

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Kenny Wilk at 1:45 p.m. on April 19, 2001, in Room 514-S of the Capitol.

All members were present

Committee staff present: Alan Conroy, Legislative Research
Rae Anne Davis, Legislative Research
Julian Efird, Legislative Research
Amy Kramer, Legislative Research
Robert Waller, Legislative Research
Amory Lovin, Legislative Research
Audrey Nogle, Legislative Research
Stuart Little, Legislative Research
Leah Robison, Legislative Research
Carolyn Rampey, Legislative Research
Kathe Sparks, 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

Staff distributed copies of the State General Fund Expenditures FY 2001-FY 2002 (Attachment 1) and Selected Special Revenue Funds (Attachment 2). Chairman Wilk asked that each Budget Committee explain their flagged items on the base budget which would mean they were either being enhanced or reduced. The source of enhancements from the Special Revenue Funds were to be explained.

Education and Legislative Budget Committee:

- State Library: Add \$69,000. Revenue source: Behavioral Sciences Regulatory Board
- Arts Commission: Add \$120,000. Revenue source: Certificate Fee Fund from the Department of Education
- University of Kansas Medical Center: Add \$1,631,931. Revenue source: State Fire Marshal Fee Fund – \$500,000; Behavioral Sciences Regulatory Board – \$31,000; Board of Nursing Fee Fund – \$350,000; Board of Pharmacy Fee Fund – \$250,000; and Securities Commission Fee Fund – \$500,000.

Tax, Judicial and Transportation Budget Committee:

- Judicial Branch: leave in the \$410,753 cut but recommend a 1% reduction in judge's salaries to make up the difference (the proposed increase would be 2% rather than 3%).
- Human Rights Commission: Restore the \$46,574. Source: Department of Revenue and Transportation
- Board of Tax Appeals: Cut \$90,000 from the contractual services line.
- Department of Revenue: (Attachment 3). Add \$350,00 for staffing and cut \$258,555.
- Department of Transportation: Decrease the demand transfer by \$3.2 million. Land sales of \$600,000 per year have not been earmarked for any special needs. It is currently placed in the State Highway Fund.
- State Board of Indigents' Defense Services: Restore \$820,780 for assigned counsel. Bills have been presented and need to be paid.

Social Services Budget Committee:

- Department of Health and Environment: Add \$691,000 for increased rent in Signature Building.
- Department on Social and Rehabilitative Services: Option 1: Have bottom line be \$138,830 million instead of \$130,000 million. The lower of the two items is created by changing the PASAR score which is the qualifications admission level for nursing facilities which affects the FE waiver eligibility. Option 2: If that score is changed from a 26 to a 35 there is an approximate \$4 million savings. There would be a savings of either \$7.9 million (with no change in PASAR score changes) or \$3.6 million (with changing the PASAR score), depending upon the option (Attachment 4). The

Committee is looking at the option of closing Rainbow Mental Health Facility nine months into the year which would result in a savings of \$200,000. However, this would increase the expenditures at Osawatomie State Hospital due to the increased case loads.

- Recommendations for FY 2001 and FY 2002 for Department on Aging (See Attachment 5)

In response to questions regarding the Department on Aging recommendations, with the combination of case loads for SRS and Aging there would be an increase of \$64 million in FY 2002, \$26 million in FY 2001. There has been a shift of \$74.8 million of SGF expenditures to the intergovernmental transfer program for the waivers.

Public Safety Budget Committee:

- Kansas Highway Patrol: Restore \$259,134. Revenue source: State Highway Fund
- Total reduction of \$4,795,242 from the Department of Corrections (Attachment 9).

General Government and Human Resources Budget Committee:

- Attorney General: Cut \$200,000 from the SGF. Increased the expenses of the Court Cost Fund by \$200 to replace the state fund expenditures for the drug abuse program the DARE program, and \$160,954 and \$39,046 from the operating consumer protection division.
- Government Ethics Commission: Shifting \$19,129 SGF to the agency's fee fund.
- State Treasurer: Of the \$400,000 in demand transfers, took \$200,00 for the Eisenhower Center; \$25,000 for the National Teachers Hall of Fame, \$50,000 for the World Trade Center in Wichita; \$50,000 for the KPERS audit.
- Department of Administration: Shift \$70,339 from the Property Contingency Fund to the SGF for Signature Building relocation costs
- Secretary of State : Shift \$30,000 from the State Register Fee Fund to SGF.
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Agriculture and Natural Resources Budget Committee:

- State Conservation Commission: Took 20% of the LIEP program from KDHE
- Department of Wildlife and Parks: (Attachment 6)
- State Water Plan Fund FY 2002 (Attachment 6)

OMNIBUS MEMO (Attachment 7)

RECOMMENDATIONS OF THE TAX, JUDICIAL, AND TRANSPORTATION BUDGET COMMITTEE

Kansas Department of Revenue

A. Omnibus Review Item – Accounts Receivable (SB 57 Conference Committee). The House and Senate conferees on SB 57 agreed to review agency proposals to enhance collections of the state's accounts receivable as of February 28, 2001. Accounts receivable totaled \$476,827,453, of which \$282,336,877 was defined as uncollectible due to bankruptcy and other impediments, with a net balance remaining of \$194,490,576 that may be collectable. The agency was directed to present methods of enhancing efforts to collect these net accounts receivable. Among the more significant categories of taxes due and believed to be collectable are \$75.6 million in sales and use, \$52.2 million in individual income, \$17.3 million in corporate, \$16.7 million in withholding, and \$14.8 million in motor carrier.

Currently, the agency has a pilot collections project for which the 2000 Legislature appropriated \$570,000 in FY 2001 to contract for 14 non-state employees who work for GC Services. The projected annual collections per employee was \$600,000, yielding a total of approximately \$8.55 million at a cost of approximately \$40,000 per employee. The success of this project has been measured by collections exceeding \$8.3 million as of January 2001, and the annual estimate has been increased to \$12.7 million, or approximately \$900,000 per employee.

The agency currently collects approximately \$43.0 million in accounts receivable each fiscal year, including the amount added through collections attributed to the GC Services contract. A cost/benefit model may be applied to a new collections effort described by the Secretary of Revenue in a proposed management plan for accounts receivable, and then compared with the GC Services contract cost/benefit ratio. The new plan consists of two phases that are projected to collect \$40.0 million of additional revenue in FY 2002 at a cost of slightly less than \$3.0 million.

Phase 1 would place emphasis on enhanced collections through improved billing and call campaigns, skip tracing techniques, tax warrants and civil tax enforcement initiatives. A third

party collections contract, primarily for call campaigns and skip tracing, would be secured through a request for proposals. Recovery of an additional \$23.0 million annually would require resources of \$1,635,582 in FY 2002 and staffing of 38.0 FTE positions, of which 12.0 FTE would be contracted employees and 26.0 FTE would be state employees.

Phase 2 would target collection of older, aged accounts through new tax discovery and non-filer compliance initiatives. Recovery of an additional \$17.0 million annually for each of four fiscal years would require resources of \$1,335,800 in FY 2002 and staffing of 30.0 FTE positions comprised of state employees.

**Proposed Department of Revenue
Plan for Accounts Receivable**

	Current Project FY 2001	FY 2001 Phase 1	FY 2002 Phase 1	FY 2002 Phase 2	FY 2002 Totals
Staff Level	14		38	30	68
Est'd Collections per Staff	\$592,857		\$605,263	\$566,667	\$585,965
New Revenue Estimated	\$8,300,000		\$23,000,000	\$17,000,000	\$40,000,000
Staff Level	14	10	38	30	68
Cost per Staff	\$40,714	\$12,344	\$43,042	\$44,527	\$43,697
Total Expenses*	\$570,000	\$123,442	\$1,635,582	\$1,335,800	\$2,971,382
Revenue per \$1 expense	\$14.56		\$14.06	\$12.73	\$13.46

* Includes one-time costs in FY 2001 and FY 2002.

Staffing would be accomplished in the following manner: First, 12.0 of the new positions would be contract workers and not be state employees. Second, 29.0 vacant FTE positions, primarily in the Division of Taxation, would be reallocated to classified staff positions. Third, 27.0 new FTE positions would be requested. A total of 68.0 new dedicated staff would be used to implement phase 1 and phase 2 during FY 2002.

Recommendation: Adoption (Attachment 7).

B. Omnibus Review Item – Project 2000 (SB 57 Conference Committee). During consideration of the agency's FY 2001 and FY 2002 budgets, the House had recommended not paying any Project 2000 money until FY 2003 due to the revenue situation. The Senate had decided to revisit this issue during Omnibus. The House and Senate conferees on SB 57 agreed to review Project 2000 during the Omnibus period. The Consensus Revenue Estimating Group originally anticipated in November of 2000 that transfers would total \$4.0 million in FY 2001 and \$6.0 million in FY 2002 in order to pay a \$10.0 million amount to American Management Systems. The revised consensus estimate as of April 4, 2001, anticipates that a \$5.0 million payment will be made in FY 2002, but none in FY 2001. This \$5.0 million amount is recognized as a revenue reduction, not as an expenditure in the FY 2002 consensus estimates.

Project 2000 is designed to be paid for from the increased revenues it generates. In accordance with the statute and appropriations acts, the amount of increased revenue is certified by the directors of the Division of the Budget and the Legislative Research Department, then credited to the Automated Tax Systems Fund. These funds are used to pay for the contracted and budgeted costs of the project. The fund also is utilized for ongoing system operations and has been used to finance system modifications required due to changes in the state tax code. A total of \$62.9 million was been transferred to the fund between FY 1996 and FY 1999. Nothing was transferred in FY 2000.

Recommendation: No action

C. Omnibus Review – Other Items. Two items were flagged for a response from the Secretary of Revenue. First, the Senate Ways and Means Committee inquired about making the agency a fee fund agency. Second, the House Appropriations Committee inquired about accelerated sales tax remittances for filers with annual liabilities of \$32,000 or more. A third item was identified by the House Appropriations Committee

if the developer of the Oz Entertainment Company has reimbursed the Unified Government of Wyandotte County for cash investments in the project within 120 days after July 1, 2001. The developer is required under current law to reimburse the Unified Government within one year of commencement of project construction. The Department indicates that passage would reduce revenues and expenditures by \$129,730 for FY 2002. SB 57 includes these amounts in the Oz Theme Park Fund to carry out the Department's oversight of the remediation activities at the site for the park. The Department indicates the delay in the project would delay the need for expenditures and the collection of revenues to the fund, which are expenditure reimbursements from the project developers.

Recommendation: Adopt

J. HB 2131 (Governor). HB 2131 modifies the waste tire program. The bill sets an excise tax of \$0.25 on the retail sale of new vehicle tires. Of the amount raised by the tax, \$300,000 or 43 percent, whichever is less, could be used for paying compensation and other expenses of personnel to carry out the duties under the waste tire law. The bill also eliminates the abatement grant program and the enforcement grant program which are contained in current law. The bill requires the Secretary to enter into service contracts with one or more associations of tire retailers to: assist in disseminating information to all tire retailers on state law requirements; establish a point of contact for persons requesting information on solid waste laws and rules and regulations relating to waste tires; assist in planning and implementing conferences, workshops, and other requested training events for persons involved in the generation, transportation, processing, or disposal of waste tires; and assemble and analyze data on waste tire management by tire retailers in Kansas.

The Department estimates that it will require additional net expenditures in FY 2002 of \$450,000 from the Waste Tire Fee Fund and 1.0 additional FTE. This includes \$50,000 for staff and operating costs, \$4,000 additional for administrative overhead, \$75,000 for contractual expenses for education and information, and \$755,000 for cleanup efforts. This is offset by reductions for the grant programs which are eliminated.

Recommendation: Adopt

Department of Aging

1. Follow up on plan to increase the Income Eligible Program threshold score to 26 – FY 2002 (House Budget Committee). The House Budget Committee requested that the Secretary of Aging prepare a plan to increase the minimum threshold score to 26 for the Income Eligible Program in order to conform with the requirement for services under the nursing facilities and waiver programs. In addition, the Committee directs that the new minimum service score apply only to individuals entering the program July 1, 2001 or later. The plan is to be presented prior to the beginning of the Omnibus Session with financial estimates.

Recommendation: Adopt. This will make the threshold scores consistent. Some area agency's have scores as high 36, some have 15. It is unfair to constituents to have different eligibility standards in different areas of the state.

Department of Social and Rehabilitative Services

3. Follow up on the federal grant for Traumatic Brain Injury – FY 2002 (Senate Subcommittee). The Senate Subcommittee heard testimony that the agency has applied for a federal grant to develop a statewide action plan to serve consumers with traumatic brain injury. The first requirement of the grant is a statewide needs assessment and development of an advisory council on traumatic brain injury. The Subcommittee requested that the agency report back prior to the Omnibus Session about the status of the grant award. The agency has advised that the grant if awarded will require a \$35,000 state funds match for \$75,000 of federal funds.

Recommendation: Adopt. The Department has advised they have found the \$35,000 internally for the \$75,000 available in federal money.

13. Follow up on proviso for the Sexually Aggressive Treatment Project – FY 2002 (SB 57 Conference Committee). The Conference Committee deferred the proviso which would have required the Department to carve out of foster care funding a maximum of \$1,174,988 for a Sexually Aggressive Treatment Program at Youthville for foster care children. The Program would provide intensive residential services for children between the ages of 10 and 13 who have committed a sexually aggressive act.

estimated to increase by 3.1 percent in FY 2001 and by 2.6 percent in FY 2002.)

Recommendation: Do not adopt

**RECOMMENDATIONS OF THE EDUCATION AND LEGISLATIVE BUDGET
COMMITTEE ON OMNIBUS ITEMS**

Pittsburg State University

B. Armory Building Project (Capital Improvement) (Senate Subcommittee). The Subcommittee recommends a review of an agency request for \$545,000 (\$410,000 SGF) to access \$135,000 in federal funds for a multipurpose facility to house the Kansas National Guard Unit as well as the PSU departments of health, physical education, recreation, and military sciences. The three-year project would total \$9.0 million (\$4.4 million SGF for 49.0 percent; \$2.2 million federal funds for 24.0 percent; and \$2.4 million or 27.0 percent other funds). The Governor did not recommend the project.

Recommendation: Use \$410,000 from the Educational Building Fund to access \$135,000 in additional moneys from federal funds to complete the study and prepare for the building of this facility.

C. Technical Adjustment. Regents Regional University Operating Grant Proviso. (House Committee). A proviso recommended by the House was inadvertently omitted from SB 57. The proviso concerns operating grants for the universities and would for five years hold the regional universities harmless by the State General Fund for losses of tuition revenue due to enrollment changes. The regional universities could request State General Fund supplemental appropriations to increase their block grants to offset tuition shortfalls

Recommendation: Adopt

Board of Regents

A. SB 11 (Law). SB 11 transfers the administration of federal Carl Perkins vocational and technical education funds from the State Board of Education to the State Board of Regents, effective July 1, 2004. Prior to that date, under the terms of a memorandum of understanding between the two agencies, the Board of Regents will be responsible for administration of the postsecondary education aspects of the program. To effectuate the memorandum of understanding requires the transfer of 11.0 FTE positions from the State Board of Education to the State Board of Regents in FY 2002. The State Board of Regents also reports the need to create three new special revenue funds to process payments to vocational-technical schools. Program expenditures would still be recorded within the State Board of Education.

Recommendation: Adopt

**RECOMMENDATIONS OF THE SOCIAL SERVICES BUDGET COMMITTEE ON
OMNIBUS ITEMS**

Department of Health and Environment

D. Food Inspection Program (House Budget Committee). The House Budget Committee recommended that State General Fund expenditures for the food inspection program be reviewed at Omnibus to determine if that funding is needed in light of HB 2500 which was introduced by the House Committee. The bill, if implemented, would allow for fees to be charged to grocery stores and food processing plants thus increasing revenues to the Food Inspection Fee Fund and allowing for decreased reliance on State General Fund dollars. Prior to first adjournment, no action had been taken on the bill. FY 2002 budgeted expenditures for the program are \$2,235,126, including \$350,039 from the State General Fund.

Recommendation: Amend SB 100 to include the language of HB 2500. There is no recommendation for funding.

I. HB 2573 (Governor). HB 2573 amends two statutes related to requirements governing the developer of the Oz Entertainment Company. As a precondition for issuing STAR bonds, the Kansas Development Finance Authority must adopt a redevelopment plan of the proposed Oz Theme Park project. The statutorily-prescribed deadline for adoption is July 1, 2001. The bill extends that deadline to July 1, 2002,

judicial branch.

B. Remove Restrictions on Judicial Branch Nonjudicial Salary Initiative Fund (House Budget Committee). The House Budget Committee that considered the Judicial Branch's budget recommends that an effort be made in the Omnibus Bill to address constraints imposed on Judicial Branch salary expenditures by KSA 2000 Supp. 20-1a14. That legislation, enacted by the 2000 Legislature, created the Judicial Branch Nonjudicial Salary Initiative Fund and provides that money in the Fund generated by docket fees can be used only for the maintenance of the one-time salary upgrade approved for nonjudicial employees in FY 2001 and not for routine expenditures for salaries. There would be a balance of \$89,895 remaining in the Fund at the end of FY 2002 that could be used to reduce shrinkage, were it not for the constraints imposed by the statute. (This amount has been revised downward from \$411,417 since the budget was reviewed during the Session due to caseload declines.)

Recommendation: Do not adopt

C. Judicial Branch Enhancements (House Budget Committee). The House Budget Committee that considered the Judicial Branch's budget recommends that, if additional resources become available, items requested by the Judicial Branch as enhancements be considered for funding. The items total \$3,810,070 for FY 2002, of which \$3,719,472 is from the State General Fund, and are listed below in the Judicial Branch's order of priority:

1. \$120,235 from the State General Fund for 2.0 FTE new district magistrate judges. One is requested for the 8th Judicial District (Dickinson, Geary, Marion, and Morris counties), which currently has five district judges and two district magistrate judges. The second position is requested for the 9th Judicial District (Harvey and McPherson counties) which currently has three district judges and no district magistrate judges. In both cases, the reasons cited for the request are already heavy and growing caseloads.
2. \$127,358 from the State General Fund for 2.0 FTE Research Attorneys for the Supreme Court (for a total of 13 Research Attorneys.) The Judicial Branch cites several reasons for the need for the new positions, including an increase in the number of cases appealed to the Supreme Court from the Court of Appeals, but the main reason is the additional workload resulting from capital cases. The Supreme Court has been involved in its first death penalty appeal and there are three more appeals pending.
3. \$1,063,000 from the State General Fund for 35.8 FTE nonjudicial personnel, of which the top priority is \$417,004 for 14.0 FTE Court Services Officers I. In addition to the Court Services Officers, the positions consist of 13.3 FTE Trial Court Clerks II, 3.5 FTE Secretaries I, 2.0 FTE Records Clerks II, 2.0 FTE Transcriptionist, and 1.0 Clerk Typist.
4. \$373,790 from the State General Fund is requested for an additional judge for the Court of Appeals (for a total of 11 judges). The additional judge was recommended by the Kansas Citizens Justice Initiative. The request is prompted by the heavy caseload for each judge (currently 184 new cases per year), which grows approximately 3 percent each year. The Court of Appeals often sits in panels of three judges that travel extensively around the state to hear oral arguments. In addition to the judge, the Judicial Branch is requesting 2.0 FTE supporting positions and proposes to renovate a portion of the Judicial Center that was vacated by the Office of the Attorney General to serve as offices for the new judge and staff. The total request consists of \$138,050 for the salary and fringe benefits of an Appellate Court Judge, \$36,309 for the salary and fringe benefits of 1.0 FTE Judicial Executive Assistant, \$50,861 for the salary and fringe benefits of 1.0 FTE Research Attorney, \$34,170 for operating costs associated with the new positions, and \$114,400 to renovate space for one judicial suite.
5. \$4,413 from the State General Fund for per diem compensation and other operating costs of the Judicial Nominating Commission for activities associated with appointing a new Appellate Court Judge. (The Nominating Commission would be required to meet and select three names to submit to the Governor to fill the newly-created position.)
6. \$2,121,274, of which \$2,030,676 would be from the State General Fund, is requested for a 4.0 percent inflationary salary adjustment for nonjudicial employees. The increase is tied to the Employment Cost Index reported by the United States Bureau of Labor Statistics, which increased 4.0 percent in FY 2000. (The Consumer Price Index All Urban Consumers (CPI-U) is the index generally used for state revenue and expenditure profiles prepared by the Legislative Research Department and the Division of the Budget. The CPI-U increased by 2.9 percent in FY 2000 and is

in calling for a review of Division of Alcoholic Beverage Control (ABC) funding and new staff authorized by SB 13 if that bill were a subject for omnibus consideration. (Staff Note: SB 13 remains in the Senate Ways and Means Committee following an initial hearing on the bill.)

Recommendation: Adoption (Attachment 7). On April 17, 2001, the Secretary of Revenue described a series of items that would accelerate revenues to the SGF. Those items include:

- 1. Accelerate annual and quarterly withholding accounts to monthly filing. This will cover approximately 11, 900 accounts and is estimated to yield one-time revenue of \$7.0 million in FY 2002. No legislation is required.**
- 2. Accelerate remission of severance tax from 60 to 30 days. This change is estimated to yield one-time revenue of \$6.0 million in FY 2002 if legislation is enacted.**

Introduction of one bill to accelerate the severance tax collections is recommended by the Subcommittee of the House Budget Committee.

D. Technical Item – Correction of FY 2001 Transfer. An FY 2001 transfer that occurred on April 15, 2001, shifted \$500,000 from the VIPs/CAMA Fund to the Division of Vehicles (DOV) Operating Fund. No specific purpose was cited in section 22(g) of Chapter 130 of the 2000 Session Laws of Kansas for making such a shift out of a fund governed by KSA 2000 Supp. 74-2021. Money in that fund is dedicated for the purpose of upgrading the VIPs/CAMA hardware for the state or for the counties. The transfer was approved by the 2000 Legislature for the purpose of financing payment of the postal costs from the DOV Operating Fund for mailing motor vehicle registration renewals. The general source of financing for the DOV Operating Fund is the State Highway Fund (SHF) in support of motor vehicle registration and driver license activities. The FY 2001 transfer in question was **not** reviewed by the 2001 Legislature, except as related to financing of the two funds as recommended by the Governor. The FY 2001 transfer may have been contrary to statute, and no clarifying language to expand the statutory purposes was included in the proviso that shifted the money. Receipts to the VIPs/CAMA Fund will cease on June 30, 2002, unless fees are continued beyond the present expiration date. No bills were considered by the 2001 Legislature that would have modified KSA 2000 Supp. 8-135 or KSA 2000 Supp. 74-2013 that govern fees and the expiration date. The \$500,000 transferred out of the VIPs/CAMA Fund could be used to reduce State General Fund (SGF) expenses in FY 2003 that may be required to finance the continued implementation of a new Computer Assisted Mass Appraisal (CAMA) System. A new system has been approved by the Legislature for financing in FY 2001 and FY 2002 from the VIPs/CAMA Fund. Additional costs for CAMA will occur in FY 2003 and the only source of financing may be the SGF. In order to correct the FY 2001 transfer, money could be transferred to the SGF in FY 2002 from the DOV Operating Fund, and a corresponding increased transfer from the SHF could be authorized to replace the money needed for the support of motor vehicle registration and driver license activities.

Recommendation: Adoption (Attachment 7).

Kansas Guardianship Program

A. Recruiter/Facilitator Positions (House Budget Committee). The House Budget Committee recommended reviewing the agency's enhancement request at Omnibus. The agency requests two new FTE for recruiter/facilitator positions. The two positions would recruit, train, and provide support to new volunteers. The FY 2002 enhancement totals \$90,097 from the State General Fund including \$63,897 for salaries and wages and \$26,200 for related operating expenditures (travel, office equipment).

Recommendation: Do Not Adopt

Judicial Branch

A. Additional Funding for Salaries and Other Operating Expenditures (House Budget Committee). The House Budget Committee that considered the Judicial Branch's budget recommends that additional funding for operating expenditures be aggressively pursued for FY 2001 and FY 2002. According to the Judicial Branch, \$300,000 from the State General Fund in FY 2001 for salaries for nonjudicial personnel and \$1,212,197 from the State General Fund in FY 2002 to reduce turnover for judges from 4.25 percent to 1.0 percent (\$887,373) and for other operating expenditures (\$324,824) are the minimum necessary to avert an extension of the existing six-week hiring freeze and a possible layoff of personnel.

Recommendation: There has been a GBA submitted for the \$300,000 in FY 2001 and the Committee recommends that this be restored in FY 2002. This would prevent the furlough from occurring for the

appropriated \$150,000 in FY 2001 and \$50,000 in FY 2002 for the purpose of performing an actuarial audit of the KPERS actuary and for other actuarial work. Information to be considered by the KPERS Board of Trustees at its meeting of April 20, 2001, includes a recommendation from the KPERS actuary to shift the valuation date from June 30 to December 31. No time table for the change was suggested by the actuary. The Legislature may wish to take note of any developments regarding a change in date for the valuation since a shift during FY 2002 could impact the timing of the actuarial audit work and subsequent legislative review. The Legislature also may wish to pursue an actuarial audit of the June 30, 2000, valuation, and then have a subsequent actuarial audit performed after the shift in valuation date occurs, regardless of whether the change in valuation date occurs in FY 2002. The potential for reducing the appropriations for an actuarial audit would be left to the discretion of the Legislature in this case, but a duplicate valuation of the June 30, 2000, report should cost less than \$100,000. Any additional actuarial work might result in other charges beyond the basic actuarial audit. A subsequent actuarial audit after a shift in valuation date would require additional funding, especially since a three-year experience study also would be available for review at that time.

Recommendation: Adopt. Will be adding \$50,000 ion FY 2001 with a proviso that it would be reappropriated to FY 2002, defer the spending of \$150,000 to FY 2003 to complete the audit review.

Kansas Lottery

A. Omnibus Review Item – Projected Lottery Sales (House and Senate Committee). Both House and Senate Committees recommended review of lottery sales for the Omnibus period because of the direct impact on the SGF in FY 2001 and FY 2002. The first \$50 million transferred to the State Gaming Revenues Fund (SGRF) is allocated for statutory purposes, the next \$80,000 is transferred to the Problem Gambling Grant Fund, and then any amounts in excess of \$50.08 million are transferred to the State General Fund (SGF) in June. The SGRF transfer rate is set at 30.0 percent in both fiscal years and sales are estimated at \$200 million for both fiscal years in the budgets previously approved by the Legislature. The 2000 Legislature approved a 13th SGRF transfer to be credited on June 30, 2001, in order to achieve a one-time net gain for the SGF in FY 2001. A total of 12 transfers will be made for FY 2002.

Transfers from the State Racing Fund are in addition to transfers from the Lottery Operating Fund in calculating net amounts transferred to the different funds. The legislative-approved Governor's estimates in FY 2001 and FY 2002 are summarized below:

**Approved SGRF Transfers
Based on \$200 Million in Lottery Sales
(In Millions)**

	Approved FY 2001	Approved FY 2002
Lottery	\$ 64.460	\$ 60.000
State Racing	0.326	0.327
Totals	\$ 64.786	\$ 60.327
State Gaming Revenues Fund	50.000	50.000
Problem Gamblers Grant Fund	0.080	0.080
State General Fund	14.706	10.247

Source: Governor's Budget Report FY 2002; SB 57.

Lottery sales through March 31, 2001, lagged behind the projected sales with \$143.8 million recorded through the end of the month. Transfers for ten months totaled \$47.6 million, with the April 15 SGRF transfer adding another \$5.5 million in FY 2001. Based on Kansas Lottery estimates, sales are projected at \$193.5 million in FY 2001, or a decrease of \$6.5 million from the approved amount. Corresponding reductions in SGRF transfers would be 30 percent of \$6.5 million, or a loss of \$1.95 million for the SGF in FY 2001.

Appropriations Committee). The House Budget Committee reviewing the Department of Administration budget was informed that some state employees had expressed concern about the hours of operation of the motor pool dispatch office. The Budget Committee noted that the office is open between the hours of 7:30 a.m. and 4:30 p.m. and most state employees, to obtain a state vehicle, must take time out of their regular work days to make the arrangements. The Budget Committee recommended that the agency consider lengthening the hours of operation of the dispatch office to allow employees to make arrangements and pick up their vehicles outside of the regular work day. The full Committee amended the recommendation to request the Department report on a plan to provide longer hours of operation of the office at Omnibus.

Recommendation: Department of Administration is sending out a survey the end of April 2001 to other agencies which will address this as well as other issues.

C. Funding for Performance Review Board. For FY 2002, the Governor recommended the elimination of \$281,000 from the State General Fund and 3.0 FTE positions for the Performance Review Board. The Legislature concurred with the Governor’s recommendation. SB 180, which was introduced to statutorily eliminate the Board, passed the Senate, but the House substituted another bill into SB 180. As a result, it appears that the Board will continue to exist in statute.

Recommendation: Adding a proviso that the State Performance Review Board not be funded.

Kansas Public Employees Retirement System (KPERs)

A. Omnibus Review Item – Death and Disability Benefits Moratorium. Among the methods used by the Legislature in FY 2001 to enhance the State General Fund (SGF) balance was a moratorium on the employer contributions for insurance payments that finance the KPERs death and long-term disability benefits program. The Legislature approved a five quarter holiday covering the last quarter of FY 2000 and four quarters of FY 2001. Extending the moratorium for another four quarters in FY 2002 would yield estimated savings of \$26.51 million in state and local governmental employer contributions. As of June 30, 2000, the Group Insurance Reserve Fund had a balance of \$192.92 million based on the market value of assets at the conclusion of the fiscal year. During FY 2000, disbursements totaled \$38.13 million. State law does not require program funding to be on an actuarial basis, and the reserves may be used to pay future expenses if contributions are insufficient to cover current costs.

The FY 2002 estimate of state savings would be \$21.65 million, of which \$18.40 million would be from the SGF. Local units would save \$6.03 million. (**Staff Note:** Based on the Governor’s Budget Report for FY 2002, the KPERs school estimate of \$13.20 million for death and disability in FY 2002 is lower than the FY 2001 estimate of \$13.34, suggesting a potential under funding of the KPERs school amount recommended by the Governor for next fiscal year. The calculated KPERs school salary base upon which the Governor estimates FY 2002 KPERs payments is \$24.24 million less than the FY 2001 salary base. The State Department of Education had forecast a growth of 3.0 percent in the FY 2002 KPERs school salary base over the current fiscal year’s base, not a decrease as suggested in the Governor’s recommended financing.)

**Financial Impact
KPERs Employer Contributions for Death and Disability
(In Millions)**

Estimated Payments	Estimated a) FY 2001	Estimated FY 2002
State/School/TIAA/Other	\$ 20.52	\$ 21.65
Local Units	5.54	6.03
Totals	\$ 26.06	\$ 27.68
State General Fund	\$ 17.45	\$ 18.40
School Only SGF	\$ 13.34	\$ 13.20

Source: KPERs FY 2002 budget; Governor’s Budget Report FY 2002.
a) FY 2001 reflects estimated savings due a four quarter moratorium.

Recommendation: Adopt

B. Technical Item – Actuarial Audit. The 2001 Legislature passed HB 2056 and SB 57 that

B. HB 2129 (Governor). HB 2129 authorizes members appointed to the Kansas Film Service Commission and the Information Technology Executive Council to receive mileage, tolls and parking. The bill authorizes legislative members of the Kansas Film Service Commission to receive compensation and travel and subsistence the same as for any other meeting authorized by law. The Department estimates a total cost in FY 2002 of \$7,798 from the State General Fund or the Economic Development Initiatives Fund for mileage, parking, and tolls only for non-legislative members; parking only for Topeka-based members; subsistence for the four legislative members plus lodging for two of the four legislative members. Additionally, there is a fiscal impact to the Legislature.

Recommendation: Adoption. Not funded

C. HB 2505 (Conference). HB 2505 would enact the Kansas Certified Capital Formation Company Act to enhance the development of seed and venture capital in Kansas and support the modernization and expansion of the state's economy. The Department of Commerce and Housing projects total first-year expenditures of \$170,528. This includes \$52,128 for 1.5 FTE positions and \$118,400 for operating costs for investigations. The Department projects FY 2002 expenditures of \$69,690 from the State General Fund and \$100,838 from fees. The Department projects that the \$69,690 from the State General Fund could be repaid once sufficient fee revenue exists, most probably in FY 2003. The Senate Committee amendments to the bill which are being considered by the Conference Committee do not change the fiscal impact.

Recommendation: Adoption. Adding \$170,528 including \$69,690 in Publication Fee Fund and \$100,838 from the program fees for HB 2505, the venture capital bill. The program fees will repay the Publication Fee Fund in FY 2003.

State Treasurer

A. Sen. Sub. for HB 2017 (Conference). Senate Substitute for HB 2017 creates the Kansas Postsecondary Education Savings Expense Fund to receive reimbursements from the manager of Kansas Postsecondary Education Savings Program for the State Treasurer's administrative expenses for the Learning Quest program. The approved FY 2002 budget for the State Treasurer includes \$237,500 from the program manager for administrative expenses.

Recommendation: Adoption

D. Technical Adjustment. In authorizing projects of statewide as well local importance, the 1998 Legislature created the Redevelopment Bond Fund to receive revenues to finance debt service on bonds issued for the project (KSA 2000 Supp. 74-8927). The fund, however, has never been included in an appropriation bill. A recent Attorney General's opinion (2001-12) opined that the fund cannot be utilized absent this appropriation. The Kansas Development Finance Authority requests that the fund be appropriated in the State Treasurer's budget with no limit on FY 2001 or FY 2002 expenditures.

Recommendation: Adoption

Department of Administration

A. Report on Plan to Upgrade or Replace Executive Aircraft (House Budget Committee). The House Budget Committee requested the Department of Administration report during Omnibus on a plan to either upgrade or replace the current executive aircraft. The plane, a 1985 twin-engine Beechcraft King Air 300, was purchased following authorization by the 1986 Legislature. Purchase of the plane was financed over a ten-year period, using a certificate of participation. The total cost of the plane, including interest over the ten-year period, was just under \$2.5 million. The executive aircraft debt was paid off in FY 1995. The aircraft engines are overhauled every 3,600 hours, with both engines scheduled for overhaul in FY 2003 at a total cost of \$600,000. The Budget Committee was informed that the Department had held many internal discussions about the executive aircraft, but, largely due to budget constraints, did not put forth a plan for upgrade of the existing plane or acquisition of a replacement aircraft.

Recommendation: Report due by July 1, 2001. Results of the report to determine recommendation by the State Finance Council.

B. Report on Hours of Operation of the Central Motor Pool Dispatch Office (House

Board of Emergency Medical Services

A. Establishment of a Trauma System Development Fund (House Budget Committee and Senate Committee). During testimony to both the House Budget Committee and Senate Subcommittee, the agency requested the establishment of a Trauma System Development Fund in FY 2002 with a no-limit expenditure authority. The agency stated that the account would receive money from the Kansas Trauma System Plan for system development, communications, and data collection to promote the establishment of a State Trauma Plan with the emphasis on pre-hospital emergency medical services. The House Budget Committee and Senate Committee requested the agency provide additional information during Omnibus regarding receipts deposited to the fund, and how the fund would be utilized. The agency states that money deposited to the fund would come from the "Advisory Committee on Trauma", established during the 1999 session for the purpose of establishing and implementing a statewide trauma registry process referred to as the Kansas Trauma System Plan. Funding is provided from court docket fees in the amount of \$1.00 on moving violations. The amount of funding to be transferred into the Trauma System Development Fund would be determined by the Advisory Committee, the Board of Emergency Medical Services (EMS), and the Kansas Department of Health and Environment (KDHE). The Board of EMS would serve as a "pass through" agency in distributing the money to local EMS providers. However, the agency indicates that discussions are continuing relating to the amount of funding to be transferred, and the rules and regulations pertaining to how the funds will be distributed.

Recommendation: Adopt

Juvenile Justice Authority

C. Children's Initiatives Fund

(1) **(SB 57 Conference Committee).** The Conference Committee on SB 57 deleted all funding from the Children's Initiatives Fund for consideration at Omnibus. The House recommendation in FY 2002 for the Juvenile Justice Authority included \$6,000,000 for Prevention Program Grants and \$2,000,000 for Intervention/Graduated Sanctions Program Grants.

Recommendation: Adopt

RECOMMENDATIONS OF THE GENERAL GOVERNMENT AND HUMAN RESOURCES BUDGET COMMITTEE

Kansas Technology Enterprise Corporation

A. Economic Development Initiatives Fund (SB 57 Conference Committee). The Conference Committee recommended the deletion of all funding recommended by the Governor from the Economic Development Initiatives Fund pending further review. The reduction in FY 2002 totals \$13,043,143, including \$1,431,781 for agency operations.

Recommendation: Adoption

Kansas, Inc.

A. Economic Development Initiatives Fund (SB 57 Conference Committee). The Conference Committee recommended the deletion of all funding recommended by the Governor from the Economic Development Initiatives Fund pending further review. The reduction totals \$343,267, the entire FY 2002 operating budget of Kansas, Inc.

Recommendation: Adopt

Department of Commerce and Housing

A. Economic Development Initiatives Fund (SB 57 Conference Committee). The Conference Committee recommended the deletion of all funding recommended by the Governor from the Economic Development Initiatives Fund pending further review. The reduction in FY 2002 totals \$20,253,336, including \$8,729,936 for agency operations.

Recommendation: Adopt

the agency informed the Committee that due to reductions incurred during FY 2001, \$195,000 (from the State General Fund) was needed to finance debt service payments associated with the 58 statewide armories. The Senate Subcommittee recommended a Governor's Budget Amendment be issued to restore those funds. Subsequently, in similar testimony to the House Budget Committee, the funding was added in FY 2002. During Conference Committee, the request was deferred for Omnibus consideration pending a Governor's Budget Amendment or in the event that funding became available to finance the request.

Recommendation: Concur with the Governor's Budget Amendments (Attachment 8)

B. Authority to expend monies from the Hazardous Material Emergency Fund (House Committee). Senate Bill 57 (the 2001 regular session appropriations bill) established the Hazardous Material Emergency Fund, with a proviso that the agency could only access those funds with the approval of the State Finance Council. The House Committee considered granting the agency authority to expend funds up to \$25,000 (for each incident) without State Finance Council approval, and deferred this item for Omnibus consideration to allow more time in evaluating the agency's request.

Recommendation: Adopt

C. Salaries and wages reduction (Senate Subcommittee). During testimony, under the Governor's revised FY 2001 recommendation to the Senate Subcommittee, the agency informed the Subcommittee that salary and wage expenses were recalculated due to technical errors and reduced by \$102,354. At the time the agency stated that the reduction would cause problems in completing the rest of the current year, and asked that expenditure authority be increased to restore those funds. The Senate Subcommittee recommended Omnibus consideration for this request. However, upon further review and subsequent testimony to the House Budget Committee, the agency feels that the reduction will not adversely affect operations for the remainder of FY 2001.

Recommendation: Concur with the Governor's Budget Amendments (Attachment 8)

STATE FIRE MARSHAL

B. Authority to expend monies from the Hazardous Material Emergency Fund (House Committee). Senate Bill 57 (the 2001 regular session appropriations bill) established the Hazardous Material Emergency Fund, with a proviso that the agency could only access those funds with the approval of the State Finance Council. The House Committee considered granting the agency authority to expend funds up to \$25,000 (for each incident) without State Finance Council approval, and deferred this item for Omnibus consideration to allow more time in evaluating the agency's request.

Recommendation: Adopt

C. Salaries and wages reduction (Senate Subcommittee). During testimony, under the Governor's revised FY 2001 recommendation to the Senate Subcommittee, the agency informed the Subcommittee that salary and wage expenses were recalculated due to technical errors and reduced by \$102,354. At the time the agency stated that the reduction would cause problems in completing the rest of the current year, and asked that expenditure authority be increased to restore those funds. The Senate Subcommittee recommended Omnibus consideration for this request. However, upon further review and subsequent testimony to the House Budget Committee, the agency feels that the reduction will not adversely affect operations for the remainder of FY 2001.

Recommendation: Concur with the Governor's Budget Amendments for FY 2001

KANSAS BUREAU OF INVESTIGATION

G. Technical Adjustment. With the passage of Senate Bill 57 (the FY 2002 regular session appropriations bill), a Remodel Great Bend Laboratory Fund was established with the expenditure limitation of \$293,329 to be utilized to renovate the 2nd floor of the Great Bend Laboratory. Due to a technical error, however, the amount in the bill is incorrect and needs to be corrected to reflect the intent of the 2001 Legislature.

Recommendation: Adopt

Institution	FY 2002 Change
Kansas Neurological Institute	\$ 660
Parsons State Hospital and Training Center	2,257
Larned State Hospital	(951)
TOTAL	<u>\$ 1,966</u>

Recommendation: Adopt

RECOMMENDATIONS OF THE PUBLIC SAFETY BUDGET COMMITTEE ON OMNIBUS ITEMS

Adjutant General

A. Utility Costs (House Budget Committee and Senate Subcommittee). During the 2001 Legislative Session, both the House Budget Committee and Senate Subcommittee were informed that due to an increase in utility costs, additional funds would be needed to finance utility expenses. The Committees were informed that the major expense associated with operating the armories and other facilities were utility costs. The agency budgeted \$1,028,251 (from the State General Fund) to finance utility expenses in FY 2001, and \$1,038,252 in FY 2002. The agency states that an additional \$261,000 (from the State General Fund) in FY 2001, and \$237,000 in FY 2002 are necessary to finance those expenses (see the table below). The House Budget Committee and Senate Subcommittee noted this item for Omnibus consideration to review the increase in utility costs incurred by the agency.

Program	Budgeted Amount FY 2001	Revised Amount FY 2001	Difference	Budgeted Amount FY 2002	Revised Amount FY 2002	Difference
Armories	\$ 700,000	\$ 907,250	\$ (207,250)	\$ 710,000	\$ 900,000	\$ (190,000)
Forbes	101,250	125,000	(23,750)	101,250	123,250	(22,000)
McConnell	225,000	255,000	(30,000)	225,000	250,000	(25,000)
TOTAL	<u>\$ 1,026,250</u>	<u>\$ 1,287,250</u>	<u>\$ (261,000)</u>	<u>\$ 1,036,250</u>	<u>\$ 1,273,250</u>	<u>\$ (237,000)</u>

* The above amounts are State General Fund expenses only.

Recommendation: Recommend funding the \$261,000 for FY 2001, \$237,000 for FY 2002 from \$500,000 from the Fire Marshal's Fee Fund.

B. Additional Funding for the Educational Assistance Program (House Committee). The agency informed the House Budget Committee that tuition assistance is an important tool in the recruitment and retention of Kansas National Guard personnel. The agency provided the Committee with data comparing Kansas with surrounding states and how the amount of tuition assistance provided directly relates to the number of enlisted personnel. The House Budget Committee added \$250,000, from the Economic Development Initiatives Fund (EDIF), to provide additional funding for the Educational Assistance Program. With the addition of the funding, this program would total \$497,218. However, the House Committee deleted that funding and deferred consideration of all EDIF funding to Omnibus.

Recommendation: The Budget Committee is waiting until the full Committee discusses the EDIF before issuing its recommendation for adoption.

F. Debt Service Payments for the 58 statewide armories (Conference). During the 2000 Legislative Session, Senate Bill 592, which authorized the issuance of the bonds, was incorporated within House Substitute for Senate Bill 326. It authorized the issuance of 15-year bonds over a five-year period initiating in FY 2001 and ending in FY 2005. The aggregate total of the bonds was not to exceed \$22,000,000, and the Adjutant General was directed to appear before the State Finance Council before the issuance of each phase of bonds to inform the State Finance Council of any federal funding which has come available that would offset the amount of the subsequent bond issue. During Senate Subcommittee hearings,

Recommendation: Adopt

Mental Health and Developmental Disability Institutions

D. Teacher Salary Increase. The Governor's recommendation and the Legislative approved budget for FY 2002 includes teacher salary increases within the education contracts. The education contracts in the FY 2002 budgets show teacher salary increases or decreases at the following percentages: a 5.5 percent increase at Kansas Neurological Institute, a 5.5 percent increase at Parsons State Hospital and Training Center, and a 0.7 percent decrease at Larned State Hospital. Rainbow Mental Health Facility also has an education contract, but due to the nature of the contract, an adjustment is not necessary. The following table illustrates the adjustment necessary to provide uniform salary increases across the institutions.

<u>Percent Increase</u>	<u>Kansas Neurological Institute</u>	<u>Parsons State Hospital and Training Center</u>	<u>Larned State Hospital</u>	<u>Total</u>
0.5%	\$(11,084)	\$(9,246)	\$18,906	\$ (1,424)
1.0%	(9,984)	(8,316)	26,801	8,502
1.5%	(8,884)	(7,385)	34,696	18,427
2.0%	(7,784)	(6,455)	42,591	28,353
2.5%	(6,684)	(5,524)	50,487	38,279
3.0%	(5,584)	(4,593)	58,382	48,205
3.5%	(4,484)	(3,663)	66,277	58,130
4.0%	(3,384)	(2,732)	74,172	68,056
4.5%	(2,284)	(1,802)	82,067	77,982
5.0%	(1,184)	(871)	89,962	87,908
5.5%	(84)	60	97,857	97,833
6.0%	1,016	990	105,752	107,759
6.5%	2,116	1,921	113,647	117,759
7.0%	3,216	2,851	121,543	127,611

Recommendation: Adjust all teachers salaries at the above mentioned hospitals to the three percent increase.

E. Categorical Aid. For FY 2001, the budgeted school contracts for the institutions include categorical aid based on a rate of \$19,815 for Kansas Neurological Institute, \$19,700 for Parsons State Hospital and Training Center, and \$20,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. The current FY 2001 categorical aid rate per eligible teaching unit is estimated to be \$20,300. If this rate is maintained, the school contracts for FY 2001 at the institutions would need adjustments. The table below identifies the State General Fund adjustments required.

<u>Institution</u>	<u>FY 2001 Change</u>
Kansas Neurological Institute	\$ 1,600
Parsons State Hospital and Training Center	1,505
Larned State Hospital	2,853
TOTAL	<u>\$ 5,959</u>

For FY 2002, the categorical aid rate was budgeted at \$19,700 for Kansas Neurological Institute, \$19,000 for Parsons State Hospital and Training Center, and \$20,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. The current FY 2002 categorical aid rate is estimated to be \$19,900. The table below identifies the State General Fund adjustments required.

State Gaming Revenues Fund Transfers and Lottery Sales (In Millions)

FY 2001	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Transfers SGRF	\$4.5	\$4.8	\$4.1	\$4.5	\$4.2	\$5.4	\$4.6	\$4.8	\$5.1	\$5.5
Monthly Sales*	\$16.1	\$13.8	\$15.0	\$14.0	\$18.2	\$15.5	\$16.0	\$17.1	\$18.2	--

* Determine the 30.00 percent transfer about the 10th of the following month.

Any additional changes in sales of \$5.0 million or \$10.0 million increments would increase or decrease transfers to the SGF by \$1.5 million and \$3.0 million respectively. Conversely, if lottery sales are projected at \$193.5 million as currently estimated by the Kansas Lottery, the impact on the SGF can be portrayed in the following table.

**Revised SGRF Transfers
Based on \$193.5 Million in Lottery Sales
(In Millions)**

	<u>Estimated FY 2001</u>	<u>Estimated FY 2002</u>
Lottery	\$ 62.510	\$ 58.050
State Racing	0.326	0.327
Totals	\$ 62.836	\$ 58.377
State Gaming Revenues Fund	50.000	50.000
Problem Gamblers Grant Fund	0.080	0.080
State General Fund	12.756	8.297
SGF difference from approved	(1.950)	(1.950)

Source: Governor's Budget Report; Kansas Lottery.

Recommendation: Adopt

B. Technical Item – Correction of Transfer Rate. The 2001 Legislature approved the Governor's recommended FY 2002 transfers to the SGRF at 30.00 percent of net lottery sales. A proviso in SB 57 sets that rate for all lottery games, both online and instant, including what are called pull-tab lottery tickets. A statutory provision would be superceded by the proviso for one year, much the same as a proviso set the FY 2001 rate at 30.00 percent for all sales. The proviso differs from the statutory provision, and that different is the problem that the Kansas Lottery requests to be corrected. KSA 2000 Supp. 74-8711 requires an annual transfer of not less than 30.00 percent, except that the 2000 Legislature reduced the statutory SGRF transfer rate for pull-tab lottery tickets to 20.00 percent. Both the FY 2001 and FY 2002 proviso language in appropriations bills would negate the 20.00 percent statutory rate for pull- tabs and sets that rate at 30.00 percent. The Kansas Lottery has requested a Governor's Budget Amendment to correct this transfer rate and reestablish the statutory rate of 20.00 percent for pull-tabs.

Recommendation: Addressed in Governor's Budget Amendment. The Committee recommends introduction of a bill to abolish the Lottery Commission.

Board of Pharmacy

A. Review House Committee Recommendation to suspend Intern Registration fee (Special Revenue Funds) (House Budget Committee). The House Budget Committee recommended suspending the \$25 Intern Registration fee for FY 2002 and FY 2003. The Board registers approximately 150 interns yearly and the registration is good for five years. Suspending this fee will reduce the Board's revenue by approximately \$3,750 per year. This item should have been considered in Conference Committee but due to staff oversight was left out of the report.

Recommendation: Suspend the \$25 Intern Registration fee for FY 2002 and FY 2003.

Secretary of State

A. SB 127 (Governor). SB 127 amends the state election laws. In addition to other changes, the bill adds information from the Social Security Administration to those sources of listings of deceased individuals by which a voter's name is to be removed from the registration books. The agency indicates that the cost of purchasing the list from the Social Security Administration for verification would be \$1,750 SGF annually beginning in FY 2002.

Recommendation: Adoption. Cost to be absorbed by Secretary of State's budget.

Legislature

B. Sub. for SB 192 (Conference). Substitute for SB 192 creates a Legislative and Executive Officer Compensation Commission to set the pay for state legislators and to recommend the amount of pay for statewide elected officials (State Treasurer, Commissioner of Insurance, Secretary of State, and Attorney General). The Commission also may provide for retirement benefits for state officers. The bill also amends the state ethics law.

Sub. for SB 192 authorizes the Commission to fix the amount of compensation of legislators which would become effective on July 1, 2001. The bill requires the Commission to submit a report to the Legislative Coordinating Council and the Governor by June 15, 2001. The report would have to specify the amount of compensation fixed for members of the Legislature and recommendations for the amount of compensation for the executive officers by June 15, 2001. The bill allows any state officer to decline any increase in compensation fixed by the Commission.

The Commission would consist of nine members appointed on or before May 1, 2001, by the President of the Senate, Minority Leader of the Senate, Speaker of the House of Representatives, Minority Leader of the House of Representatives, Governor, Attorney General, State Treasurer, and Commissioner of Insurance. The bill updates the legislative compensation statute to reflect the current compensation for legislators and makes legislators' pay subject to a difference amount set by the Commission. Under the bill, increases in compensation for members of the Legislature also would be tied to increases in compensation for persons in the classified service, which is the total of the average of step movement increases under current law and the average percentage increases of cost-of-living adjustments to the pay plan.

Based on an estimated three two-day meetings of the Commission, per diem (\$35 per day) for members, lodging, mileage and clerical assistance for FY 2002 would total \$8,037 (State General Fund).

Recommendation: Adopt. Cost to be absorbed out of Legislative budget.

Legislative Coordinating Council

A. HB 2497 (Conference). HB 2497, among other things (see section on Legislature), would expand the membership on the Legislative Coordinating Council from seven to eight members, by adding the Vice-President of the Senate. The estimated cost in FY 2002 for adding another member to the Council is \$2,832 (State General Fund) for legislator compensation, subsistence, and mileage to attend Council meetings based on the estimated number of meetings in FY 2001.

Recommendation: Vice-President of the Senate become a member of the LCC.

RECOMMENDATIONS OF THE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

State Corporation Commission

A. HB 2200 (Conference). HB 2200 would establish the Well Plugging Assurance Fund and enact new legislation regulating the underground storage of hydrocarbons, including natural gas and liquid petroleum gas, and establish authority for the State Corporation Commission (KCC) to regulate the storage of natural gas in depleted oil and gas formations.

The Well Plugging Assurance Fund would receive all moneys collected from current producers in connection with financial assurance requirements, as well as all such moneys collected in the past. The fund would be segregated for the purpose of plugging wells which were commenced after July 1, 1996. The fund would be credited with interest, estimated to be approximately \$25,000, on its balances, rather than the SGF.

Authority would be established for the KCC to regulate the underground storage of natural gas in depleted oil or gas formations. The KCC would be required to adopt rules and regulations for such storage, including the permitting, monitoring, and inspecting of underground natural gas storage wells, swell systems, and operations, including the closure and abandonment of these facilities. The Natural Gas Underground Storage Fee Fund would be established for fee moneys related to this regulatory activity. The KCC estimates that in FY 2002 it will require 6.0 FTE and \$414,012 to administer the regulation of underground natural gas storage in depleted oil or gas formations.

The positions required would be an Environmental Geologist III, an Environmental Geologist II, two Petroleum Industry Regulation Tech II, an Office Assistant III, and an Attorney II. Estimated expenditures are shown below:

<u>Object of Expenditure</u>	<u>Estimated Expenditures FY 2002</u>
Salaries and Wages	\$ 271,055
O.O.E. (Partial)	75,394
Professional Fees for Developing Regulations	45,000
Capital Outlay	22,563
TOTAL	<u>\$ 414,012</u>

Other provisions of the bill relate to the regulation by the Kansas Department of Health and Environment of salt solution mining and the underground storage of hydrocarbons and liquid petroleum gas.

Recommendation: If the bill passes, the Conservation Fee Fund is the designated the revenue source.

Office of the Securities Commissioner

A. HB 2563 (Second House). HB 2563 creates a new Investor Education Fund to be administered by the Securities Commissioner for the purpose of providing for the education of consumers in securities regulation and investment matters. Moneys collected by the Securities Commissioner as fines and civil penalties would be credited to the new fund.

Approximately \$25,000 per year would be deposited to the newly created Investor Education Fund. Under current law, such fines are credited to the Securities Act Fee Fund and at the end of the fiscal year all balances in that fund in excess of \$50,000 are transferred to the SGF.

Recommendation: Adopt.

TAX, JUDICIAL AND TRANSPORTATION BUDGET COMMITTEE RECOMMENDATIONS ON GOVERNOR'S BUDGET AMENDMENTS (Attachment 8)

Department of Revenue

10. **Increase Compliance Activities -- Concur**

Judiciary

13. **Salary Costs -- Concur**

EDUCATION AND LEGISLATIVE BUDGET COMMITTEE RECOMMENDATIONS ON GOVERNOR'S BUDGET AMENDMENTS (ATTACHMENT 8)

University of Kansas Medical Center

27. **Authority to Raze Two Buildings -- Concur**

**SOCIAL SERVICES BUDGET COMMITTEE RECOMMENDATIONS ON
GOVERNOR'S BUDGET AMENDMENTS (ATTACHMENT 8)**

Department of Social & Rehabilitation Services

- 16. FTE Conversion -- Concur
- 18. Off Budget FTE Omitted -- Concur

**PUBLIC SAFETY BUDGET COMMITTEE RECOMMENDATIONS ON
GOVERNOR'S BUDGET AMENDMENTS (ATTACHMENT 8)**

Department of Corrections

- 33. Debt Service Adjustment -- Concur

Ellsworth Correctional Facility

- 34. Reappropriation Authority for Construction Funds -- Concur

Juvenile Justice Authority

- 35. JJIS FTE Position -- Concur
- 36. Lapse funds for Management Information System -- Concur

Larned Juvenile Correctional Facility

- 37. Physical Plant FTE Position --Concur

Fire Marshal

- 38. Hutchinson Gas Problem --Concur
- 39. Proviso for HAZMAT Emergency Fund --Concur

Highway Patrol

- 40. Motor Vehicle Fund Transfer -- Concur
- 41. Debt Finance Fleet Operations Center --Concur

Adjutant General's Department

- 42. New Federal Grant -- Concur
- 43. Debt Service Payment on Armory Bonds --Concur

**GENERAL GOVERNMENT AND HUMAN RESOURCES BUDGET COMMITTEE
RECOMMENDATIONS ON GOVERNOR'S BUDGET AMENDMENTS (ATTACHMENT 8)**

Department of Commerce and Housing

- 2. Section 8 Housing Contracts --Concur

Kansas Lottery

- 3. Transfer Language on Gaming Revenues Fund -- Concur

Health Care Stabilization Fund

5. **Salary Correction -- Concur**

Legislative Division of Post audit

7. **Statewide Financial Compliance Audit -- Concur**
8. **KPERS Financial Audit -- Non-concur**

Secretary of State

9. **Census Contract Payment -- Non-concur**

Department of Administration

11. **Architectural Services Operating Expenditures -- Concur**
12. **Bonding Authority for Improvements to State Facilities -- Concur with provision that a report be returned to the Budget Committee concerning the expenses of those persons being transferred to the Landon Building and the Joint Committee on State Building to be updated on those particular moves into that building.**

Commission on Veteran's Affairs

20. **"No Limit" Budget Authority for Two Funds -- Concur**

Department of Education

22. **KPERS School Costs --Concur**

AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE
RECOMMENDATIONS ON GOVERNOR'S BUDGET AMENDMENTS (ATTACHMENT 8)

1. **Correct EDIF Overspending --Concur with reservations.**

Banking Department

6. **Shrinkage Correction -- Concur**

Department of Agriculture

44. **BSE Training -- Concur**

Water Office

45. **FTE Correction -- Concur**

Department of Wildlife & Parks

46. **New Federal Grant -- Concur with reservations regarding switching this from EDIF to this area for funding. There is concern that these grants may not be available to smaller communities.**

The meeting adjourned at 4:30 p.m. The next meeting is scheduled for April 20, 2001.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 4/19

NAME	REPRESENTING
DICK CARTER	KBOR
Gwen Sims	Ombudsman for Corrections
Dave Jones	KSC
Keith Haxton	SEAK
FRED DEL; etor	CITY OF LAWRENCE
Sherry Brown	KDOCEH
Jerry Sloan	Judicial Branch
Ravi Rast	KTEC
Doug Bowman	CCECOS
Jim Rhye	KCAD
Kim Wilcox	KBOR
Markus Reun	KU
Stacy Farmer	KASB
Melinda Gaul	DOR
Lina McDonald	KACIK
Jose Torres	KCAD
Dave Wilson	KAC
Laura Kelly	KRPA
Mike Huffles	Ks. Governmental consulting

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 4/1/09

NAME	REPRESENTING
Terry Deweese	City of Manhattan
Ivan Wilkinson	↓
Sory Dishman	
Scott Shesender	
Frank Gibbs	
Stephen Herrig	
David Hawley	KSAS
Mr. Edward Hammond	FHSU
Jebra Peickaux	FHSU
James Green	ESU
McPomatto	FSU
Bill Watts	KDOT
Nancy Bogina	KDOT
Dean Carlson	KDOT
Wann & Luke	KDOT
Jim Allca	KACCT & KEC
Jesse Boyer	SOS

STATE GENERAL FUND EXPENDITURES
FY 2001 AND FY 2002

	FY 2001 as Approved by 2000 Legislature	FY 2002 Legislative Approved Excluding Pay Plan Adjustments	Difference	Lesser of FY 2001 as approved by 2000 Legislature and FY 2002 Legislative Approved	Difference From FY 2002 Approved	Major Changes from FY 2001 As Approved by the 2000 Legislature to FY 2002 Legislative Approved
Legislative Coordinating Council	\$ 702,281	\$ 749,272	\$ 46,991	\$ 702,281	\$ (46,991)	Other operating expenditure increases
Legislative Research Department	2,471,610	2,545,920	74,310	2,471,610	(74,310)	Other operating expenditure increases
Revisor of Statutes	2,410,927	2,471,637	60,710	2,410,927	(60,710)	Other operating expenditure increases
Legislature	12,140,642	12,887,125	746,483	12,140,642	(746,483)	Reapportionment/computerization/operating expenditures
Division of Post Audit	1,670,608	1,754,039	83,431	1,670,608	(83,431)	Other operating expenditure increases
Governor's Department	1,793,698	1,832,543	38,845	1,793,698	(38,845)	Operating expenditure increase, including \$19,305 for backup Groundskeeper for Cedar Crest
Lieutenant Governor	125,537	126,257	720	125,537	(720)	Other operating expenditure increases
Attorney General	5,302,390	6,104,768	802,378	5,302,390	(802,378)	Water (\$477,099--combination FY 2000 savings and increase in FY 2002); DARE Coordinator switched from other funds to SGF (\$160,954); reappropriated balance (\$90,850); and shift from other funds to SGF in consumer protection div. because balances low.
Secretary of State	2,021,913	1,776,272	(245,641)	1,776,272	0	Increase in FY 2001 for census programming contract
State Treasurer	90,656,230	96,412,520	5,756,290	90,656,230	(5,756,290)	Increase for demand transfers (\$6.2 million), reduced state operations with shifting two programs to special revenue funds.
Insurance Department	0	0	0	0	0	No State General Fund
Health Care Stabilization Fund	0	0	0	0	0	No State General Fund
Judicial Council	214,575	229,065	14,490	214,575	(14,490)	Shift from fee fund to SGF pursuant to 2000 statute restricting use of fee fund.
State Board of Indigents' Defense Services	13,951,433	14,772,213	820,780	13,951,433	(820,780)	Includes \$750,000 supp. approp. in FY 2001 for assigned counsel and general OOE increases.
Judicial Branch	77,657,890	78,068,643	410,753	77,657,890	(410,753)	KSIP expenditures
KPERS	0	0	0	0	0	No State General Fund
Governmental Ethics Commission	400,621	419,750	19,129	400,621	(19,129)	Shift to SGF in FY 2002 due to low fee fund balances
Kansas Human Rights Commission	1,426,578	1,473,152	46,574	1,426,578	(46,574)	Annualization of position reclassifications approved in FY 2001; other operating expenditure increases
State Corporation Commission	0	0	0	0	0	No State General Fund

HOUSE APPROPRIATIONS
DATE 4/19/01
ATTACHMENT #1

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STATE GENERAL FUND EXPENDITURES
FY 2001 AND FY 2002

	FY 2001 as Approved by 2000 Legislature	FY 2002 Legislative Approved Excluding Pay Plan Adjustments	Difference	Lesser of FY 2001 as approved by 2000 Legislature and FY 2002 Legislative Approved	Difference From FY 2002 Approved	Major Changes from FY 2001 As Approved by the 2000 Legislature to FY 2002 Legislative Approved
Citizens' Utility Ratepayer Board	0	0	0	0	0	No State General Fund
Department of Administration	23,169,756	25,253,713	2,083,957	23,169,756	(2,083,957)	Increases for: Statehouse debt service (\$1.2 million); Judicial Center debt service (\$0.1 million); Public Broadcasting Council debt service (\$0.5 million); Public Broadcasting Council operating grants (\$0.1 million); and Signature Building relocation costs (\$0.6 million), partially offset by elimination of Performance Review Board (\$0.3 million), and other net reductions (\$0.1 million)
State Board of Tax Appeals	2,131,563	2,095,153	(36,410)	2,095,153	0	Decrease in operating expenditures
Department of Revenue	32,247,234	32,154,542	(92,692)	32,154,542	0	Legal expenses for Praeger case
Kansas Lottery	0	0	0	0	0	No State General Fund
Kansas Racing and Gaming Commission	0	0	0	0	0	No State General Fund
Department of Commerce and Housing	0	200,000	200,000	0	(200,000)	Grant to Eisenhower Center
Kansas, Inc.	0	0	0	0	0	No State General Fund
Kansas Technology Enterprise Corporation	0	0	0	0	0	No State General Fund
Abstracters Board of Examiners	0	0	0	0	0	No State General Fund
Board of Accountancy	0	0	0	0	0	No State General Fund
State Bank Commissioner	0	0	0	0	0	No State General Fund
Board of Barbering	0	0	0	0	0	No State General Fund
Behavioral Sciences Regulatory Board	0	0	0	0	0	No State General Fund
State Board of Healing Arts	0	0	0	0	0	No State General Fund
Board of Cosmetology	0	0	0	0	0	No State General Fund
Department of Credit Unions	0	0	0	0	0	No State General Fund
Kansas Dental Board	0	0	0	0	0	No State General Fund
Board of Mortuary Arts	0	0	0	0	0	No State General Fund
Hearing Aid Board of Examiners	0	0	0	0	0	No State General Fund
Consumer Credit Commissioner	0	0	0	0	0	No State General Fund
Board of Nursing	0	0	0	0	0	No State General Fund
Board of Examiners in Optometry	0	0	0	0	0	No State General Fund

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STATE GENERAL FUND EXPENDITURES
FY 2001 AND FY 2002

	FY 2001 as Approved by 2000 Legislature	FY 2002 Legislative Approved Excluding Pay Plan Adjustments	Difference	Lesser of FY 2001 as approved by 2000 Legislature and FY 2002 Legislative Approved	Difference From FY 2002 Approved	Major Changes from FY 2001 As Approved by the 2000 Legislature to FY 2002 Legislative Approved
Board of Pharmacy	0	0	0	0	0	No State General Fund
Real Estate Appraisal Board	0	0	0	0	0	No State General Fund
Real Estate Commission	0	0	0	0	0	No State General Fund
Office of the Securities Commissioner	0	0	0	0	0	No State General Fund
Board of Technical Professions	0	0	0	0	0	No State General Fund
Board of Veterinary Medical Examiners	0	0	0	0	0	No State General Fund
Subtotal - General Government	270,495,486	281,326,584	10,831,098	270,120,743	(11,205,841)	
Homestead Property Tax Refunds	13,776,554	0	(13,776,554)	0	0	Refunds counted as expenditures in FY 2001, as a revenue transfer in FY 2002
Department of Human Resources	1,965,167	2,125,161	159,994	1,965,167	(159,994)	Other Operating expenditures increase and a shift from fee fund expenditures to State General Fund expenditures in Labor Relations and Employment Standards program.
Kansas Commission on Veterans Affairs	4,975,940	4,404,963	(570,977)	4,404,963	0	Decrease to be offset by anticipated increases in fee fund revenue and expenditures.
Dept. of Health & Environment-Health	21,585,315	22,295,341	710,026	21,585,315	(710,026)	Increased rent at Signature Building
Department on Aging	130,893,404	151,113,227	20,219,823	130,893,404	(20,219,823)	Caseload for nursing facilities (\$19.0 million); Income Eligible Program (\$993,854); Nutrition Grants Program (\$275,000)
Department of Social & Rehabilitation Services	559,275,360	617,713,033	58,437,673	559,275,360	(58,437,673)	Caseload adjustments for: Regular Medical (\$38.4 million); Foster Care Contracts (\$12.0 million); Adoption Contracts (\$3.4 million); General Assistance (\$630,000); NF/MH (\$517,696); and savings of \$1.14 million in Temporary Assistance for Families. HCBS Waiver programs increase: DD (\$10.5 million) and PD (\$7.8 million).
Kansas Neurological Institute	8,492,588	9,000,314	507,726	8,492,588	(507,726)	Shift in funding from Title XIX fund and fee fund to SGF
Larned State Hospital	10,573,233	9,263,787	(1,309,446)	9,263,787	0	Shift in funding from SGF to Title XIX fund

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STATE GENERAL FUND EXPENDITURES
FY 2001 AND FY 2002

	FY 2001 as Approved by 2000 Legislature	FY 2002 Legislative Approved Excluding Pay Plan Adjustments	Difference	Lesser of FY 2001 as approved by 2000 Legislature and FY 2002 Legislative Approved	Difference From FY 2002 Approved	Major Changes from FY 2001 As Approved by the 2000 Legislature to FY 2002 Legislative Approved
Osawatomie State Hospital	3,153,476	5,271,101	2,117,625	3,153,476	(2,117,625)	Shift in funding from fee fund to SGF
Parsons State Hospital & Training Center	6,569,686	5,881,064	(688,622)	5,881,064	0	Shift in funding from SGF to Title XIX fund
Rainbow Mental Health Facility	1,321,239	642,672	(678,567)	642,672	0	Shift in funding from SGF to Title XIX fund
Kansas Guardianship Program	1,083,532	1,074,442	(9,090)	1,074,442	0	Reduction in capital outlay expenditures
Subtotal - Human Resources	763,665,494	828,785,105	65,119,611	746,632,238	(82,152,867)	
Department of Education	2,271,393,056	2,334,418,937	63,025,881	2,271,393,056	(63,025,881)	Net savings of \$4.1 million in FY 2001; Increases in FY 2002 due to \$50 BSAPP (\$12.4 million); supp. General state aid (\$10.9 million); special ed (\$22.7 million); school district cap. Improvements (\$7.1 million); and KPERS-School (\$16.4 million). (Increase offset by reductions in some small aid programs.)
State Library	5,200,229	5,390,040	189,811	5,200,229	(189,811)	Increase of \$170,000 SGF for aid to local units
Arts Commission	1,525,850	1,652,100	126,250	1,525,850	(126,250)	Increases in aid to local units and other assistance
School for the Blind	4,440,968	4,467,205	26,237	4,440,968	(26,237)	Net increase in Other Operating Expenditures.
School for the Deaf	7,172,960	7,153,291	(19,669)	7,153,291	0	Net decrease in Other Operating Expenditures.
Historical Society	5,836,218	5,872,437	36,219	5,836,218	(36,219)	Other operating expenditure increases
Fort Hays State University	30,877,656	30,619,948	(257,708)	30,619,948	0	Reductions in current service operations funding and "2 for 1" equipment funding, partially offset by increases for fringe benefits
Kansas State University	103,532,343	101,357,484	(2,174,859)	101,357,484	0	Reductions in current service operations funding and "2 for 1" equipment funding, partially offset by increases for fringe benefits
KSU-Ext. Sys. And Ag. Res. Programs	47,350,409	47,556,785	206,376	47,350,409	(206,376)	shift from federal funds to SGF
KSU-Veterinary Medical Center	9,527,878	9,550,690	22,812	9,527,878	(22,812)	Reductions in current service operations funding and "2 for 1" equipment funding, offset by increases for fringe benefits and decreased tuition revenue

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STATE GENERAL FUND EXPENDITURES
FY 2001 AND FY 2002

	FY 2001 as Approved by 2000 Legislature	FY 2002 Legislative Approved Excluding Pay Plan Adjustments	Difference	Lesser of FY 2001 as approved by 2000 Legislature and FY 2002 Legislative Approved	Difference From FY 2002 Approved	Major Changes from FY 2001 As Approved by the 2000 Legislature to FY 2002 Legislative Approved
Emporia State University	29,716,226	29,383,823	(332,403)	29,383,823	0	Reductions in current service operations funding and "2 for 1" equipment funding, partially offset by increases for fringe benefits
Pittsburg State University	32,378,588	32,013,786	(364,802)	32,013,786	0	Reductions in current service operations funding and "2 for 1" equipment funding, partially offset by increases for fringe benefits
University of Kansas	133,293,238	131,709,487	(1,583,751)	131,709,487	0	Reductions in current service operations funding and "2 for 1" equipment funding, partially offset by increases for fringe benefits
University of Kansas Medical Center	99,592,943	101,224,874	1,631,931	99,592,943	(1,631,931)	Reductions in current service operations funding and "2 for 1" equipment funding, offset by increases for fringe benefits, medical student loans and decreased tuition revenue
Wichita State University	63,610,280	62,950,810	(659,470)	62,950,810	0	Reductions in current service operations funding and "2 for 1" equipment funding, partially offset by increases for fringe benefits
Board of Regents	121,073,633	134,339,941	13,266,308	121,073,633	(13,266,308)	SB 345 funding for community colleges (\$11.1 million) and Washburn (\$1.3 million); Voc Ed Aid (\$0.6 million); Comprehensive Grant Program (\$0.3 million); increased rent at signature building (\$0.2 million).
<i>Subtotal - Regents</i>	<i>670,953,194</i>	<i>680,707,628</i>	<i>9,754,434</i>	<i>665,580,201</i>	<i>(15,127,427)</i>	
Subtotal - Education	2,966,522,475	3,039,661,638	73,139,163	2,961,129,813	(78,531,825)	
Department of Corrections	84,132,554	83,342,174	(790,380)	83,342,174	0	Other operating expenditures decrease
Topeka Correctional Facility	13,616,706	10,393,533	(3,223,173)	10,393,533	0	Transfer of FTE and OOE to El Dorado for RDU
Hutchinson Correctional Facility	22,648,123	23,309,150	661,027	22,648,123	(661,027)	Other operating expenditures increase
Lansing Correctional Facility	30,573,311	31,367,898	794,587	30,573,311	(794,587)	Other operating expenditures increase
Ellsworth Correctional Facility	8,843,504	9,146,039	302,535	8,843,504	(302,535)	Other operating expenditures increase
Winfield Correctional Facility	9,003,254	9,136,426	133,172	9,003,254	(133,172)	Other operating expenditures increase

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STATE GENERAL FUND EXPENDITURES
FY 2001 AND FY 2002

	FY 2001 as Approved by 2000 Legislature	FY 2002 Legislative Approved Excluding Pay Plan Adjustments	Difference	Lesser of FY 2001 as approved by 2000 Legislature and FY 2002 Legislative Approved	Difference From FY 2002 Approved	Major Changes from FY 2001 As Approved by the 2000 Legislature to FY 2002 Legislative Approved
Norton Correctional Facility	11,289,005	11,489,500	200,495	11,289,005	(200,495)	Other operating expenditures increase
El Dorado Correctional Facility	17,217,182	20,195,341	2,978,159	20,195,341	0	Transfer of FTE and OOE from Topeka for RDU
Larned Correctional MH Facility	7,285,625	7,420,306	134,681	7,285,625	(134,681)	Other operating expenditures increase
<i>Subtotal - Corrections</i>	<i>204,609,264</i>	<i>205,800,367</i>	<i>1,191,103</i>	<i>203,573,870</i>	<i>(2,226,497)</i>	
Juvenile Justice Authority	36,497,373	35,023,632	(1,473,741)	35,023,632	0	Shift in Aid to Local funding from SGF to other funds
Topeka Juvenile Correctional Facility	11,837,031	11,705,017	(132,014)	11,705,017	0	Due partly to a shift from SGF to other funds and partly to a decrease in Other Operating Expenditures
Atchison Juvenile Correctional Facility	6,021,144	6,108,827	87,683	6,021,144	(87,683)	FY 2002 Other Operating Expenditures increase including the education contract; Also, increase in use of fee fund in FY 2001 necessitates increase in SGF in FY 2002
Beloit Juvenile Correctional Facility	5,385,686	5,440,042	54,356	5,385,686	(54,356)	FY 2002 Other Operating Expenditures increase including the education contract; Also, increase in use of fee fund in FY 2001 necessitates increase in SGF in FY 2002
Larned Juvenile Correctional Facility	4,238,187	4,361,455	123,268	4,238,187	(123,268)	FY 2002 Other Operating Expenditures increase including increased SGF funding for the Residential Substance Abuse Treatment Program (federal requirement)
<i>Subtotal - Juvenile Justice</i>	<i>63,979,421</i>	<i>62,638,973</i>	<i>(1,340,448)</i>	<i>62,373,666</i>	<i>(265,307)</i>	
Adjutant General	4,419,290	4,560,280	140,990	4,419,290	(140,990)	Decrease due to aid to local unit funding for disaster relief, and a reduction in operating expenses, which was offset by additions contained with 2001 SB 57 (\$25,000)
State Fire Marshal	0	0	0	0	0	No State General Fund
Kansas Parole Board	528,664	521,188	(7,476)	521,188	0	Decrease in operating expenditures due to the discontinuation of video conferencing

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STATE GENERAL FUND EXPENDITURES
FY 2001 AND FY 2002

	FY 2001 as Approved by 2000 Legislature	FY 2002 Legislative Approved Excluding Pay Plan Adjustments	Difference	Lesser of FY 2001 as approved by 2000 Legislature and FY 2002 Legislative Approved	Difference From FY 2002 Approved	Major Changes from FY 2001 As Approved by the 2000 Legislature to FY 2002 Legislative Approved
Kansas Highway Patrol	24,932,834	25,191,968	259,134	24,932,834	(259,134)	A one time transfer was made to the agency in FY 2001 (\$1,000,000) from the State Highway fund to offset SGF. That was offset by decreases in other operating expenses within the Dataprocessing Program and the shifting of SGF funding to special revenue funding within the Training Center program.
						<i>from Hwy fund</i>
Kansas Bureau of Investigation	12,740,573	12,615,198	(125,375)	12,615,198	0	Decrease due to a reduction in other operating expenses
Emergency Medical Services Board	855,803	855,136	(667)	855,136	0	Decrease due to a reduction in other operating expenses, which was offset by additions contained within 2001 SB 57 (\$17,243)
Kansas Sentencing Commission	584,989	510,024	(74,965)	510,024	0	Decrease due to CJIS project expenses incurred during FY 2001, which was offset by additions contained within 2001 SB 57 (\$156,825)
Ombudsman of Corrections	175,007	174,915	(92)	174,915	0	Other operating expenditures decrease
Subtotal - Public Safety	312,825,845	312,868,049	42,204	309,976,121	(2,891,928)	
Department of Agriculture	9,927,899	9,926,998	(901)	9,926,998	0	Operating expenditure decrease
Animal Health Department	631,338	624,255	(7,083)	624,255	0	Operating expenditure decrease
State Fair Board	450,000	434,000	(16,000)	434,000	0	Operating expenditure decrease
Department of Health and Environment-Environ.	9,554,238	9,519,472	(34,766)	9,519,472	0	Decreases in other operating expenditures and some shifting of expenses to special revenue funds.

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**STATE GENERAL FUND EXPENDITURES
FY 2001 AND FY 2002**

	FY 2001 as Approved by 2000 Legislature	FY 2002 Legislative Approved Excluding Pay Plan Adjustments	Difference	Lesser of FY 2001 as approved by 2000 Legislature and FY 2002 Legislative Approved	Difference From FY 2002 Approved	Major Changes from FY 2001 As Approved by the 2000 Legislature to FY 2002 Legislative Approved
State Conservation Commission	5,094,962	6,853,541	1,758,579	5,094,962	(1,758,579)	Increase due to increasing the SGF demand transfer by \$1.75 million to the State Water Plan Fund, from \$4.5 million to \$6.25 million, to fund Total Maximum Daily Loads and other water issues; absent the demand transfer increase, the SGF load would decrease by \$8,579; eliminating the \$1.75 million increase would impact available SWPF resources for five agencies and make the SWPF's ending balance to be a negative \$1.6 million
Kansas Water Office	1,447,004	1,452,065	5,061	1,447,004	(5,061)	Other operating expenditures
Department of Wildlife and Parks	3,560,308	4,323,524	763,216	3,560,308	(763,216)	Other operating expenditures; shift to SGF from fee fund expenditures in FY 2001
Subtotal - Agriculture and Natural Resources	30,665,749	33,133,855	101,624,725	30,606,999	(2,526,856)	
Kansas Department of Transportation	62,051,788	132,290,474	70,238,686	62,051,788	(70,238,686)	State General Fund demand transfer increase
Subtotal - Transportation	62,051,788	132,290,474	70,238,686	62,051,788	(70,238,686)	
TOTAL	\$ 4,406,226,837	\$ 4,628,065,705	\$ 320,995,487	\$ 4,380,517,702	\$ (247,548,003)	

Selected Special Revenue Funds
(Does not include federal funds, capital improvement funds or debt service funds)

Agency/Fund	Limit / No-limit	Legis. Approved Ending Balance FY 2002	Funding Source	Uses or Limitations on Fund	Expenditures Approved FY 2001-2003	Agency Financed From Any Other Funding Sources? (Yes/No)	If Yes, is SGF Funding Included? (Yes/No)	Funds Availability
Transportation								
Department of Transportation								
State Highway Fund - KSIP Acct.	No limit	\$ 3,174,733	SHF Agency Operations Savings	By proviso	FY 2001: \$4,683,306 FY 2002: NA	No	No	used for technology - could be taken
Education								
Department of Education								
Inservice Education Workshop Fee Fund	No limit	\$ 400,229	Fees assessed participants in inservice education workshops	Expenditures related to sponsoring inservice education workshops and conferences	FY 2001-\$433,102 FY 2002-\$441,802	Yes	Yes	Can take \$60,000
Conversion of Materials and Equipment Fund	No limit	\$ 52,064	Sale of surplus property	Expenditures for general agency operations, including purchase of technology equipment	FY 2001-\$0 FY 2002-\$22,295	Yes	Yes	Could be taken
Certificate Fee Fund	No limit	\$ 551,372	Fees from applicants for teacher certification and renewal	Expenditures related to teacher certification and approval of teacher education programs	FY 2001-\$505,764 FY 2002-\$518,130	Yes	Yes	Could take \$175,000
Kansas State University								
General Fees Fund	Limit	\$ 150,000	student tuition	used to fund general use operating budget	FY 2001: \$48,607,203 FY 2002: \$49,467,913	Yes	Yes	Could be taken
KSU - Veterinary Medical Center								
General Fees Fund	Limit	\$ 84,108	student tuition	used to fund general use operating budget	FY 2001: \$5,258,707 FY 2002: \$5,180,177	Yes	Yes	Could be taken
University of Kansas								
Local Law Enforcement Training Reim.	No limit	\$ 286,798	charges to local law enforcement for training	operations of law enforcement training center	FY 2001: \$275,315 FY 2002: \$275,315	Yes	Yes	Could be taken

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Agency/Fund	Limit / No-limit	Legis. Approved Ending Balance FY 2002	Funding Source	Uses or Limitations on Fund	Expenditures Approved FY 2001-2003	Agency Financed From Any Other Funding Sources? (Yes/No)	If Yes, is SGF Funding Included? (Yes/No)	Funds Availability
Regents Center Development Fund	No limit	\$ 2,843,442	transfers from general fees fund	operations of the Regents Center	FY 2001: \$1,380,310 FY 2002: \$1,314,687	Yes	Yes	Could be taken
Law Enforcement Training Center Fund	No limit	\$ 2,896,406	docket fees	operations and capital improvements at law enforcement training center	FY 2001: \$2,188,098 FY 2002: \$2,221,407	Yes	Yes	Could be taken
Interest on Permanent University Fund	Limit	\$ 7,600	interest earned by the permanent university fund administered and invested by the Endowment Association	used to help fund institution's general use budget	FY 2001: \$20,000 FY 2002: \$20,000	Yes	Yes	Could be taken
University of Kansas Medical Center								
General Fees Fund	Limit	\$ 183,924	Tuition and other fees		FY 2001: \$11,099,315 FY 2002: \$10,857,269	Yes	Yes	Could be taken
Sponsored Research Overhead	No limit	\$ 549,205	Transfer from Restricted Fees Fund	Administration and Research, subject to appropriations acts	FY 2001: \$6,703,452 FY 2002: \$6,972,000	Yes	Yes	Could be taken
Wichita State University								
General Fees Fund	Limit	\$ 100,000	student tuition	used to fund general use operating budget	FY 2001: \$28,425,377 FY 2002: \$28,912,353	Yes	Yes	Could be taken
Historical Society								
Microfilm Fee Fund	No-limit	\$ 51,385	KSA 75-2713; revenue from the sale of microfilm holdings of the Society	Used to support microfilm activities of the library and archives division	FY 2001: \$50,000 FY 2002: \$50,000	Yes	Yes	Could take \$25,000
Human Resources								
Department of Health and Environment								
Health and Environment Training Fee Fund	No limit	\$ 33,801	Charges for education and materials	Training Services	FY 2001: \$198,836 FY 2002: \$195,631	Yes	Yes	Could be taken
Solid Waste Management Fund	No limit	\$ 5,311,975	Solid waste disposal fees	Remedial efforts for closed landfills and public education efforts	FY 2001: \$5,372,578 FY 2002: \$5,054,676	Yes	Yes	Could be taken
Waste Tire Management Fund	No limit	\$ 2,533,386	Excise tax on retail sales of new tires	Abatement of waste tires	FY 2001: \$2,715,050 FY 2002: \$206,398	Yes	Yes	Could be taken

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Agency/Fund	Limit / No-limit	Legis. Approved Ending Balance FY 2002	Funding Source	Uses or Limitations on Fund	Expenditures Approved FY 2001-2003	Agency Financed From Any Other Funding Sources? (Yes/No)	If Yes, is SGF Funding Included? (Yes/No)	Funds Availability
District Coroners Fund	No limit	\$ 445,385	Death certificate fee	Expenses for county coroners	FY 2001: \$18,000 FY 2002: \$18,000	Yes	Yes	Could be taken
Department of Human Resources								
Workers Compensation Fee Fund	Limit /	\$ 899,634	Fees paid by insurance companies and employers based on a percentage of insurance benefits paid out.	Operating expenditures	FY2001-\$8,040,194 FY2002-\$8,533,152	Yes	Yes	Could take \$250,000
Boiler Inspection Fee Fund	No-limit	\$ 104,946	Boiler Inspection Fees	Operating expenditures	FY2001-\$439,134 FY2002-\$456,334	Yes	Yes	Could take \$25,000
Agriculture and Natural Resources								
Kansas Water Office								
Water Marketing Fund	No-limit	\$ 3,044,464	User fees for storage space	For Water Marketing Program	FY 2001: \$1,273,264 FY 2002: \$1,688,413	Yes	No	Portion could be taken (\$633,370 taken in FY 2001)
Department of Wildlife and Parks								
State Ag. Production Fund	No limit	\$ 339,087	Farm, dairy sales and leases	State fishing lakes and wildlife areas	FY 2001: \$150,000 FY 2002: \$150,000	Yes	Yes	Could be taken
Non-restricted fee fund	No limit	\$ 232,067	Magazine sales and revenue	Partial production costs	FY 2001: \$230,000 FY 2002: \$230,000	Yes	Yes	Could be taken
Park Fee Fund (includes KSIP)	Limit	\$ 563,717	Fees related to camping and park usage	Park operations	FY 2001: \$4,483,175 FY 2002: \$4,880,243	Yes	Yes	Could take \$250,000
Public Safety								
Department of Corrections								
Supervision Fees Fund	No limit	\$ 31,000	Parolee payment from telephone supervision contractor	Fund parole services programs	FY 2001: \$537,076 FY 2002: \$475,015	Yes	Yes	Could be taken

Agency/Fund	Limit / No-limit	Legis. Approved Ending Balance FY 2002	Funding Source	Uses or Limitations on Fund	Expenditures Approved FY 2001-2003	Agency Financed From Any Other Funding Sources? (Yes/No)	If Yes, is SGF Funding Included? (Yes/No)	Funds Availability
General Fees Fund	No limit	\$ 2,951	Inmate sick pay payments	None	FY 2001: \$32,000 FY 2002: \$41,000	Yes	Yes	Could be taken
Correctional Industries	No limit	\$ 2,930,000	Correctional Industries revenue	Finance industry programs	FY 2001: \$10,128,940 FY 2002: \$10,762,256	Yes	Yes	Could be taken, but would slow or stop inmate industry projects
DOC Inmate Benefits Fund	No limit	\$ 25,000	Inmate telephone commission, canteen, misc.	Programs, 3.0 FTE,	FY 2001: \$3,525,240 FY 2002: \$2,915,828	Yes	Yes	Could be taken
Ellsworth Correctional Facility								
General Fees Fund	No limit	\$ 18,095	Payments for services, misc.	Operating costs	FY 2001: \$45,371 FY 2002: \$37,610	Yes	Yes	Could be taken
El Dorado Correctional Facility								
General Fees Fund	No limit	\$ 56,903	Payments for services, misc.	Operating costs	FY 2001: \$81,430 FY 2002: \$83,025	Yes	Yes	Could be taken
Hutchinson Correctional Facility								
General Fees Fund	No limit	\$ 25,055	Payment for services, printing, misc.	Operating costs	FY 2001: \$314,507 FY 2002: \$289,739	Yes	Yes	Could be taken
Lansing Correctional Facility								
General Fees Fund	No limit	\$ 1,769	Payment for services, misc.	Operating costs	FY 2001: \$283,233 FY 2002: \$281,000	Yes	Yes	Could be taken
Norton Correctional Facility								
General Fees Fund	No limit	\$ 3,448	Payments for services	Operating costs	FY 2001: \$153,000 FY 2002: \$167,000	Yes	Yes	Could be taken
Winfield Correctional Facility								
General Fees Fund	No limit	\$ 7,924	Payments for services, misc.	Operating costs	FY 2001: \$200,511 FY 2002: \$161,249	Yes	Yes	Could be taken
Juvenile Justice Authority								
Juvenile Detention Facilities Fund	Limit	\$ 634,223	Drivers license fees, court fees, State Gaming Revenues Fund; other fees	Debt service, construction, renovation, or operating expenditures of juvenile detention facilities	FY 2001: \$4,385,258 FY 2002: \$3,482,618	Yes	Yes	Could take \$250,000

h-g

2-5

Agency/Fund	Limit / No-limit	Legis. Approved Ending Balance FY 2002	Funding Source	Uses or Limitations on Fund	Expenditures Approved FY 2001-2003	Agency Financed From Any Other Funding Sources? (Yes/No)	If Yes, is SGF Funding Included? (Yes/No)	Funds Availability
Highway Patrol								
Highway Patrol Motor Vehicle Fund	No-limit	\$ 2,689,218	A fee charged on each title (\$2.50) and the sale of retired vehicles	Funds the Highway Patrol Motor Vehicle Program and other programs within the agency	FY 2001: \$5,009,630 FY 2002: \$5,460,430	Yes	No	Could be taken
Kansas Bureau of Investigation								
Private Detective Fee Fund	Limit	\$ 35,346	Receipts for the licensing of private detectives	Funds costs associated with the licensing of private detectives	FY 2001: \$45,797 FY 2002: \$46,442	Yes	No	Could be taken
General Fees Fund	No-limit	\$ 73,000	Receipts to collected from services to state and local agencies concerning criminal prevention material, items sold through surplus property, restitution through adjudicated court cases, drug tax stamp funds, administration of contraband programs, or othe	Used for education an training for agents, purchase of illegal drugs for investigative purposes, preparing or publishing crime prevention materials, conduction laboratory and investigative work	FY 2001: \$294,116 FY 2002: \$192,043	Yes	No	Could be taken
State Fire Marshal								
Fire Marshal Fee Fund	Limit	\$ 2,142,002	Funded by a fee paid on fire insurance premiums	Funds costs associated with the operation of the agency	FY 2001: \$2,637,262 FY 2002: \$2,810,408	Yes	No	Could take \$500,000 in each of July and January (cash flow)
General Government								
Judicial Branch								
Conversion of Materials and Equipment	No limit	\$ 2,012	Sale of surplus property	General operating expenditures	FY 2001-\$5,000 FY 2002-\$0	Yes	Yes	Could be taken
Judicial Branch Education Fund	No limit	\$ 62,061	Docket fees	Education and training of judicial branch officers and employees	FY 2001-\$706,802 FY 2002-\$688,553	Yes	Yes	Information pending
Child Support Enforcement Contractual Agreement Fund	No limit	\$ 271,536	Transfers from SRS	Reimbursement from SRS of expenses for child support enforcement activities	FY 2001-\$1,851,972 FY 2002-\$1,961,473	Yes	Yes	Could take \$100,000

Agency/Fund	Limit / No-limit	Legis. Approved Ending Balance FY 2002	Funding Source	Uses or Limitations on Fund	Expenditures Approved FY 2001-2003	Agency Financed From Any Other Funding Sources? (Yes/No)	If Yes, is SGF Funding Included? (Yes/No)	Funds Availability
Board of Indigents' Defense Services								
Indigents' Defense Services Fee Fund	No limit	\$ 13,167	Docket fees and \$35 administrative cost charged indigents	Expenditures for general operations	FY 2001: \$275,000 FY 2002: \$352,000	Yes	Yes	Could be taken
Department of Commerce and Housing								
Publications and Other Sales	No limit	\$ 401,708	Magazine sales	Tourism operations	FY 2001: \$974,522 FY 2002: \$1,007,603	Yes	No	Could be taken
Conference Registration	No limit	\$ 34,356	Conference charges	Department operations	FY 2001: \$3,800 FY 2002: \$3,800			Could be taken
Department of Revenue								
Cig. And Tobacco Products Regulation Fund	No Limit	\$ 208,555	tobacco license fees	agency operating cost	FY 2001: \$137,619 FY 2002: \$142,209	Yes	Yes	Could take \$208,555
Racing and Gaming Commission								
Kansas Racing Fund	Limit	\$ 326,995	parimutuel taxes; racing license fees; admission fees; fines and penalties	statutory restriction	FY 2001: \$3,430,729 FY 2002: \$3,188,533	No	No	Could take \$26,995 - more is \$300,000 threshold is changed
Kansas Lottery								
Lottery Operating Fund	Mixed Limit; No Limit	\$ 5,470,010	sales of lottery tickets; merchant fees	statutory restriction	FY 2001: \$23,086,876 FY 2002: \$23,056,048	No	No	Could take some if the transfer percentage is set higher than 30.00%
Department of Administration								
Property Contingency Fund	No-limit	\$ 78,321	Transfers from state agencies		FY 2001: \$0 FY 2002: \$0	Yes	Yes	Could be used to partially offset SGF for Signature Building relocation
Building and Grounds Fund	No-limit	\$ 173,921	Parking Fees		FY 2001: \$675,347 FY 2002: \$770,989	Yes	Yes	Could be taken
State Treasurer								
PMIB Fee Fund	No-limit	\$ 217,618	Investment of Governmental Funds	Operation of the Pooled Money Investment Board	FY 2001: \$713,751 FY 2002: \$741,260	Yes	Yes	Could be taken

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Agency/Fund	Limit / No-limit	Legis. Approved Ending Balance FY 2002	Funding Source	Uses or Limitations on Fund	Expenditures Approved FY 2001-2003	Agency Financed From Any Other Funding Sources? (Yes/No)	If Yes, is SGF Funding Included? (Yes/No)	Funds Availability
Secretary of State								
State Register Fee Fund	No-limit	\$ 65,543	Subscriptions, publication fees, and sale of three-ring binders	Used to fund the Kansas Register and other agency operating expenditures	FY 2001: \$237,449 FY 2002: \$204,619	Yes	Yes	Could take \$30,000
Attorney General								
Court Cost Fund	No limit	\$ 329,991	Recouped expenses from consumer protection investigations	Expenditures primarily for consumer protection division	FY 2001-\$739,936 FY 2002-\$591,780	Yes	Yes	Could be taken
Legislature								
Capital Restoration - Gifts and Donations	No-limit	\$ 2,864	Donations for Capital Restoration	Statehouse improvements	FY 2001: \$0 FY 2002: \$0	Yes	Yes	Could be taken, but the amount was donated for specific improvements within the Statehouse
Behavioral Sciences Regulatory Board								
Fee Fund	Limit	\$ 526,181	Licence fees; printed matter; other service charges; recovery of current expenditures	Operating expenditures	FY 2001: \$431,462 FY 2002: \$485,656 FY 2003: \$512,945	No	No	Could take \$100,000
Board of Nursing								
Board of Nursing Fee Fund	Limit	\$ 725,743	Certificate fees; licensure fees; publications; recovery of current FY expenditures	Operating expenditures	FY 2001: \$1,206,194 FY 2002: \$1,426,346 FY 2003: \$1,383,705	Yes	No	Could take \$350,000
Board of Pharmacy								
Fee Fund	Limit	\$ 1,053,665	Revenues from the licensure of pharmacists, pharmacies, drug manufactures and distributors, retail dealers, and the administration of licensure examinations	Funds costs associated with the operation of the agency	FY 2001: \$511,658 FY 2002: \$554,053 FY 2002: \$566,462	No	No	Could take \$250,000
TOTAL WHICH COULD BE TRANSFERRED		\$ 29,478,198						

STATE OF KANSAS*Bill Graves, Governor*


Office of the Secretary
Kansas Department of Revenue
915 SW Harrison St.
Topeka, KS 66612-1588

**DEPARTMENT OF REVENUE***Stephen S. Richards, Secretary*

(785) 296-3041
FAX (785) 296-7928
Hearing Impaired TTY (785) 296-3909
Internet Address: www.ink.org/public/kdor

MEMORANDUM

TO: Representative Kenny Wilk,
Chairperson, House Appropriations Committee

FROM: Stephen S. Richards,
Secretary of Revenue 

DATE: April 19, 2001

SUBJECT: Kansas Department of Revenue-Acceleration of Tax Filing Frequency

- Acceleration program proposed by Department last year for FY 2001 included:
 1. In FY2001 sales tax accounts with annual deposits over \$32,000 were notified to begin making estimated payments. Estimated impact was \$12.9million.
 2. In FY2001 withholding accounts that should be filing semi-monthly deposits were notified and placed in an accelerated category. The estimated impact was \$6.9 million.
 3. 11,000 taxpayers were notified last fall to change filing and deposit frequency. Compliance with sales tax estimated only at \$5.5million and we had negligible impact from withholding. This \$5.5 million impact is considered in FY2001 consensus revenue estimates.

- Acceleration program planned by the Department for FY 2002 included:
 1. Accelerate annual and quarterly sales tax accounts to monthly filing. This will cover approximately 12,800 accounts.
 2. Accelerate annual and quarterly withholding accounts to monthly filing. This will cover approximately 11,900 accounts.
 3. Based upon similar compliance rate with the sales tax the pre-payment initiative we estimate the one-time revenue impact to be \$7 million.

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Attach 3

- **Mineral Tax:**
Severance tax is due and payable two months after the oil and gas is severed. Acceleration of the tax returns due date to 30 days after oil or gas severed would require statutory changes. We have projected the revenue impact if such a change is enacted this session to be \$6 million in FY02.

- If all three initiatives were fully implemented in FY02, the projected revenue impact would be \$13 million.

STATE OF KANSAS

Bill Graves, Governor

DEPARTMENT OF REVENUE

Stephen S. Richards, Secretary



Office of the Secretary

FACSIMILE TRANSMITTAL SHEET

DATE: 4/19/2001

TIME: 9:00PM

NUMBER OF PAGES INCLUDING TRANSMITTAL SHEET: 2

TO:

NAME: Representative Kenny Wilk

ORGANIZATION: State Capital Building

TELEPHONE NUMBER: _____

FAX NUMBER: 296-1153

FROM:

NAME: Sherlyn Green

TITLE: Office of the Secretary of Revenue

TELEPHONE NUMBER: 785-296-3041

FAX NUMBER: 785-296-7928

RE:

General Information (785) 296-3909
Office of the Secretary (785) 296-3041 Legal Services (785) 296-2381
Information Systems Bureau (785) 296-3973 Policy & Research (785) 296-3081
Administrative Services (785) 296-2331 Personnel Services (785) 296-3077
Internet Address: www.ink.org/public/kdor

Provisos and GBA items:

1. Sexually Aggressive Treatment Project from SB 57
2. First priority is to be given for services previously provided by CSPs for qualified clients who had received services funded exclusively from local sources and had received no federal or state funding. This first priority only apply to any new state and federal funding provided in the DD waiver
3. The SRS Oversight Committee and the Health Care Reform Committee are extended for one year;and The Chairmans of the SRS Oversight Committee; Health Care Reform Committee; and Children's Issues shall meet to determine the agendas of each committee to insure that duplication of topics is eliminated.
4. The payment of Medicaid claims is to follow the process outlined in 2000 Session S.B. 600 which requires all health insurance to pay "clean claims" within 30 days of receipt or interest can be charged by the provider of the service. In addition, the bill outlines the process for disputed claims.
5. The Secretary of SRS is directed to begin the process of meeting with stakeholders of Physically Disabled Waiver Services to develop a permanency planning process with the intent of moving individuals off of services.
6. The Secretaries of SRS and Aging are to begin the process of promoting short term service provisions under the Medicaid plan. The intent is to reduce reliance on permanant or life time dependence on Medicaid services whenever possible.
7. Adopts GBA #1, Item 16, which converts 107.6 other unclassified positions in SRS to FTE in FY2002.

HOUSE APPROPRIATIONS

DATE 4/19/01
ATTACHMENT #4

House SGFBudget Recommendations

Agency	Approved FY 2001 2000 Session	Approved FY 2001 SB 57	Difference
SRS	559,275,360	580,294,647	(21,019,287)
Oct consensus adjustments:			
NF/MH		229,089	
TAF		(1,140,000)	
GA		430,000	
Foster care contracts		10,769,081	
Adoption contracts		2,324,565	
Regular Medical		<u>4,848,574</u>	
Subtotal		17,461,309	
HCBS/DD Waiver		750,000	
HCBS/PD waiver		4,569,310	
Total increases		22,780,619	
agency operations shifts & savings		(1,761,332)	
Total increases		21,019,287	
Subcommittee actions:			
Increases in caseloads:			
GA		200,000	
Regular Medical		5,254,316	
Foster Care Contracts		(354,085)	
Adoption Contracts		<u>(328,494)</u>	
Needed additions		4,771,737	
New total SGF budget for FY 2001		585,066,384	25,791,024
FY 2002	559,275,360	617,713,033	(58,437,673)
Caseload Adjustments:			
Reg. Medical		31,708,206	
NF/MH		(770,163)	
TAF		(1,140,000)	
GA		430,000	
Foster Care Contracts		5,714,456	
Adoption Contracts		3,385,205	
Subtotal caseloads		39,327,704	
Waiver increases		18,319,310	
Child Care Increases		935,100	
Net savings due to Committee action		(144,441)	
Total adjustments in S.B. 57		58,437,673	
Committee Action:			
Regular Medical Increase		(6,950,525)	
Increase PD score to 35		(117,440)	
Child care increases		(935,100)	
Amount of Increase in programs			50,434,608
Shift in Waivers from SGF to Intergovernmental Transfer:			(67,800,000)
Pend Claims-Regular Medical		(6,500,908)	
Pend Claims-Waivers		(620,249)	
DD waivers		(50,000,000)	
PD waiver		(17,800,000)	
Total SGF SRS budget less pay plan		534,788,811	(24,486,549)

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HOUSE APPROPRIATIONS

DATE 4/19
ATTACHMENT #5

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PASSAR
change ~~PSAR~~ score
from 26 to 35
5-2

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- no change in
PSAR score

House Agriculture and Natural Resources Budget Committee Recommendation

Wildlife and Parks

1. Shift \$150,000 Parks Fee Fund to replace \$150,000 SGF.
2. Shift \$100,000 non-restricted fee fund to replace \$100,000 SGF for the Parks division. (No proviso language is necessary because this is a No Limit fund).
3. Concur with the Governor's GBA No. 1, Item 46, Page 20 adding \$1.1 million in federal Land and Water Conservation Fund money.
4. Add \$195,000 SGF for Local Government Outdoor Recreation Grants, transferring the following funds to the State General Fund:

Department of Education	
In-service Education Workshop Fee Fund	\$ 30,000
Department of Health and Environment	
Training Fee Fund	5,000
District Coroners Fund	100,000
Department of Human Resources	
Boiler Inspection Fee Fund	25,000
Department of Commerce and Housing	
Conference Registration	10,000
Securities Commission	
Add proviso reducing statutorily required ending balance from \$50,000 to \$25,000	25,000
	\$195,000

Note: The House plan takes an additional \$300,000 SGF from the agency and replaces it with Parks Fee Fund dollars, bringing the total shift to Parks Fee Fund to \$450,000 in FY 2002.

HOUSE APPROPRIATIONS

DATE 4/19/01
ATTACHMENT # 6

April 16, 2001

ITEMS FOR OMNIBUS CONSIDERATION

Kansas Technology Enterprise Corporation

A. Economic Development Initiatives Fund (SB 57 Conference Committee). The Conference Committee recommended the deletion of all funding recommended by the Governor from the Economic Development Initiatives Fund pending further review. The reduction in FY 2002 totals \$13,043,143, including \$1,431,781 for agency operations.

Kansas, Inc.

A. Economic Development Initiatives Fund (SB 57 Conference Committee). The Conference Committee recommended the deletion of all funding recommended by the Governor from the Economic Development Initiatives Fund pending further review. The reduction totals \$343,267, the entire FY 2002 operating budget of Kansas, Inc.

Department of Commerce and Housing

A. Economic Development Initiatives Fund (SB 57 Conference Committee). The Conference Committee recommended the deletion of all funding recommended by the Governor from the Economic Development Initiatives Fund pending further review. The reduction in FY 2002 totals \$20,253,336, including \$8,729,936 for agency operations.

B. HB 2129 (Governor). HB 2129 authorizes members appointed to the Kansas Film Service Commission and the Information Technology Executive Council to receive mileage, tolls and parking. The bill authorizes legislative members of the Kansas Film Service Commission to receive compensation and travel and subsistence the same as for any other meeting authorized by law. The Department estimates a total cost in FY 2002 of \$7,798 from the State General Fund or the Economic Development Initiatives Fund for mileage, parking, and tolls only for non-legislative members; parking only for Topeka-based members; subsistence for the four legislative members plus lodging for two of the four legislative members. Additionally, there is a fiscal impact to the Legislature.

C. HB 2505 (Conference). HB 2505 would enact the Kansas Certified Capital Formation Company Act to enhance the development of seed and venture capital in Kansas and support the modernization and expansion of the state's economy. The Department of Commerce and Housing projects total first-year expenditures of \$170,528. This includes \$52,128 for 1.5 FTE positions and \$118,400 for operating costs for investigations. The

HOUSE APPROPRIATIONS

DATE

5/19/01

ATTACHMENT # 7

water (from 50 ppb to 10 ppb) were issued in January 2001, but have since been postponed pending further review. The Department estimates 20 systems will be impacted by the arsenic rule if the standard remains at 10 ppb. Detailed information on new rules and those systems which would be impacted has been provided by the Department.

D. Food Inspection Program (House Budget Committee). The House Budget Committee recommended that State General Fund expenditures for the food inspection program be reviewed at Omnibus to determine if that funding is needed in light of HB 2500 which was introduced by the House Committee. The bill, if implemented, would allow for fees to be charged to grocery stores and food processing plants thus increasing revenues to the Food Inspection Fee Fund and allowing for decreased reliance on State General Fund dollars. Prior to first adjournment, no action had been taken on the bill. FY 2002 budgeted expenditures for the program are \$2,235,126, including \$350,039 from the State General Fund.

E. Dedicated Funding Source for Local Health Departments. The Department in FY 2002 requested \$2.8 million from the State General Fund for increased funding for local health departments. The Senate Committee introduced a bill to increase taxes on cigarettes by one cent per pack and create a fund for receipt of the one cent increase to be used to fund local health departments through the statutory formula. The Senate Subcommittee recommended review of the status of the dedicated revenue stream for local health departments so that if the tax increase recommended by the Subcommittee has been enacted, expenditures of \$1.965 million could be added to be distributed by the statutory formula, with the minimum-funded local health department allocation to be increased by proviso from \$7,000 to \$14,000. SB 345 was introduced by the Senate Committee and referred to the Senate Committee on Assessment and Taxation. Prior to first adjournment, no action had been taken on the bill.

F. Interagency Cooperation on Prevention Activities – Request for Information (Senate Subcommittee). The Senate Subcommittee requested the Department of Health and Environment, the Juvenile Justice Authority, the Department of Social and Rehabilitation Services, the Department of Education, and the Children's Cabinet report on plans to improve collaboration on program delivery and to develop standards for evaluation the effectiveness of prevention programs. KDHE has provided information reporting its programs in a manner consistent with the other agencies and the Kansas Connect model. KDHE reports that the agencies have met several times to discuss how to best report such data.

G. Infant Toddler Regulations – Request for Information (Senate Subcommittee). The Senate Subcommittee expressed concern that the Department's interpretation of Infant Toddler regulations appears to be too restrictive in that it is not allowing for reimbursement for services when parents chose to seek services in a center-based environment where disabled children are educated with non-disabled children. The Subcommittee requested that the Department review the situation to determine how such center-based environments may be made eligible for Infant Toddler funding and report back at Omnibus.

information on solid waste laws and rules and regulations relating to waste tires; assist in planning and implementing conferences, workshops, and other requested training events for persons involved in the generation, transportation, processing, or disposal of waste tires; and assemble and analyze data on waste tire management by tire retailers in Kansas.

The Department estimates that it will require additional net expenditures in FY 2002 of \$450,000 from the Waste Tire Fee Fund and 1.0 additional FTE. This includes \$50,000 for staff and operating costs, \$4,000 additional for administrative overhead, \$75,000 for contractual expenses for education and information, and \$755,000 for cleanup efforts. This is offset by reductions for the grant programs which are eliminated.

K. Senate Substitute for HB 2154 and Senate Substitute for HB 2067 (Conference). One provision of Senate Sub. for HB 2154 and Senate Sub. for HB 2067 amends the law concerning the employment of persons by adult care homes and home health agencies. The bills adds an attempt to commit, conspiracy to commit, and criminal solicitation to commit to the list of crimes for which conviction would bar a person from employment by an adult care home or home health agency. Additionally, the Secretary of Health and Environment's authorization to access criminal history record information in the possession of the Kansas Bureau of Investigation is limited to the information specifically needed. The bills provides that the Secretary must provide information within three business days after receipt of a report to the provider requesting information regardless of whether a criminal history was found or not or when further confirmation regarding criminal history record information is required from a Kansas court or the Department of Corrections. The bills would require a response on every criminal background check request received. Department staff would have to issue either a letter stating that no criminal history was found, issue copies of the felony criminal history, or issue a notice prohibiting employment of the individual.

The Department estimates that this activity would require the services of 1.0 additional full-time Office Specialist. The salary costs of the additional FTE would be \$30,730 in FY 2002. One-time capital outlay costs associated with the position would be \$4,740. The Department also estimates increased operating costs of \$33,610 for communications, professional services, and commodities. The total fiscal effect for the Department is \$69,080 from the State General Fund.

Kansas Department of Revenue

A. Omnibus Review Item – Accounts Receivable (SB 57 Conference Committee). The House and Senate conferees on SB 57 agreed to review agency proposals to enhance collections of the state's accounts receivable as of February 28, 2001. Accounts receivable totaled \$476,827,453, of which \$282,336,877 was defined as uncollectible due to bankruptcy and other impediments, with a net balance remaining of \$194,490,576 that may be collectable. The agency was directed to present methods of enhancing efforts to collect these net accounts receivable. Among the more significant categories of taxes due and believed to be collectable are \$75.6 million in sales and use, \$52.2 million in individual

**Proposed Department of Revenue
Plan for Accounts Receivable**

	Current Project FY 2001	FY 2001 Phase 1	FY 2002 Phase 1	FY 2002 Phase 2	FY 2002 Totals
Staff Level	14		38	30	68
Est'd Collections per Staff	\$592,857		\$605,263	\$566,667	\$585,965
New Revenue Estimated	\$8,300,000		\$23,000,000	\$17,000,000	\$40,000,000
Staff Level	14	10	38	30	68
Cost per Staff	\$40,714	\$12,344	\$43,042	\$44,527	\$43,697
Total Expenses*	\$570,000	\$123,442	\$1,635,582	\$1,335,800	\$2,971,382
Revenue per \$1 expense	\$14.56		\$14.06	\$12.73	\$13.46

* Includes one-time costs in FY 2001 and FY 2002.

Staffing would be accomplished in the following manner: First, 12.0 of the new positions would be contracted employees and not treated as state employees. Second, 29.0 vacant FTE positions, primarily in the Division of Taxation, would be reallocated to classified staff positions. Third, 27.0 new FTE positions would be requested. A total of 68.0 new dedicated staff would be used to implement phase 1 and phase 2 during FY 2002.

B. Omnibus Review Item – Project 2000 (SB 57 Conference Committee). During consideration of the agency's FY 2001 and FY 2002 budgets, the House had recommended not paying any Project 2000 money until FY 2003 due to the revenue situation. The Senate had decided to revisit this issue during Omnibus. The House and Senate conferees on SB 57 agreed to review Project 2000 during the Omnibus period. The Consensus Revenue Estimating Group originally anticipated in November of 2000 that transfers would total \$4.0 million in FY 2001 and \$6.0 million in FY 2002 in order to pay a \$10.0 million amount to American Management Systems. The revised consensus estimate as of April 4, 2001, anticipates that a \$5.0 million payment will be made in FY 2002, but none in FY 2001. This \$5.0 million amount is recognized as a revenue reduction, not as an expenditure in the FY 2002 consensus estimates.

Project 2000 is designed to be paid for from the increased revenues it generates. In accordance with the statute and appropriations acts, the amount of increased revenue is certified by the directors of the Division of the Budget and the Legislative Research Department, then credited to the Automated Tax Systems Fund. These funds are used to pay for the contracted and budgeted costs of the project. The fund also is utilized for ongoing system operations and has been used to finance system modifications required due to changes in the state tax code. A total of \$62.9 million was been transferred to the fund between FY 1996 and FY 1999. Nothing was transferred in FY 2000.

the market value of assets at the conclusion of the fiscal year. During FY 2000, disbursements totaled \$38.13 million. State law does not require program funding to be on an actuarial basis, and the reserves may be used to pay future expenses if contributions are insufficient to cover current costs.

The FY 2002 estimate of state savings would be \$21.65 million, of which \$18.40 million would be from the SGF. Local units would save \$6.03 million. (**Staff Note:** Based on the Governor's Budget Report for FY 2002, the KPERS school estimate of \$13.20 million for death and disability in FY 2002 is lower than the FY 2001 estimate of \$13.34, suggesting a potential under funding of the KPERS school amount recommended by the Governor for next fiscal year. The calculated KPERS school salary base upon which the Governor estimates FY 2002 KPERS payments is \$24.24 million less than the FY 2001 salary base. The State Department of Education had forecast a growth of 3.0 percent in the FY 2002 KPERS school salary base over the current fiscal year's base, not a decrease as suggested in the Governor's recommended financing.)

Financial Impact
KPERS Employer Contributions for Death and Disability
(In Millions)

Estimated Payments	Estimated a) FY 2001	Estimated FY 2002
State/School/TIAA/Other	\$ 20.52	\$ 21.65
Local Units	5.54	6.03
Totals	\$ 26.06	\$ 27.68
State General Fund	\$ 17.45	\$ 18.40
School Only SGF	\$ 13.34	\$ 13.20

Source: KPERS FY 2002 budget; Governor's Budget Report FY 2002.

a) FY 2001 reflects estimated savings due a four quarter moratorium.

B. Technical Item – Actuarial Audit. The 2001 Legislature passed HB 2056 and SB 57 that appropriated \$150,000 in FY 2001 and \$50,000 in FY 2002 for the purpose of performing an actuarial audit of the KPERS actuary and for other actuarial work. Information to be considered by the KPERS Board of Trustees at its meeting of April 20, 2001, includes a recommendation from the KPERS actuary to shift the valuation date from June 30 to December 31. No time table for the change was suggested by the actuary. The Legislature may wish to take note of any developments regarding a change in date for the valuation since a shift during FY 2002 could impact the timing of the actuarial audit work and subsequent legislative review. The Legislature also may wish to pursue an actuarial audit of the June 30, 2000, valuation, and then have a subsequent actuarial audit performed after the shift in valuation date occurs, regardless of whether the change in valuation date occurs in FY 2002. The potential for reducing the appropriations for an actuarial audit would be left to the discretion of the Legislature in this case, but a duplicate valuation of the June 30,

of \$6.5 million from the approved amount. Corresponding reductions in SGRF transfers would be 30 percent of \$6.5 million, or a loss of \$1.95 million for the SGF in FY 2001.

State Gaming Revenues Fund Transfers and Lottery Sales (In Millions)

<u>FY 2001</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>
Transfers SGRF	\$4.5	\$4.8	\$4.1	\$4.5	\$4.2	\$5.4	\$4.6	\$4.8	\$5.1	\$5.5
Monthly Sales*	\$16.1	\$13.8	\$15.0	\$14.0	\$18.2	\$15.5	\$16.0	\$17.1	\$18.2	--

* Determine the 30.00 percent transfer about the 10th of the following month.

Any additional changes in sales of \$5.0 million or \$10.0 million increments would increase or decrease transfers to the SGF by \$1.5 million and \$3.0 million respectively. Conversely, if lottery sales are projected at \$193.5 million as currently estimated by the Kansas Lottery, the impact on the SGF can be portrayed in the following table.

**Revised SGRF Transfers
Based on \$193.5 Million in Lottery Sales
(In Millions)**

	<u>Estimated FY 2001</u>	<u>Estimated FY 2002</u>
Lottery	\$ 62.510	\$ 58.050
State Racing	0.326	0.327
Totals	\$ 62.836	\$ 58.377
State Gaming Revenues Fund	50.000	50.000
Problem Gamblers Grant Fund	0.080	0.080
State General Fund	12.756	8.297
SGF difference from approved	(1.950)	(1.950)

Source: Governor's Budget Report; Kansas Lottery.

B. Technical Item – Correction of Transfer Rate. The 2001 Legislature approved the Governor's recommended FY 2002 transfers to the SGRF at 30.00 percent of net lottery sales. A proviso in SB 57 sets that rate for all lottery games, both online and instant, including what are called pull-tab lottery tickets. A statutory provision would be superceded by the proviso for one year, much the same as a proviso set the FY 2001 rate at 30.00 percent for all sales. The proviso differs from the statutory provision, and that different is the problem that the Kansas Lottery requests to be corrected. KSA 2000 Supp. 74-8711 requires an annual transfer of not less than 30.00 percent, except that the 2000 Legislature reduced the statutory SGRF transfer rate for pull-tab lottery tickets to 20.00 percent. Both the FY 2001 and FY 2002 proviso language in appropriations bills would negate the 20.00

3. Follow up on the effects of the loss of funding for the Custom Care and Environmental Modifications programs – FY 2002 (House Appropriations Committee). The House Appropriations Committee requested that the Secretary of Aging update the Committee on the estimated effect of the loss of funding for the Custom Care and Environmental Modifications programs during the budget year and report prior to the Omnibus Session.

Department of Social and Rehabilitation Services

A. Caseload Estimates. Staff of the Kansas Legislative Research Department, the Division of the Budget, the Kansas Department on Aging (KDOA) and the Department of Social and Rehabilitation Services (SRS) met on April 9 to develop consensus caseload estimates on agency programs for FY 2001 and FY 2002. Consensus was reached on expenditure estimates for Temporary Assistance for Families, General Assistance, Regular Medical Assistance, and Adult Care Facilities (including nursing facilities, nursing facilities for mental health). In total, estimated State General Fund expenditures are increased by \$4,771,737 in FY 2001 and \$15,127,300 in FY 2002. Programs operated by the Department of Social and Rehabilitation Services account for all of the increases. The following table summarizes the October 2000 and April 2001 caseload estimates and the resulting differences:

		October Est.	April Est.	Difference
<u>FY 2001</u>				
Cash Assistance				
Temporary Assistance for Families	All Funds	\$ 44,000,000	\$ 44,200,000	\$ 200,000
	SGF	30,293,070	30,293,070	0
General Assistance	All Funds	\$ 4,600,000	\$ 4,800,000	\$ 200,000
	SGF	4,600,000	4,800,000	200,000
Medical Assistance				
	All Funds	\$ 657,000,000	\$ 665,400,000	\$ 8,400,000
	SGF	216,194,452	221,448,768	5,254,316
Adult Care Homes				
Nursing Facilities (KDOA)	All Funds	\$ 292,000,000	\$ 292,000,000	\$ 0
	SGF	103,195,093	103,195,093	0
Nursing Facilities-Mental Health*	All Funds	\$ 13,900,000	\$ 13,900,000	\$ 0
	SGF	10,029,089	10,029,089	0
Foster Care Contracts				
	All Funds	\$ 94,500,000	\$ 93,500,000	\$ (1,000,000)
	SGF	33,461,111	33,107,026	(354,085)
Adoption Contract				
	All Funds	\$ 25,600,000	\$ 24,900,000	\$ (700,000)
	SGF	12,013,525	11,685,031	(328,494)
<u>FY 2002</u>				
Cash Assistance				
Temporary Assistance for Families	All Funds	\$ 44,000,000	\$ 46,000,000	\$ 2,000,000
	SGF	30,293,070	30,293,070	0
General Assistance	All Funds	\$ 4,600,000	\$ 4,800,000	\$ 200,000
	SGF	4,600,000	4,800,000	200,000

4. Follow up on the possibility of covering adults under the HealthWave Program and the fiscal impact of such coverage – FY 2002 (Senate Subcommittee). The Senate Subcommittee requested that the Department determine what the State of Kansas would need to accomplish in order to receive a waiver from the U.S. Department of health and Human Services to provide health care coverage to adults under the HealthWave program. In addition, the Department is to provide an estimate of the fiscal impact of such coverage to the Subcommittee prior to the Omnibus Session.

5. Follow up on the meeting in February between the Department and the Community Mental Health Centers regarding mental health services for foster care and adoption children – FY 2002 (Senate Subcommittee and the House Budget Committee). The Senate Subcommittee and the House Budget Committee were informed that the Department will convene a meeting with community mental health centers to discuss foster care and adoption children's mental health issues and development of partnerships to provide alternative management programs for child welfare mental health issues. The Subcommittee requests that the Department report back on results of the meeting prior to the Omnibus Session.

6. Follow up on the meeting between the Department and the Children's Alliance – FY 2002 (Senate Subcommittee). The Subcommittee requested that the agency report back the findings of the meeting between representatives of the Children's Alliance and children's emergency shelters regarding the per day rate of reimbursement. (Staff note: In SB 57 the third day or last day of stay in an emergency shelter is now funded at the current rate of \$72.30 per day per child).

7. Follow up on providing additional funding for child welfare staff and foster care recruitment – FY 2002 (Senate Subcommittee and the House Budget Committee). The Senate Subcommittee and the House Budget Committee had recommended that during the Omnibus Session the Committee review the request made by several child welfare contractors for additional funding for training of child welfare staff and foster care recruitment. The request was for \$305,000 all funds, including \$202,500 from the State General Fund.

8. Consideration of the Children's Initiatives Fund is to occur during the Omnibus Session as the Conference Committee on SB 57 deleted all Children's Initiatives Funding from the bill – FY 2002.

9. Follow up on the Departments plans for the Blind Services located at the former Topeka State Hospital grounds – FY 2001 (House Budget Committee). The House Budget Committee requested that the agency report back prior the start of the Omnibus Session on its plans to relocate part of Blind Services to either the Kirkbridge Building or the Woodward Building on the grounds of the former Topeka State Hospital. The committee was informed that the Division of Facilities Management had presented to the agency on March 8 a new proposal for the Woodward Building.

10. Follow up on the Medicaid Pharmacy Program – FY 2002 (House Budget Committee). The House Budget Committee requested that the Department analyze the

city or county to also impose a tax of up to \$0.75 per month per line. Additionally, the bill allows a city or county to determine the amount of tax to impose on each type of service (telephone, cable, and wireless) provided that amount does not exceed the \$0.75 per month limit. However, a tax may not be imposed on wireless connection used for remote control purposes and capable of accessing only one number (*i.e.*, monitoring of oil wells and irrigation wells). Service suppliers would collect the tax and remit the proceeds to the city or county on a quarterly basis. The service supplier could retain 2 percent of the tax proceeds to offset its administrative expenses and it may recover other costs either through tariffs or through negotiation with the city or county. The bill would also expand immunity to public agencies and service suppliers to include the release of subscriber information to any public agency. The House Committee of the Whole amended the bill to allow cities more time (60 months instead of 24 months) to collect funds to implement Phase I if the county population is less than 75,000.

The Senate Committee recommended a Senate substitute bill for HB 2034 using language from both HB 2034 and SB 298. The bill, as amended, would authorize a surcharge (up to \$.50 per month per subscriber account) on each subscriber account as defined as the ten-digit access number assigned to a customer. The wireless carriers would add the surcharge to each subscriber's telephone bill. The wireless carriers would then collect the surcharge (less 2 percent for administrative expenses) and remit the proceeds to the Administrator (appointed by the Governor) of the Enhanced Wireless 911 Fund on a monthly basis. Those cities and counties which have entered into an agreement with wireless carriers for the purpose of implementing emergency 911 services and which operate a PSAP would automatically receive 20 percent of the surcharge collected within the city or county. Likewise, wireless carriers could retain 20 percent of the surcharge which they collect to recover emergency 911 costs. The Senate Committee of the Whole amended the bill to allow the administrator to adjust, once every two years, the percentages of the surcharge which participating wireless carriers, cities, or counties automatically receive. The bill specifies that all charges for E-911 services must be identified as such on the subscriber's bill. Current law provides for a tax on wireline or exchange telephone service, but expressly prohibits the taxation of wireless (cellular) telephone service.

Further, the Senate Committee of the Whole further amended the bill and made the following changes:

- Inserted language in the liability section of the bill to hold the administrator, governing bodies, public agencies, and wireless carriers liable for the payment of damages resulting from intentional acts.
- Provided for recovery of costs of training PSAP personnel to provide effective service to system users with communications difficulties; removed the requirement that members of the Wireless Enhanced 911 Advisory Board be appointed for staggered terms.
- Exempted wireless connections used for remote control purposes and capable of accessing only one number from any access line tax.

Adjutant General

A. Utility Costs (House Budget Committee and Senate Subcommittee). During the 2001 Legislative Session, both the House Budget Committee and Senate Subcommittee were informed that due to an increase in utility costs, additional funds would be needed to finance utility expenses. The Committees were informed that the major expense associated with operating the armories and other facilities were utility costs. The agency budgeted \$1,028,251 (from the State General Fund) to finance utility expenses in FY 2001, and \$1,038,252 in FY 2002. The agency states that an additional \$261,000 (from the State General Fund) in FY 2001, and \$237,000 in FY 2002 are necessary to finance those expenses (see the table below). The House Budget Committee and Senate Subcommittee noted this item for Omnibus consideration to review the increase in utility costs incurred by the agency.

Program	Budgeted Amount FY 2001	Revised Amount FY 2001	Difference	Budgeted Amount FY 2002	Revised Amount FY 2002	Difference
Armories	\$ 700,000	\$ 907,250	\$ (207,250)	\$ 710,000	\$ 900,000	\$ (190,000)
Forbes	101,250	125,000	(23,750)	101,250	123,250	(22,000)
McConnell	225,000	255,000	(30,000)	225,000	250,000	(25,000)
TOTAL	\$ 1,026,250	\$ 1,287,250	\$ (261,000)	\$ 1,036,250	\$ 1,273,250	\$ (237,000)

* The above amounts are State General Fund expenses only.

B. Additional Funding for the Educational Assistance Program (House Committee). The agency informed the House Budget Committee that tuition assistance is an important tool in the recruitment and retention of Kansas National Guard personnel. The agency provided the Committee with data comparing Kansas with surrounding states and how the amount of tuition assistance provided directly relates to the number of enlisted personnel. The House Budget Committee added \$250,000, from the Economic Development Initiatives Fund (EDIF), to provide additional funding for the Educational Assistance Program. With the addition of the funding, this program would total \$497,218. However, the House Committee deleted that funding and deferred consideration of all EDIF funding to Omnibus.

C. Emergency Management Funding (House Budget Committee). In the *Governor's FY 2002 Budget Report*, \$4,990 from the State General Fund was eliminated from the Division of Emergency Management. The agency stated that the reduction actually amounts to \$9,980 due to the use of those funds to match federal dollars to finance Emergency Management program training. The House Budget Committee deferred this item for Omnibus consideration in the event funding was available to restore those funds.

adjusted. Team members will be certified under the Hazardous Material training program in compliance with both federal and state laws. It is the primary responsibility of a regional response team and chemical assessment teams to provide local authorities with recommendations and technical advice relating to a particular incident. Any emergency response to a particular incident must be authorized by the State Fire Marshal or the Fire Marshal's designee, in consultation with the Director of the Hazardous Material Response Program, to dispatch a response team. Upon completion of a response, teams shall submit to the State Fire Marshal an itemized claim for the reimbursement of reasonable and necessary costs incurred as part of the hazardous material response. Additionally, the State Fire Marshal shall contact the responsible party (*i.e.*, the company transporting the materials) to recover funds disbursed by the State Fire Marshal from the Hazardous Material Emergency Fund in response to an incident.

B. Authority to expend monies from the Hazardous Material Emergency Fund (House Committee). Senate Bill 57 (the 2001 regular session appropriations bill) established the Hazardous Material Emergency Fund, with a proviso that the agency could only access those funds with the approval of the State Finance Council. The House Committee considered granting the agency authority to expend funds up to \$25,000 (for each incident) without State Finance Council approval, and deferred this item for Omnibus consideration to allow more time in evaluating the agency's request.

C. Salaries and wages reduction (Senate Subcommittee). During testimony, under the Governor's revised FY 2001 recommendation to the Senate Subcommittee, the agency informed the Subcommittee that salary and wage expenses were recalculated due to technical errors and reduced by \$102,354. At the time the agency stated that the reduction would cause problems in completing the rest of the current year, and asked that expenditure authority be increased to restore those funds. The Senate Subcommittee recommended Omnibus consideration for this request. However, upon further review and subsequent testimony to the House Budget Committee, the agency feels that the reduction will not adversely affect operations for the remainder of FY 2001.

Kansas Bureau of Investigation

A. SB 263 (Conference). SB 263 extends the criminal statute of limitations for sexually violent offenses to ten years or one year from the date on which the identity of the suspect is conclusively established by DNA testing. The one-year DNA testing provision is limited as follows: for an offense committed prior to January 1, 2001, biological evidence collected in connection with the offense must be analyzed for DNA type no later than January 1, 2004; and for an offense committed on or after January 1, 2001 biological evidence collected in connection with the offense must be analyzed for DNA type no later than two years from the date of the offense.

The Senate Committee of the Whole extended coverage of DNA testing on and after July 1, 2002, to any adult convicted of, or any juvenile adjudicated for ANY felony. Subsequently the House Committee amended SB 263 and limited the expansion of DNA testing to burglary and aggravated burglary. Also, the House Committee expanded the

normal agency operations, which according to federal guidelines, is an improper use of those funds. The House Committee deferred this item for Omnibus consideration (\$155,400) in FY 2002 in the event State General Fund monies are available to bring the agency in compliance with federal rules and regulations.

D. Funding for DNA analysis technology (House Budget Committee). During testimony, the agency stated that the use of DNA technology has become more prevalent, making its importance greater in the analysis of evidence. Correspondingly, costs incurred by the agency have increased (from \$400 to \$900 per case for the cost of consumables) as technology has improved. The agency stated that it uses a DNA analysis system which requires the use of patented consumables in doing DNA amplification and examinations. The agency indicates that the most expensive part of a DNA exam is the "liquid primer" which comes as part of a DNA kit containing 100 primers at \$40 each. On average, the agency performs about 15 examinations per rape case equaling \$600. The remaining \$300 is made up of disposable lab items such as other chemicals, pipettes, centrifuge tubes, quantitation kits. The agency informed the Committee that an additional \$450,000 (\$250,000 from the State General Fund) in FY 2002 is needed to finance the additional expenses. The House Budget Committee recommended Omnibus consideration of this item.

E. Reduction of backlogs within the Laboratory Division and alternatives to fund enhancements within existing resources (Senate Subcommittee). During testimony, the Senate Subcommittee noted its concerns regarding the increase in methamphetamine laboratories seized by the agency and the amount of time necessary for KBI scientists to conduct laboratory analysis on evidence submitted to the agency. During Subcommittee hearings, the KBI requested \$230,558 (\$92,223 from the State General Fund) in FY 2002 to finance 5.0 FTE laboratory scientist positions to assist in reducing the backlog of methamphetamine cases. In reviewing testimony, the Subcommittee determined that in adjudicating a case, the "weak link" in that process was the backlog of cases waiting to be analyzed by the KBI laboratories. The Subcommittee requested the agency gather further information regarding proposals to reduce the backlog of laboratory cases, and present that information during Omnibus. In subsequent testimony to the House Budget Committee, the agency informed the Committee that an additional \$666,504 was obtained in a 2 year federal grant to finance 13.0 positions (6.0 agents, 5.0 chemists, and 2.0 crime analysts), thereby reducing that amount of additional funding needed from the State General Fund to finance methamphetamine initiatives. Senate Bill 57 authorized the additional funding and classified the positions as other unclassified. The agency states that the 5.0 chemists should resolve the current backlog of case needing laboratory analysis. Additionally, the agency indicates that the additional \$293,329 authorized to finance expenses relating to renovation of the 2nd floor at the Great Bend Laboratory will provide additional laboratory and office space necessary to assist in reducing the backlog.

F. Review the expansion of DNA samples within the KBI database (Senate Committee). See Senate Bill 263.

G. Technical Adjustment. With the passage of Senate Bill 57 (the FY 2002 regular session appropriations bill), a Remodel Great Bend Laboratory Fund was established with

requested the agency to develop options by Omnibus. Subsequently, the agency has decided not to pursue this project during FY 2002.

Commission on Veterans Affairs

A. Supplemental Request for \$18,000 (State General Fund) in FY 2001 (Senate Subcommittee). The Senate Subcommittee was informed the Kansas Soldiers Home will need \$18,000 in a supplemental appropriation to cover annualization of pay increases for classified employees recommended during the 2001 Session for the remainder of FY 2001, and recommended further review of this item at Omnibus.

B. Supplemental Request for \$82,000 (State General Fund) in FY 2001 (Senate Subcommittee and House Budget Committee). During review of the budget, the Senate Subcommittee and House Budget Committee were informed that the Kansas Veterans Home (Winfield) has not yet received the federal Veteran's Administration (VA) per diem reimbursement owed to the Home and recommended this item be reviewed at Omnibus. If the per diem is not received by May 2001, the Home indicated it will need additional funding to complete FY 2001. The Kansas Commission on Veterans Affairs received a letter from the Secretary of Veterans Affairs on March 23, 2001, stating the VA will provide aid retroactive to the date eligible veterans were admitted.

C. Review request for 1.0 FTE position at Central Services in FY 2001 (Senate Subcommittee). The Senate Subcommittee recommended Omnibus review of the agency's request to add 1.0 FTE position in FY 2001. The agency requested a Deputy Director position, if funds are available, at a cost of \$42,900 (SGF). The position would serve as relief/backup for the Executive Director.

D. Review Shrinkage Rates at Kansas Veterans Home and Kansas Soldiers Home (House Budget Committee). The House Budget Committee recommended Omnibus review of shrinkage rates at the Veterans Home and the Soldiers Home. The FY 2002 shrinkage rate approved in SB 57 for the Kansas Veterans Home is 40 percent, mostly due to the Veterans Home not being fully operational. The Governor did not want the Home hiring staff before they were actually needed. If the shrinkage rate at the Veterans Home was lowered to 30 percent, the cost to the State General Fund would be \$950,600. The shrinkage rate approved in SB 57 for the Kansas Soldiers Home is 10 percent, the Soldiers Home actual shrinkage rate in FY 2000 was 14.3 percent. If the shrinkage rate at the Soldiers Home was lowered to 8 percent, the cost to the State General Fund would be \$84,688.

E. Review Planning Funds Needed for State Veterans Cemeteries (House Budget Committee). The House Budget Committee recommended the issue of FY 2002 funding needed for the planning of veterans cemeteries be reviewed by the Joint Committee on State Building Construction and be considered for funding at Omnibus. The Joint Committee on State Building Construction did review the funding for planning and determined that because the planning dollars expended at Ft. Dodge will be reimbursed by the VA when construction begins that no additional SIBF dollars should be expended for this

Kansas State School for the Deaf

A. Review Teacher Salary Equity Adjustment for KSSD (House Budget Committee). The House Budget Committee recommended Omnibus review of the agency's request for a teacher salary equity adjustment in FY 2002. In FY 1999, the Division of Personnel Services found that KSSD's teachers salaries have been 8-15 percent lower than other teachers in the market area for a long period of time. The teachers at KSSD have a higher number of contract days they are expected to work than teachers within the surrounding school districts. The school requested \$90,018 (SGF) as an enhancement for a 2.0 percent salary adjustment (including benefits) in FY 2002. In FY 1999, the school received \$122,911 (State General Fund) for a 3.0 percent increase. No salary equity increases were recommended in FY 2000 or FY 2001. According to the school, there has been discussion on unionizing if the salary disparity is not corrected.

B. Review Shrinkage Rate at KSSD (House Budget Committee). The House Budget Committee recommended Omnibus review of the FY 2002 shrinkage rate at the school. During the 2000 Legislative Session, both the School for the Deaf and the School for the Blind requested a reduction in their shrinkage rates. According to the School for the Deaf, it was the intention of the Legislature to reduce both, but due to a staff oversight, only the School for the Blind actually received a reduction to their shrinkage rate. The School for the Blind's shrinkage rate for FY 2002, as recommended by the Governor, will be 3.97 percent, the School for the Deaf's shrinkage rate will be 5.10 percent. The cost to reduce the School for the Deaf's shrinkage rate to 4.0 percent would be approximately \$78,182 (State General Fund).

Board of Pharmacy

A. Review House Committee Recommendation to suspend Intern Registration fee (Special Revenue Funds) (House Budget Committee). The House Budget Committee recommended suspending the \$25 Intern Registration fee for FY 2002 and FY 2003. The Board registers approximately 150 interns yearly and the registration is good for five years. Suspending this fee will reduce the Board's revenue by approximately \$3,750 per year. This item should have been considered in Conference Committee but due to staff oversight was left out of the report.

Mental Health and Developmental Disability Institutions

A. Direct Staff Salary Increase (House Budget Committee). The House Budget Committee recommended review of this item for both FY 2001 and FY 2002. For FY 2002, the hospitals include an enhancement request for direct staff salary increases. For FY 2001, the increase would cost \$325,000 from the State General Fund, and in FY 2002, the increase would cost \$1,763,950 from the State General Fund. The request includes employees in Mental Health Aide, Mental Health Trainee and Licensed Mental Health Technician I and II positions at Larned State Hospital, Osawatomie State Hospital, and Rainbow Mental Health Facility. At Kansas Neurological Institute and Parsons State Hospital

additional resources to fund the increases in utility rates, primarily through savings in salary and wage expenditures. SRS reports that Kansas Neurological Institute, Parsons State Hospital and Training Center, and Rainbow Mental Health Facility have sufficient funds to cover the increases. Osawatomie State Hospital and Larned State Hospital have been unable to find funding to cover the entire increase. Osawatomie State Hospital is currently projecting an expenditure of \$137,000 in FY 2001 and \$122,000 in FY 2002 over the current approved budgets. Larned State Hospital is currently projecting an expenditure of \$150,000 in FY 2001 and \$295,000 in FY 2002 over the current approved budgets. SRS is working closely with the institutions to address this concern and is considering the request of a Governor's Budget Amendment to address the situation.

D. Teacher Salary Increase. The Governor's recommendation and the Legislative approved budget for FY 2002 includes teacher salary increases within the education contracts. The education contracts in the FY 2002 budgets show teacher salary increases or decreases at the following percentages: a 5.5 percent increase at Kansas Neurological Institute, a 5.5 percent increase at Parsons State Hospital and Training Center, and a 0.7 percent decrease at Larned State Hospital. Rainbow Mental Health Facility also has an education contract, but due to the nature of the contract, an adjustment is not necessary. The following table illustrates the adjustment necessary to provide uniform salary increases across the institutions.

Percent Increase	Kansas Neurological Institute	Parsons State Hospital and Training Center	Larned State Hospital	Total
0.5%	\$ (11,084)	\$ (9,246)	\$ 18,906	\$ (1,424)
1.0%	(9,984)	(8,316)	26,801	8,502
1.5%	(8,884)	(7,385)	34,696	18,427
2.0%	(7,784)	(6,455)	42,591	28,353
2.5%	(6,684)	(5,524)	50,487	38,279
3.0%	(5,584)	(4,593)	58,382	48,205
3.5%	(4,484)	(3,663)	66,277	58,130
4.0%	(3,384)	(2,732)	74,172	68,056
4.5%	(2,284)	(1,802)	82,067	77,982
5.0%	(1,184)	(871)	89,962	87,908
5.5%	(84)	60	97,857	97,833
6.0%	1,016	990	105,752	107,759
6.5%	2,116	1,921	113,647	117,759
7.0%	3,216	2,851	121,543	127,611

E. Categorical Aid. For FY 2001, the budgeted school contracts for the institutions include categorical aid based on a rate of \$19,815 for Kansas Neurological Institute, \$19,700 for Parsons State Hospital and Training Center, and \$20,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. The current FY 2001 categorical aid rate per eligible teaching unit is estimated to be \$20,300. If this rate is maintained, the school contracts for FY 2001 at the institutions would need adjustments. The table below identifies the State General Fund adjustments required.

Department of Administration

A. Report on Plan to Upgrade or Replace Executive Aircraft (House Budget Committee). The House Budget Committee requested the Department of Administration report during Omnibus on a plan to either upgrade or replace the current executive aircraft. The plane, a 1985 twin-engine Beechcraft King Air 300, was purchased following authorization by the 1986 Legislature. Purchase of the plane was financed over a ten-year period, using a certificate of participation. The total cost of the plane, including interest over the ten-year period, was just under \$2.5 million. The executive aircraft debt was paid off in FY 1995. The aircraft engines are overhauled every 3,600 hours, with both engines scheduled for overhaul in FY 2003 at a total cost of \$600,000. The Budget Committee was informed that the Department had held many internal discussions about the executive aircraft, but, largely due to budget constraints, did not put forth a plan for upgrade of the existing plane or acquisition of a replacement aircraft.

B. Report on Hours of Operation of the Central Motor Pool Dispatch Office (House Appropriations Committee). The House Budget Committee reviewing the Department of Administration budget was informed that some state employees had expressed concern about the hours of operation of the motor pool dispatch office. The Budget Committee noted that the office is open between the hours of 7:30 a.m. and 4:30 p.m. and most state employees, to obtain a state vehicle, must take time out of their regular work days to make the arrangements. The Budget Committee recommended that the agency consider lengthening the hours of operation of the dispatch office to allow employees to make arrangements and pick up their vehicles outside of the regular work day. The full Committee amended the recommendation to request the Department report on a plan to provide longer hours of operation of the office at Omnibus.

C. Funding for Performance Review Board. For FY 2002, the Governor recommended the elimination of \$281,000 from the State General Fund and 3.0 FTE positions for the Performance Review Board. The Legislature concurred with the Governor's recommendation. SB 180, which was introduced to statutorily eliminate the Board, passed the Senate, but the House substituted another bill into SB 180. As a result, it appears that the Board will continue to exist in statute.

State Treasurer

A. Sen. Sub. for HB 2017 (Conference). Senate Substitute for HB 2017 creates the Kansas Postsecondary Education Savings Expense Fund to receive reimbursements from the manager of Kansas Postsecondary Education Savings Program for the State Treasurer's administrative expenses for the Learning Quest program. The approved FY 2002 budget for the State Treasurer includes \$237,500 from the program manager for administrative expenses.

B. HB 2103 (Conference). HB 2103 increases the amount the Pooled Money Investment Board (PMIB) can invest in agricultural loans under the Kansas Agricultural Production Loan Deposit Program. The House version of the bill increases the amount from

C. Economic Development Initiatives Fund (SB 57 Conference Committee). The Conference Committee on SB 57 agreed to defer consideration of funding for all programs financed by the Economic Development Initiatives Fund until Omnibus. The Governor's FY 2002 recommendation for the Board of Regents includes \$10.0 million from the EDIF for Postsecondary Vocational Education Aid (\$6.9 million), Vocational Education Capital Outlay Aid (\$2.7 million), student financial aid (\$250,000) and technology innovation aid (\$166,855).

D. Comprehensive Grant Program (House Budget Committee). The House Budget Committee recommended that funding for the Comprehensive Grant Program be considered in Omnibus. The approved FY 2002 budget for the program totals \$10.8 million from the State General Fund, an increase of \$323,234 from the current year State General Fund appropriation but \$1.5 million below the amount of State General Fund financing requested by the agency.

E. Municipal University Operating Grant (House Budget Committee). The House Budget Committee report notes that the FY 2002 Municipal University Operating Grant is underfunded by \$260,529 because it relies on FY 2000 enrollment data instead of FY 1999 and recommends that the issue be further explored in Omnibus.

F. Adult Basic Education Funding (Senate Committee). The Senate Committee recommended that the issue of funding for Adult Basic Education be reviewed at Omnibus. According to representatives of the State Board of Regents, the current estimate of available federal funding for adult basic education in FY 2002 is \$3,714,809. This is an increase of \$341,951 from the estimate included in the budget submitted for the Governor's consideration. Representatives of the State Board of Regents report that an additional \$126,000 in state funding is required beyond the amount included in the approved FY 2002 budget recommendation in order to fully utilize the available federal funding.

University of Kansas

A. Regents Systemwide Issues (House and Senate Committee). Both Committees noted the Regents institutions have numerous budgetary challenges due to recommended and approved funding for FY 2002. Both Committees recommended additional funding be considered at Omnibus to address budgetary reductions to meet the current service allocations of the Division of the Budget: \$1,551,129 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$1,268,168 SGF for restoration of the state/tuition (2 for 1) equipment program; \$321,807 for new building support; \$634,084 for library enhancements; and funding for the elimination of the first three steps of the state pay plan.

Kansas State University Extension Systems and Agriculture Research Programs

A. Regents Systemwide Issues (House and Senate Committee). Both Committees noted the Regents institutions have numerous budgetary challenges due to recommended and approved funding for FY 2002. Both Committees recommended additional funding be considered at Omnibus to address budgetary reductions to meet the current service allocations of the Division of the Budget: \$355,559 in current services reductions; \$3.0 million systemwide for increased utilities costs; and funding for the elimination of the first three steps of the state pay plan.

B. Farm Analyst Program. (House Budget Committee). The House Budget Committee recommended consideration of the addition of \$69,372 from the State General Fund and 1.0 FTE position to ESARP's budget in FY 2002 for the expansion of the Farm Analyst Program. The addition would expand the state's efforts in providing technical assistance to farm families seeking to maintain viable farm operations in light of changing federal farm policy and structural changes within the agricultural sector.

C. Eastern Kansas Horticultural Research Center (Senate Subcommittee on Capital Improvements). The approved budget includes \$1.0 million in both FY 2001 and FY 2002 from private gifts and donations for development of the Eastern Kansas Horticultural Research Center located at the former Sunflower Army Ammunition Plant. The Senate Subcommittee on Capital Improvements noted that no donations for the project have been received due to difficulties with the transfer of title to the property and recommended that the project's status be further reviewed at Omnibus. University officials report no change in the status of the project.

Wichita State University

A. Regents Systemwide Issues (House and Senate Committee). Both Committees noted the Regents institutions have numerous budgetary challenges due to recommended and approved funding for FY 2002. Both Committees recommended additional funding be considered at Omnibus to address budgetary reductions to meet the current service allocations of the Division of the Budget: \$562,186 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$592,574 SGF for restoration of the state/tuition (2 for 1) equipment program; \$296,287 for library enhancements; and funding for the elimination of the first three steps of the state pay plan.

Emporia State University

A. Regents Systemwide Issues (House and Senate Committee). Both Committees noted the Regents institutions have numerous budgetary challenges due to the recommended and approved funding for FY 2002. Both Committees recommended additional funding be considered at Omnibus to address budgetary reductions to meet the

current services allocations of the Division of the Budget: \$451,316 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$320,000 SGF for restoration of the state/tuition (2 for 1) equipment program; \$158,583 for new building support; \$160,000 for library enhancements; and funding for the elimination of the first three steps of the state pay plan.

B. Armory Building Project (Capital Improvement) (Senate Subcommittee).

The Subcommittee recommends a review of an agency request for \$545,000 (\$410,000 SGF) to access \$135,000 in federal funds for a multipurpose facility to house the Kansas National Guard Unit as well as the PSU departments of health, physical education, recreation, and military sciences. The three-year project would total \$9.0 million (\$4.4 million SGF for 49.0 percent; \$2.2 million federal funds for 24.0 percent; and \$2.4 million or 27.0 percent other funds). The Governor did not recommend the project.

C. Technical Adjustment. Regents Regional University Operating Grant Proviso. (House Committee). A proviso recommended by the House was inadvertently omitted from SB 57. The proviso concerns operating grants for the universities and would for five years hold the regional universities harmless by the State General Fund for losses of tuition revenue due to enrollment changes. The regional universities could request State General Fund supplemental appropriations to increase their block grants to offset tuition shortfalls.

Department of Corrections and Correctional Facilities

A. Substance Abuse Treatment Program (SB 57 Conference Committee). The Conference Committee deferred the following proviso to Omnibus review. Specifically, the proviso for FY 2001 and FY 2002 originating from the House, would prohibit Mirror, Inc., the contracted substance abuse treatment provider with the Department of Corrections, from providing treatment to offender on postrelease supervision or parole who were convicted for a sexual offense or a patient in the Sexually Violent Predator program. The prohibition is limited to one location in Wichita.

B. Correctional Officer Compensation (House Appropriations Committee). The House Appropriations Committee noted the Governor's budget recommendation includes \$1.4 million State General Fund for uniformed correctional officer salaries in addition to the 3.0 percent annualized classified salary adjustment. The salary enhancements are very helpful, but the Committee believes they are insufficient to address the need to recruit and retain employees who can receive higher pay in other public sector and private sector public safety jobs. The Department of Corrections requested a 5.0 percent pay increase for \$3.4 million (SB 57 includes \$1.5 million for a 2.5 percent increase) and a 6.0 percent bonus for \$3.6 million, as well as the transfer of all Corrections-KPERS members to Kansas Police and Fire Retirement for \$1.2 million. The Governor recommend the 2.5 percent enhancement in FY 2002.

C. Lansing Age-Eligibility Pilot Project (House Committee). The Committee requested the Department of Corrections report to the Committee before Omnibus on the

Additional Funding Needed

(Amounts in Thousands)

	FY 2001	FY 2002		Two-Year Total	
		Gov. Original Rec.	FY 2002 Current Law	Gov. Original Rec.	Current Law
General State Aid	\$ 2,548	\$ 178	\$ 153	\$ 2,726	\$ 2,701
Supplemental General State Aid	0	81	80	81	80
TOTAL	\$ 2,548	\$ 259	\$ 233	\$ 2,807	\$ 2,781

Funding for school finance contained in SB 57 would fund the Governor's original proposal prior to the revised estimate, with the exception that \$2.0 million from the Children's Initiatives Fund for four-year-old at-risk children has been deleted and special education is not part of general state aid. If the decision were made to fund school finance in FY 2002 under current law, expenditures reflected in SB 57 would have to be **increased by \$2,598,000 in FY 2001** and **reduced by \$34,693,000 in FY 2002**, for a net reduction of \$32,095,000 for FY 2001 and FY 2002 combined. (This adjustment assumes that the \$2.0 million for the at-risk four-year-old program is restored.)

B. Revised Estimates for KPERS-School. On April 12, 2001, revisions were made to estimated expenditures for KPERS-School for FY 2001 that result in the identification of savings of \$280,384. Pursuant to a proviso to the KPERS-School appropriation in SB 57, the savings will be reappropriated to FY 2002 to reduce the FY 2002 appropriation. In addition, \$443,104 from the FY 2001 appropriation has been transferred to KPERS which will not be needed, resulting in a "credit" that will be applied to the FY 2002 entitlement.

Revised estimated expenditures for FY 2002 are \$106,671,456, an increase of \$1,516,895 over the appropriation contained in SB 57. This estimate assumes an increase in covered payroll of 3 percent. (The estimated increase in the current year is 3.8 percent.) Taking into consideration the \$443,104 credit and the \$280,384 reappropriation, the additional amount needed to fund KPERS-School in FY 2002 is \$793,407, all from the State General Fund.

C. Programs Funded from the Children's Initiatives Fund (Deferred to Omnibus) (SB 57 Conference Committee). The Conference Committee on SB 57 recommended that funding for programs from the Children's Initiatives Fund be considered in the Omnibus Bill. The Governor's recommendation totaled \$6,875,000 for six programs.

D. Transfer Infant and Toddler Program to State Department of Education (House Budget Committee). The House Budget Committee recommends that the Infant and Toddler Program be moved from the State Department of Health and Environment to the State Board of Education. The State Department estimates that it would need to add

currently has three district judges and no district magistrate judges. In both cases, the reasons cited for the request are already heavy and growing caseloads.

- \$127,358 from the State General Fund for 2.0 FTE Research Attorneys for the Supreme Court (for a total of 13 Research Attorneys.) The Judicial Branch cites several reasons for the need for the new positions, including an increase in the number of cases appealed to the Supreme Court from the Court of Appeals, but the main reason is the additional workload resulting from capital cases. The Supreme Court has been involved in its first death penalty appeal and there are three more appeals pending.
- \$1,063,000 from the State General Fund for 35.8 FTE nonjudicial personnel, of which the top priority is \$417,004 for 14.0 FTE Court Services Officers I. In addition to the Court Services Officers, the positions consist of 13.3 FTE Trial Court Clerks II, 3.5 FTE Secretaries I, 2.0 FTE Records Clerks II, 2.0 FTE Transcriptionist, and 1.0 Clerk Typist.
- \$373,790 from the State General Fund is requested for an additional judge for the Court of Appeals (for a total of 11 judges). The additional judge was recommended by the Kansas Citizens Justice Initiative. The request is prompted by the heavy caseload for each judge (currently 184 new cases per year), which grows approximately 3 percent each year. The Court of Appeals often sits in panels of three judges that travel extensively around the state to hear oral arguments. In addition to the judge, the Judicial Branch is requesting 2.0 FTE supporting positions and proposes to renovate a portion of the Judicial Center that was vacated by the Office of the Attorney General to serve as offices for the new judge and staff. The total request consists of \$138,050 for the salary and fringe benefits of an Appellate Court Judge, \$36,309 for the salary and fringe benefits of 1.0 FTE Judicial Executive Assistant, \$50,861 for the salary and fringe benefits of 1.0 FTE Research Attorney, \$34,170 for operating costs associated with the new positions, and \$114,400 to renovate space for one judicial suite.
- \$4,413 from the State General Fund for per diem compensation and other operating costs of the Judicial Nominating Commission for activities associated with appointing a new Appellate Court Judge. (The Nominating Commission would be required to meet and select three names to submit to the Governor to fill the newly-created position.)
- \$2,121,274, of which \$2,030,676 would be from the State General Fund, is requested for a 4.0 percent inflationary salary adjustment for nonjudicial employees. The increase is tied to the Employment Cost Index reported by the United States Bureau of Labor Statistics, which increased 4.0 percent in FY 2000. (The Consumer Price Index All Urban Consumers (CPI-U) is the index generally used for state revenue and expenditure profiles prepared by the Legislative Research Department and the Division of the Budget. The CPI-U increased by 2.9 percent in FY 2000 and is estimated to increase by 3.1 percent in FY 2001 and by 2.6 percent in FY 2002.)

Office of the Securities Commissioner

A. HB 2563 (Second House). HB 2563 creates a new Investor Education Fund to be administered by the Securities Commissioner for the purpose of providing for the education of consumers in securities regulation and investment matters. Moneys collected by the Securities Commissioner as fines and civil penalties would be credited to the new fund.

Approximately \$25,000 per year would be deposited to the newly created Investor Education Fund. Under current law, such fines are credited to the Securities Act Fee Fund and at the end of the fiscal year all balances in that fund in excess of \$50,000 are transferred to the SGF.

Secretary of State

A. SB 127 (Governor). SB 127 amends the state election laws. In addition to other changes, the bill adds information from the Social Security Administration to those sources of listings of deceased individuals by which a voter's name is to be removed from the registration books. The agency indicates that the cost of purchasing the list from the Social Security Administration for verification would be \$1,750 SGF annually beginning in FY 2002.

Juvenile Justice Authority

A. Juvenile Intake and Assessment (Senate Subcommittee). The Governor's recommendation for the Juvenile Justice Authority included a reduction of \$1,000,000 from the Current Services level for the Juvenile Intake and Assessment System. The recommendation was made in anticipation of an agreement between the JJA and the Department of Social and Rehabilitation Services on payment for assessments conducted on non-offender juveniles. The Senate Subcommittee directed both agencies to report on the progress of the discussions as well as available resources for restoring funding to the Current Services level.

B. Evaluation Standards for Prevention Programs (Senate Subcommittee). The Senate Subcommittee requested the Juvenile Justice Authority, the Department of Social and Rehabilitation Services, the Department of Health and Environment, the Department of Education, the Children's Cabinet, Regional Prevention Centers, and others represented on the Governor's Prevention Council to report on plans to develop standards for evaluating the effectiveness of prevention programs.

C. Children's Initiatives Fund

(1) **(SB 57 Conference Committee).** The Conference Committee on SB 57 deleted all funding from the Children's Initiatives Fund for consideration at Omnibus. The House recommendation in FY 2002 for the Juvenile Justice Authority included \$6,000,000 for

B. Youth in Arts Programs (House Budget Committee). The House Budget Committee on Education recommended that funding to match federal dollars for Youth in Arts programs in FY 2002 be reviewed at Omnibus. The agency requested \$40,000 State General Fund for the required match to \$40,000 in federal dollars available for the agency's Youth in Arts grant programs. No funding was provided for this request in the FY 2002 approved budget.

Kansas State Historical Society

A. Kansas Museum of History Roof (House Budget Committee). The House Budget Committee on Education recommended that funding for repair of the Kansas Museum of History roof in FY 2001 be reviewed at Omnibus. The agency requested \$57,500 State General Fund to repair the flashing on the roof at the Kansas Museum of History. According to the manufacturer of the roof materials, this repair would extend the life of the 15-year-old roof another 10-15 years. No funding was included in the FY 2001 budget for this project.

B. Shawnee Mission (House Budget Committee and Senate Subcommittee). The House Budget Committee on Education and the Senate Subcommittee on the budget for the Kansas State Historical Society recommended that funding to match federal preservation dollars for repairs at the Shawnee Mission in FY 2002 be reviewed at Omnibus. The agency requested \$67,000 State General Fund to fund the required match for \$100,000 in federal preservation money to make repairs at the Shawnee Mission. No funding was included in the approved FY 2002 budget for this project.

C. Kansas Humanities Council (House Budget Committee). The House Budget Committee on Education recommended that funding for the Smithsonian traveling exhibit "Yesterday's Tomorrows: Past Visions of the American Future" in FY 2002 be reviewed at Omnibus. The Kansas Humanities Council requested \$50,000 EDIF to fund the traveling exhibit for transportation and advertising costs associated with the exhibit. An additional \$10,000 State General Fund above the agency's current services request was provided for this project in the FY 2002 approved budget.

Homestead Property Tax Refunds

A. SB 44 (Law). SB 44 makes several changes to the Homestead Property Tax Refund Act. One series of amendments allows refunds to be paid directly from the income tax refund fund in lieu of the current methodology, which provides for refunds to be paid from an appropriation. A second set of amendments to the refund advancement program, which allows certain eligible taxpayers to receive refunds prior to the payment of their property taxes on December 20, clarifies that the certificate of eligibility forms be issued by the Department of Revenue and that the Department (and not county clerks) would be ultimately responsible for the qualification determination. Also, unnecessary statutory language relating to widows is deleted without changing any of the current qualifications for homestead refunds. A final provision clarifies that refunds designed to offset part of property

Committee noted that for the past several years, the Legislature has alternated the funding source for the state's support between the State General Fund and EDIF. The Budget Committee suggested the use of EDIF because the State Fair is a form of economic development and should be financed accordingly.

B. HB 2493 (Conference). HB 2493 would provide bonding authority for financing the State Fair's facilities master plan. Payments on the debt service of the issuance of up to \$29,000,000 in bonds would not commence until FY 2003. The bill would establish a state fair debt service special revenue fund, into which local and private funds would be placed, and to which state funds would be transferred annually for debt service payments. The bill would authorize the use of EDIF funds for servicing the debt. The State Fair Board states that the implementation of its facilities master plan will cost \$36,147,920. The construction period is estimated to take a minimum of six years. The agency's master plan would be financed from the following four funding sources.

<u>Funding Source</u>	<u>% Share</u>	<u>Amount (millions)</u>
State's Share	64.0%	\$24.0
Private Support/Routine Rehab. & Repair	16.7%	\$6.0
State Fair Board's Share	11.0%	\$3.2
City of Hutchinson and Reno County	8.3%	\$3.0
TOTAL	<u>100.0%</u>	<u>\$36.2</u>

The State Fair indicates that the funding source coming from the local governments could be utilized for debt service payments beginning in January 2002. Under these funding proportions, the agency would cover the cost of inflation during the construction period through either private support or the agency's budget for routine rehabilitation and repair.

Department of Agriculture

A. SB 334. (Law). SB 334 authorizes the Kansas Department of Agriculture to pursue civil penalties of up to \$1,000 per daily violation of the commercial feeding stuffs law. The bill would also allow the Department, within 30 days of seizure, to dispose of or take other actions to avert injury to livestock, poultry, or public health from misbranded or adulterated feeding stuffs. Under current law, the willful violation of the commercial feeding stuffs law constitutes a misdemeanor offense and can result in a fine of up to \$100 for the first violation and between \$100 and \$500 for subsequent violations. In addition, if feeding stuffs seized by the Department are determined to be misbranded or adulterated, the court is responsible for determining the proper actions to enforce the law. The Kansas Department of Agriculture indicates that SB 334 would generate approximately \$5,000 of additional revenue into the State General Fund in FY 2002. This estimate is based on the number of past violations to the commercial feeding stuffs law. The additional revenue could be used to offset the agency's State General Fund expenditures.

E. HB 2316. (Conference). HB 2316 would establish civil penalties for violators of the Water Appropriations Act or other conditions or limitations imposed by the Department of Agriculture on water right holders. The bill would limit civil penalties between \$100 and \$1,000 for each day that a violation occurs. Under current law, violators of the Water Appropriations Act can be charged by the Attorney General through a court of law to prevent them from violating the act. The Kansas Department of Agriculture indicates passage of HB 2316 would generate additional revenues to the State General Fund of approximately \$25,100 in FY 2002. This estimate is based on the number and length of violations occurring over the past several years. The Department indicates the bill would not increase expenditures. The additional revenue could be used to offset the agency's State General Fund expenditures.

Legislature

A. HB 2129 (Governor). HB 2129, among other things, authorizes the four legislative members of the Kansas Film Commission to receive compensation, subsistence, and mileage for attendance at Commission meetings. Based on six two-day meetings, the estimated fiscal note for the bill in FY 2002 is \$11,202 (State General Fund). See a full description of the bill under the Department of Commerce and Housing within this memorandum.

B. Sub. for SB 192 (Conference). Substitute for SB 192 creates a Legislative and Executive Officer Compensation Commission to set the pay for state legislators and to recommend the amount of pay for statewide elected officials (State Treasurer, Commissioner of Insurance, Secretary of State, and Attorney General). The Commission also may provide for retirement benefits for state officers. The bill also amends the state ethics law.

Sub. for SB 192 authorizes the Commission to fix the amount of compensation of legislators which would become effective on July 1, 2001. The bill requires the Commission to submit a report to the Legislative Coordinating Council and the Governor by June 15, 2001. The report would have to specify the amount of compensation fixed for members of the Legislature and recommendations for the amount of compensation for the executive officers by June 15, 2001. The bill allows any state officer to decline any increase in compensation fixed by the Commission.

The Commission would consist of nine members appointed on or before May 1, 2001, by the President of the Senate, Minority Leader of the Senate, Speaker of the House of Representatives, Minority Leader of the House of Representatives, Governor, Attorney General, State Treasurer, and Commissioner of Insurance. The bill updates the legislative compensation statute to reflect the current compensation for legislators and makes legislators' pay subject to a difference amount set by the Commission. Under the bill, increases in compensation for members of the Legislature also would be tied to increases in compensation for persons in the classified service, which is the total of the average of step movement increases under current law and the average percentage increases of cost-of-living adjustments to the pay plan.

Kansas Department of Revenue

A. Accounts Receivable. The House and Senate conferees on SB 57 agreed to review agency proposals to enhance collections of the state's accounts receivable as of February 28, 2001. Accounts receivable totaled \$476,827,453, of which \$282,336,877 was defined as uncollectible due to bankruptcy and other impediments, with a net balance remaining of \$194,490,576 that may be collectable. The agency was directed to present methods of enhancing efforts to collect these net accounts receivable.

The Secretary of Revenue presented a plan consisting of two phases that are projected to collect \$40.0 million of additional revenue in FY 2002 at a cost of slightly less than \$3.0 million. The Secretary was asked also to provide additional information about cost and resources needed to raise a total of \$45.0 million under the House Committee omnibus reconciliation plan. Among the more significant categories of taxes due and believed to be collectable are \$75.6 million in sales and use, \$52.2 million in individual income, \$17.3 million in corporate, and \$16.7 million in withholding.

Phase 1 would place emphasis on enhanced collections through improved billing and call campaigns, skip tracing techniques, tax warrants and civil tax enforcement initiatives. A third party collections contract, primarily for call campaigns and skip tracing, would be secured through a request for proposals. Recovery of an additional \$23.0 million annually would require resources of \$1,635,582 in FY 2002 and staffing of 38.0 FTE positions, of which 12.0 FTE would be contracted employees and 26.0 FTE would be state employees.

Phase 2 would target collection of older, aged accounts through new tax discovery and non-filer compliance initiatives. Recovery of an additional \$17.0 million annually for each of four fiscal years would require resources of \$1,335,800 in FY 2002 and staffing of 30.0 FTE positions comprised of state employees. *An additional expenditure of \$350,000 in FY 2002 and staffing of 8.0 FTE positions would yield an additional \$5.0 million, according to the Secretary of Revenue's response to the House Committee omnibus reconciliation plan.*

Recommended Department of Revenue Plan for Accounts Receivable

	<u>FY 2001</u> <u>Phase 1</u>	<u>FY 2002</u> <u>Phase 1</u>	<u>FY 2002</u> <u>Phase 2</u>	<u>Additional</u> <u>FY 2002</u> <u>Phase 2</u>	<u>FY 2002</u> <u>Totals</u>
New Revenue Estimated		\$23,000,000	\$17,000,000	\$5,000,000	\$45,000,000
Staff Level	10	38	30	8	76
Total Expenses*	\$123,442	\$1,635,582	\$1,335,800	\$350,000	\$3,321,382

*includes one-time costs in FY 2001 and FY 2002.

Staffing would be accomplished in the following manner: First, 12.0 of the new positions would be contracted employees and not treated as state employees. Second, 29.0 vacant FTE positions, primarily in the Division of Taxation, would be reallocated to classified staff positions. Third, 35.0 new FTE positions are recommended in FY 2002.

GBA No. 1-10 recommends \$2,971,382 SGF and 27.0 FTE positions be added in FY 2002 in order to collect an additional \$40.0 million next fiscal year. The Subcommittee of the House Budget Committee concurs, and adds \$350,000 SGF plus 8.0 FTE positions in order raise an additional \$5.0 million in FY 2002.

HOUSE APPROPRIATIONS

DATE 4/19/01
ATTACHMENT #7

B. Travel. The agency has \$472,711 SGF budgeted for out-of-state travel in FY 2002. Under the House Committee omnibus reconciliation plan, a reduction of 50.0 percent would produce savings of \$236,356 SGF, which is recommended by the Subcommittee of the House Budget Committee.

C. Funding Shift – New Project. Funding of \$500,000 was recommended by the Governor and approved by the Legislature in FY 2002 for an on-line motor vehicle registration project. This item would shift financing from the VIPS/CAMA Fund to the DOV Operating Fund and increase the transfer from the State Highway Fund for this motor vehicle registration project. Under the House Committee omnibus reconciliation plan, money in the VIPS/CAMA Fund would be transferred to the SGF, which is recommended by the Subcommittee of the House Budget Committee.

D. Funding Shift – Correction of FY 2001 Transfer. An FY 2001 transfer that occurred on April 15, 2001, shifted \$500,000 from the VIPS/CAMA Fund to the DOV Operating Fund. The transfer was approved by the 2000 Legislature for the purpose of financing payment of the postal costs from the DOV Operating Fund for mailing motor vehicle registration renewals. Traditionally, financing from the State Highway Fund is transferred to the DOV Operating Fund to pay for such postal costs associated with motor vehicle registration. Under the House Committee omnibus reconciliation plan, Under the House Committee omnibus reconciliation plan, money item would transfer from the State Highway Fund to replace the VIPS/CAMA funding, and then transfer the VIPS/CAMA money to the SGF, which is recommended by the Subcommittee of the House Budget Committee..

E. Transfer of Electronic Data Bases Fee Fund. On June 30, 2001, an estimated balance of \$1,117,263 would be available by deferring a FY 2002 priority project to replace tax processing hardware and software. Under the House Committee omnibus reconciliation plan, those funds would be shifted to the SGF at that time, which is recommended by the Subcommittee of the House Budget Committee.

F. Fee Fund Transfers. The following funds could be swept on June 30, 2002, for the following amounts to transfer to the SGF:

1. Cigarette and Tobacco Products Registration Fund. \$208,555.
2. Central Stores Fund. \$50,000.

G. Other Revenue Enhancements. On April 17, the Secretary of Revenue described a series of items that would accelerate revenues to the SGF. Those items include:

1. Accelerate annual and quarterly withholding accounts to monthly filing. This will cover approximately 11,900 accounts and is estimated to yield one-time revenue of \$7.0 million in FY 2002. No legislation is required.
2. Accelerate remission of severance tax from 60 to 30 days. This change is estimated to yield one-time revenue of \$6.0 million in FY 2002 if legislation is enacted.

Introduction of one bill to accelerate the severance tax collections is recommended by the Subcommittee of the House Budget Committee.

STATE OF KANSAS

BILL GRAVES, Governor
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OFFICE OF THE GOVERNOR

April 18, 2001

The Honorable Kenny Wilk, Chairperson
House Committee on Appropriations
Room 514-S, Statehouse

and

The Honorable Steve Morris, Chairperson
Senate Committee on Ways and Means
Room 120-S, Statehouse

Dear Representative Wilk:

I amend my budget to increase State General Fund expenditures by \$6,038,709 for FY 2001 and by \$29,516,717 for FY 2002. These adjustments will result in a decrease of \$35,555,426 in the balance of the State General Fund by the end of FY 2002. My amended budget will cause a net increase of 2.0 in the number of positions in state government in FY 2001 and a net increase of 46.0 positions for FY 2002. With this memorandum, I submit the attached amendments to my budget recommendations.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ 6,038,709	\$ 29,516,717
All Funds	\$ 12,251,825	\$ 83,484,359
FTE Positions	143.0	306.4
Other Unclassified	<u>(141.0)</u>	<u>(260.4)</u>
Total Positions	2.0	46.0

In addition to the amendments to my budget recommendations, I urge the Legislature to restore funding of \$52,538 from the State General Fund. When combined with federal VOI/TIS funds of \$472,841, a total of \$525,379 would be available in FY 2001 to fund day reporting centers (DRCs) at the Department of Corrections. DRC site location negotiations with these two cities continue, and there still is a possibility that these two DRCs will open in FY 2001. These funds would pay for operations of the Kansas City DRC for 61 days and the Wichita DRC for 30 days in FY 2001. As a result, these funds should be restored.

Sincerely,

BILL GRAVES
Governor

HOUSE APPROPRIATIONS

DATE 4/18

ATTACHMENT 8

moving expenses from federal funds to the EDIF. The Board of Regents' reduction in expenditures of \$33,145 represents the correction of an overstatement of expenditures, thus providing savings in the EDIF. In addition, my original recommendation would have provided \$500,000 in EDIF financing for the Local Outdoor Recreation Grant Program in the Department of Wildlife and Parks. However, the Department has now received a federal Land and Water Conservation Fund Stateside Grant that will allow for an alternative financing source for this program. Receipt of the grant will allow \$500,000 in EDIF expenditures to be offset by the same amount in federal funds.

In addition to the released encumbrances of \$361,820 in the State Water Plan Fund to correct the overcommitment problem with EDIF funding, as described above, additional funds of \$250,000 are available from the same program savings in the Conservation Commission and through increased revenues. Therefore, I amend my budget recommendation to use these funds to offset State General Fund operating expenditures in the FY 2002 in the budget of the Conservation Commission.

Commerce & Housing:	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ --
Federal Funds	(11,100)	--
EDIF	(40,100)	--
All Funds	(\$ 51,200)	\$ --

Board of Regents:	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ --
EDIF	--	(33,145)
All Funds	\$ --	(\$ 33,145)

Wildlife & Parks:	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ --
Federal Funds	--	500,000
EDIF	--	(500,000)
All Funds	\$ --	\$ --

Conservation Commission:	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	(\$ 250,000)
Water Plan Fund	--	250,000
All Funds	\$ --	\$ --

Health Care Stabilization Fund

5. Salary Correction

A total of \$4,768 from the Health Care Stabilization Fund was not included in the budget of the Health Care Stabilization Board of Governors because of an error in the calculation of salaries and wages. This correction to my original recommendations will add the proper amount to the agency's budget.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>4,768</u>
All Funds	\$ --	\$ 4,768

Banking Department

6. Shrinkage Correction

Totals of \$24,485 and \$24,948 were inadvertently left out of the Office of the State Bank Commissioner's budget recommendation for FY 2002 and FY 2003 when the shrinkage rate for the Division of Banking was calculated. This correction to my original recommendations will add these amounts to the agency's budget.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>24,485</u>
All Funds	\$ --	\$ 24,485

Legislative Division of Post Audit

7. Statewide Financial Compliance Audit

The Post Audit Division bids the statewide financial compliance audit every three years. The agency, which received bids in late December 2000 now indicates that the contract work will cost \$48,000 less than originally estimated. As a result, I recommend removing this amount from the agency's FY 2002 budget.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	(\$ 48,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	(\$ 48,000)

operating expenditures. The Department states that, with the additional resources, it could also collect \$17.0 million in increased revenues each fiscal year from 2002-2005. The total increase in revenues for FY 2002, therefore, will be approximately \$40.0 million.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ 2,971,382
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 2,971,382

Department of Administration

11. Architectural Services Operating Expenditures

The Division of Architectural Services is anticipating a shortfall of revenue to the Architectural Services Recovery Fund. This fund finances a significant portion of the Division's operating budget and depends on revenue primarily from two sources: a 1.0 percent fee on state capital improvement projects for which the Division provides project management services and a 6.0 percent fee for architectural design services provided to state agencies on their capital projects. The revenue shortfall, estimated to be \$528,466 over FY 2001 and FY 2002, has occurred because a number of projects have been delayed or cancelled. After re-examining its budget and determining that some expenditures can be delayed or eliminated, the shortfall can be reduced to \$170,000.

I amend my budget to close this gap through two steps. First will be to increase the fee charged for architectural design services from 6.0 to 8.0 percent, which will raise approximately \$120,000. The second will be to shift the funding for payment of a \$50,000 tort claim from the Architectural Services Recovery Fund, where it currently is under the Governor's recommendation, to the Construction Defects Recovery Fund. The funds will be transferred from the Construction Defects Recovery Fund to the Architectural Services Recovery Fund and spent out of the latter fund, which already includes the necessary expenditure authority.

12. Bonding Authority for Improvements to State Facilities

I amend my budget to grant \$8.95 million in bonding authority for the following capital improvements: Capitol complex consolidation (Landon State Office Building "backfill"), Capitol complex steam system upgrades, Social and Rehabilitation Services Staff Development and Training Center (Brigham Building at the State Complex—West), Department of Health and Environment lab remodeling (Forbes Building #740), and Kansas Services for the Blind housing (Woodward Building at the State Complex—West). With the exception of the Capitol complex steam system upgrades, all of these projects have been initiated since the Department submitted its budget last fall. Portions of the Capitol complex steam system upgrade are proposed to be bonded, instead of financed with cash, as in my original recommendation. This will improve the cashflow of the State Buildings Operating Fund, the source of financing for these projects. The following is a summary listing of the projects followed by a brief description.

The following is suggested proviso language to carry out the intent of this amendment:

() In addition to the other purposes for which expenditures may be made by the above agency from the state buildings operating fund for fiscal year 2002, as authorized by subsection (j) of section 62 of 2001 Senate Bill No. 57, expenditures may be made by the above agency from the following capital improvement account or accounts of the state buildings operating fund during fiscal year 2002 for the following capital improvement project or projects, subject to the expenditure limitations prescribed therefor:

Capitol complex improvements—debt service..... No limit

Provided, That the department of administration may make expenditures from the department of administration capital improvement bond projects fund for capital improvements projects for landon state office building, an SRS training facility and housing for Kansas services for the blind at the former Topeka state hospital grounds, Kansas department of health and environment facilities at forbes field, and the capitol complex steam system: *Provided, however*, That expenditures from this fund for such capital improvement projects and related administrative costs, including design and planning, moving expenses, lost rents, first year rent differentials and other expenses associated with the capital improvements, shall not exceed \$8,950,000 plus all amounts required for the cost of bond issuance, cost of interest on the bonds issued for such capital improvement projects during the construction of such projects and any required reserves for the payment of principal and interest on the bonds. *Provided further*, That such capital improvement projects are hereby approved for the department of administration for the purposes of subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of bonds by the Kansas development finance authority: *And provided further*, That all monies received from the issuance of any such bonds shall be deposited in the state treasury to the credit of this fund, *And provided further*, That notwithstanding K.S.A. 75-1253 and 75-5804 and amendments thereto, architectural and engineering services for such projects may be performed by agency architects and engineers.

Judiciary

13. Salary Costs

I amend my budget to finance operating expenditures of \$300,000 from the State General Fund in FY 2001 so that the Judiciary can cover salary expenditures in the current fiscal year. Because of the success of the Nonjudicial Salary Initiative, which was implemented in July 2000, the Judiciary has been able to lower turnover rates and attract qualified individuals for previously vacant positions. For that reason, actual turnover to date has been less than originally projected and the Judiciary now needs \$300,000.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ 300,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 300,000	\$ --

source and are held by employees receiving all of the benefits of state service, including health insurance and retirement benefits. This conversion requires no additional expenditures.

*House
RD*

17. Children’s Cabinet Fund

A total of \$500,000 from the Children’s Initiatives Fund was not included in the reported expenditures for the Children’s Cabinet accountability and evaluation research. My original budget recommendation intended for \$750,000 from the Children’s Initiatives Fund to be used for accountability research, but only \$250,000 was included in the Children’s Cabinet budget. This correction will add \$500,000 from the Children’s Initiatives Fund to the Children’s Cabinet so that the budgeted amounts will match my intent.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>500,000</u>
All Funds	\$ --	\$ 500,000

Larned State Hospital

18. Off Budget FTE Omitted

Larned State Hospital’s FTE limitation for both FY 2001 and FY 2002 was understated by 3.0 positions in my original recommendations. The FTE correction has no effect on the agency’s recommended expenditures; funding for these positions was included in the recommended budget.

Department of Health & Environment

19. Conversion of Unclassified Positions to Classified Positions

I amend my budget in both FY 2001 and FY 2002 to convert 141.0 other unclassified positions to FTE positions. The Department of Health and Environment indicates the majority of these positions have been in existence for three years, are funded from sources anticipated to exist for at least five years, and perform work that is ongoing and not short-term in nature. Because these unclassified positions were increased in February to match the wages of their classified counterparts, the conversion of these positions will not require additional funding.

Commission on Veterans’ Affairs

20. “No Limit” Budget Authority for Two Funds

I amend my budget to make the Soldiers’ Home Fee Fund and the Soldiers’ Home Outpatient Clinic Fund “no limit” funds for FY 2001 and FY 2002. This amendment will enable

Board of Regents

24. Additional Operating Expenditures

I amend my budget to provide the Regents universities with additional State General Fund dollars for operating expenditures in FY 2002. It is my intent that the individual universities receive the following:

University of Kansas	\$1,551,129
KU Medical Center	817,246
Kansas State University	945,741
KSU Veterinary Medical Center	110,403
KSU Extension Systems and Agriculture Research Center	355,559
Wichita State University	562,186
Emporia State University	240,309
Fort Hays State University	480,487
Pittsburg State University	<u>451,316</u>
Total	\$5,514,376

	FY 2001	FY 2002
State General Fund	\$ --	\$ 5,514,376
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 5,514,376

25. Technology Equipment

I amend my budget to provide the Regents universities with additional State General Fund dollars for technology equipment in FY 2002. This will continue the 2-for-1 match of State General Fund and student fees. It is my intent that the individual universities receive the following:

University of Kansas	\$1,268,168
KU Medical Center	106,616
Kansas State University	1,022,082
KSU Veterinary Medical Center	24,750
KSU Extension Systems and Agriculture Research Center	--
Wichita State University	592,574
Emporia State University	272,030
Fort Hays State University	266,000
Pittsburg State University	<u>320,000</u>
Total	\$3,872,220

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ 339,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 339,000

Kansas State University

30. Funding Adjustment

I amend my budget to add \$1,028,844 for Kansas State University. Because of a series of misunderstandings related to the amount of tuition available for FY 2002 expenditures, my recommended State General Fund appropriation for the University is understated by this amount. Therefore, an increase in the appropriation is required to fund the University in a manner that will be consistent with other Regents institutions.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ 1,028,844
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 1,028,844

Historical Society

31. Unlimited Reappropriation Authority

I recommend that this agency be given unlimited reappropriation authority on its State General Fund Operating Expenditures account. Unforeseen turnover in staff in the second half of FY 2001 has resulted in budgetary savings that will help the Society manage its operating budget for FY 2002.

Arts Commission

32. Program Funding Correction

I amend my budget to restore \$16,615 from the State General Fund for Arts Programming and Challenge Grants in FY 2001. The agency reports that a transposition error during its budget development resulted in a loss of funds in this amount relative to the approved budget. My original recommendations reflect the accidental loss of funds. The agency indicates that the money is already spent, and, if these funds are not restored, it will have to cover the loss through reductions in operating expenditures.

Juvenile Justice Authority

35. JJIS FTE Position

I amend my budget to add 1.0 Microcomputer Support Technician III FTE position for FY 2002. This position will provide technical support for the Juvenile Justice Information System (JJIS) as the project is implemented and maintained. The position will serve as the primary contact for JJIS questions for detention centers, intake and assessment centers, juvenile intensive probation, and community case management agencies. No additional funding is needed.

36. Lapse Funds for Management Information System

I amend my budget to lapse \$75,000 and reappropriate \$842,259 from the agency's Management Information Systems State General Fund account. Because of delays in the Juvenile Justice Information System project, the agency has unexpended funds that need to be carried forward.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	(\$ 917,259)	\$ 842,259
All Other Funds	<u> --</u>	<u> --</u>
All Funds	(\$ 917,259)	\$ 842,259

Larned Juvenile Correctional Facility

37. Physical Plant FTE Position

I amend my budget to add 1.0 Physical Plant Supervisor II FTE position in FY 2002 for the replacement Juvenile Correctional Facility. This position will provide electronic, mechanical, and maintenance expertise while the construction is underway at Larned. Following completion of the project, the position will provide information and guidance to management regarding the physical plant, buildings, and engineering and serve as a liaison with the Larned State Hospital's engineering staff. I recommend that this position be financed from existing resources.

Fire Marshal

38. Hutchinson Gas Problem

I amend my budget to include \$200,000 from the Fire Marshal Fee Fund in FY 2001 to be used by the City of Hutchinson to identify and cap natural gas wells that are improperly plugged or closed. This money will be combined with \$500,000 from the Department of Commerce and Housing to assist the city with the natural gas eruptions and explosions that occurred there in January of this year. The expenditure authority was included in the regular

borrowing rate of 5.7 percent. The savings could be more if a lower interest rate is obtained. The estimated amount of the Patrol's budget to be applied to the payment of debt service in FY 2002 will be \$350,000. The following language is suggested to authorize issuance of the bonds.

() In addition to the other purposes for which expenditures may be made by the highway patrol from the moneys appropriated from the state general fund or from any special revenue fund for fiscal year 2002 as authorized by this or other appropriation act of the 2001 regular session of the legislature, expenditures shall be made by the highway patrol from moneys appropriated from the state general fund or from any special revenue fund for fiscal year 2002 to provide for the issuance of bonds by the Kansas development finance authority in accordance with K.S.A. 74-8905 and amendments thereto to finance a capital improvement project to acquire the Topeka fleet operations center; *Provided*, That such capital improvement project is hereby approved for the highway patrol for the purposes of subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of bonds by the Kansas development finance authority in accordance with that statute: *Provided further*, That the highway patrol any make expenditures from the moneys received from the issuance of any such bonds for such capital improvement project shall not exceed \$7,000,000, plus all amounts required for costs of bond issuance, costs of interest on the bonds issued for such capital improvement project during the construction of such project and any required reserves for the payment of principal and interest on the bonds: *And provided further*, That all moneys received from the issuance of any such bonds shall be deposited and accounted for as prescribed by applicable bond covenants: *And provided further*, That debt service for any such bonds for such capital improvement project shall be financed by appropriations from the state general fund or any appropriate special revenue fund or funds.

Adjutant General's Department

42. New Federal Grant

I amend my budget to establish a new fund in FY 2001 for a \$10,000 federal grant for the purpose of supporting the safe transportation of radioactive materials through Kansas. The Division of Emergency Management, in conjunction with the Department of Health and Environment, will use this grant to furnish training to all first responders along the rail route. The grant will also be used to support staffing for the State Emergency Operation Center on a 24-hour basis during the rail shipment.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>10,000</u>	<u>--</u>
All Funds	\$ 10,000	\$ --

43. Debt Service Payment on Armory Bonds

I amend my budget to finance a debt service payment on armory bonds in FY 2002 with \$195,000 from the State General Fund. The Adjutant General's Department was authorized by the 2000 Legislative Session to issue bonds for capital improvements to the state's armories. The agency states that it is unable to cover the debt service payment within its authorized budget.

be provided by the Department's Road Access and Development Fund. Finally, the \$102,050 for administration will be leveraged with existing financing that is recommended currently for the Department's Parks Program. No additional staff will be required.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,131,159</u>
All Funds	\$ --	\$ 1,131,159