

Approved: January 3, 2002 by letter
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Steve Morris at 9:20 a.m. on April 17, 2001, for the purpose of consideration of the 2001 Omnibus bill in Room 123-S of the Capitol. The meeting was continued on April 18, April 19 and April 20, 2001 as follows:

- April 17, 2001 - Convened at 9:20 a.m., Recessed at 11:30 a.m.
Reconvened at 1:40 p.m., Recessed at 4:45 p.m.
- April 18, 2001 - Reconvened at 9:10 a.m., Recessed at 11:55 a.m.
Reconvened at 1:40 p.m., Recessed at 5:05 p.m.
- April 19, 2001 - Reconvened at 9:15 a.m., Recessed at 12:05 p.m.
Reconvened at 2:10 p.m., Recessed at 5:35 p.m.
- April 20, 2001 - Reconvened at 9:20 a.m., Recessed at 12:00 noon
Reconvened at 1:30 p.m., Adjourned at 6:30 p.m.

All members were present except: Senator David Adkins - Excused on April 19
Senator Christine Downey - Excused on April 19

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department
Robert Chapman, Kansas Legislative Research Department
Rae Anne Davis, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Amy Kramer, Kansas Legislative Research Department
Stuart Little, Kansas Legislative Research Department
Amory Lovin, Kansas Legislative Research Department
Audrey Nogle, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Leah Robinson, Kansas Legislative Research Department
Tom Severn, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Robert Waller, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Assistant Revisor of Statutes
Julie Weber, Administrative Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee for presentations or to respond to questions:

Stephen Richards, Secretary, Department of Revenue
Jim Conant, Department of Revenue
Clark Duffy, Kansas Water Office
Janet Schalansky, Secretary, Department of Social and Rehabilitation Services
General Jonathan Small, Office of Kansas Adjutant General
Kyle Smith, Kansas Bureau of Investigation
Bobbi Mariani, Director of Personnel Services, Department of Administration
Trudy Racine, Department of Social and Rehabilitation Services
Dave Wilson, Kansas Arts Commission
Charles E. Simmons, Secretary, Department of Corrections
Jan Brasher, Kansas Sentencing Commission
Max Foster, Department of Agriculture
Tracy Diel, Racing and Gaming Commission
Jim Frazier, Assistant Commissioner, Juvenile Justice Authority

Kansas Adjutant General Gregory Gardner
Don Carlson, Kansas Department of Health and Environment
Tom Day, Kansas Corporation Commission
Dr. Kim Wilcox, Kansas Board of Regents
Duane Goossen, Director, Division of the Budget
Shannon Jones, SILCK
Connie Hubbell, Secretary, Department on Aging

Others attending: See attached guest lists

Chairman Morris mentioned that the meeting would begin with briefings by staff. The following information was distributed to the Committee:

- Conference Committee Recommendations on FY 2001 and FY 2001 Appropriations ([Attachment 1](#))
- State General Fund Profile, FY 2000 - FY 2005 ([Attachment 2](#))
- Children's Initiatives Fund, FY 2001 and FY 2002, (Tobacco) ([Attachment 3](#))
- Economic Development Initiatives Fund, FY 2001 and FY 2002 ([Attachment 4](#))
- State Water Plan Fund, FY 2001 and FY 2002 ([Attachment 5](#))
- Potential State Budget Adjustments, Senate Ways and Means, dated April 16, 2001 ([Attachment 6](#))
- Memorandum dated April 9, 2001, to Joe Fund, Kansas Department of Health & Environment, from Karl W. Mueldener, Director, Board of Water, et. al., regarding Budget Questions-Public Water Supply ([Attachment 7](#))
- Memorandum dated March 29, 2001, to Jim Murphy, Kansas Department of Health & Environment, from Sharon Patnode, regarding Update on Lee Ann Britain Infant Development Center issues ([Attachment 8](#))
- Items for Omnibus Consideration, dated April 16, 2001 ([Attachment 9](#))
- Kansas Department of Revenue Proposed Management Plan for Accounts Receivable, Stephen S. Richards, Secretary, Kansas Department of Revenue ([Attachment 10](#))
- Potential State Budget Adjustments As Proposed by Chairperson Steve Morris ([Attachment 11](#))
- Items for Omnibus Consideration (Senate Committee Recommendations) ([Attachment 12](#))
- Memorandum from Terry Presta, PMCA Legislative Chairman, dated April 16, 2001, regarding Funding for Education ([Attachment 13](#))

Chairman Morris mentioned that he had asked Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department, to prepare suggestions that he had titled, "Potential State Budget Adjustments As Proposed by Chairperson Steve Morris" ([Attachment 14](#)) and presented the list to the Committee. The Chairman explained his rationale regarding these suggestions and noted that he would try to begin with the Economic Development Initiatives Fund and the Children's Initiatives Fund before getting to the Omnibus items. Chairman Morris mentioned that he was open to any ideas or suggestions regarding the current situation. Committee questions and discussion followed.

The Chairman turned the Committee's attention to discussion of the Economic Development Initiatives Fund (EDIF) and a briefing by staff (refer to the EDIF Profile, Attachment 4). Regarding **SB 57**, the Chairman noted that the House took items funded through the EDIF out of their budget bill and the Senate agreed to defer those items to Omnibus consideration.

The Chairman turned the Committee's attention to discussion of the Children's Initiatives Fund (Tobacco) and a briefing by staff (refer to the Children's Initiatives Fund Profile, Attachment 3). Committee discussion followed.

The Chairman turned the Committee's attention to discussion of the State Water Fund and a briefing by staff (refer to the State Water Plan Profile, see Attachment 5). Chairman Morris mentioned that representative of the State Water Office would be asked to come to the meeting to address questions from the Committee. (4-17-01)

The Committee began the Omnibus consideration on the afternoon of April 17, 2001. The

Chairman suggested that, as the items are considered, the Committee take tentative action by consensus and if there is controversy, a vote can be taken.

Chairman Morris welcomed Stephen R. Richards, Secretary, Kansas Department of Revenue (refer to Attachment 10). Secretary Richards spoke regarding the Kansas Department of Revenue Proposed Management Plan for Accounts Receivable. Questions and discussion followed. Chairman Morris asked for information regarding a window of time for tax amnesty and thanked Secretary Richards for appearing before the Committee.

On Wednesday, April 18, 2001, the minutes of the Senate Ways and Means Committee meetings were distributed to the Committee for review/approval as follows:

January 23, 2001	February 16, 2001
February 7, 2001	February 19, 2001
February 8, 2001	February 20, 2001
February 9, 2001	February 21, 2001
February 12, 2001	February 22, 2001
February 13, 2001	February 27, 2001
February 15, 2001	February 28, 2001

The Chairman noted that the minutes would be approved later in the meeting.

The following information was distributed to the Committee on April 18, 2001:

- State Water Plan Fund, FY 2001 ([Attachment 15](#))
- Budget Items Deferred for Omnibus Session, from Connie Hubbell, Secretary, Kansas Department on Aging, April 16, 2001 ([Attachment 16](#))
- Kansas Department of Social and Rehabilitation Services, Janet Schalansky, Secretary, Information Requested for the Omnibus Session by the House Appropriations Committee and the Senate Ways and Means Committee, April 17, 2001 ([Attachment 17](#))
- A New Joint Use Facility for Pittsburg State University, Kansas Army National Armory/Classroom/Student Recreation Center ([Attachment 18](#))
- Letter addressed to Senator Steve Morris from Dan Stanley, Secretary of Administration, dated April 12, 2001, regarding a requested proviso in the Omnibus bill relating to **HB 2323** ([Attachment 19](#))

Chairman Morris welcomed Clark Duffy, Kansas Water Office, who responded to questions from the Committee and further discussion followed. (Refer to spreadsheet, Attachment 15.)

The following information was distributed to the Committee on April 19, 2001:

- Letter from the Office of the Governor, dated April 18, 2001, addressed to Senator Steve Morris, Chairman, Senate Ways and Means Committee and Representative Kenny Wilk, Chairman, House Appropriations Committee, regarding the Governor's Budget Amendments ([Attachment 20](#))
- Letter addressed to the Senate Ways and Means Committee, dated March 22, 2001, from Kathy Porter, Office of Judicial Administration, regarding Child Support Issue ([Attachment 21](#))
- Memorandum addressed to Senate President Kerr, dated April 17, 2001, from Janet Schalansky, Secretary, Department of Social and Rehabilitation Services, regarding the SRS Agreement with the Office of Judicial Administration ([Attachment 22](#))
- Memorandum addressed to the Senate Ways and Means Committee, dated April 19, 2001, from Tracy Streeter, Executive Director, State Conservation Commission, regarding potential reduction in the State Water Plan Fund ([Attachment 23](#))
- Memorandum addressed to Representative Kenny Wilk, Chairman, House Appropriations Committee, dated April 19, 2001, from Stephen R. Richards, Secretary, Department of Revenue, regarding the Kansas Department of Revenue-Acceleration of Tax Filing Frequency ([Attachment 24](#))
- Letter addressed to Senator Stephen Morris, dated April 13, 2001, from Ed Van Petten,

- Executive Director, Kansas Lottery (Attachment 25)
- Memorandum addressed to Senator David Adkins, Chairman, Public Safety Subcommittee, dated April 13, 2001, from Albert Murray, Commissioner, Juvenile Justice Authority, regarding response to Ways and Means Subcommittee report (Attachment 26)
- Copy of House of Representatives, proposed amendment regarding **HB 2557** (Attachment 27)
- Copy of Delineated from **SB 57** Conference Committee Language (Attachment 28)

On April 19, 2001, Chairman Morris called the Committee's attention to discussion of the minutes that were distributed at the beginning of the April 18, 2001, meeting as follows:

January 23, 2001	February 16, 2001
February 7, 2001	February 19, 2001
February 8, 2001	February 20, 2001
February 9, 2001	February 21, 2001
February 12, 2001	February 22, 2001
February 13, 2001	February 27, 2001
February 15, 2001	February 28, 2001

Senator Schodorf moved, with a second by Senator Jackson, to approve the minutes of the Senate Ways and Means Committee meetings as listed above. Motion carried by a voice vote.

The following information was distributed to the Committee on April 20, 2001:

- EDIF FY 2001 and FY 2002 (Attachment 29)
- FY 2002 Children's Initiatives Fund (Tobacco) Proposed Senate Committee Adjustments (Attachment 30)
- Letter addressed to Senator Kerr, Representative Glasscock, Senator Morris and Representative Wilk, dated March 22, 2001, from Clay Blair, Jack Wempe and Kim Wilcox, regarding Research Construction Initiative (Attachment 31)
- Kansas Board of Regents, FY 2002, Capital Improvement Requests and Five-Year Plans, dated July 1, 2000 (Attachment 32)
- Funding Adjustment, GBA No. 30 regarding Kansas State University, by Duane Goossen, Director, Division of the Budget (Attachment 33)
- Kansas Department of Social and Rehabilitation Services, Janet Schalansky, Secretary, dated April 20, 2001, regarding Follow-up Information Requested by the Senate Ways and Means Committee on April 18, 2001 (Attachment 34)
- Proviso Language regarding Credit Card Fee Authorization and Credit Card Acceptance Program (Attachment 35)
- Letter dated April 19, 2001, addressed to Senator Stephen Morris, from Janis DeBoer, Deputy Secretary, Kansas Department on Aging (Attachment 36)
- FY 2001 and FY 2002 Children's Initiatives Fund (Tobacco) (Attachment 37)
- FY 2002 Children's Initiatives Fund (Tobacco) (Attachment 38)
- Governor's Revised Plan for State Water (Attachment 39)
- Letter dated April 19, 2001, and addressed to the members of the Senate Ways and Means Committee, regarding proposed changes to the Department on Aging budget, from Debra Zehr, Vice President, Kansas Association of Homes and Services for the Aging (Attachment 40)

On April 20, 2001, the Committee began discussion of the reconciliation of the Economic Development Initiatives Fund and the Children's Initiatives Fund.

Regarding the Children's Initiatives Fund, Senator Kerr explained a proposal he presented which changes one principle in that some of the monies will be used to supplant existing State General Funds dollars, but still concentrates largely on children's programs. (Refer to Attachment 30.) Detailed committee questions and discussion followed.

Senator Kerr moved, with a second by Senator Jackson, to reduce \$200,000 of the

Healthwave funding and increase \$200,000 of the Children's Cabinet Accountability Fund. Motion carried by a show of hands.

Chairman Morris explained and distributed copies of the Proposed Budget Adjustments by Chairman Steve Morris for the Committee to review before discussion of these proposed adjustments later in the afternoon (Attachment 41).

Senator Kerr distributed and explained a proposal regarding Research Construction Initiative (refer to Attachment 31) that would help the Regents in the long term and would not cost the State short term money. Committee questions and discussion followed. Senator Kerr withdrew his proposal.

Dated January 7, 2002
ITEMS FOR OMNIBUS CONSIDERATION
KANSAS LEGISLATIVE RESEARCH DEPARTMENT
Memorandum (Refer to Attachment 9)

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.

The Committee agreed to delay action on all items funded through the Economic Development Initiatives Fund.

Department of Commerce and Housing

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.

The Committee directed the agency to absorb the associated costs.

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, 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.

The Committee added \$50,000 State General Fund (with the stipulation that repayment occur by the end of FY 2003), \$170,528 All Funds and 1.5 FTE. The Committee also authorized a "no limit" expenditure for the fee fund.

The Committee concurred with this item.

Department of Health and Environment

A. Children's Initiatives Fund (SB 57 Conference Committee). The Conference Committee recommended the deletion of all funding recommended by the Governor in FY 2002 from the Children's Initiatives Fund pending further review. The reduction totals \$750,000, including \$250,000 for Healthy Start and \$500,000 for Infant Toddler.

The Committee agreed to delay action on all items funded through the Children's Initiatives Fund.

B. Smoking Prevention Matching Grant from the American Legacy Foundation (House Budget Committee). The House Budget Committee recommended that the Department and the Children's Cabinet review whether the Governor's recommendation to fold tobacco use prevention dollars from the Children's Initiatives Fund in to the Kansas Smart Start program in FY 2002 would allow the state to be eligible for the dollar for dollar match for youth tobacco prevention programs provided by the American Legacy Foundation (a national public health foundation committed to decreasing the use of tobacco by Americans funded through the tobacco settlement master agreement). At the time this memorandum was prepared, the American Legacy Foundation had not provided a definitive answer. Prior to deleting all funding from the Children's Initiatives Fund, pending review at Omnibus, the Senate Committee recommended shifting \$875,000 from the Children's Cabinet Kansas Smart Start program to the Department of Health and Environment for tobacco use prevention activities aimed at youth in order to draw down \$875,000 from the American Legacy Foundation.

The Committee concurred to wait to see if the American Legacy Foundation would match these dollars if they were in Smart Start, or not. This information should be available on Wednesday, April 18, 2001.

C. Public Water Systems – Request For Information (House Budget Committee). The House Budget Committee requested information regarding the cause of the decrease in compliance with the federal Safe Drinking Water Act from 85 percent to 75 percent and how much of this decrease is the result of changed federal standards; the exact number of systems which will be out of compliance and the cost of bringing these systems into compliance; and a list of systems which the Department expects to address through the revolving loan program for upgrading in the next five years.

According to the Department, the decrease in compliance has resulted from a combination of increased requirements for treatment and monitoring combined with decreased staff in the Bureau of Water to oversee such requirements. The Environmental Protection Agency has adopted regulations requiring more stringent treatment of surface water by public water systems serving more than 10,000 population and this fall will adopt requirements for public water systems using surface water and serving populations less than 10,000. In addition, regulations controlling the amount of disinfectant by-products for water systems serving less than 10,000 have been adopted, reducing the level of allowable by-products. Only water systems serving a population of over 10,000 have had to control by-products before the new regulations. Further, regulations lowering allowable arsenic regulation levels in drinking 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.

Chairman Morris noted that the Committee does not need to take any action because it is an information item. (Refer to the Memorandum dated April 9,

2001, regarding Budget Questions-Public Water Supply, Attachment 5.)

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 funding is needed to implement **HB 2500** which was introduced by the House Committee. The bill 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.

The Committee concurred to add a proviso to use fees for grocery store inspections.

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 Ways and Means 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 the amount to be distributed through 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 Ways and Means Committee and referred to the Senate Committee on Assessment and Taxation. Prior to first adjournment, no action had been taken on the bill.

*The Committee took no action on this item at this time. Senator Morris noted that currently **SB 345** is lying dormant.*

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 above agencies have met several times to discuss how to best report such data.

The Committee took no action on this item at this time.

G. Infant Toddler Regulations – Request for Information (Senate Subcommittee). The Senate Subcommittee expressed concern that the Department's interpretation of the Infant Toddler program regulations appears to be too restrictive in 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.

The Department reports that it has contacted such centers and advised that because federal rules require that local networks develop policies and procedures that work best for each community, discussion with the local interagency coordinating councils should be the first step taken. KDHE has provided copies of the correspondence with such centers and reports that discussions are currently underway to resolve the situation.

Senator Adkins referred to the letter dated March 29, 2001, received from the Kansas Department of Health and Environment regarding an update on Lee Ann Britain Infant Development Center issues. (Refer to Attachment 8.) Senator Adkins noted that a very clear roadmap was given to them and feels that progress is being made.

The Committee took no action on this item at this time.

H. Substitute for SB 204 (Law). Sub. for **SB 204** requires the Department to review all stream segments listed in the 1999 Kansas Surface Water Register to determine which streams should become classified stream segments. If a stream segment becomes classified then the Department would be required to make a determination as to the stream's designated uses. All current stream classifications would remain in effect until December 31, 2005 or until changed through the review process.

The Department indicates it would require approximately \$475,000 in FY 2002, including \$275,000 from the State General Fund and \$200,000 in federal grants from the Environmental Protection Agency (EPA). Included in the estimated State General Fund expenditures would be \$125,000 for the United States Geological Survey to collect median flow data on stream segments and perform flow calculations, \$100,000 for a consultant to develop research models to determine if the classification of a stream segments outweighs the social or economic costs to the state, and \$50,000 for a consultant and 1.0 FTE position to update and maintain the stream registry system for public and private access. Federal grants from the EPA would be used to hire 2.0 unclassified temporary position to complete use attainability analysis of stream segments and fund travel and equipment expenditures.

The Committee agreed to put a hold on this item and requested further information from the agency.

Staff mentioned that the Department has submitted a revised fiscal note.

The Committee concurred with this item.

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, 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 expenditures 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.

The Committee agreed to reduce the agency's budget by \$123,730.

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.

The Committee concurred with this item.

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.

The Committee directed the agency to absorb the cost.

GBA No. 19, Page 11--Conversion of Unclassified Positions to Classified Positions

The Committee concurred with this item.

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 with 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 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.

Senator Kerr moved, with a second by Senator Schodorf, to authorize the addition of 75.0 FTE positions with the expectation of an additional \$45 million in

receipts and to have the Secretary of the Department of Revenue report to both the Senate Ways and Means Committee and House Appropriations Committee during the 2002 Legislative Session with a time table regarding the collection status of the old debt. Motion carried by a voice vote.

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 shortfall 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 Committee took no action on this item.

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 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.)

The Committee concurred to recommend the introduction of legislation to accelerate the severance tax assessment date from 60 days to 30 days. The Committee took no action on the other two items.

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 K.S.A. 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 K.S.A. 2000 Supp. 8-135 or K.S.A. 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.

The Committee concurred to instruct the Revisor to draft a bill for a \$1.00 fee to extend for two years to generate \$9 million annually.

GBA No. 10, Page 6--Increase Compliance Activities

The Committee concurred with this item.

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 moratorium on employer contributions 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)	Estimated
	FY 2001	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.

The Committee concurred to keep a hold on this item and keep it on the list. Staff mentioned that a letter was being drafted by the KPERS Board regarding the moratorium and should be delivered on Monday, April 23, 2001.

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, 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.

The Committee came to a consensus to put a hold on this item until April 20, 2001.

GBA No. 8, Page 6--KPERS Financial Audit

The Committee concurred to keep \$50,000.

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)**

	<u>Approved FY 2001</u>	<u>Approved FY 2002</u>
Lottery	\$ 64.460	\$ 60.000
State Racing	<u>0.326</u>	<u>0.327</u>
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.

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	<u>0.326</u>	<u>0.327</u>
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.

The Committee took no action on this item.

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 difference is the problem that the Kansas Lottery requests to be corrected. K.S.A. 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.

GBA No. 3, Page 4--Transfer Language on Gaming Revenues Fund

The Committee concurred with this item.

Kansas Racing and Gaming Commission

A. Omnibus Review Item – Unanticipated FY 2001 SGF Expense (House and Senate Committee). Both House and Senate Committees recommended review during the Omnibus period of a suggested Governor's Budget Amendment for an expense totaling approximately \$25,000 to \$30,000 that should be paid from the State General Fund (SGF) due to an adverse arbitration decision. Costs for arbitration were apportioned after a decision was reached, and in this case, all of the costs were assessed against the State Gaming Agency. During legislative budget review, concern was expressed about spending money from the Tribal Gaming Fund since one of the tribes prevailed in the arbitration involving an alcohol beverage matter at a casino. This agency does not have a SGF appropriation since this agency budget as recommended by the Governor is exclusively fee funded in FY 2001. Since this legislative recommendation was made, the agency has paid the three arbitrators for most of their billed expenses and no Governor's Budget Amendment was requested by the agency.

The Committee took no action on this item.

Department on Aging

A. Caseload Estimates. See Caseload Estimates under Department of Social and Rehabilitation Services.

Staff noted that under the nursing home budget, the caseload for the Department on Aging is static. All of the increases occur in SRS.

B. Omnibus Review Items

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.

2. Follow up changing the 85 percent occupancy rule for nursing facilities – FY 2002 (House Budget Committee). The Budget Committee was informed that the 85 percent occupancy rule for nursing facilities participating in the Medicaid program may cause problems for nursing facilities in the future. The committee directs the agency to calculate the cost of three proposals to address this issue prior to the Omnibus Session. The agency is to examine what it would cost to change the rule to the statewide average occupancy rate for the previous year less 10 percent; the statewide average occupancy rate for the previous year less 5 percent; and applying the 85 percent only to fixed costs of the nursing facilities.

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.

The Committee concurred to put a hold on this item for staff to do additional research regarding Delayed Medicaid Payments.

*Staff responded that they were unable to contact any providers, but were able to contact the Insurance Department and the National Association of Insurance Commissioners regarding the Delayed Medicaid Payments. Their response was that 2000 **SB 600** gives the insurance companies 30 days to pay the claim after all disputes are settled. It appears that Medicaid is paying faster than commercial insurance companies. Staff is continuing to follow up on this subject.*

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
Medical Assistance	All Funds	\$ 708,500,000	\$ 730,000,000	\$ 21,500,000
	SGF	240,078,004	249,766,507	9,688,503
Adult Care Homes				
Nursing Facilities (KDOA)	All Funds	\$ 309,228,000	\$ 309,228,000	\$ 0
	SGF	123,343,319	123,343,319	0
Nursing Facilities-Mental Health	All Funds	14,300,000*	14,300,000	0
	SGF	10,317,696	10,317,696	0
Foster Care Contracts	All Funds	\$ 85,500,000	\$ 90,700,000	\$ 5,200,000
	SGF	29,406,486	34,645,283	5,238,797
Adoption Contracts	All Funds	\$ 27,000,000	\$ 27,000,000	\$ 0
	SGF	13,074,165	13,074,165	0

* In SB57, NF/MH's are funded at \$12,718,080 all funds, including \$9,029,837 which was the Governor's recommendation to close 100 beds.

The Committee recommended that an interim study of medical assistance costs be assigned to the Legislative Budget Committee.

Chairman Morris asked Secretary Schalansky to take a look at the state programs regarding caseloads to determine the impact of a 10 - 25 percent reduction.

B. Omnibus Review Items

1. Consider creating a state only AgrAbility Program – FY 2002 (Senate Subcommittee). The Senate Subcommittee heard testimony that Kansas State University had applied for a U.S. Department of Agriculture (USDA) grant to fund an AgrAbility Project. The federal grant funds can only be applied for by a land grant university. The Subcommittee recommended that consideration of a state only program would be reviewed at the Omnibus Session if Kansas State University was unsuccessful in obtaining a grant. The amount requested for the state only project was \$140,000 from the State General Fund.

The Committee took no action on this item.

2. Follow up on the Domestic Violence Prevention Services in the Salina and Garden City SRS Area Offices – FY 2002 (Senate Subcommittee). The Senate Subcommittee was informed during budget hearings that nine of the 11 area SRS offices

have an on-site domestic violence counselor/advocate functions providing individually tailored services, including safety planning, counseling, assistance with orders of protection, other legal advocacy and referrals, shelter referrals, and referrals for clothing, child care and housing, to individuals disclosing domestic violence and/or sexual assault. Currently these services are provided by contract with the Kansas Coalition Against Sexual and Domestic Violence. The Subcommittee recommended that during the Omnibus Session that consideration of adding funding (\$125,000 SGF) for the project to extend those services to all area offices.

The Committee concurred to hold this item and include it with discussion of the Children's Initiatives issues.

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.

The Committee recommended the additional funds.

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 certain 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.

The Committee took no action on this item.

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.

The Committee took no action on this item.

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).

The Committee took no action on this item.

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.

The Committee decided to hold this item for further discussion. Janet Schalansky, Secretary, Department of Social and Rehabilitation Services, offered to review current expenditures and report back to the Committee.

9. Follow up on the Department's 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.

The Committee took no action on this item.

10. Follow up on the Medicaid Pharmacy Program – FY 2002 (House Budget Committee). The House Budget Committee requested that the Department analyze the potential cost savings in changing the days supply allowed for maintenance drugs to a 60 or 90 day refill program in place of the current 34 day supply and report the findings back prior to the Omnibus Session.

The Committee took no action on this item.

11. Follow up on changing the Pre-Admission Screening and Annual Resident Review (PASARR) levels – FY 2002 (House Budget Committee). The House Budget Committee directed the agency to provide a fiscal analysis of changing the minimum PASARR levels to 30, 35, or 39 for any individuals coming into waiver services beginning July 1, 2001. The level is currently 26. The existing in service populations are to be

grandfathered into the new waiver. This information is to be reported back prior to the Omnibus Session.

The Committee took no action on this item.

12. Follow up on increased funding for the Home and Community Based Services for Head Injury Waiver Program – FY 2002 (House Budget Committee). The House Budget Committee heard testimony that individuals qualified for the HCBS/HI waiver program was experiencing on average a two-year wait before services could begin due to funding. The Budget Committee recommended that if additional funding becomes available, that serious consideration of providing additional funding for this program be given during the Omnibus Session.

The Committee recommended delaying this item for future discussion before adjournment.

The Committee requested information on waiting lists for both SRS and the Department on Aging as of this date and projections at six or twelve month intervals.

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.

The Committee recommended that this item be assigned to the SRS Oversight

Committee during the interim for further study.

GBA No. 14, Page 10--Medicaid Caseloads

Staff mentioned that this item is in Chairman Morris' proposals. The Committee concurred to hold this item.

GBA No. 15, Page 10--LIEAP Additional Federal Dollars

The Committee took no action on this item.

GBA No. 16, Page 10--FTE Conversion

The Committee concurred with this item.

Highway Patrol

A. Senate Substitute for House Bill 2034 (Conference). Senate Substitute for HB 2034 would establish a mechanism for the financing of emergency telephone service. Currently, when someone calls 911 using a wireless phone, no information is available to the dispatcher about the call or the caller. In 1996, the Federal Communications Commission (FCC) issued regulations which set up a two-phase process for implementing enhanced 911 for wireless service. Phase I requires wireless service providers to relay to the appropriate Public Service Answering Points (PSAP) the telephone number of a wireless handset originating a 911 call, as well as the location of the cell tower receiving the call. The FCC requires the wireless service provider to comply with Phase I requirements within six months after a PSAP makes a request for those services. Phase II requires wireless phone companies, by October 1, 2001, to provide the caller's location, in latitude and longitude, within 400 feet. This information will provide a more exact indication of the

caller's location. However, in both cases the wireless companies must provide the information only if the answering point requests it and is capable of receiving the information transmitted.

Under existing law, local governments may charge telephone subscribers up to \$0.75 per month for each phone line wired into a home or business. **HB 2034** would authorize a 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.
- Specified that no additional money beyond the surcharge could be collected from a subscriber's bill for emergency 911.
- Imposed a deadline of July 1, 2004 for deployment of Phase I and II of the enhanced 911 service as established by the FCC.

The bill also establishes an 11-member Wireless Enhanced 911 Advisory Board to advise the administrator. The membership of the board would include the following: one representative of local law enforcement; one representative of the Kansas Highway Patrol; one county official or county employee; one municipal official or municipal employee; two representatives from the state's wireless telecommunications industry; two managers of PSAPs; one representative of the state's local exchange telecommunications service industry; and two legislators from different political parties, appointed by the Legislative Coordinating Council. The board would be required to report to the Legislature regarding the status of implementation of the act in 2003 and 2005. The board would sunset on July 1, 2005.

The Division of the Budget estimates that a surcharge of \$0.50 per subscriber account would generate \$6,000,000 for the Wireless Enhanced 911 Fund in FY 2002. Included within that amount is \$314,884 to finance expenses incurred by the Highway Patrol for budgetary, purchasing, and management functions relating to the administrator, staff (4.0 FTE), and the enhanced wireless 911 advisory board.

The Committee authorized the agency to set up a no-limit fee fund and directed the agency to report to the House Appropriations and the Senate Ways and Means Committees during the 2002 Legislative Session regarding the status of administrative costs to run the program. (4-18-01)

B. Base Salary Increase (House Budget Committee). After receiving testimony from the agency, the House Budget Committee recommended an additional 5.0 percent increase for all sworn officers of the Highway Patrol (excluding Capital Area Security Police and Motor Carrier Inspector (MCI) I and II personnel), which brought the total recommended salary increase (for sworn personnel) to 10 percent in addition to the annualized 3.0 percent recommended for all state employees. **Senate Bill 57** (which contained FY 2002 appropriations), added a 3.0 percent base salary increase for

troopers positions (funded by existing resources) for the last six months of the fiscal year contingent on findings from a job rate and classification study being conducted by the Division of Personnel Services. That recommendation also excluded Capital Area Security Police officers, along with the Superintendent, Assistant Superintendent, and Motor Carrier Inspector I personnel. The House Budget Committee flagged the inclusion of Capital Area Security Officers for Omnibus consideration in the event that those individuals could be included in any additional base salary increase above the Governor's recommended 5.0 percent. Additionally, the House Budget Committee noted that \$56,560 (funded by existing resources) is necessary to fund a base salary increase of 5.0 percent.

The Committee took no action on this item.

GBA No. 40, Page 18--Motor Vehicle Transfer Fund

The Committee concurred with this item regarding the proviso.

GBA No. 41, Page 18--Debt Finance Fleet Operations Center

The Committee concurred with this item.

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.

Senator Feleciano moved, with a second by Senator Downey, to approve the utility budget increase for FY 2001 for the Adjutant General in the amount of \$261,000 SGF. Motion carried by a voice vote.

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.

The Committee recommended an interim study regarding tuition assistance for recruitment and retention of Kansas National Guard personnel be assigned to the Legislative Budget Committee.

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.

The Committee recommended the addition of \$4,990 SGF which had been eliminated from the Division of Emergency Management.

D. Additional positions (House Budget Committee). The House Budget Committee recommended Omnibus consideration of the agency's request for the addition of \$43,272 (\$14,424 from the State General Fund) to finance 2.0 other unclassified positions in FY 2002. The agency requests 1.0 Office specialist position to serve as the work group administrator, and 1.0 facility maintenance mechanic to assist in reducing the backlog of work orders. Both positions would be stationed at Forbes Field.

The Committee took no action on this item.

E. Operating Expenses (House Budget Committee). Due to reductions incurred by the passage of 2000 Senate Bill 39, the agency experienced a decrease in its FY 2000 administrative operating expenditures. The agency requests \$1,541 (from the State General Fund) in FY 2002 to restore a percentage of the funding eliminated during FY 2000. The agency states that eliminating this funding would prove detrimental to operation of the agency. The House Budget Committee noted this item for Omnibus consideration in the event that funding was available to finance any additional expenses.

The Committee took no action on this item.

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 for armory capital improvements, 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, 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.

The Committee recommended the addition of \$195,000 SGF for payment of debt

service.

GBA No. 42, Page 19--New Federal Grant

The Committee concurred with this item.

GBA No. 43, Page 19--Debt Service Payment on Armory Bonds

Chairman Morris reported that this item was taken care of earlier.

State Fire Marshal

A. Distribution of Funds from the Hazardous Material Emergency Fund (House Budget Committee and Senate Subcommittee). Senate Bill 57 (the 2001 regular session appropriations bill) established the Hazardous Material Emergency Fund to assist in financing hazardous material incident responses. The monies transferred into the fund from the State Fire Marshal Fee Fund would be accessible by the agency only with approval from the State Finance Council. However, during testimony, the agency did not have policies in place to govern the distribution of those funds. The House Budget Committee and the Senate Subcommittee requested that the agency provide more information on the plan at Omnibus. The agency proposes to establish response areas for chemical assessment teams and regional response teams for hazardous material emergency responses. The teams will be placed in strategic areas throughout the state, with those areas evaluated every two years by the State Fire Marshal to determine whether boundaries should be 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.

The Committee noted that the rules and regulations are still being written and this is an information item.

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.

The Committee concurred with this item to grant the agency the authority to expend funds up to \$25,000 without State Finance Council approval.

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.

The Committee concurred with this item. (4-18-01)

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 statute of limitations for any crime listed in KSA 21-3106 (2) (*i.e.*, persons convicted of sodomy, lewd and lascivious behavior, incest, abuse of a child, burglary, or aggravated burglary) to the current statute of limitations or one year from the date identity is established by DNA testing. Additionally, the House Committee included provisions from **HB 2075** which would allow the Kansas Bureau of Investigation (KBI) to fingerprint juveniles who commit assault. Under present law only juveniles who commit a class A or B person misdemeanor can be fingerprinted. Assault is a class C person misdemeanor. Also, the House Committee included provisions from **HB 2360** allowing a person who pleads no contest to a criminal charge to receive credit for time served for sentencing purposes.

Current law requires the collection of these specimens where the person is required to register under the Kansas Offender Registration Act. The bill also establishes a procedure for a person convicted of murder or rape to petition the court for DNA testing. The court may order DNA testing upon a determination that testing may produce evidence that the petitioner was wrongfully convicted or sentenced. The costs of the tests are to be paid by the state or the petitioner as the court may order. If the DNA testing is unfavorable to the petitioner, the court shall dismiss the petition and assess the cost of testing to the petitioner who is able to pay. If the test results are favorable to the petitioner, the court shall order a hearing and enter any order that serves the interests of justice.

The Kansas Bureau of Investigation states that passage of this bill would create the additional responsibility of collecting and examining DNA samples from convicted felons. The agency states that **SB 263** would be retroactive and would create a need to identify individuals who have been convicted of felonies in previous years who are currently under supervision. In order to process these additional samples, the agency would need a Laboratory Technician, at an approximate cost of \$34,000 each year. The agency indicates that \$659,000 (including \$159,000 from the State General Fund) would be necessary to finance costs associated with the collection of DNA samples. The agency also states that federal grants would be available for DNA testing through FY 2004, after which the State General Fund would have to cover all expenses if the federal grants are not reauthorized.

The agency informed the Committee that the position was no longer needed. Current personnel would be able to perform the tasks due to funding reductions in other areas.

B. Base Salary Increase (House Budget Committee and Senate Committee). Under the Governor's FY 2002 budget recommendation, base salary increases were

granted to certain public safety agencies, including the Department of Corrections, Juvenile Justice Authority, and the Kansas Highway Patrol. The Kansas Bureau of Investigation agents were not granted a base salary increase. During testimony, the agency stated that due to the inherent dangers faced by its agents, they should also be considered for an additional base salary increase. The House Budget Committee and Senate Subcommittee deferred this item for Omnibus consideration in the event that additional funding was available to finance a 5.0 percent base salary increase in FY 2002 for KBI agents (\$200,000 from the State General Fund).

Senator Adkins moved, with a second by Senator Downey, that the Kansas Bureau of Investigation and the Security Guards at Larned State Hospital be included in the salary enhancements for the Department of Corrections, Juvenile Justice Authority and the Highway Patrol. Motion failed.

Chairman Morris asked Bobbi Mariani, Director of Personnel Services, Department of Administration, if the KBI could be included in the study. Ms. Mariani explained that it could.

C. Restore operating costs for the Investigation Division (House Budget Committee). The agency stated that during the 2000 Legislative Session, State General Fund monies were supplanted with federal funds that could not be used to finance normal operating expenses. Although, \$235,763 (State General Fund) was added to correct this problem, the agency states that federal Marijuana Eradication funds were also used for 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.

The Committee did not adopt this item.

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.

The Committee did not adopt 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.

The Committee concurred with this item.

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 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.

The Committee concurred with this item.

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.

The Committee authorized the establishment of the no-limit fund with a proviso stating that the agency is to report to the 2002 Legislature on the balance, regulation and distribution of the fund.

B. Additional Positions (House Budget Committee). During testimony to the House Budget Committee, the agency in FY 2002 requested \$85,698 (from the State General Fund) and 2.0 FTE Staff Development Specialist positions. The request included the restoration of 1.0 FTE position (eliminated in 1993) and the addition of 1.0 FTE position to provide more technical assistance to ambulance services and attendants and to increase compliance monitoring programs in Northwest and Southwest Kansas. The House Budget Committee recommended Omnibus consideration of this item in the

event additional funds are available to finance the request.

The Committee did not adopt this item.

Kansas Department of Human Resources

A. Review Request for K DFA Bonds for Remodeling 427 SW Topeka (Senate Subcommittee). The Senate Subcommittee on Capital Improvements recommended Omnibus review of options for remodeling the building which holds the legal offices of the Department of Human Resources. The building is a two-story wood frame house with an attic and basement built in 1898 and purchased by Human Resources in 1979. A study recently completed estimates it will cost \$392,642 to perform necessary repairs and upgrades to the structure. The Subcommittee expressed concern about the expense and requested the agency to develop options by Omnibus. Subsequently, the agency has decided not to pursue this project during FY 2002.

The agency told the Committee that it 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.

The Committee did not adopt this item.

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.

The Committee did not adopt this item.

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.

The Committee did not adopt this item.

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.

The Committee recommended maintaining the current shrinkage rate.

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 program. The total planning dollars available to the State Veterans Cemeteries Program will be \$150,000 once the reimbursement from the VA is obtained. The appropriations bill contains language authorizing the program to use these funds.

The Committee took no action on this item.

F. Review the issue of hiring an additional Safety and Security Officer at the Kansas Soldiers Home (House Budget Committee). The Soldiers Home currently has one Safety and Security Officer who works four nights a week and one day shift per week. This position is also the Fire Safety coordinator and must check all fire alarms, extinguishers, etc., every week at the Soldiers Home. The new cemetery, which will be completed late in FY 2002 or early FY 2003, will have a storage facility with all of the heavy equipment needed for operation of the cemetery, this facility is located some distance from the Soldiers Home and they would like another Safety and Security Officer in FY 2002 to allow for night security every night, as well as additional day security. Salary and wages for this position would be \$24,445 (SGF).

The Committee did not adopt this item.

Behavioral Sciences Regulatory Board

A. Review Costs Associated with the Fee Boards Accepting Credit Cards (House Budget Committee). The House Budget Committee noted that all fee boards will be incurring fees for accepting credit cards in FY 2002 as mandated by **2000 Sub. for HB 2323**. The law allows agencies to charge the cost to the consumer, but two of the major credit card companies only allow this if all transactions are charged a fee, regardless of the method of payment if on-line payment is not available. The House Budget Committee recommended further review of this issue during Omnibus.

The Committee concurred to put a hold on this item until the Governor's Budget Amendment is released.

A proviso was submitted for review (refer to Attachment 35). The Committee took no action on this item.

Kansas State School for the Blind

A. Review Teacher Salary Equity Adjustment for KSSB (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 KSSB'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 KSSB have a higher number of contract days they are expected to work than teachers within the surrounding school districts. The school requested \$39,755 (SGF) as an enhancement for a 2.5 percent salary adjustment (including benefits) in FY 2002. In FY 1999, the school received \$60,614 (SGF) for a 3.0 percent increase. No salary equity increases were recommended in FY 2000 or FY 2001. According to the school, the lower salary makes it difficult to recruit teachers for KSSB.

The Committee took no action on this item.

GBA No. 23, Page 12--Abolish Federal Fund

The Committee concurred with this item.

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.

Senator Feleciano moved, with a second by Senator Schodorf, for increase for teachers for both the School for the Deaf by 1.25 percent and the School for the Blind by 1.0 percent.

Senator Adkins moved a substitute motion, with a second by Senator Jackson, to take no action on these items. Motion carried.

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).

The Committee did not adopt this item.

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.

The Committee concurred with this item.

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 and Training Center, it includes employees in Mental Retardation Trainee and Mental Retardation Technician I and II positions. The enhancement provides for the movement of Mental Health Trainees from Pay Grade 10 to 16 and Mental Health Aides and Licensed Mental Health Technicians I and II from respective Pay Grades 12, 16, and 17 to Pay Grade 18. It also provides for the movement of Mental Retardation Trainees at Kansas Neurological Institute from Pay Grade 10 to 18 and Mental Retardation Trainees at Parsons State Hospital and Training Center from Pay Grade 10 to 14. Licensed Mental Retardation Technicians I and II would be moved from respective Pay Grades 16 and 17 to Pay Grade 18. The following table shows the hourly wage increase for each of these positions at step 4.

Position	Current Hourly Wage	Hourly Wage with Enhancement	Difference
Mental Health Trainee	\$ 7.48	\$ 10.05	\$ 2.57
Mental Retardation Trainee (PSH&TC)	7.48	9.11	1.63
Mental Retardation Trainee (KNI)	7.48	11.07	3.59
Mental Health Aid	8.26	11.07	2.81
Licensed Mental Health Technician I	10.05	11.07	1.02
Licensed Mental Health Technician II	10.55	11.07	0.52
Licensed Mental Retardation Technician I	10.05	11.07	1.02
Licensed Mental Retardation Technician II	10.55	11.07	0.52

The enhancement is requested to assist in recruitment efforts for these positions, as well as to reduce turnover and increase the quality of candidates. Employees in similar entry level positions at the correctional facilities are paid \$3.07 more per hour compared to hospital direct care staff. With the implementation of the Governor's employee pay plan, the difference in pay between corrections staff and hospital staff will be \$3.38 per hour. The enhancement is requested in the psychiatric services programs at Osawatomie State Hospital and Rainbow Mental Health Facility and in the special security program at Larned State Hospital. At Kansas Neurological Institute and Parsons State Hospital and Training Center, the enhancement primarily affects employees in the habilitation and treatment programs.

The Committee did not adopt this item.

B. Psychotropic Medication Expenditures (Senate Subcommittee). The Senate Subcommittee recommended review of this enhancement request at Omnibus. A FY 2002 enhancement of \$247,472 from the State General Fund is requested for psychotropic medication expenditures. This includes a request of \$158,879 at Larned State Hospital and \$88,593 at Osawatomie State Hospital. The cost of these drugs are rising by 12 to 15 percent per year. The use of anti-psychotic medications has become a best practice in recent years, and these medications help reduce an individual's stay in a hospital. They also aid in the success rate of placing individuals in the community.

The Committee concurred to put a hold on this item.

Staff mentioned that the agency had responded to this item in a letter from Secretary Schalansky (refer to Attachment 34).

The Committee recommended the addition of \$123,736 SGF.

C. Utility Expenditures (House Budget Committee). The House Budget Committee recommended review of utility expenditures during Omnibus. According to the Department of Social and Rehabilitation Services, the hospitals have been attempting to find 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.

The Committee concurred to put a hold on this item and wait for the Governor's Budget Amendment.

The Committee did not adopt this item.

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

The Committee concurred to put this item on hold for more information by staff regarding Larned State Hospital.

The Committee recommended establishing a 3 percent teacher salary 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.

Institution	FY 2001 Change
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.

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>

The Committee recommended the addition of the funds.

State Library

A. Community Access Network Catalog – Children’s Initiatives Fund (SB 57 Conference Committee). The House recommended funding of \$70,000 in FY 2002 from the Children’s Initiatives Fund for the Community Access Network. The Community Access Network is a web-accessible information resource that highlights state and local community services for children and families. The Conference Committee deleted this funding reflecting the decision to defer consideration of items funded from the Children’s Initiatives Fund until Omnibus.

The Committee concurred to hold this item for the discussion regarding Children's Initiatives. (4-18-01)

The Committee recommended the addition of \$70,000 from the Children's Fund Initiatives. (4-20-01)

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).

The Committee did not adopt this item.

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.

The Committee recommended that the agency take a comprehensive look at this whole issue to come up with alternatives to consider and report back to the 2002 Legislation Session.

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.

The agency will be working on this issue, surveying other state agencies and the Committee suggested arranging a time to pick up a vehicle if outside of regular working hours such as the commercial rental car companies do.

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.

The Committee recommended including a proviso to prohibit any expenditures for the Performance Review Board notwithstanding the failure of the Legislature to statutorily eliminate the Board.

GBA No. 11, Page 7--Architectural Services Operating Expenditures

The Committee concurred with this item.

GBA No. 12, Page 7--Bonding Authority for Improvements to State Facilities

The Committee concurred with this item.

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.

The Committee concurred with this item with a proviso crediting reimbursements for administrative expenses to the fund.

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 \$50 million to \$100 million, while the Senate version of the bill increases the amount to \$55.0 million. The bill also increases the amount of state monies the PMIB can invest in legislatively mandated loans to 13.0 percent of state monies or \$120.0 million, whichever is less. Under current law, such loans are limited to the lesser of 13.0 percent of state monies or \$80.0 million. The fiscal note submitted on the bill as introduced indicated that the State Treasurer required \$65,000 from the State General Fund and 1.0 FTE position in FY 2002 to implement the bill.

The Committee took no action on this item.

C. Demand Transfers (Senate Committee). The Senate Committee recommended that funding for the Local Ad Valorem Tax Reduction Fund (LAVTRF) and the County and City Revenue Sharing Fund (CCRSF) be reviewed at Omnibus. The approved FY 2002 budget concurred with the Governor's recommendation that the two transfers be allowed to return to the level of funding provided in FY 2000, or \$94.8 million, an increase of \$6.2 million (7.0 percent) from the current year. To allow the two transfers to return to the statutory level would require an additional \$14.0 million.

The Committee took no action on this item.

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 an 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.

The Committee concurred with this item.

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.

The Committee concurred with this item.

B. Sen. Sub. for HB 2035 (Governor). Senate Substitute for HB 2035 establishes a broadband technology-based network called Kan-Ed for schools, libraries and hospitals. The bill gives the State Board of Regents the responsibility to contract for the creation, operation, and maintenance of the Kan-Ed Network. The approved FY 2002 budget for the State Department of Education includes \$345,000 from the State General Fund for developing a specific plan of action to implement an education technology network. This funding should be shifted to the State Board of Regents due to the shift in responsibility for program administration.

The Committee concurred with this item.

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).

The Committee concurred with this item.

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.

The Committee did not adopt this item.

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.

The Committee took no action on this item.

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.

*Senator Barone moved, with a second by Senator Downey, to approve this item.
Motion failed.*

GBA No. 26, Page 14--Postsecondary Database Development

The Committee concurred with this item.

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.

The Chairman turned the Committee's attention to discussion of GBA No. 24 and GBA No. 25:

Senator Feleciano moved, with a second by Senator Downey, to adopt Governor's Budget Amendment Numbers 24 and 25 with a proviso stating that any recovered FICA moneys are returned to the State General Fund. Division was requested. Motion failed.

GBA No. 24, Page 13--Additional Operating Expenditures

See above.

GBA No. 25, Page 13--Technology Equipment

See above.

The Committee recommended a proviso which would consolidate any funding recovered from the federal government for FICA overpayments and authorize the Board of Regents to distribute the moneys among the state universities.

University of Kansas Medical Center

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: \$817,246 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$106,616 SGF for restoration of the state/tuition (2 for 1) equipment program; \$53,308 for library enhancements; and funding for the elimination of the first three steps of the state pay plan.

The Committee took no action on this item.

B. Children's Initiatives Fund Financing (SB 57 Conference Committee). The Conference Committee on **SB 57** agreed to defer consideration of funding for all programs financed by the Children's Initiatives Fund until Omnibus. The Governor's FY 2002 recommendation for the University includes \$250,000 from the Children's Initiatives Fund to continue the Tele-Kid Health Care Link initiative.

The Committee recommended the addition of \$250,000 from the Children's Initiatives Fund. (4-20-01)

GBA No. 27, Page 14--Authority to Raze Two Buildings

The Committee concurred with this item.

GBA No. 28, Page 28--Increased Bonding Authority

The Committee took no action on this item.

Kansas 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: \$1,560,032 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$1,022,084 SGF for restoration of the state/tuition (2 for 1) equipment program; \$172,480 for new building support; \$511,042 for library enhancements; and funding for the elimination of the first three steps of the state pay plan.

The Committee took no action on this item.

GBA No. 30, Page 15--Funding Adjustment

Duane Goossen, Director, Division of the Budget, distributed information and explained the rationale in treating all universities the same. (Refer to Attachment 33).

Senator Feleciano moved, with a second by Senator Kerr, to adopt GBA No. 30. Motion carried.

Kansas State University Veterinary Medical Center

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: \$110,403 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$24,750 SGF for restoration of the state/tuition (2 for 1) equipment program; \$15,800 for library enhancements; and funding for the elimination of the first three steps of the state pay plan.

The Committee took no action on this item.

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.

The Committee took no action on this item.

GBA No. 29, Page 14--Land Grant Shortfall

The Committee took no action on this item.

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.

The Committee took no action on this item.

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.

The Committee took no action on this item.

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.

The Committee took no action on this item.

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: \$240,309 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$272,000 SGF for restoration of the state/tuition (2 for 1) equipment program; \$102,373 for new building support; \$136,015 for library enhancements; and funding for the elimination of the first three steps of the state pay plan.

The Committee took no action on this item.

B. Possible Funding for Future Teacher Academy and National Board Certification Program (Senate Committee). The Committee had requested a review of potential funding in FY 2002 of \$175,000 SGF and possible placement of the funding for the programs under the Board of Regents. **Staff Note:** Senate Bill 57 included \$155,000 SGF for both programs as grants through the Department of Education.

The Committee took no action on this item.

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 allow the regional universities to keep all growth related tuition revenue and during periods of enrollment decline hold the regional universities harmless by corresponding amounts of money appropriated from 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.

The Committee recommended the inclusion of the proviso.

Fort Hays 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: \$347,491 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$266,000 SGF for restoration of the state/tuition (2 for 1) equipment program; \$134,000 for library enhancements; and funding for the elimination of the first three steps of the state pay plan.

The Committee took no action on this item.

B. 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 allow the regional universities to keep all growth related tuition revenue and during periods of enrollment decline hold the regional universities harmless by corresponding amounts of money appropriated from 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.

The Committee recommended the inclusion of the proviso (see above).

Pittsburg 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.

The Committee took no action on this item.

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.

*Kansas Adjutant General Gardner explained the Armory Building Project.
(4-20-01)*

Senator Barone moved, with a second by Senator Feleciano, to adopt the Armory Building Project for \$410,000 EDIF for planning. Motion carried.

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 allow the regional universities to keep all growth related tuition revenue and during periods of enrollment decline hold the regional universities harmless by corresponding amounts of money appropriated from 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.

The Committee recommended the inclusion of the proviso (see above).

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, which would prohibit Mirror, Inc., the contracted substance abuse treatment provider with the Department of Corrections, from providing treatment to offenders 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.

Staff explained and distributed copies of a proviso which was added by the House (refer to Attachment 27).

*Senator Feleciano requested that staff distribute copies of a proviso deleted from **SB 57** conference committee language regarding day reporting centers (refer to Attachment 28).*

The Committee did not adopt this item.

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.

The Committee took no action on this item.

C. Lansing Age-Eligibility Pilot Project (House Committee). The Committee requested the Department of Corrections report to the Committee before Omnibus on the pilot project at Lansing reducing the age eligibility for hiring from 21 to 19. The Committee wanted an evaluation of the program and the Department's assessment of its viability.

The Committee took no action on this item.

D. Post Audit Report Regarding Overtime Expenditures (House Committee).

The Committee requested a 100 hour audit to be performed by Legislative Post Audit of overtime expenditures at Lansing for correctional officers. The Committee noted high overtime expenditures and the audit will analyze the potential benefits of continued overtime expenditures versus increased salaries to retain a higher number of employees. The Committee wanted to know if expenditures for overtime might be better spent on enhanced pay, thus reducing the need for overtime. The audit is available as LPA 01-18.

The Committee took no action on this item.

E. Salary Comparison Study (House Committee). The Committee requested a report from the Department of Corrections before Omnibus analyzing the comparative salaries and benefits of Lansing's public safety employee competitors, including local units of government, federal prisons, and private prisons. As well, the agency should address whether they are prepared to hire employees above the entry level grid on the Kansas Civil Service pay scale.

The Committee took no action on this item.

F. SB 67 (Conference Committee). **SB 67** is the Omnibus drivers license bill, including suspension and restoration of licenses for DUI, increased fines, ignition interlock devices, increased fees for the Department of Revenue, and for this section, increased imprisonment for DUI convictions. The sentencing provision of **SB 67** were in **SB 215**, and amended into **SB 67** in the House. Prison impact projections report a potential prison bed increase of 15-114 beds per year, up to 156 per year in FY 2011. The Department of Corrections cost impact, including required intensive drug treatment, would range between \$136,500 and \$1,037,400 per year. Thirty additional residential transitional bed costs are estimated at \$237,000 per year.

The Committee took no action on this item.

As noted on the cover sheet (last paragraph) to the Governor's Budget Amendment, dated April 18, 2001 (Refer to Attachment 20.): 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.

The Committee authorized increased funding to cover the costs associated with one month of operations.

GBA No. 33, Page 16-Debt Service Adjustment

The Committee concurred with this item.

GBA No. 34, Page 16--Ellsworth Correctional Facility, Reappropriation Authority for Construction Funds

The Committee concurred with this item.

State Department of Education

A. Revised School Finance Estimates. Staff from the State Department of Education, the Legislative Research Department, and the Division of the Budget met April 9, 2001, to review estimates for school finance which had been made in November of 2000. Estimates traditionally are revised in April when spring enrollment data and more recent information about school district local resources are available.

Compared to estimates made in November, local resources increased by \$2.2 million in FY 2001 and by \$1.7 million in FY 2002. State aid increases due to enrollment growth **under current law** are estimated to be \$4.8 million in FY 2001 and \$1.9 million in FY 2002. **These changes result in net increases in state aid required to fund school finance of \$2,548,000 in FY 2001 and \$233,000 in FY 2002, as shown in the table below.** Also shown is the additional amount of **\$259,000** which would be needed to fund the Governor's original recommendations in FY 2002.

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.)

The Committee took no action on this item.

B. Revised Estimates for KPERS-School. On April 12, 2001, revisions were made to estimated expenditures for KPERS-School for FY 2001 that resulted 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 fiscal 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.

The Committee concurred to put a hold on this item.

The Committee adopted GBA No. 1, Item 22, relating to this issue (see below).

C. Programs Funded from the Children’s Initiatives Fund (Deferred to Omnibus) (SB 57 Conference Committee). The Conference Committee on **SB 57** recommended that all 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.

The Committee approved expenditures totaling \$11,755,000 from the Children’s Initiatives Fund for 10 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 2.5 FTE new positions for FY 2002 at a total cost of \$128,950 for salaries and associated operating expenses: 1.0 FTE Program Coordinator to oversee the

program, monitor contracts, work with the 37 networks statewide, and provide technical assistance; 1.0 FTE Secretary to provide clerical support, and 0.5 FTE Program Consultant to provide technical assistance to networks and coordinating councils. **SB 57** includes an appropriation of \$1,992,000 from the State General Fund for the program. There also is \$4,335,767 in federal funding under the Individuals with Disabilities Education Act, which includes funds for agency operating expenses.

The Committee took no action on this item.

GBA No. 21, Page 12--School Finance

The Committee did not adopt this item.

GBA No. 22, Page 12--KPERS School Costs

The Committee adopted this item.

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.

The Committee approved \$300,000 SGF in FY 2001 for salaries of nonjudicial personnel.

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.)

The Committee took no action on this item.

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:

- \$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.

- \$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.)

The Committee took no action on this item.

GBA No. 13, Page 9--Salary Costs

The Committee concurred on this item for FY 2001.

Senator Kerr addressed the issue of reducing the number of nonjudicial personnel as the result of the Kansas Payment Center (KPC) assuming child-support related duties in 15 counties that formerly had been performed by court personnel. He explained that expectations had been raised that as many as 80 clerks had been assigned duties now performed by the KPC and that the judicial branch positions might no longer be needed.

He told the Committee he had met with Chief Justice McFarland to discuss the issue and there are approximately 48 positions currently funded by SRS that had been

assigned child-support duties. Some of these persons continue to perform child support functions, but part of their time has been reassigned to other activities. The Judicial Branch has conducted a survey of 15 of the larger counties to determine the amount of clerks' time that has been freed up, but it is not possible to precisely estimate of impact of the opening of the KPC on the workload of nonjudicial personnel statewide. Senator Kerr explained that the Court's position is that, because overall shortages of staff exist in some areas, the reduction of duties due to the opening of the KPC does not mean that staff no longer is necessary, but that it can be reassigned to other duties.

Nevertheless, he said he expects that, due to normal attrition, salary savings can be generated to reduce the estimated \$1.2 million shortfall the Judicial Branch is facing in FY 2002. If savings are achieved, Senator Kerr said the 2002 Legislature could consider a supplemental appropriation to make up the remaining shortfall. (Senator Kerr suggested that the magnitude of the supplemental appropriation the Legislature might consider is in the range of \$500,000.)

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 based on the average daily balance of the fund, 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	<u>22,563</u>
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 hydrocar-

bons and liquid petroleum gas.

The Committee concurred to put a hold on this item for further information regarding the Kansas Corporation Commission and the Department of Health and Environment.

The Committee approved a no limit fee fund and an additional 4.0 FTE positions for the Kansas Corporation Commission.

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.

The Committee authorized a no limit fund.

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.

The Committee took no action on this item.

GBA No. 9, Page 6--Census Contract Payment

The Committee concurred with this item.

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.

The Committee took no action on this item.

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.

The Committee took no action on this item.

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.

(2) (**House Committee**). The House Committee added \$150,000 from the Children's Initiatives Fund in FY 2002 to establish a pregnancy maintenance and parenting support pilot project targeting teenage and other parents at risk of committing abuse and neglect. The program grants would require a dollar for dollar local match.

The Committee concurred to wait until the Children's Initiatives discussion on April 20, 2001.

The Committee approved expenditures from the Children's Initiatives Fund of \$6,000,000 for Prevention Program Grants and \$2,000,000 for Intervention/Graduated Sanctions Program Grants.

D. Senate Substitute for HB 2067 and Senate Substitute for HB 2154 (Conference). Senate Substitute for HB 2067 and Senate Substitute for HB 2154 amend the statutes regarding employment in adult care homes and home health agencies. An individual adjudicated a juvenile offender based upon any of the person felonies listed in KSA 39-970 is prohibited from working in an adult care home or home health agency. The bills would add attempt to commit, conspiracy to commit, or criminal solicitation to commit the crimes listed in KSA 39-970 as offenses which would prohibit employment. The bills also grant the Department of Health and Environment access to information in the possession of the Kansas Bureau of Investigation regarding adjudications of a juvenile offender which, if committed by an adult, would have been a felony conviction.

The Juvenile Justice Authority estimates that passage of Senate Substitute for HB 2067 or Senate Substitute for HB 2154 would increase the agency's costs by \$30,000 to \$50,000 SGF per year beginning in FY 2002. The estimate includes costs associated with the increased access to the Juvenile Justice Information System as well as staff requirements.

The Committee took no action on this item.

GBA No. 35, Page 17--JJIS FTE Position

The Committee concurred with this item.

GBA No. 36, Page 17--Lapse Funds for Management Information System

The Committee concurred with this item.

Juvenile Correctional Facilities

A. Potential Savings Due to Decreased Populations (Senate Subcommittee). The short-term result of the implementation of the Placement Matrix is a period of decreased populations at the juvenile correctional facilities. The populations will begin to grow as more juvenile offenders are sentenced under the Placement Matrix. The Senate Subcommittee requested the facilities report on potential savings in FY 2002 to be gained due to the decrease in population.

The Committee took no action on this item.

GBA No. 37, Page 17--Larned Juvenile Correctional Facility, Physical Plant Position

The Committee concurred with this item.

Kansas Arts Commission

A. Statewide Meeting (House Budget Committee). The House Budget Committee on Education recommended that funding to match federal dollars for a statewide meeting of arts organizations in FY 2002 be reviewed at Omnibus. The agency requested \$18,920 State General Fund for the required match to \$18,920 in federal dollars available to fund a statewide professional meeting for arts agencies to discuss a variety of topics, including fundraising strategies and grant writing. No funding was provided for this request in the FY 2002 approved budget.

The Committee did not approve this item.

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.

The Committee did not approve this item.

GBA No. 32, Page 15--Program Funding Correction

The Committee concurred with this item.

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.

The Committee put a hold on this item.

The Committee approved a proviso to allow the Historical Society to do this item within their own resources.

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.

The Committee did not approve this item.

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.

The Committee did not approve this item.

GBA No. 31, Page 15--Unlimited Re-appropriation Authority

The Committee concurred with this item.

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 taxes paid on the working interest of certain low production oil leases shall be paid from the income tax refund fund.

SB 44 becomes effective on publication in the *Kansas Register*, eliminating the need for the \$1,319,233 supplemental appropriation recommended by the Governor for FY 2001. It also reduces the FY 2001 expenditures for the program by approximately \$700,000 State General Fund.

Based on projections for the Homestead program, the current consensus estimate of individual income tax receipts for FY 2002 would be reduced by \$14.43 million. But the appropriation for that amount, which would be required under current law to fully fund the program, also could be eliminated.

The Committee took no action on this item.

Department of Wildlife and Parks

A. Local Government Outdoor Recreation Grants Program (LGORP) (SB 57 Conference Committee). The House Appropriations Committee recommended funding for the Local Government Outdoor Recreation Grants Program in FY 2002 be reviewed at Omnibus. The agency requested \$500,000 EDIF to Fund the LGORP program. The LGORP program provides funding at a one to one match for communities to help in developing outdoor recreations sites. No funding was provided for this program in the approved FY 2002 budget since the Conference Committee deleted all EDIF funding.

The Committee approved funding of \$500,000 in federal funds for the program (see GBA No. 1, Item 46 below).

GBA No. 46, Page 20--New Federal Grant

The Committee concurred with this item.

Animal Health Department

A. Animal Facility Inspector Positions (Senate Subcommittee). The Senate Subcommittee recommended examining the agency's FY 2002 enhancement request of \$87,742 (including benefits) from the State General Fund for 2.0 FTE Animal Facility Inspector positions. The 2.0 FTE Inspector positions would help the agency handle an increasing number of animal care complaints, improve on-the-job safety, and alleviate the current inspection load (some inspectors are on the road for two or three days per week). The Subcommittee noted that the agency's animal facility inspectors have come across problems USDA inspectors have sometimes failed to report, and that having two additional inspectors would alleviate some of the problems. For comparison, according to the agency, federal inspectors conduct on average 138 inspections a year, while state inspectors conduct anywhere from 200 to 400 inspections a year, depending on the size of the geographic district and the miles traveled.

The Committee did not approve this item.

State Fair

A. Shift Funding from State General Fund to Economic Development Initiatives Fund (House Budget Committee). Provided that funds are available in the EDIF, the House Budget Committee recommended in FY 2002 shifting \$134,000 from the State General Fund to the EDIF for the state's support of the Fair's operations. The House Budget 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.

The Committee did not approve this item.

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.

Funding Source	% Share	Amount (millions)
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	100.0%	\$36.2

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.

The Committee requested more information regarding clarifying tax need.

The Committee concurred with this item.

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.

The Committee took no action on this item.

B. SB 237 (Conference). SB 237 would permit the holder of a groundwater right not located within the boundaries of a chartered water bank to establish a flexible account where the holder may deposit in advance water from the right of use. Water right holders could deposit in the flex account an amount of water equal to 90.0 percent of the average water used between the years of 1998 and 2000, times five. Use of the water deposited in the flex account would be limited to a consecutive five-year term with no limit on the annual use of the water. The Kansas Department of Agriculture would be responsible for issuing term permits to water right holders to authorize the use of water deposited in a flex account. The Kansas Department of Agriculture indicates passage of **SB 237** would require 2.0 FTE positions and expenditures of \$128,165 in FY 2002. Of this amount, \$85,848 would initially be required from the State General Fund, and would be reimbursed once application fees are received. This estimate includes \$93,913 for 1.0 FTE Environmental Scientist II unclassified position and 1.0 FTE Office Specialist unclassified position. These positions would be responsible for compliance monitoring and enforcement, processing permits, and analyzing water use. The remaining \$34,252 would be used for other operating expenditures. The Department's estimate is based on the issuance of 500 term permits each year with an application fee of \$400, generating approximately \$200,000 in fees.

The Committee approved the additional funding pending passage of the bill.

C. HB 2047 (Conference). HB 2047 would enact the Kansas Water Banking Act, which would allow for the chartering of water banks as private not-for-profit corporations. Water banks would lease water from water right holders and provide safe deposit accounts for the deposit of unused water from a bankable water right. Water banks would also provide services to facilitate the sale or lease of water rights but would be prohibited from owning, buying, or selling water rights. Water banks would contract with water right holders for the deposit of all or part of any water right within a water bank's boundary. Once a water right is deposited, water from that water right may be leased if used within the bank boundary and in the same hydrological unit. The deposit or lease of water could not impair existing water rights or cause a significantly different hydrological effect to other water users from the same supply source. The Kansas Department of Agriculture indicates that **HB 2047** would require, in FY 2002, 3.0 FTE positions and \$105,591 from the State General Fund, which includes \$53,684 for 1.0 FTE Environmental Scientist III position, \$24,521 for 1.0 FTE Environmental Scientist II position, \$12,386 for 1.0 FTE Office Assistant III position, and \$15,000 for other operating expenditures. Of these 3.0 FTE positions, only the Environmental Scientist III position would be filled at the beginning of the fiscal year. The remaining 2.0 FTE positions would be filled in the middle of the fiscal year. The Department does not anticipate the receipt of reimbursable expenditures from the first established water bank in FY 2002.

The Committee put a hold on this item.

The Committee approved a proviso allowing acceptance of assistance from governmental and non-governmental sources for implementation of the bill.

D. HB 2101. (Conference). HB 2101 would establish, in the Department of Agriculture, a Plant Pest Emergency Response Fund. The fund would provide an additional source of funding to the Department's Plant Health Program. The fund would be used, in an emergency, to mitigate pests entering the state. These pests could damage agriculture, horticulture, or the environment. Revenue in the fund would be generated from an annual fee collected from nursery dealers and nursery certificate holders. The fee could not exceed \$5.00. The agency indicates that passage of HB 2101 would generate additional fee fund revenues of up to \$7,000 annually, of which no additional funds should be used to offset SGF due to the emergency nature of the fund. The agency would absorb any expenditures resulting from the passage of the bill.

The Committee took no action on this item.

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.

The Committee took no action on this item.

GBA No. 44, Page 20--BSE Training

The Committee concurred with this item.

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.

The Committee concurred with a proviso to delay implementation for one year.

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).

The Committee concurred to hold this item pending passage of the bill.

C. HB 2497 (Conference). HB 2497 would amend various statutes that relate to joint committees and standing committees of the Kansas Legislature. The bill amends the appointing authority or membership requirement of the Joint Committee on Economic Development, the Joint Committee on Arts and Cultural Resources and the Joint

Committee on Pensions, Investments and Benefits. The bill also makes other technical and clarifying changes relating to legislative committees.

HB 2497 would also replace the existing Health Care Reform Legislative Oversight Committee with a new committee entitled the Joint Committee on Health Care Oversight. The existing Health Care Reform Legislative Oversight Committee is scheduled to expire on July 1, 2001. The bill increases the size of the new committee by two members, from 12 members to a 14 member committee. The estimated cost for two additional legislative members for the committee is \$3,726 (State General Fund) in FY 2002. This estimate is for legislator compensation, subsistence, and mileage, based on the number of meetings held in FY 2001.

The Committee did not approve the additional funding.

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.

The Committee did not approve the additional funding.

EDIF

GBA No. 1, Page 2--Correct EDIF Overspending

The Committee concurred to wait until April 20, 2001, to discuss EDIF.

The Committee concurred to pull out \$250,000 regarding the Conservation Commission part with the Governor's GBA.

The Committee concurred with this item.

Board of Healing Arts

GBA No. 4, Page 4--Salary Correction

The Committee concurred with this item.

Health Care Stabilization Fund

GBA No. 5, Page 5--Salary Correction

The Committee concurred with this item.

Banking Department

GBA No. 6, Page 5--Shrinkage Correction

The Committee concurred with this item.

Legislative Division of Post Audit

GBA No. 7, Page 5--Statewide Financial Compliance Audit

The Committee took no action on this item.

Larned State Hospital

GBA No. 18, Page 11--Off Budget FTE Omitted

The Committee took no action on this item.

Commission on Veteran's Affairs

GBA No. 20, Page 11--"No Limit" Budget Authority for Two Funds

The Committee concurred with this item.

Fire Marshal

GBA No. 38, Page 17--Hutchinson Gas Problem

The Committee took no action on this item.

GBA No. 39, Page 18--Proviso for HAZMAT Emergency Fund

The Committee concurred with this item.

Water Office

GBA No. 45, Page 20--FTE Correction

The Committee concurred with this item.

Chairman Morris turned the Committee's attention to discussion of the Proposed Budget Adjustments which were distributed earlier in the day on April 20, 2001, (refer to Attachment 41). The Committee discussed the proposals.

The following items on the Proposed Budget Adjustments were voted on by a show of hands:

\$4.5 million Increase PASARR score from 26 to 35 (Reduction based on increasing the score to 39. (\$3.6 million--Nursing home; \$0.656 million--HCBS/FE; \$0.117 million--HCBS/PD)

Information was distributed from Janis DeBoer, Assistant Secretary, Kansas Department on Aging (refer to Attachment 36).

This item failed.

\$0.082 million Increase PASARR score from 15 to 26 for Income Eligible Program

This item passed.

Senator Downey and Senator Feleciano requested to be recorded as voting "No" on this item.

\$1.8 million Transfer from the Kansas Highway Patrol Motor Vehicle Fund to the State General Fund

This item passed.

\$6.5 million Delay payment SRS Regular Medical--\$4.5 million; and delay payment in Aging--Nursing facilities--\$2.0 million--7 day delay

This item passed.

Senator Barone and Senator Feleciano requested to be recorded as voting "No" on this item.

\$2.6 million Reduce April foster care caseload estimate

This item passed.)

Senator Barone, Senator Downey and Senator Feleciano requested to be recorded as voting "No" on this item.

\$12.0 million Reduce regular medical caseloads--fund only 11 months

This item passed.

Senator Barone and Senator Feleciano requested to be recorded as voting "No" on this item.

\$2.3 million Reduce Medicaid match rate (regular medical and nursing homes)

This item passed.

\$1.8 million Close Osawatomie and Toronto correctional facilities

This item passed.

Senator Adkins, Senator Feleciano and Senator Jackson requested to be recorded as voting "No" on this item.

\$5.0 million Reduce approximately one-half of the funding for state employee longevity bonus payments; since the longevity bonus payment is

statutory full payments will still be made by the agencies

This item passed.

Senator Barone, Senator Downey and Senator Feleciano requested to be recorded as voting "No" on this item.

\$3.1 million Allow for one-half of the recommended increase for the Local Ad Valorem Tax Reduction Fund and County-City Revenue Sharing Fund

This item passed.

Senator Feleciano requested to be recorded as voting "No" on this item.

\$0.2 million Conservation Commission resources to offset SGF expenditures (Water Resources Cost-Share; Non-Point Source Pollution; Buffer Initiative)

The Committee passed the item during discussions on the Kansas Conservation Commission.

Senator Downey requested to be recorded as voting "No" on the action on this item taken earlier.

\$8.7 million Transfer ending balance in the Kansas Endowment for Youth Fund (tobacco settlement proceeds) to State General Fund

The Committee passed the item during earlier discussion.

Senator Adkins, Senator Barone, Senator Downey and Senator Feleciano requested to be recorded as voting "No" on this item.

\$0.750 million Close Rainbow Mental Health Center

The Committee took no action on this item.

\$20.0 million Reduce State General Fund demand transfer to the State Highway Fund and issue bonds to offset the loss of revenue to the Comprehensive Transportation Fund

A proposal to reduce the State General Fund demand transfer to the State Highway Fund and issue bonds to offset the loss of \$20.0 million in revenue.

A suggestion to introduce a bill to raise vehicle registration fees for 3 years on this item failed.

\$6.0 million Acceleration of Severance Tax Collection - 1 month window from 2 month

The Committee passed this item during earlier discussions.

Senator Huelskamp requested to be recorded as voting "No" on the introduction of the bill regarding this item.

\$6.0 million Reverse Highway Plan Transfer

This item passed.

Senator Feleciano requested to be recorded as voting "No" on this item. (4-20-01)

\$50.0 million Federal Intergovernmental Transfer Fund--Shift \$50.0 million SGF for HCBS waivers to the federal Intergovernmental Transfer Fund

This item passed.

Senator Barone, Senator Downey and Senator Feleciano requested to be recorded as voting "No" on this item.

\$45.0 million Department of Revenue accounts receivable for State General Fund

The Committee passed this item during earlier discussions.

\$20.0 million Treat all State General Fund demand transfers as revenue transfers

This item passed.

Senator Barone and Senator Feleciano requested to be recorded as voting "No" on this item.

\$8.0 million Decrease tobacco funding for Kansas Smartstart Program; Add \$212,000 for matching funds for federal abuse and neglect programs for Children's Cabinet

The Committee passed this item during earlier discussions.

Senator Feleciano requested to be recorded as voting "No" on this item when the action was taken yesterday, April 19, 2001.

\$10.0 million Insurance premium enhancement

Chairman Morris noted that the Committee will continue to pursue this item, but no vote was taken on this item.

Death and Disability

Senator Jordan suggested extending for two quarters of the present moratorium on employer contributions for death and disability benefits. This item passed. (4-20-01)

Senator Barone and Senator Feleciano requested to be recorded as voting "No" on this item.

Omnibus Appropriations Bill

Senator Schodorf moved, with a second by Senator Jackson, to introduce the Omnibus Appropriations Bill as favorable. Motion carried by a roll call vote.

Chairman Morris thanked the Committee for the hard work during the omnibus consideration and noted that it has been a tough process.

The meeting was adjourned at 6:30 p.m. the night of April 20, 2001. The next meeting is scheduled for April 25, 2001.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE April 17, 2001

NAME	REPRESENTING
Bob McDonald	KWO
Julie Thomas	DOB
Stephanie Buchanan	DOB
Josie Torres	KCOO
Jill Scott	SRS
Dave Wilson	KAC
Jim Conant	KDOOR
Doug Farmer	KDOA
Mike Huttles	KS. Gov't Consulting
Michael White	Kearney Law Office
Dodie Wellhear Johnson	KAE
Nancy Brainer	KDOT
Bill Witts	KDOT
Margo Wendling	Kansas Children's Cabinet &
M. Pomatto	PSU Trust Fund
J. Huber	SIF
B. Haches	GDBA

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE April 18, 2001

NAME	REPRESENTING
Bill Brady	KS Gov't Consulting
Craig Kaverlin	KCDI
B. Morris	Dog
Mario Wendling	Children's Cabinet + Trust Fund
Treedy Racine	SRS
Albert Murray	JJA
Gwen Sims	Ombudsman for Corrections
Katy Rasette	SOS
J. Chubb	SOS
J. Wood	ESU
Doug Farmer	KDOA
James DeBru	KDOA
Jamy Klamon	LKM
Debbie King	Gaches, Braden, Barber & Hesse
Pat Kretzer	KDHE
Theresa Hodges	KDHE
Man Skiff	SLL
Donald Shufinger	SCU
PHILIP HURLEY	PAT HURLEY & CO.
Jim Frederick	KSC
Neil Doerman	AG
Janet Williams	communityworks inc / RTA

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE 4/19/2001

NAME	REPRESENTING
Tom Day	KCC
Rebecca Reed	KS Dept. of Agriculture
GARY Robbins	KS COTONETIC ASSN.
Holly Tracy	Ks. Public Health Assn.
Shannon Jones	SILCK
Matt Fletcher	INTERHAS
Jack Hawn	KPERs
Glenn Deak	KPERs
Pat Michaelis & David Hawry	KSHS
Susan Muffy	KCC
Kathy Ruck	Judicial Branch
David Gabe	BEMS
Debra Kideaux	FASU
Doug Smith	Pinegar-Smith Company

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE April 19, 2001

NAME	REPRESENTING
Elaine Adams	Harry Salmans
Jan Bush	KSC
Gwen Sims	Ombudsman for Corrections
Janice Scott	ESU
J. Chubb	SOS
Dave Wilson	KAC
B. Mariani	DFA
Craig Kabe	KCDD
Bill Brady	KS Court Consulting
Kathy Porter	Judicial Branch
Shannon Jones	SILCK
Larry Kleiman	LKM
Bruce E. Fairbank	Kansas Assoc. Certified Gen. Co.
Gary Johnson	KACDC
Julio Hernandez	Hern & Weller
Tom Day	KCC
Hanson Ranson	Federico Consultants
Patrick Heerley	Lafeliner

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE April 20, 2001

NAME	REPRESENTING
Donna Shank	Children's Cabinet
CAROL NAZAR	" "
Mabel Rice	" "
JOYCE CUSSIMAN, D	Children's Cabinet
MARIJO WENDLING	" "
Patrick Heerley	Econ Referees
Cornia Huelke	KDDA
Judy Kevine	SRS
J. Chubb	SOS
Doug Smith	Pinegar-Smith
Dodie Wellshear Johnson	KAC
Scott Alissgh	JJA
Sherry Brown	KDOC/H
Ryann Owen	children's Cabinet
Nancy Keel	Parents As Teachers - KC Area Consortium
Craig Kaban	KCDD
Gary Hibbs	DeFA Div Fac Mngmt
Br. Monahan	DeFA
KEVIN M WALKER	American Heart Ass'n
Del Meier	Salina-Saline Co Health Dept
Paul Marmet	KDHE
Shannon Jones	SILCK

**SENATE WAYS AND MEANS COMMITTEE
GUEST LIST**

DATE April 20, 2001

NAME	REPRESENTING
Nancy Lindberg	Attorney General
Jan Bracke	KSC
Ellen Pickholtz	Assoc. of CMHCs
Andy Shaw	KAC
Missa Buisew	THE FARM, INC.
Carlos Mayans	KCS Trade
M. Poonato	PSU
Debra Prideaux	KHSU

Conference Committee Recommendations on FY 2001 and FY 2002 Appropriations

	<u>State General Fund</u>	<u>All Funds</u>
FY 2000 Actual	\$ 4,367,620,519	\$ 8,418,129,855
<hr/>		
FY 2001 Conference Committee	4,433,079,647	9,154,986,106
<i>Dollar Change from FY 2000</i>	65,459,128	736,856,251
<i>Percent Change from FY 2000</i>	1.5 %	8.8 %
FY 2002 Conference Committee	4,662,984,370	9,111,555,654
<i>Dollar Change from FY 2001</i>	229,904,723	(43,430,452)
<i>Percent Change from FY 2001</i>	5.2 %	(0.5) %

Senate Ways and Means
 April 17-20, 2001
 Attachment 1

**Conference Committee Recommendations
April Consensus Revenue Estimates**

**State General Fund Profile
FY 2000 - FY 2005**

April 4, 2001 Consensus Revenue Estimates

Conference Committee Recommendations for Expenditures in FY 2001 and FY 2002 - Adj
Demand Transfers Reflect Current Law Beginning in FY 2003

Actual FY 2000 Receipts and Expenditures

Receipts Adjusted by Conference Committee Action

Ending Balance Maintained in FY 2002

	Actual FY 2000	Increase	Conf. Comm. FY 2001	Increase	Conf. Comm. FY 2002	Increase	Projected FY 2003	Increase	Projected FY 2004	Increase	Projected FY 2005	Increase
Beginning Balance(a)	\$542.4		\$377.9		\$355.4		\$336.4		\$345.2		\$360.2	
RECEIPTS:(b)	4,203.1	224.5 5.6%	4,410.6	207.5 4.9%	4,472.0	61.4 1.4%	4,638.8	166.8 3.7%	4,815.1	176.3 3.8%	5,177.3	362.2 7.5%
EXPENDITURES:												
General and Supplemental School Aid (c)	1,850.2	102.1	1,886.4	36.2	1,876.8	(9.6)	1,862.6	(14.2)	1,844.7	(17.9)	1,832.4	(12.3)
Base State Aid Per Pupil Increase in FY 2002 (\$50)	0.0	0.0	0.0	0.0	29.9	29.9	30.0	0.1	30.0	0.0	30.1	0.1
General and Supplemental School Aid (c)	1,850.2	102.1	1,886.4	36.2	1,906.7	20.3	1,892.6	(14.1)	1,874.7	(17.9)	1,862.5	(12.2)
		5.8%		2.0%		1.1%		-0.7%		-0.9%		-0.7%
Out-Year Additional KPERS Employer Contributions(d)	0.0	0.0	0.0	0.0	0.0	0.0	10.8	10.8	22.3	11.5	34.4	12.1
Higher Education Restructuring - S.B. 345(e)	0.0	0.0	21.8	21.8	42.6	20.8	75.8	33.2	107.4	31.6	107.4	0.0
Annualization of FY 2002 State Employee Salary Increase (1.5%)(f)	0.0	0.0	0.0	0.0	0.0	0.0	9.7	9.7	9.7	0.0	9.7	0.0
Demand Transfers: (g)	201.2	(18.4)	186.4	(14.8)	271.7	85.3	356.1	84.4	376.0	19.9	405.9	29.9
All Other Expenditures(h)	2,316.2	87.7	2,338.5	22.3	2,442.0	103.5	2,270.0	(172.0)	2,285.0	15.0	2,410.0	125.0
		3.9%		1.0%		4.4%		-7.0%		0.7%		5.5%
Available for Other Purposes(i)	0.0	0.0	0.0	0.0	(172.0)	(172.0)	15.0	187.0	125.0	110.0	320.0	195.0
TOTAL Expenditures	4,367.6	171.4	4,433.1	65.5	4,491.0	57.9	4,630.0	139.0	4,800.1	170.1	5,149.9	349.8
Percent Increase		4.1%		1.5%		1.3%		3.1%		3.7%		7.3%
Ending Balance(j)	377.9		355.4		336.4		345.2		360.2		387.6	
Percent of Expenditures	8.7%		8.0%		7.5%		7.5%		7.5%		7.5%	
Receipts in Excess of Expenditures	(164.5)		(22.5)		(19.0)		8.8		15.0		27.4	

Senate Ways and Means
April 17-20, 2001
Attachment 2

FY 2001 Children's Initiatives Fund (Tobacco)

Agency/Program	Gov. Rec. FY 2001	Legislative Adjustments FY 2001	Legislative Approved SB 57 FY 2001
State Library			
Enhance Community Access Network Catalog	70,000		70,000
Subtotal - Misc.	\$ 70,000		\$ 70,000
Department of Health and Environment			
Healthy Start/Home Visitor	250,000		250,000
Infants and Toddlers Program	500,000		500,000
Smoking Cessation/Prevention Program Grants	500,000		500,000
Subtotal - KDHE	\$ 1,250,000		\$ 1,250,000
Juvenile Justice Authority			
Juvenile Prevention Program Grants	5,000,000		5,000,000
Juvenile Graduated Sanctions Grants	2,000,000		2,000,000
Subtotal - JJA	\$ 7,000,000		\$ 7,000,000
Department of Social and Rehabilitation Services			
Children's Mental Health Initiative	1,800,000		1,800,000
Family Centered System of Care	5,000,000		5,000,000
Therapeutic Preschool	1,000,000		1,000,000
Community Services - Child Welfare	2,600,000		2,600,000
Child Care Services	1,400,000		1,400,000
Children's Cabinet Accountability Fund	250,000		250,000
Smart Start Kansas - Children's Cabinet	2,750,000		2,750,000
HealthWave	1,000,000		1,000,000
Subtotal - SRS	\$ 15,800,000		\$ 15,800,000
Department of Education			
Parent Education	1,500,000		1,500,000
Four-Year -Old At-Risk Programs	1,000,000		1,000,000
School Violence Prevention	500,000		500,000
Vision Research	250,000		250,000
Communities in Schools	125,000		125,000
Structured Mentoring	500,000		500,000
Subtotal - Dept. of Ed.	\$ 3,875,000		\$ 3,875,000
University of Kansas Medical Center			
Tele-Kid Health Care Link	250,000		250,000
Pediatric Biomedical Research	1,000,000		1,000,000
Subtotal - KU Medical Center	\$ 1,250,000		\$ 1,250,000

TOTAL	\$ 29,245,000	\$ -	\$ 29,245,000
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Resource Estimate	Gov. Rec. FY 2001	Legislative Adjustments FY 2001	Legislative Approved SB 57 FY 2001
Beginning Balance	-	-	-
KEY Fund Transfer	30,000,000	-	30,000,000
Total Available	\$ 30,000,000	-	\$ 30,000,000
Less: Expenditures and Transfers	29,245,000	-	29,245,000
ENDING BALANCE	\$ 755,000	-	\$ 755,000

**FY 2002
Children's Initiatives Fund
(Tobacco)**

Agency/Program	Gov. Rec. FY 2002	House Adjustments Prior to Removing all Items FY 2002	Senate Committee Adjustments Prior to Removing all Items FY 2002	Legislative Approved SB 57 FY 2002
State Library				
Enhance Community Access Network catalog	70,000			
Subtotal - Misc.	\$ 70,000		\$ -	\$ -
Department of Health and Environment				
Healthy Start/Home Visitor	250,000			
Infants and Toddlers Program	500,000			
Smoking Cessation/Prevention Program Grants	-		875,000 ⁽¹⁾	
Immunizations	-		264,901 ⁽¹⁾	
SIDS Support Network	-	25,000		
Crisis Pregnancy Outreach for Johnson County	-	35,000		
Subtotal - KDHE	\$ 750,000	\$ 60,000	\$ 1,139,901	\$ -
Juvenile Justice Authority				
Juvenile Prevention Program Grants	6,000,000			
Juvenile Graduated Sanctions Grants	2,000,000			
Pregnancy Maintenance and Parenting Support	-	150,000		
Subtotal - JJA	\$ 8,000,000	\$ 150,000	\$ -	\$ -
Department of Social and Rehabilitation Services				
Children's Mental Health Initiative	1,800,000			
Family Centered System of Care	5,000,000			
Therapeutic Preschool	1,000,000			
Community Services - Child Welfare	2,600,000			
Child Care Services	1,400,000			
Children's Cabinet Accountability Fund	250,000			
HealthWave	1,000,000	250,000		
Smart Start Kansas - Children's Cabinet ⁽²⁾	11,260,000	(8,000,000)		
Kinship Services Support and Training	-	437,479		
Subtotal - SRS	\$ 24,310,000	\$ (7,312,521)	\$ -	\$ -
Department of Education				
Parent Education	3,500,000	(1,500,000)	(2,000,000)	
Four-Year -Old At-Risk Programs	2,000,000	3,050,000		
School Violence Prevention	500,000			
Vision Research	250,000			
Communities in Schools	125,000			
Structured Mentoring	500,000		(500,000)	
Define Skill Sets for Third Grade	-	22,500		
Third Grade Accomplishment Examination Design	-	800,000		
School Readiness Indicator for Kindergarten Entry	-	75,000		
Teacher Training for First Grade Reading Program	-	750,000		
Third Grade Summer School Programs	-	2,500,000		
Subtotal - Dept. of Ed.	\$ 6,875,000	\$ 5,697,500	\$ (2,500,000)	\$ -
University of Kansas Medical Center				
Tele-Kid Health Care Link	250,000			
Pediatric Biomedical Research	-			
Subtotal - KU Medical Center	\$ 250,000		\$ -	\$ -
TOTAL	\$ 40,255,000	\$ (1,405,021)	\$ (1,360,099)	\$ -

Resource Estimate	Gov. Rec. FY 2002	House Committee Adjustments FY 2002	Senate Committee Adjustments FY 2002	Legislative Approved SB 57 FY 2002
Beginning Balance	755,000			755,000
KEY Fund Transfer	40,000,000			40,000,000
Total Available	\$ 40,755,000			\$ 40,755,000
Less: Expenditures and Transfers	40,255,000	(1,405,021)	(1,360,099)	-
ENDING BALANCE	\$ 500,000	\$ 1,905,021	\$ 1,860,099	\$ 40,755,000

- 1) The Senate Committee recommendation was to shift this amount from Smart Start Kansas before SB 348 left the Committee.
- 2) The House Committee recommends a proviso to allow up to \$212,000 of Smart Start Kansas dollars to be used for state match to draw down federal funds.

Economic Development Initiatives Fund

<u>Agency/Program</u>	<u>Governor's Recommendation FY 2001</u>	<u>Legislative Adjustments FY 2001</u>	<u>Legislative Approved FY 2001</u>
Department of Commerce and Housing ⁽¹⁾			
Agency Operations	\$ 8,609,757	(25,842)	\$ 8,583,915
Small Business Development Centers	485,000		485,000
Certified Development Companies	400,000		400,000
Kansas Industrial Training/Retraining	3,600,000		3,600,000
Trade Show Promotion Grants	150,000		150,000
Community Capacity Building Grants	197,000		197,000
Economic Opportunity Initiative Fund	3,500,000		3,500,000
Existing Industry Expansion	500,000		500,000
Tourism Promotion Grants	1,052,100		1,052,100
Mid-America World Trade Center	42,000		42,000
Mainstreet Grant and Development Prog.	216,800		216,800
Agriculture Product Development	540,000		540,000
Training Equipment Grants	277,500		277,500
Travel Information Centers	15,000		15,000
Motion Picture and Television Rebate	75,000		75,000
Eisenhower Museum Grant	300,000		300,000
National Teachers Hall of Fame	100,000		100,000
HOME Program	533,022		533,022
Subtotal - KDCH	<u>\$ 20,593,179</u>	<u>\$ (25,842)</u>	<u>\$ 20,567,337</u>
Kansas Technology Enterprise Corporation ⁽¹⁾			
Agency Operations	\$ 1,308,863		\$ 1,308,863
Centers of Excellence	4,325,000		4,325,000
Research Matching Grants	1,246,000		1,246,000
Business Innovative Research Grants	76,000		76,000
State Small Business Innovation Research	440,000		440,000
Special Projects	79,303		79,303
Commercialization Grants	1,156,664		1,156,664
Mid-America Manufact. Tech. Center	950,931		950,931
EPSCoR	3,200,000		3,200,000
Subtotal - KTEC	<u>12,782,761</u>		<u>12,782,761</u>
Kansas, Inc. ⁽¹⁾	\$ 336,949		\$ 336,949
Board of Regents			
Matching Grants - AVTS	\$ 200,000		\$ 200,000
Post-secondary Aid - AVTS	6,882,981		6,882,981
Capital Outlay Aid - AVTS	2,700,000		2,700,000
Comprehensive Grant Program	250,000		250,000
Subtotal - Regents	<u>\$ 10,032,981</u>		<u>\$ 10,032,981</u>
Department of Education			
Ag in the Classroom	\$ 30,000		\$ 30,000
Challenger Learning Center	50,000		50,000
Subtotal - Dept. of Education	<u>\$ 80,000</u>		<u>\$ 80,000</u>
Historical Society	\$ 95,000		\$ 95,000
Department of Administration			
Public Television Grants	\$ 350,000		\$ 350,000
State Water Plan Fund	\$ 2,000,000		\$ 2,000,000
Wildlife and Parks - Local Gov. Outdoor Recreation	\$ 500,000		\$ 500,000
State Fair			
Capital Improvements	\$ 100,000		\$ 100,000
Operating Expenses	134,000		134,000
Subtotal - State Fair	<u>\$ 234,000</u>		<u>\$ 234,000</u>
Adjutant General - Kansas National Guard Educational Asst.	\$ 50,000		\$ 50,000
Arts Commission - Operating Expenses	\$ 119,110		\$ 119,110
State Library - Grants to Local Libraries	\$ 170,000		\$ 170,000
TOTAL TRANSFERS AND EXPENDITURES	\$ 47,343,980	\$ (25,842)	\$ 47,318,138

EDIF Resource Estimate

	<u>Revised Gov. Rec. FY 2001</u>	<u>Legislative Adjustments FY 2001</u>	<u>Legislative Approved FY 2001</u>
Beginning Balance	\$ 3,779,114		\$ 3,779,114
Gaming Revenues	42,500,000		42,500,000
Other Income ⁽²⁾	1,150,000	1,556,927 ⁽³⁾	2,706,927
Total Available	<u>\$ 47,429,114</u>	<u>\$ 1,556,927</u>	<u>\$ 48,986,041</u>
Less: Expenditures and Transfers	47,343,980	(25,842)	47,318,138
ENDING BALANCE	\$ 85,134	\$ 1,582,769	\$ 1,667,903

1) Does not include expenditures from prior year EDIF allocations.

2) Other Income includes \$400,000 transferred from the Partnership Fund and \$750,000 of interest earnings.

3) Includes \$300,000 in additional interest based on year to date earnings. Also includes \$1,256,927 of released encumbrances from the Department of Commerce and Housing.

*Senate Ways and Means
April 17-20, 2001
Attachment 4*

Economic Development Initiatives Fund

<u>Agency/Program</u>	<u>Governor's Recommendation FY 2002</u>	<u>House Committee Adjustments Prior to Removing All Items FY 2002</u>	<u>Senate Committee Adjustments Prior to Removing All Items FY 2002</u>	<u>Legislative Approved SB 57 FY 2002</u>
Department of Commerce and Housing ¹⁾				
Agency Operations	\$ 8,729,936			\$ -
Small Business Development Centers	485,000			
Certified Development Companies	400,000	75,000		
Kansas Industrial Training/Retraining	3,600,000			
Trade Show Promotion Grants	150,000			
Community Capacity Building Grants	197,000			
Economic Opportunity Initiative Fund	3,500,000			
Existing Industry Expansion	500,000			
Tourism Promotion Grants	1,052,100			
Mid-America World Trade Center	0	50,000		
Mainstreet Grant and Development Prog.	216,800			
Agriculture Product Development	540,000			
Training Equipment Grants	277,500			
Travel Information Centers	115,000			115,000
Motion Picture and Television Rebate	75,000			
Eisenhower Museum Grant	0			
National Teachers Hall of Fame	0			
HOME Program	530,000			
State Teachers Hall of Fame	0	25,000		
Subtotal - KDCH	<u>\$ 20,368,336</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 115,000</u>
Kansas Technology Enterprise Corporation ¹⁾				
Agency Operations	\$ 1,431,781			
Centers of Excellence	4,350,000			
Research Matching Grants	1,216,000			
Business Innovative Research Grants	76,000			
State Small Business Innovation Research	440,000			
Special Projects	79,303			
Commercialization Grants	1,450,000			
Mid-America Manufact. Tech. Center	1,000,059			
EPSCoR	3,000,000			
Subtotal - KTEC	<u>\$ 13,043,143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Kansas, Inc. ¹⁾	\$ 343,267			
Board of Regents				
Matching Grants - AVTS	\$ 200,000			
Post-secondary Aid - AVTS	6,882,965			
Capital Outlay Aid - AVTS	2,700,000			
Comprehensive Grant Program	250,000			
Subtotal - Regents	<u>\$ 10,032,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department of Education				
Ag in the Classroom	\$ -	-		
Challenger Learning Center	-	-		
Subtotal - Dept. of Education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Historical Society	\$ -	-		
Department of Administration				
Public Television Grants	\$ -	-		
State Water Plan Fund	\$ 2,000,000			
Wildlife and Parks - Local Gov. Outdoor Recreation	\$ 500,000	\$ 330,000		
State Fair				
Capital Improvements	-	-		
Operating Expenses	-	-		
Subtotal - State Fair	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Adjutant General - Kansas National Guard Educational Asst.	\$ -	\$ 250,000		
Arts Commission - Operating Expenses	\$ -	-		
State Library - Grants to Local Libraries	\$ -	\$ 170,000		
TOTAL TRANSFERS AND EXPENDITURES	\$ 46,287,711	\$ 900,000	\$ -	\$ 115,000

EDIF Resource Estimate

	<u>Governor's Recommendation FY 2002</u>	<u>House Committee Adjustments FY 2002</u>	<u>Senate Committee Adjustments FY 2002</u>	<u>Legislative Approved SB 57 FY 2002</u>
Beginning Balance	\$ 85,134	25,842	\$ 25,842	\$ 1,582,769 ³⁾
Gaming Revenues	42,500,000	-	-	42,500,000
Other Income ²⁾	844,000 ²⁾	-	-	844,000
Total Available	<u>\$ 43,429,134</u>	<u>25,842</u>	<u>\$ 25,842</u>	<u>\$ 44,926,769</u>
Less: Expenditures and Transfers	46,287,711	900,000	-	115,000
ENDING BALANCE	\$ (2,858,577)	\$ (3,732,735)	\$ (2,832,735)	\$ 44,811,769

1) Does not include expenditures from prior year EDIF allocations.

2) Includes \$94,000 lapsed from the Department of Commerce and Housing's rehabilitation and repair account which is not accounted for in the Governor's Budget Recommendation.

3) Includes \$300,000 in interest earnings in FY 2001 above the amount estimated in the Governor's recommendations. The higher estimate is based on year to date earnings. Also includes \$1,256,927 in released encumbrances from the Department of Commerce and Housing in FY 2001.

State Water Plan Fund, FY 2001

Agency/Program	Governor's Rec. FY 2001	House Adj. FY 2001	Senate Adj. FY 2001	Legislature Adj. FY 2001	Legislature Appr. FY 2001
State Conservation Commission					
Buffer Initiative	80,000	0	0	0	80,000
Conservation District Aid	1,035,500	0	0	0	1,035,500
Multipurpose Small Lakes	230,000	0	0	0	230,000
Nonpoint Source Pollution Asst.	3,000,000	0	0	0	3,000,000
Riparian and Wetland Program	200,000	0	0	0	200,000
Water Resources Cost Share	4,450,000	0	0	0	4,450,000
Water Rights Purchase	0	0	0	0	0
Watershed Dam Construction	805,000	0	0	0	805,000
Total--State Conservation Commission	9,800,500	0	0	0	9,800,500
Kansas Water Office					
Assessment and Evaluation	200,000	0	0	0	200,000
Basin Assessment	0	0	0	0	0
Cheney Agricultural Nonpoint Source	0	0	0	0	0
Federal Cost-Share Programs	250,000	0	0	0	250,000
GIS Data Access and Support Ctr.	177,300	0	0	0	177,300
GIS Data Base Development	250,000	0	0	0	250,000
Groundwater Condition Eval.	70,000	0	0	0	70,000
High Plains Aquifer Stakeholder Meetings	0	8,500	16,740	8,500	8,500
Kansas Water Resource Research Institute	0	0	0	0	0
MOU Operation and Maintenance	429,787	0	0	0	429,787
PMIB Loan Payment for Storage	270,413	0	0	0	270,413
Public Information	30,000	0	0	0	30,000
Kansas River Study	150,000	0	0	0	150,000
Stream Gauging Program	370,000	0	0	0	370,000
Stream Team	0	0	0	0	0
Tech. Assist. to Water Users	440,000	0	0	0	440,000
Water Resource Education	60,000	0	0	0	60,000
Water Quality in Upper Arkansas River	0	0	0	0	0
Weather Modification	349,000	0	0	0	349,000
Total--Kansas Water Office	3,046,500	8,500	16,740	8,500	3,055,000
Department of Wildlife and Parks					
River Recreation	0	0	0	0	0
Stream Monitoring	50,000	0	0	0	50,000
Total--Wildlife and Parks	50,000	0	0	0	50,000
Department of Agriculture					
Best Management Practices	46,792	0	0	0	46,792
Floodplain Management	126,409	0	0	0	126,409
Interstate Water Issues	226,048	0	0	0	226,048
Subbasin Management Plan	634,540	0	0	0	634,540
Total--Department of Agriculture	1,033,789	0	0	0	1,033,789
Health and Environment					
Assessment of Sediment Quality	50,000	0	0	0	50,000
Contamination Remediation	1,397,023	0	0	0	1,397,023
Local Environmental Protection Program	1,800,000	0	0	0	1,800,000
Nonpoint Source Program	482,529	0	0	0	482,529
TMDL Initiatives	406,900	0	0	0	406,900
Use Attainability Analysis	0	0	0	0	0
Total--Health and Environment	4,136,452	0	0	0	4,136,452
KCC--Well Plugging	400,000	0	0	0	400,000
University of Kansas Geological Survey	0	0	0	0	0
Total Water Plan Expenditures	18,467,241	8,500	16,740	8,500	18,475,741

State Water Plan Resource Estimate	Governor's Rec. FY 2001	House Adj. FY 2001	Senate Adj. FY 2001	Legislature Adj. FY 2001	Legislature Appr. FY 2001
Beginning Balance	2,431,325	0	0	0	2,431,325
Revenues					
State General Fund Transfer	4,500,000	0	0	0	4,500,000
Economic Development Fund Transfer	2,000,000	0	0	0	2,000,000
Municipal Water Fees	3,685,000	0	0	0	3,685,000
Industrial Water Fees	1,300,000	0	0	0	1,300,000
Stock Water Fees	290,000	0	0	0	290,000
Pesticide Registration Fees	920,000	0	0	0	920,000
Fertilizer Registration Fees	2,997,618	0	0	0	2,997,618
Pollution Fines and Penalties	70,000	0	0	0	70,000
Sand Royalty Receipts	375,000	0	0	0	375,000
Returned Funds/Transfers In	860,086	0	0	0	860,086
Total Receipts	16,997,704	0	0	0	16,997,704
Total Available	19,429,029	0	0	0	19,429,029
Less Expenditures	18,467,241	8,500	16,740	8,500	18,475,741
Ending Balance	961,788	(8,500)	(16,740)	(8,500)	953,288
Remaining Balance		953,288	945,048	953,288	

State Water Plan Fund, FY 2002

Agency/Program	Governor's Rec. FY 2002	House Adj. FY 2002	Senate Adj. FY 2002	Legislature Adj. FY 2002	Legislature Appr. FY 2002
State Conservation Commission					
Buffer Initiative	265,134	0	0	0	265,134
Conservation District Aid	1,038,000	0	0	0	1,038,000
Multipurpose Small Lakes	230,000	0	0	0	230,000
Nonpoint Source Pollution Asst.	3,150,000	0	0	0	3,150,000
Riparian and Wetland Program	200,000	50,000	50,000	50,000	250,000
Water Resources Cost Share	4,450,000	0	0	0	4,450,000
Water Rights Purchase	69,433	0	0	0	69,433
Watershed Dam Construction	805,000	0	0	0	805,000
Total--State Conservation Commission	10,207,567	50,000	50,000	50,000	10,257,567
Kansas Water Office					
Assessment and Evaluation	200,000	0	0	0	200,000
Basin Assessment	0	0	0	0	0
Cheney Agricultural Nonpoint Source	0	0	0	0	0
Federal Cost-Share Programs	250,000	0	0	0	250,000
GIS Data Access and Support Ctr.	143,773	0	0	0	143,773
GIS Data Base Development	250,000	0	0	0	250,000
Groundwater Condition Eval.	0	0	0	0	0
Kansas Water Resource Research Institute	0	0	0	0	0
MOU Operation and Maintenance	437,833	0	0	0	437,833
Oyallala Aquifer Institute	0	45,000	45,000	45,000	45,000
PMB Loan Payment for Storage	263,991	0	0	0	263,991
Public Information	30,000	0	0	0	30,000
Kansas River Study	0	0	0	0	0
Stream Gauging Program	416,000	0	0	0	416,000
Stream Team	0	0	0	0	0
Tech. Assist. to Water Users	440,795	0	0	0	440,795
Water Resource Education	60,000	0	0	0	60,000
Water Quality in Upper Arkansas River	0	0	0	0	0
Water Planning Process	0	0	55,552	55,552	55,552
Weather Modification	178,000	0	0	0	178,000
Total--Kansas Water Office	2,670,392	45,000	100,552	100,552	2,770,944
Department of Wildlife and Parks					
River Recreation	0	0	0	0	0
Stream Monitoring	50,000	0	0	0	50,000
Total--Wildlife and Parks	50,000	0	0	0	50,000
Department of Agriculture					
Best Management Practices	0	0	0	0	0
Floodplain Management	136,647	0	0	0	136,647
Interstate Water Issues	243,905	0	0	0	243,905
Subbasin Management Plan	651,597	0	0	0	651,597
Total--Department of Agriculture	1,032,149	0	0	0	1,032,149
Health and Environment					
Assessment of Sediment Quality	50,000	0	0	0	50,000
Contamination Remediation	1,397,506	0	0	0	1,397,506
Local Environmental Protection Program	1,800,000	0	0	0	1,800,000
Nonpoint Source Program	482,435	0	0	0	482,435
TMDL Initiatives	406,900	0	0	0	406,900
Use Attainability Analysis	0	0	0	0	0
Total--Health and Environment	4,136,841	0	0	0	4,136,841
KCC--Well Plugging	400,000	0	0	0	400,000
University of Kansas Geological Survey	50,000	0	0	0	50,000
Total Water Plan Expenditures	18,546,949	95,000	150,552	150,552	18,697,501

State Water Plan Resource Estimate	Governor's Rec. FY 2002	House Adj. FY 2002	Senate Adj. FY 2002	Legislature Adj. FY 2002	Legislature Appr. FY 2002
Beginning Balance	961,788	(8,500)	(16,740)	(8,500)	953,288
Revenues					
State General Fund Transfer	6,250,000	0	0	0	6,250,000
Economic Development Fund Transfer	2,000,000	(2,000,000)	0	0	2,000,000
Municipal Water Fees	3,500,000	0	0	0	3,500,000
Industrial Water Fees	1,150,000	270,000	270,000	270,000	1,400,000
Stock Water Fees	300,000	30,000	30,000	30,000	350,000
Pesticide Registration Fees	920,000	0	0	0	920,000
Fertilizer Registration Fees	2,968,000	0	0	0	2,968,000
Pollution Fines and Penalties	100,000	0	0	0	100,000
Sand Royalty Receipts	405,000	0	0	0	405,000
Returned Funds/Transfers In	0	0	0	0	0
Total Receipts	17,593,000	(1,700,000)	300,000	300,000	17,893,000
Total Available	18,554,788	(1,708,500)	283,260	291,500	18,846,288
Less Expenditures	18,546,949	95,000	150,552	150,552	18,697,501
Less Transfer to the State General Fund	0	0	0	0	0
Ending Balance	7,839	(1,803,500)	132,708	140,948	148,787
Remaining Balance		(1,795,661)	140,547	148,787	

April 16, 2001

POTENTIAL STATE BUDGET ADJUSTMENTS SENATE WAYS AND MEANS

This office has been requested to prepare a list of substantial State General Fund adjustments for either FY 2001 or FY 2002 in light of the recent Consensus Revenue Estimating Group reduction in State General Fund receipts of \$185.5 million. To address the shortfall, the Legislature could:

- ✓ Increase State General Fund receipts;
- ✓ Attempt to maximize non-State General Fund sources; or
- ✓ Reduce the current approved State General Fund budget by \$172.0 million.

Potential adjustments that would impact receipts or funding sources include:

- **Capture Federal Intergovernmental Transfer Funds That Will Flow to the Senior Pharmacy Act Trust Fund.** Utilize the funds to offset State General Fund resources in Home and Community Based Services (HCBS) waiver programs—\$13.2 million in FY 2001 and \$61.6 million in FY 2002.
- **Capture Tobacco Funds.** Shift \$8.7 million from the Kansas Endowment for Youth (KEY) Fund from tobacco settlement payments to the State General Fund. In addition, hold Children's Initiatives Fund expenditures in FY 2002 to the FY 2001 level. The action would provide another \$10.0 million that could be utilized to offset State General Fund expenditures.
- **Department of Revenue Accounts Receivable.** The Department of Revenue has proposed that with additional resources (funding and staffing) additional State General Fund accounts receivable could be generated. The Department has estimated with 68.0 FTE positions and funding of \$3.1 million, the agency could generate an additional \$40.0 in State General Fund receipts.
- **Department of Revenue AMS Payment.** The Department of Revenue has a contractual obligation to pay AMS a total of \$10.0 million as the final payment on the Project 2000. The Consensus Revenue Estimating Group revised the estimated payment from the State General Fund to \$5.0

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April 17-20, 2001
Attachment 6*

million in FY 2002 and another \$5.0 million in FY 2003. The Legislature could explore the possibility of shifting the entire payment to FY 2003.

- **Demand Transfers as Revenue Transfers.** In the State Treasurer's budget, the demand transfers for the Local Ad Valorem Tax Reduction Fund (LAVTRF) and the City and County Revenue Sharing Fund (CCRSF) total \$94.8 million under the approved FY 2002 budget. If these demand transfers were changed to revenue transfers the result would be a reduction in State General Fund expenditures without any reduction in all funds expenditures. This reduction in State General Fund expenditures would reduce the required ending balance by **\$7,112,599**, allowing those resources to be allocated elsewhere. This would be a one-time savings.

If all demand transfers (State Highway Fund, School District Capital Improvement Fund, State Water Plan Fund, State Fair Capital Improvement Fund, and the LAVTRF and CCRSF) were shifted to revenue transfers the total required ending balance would decrease **\$20.3** million.

If all payments to local units of government from the State General Fund (\$2.7 billion) were treated as a revenue transfer, the total required ending State General Fund balance would decrease by **\$200.8** million.

- **Reduce State General Fund Demand Transfer Expenditures.** The State General Fund demand transfer to the State Highway Fund in FY 2002 increases by \$69.4 million. Although this increase is still \$24.3 million below the statutory amount. Consideration could be given to reduce the demand transfer by an additional amount. However, whatever reduction might be considered, the impact on the Comprehensive Transportation Plan should first be reviewed.

Other demand transfers that might be considered for reduction would be to freeze the LAVTRF and CCRSF at the FY 2001 level. This action would save \$6.2 million in FY 2002.

- **State Employee Salary Increases.** The approved FY 2002 budget includes \$34.8 million (State General Fund) in state employee salary increases. Each of these components could be considered for reduction or elimination:
 - Classified Base Salary Adjustment—\$10.0 million State General Fund;
 - Longevity—\$0.3 million State General Fund;

- 2.5 Percent Uniformed Officer Increase—\$1.8 million State General Fund;
 - Highway Patrol Troopers—5.0 percent—\$0.8 million State General Fund;
 - Unclassified Base Salary Adjustment—\$13.5 million State General Fund; and
 - Regents Faculty Salary Enhancement—\$8.4 million State General Fund.
-
- **K-12 Education.** General and supplemental state aid increases \$29.9 million to finance a \$50 Base State Aid Per Pupil addition. Special education financing increases \$8.0 million above the current year. KPERS-School state employer contributions increase by \$16.4 million. With the exception of the KPERS-School amount, the other items could be reduced or eliminated in FY 2002.
 - **SB 345—Regents.** The FY 2002 increase to finance the 1999 SB 345 Higher Education Reform Act is \$20.8 million from the State General Fund. The increase amount in the budget year includes: \$8.4 million for faculty salary enhancements, \$1.3 million for the Washburn University Operating Grant, and \$11.1 million for community college operating grants.
 - **KPERS Increased Employer Contribution.** The KPERS employer contribution for State/School is scheduled to increase by 0.2 percent to reflect the movement toward equilibrium of the employer's contribution and the actuarial determined rate. Consideration could be given to delaying this increase pending additional actuarial valuation information. This delay would save \$6.3 million in FY 2002 from all funds, including **\$5.3 million** from the State General Fund.

Although this list is not exhaustive, it does provide some options for policymakers to consider in addressing the current problem in the State General Fund budget.



KANSAS
DEPARTMENT OF HEALTH & ENVIRONMENT
BILL GRAVES, GOVERNOR
Clyde Graeber, Secretary

RECEIVED

APR 11 2001

SECRETARY OF
DEPT. OF HEALTH & ENVIRONMENT

MEMORANDUM

DATE: April 9, 2001
TO: Joe Fund
FROM: Karl W. Mueldener, Director, BOW
Dave F. Waldo, Chief, PWS/BOW
SUBJECT: Budget Questions-Public Water Supply

Karl W. Mueldener
Dave F. Waldo

This responds to a request from the legislature for information concerning the 75% compliance rate predicted in the KDHE budget, for Kansas public water supply systems during FY2002. The prediction of 75% for FY2002 is a drop from the 85% compliance rate projected for FY2001 in the previous year's budget request. The 85% compliance rate was also a drop from previous year's compliance rates.

Water supply compliance rates are predicted to drop for two primary reasons. The first reason is a significant increase in new and more stringent federal regulations and programs governing the quality of drinking water. The second reason is a lack of KDHE staff to implement the regulations.

The increase in regulations impacting public water supply systems is significant. In 1985, the body of federal regulations governing drinking water quality (40CFR Part 141) covered 41 pages. In 1999, 40CFR Part 141 had expanded to 279 pages. EPA has adopted regulations requiring more stringent treatment of surface water by systems serving more than 10,000 population and this fall will adopt requirements for water systems using surface water and serving less than 10,000 population. In addition, regulations controlling the amount of disinfectant by products for water systems serving less than 10,000 have been adopted, and the level of allowable by products has been reduced. Only water systems serving a population of over 10,000 have had to control by products before the new regulations. In January 2001, EPA adopted a regulation lowering allowable arsenic levels in drinking water from 50 ppb to 10 ppb. (EPA later postponed the effective date of the arsenic regulation, pending further review.) We estimate 20 water systems will be impacted by the arsenic rule, if the standard remains at 10 ppb. In addition, EPA will be adopting regulations for ground water disinfection practices, radon, and will consider regulations which will require even more stringent treatment of surface water and further reduce allowable levels of disinfectant by products. Other programs impacting water systems and KDHE are capacity development, source water assessment, operator certification, and the revolving loan fund.

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Memo
April 9, 2001
Page 2

The shortage of KDHE staff to implement these new programs and regulations is critical. The EPA cited a shortage of adequate staff as a deficiency in its 2000 program evaluation. EPA estimated KDHE staffing needs for current regulations and programs at 47, versus existing staffing at 24. EPA further estimated 61 positions were needed for FY2002 requirements. KDHE has attempted to fill five positions in the public water supply section since the fall of 1999. One of the five positions, a professional environmental engineer 1, was classified. The remaining four positions, three of which were engineering positions, are unclassified. The non-engineering unclassified position was filled in August 2000, but the employee resigned at the end of 2000. The Governor's budget for FY2002 included six FTE positions for the public water supply program. Federal funding for the requested positions is available.

The legislature asked for the exact number of systems which will be out of compliance and the costs for bringing the systems into compliance. The 75% figure was an estimate based on the Bureau of Water's experience in implementing similar rules. Attached to this memo are brief descriptions of the new rules and systems in potential non-compliance. Rough cost estimates are also provided. The issue of stricter drinking water standards will be with us for the next decade.

DFW:lw
Attachments
pc: Ron Hammerschmidt

ATTACHMENT

- Rule:** Disinfectants/Disinfectant By Products, Phase 1 (DBP1)
- When:** Effective December 2000.
- Summary:** Establishes maximum acceptable levels for several drinking water disinfectants. Also lowers the existing total trihalomethane standard from 100 ug/l to 80 ug/l, and established new standards for five haloacetic acids (HAA5) at 60 ug/l, chlorite at 0.8 mg/l, and bromate at 0.01 mg/l. Systems using surface water are required to perform "enhanced coagulation" as measured by removal of total organic carbon.
- Impact:** Water systems serving over 10,000 and using surface water as their source (list attached) must comply by January 2002. Water systems serving less than 10,000 and using surface water as their source, and all systems using groundwater as their source, must comply by January 2004.
- Capital costs:** Preliminary data suggests 15 of 26 systems serving over 10,000 will not meet DBP1 requirements. Costs are estimated at \$1,000,000 per system, for a total of \$15,000,000. An estimated 55 systems using surface water and serving less than 10,000 will not comply. Costs are estimated at \$500,000 each, for a total of \$27,500,000. Data are not yet available for systems using ground water, but compliance problems are anticipated.

BOW
4/9/01

SURFACE WATER OVER 10,000*

Arkansas City
Atchison
Augusta
Chanute
Coffeyville
Douglas CO RWD #3
El Dorado
Emporia
Ft. Scott
Independence
Iola
Kansas City
Lawrence
Leavenworth
Miami CO RWD #2
Olathe
Ottawa
Parsons
PWWSD #4
PWWSD #11
PWWSD #12
Salina
Topeka
Water District #1 of Johnson CO
Wichita
Winfield

*includes population of systems purchasing

ATTACHMENT

- Rule: Disinfectants/Disinfectant By Products, Phase 2 (DBP2)
- When: Proposal anticipated fall 2001.
Final spring 2002.
- Summary This rule may lower the disinfectant by product standards established by the Disinfectant/Disinfectant By Products, Phase 1 Rule (DBP1). The DBP1 Rule included a draft proposal of 40 ug/l for total trihalomethanes and 30 ug/l for haloacetic acids. These numbers are half of the standards adopted under DBP1. EPA is also considering imposing the DBP1 Standards as an annual average at each sampling point instead of as an annual average throughout the distribution system. This will have the same effect as lowering the standards.
- Impact: All systems in the state are affected by this rule.
- Capital costs: Not known at this time. Costs could be significant, depending on final requirements. All water systems in the state could be impacted by this rule.

BOW
4/9/01

ATTACHMENT

Rule: Interim Enhanced Surface Water Rule

When: Effective December 2000

Summary: This rule tightens surface water treatment requirements to remove *Cryptosporidium*, the parasite that sickened over 400,000 people in Milwaukee in 1993. Turbidity standards (a measure of water clarity) will be lowered from 0.5 NTU to 0.3 NTU and individual filter performance must be monitored. Disinfection profiling is required to assure treatment adjustments made to comply with another rule (disinfection by products) do not reduce the degree of health protection provided by this rule.

Impact: Systems serving more than 10,000 population and using surface water as their source of water must comply with this rule by January 2002. Smaller systems will be regulated by a later rule. Kansas has 26 systems meeting this definition.

Capital costs: Monitoring conducted under existing surface water treatment requirements suggests most systems will meet the lowered turbidity standards. In general, major capital expenditures are not expected by more than a few systems. An estimated five systems will spend \$5,000,000 for a total of \$25,000,000.

BOW
4/9/01

ATTACHMENT

- Rule:** Long Term 1-Interim Enhanced Surface Water Rule
- When:** Proposal anticipated fall 2001.
Final summer 2002.
- Summary:** It is anticipated this rule will extend coverage of the Interim Enhanced Surface Water Treatment Rule to systems using surface water as their source of water and serving less than 10,000 persons. The Interim Enhanced Surface Water Treatment Rule tightens surface water treatment requirements to remove *Cryptosporidium*, the parasite that sickened over 400,000 people in Milwaukee in 1993. Turbidity standards (a measure of water clarity) will be lowered from 0.5 NTU to 0.3 NTU and individual filter performance must be monitored. Disinfection profiling is required to assure treatment adjustments made to comply with another rule (disinfection by products) do not reduce the degree of health protection provided by this rule.
- Impact:** Systems serving less than 10,000 population and using surface water as their source of water are covered by this rule. A listing is attached.
- Capital costs:** It is assumed all 78 systems will need improvements averaging \$500,000 each, for a total of \$39,000,000.

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4/9/01

SURFACE WATER LESS THAN 10,000

Alma	Grenola	Osage City
Altoona	Harveyville	Osage CO RWD #3
Anderson CO RWD #2	Herington	Osawatomie
Baxter Springs	Hillsboro	Osborne
Beloit	Holton	Oswego
Blue Mound	Horton	Paola
Bourbon CO RWD #4	Howard	Parker
Buffalo	Humboldt	Perry - Corps
Burlingame	KS Army Ammunition Plant	Pleasanton
Burlington	KCPL @ LaCygne	Prescott
Caney	KPL @ Jeffrey	PWWSD #5
Carbondale	LaCygne	PWWSD #13
Cedar Vale	Leroy	Richmond
Cherryvale	Linn Valley Lakes	Russell
Chetopa	Longford	Sabetha
Cottonwood Falls	Louisburg	Sedan
Council Grove	Lyndon	Severy
Crawford CO RWD #6	Madison	Spring Hill
Elk City	Marion	St. Paul
Ellsworth CO RWD #1	Melvern - Corps	Thayer
Erie	Milford	Toronto
Eskridge	Mitchell CO RWD #2	Valley Falls
Eureka	Moline	Wellington
Franklin CO RWD #6	Mound City	Woodson CO RWD #1
Fredonia	Neodesha	Yates Center
Gardner	Norton	
Garnett		

ATTACHMENT

Rule: Long Term 2-Interim Enhanced Surface Water Rule

When: Proposal anticipated fall 2001.
Final anticipated summer 2002.

Summary: This rule may require more stringent treatment than required by the Interim Enhanced and Long Term Part 1 Interim Enhanced Surface Water Treatment Rules.

Impact: All water systems using surface water as their source are potentially impacted by this rule.

Capital costs: Not known. Rule requirements not yet available.

BOW
4/9/01

ATTACHMENT

Rule: Radon.

When: Final rule under review by OMB.

Summary: This rule proposed a radon standard of 300 pCi/l, and an alternative standard of 4000 pCi/l. The alternative standard would be available to states developing an EPA approved Multi-Media Mitigation (MMM) program intended to address radon in indoor air.

Impact: Radon screening data available to KDHE suggests 70% to 75% of Kansas wells will not meet the standard of 300 pCi/l and a handful may exceed the alternative standard of 4000 pCi/l. Radon is not a problem in surface water..

Capital costs: Capital costs to remove radon by aeration are estimated to be an average of \$125,000 for 910 points of entry, for a total cost of \$113,750,000. These costs will be avoided if the state implements a MMM program.

BOW
4/9/01

ATTACHMENT

- Rule: Ground Water Rule
- When: Final rule expected fall 2001.
- Summary: This rule is intended to control public health risks from microbiological sources of contamination in ground water.
- Impact: All systems using groundwater as their source of water may be impacted by this rule. The rule will likely require some an assessment of the source water's vulnerability to contamination, and treatment if necessary. If treatment is required, the rule will likely require a minimum contact time between the point of disinfection and the first customer. Many Kansas community wells are located in the city and the first customer receives water after a minimal period of time. Construction of detention basins and pumping stations could be required to achieve the minimum contact time.
- Capital costs: Not known at this time. Could be significant depending on the rule's requirements.

BOW
4/9/01

ATTACHMENT

- Rule: Arsenic
- When: Summer 2001. EPA published the final arsenic rule in January 2001, with a standard of 10 ppb, and later postponed the rule's effective date pending further review of the standard.
- Summary: Will lower existing arsenic standard from 50 ppb. EPA considered standards of 20 ppb, 10 ppb, and 5 ppb.
- Impact: KDHE has arsenic data for all water systems in Kansas. A list of the 20 water systems which have tested over 10 ppb is attached.
- Capital costs: KDHE has no experience with arsenic removal. Several technologies for arsenic removal are possible, generally involving oxidation and filtration, oxidation and activated alumina, ion exchange, or reverse osmosis. Cost estimates are complicated by the fact that some communities have multiple wells with possible violations, and individual treatment units or connective piping would be required. Costs are estimated to range between \$750,000 to \$500,000 per system.

BOW
4/9/01

ARSENIC OVER 10 PPB

Almena
Argonia
Atwood
Buhler
Canton
Clayton
Countryside Christian School @ Halstead
Englewood
Glade
Geary RWD #4
Hill City
Kirwin
LaCrosse
Lane RWD #1
Long island
Ness City
Oberlin
Scott City
Shallow Water School @ Scott City
Timken



KANSAS
DEPARTMENT OF HEALTH & ENVIRONMENT
BILL GRAVES, GOVERNOR
Clyde D. Graeber, Secretary

Date: March 29, 2001

To: Jim Murphy

From: Sharon Patnode

Re: Update on Lee Ann Britain Infant Development Center issues

After visiting with Center officials on Monday, March 12th at the Center, we sent the attached letter to the Center Director providing advice regarding the proper approach to take to begin dealing with reimbursement issues related to the Infant Toddler Program.

I spoke with the Director twice since that visit. She expressed appreciation for our help. I told her we would continue to help and advise until the issue was resolved to everyone's satisfaction. KDHE's advice was based on the requirement that this Program have local autonomy where such issues are concerned. Thus, our advice to raise issues with the local Infant Toddler network initially.

Also, attached is the Director's letter to the Infant Toddler Lead Agency official, following our advice.



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Linda L. Moore, Ed.D.

Gail B. Morse
Kent E. Mueller

Jay W. Murphy, M.D.
David W. Newcomer, IV

P. Martin Nohe
R. Nicholas Pflumm

Lyle D. Pishny
Dana Zarda Rieke

Twyla J. Rist
Kathleen L. Sloan

Dwight D. Sutherland, Jr.
Steven L. Thomas, D.D.S., M.D.

John L. Vratil
Sue E. Wellner

Willard W. Grosz, Ph.D.,
President

March 26, 2001

Ron Schmidt
Coordinator of ITS
Shawnee Mission School District
7401 Johnson Drive
Shawnee Mission, KS 66202

Dear Ron,

It has come to my attention that there will be some changes initiated by the Infant-Toddler Services of Johnson County relating to the Lee Ann Britain Infant Development Center as a service provider. In order to better understand these changes and to thoroughly explore our options, I am writing to request a formal, written statement of determination of the status of the Infant Development Center.

As we continue to serve children with special needs in the Kansas City area, it is important for us to know to what extent we will be receiving reimbursement from the Infant Toddler Services Program.

Sincerely,

Janie Foltz, Director
Lee Ann Britain Infant Development Center

- c: Sharon Patnode, Assistant Secretary KDHE
Deb Voth, Chairperson, State Interagency Coordinating Council
Mary Beasley, Director, Infant-Toddler Services of Johnson County
Carolyn Nelson, Director, Infant-Toddler Services
Joe Porting, Benefits Coordinator, Infant-Toddler Services
Erin Crasper, Chairperson, Johnson Co. Interagency Coordinating Council
Linda Kenney, Director, Bureau for Children, Youth & Families
Dr. Michael Moser, Director of Health, KDHE
Senator David Adkins
Bill Grosz, President, SMMC Foundation
Sam Turner, CEO, SMMC

RECEIVED



KANSAS
DEPARTMENT OF HEALTH & ENVIRONMENT
BILL GRAVES, GOVERNOR
Clyde D. Graeber, Secretary

March 15, 2001

Jamie Foltz, MS, Director
Lee Ann Britain Infant Development Center
9100 West 74th Street
Shawnee Mission, Kansas 66201

Dear Ms. Foltz:

Thank you for meeting with Bureau for Children, Youth, and Family staff Linda Kenney, Carolyn Nelson, Joe Porting, and me on Monday, March 12. We all appreciated the opportunity to tour your facility and to meet with you, Bill Grosz and Louis Gehring, to discuss your concerns relating to continued reimbursement of services provided in your center through the Infant Toddler (IT) Program.

As we understand your concerns, federal and state regulations relating to the provision of services in a "natural environment ...to the maximum extent appropriate" are being interpreted narrowly by the local IT program, Infant-Toddler Services of Johnson County. You indicate that this narrow interpretation would exclude reimbursement for services provided in your center for children with disabilities. The former Infant-Toddler Director interpreted these federal regulations more broadly to include provision of services in your setting. Also, you indicate that reimbursement of services should be permitted in the Lee Ann Britain IDC based on economy of services, parental choice, physician order and other variables.

We understand that there has been no formal, written communications between the lead agency, Infant-Toddler Services of Johnson County Interagency Coordinating Council, and the Lee Ann Britain Infant Development Center relating to this matter. Nevertheless, you told us that you have been informed that as of March 1, services provided to new infant-toddler enrollees in your facility will no longer be reimbursable with Part C of IDEA funds.

This program operates differently from other programs we administer. Federal rules require that local networks develop policies and procedures that work best for each community, operating within federal parameters. For this reason, we suggest you approach this situation in the following manner.

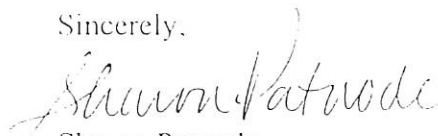
Jane Foltz
March 15, 2001
Page 2

Pursuant to the grievance procedures which have been established for the Kansas Infant Toddler Program, we encourage you and your Board to request a formal, written statement of determination of your Center's status from the Johnson County lead agency. If the determination communicated in their response is not to your satisfaction, you and your Board may then request in writing a meeting to present your concerns. This written communication should be addressed to the Johnson County lead agency and copied to their Infant Toddler Director.

If you are unable to achieve a resolution through these formal procedures, you are encouraged to file a formal, written appeal to the State Interagency Coordinating Council, with a copy to the state Infant Toddler Program office. The appeal should include documentation of your attempts to resolve the matter within your community. Such a process may appear cumbersome, but it is designed to ensure fair treatment of all disputes and compliance with applicable federal rules. Please include KDHE in your correspondence (a copy to Carolyn Nelson would be most helpful), so we can follow your progress through this process.

If this process does not lead to a resolution acceptable to you, we will discuss further possible action. Please feel free to consult with our Infant Toddler staff at any time.

Sincerely,



Sharon Patnode
Assistant Secretary

SP:ln

cc: Deb Voth, Chairperson, State Interagency Coordinating Council
Mary Beasley, Director, Infant-Toddler Services of Johnson county
Erin Crasper, Chairperson, Johnson Co. Interagency Coordinating Council
Linda Kenney, Director, Bureau for Children, Youth, & Families
Dr. Michael Moser, Director of Health, KDHE
Senator David Adkins

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

*Senate Ways and Means
April 17-20, 2001
Attachment 9*

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.

Department of Health and Environment

A. Children's Initiatives Fund (SB 57 Conference Committee). The Conference Committee recommended the deletion of all funding recommended by the Governor in FY 2002 from the Children's Initiatives Fund pending further review. The reduction totals \$750,000, including \$250,000 for Healthy Start and \$500,000 for Infant Toddler.

B. Smoking Prevention Matching Grant from the American Legacy Foundation (House Budget Committee). The House Budget Committee recommended that the Department and the Children's Cabinet review whether the Governor's recommendation to fold tobacco use prevention dollars from the Children's Initiatives Fund in to the Kansas Smart Start program in FY 2002 would allow the state to be eligible for the dollar for dollar match for youth tobacco prevention programs provided by the American Legacy Foundation (a national public health foundation committed to decreasing the use of tobacco by Americans funded through the tobacco settlement master agreement). At the time this memorandum was prepared, the American Legacy Foundation had not provided a definitive answer. Prior to deleting all funding from the Children's Initiatives Fund, pending review at Omnibus, the Senate Committee recommended shifting \$875,000 from the Children's Cabinet Kansas Smart Start program to the Department of Health and Environment for tobacco use prevention activities aimed at youth in order to draw down \$875,000 from the American Legacy Foundation.

C. Public Water Systems – Request For Information (House Budget Committee). The House Budget Committee requested information regarding the cause in the decrease in compliance with the federal Safe Drinking Water Act from 85 percent to 75 percent and how much of this decrease is the result of changed federal standards; the exact number of systems which will be out of compliance and the cost of bringing these systems into compliance; and a list of systems which the Department expects to address through the revolving loan program for upgrading in the next five years.

According to the Department, the decrease in compliance has resulted from a combination of increased requirements for treatment and monitoring combined with decreased staff in the Bureau of Water to oversee such requirements. The Environmental Protection Agency has adopted regulations requiring more stringent treatment of surface water by systems serving more than 10,000 population and this fall will adopt requirements for water systems using surface water and serving less than 10,000. In addition, regulations controlling the amount of disinfectant by-products for water systems serving less than 10,000 have been adopted, reducing the level of allowable by-products. Only water systems serving a population of over 10,000 have had to control by-products before the new regulations. Further, regulations lowering allowable arsenic regulation levels in drinking

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.

The Department reports that it has contacted such centers and advised that because federal rules require that local networks develop policies and procedures that work best for each community, discussion with the local interagency coordinating councils should be the first step taken. KDHE has provided copies of the correspondence with such centers and reports that discussions are currently underway to resolve the situation.

H. Substitute for SB 204 (Law). Sub. for SB 204 requires the Department to review all stream segments listed in the 1999 Kansas Surface Water Register to determine which streams should become classified stream segments. If a stream segment becomes classified then the Department would be required to make a determination as to the stream's designated uses. All current stream classifications would remain in effect until December 31, 2005 or until changed through the review process.

The Department indicates it would require approximately \$475,000 in FY 2002, including \$275,000 from the State General Fund and \$200,000 in federal grants from the Environmental Protection Agency (EPA). Included in the estimated State General Fund expenditures would be \$125,000 for the United States Geological Survey to collect median flow data on stream segments and perform flow calculations, \$100,000 for a consultant to develop research models to determine if the classification of a stream segments outweighs the social or economic costs to the state, and \$50,000 for a consultant and 1.0 FTE position to update and maintain the stream registry system for public and private access. Federal grants from the EPA would be used to hire 2.0 unclassified temporary position to complete use attainability analysis of stream segments and fund travel and equipment expenditures.

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, 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.

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.

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

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 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.

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 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.)

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.

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.

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,

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.

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)**

	<u>Approved FY 2001</u>	<u>Approved FY 2002</u>
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.

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

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.

Kansas Racing and Gaming Commission

A. Omnibus Review Item – Unanticipated FY 2001 SGF Expense (House and Senate Committee). Both House and Senate Committees recommended review during the Omnibus period of a suggested Governor's Budget Amendment for an expense totaling approximately \$25,000 to \$30,000 that should be paid from the State General Fund (SGF) due to an adverse arbitration decision. Costs for arbitration were apportioned after a decision was reached, and in this recent case, all of the costs were assessed against the State Gaming Agency. During legislative budget review, concern was expressed about spending money from the Tribal Gaming Fund since one of the tribes prevailed in the arbitration involving an alcohol beverage matter at a casino. This agency does not have a SGF appropriation since this agency budget as recommended by the Governor is exclusively fee funded in FY 2001. Since this legislative recommendation was made, the agency has paid the three arbitrators for most of their billed expenses and no Governor's Budget Amendment was requested by the agency.

Department on Aging

A. Caseload Estimates. See Caseload Estimates under Department of Social and Rehabilitation Services.

B. Omnibus Review Items

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.

2. Follow up changing the 85 percent occupancy rule for nursing facilities – FY 2002 (House Budget Committee). The Budget Committee was informed that the 85 percent occupancy rule for nursing facilities participating in the Medicaid program may cause problems for nursing facilities in the future. The committee directs the agency to calculate the cost of three proposals to address this issue prior to the Omnibus Session. The agency is to examine what it would cost to change the rule to the statewide average occupancy rate for the previous year less 10 percent; the statewide average occupancy rate for the previous year less 5 percent; and applying the 85 percent only to fixed costs of the nursing facilities.

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

		October Est.	April Est.	Difference
Medical Assistance	All Funds	\$ 708,500,000	\$ 730,000,000	\$ 21,500,000
	SGF	240,078,004	249,766,507	9,688,503
Adult Care Homes				
Nursing Facilities (KDOA)	All Funds	\$ 309,228,000	\$ 309,228,000	0
	SGF	123,343,319	123,343,319	0
Nursing Facilities-Mental Health	All Funds	14,300,000*	14,300,000	0
	SGF	10,317,696	10,317,696	0
Foster Care Contracts	All Funds	\$ 85,500,000	\$ 90,700,000	\$ 5,200,000
	SGF	29,406,486	34,645,283	5,238,797
Adoption Contracts	All Funds	\$ 27,000,000	\$ 27,000,000	0
	SGF	13,074,165	13,074,165	0

* In SB57, NF/MH's are funded at \$12,718,080 all funds, including \$9,029,837 which was the Governor's recommendation to close 100 beds.

B. Omnibus Review Items

1. Consider creating a state only AgrAbility Program – FY 2002 (Senate Subcommittee). The Senate Subcommittee heard testimony that Kansas State University had applied for a U.S. Department of Agriculture (USDA) grant to fund an AgrAbility Project. The federal grant funds can only be applied for by a land grant university. The Subcommittee recommended that consideration of a state only program would be reviewed at the Omnibus Session if the Kansas State University was unsuccessful in obtaining a grant. The amount requested for the state only project was \$140,000 from the State General Fund.

2. Follow up on the Domestic Violence Prevention Services in the Salina and Garden City SRS Area Offices – FY 2002 (Senate Subcommittee). The Senate Subcommittee was informed during budget hearings that nine of the 11 area SRS offices have an on-site domestic violence counselor/advocate providing individually tailored services, including safety planning, counseling, assistance with orders of protection, other legal advocacy and referrals, shelter referrals, and referrals for clothing, child care and housing, to individuals disclosing domestic violence and/or sexual assault. Currently these services are provided by contract with the Kansas Coalition Against Sexual and Domestic Violence. The Subcommittee recommended that during the Omnibus Session that consideration of adding funding (\$125,000 SGF) for the project to extend those services to all area offices.

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.

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

potential cost savings in changing the days supply allowed for maintenance drugs to a 60 or 90 day refill program in place of the current 34 day supply and report the findings back prior to the Omnibus Session.

11. Follow up on changing the Pre-Admission Screening and Annual Resident Review (PASARR) levels – FY 2002 (House Budget Committee). The House Budget Committee directed the agency to provide a fiscal analysis of changing the minimum PASARR levels to 30, 35, or 39 for any individuals coming into waiver services beginning July 1, 2001. The level is currently 26. The existing in service populations are to be grandfathered into the new waiver. This information is to be reported back prior to the Omnibus Session.

12. Follow up on increased funding for the Home and Community Based Services for Head Injury Waiver Program – FY 2002 (House Budget Committee). The House Budget Committee heard testimony that individuals qualified for the HCBS/HI waiver program was experiencing on average a two-year wait before services could begin due to funding. The Budget Committee recommended that if additional funding becomes available, that serious consideration of providing additional funding for this program be given during the Omnibus Session.

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.

Highway Patrol

A. Senate Substitute for House Bill 2034 (Conference). Senate Substitute for HB 2034 would establish a mechanism for the financing of emergency telephone service. Currently, when someone calls 911 using a wireless phone, no information is available to the dispatcher about the call or the caller. In 1996, the Federal Communications Commission (FCC) issued regulations which set up a two-phase process for implementing enhanced 911 for wireless service. Phase I requires wireless service providers to relay to the appropriate Public Service Answering Points (PSAP) the telephone number of a wireless handset originating a 911 call, as well as the location of the cell tower receiving the call. The FCC requires the wireless service provider to comply with Phase I requirements within six months after a PSAP makes a request for those services. Phase II requires wireless phone companies, by October 1, 2001, to provide the caller's location, in latitude and longitude, within 400 feet. This information will provide a more exact indication of the caller's location. However, in both cases the wireless companies must provide the information only if the answering point requests it and is capable of receiving the information transmitted.

Under existing law, local governments may charge telephone subscribers up to \$0.75 per month for each phone line wired into a home or business. HB 2034 would authorize a

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.

- Specify that no additional money beyond the surcharge could be collected from a subscriber's bill for emergency 911.
- Impose a deadline of July 1, 2004 for deployment of Phase I and II of the enhanced 911 service as established by the FCC.

The bill also establishes an 11-member Wireless Enhanced 911 Advisory Board to advise the administrator. The membership of the board would include the following: one representative of local law enforcement; one representative of the Kansas Highway Patrol; one county official or county employee; one municipal official or municipal employee; two representatives from the state's wireless telecommunications industry; two managers of PSAPs; one representative of the state's local exchange telecommunications service industry; and two legislators from different political parties, appointed by the Legislative Coordinating Council. The board would be required to report to the Legislature regarding the status of implementation of the act in 2003 and 2005. The board would sunset on July 1, 2005.

The Division of the Budget estimates that a surcharge of \$0.50 per subscriber account would generate \$6,000,000 for the Wireless Enhanced 911 Fund in FY 2002. Included within that amount is \$314,884 to finance expenses incurred by the Highway Patrol for budgetary, purchasing, and management functions relating to the administrator, staff (4.0 FTE), and the enhanced wireless 911 advisory board.

B. Base Salary Increase (House Budget Committee). After receiving testimony from the agency, the House Budget Committee recommended an additional 5.0 percent increase for all sworn officers of the Highway Patrol (excluding Capital Area Security Police and Motor Carrier Inspector (MCI) I and II personnel), which brought the total recommended salary increase (for sworn personnel) to 10 percent in addition to the annualized 3.0 percent recommended for all state employees. Senate Bill 57 (which contained FY 2002 appropriations), added a 3.0 percent base salary increase for troopers positions (funded by existing resources) for the last six months of the fiscal year contingent on findings from a job rate and classification study being conducted by the Division of Personnel Services. That recommendation also excluded Capital Area Security Police officers, along with the Superintendent, Assistant Superintendent, and Motor Carrier Inspector I personnel. The House Budget Committee flagged the inclusion of Capital Area Security Officers for Omnibus consideration in the event that those individuals could be included in any additional base salary increase above the Governor's recommended 5.0 percent. Additionally, the House Budget Committee noted that \$56,560 (funded by existing resources) is necessary to fund a base salary increase of 5.0 percent.

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.

D. Additional positions (House Budget Committee). The House Budget Committee recommended Omnibus consideration of the agency's request for the addition of \$43,272 (\$14,424 from the State General Fund) to finance 2.0 other unclassified positions in FY 2002. The agency requests 1.0 Office specialist position to serve as the work group administrator, and 1.0 facility maintenance mechanic to assist in reducing the backlog of work orders. Both positions would be stationed at Forbes Field.

E. Operating Expenses (House Budget Committee). Due to reductions incurred by the passage of 2000 Senate Bill 39, the agency experienced a decrease in its FY 2000 administrative operating expenditures. The agency requests \$1,541 (from the State General Fund) in FY 2002 to restore a percentage of the funding eliminated during FY 2000. The agency states that eliminating this funding would prove detrimental to operation of the agency. The House Budget Committee noted this item for Omnibus consideration in the event that funding was available to finance any additional expenses.

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, 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.

State Fire Marshal

A. Distribution of Funds from the Hazardous Material Emergency Fund (House Budget Committee and Senate Subcommittee). Senate Bill 57 (the 2001 regular session appropriations bill) established the Hazardous Material Emergency Fund to assist in financing hazardous material incident responses. The monies transferred into the fund from the State Fire Marshal Fee Fund would be accessible by the agency only with approval from the State Finance Council. However, during testimony, the agency did not have policies in place to govern the distribution of those funds. The House Budget Committee and the Senate Subcommittee requested that the agency provide more information on the plan at Omnibus. The agency proposes to establish response areas for chemical assessment teams and regional response teams for hazardous material emergency responses. The teams will be placed in strategic areas throughout the state, with those areas evaluated every two years by the State Fire Marshal to determine whether boundaries should be

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

statute of limitations for any crime listed in KSA 21-3106 (2) (*i.e.*, persons convicted of sodomy, lewd and lascivious behavior, incest, abuse of a child, burglary, or aggravated burglary) to the current statute of limitations or one year from the date identity is established by DNA testing. Additionally, the House Committee included provisions from HB 2075 which would allow the Kansas Bureau of Investigation (KBI) to fingerprint juveniles who commit assault. Under present law only juveniles who commit a class A or B person misdemeanor can be fingerprinted. Assault is a class C person misdemeanor. Also, the House Committee included provisions from HB 2360 allowing a person who pleads no contest to a criminal charge to receive credit for time served for sentencing purposes.

Current law requires the collection of these specimens where the person is required to register under the Kansas Offender Registration Act. The bill also establishes a procedure for a person convicted of murder or rape to petition the court for DNA testing. The court may order DNA testing upon a determination that testing may produce evidence that the petitioner was wrongfully convicted or sentenced. The costs of the tests are to be paid by the state or the petitioner as the court may order. If the DNA testing is unfavorable to the petitioner, the court shall dismiss the petition and assess the cost of testing to the petitioner who is able to pay. If the test results are favorable to the petitioner, the court shall order a hearing and enter any order that serves the interests of justice.

The Kansas Bureau of Investigation states that passage of this bill would create the additional responsibility of collecting and examining DNA samples from convicted felons. The agency states that SB 263 would be retroactive and would create a need to identify individuals who have been convicted of felonies in previous years who are currently under supervision. In order to process these additional samples, the agency would need a Laboratory Technician, at an approximate cost of \$34,000 each year. The agency indicates that \$659,000 (including \$159,000 from the State General Fund) would be necessary to finance costs associated with the collection of DNA samples. The agency also states that federal grants would be available for DNA testing through FY 2004, after which the State General Fund would have to cover all expenses if the federal grants are not reauthorized.

B. Base Salary Increase (House Budget Committee and Senate Committee). Under the Governor's FY 2002 budget recommendation, base salary increases were granted to certain public safety agencies, including the Department of Corrections, Juvenile Justice Authority, and the Kansas Highway Patrol. The Kansas Bureau of Investigation agents were not granted a base salary increase. During testimony, the agency stated that due to the inherent dangers faced by its agents, they should also be considered for an additional base salary increase. The House Budget Committee and Senate Subcommittee deferred this item for Omnibus consideration in the event that additional funding was available to finance a 5.0 percent base salary increase in FY 2002 for KBI agents (\$200,000 from the State General Fund).

C. Restore operating costs for the Investigation Division (House Budget Committee). The agency stated that during the 2000 Legislative Session, State General Fund monies were supplanted with federal funds that could not be used to finance normal operating expenses. Although, \$235,763 (State General Fund) was added to correct this problem, the agency states that federal Marijuana Eradication funds were also used for

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

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.

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.

B. Additional Positions (House Budget Committee). During testimony to the House Budget Committee, the agency in FY 2002 requested \$85,698 (from the State General Fund) and 2.0 FTE Staff Development Specialist positions. The request included the restoration of 1.0 FTE position (eliminated in 1993) and the addition of 1.0 FTE position to provide more technical assistance to ambulance services and attendants and to increase compliance monitoring programs in Northwest and Southwest Kansas. The House Budget Committee recommended Omnibus consideration of this item in the event additional funds are available to finance the request.

Kansas Department of Human Resources

A. Review Request for K DFA Bonds for Remodeling 427 SW Topeka (Senate Subcommittee). The Senate Subcommittee on Capital Improvements recommended Omnibus review of options for remodeling the building which holds the legal offices of the Department of Human Resources. The building is a two-story wood frame house with an attic and basement built in 1898 and purchased by Human Resources in 1979. A study recently completed estimates it will cost \$392,642 to perform necessary repairs and upgrades to the structure. The Subcommittee expressed concern about the expense and

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

program. The total planning dollars available to the State Veterans Cemeteries Program will be \$150,000 once the reimbursement from the VA is obtained. The appropriations bill contains language authorizing the program to use these funds.

F. Review the issue of hiring an additional Safety and Security Officer at the Kansas Soldiers Home (House Budget Committee). The Soldiers Home currently has one Safety and Security Officer who works four nights a week and one day shift per week. This position is also the Fire Safety coordinator and must check all fire alarms, extinguishers, etc., every week at the Soldiers Home. The new cemetery, which will be completed late in FY 2002 or early FY 2003, will have a storage facility with all of the heavy equipment needed for operation of the cemetery, this facility is located some distance from the Soldiers Home and they would like another Safety and Security Officer in FY 2002 to allow for night security every night, as well as additional day security. Salary and wages for this position would be \$24,445 (SGF).

Behavioral Sciences Regulatory Board

A. Review Costs Associated with the Fee Boards Accepting Credit Cards (House Budget Committee). The House Budget Committee noted that all fee boards will be incurring fees for accepting credit cards in FY 2002 as mandated by 2000 Sub. for HB 2323. The law allows agencies to charge the cost to the consumer, but two of the major credit card companies only allow this if all transactions are charged a fee, regardless of the method of payment if on-line payment is not available. The House Budget Committee recommended further review of this issue during Omnibus.

Kansas State School for the Blind

A. Review Teacher Salary Equity Adjustment for KSSB (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 KSSB'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 KSSB have a higher number of contract days they are expected to work than teachers within the surrounding school districts. The school requested \$39,755 (SGF) as an enhancement for a 2.5 percent salary adjustment (including benefits) in FY 2002. In FY 1999, the school received \$60,614 (SGF) for a 3.0 percent increase. No salary equity increases were recommended in FY 2000 or FY 2001. According to the school, the lower salary makes it difficult to recruit teachers for KSSB.

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

and Training Center, it includes employees in Mental Retardation Trainee and Mental Retardation Technician I and II positions. The enhancement provides for the movement of Mental Health Trainees from Pay Grade 10 to 16 and Mental Health Aides and Licensed Mental Health Technicians I and II from respective Pay Grades 12, 16, and 17 to Pay Grade 18. It also provides for the movement of Mental Retardation Trainees at Kansas Neurological Institute from Pay Grade 10 to 18 and Mental Retardation Trainees at Parsons State Hospital and Training Center from Pay Grade 10 to 14. Licensed Mental Retardation Technicians I and II would be moved from respective Pay Grades 16 and 17 to Pay Grade 18. The following table shows the hourly wage increase for each of these positions at step 4.

Position	Current Hourly Wage	Hourly Wage with Enhancement	Difference
Mental Health Trainee	\$ 7.48	\$ 10.05	\$ 2.57
Mental Retardation Trainee (PSH&TC)	7.48	9.11	1.63
Mental Retardation Trainee (KNI)	7.48	11.07	3.59
Mental Health Aid	8.26	11.07	2.81
Licensed Mental Health Technician I	10.05	11.07	1.02
Licensed Mental Health Technician II	10.55	11.07	0.52
Licensed Mental Retardation Technician I	10.05	11.07	1.02
Licensed Mental Retardation Technician II	10.55	11.07	0.52

The enhancement is requested to assist in recruitment efforts for these positions, as well as to reduce turnover and increase the quality of candidates. Employees in similar entry level positions at the correctional facilities are paid \$3.07 more per hour compared to hospital direct care staff. With the implementation of the Governor's employee pay plan, the difference in pay between corrections staff and hospital staff will be \$3.38 per hour. The enhancement is requested in the psychiatric services programs at Osawatomie State Hospital and Rainbow Mental Health Facility and in the special security program at Larned State Hospital. At Kansas Neurological Institute and Parsons State Hospital and Training Center, the enhancement primarily affects employees in the habilitation and treatment programs.

B. Psychotropic Medication Expenditures (Senate Subcommittee). The Senate Subcommittee recommended review of this enhancement request at Omnibus. A FY 2002 enhancement of \$247,472 from the State General Fund is requested for psychotropic medication expenditures. This includes a request of \$158,879 at Larned State Hospital and \$88,593 at Osawatomie State Hospital. The cost of these drugs are rising by 12 to 15 percent per year. The use of anti-psychotic medications has become best practice in recent years, and these medications help reduce an individual's stay in a hospital. They also aid in the success rate of placing individuals in the community.

C. Utility Expenditures (House Budget Committee). The House Budget Committee recommended review of utility expenditures during Omnibus. According to the Department of Social and Rehabilitation Services, the hospitals have been attempting to find

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. Osawatomi State Hospital and Larned State Hospital have been unable to find funding to cover the entire increase. Osawatomi 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.

Institution	FY 2001 Change
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.

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>

State Library

A. Community Access Network Catalog – Children’s Initiatives Fund (SB 57 Conference Committee). The House recommended funding of \$70,000 in FY 2002 from the Children’s Initiatives Fund for the Community Access Network. The Community Access Network is a web-accessible information resource that highlights state and local community services for children and families. The Conference Committee deleted this funding reflecting the decision to defer consideration of items funded from the Children’s Initiatives Fund until Omnibus.

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).

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

\$50 million to \$100 million, while the Senate version of the bill increases the amount to \$55.0 million. The bill also increases the amount of state monies the PMIB can invest in legislatively mandated loans to 13.0 percent of state monies or \$120.0 million, whichever is less. Under current law, such loans are limited to the lesser of 13.0 percent of state monies or \$80.0 million. The fiscal note submitted on the bill as introduced indicated that the State Treasurer required \$65,000 from the State General Fund and 1.0 FTE position in FY 2002 to implement the bill.

C. Demand Transfers (Senate Committee). The Senate Committee recommended that funding for the Local Ad Valorem Tax Reduction Fund (LAVTRF) and the County and City Revenue Sharing Fund (CCRSF) be reviewed at Omnibus. The approved FY 2002 budget concurred with the Governor's recommendation that the two transfers be allowed to return to the level of funding provided in FY 2000, or \$94.8 million, an increase of \$6.2 million (7.0 percent) from the current year. To allow the two transfers to return to the statutory level would require an additional \$14.0 million.

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.

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.

B. Sen. Sub. for HB 2035 (Governor). Senate Substitute for HB 2035 establishes a broadband technology-based network called Kan-Ed for schools, libraries and hospitals. The bill gives the State Board of Regents the responsibility to contract for the creation, operation, and maintenance of the Kan-Ed Network. The approved FY 2002 budget for the State Department of Education includes \$345,000 from the State General Fund for developing a specific plan of action to implement an education technology network. This funding should be shifted to the State Board of Regents due to the shift in responsibility for program administration.

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.

University of Kansas Medical Center

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: \$817,246 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$106,616 SGF for restoration of the state/tuition (2 for 1) equipment program; \$53,308 for library enhancements; and funding for the elimination of the first three steps of the state pay plan.

B. Children's Initiatives Fund Financing (SB 57 Conference Committee). The Conference Committee on SB 57 agreed to defer consideration of funding for all programs financed by the Children's Initiatives Fund until Omnibus. The Governor's FY 2002 recommendation for the University includes \$250,000 from the Children's Initiatives Fund to continue the Tele-Kid Health Care Link initiative.

Kansas 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: \$1,560,032 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$1,022,084 SGF for restoration of the state/tuition (2 for 1) equipment program; \$172,480 for new building support; \$511,042 for library enhancements; and funding for the elimination of the first three steps of the state pay plan.

Kansas State University Veterinary Medical Center

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: \$110,403 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$24,750 SGF for restoration of the state/tuition (2 for 1) equipment program; \$15,800 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: \$240,309 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$272,000 SGF for restoration of the state/tuition (2 for 1) equipment program; \$102,373 for new building support; \$136,015 for library enhancements; and funding for the elimination of the first three steps of the state pay plan.

B. Possible Funding for Future Teacher Academy and National Board Certification Program (Senate Committee). The Committee had requested a review of potential funding in FY 2002 of \$175,000 SGF and possible placement of the funding for the programs under the Board of Regents. **Staff Note:** Senate Bill 57 included \$155,000 SGF for both programs as grants through the Department of Education.

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.

Fort Hays 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: \$347,491 in current services reductions; \$3.0 million systemwide for increased utilities costs; \$266,000 SGF for restoration of the state/tuition (2 for 1) equipment program; \$134,000 for library enhancements; and funding for the elimination of the first three steps of the state pay plan.

B. 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.

Pittsburg 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

pilot project at Lansing reducing the age eligibility for hiring from 21 to 19. The Committee wanted an evaluation of the program and the Department's assessment of its viability.

D. Post Audit Report Regarding Overtime Expenditures (House Committee).

The Committee requested a 100 hour Legislative Post Audit of overtime expenditures at Lansing for correctional officers. The Committee noted high overtime expenditures and the audit will analyze the potential benefits of continued overtime expenditures versus increased salaries to retain a higher number of employees. The Committee wanted to know if expenditures for overtime might be better spent on enhanced pay, thus reducing the need for overtime. The audit is available as LPA 01-18.

E. Salary Comparison Study (House Committee). The Committee requested a report from the Department of Corrections before Omnibus analyzing the comparative salaries and benefits of Lansing's public safety employee competitors, including local units of government, federal prisons, and private prisons. As well, the agency should address whether they are prepared to hire employees above the entry level grid on the Kansas Civil Service pay scale.

F. SB 67 (Conference Committee). SB 67 is the Omnibus drivers license bill, including suspension and restoration of licenses for DUI, increased fines, ignition interlock devices, increased fees for the Department of Revenue, and for this section, increased imprisonment for DUI convictions. The sentencing provision of SB 67 were in SB 215, and amended into SB 67 in the House. Prison impact projections report a potential prison bed increase of 15-114 beds per year, up to 156 per year in FY 2011. The Department of Corrections cost impact, including required intensive drug treatment, would range between \$136,500 and \$1,037,400 per year. Thirty additional residential transitional bed costs are estimated at \$237,000 per year.

State Department of Education

A. Revised School Finance Estimates. Staff from the State Department of Education, the Legislative Research Department, and the Division of the Budget met April 9, 2001, to review estimates for school finance which had been made in November of 2000. Estimates traditionally are revised in April when spring enrollment data and more recent information about school district local resources are available.

Compared to estimates made in November, local resources increased by \$2.2 million in FY 2001 and by \$1.7 million in FY 2002. State aid increases due to enrollment growth **under current law** are estimated to be \$4.8 million in FY 2001 and \$1.9 million in FY 2002. **These changes result in net increases in state aid required to fund school finance of \$2,548,000 in FY 2001 and \$233,000 in FY 2002, as shown in the table below.** Also shown is the additional amount of **\$259,000** which would be needed to fund the Governor's original recommendations in FY 2002.

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

2.5 FTE new positions for FY 2002 at a total cost of \$128,950 for salaries and associated operating expenses: 1.0 FTE Program Coordinator to oversee the program, monitor contracts, work with the 37 networks statewide, and provide technical assistance; 1.0 FTE Secretary to provide clerical support, and 0.5 FTE Program Consultant to provide technical assistance to networks and coordinating councils. SB 57 includes an appropriation of \$1,992,000 from the State General Fund for the program. There also is \$4,335,767 in federal funding under the Individuals with Disabilities Education Act, which includes funds for agency operating expenses.

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.

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.)

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:

- \$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.

- \$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.)

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, well 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.

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

Prevention Program Grants and \$2,000,000 for Intervention/Graduated Sanctions Program Grants.

(2) **(House Committee)**. The House Committee added \$150,000 from the Children's Initiatives Fund in FY 2002 to establish a pregnancy maintenance and parenting support pilot project targeting teenaged and other parents at risk of committing abuse and neglect. The program grants would require a dollar for dollar local match.

D. Senate Substitute for HB 2067 and Senate Substitute for HB 2154 (Conference). Senate Substitute for HB 2067 and Senate Substitute for HB 2154 amend the statutes regarding employment in adult care homes and home health agencies. An individual adjudicated a juvenile offender based upon any of the person felonies listed in KSA 39-970 is prohibited from working in an adult care home or home health agency. The bills would add attempt to commit, conspiracy to commit, or criminal solicitation to commit the crimes listed in KSA 39-970 as offenses which would prohibit employment. The bills also grant the Department of Health and Environment access to information in the possession of the Kansas Bureau of Investigation regarding adjudications of a juvenile offender which, if committed by an adult, would have been a felony conviction.

The Juvenile Justice Authority estimates that passage of Senate Substitute for HB 2067 or Senate Substitute for HB 2154 would increase the agency's costs by \$30,000 to \$50,000 SGF per year beginning in FY 2002. The estimate includes costs associated with the increased access to the Juvenile Justice Information System as well as staff requirements.

Juvenile Correctional Facilities

A. Potential Savings Due to Decreased Populations (Senate Subcommittee). The short-term result of the implementation of the Placement Matrix is a period of decreased populations at the juvenile correctional facilities. The populations will begin to grow as more juvenile offenders are sentenced under the Placement Matrix. The Senate Subcommittee requested the facilities report on potential savings in FY 2002 to be gained due to the decrease in population.

Kansas Arts Commission

A. Statewide Meeting (House Budget Committee). The House Budget Committee on Education recommended that funding to match federal dollars for a statewide meeting of arts organizations in FY 2002 be reviewed at Omnibus. The agency requested \$18,920 State General Fund for the required match to \$18,920 in federal dollars available to fund a statewide professional meeting for arts agencies to discuss a variety of topics, including fundraising strategies and grant writing. No funding was provided for this request in the FY 2002 approved budget.

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

taxes paid on the working interest of certain low production oil leases shall be paid from the income tax refund fund.

SB 44 becomes effective on publication in the *Kansas Register*, eliminating the need for the \$1,319,233 supplemental appropriation recommended by the Governor for FY 2001. It also reduces the FY 2001 expenditures for the program by approximately \$700,000 State General Fund.

Based on projections for the Homestead program, the current consensus estimate of individual income tax receipts for FY 2002 would be reduced by \$14.43 million. But the appropriation for that amount, which would be required under current law to fully fund the program, also could be eliminated.

Department of Wildlife and Parks

A. Local Government Outdoor Recreation Grants Program (LGORP) (SB 57 Conference Committee). The House Appropriations Committee recommended funding for the Local Government Outdoor Recreation Grants Program in FY 2002 be reviewed at Omnibus. The agency requested \$500,000 EDIF to Fund the LGORP program. The LGORP program provides funding at a one to one match for communities to help in developing outdoor recreations sites. No funding was provided for this program in the approved FY 2002 budget since the Conference Committee deleted all EDIF funding.

Animal Health Department

A. Animal Facility Inspector Positions (Senate Subcommittee). The Senate Subcommittee recommended examining the agency's FY 2002 enhancement request of \$87,742 (including benefits) from the State General Fund for 2.0 FTE Animal Facility Inspector positions. The 2.0 FTE Inspector positions would help the agency handle an increasing number of animal care complaints, improve on-the-job safety, and alleviate the current inspection load (some inspectors are on the road for two or three days per week). The Subcommittee noted that the agency's animal facility inspectors have come across problems USDA inspectors have sometimes failed to report, and that having two additional inspectors would alleviate some of the problems. For comparison, according to the agency, federal inspectors conduct on average 138 inspections a year, while state inspectors conduct anywhere from 200 to 400 inspections a year, depending on the size of the geographic district and the miles traveled.

State Fair

A. Shift Funding from State General Fund to Economic Development Initiatives Fund (House Budget Committee). Provided that funds are available in the EDIF, the House Budget Committee recommended in FY 2002 shifting \$134,000 from the State General Fund to the EDIF for the state's support of the Fair's operations. The House Budget

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	100.0%	\$36.2

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.

B. SB 237 (Conference). SB 237 would permit the holder of a groundwater right not located within the boundaries of a chartered water bank to establish a flexible account where the holder may deposit in advance water from the right of use. Water right holders could deposit in the flex account an amount of water equal to 90.0 percent of the average water used between the years of 1998 and 2000, times five. Use of the water deposited in the flex account would be limited to a consecutive five-year term with no limit on the annual use of the water. The Kansas Department of Agriculture would be responsible for issuing term permits to water right holders to authorize the use of water deposited in a flex account. The Kansas Department of Agriculture indicates passage of SB 237 would require 2.0 FTE positions and expenditures of \$128,165 in FY 2002. Of this amount, \$85,848 would initially be required from the State General Fund, and would be reimbursed once application fees are received. This estimate includes \$93,913 for 1.0 FTE Environmental Scientist II unclassified position and 1.0 FTE Office Specialist unclassified position. These positions would be responsible for compliance monitoring and enforcement, processing permits, and analyzing water use. The remaining \$34,252 would be used for other operating expenditures. The Department's estimate is based on the issuance of 500 term permits each year with an application fee of \$400, generating approximately \$200,000 in fees.

C. HB 2047 (Conference). HB 2047 would enact the Kansas Water Banking Act, which would allow for the chartering of water banks as private not-for-profit corporations. Water banks would lease water from water right holders and provide safe deposit accounts for the deposit of unused water from a bankable water right. Water banks would also provide services to facilitate the sale or lease of water rights but would be prohibited from owning, buying, or selling water rights. Water banks would contract with water right holders for the deposit of all or part of any water right within a water bank's boundary. Once a water right is deposited, water from that water right may be leased if used within the bank boundary and in the same hydrological unit. The deposit or lease of water could not impair existing water rights or cause a significantly different hydrological effect to other water users from the same supply source. The Kansas Department of Agriculture indicates that HB 2047 would require, in FY 2002, 3.0 FTE positions and \$105,591 from the State General Fund, which includes \$53,684 for 1.0 FTE Environmental Scientist III position, \$24,521 for 1.0 FTE Environmental Scientist II position, \$12,386 for 1.0 FTE Office Assistant III position, and \$15,000 for other operating expenditures. Of these 3.0 FTE positions, only the Environmental Scientist III position would be filled at the beginning of the fiscal year. The remaining 2.0 FTE positions would be filled in the middle of the fiscal year. The Department does not anticipate the receipt of reimbursable expenditures from the first established water bank in FY 2002.

D. HB 2101. (Conference). HB 2101 would establish, in the Department of Agriculture, a Plant Pest Emergency Response Fund. The fund would provide an additional source of funding to the Department's Plant Health Program. The fund would be used, in an emergency, to mitigate pests entering the state. These pests could damage agriculture, horticulture, or the environment. Revenue in the fund would be generated from an annual fee collected from nursery dealers and nursery certificate holders. The fee could not exceed \$5.00. The agency indicates that passage of HB 2101 would generate additional fee fund revenues of up to \$7,000 annually, of which no additional funds should be used to offset SGF due to the emergency nature of the fund. The agency would absorb any expenditures resulting from the passage of the bill.

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.

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).

C. HB 2497 (Conference). HB 2497 would amend various statutes that relate to joint committees and standing committees of the Kansas Legislature. The bill amends the appointing authority or membership requirement of the Joint Committee on Economic Development, the Joint Committee on Arts and Cultural Resources and the Joint Committee on Pensions, Investments and Benefits. The bill also makes other technical and clarifying changes relating to legislative committees.

HB 2497 would also replace the existing Health Care Reform Legislative Oversight Committee with a new committee entitled the Joint Committee on Health Care Oversight. The existing Health Care Reform Legislative Oversight Committee is scheduled to expire on July 1, 2001. The bill increases the size of the new committee by two members, from 12 members to a 14 member committee. The estimated cost for two additional legislative members for the committee is \$3,726 (State General Fund) in FY 2002. This estimate is for legislator compensation, subsistence, and mileage, based on the number of meetings held in FY 2001.

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.

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

Stephen S. Richards



Senate Ways and Means
April 17-20, 2001
Attachment 10

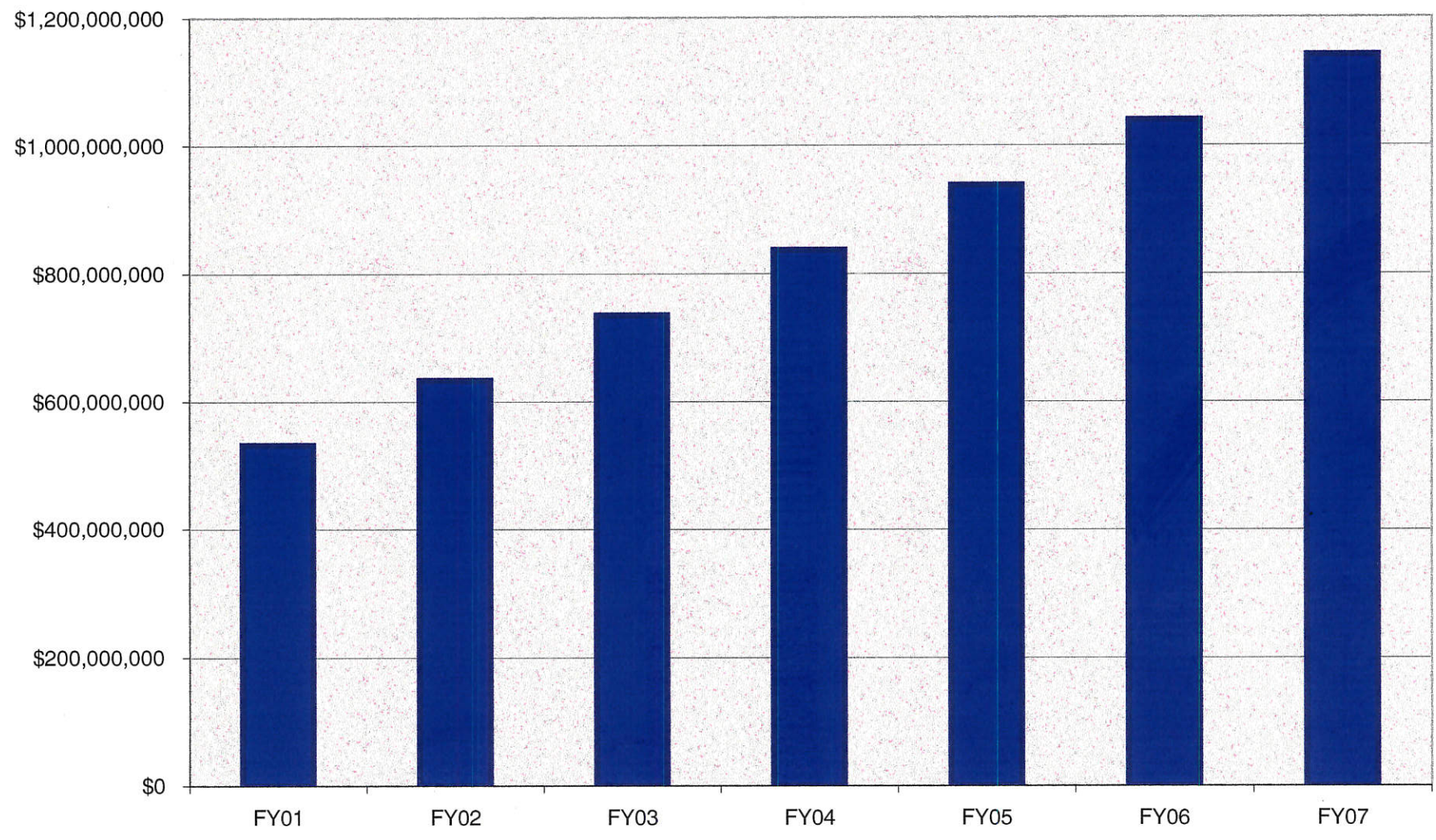
Proposed Management Plan for Accounts Receivable

Current Status

- Accounts Receivable balance is approaching \$500 million
- KDOR has \$280 million in bad debts. We have identified \$62 million ready to write off covering 15 years
- Current taxpayer activity produces \$145 million in new accounts receivable annually
- Collections currently recover \$43 million annually
- If KDOR stays on current track, Accounts Receivable balances will grow by \$102 million annually, with no procedure for systematic write-off of bad debt
- Statute of limitations and aging of accounts receivable require issuance of tax warrants to protect receivables.



Kansas Department of Revenue Accounts Receivable - Current Program



Proposed Management Plan for Accounts Receivable

Action Plan-Phase I

- Immediate write-off of \$62 million bad debts
- Establish a new procedure for the annual write-off of bad debts
- Enhanced collection efforts through improved billing and call campaigns, skip tracing techniques, tax warrants and civil tax enforcement initiatives
- RFP issued for third party collection
- Provides for recovery of additional \$23 million annually
- Requires 38 additional FTE's at a cost of \$1,692,600.



Proposed Management Plan for Accounts Receivable

Action Plan-Phase II

Anticipates Implementation of Phase I

- Collection of older, aged accounts receivables within 42 months

- Provides one-time revenue of \$17 million each fiscal year for FY 2002-2005

- Implement tax discovery and non-filers compliance programs

- Increases staffing **an additional 30 FTE's** at a cost of \$1,335,800



Proposed Management Plan for Accounts Receivable

Benefits:

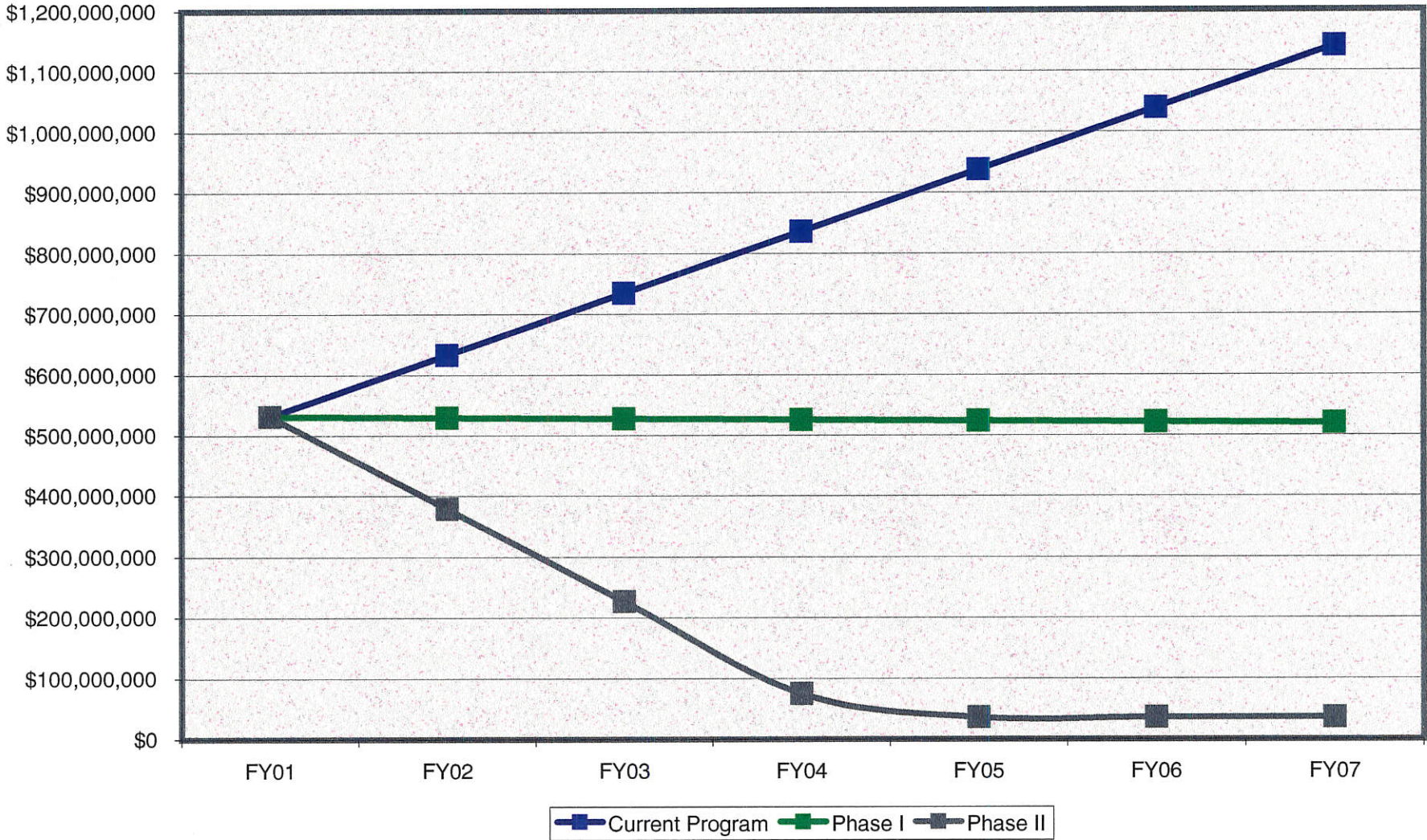
- Provides for increased revenues
- Does not deteriorate accounts receivable balances or collectibility
- Avoid growth in accounts receivable balances
- Staffing at Project 2000 design levels for collections

Risks:

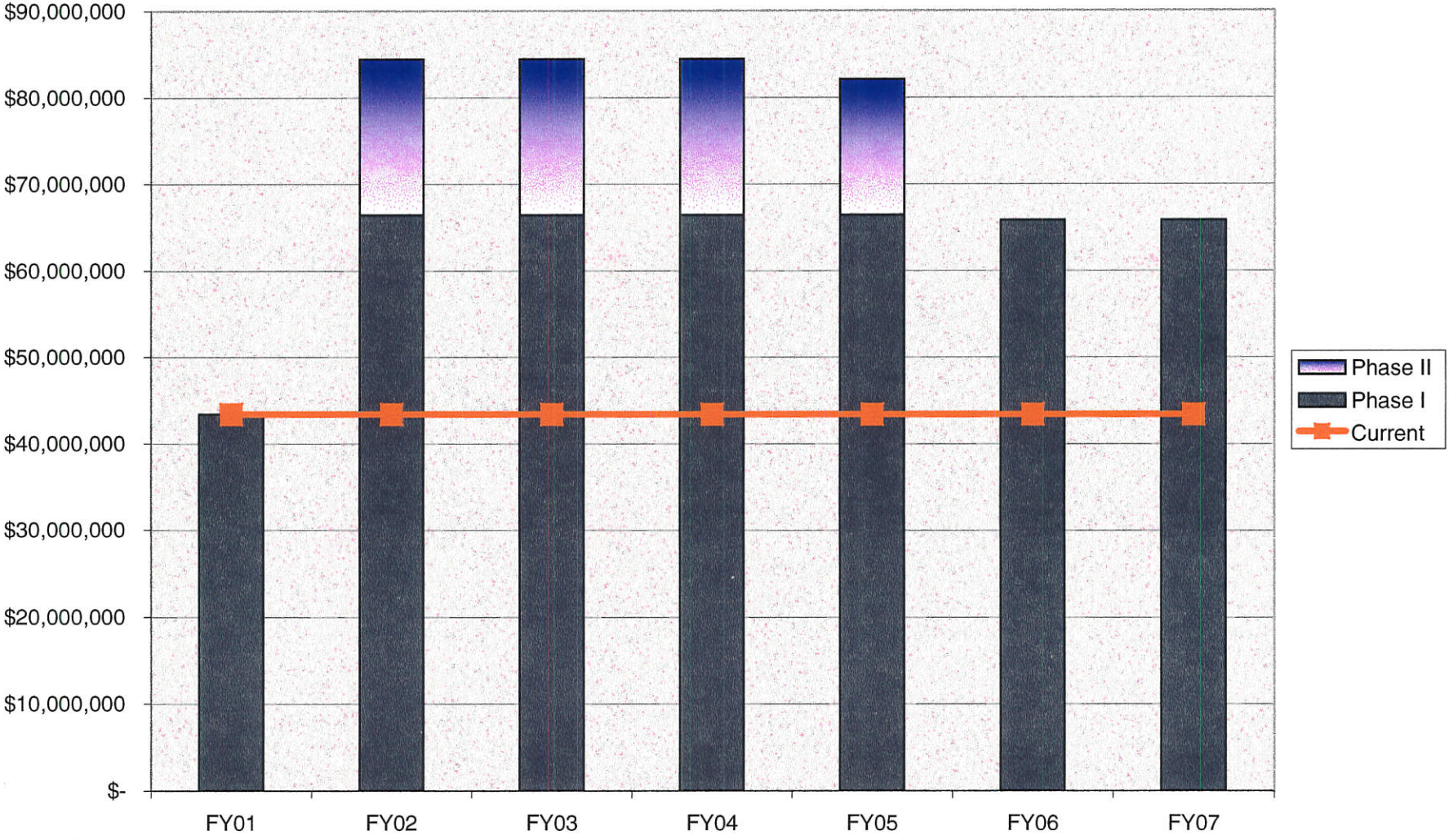
- Phase I does not reduce older, aged accounts receivable
- Taxpayers may perceive KDOR as not customer service friendly



Kansas Department of Revenue Accounts Receivable



Kansas Department of Revenue Accounts Receivable Collections



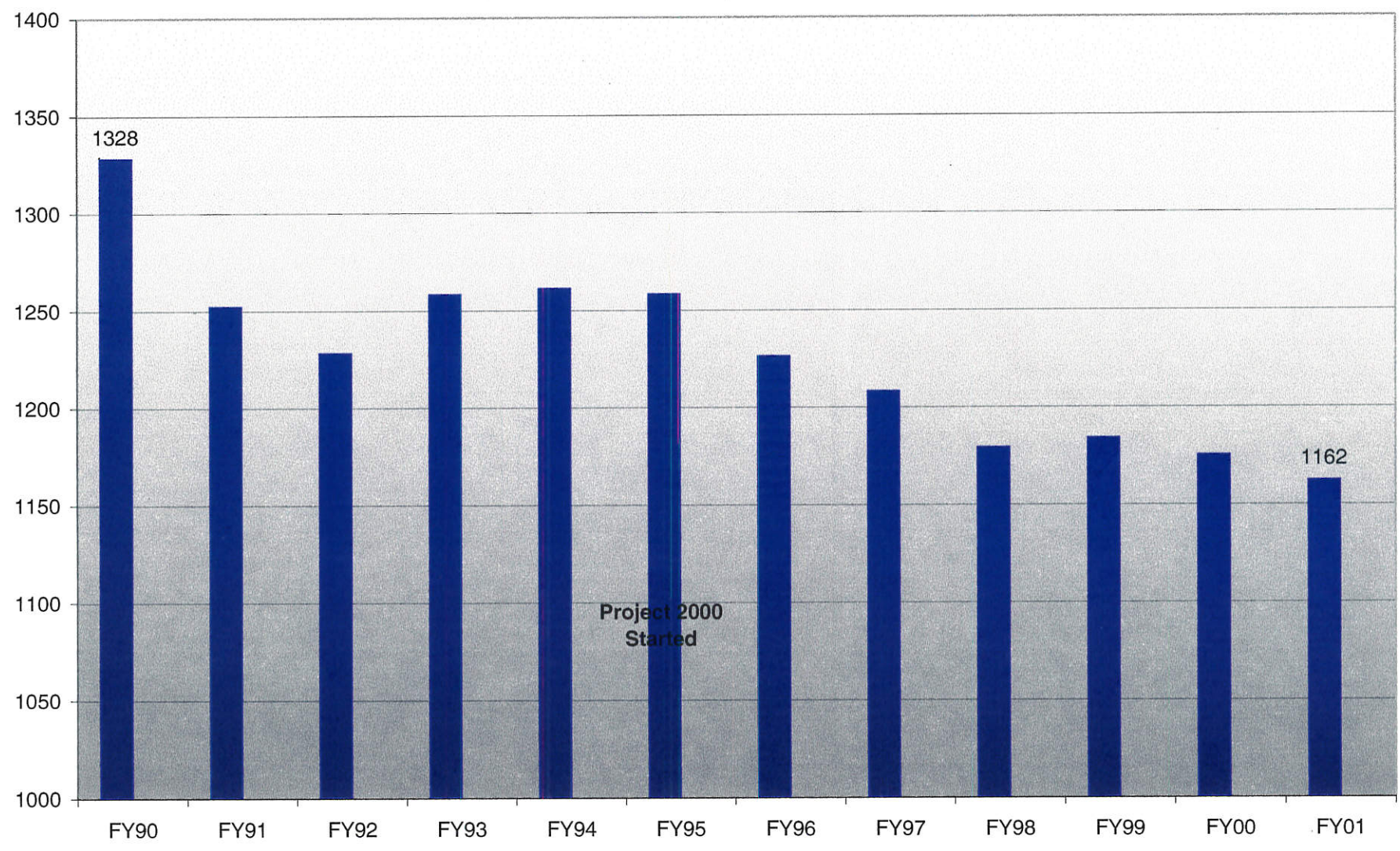
Proposed Management Plan for Accounts Receivable

Accounts Receivable by Tax Type

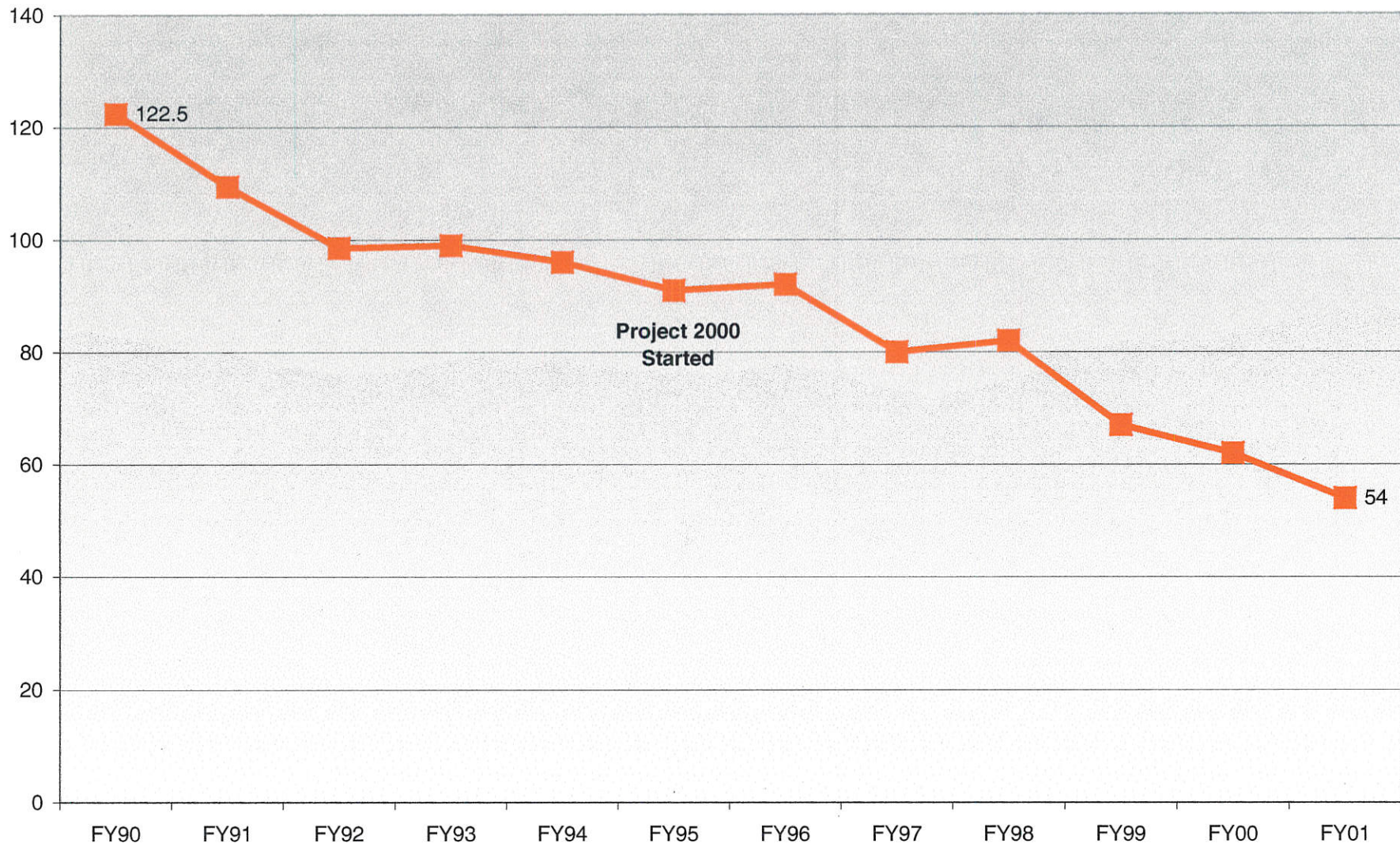
<u>Type</u>	<u>Accounts Receivable At 2-28-01</u>	<u>Uncollectable</u>	<u>Net Receivable</u>
Sales/Use	122,198,287	46,575,038	75,623,249
Drug	95,678,930	86,111,037	9,567,893
Corporate	88,040,599	70,722,108	17,318,491
Individual	71,787,445	19,578,155	52,209,290
Motor Carrier	52,818,302	38,029,177	14,789,125
Withholding	30,115,540	13,423,593	16,691,947
Liquor	9,053,808	5,576,949	3,476,859
Motor Fuel	2,553,350	1,142,782	1,410,568
Cigarette	1,984,655	-	1,984,655
Misc.	2,596,537	1,178,038	1,418,499
TOTAL	476,827,453	282,336,877	194,490,576
Pending Billing	19,000,000	-	19,000,000
Total Acct Rec.	495,827,453	282,336,877	213,490,576



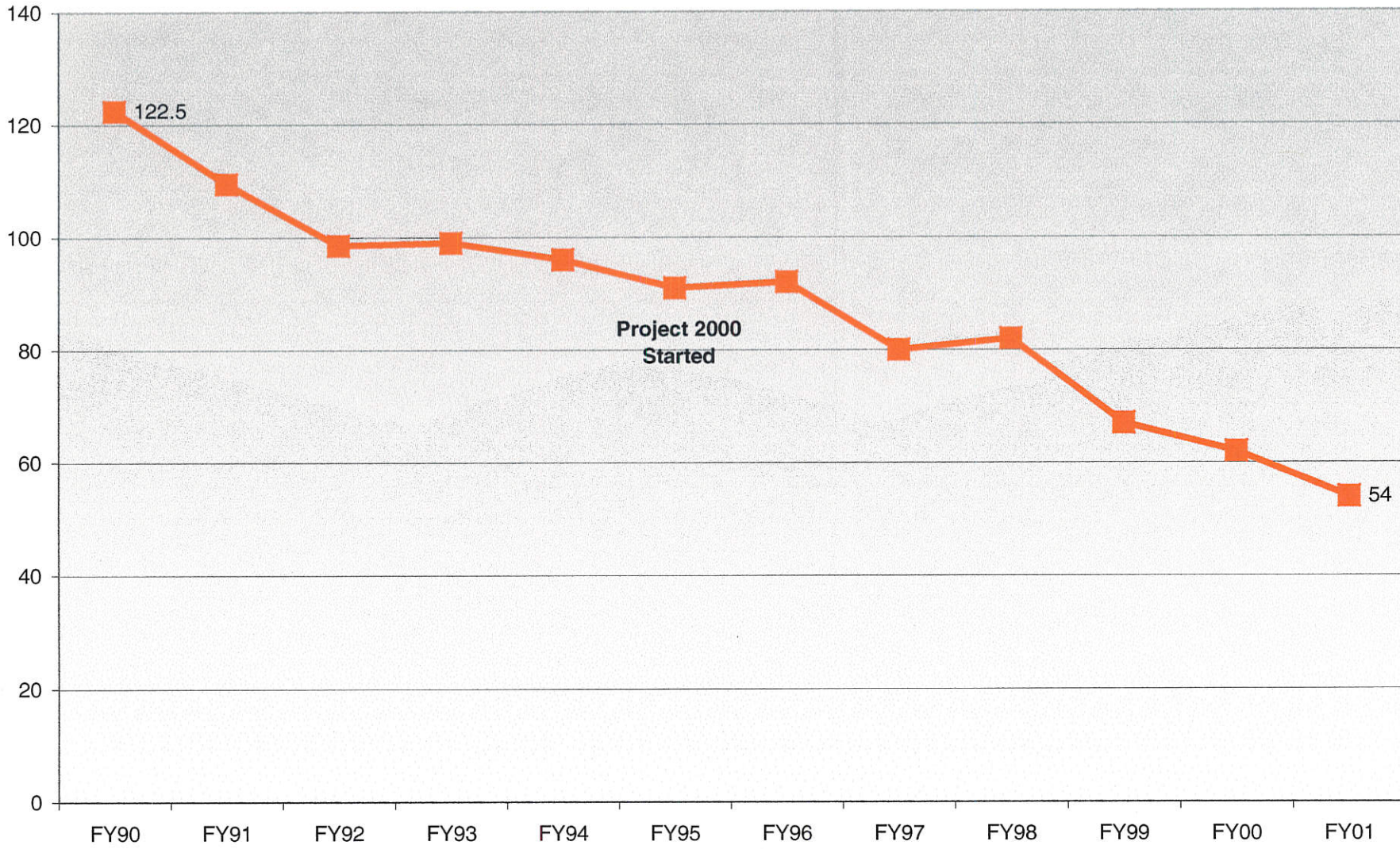
KDOR Staffing Trend



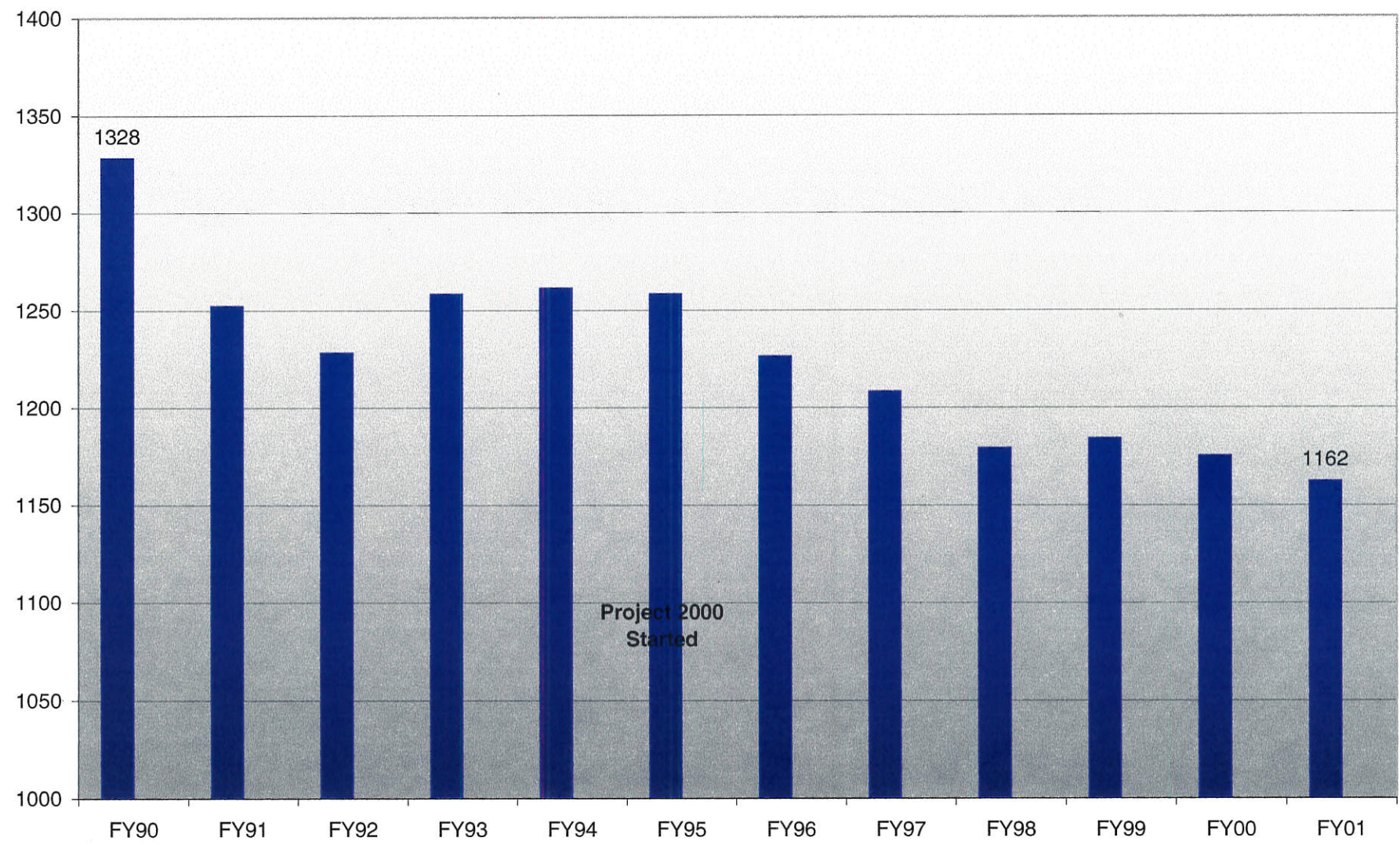
KDOR - Compliance Staffing Trend



KDOR - Compliance Staffing Trend



KDOR Staffing Trend



Proposed Management Plan for Accounts Receivable

Cost of Additional Resources

<u>Phase I - 10 FTE</u>	<u>FY01</u>	<u>FY02+</u>
Salary/Benefit	\$62,122	\$372,730
OOE	4,300	16,850
One-Time	57,020	
<u>Phase I - 28 FTE</u>		
Salary/Benefits		\$1,043,644
OOE		47,182
One-Time		155,176
<u>Phase II - 30 FTE</u>		
Salary/Benefits		\$1,118,190
OOE		50,551
One-Time		167,059
TOTAL	\$123,442	\$2,971,382



Proposed Management Plan for Accounts Receivable

Utilization of New Resources

Activity	FTE's
Outbound Call Campaigns	8
Skip-Tracing	4
Tax Warrant/Collection	8
Taxpayer Contact	12
Field Investigation/Levies	15
Non-Filer Activity	8
Other	7
Supervision	<u>6</u>
	68
Contract Service	<12>
Modify Agency Shrinkage to 2.5%	<u><29></u>
New Authorized FTE	<u>27</u>



Potential State Budget Adjustments As Proposed by Chairperson Steve Morris

State General Fund Receipt Adjustments

(\$ in Millions)

\$ 45.0 Department of Revenue accounts receivable enhancements

10.0 Insurance premium enhancements

\$ 55.0 Additional State General Fund Receipts

State General Fund Expenditure Adjustments

\$ (10.0) Reduce expenditures of the Children's Initiative Fund (Tobacco) and offset State General Fund expenditures in FY 2002.

(4.4) Allow only for 2.0 percent increase (\$1.8 million) in the Local Ad Valorem Tax Reduction Fund and the County-City Revenue Sharing Fund in FY 2002.

(50.0) Transfer federal Intergovernmental Transfer funds to the Home and Community Based Services (HCBS) waivers. The action offsets State General Fund financing in the waivers. The transfer would take place once the state receives the funds, but prior to being deposited in the Senior Services Trust Fund (all in FY 2002).

(26.5) Shift funding of the Kansas Highway Patrol from the State General Fund to the State Highway Fund. Authorize the Department of Transportation to issue additional bonds to replace lost revenue due to the transfer.

(20.3) Shift all State General Fund demand transfers to revenue transfers.

(18.4) KPERS Death and Disability Moratorium.

(10.0) General reductions in various agency budgets.

\$ (139.6) Total State General Fund Expenditure Adjustments

**Items for Omnibus Consideration
(Senate Committee Recommendations)**

<u>Agency/Item</u>	<u>State General Fund</u>	<u>All Funds</u>	<u>FTE Positions</u>
FY 2001			
Board of Indigents' Defense Services			
Consider additional funding for Wichita capital murder cases	0	0	0.0
Commission on Veterans Affairs			
Review expenditures for annualized salary increases	18,000	18,000	0.0
Review Kansas Veteran's Home VA reimbursements and possible supplemental funding	82,000	82,000	0.0
Consider the addition of Deputy Director position	42,900	42,900	1.0
Department of Corrections			
Add a proviso prohibiting substance abuse treatment expenditures for a specific location in Wichita for any offender with a sexual offense or patient in the Sexually Violent Predator program (Conference Item)	0	0	0.0
Juvenile Correctional Facilities			
Report on potential savings gained in the short term due to decreased population resulting from the Placement Matrix	0	0	0.0
Adjutant General			
Review increases in utility expenses for armories	174,000	174,000	0.0
Fire Marshal			
Review recommended salary and wage reduction (Note: The agency states that the reduction will have no adverse effects.)	0	102,354	0.0
TOTAL	316,900	419,254	1.0

FY 2002

State Treasurer

Review level of funding for Local Ad Valorem Tax Reduction Fund and the City County Revenue Sharing Fund

0 0 0.0

Department of Revenue

Review methods to enhance collection of money due the State

0 0 0.0

Kansas Lottery

Review sales figures and estimated transfers to the State Gaming Revenues Fund. A shortfall in projected sales of \$200 million will impact the SGF. For each \$10 million shortfall in sales, a loss of \$3.34 million SGF will occur.

0 0 0.0

Department of Human Resources

Kansas Legislative Research Department

*Senate Ways and Means
April 17-20, 2001
Attachment 12*

Agency/Item	State General Fund	All Funds	FTE Positions
Review funding for remodeling property at 4th and Topeka Blvd.	0	392,642	0.0
Department of Health and Environment			
Review status of dedicated revenue stream for local health departments through cigarette tax increase	0	1,965,000	0.0
Review issue of center-based programs eligibility for Infant Toddler funding	0	0	0.0
Receive report on inter-agency collaboration on prevention programs	0	0	0.0
Department of Social and Rehabilitation Services			
Review state-funded AgrAbility for the rehabilitation of farmers	140,000	140,000	0.0
Review funding Domestic Violence Prevention Services in the Salina and Garden City SRS Area Offices	125,000	125,000	0.0
Review the status of the federal Traumatic Brain Injury Grant	35,000	110,000	0.0
Review requirements of covering adults under HealthWave and the fiscal impact of such coverage	13,800,000	49,300,000	0.0
Report on February meeting between the agency and the CMHCs regarding mental health services for foster care and adoption children	0	0	0.0
Report the findings of agency meeting with Children's Alliance and children's emergency shelters regarding the per day rate of reimbursement	330,000	330,000	0.0
Consider additional funding for training of child welfare staff and foster care recruitment	202,500	305,000	0.0
Mental Health Institutions			
Review enhancement request for psychotropic medications	247,472	247,472	0.0
State Historical Society			
Review of alternative funding options for repair and rehabilitation of the Shawnee Mission	67,000	167,000	0.0
Regents Institutions Systemwide			
Review current service budget reductions	6,100,000	6,100,000	0.0
Review increased utility costs	3,000,000	3,000,000	0.0
Review 2 for 1 state/tuition equipment funding	3,900,000	5,800,000	0.0
Review annualization of the elimination of the first three steps of the pay plan (cost unknown)	0	0	0.0
Review state match for the library enhancement	1,900,000	1,900,000	0.0

Agency/Item	State General Fund	All Funds	FTE Positions
Review servicing new buildings	655,243	655,243	9.8
Board of Regents			
Review Adult Basic Education funding	126,000	126,000	0.0
Emporia State University			
Review adding funds for Future Teacher Academy and National Board Certification and possible placement of line item funding in Board of Regents' budget	175,000	175,000	0.0
Review new building support at Student Recreation Facility	102,373	102,373	1.4
Pittsburg State University			
Review new building support at Carney Smith Stadium	158,583	158,583	1.9
Review new armory/student building	410,000	545,000	0.0
Department of Corrections			
Add a proviso prohibiting substance abuse treatment expenditures for a specific location in Wichita for any offender with a sexual offense or patient in the Sexually Violent Predator program (Conference Item)	0	0	0.0
Juvenile Justice Authority			
Report with SRS on available resources to fund Juvenile Intake and Assessment at the Current Services level (including Children in Need of Care)	0	1,000,000	0.0
Report with SRS, KDHE, the Dept. of Education, and the Children's Cabinet plans to develop standards for evaluating the effectiveness of prevention programs	0	0	0.0
Adjutant General			
Review increases in utility expenses for armories	190,000	190,000	0.0
Review funding for debt service payments for the 58 statewide armories	195,000	195,000	0.0
Fire Marshal			
Review the distribution of funds from the Hazardous Materials Emergency Fund	0	0	0.0
Kansas Bureau of Investigation			
Review the expansion of DNA samples within the KBI database (SB 263)	159,000	659,000	1.0
Review salary increase for KBI agents	200,000	200,000	0.0
Review alternatives whereby enhancements could be funded within the current budget	0	0	0.0

<u>Agency/Item</u>	<u>State General Fund</u>	<u>All Funds</u>	<u>FTE Positions</u>
Review proposals to reduce the backlog of cases in Laboratory Division	0	0	0.0
Board of Emergency Medical Services			
Review the establishment of a Trauma System Development Fund	0	0	0.0
Animal Health Department			
Examine agency's request for animal facility positions	87,742	87,742	2.0
Department of Agriculture			
Review fiscal impact of SB 237	85,848	128,165	2.0
All Agencies			
Review all programs funded through the Economic Development Initiatives Fund (Conference)	0	44,172,711	0.0
Review all programs funded through the Children's Initiatives Fund (Conference)	0	40,405,000	0.0
TOTAL	32,391,761	158,681,931	18.1

EDIF Items Deferred for Omnibus Consideration by the Senate

Agency	SGF	All Funds	FTE
Department of Commerce and Housing			
Review EDIF funding	0	20,253,336	0.0
Kansas, Inc.			
Review EDIF funding	0	343,267	0.0
KTEC			
Review EDIF funding	0	13,043,143	0.0
State Board of Regents			
Review funding for Postsecondary Vocational Education Aid	0	6,916,110	0.0
Review funding relating to Vocational Education Capital Outlay Aid	0	2,700,000	0.0
Review funding associated with the Technology Innovation program	0	166,855	0.0
Review funding for the Comprehensive Grant Program	0	250,000	0.0
Kansas Department of Wildlife and Parks			
Review EDIF funding for the Local Government Outdoor Recreation Grant program (LGORP) (Conference)	0	500,000	0.0
TOTAL	0	44,172,711	0.0

**Children's Initiative Items Deferred for Omnibus
Consideration by the Senate**

<u>Agency</u>	<u>SGF</u>	<u>All Funds</u>	<u>FTE</u>
Department of Health and Environment			
Review Children's Initiative Funding	0	750,000	0.0
Department of Social and Rehabilitation Services			
Review funding for the Children's Mental Health Initiative	0	1,800,000	0.0
Review Family Centered System of Care funding	0	5,000,000	0.0
Review funding associated with Therapeutic Preschool	0	1,000,000	0.0
Review Community Services-Child Welfare funding	0	2,600,000	0.0
Review funding associated with Child Care Services	0	1,400,000	0.0
Review Children's Accountability Fund	0	250,000	0.0
Review funding associated with HealthWave	0	1,000,000	0.0
Review funding for the Kansas Smart Start program	0	11,260,000	0.0
University of Kansas Medical Center			
Review funding associated with Tele-Kid Health Care Link	0	250,000	0.0
Department of Education			
Review funding associated with Parent Education	0	3,500,000	0.0
Review funding for the School Violence Prevention program	0	500,000	0.0
Review funding relating to Four year old At-Risk students	0	2,000,000	0.0
Review funding associated with the Vision Study	0	250,000	0.0
Review funding associated with Communities in Schools	0	125,000	0.0
Review funding associated with Mentoring Program Grants	0	500,000	0.0

State Library

Review funding associated with Community Access
Network

0 70,000 0.0

Juvenile Justice Authority

Review Prevention Program grants

0 6,000,000 0.0

Review Intervention/Graduated Sanctions Program grants

0 2,000,000 0.0

Review establishment of a Pregnancy Maintenance and
Parenting Support program pilot project with a dollar for
dollar local match

0 150,000 0.0

TOTAL

0 40,405,000 0.0



MEMO TO: SENATE WAYS & MEANS COMMITTEE
FROM: TERRY PRESTA, PMCA LEGISLATIVE CHAIRMAN
DATE: APRIL 16, 2001
RE: FUNDING FOR EDUCATION

Members of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA) are sensitive to the committee's situation trying to find funds to pay for a school finance program. The revenue shortfall exacerbates the situation and changes the thinking as to the size of the education package and funding for other government programs.

The PMCA membership opposes any new tax to gasoline. Kansas motor fuel excise taxes are dedicated to highway maintenance and construction. Using motor fuel tax funds for other programs sets a dangerous precedent that imperils our state's economic lifeline- its highway system. Once imposed, tax increases don't go away.

To impose increased taxes on beer, wine, spirits, sales tax, cigarettes and carbonated beverages will have a tremendous impact on Kansas retailers that border both Missouri and Oklahoma. Kansas retailers are already at a competitive disadvantage (higher taxes) with Missouri and Oklahoma, adding additional taxes would only widen the tax gap.

In an attempt to find new revenue, three sources come to mind: video lottery, one strength beer and Sunday sales. The state of South Dakota relies heavily on the revenues that video lottery produces...last year South Dakota generated over \$200 million dollars in sales with the state receiving \$98 million dollars. According to industry sources, video lottery in Kansas has the potential to produce in excess of \$600 million dollars, with a net to the state of \$300 million dollars for school funding. This is based on an 800,000 population in South Dakota, compared to Kansas, at 2.6 million.

Although PMCA opposes a tax increase on beer, we are on record for being a proponent for one strength beer and Sunday sales. By combining the state sales tax and the 8% enforcement tax, that state could easily generate \$6-\$8 million in revenue. The sales ratio between strong beer and cereal malt beverage (CMB) in Kansas is approximately 70% strong beer compared to 30% CMB, while the alcohol content is virtually the same

PMCA opposes targeted taxes, but we are not insensitive to the problem at hand...finding new revenue sources. We feel there are other revenue sources should be reviewed and considered. We have listed several ideas and would be happy to discuss them further should you so desire.

Petroleum Marketers and Convenience Store Association of Kansas
201 NW Highway 24 • Suite 320 • PO Box 8479
Topeka, KS 66608-0479
785-233-9655 Fax: 785-354-4374

*Senate Ways and Means
April 17-20, 2001
Attachment 13*

Potential State Budget Adjustments As Proposed by Chairperson Steve Morris

State General Fund Receipt Adjustments

(\$ in Millions)

\$ 48.0 Department of Revenue accounts receivable enhancements

10.0 Insurance premium enhancements

\$ 58.0 Additional State General Fund Receipts

State General Fund Expenditure Adjustments

\$ (10.0) Reduce expenditures of the Children's Initiative Fund (Tobacco) and offset State General Fund expenditures in FY 2002.

(4.4) Allow only for 2.0 percent increase (\$1.8 million) in the Local Ad Valorem Tax Reduction Fund and the County-City Revenue Sharing Fund in FY 2002.

(50.0) Transfer federal Intergovernmental Transfer funds to the Home and Community Based Services (HCBS) waivers. The action offsets State General Fund financing in the waivers. The transfer would take place once the state receives the funds, but prior to being deposited in the Senior Services Trust Fund (all in FY 2002).

(26.5) Shift funding of the Kansas Highway Patrol from the State General Fund to the State Highway Fund. Authorize the Department of Transportation to issue additional bonds to replace lost revenue due to the transfer.

(18.4) KPERs Death and Disability Moratorium

(20.0) General reductions in various agency budgets.

\$ (129.3) Total State General Fund Expenditure Adjustments

State Water Plan Fund, FY 2001

Agency/Program	Governor's Rec. FY 2001	Year to Date Expenditures	Expended YTD	Balance Remaining	Percent Remaining	House Cmte. Adj. FY 2001	Senate Cmte. Adj. FY 2001
State Conservation Commission							
Buffer Initiative	80,000	15,621	19.5%	64,379	80.5%	0	0
Conservation District Aid	1,035,500	1,035,017	100.0%	483	0.0%	0	0
Multipurpose Small Lakes	230,000	230,000	100.0%	0	0.0%	0	0
Nonpoint Source Pollution Asst.	3,000,000	1,371,025	45.7%	1,628,976	54.3%	0	0
Riparian and Wetland Program	200,000	59,812	29.9%	140,188	70.1%	0	0
Water Resources Cost Share (Land Treatment)	4,450,000	1,655,233	37.2%	2,794,767	62.8%	0	0
Water Rights Purchase	0	0	0.0%	0	0.0%	0	0
Watershed Dam Construction	805,000	794,399	98.7%	10,601	1.3%	0	0
Total--State Conservation Commission	9,800,500	5,161,106	52.7%	4,639,394	47.3%	0	0
Kansas Water Office							
Assessment and Evaluation	200,000	0	0.0%	200,000	100.0%	0	0
Basin Assessment	0	0	0.0%	0	0.0%	0	0
Cheney Agricultural Nonpoint Source	0	0	0.0%	0	0.0%	0	0
Federal Cost-Share Programs	250,000	0	0.0%	250,000	100.0%	0	0
GIS Data Access and Support Ctr.	177,300	0	0.0%	177,300	100.0%	0	0
GIS Data Base Development	250,000	0	0.0%	250,000	100.0%	0	0
Groundwater Condition Eval.	70,000	0	0.0%	70,000	100.0%	0	0
High Plains Aquifer Stakeholder Meetings	0	0	0.0%	0	0.0%	8,500	16,740
Kansas Water Resource Research Institute	0	0	0.0%	0	0.0%	0	0
MOU Operation and Maintenance	429,787	0	0.0%	429,787	100.0%	0	0
PMIB Loan Payment for Storage	270,413	0	0.0%	270,413	100.0%	0	0
Public Information	30,000	0	0.0%	30,000	100.0%	0	0
Kansas River Study	150,000	0	0.0%	150,000	100.0%	0	0
Stream Gauging Program	370,000	0	0.0%	370,000	100.0%	0	0
Stream Team	0	0	0.0%	0	0.0%	0	0
Tech. Assist. to Water Users	440,000	0	0.0%	440,000	100.0%	0	0
Water Resource Education	60,000	0	0.0%	60,000	100.0%	0	0
Water Quality in Upper Arkansas River	0	0	0.0%	0	0.0%	0	0
Weather Modification	349,000	0	0.0%	349,000	100.0%	0	0
Total--Kansas Water Office	3,046,500	2,417,309	79.3%	629,191	20.7%	8,500	16,740
Department of Wildlife and Parks							
River Recreation	0	0	0.0%	0	0.0%	0	0
Stream Monitoring	50,000	0	0.0%	50,000	100.0%	0	0
Total--Wildlife and Parks	50,000	0	0.0%	50,000	100.0%	0	0
Department of Agriculture							
Best Management Practices	46,792	0	0.0%	46,792	100.0%	0	0
Floodplain Management	126,409	0	0.0%	126,409	100.0%	0	0
Interstate Water Issues	226,048	0	0.0%	226,048	100.0%	0	0
Subbasin Management Plan	634,540	0	0.0%	634,540	100.0%	0	0
Total--Department of Agriculture	1,033,789	474,924	45.9%	558,865	54.1%	0	0
Health and Environment							
Assessment of Sediment Quality	50,000	0	0.0%	50,000	100.0%	0	0
Contamination Remediation	1,397,023	0	0.0%	1,397,023	100.0%	0	0
Local Environmental Protection Program	1,800,000	0	0.0%	1,800,000	100.0%	0	0
Nonpoint Source Program	482,529	0	0.0%	482,529	100.0%	0	0
TMDL Initiatives	406,900	0	0.0%	406,900	100.0%	0	0
Use Attainability Analysis	0	0	0.0%	0	0.0%	0	0
Total--Health and Environment	4,136,452	2,560,434	61.9%	1,576,018	38.1%	0	0
KCC--Well Plugging	400,000	300,000	75.0%	100,000	25.0%	0	0
University of Kansas Geological Survey	0	0	0.0%	0	0.0%	0	0
Total Water Plan Expenditures	18,467,241	10,913,774	59.1%	7,553,467	40.9%	8,500	16,740

State Water Plan Resource Estimate	Governor's Rec. FY 2001	Year to Date Expenditures	Expended YTD	Balance Remaining	Percent Remaining	House Cmte. Adj. FY 2001	Senate Cmte. Adj. FY 2001
Beginning Balance	2,431,325	2,431,325				0	0
Revenues							
State General Fund Transfer	4,500,000	4,500,000	100.0%	0	0.0%	0	0
Economic Development Fund Transfer	2,000,000	2,000,000	100.0%	0	0.0%	0	0
Municipal Water Fees	3,685,000	3,384,643	91.8%	(300,357)	-8.2%	0	0
Industrial Water Fees	1,300,000	1,384,816	106.5%	84,816	6.5%	0	0
Stock Water Fees	290,000	368,126	126.9%	78,126	26.9%	0	0
Pesticide Registration Fees	920,000	920,000	100.0%	0	0.0%	0	0
Fertilizer Registration Fees	2,997,618	2,997,618	100.0%	0	0.0%	0	0
Pollution Fines and Penalties	70,000	70,000	100.0%	0	0.0%	0	0
Sand Royalty Receipts	375,000	375,000	100.0%	0	0.0%	0	0
Returned Funds/Transfers In	860,086	860,086	0.0%	0	0.0%	0	0
Total Receipts	16,997,704	16,860,290	99.2%	(137,414)	-0.8%	0	0
Total Available	19,429,029	19,291,615	99.3%	(137,414)	-0.7%	0	0
Less Expenditures	18,467,241	10,913,774	59.1%	(7,553,467)	-40.9%	8,500	16,740
Ending Balance	961,788	8,377,841				(8,500)	(16,740)
Remaining Balance		8,377,841				953,288	945,048

*Senate Ways and Means
April 17-20, 2001 4/17/01
Attachment 15*



State of Kansas

Connie L. Hubbell, Secretary

for additional information, contact:

OFFICE OF THE SECRETARY

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503 S. Kansas Avenue

Topeka, Kansas 66603

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Deputy Secretary

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503 S. Kansas Avenue

Topeka, Kansas 66603

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fax (785) 296-0256

Budget Items Deferred for Omnibus Session

April 16, 2001

Office of the Secretary
Connie L. Hubbell, Secretary
(785) 296-5222

Senate Ways and Means
April 17-20, 2001
Attachment 16

REPORT TO THE KANSAS LEGISLATURE
ON
KANSAS DEPARTMENT ON AGING
BUDGET ITEMS DEFERRED TO OMNIBUS SESSION
April 16, 2001

During the hearings on the FY 2001 and FY 2002 appropriations for the Kansas Department on Aging's budget, several questions were asked by the House Appropriations Committee and the Senate Ways and Means Committee for response by the Department prior to the Omnibus session. The Department appreciates the opportunity to provide the information requested. Although there were several comments included in the House and Senate Budget Committee Reports, there were only four to be responded to before Omnibus session. These items are as follows.

Question #1: *The Budget Committee directs the agency to combine the Senior Care Act, Income Eligible, Case Management, Environmental Modification, and Custom Care programs and funding into one program. In addition, the Area Agencies on Aging are to establish expenditure priorities for these services in order to address specific needs of individual communities, and present their service priorities to the Secretary for approval. The House Committee amends item 4 to include that the Secretary of Aging is also to update the Budget Committee on the effect of the loss of funding for the Custom Care and Environmental Modification programs on service providers prior to the Omnibus Session.*

Environmental Modification. This small but effective program is used to help those Kansas seniors most at risk of nursing home placement to remain in their homes and delay entry into a nursing home. Environmental Modification is designed to modify a customer's home so that a customer may continue to age in place.

Elimination of this program would affect an estimated 330 customers. However, these 330 customers could have a greater impact on other programs because the modifications funded by this program make it possible for these often poor and frail elderly to safely navigate their homes. This could save the State of Kansas by decreasing in-home service costs and medical costs (from institutionalization following falls).

Although there are other housing programs offered through the Department of Commerce and Housing (KDOC&H), this program meets a need in addition to the services they offer. It does not duplicate the services available through the HOME Investment Partnerships Program (HOME) or Community Development Block Grant Program (CDBG). The goals of the programs are different. The KDOC&H program goals are to improve the housing stock across the state through extensive rehabilitation. The Environmental Modification program goal is to assist in keeping the frail elderly customer in their home with minor adaptations.

When other programs are available in a community, the case manager assigned to the customer would first apply those funds to meet the customer's needs. If their needs cannot be met through other

resources, this program is available.

Custom Care. This is another tool that the agency uses, because of its great flexibility, to help those Kansas seniors most at risk of nursing home placement to remain in their homes and delay nursing home placement.

Custom Care is a comprehensive program designed to meet unique individual circumstances where the customer's needs cannot be met through other options, such as the customer's own finances, family, or community organizations. These are unique to the customer's need, and not available to the customer in any other program. Expenditures in this program provide safety (such as lifeline or deep cleaning a home which poses a safety risk), health (such as purchase of medications or nutritional supplements) or welfare (such as utility payments or purchase of cleaning supplies).

The elimination of this program would affect an estimated 666 customers. Their identified need could be to an extent that without the service their ability to continue to receive other services, such as Senior Care Act or HCBS/FE could be in question. They may be further isolated and their health, safety, and welfare could be in jeopardy.

The Department knows of no other organized program that could replace the Custom Care Program.

Question # 2: *The Budget Committee requests the Secretary of Aging to prepare a plan to increase the minimum threshold score to 26 for the Income Eligible (IE) program in order to conform with the requirement for services under the nursing facility and waiver programs. In addition, the Committee directs that the new minimum service score apply only to individuals entering the program July 2, 2001 or later. Prior to the beginning of Omnibus Session the Department is to present the plan with financial estimates to the Committee.*

In the House Social Services Budget Committee Report for the Kansas Department of Social and Rehabilitation Services (SRS), the Committee directs KDOA to provide a fiscal analysis of changing the minimum Pre-Admission Screening and Annual Resident Review (PASARR) levels to 30, 35, or 39 for any individuals coming into waiver services beginning July 1, 2001. The level is currently 26. The existing in service populations are to be grandfathered into the new waiver. This information is to be reported back to the budget Committee prior to the Omnibus Session.

Both directives are addressed below. To provide a clearer understanding of this proposal, KDOA outlines how a plan of care score is derived in **Attachment A**, and gives an average profile of customers with various LOC scores in **Attachment B**.

a. For the Income Eligible program:

If the Department is directed to increase the minimum score from 15 to 26 in the Income Eligible program, we would include the following steps: Work closely with the Area Agencies on Aging (AAAs)

to implement the required change; modify contracts, policies, and procedures as necessary; and respond to customers' letters as received. Each of the AAAs would need to plan for additional information and assistance requests, and provide additional case management to assist customers in exploring their options.

Estimating the financial impact of this proposed change in the Level of Care (LOC) score, in the short-term, is not a difficult task. Assuming that early intervention in the form of in-home services delays entrance into nursing facilities, it is much more difficult to estimate the long-term impact of this proposed change.

The total financial impact of raising a LOC score would not happen within the first year, but would change over time through attrition. It would take approximately three years to see the full impact of this directive, assuming that all current customers are grandfathered in.

Score	Year 1	Year 1	Year 2	Year 2	Year 3	Year 3
IE program	Number	Dollar	Number	Dollar	Number	Dollar
	Impacted	Savings	Impacted	Savings	Impacted	Savings
15 to 26	156	\$ 81,718	312	\$ 232,583	468	\$ 383,447
15 to 30	252	\$ 142,997	504	\$ 406,993	756	\$ 670,988
15 to 35	384	\$ 231,804	768	\$ 659,748	1,152	\$ 1,087,693
15 to 39	492	\$ 306,496	984	\$ 872,336	1,476	\$ 1,438,175

You can see that the impact of increasing the score above 26 is significantly higher (over the three-year period) than the impact of changing the score from 15 to 26. If the state increased the nursing facility score to 39, along with increasing the community based score to 39, the potential for savings exists. At an average cost of \$10,560 state general funds for nursing facility care for one year, it would require only 137 of the displaced customers to enter a nursing facility to offset any savings that may have been realized by increasing the score.

b. For the Home and Community Based Services waiver for the Frail Elderly (HCBS/FE) program:

For the HCBS/FE waiver program, the Level of Care score is currently 26. The fiscal impact of changing the score to 30, 35, and 39 is provided. The same assumption has been made with regard to the three-year period to address the grandfathering directive.

Score	Year 1	Year 1	Year 2	Year 2	Year 3	Year 3
HCBS/FE	Number	SGF Dollar	Number	SGF Dollar	Number	SGF Dollar
Program	Impacted	Savings	Impacted	Savings	Impacted	Savings
26 to 30	117	\$ 362,781	234	\$ 1,032,531	351	\$ 1,702,281
26 to 35	195	\$ 655,999	390	\$ 1,867,074	585	\$ 3,078,150
26 to 39	253	\$ 874,089	506	\$ 2,487,792	760	\$ 4,101,495

Again, it should be noted that if only 388 of the 760 were to enter a nursing facility, all costs savings from increased waiver scores would be negated. Customers impacted by limited community based services may choose to enter a nursing facility. The outcome of this proposed change to increase the LOC score, in the long-term, may not result in financial savings for the State of Kansas.

Question # 3:*The Committee directs the Secretary to undertake a study of services to determine whether they are being duplicated and report back to the Committee prior to the Omnibus Session. The Budget Committee recognizes that the time available for the study is short, however, any information that the Secretary can obtain with regard to non-state funded programs would be very useful to the Committee, Also, the information should be used by the agency to improve communication between programs and as part of training for case managers regarding services that are available from not-for-profit and faith-based organizations.*

Last winter, the Department conducted a special study of senior centers to understand their operations and to assist them with building capacity to attract younger seniors. The issues covered by the survey include; organizational structure; staffing; budget; membership; activities; vision; perception of the community; openness to change and outreach activities. In order to obtain the information requested by the Legislature KDOA added to the survey two questions regarding communication and duplication of services. At this point, we have surveyed 56 centers and have made the following observations.

The senior center staff interviewed did not believe duplication of services was a problem. However, issues of coordination and communication did emerge with certain AAAs. The only service identified as being potentially duplicative was information and assistance. However, the Department believes that multiple points of information and assistance are necessary and valuable.

Some AAAs work closely with senior centers, while others are not as actively involved. Best practices demonstrated by several Area Agencies on Aging include:

1. AAA representation at the monthly County Councils on Aging meetings;
2. AAA Board of Directors being selected from County Councils on Aging;
3. Scheduling quarterly meetings to update Senior Centers and County Councils on Aging on recent changes in Federal and state programs;
4. Publishing a AAA newsletter for the service area; and
5. Establishing a liaison position to work with senior centers and County Councils on Aging.

At senior centers where coordination is not common, individuals may feel that services available at both the senior center and the AAA are "duplicative."

Attachment C shows a graphical presentation of the services and funding for The Kansas Aging Network. The left side of the chart identifies specific services, which are funded by state and federal resources and administered by KDOA and the AAAs. The right side of the chart identifies services, which are funded by the aging mill levy and/or County General Fund. Generally the services provided by both entities are distinct, although funding may be provided by the AAA and the service delivered by the

County as a direct service provider.

The overlap of the two circles shows the services most commonly coordinated. These include administration, information and assistance, congregate meal sites at senior centers, nutrition services and in-home services. Based on discussions with AAAs, senior centers and other entities providing service, duplication seems to be minimal. The on-going efforts to increase communication outlined earlier should result in better coordination.

Question #4: ...*The Budget Committee directs the agency to calculate the cost of three proposals to address this issue prior to the Omnibus Session. The agency is to examine what it would cost to change the rule to the statewide average occupancy rate for the previous year less 10 percent; the statewide average occupancy rate for the previous year less 5 percent; and applying the 85 percent only to fixed costs of the nursing facilities.*

Response: According to the Medicaid Cost Report for the last reporting period, the statewide average occupancy rate was 87 percent.

10 Percent: Assuming that the occupancy rule applied to facilities with occupancy 10 percent below the statewide average (or 77 percent), this option would cost an estimated \$3.2 million from all funding sources, including \$1.3 million from the State General Fund.

5 Percent: Assuming that the occupancy rule applied to facilities with occupancy 5 percent below the statewide average (or 82 percent), this option would cost an estimated \$1.7 million from all funding sources, including \$660,000 from the State General Fund.

Fixed Costs: Applying the 85 percent occupancy rule to only "fixed costs" of nursing facilities would cost an estimated \$4.7 million from all funding sources, including \$1.9 million from the State General Fund. In order to determine the impact of applying the 85 percent rule to only "fixed costs" the Kansas Department on Aging calculated the cost of not applying the 85 percent rule to the "room and board" and "health care" cost centers.

Thank you for the opportunity to respond to the questions posed by the Legislature. If there are further questions or comments, please feel free to contact me at 296-5222 or Doug Farmer, Commissioner of Finance at 296-6295.

ATTACHMENT A

How Level of Care (LOC) Scores are Derived. We have included the following information regarding how LOC scores are derived. Level of Care Scores are determined by examining an individual's ability to perform activities and by evaluating risk factors. First, an individual is asked about their ability to perform basic functions in daily activities necessary to remain in their home. These activities of daily living (ADLs) include the ability to bathe, dress, toilet, move from one location to another, and walk and eat by themselves. These activities are scored from a level of being independent to a level of unable to perform.

Second, an individual is asked about their ability to perform other activities that help them remain independent. These activities called instrumental activities of daily living (IADLs), include the ability to prepare meals, shop, manage finances, get transportation, use the telephone, do laundry and housekeeping, and manage medications. These activities are scored from a level of being independent to a level of unable to perform.

Third, an individual is asked about current or recent problems that present a risk. Risk factors capture if an individual has fallen, has neglected to care for themselves, has been abused or exploited, and if anyone other than themselves sees to it that they receive proper care. Any of these problems are scored.

Fourth, an individual is evaluated for their cognitive ability (memory). If an individual is having difficulty with short-term memory, long-term memory, memory/recall, or decision-making, it is noted on the assessment. Any problems in memory are scored.

Finally, an individual is asked about their continence. The information from a level of continent to incontinent is also scored.

ATTACHMENT B

Level of Care Score 15. An individual with a level of care score of 15 could need:
Assistance of the worker getting in and out of the bathtub
Physical assistance in the preparation of their meals, laundry, and housekeeping
Someone to supervise the money management

Level of Care Score 26. An individual with a level of care score of 26 could need:
Assistance of the worker getting in and out of the bathtub
Supervision in walking
Physical assistance in the preparation of their meals, laundry, and housekeeping
This individual has fallen in the past and is unsteady on their feet
This individual has problems with decision making

Level of Care Score of 30. An individual with a level of care score of 30 could need:
Assistance of the worker getting in and out of the bathtub
Supervision in walking
Physical assistance in the preparation of their meals, laundry, and housekeeping
Someone to supervise the money management
This individual has fallen in the past and is unsteady on their feet
This individual has problems with decision making

Level of Care Score of 35. An individual with a level of care score of 35 could need:
Assistance of the worker getting in and out of the bathtub
Needs physical assistance moving from a chair to a standing position
Supervision in walking
Physical assistance in the preparation of their meals, laundry, and housekeeping
Someone to supervise the money management
This individual has fallen in the past and is unsteady on their feet
This individual has problems with decision making

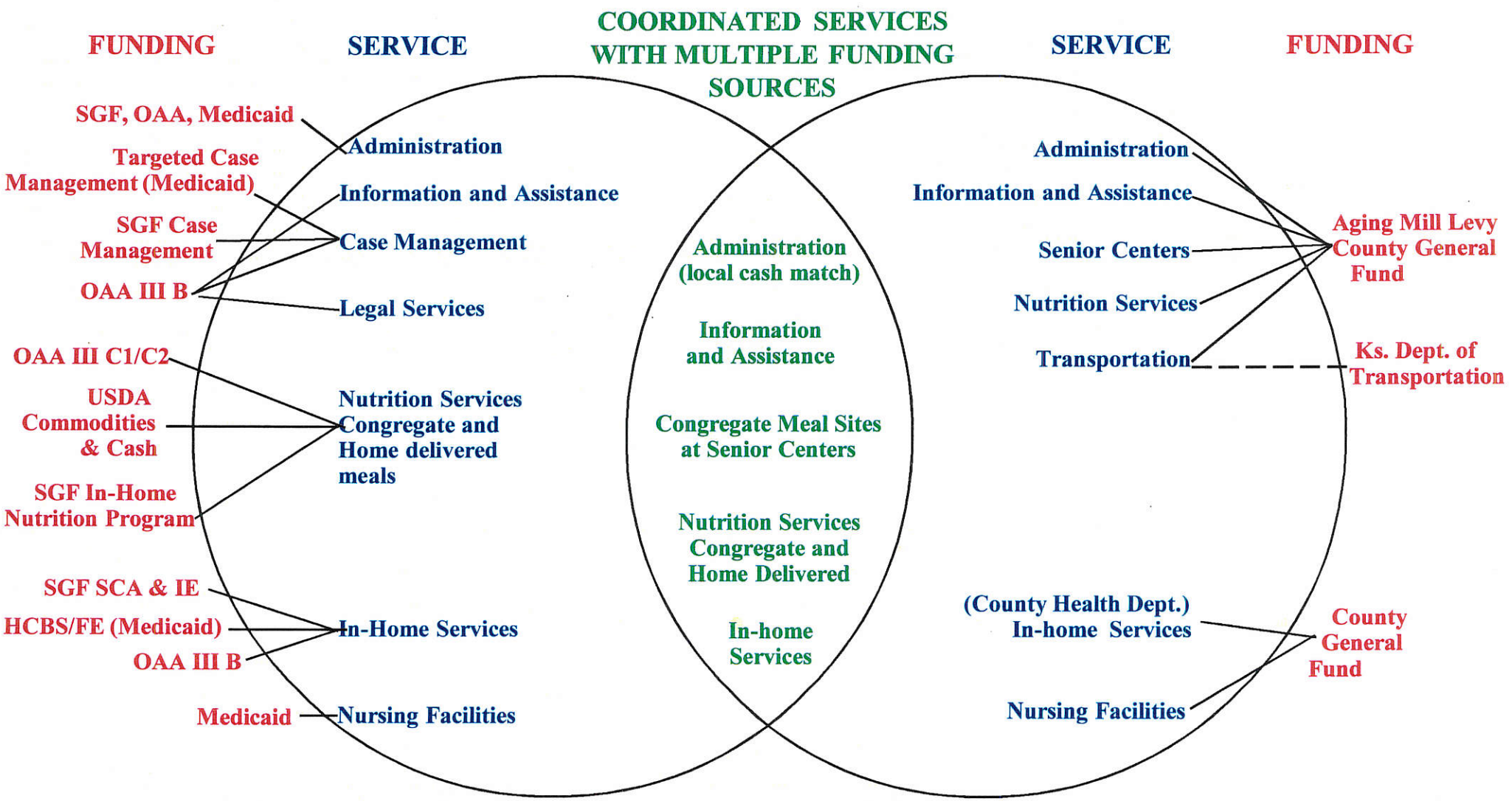
Level of Care Score of 39. An individual with a level of care score of 39 could need:
Assistance of the worker getting in and out of the bathtub
Supervision in getting dressed
Assistance in walking
Physical assistance in the preparation of their meals, laundry, and housekeeping
Someone to place medications in a pillbox for the individuals use
This individual has fallen in the past and is unsteady on their feet
This individual may be experiencing some forgetfulness with current events
This individual is occasionally incontinent

As the individual becomes more frail the score increases. The individual with a LOC Score of 35 has greater needs than one with a score of 15. The plan of care costs increase with LOC scores.

AGING NETWORK FUNDING

State and Federal Resources
Administered by
Kansas Department on Aging/Area Agency on Aging

County Resources
Administered by
County Councils on Aging



* Other aging funding sources include Parks and Recreation, United Way, Extension Services, city, hospitals, churches, and customer contribution and fees.

Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary

**Information Requested for the Omnibus Session by the
House Appropriations Committee and the
Senate Ways and Means Committee**

April 17, 2001

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Senate Ways and Means
April 17-20, 2001
Attachment 17

Changing Minimum Pre-Admission Screening and Annual Resident Review (PASARR) levels

(House): *The Department of Social and Rehabilitation Services (SRS) and the Department on Aging are directed to provide a fiscal analysis of changing the minimum Pre-Admission Screening and Annual Resident Review (PASARR) levels to 30, 35, or 39 for any individuals coming into waiver services beginning July 1, 2001. The level is currently 26. The existing in service populations are to be grandfathered into the new waiver.*

Currently, access to the Home and Community Based Services waiver for persons with physical disabilities (PD waiver) is managed through a service access management (SAM) list. A new person is added to services only when a current recipient leaves services. For FY 2002, the Governor has recommended an increase of \$5.0 million for the PD waiver. Even with this additional funding a service access management list will continue. Changing the minimum PASARR levels (with grandfathering of current recipients) would initially have little impact but to remove certain persons from the service access management list. There are currently 468 persons seeking to access services under the waiver. The following represents the potential savings, if any, for three scenarios in which the qualifying score to be placed on the SAM list would be raised .

Impact of Raising the Qualifying Score to Access the Medicaid Waiver for Persons with Physical Disabilities
FY2002

Score Changes	Management Access Numbers	Management Access Percent	Annualized Cost of Serving	Scenario 1 Costs	Scenario 2 Costs	Scenario 3 Costs
Score 40 or higher	225	48%	\$3,577,500	\$3,577,500	\$3,577,500	\$3,577,500
Score 36 to 39	71	15%	\$1,128,900	\$1,128,900	\$1,128,900	
Score 31 to 35	86	18%	\$1,367,400	\$1,367,400		
Score 30 or lower	86	18%	\$1,367,400			
Totals	468	100%	\$7,441,200	\$6,073,800	\$4,706,400	\$3,577,500

data as of April 6, 2001

Scenario 1: Persons with a score of 30 or lower would no longer qualify for services. Raising the eligibility score from 26 to 30 would eliminate 18%, or 86 of the persons currently seeking to access such services. The cost of serving those remaining on the service access management list would be \$6,073,800, or \$1.1 million more than available funding. A service access management list would continue. There would be no savings in FY 2002 under this scenario.

Scenario 2: Persons with a score of 35 or lower would no longer qualify for services. Raising the eligibility score from 26 to 35 would eliminate 36% of the persons on the service access management list, or 172 persons. The cost of serving those remaining would be \$4,706,400. The savings from the budget currently recommended for FY 2002 would total \$293,600 (\$117,440 SGF).

Scenario 3: Persons with a score of 39 or lower would no longer qualify for services. Raising the eligibility score from 26 to 39 would eliminate 51% of the persons on the service access management list, or 243 persons. The cost of serving those remaining would be \$3,577,500. The savings from the budget currently recommended for FY 2002 would total \$1,422,500 (\$569,000 SGF).

Current practice is to immediately fill an opening on the waiver with an individual on the services access management list. The average annual cost of service for persons presently on the waiver is \$15,900 (\$6,360 SGF). Eliminating any of the lower score groups will raise the average cost per month due to the higher average costs of the persons being brought into service.

The Potential Implications of this change are as follows:

If the PD Waiver CARE assessment eligibility level is increased, the PD waiver will continue to serve persons whose disabilities vary widely, but services will be delayed to some persons until their needs become greater. Services might not begin until the persons' needs are so great that their ability to maintain independence and remain in the community outside the institution is compromised. In addition, if the scoring level is changed for the waiver for persons with physical disabilities and not for nursing home admissions those persons seeking support with lesser disabilities would be left with their only option to access services to be admitted to a nursing facility. This combined with the increased average cost of care for the waiver could put the waiver in jeopardy by not being able to meet the federal requirement of operating as a cost-effective alternative to nursing homes. The Health Care Financing Administration might also question utilizing two different eligibility criteria because section 435.217 in the code of federal regulations states as one of the identifying eligibility standards, "the group would otherwise require the level of care furnished in a hospital, NF, or an ICF/MR." This disparity would result in persons with lower scores being eligible for nursing facility admission, but not access to the waiver.

Status of Federal Grant for Consumers with Traumatic Brain Injury

(House): *The agency reported that it has applied for a federal grant to develop a statewide action plan to serve consumers with traumatic brain injury.*

(Senate): *The Senate Ways and Means Committee also emphasized its concern about this population by directing the agency to undertake a study to develop ways to shorten the length of time an individual with traumatic brain injury must remain on the waiting list for services under the HCBS Waiver program. The Committee indicated it believes the current two-year wait for service is counterproductive to an individual regaining lost skills.*

SRS has received notification that Kansas has been awarded a \$75,000 grant from the Department of Health and Human Services, Maternal and Child Health Bureau. The project period is 4/1/2001 through 3/31/2003. The grant is to be used to establish an infrastructure for developing services for consumers with traumatic brain injury. This funding will not be utilized to provide direct care services. The first year of the grant will be used to develop an advisory council and a statewide needs assessment. This needs assessment will assist the state in evaluating the needs of this consumer population. With the assistance of the advisory council and the needs assessment, SRS will be able to make recommendations regarding services that are currently being provided or services that are needed and currently not provided to this group. Kansas has been in the forefront nationally in serving persons with traumatic brain injury; this grant will allow us to maintain that position. The end product of this grant will be the development of a statewide action plan to meet the needs of persons with traumatic brain injuries.

Expanding Coverage to Caregiver Adults Using Title XXI

(Senate): *The Subcommittee requests 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.*

At present the Kansas Medicaid program covers adults who are disabled, women who are pregnant, and adults who are financially eligible for cash assistance as a part of an eligible family. In each case the individual must meet an income standard that is indexed against the Federal poverty level (FPL). For adults to meet the cash assistance standard and thus qualify for Medicaid their income must be less than 37% of the FPL. Recent guidance from the Health Care Financing Administration (HCFA) indicates that states may apply for 1115 demonstration waivers to expand Medicaid health care coverage to care giver adults at the enhanced SCHIP rate.

To qualify for a waiver, the state would be obligated to demonstrate that its application and redetermination policies promote enrollment and retention. Kansas currently meets the standards by using a joint mail-in application for SCHIP and Medicaid, providing for 12 months continuous eligibility, and by allowing families to use a simple mail-in procedure to renew coverage. The final caveat for use of SCHIP funds to expand coverage is that the expansion does not cost more than the state's current allocation.

Currently there are 35,700 caregiver adults at or below 100% of the FPL who do not qualify for cash assistance. If 50% enrolled, based on the experience of other states, we could assume the enrollment to be 17,850. Total annual cost of the program could be projected at over \$41 million dollars, and state match to cover this new population would be nearly \$12 million dollars.

However, as noted earlier, enhanced match can only be used if the state does not exceed its federal allotment, which is approximately \$40 million dollars all funds. Kansas is close to utilizing its allotment and as a consequence would not be able to use enhanced match to expand coverage to care giver adults. Expected spending for the program in FY 01 is projected to be a little over \$35 million dollars. This number is projected to rise at least ten per cent for FY 02 due to increased enrollment and rate increases.

Per-Day Rate of Reimbursement for Temporary/Emergency Shelter Facilities

(Senate): *The Department of Social and Rehabilitation reported to the Subcommittee that the agency is undertaking meetings with representatives of the Children's Alliance and children's emergency shelters to discuss the per-day rate of reimbursement. The Subcommittee directs the agency to report back the findings of the meetings.*

SRS met with Emergency Shelter staff. During that meeting, it was determined that the reimbursement for emergency shelter stays was falling approximately 30% short of actual costs. This shortfall could be addressed two ways; either by raising rates or by paying for the last day of stay on short-term placements. It was also determined that the policy of paying the day a child enters a facility and not paying the day he or she left creates special problems for an emergency shelter. This was demonstrated by an example of two beds in one facility. If one bed was filled for the entire month by one child who entered on the 1st and left on the 30th, the facility would receive 29 days reimbursement for that bed. Another bed filled all month by 10 children, each staying 3 days, would be only reimbursed for 20 days (the 1st and 2nd days paid, 3rd day unpaid for each of the 10 stays).

The determination was made, based on availability of adequate appropriations, to correct the last day reimbursement problem and to defer action on the daily rate adjustment for an overall review of the daily rates for all facilities.

Subject to appropriations, the Kansas Department of Social and Rehabilitation Services will pay the effective daily rate for all days of care, including the first and last day, for children and youth under 18 years of age in police protective custody for the time specified under K.S.A. 38-1542. Minors may remain in police protective custody for a maximum of 72 hours, not including weekends and holidays. This agreement will cover all placements in police protective custody for 72 hours and additional days to cover weekends and holidays not to exceed five (5) days in temporary/emergency shelter facilities that have placement agreements with SRS.

Child Welfare/Mental Health Partnership Planning

(Senate): *The Subcommittee was informed that the Department will convene a meeting with community mental health centers on February 16 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 the meeting.*

In late February, Assistant Secretaries Joyce Allegrucci and Laura Howard convened a partnership planning meeting between representatives of the child welfare contracts and the community mental health centers in order to assess and enhance the system of delivery of mental health services to children and families in the child welfare system. A series of subsequent meetings of a subcommittee and the larger partnership planning committee have taken place. At the last meeting on April 10, the partnership planning group endorsed moving ahead on a model that would call upon the expertise of partners in both systems in meeting the mental health needs of children and families in the child welfare system. Key facets of the model being discussed include:

- Screening and referral of children who need specialized mental health services for children with serious emotional disturbance to the public community mental health center system for services
- Paying for, or carving out, certain mental health services from the child welfare case rate, and providing for reimbursement on a fee-for-service basis
- Limited expansion of the Medicaid provider network for children in foster care or aftercare to include certain qualified professionals in the child welfare system
- A managed system of care regardless of whether the community mental health center system or the child welfare system is coordinating the mental health services for a particular child or family
- More structured review of the utilization of psychiatric hospital, state hospital, Level V and Level VI services including screens for entry and continuing stay reviews
- Entry to higher levels of care triggers a screening for serious emotional disturbance and collaborative planning
- Exploration of blended funding and state level wraparound services to meet the exceptional needs of a small number of children with significant challenges not adequately addressed through a single system (*i.e.*, severe attachment disorder, dual disorder, fire setters, sexually challenging behaviors).

Four task groups have been charged to further refine these issues and report back to a meeting of the Partnership Planning group on May 16. The tasks they will be specifically refining include the criteria by which it will be determined which children get mental health services and where; who can be a provider of Medicaid mental health services and for what services; financing and risk arrangements; and the clinical coordination and management of care. Based on this work, timeliness for implementation and transition planning will be developed, including what components of the model can be in place by July 1, 2001.

Plans to Relocate Part of Blind Services to Grounds of Former Topeka State Hospital

(House) The budget Committee directs the agency to report back to the committee prior to the start of the Omnibus Session on its plans to relocate part of Blind Services to either the Kirkbride 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.

The Department is still reviewing its options with respect to housing clients attending the Rehabilitation Center for the Blind (RCB). We do wish to retain a number of apartments in the community for those persons who are already reasonably independent and those that have reached the stage of needing to try out new skills in a traditional living environment.

We also believe that there is a need for a dormitory style housing near the RCB. We believe that the Woodward Building offers us advantages over the Kirkbride building and we are concentrating our planning on the former. The major advantages are a closer proximity to the RCB, a more sound structure that will last longer and present us with fewer repairs, and more choices on interior design.

60/90 Day Maintenance Drug Refill Analysis

(House) Prior to the Omnibus Session the Budget Committee directs the agency to analyze the potential cost savings in changing the days supply allowed for maintenance drugs to a 60 or 90 day refill program in place of the current 34-day supply.

In November 1999, Medicaid limited all prescription drug claims to a 34-day supply. This change was made to reduce waste, prevent stockpiling of medications, and prevent Medicaid from paying for medications used in the future when a beneficiary may not be Medicaid-eligible. This was part of the approximately 8% budget reduction (\$ 11.8 million) to the FY 2001 Medicaid pharmacy budget. Many cost-containment strategies were implemented to reduce the growth of the Medicaid pharmacy budget in 2000 which led to only a 10% growth in FY 2001. A significant portion of the savings are due to the 34-day supply limitation combined with automated early refill editing.

During the 2001 legislative session, SRS was asked to study the impact of allowing a 60 or 90 day supply for maintenance medications. In response, the Kansas Medicaid prescription drug claims data was analyzed and several commercial pharmacy benefits managers were contacted regarding how this issue is addressed in the commercial market. The recommendations from commercial payers was to retain a 34-day supply limitation because the savings from reducing waste associated with filling large quantities was greater than the additional \$4.50 dispensing fees that may be paid.

Limiting prescription drug claims to a 34-day supply creates savings through the following:

- (1) reducing waste when a dosing change is made after a prescription is filled.
- (2) reducing waste when a prescription for a new drug is filled, then the patient is switched to another drug because of an adverse reaction, intolerance or the drug is not effective.
- (3) prevention of stockpiling of medications for later use when the patient may not be Medicaid-eligible.
- (4) prevention of situations where medication is shared or sold when large quantities are filled.

Medicaid's average prescription cost is approximately \$46 per prescription. The dispensing fee is \$4.50 per prescription. The average prescription would have to be filled ten times, with ten dispensing fees paid, to equal the cost of one prescription.

The average cost of new medications to the market in 2000 and later is approximately \$120 per month. The top drug classes by expenditure for Medicaid are mental health drugs, which are subject to dosage changes in most patients. Although many mental health drugs can be classified as maintenance medications, filling large quantities may be contraindicated and is very costly. Any savings achieved from paying for large quantities of inexpensive generic medications would be eliminated with wastage of just a few mental health prescriptions, which can exceed \$8,000 per patient per year.

Summary of Independent Review of Rates for Community Developmental Disability Organizations

During their review of the SRS budget, both Committees heard testimony that the Department had undertaken a rate study that will be available in May. A summary of the study's findings follows.

Myers and Stauffer LC (M&S) recently completed a statutorily required independent study of the adequacy of reimbursement rates for community developmental disability services. The study was funded by Social and Rehabilitation Services (SRS). M&S gathered expenditure and revenue data from community developmental disability organizations (CDDOs) and licensed community service providers (CSPs) for July, 1999 through June, 2000. The CDDO and CSP costs were then compared to their revenues by reimbursement category. M&S also compared the direct care staff wages paid by CSPs with wages paid in other sectors of the economy for similar jobs to determine if CSP direct care staff wages are sufficient to compete successfully in the labor market. This paper provides a brief summary of the findings of the M&S study.

Including all sources of revenue such as charitable giving, local county funding, revenue from industry programs, and fees from persons served in addition to SRS reimbursement, M&S found that CDDOs and CSPs experienced, on average about a 3.5% profit. This reflects positively on the sound fiscal management exercised by these agencies, in managing within available resources and in seeking supplemental funding sources to enhance that provided through state reimbursement.

M&S then isolated the revenue and costs associated with providing services directly reimbursed by SRS. When this was done, the study found that CDDO and CSP costs inflated forward are, on the average, about 2.8% above the current SRS reimbursement. The study further concluded that, if reimbursement rates are not increased, the current cost coverage will be further eroded due to inflation.

Myers and Stauffer recommended adjusting the current reimbursement system to cover 100% of the projected costs of CDDOs and CSPs for all six tiers and Supportive Home Care. The estimated cost of implementing this recommendation is \$7.14 million all funds (\$2.86 million state general funds).

The M&S study also sought to assess competitive market conditions and wage wages. M&S found that, wages paid in the community are significantly less than direct care staff wages paid at the two Kansas state mental retardation hospitals (Kansas Neurological Institute and Parsons State Hospital and Training Center). This disparity exists although the wages are comparable with those paid in other similar private sector industries in nearby states. Myers and Stauffer calculated it would cost about \$32 million all funds (\$12.8 million state general funds) to raise community direct care staff wages to the level currently provided to direct care staff at KNI and PSH&TC. The 2000 Legislature heard testimony from community providers about significant

workforce challenges faced by community providers. In its legislative testimony, SRS has also testified that the state mental retardation hospitals, especially KNI, have considerable difficulty filling vacant direct care positions even though they are paying significantly more than CSPs.

If you have any questions about the Myers and Stauffer study please contact Laura Howard, Assistant Secretary of SRS Health Care Policy at (785) 296-3773.

A New Joint Use Facility for Pittsburg State University

Kansas Army National Armory/Classroom/Student Recreation Center

BACKGROUND:

Pittsburg State University and the Kansas Adjutant General purposes to build a new Kansas Army National Guard Armory/Classroom/Student Recreation Center on the campus of Pittsburg State University. This joint-use facility would provide needed facilities for the Kansas Army Guard Unit in Pittsburg and space for the Department of Health, Physical Education, and Recreation (HPER), Department of Military Science (Army ROTC) and indoor recreation and fitness space for students and others.

This partnership allows the efficient use of space by providing common-use areas in a facility that all tenants can share. Space is therefore not duplicated, and allows the leveraging of federal, state, local and private/student funds to provide a facility that neither alone could do.

ISSUES TO CONSIDER:

- The Pittsburg State University Foundation, Inc. has purchased the 15-acre site for this project at a cost of \$400,000. This property has been gifted to the State of Kansas.
- The Armory/Classroom/Recreation Center will occupy approximately eleven acres and the balance will provide space for the new Veteran's Memorial Amphitheater. The Veteran's Memorial will cost approximately \$1,000,000 and will be a privately funded project which will also feature a one-half scale Vietnam Veteran's Memorial Wall.
- Federal dollars will fund 75% of the Armory portion with State dollars funding the balance. Land is being provided without cost having been purchased by the PSU Foundation.
- The City of Pittsburg has indicated an interest in providing infrastructure support. Once the facility is designed, the amount of their support will be determined but likely will be in the six-figure range.
- Funds from student fees and private sources will be a necessary component of the funding package.
- The State of Kansas and its people will benefit by having a modern, functional facility that will serve two of the important institutions in the state; Pittsburg State University and the National Guard.
- The total project (including all funding sources) is \$9.02 million, as of July 1, 2000.

PSU - SFF (3,676,450); Student Fees (2,000,000); Private (\$400,000)
IN SUMMARY: *Adj. General - all sources (2,946,000)*

The initial planning funds that are requested for FY 2002 (\$410,000) are essential for the project to stay on schedule and for federal funds to flow in a timely manner.

In addition, the developing partnership among all involved (federal, state, local, private) results in a project that strengthens Pittsburg State University and the Army Guard. This produces immeasurable benefits for the region.

Thank you for your consideration.

*Senate Ways and Means
 April 17-20, 2001
 Attachment 18*

March 29, 2001

Senator Stephen Morris
Chair, Ways and Means Committee
Capitol Building, Room 102-S
Topeka, KS 66612

Dear Senator Morris:

This letter is to request consideration during omnibus appropriations bill preparation to provide the planning funds during FY 2002 for the proposed joint-use facility for the Kansas Army National Guard and Pittsburg State University.

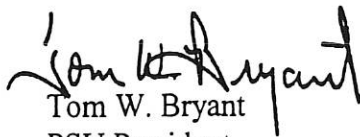
The Armory/Classroom/Recreation Center is a project that will leverage federal funds, state funds, private funds, and student fees that will result in a facility that will serve the people of Kansas well. Planning money in the amount of \$410,000 is requested.

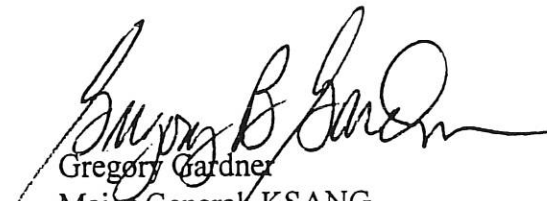
The Kansas Board of Regents and the Joint Services Reserve Component Facility Board have approved this project. The project has also been briefed to the Joint Building Committee of the Kansas Legislature.

The Pittsburg State University Foundation, Inc. has purchased the 15 acre site adjoining the campus. In turn, this property has been gifted to the State of Kansas and Pittsburg State University. The City of Pittsburg has indicated a willingness to provide infrastructure and site preparation for the project especially since they have an interest in a modern, improved facility of the Army Guard unit. Finally, meetings with members of the Kansas Congressional delegation have resulted in support of this project as well.

Thank you for your consideration. We would be happy to provide additional information as may be desired.

Sincerely yours,


Tom W. Bryant
PSU President


Gregory Gardner
Major General, KSANG
Adjutant General

cc: Senator Barone
Senator Adkins
Senator Feliciano



DEPARTMENT OF ADMINISTRATION

*State Capitol**Room 263-E**Topeka, Kansas 66612-1572**(785) 296-3011**FAX (785) 296-2702*DAN STANLEY, *Secretary*BILL GRAVES, *Governor*

April 12, 2001

The Honorable Stephen Morris
State Capital, Room 120-S
Topeka, KS 66612-1504

Dear Senator Morris:

The Department of Administration is requesting your support for a proviso we are requesting in the Omnibus Bill. This proviso relates to House Bill 2323 (K.S.A. 75-30,100) passed during the 2000 Legislative Session mandating the acceptance of credit cards by all state agencies. This law requires state agencies imposing or collecting fees, tuition or other charges to accept credit cards after June 30, 2001. The Department of Administration and in particular, the Division of Purchases and the Division of Accounts and Reports has taken the lead in implementing this legislation. Most of the issues associated with accepting credit cards have been resolved, but one critical issue remains.

This is a very complex subject and I would like to provide some background before discussing the issue. The pertinent part of K.S.A. 75-30,100 reads as follows:

A state agency may impose an additional fee to recover the actual amount of any cost incurred by reason of the method of payment used by the payee.

The issue arises because the credit card associations mandate that merchants accepting credit cards shall not disadvantage credit cards against cash or check payments by assessing a convenience fee, unless the fee is also assessed against cash and check payments. Our Legal division informed us the phrase "by reason of the method of payment" does not allow state agencies to pass on a portion of the costs for accepting credit cards to cash and check paying customers. If this is not resolved, state agencies unable to absorb the credit card fees will be limited to accepting the DiscoverCard and implementing very inflexible credit card acceptance programs.

Example: If you were to go to Wal-Mart and purchase a \$200 barbecue grill using your credit card, the price is \$200 regardless of whether you pay by cash, check or credit card. Wal-Mart has included the cost of credit card fees in the price of the product. Wal-Mart cannot pass on the 2% cost of accepting your credit card by charging you \$204, without charging a cash or check paying customer \$204 as well.

Senate Ways and Means
April 17-20, 2001
Attachment 19

Our intent with regard to this law is to allow state agencies to operate in a manner similar to the retail industry and spread the cost of accepting credit cards to all forms of payment as a cost of doing business. **This is the most common and generally accepted practice in the credit card industry.**

Example: The Board of Accountancy charges \$150 for a license renewal and they are at the statutory maximum for charging license fees. The approximate cost for accepting a credit card for a single license renewal is \$3.00 (\$150 X 2%). The Board's preference would be to charge \$150 plus a \$1 or \$2 administrative fee for each license renewal whether paid by cash, check or credit card in order to recover the cost of accepting credit card payments. The administrative fee is based on the assumption that one-third of their licensees will renew by credit card the first year. But, according to the interpretation of the statute by the attorneys, state agencies cannot assess the separate administrative fee against a customer who pays with cash or check.

State agencies are in the process of implementing their credit card programs and strategies to comply with the July 1, 2001 date for accepting credit cards. The program will be a convenience to the citizens of our state and further enable an e-commerce environment. If the State is going to make a viable attempt at accepting the four major brands of credit cards for services, we must find a way to spread the cost of doing business over all forms of payment. Otherwise, if an agency cannot absorb the credit card fees within its budget, DiscoverCard is the only credit card that will be accepted because it is the only credit card not imposing restrictions on convenience fees. Nationally, fewer than 5% of all credit card transactions use the DiscoverCard.

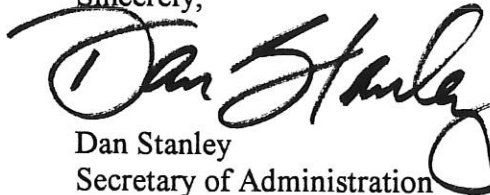
The draft of the proviso we are requesting reads as follows:

Notwithstanding any other provision of law, state agencies which impose or collect fees, tuition, or other charges may impose the same additional fee on all transactions, regardless of the method of payment, to recover the estimated costs incurred to accept payments.

Again, the only purpose of this proviso is to allow state agencies to operate in a manner similar to the retail credit card merchants in the private sector and spread the cost of accepting credit cards to all customers as a cost of doing business. This allows state agencies to accept the four major credit cards and maintain simpler fee structures, and to comply with the rules of the credit card industry. Accounting procedures in place for administering the credit card program will ensure that the rates are fair and equitable.

Thank you for your consideration of this issue and if you have any questions please contact Danielle Noe or myself at 296-3011.

Sincerely,



Dan Stanley
Secretary of Administration

DS:js

cc: Dale Brunton, Director
Division of Accounts & Reports

STATE OF KANSAS

BILL GRAVES, Governor
State Capitol, 2nd Floor
Topeka, Kansas 66612-1590



(785) 296-3232
1-800-748-4408
FAX: (785) 296-7973

OFFICE OF THE GOVERNOR

April 18, 2001

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

and

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

Dear Senator Morris:

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

Senate Ways and Means
April 17-20, 2001
Attachment 20

1. Correct EDIF Overspending

Estimated expenditures from the Economic Development Initiatives Fund over the two-year period encompassing FY 2001 and FY 2002 currently exceed anticipated resources by \$2,928,365. This problem originated from an understatement of the amount of transfers to be made out of the fund in FY 2001, which, in turn, made the carryover balance from FY 2001 to FY 2002 too high. Ultimately, that led to the assumption that more funds were available to be spent in FY 2002 than actually were. Accordingly, all funds thought to be available in FY 2002 were recommended to be spent, thus overcommitting the fund. To bring the fund back into balance, I recommend the following adjustments to revenues and expenditures.

	<u>FY 2001</u>	<u>FY 2002</u>
Revenue:		
Interest Earnings—Unanticipated Increase	\$ 300,000	\$ 250,000
Water Plan Fund—Reduce EDIF Transfer	--	361,820
Commerce & Housing—Released Encumbrances	1,413,800	--
KTEC—Released Encumbrances	<u>29,500</u>	<u>--</u>
	\$ 1,743,300	\$ 611,820
Expenditures:		
Commerce & Housing—Program Savings	(\$ 51,200)	\$ --
Commerce & Housing—Moving Cost Shift	11,100	--
Board of Regents—Error Correction	--	(33,145)
Wildlife and Parks—Federal Fund Offset	<u>--</u>	<u>(500,000)</u>
Total	(\$ 40,100)	(\$ 533,145)

Interest earned by the EDIF in FY 2001 and FY 2002 is now expected to surpass my original estimate of \$750,000 in each year. Therefore, I amend my recommendation to increase interest earnings by \$300,000 to \$1,050,000 in FY 2001 and \$250,000 to \$1.0 million in FY 2002. In addition, the current estimate of available funds in the State Water Plan Fund for FY 2001 and FY 2002 is higher than originally estimated by the consensus water plan estimating group in late September of last year. Consequently, my recommended State Water Plan expenditures can still be funded while reducing the \$2.0 million statutory transfer from the EDIF to the State Water Plan Fund by a total of \$361,820 in FY 2002. The additional revenue will be received from the State Conservation Commission in released State Water Plan Fund encumbrances for grants to local governments for capital improvement projects. The Department of Commerce and Housing will release \$1,413,800 in encumbered funds from previous years, resulting in an increase of available funds by this amount for FY 2001. This is the result of unexpended balances by grantees in a variety of programs. The Kansas Technology Enterprise Corporation will also release \$29,500 in encumbered funds from previous years as a result of savings in the Industrial Agricultural Grant Program for FY 2001, which was transferred to Commerce and Housing. The encumbered funds remained in KTEC when the transfer was made.

Expenditures will decrease by \$51,200 in FY 2001, the majority of which is a decrease in the Department of Commerce and Housing's film production incentives. However, the agency's EDIF expenditures will increase by \$11,100 as a result of changing the funding source for

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	\$ --	\$ --

Department of Commerce and Housing

2. Section 8 Housing Contracts

The U.S. Department of Housing and Urban Development (HUD) has made an offer to the Kansas Department of Commerce and Housing to take over administration of Section 8 rental assistance contracts assigned in Kansas. Under Section 8, low-income tenants receive rental assistance. I amend my budget to authorize the Department of Commerce and Housing to accept HUD's offer to administer these contracts. Along with this new responsibility comes financing of \$36,556,296. Fees generated from this activity will cover the cost of 13.0 additional FTE positions as well as other operating costs. I also authorize the Department to transfer fees in excess of expenses from this program into the Kansas Housing Trust Fund for future housing investment in Kansas.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>36,556,296</u>
All Funds	\$ --	\$ 36,556,296

Kansas Lottery

3. Transfer Language on Gaming Revenues Fund

During the 2000 Legislative Session, the Legislature amended substantive law to allow the Kansas Lottery to transfer 20.0 percent of pull-tab ticket sales to the State Gaming Revenues Fund as an exception to the standard amount of 30.0 percent. However, the FY 2001 Omnibus appropriations bill did not include the 20.0 percent transfer rate for pull-tab ticket sales. I amend my budget to conform language in the FY 2002 regular appropriations bill to current substantive law, which will allow the Kansas Lottery to transfer 20.0 percent of pull-tab ticket sales to the State Gaming Revenues Fund in FY 2001 and each year thereafter.

Board of Healing Arts

4. Salary Correction

A total of \$23,709 from the Board of Healing Arts' Fee Fund was not included in its budget because of an error in the calculation of salaries and wages for FY 2003. This correction to my original recommendations will add the proper amount to the agency's budget.

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)

Legislative Coordinating Council

8. KPERS Financial Audit

The Legislative Coordinating Council's original budget request contained \$100,000 to conduct an audit of KPERS finances in FY 2002, as required by law. 2001 HB 2056, which I signed into law on March 1, 2001, appropriates \$150,000 in FY 2001 for this audit. The \$100,000 included in my original budget is no longer needed, and I therefore recommend removing it from my FY 2002 budget.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	(\$ 100,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	(\$ 100,000)

Secretary of State

9. Census Contract Payment

I amend my budget to add \$45,819 from the State General Fund for FY 2002. This funding will finance the third of four payments to a vendor who is providing redistricting support services for the multi-year census adjustment project. The contract was actually executed by the Legislature, but the Secretary of State is obligated to reimburse the Legislature for those programming expenses associated with its duties under the *Kansas Constitution*. The agency inadvertently did not include this expenditure in its FY 2002 budget request and did not realize it until after I released my budget recommendations.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ 45,819
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 45,819

Department of Revenue

10. Increase Compliance Activities

I amend my budget to add \$2,971,382 from the State General Fund for FY 2002. The recommendation will allow the Department to collect \$23.0 million in additional annual compliance revenues for the State General Fund. The recommendation includes 27.0 new FTE positions and funding for 29.0 vacant positions for FY 2002 and a total of \$2,045,993 in salaries and wages to perform the increased collection effort. The Department indicates receivables have also been identified during the current tax season that could be pursued with these positions. The recommendation also will fund 12.0 contract employees at \$488,571 and \$436,818 in other

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.

Capitol Complex Consolidation (LSOB "Backfill")	\$3,500,000
Capitol Complex Steam System Upgrades	1,500,000
SRS Staff Development & Training Center (Brigham Building)	2,100,000
KDHE Lab Remodeling (Forbes Building #740)	1,050,000
Kansas Services for the Blind Housing	<u>800,000</u>
Total	\$8,950,000

The Capitol complex consolidation (Landon State Office Building "backfill") will involve remodeling the Landon State Office Building after KDHE moves to the new Signature Office Building. The remodeling will accommodate the needs of new agencies that will relocate to Landon from private sector leased facilities in Topeka as part of the Capitol complex consolidation plan. The funds will cover the cost of the necessary space planning, architectural and engineering design, construction, relocation, loss of rent income, and initial rent increases to relocate the agencies.

The Capitol complex steam system upgrades will develop a steam heat boiler system for the new Signature Building. Steam for heating the buildings in the Capitol complex is generated in the basement of the Docking Building. With the new Signature Building coming on line, modifications need to be made to the steam generating capacity of the existing system. Some of the work to be done will be the addition of new equipment, such as a new steam boiler, but other modifications involve a re-configuring of parts of the whole system to accommodate the changes, such as the capacity of the lines.

The Staff Development and Training Center will remodel the unoccupied Brigham Building at the State Complex—West for use by SRS. The remodeling will accommodate the needs of the staff development and training operations currently housed in the Perry-Feldman Building located in the portion of the State Complex—West property sold to Unified School District 501. The school district has requested the Department of Administration, as a requirement of the sale, to vacate and demolish the Perry-Feldman Building by March 1, 2002. The funds will cover the cost of the architectural and engineering design as well as construction to remodel the Brigham Building for SRS use.

The KDHE lab remodeling in Forbes Building #740 will remodel the building to accommodate the needs of the remaining KDHE laboratory operations. The funds will allow the Department of Administration to improve the building efficiency by replacing the windows and roof and making needed improvements to the parking lot. The funds will cover the cost of the necessary architectural and engineering design as well as construction.

The Kansas Services for the Blind Housing will provide funds to remodel either the unoccupied Woodward or Kirkbride Buildings at the State Complex—West for use by Blind Services to house their clients when attending training at the Rehabilitation Center for the Blind. The remodeling will accommodate the dormitory operations currently housed in the southeast corner of the State Complex—West property that is optioned to MRV developers. The developer has requested the Department of Administration, as a requirement of the property transaction, to vacate the buildings on the Blind Services campus. The funds will cover the architectural and engineering design as well as construction.

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	\$ --

Department of Social & Rehabilitation Services

14. Medicaid Caseloads

I amend my FY 2001 and FY 2002 budget to reflect changes in caseloads and the cost of assistance programs. These adjustments are the result of consensus caseload estimates that involved the staff of the Department of Social and Rehabilitation Services, Legislative Research, the Department on Aging, and the Division of the Budget. The consensus estimates included Regular Medical Assistance, Nursing Facilities for Mental Health, Temporary Assistance to Families, General Assistance, Foster Care, and Adoption.

For FY 2001, this amendment includes an increase of \$7.1 million, of which \$4.8 million is from the State General Fund. The largest increase occurs in Regular Medical Assistance, which is estimated to increase by \$8.4 million. Foster Care and Adoption caseloads are estimated to decline by a combined total of \$1.7 million. For FY 2002, this amendment includes an increase of \$29.0 million, including \$15.1 million from the State General Fund. These adjustments include an increase of \$21.5 million for Regular Medical Assistance, \$2.0 million for Temporary Assistance to Families, \$200,000 for General Assistance, and \$5.3 million for Foster Care. The recommended expenditures for Nursing Facilities for Mental Health and Adoption were not changed.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ 4,771,737	\$ 15,126,921
All Other Funds	<u>2,328,263</u>	<u>13,873,079</u>
All Funds	\$ 7,100,000	\$ 29,000,000

15. LIEAP Additional Federal Dollars

I amend my budget to use additional federal dollars to increase the amount of assistance provided to households through the Low Income Energy Assistance Program. The Department of Social and Rehabilitation Services received an additional award of federal LIEAP funds because of the high cost of energy this heating season. Of the \$5,306,053 total received, \$93,207 will be used to pay salaries and wages for program administration and \$5,212,846 will be used to pay additional benefits in FY 2001.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>5,306,053</u>	<u>--</u>
All Funds	\$ 5,306,053	\$ --

16. FTE Conversion

I amend my budget to convert 113.5 other unclassified positions in Department of Social and Rehabilitation Services, 3.0 at Kansas Neurological Institute, and 2.9 at Parsons State Hospital to FTE positions beginning in FY 2002. These positions have a permanent funding

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.

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

the agency to manage its cashflow more effectively while still meeting the planned expenditure level for each of the funds.

Department of Education

21. School Finance

I amend my budget to adjust state funding for school finance in FY 2001 and FY 2002. Current estimates for the amount of supplemental and general state aid to school districts in both years are based on the recently released final assessed valuation data and enrollment changes agreed to by Legislative Research Department, the Department of Education, and the Division of the Budget. My recommendation funds base budgets of \$3,820 in FY 2001 and \$3,870 in FY 2002.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ 2,548,000	\$ 259,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 2,548,000	\$ 259,000

22. KPERS School Costs

My original recommendation provided \$88,742,868 from the State General Fund to pay the KPERS employer contributions for school districts during the 2000-2001 school year. Since that time, it has been determined that the budget for KPERS School employer contributions can be reduced by \$280,384. I amend my FY 2001 budget recommendation by reducing this amount from the State General Fund for KPERS school employer contributions. Further, it has been determined that \$443,104 has been credited to KPERS in the current year which will not be needed. This amount should be used to reduce the total required for the Department of Education in FY 2002.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	(\$ 280,384)	(\$ 443,104)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	(\$ 280,384)	(\$ 443,104)

School for the Blind

23. Abolish Federal Fund

I amend my budget to transfer the unencumbered balance of \$695 from the School's Supported Employment Initiative—Federal Fund to the State General Fund and abolish the federal fund. According to the Division of Accounts and Reports, the fund has not had any activity since FY 1993.

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	\$ --	\$ 3,872,220
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 3,872,220

26. Postsecondary Database Development

I amend my budget to add 2.0 FTE unclassified positions at the Board of Regents for FY 2002 to work as part of the team that is designing, implementing, and operating the postsecondary database. No additional funding is needed.

University of Kansas Medical Center

27. Authority to Raze Two Buildings

I amend my budget to authorize the University of Kansas Medical Center to raze the obsolete carpentry shop (Building #8) and motor pool (Building #53). This will allow space for the new brain-imaging center and improve the appearance of the northeast entrance to the Medical Center. No additional funding is required.

28. Increased Bonding Authority

I amend my budget to provide the University of Kansas Medical Center an additional \$1.5 million in bonding authority to expand the Research Support Facility. Originally the cost for the expansion was estimated at \$2,740,000. Bids were taken and it was discovered that the facility could not be redesigned to bring it within the original estimate and still be viable. The total cost of the project now will be \$6,240,000, including \$1.0 million from a federal grant. Debt service on the bonds will be funded from research overhead generated by the growing research activity at the University.

Kansas State University—ESARP

29. Land Grant Shortfall

I amend my budget to provide Kansas State University—ESARP an additional \$339,000 from the State General Fund to compensate for a shortfall in Federal Land Grant funding in FY 2002. The increase will include \$230,586 for the Agricultural Experiment Station and \$108,414 for the Cooperative Extension Service. The University indicates that not receiving this funding will require a reduction in tenured faculty, elimination of graduate research assistant positions, reduction in library support, and elimination of specific agriculture and public service programs.

	<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.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ 16,615	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 16,615	\$ --

Department of Corrections

33. Debt Service Adjustment

I amend my budget in FY 2001 to lapse \$27,000 from the Debt Service Payment for the Revenue Refunding Bond Issues account and \$210,000 from the Debt Service Payment for the RDU Relocation Bond Issue account, both of which are accounts of the State General Fund. After the FY 2001 debt service payments for these bond issues were made, these amounts remain in the balances in these two funds. The excess balances are the result of unanticipated interest earnings. The savings is attributed to an overly conservative estimate that was utilized in projecting the debt service payments.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	(\$ 237,000)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	(\$ 237,000)	\$ --

Ellsworth Correctional Facility

34. Reappropriation Authority for Construction Funds

The Department of Corrections currently has budget authority to construct a housing unit, training center, and warehouse at Ellsworth Correctional Facility for FY 2001. Because of construction delays, \$1,793,000 of the budget for this project from all funding sources, including \$163,000 from the State General Fund, needs to be shifted from FY 2001 to FY 2002 and I amend my budget accordingly. For the State General Fund portion, I recommend that reappropriation authority be added for the funds currently authorized in the Construction of Ellsworth Correctional Facility Housing Unit, Training Center and Warehouse account or the funds will lapse at the end of FY 2001. The remaining funds already have reappropriation authority.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	(\$ 163,000)	\$ 163,000
All Other Funds	<u>(1,630,000)</u>	<u>1,630,000</u>
All Funds	(\$ 1,793,000)	\$ 1,793,000

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	<u>(\$ 917,259)</u>	<u>\$ 842,259</u>

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

appropriations bill prior to first adjournment. This item makes the proper adjustments to reportable expenditures.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>200,000</u>	<u>--</u>
All Funds	\$ 200,000	\$ --

39. Proviso for HAZMAT Emergency Fund

I amend my budget to include a proviso to allow the State Fire Marshal to process requests under \$25,000 from the Hazardous Materials Emergency Fund without requiring action by the State Finance Council. Under my original recommendations for these emergencies, all of the expenditures, no matter how small, are subject to approval by the State Finance Council. I also recommend that the \$1.5 million available for this purpose be reduced to \$750,000 for cashflow purposes. My recommendation will give the agency more administrative flexibility for this program and will reserve the larger requests for State Finance Council consideration. Suggested proviso language is included below.

Provided, That all expenditures from the hazardous materials emergency fund shall be for the purposes of responding to emergencies related to hazardous materials. *Provided, however*, that the fire marshal shall be limited to \$25,000 per incident from the hazardous materials emergency fund up to a maximum of \$250,000. *Provided however*, That expenditures in excess of \$25,000 per incident shall be made from the hazardous materials emergency fund for the purpose of responding to an emergency related to hazardous materials only upon approval by the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto, except that such approval also may be given while the legislature is in session: *Provided further*, That expenditure may be made from the hazardous materials emergency fund for operating expenses of the state fire marshal upon approval of the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto.

Highway Patrol

40. Motor Vehicle Fund Transfer

I amend my budget to transfer \$1.8 million in savings from the Kansas Highway Patrol Motor Vehicle Fund to the State General Fund in FY 2001. Balances in this fund are higher than budgeted because fewer vehicles in the Patrol's fleet are predicted to reach the 50,000 mile trade-in limit.

41. Debt Finance Fleet Operations Center

The Highway Patrol currently operates its Topeka Fleet Operations Center under a lease-purchase agreement. The agency now proposes to acquire the facility through debt financing. That will reduce the overall cost of the building from \$12.6 million to \$7.0 million, using a

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.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ 195,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 195,000

Department of Agriculture

44. BSE Training

I amend my budget in FY 2001 and FY 2002 to finance enhanced testing and surveillance of cattle feed products for the inclusion of recycled animal tissue. The inclusion of animal tissue in cattle feed has been shown to cause the Bovine Spongiform Encephalopathy disease in cattle. Funding for the enhanced testing and surveillance will come from the Feeding Stuffs Fee Fund. An increase in the fund's expenditure limitation by \$50,000 in FY 2001 and \$31,000 in FY 2002 is necessary.

	<u>FY 2001</u>	<u>FY 2002</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>50,000</u>	<u>31,000</u>
All Funds	\$ 50,000	\$ 31,000

Water Office

45. FTE Correction

The Kansas Water Office's FTE limitation was overstated by 1.0 position in my original budget recommendations for FY 2001 and FY 2002. The FTE correction has no effect on the agency's recommended expenditures because no funding was allocated for the position.

Department of Wildlife & Parks

46. New Federal Grant

I amend my FY 2002 budget to include \$1,131,159 in federal funds that were received by the Department of Wildlife and Parks from the federal Land and Water Conservation Fund stateside grants. The Department has developed a strategy that will allow it to capture the federal grant fully without requiring any additional state financing from the State General Fund. There are three components to the federal grant, including \$500,000 to provide grants to local governments for outdoor recreation programs, \$529,109 for capital improvements in state parks, and \$102,050 for administration in the Parks Program. The Department's strategy will leverage the \$500,000 for grants to local governments by requiring local governments to provide matching funds on a \$1 to \$1 basis. The match for the \$529,109 for capital improvements will

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



State of Kansas
Office of Judicial Administration

Kansas Judicial Center
301 SW 10th
Topeka, Kansas 66612-1507

(785) 296-2256

March 22, 2001

To: Senate Ways and Means Committee Members
From: Kathy Porter, Office of Judicial Administration
Re: Child Support Issue

When the full Senate Ways and Means Committee heard Senate Bill 329, which pertains to the Kansas Payment Center (KPC), a Committee member asked how many clerks have been reassigned from child support-related duties to other duties as a result of the implementation of the KPC in the fifteen counties with highest number of clerks performing child support-related duties. I will remind you that you asked for the top 15 counties because of my statement that, in 60 counties, the clerks' offices are staffed by 3 or fewer employees and that any reduction in duties related to KPC implementation would be measured in a tenth or tenths of a position.

Attached is a list of the responses received from those fifteen counties. The list notes the estimated number of clerks who performed child support duties before KPC implementation, the number of clerks who currently perform those duties, and the difference. It must be noted that the numbers in the second and third columns include clerks performing child support duties not performed by KPC staff. The clerks perform many other child support functions in addition to and apart from the child support payment collection and disbursing performed by KPC staff. The attached list of duties compiled by the Shawnee County Clerk of the District Court shows those duties still performed by the clerks and those duties that have been added as a result of the KPC.

Counties noticeably absent from the list are Johnson, Douglas, Harvey, and McPherson Counties. In Johnson, Harvey, and McPherson Counties, the clerks' offices did not perform child support collection, receipting, or disbursement functions. In Douglas County, the clerks performed collection and receipting duties, but did not perform disbursement duties. Years ago, the trustee offices in those counties, which were established to provide child support enforcement activities, took over the additional child support duties usually performed by clerks because the clerks' offices simply did not have sufficient staff to perform those duties. Therefore, those counties will see no reduction in the number of clerks needed to process child support payments because those clerks' offices were not processing child support prior to the implementation of the KPC.

Senate Ways and Means
April 17-20, 2001
Attachment 21

I apologize that I did not get this information to you sooner. However, when I first requested this information, the responses I received did not address the question directly, but rather were pleas to keep these clerk positions to perform other necessary work that is not currently being done or is not being done in a timely manner, or so that the clerk's office could be open during normal business hours, from 8:00 a.m. to 5:00 p.m. In an increasing number of counties, the clerks' offices are closed to the public for a part of the business day to allow the clerks to attempt to carry out their job duties. I have assured the clerks that I know they very much need to keep these positions, but that this question needed a response.

I have been told that the KPC has as many as 80 positions processing child support payments, and have been questioned as to why clerk positions should not be deleted from the district courts. Although the number of KPC employees can vary by several positions from week to week, I can assure you that, even without the impressive and technically sophisticated equipment used by the KPC, the Kansas court system did not have and did not need 80 clerks to collect and disburse child support payments. Statewide, the clerks knew the complex ins and outs of the child support system, and knew the businesses and persons from whom the payments came and to whom the payments went. They knew how to work with the Department of Social and Rehabilitation Services (SRS) in making the process work. The KPC needs to provide staff for functions that were not needed by the clerks. The court system did not need a separate research staff to research unidentified, misapplied, and held payments, and also did not need a separate staff to answer complaints from persons whose payments were misapplied or who did not receive payments. In short, because the court system did not have these problems, we did not need a staff to take care of the problems. One KPC worker with little or no knowledge or experience in child support processing cannot be expected to replace an experienced district court clerk on a person-for-person basis. I would anticipate that, when the unidentified payments and other KPC issues are resolved and their staff has additional training and experience, the KPC will need fewer personnel to process payments.

I have gone on the record in several committees this session as being in the awkward position of pointing out that the court system was not perfect in its processing of child support payments. However, it must be apparent to you that you received few, if any, complaints about this issue before the implementation of the KPC. Day after day and year after year district court clerks carried out this function as one small part of the duties they perform in civil, criminal, domestic, juvenile offender, child in need of care, adoption, limited actions, probate, traffic, and other types of cases. Although a small part of clerks' duties, child support processing was and will always be considered a very important function. Every effort will be made to continue the ongoing work that will always be done by the courts.

One suggestion I would have is that SRS be contacted to verify the important role the district court clerks continue to play in the Kansas child support delivery system.

I hope that this information is useful to you, and that you will feel free to let me know if any additional information would be helpful to you.

KP:mr

Child Support Staff Demands for District Court Clerk Offices
 (Top 15 Counties Where District Court Clerks Processed Payments)

County	Child Support Staff Pre-KPC (Including all child support related duties*)	Child Support Staff Post-KPC (Including all child support related duties*)	KPC Staff Equivalent
Sedgwick	8.0	6.0	2.0
Wyandotte	7.0	7.0**	0
Shawnee	9.5	7.5	2.0
Saline	2.0	1.0	1.0
Reno	1.5	.9	.6
Geary	2.8	1.3	1.5
Leavenworth	3.0	2.0	1.2
Riley	2.0	1.0	1.0
Finney	3.0	2.0	1.0
Crawford	2.0	1.8	.2
Butler	2.0	1.5	.5
Lyon	1.0	.5	.5
Barton	2.0	1.2	.8
Montgomery	2.5	2.0	.5
Ford	2.0	1.0	1.0
Total number of clerks performing payment processing for listed counties			13.8

* This includes functions not performed by the Kansas Payment Center (KPC). The KPC performs collection and disbursement processes, but does not perform other duties required of the clerks. (See attached description for the Shawnee County District Court.)

** Wyandotte County has seen no reduction in staffing needs because they have a high number of cases in which payors continue to make payments to the courts rather than to the KPC, and because some functions previously shifted to the court trustee's office have been shifted back to the clerks' office.

SHAWNEE COUNTY CLERK OF THE DISTRICT COURT DESCRIPTION OF KANSAS PAYMENT CENTER (KPC) IMPACT

The Domestic Department workload regarding child support has diminished in the area of fewer phone calls from obligees wanting to know if a payment was made or when a payment was mailed, but clerks continue to receive numerous calls regarding support issues. Work in all other areas of the job remains the same, although the clerks research cases and client information on a continuing basis in an attempt to help the KPC identify cases to which payments are to be applied and other issues.

CLERKS' CONTINUED CHILD SUPPORT CASE DUTIES:

- File new support cases
- Issue summons and alias summons regarding support cases
- Issue subpoenas for support matters
- Issue and process garnishments
- Issue and process income withholding orders
- File, process, and calendar motions and citations in contempt and alias citations
- Issue executions
- Issue bench warrants
- Maintain the number of support obligations loaded on our computer system
- Same amount of personnel work the support docket at Heritage Hall at the Expocentre
- Process bonds
- File, docket, and calendar child support motions and supporting documentation
- Enter judges' minutes on the docketing system
- Copy requests for documents related to support
- Receive and respond to correspondence from parties involving support cases
- Bill SRS and Dyncorp for copies on a monthly basis
- Image support-related documents
- Daily data entry is the same
- No change in amount of public contact regarding support
- Process returns of service
- Process miscellaneous filings regarding support
- File same number of notice of assignments

IMPACT OF THE KPC ON CLERKS' DUTIES:

- Print child support copies off web and use a special stamp to certify
- Change child support addresses at the web site
- Obligations and case information changes must be checked on a daily basis to ensure accuracy
- Only 4 clerks in Shawnee County were issued passwords to work on the web
- The web site is very slow and any work done at the site is quite time consuming
- Clerks continue to respond to the public's telephone inquiries
- Work problem lists and review unidentified lists
- Attend meetings with SRS, KPC, and the court's systems department

KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Office of the Secretary

(785) 296-3271


(785) 296-4685 (fax)

Janet Schalansky, Secretary

MEMORANDUM

TO: President Kerr

DATE: April 17, 2001

FROM: Janet Schalansky 

SUBJECT: SRS Agreement with OJA

Diane Duffy talked to Judy Bromish yesterday regarding a question you had about the SRS agreement with the Office of Judicial Administration (OJA) related to child support. I understand the essence of your inquiry to be:

The Chief Justice may accept eliminating a certain number of SGF financed positions in the Judicial Branch budget, if SRS would commit to not reducing the level of funding SRS provides to OJA for child support services for at least two years.

Since 1985, SRS through an agreement with OJA has provided funding to the Judicial Branch for child support services provided by central staff and local Clerks of Court. Currently, this equates to 51.0 FTE positions in the Judicial Branch budget. The FY 01 SRS budgeted amount is \$1.6 million. This amount is financed at the regular federal match rate for Child Support Enforcement(1/3 SRS Fee Fund and 2/3 Federal Funds).

As to whether SRS will guarantee this same level of funding to the OJA for FY 02 and FY 03, I anticipate continuing the agreement with the OJA at the same level of funding for the next two fiscal years. As you know, because of the federal match, this funding must be used to reimburse the Judicial Branch for work related to child support enforcement and cannot be used to finance other court related work. Certainly, the financial ability of SRS to maintain this level of funding would be contingent upon any unanticipated federal or state funding reductions or any federal action that could potentially change the rules disqualifying these expenditures for federal reimbursement.

Please let me know if you or your staff need more information or would like to discuss this matter further.

Senate Ways and means
April 17-20, 2001
Attachment 22



State Conservation Commission

109 SW 9th Street
Suite 500, Mills Building
Topeka, KS 66612-1299

Telephone: (785) 296-3600 • Fax (785) 296-6172



Memorandum

April 19, 2001

TO: Senate Ways & Means Committee

FROM: Tracy Streeter, Executive Director *Tracy Streeter*

SUBJECT: Potential Reduction in State Water Plan Fund

Attached is a table outlining current State Water Plan Fund uncommitted balances contained in State Conservation Commission programs. Included in the table are projected uses of those uncommitted funds.

Also attached is a report entitled "The Cost of Meeting TMDL's in Agriculture" as requested by Senator Huelskamp. Please note the report contains only the projected costs for installing best management practices in the Kansas Lower Republican River basin. Cost data for the Upper Arkansas and Lower Arkansas River basins is currently being compiled and will soon be available. TMDL implementation costs will be developed for other basins as the TMDL's are established.

Senator Huelskamp also requested an estimate of the costs to implement the proposed federal Confined Animal Feeding Operation (CAFO) regulations. I am unable, at this time, to obtain this information. I would note, however, the projected TMDL costs for livestock operations in the high priority TMDL areas designated thus far is approximately \$23,000,000.

Attachments

cc: House Appropriations Sub-Committee

*Senate Ways and Means
April 17-20, 2001
Attachment 23*

State Conservation Commission – Potential and Current Uncommitted Funds

Program	Fiscal Year	Amount	Planned Use/Impact
Water Resources Cost-Share	99	\$283,433	Carry forward to FY '02 for irrigation water conservation practices – House and Senate proviso
Non-Point Source Pollution	99	\$106,098	Carry forward to FY '02 for irrigation water conservation practices – House and Senate proviso
Water Resources Cost-Share	00	\$125,849	Lapse to Water Plan Fund on 6/30/02
Non-Point Source Pollution	00	\$58,855	Lapse to Water Plan Fund on 6/30/02
Water Resources Cost-Share	01	\$119,000	Reallocate to TMDL priority areas
Non-Point Source Pollution	01	\$46,850	Reallocate to TMDL priority areas/livestock waste systems
Buffer Initiative	01	\$20,000	Lapse to Water Plan Fund on 6/30/01
TOTAL		\$760,085	

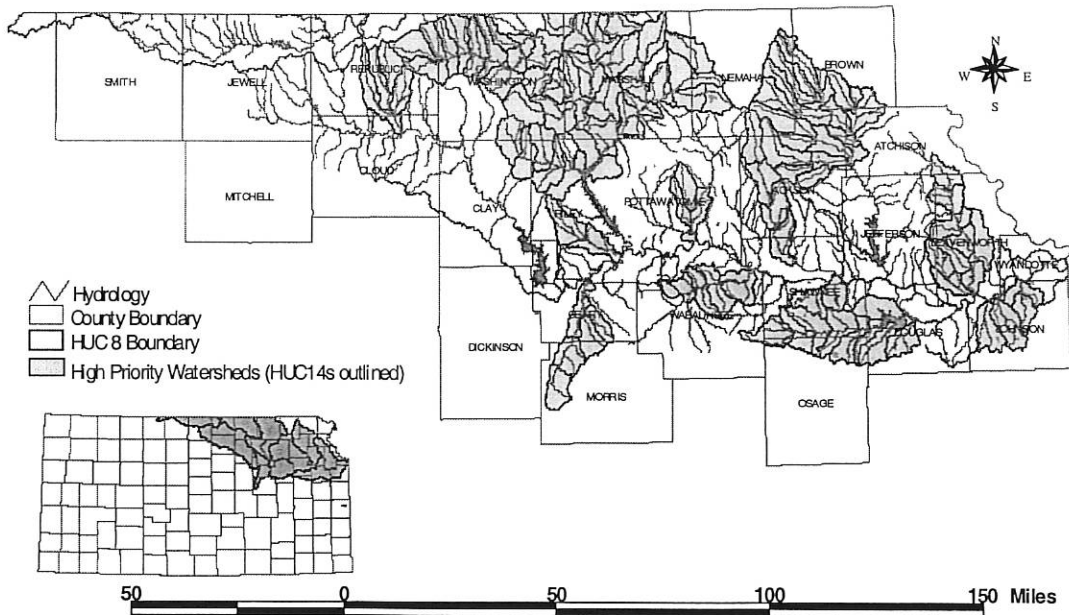
THE COST OF MEETING TMDLs IN AGRICULTURE

Tracy Streeter, Executive Director
State Conservation Commission

The State Conservation Commission (SCC) has conducted an inventory of the implementation needs for the Kansas – Lower Republican River Basin. As prescribed in TMDL documentation submitted by the Kansas Department of Health and Environment (KDHE) and approved by EPA, the inventory is a standard process for quantifying the cost of Best Management Practices (BMP) and technical assistance. The inventory addresses fecal coliform bacteria, nutrients, pesticides, sediment, and dissolved oxygen impairments in TMDL high priority watersheds. The inventory only captures costs associated with non-point source contributions and does not include TMDL-designated watersheds identified as medium or low priority.

The SCC has begun the needs inventory for the Cimarron and Arkansas River Basins which will be completed in early 2001. The agency will begin the inventory process for the Marais Des Cygnes and Missouri River Basins later this year once TMDL areas are designated. As KDHE completes the TMDL process statewide, an inventory will eventually be conducted for each of the 12 major river basins.

Kansas-Lower Republican Basin High Priority TMDL Watersheds



11/0900K-DE/OPP DRAFT

The Kansas – Lower Republican River Basin

Located in northeast Kansas, this basin encompasses approximately 10,500 square miles. Watersheds designated high priority for TMDL implementation represent approximately 44 percent or 4,575 square miles of the entire basin.

Inventory Data Sources:

- Natural Resources Conservation Service (NRCS), National Resources Inventory (NRI)
- Kansas Riparian Inventory
- Input from local NRCS, conservation district and Kansas State University Research & Extension personnel
- County Appraisers Office
- Input from Local Environmental Protection personnel
- KDHE Livestock Census & Confined Animal Feeding Operation data
- Historical cost data - SCC programs
- NRCS Workload Analysis

How the Data Was Used:

Eutrophication & Pesticides

The 1992 NRI was used to provide percent of cropland needing treatment, by county. The data was updated through 1999 by the local conservation district and NRCS office. The percent of cropland needing treatment was applied to the total acres of cropland in the high priority TMDL watershed to arrive at the number of acres needing treatment in the watershed. The local conservation district and NRCS office provided the cost per acre to treat cropland to arrive at the total cost.

The Riparian Inventory is completed in nine of the 20 counties having high priority TMDL watersheds. In those counties, the Inventory measured, on a per mile basis, the different land uses within 100 feet of both sides of all perennial and intermittent streams. The streams with cropland only or a mix of cropland and permanent vegetation was measured to arrive at the miles of riparian areas in need of permanent vegetation. 11 digit hydrologic unit boundaries were added to this GIS database to calculate the need by watershed. These miles were multiplied by an average cost to establish different types of vegetation likely to be used in that county to arrive at the total cost. This cost does not include any costs to state or federal government should these areas be enrolled in the Conservation Reserve Program and the Kansas Water Quality Buffer Initiative. NOTE: Some of the TMDL high priority watersheds are mapped on a 14-digit hydrologic unit basis. As a result, some of the riparian inventory data does not accurately reflect the actual TMDL watershed.

Fecal Coliform Bacteria & Dissolved Oxygen

Livestock Waste

Livestock operations ranging from cow/calf to confined animals under 1,000 animal units were evaluated to determine the operations in need of some form of BMP. Those BMP's range from removing cattle from streams and proper grazing management to total containment of confined livestock waste.

The NRI was utilized to determine the percent of the grassland needing treatment, by county. The grassland costs were established using the same process as that used to determine cropland needs.

Local input was used to determine the confined livestock operations in need of BMP's. This includes wintering areas, temporary background feeding operations, permanent confined feeding facilities and dairies. These operations were placed in two groups; those under and those over \$5,000 in BMP costs. The local NRCS, conservation district and Extension agent jointly determined the number and type of operations falling into these two categories. This local group also determined the average cost for BMP's in their county for small and large operations, and dairies. KDHE Registered and Permitted sites were reviewed to determine if adequate pollution control measures existed and to ensure facilities with adequate pollution controls were not included in the inventory.

The Riparian Inventory was conducted in the same method described above in watersheds impaired by fecal coliform bacteria and dissolved oxygen.

Human Waste

The inventory quantified the number of failing or non-existent onsite wastewater (septic) systems to determine the costs resulting from human wastes. The county appraiser identified all rural households in the high priority TMDL watersheds. The county sanitarian utilized existing data and sampling techniques to determine the percent of total households with failing or no septic systems. The sanitarians also sampled to determine the number of systems adjacent to receiving water bodies (100 meters). The estimated number of failing systems were multiplied by the average system installation cost obtained from SCC cost-share data and KDHE data to determine the total cost.

Technical Assistance (All impairments)

The technical assistance needs for agricultural BMP's was obtained from the 1999 Kansas Workload Analysis, conducted by NRCS. This analysis determined the number of staff years needed, by county, to address the natural resource needs identified in the NRI described earlier. The analysis subtracted the number of existing staff in each county to arrive at the additional staffing need or gap. To arrive at the number of staff needed for TMDL implementation, the gap for the entire county was multiplied by the percent of the county acres in a high priority TMDL watershed. For example, if the Workload Analysis indicated a county gap of 4 staff years and 40 percent of the county is in a TMDL watershed, the TMDL technical need is 1.6 staff years ($4 * .4$). NRCS costs per staff year of \$50,000 were used to establish the inventory's technical assistance costs.

The Local Environmental Protection Program personnel estimated the technical assistance costs per failing onsite wastewater system to equal 5 percent of the system's cost. Based upon the SCC average cost per system of \$4,569, the technical assistance cost per system is \$228. The cost per system was multiplied by the total number of failing systems to arrive at the total inventory cost for this BMP.

Summary of Implementation Costs:

RESOURCE NEED	UNITS	AMOUNT
Cropland Treatment (Acres)	195,715.00	\$30,169,260
Grassland Teatment (Acres)	502,354.00	\$12,558,860
Failing Onsite Wastewater Systems (Number Of)	5,165.00	\$23,598,885
Livestock Waste Systems (Number Of)	1,671.00	\$10,817,800
Riparian Area/Stream Buffer Restoration (Miles)	2,691.00	\$2,299,576
Technical Assistance - Onsite Wastewater Systems (\$228/System)	5,165.00	\$1,177,620
Technical Assistance - All Other Practices (Staff Years)	13.22	\$6,612,466
TOTAL		\$87,234,467

STATE OF KANSAS

Bill Graves, Governor

DEPARTMENT OF REVENUE

Stephen S. Richards, Secretary

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



(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

A handwritten signature in cursive script, appearing to read "Steve", is written over the printed name of Stephen S. Richards.

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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- 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.



Bill Graves
Governor

Ed Van Petten
Executive Director

April 13, 2001

Senator Stephen Morris
State House, Room 120-S
300 SW 10th Ave
Topeka, KS. 66612

Dear Senator Morris:

It is my understanding that your committee will be convening on Tuesday, April 17, 2001, for the purpose of discussing possible modifications to the State Budget. I want to make sure that any questions you have regarding Lottery operations are answered fully and expeditiously in the event any such issues come up for discussion.

Due to the recess I have made prior commitments regarding Lottery operations to be out of the office through April 18th, but will be available for questions in any emergency, if you desire, by telephone. There will also be available for you to contact, Gary Saville, Comptroller, Jim Giordano, Internal Auditor, and Keith Kocher, Assistant Attorney General. All three will be in the office the entire week and available for answering any questions or concerns you may have.

You have previously been provided with information regarding the pull-tab transfer rate, which I appreciate you reviewing. By taking advantage of the reduction in transfer on pull-tabs, it is our thought that a substantial increase in transfer on pull-tabs sales can be affected. Without the reduction we simply cannot compete with the bingo halls and fraternal organizations that sell pull-tabs as instant bingo on a 5% tax rate.

Thank you for your time and consideration of these issues.

Sincerely,

Ed Van Petten
Executive Director

Cc. Senator Larry Salmans, Sub-committee chair
Julian Efirid



BILL GRAVES
Governor

Juvenile Justice Authority

Albert Murray, Commissioner

Jayhawk Walk
714 SW Jackson, Suite 300
Topeka, Kansas 66603
Telephone: (785) 296-4213 FAX: (785) 296-1412

MEMORANDUM

To: Senator David Adkins, Chairman
Public Safety Subcommittee

From: Albert Murray, Commissioner *A.M.*

Date: April 13, 2001

Subject: Response to Ways and Means Subcommittee Request

At the agency's budget presentation to the Senate Ways and Means Subcommittee, we were requested to provide further information on three project initiatives. They were:

- JJA-SRS Intake Model Strategy
- JJA Prevention programs linkage to Connect Kansas Outcomes
- Juvenile Correctional Facility population projections impact on facility usage

Attached reports provide detail on the progress, efforts and agency's status with each of the identified initiatives. A brief summary of each follows.

JJA-SRS Intake Model Strategy

The Juvenile Justice Authority and SRS have made progress in developing a strategy to ensure intake services are delivered to the suspected juvenile offender population and non-offender population. A preferred future system has been identified as well as a system that can be implemented in light of the reduced financial resources projected for FY02. The report provides a more detailed explanation of each agency's role and responsibility for intake service delivery.

Prevention Programs Linkage to Connect Kansas

There is a clear and distinct relationship between JJA's juvenile justice outcomes and the Connect Kansas outcomes. Prevention programs funded through this agency reflect an association to the Connect Kansas outcomes. The report highlights where the linkages occur and how juvenile justice outcomes and other children initiative outcomes share a method and vision to addressing the needs of youth in the state.

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Senator Adkins
April 13, 2001
Page two

Juvenile Correctional Facility Population Projections

System-wide, the facilities are experiencing current year budget problems. Although the average daily population (ADP) at the Beloit facility is down, the system-wide ADP is consistent with the FY 2001 population projections. The facilities' budget problems are due to significant budget cuts in the FY 2001 budget and major increases in operating costs.

I hope this information will be of assistance to the committee as you continue your efforts and work in making final decisions on agency budgets for the coming fiscal year. I am available if additional assistance or information is needed.

AM:KH:bt

cc: Senator Huelskamp
Senator Feleciano
Representative Kathe Lloyd (Joint Committee Chair)
Deb Hollon, Legislative Research

Senate Ways & Means Public Safety Committee
Juvenile Intake & Assessment Issues Briefing
April 13, 2001

Problem Statement:

In the summer and fall of 2001 testimony was provided by local intake operators to members of the Joint Committee on Corrections and Juvenile Justice Oversight. The intake operator's comments reflected dissatisfaction and confusion on the role the department of Social and Rehabilitative Services (SRS) exercises in delivering or financing 24x7 (or on call) intake services for youth not suspected of juvenile offending. The lack of clear policy on intake service delivery and financing for non-offender youth has resulted in hardship on the local intake operators and impairs their ability to successfully carry out their responsibilities.

Members of the Oversight and the Ways and Means budget committee for the Juvenile Justice Authority (JJA) requested JJA and SRS develop a strategy to address the issues noted above. Complicating this task is the budget recommendation to reduce JJA's intake funding for FY 2002 by \$1million.

JJA's Proposal to Meet the \$1million Budget Cut for FY 2002:

To meet the Governor's recommended reduced services budget target for the agency JJA proposed to embrace the full reduction by reducing the scope of service provided by the agency's Juvenile Intake and Assessment Services (JIAS) program. Consistent with its' public safety mission priority, JJA proposed to focus resources to provide intake and assessment for suspected juvenile offenders. JJA's proposal eliminated the requirement on local intake operators to provide 24x7 (or on call) intake service for non-offender youth. In general terms, the impact of that policy would be felt in one of two ways:

1. SRS or other funding sources would need to provide or finance 24x7 (or on call) intake service for suspected abused or neglected youth, truants, and runaways in law enforcement custody.
2. Handling of truants, runaways or suspected abused and neglected youth in law enforcement custody would be affected by local law enforcement as it was done prior JIAS development.

Implementing the second scenario noted above does not fully embrace the Reform Act vision for intake services. However, it is a viable and evident public policy decision that addresses the public safety mission of the reform act.

JJA/SRS Preferred Future:

Juvenile Justice Reform legislation identified the need for a community based juvenile justice system that would promote the ability of local law enforcement to access immediate services for suspected offender and non-offender youth in law enforcement custody. It was believed that the best approach was to establish a single

site or process from which multiple interventions could be accessed. This approach embraced a broad mission for JIAS and it was based on an assumption that multiple partners would need to contribute to establish a multi-disciplinary intake center. It was believed that Juvenile Intake and Assessment (JIAS) could fulfill the critical role of providing an infrastructure for the multi-disciplinary in the centers.

In that respect the broad mission for statewide intake services can be categorized into three parts: public safety, child protection and family assistance. Public safety relates to intervening with suspected juvenile offenders. Child protection relates to intervening with children who may be victims of abuse or neglect. Family assistance relates to helping parents with children who are runaways, suspected truants or have other misconduct concerns. The broad mission encompasses criminal justice, social welfare and family management issues.

Successful pursuit of the broad mission for statewide intake services requires a partnership between governmental agencies and between levels of government. For the partnership to be successful, the partners must clearly understand their roles and be accountable to fulfill their responsibilities. In general terms, the goal is to support a multidisciplinary intake system in a manner similar to the role and responsibilities noted in the attachment. To realize this objective, SRS and JJA personnel will work with each judicial district's stakeholders to develop a plan for each district to support the broad mission through multiple funding sources. JJA and SRS will develop a clear set of protocols specifying the responsibilities of each agency, both short term and long term, for the individual district's to build their plan around.

Joint Proposal for FY 2002:

Insufficient time, opportunity and reduced resources for FY 2002 will not allow implementation of the preferred future for intake services in the coming year. If a public policy decision was made to discontinue 24x7 intake services for non-offender youth, or a major component of that group, JJA is capable of scaling back it's operations to fit FY 2002 funding levels. If a public policy decision is to maintain services at the current level JJA is not adequately financed nor does SRS have organizational capacity or fiscal resources to fill the void in services or financing in FY 2002.

As a result, for FY 2002, JJA and SRS have come to an agreement on an approach which is neither the preferred future nor the JJA reduced service proposal. Based on current costs and activities the recommended \$4.5million budget for JIAS underfunds the joint proposal by approximately \$200,000. Nevertheless, we believe the joint proposal for FY 2002 is the most reasonable and practical best next step. This approach focuses on youth in law enforcement custody to include offenders and non-offenders. Intake services to suspected juvenile offenders not in law enforcement custody would be permitted but not mandatory. In general, the JJA/SRS proposal for FY 2002 involves the following elements.

- JJA agrees to provide 24x7 intake service to all suspected juvenile offenders and runaways in law enforcement custody.
- JJA agrees to provide intake services for suspected abused or neglected youth in law enforcement custody from 5:00 P.M. to 8:00 A.M. and on weekends.
- SRS agrees to provide intake for suspected abused and neglected youth from 8:00 A.M. to 5:00 P.M. weekdays.
- SRS agrees to respond to law enforcement for request to service children adjudicated as child in need of care and placed in SRS custody (CINC) and in temporary law enforcement custody or SRS shall compensate the expenses of JIAS for such service to CINCs.
- SRS agrees to continue current practices for cost of emergency foster care services.
- A fee will be assessed to the parent's of youth brought to JIAS who are not in law enforcement custody.

Next Steps:

If the proposed policy is adopted, JJA and SRS will need to promptly draft and issue new directives to its local partners and employees. At the local level communication will need to take place with the local intake operator, area SRS office and local law enforcement reflecting the procedures resulting from this policy. JJA will modify the current funding mechanism to make an allocation to local districts specific to the JIAS function. These activities need to take place as soon as possible and preferably prior to July 1, 2001. After July, work will need to begin with representatives of JJA, SRS, local partners and area office staff to develop interagency and intergovernmental protocols, a finance plan, and to develop service plans specific to each judicial district.

AM:bt

JJA/SRS "Preferred Future" for Intake Services
Juvenile Intake Responsibility for Youth In Law Enforcement Custody
12 Apr 01

	Youth Type	Responsible Agency	Intake Service	Responsibility	Financing
1.	Suspected JO	JJA	24x7 or 8-5 & on call	JJA shall fund & have operated intake services in every judicial district. The service shall respond to all requests for service by LEO for suspected juvenile offenders arrested and in LEO custody.	Funded through JJA/JIAS formula grant to administrative county.
2.	CINCs Suspected as JO	JJA	24x7 or 8-5 & on call	JJA shall intake suspected offender (see #1). If not detained youth SRS shall take control of youth once intake is completed.	Funded through JJA/JIAS formula grant to administrative county
3.	Runaways	JJA	24x7 or 8-5 & on call	A runaway suspected of neither abuse or neglect nor juvenile offending is the legal responsibility of local government. Intergovernmental protocols need development.	Currently funded through JJA/JIAS formula grant to administrative county. SRS funds post intake emergency shelter costs.
4.	Suspected Abused or Neglected S.A.N.	SRS	24x7 or 8-5 & on call	SRS responds to request from LEO. SRS area office may provide or contract for this service. The contractor may be the local JIAS operator. Includes offenders < 10 YOA.	Preferred future needs development. Proposed for FY 2002 SRS provide 8-5 M-F JJA after hours & weekends.
5.	CINCs Not suspected as JO	SRS	24x7 or 8-5 & call	SRS take control of youth upon request from LEO or may contract with local JIAS to provide service.	Proposed for FY 2002, SRS performs function or reimburses JIAS for expenses for services rendered.
6.	Truant	School District	8-5 M-F	Suspected truants in LEO custody are to be taken to the youth's school. USD may contract with JIAS.	School district may contract with JJA intake to receive youth in LEO custody for suspected truancy

For Youth Not in Law Enforcement Custody

7.	Suspected JO	JJA	8-5 M-F or as scheduled	JJA funded JIAS shall respond to notice from LEO and schedule an intake for suspected juvenile offenders not immediately brought to intake by LEO.	Preferred future needs development proposed for FY 2002 as a non-mandatory requirement. Funded through JJA/JIAS formula grant to administrative county.
8.	Suspected Truants	9 April 2001 Parent	8-5 M-F or as scheduled	Local plan and protocols need development.	Finance plan needs development. Potential funding sources are JJA prevention grants, OJJDP, parent fee or other non-JJA grants.
9.	Parent Referral (All other)	Parent	8-5 weekdays or as scheduled	Current law allows JIAS to assess a fee to parents that access intake services.	Fee to parent

Governor's Substance Abuse Prevention Council

Co-Chairs
Kansas Department
of Social and
Rehabilitation
Services

Kansas Juvenile
Justice Authority

Council Members
Kansas Department
of Corrections

Kansas Department
of Education

Kansas Department
of Health and
Environment

Kansas Department
of Transportation

Kansas Office of the
Attorney General

Kansas Children's
Cabinet

Report to the Senate Ways and Means Public Safety Subcommittee

Prevention Outcomes April 13, 2001

This report is presented by the Governor's Substance Abuse Prevention Council in response to a request from the subcommittee for a report on the Council's plans to develop standards for evaluating the effectiveness of prevention programs and the development of a methodology to demonstrate proven results.

Since its inception in October 1999 the Council has spent considerable time in understanding how prevention funding is being spent in the state. Each year the Council has produced a report identifying which counties get state and federal prevention money and on what programs the money is spent. In its first year of existence, the Council created *The Kansas Planning Framework*, in which a structure and approach for developing and managing a comprehensive prevention strategy were created. That structure included the adoption of the nine *Connect Kansas* developmental outcomes:

1. Families, youth and citizens are part of their community's planning, decision-making, and evaluation.
2. Families and individuals will live in safe and supportive communities.
3. Pregnant women and newborns thrive.
4. Infants and children thrive.
5. Children live in stable and supported families
6. Children enter school ready to learn
7. Children succeed in school
8. Youth choose healthy behaviors
9. Youth successfully transition to adulthood

These outcomes represent the characteristics of caring communities, committed to making Kansas the best place to raise children. The *Connect Kansas* model is based on a solid foundation of 30 years of research and evaluation into what makes for healthy communities and what conditions place children at risk: the Communities that Care model.

Over the past several months the Council began the next steps to giving structure to that process and how the member agencies will determine outcomes and measure success against those outcomes. As the role of the Children's Cabinet in prevention evaluation and assessment has been clarified in recent months, the Council agreed it should work more closely with the Children's Cabinet. In its March meeting the Council voted to invite the executive director of the Cabinet to be a full member of the Council.



Each of the now eight agencies has begun an exercise to map its prevention programs and activities to the one or more *Connect Kansas* outcomes against which success will be measured. While it is clear that many programs—primarily those funded by federal mandates—may not fit within the *Connect Kansas* framework, each agency is in the process of examining their programs to discover where a reasonable fit can be made.

All state-funded programs, however, are encompassed in the framework. Attachment A consists of a set of matrices demonstrating mapping of prevention programs to outcomes completed by agencies to date. These are all works in progress and demonstrate only the direction the agencies are taking to develop this framework. Not all member agencies' matrices are complete at this point

As we well know, such ambitious outcomes can be neither measured directly, nor accomplished over night. Therefore, *Connect Kansas* has identified over 100 indicators for the nine developmental outcomes. These indicators assist grant recipients and grant makers to chart progress toward the global outcomes in a measurable way. Appendix B lists the current *Connect Kansas* indicators, for your information.

The plan for next year consists of two parts. First, the Council will refine the list of indicators for each of the nine developmental outcomes. Each agency will be responsible for determining which indicators are appropriate measures of success for its prevention programs on the germane outcomes. Out of that process will come a revised *Connect Kansas* set of indicators.

Second, each agency will complete its plan for tracking data to measure the indicators. To the extent possible, those data elements will be taken from data currently available and at a county level. Each of the eight member agencies will develop its measurement plan that will detail how data are to be collected and analyzed so as to drive future decisions about prevention programming.

The council looks forward to providing its updated report during the 2002 legislative session at the subcommittee's request.

RH:mw

Appendix A:

Agency Prevention Program X Connect Kansas Outcomes Matrices

Children's Cabinet and Trust Fund

Kansas Department of Education

Kansas Department of Health and Environment

Juvenile Justice Authority

Kansas Department of Social and
Rehabilitation Services

Under development:

Attorney General
Kansas Department of Corrections
Kansas Department of Transportation

Children's Cabinet and Trust Fund Prevention Matrix

Connect Kansas Outcomes	Smart Start Kansas	Community Based Family Resources and Support
1. Families, Youth, and Citizens are part of their community planning, decision-making, and evaluation	X	
2. Families and Individuals will live in safe and supportive communities		
3. Pregnant women and newborns will thrive.		
4. Infants and children will thrive.		
4. Children will live in stable and supportive families		X
5. Children enter school ready to learn.	X	
7. Children succeed in school.		
8. Youth choose healthy behaviors.		
9. Youth successfully transition to adulthood.		

KANSAS DEPARTMENT OF EDUCATION

Connect Kansas Outcomes	Title I Helping Disadvantaged Children Meet High Standards	Title I Subpart C Education of Migratory Children	Title I Subpart D Programs for Neglected & Delinquent Youth	Even Start William F. Goodling Family Literacy Act	Title IV: Safe and Drug Free Schools and Communities Act	CDC Grants HIV/AIDS Education	CDC Grants Coordinated School Health	Parents as Teachers	4 Year Old At-Risk
1. Families, Youth, and Citizens are part of their community planning, decision-making, and evaluation	X	X		X	X		X		
2. Families and Individuals will live in safe and supportive communities				X	X		X		
3. Pregnant women and newborns will thrive.					X			X	
4. Infants and children will thrive.		X		X	X			X	X
5. Children will live in stable and supportive families		X		X	X			X	X
6. Children enter school ready to learn.	X	X		X				X	X
7. Children succeed in school. (ages 5-18)	X	X	X	X				X	X
8. Youth choose healthy behaviors.		X	X		X	X		X	X
9. Youth successfully transition to adulthood. (ages 18-21)		X	X		X	X			

KANSAS DEPARTMENT HEALTH & ENVIRONMENT Substance Use Prevention

Connect Kansas Outcomes	Mother & Infant Care & Care Coordination	Women, Infants and Children (WIC) and Nutrition Services	Disability and Health	Injury Prevention	Rape Prevention and Education	Tobacco Use Prevention
1. Families, Youth, and Citizens are part of their community planning, decision-making, and evaluation			X	X	X	X
2. Families and Individuals will live in safe and supportive communities	X	X	X	X		X
3. Pregnant women and newborns will thrive.	X	X		X		
4. Infants and children will thrive.	X	X		X		
5. Children will live in stable and supportive families	X	X	X	X	X	
6. Children enter school ready to learn.		X		X		
7. Children succeed in school. (ages 5-18)			X	X	X	
8. Youth choose healthy behaviors.			X	X	X	X
9. Youth successfully transition to adulthood. (ages 18-21)			X		X	

JJA Prevention Program Types

Connect Kansas Outcomes	Truancy/ Alternative Education	Parent Education	Mentoring	Victim- Offender Mediation	Teen Court	School-based /After school	Diversion	Case Management	Early Childhood	Community Policing	Mental Health, Substance Abuse	Skill Development
1. Families, Youth & Citizens are part of Their Community's Planning, Decision-Making & Evaluation.				X	X							
2. Families and Individuals Will Live in Safe & Supportive Communities.	X	X		X	X		X			X		
3. Pregnant Women and Newborns Thrive.												
4. Infants and Children Thrive.												
5. Children Live in Stable and Supported Families.		X						X	X			
6. Children Enter School Ready to Learn.												
7. Children Succeed in School.	X					X						
8. Youth Choose Healthy Behaviors.			X	X	X	X	X				X	X
9. Youth Successfully Transition to Adulthood.	X		X			X					X	X

Appendix B:

*Connect Kansas
Outcomes*

and

*Accompanying
Indicators*

ATTACHMENT C: SOCIAL INDICATORS

Outcome 1: Families, Youth, and Citizens are Part of Their Community's Planning, Decision-Making and Evaluation

Outcome 2: Families and Individuals Will Live in Safe and Supportive Communities

Perceived availability of cigarettes by youth
Perceived availability of alcohol by youth
Perceived availability of marijuana by youth
Alcohol sales outlets
Tobacco sales outlets
Perceived availability of firearms
Adult alcohol-related arrests*
Adult drug-related arrests*
Adult arrests for property crimes*
Adult arrests for personal crimes*
Perceived police intervention for adolescent tobacco use
Perceived police intervention for adolescent alcohol use
Perceived police intervention for adolescent marijuana use
Perceived police intervention for adolescent firearm use
Net migration
Homicide*
Adult suicide
Community safety
Prisoners in state and local correctional facilities
Community sports programs
Scouting groups
Boys and girls clubs
4-H clubs
Service clubs
Employment rate
Free and reduced lunch program
Temporary aid to need families
Children in families receiving food stamps
Adults and children with healthcare coverage*

Outcome 3: Pregnant Women and Newborns Thrive

Low birth weight babies
Early prenatal care
Birthrate among juveniles
Births to single teen mothers
Births to mothers without high school diplomas
Drug use during pregnancy

Outcome 4: Infants and Children Thrive

Infant mortality rate
Child mortality rate
Participation in the WIC program*
Free and reduced lunch
Child care availability

Outcome 5: Children Live in Stable and Supported Families

Children in families receiving food stamps
Temporary aid for needy families
Family history of alcohol and/or drug problems
Children living in foster care
Child abuse and neglect reports
Child support obligations and collections
Children affected by divorce
Domestic violence*
Perceived parental approval of smoking cigarettes by youth
Perceived parental approval of drinking alcohol by youth
Perceived parental approval of smoking marijuana by youth
Perceived parental approval of fighting by youth
Perceived parental approval of stealing by youth
Emotional attachment to mother
Emotional attachment to father

Outcomes 6: Children Enter School Ready to Learn

Kindergartners fully immunized
Licensed preschool availability

Outcome 7: Children Succeed in School

Kansas Assessment Tests reading scores
Kansas Assessment Tests writing scores
Kansas Assessment Tests math scores
High school graduation rate
Event dropouts
Dropouts prior to ninth grade
School attendance rate
Academic commitment
Positive interaction with teachers
Opportunities to develop class rules
Involvement in classroom projects
Involvement in school activities
School safety

Outcome 8: Youth Choose Healthy Behaviors

Age of first use of cigarettes
Age of first use of alcohol
Age of first use of marijuana
Age of first suspension from school
Age of first arrest
Age of first carrying a handgun
Vandalism arrests (ages 10 to 14)*
Alcohol and other drug related arrests (ages 10 to 14)*
Arrests for personal crimes (ages 10 to 14)*
Arrests for property crimes (ages 10 to 14)*
Approval of cigarette use by peers
Approval of alcohol use by peers

Approval of marijuana use by peers
Approval of stealing by peers
Approval of carrying a handgun by peers
Approval of skipping school by peers
Approval of fighting by peers
Perceived peer acceptability of cigarette use
Perceived peer acceptability of alcohol use
Perceived peer acceptability of marijuana use
Perceived peer acceptability of carrying a handgun
Perceived harmfulness of smoking cigarettes
Perceived harmfulness of drinking alcohol
Perceived harmfulness of smoking marijuana
30-day cigarette use
30-day alcohol use
30-day marijuana use
Juvenile arrests for alcohol and drug violations*
Juvenile arrests for personal crimes*
Juvenile arrests for property crimes*
Teen sexually transmitted diseases
Adolescent pregnancy
Adolescent suicide
Annual rate of suspension of students
Annual rate of carrying a handgun by students
annual rate of selling illegal drug by students
Annual rate of arrests of students
annual rate of students attending school drunk
or high
Annual rate of students raking a handgun
to school

Outcome 9: Youth Successfully Transition to Adulthood

Post-secondary vocational training
Employment rate
Adult arrests for personal crimes*
Adult arrests for property crimes*
Prisoners in state and local correctional facilities

*This data can not be collected at the county level at this time.

**JUVENILE CORRECTIONAL FACILITY
POPULATION PROJECTIONS
April 13, 2001**

The juvenile correctional facilities are closely monitoring expenditures for the remainder of the current budget year. The facilities are experiencing budget problems this year due to cuts made to the current budgets and increases in operating costs. In comparison to the agency's budget request, substantial reductions were made in the FY 2001 budget request. The agency request was \$28,691,805, the approved budget is \$28,467,530, a reduction of \$224,275. (See chart below). Among other cuts, the major reduction was the increased shrinkage rate.

Although the population at the Beloit facility is down from the projections, the total facility population remains consistent with the overall projections. The total population projection for the facilities for FY 2001 was 491. The actual average daily population to date is 490. While the population remains consistent with the population projections, the operating budget has decreased.

In addition the facilities are confronted with major funding deficiencies that must be addressed with this years reduced budget including:

1. Increased cost for psychotropic medication.
2. Increased cost for natural gas.
3. Increased cost related to the elimination of the bottom three pay steps for employees.

Other unbudgeted increased costs such as food, education, medical contracts and uniform cost for corrections officers will place a real burden on facility operations.

Below is a chart showing the facility's FY 2001 request, and the FY 2001 approved budgets.

Juvenile Correctional Facility Comparison

<u>Facility</u>	<u>FY 2001 Request</u>	<u>FY 2001 Approved*</u>	<u>Difference +/-</u>
Atchison	6,198,785	6,180,584	(18,201)
Beloit	5,660,960	5,631,210	(29,750)
Larned	4,515,579	4,457,435	(58,144)
Topeka	12,316,481	12,198,301	(118,180)
TOTAL	28,691,805	28,467,530	(224,275)

*Assumes Governor signs appropriations bill and does not veto any JCF items.

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend **HB 2557**, as amended by House Committee, on page 136, following line 2, by inserting the following:

“(g) During the fiscal year ending June 30, 2002, no moneys appropriated for the department of corrections from the state general fund or any special revenue fund for fiscal year 2002 shall be expended for the purpose of providing offender substance abuse treatment services by Mirror Inc., for any offender incarcerated for a conviction of a sexual offense or for any individual who has been committed as a sexually violent predator pursuant to K.S.A. 59-29a01 et seq., at the treatment facility located at 3820 North Toben, Wichita, Kansas: *Provided*, That the secretary of corrections may make expenditures from any moneys appropriated for the department of corrections from the state general fund or any special revenue fund for fiscal year 2002 to renegotiate the contract for services with Mirror Inc., which renegotiation is hereby authorized and directed to be undertaken, if required, to amend the current contract to the effect that no individuals who have been committed for a sexual offense or who are participants in the sexually violent predator program receive treatment at 3820 North Toben, Wichita, Kansas, but are provided such offender substance abuse treatment services at another, suitable location in Wichita, Kansas, or in the proximity of Wichita within Sedgwick county.”

District.

Senate Ways and Means
April 17-20, 2001
Attachment 27

Each time that the department of corrections* is going to establish, directly or indirectly, a new residential facility or a new day reporting center within a local government, regarding the proposed location of such residential facility or day reporting center* to the governing body of the local government: *Provided*, That, if the governing body of the local government objects to the proposed location of such residential facility or day reporting center* and the governing body actively assists the secretary of corrections* in identifying a suitable location of such residential facility or day reporting center* with in the local government, with consideration of the site selection criteria established for such residential facility or day reporting center* and any site selection criteria officially adopted by the governing body of the local government applicable zoning and other land use restrictions of the local government, then, prior to establishing such residential facility or day reporting center*, the secretary of corrections* shall actively consider the views of the governing body of the local government and the affected residents of the local government and shall act in the best interests of the state with regard to establishing such residential facility or day reporting center*: *Provided, however*, ~~That no such objections by the governing body or the residents of a local government shall prohibit establishment of such residential facility or day reporting center within a local government;~~ such residential facility or day reporting center* shall be subject to the applicable planning, zoning, public health, and building laws, ordinances, resolutions, and regulations of the local government; *Provided further*, That, as used in this subsection, "local government" means any city, county or other taxing subdivision of the state having general governance authority.

*or youth residential facility, residential alcohol and substance abuse treatment program of the respective agencies

4/10/01.

**Revised
Governor's
Recommendation
FY 2001**

<u>Agency/Program</u>		
Department of Commerce and Housing⁽¹⁾		
Agency Operations	\$	8,620,857
Small Business Development Centers		485,000
Certified Development Companies		400,000
Kansas Industrial Training/Retraining		3,600,000
Trade Show Promotion Grants		150,000
Community Capacity Building Grants		197,000
Economic Opportunity Initiative Fund		3,500,000
Existing Industry Expansion		500,000
Tourism Promotion Grants		1,052,100
Mid-America World Trade Center		42,000
Mainstreet Grant and Development Prog.		216,800
Agriculture Product Development		540,000
Training Equipment Grants		277,500
Travel Information Centers		15,000
Motion Picture and Television Rebate		23,800
Eisenhower Museum Grant		300,000
National Teachers Hall of Fame		100,000
HOME Program		533,022
Subtotal - KDCH	\$	20,553,079
Kansas Technology Enterprise Corporation⁽¹⁾		
Agency Operations	\$	1,308,863
Centers of Excellence		4,325,000
Research Matching Grants		1,246,000
Business Innovative Research Grants		76,000
State Small Business Innovation Research		440,000
Special Projects		79,303
Commercialization Grants		1,156,664
Mid-America Manufact. Tech. Center		950,931
EPSCoR		3,200,000
Subtotal - KTEC		12,782,761
Kansas, Inc.⁽¹⁾	\$	336,949
Board of Regents		
Matching Grants - AVTS	\$	200,000
Post-secondary Aid - AVTS		6,882,981
Capital Outlay Aid - AVTS		2,700,000
Comprehensive Grant Program		250,000
Subtotal - Regents	\$	10,032,981
Department of Education		
Ag in the Classroom	\$	30,000
Challenger Learning Center		50,000
Subtotal - Dept. of Education	\$	80,000
Historical Society	\$	95,000
Department of Administration		
Public Television Grants	\$	350,000
State Water Plan Fund	\$	2,000,000
Wildlife and Parks - Local Gov. Outdoor Recreation	\$	500,000
State Fair		
Capital Improvements	\$	100,000
Operating Expenses		134,000
Subtotal - State Fair	\$	234,000
Adjutant General - Kansas National Guard Educational Asst.	\$	50,000
Arts Commission - Operating Expenses	\$	119,110
State Library - Grants to Local Libraries	\$	170,000
TOTAL TRANSFERS AND EXPENDITURES	\$	47,303,880

EDIF Resource Estimate

		Revised Gov. Rec. FY 2001
Beginning Balance	\$	3,779,114
Gaming Revenues		42,500,000
Other Income ⁽²⁾		2,893,300
Total Available	\$	49,172,414
Less: Expenditures and Transfers		47,303,880
ENDING BALANCE	\$	1,868,534

- 1) Does not include expenditures from prior year EDIF allocations.
 2) Other Income includes \$400,000 transferred from the Partnership Fund, \$1,050,000 of interest earnings, and \$1,443,300 of released encumbrances from the Department of Commerce and Housing and KTEC.

*Senate Ways and Means
April 17-20, 2001
Attachment 29*

**Revised
Governor's
Recommendation
FY 2002**

Agency/Program

Department of Commerce and Housing ¹⁾	
Agency Operations	\$ 8,729,936
Small Business Development Centers	485,000
Certified Development Companies	400,000
Kansas Industrial Training/Retraining	3,600,000
Trade Show Promotion Grants	150,000
Community Capacity Building Grants	197,000
Economic Opportunity Initiative Fund	3,500,000
Existing Industry Expansion	500,000
Tourism Promotion Grants	1,052,100
Mid-America World Trade Center	0
Mainstreet Grant and Development Prog.	216,800
Agriculture Product Development	540,000
Training Equipment Grants	277,500
Travel Information Centers	115,000
Motion Picture and Television Rebate	75,000
Eisenhower Museum Grant	0
National Teachers Hall of Fame	0
HOME Program	530,000
State Teachers Hall of Fame	0
Subtotal - KDCH	<u>\$ 20,368,336</u>
Kansas Technology Enterprise Corporation ¹⁾	
Agency Operations	\$ 1,431,781
Centers of Excellence	4,350,000
Research Matching Grants	1,216,000
Business Innovative Research Grants	76,000
State Small Business Innovation Research	440,000
Special Projects	79,303
Commercialization Grants	1,450,000
Mid-America Manuf. Tech. Center	1,000,059
EPSCoR	3,000,000
Subtotal - KTEC	<u>\$ 13,043,143</u>
Kansas, Inc. ¹⁾	\$ 343,267
Board of Regents	
Matching Grants - AVTS	\$ 166,855
Post-secondary Aid - AVTS	6,916,110
Capital Outlay Aid - AVTS	2,700,000
Comprehensive Grant Program	250,000
Subtotal - Regents	<u>\$ 10,032,965</u>
Department of Education	
Ag in the Classroom	\$ -
Challenger Learning Center	-
Subtotal - Dept. of Education	<u>\$ -</u>
Historical Society	\$ -
Department of Administration	
Public Television Grants	\$ -
State Water Plan Fund	\$ 1,638,180
Wildlife and Parks - Local Gov. Outdoor Recreation	\$ -
State Fair	
Capital Improvements	-
Operating Expenses	-
Subtotal - State Fair	<u>\$ -</u>
Adjutant General - Kansas National Guard Educational Asst.	\$ -
Arts Commission - Operating Expenses	\$ -
State Library - Grants to Local Libraries	\$ -
TOTAL TRANSFERS AND EXPENDITURES	<u>\$ 45,425,891</u>

EDIF Resource Estimate

**Revised
Governor's
Recommendation
FY 2002**

Beginning Balance	\$ 1,868,534
Gaming Revenues	42,500,000
Other Income ²⁾	1,000,000
Total Available	<u>\$ 45,368,534</u>
Less: Expenditures and Transfers	45,425,891
Transfer to State General Fund	-
ENDING BALANCE	<u>\$ (57,357)</u>

1) Does not include expenditures from prior year EDIF allocations.

FY 2002 Children's Initiatives Fund (Tobacco)

Agency/Program	Gov. Rec. FY 2002	Proposed Senate Committee Adjustments FY 2002
State Library		
Enhance Community Access Network catalog	70,000	
Subtotal - Misc.	\$ 70,000	\$ -
Department of Health and Environment		
Healthy Start/Home Visitor	250,000	501,444
Infants and Toddlers Program	500,000	1,992,000
Smoking Cessation/Prevention Program Grants	-	875,000
Immunizations	-	264,901
SIDS Support Network	-	
Crisis Pregnancy Outreach for Johnson County	-	
Subtotal - KDHE	\$ 750,000	\$ 3,633,345
Juvenile Justice Authority		
Juvenile Prevention Program Grants	6,000,000	
Juvenile Graduated Sanctions Grants	2,000,000	
Pregnancy Maintenance and Parenting Support		
Subtotal - JJA	\$ 8,000,000	\$ -
Department of Social and Rehabilitation Services		
Children's Mental Health Initiative	1,800,000	
Family Centered System of Care	5,000,000	
Therapeutic Preschool	1,000,000	
Community Services - Child Welfare	2,600,000	
Child Care Services	1,400,000	
Children's Cabinet Accountability Fund	250,000	
HealthWave	1,000,000	8,200,000
Smart Start Kansas - Children's Cabinet	11,260,000	(8,000,000)
Kinship Services Support and Training		
Subtotal - SRS	\$ 24,310,000	\$ 200,000
Department of Education		
Parent Education	3,500,000	1,000,000
Four-Year -Old At-Risk Programs	2,000,000	
School Violence Prevention	500,000	
Vision Research	250,000	50,000
Communities in Schools	125,000	
Structured Mentoring	500,000	
At-Risk Weight		3,700,000
Challenger Grant		50,000
Kansas Sports Hall of Fame		50,000
Environmental Education		30,000
Define Skill Sets for Third Grade	-	
Third Grade Accomplishment Examination Design	-	
School Readiness Indicator for Kindergarten Entry	-	
Teacher Training for First Grade Reading Program	-	
Third Grade Summer School Programs	-	
Subtotal - Dept. of Ed.	\$ 6,875,000	\$ 4,880,000
University of Kansas Medical Center		
Tele-Kid Health Care Link	250,000	
Pediatric Biomedical Research	-	
Subtotal - KU Medical Center	\$ 250,000	\$ -
TOTAL	\$ 40,255,000	\$ 8,713,345

Resource Estimate	Gov. Rec. FY 2002	Proposed Senate Committee FY 2002
Beginning Balance	755,000	-
KEY Fund Transfer	40,000,000	8,213,345
Total Available	\$ 40,755,000	\$ 8,213,345
Less: Expenditures and Transfers	40,255,000	8,713,345
ENDING BALANCE	\$ 500,000	\$ -



KANSAS BOARD OF REGENTS

700 SW HARRISON • SUITE 1410 • TOPEKA, KS 66603-3760

GENERAL ADMINISTRATION – 785-296-3421
GENERAL OFFICE FAX – 785-296-0983
STUDENT FINANCIAL AID – 785-296-3517
GED TESTING SERVICES – 785-296-3191
GED FAX – 785-291-3353
www.kansasregents.org

To: Sen. Kerr
Rep. Glasscock
Sen. Morris
Rep. Wilk

From: Clay Blair
Jack Wempe
Kim Wilcox

Cc. Chancellor Hemenway
President Wefald
President Beggs

Re: Research Construction Initiative

Date: March 22, 2001

We are excited by your invitation to partner with the state to expand and enhance our research programs. From our meeting last week, we have the following understanding of the parameters for this project:

- The state agrees to offer and guarantee construction bonds.
- The state agrees to make principal and interest payments on those bonds for the first five years.
- The institution will be responsible for making all remaining bond payments from non-state sources.
- The institution will be responsible for equipping the building (approx. 1/3 cost of construction) from non-state sources.

These parameters create ambitious goals for our universities. In response to your challenge, the three research universities, working with the Board Office, have recommended four projects. Those projects are - construction of a life sciences research center at the KU Medical Center (\$65M), construction of a food safety research facility at K-State (\$40), expansion of the existing engineering complex at Wichita State University (\$10M), and equipping a newly purchased research building in Lawrence (\$5M). Completion of these four projects would require a total of \$120M in bonds and approx. \$10M (current estimate = \$9.6M) per year to service them.

Senate Ways and Means
April 17-20, 2001
Attachment 31

The Board of Regents assumes responsibility for ensuring compliance by the universities to the above criteria including, but not limited to the following:

- (1) Demonstrated ability and tangible evidence to privately fund 1/3 of the bonded building amount - funds to be used for tenant interior finish and equipping the buildings. Goal: to ensure there is sufficient equipment to compete for research grants.
- (2) Demonstrate the financial resources and plan to meet the bond payments after five years using only non-state funds.
- (3) Demonstrate cost efficiencies in planning, architect fees, site costs and landscaping to maximize the dollars going into brick and mortar construction.
- (4) Demonstration of the positive economic impact of the project on the state of Kansas, including increased employment and technology transfer.

In addition, the legislature would waive the review, fees, and involvement requirement of the state architect, thus reducing project costs. In exchange, the Board and its staff would assume this responsibility.

The state would ensure the following funding:

Year 1 02 03	\$ 2 million
Year 2	\$ 6 million
Year 3	\$10 million
Year 4	\$12 million
Year 5	\$10 million
Year 6	<u>\$10 million</u>
Total	\$50 million

We look forward to hearing from you and working together on this project.



FY 2002
CAPITAL IMPROVEMENT REQUESTS
AND FIVE-YEAR PLANS
JULY 1, 2000



KANSAS BOARD OF REGENTS

Senate Ways and Means
April 17-20, 2001
Attachment 32

Agency: Pittsburg State University

DA-418B

Date: July 1, 2000

PROJECT REQUEST EXPLANATION

1. Project Title ANG Armory/Classroom/Rec Center	2. Project Priority A1-S__
3. Project Description and Justification The Weede Physical Education Building was built in the late sixties when the enrollment at the University was approximately 2,500 students and participated in few intercollegiate sports. With more than 6,000 students currently enrolled and with participation in several men's and women's intercollegiate sports, the current facility is not capable of meeting the demands placed on it. The current Kansas National Guard Armory located in the Northeast part of Pittsburg is becoming increasingly obsolescent and outdated. The Kansas National Guard is considering constructing a new facility in Pittsburg. The Department of Military Science at the University is located in Hartman Hall. Hartman Hall is an older building with marginal classrooms and is being considered for a different function due to the School of Technology moving to the Kansas Technology Center and the vacating of Russ Hall for a major remodeling. This project is to build a single facility housing the Kansas National Guard Unit located in Pittsburg, the Department of Health, Physical Education and Recreation at the University, and the Department of Military Science at this University. The joint use of this facility and the sharing of the capital improvement and future maintenance costs being a great advantage.	
4. Estimated Project Cost: 1) Construction (including fixed equipment and sitework) \$7,425,200 2) Architect's fee 786,250 3) Movable equipment 58,500 4) Project contingency 742,500 5) Miscellaneous costs 10,000 Total \$9,022,450	5. Project Phasing: 1) Preliminary plans (including misc. costs) \$ 796,250 2) Final plans (including misc. costs) 801,000 3) Construction (including misc. & other costs) 7,425,200 Total \$9,022,450

6. Amount by Source of Financing:

Fiscal Years	1. SGF PSU	2. SGF ANG	3. Federal	4. Student Fees	5. Private Gifts	Total
Prior Years						
Current Year						
FY 02	410,000	45,000	135,000			590,000
FY 03	1,633,225	345,750	1,037,250	1,000,000	400,000	4,416,225
FY 04	1,633,225	345,750	1,037,250	1,000,000		4,016,225
FY 05						
FY 06						
Subsequent Yrs.						
Total	3,676,450	736,500	2,209,500	2,000,000	400,000	9,022,450

OFFICE COPY

FY 2003

**Capital
Improvement
Budget
Request**

March 2001



Agency: Pittsburg State University

DA-418B

Date: March, 2001

PROJECT REQUEST EXPLANATION

1. Project Title ANG Armory/Classroom/Rec Center	2. Project Priority 1
---	--------------------------

3. Project Description and Justification

(See attached description justification)

<p>4. Estimated Project cost:</p> <table style="width: 100%;"> <tr> <td>1) Construction, including fixed equipment and sitework.</td> <td style="text-align: right;">9,917,000</td> </tr> <tr> <td>2) Architect's Fee.</td> <td style="text-align: right;">854,000</td> </tr> <tr> <td>3) Movable equipment.</td> <td style="text-align: right;">386,000</td> </tr> <tr> <td>4) Project contingency.</td> <td style="text-align: right;">477,350</td> </tr> <tr> <td>5) Miscellaneous costs.</td> <td style="text-align: right;">382,650</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right; border-top: 1px solid black;">12,017,000</td> </tr> </table>	1) Construction, including fixed equipment and sitework.	9,917,000	2) Architect's Fee.	854,000	3) Movable equipment.	386,000	4) Project contingency.	477,350	5) Miscellaneous costs.	382,650	Total	12,017,000	<p>5. Project Phasing:</p> <table style="width: 100%;"> <tr> <td>1) Preliminary planning, (incl. misc. costs)</td> <td style="text-align: right;">323,900</td> </tr> <tr> <td>2) Final planning, (inc. misc. costs)</td> <td style="text-align: right;">654,610</td> </tr> <tr> <td>3) Construction, (inc. misc. & other costs)</td> <td style="text-align: right;">11,038,490</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right; border-top: 1px solid black;">12,017,000</td> </tr> </table>	1) Preliminary planning, (incl. misc. costs)	323,900	2) Final planning, (inc. misc. costs)	654,610	3) Construction, (inc. misc. & other costs)	11,038,490	Total	12,017,000
1) Construction, including fixed equipment and sitework.	9,917,000																				
2) Architect's Fee.	854,000																				
3) Movable equipment.	386,000																				
4) Project contingency.	477,350																				
5) Miscellaneous costs.	382,650																				
Total	12,017,000																				
1) Preliminary planning, (incl. misc. costs)	323,900																				
2) Final planning, (inc. misc. costs)	654,610																				
3) Construction, (inc. misc. & other costs)	11,038,490																				
Total	12,017,000																				

6. Amount by Source of Financing:

Fiscal Years	1. SGF PSU	2. SGF ANG	3. FEDERAL	4. STUDENT FEES	5. OTHER	TOTAL
Prior Yrs.						
FY 02	----	----	537,500	----	400,000	937,500
FY 03	2,030,400	645,750	1,863,600	1,000,000	----	5,539,750
FY 04	2,030,400	645,750	1,863,600	1,000,000	----	5,539,750
FY 05						
FY 06						
FY 07						
TOTAL	4,060,800	1,291,500	4,264,700	2,000,000	400,000	12,017,000

A New Joint Use Facility for Pittsburg State University

Kansas Army National Armory/Classroom/Student Recreation Center

BACKGROUND:

Pittsburg State University and the Kansas Adjutant General purposes to build a new Kansas Army National Guard Armory/Classroom/Student Recreation Center on the campus of Pittsburg State University. This joint-use facility would provide needed facilities for the Kansas Army Guard Unit in Pittsburg and space for the Department of Health, Physical Education, and Recreation (HPER), Department of Military Science (Army ROTC) and indoor recreation and fitness space for students and others.

This partnership allows the efficient use of space by providing common-use areas in a facility that all tenants can share. Space is therefore not duplicated, and allows the leveraging of federal, state, local and private/student funds to provide a facility that neither alone could do.

ISSUES TO CONSIDER:

- The Pittsburg State University Foundation, Inc. has purchased the 15-acre site for this project at a cost of \$400,000. This property has been gifted to the State of Kansas.
- The Armory/Classroom/Recreation Center will occupy approximately eleven acres and the balance will provide space for the new Veteran's Memorial Amphitheater. The Veteran's Memorial will cost approximately \$1,000,000 and will be a privately funded project which will also feature a one-half scale Vietnam Veteran's Memorial Wall.
- Federal dollars will fund 75% of the Armory portion with State dollars funding the balance. Land is being provided without cost having been purchased by the PSU Foundation.
- The City of Pittsburg has indicated an interest in providing infrastructure support. Once the facility is designed, the amount of their support will be determined but likely will be in the six-figure range.
- Funds from student fees and private sources will be a necessary component of the funding package.
- The State of Kansas and its people will benefit by having a modern, functional facility that will serve two of the important institutions in the state; Pittsburg State University and the National Guard.
- The total project (including all funding sources) is \$9.02 million, as of July 1, 2000.

IN SUMMARY:

The initial planning funds that are requested for FY 2002 (\$410,000) are essential for the project to stay on schedule and for federal funds to flow in a timely manner.

In addition, the developing partnership among all involved (federal, state, local, private) results in a project that strengthens Pittsburg State University and the Army Guard. This produces immeasurable benefits for the region.

Thank you for your consideration.

Total FY 2001 Approved Budget

Minus

2 for 1 Technology Program

Plus

Resumption of KPERS Death and Disability

1 Percent OOE

1.5 Percent / 1.5 Percent Salary Plan

Equals

Total FY 2002 General Use Budget

Minus

Expected Tuition and Fee Revenue

Equals

SGF Appropriation

Senate Ways and Means
April 17-20, 2001
Attachment 33

Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary

**Follow-Up Information Requested by the
Senate Ways and Means Committee on April 18, 2001**

April 20, 2001

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Senate Ways and Means
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Attachment 34

Funding Source For Domestic Violence

Clarify whether the \$70,000 in the Children's Initiative Fund that is in the Library budget for the Community Access Network is a possible substitute funding source to expand the Domestic Violence program.

For your information, these programs are described below.

In both the FY 2001 and FY 2002 Governor's Budget Reports, the Governor recommended \$70,000 from the Children's Initiative Fund to finance operating expenditures for maintenance and operation of the Community Access Network. This network is a not-for-profit organization dedicated to provide current information regarding community services available to individuals and families in Kansas. The first phase of development will focus on meeting the needs of those who have been affected by domestic violence or sexual abuse. The information presented is designed to help those who need assistance and those who provide such aid. This network has been recommended by the Children's Cabinet, the Governor's Advisory Committee for Children and Families, and the Office of the Attorney General. The Legislature concurred with the Governor's recommended funding in FY 2001.

An enhancement of \$125,000 was requested by SRS to expand Domestic Violence Prevention Services from nine locations to eleven locations. Domestic violence counselors, located in the Area Offices, provide individually tailored services to individuals disclosing domestic violence and/or sexual assault. The primary effect of the expansion of these services is to increase the safety of families and therefore to allow parents to pursue and retain employment.

Reduction in State-Only Programs

Provide a list of state-only programs and a description for each program. Show the impact of reducing by 10 percent.

FY 2002 State Only Programs

	State General Fund	Fee Fund Revenue	Total
General Assistance	4,800,000	(1,026,405)	3,773,595
MediKan	13,460,000	(2,786,400)	10,673,600
Funeral Assistance	464,340		464,340
MH State Aid	10,233,297		10,233,297
DD State Aid	5,963,174		5,963,174
Permanancy in Child Time	290,000		290,000
Children's Flexible Funds	316,347		316,347
Emergency Shelter	1,441,256		1,441,256
Nursing Facilities/MH	9,029,837		9,029,837
Total	45,998,251	(3,812,805)	42,185,446

General Assistance and MediKan These services are limited to those persons who have received a medical opinion that they are too disabled to work and are waiting for a decision on their application for federal disability benefits. The average cash amount paid for general assistance each month is only \$157 to an average 2,940 persons. A 10% cut would reduce the benefit to \$141 per month.

These individuals also receive MediKan to cover limited medical services. Because MediKan is a fee for service program a reduction in the program would require elimination of a service. The most frequently used categories of service provided in FY 2000 are listed on the on the chart below.

When determined eligible for SSI or SSDI Medicaid eligibility is determined retro-actively. Medicaid ultimately pays the federal portion of health care coverage for these persons. The federal funds received from retro-active coverage are placed in the SRS fee fund. Therefore, elimination of the MediKan or General Assistance funding will reduce receipts to the SRS Fee Fund in following years. For example, there are approximately \$5.0 million in outstanding prior year claims in the MediKan program that haven't been billed. With these subtracted from the above number the 10% savings would be \$567,360.

Avg. No. of Persons Served per Month	2,070
Annual No. Unduplicated Persons	3,170
Average Monthly Medical Costs	\$347/mo.
Total Cost of all Medical Services in FY	\$8,630,000
Most Frequently Used Medical Services	Costs
Prescription Drugs	\$2,530,000
Physician Services	\$1,770,000
Inpatient Hospital	\$1,690,000
Mental Health Services	\$1,340,000
Outpatient Services	\$820,000
FQHC/RHC/ARNP	\$220,000
Home Health Services	\$130,000
Lab & Radiology	\$110,000

Funeral Assistance This program provides families who are receiving TAF, GA, Food Stamps or Medicaid help with funeral and cemetery expenses. The present average amount paid per funeral is \$526. To lower this by 10% to \$473 might mean the loss of the only funeral home that is working with us in a given locality. SRS will pay for approximately 864 burials this year.

Mental Health State Aid This program provides base funding to Community Mental Health Centers for services to persons for whom there is no other funding. This includes persons who are not Medicaid eligible, indigent, homeless, the working poor, etc. It also provides funding for services that, due to their nature, can not be easily funded any other way such as 24 hour emergency response services. State Aid funds are used to “certify” the availability of required state matching funds for Medicaid. Because of this, SRS currently only pays the federal share of Medicaid covered mental health services. A 10% cut would be \$1,023,330 SGF.

Developmental Disability State Aid This program provides discretionary funding to Community Developmental Disability Organizations for services not funded through any other method. These funds are used for early childhood intervention services, transportation, excess cost of room and board, etc. State Aid funds are used to “certify” the availability of required state matching funds for Medicaid. Because of this, SRS currently only pays the federal share of Medicaid payments for Targeted Case Management. A 10% cut would be \$596,317 SGF.

Permanency in Child Time This contract allows Kansas Legal Services’ attorneys to assist with foster care and adoption cases, which are not moving through the legal system, to help children achieve permanent homes. A 10% cut would be \$29,000 SGF.

Children's Flexible Funds These are family service funds which are used to purchase services for families who have problems which if not addressed could result in the child(ren) being removed from the home and placed in foster care. 650 families are served on average each month. A 10% cut would be \$31,634 SGF.

Emergency Shelter These are grants to emergency shelters to fund case management positions whose responsibility is to work with families in crisis to get their children back home and avoid placement of the child(ren) in foster care. Currently 16 emergency shelters participate in this program serving approximately 7,200 children per year. A 10% cut would be \$144,125 SGF.

Nursing Facilities/Mental Health (NF/MH) These facilities serve those persons that have a variety of mental health needs; including regular nursing care, or choose living in an institutional environment. A 10% cut would be \$902,984.

Agency Expenditures For Social Worker Training

How much is the agency currently spending for social worker training?

Children and Family Policy has two contracts with KU for training. One is for \$537,084 AF which is for training of new workers and supervisors for SRS staff and contractors. The other is for \$611,943 for IV-E stipends for public child welfare students. KU provides the state match for both of these contracts.

Criteria Used to Change Pre-Admission Screening and Annual Resident Review (PASARR) Levels

Provide a description of the change in criteria for the change from 26 to 39.

The following are brief descriptions of people currently being served with PD Waiver funding who are reflected within three score ranges. The lower the score, generally the less assistance required. Most of the conditions of persons served by this waiver deteriorate over time and their scores will increase with succeeding years.

PASARR Level of Care (LOC) 30 or lower

Example #1

Background:

Mary is 43 years old, has had four (4) kidney transplants and is currently a candidate for a fifth. She receives dialysis three times a week. Prior to February 2000, her husband was able to assist her with performing home dialysis. In February Mary's husband was diagnosed with cancer and could no longer assist her on a regular basis because of his medical issues. As a result of this change in Mary's available support, she was given access to PD waiver funds. Initially, Mary received funds to pay for attendant care when her husband could not assist her. Mary's husband died in March of 2001.

Current Services:

Mary travels 48 miles to receive her dialysis. She receives attendant care to assist with her dialysis and with bathing.

Rationale for Services:

Mary needs assistance to maintain her health. Her condition leaves her susceptible to infections if hygiene issues are not routinely supported.

Example #2

Background:

Shirley at 46 years of age lives in rural Kansas. She has muscular dystrophy and does not have family to assist her.

Current Services:

Shirley receives assistance with bathing, dressing, toileting, meal preparation, shopping, laundry and housekeeping.

Rationale for Services:

Shirley needs help to maintain her health. Muscular dystrophy is degenerative in nature. Therefore, her present condition will continue to deteriorate.

PASARR Level of Care (LOC) 31-35

Example #1

Background:

Joe is 51 years old and has multiple sclerosis. At this time he is unable to get out of bed, dress or do many household tasks without assistance. Joe's physical condition will continue to get worse over time. Joe is raising his two grandchildren, ages eight and six, as a result of their parent's death two years ago. There are no family supports for Joe or his grandchildren. The combined efforts of Joe and his grandchildren allow them to meet the everyday needs of preparing meals, daily housework and getting the children ready for school.

Current Services:

Joe receives assistance with getting in and out of bed, bathing, dressing and changing his bed linens.

Rationale for Services:

Joe and his family need supports to maintain his physical health. Without the received assistance the children would likely not be able to continue to live with their grandfather.

Example #2

Background:

Betty is paraplegic and lives in a mobile home with her young child. Betty is a single mother. She is divorced and has no relatives available to assist her.

Current Services:

Betty receives assistance with bathing, dressing, toileting, transfers (example - between wheelchair and bed), meal preparation, shopping, transportation, laundry and housekeeping.

Rationale for Services:

Betty requires assistance with many daily living skills. The assistance provided allows her to maintain a home environment for herself and her daughter.

PASARR Level of Care (LOC) 36-39

Example #1

Background:

Lucy at age 56 has multiple health issues. As a result of throat cancer, which is now in remission, she has a tracheotomy, is not able to speak, and receives nutrition through a feeding tube. Additionally, she had a stroke in June 1999 leaving her left side paralyzed. She is unable to swallow and she has a loss of visual depth perception. Lucy's daughter is able to care for her mother much of the time she is not at school.

Current Services:

Lucy receives assistance with suctioning, tube feeding, bathing, dressing, toileting, laundry, housekeeping and some night support when her daughter sleeps.

Rationale for Services:

Lucy's condition requires someone to be available around the clock to perform suctioning to prevent choking and to help her with daily grooming, hygiene and household tasks. Although her

daughter is able to help with her mother's care, she is not able support her mother at the level needed without additional assistance.

Example #2

Background:

Tom is 38 years old and lives in an apartment by himself. He has no family supports. Tom is morbidly obese, has sleep apnea, heart problems and kidney failure.

Current Services:

Tom receives assistance with bathing, dressing, transfers, walking, meal preparation, shopping, money management, transportation, laundry and housekeeping.

Rationale for Services:

Tom has many health issues which need daily monitoring and assistance to maintain a reasonable quality of life.

Waiver Programs - Service Access

Provide current and projected information on "waiting lists" for all waiver programs.

The following chart provides the most recent information available regarding the number of persons who are seeking access to community based services by category of disability. These numbers are projected forward one year to show the estimated number of persons who are likely to be on the service access management lists at the end of FY 2002. The first estimate shows the number of persons who are likely to be seeking services at the end of FY 2002 assuming the developmental disability and physical disability waiver enhancements recommended in the GBR are funded. The second estimate projection shows the number of persons who are likely to be on the service access management list if the GBR enhancements are not funded.

Disability	Current Service Access Management List	Estimated FY 2002 Year Ending Service Access List with GBR Enhancements	Estimated FY 2002 Year Ending Service Access List without GBR Enhancements
Developmental Disability	370	365	593
Physical Disability	470	387	627
Head Injury	110	139	139
Technology Assisted	1	3	3

Causes of Rising Pharmaceutical Costs at the State Mental Health Hospitals

Specifically what are the causes of the sharply rising costs of pharmaceuticals at the state mental health hospitals? What will occur if the increased cost is not funded?

The use of atypical anti-psychotic medications has become best practice in recent years. These medications dramatically help reduce the length of a person's hospital stay. However, the drug costs are rising by 12% to 15% per year. The increased usage of these highly effective and useful drugs and the rate at which drug costs are rising is straining the state mental health hospitals' overall budgets.

There are several reasons why these costs are rising. Each of the reasons are closely related. First, more people are entering the hospital already taking these medications. The hospitals maintain these patients on the medications unless there is a contra-indication in doing so. Second, because medications are more effective and have fewer side effects, more hospital patients are receiving them than in years past. Finally, the unit price of drugs is rising at 12% to 15% per year. These factors in combination are causing the total cost of pharmaceuticals to rise dramatically at the state mental health hospitals. The factors are inter-related and it is not clear how much each factor is contributing to the rising costs of pharmaceuticals at the hospitals.

Because these medications are so effective at reducing lengths of stay in the hospital and greatly assisting in the persons' recovery, the hospitals have made correct usage of these medications one of their highest priorities. The only way the hospitals can pay these higher pharmaceutical costs is by artificially creating savings in other areas of operations. The most likely place these savings could be made is in salaries, since approximately 82% of all costs in hospitals are related to salaries. However, reductions in salaries detrimentally impact our efforts to provide adequate direct care staffing.

Credit Card Fee Authorization

The 2001 Legislature enacted K.S.A. 2000 Supp. 75-30,100, which requires state agencies to accept the payment of fees, tuition, and other charges by credit card after June 30, 2001. The law allows agencies to impose an additional fee to recover the actual cost of providing that service. Because the credit card industry does not allow credit card payments to be disadvantaged against payment by cash or check, I recommend the law be amended to allow state agencies to allocate a portion of the cost of accepting credit cards to cash and check paying customers. Suggested language to implement the recommendation is presented below.

Sec. Notwithstanding any other provision of law, state agencies which impose or collect fees, tuition, or other charges may impose the same additional fee on all transactions, regardless of the method of payment, to recover the estimated costs incurred to accept payments.

*Senate Ways and Means
April 17-20, 2001
Attachment 35*

CREDIT CARD ACCEPTANCE PROGRAM

This proviso relates to House Bill 2323 (K.S.A. 75-30,100) passed during the 2000 Legislative Session mandating the acceptance of credit cards by all state agencies. This law requires state agencies imposing or collecting fees, tuition or other charges to accept credit cards after June 30, 2001. The Department of Administration and in particular, the Division of Purchases and the Division of Accounts and Reports has taken the lead in implementing this legislation. Most of the issues associated with accepting credit cards have been resolved, but one critical issue remains.

This is a very complex subject and I would like to provide some background before discussing the issue. The pertinent part of K.S.A. 75-30,100 reads as follows:

A state agency may impose an additional fee to recover the actual amount of any cost incurred by reason of the method of payment used by the payee.

Attorney opinions inform us the phrase "by reason of the method of payment" does not allow state agencies to pass on a portion of the costs for accepting credit cards to cash and check paying customers. If this is not resolved, state agencies unable to absorb the credit card fees will be limited to accepting the DiscoverCard and implementing very inflexible credit card acceptance programs.

The issue arises because the credit card associations mandate that merchants accepting credit cards shall not disadvantage credit cards against cash or check payments by assessing a convenience fee, unless the fee is also assessed against cash and check payments.

Example: If you were to go to Wal-Mart and purchase a \$200 barbecue grill using your credit card, the price is \$200 regardless of whether you pay by cash, check or credit card. Wal-Mart has included the cost of credit card fees in the price of the product. Wal-Mart cannot pass on the 2% cost of accepting your credit card by charging you \$204, without charging a cash or check paying customer \$204 as well.

Our intent with regard to this law is to allow state agencies to operate in a manner similar to the retail industry and spread the cost of accepting credit cards to all forms of payment as a cost of doing business. **This is the most common and generally accepted practice in the credit card industry.**

Example: The Board of Accountancy charges \$150 for a license renewal and they are at the statutory maximum for charging license fees. The approximate cost for accepting a credit card for a single license renewal is \$3.00 (\$150 X 2%). The Board's preference would be to charge \$150 plus a \$1 or \$2 administrative fee for each license renewal whether paid by cash, check or credit card in order to recover the cost of accepting credit card payments. The administrative fee is based on the assumption that one-third of their licensees will renew by credit card the first year.

But, according to the interpretation of the statute by the attorneys, state agencies cannot assess the separate administrative fee against a customer who pays with cash or check.

State agencies are in the process of implementing their credit card programs and strategies to comply with the July 1, 2001 date for accepting credit cards. The program will be a convenience to the citizens of our state and further enable an e-commerce environment. If the State is going to make a viable attempt at accepting the four major brands of credit cards for services, we must find a way to spread the cost of doing business over all forms of payment. Otherwise, if an agency cannot absorb the credit card fees within its budget, DiscoverCard is the only credit card that will be accepted because it is the only credit card not imposing restrictions on convenience fees. Nationally, fewer than 5% of all credit card transactions use the DiscoverCard.

The draft of the proviso we are requesting reads as follows:

Notwithstanding any other provision of law, state agencies which impose or collect fees, tuition, or other charges may impose the same additional fee on all transactions, regardless of the method of payment, to recover the estimated costs incurred to accept payments.

Again, the only purpose of this proviso is to allow state agencies to operate in a manner similar to the retail credit card merchants in the private sector and spread the cost of accepting credit cards to all customers as a cost of doing business. This allows state agencies to accept the four major credit cards and maintain simpler fee structures, and to comply with the rules of the credit card industry. Accounting procedures in place for administering the credit card program will ensure that the rates are fair and equitable.

Cost of Product / Service	Agency A \$ 150.00	Agency B \$ 150.00	Agency C \$ 150.00	Agency D \$ 150.00
Q1: Can the agency absorb the costs of credit card transactions? Why / Why not?	YES Adequate budget Other sacrifices	NO Budgetary Impact	NO Budgetary Impact	NO Budgetary Impact
Q2: Can an agency increase its base fees to recover costs? Why / Why not?	NO Not Necessary	YES 75-30,100 allows recover of costs of credit card transactions	NO Capped by statute or regulation	YES 75-30,100 allows recover of costs of credit card transactions

Approximate Cost of Credit Card Transaction * Excludes equipment / technology costs	\$ 3.00 2.00%	\$ 3.00 2.00%	\$ 3.00 2.00%	\$ 3.00 2.00%
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Solution #1: Agency absorbs transaction fees

Face-to-face payments
Mail-in payments
Telephone / Interactive Voice Response payments
Internet Payments

Notes:
Agency chooses to absorb transaction fees and not raise base product / service costs to the benefit of the constituent.

Cards Accepted	Transaction Fee
V/M/A/D	None
V/M/A/D	None
V/M/A/D	None
V/M/A/D	None

Cards Accepted	Transaction Fee
V/M/A/D	None
V/M/A/D	None
V/M/A/D	None
V/M/A/D	None

No Transaction fees are charged because the agency will alter its fee structure to account for costs

V = VISA
M = MASTERCARD
A = AMERICAN EXPRESS
D = DISCOVERCARD

Solution #2: Admin Fee to ALL payment types

Face-to-face payments
Mail-in payments
Telephone / Interactive Voice Response payments
Internet Payments

Notes:
Mirrors the retail philosophy of spreading costs to all consumers
Allows acceptance of ALL card types, not limited to one

Cards Accepted	Transaction Fee
V/M/A/D	\$ 1.00
V/M/A/D	\$ 1.00
V/M/A/D	\$ 1.00
V/M/A/D	\$ 1.00

Fee is based on assumption that 33% of constituents will use a credit card.

Adoption of the GBA will positively affect state agencies in implementing Solution #2

Solution #3: Admin Fee to credit card payments only

Face-to-face payments
Mail-in payments
Telephone / Interactive Voice Response payments
Internet Payments

Notes:
Agency must add admin fees to the transaction to recover costs
Confusing to administer and publicize

Cards Accepted	Transaction Fee
D	\$ 3.00
D	\$ 3.00
V/M/A/D	\$ 3.00
V/M/A/D	\$ 3.00

Cost to CASH customer	Cash \$ 150.00	Cash \$ 151.00	Cash \$ 151.00	Cash \$ 150.00
Cost to CHECK customer	Check \$ 150.00	Check \$ 151.00	Check \$ 151.00	Check \$ 150.00
Cost to CREDIT CARD customer	Credit Card \$ 150.00	Credit Card \$ 151.00	Credit Card \$ 151.00	Credit Card \$ 153.00

SUMMARY	Agency ABSORBS fees No change in base costs	Agency ABSORBS fees Base costs are increased Fees assigned to all payers	Agency ADDS fees No change in base costs Fees assigned to all payers	Agency ADDS fees No change in base costs Fees assigned to CC users
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STATE OF KANSAS



KANSAS DEPARTMENT ON AGING

NEW ENGLAND BUILDING
503 S. KANSAS AVE.
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PHONE (785) 296-4986
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BILL GRAVES
Governor

April 19, 2001

Connie Hubbell
Secretary of Aging

The Honorable Stephen Morris
Kansas Senate
Chairman, Senate Ways and Means Committee
Statehouse, 120-S
Topeka, KS 66612

Dear Senator Morris:

Question 1: What is the criteria required for a Home and Community Based Services (HCBS) and nursing facility customer to meet a Level of Care score of 39?

Response: The table below reflects the criteria currently used to determine a Level of Care score. The criteria measure functional impairments based on Activities of Daily Living, Instrumental Activities of Daily Living, and Risk Factors. Each measurement is weighted and multiplied to derive a total score. The criteria for a score of 39 could remain the same as the current criteria for 26, but a customer would have to be more functionally impaired to be eligible. We have included several attachments which compare the Level of Care (LOC) scores of 39 and 26.

Activities of Daily Living (ADLs):	Instrumental ADLs (IADLs):	Risk Factors:
Bathing	Meal Preparation	Bladder Incontinence
Dressing	Shopping	Abuse/Neglect/Exploitation by Others
Toileting	Money Management	Support Unavailability
Transfer	Transportation	Impaired Cognition
Mobility	Telephone Usage	Falls
Eating	Laundry/Housekeeping	
	Medication Management	

Individuals must have a minimum of two Activities of Daily Living impairments with a minimum weight of 6 and a minimum of three Instrumental Activities of Daily Living with a minimum weight of 9.

Senate Ways and Means
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Attachment 3b


Attachment A shows an average profile of customers with various LOC scores.

Attachment B is a worksheet showing an example of the functional impairments that would be needed for a customer to meet a LOC score of 39.

Attachment C is a worksheet showing an example of the functional impairments that are needed currently for a customer to meet a LOC score of 26.

If you have any further questions or need clarification on this issue, please feel free to contact me at 368-6684.
Thank you.

Sincerely,


Janis DeBoer
Deputy Secretary

cc: Connie Hubbell
Mike Hammond
Sheli Sweeney
Doug Farmer

ATTACHMENT A

Level of Care Score 15. An individual with a level of care score of 15 could need:
Assistance of the worker getting in and out of the bathtub
Physical assistance in the preparation of their meals, laundry, and housekeeping
Someone to supervise the money management

Level of Care Score 26. An individual with a level of care score of 26 could need:
Assistance of the worker getting in and out of the bathtub
Supervision in walking
Supervision with shopping
Physical assistance in the preparation of their meals, laundry, and housekeeping
This individual has problems with decision making

Level of Care Score of 30. An individual with a level of care score of 30 could need:
Assistance of the worker getting in and out of the bathtub
Supervision in walking
Physical assistance in the preparation of their meals, laundry, and housekeeping
Someone to supervise the money management
This individual has fallen in the past and is unsteady on their feet
This individual has problems with decision making

Level of Care Score of 35. An individual with a level of care score of 35 could need:
Assistance of the worker getting in and out of the bathtub
Needs physical assistance moving from a chair to a standing position
Supervision in walking
Physical assistance in the preparation of their meals, laundry, and housekeeping
Someone to supervise the money management
This individual has fallen in the past and is unsteady on their feet
This individual has problems with decision making

Level of Care Score of 39. An individual with a level of care score of 39 could need:
Assistance of the worker getting in and out of the bathtub
Supervision in getting dressed
Assistance in walking
Physical assistance in the preparation of their meals, laundry, and housekeeping
Someone to place medications in a pillbox for the individuals use
This individual has fallen in the past and is unsteady on their feet
This individual may be experiencing some forgetfulness with current events
This individual is occasionally incontinent

As the individual becomes more frail the score increases. The individual with a LOC Score of 35 has greater needs than one with a score of 15. The plan of care costs increase with LOC scores.

KDOA Criteria for Score of 39 for Waivers & Nursing Facilities

Uniform Assessment Instrument Scoring		Long-term Care Threshold Guide								
Definition of Code for Uniform Assessment Instrument	Code	Multiplier for Threshold Guide								
Independent	1	0								
Supervision Needed	2	1								
Physical Assistance Needed	3	1								
Unable to Perform	4	2								
Enter the code in the box to indicate the customer's level of self-performance		Long-term Care Threshold Guide Scoring								
Activities of Daily Living	UAI Code	Multiplier	X	Weight	=	Total				
Bathing	3	1	X	4	=	4				
Dressing	2	1	X	3	=	3				
Toileting			X	5						
Transfer			X	5	=					
Walking, mobility	3	1	X	3		3				
Eating			X	4	=					
		Sum of ADL scores								
		10								
Instrumental Activities of Daily Living	UAI Code	Multiplier	X	Weight	=	Total				
Meal preparation	3	1	X	5	=	5				
Shopping			X	3						
Money management			X	4	=					
Transportation			X	3	=					
Use of telephone			X	3	=					
Laundry/housekeeping	3	1	X	3	=	3				
Management of medications, treatments	3	1	X	5	=	5				
		Sum of IADL scores								
		13								
RISKS: Current or Recent Problems (check all that apply)		Multiplier	X	Weight	=	Total				
Falls, unsteadiness (How many times have they fallen? _____) <input checked="" type="checkbox"/>		1	X	3	=	3				
Neglect <input type="checkbox"/> abuse <input type="checkbox"/> and/or exploitation <input type="checkbox"/> by others <input type="checkbox"/>		1	X	5	=					
Support, caregiver/caretaker not available		1	X	4						
Memory (check the appropriate choice(s) if any difficulty)		If customer has difficulty in any memory category, multiply and enter total below:								
Short-term memory <input checked="" type="checkbox"/>	2						X	4	=	8
Long-term memory <input checked="" type="checkbox"/>										
Memory/recall <input checked="" type="checkbox"/>										
Decision making										
Bladder Continence (check the appropriate choice)		If customer has any problem with continence, multiply and enter the total below:								
Continent										
Usually continent										
Occasionally incontinent <input checked="" type="checkbox"/>	Multiplier						X	Weight	=	Total
Frequently incontinent	1	X	5	=	5					
Incontinent										
		Sum of RISKS scores								
		16								
Total Score of all ADL, IADL and RISKS for Threshold Guide =						39				

Long Term Care Service Threshold Score:

	Minimum # of Impairments	Minimum Weight
Activities of Daily Living (ADL's)	2	6
Instrumental Activities of Daily Living (IADL's)	3	9

Individuals must meet the minimum number of impairments and the minimum level of care weight of 39 OR the IADL weight must be equal to or greater than 12 with a minimum total weight of 39 for NF or HCBS services.

KDOA Criteria for Score of 26 for Waivers & Nursing Facilities

Uniform Assessment Instrument Scoring		Long-term Care Threshold Guide								
Definition of Code for Uniform Assessment Instrument	Code	Multiplier for Threshold Guide								
Independent	1	0								
Supervision Needed	2	1								
Physical Assistance Needed	3	1								
Unable to Perform	4	2								
Enter the code in the box to indicate the customer's level of self-performance		Long-term Care Threshold Guide Scoring								
Activities of Daily Living	UAI Code	Multiplier	X	Weight	=	Total				
Bathing	3	1	X	4		4				
Dressing			X	3	=					
Toileting			X	5						
Transfer			X	5	=					
Walking, mobility	2	1	X	3		3				
Eating			X	4	=					
		Sum of ADL scores								
		7								
Instrumental Activities of Daily Living	UAI Code	Multiplier	X	Weight	=	Total				
Meal preparation	3	1	X	5	=	5				
Shopping	2	1	X	3		3				
Money management			X	4	=					
Transportation			X	3	=					
Use of telephone			X	3	=					
Laundry/housekeeping	3	1	X	3	=	3				
Management of medications, treatments			X	5	=					
		Sum of IADL scores								
		11								
RISKS: Current or Recent Problems (check all that apply)		Multiplier	X	Weight	=	Total				
Falls, unsteadiness (How many times have they fallen? _____) <input checked="" type="checkbox"/>		1	X	3	=					
Neglect <input type="checkbox"/> abuse <input type="checkbox"/> and/or exploitation <input type="checkbox"/> by others <input type="checkbox"/>		1	X	5	=					
Support, caregiver/caretaker not available		1	X	4						
Memory (check the appropriate choice(s) if any difficulty)		If customer has difficulty in any memory category, multiply and enter total below:								
Short-term memory										
Long-term memory										
Memory/recall										
Decision making <input checked="" type="checkbox"/>		2	X	4	=	8				
Bladder Continence (check the appropriate choice)		If customer has any problem with continence, multiply and enter the total below:								
Continent										
Usually continent										
Occasionally incontinent										
Frequently incontinent										
Incontinent		1	X	5	=					
		Sum of RISKS scores								
		8								
Total Score of all ADL, IADL and RISKS for Threshold Guide =						26				

Long Term Care Service Threshold Score:

	<u>Minimum # of Impairments</u>	<u>Minimum Weight</u>
Activities of Daily Living (ADL's)	2	6
Instrumental Activities of Daily Living (IADL's)	3	9

Individuals must meet the minimum number of impairments and the minimum level of care weight of 26 OR the IADL weight must be equal to or greater than 12 with a minimum total weight of 26 for NF or HCBS services.

FY 2001 Children's Initiatives Fund (Tobacco)

Agency/Program	Gov. Rec. FY 2001	Legislative Adjustments FY 2001	Legislative Approved SB 57 FY 2001
State Library			
Enhance Community Access Network Catalog	70,000		70,000
Subtotal - Misc.	\$ 70,000		\$ 70,000
Department of Health and Environment			
Healthy Start/Home Visitor	250,000		250,000
Infants and Toddlers Program	500,000		500,000
Smoking Cessation/Prevention Program Grants	500,000		500,000
Subtotal - KDHE	\$ 1,250,000		\$ 1,250,000
Juvenile Justice Authority			
Juvenile Prevention Program Grants	5,000,000		5,000,000
Juvenile Graduated Sanctions Grants	2,000,000		2,000,000
Subtotal - JJA	\$ 7,000,000		\$ 7,000,000
Department of Social and Rehabilitation Services			
Children's Mental Health Initiative	1,800,000		1,800,000
Family Centered System of Care	5,000,000		5,000,000
Therapeutic Preschool	1,000,000		1,000,000
Community Services - Child Welfare	2,600,000		2,600,000
Child Care Services	1,400,000		1,400,000
Children's Cabinet Accountability Fund	250,000		250,000
Smart Start Kansas - Children's Cabinet	2,750,000		2,750,000
HealthWave	1,000,000		1,000,000
Subtotal - SRS	\$ 15,800,000		\$ 15,800,000
Department of Education			
Parent Education	1,500,000		1,500,000
Four-Year -Old At-Risk Programs	1,000,000		1,000,000
School Violence Prevention	500,000		500,000
Vision Research	250,000		250,000
Communities in Schools	125,000		125,000
Structured Mentoring	500,000		500,000
Subtotal - Dept. of Ed.	\$ 3,875,000		\$ 3,875,000
University of Kansas Medical Center			
Tele-Kid Health Care Link	250,000		250,000
Pediatric Biomedical Research	1,000,000		1,000,000
Subtotal - KU Medical Center	\$ 1,250,000		\$ 1,250,000
TOTAL	\$ 29,245,000	\$ -	\$ 29,245,000

Resource Estimate	Gov. Rec. FY 2001	Legislative Adjustments FY 2001	Legislative Approved SB 57 FY 2001
Beginning Balance	-	-	-
KEY Fund Transfer	30,000,000	-	30,000,000
Total Available	\$ 30,000,000	-	\$ 30,000,000
Less: Expenditures and Transfers	29,245,000	-	29,245,000
ENDING BALANCE	\$ 755,000	-	\$ 755,000

**FY 2002
Children's Initiatives Fund
(Tobacco)**

Agency/Program	Gov. Rec. FY 2002	House Adjustments Prior to Removing all Items FY 2002	Senate Committee Adjustments Prior to Removing all Items FY 2002	Legislative Approved SB 57 FY 2002
State Library				
Enhance Community Access Network catalog	70,000			
Subtotal - Misc.	\$ 70,000		\$ -	\$ -
Department of Health and Environment				
Healthy Start/Home Visitor	250,000			
Infants and Toddlers Program	500,000			
Smoking Cessation/Prevention Program Grants	-		875,000 (1)	
Immunizations	-		264,901 (1)	
SIDS Support Network	-	25,000		
Crisis Pregnancy Outreach for Johnson County	-	35,000		
Subtotal - KDHE	\$ 750,000	\$ 60,000	\$ 1,139,901	\$ -
Juvenile Justice Authority				
Juvenile Prevention Program Grants	6,000,000			
Juvenile Graduated Sanctions Grants	2,000,000			
Pregnancy Maintenance and Parenting Support	-	150,000		
Subtotal - JJA	\$ 8,000,000	\$ 150,000	\$ -	\$ -
Department of Social and Rehabilitation Services				
Children's Mental Health Initiative	1,800,000			
Family Centered System of Care	5,000,000			
Therapeutic Preschool	1,000,000			
Community Services - Child Welfare	2,600,000			
Child Care Services	1,400,000			
Children's Cabinet Accountability Fund	250,000			
HealthWave	1,000,000	250,000		
Smart Start Kansas - Children's Cabinet ²	11,260,000	(8,000,000)		
Kinship Services Support and Training	-	437,479		
Subtotal - SRS	\$ 24,310,000	\$ (7,312,521)	\$ -	\$ -
Department of Education				
Parent Education	3,500,000	(1,500,000)	(2,000,000)	
Four-Year -Old At-Risk Programs	2,000,000	3,050,000		
School Violence Prevention	500,000			
Vision Research	250,000			
Communities in Schools	125,000			
Structured Mentoring	500,000		(500,000)	
Define Skill Sets for Third Grade	-	22,500		
Third Grade Accomplishment Examination Design	-	800,000		
School Readiness Indicator for Kindergarten Entry	-	75,000		
Teacher Training for First Grade Reading Program	-	750,000		
Third Grade Summer School Programs	-	2,500,000		
Subtotal - Dept. of Ed.	\$ 6,875,000	\$ 5,697,500	\$ (2,500,000)	\$ -
University of Kansas Medical Center				
Tele-Kid Health Care Link	250,000			
Pediatric Biomedical Research	-			
Subtotal - KU Medical Center	\$ 250,000		\$ -	\$ -
TOTAL	\$ 40,255,000	\$ (1,405,021)	\$ (1,360,099)	\$ -

Resource Estimate	Gov. Rec. FY 2002	House Committee Adjustments FY 2002	Senate Committee Adjustments FY 2002	Legislative Approved SB 57 FY 2002
Beginning Balance	755,000			755,000
KEY Fund Transfer	40,000,000			40,000,000
Total Available	\$ 40,755,000			\$ 40,755,000
Less: Expenditures and Transfers	40,255,000	(1,405,021)	(1,360,099)	-
ENDING BALANCE	\$ 500,000	\$ 1,905,021	\$ 1,860,099	\$ 40,755,000

- 1) The Senate Committee recommendation was to shift this amount from Smart Start Kansas before SB 348 left the Committee.
 2) The House Committee recommends a proviso to allow up to \$212,000 of Smart Start Kansas dollars to be used for state match to draw down federal funds.

FY 2002
Children's Initiatives Fund
(Tobacco)

<u>Agency/Program</u>	<u>Children's Cabinet FY 2002</u>	<u>Gov. Rec. FY 2002</u>
State Library		
Enhance Community Access Network catalog	-	70,000
Subtotal - Misc.	\$ -	\$ 70,000
Department of Health and Environment		
Healthy Start/Home Visitor	250,000	250,000
Infants and Toddlers Program	500,000	500,000
Smoking Cessation/Prevention Program Grants	-	-
Immunizations	-	-
SIDS Support Network	-	-
Crisis Pregnancy Outreach for Johnson County	-	-
Subtotal - KDHE	\$ 750,000	\$ 750,000
Juvenile Justice Authority		
Juvenile Prevention Program Grants	5,000,000	6,000,000
Juvenile Graduated Sanctions Grants	2,000,000	2,000,000
Pregnancy Maintenance and Parenting Support	-	-
Subtotal - JJA	\$ 7,000,000	\$ 8,000,000
Department of Social and Rehabilitation Services		
Children's Mental Health Initiative	1,800,000	1,800,000
Family Centered System of Care	5,000,000	5,000,000
Therapeutic Preschool	1,000,000	1,000,000
Community Services - Child Welfare	2,600,000	2,600,000
Child Care Services	1,400,000	1,400,000
Children's Cabinet Accountability Fund	750,000	250,000
HealthWave	1,000,000	1,000,000
Smart Start Kansas - Children's Cabinet ⁽¹⁾	14,825,000	11,260,000
Kinship Services Support and Training	-	-
Subtotal - SRS	\$ 28,375,000	\$ 24,310,000
Department of Education		
Parent Education	1,500,000	3,500,000
Four-Year -Old At-Risk Programs	1,000,000	2,000,000
School Violence Prevention	500,000	500,000
Vision Research	-	250,000
Communities in Schools	125,000	125,000
Structured Mentoring	500,000	500,000
Define Skill Sets for Third Grade	-	-
Third Grade Accomplishment Examination Design	-	-
School Readiness Indicator for Kindergarten Entry	-	-
Teacher Training for First Grade Reading Program	-	-
Third Grade Summer School Programs	-	-
Subtotal - Dept. of Ed.	\$ 3,625,000	\$ 6,875,000
University of Kansas Medical Center		
Tele-Kid Health Care Link	250,000	250,000
Pediatric Biomedical Research	-	-
Subtotal - KU Medical Center	\$ 250,000	\$ 250,000
TOTAL	\$ 40,000,000	\$ 40,255,000

*Senate Ways and Means
April 17-20, 2001
Attachment 38*

State Water Plan Resource Estimate	Governor's Revised Rec. FY 2002	Legislature Adj. FY 2002	Legislature Appr. FY 2002
Beginning Balance	961,788	(8,500)	953,288
Revenues			
State General Fund Transfer	6,000,000	0	6,250,000
Economic Development Fund Transfer	1,638,180	0	2,000,000
Municipal Water Fees	3,545,474	0	3,500,000
Industrial Water Fees	1,150,000	270,000	1,400,000
Stock Water Fees	300,000	30,000	350,000
Pesticide Registration Fees	920,000	0	920,000
Fertilizer Registration Fees	2,968,000	0	2,968,000
Pollution Fines and Penalties	100,000	0	100,000
Sand Royalty Receipts	405,000	0	405,000
Returned Funds/Transfers In	566,346	0	0
Total Receipts	17,593,000	300,000	17,893,000
Total Available	18,554,788	291,500	18,846,288
Less Expenditures	18,546,949	150,552	18,697,501
Less Transfer to the State General Fund	0		0
Ending Balance	7,839	140,948	148,787
Remaining Balance		148,787	

Add language allowing SCC to capture any unused lapsed funds specific to its SWPF programs.



KANSAS ASSOCIATION OF
HOMES AND SERVICES FOR THE AGING

To: Members, Senate Ways and Means Committee
From: Debra Zehr, Vice President
Date: April 19, 2001
Re: Proposed Changes to Aging Budget

The Kansas Association of Homes and Services represents over 150 not-for-profit church and government-sponsored nursing homes, retirement communities and community-based service provider organizations throughout the state. On behalf of our members, and the frail senior Kansans they serve, we respectfully express serious concerns about the following changes under consideration by the Committee:

Supplanting the Nursing Facility and Home and Community-Based Services budgets with the intergovernmental transfer funds. This money has been made available to the state through not-for-profit nursing homes. It is not fiscally prudent to use "one-time" money to fund long-term programs. It should be used to enhance the quality of care for frail seniors, not to maintain the status quo. If used to fund existing programs, the state will face a tremendous budget hole in FY 2003 when the intergovernmental transfer funding ceases.

Raising the functional threshold for Nursing Facility and HCBS eligibility. Changing the threshold should not undertaken arbitrarily, but rather, an interim study should be conducted to fully consider the consequences of raising the threshold, not only for the state, but especially for frail and destitute seniors. Raising the bar for eligibility from 26 to 35 will exclude 550 frail seniors from these programs (and nearly 700 if the score is raised to 39.) These seniors in all likelihood reside disproportionately in rural areas of the state. The extent to which other state and local-funded programs such as Senior Care Act and Income Eligible can absorb the costs of care and services for this small but needy group is unknown.

Delaying Medicaid payment to provider from 14 to 21 days. This administrative change will put additional cash flow burden on nursing home providers, many of whom already struggle to meet payroll and pay other bills.

Proposed Budget Adjustments by Chairman Steve Morris

\$4.5 million	Increase PASARR score from 26 to 35 (Reduction based on increasing the score to 39. (\$3.6 million--Nursing home; \$0.656 million--HCBS/FE; \$0.117 million--HCBS/PD)
\$0.082 million	Increase PASARR score from 15 to 26 for Income Eligible Program
\$1.8 million	Transfer from the Kansas Highway Patrol Motor Vehicle Fund to the State General Fund
\$6.5 million	Delay payment SRS Regular Medical--\$4.5 million; and delay payment in Aging--Nursing facilities--\$2.0 million--7 day delay
\$2.6 million	Reduce April foster care caseload estimate
\$12.0 million	Reduce regular medical caseloads--fund only 11 months
\$2.3 million	Reduce Medicaid match rate (regular medical and nursing homes)
\$1.8 million	Close Osawatomie and Toronto correctional facilities
\$5.0 million	Reduce approximately one-half of the funding for state employee longevity bonus payments; since the longevity bonus payment is statutory full payments will still be made by the agencies
\$3.1 million	Allow for one-half of the recommended increase for the Local Ad Valorem Tax Reduction Fund and County-City Revenue Sharing Fund
\$0.2 million	Conservation Commission resources to offset SGF expenditures (Water Resources Cost-Share; Non-Point Source Pollution; Buffer Initiative)
\$8.7 million	Transfer ending balance in the Kansas Endowment for Youth Fund (tobacco settlement proceeds) to State General Fund
\$0.750 million	Close Rainbow Mental Health Center
\$20.0 million	Reduce State General Fund demand transfer to the State Highway Fund and issue bonds to offset the loss of revenue to the Comprehensive Transportation Plan
\$6.0 million	Acceleration of Severance Tax Collection - 1 month window from 2 month
\$6.0 million	Reverse Highway Plan Transfer
\$50.0 million	Federal Intergovernmental Transfer Fund--Shift \$50.0 million SGF for HCBS waivers to the federal Intergovernmental Transfer Fund
\$45.0 million	Department of Revenue accounts receivable for State General Fund
\$20.0 million	Treat all State General Fund demand transfers as revenue transfers
\$8.0 million	Decrease tobacco funding for Kansas Smartstart Program; Add \$212,000 for matching funds for federal abuse and neglect programs for Children's Cabinet
\$10.0 million	Insurance premium enhancement
\$214.3 million--Total All Adjustments	