

## MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Kenny Wilk at 9:05 a.m. on March 6, 2001, in Room 514-S of the Capitol.

All members were present

Committee staff present: Alan Conroy, Legislative Research  
Rae Anne Davis, Legislative Research  
Carolyn Rampey, Legislative Research  
Amy Kramer, Legislative Research  
Audrey Nogle, Legislative Research  
Jim Wilson, Revisor of Statutes  
Mike Corrigan, Revisor of Statutes  
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Susan Mahoney, Office of the Governor  
Nancy Holt, Executive Director of the Board of KSHS, Inc.  
Michael Hoeflich, University of Kansas School of Law  
Representative Annie Kuether

Others attending: See Attached

Representative Peterson moved that the minutes of February 6, 7, 8, 15, and 22 be approved as presented. Motion was seconded by Representative Stone. Motion carried.

Representative Neufeld, Chairperson of the Social Services Budget Committee, presented the Budget Committee Report on the Governor's budget recommendations for the Mental Health Institutions for FY 2001 and moved for the adoption of the Budget Committee recommendation for FY 2001 with the noted recommendations (Attachment 1). Motion was seconded by Representative Henry. Motion carried.

Representative Neufeld presented the Budget Committee Report on the Governor's budget recommendations for the Mental Health Institutions for FY 2002 and moved for the adoption of the Budget Committee recommendation for FY 2002 with the noted recommendations (Attachment 1). Motion was seconded by Representative Ballard. Motion carried.

Representative Henry presented the Budget Committee Report on the Governor's budget recommendations for Developmental Disability Institutions for FY 2001 and moved for the adoption of the Budget Committee recommendation for FY 2001 with the noted recommendations (Attachment 1). Motion was seconded by Representative Neufeld. Motion carried.

Representative Henry presented the Budget Committee Report on the Governor's budget recommendations for Developmental Disability Institutions for FY 2002 and moved for the adoption of the Budget Committee recommendation for FY 2002 with the noted recommendations (Attachment 1). Motion was seconded by Representative Neufeld. Motion carried.

The Budget Committee reported they had discussed the option of closing one of the facilities as one of the existing facilities could accommodate the additional beds (36). They reported that all institutions are stressed due to the budget constraints which contribute to the non-competitive pay scale. There is currently no hiring freeze in place at any of the institutions but it occasionally takes months to fill a position. Guardians of clients have been reluctant for certain clients to leave KNI as they do not feel the community-based programs are comparable with those available at KNI. There may be an attempt to develop a link between the KNI cottages and CDDO's.

**Hearing on HB 2532--State historical society, clarification of state agency status, executive director**  
Audrey Nogle, Legislative Research Department, walked the Committee through the bill which would clarify the status of the role of the Kansas State Historical Society under state government and would provide for appointment of the Executive Director by the governor from a list of qualified nominees submitted by the

Executive Committee of the Society's Board of Directors. . A media release published by the Attorney General was distributed to Committee members (Attachment 2).

The Committee discussed the limitations of the proposed proviso which would not allow a person receiving retirement from KPERS to serve as the Executive Director of the Historical Society. They also discussed their concerns of this becoming a politically appointed position rather than treated as a professional position with long-term objectives being adopted and initiated by the Executive Director. The point that funds are appropriated for this agency but there is a need for greater accountability was discussed.

Susan Mahoney, Office of the Governor, presented a balloon amendment to the bill which would limit the authority of the Kansas State Historical Society, Inc., grant the Governor more leeway in selecting an Executive Director, and have the Executive Director serve at the pleasure of the Governor (Attachment 3). Ms. Mahoney said these amendments were drawn under the direction of the Attorney General and the two attorneys who serve as General Counsel for the Governor in an attempt to make the Historical Society more accountable to the citizens of Kansas. These amendments clarify that the Historical Society is a state agency.

Representative Annie Kuether reminded the Committee of the annual evaluation proposed for the Executive Director with the results of such an evaluation being submitted to the Governor for review.

Nancy Holt, Chairperson of the 15 member Executive Committee of the Kansas State Historical Society, Inc., explained that the full Board of Directors was made up of 99 members who submit letters of interest, a \$30.00 application fee, and are then approved by a nominating committee appointed by the Executive Board (Attachment 4). The Board meets annually. Kim Metzger serves as the CEO of Kansas State Historical Society, Inc., the not-for-profit portion of the Society, and Dr. Ramon Powers serves as the Executive Director of the Kansas State Historical Society. Ms. Holt explained that this proposed legislation is in response to the recommendations from Legislative Post Audit regarding accountability. The private sector provides the checks and balances for the Society. She assured the Committee there are very strict policies in place regarding the sale or disposal of gifts or artifacts.

Michael Hoeflich, University of Kansas School of Law and board member of the KSHS, Inc., explained that the separation of function and responsibilities between the private sector and those supported by the state. The private portion of the society holds private assets and he gave examples of monetary contributions including stock which they sell, a telephone, computer software, and the retail merchandise of the Museum Store. Nearly all gifts or donations of articles or artifacts flow through Kansas State Historical Society, Inc., as trustee for the state, and the donor is given a receipt as a charitable donor with no appraised amount listed. The gifts are immediately relinquished to the state. Kansas State Historical Society, Inc. is a Trustee for the State by statutes. This procedure has been in the statutes since 1975.

Chairman Wilk declared the hearing on **HB 2532** closed.

Alan Conroy, Legislative Research Department, distributed copies of the State General Fun Receipts for July-February FY 2001 (Attachment 5).

The meeting was adjourned at 10:50 a.m. The next meeting is scheduled for Wednesday, March 7, 2001.

# 2001 SOCIAL SERVICES BUDGET COMMITTEE

FY 2001 and FY 2002

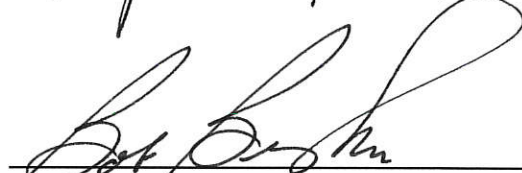
Parsons State Hospital and Training Center  
Kansas Neurological Institute  
Larned State Hospital  
Osawatomie State Hospital  
Rainbow Mental Health Facility



Representative Melvir Neufeld, Chairperson




Representative Barbara Ballard



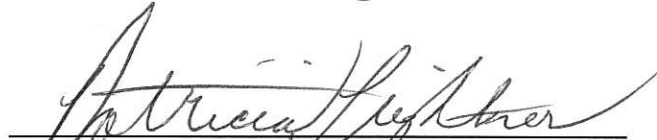
Representative Bob Bethell



Representative Jerry Henry



Representative Brenda Landwehr



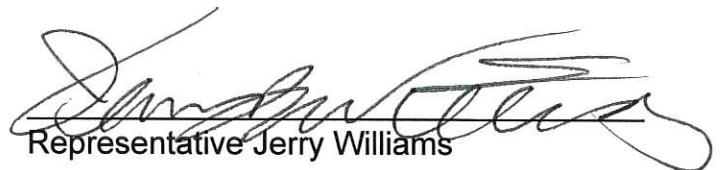
Representative Patricia Lightner



Representative Larry Powell



Representative Dennis Pyle



Representative Jerry Williams

HOUSE APPROPRIATIONS

DATE 3/6/01

ATTACHMENT #1

## Senate Subcommittee Report

**Agency:** Mental Health Institutions

**Bill No. --**

**Bill Sec. --**

**Analyst:** Kramer

**Analysis Pg. No.** 296, 320, 341 **Budget Page No.** 331, 349, 353

<u>Expenditure Summary</u>	<u>Agency Estimate FY 01</u>	<u>Gov. Rec. FY 01</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 57,173,944	\$ 57,121,414	\$ 0
Aid to Local Units	0	0	0
Other Assistance	76,977	76,997	0
<b>TOTAL</b>	<b><u>\$ 57,250,941</u></b>	<b><u>\$ 57,198,411</u></b>	<b><u>\$ 0</u></b>
State General Fund:			
State Operations	\$ 15,263,690	\$ 15,263,690	\$ 0
Aid to Local Units	0	0	0
Other Assistance	1,997	1,997	0
<b>TOTAL</b>	<b><u>\$ 15,265,687</u></b>	<b><u>\$ 15,265,687</u></b>	<b><u>\$ 0</u></b>
FTE Positions	1,354.6	1,354.6	0.0
Other Unclassified Positions	33.0	33.0	0.0
<b>TOTAL</b>	<b><u>1,387.6</u></b>	<b><u>1,387.6</u></b>	<b><u>0.0</u></b>

### Agency Estimate/Governor's Recommendation

The mental health institutions estimate \$57,250,941 in operating expenditures for FY 2001 which includes State General Fund expenditures of \$15,265,687. Expenditures by major object are estimated as follows: salaries and wages of \$45,807,459; contractual services of \$6,289,860; commodities of \$4,998,935, capital outlay of \$77,690, and other assistance of \$76,997. The mental health institutions estimate staffing of 1,354.6 FTE positions.

The Governor recommends \$57,198,411 in operating expenditures for FY 2001 which includes State General Fund expenditures of \$15,265,687. Expenditures by major object are estimated as follows: salaries and wages of \$45,767,378; contractual services of \$6,276,225; commodities of \$5,006,061, capital outlay of \$71,750, and other assistance of \$76,997. The Governor recommends staffing of 1,354.6 FTE positions.



The following table reflects the agency estimates and Governor's recommendation for each of the individuals institutions.

<u>Institution</u>	<u>Agency Est. FY 2001</u>	<u>Gov. Rec. FY 2001</u>
Larned State Hospital		
State General Fund	\$ 10,228,185	\$ 10,228,185
All Other Funds	20,408,509	20,387,023
TOTAL	<u>\$ 30,636,694</u>	<u>\$ 30,615,208</u>
Osawatomie State Hospital		
State General Fund	\$ 3,934,596	\$ 3,934,596
All Other Funds	16,140,281	16,138,246
TOTAL	<u>\$ 20,074,877</u>	<u>\$ 20,072,842</u>
Rainbow Mental Health Facility		
State General Fund	\$ 1,102,906	\$ 1,102,906
All Other Funds	5,436,464	5,407,455
TOTAL	<u>\$ 6,539,370</u>	<u>\$ 6,510,361</u>
FTE Positions		
Larned State Hospital	744.8	744.8
Osawatomie State Hospital	477.4	477.4
Rainbow Mental Health Facility	132.4	132.4
Other Unclassified Positions	33.0	33.0
TOTAL	<u>1,387.6</u>	<u>1,387.6</u>

### **Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the Governor's recommendation.

### **Senate Committee Recommendation**

The Senate Committee concurs with the Subcommittee's recommendation.

### **Senate Recommendation**

The Senate has not yet considered this budget.

### House Budget Committee Report

**Agency:** Mental Health Institutions

**Bill No. --**

**Bill Sec. --**

**Analyst:** Kramer

**Analysis Pg. No.** 296, 320, 341 **Budget Page No.** 331, 349, 353

Expenditure Summary	Agency Estimate FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 57,173,944	\$ 57,121,414	\$ 0
Aid to Local Units	0	0	0
Other Assistance	76,977	76,997	0
<b>TOTAL</b>	<b>\$ 57,250,941</b>	<b>\$ 57,198,411</b>	<b>\$ 0</b>
State General Fund:			
State Operations	\$ 15,263,690	\$ 15,263,690	\$ 0
Aid to Local Units	0	0	0
Other Assistance	1,997	1,997	0
<b>TOTAL</b>	<b>\$ 15,265,687</b>	<b>\$ 15,265,687</b>	<b>\$ 0</b>
FTE Positions	1,354.6	1,354.6	0.0
Other Unclassified Positions	33.0	33.0	0.0
<b>TOTAL</b>	<b>1,387.6</b>	<b>1,387.6</b>	<b>0.0</b>

#### Agency Estimate/Governor's Recommendation

The mental health institutions estimate \$57,250,941 in operating expenditures for FY 2001 which includes State General Fund expenditures of \$15,265,687. Expenditures by major object are estimated as follows: salaries and wages of \$45,807,459; contractual services of \$6,289,860; commodities of \$4,998,935, capital outlay of \$77,690, and other assistance of \$76,997. The mental health institutions estimate staffing of 1,354.6 FTE positions.

The Governor recommends \$57,198,411 in operating expenditures for FY 2001 which includes State General Fund expenditures of \$15,265,687. Expenditures by major object are estimated as follows: salaries and wages of \$45,767,378; contractual services of \$6,276,225; commodities of \$5,006,061, capital outlay of \$71,750, and other assistance of \$76,997. The Governor recommends staffing of 1,354.6 FTE positions.

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All Other Funds	20,408,509	20,387,023
TOTAL	<u>\$ 30,636,694</u>	<u>\$ 30,615,208</u>
Osawatomie State Hospital		
State General Fund	\$ 3,934,596	\$ 3,934,596
All Other Funds	16,140,281	16,138,246
TOTAL	<u>\$ 20,074,877</u>	<u>\$ 20,072,842</u>
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State General Fund	\$ 1,102,906	\$ 1,102,906
All Other Funds	5,436,464	5,407,455
TOTAL	<u>\$ 6,539,370</u>	<u>\$ 6,510,361</u>
FTE Positions		
Larned State Hospital	744.8	744.8
Osawatomie State Hospital	477.4	477.4
Rainbow Mental Health Facility	132.4	132.4
Other Unclassified Positions	33.0	33.0
TOTAL	<u>1,387.6</u>	<u>1,387.6</u>

### Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following notations.

1. The Budget Committee notes the discrepancy in pay received by direct care staff at the three facilities compared to similar positions in other state agencies. The Budget Committee expresses concern that direct care staff at the state hospitals receive \$3.07 less in hourly wages compared to equivalent positions in the Department of Corrections, and that this situation may negatively affect workforce recruitment and retention. This a particular concern at Larned where the hospital and the correctional facility are located on the same campus. This is an important issue that should be reviewed during the omnibus session.
2. The Budget Committee expresses concern that increasing utilities costs may have an impact on the three state hospitals. This issue should be reviewed during the omnibus session.

**Senate Subcommittee Report**

**Agency:** Mental Health Institutions      **Bill No. --**      **Bill Sec. --**

**Analyst:** Kramer      **Analysis Pg. No.** 296, 320, 341      **Budget Page No.** 331, 349, 353

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	Senate Subcommittee Adjustments*
All Funds:			
State Operations	\$ 58,554,144	\$ 57,864,305	\$ (1,409,443)
Aid to Local Units	0	0	0
Other Assistance	76,997	76,997	0
<b>TOTAL</b>	<b>\$ 58,631,141</b>	<b>\$ 57,941,302</b>	<b>\$ (1,409,443)</b>
State General Fund:			
State Operations	\$ 22,766,288	\$ 16,047,804	\$ (1,409,443)
Aid to Local Units	0	0	0
Other Assistance	1,997	1,997	0
<b>TOTAL</b>	<b>\$ 22,768,285</b>	<b>\$ 16,049,801</b>	<b>(1,409,443)</b>
FTE Positions	1,354.6	1,354.6	0.0
Other Unclassified Positions	33.0	33.0	0.0
<b>TOTAL</b>	<b>1,387.6</b>	<b>1,387.6</b>	<b>0.0</b>

\* The entire amount reflects deletion of the Governor's recommended pay plan adjustments.

**Agency Request/Governor's Recommendation**

The mental health institutions request \$58,631,141 in operating expenditures for FY 2002 which includes State General Fund expenditures of \$22,768,285. Expenditures by major object are requested as follows: salaries and wages of \$46,931,816; contractual services of \$6,256,537; commodities of \$5,327,490; capital outlay of \$38,301; and other assistance of \$76,997. The mental health institutions request staffing of 1,354.6 FTE positions.

The Governor recommends \$57,941,302 in operating expenditures for FY 2002 which includes State General Fund expenditures of \$16,049,801. Expenditures by major object are recommended as follows: salaries and wages of \$46,520,636; contractual services of \$6,240,070; commodities of \$5,070,238; capital outlay of \$33,361; and other assistance of \$76,997. The Governor recommends staffing of 1,354.6 FTE positions.



The following table reflects the agency requests and Governor's recommendations for each of the individual institutions.

Institution	Agency Req. FY 2002	Gov. Rec. FY 2002
<b>Larned State Hospital</b>		
State General Fund	\$ 13,373,893	\$ 9,716,548
All Other Funds	18,015,346	21,240,017
<b>TOTAL</b>	<b>\$ 31,389,239</b>	<b>\$ 30,956,565</b>
<b>Osawatomie State Hospital</b>		
State General Fund	\$ 7,903,989	\$ 5,592,780
All Other Funds	12,635,971	14,762,467
<b>TOTAL</b>	<b>\$ 20,539,960</b>	<b>\$ 20,355,247</b>
<b>Rainbow Mental Health Facility</b>		
State General Fund	\$ 1,490,403	\$ 740,473
All Other Funds	5,211,539	5,889,017
<b>TOTAL</b>	<b>\$ 6,701,942</b>	<b>\$ 6,629,490</b>
<b>FTE Positions</b>		
Larned State Hospital	744.8	744.8
Osawatomie State Hospital	477.4	477.4
Rainbow Mental Health Facility	132.4	132.4
Other Unclassified Positions	33.0	33.0
<b>TOTAL</b>	<b>1,387.6</b>	<b>1,387.6</b>

**Senate Subcommittee Recommendation**

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

1. Delete \$1,409,443 SGF for the Governor's employee salary adjustment including \$768,319 at Larned State Hospital, \$499,838 at Osawatomie State Hospital, and \$141,286 at Rainbow Mental Health Facility.
2. The Subcommittee notes the discrepancy in pay received by direct care staff at the three facilities in comparison to similar positions in other state agencies. The Subcommittee expresses concern that direct care staff at the state hospitals receive lower per hour wages compared to equivalent positions in the Department of Corrections, and that this situation may negatively affect workforce recruitment and retention. This is a particular concern at Larned State Hospital. Direct care staff at Larned State Hospital are paid three dollars per hour less than equivalent staff at the correctional facilities located on the same campus in Larned.

3. The Subcommittee expresses concern that increasing utilities costs may have an impact on the three state hospitals.
4. The Subcommittee notes the enhancement request for a transfer of funding from the Title XIX fund to the State General Fund. The Subcommittee does not recommend the enhancement. The Subcommittee recognizes that the expected decline in Title XIX funding for FY 2003 is \$19 million for the three mental health and two developmental disability hospitals. This item is noted as an issue of concern for the 2002 Legislature.
5. The Subcommittee notes the enhancement request for an increase in \$247,472 SGF for the increasing costs of psychotropic medications at Larned State Hospital and Osawatomie State Hospital. The use of anti-psychotic medications has become best practice in recent years, and these medications help reduce an individual's stay in a hospital. They also aid in the success rate of placing individuals in the community. However, the cost of these drugs are rising by 12 to 15 percent per year. The Subcommittee notes these issues and requests that the Governor consider issuing a Governor's Budget Amendment on this enhancement. The Subcommittee also identifies this enhancement as an important issue to consider during the Omnibus session.
6. The Subcommittee expresses concern over the levels of fee funds available to the agencies, particularly Larned State Hospital and Osawatomie State Hospital. The Department of Social and Rehabilitation Services stated that a reduction in fee funds is occurring, mostly from a reduction in Medicare Part A. Medicare Part A primarily pays for room and board in the hospital for Medicare beneficiaries. SRS is closely monitoring the situation, and is also reviewing fee fund collections from private health insurance.
7. The Subcommittee commends Dr. Mani Lee, Superintendent of Larned State Hospital, for his years of leadership and service to Larned State Hospital and mental health in Kansas. The Subcommittee wishes him well upon his retirement in February.

### **Senate Committee Recommendation**

The Senate Committee concurs with the Subcommittee's recommendation.

### **Senate Recommendation**

The Senate has not yet considered this budget.

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### House Budget Committee Report

**Agency:** Mental Health Institutions

**Bill No. --**

**Bill Sec. --**

**Analyst:** Kramer

**Analysis Pg. No.** 296, 320, 341 **Budget Page No.** 331, 349, 353

<u>Expenditure Summary</u>	<u>Agency Req. FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>House Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 58,554,144	\$ 57,864,305	\$ 0
Aid to Local Units	0	0	0
Other Assistance	76,997	76,997	0
<b>TOTAL</b>	<b><u>\$ 58,631,141</u></b>	<b><u>\$ 57,941,302</u></b>	<b><u>\$ 0</u></b>
State General Fund:			
State Operations	\$ 22,766,288	\$ 16,047,804	\$ 0
Aid to Local Units	0	0	0
Other Assistance	1,997	1,997	0
<b>TOTAL</b>	<b><u>\$ 22,768,285</u></b>	<b><u>\$ 16,049,801</u></b>	<b><u>\$ 0</u></b>
FTE Positions	1,354.6	1,354.6	0.0
Other Unclassified Positions	33.0	33.0	0.0
<b>TOTAL</b>	<b><u>1,387.6</u></b>	<b><u>1,387.6</u></b>	<b><u>0.0</u></b>

#### Agency Request/Governor's Recommendation

The mental health institutions request \$58,631,141 in operating expenditures for FY 2002 which includes State General Fund expenditures of \$22,768,285. Expenditures by major object are requested as follows: salaries and wages of \$46,931,816; contractual services of \$6,256,537; commodities of \$5,327,490; capital outlay of \$38,301; and other assistance of \$76,997. The mental health institutions request staffing of 1,354.6 FTE positions.

The Governor recommends \$57,941,302 in operating expenditures for FY 2002 which includes State General Fund expenditures of \$16,049,801. Expenditures by major object are recommended as follows: salaries and wages of \$46,520,636; contractual services of \$6,240,070; commodities of \$5,070,238; capital outlay of \$33,361; and other assistance of \$76,997. The Governor recommends staffing of 1,354.6 FTE positions.

The following table reflects the agency requests and Governor's recommendations for each of the individual institutions.

Institution	Agency Req. FY 2002	Gov. Rec. FY 2002
Larned State Hospital		
State General Fund	\$ 13,373,893	\$ 9,716,548
All Other Funds	18,015,346	21,240,017
TOTAL	<u>\$ 31,389,239</u>	<u>\$ 30,956,565</u>
Osawatomie State Hospital		
State General Fund	\$ 7,903,989	\$ 5,592,780
All Other Funds	12,635,971	14,762,467
TOTAL	<u>\$ 20,539,960</u>	<u>\$ 20,355,247</u>
Rainbow Mental Health Facility		
State General Fund	\$ 1,490,403	\$ 740,473
All Other Funds	5,211,539	5,889,017
TOTAL	<u>\$ 6,701,942</u>	<u>\$ 6,629,490</u>
FTE Positions		
Larned State Hospital	744.8	744.8
Osawatomie State Hospital	477.4	477.4
Rainbow Mental Health Facility	132.4	132.4
Other Unclassified Positions	33.0	33.0
TOTAL	<u>1,387.6</u>	<u>1,387.6</u>

### Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following notations:

1. The Budget Committee notes the discrepancy in pay received by direct care staff at the three facilities compared to similar positions in other state agencies. The Budget Committee expresses concern that direct care staff at the state hospitals receive lower per hour wages compared to equivalent positions in the Department of Corrections, and that this situation may negatively affect workforce recruitment and retention. This difference will increase with the Governor's pay plan because of increases in the wages of Department of Corrections staff. The hourly pay difference between entry level hospital staff and corrections staff is \$3.38 with the Governor's pay plan. This is a particular concern at Larned, where the hospital and the correctional facility are located on the same campus. This is an important issue that should be reviewed during the omnibus session.
2. The Budget Committee expresses concern that increasing utilities costs may have an impact on the three state hospitals. This issue should be reviewed during the omnibus session.



3. The Budget Committee notes the increased use of advanced anti-psychotic medications at the three facilities. The agency indicates that use of these medications helps reduce the length of an individual's hospital stay. However, the cost of these medications is increasing by 12 to 15 percent per year. The Budget Committee also notes the reductions in seclusion and restraint hours reported by the facilities and attributes part of this success to the use of these medications.
4. The Budget Committee expresses concern about the decline in Title XIX funding. A significant portion of Title XIX funds are obtained from disproportionate share funding through the mental health hospitals which is expected to cease in fiscal year 2003. The Department of Social and Rehabilitation Services projects a \$19 million reduction of Title XIX funding systemwide in fiscal year 2003. The Budget Committee recognizes that this will have a significant impact on the agencies and will be an important issue for consideration by the 2002 Legislature.
5. The Budget Committee expresses concern over the reduction in Medicare Part A. Medicare Part A primarily pays room and board in the hospital for Medicare beneficiaries. SRS is closely monitoring this situation. The Budget Committee notes that this situation has resulted in shortfalls in fee fund receipts at Larned State Hospital and Osawatomie State Hospital. Rainbow Mental Health Facility is receiving more funding from foster care contractors than expected, and this income is offsetting the reduction in Medicare Part A at this facility.
6. The Budget Committee commends the Secretary of SRS and the hospital superintendents for successfully maintaining certification by the Joint Commission on Accreditation of Hospital Organizations (JCAHO). Larned State Hospital was reaccredited for another three years in October 2000, and Osawatomie State Hospital is currently accredited through June 2003. Rainbow Mental Health Facility is also fully accredited by JCAHO and received the highest scores possible upon their last JCAHO survey. All three facilities also maintain Medicaid certification and are licensed by the Kansas Department of Health and Environment.
7. The Budget Committee commends Dr. Mani Lee, former Superintendent of Larned State Hospital, for his years of leadership and service to Larned State Hospital and mental health in Kansas. The Budget Committee wishes him well upon his retirement in February.

## Senate Subcommittee Report

**Agency:** Developmental Disability Institutions    **Bill No. --**

**Bill Sec. --**

**Analyst:** Kramer

**Analysis Pg. No.** 252, 275

**Budget Page No.** 307, 353

Expenditure Summary	Agency Estimate FY 01	Gov. Rec. FY 01	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 44,452,110	\$ 44,368,955	\$ 0
Aid to Local Units	0	0	0
Other Assistance	2,000	2,000	0
<b>TOTAL</b>	<b>\$ 44,454,110</b>	<b>\$ 44,370,955</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 14,844,535	\$ 14,844,535	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 14,844,535</b>	<b>\$ 14,844,535</b>	<b>\$ 0</b>
FTE Positions	1,168.5	1,168.5	0.0
Other Unclassified Positions	19.1	19.1	0.0
<b>TOTAL</b>	<b>1,187.6</b>	<b>1,187.6</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The developmental disability institutions estimate \$44,454,110 in operating expenditures for FY 2001 which includes State General Fund expenditures of \$14,844,535. Expenditures by major object are requested as follows: salaries and wages of \$38,151,454; contractual services of \$2,642,190; commodities of \$3,626,266; capital outlay of \$32,200; and other assistance of \$2,000. The developmental disability institutions estimate staffing of 1,168.5 FTE positions.

The Governor recommends \$44,370,955 in operating expenditures for FY 2001 which includes State General Fund expenditures of \$14,844,535. Expenditures by major object are requested as follows: salaries and wages of \$38,087,975; contractual services of \$2,622,514; commodities of \$3,626,266; capital outlay of \$32,200; and other assistance of \$2,000. The developmental disability institutions request staffing of 1,168.5 FTE positions.

The following table reflects the agency estimate and Governor's recommendations for each of the individual institutions.

Institution	Agency Est. FY 2001	Gov. Rec. FY 2001
Kansas Neurological Institute		
State General Fund	\$ 8,490,408	\$ 8,490,408
All Other Funds	16,093,378	16,023,971
TOTAL	<u>\$ 24,583,786</u>	<u>\$ 24,514,379</u>
Parsons State Hospital and Training Center		
State General Fund	\$ 6,354,127	\$ 6,354,127
All Other Funds	13,516,197	13,502,449
TOTAL	<u>\$ 19,870,324</u>	<u>\$ 19,856,576</u>
FTE Positions		
Kansas Neurological Institute	655.5	655.5
Parsons State Hospital and Training Center	513.0	513.0
Other Unclassified Positions	19.1	19.1
TOTAL	<u>1187.6</u>	<u>1187.6</u>

### **Senate Subcommittee Recommendations**

The Senate Subcommittee concurs with the Governor's recommendation.

### **Senate Committee Recommendation**

The Senate Committee concurs with the Subcommittee's recommendation.

### **Senate Recommendation**

The Senate has not yet considered this budget.

## House Budget Committee Report

**Agency:** Developmental Disability Institutions **Bill No. --**

**Bill Sec. --**

**Analyst:** Kramer

**Analysis Pg. No.** 252, 275

**Budget Page No.** 307, 353

Expenditure Summary	Agency Estimate FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 44,452,110	\$ 44,368,955	\$ 0
Aid to Local Units	0	0	0
Other Assistance	2,000	2,000	0
<b>TOTAL</b>	<b>\$ 44,454,110</b>	<b>\$ 44,370,955</b>	<b>\$ 0</b>
State General Fund:			
State Operations	\$ 14,844,535	\$ 14,844,535	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 14,844,535</b>	<b>\$ 14,844,535</b>	<b>\$ 0</b>
FTE Positions	1,168.5	1,168.5	0.0
Other Unclassified Positions	19.1	19.1	0.0
<b>TOTAL</b>	<b>1,187.6</b>	<b>1,187.6</b>	<b>0.0</b>

### Agency Estimate/Governor's Recommendation

The developmental disability institutions estimate \$44,454,110 in operating expenditures for FY 2001 which includes State General Fund expenditures of \$14,844,535. Expenditures by major object are requested as follows: salaries and wages of \$38,151,454; contractual services of \$2,642,190; commodities of \$3,626,266; capital outlay of \$32,200; and other assistance of \$2,000. The developmental disability institutions estimate staffing of 1,168.5 FTE positions.

The Governor recommends \$44,370,955 in operating expenditures for FY 2001 which includes State General Fund expenditures of \$14,844,535. Expenditures by major object are requested as follows: salaries and wages of \$38,087,975; contractual services of \$2,622,514; commodities of \$3,626,266; capital outlay of \$32,200; and other assistance of \$2,000. The developmental disability institutions request staffing of 1,168.5 FTE positions.

The following table reflects the agency estimate and Governor's recommendations for each of the individual institutions.



Institution	Agency Est. FY 2001	Gov. Rec. FY 2001
Kansas Neurological Institute		
State General Fund	\$ 8,490,408	\$ 8,490,408
All Other Funds	16,093,378	16,023,971
TOTAL	<u>\$ 24,583,786</u>	<u>\$ 24,514,379</u>
Parsons State Hospital and Training Center		
State General Fund	\$ 6,354,127	\$ 6,354,127
All Other Funds	13,516,197	13,502,449
TOTAL	<u>\$ 19,870,324</u>	<u>\$ 19,856,576</u>
FTE Positions		
Kansas Neurological Institute	655.5	655.5
Parsons State Hospital and Training Center	513.0	513.0
Other Unclassified Positions	19.1	19.1
TOTAL	<u>1,187.6</u>	<u>1,187.6</u>

### Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendation with the following notations.

1. The Budget Committee notes the discrepancy in pay received by direct care staff at the two facilities compared to similar positions in other state agencies. The Budget Committee expresses concern that direct care staff at the facilities receive \$3.07 less in hourly wages compared to equivalent positions in the Department of Corrections, and that this situation may negatively affect workforce recruitment and retention. This is an important issue that should be reviewed during the omnibus session.
2. The Budget Committee expresses concern that increasing utilities costs may have an impact on the two facilities. This issue should be reviewed during the omnibus session.

## Senate Subcommittee Report

**Agency:** Developmental Disability Institutions **Bill No. --**

**Bill Sec. --**

**Analyst:** Kramer

**Analysis Pg. No.** 252, 275

**Budget Page No.** 307, 353

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	Senate Subcommittee Adjustments*
<b>All Funds:</b>			
State Operations	\$ 45,359,268	\$ 45,108,230	\$ (1,208,014)
Aid to Local Units	0	0	0
Other Assistance	2,000	2,000	0
<b>TOTAL</b>	<b>\$ 45,361,268</b>	<b>\$ 45,110,230</b>	<b>\$ (1,208,014)</b>
<b>State General Fund:</b>			
State Operations	\$ 16,512,877	\$ 15,598,740	\$ (1,208,014)
Aid to Local Units	0	0	0
Other Assistance	2,000	2,000	0
<b>TOTAL</b>	<b>\$ 16,514,877</b>	<b>\$ 15,600,740</b>	<b>\$ (1,208,014)</b>
FTE Positions	1168.5	1168.5	0.0
Other Unclassified Positions	19.1	19.1	0.0
<b>TOTAL</b>	<b>1187.6</b>	<b>1187.6</b>	<b>0.0</b>

\* The entire amount reflects deletion of the Governor's recommended pay plan adjustments.

### Agency Request/Governor's Recommendation

The developmental disability institutions request \$45,361,268 in operating expenditures for FY 2002 which includes State General Fund expenditures of \$16,514,877. Expenditures by major object are requested as follows: salaries and wages of \$38,971,453; contractual services of \$2,679,892; commodities of \$3,675,723; capital outlay of \$32,200; and other assistance of \$2,000. The developmental disability institutions request staffing of 1,168.5 FTE positions.

The Governor recommends \$45,110,230 in operating expenditures for FY 2002 which includes State General Fund expenditures of \$15,600,740. Expenditures by major object are recommended as follows: salaries and wages of \$38,814,281; contractual services of \$2,635,179; commodities of \$3,643,652; capital outlay of \$15,118; and other assistance of \$2,000. The Governor recommends staffing of 1,168.5 FTE positions.

The following table reflects the agency requests and Governor's recommendations for each of the individual institutions.

Institution	Agency Req. FY 2002	Gov. Rec. FY 2002
Kansas Neurological Institute		
State General Fund	\$ 9,955,606	\$ 9,398,616
All Other Funds	15,149,336	15,515,816
TOTAL	<u>\$ 25,104,942</u>	<u>\$ 24,914,432</u>
Parsons State Hospital and Training Center		
State General Fund	\$ 6,559,271	\$ 6,202,124
All Other Funds	13,697,055	13,993,674
TOTAL	<u>\$ 20,256,326</u>	<u>\$ 20,195,798</u>
FTE Positions		
Kansas Neurological Institute	655.5	655.5
Parsons State Hospital and Training Center	513.0	513.0
Other Unclassified Positions	19.1	19.1
TOTAL	<u>1,187.6</u>	<u>1,187.6</u>

### Senate Subcommittee Recommendation

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

1. Delete \$1,208,014 SGF for the Governor's employee salary adjustment including \$676,525 at the Kansas Neurological Institute and \$531,489 at Parsons State Hospital and Training Center.
2. The Subcommittee notes the discrepancy in pay received by direct care staff at the two facilities in comparison to similar positions in other state agencies. The Subcommittee expresses concern that direct care staff at the state hospitals receive lower per hour wages compared to equivalent positions in the Department of Corrections, and that this situation may negatively affect workforce recruitment and retention.
3. The Subcommittee expresses concern that increasing utilities costs may have an impact on the two facilities.
4. The Subcommittee notes the enhancement request for a transfer of funding from the Title XIX fund to the State General Fund. The Subcommittee does not recommend the enhancement. The Subcommittee recognizes that the expected decline in Title XIX funding for FY 2003 is \$19 million for the three mental health and two developmental disability hospitals. This item is noted as an issue of concern for the 2002 Legislature.
5. The Subcommittee expresses concern over the levels of fee funds available to the agencies. The Department of Social and Rehabilitation Services stated that a reduction in fee funds is occurring, mostly from a reduction in Medicare Part A.

Medicare Part A primarily pays for room and board in the hospital for Medicare beneficiaries. SRS is closely monitoring the situation.

**Senate Committee Recommendation**

The Senate Committee concurs with the Subcommittee's recommendation.

**Senate Recommendation**

The Senate has not yet considered this budget.

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**House Budget Committee Report**

**Agency:** Developmental Disability Institutions      **Bill No. --**      **Bill Sec. --**

**Analyst:** Kramer      **Analysis Pg. No.** 252, 275      **Budget Page No.** 307, 353

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 45,359,268	\$ 45,108,230	\$ 0
Aid to Local Units	0	0	0
Other Assistance	2,000	2,000	0
<b>TOTAL</b>	<b>\$ 45,361,268</b>	<b>\$ 45,110,230</b>	<b>\$ 0</b>
State General Fund:			
State Operations	\$ 16,512,877	\$ 15,598,740	\$ 0
Aid to Local Units	0	0	0
Other Assistance	2,000	2,000	0
<b>TOTAL</b>	<b>\$ 16,514,877</b>	<b>\$ 15,600,740</b>	<b>\$ 0</b>
FTE Positions	1168.5	1168.5	0.0
Other Unclassified Positions	19.1	19.1	0.0
<b>TOTAL</b>	<b>1187.6</b>	<b>1187.6</b>	<b>0.0</b>

**Agency Request/Governor's Recommendation**

The developmental disability institutions request \$45,361,268 in operating expenditures for FY 2002 which includes State General Fund expenditures of \$16,514,877. Expenditures by major object are requested as follows: salaries and wages of \$38,971,453; contractual services of



\$2,679,892; commodities of \$3,675,723; capital outlay of \$32,200; and other assistance of \$2,000. The developmental disability institutions request staffing of 1,168.5 FTE positions.

The Governor recommends \$45,110,230 in operating expenditures for FY 2002 which includes State General Fund expenditures of \$15,600,740. Expenditures by major object are recommended as follows: salaries and wages of \$38,814,281; contractual services of \$2,635,179; commodities of \$3,643,652; capital outlay of \$15,118; and other assistance of \$2,000. The Governor recommends staffing of 1,168.5 FTE positions.

The following table reflects the agency requests and Governor's recommendations for each of the individual institutions.

Institution	Agency Req. FY 2002	Gov. Rec. FY 2002
Kansas Neurological Institute		
State General Fund	\$ 9,955,606	\$ 9,398,616
All Other Funds	15,149,336	15,515,816
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Parsons State Hospital and Training Center		
State General Fund	\$ 6,559,271	\$ 6,202,124
All Other Funds	13,697,055	13,993,674
TOTAL	<u>\$ 20,256,326</u>	<u>\$ 20,195,798</u>
FTE Positions		
Kansas Neurological Institute	655.5	655.5
Parsons State Hospital and Training Center	513.0	513.0
Other Unclassified Positions	19.1	19.1
TOTAL	<u>1,187.6</u>	<u>1,187.6</u>

### Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following notations:

1. The Budget Committee notes the discrepancy in pay received by direct care staff at the two facilities compared to similar positions in other state agencies. The Budget Committee expresses concern that direct care staff at the facilities receive lower per hour wages compared to equivalent positions in the Department of Corrections, and that this situation may negatively affect workforce recruitment and retention. The hourly pay difference between entry level hospital staff and corrections staff is \$3.38 with the Governor's pay plan. This is an important issue that should be reviewed during the omnibus session.
2. The Budget Committee expresses concern that increasing utilities costs may have an impact on the two facilities. This issue should be reviewed during the omnibus session.

3. The Budget Committee notes the increased use of advanced anti-psychotic medications at the facilities. The agency notes that the use of these medications increases the likelihood that a person will live successfully in the community.
4. The Budget Committee expresses concern about the decline in Title XIX funding. A significant portion of Title XIX funds are obtained from disproportionate share funding through the mental health hospitals which is expected to cease in fiscal year 2003. The Department of Social and Rehabilitation Services projects a \$19 million reduction of Title XIX funding systemwide in fiscal year 2003. The Budget Committee recognizes that this will have a significant impact on the agencies and will be an important issue for consideration by the 2002 Legislature.
5. The Budget Committee commends the superintendents for their successes in complying to Medicare standards required of Intermediate Care Facilities for Persons with Mental Retardation (ICF/MR). The two hospitals have implemented creative programming to help meet these standards. Kansas Neurological Institute has developed two entrepreneurship programs to assist residents in interaction with the community. Individuals involved in the program make balloon bouquets and gift baskets for sale to the community. Parsons State Hospital has piloted a person-centered model in collaboration with the Health Care Finance Administration. Parsons State Hospital has also developed a program to serve individuals with mental retardation who also have a history of committing sexual offenses. The research-based treatment program at Parsons State Hospital is the only one of its kind in the Midwest and is among only two or three in the United States. The facility also houses the state's Dual Diagnosis Treatment and Training Service to treat individuals with both mental illness and mental retardation. These successes have been partially achieved through the affiliation the hospital has with the University of Kansas through the University Affiliated Program and Parsons Research Center.
6. The Budget Committee notes the high cost per resident at the developmental disability institutions and recommends the SRS Transition Oversight Committee review the implications of placing some of these residents in community settings. The Budget Committee also notes the decline in community placements from the developmental disability institutions in the last two years. The Budget Committee recommends the exploration of linking some of the state services provided to the cottages to services provided by the Community Developmental Disability Organizations (CDDO). The Budget Committee also requests review of community placements and readmissions, and requests that SRS report these figures to the committee during review of the SRS budget. These figures should also be included in the agency budgets as performance measures in subsequent years.



State of Kansas  
Office of the Attorney General

120 S.W. 10<sup>th</sup>, 2<sup>nd</sup> Floor, Topeka, KS 66612-1597

FOR IMMEDIATE RELEASE  
Friday, August 18, 2000

CONTACT: MARY TRITSCH  
OR TIFFANY BALL

**ATTORNEY GENERAL SEEKS COURT ORDER FOR REORGANIZATION OF  
KANSAS STATE HISTORICAL SOCIETY**

Attorney General Carla J. Stovall today filed a lawsuit seeking a ruling that the way in which the Kansas State Historical Society, Inc. is organized and its executive director selected violates the United States and Kansas Constitutions regarding "one person, one vote." The Petition for Writs of Mandamus and Quo Warranto was filed in the Kansas Supreme Court.

In the petition, Attorney General Stovall said the Kansas State Historical Society, Inc. and its executive director, Ramon Powers, are engaged in the exercise of governmental functions, yet are not accountable to the people of the State of Kansas through their elected officials who have no say in the operations of the agency or in the selection of the executive director. She said the matter is of statewide concern because of the important functions of the Historical Society and its executive director which include: acquiring and disposing of state property; issuing rules and regulations that have the force and effect of law; administering a grant program using public funds; participating in the administration of the Unmarked Burial Sites Preservation Act; controlling the Kansas Records Center which is the state equivalent to the National Archive; serving as chair of the Kansas Antiquities Commission, as an ex-officio member of the Kansas Council of Travel and Tourism and the Kansas Film Commission, and as a member of the Statehouse Art and History Committee; and reviewing the actions of state and local governments under the Water Projects Environmental Agency Coordination.

Attorney General Stovall said membership in the Kansas State Historical Society, Inc. is available by purchase (for \$30 to \$2,500) or by gift of the Board of Directors. The composition, nomination and election of the Board of Directors is, by statute, left to the discretion of the Society. The executive director is the chief operating officer of the Historical Society. His selection for public employment is not governed by statute or executive order of the Governor and no elected or appointed public official can hire or fire him. The executive director, in turn, hires and fires other state employees and controls expenditures of public moneys made by the defacto state agency known as the State Historical Society.

Stovall said the people of Kansas are constitutionally entitled to an equal voice in the selection of their state officers and this voice must be heard either directly by means of a public election or through appointment of state officers by elected public officials. She said a private corporation, such as the Kansas State Historical Society, Inc., is not a substitute for the ballot box.

The Attorney General said the executive director's election to office by the Society violates the 14<sup>th</sup> Amendment right of the people to "one person, one vote." but even if it did not, the selection process is constitutionally impermissible because the Legislature has delegated the selection process for the executive director to a private corporation. She noted that in *Sedlak v. Dick*, the Kansas Supreme Court found a similar selection process for members of the Worker's Compensation Board in violation of the Kansas Constitution because it placed control of the selection of a public official with a private organization. A similar situation also occurred with the Kansas Board of Agriculture which led to its reorganization into the current Department of Agriculture in response to a federal court order.

Attorney General Stovall said the Legislature investigated the governance, oper

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the Society and reported the results in a Legislative Division of Post Audit report in July 1999. In addition, a Special Committee on Structure and Organization of the State Historical Society also studied the matter in 1999. Legislation which would have ended the Society's trusteeship and made the executive director an appointee of the Governor passed both Houses but failed to be enacted when a conference committee report was not approved by the House of Representatives.

"I believe that the Society's board of directors and its executive committee are composed of dedicated people doing an important public service for all Kansans." Attorney General Stovall said. "And the executive director is a competent, capable individual who is carrying out the duties prescribed to him by the Kansas Legislature.

"This petition is not brought as the result of malfeasance or nonfeasance by the Society or Mr. Powers, but rather to bring the election and selection process into compliance with constitutional requirements. The governance by public agencies, officers and officials must be in harmony with the United States and Kansas Constitutions."

In the petition, Attorney General Stovall asks the Court to appoint the Governor to act, either personally or by designee, as a receiver of the Society in order to temporarily cure the constitutional defects that currently exist and give the Legislature time to select a permanent, constitutionally sound solution.

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HOUSE BILL No. 2532

By Committee on Appropriations

2-20

AN ACT concerning the state historical society; amending K.S.A. 75-2701 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 75-2701 is hereby amended to read as follows: 75-2701. (a) The state historical society, heretofore organized under the incorporation laws of the state, shall be the trustee of the state. As such, the society shall faithfully expend and apply all money received from the state to the uses and purposes directed by law, shall hold all the society's present and future collections of property for the state and shall not sell, mortgage, transfer or dispose of in any manner or remove from the society's building or buildings occupied for historical interests of the state, except for temporary purposes, any article of property without authority of law. This shall not prevent the sale, exchange, donation or other disposition by the society of its publications, duplicate property in its collection holdings, property outside its the scope of collection, hazardous property or property with insufficient research, educational or exhibit value, but:

(1) No such property shall be disposed of except by sale or exchange until the society adopts rules and regulations establishing procedures for disposition;

(2) no rules and regulations establishing procedures for disposition of such property shall be adopted until the society first advises and consults with the joint committee on administrative rules and regulations regarding the proposed rules and regulations;

(3) such rules and regulations shall provide, with respect to property which was donated by an individual, procedures reasonably calculated to notify and offer such property to such individual or such individual's immediate family prior to disposal, if the property is disposed of within 20 years after the donation; and

(4) such rules and regulations shall provide, with respect to property with research, educational or exhibit value, procedures for notifying local institutions that such property is being disposed of.

(b) There shall continue to be a board of directors of the Kansas state historical society, inc., and an executive committee of such board of di-

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rectors, each to consist of as many members as the society determines.

2 (c) The society may acquire property, real or personal, by gift, be-  
3 quest or otherwise, in any amount, and upon such conditions as the so-  
4 ciety's executive committee deems best for the interests of the society.  
5 Any such property so acquired and any state-owned historic site, structure  
6 or other property which has been placed by law under the jurisdiction  
7 and supervision of the society shall be administered by the society in the  
8 public interest, and the society shall provide for the preservation of such  
9 property and shall adopt rules and regulations as necessary for the proper  
10 use and enjoyment of such property. For this purpose the society may  
11 fix, charge and collect fees for admittance to any state-owned historic site,  
12 structure or property which has been placed under the jurisdiction and  
13 supervision of the society and is further authorized to provide exemptions  
14 from such fees or to fix reduced fees for one or more categories of  
15 persons.

16 (d) The society shall remit all moneys received by the society under  
17 the provisions of subsection (c) to the state treasurer at least monthly.  
18 Upon receipt of any such remittance the state treasurer shall deposit the  
19 entire amount thereof in the state treasury and the same shall be credited  
20 to the historic properties fee fund which is hereby created. All expendi-  
21 tures from such fund shall be made in accordance with appropriation acts  
22 upon warrants of the director of accounts and reports issued pursuant to  
23 vouchers approved by the secretary of the state historical society or a  
24 person designated by the secretary.

25 (e) ~~The state historical society is a state agency within the executive~~  
26 ~~branch of state government for all purposes under the statutes and laws~~  
27 ~~of Kansas, except when acting as the Kansas state historical society, inc.,~~  
28 ~~a not for profit corporation organized under the incorporation laws of~~  
29 ~~Kansas. All real and personal property under the control and supervision~~  
30 ~~of the state historical society that is not property owned and maintained~~  
31 ~~by the Kansas state historical society, inc., as a not-for-profit corporation~~  
32 ~~organized under the incorporation laws of Kansas, in order to accomplish~~  
33 ~~the purposes of the corporation as stated in the articles of incorporation~~  
34 ~~and bylaws, including but not limited to investments, office equipment,~~  
35 ~~property and revenues of the museum stores and income from member-~~  
36 ~~ship fees and assessments, belongs to the state of Kansas.~~

37 (f) (1) The governor shall appoint the executive director of the state  
38 historical society, subject to confirmation by the senate as provided in  
39 K.S.A. 75-4315b and amendments thereto. The governor ~~shall~~ may appoint the  
40 executive director of the state historical society from a list of three qual-  
41 ified persons nominated by the executive committee of the Kansas state  
42 historical society, inc. The governor may reject all nominees submitted on  
any such list and may request an additional list of three other qualified

3-2



persons to consider for appointment to the office of executive director of the state historical society. The executive director of the state historical society shall be in the unclassified service under the Kansas civil service act and shall be subject to evaluation in accordance with this section. The executive director of the state historical society shall receive an annual salary fixed by the governor, ~~subject to approval by the executive committee of the Kansas state historical society, inc.~~

The executive director of the state historical society shall serve at the pleasure of the governor.

(2) The executive director of the state historical society shall be qualified by education or training and experience in the field of history, historic preservation, education, museum administration or a related field and shall have demonstrated executive and administrative ability to discharge the duties of the office of executive director of the state historical society. A person serving as executive director of the state historical society may be reappointed to the office by the governor, subject to confirmation by the senate as provided in K.S.A. 75-4315b and amendments thereto, except that no person who has retired from state service under any retirement system or plan administered by the board of trustees of the Kansas public employees retirement system shall be qualified to serve as executive director of the state historical society.

(3) An evaluation of the executive director of the state historical society shall be conducted annually by the executive committee of the Kansas state historical society, inc., and the results of such evaluation shall be submitted to the governor for review. In addition to other procedures under law, the governor or the executive committee of the Kansas state historical society, inc., may initiate or request a special evaluation to determine if cause exists for the removal of the person holding the office of executive director of the state historical society.

(4) Whenever the office of the executive director of the state historical society becomes vacant, the executive committee of the Kansas state historical society, inc., shall be notified of such vacancy and shall prepare and submit a list of three qualified nominees to the governor for the appointment of a successor.

(g) On and after the effective date of this act, whenever the secretary of the state historical society or the executive director of the state historical society, or words of like effect, is referred to or designated by a statute, contract or other document, such reference or designation shall be deemed to apply to the executive director of the state historical society.

Sec. 2. K.S.A. 75-2701 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

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Testimony before the House Appropriations Committee on the Governance of  
the Kansas State Historical Society, HB 2532, March 6, 2001

Chairman Wilk, Members of the House Appropriations Committee:

My name is Nancy Holt. I am chair of the Executive Committee of the  
Kansas State Historical Society, Inc. I have come here today to ask for your  
support of the HB 2532 regarding the governance of the Kansas State  
Historical Society.

After 18 months of looking at the issues raised in the Post Audit Report of  
July 1999 and the legislative committees of the 1999-2000 session we feel  
that we have come up with a workable statute for everyone. A committee  
was formed of board members of the KSHS, Inc. Members of this  
committee were: Michael Hoeflich, University of Kansas School of Law;  
Alicia Salisbury, retired senator and member of the executive committee;  
James Hoy, past President of the KSHS, Inc.; Martha Gannon, board  
member; Betty Lou Duncan, board member; Glee Smith, lawyer and board  
member; Brian Moline, lawyer and board member; Representative Kenny  
Wilk, executive committee member; Ken Metzger, CEO of the KSHS, Inc.,  
and myself. Dr. Ramon Powers served in an advisory capacity as did Tom  
Wright and Pam Baker, attorneys for the Society.

In HB 2532 we acknowledge that the State Historical Society is an agency of  
the state and that the property owned by the Society is in fact state property.  
We have differentiated between the property owned by the Society and the  
KSHS, Inc. in Section 1, 4) e. We have also addressed the issue of the  
appointment of the executive director of the Society giving the Governor  
much latitude in the selection process. We believe that this bill answers any  
legal questions one might have regarding the operations of the Society and  
makes clear the question of trusteeship the KSHS, Inc. has been entrusted  
with for the past 125 years. We are ready to put into effect any changes this  
bill creates as of July 1, 2001.

We ask for your support of this bill so we can all get back to doing what is  
best for the people of Kansas and for us that means working to further

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enhance accessibility to historical primary sources for the general public and for schools; refresh old education programs and create new ones to help the students of Kansas schools meet mandated social studies standards; and to display and interpret Kansas artifacts that connect the past to the present in a personal way that a textbook can never achieve. This is what we do best and frankly our energies have been diverted over the last 18 months and we need to get back to doing the aforementioned activities and in particular for the KSHS, Inc. to continue to raise funds to help support these activities.

March 5, 2001

To: Legislative Budget Committee

## **State General Fund (SGF) Receipts July through February, FY 2001**

Based on the revised estimate of SGF receipts in FY 2001 made last November, it was estimated that receipts in November through February would total \$1.376 billion. Actual receipts for those four months were \$1.327 billion or 3.6 percent below the estimate. (Remember that the figures in the "Estimate" and "Actual" columns under FY 2001 in the following table include actual receipts in July-October.)

**Total receipts from July through February of FY 2001 were \$49.6 million or 1.8 percent below the estimate.**

Taxes falling below the estimate by more than \$1.0 million were corporation income (\$27.1 million), estate (\$12.2 million), sales (\$10.5 million), individual income (\$10.3 million), and insurance premiums (\$5.7 million). Last month, sales tax receipts were \$20.7 million below the estimate. Some of the improved sales tax performance is attributable to a Department of Revenue effort to ensure that retailers are following the remittance schedule currently applicable to them. The result of this initiative is an acceleration of receipts to the state—a "one time" event. However, the Department of Revenue has not yet been able to quantify the impact of the acceleration. Also, it may be noteworthy that the processing of individual income tax refunds through February is substantially ahead of last year.

The only tax source that exceeded the estimate by more than \$1.0 million was the financial institutions privilege tax (\$1.5 million).

Interest earnings and transfers to the SGF exceeded the estimate by \$3.1 million and \$15.8 million, respectively. (Remember that, in last month's report, it was noted that transfers to the SGF were enhanced by an accelerated \$18.2 million payment of tobacco settlement proceeds. This transfer had been expected in April 2001.) Agency earnings fell below the estimate by \$3.0 million.

Total receipts through February of FY 2001 exceeded those through February of FY 2000 by \$175.7 million or 6.9 percent.

This report excludes the January deposit of \$150.0 million due to issuance of a certificate of indebtedness. The certificate will be discharged prior to the end of the fiscal year.

STATE GENERAL FUND RECEIPTS  
July-February, FY 2001  
(dollar amounts in thousands)

	FY 2001				Percent Increase-- FY 2001 Over	
	Actual FY 2000	Estimate*	Actual	Difference	FY 2000	Estimate
Property Tax:						
Motor Carriers	\$ 11,045	\$ 10,800	\$ 11,751	\$ 951	6.4 %	8.8 %
Income Taxes:						
Individual	\$ 1,070,831	\$ 1,159,000	\$ 1,148,740	\$ (10,260)	7.3 %	(0.9) %
Corporation	116,695	131,000	103,944	(27,056)	(10.9)	(20.7)
Financial Inst.	11,587	11,750	13,254	1,504	14.4	12.8
Total	\$ 1,199,113	\$ 1,301,750	\$ 1,265,938	\$ (35,812)	5.6 %	(2.8) %
Estate Tax	\$ 47,068	\$ 36,500	\$ 24,288	\$ (12,212)	(48.4) %	(33.5) %
Excise Taxes:						
Retail Sales	\$ 961,646	\$ 973,000	\$ 962,460	\$ (10,540)	0.1 %	(1.1) %
Comp. Use	135,217	149,000	148,492	(508)	9.8	(0.3)
Cigarette	32,372	33,300	32,362	(938)	(0.0)	(2.8)
Tobacco Prod.	2,508	2,800	2,728	(72)	8.8	(2.6)
Cereal Malt Bev.	1,591	1,720	1,607	(113)	1.0	(6.5)
Liquor Gallonage	9,724	10,300	9,719	(581)	(0.0)	(5.6)
Liquor Enforce.	22,046	23,210	23,337	127	5.9	0.5
Liquor Dr. Places	3,680	3,950	4,076	126	10.8	3.2
Corp. Franchise	7,726	8,150	7,764	(386)	0.5	(4.7)
Severance	33,746	59,400	59,724	324	77.0	0.5
Gas	25,483	49,600	50,768	1,168	99.2	2.4
Oil	8,263	9,800	8,956	(844)	8.4	(8.6)
Total	\$ 1,210,256	\$ 1,264,830	\$ 1,252,270	\$ (12,560)	3.5 %	(1.0) %
Other Taxes:						
Insurance Prem.	\$ 35,248	\$ 34,000	\$ 28,339	\$ (5,661)	(19.6) %	(16.6) %
Miscellaneous	677	975	751	(224)	11.0	(23.0)
Total	\$ 35,925	\$ 34,975	\$ 29,090	\$ (5,885)	(19.0) %	(16.8) %
<b>Total Taxes</b>	<b>\$ 2,503,408</b>	<b>\$ 2,648,855</b>	<b>\$ 2,583,336</b>	<b>\$ (65,519)</b>	<b>3.2 %</b>	<b>(2.5) %</b>
Other Revenue:						
Interest	\$ 53,863	\$ 56,300	\$ 59,364	\$ 3,064	10.2 %	5.4 %
Transfers (net) **	(45,733)	34,025	49,847	15,822	--	(46.5)
Agency Earnings and Misc.	36,266	33,900	30,912	(2,988)	(14.8)	(8.8)
Total	<b>\$ 44,395</b>	<b>\$ 124,225</b>	<b>\$ 140,123</b>	<b>\$ 15,898</b>	<b>-- %</b>	<b>12.8 %</b>
<b>TOTAL RECEIPTS***</b>	<b>\$ 2,547,803</b>	<b>\$ 2,773,080</b>	<b>\$ 2,723,459</b>	<b>\$ (49,621)</b>	<b>6.9 %</b>	<b>(1.8) %</b>

\* Consensus estimate as of November 3, 2000.

\*\* Estimates include transfers out attributable to Project 2000 of the Dept. of Revenue. Actual tax receipts from the Project cannot be separately identified.

\*\*\* Does not include \$150.0 million to the SGF from issuance of a certificate of indebtedness.

NOTE: Details may not add to totals due to rounding.