possible because the Welfare to Work Program ends in two years. Service recipients currently under Welfare to Work will be eligible for services under the Workforce Investment Act.
7. The Subcommittee recommends review of the Worker's Compensation database project regarding user costs to access the database at Omnibus.



Senator Nick Jordan, Chair



Senator Pat Ranson



Senator Marge Petty