

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Kenny Wilk at 9:05 a.m. on February 8, 2001 in Room 514-S of the Capitol.

All members were present except: Representative Doug Spangler
Representative John Toplikar

Committee staff present: Alan Conroy, Legislative Research
Rae Anne Davis, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee:

Others attending: See Attached

Representative Neufeld, Chairman of the Social Services Budget Committee, presented the Committee report for the Department of Health and Environment and moved for the adoption of the Governor's budget recommendation for FY 2001 with modifications (Attachment 1). Motion was seconded by Representative Ballard. Motion carried.

Representative Neufeld presented the Committee report for the Department of Health and Environment and moved for the adoption of the Governor's budget recommendation for FY 2002 with the modifications noted (Attachment 1). Motion was seconded by Representative Bethell. Representative Kline made a substitute motion to adopt the minority report. Motion was seconded by Representative Neufeld. The substitute motion failed.

The Committee discussed the proposed inspection fee for grocery stores and food processors which are currently inspected but the cost of such inspections is now paid out of the State General Fund. The fees would be based on the complexity of the inspection and on a sliding fee based on volume of the establishment. The fee would be assessed per store, not per company.

Representative McCreary moved that any grocery store operating in Kansas which has a volume of less than \$30,000 a week pertaining to food sales be exempted from the proposed inspection fee. Motion was seconded by Representative Schwartz. Motion failed.

Representative Feuerborn moved to amend the Budget Committee report for FY 2002 to exempt nutrition sites which do not prepare food from the licensure fee. Motion was seconded by Representative Stone. Motion carried.

Representative Shriver moved to delete Item 12 (deletes 6.0 FTE of the certified nursing home survey staff and \$319,333 from the Medicaid and Medicare budget) from the Committee report. Motion was seconded by Representative Feuerborn. Motion failed.

The Committee discussed the reasoning for the elimination of the 6.0 FTE's was to encourage less inspection programs which have been interpreted by the industry as adversarial. Situations were cited in which Medicaid patients were required to move from the homes because the homes were not meeting standards, but private pays were allowed to stay. This has been a six-month investigation with no fines being adjudged. There are currently more than 100 health surveyors employed by KDHE. The Committee also discussed the option of removing the \$42,517 earmarked for Medicaid match for these positions from the State General Fund. There was concern expressed about the care of the aging population of Kansas and the on-going need for nursing home inspections.

Representative Neufeld moved for the adoption of the Budget Committee report on the Governor's budget recommendations for the Department of Health and Environment for FY 2002 with the noted modifications

and amendments (Attachment 1). Motion was seconded by Representative Bethell. Motion carried.

Action on SB 15 – Remittance of state moneys to the state treasurer

Representative Neufeld moved to report the bill favorably and recommended it be placed on the Consent Calendar. Motion seconded by Representative Stone. Motion carried.

Action on SB 18 – Grants from the juvenile justice authority for juvenile justice programs may be for a two year cycle beginning fiscal year 2003

Representative Neufeld moved for an amendment on Page 3, Line 41, which would authorize the two year cycle to begin in fiscal year 2002. Motion was seconded by Representative Nichols. Motion carried.

Representative Nichols moved to report the bill favorably as amended. Motion was seconded by Representative Ballard. Motion carried.

The meeting was adjourned at 10:30 a.m. The next meeting is scheduled for Friday, February 9, 2001.

2001 SOCIAL SERVICES BUDGET COMMITTEE

FY 2001 and FY 2002

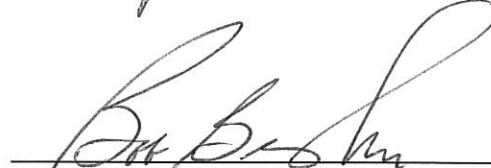
Department of Health and Environment



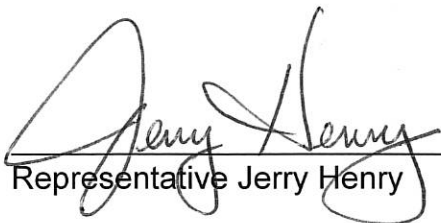
Representative Melvin Neufeld, Chairperson



Representative Barbara Ballard



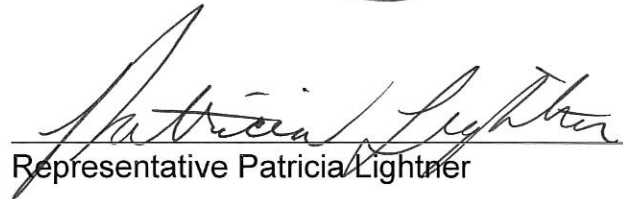
Representative Bob Bethell



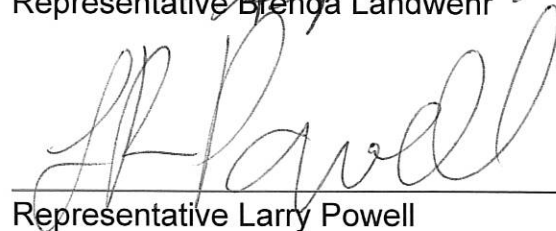
Representative Jerry Henry



Representative Brenda Landwehr

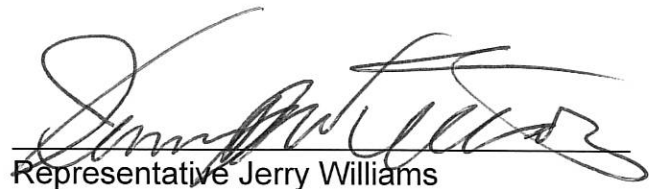


Representative Patricia Lightner



Representative Larry Powell

Representative Dennis Pyle



Representative Jerry Williams

HOUSE APPROPRIATIONS

DATE 2/08/01

ATTACHMENT 1

Budget Committee Report

Agency: Kansas Department of
Health and Environment

Bill No.

Bill Sec.

Analyst: Davis

Analysis Pg. No. 138

Budget Page No. 179

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	Budget Committee Adjustments
All Funds:			
State Operations	\$ 105,715,400	\$ 105,675,596	\$ 0
Aid to Local Units	34,183,986	34,352,736	0
Other Assistance	29,000,000	29,000,000	0
TOTAL	\$ 168,899,386	\$ 169,028,332	\$ 0
State General Fund:			
State Operations	\$ 21,962,761	\$ 22,226,850	0
Aid to Local Units	9,594,690	9,594,690	0
Other Assistance	0	0	0
TOTAL	\$ 31,557,451	\$ 31,821,540	\$ 0
Other Funds:			
State Operations	\$ 83,752,639	\$ 83,448,746	0
Aid to Local Units	24,589,296	24,758,046	0
Other Assistance	29,000,000	29,000,000	0
TOTAL	\$ 137,341,935	\$ 137,206,792	\$ 0
FTE Positions	839.5	839.5	0.0
Other Unclass. Positions	216.0	212.0	0.0
TOTAL	1,055.5	1,051.5	0.0

Agency Est./Governor's Recommendation

The Department's estimate for FY 2001 operating expenditures is \$168,899,386. This is a decrease of \$2.8 million from the approved budget. The FY 2001 revised State General Fund request includes transfers totaling \$107,764 to the operating expenditures account from various SGF accounts. This includes reduced expenditures of \$98,745 from the Title XIX Nursing Home Inspection account and reappropriated balances from the Aid to Local Units, Primary Health, Immunizations and Vaccine Purchases accounts. The revised budget also includes expenditures of \$68,614 (of the \$75,000 approved by the 2000 Legislature) from reappropriated balances in the Aid to Local Units account for the Pregnancy Maintenance Program. The approved FY 2001 budget also included expenditures of \$225,000 from the Operating Expenditures account for the program. These expenditures are not included in the \$20.4 million of expenditures from the Operating Expenditures account. The revised SGF request also includes a lapse of \$247,970. This amount was budgeted to be lapsed in FY 2000 when several of the Department's SGF accounts were collapsed into the Operating Expenditures account. In accommodating the Department's request for unlimited reappropriation in those accounts,

the 2000 Legislature inadvertently allowed the money to carry forward. The revised request addresses this by lapsing the amount.

The revised request also includes lower than anticipated expenditures in various special revenue funds.

The Governor's revised FY 2001 recommendation for operating expenditures is \$31,821,540. This is a decrease of \$2.6 million from the approved budget. The Governor makes reductions to increase shrinkage and make fringe benefit calculation adjustments. The Governor's recommendation includes:

- a supplemental appropriation of \$400,000 from the State General Fund for the AIDS Drug Assistance Program. The Governor's recommendation is based on the Department's most recent information regarding projected shortfalls.
- \$168,750 from the Trauma Fund for the Pregnancy Maintenance Program and a transfer of \$131,250 from the Trauma Fund to the State General Fund to help fund the Emergency Medical Services Board in FY 2002.

Budget Committee Recommendations

The Budget Committee concurs with the recommendations of the Governor with the following modifications.

1. The Budget Committee does not concur with the Governor's recommendation to transfer \$131,250 from the Trauma Fund to the State General Fund and recommends that the moneys be retained in the Trauma Fund of KDHE.
2. The Budget Committee notes that the Governor recommends a supplemental appropriation of \$400,000 from the State General Fund for the AIDS Drug Assistance Program (ADAP). The Budget Committee is concerned that increased state spending for ADAP will result in a required maintenance of effort. The Budget Committee recommends the addition of a proviso to require the Department to certify with the Director of the Budget that any ADAP expenditure will not create a maintenance of effort before such funds are able to be expended.

Budget Committee Report

Agency: Kansas Department of
Health and Environment

Bill No.

Bill Sec.

Analyst: Davis

Analysis Pg. No. 138

Budget Page No. 179

<u>Expenditure Summary</u>	<u>Agency Req. FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 114,859,098	\$ 108,920,763	\$ (619,333)
Aid to Local Units	37,184,206	33,202,784	456,000
Other Assistance	30,000,000	30,000,000	0
TOTAL	<u>\$ 182,043,304</u>	<u>\$ 172,123,547</u>	<u>\$ (163,333)</u>
State General Fund:			
State Operations	\$ 27,320,452	\$ 22,594,854	\$ (300,000)
Aid to Local Units	12,391,976	9,525,976	300,000
Other Assistance	0	0	0
TOTAL	<u>\$ 39,712,428</u>	<u>\$ 32,120,830</u>	<u>\$ 0</u>
Other Funds:			
State Operations	\$ 87,538,646	\$ 86,325,909	\$ (319,333)
Aid to Local Units	24,792,230	23,676,808	156,000
Other Assistance	30,000,000	30,000,000	0
TOTAL	<u>\$ 142,330,876</u>	<u>\$ 140,002,717</u>	<u>\$ (163,333)</u>
FTE Positions	923.5	863.5	(12.0)
Other Unclassified Positions	213.0	208.0	6.0
TOTAL	<u>1,135.5</u>	<u>1,071.5</u>	<u>(6.0)</u>

Agency Req./Governor's Recommendation

The Department's FY 2002 request is \$182,043,304. The request is an increase of \$13.1 million or 7.8 percent over the FY 2001 estimate. The Department requests:

State General Fund

- **\$39,712,428**, or 21.8 percent of the total request
- including requested enhancements of \$8.3 million
- the request does not include funding for the pregnancy maintenance program funded by the Legislature in FY 2000 and FY 2001
- offset mainly by an increase of \$658,613 in salaries and wages

Other Funds

- **\$142,330,876**, or 78.2 percent of the total request
- includes \$1.25 million from the Children's Health Initiatives Fund for Healthy Start (\$250,000), Infant Toddler (\$500,000) and Smoking Prevention Grants (\$500,000)
- does not include funding for the Rural Stroke Initiative or Sudden Infant Death Support (SIDS) Network

Salaries and Wages

- **\$48,789,628** for 923.5 FTE positions and 213.0 other unclassified positions
- an increase of \$4.8 million or 11.0 percent over the FY 2001 estimate

The Governor recommends FY 2002 expenditures of \$172,123,547. The recommendation is an increase of \$3.1 million or 1.8 percent over the FY 2001 revised recommendation. The recommendation includes:

State General Fund

- **\$32,120,830**, or 18.7 percent of the total recommendation
- the recommendation does not include funding for the pregnancy maintenance program funded by the Legislature in FY 2000 and FY 2001
- \$733,615 for requested enhancements

Other Funds

- **\$140,002,717** or 81.3 percent of the total recommendation
- includes \$750,000 from the Children's Initiatives Fund for Healthy Start (\$250,000) and Infant Toddler (\$500,000). The Governor funds smoking prevention activities through the Kansas Smart Start Program in the Children's Cabinet

Salaries and Wages

- **\$16,330,224** for 863.5 FTE and 208.0 Other Unclassified positions
- increase of \$2.6 million or 5.9 percent over the FY 2001 revised recommendation
- includes funding for 28.0 new FTE

Budget Committee Recommendations

The Budget Committee concurs with the recommendations of the Governor with the following modifications.

1. The Governor's recommendation includes folding tobacco use prevention activities into the Kansas Smart Start program in the Children's Cabinet. In FY 2001, \$500,000 was appropriated to KDHE for this purpose from the Children's Initiatives Fund. This money was matched by the American Legacy Foundation with another \$500,000. The Budget Committee is concerned that without specifically designated funds for tobacco prevention, Kansas will not be eligible for the American Legacy Foundation grant. The Budget Committee recommends KDHE and the Children's Cabinet look into this issue and report their findings to the Budget Committee during Omnibus.
2. Delete \$200,000 from the State General Fund from the Bureau of Air and Radiation to be offset by increased expenditures from the Air Quality Fee Fund of

\$200,000. The Department recently submitted regulations to increase fees which will result in increased revenues to the fee fund of \$400,000 per year.

3. Add \$200,000 from the State General Fund for an Oral Health Program. Kansas is one of the few states that does not have a dental officer. There is a shortage of dentists generally and specifically for the low-income population of the state. Further, recruiting dentist to a community is made more difficult by the lack of a dental officer to identify where dental resources are most needed. An Oral Health Office will provide a focal point for discussion and strategies to address the overwhelming need for dental care in this state and could implement a more systematic recruitment of dental health professionals and put Kansas in a position to apply for more federal and private sector funding to assure the continuation of public health leadership and health policy responsibilities for protection and improvement of the oral health of Kansans.

The Budget Committee recommends that a State Loan Repayment Program to assist in the recruitment and retention of dentists and hygienists and a loan repayment fund be established. This program, in which the federal government matches state contributions dollar for dollar, has worked well for medical doctors. The Budget Committee recommends that the dental loan repayment program be funded with dollars from local communities rather than the state. The Department will be responsible for housing the program and processing the applications.

4. The Budget Committee recommends the introduction of a bill to increase fees charged for all certified copies of birth, death, marriage and divorce certificates by \$1 and to create a Vital Statistics Maintenance Fee Fund in which the increased revenue will be deposited. This fund will be used to help the Department repay the certificates of participation proposed to be issued to pay for the new Vital Statistics Integrated Information System (an automated process for registering and retrieving records of vital events such as births, deaths, fetal deaths, marriages and divorces). It is anticipated that approximately \$350,000 would be generated each year through this fee increase. Once the system is paid off, the revenue will be used to provide funding for maintenance of the system. Currently, revenue generated from fees for certified copies is deposited in the General Fund (\$2.8 million in FY 2002) with the exception of surcharge fees on birth certificates to the Permanent Families account and a surcharge on death certificates to the District Coroners' Fund.

The Budget Committee also requests updated information prior to Omnibus from the Department on the cost of paying to replace the system all at once versus the cost of issuing certificates of participation through the Kansas Development Finance Authority and repaying the bonds over an 8 year period as proposed.

The current Vital Statistics Integrated Information System can no longer be modified to implement changes to the nationally standardized birth, death and fetal death certificates, which will not enable Kansas to fulfill contractual obligations with the National Center for Health Statistics for submission of Kansas data to the national database and exchange vital record information with other states. Further, future federal standards will require Kansas to adopt a new Electronic Death Record system. The process of changing from a manual process for recording and managing death information to an electronic process to meet

contractual requirements of the Social Security Administration for fact of death reporting will require the implementation of an electronic based data reporting system.

5. Add \$156,000 from the Trauma Fund, including \$56,000 carried forward from the FY 2001 program, for the Stroke Prevention Program. The Budget Committee encourages local health departments and Kansas State University Extension to work together towards a state-wide program.
6. Shift \$300,000 from the State General Fund from agency operations to the Pregnancy Maintenance Initiative. The Budget Committee intends this funding be used for continuation of the FY 2000 and FY 2001 program, with the same not-for-profit entities selected through the grant application processes carried out in FY 2000.
7. The Budget Committee notes that public water systems across the state are not meeting federal standards under the Safe Water Drinking 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 the 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 to 85.0 percent in FY 2001 and 75.0 percent in FY 2002. 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.
8. The Budget Committee notes that 2001 SB 64 removes the sunset language on the HIV and AIDS reporting statutes. Currently, the reporting requirements expire as of July 1, 2001. This requirement was enacted by the 1999 Legislature. The change requiring named reporting was very controversial and, for this reason, the Legislature included the sunset of the entire reporting act to ensure a review of the issue by the 2001 Legislature. The privacy concerns creating the controversy have not been an issue and the Budget Committee therefore recommends the sunset be eliminated and supports the passage of 2001 SB 64.
9. The Budget Committee notes that the Department's FY 2002 request includes an addition of \$2.8 million from the State General Fund for aid to local health departments. This was not recommended by the Governor. The Budget Committee recognizes the important role that local health departments play in providing essential public health services to Kansas communities. Local health departments help to prevent the spread of communicable diseases, protect communities against environmental hazards, and promote and encourage healthy behaviors. The Budget Committee recognizes the valuable asset that Kansas has in its local health departments and encourages the Department to continue to work to find a way to increase funding available for these services.
10. Add a proviso requiring the Department to amend its regulations to expand the requirements for conducting physical examinations of ill, injured, intoxicated or physically or mentally impaired juveniles prior to detention. Currently, K.A.R. 28-

4-354(d) requires an examination by a licensed physician, the Budget Committee recommends this be expanded to include a nurse practitioner or a registered nurse in consultation with a physician.

11. Shift 6.0 FTE in the Bureau of Water to other unclassified positions. These are new positions recommended by the Governor for public water supply oversight and which are funded through the Federal Water Supply Fund and the Public Water Supply Loan Fund. The Budget Committee recommends these be other unclassified positions rather than FTE because this is a federal-driven program and the state should not add permanent positions for such a program.
12. Delete 6.0 FTE and \$319,333 from Medicaid and Medicare for certified nursing home survey staff. The Governor added these positions to increase the frequency of nursing home surveys. The Budget Committee believes that the Department should work with the industry towards a less adversarial relationship and increasing surveyors and survey frequency is not the appropriate way to address that problem. The Budget Committee recommends that the \$42,517 from the State General Fund the Governor recommends for Medicaid match for these positions remain in the Department's budget.
13. Add a proviso requiring the Department to direct all health care providers providing immunizations through the Department's programs to inform patients that any vaccines given in a manner that combines separate or individual vaccines may be given in individual doses of each separate vaccine.
14. The Budget Committee notes that 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 regulations governing food service establishments and retail food stores became identical. The Budget Committee 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 Budget Committee 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 \$100. 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 Budget Committee's intention that the increased fees allow the program to decrease its reliance on State General Fund dollars.

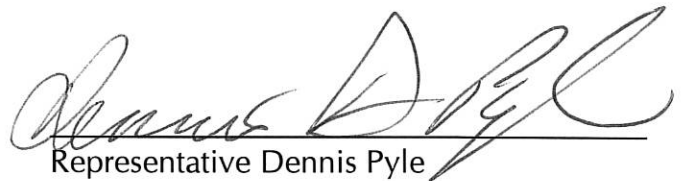
As the additional fee income can be used to offset State General Fund expenditures, the Budget Committee recommends that the food inspection program's State General Fund expenditures be reviewed at Omnibus to determine if those dollars can be shifted elsewhere.

15. The Budget Committee notes that it intends to review the language in the Appropriation Bill once it is available to determine if any reappropriation language should be added to ensure the smooth operation of the Department's programs.
16. 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 its Legislative Briefing Book and in response to the Budget Committee's questions during the budget hearings.

33416(2/7/1{6:20PM})

MINORITY REPORT

I am unable to sign the Budget Committee's report because I disagree with the recommendation to pay for the Vital Statistics Integrated Information System by increasing fees for certified copies and issuing certificates of indebtedness. I believe it is better policy for the state to pay to replace the system as the expenses are incurred.



Representative Dennis Pyle