

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Vice-Chairperson David Adkins at 10:40 a.m. on March 14, 2002 in Room 123-S of the Capitol.

All members were present except: Senator Stephen Morris - Excused

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department  
Deb Hollon, Kansas Legislative Research Department  
Martha Dorsey, Kansas Legislative Research Department  
Paul West, Kansas Legislative Research Department  
Michael Corrigan, Assistant Revisor of Statutes  
Judy Bromich, Assistant to the Chairman  
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Dr. Marc Johnson, Dean of Agriculture, Kansas State University  
Amy Button Renz, President, Kansas State University Alumni Association  
Dick Carter, Jr., Director for External Relations, Kansas Board of Regents (written)

Others attending: See attached list

Chairman Morris opened the public hearing on:

**HB 2900--Kansas state university, authorizing sale and conveyance of certain real estate in Riley county**

Staff briefed the committee on the bill.

Dr. Marc A. Johnson, Dean of the Kansas State College of Agriculture, testified in support of **HB 2900** (Attachment 1). Dr. Johnson mentioned that the purpose of the sale is to gain resources to finance major renovations and improvements of livestock research facilities owned and operated by the University. He further explained that proceeds of the sale of this property will be used to relocate the Kansas Artificial Breeding Service Unit operation and renovate livestock research facilities located north of Manhattan and the campus.

Written testimony was submitted by Dick Carter, Jr., Director for External Relations, Kansas Board of Regents, in support of **HB 2900** and **HB 2901** (Attachment 2).

The Vice-Chairman thanked Dr. Johnson for his appearance before the Committee. There being no further conferees to come before the Committee, the Chairman closed the public hearing on **HB 2900**.

**HB 2901--Kansas state university, authorizing exchange of certain real estate in Riley county with the Kansas state university foundation**

Staff briefed the Committee on the bill.

Amy Button Renz, President, Kansas State Alumni Association, testified in support of **HB 2901** (Attachment 3). Ms. Renz explained that the University is seeking authority through this legislation to exchange the property contained in the footprint of the Alumni Center with land owned by the Kansas State University Foundation.

Written testimony was submitted by Dick Carter, Jr., Director for External Relations, Kansas Board of Regents, in support of **HB 2900** and **HB 2901** (See attachment 2).

## CONTINUATION SHEET

The Vice-Chairman thanked Ms. Renz for her appearance before the Committee. There being no further conferees to come before the Committee, the Chairman closed the public hearing on **HB 2901**.

Subcommittee report on:

### **Kansas Department of Health and Environment** (Attachment 4)

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with adjustments as listed in the subcommittee budget report.

Subcommittee Chairman Adkins reported that the Subcommittee concurs with the Governor's recommendations for FY 2003 with adjustments as listed in the subcommittee budget report.

Senator Kerr moved, with a second by Senator Jackson, to delete the additional funding of \$1,000,000.00 listed in Item Number 1, FY 2002 and delete the additional funding of \$1,250,000.00 listed in Item Number 1, FY 2003, and review both issues at Omnibus. Motion carried on a voice vote.

Senator Kerr moved, with a second by Senator Jackson, to adopt the subcommittee budget report on the Kansas Department of Health and Environment for the FY 2002 and FY 2003 budget as amended. Motion carried on a voice vote.

### **Bill Introduction**

Senator Kerr moved, with a second by Senator Barone, to introduce a bill concerning higher education act. Motion carried on a voice vote (1rs2319). Senator Jackson requested to be recorded as voting "No" on the motion.

The meeting adjourned at 11:45 a.m. The next meeting is scheduled for March 15, 2002.

SENATE WAYS AND MEANS COMMITTEE  
GUEST LIST

DATE March 14, 2002

NAME	REPRESENTING
Julie Thomas	DOB
Vicki Helsel	DOB
Kyle Kessler	DOB
Julia Francesco	KNAE
Debra Jones	KState
Amy Burton Amy	K-State
Charlotte Kicks	KOH, KDHE
Michael Moser	KDHE
Sally Finney	Ko. Public Health Assn.
Doug Bowman	CCECDS
Dale Huffman	Families Together Inc
Jane Alussimain	Vs Children's Cabinet
Tom Hornum	KDHE
Pat Kuester	KDHE
Beverly Claycamp	KDHE
Ruth Stone	KDHE / BHF
Andy Sanchez	KAPE
Megan Skinner	KU Intern
Wendy Balim	KDHE
John Pinegar	Washburn University
SUE PETERSON	K-State

TESTIMONY ON HB 2900  
BEFORE THE  
KANSAS SENATE WAYS AND MEANS COMMITTEE  
March 14, 2002

I am Dr. Marc A. Johnson, Dean of the K-State College of Agriculture and Director of the Kansas State University Agricultural Experiment Station and Cooperative Extension Service. HB 2900 is legislating authority to Kansas State University to sell 10.92 acres (480,000 square feet) of property at the intersection of College Avenue and Claflin Road in Manhattan, KS. The purpose of the sale is to gain resources to finance major renovations and improvements of livestock research facilities owned and operated by the University. The property currently houses the Kansas Artificial Breeding Service Unit (KABSU), which will remain in operation elsewhere on campus.

Proceeds of the sale of this property will be used to relocate the KABSU operation and renovate livestock research facilities located north of Manhattan and campus. Our current livestock research facilities are simply outdated and need to be modernized to meet the needs of our state's very large livestock industry. Also, companies desire to hire students who have trained in state-of-the-art facilities. As you fully realize, it takes money and commitment to stay at or near the cutting edge in today's university and business environments.

During the past week, there has been considerable public discussion in Manhattan about the sale of this land. This nearly 11-acre parcel was part of a 100-acre plot where Bluemont College was located in 1859. In 1862, the local Methodist Society gave the land and its college building to the State of Kansas to serve as the new land grant college for Kansas. It became known as the Kansas State Agricultural College (KSAC). Since 1875, KSAC and, later, Kansas State University has been located farther east at its present site.

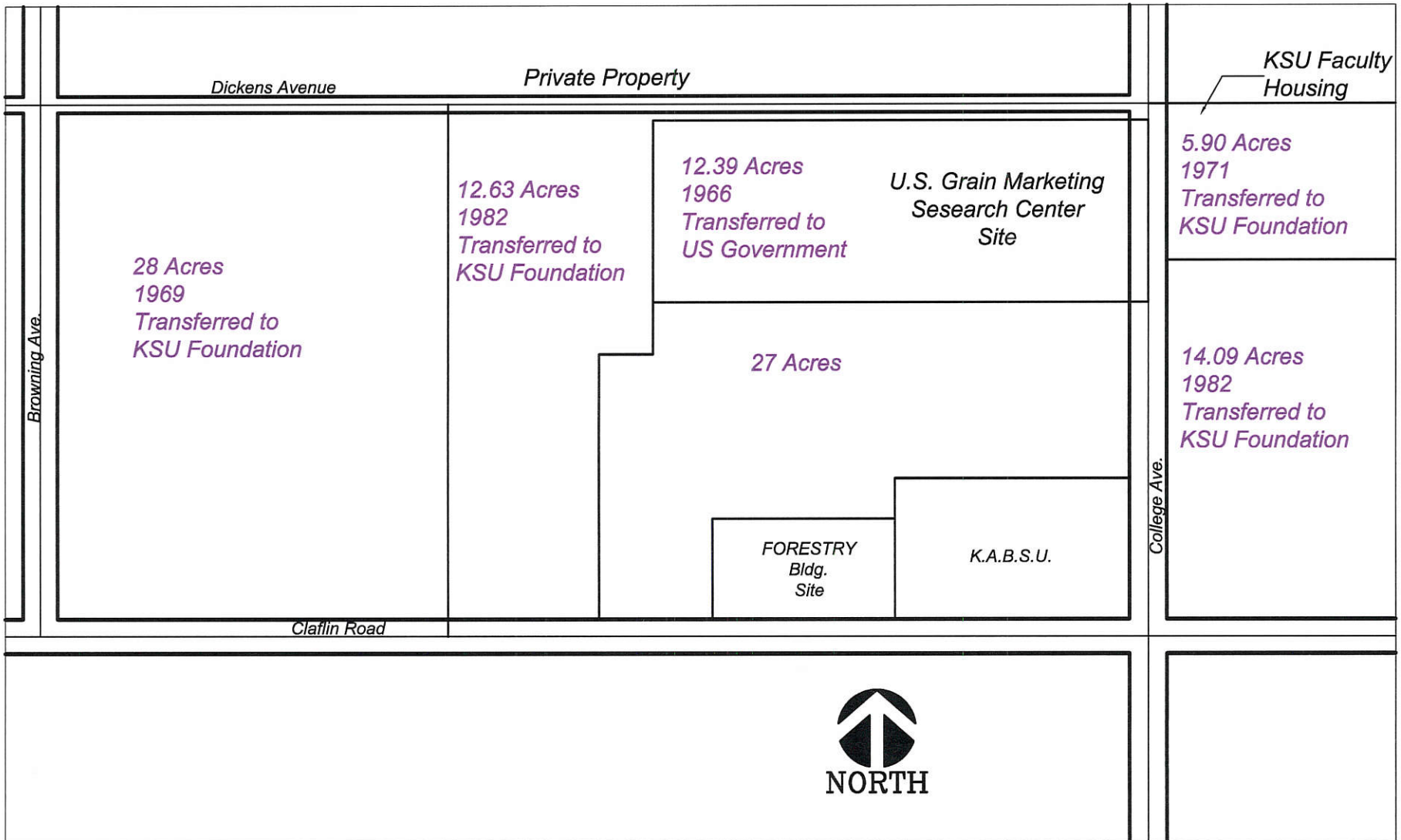
Since the original Bluemont College building was torn down, this tract has been part of the University farm operations. Other portions of the original 100-acre plot were sold over the years. As we prepare for the sale of the 10.92 acres, I assure you the University has been following and will follow all state procedures regarding the disposal of state-owned property. We first received approval at the university level and then from the Kansas Board of Regents. This winter, we have received the necessary legislative approvals to reach this point. Today, I would ask your approval for the sale of this land, so we can modernize our research facilities and continue assisting our largest agricultural sector, the Kansas' livestock industry.

In view of the historical significance of this parcel to both Manhattan and Kansas State University, the University intends to augment a small area at the southeast corner by retaining the current stone monument identifying the site as the location of the original Bluemont College, adding an outdoor historical description of the role of Bluemont College, and providing access to this corner as a visitor attraction. A future owner will be required to honor public access to the historic visitor site.

Thank you for your consideration.

Senate Ways and Means  
3-14-02  
Attachment 1

# BLUEMONT PROPERTY / KSU PROPERTY



# Before there was a K-State

On a hill above the present KSU campus, Manhattan's first college was founded

Jennifer Detweiler  
Staff Writer

At the corner of College and Claflin avenues lies a 22.5 acre plot of land. It's sparsely developed; the university's bull semen collection operation is on the eastern half; the Kansas Department of Forestry offices on the west. It's potentially valuable real estate, open land in the middle of town.

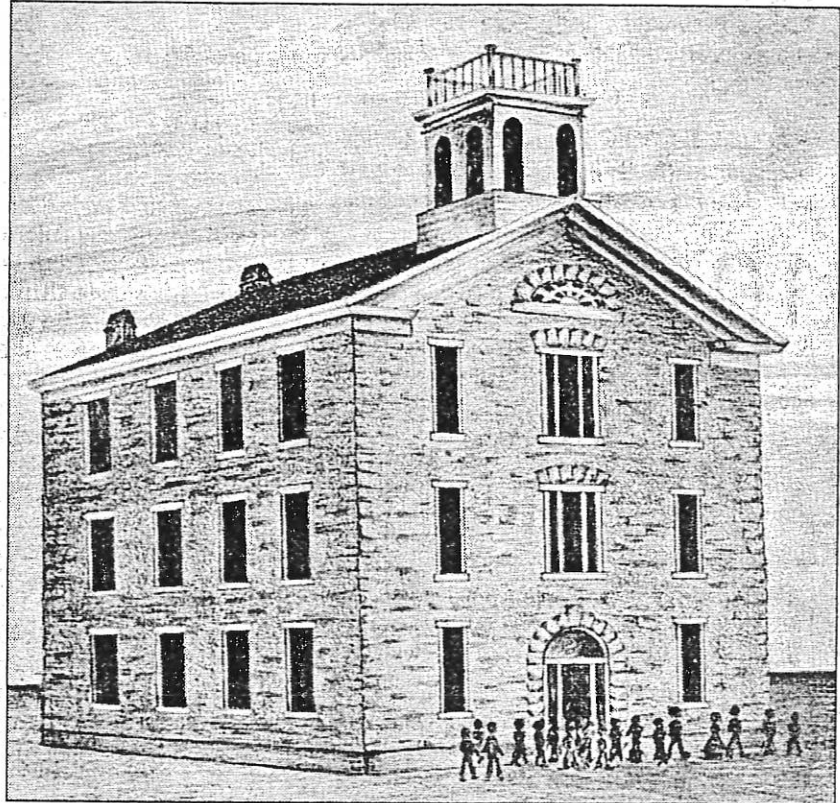
And in the last week, it's become somewhat controversial.

That's because the land is all that's left of the original 100 acres that were once the site of Bluemont Central College. In an attempt to raise money, the university has decided to sell 11 acres of it — the 11 acres right at the intersection, where the foundation of the sole Bluemont College building is still buried.

One university official has said K-State recognizes the land has historical significance, but need not have special status. Those in charge of state and national registries don't seem to think it is either; the land is not on any preservation list.

Meanwhile, some locals have argued that the historical significance is more valuable than the sum the university might get for it. No one can say how much the land is worth, since that would depend on how the city zones it. But university officials have said they believe it would be quite valuable.

The sale is on the verge of approval. The state Senate will likely take up the matter in the next few weeks; the state House and Kansas Board of Regents have already given their okays. But before the land goes up for bid, here's a look at its — and the college's — past.



Picture courtesy of

Artist's rendering of the original Bluemont College.

## The Bluemont College story

Manhattan was a fledgling town on the Kansas Prairie in 1855, not even a year old. But its founders — including Isaac Goodnow, Joseph Denison, and Washington Marlatt — had big plans for it. They wanted to build a college.

Their enthusiasm for the idea spread. Goodnow got support from the quickly growing Methodist Episcopal Church — of which Denison was a minister — for a Methodist Episcopal College. The leaders of Manhattan backed the idea by offering up "fifty shares of Manhattan stock and 100 building lots," according to former K-State historian Jim Carey's book "Kansas State University: The Quest for Identity.

The legislative assembly of the Territory of Kansas must have liked the idea too, because it allowed the group to form the Bluemont Central College Association, and issued a charter for what was to be Bluemont Central College.

The trustees of the college went to work getting it built. They named Goodnow treasurer and he became the primary fundraiser as well. Goodnow made several trips to the eastern states to collect donations, and by 1859 he'd raised more than \$6,000.

On May 10, 1859, the cornerstone for the building was laid on a 100-acre parcel on a hill overlooking the town.

The structure was limestone, 44 feet long by 60 feet wide, and cost about \$10,000 to build; it was

finished by January, 1860. By all accounts, the building was stately — its three stories faced east and were “surmounted by a beautiful cupola, in which is an excellent bell,” wrote Denison in 1864. Over the front gable was an arch with the name “Bluemont College” etched in stone.

There was a chapel on the top floor able to seat five or six hundred people, Denison wrote. The second floor housed a music room, a reading room, and two “society rooms.” And on the main floor were the president’s office, a library “with about 2,000 volumes” as of 1864, Denison wrote, and a large school room.

And the view from the building — Denison in his diary described it as “seldom surpassed for beauty and loveliness.”

There were 29 students that first year, 1860, and Marlatt was named principal and the primary instructor.

When it began, Bluemont wasn’t as much a college as it was a preparatory school. But when Kansas became a state in 1861, the trustees set about to change that. They voted to offer the college, along with its library and 120 acres of land, to the state — so long as the state agreed to make Manhattan the site of the state’s university.

Politics, however, intervened. The governor at the time was from Lawrence and he wanted the state university to go to that town; he vetoed the idea.

The trustees tried to donate the university again a year later. That time the plan was held up in the Senate, where political infighting caused the measure to lose by one vote.

Then in 1863 Kansas accepted the federal Morrill Act, by which the feds gave states large portions of land to use to establish universities. Seeing another opportunity to become a state college, the Bluemont trustees again offered the school — this time as a possible land-grant university. The deal had changed to include a bit less

acreage — 100 rather than 120 — but the value of the property was still something the legislature couldn’t resist. It accepted the offer for the \$20,000 plot of land and college building on Feb. 16, 1863. The college was renamed Kansas State Agricultural College, and became the first university in the nation to be specifically designated by a state as a land-grant institution.

University officials soon realized, however, that the college’s much-touted location was a bit of a problem. For one, it was not contiguous to the land that the federal government gave the state for the land grant college. Plus, it was too far from the Manhattan township, said Homer Socolofsky, a historian who specialized in the study of Kansas history.

In 1871, Manhattan voters approved \$12,000 in bonds to purchase land in a new location about three-quarters of a mile down the hill from the original Bluemont site — and adjacent to the land-grant land. It’s the place where K-State sits today.

In 1873, the state built a stone barn on that land — a barn so fine “it provided better quarters for cattle than those enjoyed by students on the old farm,” Carey wrote.

Slowly, the university’s operations began to move to the new site and by 1875 it was almost entirely relocated.

The original college building was used as a dormitory for a while, then as part of the agronomy farms, said Pat O’Brien, a retired K-State archeology professor who excavated the site in 1997.

But by 1880, the building was “going to waste,” Carey wrote, and the land around it was “overgrown with noxious weeds, burrs and thistles.”

In an attempt, perhaps, to save the building, the trustees of the Bluemont Central College Association tried to reclaim the the land — which only 17 years before they had been begging the state to take. But the Riley County District court ruled that the Association didn’t legally exist

anymore and no longer had any claim to the land.

So in the early 1880s, the state moved forward with plans to tear the building down.

The Industrialist, the college newspaper, sympathized with those who were sad to see the building fall. But it took a forward-thinking view on the matter: “...the College and community have long outgrown this venerable structure... that has become an eyesore, and a nuisance that cannot be tolerated any longer.”

### Remains of the past

Even though Bluemont College has disappeared as a whole, most of its parts have survived in new uses around town.

The college bell was rehung at Anderson Hall, where it remains.

Meanwhile, the arch over the gable, which reads “Bluemont College”, has had several homes. It was first moved to Washington Marlatt’s farm, where it stayed until 1926. Marlatt’s farm is still intact, two stone buildings on College Avenue, near the football practice fields, which the university now uses for grounds maintenance offices and storage.

When Farrell Library was built on campus, the arch was incorporated there until the library was renovated in the 1990s. Just last week, the arch was rescued from storage and positioned over the fireplace in the still under-construction Alumni Center.

The original stones from the building are what make up the low stone wall bordering the campus along N. Manhattan and Anderson avenues. Its original roof is on one of those Marlatt farm buildings, O’Brien said, as is the original doorway.

There are even a few stones and bits of wood from the foundation stored in the university archives on campus. Pat Patton, a university archivist, collected them when O’Brien’s excavation unveiled the site.

And then there is the land.

Aside from the buried foundation and a marker on the corner designating the site as the college's roots, there isn't a lot left of Bluemont Central College there.

Even Socolofsky, the historian, freely admits that. "I don't think there's much up there that would be a piece of K-State history."

Still, said O'Brien, there's something about selling that acreage that she said just doesn't feel right.

"It is sacred land," O'Brien said. "'Sacred' is the place where important events occurred. The first land-grant university — that is very significant."



## KSU to expand memorial to Bluemont

Jennifer Detweiler  
Staff Writer

Kansas State University president Jon Wefald said this morning the university is making plans for a new and expanded memorial at the site of the university's predecessor, Bluemont Central College.

The action was prompted by some community concern last week over the university's plans to sell 11 acres at the corner of College and Claflin avenues — which is where that site is. The original foundation from the building is still just below ground, under the bull barns that now occupy the space.

"We're recognizing the concerns of the community and the history," said Marc Johnson, dean of the College of Agriculture, which is asking for the land sale. That site will "have greater recognition than it's had in the last 100 years."

The new memorial will likely be a couple-hundred square feet in size and sit where the existing stone monument does now, Johnson said. The current marker will stay, but added to it will be another "monument with more reading about the history and role of Bluemont College," he said. The marker may have a sketch of the original building, and likely include an explanation of how it became what is now K-State.

There would be a walkway leading to the area, "so people can get to it without risking their lives," Johnson said, referring to the relative inaccessibility of the

current marker.

The space could also include trees and some stone benches, he said.

"People are going to love it," Wefald said.

It's not clear how the memorial will fit into the land sale. Johnson said the university will either retain the memorial area, or require as part of the deal that the buyer leave that area untouched and accessible to the public.

Johnson said the memorial will be paid for from the proceeds of the sale, and although that will cut into the university's profits, "it's well worth the expenditure."

He'll present the memorial plans to the Senate Thursday as part of a hearing on the sale. The Senate is the last government body that needs to approve the sale; the Board of Regents and state House have already given it the OK.

Several citizens last week questioned the sale, as well as one university official's statement that the land is not considered by the university to be sacred.

Wefald said this morning that the university values the history of the land.

"That's an extremely important and vital part of our history," Wefald said, "because it's where K-State started."

Johnson credited the community's response to the sale for the new memorial plans.

"It's all pretty neat how it worked out," he said of the plans for the memorial. "It's nice that we have such a history-conscious community."

Johnson wants to use the proceeds from the sale to make safety improvements to some animal science facilities on campus.

You can reach Jennifer Detweiler by phone at 776-2300, ext. 248, or by e-mail at [jdetweiler@themercury.com](mailto:jdetweiler@themercury.com).



Joy Rheg



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## Statement to the Senate Committee on Ways and Means

HB 2900, HB 2901

Dick Carter, Jr.  
Director for External Relations  
Kansas Board of Regents

March 14, 2002

Chairman Morris and members of the Committee. I am pleased to provide this written statement on behalf of the Kansas Board of Regents in support of HB 2900 and HB 2901. These bills simply allow Kansas State University to sell and/or exchange two tracts of land by according to state law. I will not speak to the specifics of the bill, as there are representatives from Kansas State University to explain the bill.

This proposal has been reviewed and approved by the Board of Regents. HB 2900 and 2901 are part of the Board's legislative initiatives for 2002, and I would ask that you give favorable consideration to this bill by passing out of Committee.

Senate Ways and Means  
3-14-02  
Attachment 2



## TESTIMONY

Senate Ways & Means Committee  
March 14, 2002

House Bill 2901

The K-State Alumni Association is constructing a 52,000 square foot Alumni Center on state owned property to the south of Memorial Stadium. The University is seeking authority through this legislation to exchange the property contained in the footprint of the Alumni Center with land owned by the Kansas State University Foundation. The property owned by the Foundation is located in the K-State Research park north of campus on Manhattan Avenue.

All university Alumni Centers in Kansas are located on property owned by their Alumni Associations. Kansas Board of Regents policy requires proposed exchange parcels of property to be of the same value. The value of these two properties is \$278,000.

The University will follow all state procedures regarding the disposal of state-owned property.

Amy Button Renz  
President  
K-State Alumni Association

# House Budget Committee Report

**Agency:** Department of Health and Environment      **Bill No. --**      **Bill Sec. --**

**Analyst:** Hollon      **Analysis Pg. No. --**      **Budget Page No. 179**

Expenditure Summary	Agency Est. FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 114,215,861	\$ 113,669,861	\$ 0
Aid to Local Units	33,999,110	33,999,110	0
Other Assistance	30,000,000	30,000,000	0
<b>TOTAL</b>	<b>\$ 178,214,971</b>	<b>\$ 177,668,971</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 23,238,625	\$ 22,692,625	\$ 0
Aid to Local Units	9,850,976	9,850,976	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 33,089,601</b>	<b>\$ 32,543,601</b>	<b>\$ 0</b>
FTE Positions	1,001.0	1,001.0	0.0
Non-FTE Unclass. Perm. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>1,001.0</b>	<b>1,001.0</b>	<b>0.0</b>

## Agency Estimate/Governor's Recommendation

The agency estimates FY 2002 operating expenditures of \$178,214,971 (\$33,089,601 SGF). The estimate includes \$47,574,657 for salaries and wages; \$54,903,170 for contractual services; \$8,583,019 for commodities; \$2,626,100 for capital outlay; \$528,915 for debt service; \$33,999,110 for aid to local units; and \$30,000,000 for other assistance.

The Governor recommends FY 2002 operating expenditures of \$177,668,971 (\$32,543,601 SGF). The recommendation includes \$47,574,657 for salaries and wages; \$54,903,170 for contractual services; \$8,037,019 for commodities; \$2,626,100 for capital outlay; \$528,915 for debt service; \$33,999,110 for aid to local units; and \$30,000,000 for other assistance.

## House Budget Committee Recommendations

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

## House Committee Recommendation

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

*Senate Ways and Means  
3-14-02  
Attachment 4*

### Senate Subcommittee Report

**Agency:** Department of Health and Environment

**Bill No.** 457

**Bill Sec.** 33

**Analyst:** Hollon

**Analysis Pg. No.** 583

**Budget Page No.** 179

Expenditure Summary	Agency Est. FY 02	Gov. Rec. FY 02	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 114,215,861	\$ 113,669,861	\$ 1,000,000
Aid to Local Units	33,999,110	33,999,110	0
Other Assistance	30,000,000	30,000,000	0
<b>TOTAL</b>	<b><u>\$ 178,214,971</u></b>	<b><u>\$ 177,668,971</u></b>	<b><u>\$ 1,000,000</u></b>
<b>State General Fund:</b>			
State Operations	\$ 23,238,625	\$ 22,692,625	\$ 0
Aid to Local Units	9,850,976	9,850,976	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b><u>\$ 33,089,601</u></b>	<b><u>\$ 32,543,601</u></b>	<b><u>\$ 0</u></b>
FTE Positions	1,001.0	1,001.0	0.0
Non-FTE Unclass. Perm. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b><u>1,001.0</u></b>	<b><u>1,001.0</u></b>	<b><u>0.0</u></b>

#### Agency Estimate/Governor's Recommendation

The agency estimates FY 2002 operating expenditures of \$178,214,971 (\$33,089,601 SGF). The estimate includes \$47,574,657 for salaries and wages; \$54,903,170 for contractual services; \$8,583,019 for commodities; \$2,626,100 for capital outlay; \$528,915 for debt service; \$33,999,110 for aid to local units; and \$30,000,000 for other assistance.

The Governor recommends FY 2002 operating expenditures of \$177,668,971 (\$32,543,601 SGF). The recommendation includes \$47,574,657 for salaries and wages; \$54,903,170 for contractual services; \$8,037,019 for commodities; \$2,626,100 for capital outlay; \$528,915 for debt service; \$33,999,110 for aid to local units; and \$30,000,000 for other assistance.

#### Senate Subcommittee Recommendations

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

1. Add \$1,000,000 in other funds to cover shortfalls in both FY 2002 and FY 2003 in the AIDS Drug Assistance Program (ADAP). The program provides medications for Kansans infected with HIV and AIDS. The drugs have effectively delayed the onset of AIDS complications, extended the lives of infected individuals, and


decreased costly hospitalizations. The agency projects gaps of \$946,000 in FY 2002 and \$1,000,000 in FY 2003 between available federal funding and the anticipated needs of the program. The Governor's recommendation included \$400,000 SGF in each year to partially cover these shortfalls. The Subcommittee recommends that the additional funding for ADAP be transferred proportionally from the ending balances of the Solid Waste Management Fund (\$540,000), the Waste Tire Management Fund (\$235,000), the Aboveground Petroleum Storage Tank Release Trust Fund (\$85,000), and the Underground Petroleum Storage Tank Release Trust Fund (\$140,000). The Subcommittee notes the agency's concern regarding contingent encumbrances on these funds and requests information at Omnibus on whether the actual ending balances are sufficient or if the transfer amounts need to be adjusted.

The Subcommittee was reticent to add any new expenditures to this budget, but we cannot ignore the reality that demands on the ADAP program simply cannot be funded from the allocations made in the Governor's budget recommendations. As a result of rising drug costs, increased utilization, and the success of new drug therapies in prolonging life, this program has experienced increased costs. But the Subcommittee concludes that investment in this program is still a cost effective strategy overall.

The Subcommittee also requests a report at Omnibus from the Department on Health and Environment and the Department of Social and Rehabilitation Services on the possibility of transferring the AIDS Drug Assistance Program to SRS. The report should focus on the potential efficiencies and savings of partnering the ADAP Program with Medicaid drug purchasing as well as the possibility of reducing program costs to the state by implementing copays establishing eligibility restrictions or other strategies to reduce costs.



\_\_\_\_\_  
Senator David Adkins, Chair



\_\_\_\_\_  
Senator Christine Downey



\_\_\_\_\_  
Senator Jean Schodorf

## House Budget Committee Report

**Agency:** Department of Health and Environment

**Bill No. --**

**Bill Sec. --**

**Analyst:** Hollon

**Analysis Pg. No. --**

**Budget Page No. 179**

Expenditure Summary	Agency Est. FY 03	Gov. Rec. FY 03	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 120,521,839	\$ 115,940,730	\$ (2,206,070)
Aid to Local Units	36,880,596	36,032,521	0
Other Assistance	30,000,000	30,000,000	470,000
<b>TOTAL</b>	<b><u>\$ 187,402,435</u></b>	<b><u>\$ 181,973,251</u></b>	<b><u>\$ (1,736,070)</u></b>
<b>State General Fund:</b>			
State Operations	\$ 26,885,871	\$ 21,938,922	\$ (400,000)
Aid to Local Units	11,100,929	9,850,929	0
Other Assistance	0	0	470,000
<b>TOTAL</b>	<b><u>\$ 37,986,800</u></b>	<b><u>\$ 31,789,851</u></b>	<b><u>\$ 70,000</u></b>
FTE Positions	1,035.0	1,001.0	0.0
Non-FTE Unclass. Perm. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b><u>1,035.0</u></b>	<b><u>1,001.0</u></b>	<b><u>0.0</u></b>

### Agency Estimate/Governor's Recommendation

The agency requests FY 2003 operating expenditures of \$187,402,435 (\$37,986,800 SGF). The request includes \$49,663,603 for salaries and wages; \$56,720,310 for contractual services; \$10,047,068 for commodities; \$3,307,811 for capital outlay; \$783,047 for debt service; \$36,880,596 for aid to local units; and \$30,000,000 for other assistance.

The Governor recommends FY 2003 operating expenditures of \$181,973,251 (\$31,789,851 SGF). The recommendation includes \$48,580,946 for salaries and wages; \$54,308,124 for contractual services; \$8,960,802 for commodities; \$3,307,811 for capital outlay; \$783,047 for debt service; \$36,032,521 for aid to local units; and \$30,000,000 for other assistance.

### House Budget Committee Recommendations

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

1. Transfer the Funeral Assistance Program from the Department of Social and Rehabilitation Services to the Department of Health and Environment and transfer funding of \$470,000 SGF from SRS to the District Coroners Fee Fund to cover the associated costs of the program.



2. Transfer the AIDS Drug Assistance Program from the Department of Health and Environment to the Department of Social and Rehabilitation Services and transfer funding of \$2,206,070 (\$400,000 SGF) from KDHE to SRS to cover the associated costs of the HIV/AIDS pharmacy program. Although not requested by either agency, the Budget Committee recommends the transfer to take advantage of economies in drug purchases.
3. The Budget Committee recognizes the importance of the funding needs of public health departments, but cannot identify funding sources at this time. The Budget Committee recommends that the issue be reviewed at Omnibus with the possibility of utilizing federal bioterrorism funds or other funding sources.
4. The Budget Committee notes several items of information which it would like the agency to provide at Omnibus including a listing of FTE positions vacant for the past 24 months (including the location of the vacancy, the job title of the vacancy, the length of time the position has been vacant, and the number of vacancies funded through the State General Fund) and information on tipping fees.
5. The Budget Committee encourages the agency to continue working with private foundations and other entities to discover funding sources for the oral health program.
6. The Budget Committee recognizes the importance of healthy lifestyles especially relating to children and recommends that the requested enhancements of an obesity prevention program and varicella immunizations be reviewed at Omnibus with the possibility of combining them with the HealthWave Outreach Program.
7. The Budget Committee notes the Governor's recommendations in funding from the Children's Initiatives Fund for the Healthy Start Program, the Infants and Toddlers Program, and tobacco use prevention/smoking cessation programs, but makes no changes in the recommendation at this time.
8. The Budget Committee notes that the Kansas allocation of federal bioterrorism funds is estimated to be \$12.3 million in FFY 2002. The Budget Committee recommends that the agency maximize the reallocation of these funds to local health departments and that the use of these funds be reviewed at Omnibus.

### **House Committee Recommendation**

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

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**Senate Subcommittee Report**

**Agency:** Department of Health and Environment

**Bill No.** 640

**Bill Sec.** 29

**Analyst:** Hollon

**Analysis Pg. No.** 583

**Budget Page No.** 179

Expenditure Summary	Agency Est. FY 03	Gov. Rec. FY 03	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 120,521,839	\$ 115,940,730	\$ 0
Aid to Local Units	36,880,596	36,032,521	1,250,000
Other Assistance	30,000,000	30,000,000	0
<b>TOTAL</b>	<b><u>\$ 187,402,435</u></b>	<b><u>\$ 181,973,251</u></b>	<b><u>\$ 1,250,000</u></b>
<b>State General Fund:</b>			
State Operations	\$ 26,885,871	\$ 21,938,922	\$ 0
Aid to Local Units	11,100,929	9,850,929	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b><u>\$ 37,986,800</u></b>	<b><u>\$ 31,789,851</u></b>	<b><u>\$ 0</u></b>
FTE Positions	1,035.0	1,001.0	0.0
Non-FTE Unclass. Perm. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b><u>1,035.0</u></b>	<b><u>1,001.0</u></b>	<b><u>0.0</u></b>

**Agency Estimate/Governor's Recommendation**

The agency requests FY 2003 operating expenditures of \$187,402,435 (\$37,986,800 SGF). The request includes \$49,663,603 for salaries and wages; \$56,720,310 for contractual services; \$10,047,068 for commodities; \$3,307,811 for capital outlay; \$783,047 for debt service; \$36,880,596 for aid to local units; and \$30,000,000 for other assistance.

The Governor recommends FY 203 operating expenditures of \$181,973,251 (\$31,789,851 SGF). The recommendation includes \$48,580,946 for salaries and wages; \$54,308,124 for contractual services; \$8,960,802 for commodities; \$3,307,811 for capital outlay; \$783,047 for debt service; \$36,032,521 for aid to local units; and \$30,000,000 for other assistance.

**Senate Subcommittee Recommendations**

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

1. Add \$1,250,000 from other funds to increase state aid to local health departments through the general assistance formula grant. The general assistance formula distributes funding based on the population of each county. The minimum amount received by any county is \$7,000. The additional funding represents a

100 percent increase in the base amount from \$7,000 to \$14,000 and a 45 percent increase for larger counties.

Public health departments are a key component in the delivery of essential health services to the residents of Kansas, but state funding for public health has increased by only \$300,000 since FY 1984 and has not increased at all since FY 1999. A lack of state support has made it increasingly difficult for local health departments to respond in a timely and effective manner to emerging public health problems. The infrastructure of public health and many of the core activities of the departments cannot be supported by federal categorical funding.

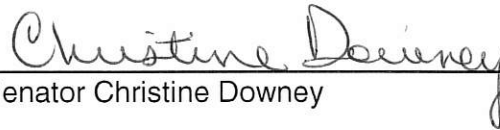
The recommendation is meant to address this critical need especially in light of recent events. The Subcommittee recommends that the additional funding for local health departments be transferred proportionally from the ending balances of the Solid Waste Management Fund (\$602,500), the Waste Tire Management Fund (\$315,000), the Aboveground Petroleum Storage Tank Release Trust Fund (\$123,750), and the Underground Petroleum Storage Tank Release Trust Fund (\$208,750).

Investment in our state's public health system is essential to properly prepare Kansas to protect its citizens in light of emerging threats associated with America's war on terror. While federal categorical aid will flow to Kansas and all other states to address critical public health infrastructure needs, additional state investment is warranted and prudent. Last year, this Subcommittee recommended an increase in the excise taxes on cigarettes to fund enhancements in grants to local public health agencies. That recommendation was not acted on favorably. This year, we have chosen to identify a specific existing source of revenue to fund this critical need.

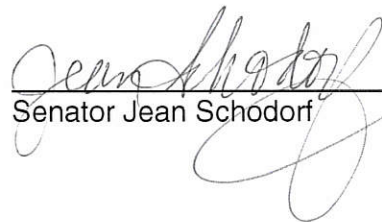
2. The Subcommittee is concerned that the budget as recommended may compromise the agency's capacity to appropriately manage central administrative functions, particularly in light of the Governor's decision not to fund rent increases associated with the agency's occupancy of space in the Curtis Building.



Senator David Adkins, Chair



Senator Christine Downey



Senator Jean Schodorf