

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Representative Kenny Wilk at 9:00 a.m. on February 18, 2002, in Room 514-S of the Capitol.

All members were present except: Representative McCreary, Excused
Representative Peterson, Excused

Committee staff present: Amy Kramer, Legislative Research
Becky Krahl, Legislative Research
Alan Conroy, Legislative Research
Paul West, Legislative Research
Deb Hollon, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached

Chairman Wilk moved to introduce legislation regarding crimes for smoking in public places. Motion was seconded by Representative Neufeld. Motion carried.

Representative Landwehr moved to introduce legislation which would require six hours of continuing education for licensure and certification for plumbers and contractors. Motion was seconded by Representative Klein. Motion carried.

Representative Stone, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Secretary of State for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 (Attachment 1). Motion was seconded by Representative Shriver. Motion carried.

Representative Stone, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Secretary of State for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 (Attachment 1). Motion was seconded by Representative Shriver. Motion carried.

Representative Shriver, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Kansas Lottery FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 (Attachment 2). Motion was seconded by Representative Stone. Motion carried.

Representative Shriver, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Kansas Lottery FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 with recommendations (Attachment 2). Motion was seconded by Representative Stone. Motion carried.

Representative Pottorff, Chairperson of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Kansas Racing and Gaming Commission for FY 2002 and FY 2003 (Attachment 2). Motion was seconded by Representative Stone. Motion carried.

Representative Stone, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations on KPERS issues on **HB 2536, HB 2233**, and the Post-retirement Benefit Adjustment Study for FY 2002 and moved for the acceptance

of the report (Attachment 3). Motion was seconded by Representative Pottorff. Motion carried.

Representative Neufeld, Chairperson of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the state hospitals: Larned State Hospital, Osawatomie State Hospital, Rainbow Mental Health Facility, Kansas Neurological Institute and Parsons State Hospital and Training Center for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with recommendations (Attachment 4). Motion was seconded by Representative Henry. Motion carried.

Representative Henry, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the State Hospitals: Larned State Hospital, Osawatomie State Hospital, Rainbow Mental Health Facility, Kansas Neurological Institute and Parsons State Hospital and Training Center for FY 2003 with recommendations (Attachment 4).

Representative Ballard moved to amend the Budget Committee Report on the Governor's budget recommendations for state hospitals by adding the recommendation that adequate funding or facilities must be granted to the community services for the mentally ill who are being returned to the community from state hospitals to avoid them being placed in jails rather than receiving treatment. Motion was seconded by Representative Landwehr. Motion carried.

The Committee discussed the probable closing of the schools at KNI as they currently have 3 students enrolled, the downsizing of adult beds in state hospitals, reduction in programs at state hospitals, the problem of Rainbow Mental Health Facility not having a partnership with a community health center, the probable decreased funding from the federal government for state hospitals, and the difficulty of building and funding community mental health facilities to accommodate the needs of those mentally ill being returned to local situations.

Representative Henry moved for the adoption of the Social Services Budget Committee report on the Governor's recommendations for the state hospitals: Larned State Hospital, Osawatomie State Hospital, Rainbow Mental Health Facility, Kansas Neurological Institute, and Parsons State Hospital and Training Center for FY 2003 with recommendations and as amended (Attachment 4). Motion was seconded by Representative Bethell. Motion carried.

Representative Pottorff, Chairperson of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Board of Examiners in Optometry for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 (Attachment 5). Motion was seconded by Representative Shriver. Motion carried.

Representative Shriver, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the State Board of Mortuary Arts for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 (Attachment 5). Motion was seconded by Representative Stone. Motion carried.

Representative Shriver, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the State Board of Mortuary Arts for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 (Attachment 5). Motion was seconded by Representative Stone. Motion carried.

Representative Shriver, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the State Board of Pharmacy for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 with recommendations (Attachment 5). Motion was seconded by Representative Stone. Motion carried.

Representative Stone, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Kansas Dental Board for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 (Attachment 5). Motion was seconded by Representative Stone. Motion carried.

Representative Shriver, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Kansas State Board of Barbering for FY 2002 and FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2002 and FY 2003 (Attachment 5). Motion was seconded by Representative

Pottorff. Motion carried.

Representative Stone, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Kansas State Board of Cosmetology for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 (Attachment 5). Motion was seconded by Representative Feuerborn. Motion carried.

The Committee discussed the appropriateness of the abolishment of this board and placing its functions under the auspices of the Department of Health and Environment due to the health component, i.e. tattooing, cleanliness of facilities, licensing. There are currently 30 tattoo and piercing business sites in the state which require annual inspections.

Representative Pottorff, Chairperson of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Attorney General for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 (Attachment 5). Motion was seconded by Representative Stone. Motion carried.

Representative Pottorff, Chairperson of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Attorney General for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 with recommendations and exceptions (Attachment 5). Motion was seconded by Representative Stone. Motion carried.

The Committee discussed the loss of 51% of the revenue in the Crime Victims Compensation Fund and the Crime Victims Assistance Fund which both receive payment from traffic fines paid into the court. After traffic fines were tripled in the past legislation session, payment has decreased and diversionary agreements have been sought, thus causing a definite shortage from last year.

Representative Shriver, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Insurance Department for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 (Attachment 5). Motion was seconded by Representative Stone. Motion carried.

Representative Shriver, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Insurance Department for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 with notations (Attachment 5). Motion was seconded by Representative Pottorff. Motion carried.

Representative Stone, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Health Care Stabilization Fund Board of Governors for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with an exception (Attachment 5). Motion was seconded by Representative Pottorff. Motion carried.

Representative Stone, member of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Health Care Stabilization Fund Board of Governors for FY 2003 (Attachment 5).

Representative Stone moved to amend the report to include authorization to raise the official hospitality limit from \$300 to \$400 for the Health Care Stabilization Fund Board of Governors for FY 2003 as was authorized in the FY 2002 recommendations. Motion was seconded by Representative Shriver. Motion carried.

Representative Stone moved for the adoption of the amended Budget Committee report on the Governor's budget recommendations for the Health Care Stabilization Fund for FY 2003 as amended (Attachment 5). Motion was seconded by Representative Shriver. Motion carried.


Representative Pottorff, Chairperson of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the State Treasurer for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 (Attachment 5). Motion was seconded by Representative Stone. Motion carried.

Representative Pottorff, Chairperson of the General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the State Treasurer for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 with an adjustment (Attachment 5). Motion was seconded by Representative Stone. Motion carried.

The meeting was adjourned by the Chairman at 10:59 a.m. The next meeting is scheduled for Tuesday, February 19, 2002.

**2002 GENERAL GOVERNMENT AND HUMAN
RESOURCES BUDGET COMMITTEE**

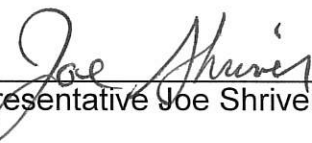
Secretary of State


Representative Jo Ann Pottorff, Chairperson


Representative Ralph Ostmeyer


Representative Annie Kuether


Representative Marti Crow


Representative Joe Shriver


Representative Lloyd Stone


Representative Lee Tafanelli

HOUSE APPROPRIATIONS

DATE 2/18/02
ATTACHMENT # 1

Senate Subcommittee Report

Agency: Secretary of State

Bill No. 457

Bill Sec. 20

Analyst: Hollon

Analysis Pg. No.

Budget Page No. 387

<u>Expenditure Summary</u>	<u>Agency Estimate FY 02</u>	<u>Governor's Recommendation FY 02</u>	<u>Senate Subcommittee Adjustments</u>
State General Fund	\$ 1,880,179	\$ 1,786,843	\$ 0
Special Revenue Funds	1,740,558	1,740,985	0
TOTAL	<u>\$ 3,620,737</u>	<u>\$ 3,527,828</u>	<u>\$ 0</u>
FTE Positions	56.0	56.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>56.0</u>	<u>56.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency estimates FY 2002 operating expenditures of \$3,620,737 (\$1,880,179 SGF). The estimate includes \$2,310,457 for salaries and wages; \$1,039,529 for contractual services; \$92,405 for commodities; and \$178,346 for capital outlay. The agency requests supplemental appropriations of \$70,000 SGF for the publication of Constitutional amendments and \$22,909 SGF for the remainder of the census adjustment vendor payment.

The Governor recommends FY 2002 operating expenditures of \$3,527,828 (\$1,786,843 SGF). The recommendation includes \$2,310,457 for salaries and wages; \$946,620 for contractual services; \$92,405 for commodities; and \$178,346 for capital outlay. The Governor does not recommend the supplemental appropriations.

Senate Subcommittee Recommendation

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

1. The Subcommittee recommends that the agency's supplemental request of \$22,909 SGF for the census adjustment vendor payment be reviewed at Omnibus.
2. The Subcommittee also recommends that the enhancement request of \$70,000 SGF for publication of Constitutional amendments be reviewed at Omnibus should the Legislature pass any resolutions calling for amendments.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Secretary of State

Bill No. ----

Bill Sec. ----

Analyst: Hollon

Analysis Pg. No. -----

Budget Page No. 387

<u>Expenditure Summary</u>	<u>Agency Estimate FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>House Budget Committee Adjustments</u>
State General Fund	\$ 1,880,179	\$ 1,786,843	\$ 0
Special Revenue Funds	1,740,558	1,740,985	0
TOTAL	<u>\$ 3,620,737</u>	<u>\$ 3,527,828</u>	<u>\$ 0</u>
FTE Positions	56.0	56.0	0.0
Non-FTE Unclass. Perm. Positions	0.0	0.0	0.0
TOTAL	<u>56.0</u>	<u>56.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency estimates FY 2002 operating expenditures of \$3,620,737 (\$1,880,179 SGF). The estimate includes \$2,310,457 for salaries and wages; \$1,039,529 for contractual services; \$92,405 for commodities; and \$178,346 for capital outlay. The agency requests supplemental appropriations of \$70,000 SGF for the publication of Constitutional amendments and \$22,909 SGF for the remainder of the census adjustment vendor payment.

The Governor recommends FY 2002 operating expenditures of \$3,527,828 (\$1,786,843 SGF). The recommendation includes \$2,310,457 for salaries and wages; \$946,620 for contractual services; \$92,405 for commodities; and \$178,346 for capital outlay. The Governor does not recommend the supplemental appropriations.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Secretary of State **Bill No.** **Bill Sec.**

Analyst: Hollon **Analysis Pg. No.** **Budget Page No. 387**

Expenditure Summary	Agency Request FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
State General Fund	\$ 1,869,741	\$ 1,749,331	\$ 0
Special Revenue Funds	1,618,635	1,635,677	0
TOTAL	\$ 3,488,376	\$ 3,385,008	\$ 0
FTE Positions	56.0	56.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	56.0	56.0	0.0

Agency Request/Governor's Recommendation

The agency requests FY 2003 operating expenditures of \$3,488,376 (\$1,869,741 SGF). The request includes \$2,334,684 for salaries and wages; \$1,031,498 for contractual services; \$66,894 for commodities; and \$55,300 for capital outlay. The agency requests an enhancement of \$70,000 SGF for publication of Constitutional amendments.

The Governor recommends FY 2003 operating expenditures of \$3,385,008 (\$1,749,331 SGF). The recommendation includes \$2,301,316 for salaries and wages; \$961,498 for contractual services; \$66,894 for commodities; and \$55,300 for capital outlay. The Governor does not recommend the requested enhancement.

Senate Subcommittee Recommendation

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

1. The Subcommittee congratulates the agency for its part, along with other agencies, in the recent ranking of Kansas as co-winner of the Digital State 2001 by the Center for Digital Government. The agency is ranked fourth in the nation in the category of Digital Democracy.
2. The Subcommittee notes that 70 percent of document filing in the Uniform Commercial Code Division is now done electronically. The increased number of electronic filings has improved customer service and allowed the agency to shift staff resources to other areas.

3. The Subcommittee notes the agency's concern over the ending balances in the Uniform Commercial Code Fee Fund in recent years and recommends that results of the fee study being conducted by the agency be examined at Omnibus.
4. The Subcommittee also recommends that the enhancement request of \$70,000 SGF for publication of Constitutional amendments be reviewed at Omnibus should the Legislature pass any resolutions calling for amendments.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendations.

House Budget Committee Report

Agency: Secretary of State

Bill No. ----

Bill Sec. ----

Analyst: Hollon

Analysis Pg. No. -----

Budget Page No. 387

<u>Expenditure Summary</u>	<u>Agency Request FY 03</u>	<u>Gov. Rec. FY 03</u>	<u>House Budget Committee Adjustments</u>
State General Fund	\$ 1,869,741	\$ 1,749,331	\$ 0
Special Revenue Funds	1,618,635	1,635,677	0
TOTAL	<u>\$ 3,488,376</u>	<u>\$ 3,385,008</u>	<u>\$ 0</u>
FTE Positions	56.0	56.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	<u>56.0</u>	<u>56.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency requests FY 2003 operating expenditures of \$3,488,376 (\$1,869,741 SGF). The request includes \$2,334,684 for salaries and wages; \$1,031,498 for contractual services; \$66,894 for commodities; and \$55,300 for capital outlay. The agency requests an enhancement of \$70,000 SGF for publication of Constitutional amendments.

The Governor recommends FY 2003 operating expenditures of \$3,385,008 (\$1,749,331 SGF). The recommendation includes \$2,301,316 for salaries and wages; \$961,498 for contractual

services; \$66,894 for commodities; and \$55,300 for capital outlay. The Governor does not recommend the requested enhancement.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

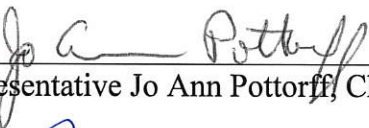
**HOUSE GENERAL GOVERNMENT AND HUMAN RESOURCES
BUDGET COMMITTEE**

Report on

Kansas Lottery

Kansas Racing and Gaming Commission

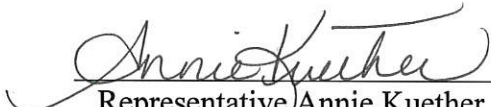
February 13, 2002



Representative Jo Ann Pottorff, Chairperson




Representative Marti Crow



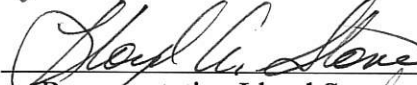
Representative Annie Kuether




Representative Ralph Ostmeyer



Representative Joe Shriver



Representative Lloyd Stone



Representative Lee Tafanelli

HOUSE APPROPRIATIONS

DATE 2/18/02

ATTACHMENT #2

House Budget Committee Report

Agency: Kansas Lottery

Bill No. 2743

Bill Sec. 27

Analyst: Efirid

Analysis Pg. No. 378

Budget Page No. 343

Expenditure Summary	Agency Req. FY 02	Governor's Recommendation FY 02	House Budget Committee Adjustments
State Operations	\$ 22,191,228	\$ 22,191,228	\$ 0
Prizes and Commissions	117,556,000	117,556,000	0
TOTAL	\$ 139,747,228	\$ 139,747,228	\$ 0
Financing:			
State General Funds	\$ 0	\$ 0	0
Lottery Funds	139,747,228	139,747,228	0
FTE Positions	89.8	89.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	89.8	89.8	0.0

Agency/Governor's Recommendation

The agency's revised FY 2002 budget is based on sales of \$199.0 million, \$1.0 million less than approved by the 2001 Legislature. Transfers to the State Gaming Revenues Fund (SGRF) would decrease to \$59.25 million from the \$60.0 million approved by the 2001 Legislature. Based on the agency's FY 2002 budget, the current approved expenditure limitation of \$9,257,161 for agency operations is reduced to \$8,424,267 in the revised request. Expenditures will increase by an additional \$161,011 from the Kansas Savings Incentive Program (KSIP) funding and that spending is in addition to any expenditure limitation on the Lottery Operating Fund.

The Governor concurs with the agency's revised FY 2002 budget request and adjusts the SGRF transfer estimate to \$59,250,000, based on sales of \$199.0 million. Actual FY 2001 sales were \$186.7 million. The Governor recommends reducing the expenditure limitation from \$9,257,161 to \$8,424,267 in the FY 2002 supplemental appropriations bill.

House Budget Committee Recommendation

The Committee concurs with the Governor's recommendations, including a reduction of \$832,894 in the FY 2002 expenditure limitation. The net reduction in spending is \$671,883 after adding back the KSIP expenditures of \$161,011 in FY 2002 that would be in addition to the expenditure limitation amount. Transfers to the SGRF are estimated at \$59.25 million in FY 2002, of which \$9.25 million will be transferred to the State General Fund (SGF) on June 25, 2002.

House Budget Committee Report

Agency: Kansas Lottery

Bill No.

Bill Sec.

Analyst: Efirid

Analysis Pg. No. 378

Budget Page No. 343

Expenditure Summary	Agency Req. FY 03	Governor's Recommendation FY 03	House Budget Committee Adjustments
State Operations	\$ 20,910,975	\$ 19,805,356	\$ 0
Prizes and Commissions	143,040,000	116,202,000	0
TOTAL	\$ 163,950,975	\$ 136,007,356	\$ 0
Financing:			
State General Funds	\$ 0	\$ 0	0
Lottery Funds	163,950,975	136,007,356	0
FTE Positions	89.8	89.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	89.8	89.8	0.0

Agency/Governor's Recommendation

The agency requests reduced state operations expenditures of \$1,280,253, or 5.8 percent, in FY 2003 over the current fiscal year, but increased sales due to a proposed enhancement will result in increased prizes and commission payments of \$25.5 million over this fiscal year. Transfers to the SGRF would be \$57.0 million based on the proposed FY 2003 budget. Of that amount, \$7.0 million would be deposited in the State General Fund on June 25, 2003.

The Governor concurs with the agency's FY 2003 budget without the proposed enhancement, and with minor adjustments in salaries and benefits. Transfers to the SGRF are recommended at \$57.45 million in FY 2003, with 12 monthly transfers anticipated in the recommendations. Sales are estimated to decrease in FY 2003, with corresponding decreases in state operations expenditures (\$2,385,372) and payments for prizes and commissions (\$1,354,000). Total sales are estimated at \$193.5 million. Actual FY 2001 sales were \$186.7 million.

House Budget Committee Recommendations

The Committee concurs with the Governor's recommendations. Transfers to the SGRF are estimated at \$57.45 million in FY 2003, with \$7.45 million for the SGF. The Committee wishes to note the increased sales of pull-tab lottery tickets after reducing the transfer rate from 30.0 to 20.0 percent in FY 2002 and allowing the additional money to be paid in prizes as part of a new game format. The following table shows a comparison of the first six months in FY 2001 with FY 2002. Although the new pull-tab format was not implemented until October 2001, the increased sales compared with last year's sales by month reveals the change produced a significant growth in sales.

<u>Period</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Six Months</u>
FY 2001	\$ 31,752	\$ 65,616	\$ 43,800	\$ 60,264	\$ 76,962	\$ 48,090	\$ 326,484
FY 2002	28,923	40,472	0	364,774	507,683	306,633	1,248,485

House Budget Committee Report

Agency: Kansas Racing and Gaming Commission

Bill No. 2743

Bill Sec. 28

Analyst: Efird

Analysis Pg. No. 390

Budget Page No. 355

Expenditure Summary	Agency Est. FY 02	Governor's Recommendation FY 02	House Budget Committee Adjustments
State Operations	\$ 4,618,824	\$ 4,553,702	\$ 0
Other Assistance	1,647,000	1,647,000	0
Total-All Funds	<u>\$ 6,265,824</u>	<u>\$ 6,200,702</u>	<u>\$ 0</u>
Financing:			
State General Fund	\$ 0	\$ 0	\$ 0
Racing Operations	5,002,697	4,937,575	0
Gaming Operations	1,263,127	1,263,127	0
Total	<u>\$ 6,265,824</u>	<u>\$ 6,200,702</u>	<u>\$ 0</u>
FTE Positions	64.0	64.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>64.0</u>	<u>64.0</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The revised FY 2002 agency budget includes a decrease of \$30,711 in expenditures for Racing Operations and no change for Gaming Operations, resulting in the net decrease of \$30,711 for state operations. An increase of \$81,895 is estimated in other assistance payments. The current expenditure limitation of \$3,188,533 for the State Racing Fund (SRF) is not adjusted by the agency budget revisions. Under current law, the agency is permitted to spend in FY 2002 an additional \$491,145 from the SRF for purposes allowed by the Kansas Savings Incentive Program (KSIP). The agency reflects expenditure of \$80,000 in KSIP funds for FY 2002.

The Governor recommends a decrease of \$95,833 in expenditures for Racing Operations and no change for Gaming Operations, resulting in the net decrease of \$95,833 for state operations. The Governor concurs with a net increase of \$81,895 in other assistance payments. A transfer of \$271,574 to the State Gaming Revenues Fund (SGRF) is included in the Governor's FY 2002 recommendations. The expenditure limitation for the State Racing Fund is reduced from \$3,188,533 to \$3,118,575.

House Budget Committee Recommendation

The Committee concurs with the Governor's recommendations, including transfers of \$271,574 to the SGRF in FY 2002.

House Budget Committee Report

Agency: Kansas Racing and Gaming Commission

Bill No.

Bill Sec.

Analyst: Efirid

Analysis Pg. No. 390

Budget Page No. 355

Expenditure Summary	Agency Req. FY 03	Governor's Recommendation FY 03	House Budget Committee Adjustments
State Operations	\$ 4,929,723	\$ 4,720,464	\$ 0
Other Assistance	1,647,000	1,647,000	0
TOTAL--All Funds	<u>\$ 6,576,723</u>	<u>\$ 6,367,464</u>	<u>\$ 0</u>
Financing:			
State General Fund	\$ 0	\$ 0	\$ 0
Racing Operations	5,130,097	4,974,357	0
Gaming Operations	1,446,626	1,393,107	0
TOTAL	<u>\$ 6,576,723</u>	<u>\$ 6,367,464</u>	<u>\$ 0</u>
FTE Positions	64.0	64.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>64.0</u>	<u>64.0</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

The agency's FY 2003 budget request reflects an increase of less than 5.0 percent, with Gaming Operations seeking a larger amount than Racing Operations. No new positions are requested for either program. Most of the increased expenditures reflect the costs of moving office locations and are included only in the enhanced budget request.

The Governor's FY 2003 recommendations provide for an increase of 2.6 percent in spending over the current fiscal year for the agency, with Racing Operations limited to less than a 1.0 percent increase. No enhancements are recommended by the Governor. SGRF transfers of \$84,686 are estimated in the Governor's FY 2003 recommendations, based on the cash flow table for the State Racing Fund.

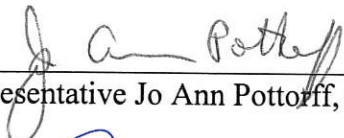
House Budget Committee Recommendation

The Committee concurs with the Governor's recommendations, including SGRF transfers of \$84,686 in FY 2003.

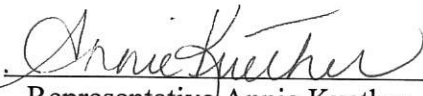
HOUSE GENERAL GOVERNMENT AND HUMAN RESOURCES
BUDGET COMMITTEE

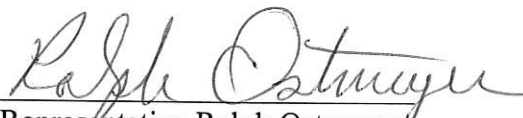
Report on KPERS Issues


February 13, 2002


Representative Jo Ann Pottorff, Chairperson



Representative Marti Crow


Representative Annie Kuether


Representative Ralph Ostmeyer


Representative Joe Shriver


Representative Lloyd Stone


Representative Lee Tapanelli

HOUSE APPROPRIATIONS

DATE 2/18/02

ATTACHMENT 3

**HOUSE GENERAL GOVERNMENT AND HUMAN RESOURCES
BUDGET COMMITTEE**

Report on KPERS Issues

February 13, 2002

The Committee considered the following bills and makes recommendations to the House Appropriations Committee:

1. House Bill 2536 would credit interest earned on KPERS money while on deposit in the State Treasury to the KPERS Fund. Currently, the State General Fund (SGF) is credited with interest earnings.

Background on HB 2536

The KPERS Board of Trustees requested the bill. Most KPERS money is invested outside the State Treasury and all earnings are credited to the KPERS Fund. Only money that is deposited in the State Treasury for a short time does not earn interest for KPERS. A change in statute would be required to redirect those earnings. In FY 2001, KPERS staff estimated the interest was \$580,000 that would be lost from the SGF. In a revised fiscal note for FY 2002, KPERS staff estimated the lost interest between \$140,000 and \$480,000, depending upon different interest rate assumptions.

Recommendation on HB 2536

The Committee recommends HB 2536 with an amendment to delay implementation and to phase-in the loss of revenue from the SGF. The recommendation is to make the change in the bill effective on July 1, 2005, and to transfer only 25 percent of the interest earned during FY 2006 to the KPERS Fund. Then, on July 1 of each subsequent fiscal year, an additional 25 percent would be added to the transfer. On July 1, 2006, the transfer rate would rise to 50 percent; on July 1, 2007, to 75 percent; and on July 1, 2008, to 100 percent. Beginning in FY 2009, the SGF would no longer be credited with any interest earned on KPERS funds deposited in the State Treasury.

2. House Bill 2233 would provide that Tier I members of the Kansas Police and Fireman's (KP&F) Retirement System could retire with unreduced benefits when they attained 32 years of service credit. Under current law, normal retirement for a Tier I member is age 55 and the completion of at least 20 years of credited service.

Background on HB 2233

The bill was introduced during the 2001 Session at the request of Representative Burroughs, who spoke in favor of the bill. Two Kansas City Kansas police officers testified in support of the bill.

The KPERS actuary reported that this bill would increase the KP&F unfunded liability by \$3.0 million and raise the employer contribution rates for the state and 62 local units of government. This would require additional employer contributions in the first year of slightly less than \$23,000 from the State General Fund and \$221,000 from local units of government. This bill would allow Tier I KP&F members who had reached the 80 percent maximum benefit level to retire before age 55 with full benefits. Under current law, retirement prior to age 55 would result in reduced benefits.

Recommendation on HB 2233

The Committee recommends HB 2233 with appropriate amendments to update the bill reflecting appropriate dates for the 2002 Session.

3. Postretirement Benefit Adjustment Study. The Committee heard a brief staff summary on certain key topics in the report and recommends that copies of the final document be distributed to all members of the House Appropriations Committee, with special attention given to the graphs on pages 25-26 of the report. That section of the report prepared by the legislative actuary, William M. Mercer, Inc., is summarized below, and the graphs from page 25-26 are included for reference.

Over the last 25 years, KPERS has provided numerous ad hoc increases for retirees. The most regular of these increases occurred during the period from 1982 through 1994. A comparison of the percentage increase for typical retirees is shown, compared to the annual increase in the CPI and the annual increase in CPI minus 1 percent. The following table shows the average CPI and CPI minus 1 percent over the last five to twenty-five years, compared to the average increase for a KPERS retiree who had been a retiree for each of the full periods shown:

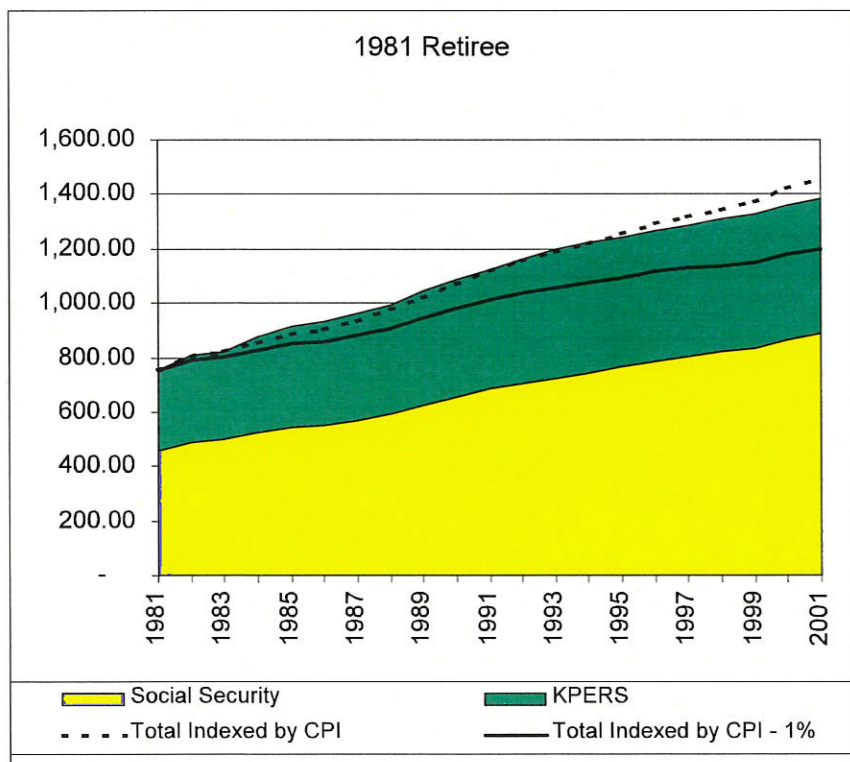
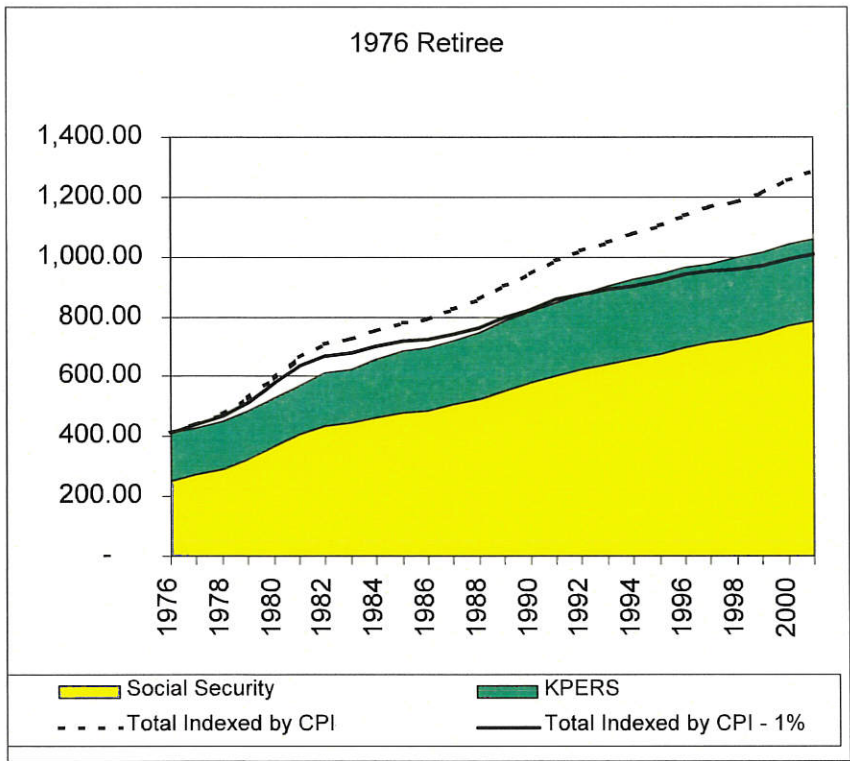
Period	CPI	CPI minus 1%	KPERS Ad Hoc COLAs
Last 5 years	2.5%	1.5%	0.6%
Last 10 years	2.7%	1.7%	2.5%
Last 15 years	3.3%	2.3%	2.0%
Last 20 years	3.4%	2.4%	2.9%
Last 25 years	4.6%	3.6%	2.8%

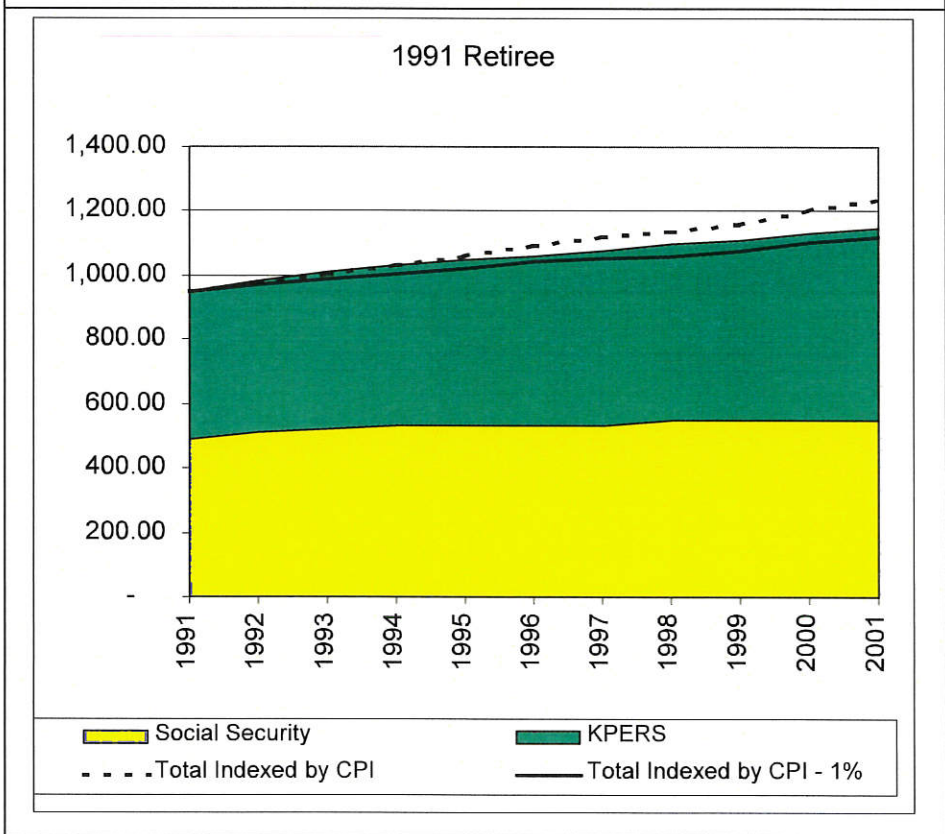
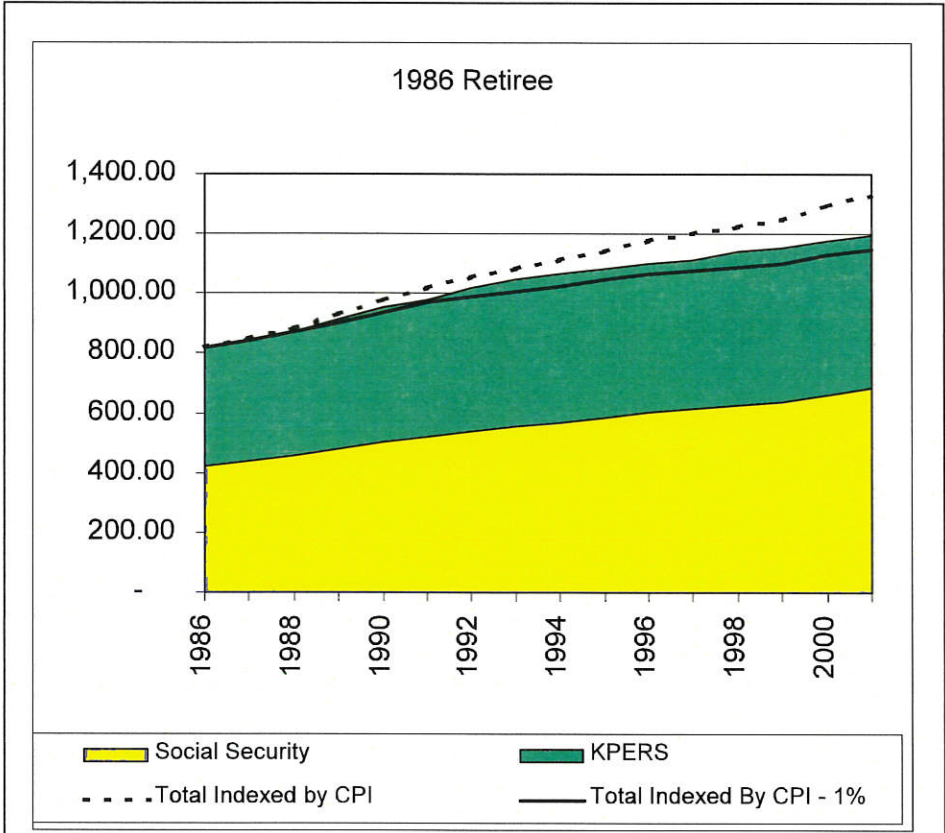
In terms of purchasing power, the pensions as adjusted by the ad hoc increases are shown compared to the value that would have been derived by an adjustment equal to the full CPI or CPI minus 1 percent.

	<u>CPI</u>	<u>CPI minus 1%</u>
Retired 5 years ago	91%	96%
Retired 10 years ago	98%	108%
Retired 15 years ago	83%	96%
Retired 20 years ago	90%	110%
Retired 25 years ago	64%	81%

This preceding table only compares CPI and CPI minus 1 percent increases to the benefits provided by KPERS.

KPERS' retirees also receive Social Security benefits, which have been fully adjusted for changes in the CPI. In order to assess the impact of inflation on the total benefits (i.e. KPERS plus Social Security), the following graphs have been prepared based upon typical 1976, 1981, 1986 and 1991 retirees; each of whom completed 20 years of service at retirement. Each of the KPERS and Social Security benefits reflect the actual increases that have occurred over the period since retirement. The line labeled "Total Indexed by CPI" shows the values as if the total of both benefits had been increased each year by the CPI. The line labeled "Total Indexed by CPI minus 1 percent" shows the values as if the total of both benefits had been increased each year by the CPI minus 1 percent.





The conclusions on the COLA information presented in the William M. Mercer, Inc., report are as follows:

While most states provide for automatic COLAs, there are still a significant number that rely upon ad hoc increases.

The ad hoc increases given to KPERS retirees have generally kept pace with inflation as measured by CPI minus 1 percent, especially when the total of the KPERS benefit plus Social Security is analyzed.

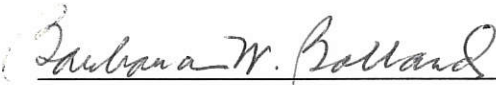
The ad hoc increases in recent years have become much less frequent compared to the years prior to 1995.

2002 SOCIAL SERVICES BUDGET COMMITTEE

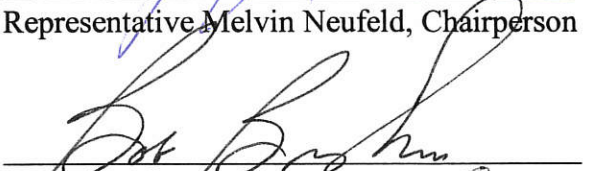
Larned State Hospital
Osawatomie State Hospital
Rainbow Mental Health Facility
Kansas Neurological Institute
Parsons State Hospital and Training Center



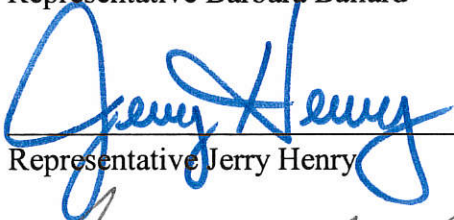
Representative Melvin Neufeld, Chairperson



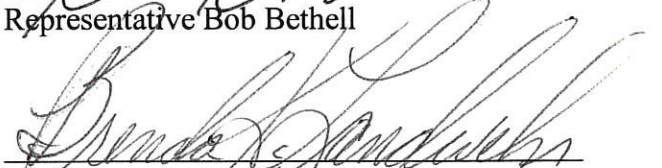
Representative Barbara Ballard



Representative Bob Bethell



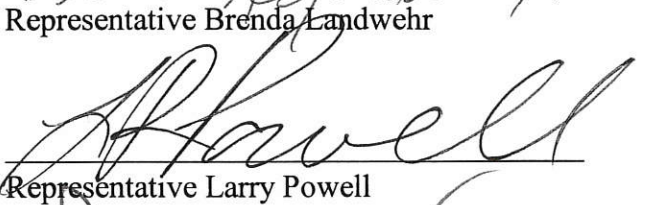
Representative Jerry Henry



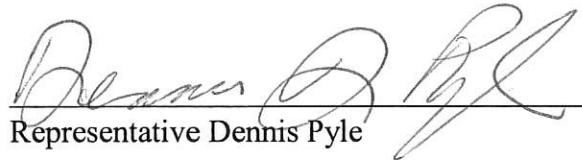
Representative Brenda Landwehr



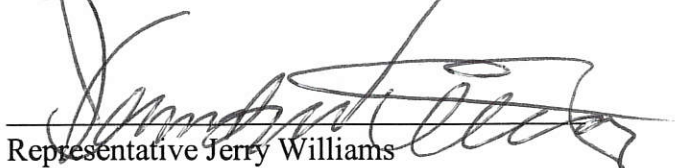
Representative Patricia Lightner



Representative Larry Powell



Representative Dennis Pyle



Representative Jerry Williams

HOUSE APPROPRIATIONS

DATE 2/18/02

ATTACHMENT 4

Senate Subcommittee Report

Agency: State Hospitals **Bill No.** _____ **Bill Sec.** _____
Analyst: Krahl **Analysis Pg. No.** 612, 635, 656,675, 698 **Budget Page No.**
305, 329, 347,351
357

Expenditure Summary	Agency Estimate FY 02	Governor's Recommendation FY 02	Subcommittee Adjustments
All Funds			
State Operations	\$ 103,381,693	\$ 102,290,840	\$ 0
Aid to Local Units	0	0	0
Other Assistance	3,997	3,997	0
TOTAL	\$ 103,385,690	\$ 102,294,837	\$ 0
State General Fund			
State Operations	\$ 32,687,408	\$ 31,296,555	\$ 0
Aid to Local Units	0	0	0
Other Assistance	870	870	0
TOTAL	\$ 32,688,278	\$ 31,297,425	\$ 0
FTE Positions	2,499.0	2,499.0	0.0
Non FTE Uncl. Perm. Pos.	2.9	2.9	0.0
TOTAL	2,501.9	2,501.9	0.0

Agency Estimate/Governor's Recommendation

The state hospitals request \$103,385,690 in operating expenditures for FY 2002 which includes State General Fund expenditures of \$32,688,278. Expenditures by major object are estimated as follows: salaries and wages of \$84,186,055; contractual services of \$9,541,483; commodities of \$9,603,594; capital outlay of \$50,561; and other assistance of \$3,997. The state hospitals estimate staffing of 2,499.0 FTE positions.

The Governor recommends \$102,294,837 in operating expenditures for FY 2002 which includes State General Fund expenditures of \$31,297,425. Expenditures by major object are estimated as follows: salaries and wages of \$83,659,320; contractual services of \$9,205,225; commodities of \$9,404,734; capital outlay of \$21,561; and other assistance of \$3,997. The Governor recommends staffing of 2,499.0 FTE positions.

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

Institution	Agency Estimate FY 02	Governor's Recommendation FY 02
Larned State Hospital		
State General Fund	\$ 10,468,283	\$ 9,768,106
All Other Funds	<u>20,807,123</u>	<u>20,857,123</u>
TOTAL	<u><u>\$ 31,275,406</u></u>	<u><u>\$ 30,625,229</u></u>
Osawatomie State Hospital		
State General Fund	\$ 6,036,143	\$ 5,595,467
All Other Funds	<u>14,380,596</u>	<u>14,380,596</u>
TOTAL	<u><u>\$ 20,416,739</u></u>	<u><u>\$ 19,976,063</u></u>
Rainbow Mental Health Facility		
State General Fund	\$ 688,168	\$ 438,168
All Other Funds	<u>5,929,929</u>	<u>6,179,929</u>
TOTAL	<u><u>\$ 6,618,097</u></u>	<u><u>\$ 6,618,097</u></u>
Kansas Neurological Institute		
State General Fund	\$ 9,285,296	\$ 9,285,296
All Other Funds	<u>15,646,090</u>	<u>15,646,090</u>
TOTAL	<u><u>\$ 24,931,386</u></u>	<u><u>\$ 24,931,386</u></u>
Parsons State Hospital and Training Center		
State General Funds	\$ 6,210,388	\$ 6,210,388
All Other Funds	<u>13,933,674</u>	<u>13,933,674</u>
TOTAL	<u><u>\$ 20,144,062</u></u>	<u><u>\$ 20,144,062</u></u>
FTE Positions		
Larned State Hospital	725.8	725.8
Osawatomie State Hospital	477.4	477.4
Rainbow Mental Health Facility	126.8	126.8
Kansas Neurological Institute	655.5	655.5
Parsons State Hospital and Training Center	<u>513.5</u>	<u>513.5</u>
TOTAL	<u><u>2,499.0</u></u>	<u><u>2,499.0</u></u>

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation. The Subcommittee does note some concerns and observations about the state hospitals in the FY 2003 Subcommittee Report.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendation.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: State Hospitals

Bill No.

Bill Sec.

Analyst: Krahl **Analysis Pg. No.** 612, 635, 656,675, 698 **Budget Page No.** 305, 329, 347,351 357

<u>Expenditure Summary</u>	<u>Agency Estimate FY 02</u>	<u>Governor's Recommendation FY 02</u>	<u>Budget Committee Adjustments</u>
All Funds			
State Operations	\$ 103,381,693	\$ 102,290,840	\$ 0
Aid to Local Units	0	0	0
Other Assistance	3,997	3,997	0
TOTAL	\$ 103,385,690	\$ 102,294,837	\$ 0
State General Fund			
State Operations	\$ 32,687,408	\$ 31,296,555	\$ 0
Aid to Local Units	0	0	0
Other Assistance	870	870	0
TOTAL	\$ 32,688,278	\$ 31,297,425	\$ 0
FTE Positions	2,499.0	2,499.0	0.0
Non FTE Uncl. Perm. Pos.	2.9	2.9	0.0
TOTAL	2,501.9	2,501.9	0.0

Agency Estimate/Governor's Recommendation

The mental health institutions request \$103,385,690 in operating expenditures for FY 2002 which includes State General Fund expenditures of \$32,688,278. Expenditures by major object are estimated as follows: salaries and wages of \$84,186,055; contractual services of \$9,541,483; commodities of \$9,603,594; capital outlay of \$50,561; and other assistance of \$3,997. The state hospitals estimate staffing of 2,499.0 FTE positions.

The Governor recommends \$102,294,837 in operating expenditures for FY 2002 which includes State General Fund expenditures of \$31,297,425. Expenditures by major object are estimated as follows: salaries and wages of \$83,659,320; contractual services of \$9,205,225; commodities of \$9,404,734; capital outlay of \$21,561; and other assistance of \$3,997. The Governor recommends staffing of 2,499.0 FTE positions.

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

Institution	Agency Estimate FY 02	Governor's Recommendation FY 02
Larned State Hospital		
State General Fund	\$ 10,468,283	\$ 9,768,106
All Other Funds	<u>20,807,123</u>	<u>20,857,123</u>
TOTAL	<u>\$ 31,275,406</u>	<u>\$ 30,625,229</u>
Osawatomie State Hospital		
State General Fund	\$ 6,036,143	\$ 5,595,467
All Other Funds	<u>14,380,596</u>	<u>14,380,596</u>
TOTAL	<u>\$ 20,416,739</u>	<u>\$ 19,976,063</u>
Rainbow Mental Health Facility		
State General Fund	\$ 688,168	\$ 438,168
All Other Funds	<u>5,929,929</u>	<u>6,179,929</u>
TOTAL	<u>\$ 6,618,097</u>	<u>\$ 6,618,097</u>
Kansas Neurological Institute		
State General Fund	\$ 9,285,296	\$ 9,285,296
All Other Funds	<u>15,646,090</u>	<u>15,646,090</u>
TOTAL	<u>\$ 24,931,386</u>	<u>\$ 24,931,386</u>
Parsons State Hospital and Training Center		
State General Funds	\$ 6,210,388	\$ 6,210,388
All Other Funds	<u>13,933,674</u>	<u>13,933,674</u>
TOTAL	<u>\$ 20,144,062</u>	<u>\$ 20,144,062</u>
FTE Positions		
Larned State Hospital	725.8	725.8
Osawatomie State Hospital	477.4	477.4
Rainbow Mental Health Facility	126.8	126.8
Kansas Neurological Institute	655.5	655.5
Parsons State Hospital and Training Center	<u>513.5</u>	<u>513.5</u>
TOTAL	<u>2,499.0</u>	<u>2,499.0</u>

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: State Hospitals

Bill No.

Bill Sec.

Analyst: Krahl

Analysis Pg. No. 612, 635, 656, 675, 698 **Budget Page No.** 305, 329, 347, 351, 357

Expenditure Summary	Agency Request FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
All Funds			
State Operations	\$ 103,801,651	\$ 98,526,247	\$ 0
Aid to Local Units	0	0	0
Other Assistance	3,127	3,127	0
TOTAL	\$ 103,804,778	\$ 98,529,374	\$ 0
State General Fund			
State Operations	\$ 48,477,645	\$ 33,008,644	\$ 0
Aid to Local Units	0	0	0
Other Assistance	870	870	0
TOTAL	\$ 48,478,515	\$ 33,039,514	\$ 0
FTE Positions	2,499.0	2,499.0	0.0
Non FTE Uncl. Perm. Pos.	2.9	2.9	0.0
TOTAL	2,501.9	2,501.9	0.0

Agency Request/Governor's Recommendation

The state hospitals request \$103,804,778 in operating expenditures for FY 2003 which includes State General Fund expenditures of \$48,478,515. Expenditures by major object are requested as follows: salaries and wages of \$85,331,146; contractual services of \$9,159,585; commodities of \$9,259,489; capital outlay of \$50,561, and other assistance of \$3,997. The mental health institutions request staffing of 2,499.0 FTE positions.

The Governor recommends \$98,529,374 in operating expenditures of FY 2003 which includes State General Fund expenditures of \$33,039,514. Expenditures by major object are recommended as follows: salaries and wages of \$81,070,916; contractual services of \$8,789,938; commodities of \$8,631,162; capital outlay of \$33,361; and other assistance of \$3,997. The Governor recommends staffing of 2,499.0 FTE positions.

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

Institution	Agency Request FY 03	Governor's Recommendation FY 03
Larned State Hospital		
State General Fund	\$ 24,025,508	\$ 10,136,233
All Other Funds	<u>7,520,795</u>	<u>17,637,122</u>
TOTAL	<u>\$ 31,546,303</u>	<u>\$ 27,773,355</u>
Osawatomie State Hospital		
State General Fund	\$ 6,538,912	\$ 5,958,603
All Other Funds	<u>13,289,196</u>	<u>13,311,937</u>
TOTAL	<u>\$ 19,828,108</u>	<u>\$ 19,270,540</u>
Rainbow Mental Health Facility		
State General Fund	\$ 1,049,356	\$ 697,227
All Other Funds	<u>5,850,233</u>	<u>5,966,929</u>
TOTAL	<u>\$ 6,899,589</u>	<u>\$ 6,664,156</u>
Kansas Neurological Institute		
State General Funds	\$ 10,163,280	\$ 9,796,562
All Other Funds	<u>15,137,879</u>	<u>15,045,712</u>
TOTALS	<u>\$ 25,301,159</u>	<u>\$ 24,842,274</u>
Parsons State Hospital and Training Center		
State General Funds	\$ 6,701,459	\$ 6,450,889
All Other Funds	<u>13,528,160</u>	<u>13,528,160</u>
TOTAL	<u>\$ 20,229,619</u>	<u>\$ 19,979,049</u>
FTE Positions		
Larned State Hospital	725.8	725.8
Osawatomie State Hospital	477.4	477.4
Rainbow Mental Health Facility	126.8	126.8
Kansas Neurological institute	655.5	655.5
Parsons State Hospital and Training Center	<u>513.5</u>	<u>513.5</u>
TOTAL	<u>2,499.0</u>	<u>2,499.0</u>

Senate Subcommittee Recommendation

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

1. The Subcommittee expresses concern about the possibility of interactions between children and adolescents at Larned State Hospital. Though there is a solid wall and locked door between the areas where children and adolescents reside, the Subcommittee is concerned about the situations that could occur if children are allowed to come into contact with older patients at the hospital.
2. The Subcommittee expresses concern about the continuing increase in costs of psychotropic drugs, all pharmaceuticals, and outside medicals costs incurred by the state hospitals. The current state hospital budgets do not have the resources to accommodate the rising costs of the pharmaceuticals necessary to provide for patients at all the state hospitals.
3. The Subcommittee recommends that the state hospitals seek other alternatives to the offset the high cost of pharmaceuticals. The Subcommittee recommends the state hospitals and SRS work with other states to combine their purchasing power to purchase pharmaceuticals at lower costs. The Subcommittee also recommends the state hospitals explore the possibility of purchasing drugs and pharmaceuticals through federal programs, particularly with the Veterans Health Administration in Leavenworth.
4. The Subcommittee expresses concern that due to the current economic conditions, the state hospitals may have to force staff turnover in order to meet budget expectations. Though the state hospitals do not want patients to remain beyond the time necessary, they do not want patients to be released before receiving all necessary care regardless of the amount of time needed to complete their care.
5. The Subcommittee expresses concern that if wards are closed at Parsons State Hospital, state resources currently used for community services funding will be shifted to assist in moving these clients out of the Parson's facility. This would only cause the current community services waiting list to grow. With the developmental disability waiting list for services currently at approximately 360, and with 550 people seeking additional services, the waiting list of these individuals will only continue to increase.
6. The Subcommittee expresses concern about the unusually high shrinkage rates the state hospitals have been required to maintain. The high shrinkage rates have resulted in the hospitals having many vacancies which strain already existing staff, which could put both staff and patients in harm's way.
7. The Subcommittee expresses concern that the continuing increase of the sexual predator population at Larned State Hospital may be placing additional demands on the limited staff. The Subcommittee is concerned about the possibility of the staff and residents being put in harm's way as the population is continually increasing.

8. The Subcommittee notes the importance to proceed with the new Security State Hospital at Larned State Hospital. The Subcommittee supports the Governor's recommendation of the \$50 million in bonds for the construction of the new security hospital.
9. The Subcommittee expresses concerns of how funding cuts could affect the daily operations of the state hospitals. With no extra revenues, the funding shortages are leaving the state hospitals with little margin to provide the best care possible to their patients and maintain adequate working conditions for staff.
10. The Subcommittee recommends that the state hospitals and SRS develop a strategic plan through a task force with the Kansas mental health communities. The Subcommittee recommends that the state hospitals and SRS work in conjunction with the Kansas Mental Health Coalition to address the continuing concerns of those in need of mental health care.
11. The Subcommittee commends the state hospitals and SRS for the using the process of applying the Medicaid rate to pay outside medical costs which is resulting in savings of state resources at the state hospitals.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendation with the following observation:

1. Senator Paul Feleciano, Jr. offered a Minority report. Although not adopted by the Committee, the report is attached at the direction of the Committee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: State Hospitals

Bill No.

Bill Sec.

Analyst: Krahl **Analysis Pg. No.** 612, 635, 656, 675, 698

Budget Page No. 305, 329, 347, 351, 357

Expenditure Summary	Agency Request FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds			
State Operations	\$ 103,801,651	\$ 98,526,247	\$ 0
Aid to Local Units	0	0	0
Other Assistance	3,127	3,127	0
TOTAL	\$ 103,804,778	\$ 98,529,374	\$ 0
State General Fund			
State Operations	\$ 48,477,645	\$ 33,008,644	\$ 0
Aid to Local Units	0	0	0
Other Assistance	870	870	0
TOTAL	\$ 48,478,515	\$ 33,039,514	\$ 0
FTE Positions	2,499.0	2,499.0	0.0
Non FTE Uncl. Perm. Pos.	2.9	2.9	0.0
TOTAL	2,501.9	2,501.9	0.0

Agency Request/Governor's Recommendation

The state hospitals request \$103,804,778 in operating expenditures for FY 2003 which includes State General Fund expenditures of \$48,478,515. Expenditures by major object are requested as follows: salaries and wages of \$85,331,146; contractual services of \$9,159,585; commodities of \$9,259,489; capital outlay of \$50,561, and other assistance of \$3,997. The mental health institutions request staffing of 2,499.0 FTE positions.

The Governor recommends \$98,529,374 in operating expenditures of FY 2003 which includes State General Fund expenditures of \$33,039,514. Expenditures by major object are recommended as follows: salaries and wages of \$81,070,916; contractual services of \$8,789,938; commodities of \$8,631,162; capital outlay of \$33,361; and other assistance of \$3,997. The Governor recommends staffing of 2,499.0 FTE positions.

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

Institution	Agency Request FY 03	Governor's Recommendation FY 03
Larned State Hospital		
State General Fund	\$ 24,025,508	\$ 10,136,233
All Other Funds	<u>7,520,795</u>	<u>17,637,122</u>
TOTAL	<u>\$ 31,546,303</u>	<u>\$ 27,773,355</u>
Osawatomie State Hospital		
State General Fund	\$ 6,538,912	\$ 5,958,603
All Other Funds	<u>13,289,196</u>	<u>13,311,937</u>
TOTAL	<u>\$ 19,828,108</u>	<u>\$ 19,270,540</u>
Rainbow Mental Health Facility		
State General Fund	\$ 1,049,356	\$ 697,227
All Other Funds	<u>5,850,233</u>	<u>5,966,929</u>
TOTAL	<u>\$ 6,899,589</u>	<u>\$ 6,664,156</u>
Kansas Neurological Institute		
State General Funds	\$ 10,163,280	\$ 9,796,562
All Other Funds	<u>15,137,879</u>	<u>15,045,712</u>
TOTALS	<u>\$ 25,301,159</u>	<u>\$ 24,842,274</u>
Parsons State Hospital and Training Center		
State General Funds	\$ 6,701,459	\$ 6,450,889
All Other Funds	<u>13,528,160</u>	<u>13,528,160</u>
TOTAL	<u>\$ 20,229,619</u>	<u>\$ 19,979,049</u>
FTE Positions		
Larned State Hospital	725.8	725.8
Osawatomie State Hospital	477.4	477.4
Rainbow Mental Health Facility	126.8	126.8
Kansas Neurological institute	655.5	655.5
Parsons State Hospital and Training Center	<u>513.5</u>	<u>513.5</u>
TOTAL	<u>2,499.0</u>	<u>2,499.0</u>

House Budget Committee Recommendation

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

1. The House Budget Committee expresses concern that as the state moves toward downsizing state hospitals, community services must be prepared to meet the challenge. SRS and the mental health community must work together effectively to have the appropriate community services available to meet the needs of people who require services.
2. The House Budget Committee notes that there are a number of states that do not have state hospitals for persons with developmental disabilities. As of June 30, 2000, eight states and Washington, D.C. did not have large state operated developmental disability facilities. States reporting no state operated facilities include: Alaska, District of Columbia, Hawaii, Maine, New Hampshire, Rhode Island, Vermont, and West Virginia.
3. The House Budget Committee expresses concern for the facilities and treatment options that are available for children. The House Budget Committee encourages further development of community services to meet the needs of children. *Mental health*
4. The House Budget Committee notes with concern the amount of funding state hospitals receive from parent fees as regardless of parental income, children can receive services. In FY 2001, 105 families paid \$26,610 in parent fees for 12,250 patient days.
5. The House Budget Committee notes the following information about students who do not live at KNI but attend school at KNI, and the school districts they reside in. The program for severely and multiply handicapped students has seven students from USD 501 Topeka and one student from USD 450 Shawnee Heights. The Project Plus program has: sixteen students from USD 345 Seaman; eleven students from USD 450 Shawnee Heights; five students from USD 336 Holton; and 2 students from USD 372 Silver Lake.
6. The House Budget Committee expresses concern for the amount of funding provided to schools at the state developmental disability hospitals. The following table indicates the amount of funding KNI and Parsons State Hospital provide to schools:

GBR	FY 2002		FY 2003	
	Parsons	KNI	Parsons	KNI
State General Fund	\$ 339,591	\$ 150,000	\$ 339,691	\$ 0
Categorical aid	140,351	70,869	140,351	70,869
TOTAL	\$ 479,942	\$ 220,869	\$ 480,042	\$ 70,869

↓ for 3 students

7. The House Budget Committee recommends that the necessity of the Mental Health Quality Enhancement staff which monitor CMHCs for contract compliance, handle local consumer grievances and support overall quality improvement for community health services be considered during Omnibus.
8. The House Budget Committee expresses concern about the \$12.3 million disproportionate share funding shortfall from Title XIX funds. Though the Governor recommends a \$10 million SRS-Intergovernmental Transfer to replace the lost Title XIX fund revenue, this still leaves a \$2.3 million shortfall in the Larned State Hospital budget.

9. The House Budget Committee expresses concern that if the \$10.5 million collection for audit settlements does not take place this year, this may cause additional financial burden to the state hospitals.

Senate
MINORITY REPORT

CLOSURE OF STATE PSYCHIATRIC HOSPITAL BEDS

- The proposal to close adult wards of Osawatomie State Hospital(OSH) and Larned State Hospital (LSH) is not based on any careful analysis of needs or impact.
- No data have been presented that show that the hospitals' census has dropped significantly. In fact, admissions to the hospitals remain constant compared to last year and census has been near or over maximum a significant proportion of the year.
- Testimony by the Superintendent of OSH supported the closure of the OSH ward based only upon his faith that Mental Health Initiative 2000 will reduce the need for beds in the future.
- Mental health Initiative 2000 may or may not effect census in the State Psychiatric Hospitals...it is an experiment with, as yet, undetermined results.
- While we obviously have to find places to reduce spending, this particular proposal is an indication that SRS is still operating under the assumption that all treatment for the severely mentally ill can and should be delivered on an outpatient basis. In other words, they appear to believe that hospitalization for psychiatric care is intrinsically bad and that their goal ought to be to close as many state psychiatric hospital beds as possible.
- The Surgeon General's 2000 Report of Mental Health made it clear that mental illnesses are not different for physical illnesses in the sense that they are both biologically and physiologically based. People go to hospitals when they need a level of specialized care and safety that they cannot receive at home or in a local outpatient clinic. There should be no more reluctance to hospitalize a person to treat schizophrenia, bipolar disorder, major depression, or other life threatening brain disorders than for cancer, heart disease, diabetes, or other life threatening organ disorders.
- Mental Health Reform, which was a carefully planned and negotiated redesign of our Kansas Mental Health System over a decade, closed hospital beds because people who could be served in the community occupied them. People who are in psychiatric hospital beds today are there because they need that level of care.
- When beds were closed under Mental Health Reform, the money used to operate them was shifted to the community to create and support the special services necessary to maintain them. If we close beds in order to save money there will be no new services for the people who would have occupied them. Promises that Mental Health Initiative 2000 will address this problem sound a little hollow since those "extra" dollars are uncertain and already have been promised to solve every known problem in the system.
- We may have already closed too many State Hospital beds in the Mental Health Reform process. There is a direct relationship between the number of beds we have closed and the increase in the number of mentally ill people in our criminal justice system. This is not just a Kansas phenomenon. It has happened all over the country. We are faced with a choice...treat sick people in jails and prisons or treat them in hospitals. Do we cut hospital beds in order to save money or do we look elsewhere for savings in order to treat people where they should be treated?

- If we are going to take money from the mental health system I would prefer to take it from positions that do not provide direct services to our sickest people. I propose that we consider eliminating the Quality Assurance positions in the SRS Health Care Policy unit. The savings from these 12 positions would be more SGF than could be achieved by the proposed bed reductions at OSH and LSH.
- We cannot make isolated changes in the mental health system. Every part of the system is connected to every other part and when one part changes the results are reflected throughout the system. The proposal to close state hospital beds is not part of a system-wide strategic plan and the ramifications if implemented are neither well-considered nor well known.
- The Kansas Mental Health Coalition has convened a task force that will develop a plan for the future of psychiatric inpatient care in Kansas. We ought not make changes in our state hospitals without such a plan to guide us.
- In Summary, the proposed bed closures will:
 - seriously erode the ability to appropriately serve the most severely disabled people in our mental health system;
 - accelerate the introduction of people with mental illness into the criminal justice system;
 - deteriorate state hospital programs, morale, and safety by causing existing treatment units to operate at or over their funded capacity on a regular basis; and
 - jeopardize access to existing community hospital psychiatric units.

**2002 GENERAL GOVERNMENT AND HUMAN
RESOURCES BUDGET COMMITTEE**

Optometry Board

Board of Mortuary Arts

Board of Pharmacy

Kansas Dental Board

Board of Barbering

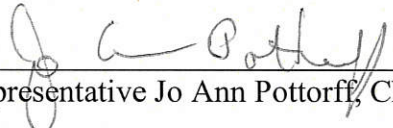
Board of Cosmetology

Attorney General

Insurance Department

Health Care Stabilization Bd. Of Governors

State Treasurer



Representative Jo Ann Pottorff, Chairperson



Representative Ralph Ostmeyer




Representative Annie Kuether

Representative Marti Crow



Representative Joe Shriver



Representative Lloyd Stone

Representative Lee Tafanelli

HOUSE APPROPRIATIONS

DATE 2/18/02

ATTACHMENT 5

SUBCOMMITTEE REPORT

Agency: Biennial Budget Agencies

Bill No.

Bill Sec.

Analyst: Various

Analysis Pg. No. 513

	Actual FY 01	Approved FY 02	Agency Est. FY 02	Gov. Rec. FY 02	Approved FY 03	Agency Req. FY 03	Gov. Rec. FY 03
Financial Institutions Regulatory Agencies							
Bank Commissioner, State	\$ 4,289,995	\$ 5,299,375	\$ 5,556,407	\$ 5,400,669	\$ 5,500,236	\$ 5,838,913	\$ 5,721,964
Credit Unions, State Dept. of	765,832	859,789	859,789	859,789	870,801	888,217	896,620
Securities Commissioner	1,880,687	2,017,207	2,042,207	2,042,207	2,067,598	2,092,598	2,113,020
TOTAL	\$ 6,936,514	\$ 8,176,371	\$ 8,458,403	\$ 8,302,665	\$ 8,438,635	\$ 8,819,728	\$ 8,731,604

Occupational and Professional Licensing Boards

Abstracters Board of Examiners	\$ 18,164	\$ 20,168	\$ 20,168	\$ 20,168	\$ 20,045	\$ 20,285	\$ 20,285
Accountancy, Board of	166,145	179,432	179,432	179,432	187,915	187,915	189,663
Barbering, Board of	119,005	126,914	129,914	129,914	131,177	131,177	132,390
Behavioral Sciences Regulatory	431,322	484,954	486,815	486,815	512,945	512,945	517,271
Cosmetology, Board of	583,754	722,187	722,187	722,187	752,980	752,980	761,970
Dental, Kansas Board	287,762	321,902	321,902	321,902	327,208	327,208	328,839
Healing Arts, Board of	1,916,016	1,990,963	1,990,963	1,990,963	2,066,884	2,066,884	2,084,630
Hearing Aid Examiners, Board	14,733	21,243	21,243	21,243	21,937	21,937	21,937
Mortuary Arts, Board of	199,269	205,929	213,541	213,541	214,222	214,222	216,514
Nursing, Board of	1,192,574	1,424,287	1,430,221	1,430,221	1,383,705	1,383,705	1,397,017
Optometry Examiners, Board of	59,980	83,770	83,770	83,770	84,631	84,631	85,305
Pharmacy, State Board of	509,316	553,254	553,254	553,254	566,462	566,462	571,321
Real Estate Appraisal Board	222,640	245,753	245,753	245,753	254,104	254,104	256,455
Real Estate Commission	644,381	647,312	690,942	670,112	668,570	752,266	714,473
Technical Professions, Board of	463,357	535,155	535,155	535,155	550,711	550,711	555,193
Veterinary Examiners, Board of	234,580	282,854	282,854	282,854	290,967	268,889	270,992
TOTAL	\$ 7,062,998	\$ 7,846,077	\$ 7,908,114	\$ 7,887,284	\$ 8,034,463	\$ 8,096,321	\$ 8,124,255

Total Expenditures **\$ 13,999,512** **\$ 16,022,448** **\$ 16,366,517** **\$ 16,189,949** **\$ 16,473,098** **\$ 16,916,049** **\$ 16,855,859**

Percentage Change from Previous Fiscal Year	5.0%	14.0%	15.8%	15.6%	3.3%	3.4%	4.1%
--	------	-------	-------	-------	------	------	------

Other Biennial Agencies

Governmental Ethics Commission

State General Fund	\$ 400,528	\$ 407,766	\$ 407,766	\$ 407,766	\$ 458,165	\$ 458,165	\$ 464,056
All Funds	\$ 536,486	\$ 570,303	\$ 570,303	\$ 570,303	\$ 574,491	\$ 574,491	\$ 581,182

Percent Change:

State General Fund	7.3%	1.8%	1.8%	1.8%	12.4%	12.4%	13.8%
All Funds	6.5%	6.3%	6.3%	6.3%	0.7%	0.7%	1.9%

FTE Positions	238.5	248.2	248.2	248.2	248.2	249.2	248.2
---------------	-------	-------	-------	-------	-------	-------	-------

FTE Positions

	Actual FY 01	Approved FY 02	Agency Est. FY 02	Gov. Rec. FY 02	Approved FY 03	Agency Req. FY 03	Gov. Rec. FY 03
Financial Institutions Regulatory Agencies							
Bank Commissioner, State	77.0	85.0	85.0	85.0	85.0	85.0	85.0
Credit Unions, State Dept. of	12.0	13.0	13.0	13.0	13.0	13.0	13.0
Securities Commissioner	27.8	27.8	27.8	27.8	27.8	27.8	27.8
TOTAL	116.8	125.8	125.8	125.8	125.8	125.8	125.8
Occupational and Professional Licensing Boards							
Abstracters Board of Examiners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accountancy, Board of	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Barbering, Board of	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Behavioral Sciences Regulatory	7.8	8.0	8.0	8.0	8.0	8.0	8.0
Cosmetology, Board of	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Dental, Kansas Board	2.0	2.5	2.5	2.5	2.5	2.5	2.5
Healing Arts, Board of	29.0	29.0	29.0	29.0	29.0	29.0	29.0
Hearing Aid Examiners, Board	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Mortuary Arts, Board of	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Nursing, Board of	22.0	22.0	22.0	22.0	22.0	22.0	22.0
Optometry Examiners, Board of	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pharmacy, State Board of	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Real Estate Appraisal Board	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Real Estate Commission	13.0	13.0	13.0	13.0	13.0	14.0	13.0
Technical Professions, Board of	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Veterinary Examiners, Board of	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL	112.7	113.4	113.4	113.4	113.4	114.4	113.4
Other Biennial Agencies							
Governmental Ethics Commission	9.0	9.0	9.0	9.0	9.0	9.0	9.0
TOTAL	238.5	248.2	248.2	248.2	248.2	249.2	248.2

OPTOMETRY EXAMINERS, BOARD OF

FY 2003. The agency made no additional request.

The Governor recommends for FY 2003 the addition of \$674 for additional health expenses and the death and disability moratorium.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

MORTUARY ARTS, BOARD OF

FY 2002. The agency requests \$213,541, which is \$7,612 or 3.7 percent above the approved amount. The increase is due to additional expenses requested for travel and communication costs.

The Governor concurs with the agency's FY 2002 estimate.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

FY 2003. The agency's request remains the same as the approved amount of \$214,222.

The Governor concurs with the agency's FY 2003 requests and adds \$2,292 for additional health insurance expenses, while reducing expenditures for the recommended death and disability moratorium adjustment.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

PHARMACY, BOARD OF

FY 2003. The agency made no additional request.

The Governor recommends for FY 2003 the addition of \$5,473 for increased health insurance expenses, and the reduction of \$614 for the death and disability moratorium adjustment, totaling a net increase of \$4,859.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, with the following comment:

1. The number of registered pharmacists within the state is not keeping up with the demand for pharmacy services, resulting in a shortage of registered pharmacists. The high demand for pharmacists is impacting the ability of the State Board of Pharmacy to recruit and retain investigators, who are also registered pharmacists. The Budget Committee suggests that the State Board of Pharmacy continue to pursue options that would assist in hiring and retaining pharmacy investigators.

DENTAL, KANSAS BOARD

FY 2003. The agency made no additional request.

The Governor recommends for FY 2003 the addition of \$1,631 for additional health expenses and the death and disability moratorium.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

BARBERING, BOARD OF

FY 2002. The agency requests \$129,914 which is \$3,000 or 2.4 percent above the approved amount. The amount is due to unexpected car repairs for their inspector and the need to hire a temporary employee for five weeks due to an employee illness.

The Governor concurs with the FY 2002 agency request.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

FY 2003. The agency made no additional request.

The Governor recommends for FY 2003 the addition of \$1,213 for additional health expenses and to reflect reduction for the death and disability moratorium.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

COSMETOLOGY, BOARD OF

FY 2003. The agency makes no additional requests.

The Governor recommends an FY 2003 salaries and wages increase of \$8,900 for health insurance and death and disability moratorium adjustments.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Committee Report

Agency: Attorney General

Bill No. --

Bill Sec. --

Analyst: Rampey

Analysis Pg. No. --

Budget Page No. 67

<u>Expenditure Summary</u>	<u>Agency Est. FY 02</u>	<u>Governor's Recommendation FY 02</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 10,409,879	\$ 10,409,877	\$ 0
Aid to Local Units	9,465,756	9,465,756	0
Other Assistance	3,750,000	3,750,000	0
Subtotal—Operating	23,625,635	23,625,633	0
Capital Improvements	0	0	0
TOTAL	<u>\$ 23,625,635</u>	<u>\$ 23,625,633</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 6,539,429	\$ 6,539,449	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	6,539,429	6,539,449	0
Capital Improvements	0	0	0
TOTAL	<u>\$ 6,539,429</u>	<u>\$ 6,539,449</u>	<u>\$ 0</u>
FTE Positions	95.0	95.0	0.0
Non FTE Uncl. Perm. Pos.	15.0	14.0	0.0
TOTAL	<u>110.0</u>	<u>109.0</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The Attorney General estimates expenditures of \$23,625,635 in the current year, of which \$6,539,429 is from the State General Fund. Estimated expenditures include \$1,124,546 for water litigation with Colorado and \$1,209,959 for water litigation with Nebraska.

The Governor recommends expenditures of \$23,625,633 in FY 2002, of which \$6,539,449 is from the State General Fund. The Governor concurs with the Attorney General's estimated expenditures for water litigation of \$1,124,546 for Colorado and \$1,209,959 for Nebraska.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the Governor.

Senate Committee

The Senate Committee concurs with the recommendation of the Subcommittee.

House Budget Committee Report

Agency: Attorney General

Bill No. --

Bill Sec. --

Analyst: Rampey

Analysis Pg. No. --

Budget Page No. 67

<u>Expenditure Summary</u>	<u>Agency Est. FY 02</u>	<u>Governor's Recommendation FY 02</u>	<u>House Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 10,409,879	\$ 10,409,877	\$ 0
Aid to Local Units	9,465,756	9,465,756	0
Other Assistance	3,750,000	3,750,000	0
Subtotal—Operating	23,625,635	23,625,633	0
Capital Improvements	0	0	0
TOTAL	<u>\$ 23,625,635</u>	<u>\$ 23,625,633</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 6,539,429	\$ 6,539,449	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	6,539,429	6,539,449	0
Capital Improvements	0	0	0
TOTAL	<u>\$ 6,539,429</u>	<u>\$ 6,539,449</u>	<u>\$ 0</u>
FTE Positions	95.0	95.0	0.0
Non FTE Uncl. Perm. Pos.	15.0	14.0	0.0
TOTAL	<u>110.0</u>	<u>109.0</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The Attorney General estimates expenditures of \$23,625,635 in the current year, of which \$6,539,429 is from the State General Fund. Estimated expenditures include \$1,124,546 for water litigation with Colorado and \$1,209,959 for water litigation with Nebraska.

The Governor recommends expenditures of \$23,625,633 in FY 2002, of which \$6,539,449 is from the State General Fund. The Governor concurs with the Attorney General's estimated expenditures for water litigation of \$1,124,546 for Colorado and \$1,209,959 for Nebraska.

House Budget Recommendations

The House Budget concurs with the recommendations of the Governor.

Senate Subcommittee Report

Agency: Attorney General

Bill No. --

Bill Sec. --

Analyst: Rampey

Analysis Pg. No. --

Budget Page No. 67

Expenditure Summary	Agency Req. FY 03	Governor's Recommendation FY 03	Senate Subcom- mittee Adjustments
All Funds:			
State Operations	\$ 10,207,224	\$ 8,321,129	\$ 0
Aid to Local Units	9,030,386	9,030,386	0
Other Assistance	3,750,000	3,750,000	0
Subtotal—Operating	\$ 22,987,610	\$ 21,101,515	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 22,987,610	\$ 21,101,515	\$ 0
State General Fund:			
State Operations	\$ 6,581,781	\$ 4,708,941	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 6,581,781	\$ 4,708,941	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 6,581,781	\$ 4,708,941	\$ 0
FTE Positions	95.0	95.0	0.0
Non FTE Uncl. Perm. Pos.	14.0	14.0	0.0
TOTAL	109.0	109.0	0.0

Agency/Governor's Recommendation

The Attorney General requests \$22,987,610 for FY 2003, of which \$6,581,781 is from the State General Fund. The requested amount includes \$950,000 for water litigation with Colorado (revised upward by \$200,000 since the budget was submitted) and \$1,390,000 for litigation with Nebraska (revised downward by \$290,000 since the budget was submitted).

The Governor recommends expenditures of \$21,101,515, which includes \$4,708,941 from the State General Fund. The Governor recommends no funding for Colorado water litigation and \$753,959 for Nebraska water litigation, a reduction of \$636,041 from the revised request.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendations, with the following exceptions:

1. The Subcommittee notes that the Governor recommends no money for Colorado water litigation and that it is expected final disposition of the case before the United States Supreme Court likely will occur at the end of FY 2003 and extend

into early FY 2004. The Subcommittee recommends that the Attorney General's request for \$950,000 for Colorado litigation be considered in the Omnibus Bill when it might be possible to make a better estimate of needed costs in FY 2003.

2. The Subcommittee recommends that additional funding for water litigation with Nebraska be considered in the Omnibus Bill when better estimates of needed resources are available. According to the Attorney General, most recent estimates indicate that an additional \$636,041 will be needed for trial preparation activities in FY 2003.
3. The Subcommittee recommends that the Attorney General be authorized to transfer up to \$100,000 from the Crime Victims Compensation Fund to the Crime Victims Assistance Fund. Both funds receive money from district court fines, penalties, and forfeitures. Legislation enacted by the 2001 Legislature that tripled traffic fines also had a "hold harmless" provision for these two funds, but, in fact, as of December 2001, revenues to each from traffic fines were 51 percent less than the same time a year ago. While both funds are suffering a loss of revenue from traffic fines, the Crime Victims Compensation Fund has other revenue sources and there are federal funds available for direct restitution to crime victims. The Crime Victims Assistance Fund, however, is limited in its sources of revenues and faces a shortfall in grants for FY 2003 of between \$75,000 to \$100,000. (The Fund provides about \$200,000 in grants to local units for victims' rights programs and supports much of the Attorney General's administrative costs of administering victims' rights programs statewide.) Because there is adequate money to pay estimated claims to crime victims throughout FY 2003 and into FY 2004, the Subcommittee recommends that the transfer to victims rights programs be authorized so that there is no disruption in these programs at the local level.

Senate Committee

The Senate Committee concurs with the recommendations of the Subcommittee.

House Budget Committee Report

Agency: Attorney General

Bill No. --

Bill Sec. --

Analyst: Rampey

Analysis Pg. No. --

Budget Page No. 67

Expenditure Summary	Agency Req. FY 03	Governor's Recommendation FY 03	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 10,207,224	\$ 8,321,129	\$ 0
Aid to Local Units	9,030,386	9,030,386	0
Other Assistance	3,750,000	3,750,000	0
Subtotal—Operating	\$ 22,987,610	\$ 21,101,515	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 22,987,610	\$ 21,101,515	\$ 0
State General Fund:			
State Operations	\$ 6,581,781	\$ 4,708,941	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 6,581,781	\$ 4,708,941	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 6,581,781	\$ 4,708,941	\$ 0
FTE Positions	95.0	95.0	0.0
Non FTE Uncl. Perm. Pos.	14.0	14.0	0.0
TOTAL	109.0	109.0	0.0

Agency/Governor's Recommendation

The Attorney General requests \$22,987,610 for FY 2003, of which \$6,581,781 is from the State General Fund. The requested amount includes \$950,000 for water litigation with Colorado (revised upward by \$200,000 since the budget was submitted) and \$1,390,000 for litigation with Nebraska (revised downward by \$290,000 since the budget was submitted).

The Governor recommends expenditures of \$21,101,515, which includes \$4,708,941 from the State General Fund. The Governor recommends no funding for Colorado water litigation and \$753,959 for Nebraska water litigation, a reduction of \$636,041 from the revised request.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendations, with the following exceptions:

1. The Budget Committee notes that the Governor recommends no money for Colorado water litigation and that it is expected final disposition of the case before

5-14
~~5-16~~

the United States Supreme Court likely will occur at the end of FY 2003 and extend into early FY 2004. The Budget Committee also notes that the Attorney General intends to request a Governor's Budget Amendment regarding Colorado water litigation and recommends that the Attorney General's request for \$950,000 for Colorado litigation be considered in the Omnibus Bill when it might be possible to make a better estimate of needed costs in FY 2003.

2. The Budget Committee recommends that additional funding for water litigation with Nebraska be considered in the Omnibus Bill when better estimates of needed resources are available. According to the Attorney General, most recent estimates indicate that an additional \$636,041 will be needed for trial preparation activities in FY 2003. The Budget Committee has been informed that the Attorney General plans to request a Governor's Budget Amendment on this item.
3. The Budget Committee recommends that the Attorney General be authorized to transfer up to \$100,000 from the Crime Victims Compensation Fund to the Crime Victims Assistance Fund. Both funds receive money from district court fines, penalties, and forfeitures. Legislation enacted by the 2001 Legislature that tripled traffic fines also had a "hold harmless" provision for these two funds, but, in fact, as of December 2001, revenues to each from traffic fines were 51 percent less than the same time a year ago. While both funds are suffering a loss of revenue from traffic fines, the Crime Victims Compensation Fund has other revenue sources and there are federal funds available for direct restitution to crime victims. The Crime Victims Assistance Fund, however, is limited in its sources of revenues and faces a shortfall in grants for FY 2003 of between \$75,000 to \$100,000. (The Fund provides about \$200,000 in grants to local units for victims' rights programs and supports much of the Attorney General's administrative costs of administering victims' rights programs statewide.) Because there is adequate money to pay estimated claims to crime victims throughout FY 2003 and into FY 2004, the Budget Committee recommends that the transfer to victims rights programs be authorized so that there is no disruption in these programs at the local level.

Senate Subcommittee Report

Agency: Kansas Insurance Department **Bill No.** **Bill Sec.**
Analyst: Krahl **Analysis Pg. No. 26** **Budget Page No. 255**

Expenditure Summary	Agency Estimate FY 02	Governor's Recommendation FY 02	Subcommittee Adjustments
Special Revenue Fund			
State Operations	\$ 11,201,647	\$ 11,201,647	\$ 0
Aid to Local Units	5,338,200	5,338,200	0
Other Assistance	4,500,000	4,500,000	0
Subtotal - Operating	\$ 21,039,847	\$ 21,039,847	\$ 0
Capital Improvements	157,000	157,000	0
TOTAL	<u>\$ 21,196,847</u>	<u>\$ 21,196,847</u>	<u>\$ 0</u>
FTE Positions	157.0	157.0	0.0
Non FTE Uncl. Perm. Pos.	4.5	4.5	0.0
TOTAL	<u>161.5</u>	<u>161.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency estimates expenditures of \$21,196,847 for FY 2002, a decrease of \$1,122,955 from the approved budget. Significant reductions include: Workers Compensation Fund expenditures (\$2,000,000 in estimated second injury claims), an estimated \$131,250 decrease in payments from the Firefighter's Relief Fund, a \$400,000 KSIP expenditure, an \$80,000 SHIPMATES grant, a \$75,769 reduction in salaries and wages and \$564,064 in increased contractual services.

The Governor recommends FY 2002 operating expenditures of \$21,196,847, a decrease of \$1,122,955 and concurs with the agency estimate. The Governor's recommendation includes \$7,214,788 for salaries and wages, \$3,252,494 for contractual services, \$222,354 for commodities, \$452,086 for capital outlay, \$59,925 for debt service (interest), \$5,338,200 for aid to local units, and \$4,500,000 for other assistance. The Governor also recommends a 1.0 percent insurance premium tax transfer to the State General Fund.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate has not yet considered this budget.

16
5-18

House Budget Committee Report

Agency: Kansas Insurance Department **Bill No.** _____ **Bill Sec.** _____

Analyst: Krahl **Analysis Pg. No.** 266 **Budget Page No.** 255

Expenditure Summary	Agency Estimate FY 02	Governor's Recommendation FY 02	Budget Committee Adjustments
Special Revenue Fund			
State Operations	\$ 11,201,647	\$ 11,201,647	\$ 0
Aid to Local Units	5,338,200	5,338,200	0
Other Assistance	4,500,000	4,500,000	0
Subtotal - Operating	\$ 21,039,847	\$ 21,039,847	\$ 0
Capital Improvements	157,000	157,000	0
TOTAL	\$ 21,196,847	\$ 21,196,847	\$ 0
FTE Positions	157.0	157.0	0.0
Non FTE Uncl. Perm. Pos.	4.5	4.5	0.0
TOTAL	161.5	161.5	0.0

Agency Estimate/Governor's Recommendation

The agency estimates expenditures of \$21,196,847 for FY 2002, a decrease of \$1,122,955 from the approved budget. Significant reductions include: Workers Compensation Fund expenditures (\$2,000,000 in estimated second injury claims), an estimated \$131,250 decrease in payments from the Firefighter's Relief Fund, a \$400,000 KSIP expenditure, an \$80,000 SHIPMATES grant, a \$75,769 reduction in salaries and wages and \$564,064 in increased contractual services.

The Governor concurs with the agency estimate. The Governor's recommendation includes \$7,214,788 for salaries and wages, \$3,252,494 for contractual services, \$222,354 for commodities, \$452,086 for capital outlay, \$59,925 for debt service (interest), \$5,338,200 for aid to local units, and \$4,500,000 for other assistance.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Kansas Insurance Department

Bill No.

Bill Sec.

Analyst: Krahl

Analysis Pg. No. 226

Budget Page No. 255

Expenditure Summary	Agency Request FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
Special Revenue Funds			
State Operations	\$ 10,367,529	\$ 10,479,393	\$ 0
Aid to Local Units	5,328,200	5,328,200	0
Other Assistance	4,500,000	4,500,000	0
Subtotal-Operating	\$ 20,195,729	\$ 20,307,593	\$ 0
Capital Improvements	150,000	150,000	0
TOTAL	<u>\$ 20,345,729</u>	<u>\$ 20,457,593</u>	<u>\$ 0</u>
FTE Positions	157.0	157.0	0.0
Non FTE Uncl. Perm. Pos.	4.5	4.5	0.0
TOTAL	<u>161.5</u>	<u>161.5</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency requests operating expenditures for FY 2003 of \$20,345,729, a decrease of \$844,118 from the FY 2002 estimate. This reflects an increased shrinkage rate of 8.3 percent in the Insurance Company Regulation Fund and a decrease in \$792,845 (24.4 percent) in contractual services from the FY 2002 estimate.

The Governor recommends FY 2003 operating expenditures of \$20,457,593, a decrease of \$732,254 from the FY 2002 recommendation. The Governor added \$111,864 in salaries and wages for employee pay plan adjustments. The Governor's recommendation includes \$7,506,829 for salaries and wages, \$2,459,669 for contractual services, \$248,604 for commodities, \$211,808 for capital outlay, \$52,483 for debt service (interest), \$5,328,200 for aid to local units, and \$4,500,000 for other assistance.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee with the following adjustments:

1. For cash flow purposes, the Senate Committee recommends moving the transfer of \$750,000 from the Insurance Department Service Regulation Fund to the State General Fund from July 1, 2003 to October 1, 2003.

Senate Committee of the Whole Recommendation

The Senate has not yet considered this budget.

House Budget Committee Report

Agency: Kansas Insurance Department Bill No.

Bill Sec.

Analyst: Krahl

Analysis Pg. No. 226 Budget Page No. 255

<u>Expenditure Summary</u>	<u>Agency Request FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>Budget Committee Adjustments</u>
Special Revenue Funds			
State Operations	\$ 10,367,529	\$ 10,479,393	\$ 0
Aid to Local Units	5,328,200	5,328,200	0
Other Assistance	4,500,000	4,500,000	0
Subtotal-Operating	\$ 20,195,729	\$ 20,307,593	\$ 0
Capital Improvements	150,000	150,000	0
TOTAL	\$ 20,345,729	\$ 20,457,593	\$ 0
FTE Positions			
FTE Positions	157.0	157.0	0.0
Non FTE Uncl. Perm. Pos.	4.5	4.5	0.0
TOTAL	161.5	161.5	0.0

Agency Request/Governor's Recommendation

The agency requests expenditures for FY 2003 of \$20,345,729, a decrease of \$844,118 from the FY 2002 estimate. This reflects an increased shrinkage rate of 8.3 percent in the Insurance Company Regulation Fund and a decrease in \$792,845 (24.4 percent) in contractual services from the FY 2002 estimate.

The Governor recommends FY 2003 expenditures of \$20,457,593, a decrease of \$732,254 from the FY 2002 recommendation. The Governor added \$111,864 in salaries and wages for employee pay plan adjustments. The Governor's recommendation includes \$7,506,829 for salaries and wages, \$2,459,669 for contractual services, \$248,604 for commodities, \$211,808 for capital outlay, \$52,483 for debt service (interest), \$5,328,200 for aid to local units, and \$4,500,000 for other assistance. The Governor also recommends the transfer of \$750,000 from the Insurance Department Service Regulation Fund to the State General Fund.

5-19

House Budget Committee Recommendation

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

1. For cash flow purposes, the House Budget Committee recommends moving the transfer of \$750,000 from the Insurance Department Service Regulation Fund to the State General Fund from July 1, 2003 to May 1, 2004.

House Budget Committee Report

Agency: Health Care Stabilization Fund **Bill No.** **Bill Sec.**
Analyst: Krahl **Analysis Pg. No.** 244 **Budget Page No.** 207

Expenditure Summary	Agency Estimate FY 02	Governor's Recommendation FY 02	Subcommittee Adjustments
State Operations	\$ 4,376,473	\$ 4,362,328	\$ 0
Other Assistance	23,362,458	23,362,458	0
TOTAL	\$ 27,738,931	\$ 27,724,786	\$ 0
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	16.0	16.0	0.0

Agency Estimate/Governor's Recommendation

The Health Care Stabilization Fund Board of Governors is responsible for administering the Health Care Stabilization Fund, which was created in 1976 to stabilize the availability of professional liability insurance coverage by establishing a money pool to pay damages for personal injury or death arising from care by a health provider. The same Act mandates professional liability insurance as a precondition to rendering services.

The agency's request for FY 2002 expenditures is \$27,738,931, a decrease of \$1,871,898 from the approved budget and reflects a decrease in estimated claims and related expenditures.

The Governor recommends expenditures of \$27,724,786, a decrease of \$1,886,043 from the approved budget, reflecting a decrease in estimated claims. The recommendation includes a shrinkage rate of 2.0 percent or a decrease of \$14,145. The Governor's recommendation includes \$693,129 for salaries and wages, \$3,630,698 for contractual services, \$18,501 for commodities, and \$20,000 for capital outlay.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, with the following exception:

1. The House Budget Committee recommends increasing the official hospitality limitation on the operating expenditures account of the Health Care Stabilization Fund from \$300 to \$400, within the agency's existing resources.

22
5-26

Senate Subcommittee Report

Agency: Health Care Stabilization Fund Bill No. Bill Sec.

Analyst: Krahl Analysis Pg. No. 244 Budget Page No. 207

<u>Expenditure Summary</u>	<u>Agency Request FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>Subcommittee Adjustments</u>
State Operations	\$ 4,395,808	\$ 4,392,980	\$ 0
Other Assistance	23,362,458	23,362,458	0
Total	<u>\$ 27,758,266</u>	<u>\$ 27,755,438</u>	<u>\$ 0</u>
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The Health Care Stabilization Fund Board of Governors is responsible for administering the Health Care Stabilization Fund, which was created in 1976 to stabilize the availability of professional liability insurance coverage by establishing a money pool to pay damages for personal injury or death arising from care by a health care provider. The same Act mandates professional liability insurance as a precondition to rendering services.

The agency's request for FY 2003 expenditures is \$27,758,266, an increase of \$19,335 (0.1 percent) from the FY 2002 estimate. An increase of \$19,065 is in the administration program and a \$270 increase is in the claims program.

The Governor recommends operating expenditures of \$27,755,438. The Governor's recommendation includes \$722,902 for salaries and wages, \$3,633,114 for contractual services, \$18,964 for commodities, \$18,000 for capital outlay, and \$23,362,458 for other assistance. The Governor adds \$11,687 for his employee pay plan adjustments and subtracts \$14,515 to increase the shrinkage rate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate has not yet considered this budget.

House Budget Committee Report

Agency: Health Care Stabilization Fund

Bill No.

Bill Sec.

Analyst: Krahl

Analysis Pg. No. 244

Budget Page No. 207

<u>Expenditure Summary</u>	<u>Agency Request FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>Subcommittee Adjustments</u>
State Operations	\$ 4,395,808	\$ 4,392,980	\$ 0
Other Assistance	23,362,458	23,362,458	0
Total	<u>\$ 27,758,266</u>	<u>\$ 27,755,438</u>	<u>\$ 0</u>
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The Health Care Stabilization Fund Board of Governors is responsible for administering the Health Care Stabilization Fund, which was created in 1976 to stabilize the availability of professional liability insurance coverage by establishing a money pool to pay damages for personal injury or death arising from care by a health care provider. The same Act mandates professional liability insurance as a precondition to rendering services.

The agency's request for FY 2003 expenditures is \$27,758,266, an increase of \$19,335 (0.1 percent) from the FY 2002 estimate. An increase of \$19,065 is in the administration program and a \$270 increase is in the claims program.

The Governor recommends operating expenditures of \$27,755,438. The Governor's recommendation includes \$722,902 for salaries and wages, \$3,633,114 for contractual services, \$18,964 for commodities, \$18,000 for capital outlay, and \$23,362,458 for other assistance. The Governor adds \$11,687 for his employee pay plan adjustments and subtracts \$14,515 to increase the shrinkage rate.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

Subcommittee Report

Agency: State Treasurer

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No.

Budget Page No. 443

Expenditure Summary	Agency Est. FY 02	Governor's Recommendation FY 02	Subcommittee Adjustments
All Funds:			
State Operations	\$ 3,673,447	\$ 3,600,209	\$ 0
Aid to Local Units	111,174,517	111,174,517	0
Other Assistance	8,500,000	8,500,000	0
TOTAL	<u>\$ 123,347,964</u>	<u>\$ 123,274,726</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 1,574,058	\$ 1,533,200	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 1,574,058</u>	<u>\$ 1,533,200</u>	<u>\$ 0</u>
FTE Positions	55.6	55.6	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>55.6</u>	<u>55.6</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

State Operations

The Treasurer's current year estimate of state operations expenditures totals \$3.7 million, a net decrease of \$11,062 from the approved budget. State General Fund expenditures total \$1.6 million, a reduction of \$10,387 from the approved budget. Net other changes reduce other special revenue expenditures by \$675. The estimate reflects a net increase of 0.1 FTE positions from the approved budget due to rounding.

The Governor recommends a current year state operations budget of \$3.6 million, a reduction of \$73,238 (including \$40,858 from State General Fund financing) from the agency's estimate. Salaries are decreased by \$73,238 to reflect an increase in shrinkage savings from 4.0 percent to 8.0 percent. The Governor concurs with the agency's workforce estimate.

Local Aid

The Treasurer's current year estimate of aid to local units of government expenditures totals \$111.2 million, an increase of \$2.4 million in special revenue funds from the approved budget. **Local Alcoholic Liquor Fund** payments are anticipated to increase \$1.8 million to \$17.8 million; **Tax Increment Financing Revenue Replacement Fund** payments are anticipated to increase by \$0.3 million to \$1.0 million; and **Rental Motor Vehicle Excise Tax** payments are anticipated to increase

5-25

\$0.3 million to \$2.8 million. **The Governor** concurs with the current year estimate of local aid payments.

Other Assistance

Unclaimed Property Payments. Beginning in FY 2001, the State Treasurer's budget reflects the payment of monies which are held in trust by the state until their rightful owners are found as a reportable budget expenditure. Prior to that time these payments were considered as part of the nonreportable budget. For FY 2002 the State Treasurer estimates that these payments will total \$8.5 million. **The Governor** concurs.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation for FY 2002.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not considered this budget.

Budget Committee Report

Agency: State Treasurer

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No.

Budget Page No. 443

<u>Expenditure Summary</u>	<u>Agency Est. FY 02</u>	<u>Governor's Recommendation FY 02</u>	<u>Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 3,673,447	\$ 3,600,209	\$ 0
Aid to Local Units	111,174,517	111,174,517	0
Other Assistance	8,500,000	8,500,000	0
TOTAL	\$ 123,347,964	\$ 123,274,726	\$ 0
State General Fund:			
State Operations	\$ 1,574,058	\$ 1,533,200	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 1,574,058	\$ 1,533,200	\$ 0
FTE Positions	55.6	55.6	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	55.6	55.6	0.0

Agency Est./Governor's Recommendation

State Operations

The Treasurer's current year estimate of state operations expenditures totals \$3.7 million, a net decrease of \$11,062 from the approved budget. State General Fund expenditures total \$1.6 million, a reduction of \$10,387 from the approved budget. Net other changes reduce other special revenue expenditures by \$675. The estimate reflects a net increase of 0.1 FTE positions from the approved budget due to rounding.

The Governor recommends a current year state operations budget of \$3.6 million, a reduction of \$73,238 (including \$40,858 from State General Fund financing) from the agency's estimate. Salaries are decreased by \$73,238 to reflect an increase in shrinkage savings from 4.0 percent to 8.0 percent. The Governor concurs with the agency's workforce estimate.

Local Aid

The Treasurer's current year estimate of aid to local units of government expenditures totals \$111.2 million, an increase of \$2.4 million in special revenue funds from the approved budget. **Local Alcoholic Liquor Fund** payments are anticipated to increase \$1.8 million to \$17.8 million; **Tax Increment Financing Revenue Replacement Fund** payments are anticipated to increase by \$0.3 million to \$1.0 million; and **Rental Motor Vehicle Excise Tax** payments are anticipated to increase \$0.3 million to \$2.8 million. **The Governor** concurs with the current year estimate of local aid payments.

Other Assistance

Unclaimed Property Payments. Beginning in FY 2001, the State Treasurer's budget reflects the payment of monies which are held in trust by the state until their rightful owners are found as a reportable budget expenditure. Prior to that time these payments were considered as part of the nonreportable budget. For FY 2002 the State Treasurer estimates that these payments will total \$8.5 million. **The Governor** concurs.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2002.

Subcommittee Report

Agency: State Treasurer

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No.

Budget Page No. 443

Expenditure Summary	Agency Req. FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
All Funds:			
State Operations	\$ 3,801,228	\$ 3,744,734	\$ 28,477
Aid to Local Units	132,940,500	108,309,236	0
Other Assistance	9,000,000	9,000,000	0
TOTAL	\$ 145,741,728	\$ 121,053,970	\$ 28,477
State General Fund:			
State Operations	\$ 1,641,314	\$ 1,562,805	\$ 28,477
Aid to Local Units	110,606,000	0	0
Other Assistance	0	0	0
TOTAL	\$ 112,247,314	\$ 1,562,805	\$ 28,477
FTE Positions	55.6	55.6	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	55.6	55.6	0.0

Agency Request/Governor's Recommendation

State Operations

The agency requests an FY 2003 state operations budget of \$3.8 million, an increase of \$127,781 (3.5 percent) from the current year. Requested State General Fund financing of \$1.6 million represents an increase of \$67,256 (4.3 percent) from the current year. The request includes \$28,988 from the State General Fund for two budget enhancements

The Governor recommends an FY 2003 state operations budget of \$3.7 million, an increase of \$144,525 (4.0 percent) from the current year. Recommended **State General Fund** financing of \$1.6 million represents an increase of \$29,605 (1.9 percent) from the current year. Recommended **special revenue** fund financing of \$2.2 million represents an increase of \$114,920 (5.6 percent) from the current year.

Local Aid

The estimate for payments to local units of government totals \$132.9 million, an increase of \$21.8 million (19.6 percent) from the current year. The demand transfers to local units of government are estimated by the Consensus Revenue Estimating Group to total \$110.6 million in FY 2003. Local Ad Valorem Tax Reduction Fund (LAVTRF) payments are estimated to be \$62.7

.million, a \$8.1 million (14.7 percent) increase from the current year. County and City Revenue Sharing Fund (CCRSF) payments are estimated to total \$47.9 million, a \$13.0 million (37.3 percent) increase from the current year. **Both estimates assume current law and do not reflect any caps on the growth of expenditures as well as returning the transfers to demand transfer status in FY 2003. Special revenue fund** payments to local units of government are estimated to total \$22.3 million in FY 2003, an increase of \$717,000 (3.3 percent) from the current year. The increases are associated with the Tax Increment Financing Revenue Replacement Fund (\$37,000) Rental Motor Vehicle Excise Tax Fund (\$50,000) and the Local Alcoholic Liquor Fund (\$630,000).

The Governor recommends \$108.3million for payments to local units of government, a decrease of \$2.9 million (2.6 percent) from the current year. The Governor recommends that the transfers to the **LAVTRF** and the **CCRSF** be reduced by 4.0 percent from the amount paid in FY 2002, for a total of \$86.0 million . **In addition the Governor recommends that the transfers continue to treated as revenue transfers instead of demand transfers.**The Governor concurs with the agency's estimates of \$22.3 million for other special revenue fund payments to local units of government in FY 2003.

Other Assistance

The agency estimates that **unclaimed property payments** will total \$9.0 million in FY 2003, an increase of \$500,000 (5.9 percent) from the current year. **The Governor** concurs.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation for FY 2003, with the following adjustment.

1. Add \$28,477 from the State General Fund for bank fees. The Subcommittee has been informed that a recently negotiated contract will result in bank fees increasing effective in September 2002. An analysis by the State Treasurer's Office indicates that the increased fees will result in a shortfall of \$28,477 at the Governor's recommended funding level of \$310,080. The Subcommittee notes that bank fees are appropriated as a separate line item and that should any savings occur the funding remaining would lapse at the end of FY 2003.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not considered this budget.

Budget Committee Report

Agency: State Treasurer

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No.

Budget Page No. 443

<u>Expenditure Summary</u>	<u>Agency Req. FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 3,801,228	\$ 3,744,734	\$ 28,477
Aid to Local Units	132,940,500	108,309,236	0
Other Assistance	9,000,000	9,000,000	0
TOTAL	<u>\$ 145,741,728</u>	<u>\$ 121,053,970</u>	<u>\$ 28,477</u>
State General Fund:			
State Operations	\$ 1,641,314	\$ 1,562,805	\$ 28,477
Aid to Local Units	110,606,000	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 112,247,314</u>	<u>\$ 1,562,805</u>	<u>\$ 28,477</u>
FTE Positions	55.6	55.6	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>55.6</u>	<u>55.6</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

State Operations

The agency requests an FY 2003 state operations budget of \$3.8 million, an increase of \$127,781 (3.5 percent) from the current year. Requested State General Fund financing of \$1.6 million represents an increase of \$67,256 (4.3 percent) from the current year. The request includes \$28,988 from the State General Fund for two budget enhancements

The Governor recommends an FY 2003 state operations budget of \$3.7 million, an increase of \$144,525 (4.0 percent) from the current year. Recommended **State General Fund** financing of \$1.6 million represents an increase of \$29,605 (1.9 percent) from the current year. Recommended **special revenue** fund financing of \$2.2 million represents an increase of \$114,920 (5.6 percent) from the current year.

Local Aid

The estimate for payments to local units of government totals \$132.9 million, an increase of \$21.8 million (19.6 percent) from the current year. The demand transfers to local units of government are estimated by the Consensus Revenue Estimating Group to total \$110.6 million in FY 2003. Local Ad Valorem Tax Reduction Fund (LAVTRF) payments are estimated to be \$62.7

5-31

million, a \$8.1 million (14.7 percent) increase from the current year. County and City Revenue Sharing Fund (CCRSF) payments are estimated to total \$47.9 million, a \$13.0 million (37.3 percent) increase from the current year. **Both estimates assume current law and do not reflect any caps on the growth of expenditures as well as returning the transfers to demand transfer status in FY 2003.** Special revenue fund payments to local units of government are estimated to total \$22.3 million in FY 2003, an increase of \$717,000 (3.3 percent) from the current year. The increases are associated with the Tax Increment Financing Revenue Replacement Fund (\$37,000) Rental Motor Vehicle Excise Tax Fund (\$50,000) and the Local Alcoholic Liquor Fund (\$630,000).

The Governor recommends \$108.3million for payments to local units of government, a decrease of \$2.9 million (2.6 percent) from the current year. The Governor recommends that the transfers to the **LAVTRF** and the **CCRSF** be reduced by 4.0 percent from the amount paid in FY 2002, for a total of \$86.0 million. **In addition the Governor recommends that the transfers continue to treated as revenue transfers instead of demand transfers.** The Governor concurs with the agency's estimates of \$22.3 million for other special revenue fund payments to local units of government in FY 2003.

Other Assistance

The agency estimates that **unclaimed property payments** will total \$9.0 million in FY 2003, an increase of \$500,000 (5.9 percent) from the current year. **The Governor** concurs.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2003, with the following adjustment.

1. Add \$28,477 from the State General Fund for bank fees. The Budget Committee has been informed that a recently negotiated contract will result in bank fees increasing effective in September 2002. An analysis by the State Treasurer's Office indicates that the increased fees will result in a shortfall of \$28,477 at the governor's recommended funding level of \$310,080. The Budget Committee notes that bank fees are appropriated as a separate line item and that should any savings occur the funding remaining would lapse at the end of FY 2003.