

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris in Room 123-S of the Capitol at:

1:40 p.m. on April 26, 2002 and recessed at 5:10 p.m.;  
Reconvened at 9:10 a.m. on April 27, 2002 and adjourned at 11:50 a.m.

All members were present except: Senator David Adkins - excused April 26, 2002  
Senator Christine Downey- excused April 26 and 27, 2002

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department  
Leah Robinson, Kansas Legislative Research Department  
Deb Hollon, Kansas Legislative Research Department  
Martha Dorsey, Kansas Legislative Research Department  
Carolyn Rampey, Kansas Legislative Research Department  
Robert Waller, Kansas Legislative Research Department  
Julian Efird, Kansas Legislative Research Department  
Audrey Nogle, Kansas Legislative Research Department  
Amy Kramer, Kansas Legislative Research Department  
Paul West, Kansas Legislative Research Department  
Becky Krahl, Kansas Legislative Research Department  
Norman Furse, Revisor of Statutes  
Michael Corrigan, Assistant Revisor of Statutes  
Judy Bromich, Assistant to the Chairman  
Mary Shaw, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list

The Chairman called the Committee's attention to discussion of the following memorandums:

- Items for Omnibus Consideration prepared by the Kansas Legislative Research Department (Attachment 1)
- Items that have been requested by agencies that have come to the attention of the Division of Budget offered for consideration without recommendations and published by the Division of the Budget (Attachment 2)

Staff explained the status of the FY 2002 and FY 2003 Children's Initiatives Fund (Tobacco) (Attachment 3) and the FY 2002 and FY 2003 Economic Development Initiatives Fund (Attachment 4).

## ITEMS FOR OMNIBUS CONSIDERATION

### Department of Social and Rehabilitation Services

**A. Means Testing (House Committee).** The House Committee recommended Omnibus review of the use of means testing for all non-Medicaid programs that receive state aid and State General Fund money, to assure that the most needy Kansans will be served first.

*The Committee reviewed this item and took no action.*

**B. Person Centered Plan of Care (House Committee).** The House Committee recommended Omnibus review of the reduction of the Pharmacy budget for nursing facilities of \$20.3 million State General Fund (\$50.8 million all funds) by one quarter for savings related to the implementation of a person centered plan of care. The Committee recommended the agency explore the implementation of a patient centered plan of care, which allows nursing facility residents to decide when they sleep, when they eat, and what types of recreation they engage in. A Missouri facility has implemented a similar pilot project and achieved a 50 percent reduction in its facility pharmacy budget.

*Staff reported that this reduction was taken in Conference Committee and was completed.*

**C. Nursing Facilities for Mental Health (House Committee).** The House Committee requested an Omnibus report from the Secretary of SRS regarding any plans to close beds in the Nursing Facilities for Mental Health and State Hospitals, and submit plans on how services will be provided to those moving from institutions into communities.

*The Committee reviewed this item and took no action.*

**D. HCBS/DD and PD Attendant Rates (House Committee).** The House Committee requested an Omnibus report from SRS on the equalization of hourly rates paid to attendants under the HCBS/DD and PD waiver. The current PD waiver rate maximums of \$11.94/hour for self-directed care (consumer controls selections, etc., of personal care staff) and \$12.82/hour for non-self-directed care (an agency takes care of personal care staff). The current DD waiver maximum is \$10.40/hour. Part of the difference in PD and DD attendant care rates can be attributed to the inclusion of some administrative costs in the PD rate.

*The Committee reviewed this item and took no action.*

**E. Adoption Contract (House Committee).** The House Committee requested an Omnibus report from the Kansas Children's Service League regarding children on the adoption contract who have significant barriers to adoption.

*The Chairman indicated that when this report is received by the House Committee, the Senate Committee would like to also see the information.*

**F. Maximization of Medicaid Funds (House Committee).** The House Committee requested an Omnibus report from SRS on further maximization of Medicaid funds for community services.

*The Committee reviewed this item and took no action.*

**G. Pharmacy Dispensing Fee (Senate Committee).** The Senate Committee recommended Omnibus consideration of the reduction of the pharmacy dispensing fee paid by SRS to pharmacists from \$4.50 to \$4.00 in the Governor's budget. The Committee recommended maintaining the fee at \$4.50 if funding is available. The Committee does not feel that the reduction of the pharmacy dispensing fee from \$4.50 to \$4.00 recommended by the Governor is warranted, given the reduction in fees in FY 2001 from an average of \$4.95 to \$4.50. The Committee recommends review of this item for additional funding to maintain pharmacy fees at the current level if resources become available.

*Staff explained that this item was addressed in Conference Committee and funding was added back with the exception that part of the total funds of that reduction could include a reduction of that pharmacy fee with the discretion of the agency.*

**H. Family Preservation (Senate Committee).** The Senate Committee recommended Omnibus consideration of funding for Family Preservation Services. Family Preservation Services are intensive in-home services offered to families to prevent having a child come into the custody of SRS and removed from their home. For the last few years, the use of Family Preservation Services has been consistently expanding. To stay within the current appropriation of \$10.2 million all funds, the maximum allocation of referrals would be 2,686 referrals. The Committee noted that the Governor targeted Family Preservation in his

restoration package for \$2.0 million State General Fund. This is a high priority item and the Committee believes it should receive consideration if additional resources are available.

*Staff explained that this item was addressed in Conference Committee and it was funded at \$2.75 million dollars from the Children's Initiative Fund.*

**I. Development Disability Community Grants (Senate Committee).** The Senate Committee recommended Omnibus consideration of funding for Developmental Disability Grants. Developmental Disability Grants are discretionary grants to fund services to persons who are developmentally disabled, but do not qualify for institutional placement. The Governor reduced Developmental Disability Community Grants by 25.0 percent from the FY 2002 recommendation of \$12.3 million State General Fund (\$20.0 million all funds) to \$10.8 million State General Fund (\$18.4 million all funds) in FY 2003, a reduction of \$1.5 million State General Fund. This reduction would mean that approximately 80 persons with developmental disabilities would lose community services, according to the agency. The Committee recognizes the importance of these services and recommends additional funding if resources are available.

*Staff explained that this item was addressed in Conference Committee and was fully funded with the addition of \$1.5 million dollars.*

**J. Community Mental Health Grants (Senate Committee).** The Senate Committee recommended Omnibus consideration of funding for Community Mental Health Grants. Community Mental Health grants support community mental health services for persons who are uninsured, with no coverage from state benefits like Medicaid. The grants are discretionary, and the Governor has recommended a reduction of 30.0 percent from the FY 2002 recommendation of \$29.5 million State General Fund, or \$3,070,000 State General Fund. This cut reduces mental health services to those with no other resources. Community Mental Health Centers (CMHC's) are statutorily required to serve persons regardless of their ability to pay for services. The reduction in funding makes it difficult for the CMHC's to provide those services. Recognizing this difficulty, the Committee recommends additional funding if resources are available.

*Staff explained that this item was addressed in Conference Committee and was fully funded with the addition of \$1.4 million dollars for the Nursing Facilities for Mental Health.*

**K. Funeral Assistance (Senate Committee).** The Senate Committee recommended Omnibus consideration of funding for the Funeral Assistance program. The Funeral Assistance program provides limited assistance to families receiving TAF, GA, Food Stamps or Medicaid for a modest funeral and cemetery expenses when there is a death in the family. For FY 2001 the total cost of the program was \$466,454 State General Fund for 881 burials with an average cost of \$545 per burial. As of April, 2002, this program has been eliminated from the agency's budget. The Committee recommends additional funding if resources are available.

*Chairman Morris recognized Senator Barone who confirmed the Department of Social and Rehabilitation's intent which is to maintain this program until the end of the this fiscal year, and if the report passes, the program shifts at the beginning of the next fiscal year.*

**L. Home and Community Based Services (HCBS) Waiver Waiting Lists (Senate Committee).** The Senate Committee recommended Omnibus consideration of funding for HCBS Waiver Waiting Lists. HCBS Waivers allow persons who are capable, with assistance, to live in their own home and community, rather than in an institutional setting. Access to waiver services is limited by funding for those services. Funding for HCBS/DD waiver is \$36.1 million State General Fund (\$196.6 million all funds) for FY 2002 and \$26.3 million State General Fund (\$198.8 million all funds) for FY 2003. The agency estimates that the HCBS/DD Waiver waiting list will increase to 680 persons by the end of FY 2003. Funding for the HCBS/PD waiver is \$9.6 million State General Fund (\$61.3 million all funds) for FY 2002 and \$8.4 million State General Fund (\$58.4 million all funds) for FY 2003. The HCBS/PD Waiver waiting list will increase to 682 during the same time period. The Governor's enhanced budget includes an additional \$5.0 million State General Fund and \$12.5 million all funds which would decrease the HCBS/DD waiting list by 250 persons and the HCBS/PD waiting list by 300

persons. The Committee recommends additional funding if resources are available.

*Staff explained that this item was addressed in Conference Committee and \$1.0 million dollars added to fund this item.*

## **Department on Aging**

**A. Senior Care Act/PASARR Score (House Committee).** The House Committee recommended Omnibus review of Senior Care Act funding. The Committee recommended reviewing the PASARR (Pre-Admission and Resident Review) score and possibly raising the score to 50 if additional funds were unavailable at Omnibus. This would decrease the number eligible for nursing facilities and waiver services, resulting in a savings of approximately \$4.5 million State General Fund which then be expended in the Senior Care Act to serve those persons. The Senior Care Act is funded by the Governor at \$8.1 million State General Fund for FY 2002 and \$3.6 million State General Fund for FY 2003.

*Staff explained that this item was addressed in Conference Committee which elected to fully fund the Senior Care Act and add in the additional \$4.4 million dollars that the Governor had cut.*

**B. Co-Pays for HCBS/FE and Senior Care Act (House Committee).** The House Committee recommended Omnibus review of co-pays for Home and Community Based Services for the Frail Elderly (HCBS/FE) Waiver and Senior Care Act services and asked the agency to report on the effects of a co-pay at that time.

*The Committee reviewed this item and took no action.*

**C. Quality Assurance Commission (House Committee).** The House Committee recommended Omnibus review of Quality Assurance Commission to eliminate any duplications between the agency and the area agencies on aging.

*Staff explained that the services are provided by the Area Agencies on Aging so it may not be necessary for the Department on Aging to also provide quality assurances.*

**D. Federal 1115 Demonstration Waiver for Senior Pharmacy Costs (House Committee).** The House Committee requested an Omnibus report from the agency on the 1115 Demonstration Waiver for senior pharmacy costs that the Secretary is pursuing.

*Staff explained that this item was addressed in Conference Committee and moved forward to review at Omnibus.*

**E. Senior Pharmacy Plus Program (Conference).** The Conference Committee recommended the review of the Senior Pharmacy Plus Program at Omnibus. The Senior Pharmacy Plus Program would utilize a federal 1115 Demonstration Waiver for a senior pharmacy program to be funded from the Intergovernmental Transfer Fund with \$8.0 million for FY 2003, 2004 and 2005. This would allow the state to draw down \$12.0 million each year in Medicaid funds.

*The Committee came to a consensus to include \$5.0 million Intergovernmental Transfer Funds for the first year for the new Senior Pharmacy Plus Program.*

*Staff explained the status of the State Water Plan Fund: FY 2002 and FY 2003 (Attachment 5).*

## **Juvenile Justice Authority**

**A. Reimbursement rate for Level 5 facilities (House Budget Committee and Senate Subcommittee).** In response to 2001 **SCR 1610**, the agency was directed to conduct a study of the current rates to service providers and develop a proposed rate increase request. The following rates were proposed by the agency.

Residential Facility	Current Daily Rate	Proposed Daily Rate	Proposed Increase	Percent Increase
Level 4 (moderate care)	\$ 55.93	\$ 74.28	\$ 18.35	32.8%
Level 5 (full care)	72.32	106.96	34.64	47.9
Level 6 (intensive care)	196.35	264.68	68.33	34.8
Therapeutic Foster Care	70.00	78.54	8.54	12.2
Residential Maternity	55.93	75.45	19.52	34.9
Emergency Shelter	72.32	93.08	20.76	28.7
Diversion Foster Care	47.90	50.01	2.11	4.4
Satellite Foster Care	28.26	34.79	6.53	23.1

It was reported to the Committee that the daily cost at a Level 5 facility is between \$115 and \$160. The current rate was set in 1994.

Staff distributed information regarding Juvenile Justice Authority 2002 Omnibus Bill Agency Issues, dated April 26, 2002 (Attachment 6).

*The Committee reviewed this item and took no action.*

**B. Reduction of \$1.9 million in Purchase of Services (House Budget Committee).** The Governor's recommendation included a reduction of \$1,965,940 State General Fund in FY 2003 from current services for community vendor payments. For FY 2002, the Governor's recommendation includes \$1,965,940 State General Fund for community vendor payments. This item is eliminated in the Governor's FY 2003 recommendation. These moneys are used by local communities to fund services such as day reporting and transporting offenders.

*The Committee reviewed this item and took no action.*

**C. Reduction of \$200,000 for the Crossroads Program (House Budget Committee).** The Governor's recommendation included a reduction of \$200,000 State General Fund in FY 2003 from current services to fund the Crossroads Program in Johnson County. This reduction eliminates the state aid payment to this program in FY 2003. The program provides counseling services for non-custody juvenile offenders and their families.

*The Committee reviewed this item and took no action.*

**D. Prescription Drug Contracts (Senate Subcommittee).** The Senate Subcommittee requested the Juvenile Justice Authority, in coordination with the Department of Social and Rehabilitation Services, review its current prescription drug contracts and to investigate methods to keep these costs at a minimum.

*The Committee reviewed this item and took no action.*

**E. Limitation of Expenditures of Children's Initiatives Fund Moneys (Senate Subcommittee).** The Senate Subcommittee requested the Juvenile Justice Authority to coordinate with local providers to develop possible methods to increase the flexibility of the agency's Children's Initiatives Fund appropriation for prevention programs. The Senate Subcommittee instructed the agency to report on methods to encourage the maximum efficient use of these funds.

*The Committee reviewed this item and took no action.*

**F. Juvenile Detention Facilities Fund (Senate Subcommittee).** The Senate

Subcommittee instructed the agency to review the cash flow and expenditures needs of the Juvenile Detention Facilities Fund and to report on the uses and needs of this fund. FY 2003 expenditures under the Governor's recommendation for the Juvenile Detention Facilities Fund are \$4,082,535.

*The Committee reviewed this item and took no action.*

**G. HB 2154 (Conference).** House Bill 2154 allows the Secretary of Health and Environment to access the criminal history record information maintained by the Kansas Bureau of Investigation regarding the adjudications of juvenile offenders. For FY 2003, this bill would cost the Juvenile Justice Authority \$30,000 to \$50,000 State General Fund, depending on the number of requests made.

*The Committee reviewed this item and took no action.*

## Department of Agriculture

**A. Review of Unfunded Positions (Senate Subcommittee).** The Governor's recommendation did not include funding for 11.0 FTE positions in FY 2003. The 11 positions include two FTE positions in the pesticide and fertilizer subprogram, five FTE positions in the water resources program, and four other FTE positions in the statistical services subprogram. An additional \$507,149 is necessary to fund these cuts including \$243,808 for the water resources positions, \$143,336 for the statistical services positions, and \$120,005 for the pesticide and fertilizer positions. The Senate Subcommittee noted that SB 435, SB 436, SB 437, and SB 438 contain fee increases which could provide the necessary resources for the agency to fund these positions.

Staff distributed a copy of the Department of Agriculture Fee Fund Proposal (Attachment 7).

*The Committee came to a consensus to increase the expenditure limitation if SB 437 does not pass.*

**B. SB 548 (Law).** Senate Bill 548 would allow the Secretary of Agriculture to declare a county a sericea lespedeza disaster area in order to provide for the control and eradication of the weed. The bill also gives conservation districts the authority to control and eradicate sericea lespedeza in counties declared a disaster area, and it gives conservation districts the authority to use funds received by the state for sericea lespedeza control. The Department of Agriculture estimates expenditures of \$2,500 State General Fund in FY 2003 for implementation of the bill. These expenses would be absorbed by the agency.

*The Committee reviewed this item and took no action.*

**C. HB 2047 (Conference).** House Bill 2047 would enact the Kansas Water Banking Act. The bill would allow for the chartering of water banks which would be private not-for-profit corporations leasing water from holders of water rights that have been deposited in the bank. The water banks also shall provide safe deposit accounts for the deposit of unused water from a bankable water right which is placed in the bank for use in future years. The Department of Agriculture estimates \$105,591 State General Fund and 3.0 FTE positions would be needed in FY 2003 to implement the program. The additional FTE positions would include an Environmental Scientist III, an Environmental Scientist II, and an Office Assistant III.

*The Committee reviewed this item and took no action.*

**D. HB 2316 (Conference).** House Bill 2316 would establish civil penalties for violators of the Water Appropriations Act, give separate statutory authority to the Equus Beds Groundwater Management District, and clarify the authority over water quantity between the Department of Agriculture and the Department of Health and Environment. The Department of Agriculture estimates revenue for implementation of the bill of \$25,100 for FY 2003.

*The Committee reviewed this item and took no action.*

**E. SB 437 (Second House).** Senate Bill 437 would increase the fees associated with the enforcement of the Plant Pest Act. The original bill is projected to generate an additional \$84,400 in fees for FY 2003.

*The Committee reviewed this item and took no action.*

**F. HB 2818 (Second House).** House Bill 2818 would establish the Kansas Sunflower Commission. The Commission would develop a program for the promotion of sunflower seeds similar to the other grain commodity commissions and would be funded through an assessment on the sale of sunflowers in the state. For FY 2003, the Department of Agriculture would receive \$4,657 in revenue from the Commission with that amount being used to administer the program.

*The Committee reviewed this item and took no action.*

### **Animal Health Department**

**A. Boarding and Care of Dogs Seized (Senate Subcommittee).** The Animal Health Department incurred a \$58,750 in FY 2002 bill for the boarding and vet care for dogs seized by the agency in March, 2001. Due to final action not being taken on the case until January, 2002, the agency was required to board the dogs for nine months. This expense was funded through the State General Fund.

*The Committee reviewed this item and took no action.*

### **Adjutant General**

**A. SB 629 (Governor).** SB 629 initiates the mandatory use of the Incident Management System (IMS) by all governmental agencies in Kansas based on recommendations by the Commission on Emergency Planning and Response and the Governor's Terrorism Threat and Vulnerability Assessment. IMS provides a common organizational structure and system for managing crises that integrates the response of all level of government. The agency states that \$110,000 (\$55,000 from the State General Fund) in FY 2003 and 1.5 FTE positions would be necessary to implement the system.

Additionally, the bill creates a regional planning system for emergency management in Kansas based on recommendations by the Commission on Emergency Planning and Response and the Governor's Terrorism Threat and Vulnerability Assessment. Six regional emergency coordinators would help counties develop county plans, provide training for emergency responders, and develop and run emergency response exercises. The agency estimates that \$350,000 (\$175,000 from the State General Fund) and 6.0 FTE positions in FY 2003 would be necessary to finance the regional emergency coordinators.

*The Committee reviewed this item and took no action.*

**B. SB 541 (Conference).** SB 541 creates a terrorism preparedness program and Regional Emergency Medical Response Teams. The Kansas Division of Emergency Management (DEM) would teach terrorism preparedness classes, and DEM would work with the Board of Emergency Medical Services (EMS) and the Department of Health and Environment (KDHE) to create, equip, and train six Regional Emergency Medical Response Teams to decontaminate and stabilize patients after chemical, biological, radiological or high explosive incidents. The agency estimates that \$240,000 (State General Fund) for the first year in FY 2003 (with \$90,000 in recurring costs) would be necessary to finance costs associated with the provisions of the bill.

*The Committee reviewed this item and took no action.*

**C. HB 2642 (Conference).** HB 2642 relates to the Kansas National Guard Education Assistance Program. The bill would amend current law as follows:

- individuals to become eligible for educational assistance immediately upon enlistment;
- individuals who participate in the program would be required to serve in the Kansas National Guard one and one-half years for each year of assistance;
- tuition and fees would be paid directly to the educational institution in the form of a waiver;
- a member of the Kansas National Guard who is eligible for federal student assistance available to certain members of the Guard must apply for and use that assistance before receiving assistance under the state program;
- the Kansas National Guard Educational Assistance Program Repayment Fund would be created and any repayments from Guard members who participate in the assistance program (but who do not fulfill their service commitment);
- administration of the program would be transferred from the Office of the Adjutant General to the State Board of Regents.

The Board of Regents estimates that \$32,000 and 1.0 FTE Senior Administrative Assistance position would be needed to administer the program. However, currently, the Adjutant General makes no expenditures from the Educational Assistance Program for personnel or other operating expenses to operate the program. The agency utilizes all funding appropriated to provide tuition assistance to eligible Kansas National Guard members. All other expenses are absorbed by the agency. The Senate Committee of the Whole amended the bill relating to the number of teacher scholarships awarded annually, but it has no fiscal impact.

*The Committee reviewed this item and took no action.*

**D. Debt Service Costs (House Budget and Senate Subcommittee).** During the 2002 Legislative Session, both the House Budget Committee and Senate Subcommittee were informed that funding for the 2<sup>nd</sup> issuance of bonds for the renovation and repair of the 58 statewide armories were inadvertently omitted from the agency's FY 2003 request. Both Committees endorse the issuance of a Governor's Budget Amendment (GBA) to provide funding for debt service principal and interest payments on the 2<sup>nd</sup> issuance. Within the Governor's FY 2003 Budget Report, \$197,124 (from the State General Fund) was appropriated to finance debt service principal and interest payments on the 1<sup>st</sup> issuance. However, financing for the 2<sup>nd</sup> issuance was not included (\$185,705).

***Item No. 8, Debt Service Payment on Armory Bonds, Division of the Budget Memorandum, Page 5*** - *The Committee came to a consensus to add \$185,705 SGF in FY 2003 to finance the second issuance of bonds for the renovation and repair of the 58 statewide armories.*

**E. Additional Funding for the Educational Assistance Program (Senate Subcommittee).** The agency informed the Senate Subcommittee that tuition assistance is an important tool in the recruitment and retention of Kansas National Guard personnel. The agency provided the Committee with data comparing Kansas with surrounding states and how the amount of tuition assistance provided relates to the number of enlisted personnel. The Senate Subcommittee flagged for Omnibus consideration restoring the Kansas National Guard Educational assistance program to the FY 2002 amount (\$267,598 from the Economic Development Initiatives Fund). During the 2001



Session, \$250,000 from the Economic Development Initiatives Fund (EDIF) was appropriated which provided \$497,218 in tuition assistance to eligible Kansas National Guard members. The Governor's FY 2003 recommendation funds the program at \$229,620 from the State General Fund.

**Staff Note:** The House Committee added \$243,342 in EDIF funding to the Educational Assistance Program within **SB 517**.

*The Committee reviewed this item and took no action.*

**F. Restoration of funding within the Physical Plant (House Budget and Senate Subcommittee).** In the *Governor's FY 2003 Budget Report*, \$110,430 (from the State General Fund) was eliminated from the Physical Plant program. The agency stated that continued reductions within the physical plant has reduced the Department's ability to maintain the repair and rehabilitation of its facilities across the state. Both Committees deferred the item for Omnibus consideration in the event funding was available to restore those funds. The Governor's FY 2003 recommendation for the Physical Plant totals \$18,043,129 (\$2,546,541 from the State General Fund), a decrease of \$11,707 or 0.1 percent below the FY 2002 recommendation with the inclusion of pay plan adjustments and health insurance premium expenses.

*The Committee reviewed this item and took no action.*

## **State Fire Marshal**

**A. Additional Positions (House Budget and Senate Subcommittee).** During testimony, the agency informed the Committee's of particular issues (including the events of September 11<sup>th</sup>) concerning the State Fire Marshal's office. The Committees discussed the addition of various positions to assist in the execution of the agency's duties. The House Budget flagged for Omnibus consideration the addition of \$61,140 (from the Fire Marshal Fee Fund) and 1.0 FTE fire investigator qualified to be a canine handler with a canine. The team would provide statewide coverage, but would likely be assigned to the southeast part of the state. Correspondingly, the Senate Subcommittee flagged the addition of \$38,966 (from the State Fire Marshal Fee Fund) and 1.0 FTE to assist in preventing harm or accidental death due to the mishandling of propane or fireworks, and the transfer of \$153,459 from the Fire Marshal Fee Fund to the Hazardous Materials Program Fund to finance 3.0 FTE positions (2.0 training/responder position and 1.0 support position) to provide training classes, operating and technical level support, notify responders, and issue certificates relating to hazardous materials response.

*The Committee reviewed this item and took no action.*

## **Sentencing Commission**

**A. Federal Grant Compliance (Senate Committee).** During testimony, the agency discussed the federal grants it administers and the regulations and provisions the federal government mandates as it relates to auditing and site visits of recipients. The Director noted that those audits are not current, and the agency is in violation of federal guidelines and is subject to potential action related to noncompliance. In order to comply with federal regulations, the agency must conduct site visits and program audits of sub-recipients. The Senate Committee directed the agency to provide information relating to policies and procedures which would bring the agency into compliance with federally mandated rules and regulations.

*The Committee came to a consensus to add \$8,340 from the SGF in FY 2003 to finance the addition of 1.0 to assist the agency in complying with federal regulations for federal grants.*

Copies of a memo addressed to the full Committee were distributed from the Kansas Sentencing Commission from Barbara Tombs, Executive Director, regarding information requested by the Committee (Attachment 8).

**B. Additional Funding (House Budget and Senate Subcommittee).** The House Budget and Senate Subcommittee received information relating to juvenile justice population projections contracted by the Juvenile Justice Authority (JJA) through the National Council on Crime and Delinquency (\$25,000 in FY 2001) and Wichita State University (\$15,000 in FY 2001 and \$25,000 in FY 2002). The Juvenile Justice Authority obtained projection data from these sources after contacting the Sentencing Commission and being informed that the agency could not provide that information to the JJA due to a lack of personnel to perform those duties. However, the Committee was informed by the JJA that the financing for the population projections were obtained through a block grant, and the agency was unsure whether the grant could be used to finance a position within the Sentencing Commission that was not directed at performing duties relating to juvenile justice activities. The Committee's flagged this item for Omnibus consideration pending further information to be provided by the Juvenile Justice Authority.

*The Committee reviewed this item and took no action.*

**C. Additional Positions (House Budget Committee).** During testimony to the House Budget Committee, the agency requested in FY 2003 the addition of \$29,931 (from the State General Fund) and 1.0 FTE Research Analyst position to provide additional data analysis and programming changes to the population projections, and \$33,361 (\$8,340 from the State General Fund) and 1.0 Grant Specialist position to perform sub-recipient visits relating to federal compliance requirements and identify additional criminal justice related grants. The House Budget deferred these items for Omnibus consideration in the event funding was available to finance the positions.

*The Committee added \$33,361 (\$8,340 SGF) and 1.0 FTE Grant Specialist position.*

## **Kansas Department of Transportation**

**A. HB 2693 (Conference).** HB 2693 pertains to the use of the compression release engine braking system utilized by truck drivers and the use of neon ground effect lighting. The provisions of the bill would make it unlawful for a driver to use a compression release engine braking system without the vehicle being equipped with a muffler. The fine for improper use would be \$60. Additionally, the bill authorizes a motor vehicle to be equipped with neon ground effect lighting, with the exception of the color red. The Kansas Department of Transportation estimates that the installation of an unknown number of signs at a cost of \$175 each would be needed outside of city limits prohibiting the use of these braking systems. Also, the Office of Judicial Administration could not estimate the number of violations that would occur until the courts have had an opportunity to operate under the bill's provisions.

*The Committee reviewed this item and took no action.*

**B. Senate Sub. for House Bill 2143 (Conference).** Senate Sub. for House Bill 2143 would create a Discount Airline Guarantee Program similar to the Railroad Loan Guarantee Program. The discount Airline Guarantee program would give the Secretary of Transportation the authority to enter in to an agreement to guarantee the operation of a discount airline. A maximum of \$4,000,000 could be guaranteed under the program. The bill would create the Discount Airline Guarantee Program Fund (subject to the appropriations process), with all expenditures directed towards the amount of a loss incurred by a discount airline. Payment would be made in alternating order, with the initial guarantee payment originating from the city of operation in \$2,000,000 segments. The bill does not specifically designate a particular state funding source.

*The Committee reviewed this item and took no action.*

**C. Comprehensive Transportation Program (House Budget Committee).** In making recommendations pertaining to the budget of the Kansas Department of Transportation and the continuation of the Comprehensive Transportation Program, the House

of Representatives created the Select Committee on Transportation to look into the financing of agency operations and the funding of projects and the proposed projects themselves as outlined within the "red map." The House Budget Committee concurred with the Select Committee on Transportation recommendations, and offered the following recommendations to fund agency operations and promote the continuation of the Comprehensive Transportation Program (CTP). The House Budget Committee recommended reducing major modification and priority bridge set-aside projects by \$40,000,000 (from the State Highway Fund). The projects are identified on a one to three year planning horizon. The House Budget Committee cut approximately one year of economic development, geometric improvement, railroad crossing surfacing, ITS, corridor management, priority bridge redeck, and priority bridge culvert-bridge funding for projects not yet identified. The House Budget Committee also cut approximately one year of state and local railroad grade separation funding for projects not yet identified. The item was deferred to Omnibus for further consideration.

Staff distributed copies of a memorandum regarding a detailed comparison of adjustments to the Comprehensive Transportation Program (CTP) made by the House Transportation Committee and the Senate Committee on Ways and Means (Attachment 9).

*The Committee reviewed this item and took no action.*

**D. Comprehensive Transportation Program (Senate Committee).** The Senate Committee noted its concerns relating to continued adjustments (whether that is financing or projects detailed in the "red map") being made to the ten year Comprehensive Transportation Program. Therefore, the Senate Committee recommended the following recommendations to provide the funding necessary to maintain and complete projects detailed in the "red map" read in by the passage of 1999 HB 2071. The details of the proposed legislation are listed below:

- The Senate Committee recommended reducing the original demand transfer amount (\$148,999,858) by \$46,000,000, extending the program by 2 years at a savings of \$25,000,000, and further reduces CTP expenditures by \$4,401,000 million for a total of \$70,000,000 in FY 2003. However, the Committee does not identify any specific projects to be cut due to the reduction in funding.
- The Senate Committee added \$95,000,000 (based on the percentage amount the agency received in FY 2002) to finance CTP in FY 2004.
- The Senate Committee amended the original CTP legislation, and authorizes the transfers to be made according to the following schedule: 11.0 percent in FY 2005, 11.25 percent in FY 2006, and 12.0 percent in FY 2007, to continue at the level for the remainder of the program.

The proposal was deferred to Omnibus for further consideration.

*The Committee agreed with the earlier recommendations.*

**E. Utilization of Fiber Optic Equipment by the Public Broadcasting Council and other entities for the Transmission of Information.** The Senate Subcommittee drew attention to fiber optic cable resources (owned by the state) that are not being utilized. The Subcommittee flagged this item for Omnibus consideration pending further information to be presented relating to the use of those resources for the transmission of information by the Public Broadcasting Council and other entities.

*The Committee reviewed this item and took no action.*

**F. Installation of NOAA sirens on Communication Towers (Senate Committee).** During testimony, a Senator brought concerns before the Committee relating to the installation of National Oceanic and Atmospheric Administration (NOAA) sirens on

the communication towers owned by the agency in Meade County. The Committee flagged the item for Omnibus consideration pending rules and regulations to be submitted by the agency relating to the installation of the equipment.

*Staff explained that this item has already been addressed in **SB 517** with the caveat that the sirens that would be installed would be 800 megahertz.*

### **Kansas Bureau of Investigation**

**A. HB 2880.** **HB 2880** expands the law regarding the collection of blood and saliva specimens to include instances when an adult or a juvenile offender is found guilty of any felony and certain violations such as lewd and lascivious behavior, cruelty to animals, sexual battery, or criminal restraint, adultery, promoting prostitution, and unlawful sexual relations when the victim is less than 18 years of age. The agency estimates the \$55,000 (from the State General Fund) and 2.0 FTE positions would be necessary in FY 2003 to implement the provisions of the bill. In addition, the passage of HB 2880 would have an impact on the Judicial Branch. According to the Office of Judicial Administration, Court Services Officers are responsible for supervising all level 8, 9, and 10 felony offenders, some higher level offenders, and all misdemeanants. In most communities, offenders must submit samples at local health departments, hospitals, or private laboratories. Although the bill does not require Court Services Officers to accompany offenders, many health departments and other testing sites will not perform the sample collection unless the offender is accompanied by a Court Services Officer. The Office of Judicial Administration estimates that 17,720 offenders would be affected by passage of the bill, necessitating the addition of 4.5 FTE additional Court Services Officers at a cost of \$39,162 each, or a total of \$176,229 from the State General Fund.

*The Committee reviewed this item and took no action.*

**B. Funding for DNA Analysis Expenses (House Budget Committee).** In *the Governor's FY 2003 Budget Report*, \$162,000 was eliminated within the Laboratory Division. The agency stated that usage of DNA technology has become more prevalent, thus making its importance greater in the analysis of evidence. Correspondingly, costs incurred by the agency have increased (from \$400 to \$900 per case for the cost of consumables) as technology has improved. The agency stated that it uses a DNA analysis system which requires the use of patented consumables in doing DNA amplification and examinations. The agency indicates that the most expensive part of a DNA exam is the "liquid primer" which comes as part of a DNA kit containing 100 primers at \$40 each. On average, the agency performs about 15 examinations per rape case equaling \$600. The remaining \$300 is made up of disposable lab items such as other chemicals, pipettes, centrifuge tubes, quantitation kits. The House Budget Committee flagged this item for Omnibus consideration in the event additional funding was available. The Governor's FY 2003 recommendation for the Laboratory Division totals \$3,554,125 (\$2,622,490 from the State General Fund), a decrease of \$300,673 or 7.8 percent below the FY 2002 recommendation with the inclusion of pay plan adjustments and additional health insurance premium expenses.

*The Committee reviewed this item and took no action.*

**C. Restore Salary and Wages Funding (House Budget Committee).** During testimony, the Committee was informed that the funding for 5.0 FTE positions within the Administrative Division was eliminated in *the Governor's FY 2003 Budget Report* (\$181,478). The agency stated that the additional positions to be left vacant in FY 2003 would bring the total agency-wide to approximately 25.0 FTE. The House Budget Committee flagged the item for Omnibus consideration in the event additional funding was available to restore the vacant positions. The Governor's FY 2003 recommendation for the Administration/ Information Technology Division totals of \$6,279,344 (\$4,376,827 from the State General Fund). This is an decrease of \$234,244 or 3.6 percent below the FY 2002 recommendation with the inclusion of the annualization of pay plan adjustments and additional health insurance premium expenditures. Those were offset by the use of KSIP funds during the current year, and the Governor's recommended reduction in State

General Fund financing.

*The Committee reviewed this item and took no action.*

**D. Restore Operating Expenses with the Investigations Division (House Budget Committee).** During testimony, the Committee was informed that funding for operating expenses was eliminated in *the Governor's FY 2003 Budget Report* (\$148,472). The agency testified that in light of the events of September 11<sup>th</sup> and the continuing aftermath of those events, any reduction in Investigative funding reduces the agency's ability to respond to security issues and the investigative needs of law enforcement entities. The House Budget Committee flagged this item for Omnibus consideration in the event funding is available to restore the funding. The Governor's FY 2003 recommendation for the Investigation Division totals \$10,479,445 (\$5,404,820 from the State General Fund), an increase of \$1,263,192 or 13.7 percent above the FY 2002 recommendation. The increase can be mostly attributed to annualization of pay plan adjustments, health insurance premium expenditures, and additional aid to local units funding financed by federal grants.

Copies of a letter addressed to the Legislative Conference Committee from Larry Welch, Director, Kansas Bureau of Investigation ([Attachment 10](#)).

*The Committee reviewed this item but took no action.*

## Highway Patrol

**A. Increased Shrinkage (House Budget and Senate Subcommittee).** In *the Governor's FY 2003 Budget Report*, the agency's shrinkage percent was increased from 7.0 to 8.7 percent. Both Committees noted their concerns relating to the Governor's recommended increase in shrinkage savings in FY 2003. During testimony, the agency stated that if the current recommendation is adopted the Highway Patrol would not have adequate funding to finance the salaries and wages of 36 troopers positions (which is equal to the amount of trainees currently in a class at the Training Center in Salina). Additionally, the agency informed the Committees that any reduction in State General Fund financing impacts the number of troopers directly due to a majority of trooper salaries being funded by the State General Fund. The following table is provided detailing the shrinkage amount for FY 2002 and FY 2003.

Copies of the Kansas Highway Patrol, Contiguous State Service Comparisons, were distributed to the Committee ([Attachment 11](#)).

**Governor's Recommended Shrinkage Savings**

	Salaries	FY 2002 Shrinkage	Percent	Salaries	FY 2003 Shrinkage	Percent
CASP	\$ 681,906	\$ 92,057	13.5%	\$ 705,158	\$ 93,469	13.3%
Operations	25,640,277	2,316,656	9.0%	28,643,405	3,322,542	11.6%
MCSAP	2,327,298	0	0.0%	2,373,858	0	0.0%
Data Pro.	807,077	20,694	2.6%	847,308	20,943	2.5%
Turnpike	2,637,164	0	0.0%	2,653,825	0	0.0%
MCI	5,800,605	559,707	9.6%	6,546,924	372,748	5.7%
<b>TOTAL</b>	<b>\$ 37,894,327</b>	<b>\$ 2,989,114</b>	<b>7.9%</b>	<b>\$ 41,770,478</b>	<b>\$ 3,809,702</b>	<b>9.1%</b>
Off Budget	1,762,591	0	0.0%	1,802,740	0	0.0%
<b>COMP. TOTAL</b>	<b>\$ 39,656,918</b>	<b>\$ 2,989,114</b>	<b>7.5%</b>	<b>\$ 43,573,218</b>	<b>\$ 3,809,702</b>	<b>8.7%</b>

*The Committee reviewed this item but took no action.*

**B. Compensation for Kansas Speedway Expenses (House Budget and Senate Subcommittee).** The agency presented information during hearings relating to its involvement and expenses in providing services during Kansas Speedway Events. The agency noted that expenses incurred during those events were absorbed by the agency (\$120,000), and not reimburse by the Speedway or any entity affiliated with the track. Both Committees flagged the item for Omnibus consideration pending further information from the agency.

*Staff distributed copies of a letter that was addressed to the Senate Budget Solutions Working Group regarding State Costs Pertaining to the Initiation and Operation of the Kansas Speedway (Attachment 12). The Committee took no action on this item.*

**Item No. 9, Highway Patrol, Changing Expenditure Limitations, Division of the Budget Memorandum, page 5**

*The Committee agreed to change the expenditure limitations on the Motor Vehicle Fund and the Training Center Fund to no-limit.*

**Emergency Medical Services**

**A. Sub. for SB 508 (Conference). Sub. for SB 508** reduces the levy imposed on fire insurance premiums remitted to the Insurance Commissioner to support the operations of the State Fire Marshal from 1.25 percent to 1.0 percent of gross cash receipts on fire business in the state. The bill also directs that a 0.25 percent levy be remitted to the Insurance Commissioner to finance the operation of the Board of Emergency Medical Services. The House Committee on Appropriations amended the bill to add a two-year sunset provision, and increased the percentage of gross fee funds receipts (collected by selected state agencies) paid into the state treasury from 20 percent to 25 percent. Additionally, the House Committee of the Whole amended the bill to include the provisions of **HB 2991** which establishes a 12-member Kansas Fire Service Training Commission (in connection with the fire service training program currently in operation at the University of Kansas), and provides a transfer of \$750,000 from the Fire Marshal Fee Fund to finance the operation of the program.

*The Committee agreed with this item and took no action.*

**State Department of Education**

**A. Revised Estimate for KPERS-School.** The State of Kansas is required by KSA 2001 Supp. 74-4939 to pay the employer contribution on behalf of school districts, community colleges, and other educational entities for school employees covered by the Kansas Public Employees Retirement System (KPERS). Representatives of the State Department of Education, the Division of the Budget, the Legislative Research Department, and KPERS met on March 25, 2002, to review revised KPERS estimates for FY 2002. Billings are expected to total \$106,376,867 in FY 2002, compared to the appropriation of \$98,391,841, leaving a shortfall of \$7,985,026. The House Budget Committee, following its reconsideration of the State Department of Education's budget on April 12, recommended a supplemental appropriation of \$7,985,026 for KPERS-School. However, that recommendation was made too late to be considered by the House Appropriations Committee in its meeting of April 11.

*Staff explained that the Conference Committee decided to recommend the supplemental appropriation which is just under \$8.0 million dollars.*

**B. Teaching Excellence Awards Program.** The Senate Subcommittee on the budget of the State Department of Education recommended consideration of full funding for the Teaching Excellence Awards Program in the event the state's financial condition

improves. Under legislation enacted in 1999, teachers who attain National Board Certification are issued a master teacher's certificate by the State Board of Education, which is valid for ten years. A teacher employed by a Kansas school district who has attained National Board Certification will be paid an annual incentive bonus of \$1,000 for each year the certificate is valid. (The bonus must be paid by the employing school district, but the district may be reimbursed from the state aid program.) The amount of additional funding needed is \$16,000 in FY 2002 (from \$56,000 to \$72,000) and \$71,000 in FY 2003 (from \$56,000 to \$127,000). The House Budget Committee, following its reconsideration of the State Department of Education's budget on April 12, recommended the addition of \$16,000 for Teaching Excellence Awards in FY 2002 and \$71,000 in FY 2003. However, the recommendation was made too late to be considered by the House Appropriations Committee in its meeting of April 11.

*The Committee came to a consensus to add \$71,000 from the State General Fund for FY 2003 for the statutory Governor's Teaching Excellence Awards Program.*

**C. Mentor Teacher Grants.** The Senate Subcommittee on the budget of the State Department of Education recommended consideration of full funding for Mentor Teacher Grants in the event the state's financial condition improves. Under the program, experienced teachers may receive grants of \$1,000 to work with teachers who are in their three-year probationary period. The program was first funded in the current school year with \$1,000,000, which only provides for grants to teachers who mentor new teachers in their first year of teaching. The Governor recommends no funding for the program in FY 2003. Full funding for grants for mentors of teachers in the three-year probationary period would be \$2,500,000 in FY 2003. Grants for mentors of first-year teachers only would be \$1,000,000. The House Budget Committee, following its reconsideration of the State Department of Education's budget on April 12, recommended an appropriation of \$1,000,000 for Mentor Teacher Grants in FY 2003. However, that recommendation was made too late to be considered by the House Appropriations Committee in its meeting of April 11.

*The Committee came to a consensus to add \$290,000 from the Economic Development Initiatives Fund for Mentor Teacher Grants in FY 2003.*

**D. Agriculture in the Classroom.** The Senate Subcommittee on the budget of the State Department of Education recommended consideration of funding for Agriculture in the Classroom in the event the state's financial condition improves. Under the program, tuition is paid for teachers to attend continuing education programs in education and agriculture. The Kansas Foundation for Agriculture also sponsors a booth and mini-course during the Kansas State Fair. The program is funded with \$35,000 from the State General Fund in the current year, but the Governor does not provide any funding in FY 2003. The State Board of Education's FY 2003 request is \$40,000.

*The Committee came to a consensus to add \$35,000 from the State General Fund for Agriculture in the Classroom in FY 2003 for same level as the current year.*

**E. Other Recommendations by the House Budget Committee on Education.** The House Budget Committee on Education adopted the following recommendations on April 12, which were not reviewed by the full House Appropriations Committee:

- **Additional Funding for Juvenile Detention Facilities.** The funding formula for educational services provided students who reside in juvenile detention facilities is linked to the school finance formula. In order to conform the juvenile detention facilities state aid program to the Base State Aid Per Pupil (BSAPP) amount contained in HB 3008 (\$3,880), it would be necessary to add \$448,873 from the State General Fund in FY 2003, for a total of \$5,613,873. The Senate position would fully fund the program, based on current law.
- **Offset Money from the State General Fund.** The Budget Committee recommends that \$4,000,000 from the State General Fund for general state aid in FY 2003 be offset with the same amount from the Children's

Initiatives Fund, resulting in total expenditures for general state aid of \$1,795,941,430 from the State General Fund and \$8,500,000 from the Children's Initiatives Fund. The \$4,000,000 increase from the Children's Initiatives Fund generally corresponds to the fiscal impact of increasing the number of four-year-old at-risk children from 3,756 children in FY 2002 to 5,500 children in FY 2003, pursuant to legislation enacted by the 2001 Legislature.

*Staff explained that the Conference Committee made the recommendation to adopt the Senate position on base aid which is current law.*

Senator Huelskamp moved, with a second by Senator Jackson, to transfer approximately \$6.0 million dollars from the Kansas Endowment for Youth Fund to the State General Fund. Motion carried on a voice vote. Senator Barone and Senator Feleciano requested to be recorded as voting "No" on the motion.

**F. SB 375 (Law.)** **SB 375** eliminates a statutory requirement that community college boards and public school boards in districts having an early retirement incentive program must submit actuarial valuations at least once every three years. The bill replaces the actuarial report provision with a requirement that community colleges and school districts with early retirement incentive plans must submit a budget report, beginning in FY 2003 and then every three years thereafter, either to the State Board of Education for schools, or to the State Board of Regents for community colleges. Those two state entities are responsible for distributing and collecting a budget survey and for providing a summary report of findings to the Joint Committee on Pensions, Investments and Benefits. The bill becomes effective on July 1, 2002, with the first summary budget reports to the Joint Committee due by January 1, 2004. The State Department of Education estimates that printing and mailing copies of the new report would cost \$1,000 from the State General Fund in FY 2003. (The State Board of Regents has not submitted an estimate of costs attributable to the passage of SB 375.)

*The Committee reviewed this item and took no action.*

**G. Senate Sub. for HB 2094 (Conference).** **Senate Sub. for HB 2094** contains two policy issues, the result of being amended to include provisions of **HB 2759**, which pertains to juvenile detention facilities, and **SB 483**, which pertains to school districts crediting special education payments to their general funds for purposes of computing their local option budgets (LOB). The bill would define "juvenile detention facilities" generically to include (but not be limited to) any Level VI treatment facility licensed by the Kansas Department of Health and Environment. Most Level VI facilities already are included in current law, but there are three that are not. It is estimated that the additional cost of providing educational services to the approximately 100 students who reside in these three facilities in FY 2003 would be \$774,000. The issue pertaining to special education funding would provide that special education payments currently made to interlocals and sponsoring districts of cooperatives would instead be made to participating school districts, thereby increasing their LOB authority. However, a "hold harmless" provision is included for a school district that sponsored a special education cooperative in the 2001-02 school year and has a 25 percent LOB. The provision is that, if a school district's 25 percent LOB is less next year than its 25 percent LOB is this year, the district could add two-thirds of the difference to its 2002-03 LOB. For the following school year (2003-04), the district could add one-third of the difference between its 2003-04 LOB and its 2001-02 LOB. The State Department of Education estimates the additional cost for supplemental general state aid of this provision to be \$2,875,000 from the State General Fund in FY 2003. The House Budget Committee, following its reconsideration of the State Department of Education's budget on April 12, recommended that both provisions of **Senate Sub. for HB 2094** be funded, for a total of \$3,649,000 from the State General Fund in FY 2003. However, that recommendation was made too late to be considered by the House Appropriations Committee in its meeting of April 11.



*The Committee decided to put this item on hold.*

### **Schools for the Deaf and Blind**

**A. Reconsideration of Budget.** Both the Senate Subcommittee and the House Budget Committee that considered the budgets of the School for the Deaf in Olathe and the School for the Blind in Kansas City recommended that their budgets be reconsidered during the Omnibus Session. The Senate Subcommittee recommended further consideration in the event additional state resources are identified. The House Budget Committee recommended that, if teachers salaries in surrounding school districts are increased during the FY 2002-03 school year, teacher salaries at the schools should be increased the same amount so that the schools could remain competitive. According to the State Department of Education, teacher salaries in the Olathe and Kansas City areas could increase by 3 to 5 percent, which is higher than is estimated for the state as a whole. A 3 to 5 percent increase in instructional salaries in FY 2003 applied to the School for the Deaf would range from \$125,063 to \$208,438. A similar increase in FY 2003 for the School for the Blind would range from \$45,600 to \$76,000. Funding would be from the State General Fund.

*The Committee reviewed this item and took no action.*

### **State Board of Indigents' Defense Services**

**A. Funding Shortfall in the Current Year.** On April 15, the State Board of Indigents' Defense Services informed the Division of the Budget and the Legislative Research Department that it is facing a funding shortfall in the current year that likely will result in the inability to pay employee salaries and other expenses in the Death Penalty Defense Unit after May 10. Circumstances leading to the shortfall are described below, but the immediate action taken by the Executive Director of the Board was to request that the Governor authorize a transfer of \$200,000 from funds earmarked for assigned counsel to the Death Penalty Defense Unit and to renew her request for a supplemental appropriation of \$300,000, which would be used for assigned counsel payments. (An Executive Directive to transfer money from one fund to another could take place almost immediately, whereas a supplemental appropriation would not become effective in time to avert the shortfall in the Death Penalty Defense Unit. However, a supplemental appropriation would become effective in time to make assigned counsel payments in the current fiscal year.)

The Board requested a State General Fund supplemental appropriation of \$300,000 for the Death Penalty Defense Unit when it submitted its budget in September 2001. At that time, the request was based on a record number of capital cases in one fiscal year (14) and a backlog of expenses totaling \$100,000 that had been incurred in FY 2001 but not paid until the new fiscal year because of a lack of funds. The Governor did not approve the request. On December 28, 2001, following submission of the budget, the Kansas Supreme Court made a ruling in the Kleypas case that will result in that case and three other similarly affected capital cases having to be retried. The Board estimates the cost of the four retrials to be \$400,000, an expenditure that was not included in the budget as submitted. Neither House has recommended the supplemental appropriation, although the Senate Subcommittee that considered the Board's budget recommended that a \$300,000 State General Fund supplemental appropriation for the Death Penalty Defense Unit be considered in the Omnibus Bill and on April 11 the House Appropriations Committee adopted a recommendation by the House Budget Committee on the Board's budget that the House conferees on appropriations bills be instructed to take the requested supplemental appropriation under consideration.

Responding to the pending shortfall, on March 4, the Executive Director requested the Director of the Division of the Budget to facilitate an Executive Directive to transfer \$350,000 from funds earmarked for assigned counsel to the Death Penalty Defense Unit. The Governor responded by transferring only half of the requested amount (\$175,000). The transfer brought to \$1,548,690 the total amount available for the Death Penalty

Defense Unit in FY 2002, of which there was \$45,000 remaining on April 15. Remaining payroll is estimated to be \$119,000 and other operating expenditures that cannot be deferred until the next fiscal year or that already are in process total \$44,000. These amounts do not include billings by attorneys who have been retained under contract to assist in death penalty cases or for experts, such as persons familiar with scientific criminology techniques such as DNA testing. According to the Executive Director, failure to pay these experts could mean that they can refuse to perform any further work on cases or refuse to appear for trial. In summary, the requested transfer, if approved, would make a total of \$245,000 available for the remainder of the year, with known expenses equaling \$163,000, leaving \$82,000 for all other expenditures.

If the transfer is approved, the result would be a total of \$375,000 transferred from funds for assigned counsel to the Death Penalty Defense Unit, resulting in approximately one month's worth of assigned counsel payments due in FY 2002 having to be deferred until FY 2003. (The original approved amount for assigned counsel payments in FY 2002 was \$5,767,856, which has been reduced to \$5,592,856 by the March transfer of \$175,000 and would be further reduced to \$5,392,856 if the requested transfer of \$200,000 is approved. Actual expenditures for assigned counsel in FY 2001 were \$5,810,436.) Concerns raised by the Board that it could be challenged because the current rate of \$50 per hour paid assigned counsel has not been changed since 1987 have been realized, with the filing of a suit in district court contending that the rate is too low and requesting that it be raised to \$100. The requested supplemental appropriation of \$300,000 would not allow for all assigned counsel payments to be made in FY 2002, but would reduce the volume of payments that have to be delayed until FY 2003 from about one month's worth to about seven days' worth. According to the Executive Director, delaying payment to assigned counsel could make the Board more vulnerable to litigation because attorneys could argue that, not only is the rate too low, but payment is not received in a timely manner for services rendered.

*Staff explained that this item was taken care of in Conference Committee.*

**B. Additional Funding for Legal Services for Prisoners, Inc.** The Senate Subcommittee on the Board's budget recommended that additional funding for Legal Services for Prisoners, Inc., be considered in the Omnibus Bill. The Governor's recommendation cuts funding for Legal Services for Prisoners, Inc., in half, reducing it from \$497,218 in the current year to \$248,609 in FY 2003. A report of the Judicial Council, requested by the 2001 Legislature and released in December 2001, concludes: "If Legal Services for Prisoners, Inc., were to be eliminated or its budget reduced, the state would have to fund more extensive prison law libraries and paralegals, or increase BIDS' budget so that local attorneys could be appointed." The amount of money requested in FY 2003 is \$248,609 from the State General Fund, which would restore the budget to its current level. (The House restored the funding in HB 3008. However, to avoid adding money to the Governor's overall recommendation, the House reduced the money for assigned counsel by \$372,073 and used part of it for Legal Services for Prisoners, Inc.)

*Staff explained that this item was taken care of in Conference Committee.*

## **Judicial Branch**

**A. FY 2002 Supplemental Appropriation.** Both the House and the Senate have passed legislation containing a \$600,000 State General Fund supplemental appropriation for the Judicial Branch in order to avert a furlough of nonjudicial employees in FY 2002. (The House supplemental appropriation is contained in HB 2743 and the Senate amount is contained in SB 637, which is in the House Appropriations Committee.) On April 11, the House Appropriations Committee adopted a recommendation of the House Budget Committee on the Judicial Branch's budget that the supplemental appropriation be reduced to \$300,000 on the grounds that the surcharge on docket fees imposed by the Chief Justice became effective April 1, 2002, and additional revenues will be generated in FY 2002 that can be used to offset the amount of the supplemental appropriation that is needed.

*Staff explained that this item was taken care of in Conference Committee which approved the \$600,000 appropriation.*

**B. Reconsideration of Budget.** The Senate Subcommittee that reviewed the Judicial Branch's budget recommended that consideration be given to adding additional money to the Judicial Branch's budget for FY 2003 in the Omnibus Bill. (The amount under consideration at the time the Subcommittee made its recommendation was \$3,500,000.) In addition, the Senate Ways and Means Committee added to the list of items that should be considered in the Omnibus Bill the two district magistrate judge positions that had been approved by the Senate during the 2001 Session but had been eliminated in Conference Committee. The positions are for the 8<sup>th</sup> Judicial District (Dickinson, Geary, Marion, and Morris Counties) and the 9<sup>th</sup> Judicial District (Harvey and McPherson Counties). The salary for each position in FY 2003 would be \$59,559, all from the State General Fund. Subsequent to Senate Subcommittee action on the Judicial Branch's budget, the Chief Justice announced the imposition of a surcharge on docket fees that is estimated to generate \$3,500,000 in additional revenues for the Judicial Branch in FY 2003. In addition, in SB 640, the Senate deleted \$2,179,303 for judicial operating expenditures, for a total of \$78,900,471, which is the Governor's recommendation for the current year.

*The Committee reviewed this item and took no action.*

**C. HB 2880 (Conference).** HB 2880 (DNA specimens for convicted felons) is discussed under the Kansas Bureau of Investigation section of this memorandum, but the Office of Judicial Administration says passage of the bill would affect Court Service Officers and is estimating that 4.5 FTE additional Court Services Officers would have to be added in FY 2003, at a total cost of \$176,229 from the State General Fund.

*The Committee reviewed this item and took no action.*

## **Judicial Council**

**A. HB 2802 (Conference).** HB 2802 would provide an alternative source of funding for the Judicial Council. The Governor's "green book" recommendation included \$199,721 from the State General Fund for the Judicial Council in FY 2003, with which both houses have concurred. However, a later recommendation by the Governor to address the revenue shortfall by making further reductions in state government would have completely eliminated the Council. Responding to this recommendation, the Executive Director of the Council successfully appealed to legislators on the Senate Judiciary Committee to provide a funding alternative in the event the Governor's latest recommendation were to be adopted. The alternative, contained in HB 2802, provides for a \$.50 increase in docket fees for traffic cases and a \$1.00 increase for civil, criminal, and probate cases that will be effective for the three-year period from July 1, 2002, to June 30, 2005, if the Legislature does not appropriate at least \$199,721 from the State General Fund for each of these years. The docket fee increase is estimated to raise \$279,181 annually.

The primary issue to consider is whether to continue to fund the Judicial Council from the State General Fund or to use docket fee funding for the next three years. (The Council also receives funding from its Publications Fee Fund, estimated to be \$125,677 in FY 2003 under both the House and Senate recommendations.) Even if the decision is made to continue to fund the Council from the State General Fund, the Executive Director of the Council would like the "Judicial Council Fund" (the docket fee fund) to be appropriated so that if the Governor vetoes the State General Fund appropriation, the appropriations bill would contain the mechanism for the alternative docket fee funding. That fund could either have a "no limit" expenditure limitation, a limitation of \$199,721, or some other amount the Legislature approves. On April 11, the House Appropriations Committee adopted a recommendation of the House Budget Committee on the Judicial Council's budget that the Council continue to be funded from the State General Fund.

*The Committee came to a consensus to not add the Judicial Docket Fee Fund in the appropriations bill.*

## Attorney General

**A. Water Litigation.** Both the Senate Subcommittee and the House Budget Committee that reviewed the Attorney General's budget recommended that funding for water litigation with Colorado and Nebraska be considered in the Omnibus Bill. The Governor recommended no funding for Colorado water litigation in FY 2003. Although the case is nearing the end, the matter of current and future compliance with the Arkansas River Compact and determination of the amount of damages Colorado owes Kansas are yet unresolved and activities scheduled for FY 2003 include the Special Master's final report and preparation for oral argument before the United States Supreme Court. An earlier estimate of expenditures in FY 2003 of \$950,000 has been revised downward to \$815,000, of which \$309,224 could be funded from reappropriated balances. The remaining amount requested for FY 2003 is \$505,776, all from the State General Fund.

The Governor recommended funding of \$753,959 (State General Fund) for Nebraska water litigation in FY 2003, a year in which discovery and trial preparation are taking place. The cost of litigation activities has been revised downward from \$1,390,000 to \$1,070,000, which, taking into account the \$753,959 recommended by the Governor, leaves \$316,041 unfunded in FY 2003. According to representatives of the Attorney General, the Governor's recommended amount will fund activities until the 2003 Legislature is in session, at which time the \$316,041 could be appropriated as a supplemental appropriation.

Copies of a letter addressed to The Honorable Bill Graves, Governor, from Carla Stovall, Attorney General, dated April 5, 2002, regarding a FY 2003 Budget Amendment Request; Water litigation were distributed to the Committee (Attachment 13).

### **Item No. 3, Attorney General, Colorado Litigation, Division of the Budget Memorandum, Page 2**

### **Item No. 4, Attorney General, Nebraska Litigation, Division of the Budget Memorandum, Page 3**

*The Committee came to a consensus to hold on the Nebraska Litigation and add \$505,776 for FY 2003 for the Colorado Litigation.*

**B. House Sub. for Sub. for SB 296 (Conference).** House Sub. for Sub. for SB 296 establishes the Kansas No Call Act and redefines what constitutes an unsolicited telephone call in Kansas. (This memorandum discusses only those provisions of the bill that would have a fiscal impact on the Attorney General's Office.) Versions of the bill in conference committee would have different fiscal impacts on the Attorney General's Office, depending upon whether the Attorney General is only responsible for contracting with the Direct Marketing Association to take registrations and maintain the no-call list, as is the case in the House version of the bill, or whether consumers desiring to register may also contact the Attorney General directly to register their phone number, as the Senate version of the bill provides. The Attorney General also maintains that an affirmative defense provision, which is in both versions of the bill, would result in much more complex and costly investigation and litigation under the Senate version than under the House version. Finally, the House version of the bill allows the Attorney General to credit both fines and recouped fees and expenses to the Court Cost Fund to use for enforcement under the Act, while the Senate version would allow only recouped fees and expenses to be so deposited, resulting in an estimate of half the enforcement income. Under all versions of the bill being considered, the Attorney General would be responsible for enforcing the Act. According to the Attorney General, if registration is with the Direct Marketing Association only and the primary responsibility of the Attorney General's Office is to enforce the Act with the more limited version of the affirmative defense and increased enforcement income potential (*i.e.*, the House-passed version of the bill), there would be no additional fiscal impact to the State General Fund because fines and recouped fees and expenses would be approximately equal to the new enforcement costs resulting from the bill. These additional expenses are estimated to be

\$240,125 in FY 2003 and \$194,250 in FY 2004. The amount includes salaries for 4.0 unclassified temporary positions in the Consumer Protection Division and the Attorney General would use the existing balance in the Court Cost Fund to pay for startup costs prior to receipt of enforcement revenue. According to the Attorney General's Office, the fiscal impact of the Senate-passed version of the bill would be nearly twice this amount, and anticipated revenue half of that which it expects under the House-passed provisions. Enforcement income would be expected to fund only approximately one-fourth of the new costs, with remaining costs likely paid for all or in part from the State General Fund.

*The Committee reviewed this item and took no action.*

## **State Historical Society**

**A. Additional Funding for Security Services.** The Senate Subcommittee that considered the Historical Society's budget recommended that consideration be given in the Omnibus Bill to increasing the cost of security services provided by the Highway Patrol if the Legislature approves Highway Patrol salary increases. The Society contracts with the Highway Patrol for security services and, in the past, has had trouble fulfilling the contract when the salaries were increased during the period of the contract as the result of Legislative action. However, this apparently will not be a problem in FY 2003 because the Legislature has not approved a salary increase for the Highway Patrol.

*The Committee reviewed this item and took no action.*

**B. Other Items for Omnibus Consideration.** The House Budget Committee that considered the Historical Society's budget recommended that the following items be considered in the Omnibus Bill:

- \$50,000 from the State General Fund in FY 2003 for the Kansas Territorial Sesquicentennial Commission, pursuant to 2001 legislation that created the nine-member Kansas Territorial Sesquicentennial Commission. (This amount has been added by the Senate.)

*The Committee reviewed this item and took no action.*

- \$75,000 from the State General Fund in FY 2003 for emergency repairs. (This amount has been added by the Senate.)

*Staff explained that this was taken care of in Conference Committee in the amount of \$50,000.*

- \$50,000 from the State General Fund in FY 2003 for a grant to the Kansas Humanities Council for the "Kansas Chautauqua," a commemoration of the 150<sup>th</sup> anniversary of Kansas becoming a territory. Events will take place in Junction City, Colby, Fort Scott, and Lawrence. On April 11, the House Appropriations Committee adopted a recommendation of the Historical Society's House Budget Committee that consideration be given to adding the \$50,000.

*The Committee agreed to add the \$50,000, State General Fund, FY 2003, for the Kansas Humanities Council for funding of the "Kansas Chautauqua".*

- **House Proviso Concerning Historical Reenactments.** On April 11, the House Appropriations Committee adopted a recommendation of the House Budget Committee that considered the Historical Society's budget that House conferees with the Senate on the Historical Society's budget agree to delete the proviso withholding 10 percent of the Society's State General Fund appropriation for FY 2003 (\$582,586) unless the Society alters its policy regarding Civil War reenactments to permit portrayal of events in Kansas history that were violent. According to the

Historical Society, the December 2001 reenactment policy has been revoked and historically accurate reenactments will occur as they have in the past.

*The Committee reviewed this item and took no action.*

*Information was distributed by Staff regarding State General Fund Profile, Reflecting Conference Committee Action (In Millions) (Attachment 14).*

*Information was distributed by Staff regarding Conference Committee Adjustments to Governor's Recommendation (Reflects Conference Committee Adjustments for FY 2002 and FY 2003) (Attachment 15).*

Senator Barone moved, with a second by Senator Feleciano, to use **Senate Substitute for HB 2545** as the omnibus appropriations bill. Motion carried on a voice vote.

## **Postsecondary Education Systemwide**

**A. Funding Restorations and Enhancements.** Both the House Education Budget Committee and the Senate Ways and Means Subcommittee on Higher Education recommended consideration of the following State General Fund adjustments for FY 2003:

- Restoration of the base budget reductions included in the Governor's recommendations (\$27.1 million);
- Addition of funding to the state universities and Board Office for salary annualization, increased health insurance costs, and other salary costs which were received by other state agencies (\$14.3 million);
- Full funding of the 3rd year of SB 345 (\$45.1 million) including \$16.1 million for community colleges, \$13.4 million for state university faculty salaries, \$1.6 million for Washburn University and \$13.9 million for performance grant funding; and
- Funding for a 4.5 percent increase in the University Operating Grants as requested by the Board (\$25.7 million).

*The Committee reviewed this item and took no action.*

## **State Board of Regents**

**A. HB 2642 (Conference).** HB 2642 amends several provisions relating to educational assistance provided through the Kansas National Guard Educational Assistance Program. The majority of the changes are designed to improve client access to the program. In addition, the bill transfers responsibility for program administration to the State Board of Regents from the Adjutant General.

The Governor has recommended FY 2003 funding of \$229,598 from the State General Fund for educational benefits through the program in the budget of the Adjutant General. The House version of the budget adds \$243,342 from the EDIF for the program, while the Senate version of the budget flags the issue of funding restoration for Omnibus consideration.

The State Board of Regents indicates that administration of the program would require \$32,000 and 1.0 FTE position. Currently, the Adjutant General absorbs program

administration within existing resources.

In addition, the bill creates the Kansas National Guard Educational Assistance Program Repayment Fund to receive any repayments from persons who receive program assistance but do not fulfill their service obligation.

The Senate Committee of the Whole amended the bill with the provisions of **SB 393**. The amendment removes the limit on the number of new Teacher Service Scholarships which may be awarded annually. The Senate amendment does not in itself have a fiscal note.

*The Committee reviewed this item and took no action.*

**B. Sub. for HB 2872 (conference). Sub. for HB 2872** establishes the Workforce Development Loan Program, to be administered by the State Board of Regents. The Program would provide forgivable loans to Kansas residents for the cost of attendance at a postsecondary educational institution. The loans would be forgiven by living and working in Kansas in a field using the skills attained under the course of instruction for which the loan was received, at the rate of 1/4 of the total loan principal and interest per year. Persons who fail to meet their service commitment must repay the loan plus interest computed at the rate of interest earned on state idle funds plus 3.0 percent. The State Treasurer is charged with the responsibility for collection duties on loans in repayment status. Any loan repayments would be credited to the Workforce Development Loan Fund created by the bill.

Loans under the program are subject to available funding. The State Board of Regents is authorized to accept private donations for the program. The Senate version of the bill provides for transfers to the Workforce Development Loan Fund of \$500,000 of available federal Workforce Investment Act funds from the Department of Human Resources upon written approval from the United States Department of Labor. Up to \$500,000 may also be transferred to the Fund from federal funds available to the Department of Social and Rehabilitation Services for loan candidates who meet eligibility guidelines for federal funds administered by that agency. The House version of the bill capitalized the Fund with transfers for \$500,000 from federal funds available to the Department of Human Resources and the Department of Social and Rehabilitation Services.

The State Board of Regents indicates that program administration would require \$32,000 and 1.0 FTE position. The State Treasurer's Office indicates that support for the collection duties under the bill would unlikely be required until FY 2004.

*The Committee reviewed this item and took no action.*

**C. Transfer Proviso.** The Senate Ways and Means Subcommittee recommended Omnibus consideration of a proviso recommended by the Governor and included in the House version of the FY 2003 budget which would authorize the State Board of Regents to shift state funding between state universities, Washburn University, Community Colleges, and vocational/technical education institutions.

*The Committee reviewed this item and took no action.*

**D. Comprehensive Grant Program.** The House Education Budget Committee recommended that the level of funding for the Comprehensive Grant Program be considered at Omnibus. For FY 2003, the Governor's and the Senate's versions of the budget maintain level funding from state resources of \$11.0 million. The House version of the FY 2003 budget reduces this amount to \$10.4 million.

*The Committee reviewed this item and took no action.*

**Item No. 6, Board of Regents, Repeal Partnership for Faculty of Distinction Program Demand Transfer, Division of the Budget Memorandum, Page 4**

*The Committee came to a consensus to include this item to be counted.*

**Fort Hays State University** - *The Committee came to a consensus to authorize issuance of \$1.2 million in bonds in FY 2003 for renovations to the track and field facilities at Lewis Field Stadium after review by the Joint Committee on State Building Construction. The bonds will be repaid by student fees.*

## **Department of Administration**

### **A. Public Broadcasting Capital Equipment Needs (Senate Subcommittee).**

The Public Broadcasting Council, during its presentation to the Senate Subcommittee, noted two capital equipment projects that it had identified as critical needs. A total of \$114,099 was requested in FY 2003 as matching funds for the two equipment items. One is \$75,475 for replacement of a transmitter for High Plains Public Radio in Garden City and the other is \$38,624 for replacement of an antenna for Radio Kansas at Hutchinson. The funding requested would match federal funding available for the projects. The Subcommittee noted at the time it reviewed the budget that constraints on the budget meant there were no funds available to meet these needs. The Subcommittee recommended further consideration of this item after the March 2002 consensus estimates were available.

*The Committee took no action on this item..*

### **Item No. 1, Department of Administration, Workforce Safety Program, Division of the Budget Memorandum, page 2**

*The Committee agreed with this item to transfer 1.0 FTE position from the Department of Human Resources to the Department of Administration.*

### **Item No. 2, Department of Administration, State Buildings Insurance Premium, Division of the Budget Memorandum, page 2**

*The Committee came to a consensus to add \$300,000 State General Fund for the projected increases in premium costs for insurance for state buildings and authorize expenditures up to \$300,000 from the State Building Operating Fund for additional costs.*

## **Department of Wildlife and Parks**

**A. Omnibus Review Item – Additional Federal Funds** (House Appropriations Committee). The House Committee asked to review a plan from the agency of how it planned to use additional federal money (estimated \$1,000,000), and what role local matching money could play in providing additional outdoor and recreation grants to local units of government.

The agency has been notified that federal Land and Water Conservation Funds (LWCF) will total \$1,777,284, an increase in FY 2003 of \$1,025,992 more than included in the Governor's recommended expenditures of \$751,292 in the *Budget Report* (Green Book). In addition, FY 2002 federal funds have increased \$48,981, from \$1,131,069 recommended by the Governor to \$1,180,050. Additional federal funding will total \$1,074,973 from the LWCF. The agency proposes the following expenditures of new federal funds: In FY 2002, increase local aid by \$28,000 and capital improvements by \$20,981. In FY 2003, increase administration by \$800, local aid by \$183,192, and capital improvements by \$842,000. A Governor's budget amendment has been requested in an April 10, 2002, letter from the Secretary of Wildlife and Parks. No State General Fund match is requested for capital improvements, and the increased amount of local unit would be matched by those units which receive grants.



Federal Land and Water Conservation Funds (LWCF)	Gov. Rec. FY 2002	Revised FY 2002	Gov. Rec. FY 2003	Revised FY 2003
State Ops. – Administration	\$ 102,050	\$ 102,050	\$ 102,050	\$ 102,850
Local Aid	500,000	528,000	500,000	683,192
Capital Improvements	<u>529,019</u>	<u>550,000</u>	<u>149,242</u>	<u>991,242</u>
Totals	<u>\$ 1,131,069</u>	<u>\$ 1,180,050</u>	<u>\$ 751,292</u>	<u>\$ 1,777,284</u>

*The Committee agreed with this item to increase expenditures.*

*Information was distributed to the Committee regarding Comparison of LWCF Expenditures by Fiscal Year (Attachment 16).*

**Item No. 10, Department of Wildlife and Parks, Increased Federal Apportionment to Land and Water Conservation Fund, Division of the Budget Memorandum, page 5**

*The Committee agreed with this item to increase expenditures.*

**Kansas Lottery  
Kansas Racing and Gaming Commission**

**A. Gambling Legislation** (Pending). Both agencies would have significant administrative costs if a slots bill or electronic video bill were to be enacted this Session. **SB 662** and **HB 2183** are examples of pending legislation. The Legislature would need to consider appropriating the required funds, FTE positions, and operational framework for the agencies required to implement any new gambling legislation. Startup funds prior to gambling revenues becoming available would be required in order to hire staff and begin background investigations of contractors, suppliers, employees and owners of prospective gambling facilities. A financing source and transfer into any new administrative funds would need to be authorized by appropriating for this contingency.

*The Committee reviewed this item and took no action.*

**B. Tax on Lottery Tickets** (Conference Committee). **SB 472**, as amended by the House Committee of the Whole, would repeal on June 1, 2002, the sales tax exemption on lottery tickets. Sales tax receipts in FY 2003 are projected to increase \$10.136 million, of which \$9.619 million would be for the State General Fund and \$0.517 million for the State Highway Fund. The interstate agreement (KSA 74-8731) for creating a multistate lottery (known as MUSL) and the current MUSL regulations would require that any sale tax be paid from the \$1.00 purchase price of PowerBall or any MUSL products and that no sale tax may be added on to the \$1.00 price of a ticket. The Kansas Lottery either would have to pay taxes out of moneys collected for the sale of MUSL products or stop selling those tickets.

In FY 2002, MUSL product sales have totaled \$40.2 million through February, and for FY 2001, MUSL sales totaled \$43.4 million. In FY 2002, for instance, the state's 4.9 percent State General Fund rate would have required \$1.97 million be transferred from the Lottery Operating Fund to the State General Fund, and the quarter cent for the State Highway Fund would require \$0.101 million be transferred from the Lottery Operating Fund to the SHF. A total of \$2.071 million would not have been available to the Kansas Lottery for prizes and other administrative costs in FY 2002 to date.

*Copies of tentative language for the Omnibus Bill regarding the Lottery were distributed to the Committee (Attachment 17).*

**C. Omnibus Review Item – Lottery Sales** (House and Senate Committees).

Both House and Senate committees were concerned about whether lottery sales would produce the estimated revenue in FY 2002 for transfer to the State General Fund on June 25, 2002, of any amount above \$50.0 million that has been transferred to the SGRF. Sales have been lagging behind FY 2001 sales, and the Governor's estimated sales reflect a decrease from \$199.0 million in FY 2002 to \$193.5 million in FY 2003. Transfers to the SGRF were estimated in the Governor's FY 2003 Budget Report at \$59.25 million in FY 2002 and \$57.45 million in FY 2003.

Lottery transfers to the SGRF during the first 10 months totaled \$47.54 million. In order to reach the Governor's projected \$59.25 million in FY 2002, transfers totaling \$11.71 million must be achieved in the last two months of the fiscal year, or an average of \$5.85 million for the last two transfers. September 2001 reflects an extremely large PowerBall jackpot that caused sales to increase prior to that transfer. All other monthly transfers were considerably less than the average amount needed in the last six months in order to meet the Governor's recommendation.

FY 2002	July	Aug.	Sept.	Oct.	Nov.	Dec.
Lottery Transfers to SGRF*	\$4.27	\$4.08	\$8.13	\$4.28	\$4.18	\$4.12
	Jan.	Feb.	Mar.	Apr.	May	Jun.
Lottery Transfers to SGRF*	\$4.60	\$4.76	\$4.25	\$4.95	--	--

\* In millions.

Even reaching the Governor's FY 2003 estimated transfers of \$57.45 million during this fiscal year would require transfers averaging \$4.955 million. The Lottery Director in written materials provided to the House and Senate committees proposed a new method of calculating transfers in FY 2003. The method was recommended by the House Budget Committee and adopted by the House Appropriations Committee on April 11, 2002. The alternative proposal suggested by the Lottery Director would transfer to the SGRF not less than \$59.0 million in FY 2003, of which \$9.0 would be transferred to State General Fund. This proposal would yield an additional \$1,550,000 for the State General Fund above the Governor's FY 2003 recommendation based on SGRF transfers of \$57.45 million.

*The Committee reviewed this item and took no action.*

**Kansas Public Employees Retirement System (KPERs)**

**A. Funding Shortfall** (2001 SB 57 law). The 2001 Legislature appropriated \$105,154,561 from the State General Fund for KPERs--employer contributions in order to pay the State's liability for public school employee's retirement, death and disability benefits. Among the adjustments subsequently approved by the 2001 Legislature in HB 2283 was a reduction of \$6,762,720 from the KPERs--employer contributions State General Fund account in order to reflect a six months moratorium on death and disability contributions in FY 2002.

KPERs submitted to the Department of Education on Friday, March 29, 2002 four billings for FY 2002 payments and those billings indicate there is a shortfall of almost \$8.0 million in making the required payments after April 1 this fiscal year. As shown below, the billings and a later cleanup item for late June will total an estimated \$106,376,867 in FY 2002, or \$7,985,026 more than the State General Fund amount appropriated for KPERs school payments.

<u>KPERS School Liability</u>	<u>Totals</u>
FY 2002 Appropriation Amount (Dept. of Education)	\$ 98,391,841
FY 2002 KPERS Billings and Cleanup Amounts	<u>106,376,867</u>
Difference (Shortfall in Payments)	<u>\$ (7,985,026)</u>
Estimated Death and Disability Contribution Shortfall	\$ (4,951,595)
Estimated Retirement Contribution Shortfall	(3,033,431)

Under current law, KPERS may assess interest on any employer contributions that are more than three days in arrears. The current interest rate authorized for late payments is 7.25 percent by statute. **SB 640** and **HB 3008** include State General Fund appropriations for KPERS-employer contributions in FY 2003. Absent a supplemental appropriation in FY 2002, there is legal authority to pay the FY 2002 shortfall out of FY 2003 State General Fund appropriations. However, the issue of interest may not be reconciled without legislative intervention, either by substantive law or by proviso allowing interest to be paid. Current language in **SB 640** and **HB 3008** does not appear to allow for interest payments.

*Staff explained that this item was taken care of in Conference Committee in **SB 517**.*

**B. Death and Disability Moratorium (Conference Committee).** **Senate Sub for HB 2621** would suspend state and local employer contributions from July 1, 2002, to December 31, 2002. The Governor's proposal for FY 2003 would result in savings of approximately \$14.23 million, with \$11.12 million attributed to state savings and \$3.11 million attributed to local units of government and other KPERS participating employers. The fiscal note from the Budget Director indicated state and local savings due to the six months moratorium would be as follows:

<b>Financial Impact KPERS Employer Contributions for Death and Disability (In Millions)</b>	
<u>Employer Payments</u>	<u>Six Months Estimated FY 2003</u>
Participating Employer:	
State/School/Regents/Judges	\$ 11.12
Local Units	<u>3.11</u>
Total	<u>\$ 14.23</u>
State Financing:	
State General Fund	\$ 9.30
All Other State Funds	1.82

KPERS staff estimates the ending balance in the Group Insurance Reserve Fund will be \$122.8 million on June 30, 2002, and will decrease to \$99.1 million on June 30, 2003, if a six month moratorium were enacted in FY 2003, based on April 10, 2002 projections. Upon further review by KLRD staff, it appears that approximately \$1.9 million of savings is attributed to the Regents institutions, of which \$1.0 million is State General Fund and \$0.9 is non-State General Fund financing. The Governor's *FY 2003 Budget*

*Report* includes reductions for death and disability payments, except for the Regents operating grant and non-State General Fund amounts included in all agency budgets, including the Regents.

*Staff explained that this item was taken care of in Conference Committee in **SB 517**.*

**Item No. 5, Department of Human Resources, New Federal Funds for Unemployment Insurance, Division of the Budget Memorandum, page 5**

*Copies of the Reed Act federal guidelines were distributed to the Committee (Attachment 18).*

*The Committee recommended no action on this administrative cost item pending more information from the agency, but the benefits money should be included in the Senate's tracking of new expenditures for the \$74 million in FY 2003.*

**Department of Corrections and Correctional Facilities**

**A. Labette Men's and Women's Correctional Conservation Camps (House Budget Committee, Senate Committee).** The House Budget Committee noted concern that, if the two correctional conservation camps are closed, the reported \$2.8 million in savings in FY 2003 might not be realized. The Budget Committee noted that some of those formerly located at the camps would likely end up in county jails, which would further burden county taxpayers. Also, the community service work completed by inmates in the two camps either would not be done or would require paid staff to do the work. The Budget Committee expressed concern that these losses would likely offset any savings the state might receive by closing the facilities. The Senate Ways and Means Committee restored the funding for the two facilities.

*Staff explained that this item was taken care of in the Conference Committee in that this facility was restored.*

**B. Toronto (East) Unit Funding (House Budget Committee, Senate Subcommittee).** The House Budget Committee recommended the Legislature identify and appropriate moneys to keep the East Unit of the El Dorado Correctional Facility open. The Governor recommended closure of the facility, resulting in a decrease in funding of \$816,000 State General Fund in FY 2003. This amount represents 11 months of operations funding for the East Unit (one month's funding is included in the Governor's recommendation). The Senate Subcommittee recommended the Legislature consider retaining the East Unit, as well. The Subcommittee further recommended revisiting the issue at Omnibus, once the Department of Corrections has determined the need for additional medium-custody beds and the resulting effects, if any, on the Kansas correctional system's supply of minimum-custody beds. Subsequent to the Senate Subcommittee recommendation, the Senate Ways and Means Committee restored the funding.

*Staff explained that this item was taken care of in the Conference Committee in that this facility was restored.*

**C. Osawatomie Unit Funding (House Budget Committee, Senate Subcommittee).** The House Budget Committee directed the Secretary of Corrections to prepare a plan for transferring funds from other areas of the Corrections budgets to keep the Osawatomie Unit of the Lansing Correctional Facility open and report back to the Budget Committee at Omnibus. The Secretary of Corrections has the authority to shift funds to accomplish this purpose. The Governor recommended closure of the facility, resulting in a decrease in funding of \$990,960 State General Fund in FY 2003. This amount represents 11 months of operations funding for the Osawatomie Unit (one month's funding is included in the Governor's recommendation). The Senate Subcommittee recommended the Legislature consider retaining the Osawatomie Unit. The Subcommittee further recommended revisiting the issue at Omnibus, once the Department of

Corrections has determined the need for additional medium-custody beds and the resulting effects, if any, on the Kansas correctional system's supply of minimum-custody beds. Subsequent to the Senate Subcommittee recommendation, the Senate Ways and Means Committee restored the funding.

*Staff explained that this item was taken care of in the Conference Committee in that this facility was restored.*

**D. Stockton Unit Funding (House Budget Committee, Senate Subcommittee).** The House Budget Committee recommended the Legislature identify and appropriate moneys to keep the Stockton Unit of the Norton Correctional Facility open. The Governor recommended closure of the facility, resulting in a decrease in funding of \$1,298,000 State General Fund in FY 2003. This amount represents 11 months of operations funding for the Stockton Unit (one month's funding is included in the Governor's recommendation). The Senate Subcommittee recommended the Legislature consider retaining the Stockton Unit, as well. The Subcommittee further recommended revisiting the issue at Omnibus, once the Department of Corrections has determined the need for additional medium-custody beds and the resulting effects, if any, on the Kansas correctional system's supply of minimum-custody beds. Subsequent to the Senate Subcommittee recommendation, the Senate Ways and Means Committee restored the funding.

*Staff explained that this item was taken care of in the Conference Committee in that this facility was restored.*

**E. Community Corrections Funding for Adult Intensive Supervision Basic Grants (House Budget Committee).** The House Budget Committee recommended reviewing the reduction of \$1,000,000 (State General Fund) from Community Corrections funding in FY 2003 for adult intensive supervision basic grants, if additional resources become available. In FY 2002 the Department of Corrections awarded \$12,466,200 in basic grants to 31 local entities statewide. The Governor's FY 2003 recommendation is for \$11,491,200. These grants provide for community control and rehabilitative interventions that rely on individualized supervision plans for the participants. The services include mental health counseling, substance abuse counseling and treatment, employment assistance, educational/vocational assistance, and others. The Budget Committee noted the eight percent reduction in these grants will mean higher caseloads, which will in turn result in services that are less individualized and consequently less effective in preventing inmates' return to the prison system. The Senate Subcommittee recommended restoring approximately \$880,000 of the funding from moneys recouped and generated through other actions. Subsequent to the Senate Subcommittee recommendation, the Senate Committee of the Whole restored \$500,000 instead.

*The Committee reviewed this item and took no action.*

**F. Community Corrections Funding for Condition Violator Grants (House Budget Committee).** The House Budget Committee recommended reviewing the elimination of the entire \$750,000 (State General Fund) in FY 2003 for condition violator grants designed to divert offenders from prison. The grant program, which has been in place since 1998, awards funding to local programs that focus on the retention in the community of those who violate conditions of probation. The House Budget Committee noted that, as a result, the program has provided viable, successful and less expensive alternatives to placing these individuals inside one the state correctional facilities. The Senate Subcommittee recommended restoring \$700,000 from moneys recouped and generated through other actions. Subsequent to the Senate Subcommittee recommendation, the Senate Ways and Means Committee restored \$350,000, and the Senate Committee of the Whole restored the remaining \$400,000 (all from the State General Fund).

*The Committee reviewed this item and took no action.*

**G. Offender Programs Funding for Contracted Substance Abuse Treatment**

**in the Facilities (House Budget Committee).** The House Budget Committee recommended reviewing the reduction of \$1,033,338 (State General Fund) in FY 2003 from the Offender Programs funding amount required to maintain current services. The Department of Corrections eliminated the funding request for all of the 180 contracted substance abuse treatment slots inside the correctional facilities, as part of its suggestion to meet the allocated resources budget. The agency then included an enhancement request to restore the funding. Excluding the enhancement request, the funding request of \$11,303,165 is a reduction of \$631,725, or 5.3 percent, from the FY 2002 amount. The treatment program proposed for elimination provides structured, intensive drug treatment, including primary care and relapse prevention services. The Budget Committee noted the program is an important aspect of the Department's rehabilitative program. The Senate Subcommittee recommended restoring \$600,000 of the funding from moneys recouped and generated through other actions. Subsequent to the Senate Subcommittee recommendation, the Senate Committee of the Whole restored \$500,000 (State General Fund) instead.

*The Committee reviewed this item and took no action.*

**H. SB 95 (Law).** **SB 95** enacts the interstate compact for adult supervision. The compact would, among other tasks, establish an interstate commission to develop procedures for the transfer of offender supervision responsibilities from one compact state to another; ensure opportunity for victim notification and victim input; establish a system for uniform data collection and access to information; monitor compliance; and coordinate training and education. Although no impact will result in FY 2002, as of April 22, 2002, twenty-nine of the required 35 states had ratified the compact. Another two states are awaiting their Governors' signatures, and nine states' measures have passed one chamber and are awaiting action in the second. The bill will eventually result in additional funds being needed because more authority is delegated to the interstate commission, but without experience it is difficult to make a meaningful estimation of total costs. KDOC stated that three operational areas might be affected by the bill: (1) modification of data collection and reporting practices would require some additional funds; (2) there would be a fiscal effect in the supervision of misdemeanants; and (3) the bill requires the establishment of a new state council, which would require some associated support costs - at a minimum, including travel and per diem subsistence expenses. KDOC reported the Council of State Governments estimates that approximately \$25,000 (State General Fund) in FY 2003 will be needed for the annual assessment for membership in the Interstate Commission for Adult Offender Supervision, beginning in FY 2003.

*The Committee reviewed this item and took no action.*

**Item No. 7, Department of Corrections, Reallocating Debt Service Savings, Division of the Budget Memorandum, page 4**

*The Committee came to a consensus to hold the \$228,000 and watch this item, and add on the Senate floor if the House does not pass **SB 652**.*

*Copies of a letter addressed to the Kansas Legislative Research Department from the Secretary of Corrections regarding three amendments for appropriations related to capital improvements were distributed to the Committee (Attachment 19).*

*The Committee came to a consensus to approve the three amendments for appropriations regarding the capital improvements.*

**State Library**

**A. Aid To Local Libraries (House Budget Committee).** The House Budget Committee recommends that the budget for the State Library be reconsidered in the Omnibus Bill. In particular, the Budget Committee recommends the reconsideration of the restoration of the 4.0 percent reduction in aid to local libraries totaling \$152,696 from the State General Fund in FY 2003. The reduction, according to the agency, would

reduce the capability of libraries to provide hours of service, information technology, and maintenance or library service. The reduction of the funding for the Interlibrary Loan Development Program, according to the agency, would reduce the number of books purchased to maintain the up-to-date condition of local library holdings.

*Staff explained that this item was taken care of in Conference Committee.*

**Kansas Arts Commission**

**A. Aid to Local Units and Qualified Non-state Organizations. (House Budget Committee).** The Budget Committee recommends that the budget for the Kansas Arts Commission be reconsidered in the Omnibus Bill. In particular, the Budget Committee recommended the reconsideration of the restoration of the 4.0 percent reduction in aid to local units and qualified non-state organizations totaling \$66,034 from the State General Fund in FY 2003. The agency states that for every dollar of reduction for aid to local units from the State General Fund results in a \$19 loss in arts programming and Kansas' revenue.

*Staff explained that this item was taken care of in Conference Committee.*

**Mental Health Institutions**

**A. Teacher Salary Increases.** The Governor's recommendation and legislative action to date for FY 2003 includes teacher salary increases within the education contracts. The education contracts in the FY 2003 budgets show teacher salary increases or decreases at the following percentages: 4.9 percent increase at Kansas Neurological Institute, a 0.0 percent change at Parsons State Hospital and Training Center, and a 12.6 percent decrease at Larned State Hospital (reflecting the opening of the new Larned Juvenile Correctional Facility which will assume some of the agency's educational operations). Rainbow Mental Health Facility also has an education contract, but due to the nature of the contract, an adjustment is not necessary. The following table illustrates the adjustment necessary to provide uniform salary increases across the institutions. The Department of Education estimates an average statewide salary increase for teachers of 2.5 percent.

Percent Increase	Kansas Neurological Institute	Parsons State Hospital and Training Center	Larned State Hospital	Total
0.5%	\$ (10,279)	\$ 2,072	\$ (788,242)	(796,449)
1.0%	(9,114)	4,144	(784,348)	(789,318)
1.5%	(7,949)	6,217	(780,453)	(782,185)
2.0%	(6,785)	8,289	(776,559)	(775,055)
2.5%	(5,620)	10,361	(772,665)	(767,924)
3.0%	(4,455)	12,433	(768,770)	(760,792)
3.5%	(3,290)	14,505	(764,876)	(753,661)
4.0%	(2,125)	16,578	(760,981)	(746,528)
4.5%	(960)	18,650	(757,087)	(739,397)
5.0%	205	20,722	(753,193)	(732,266)
5.5%	1,369	22,794	(749,298)	(725,135)
6.0%	2,534	24,867	(745,404)	(718,003)
6.5%	3,699	26,939	(741,509)	(710,871)

7.0%                      4,864                      29,011                      (737,615)                      (703,740)

*Copies of the Mental Health Institutions Teacher Salary Increases were distributed to the Committee (Attachment 20).*

*The Committee came to a consensus to add the \$152,305 back in for Larned State Hospital to reflect the delay of opening the Larned Juvenile Correctional Facility in FY 2003 regarding teacher salary increases.*

**B. Categorical Aid.** For FY 2002, the budgeted school contracts for the institutions include categorical aid based on a rate of \$19,300 for Kansas Neurological Institute, \$19,300 for Parsons State Hospital and Training Center, and \$20,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health facility is not necessary. The current FY 2002 categorical aid rate per eligible teaching unit is estimated to be at \$19,300. If this rate is maintained, the school contracts for FY 2002 at the institutions would need adjustments. The table below identifies the State General Fund adjustment required.

<u>Institution</u>	<u>FY 2002 Change</u>
Kansas Neurological Institute	\$ (1,320)
Parsons State Hospital and Training Center	2
Larned State Hospital	<u>(6,657)</u>
TOTAL	<u>\$ (7,975)</u>

For FY 2003, the categorical aid rate was budgeted at \$19,700 for Kansas Neurological Institute, \$19,300 for Parsons State Hospital and Training Center, and \$20,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. The current FY 2003 categorical aid rate is estimated to be at \$19,685. The table below identifies the State General Fund adjustments required.

<u>Institution</u>	<u>FY 2003 Change</u>
Kansas Neurological Institute	\$ (49)
Parsons State Hospital and Training Center	2,237
Larned State Hospital	<u>(2,996)</u>
TOTAL	<u>\$ (808)</u>

*The Committee came to a consensus to add the categorical aid rates back in.*



## **Board of Cosmetology**

**A. House Substitute for SB 643 (Conference).** The Senate version of **SB 643** eliminated the Board of Cosmetology and the Board of Cosmetology Fee Fund and placed the daily operations of the Cosmetology with the Kansas Department of Health and Environment. The House passed a substitute version restoring the Board of Cosmetology and Board of Cosmetology Fee Fund.

*The Committee reviewed this item and took no action.*

## **Secretary of State**

**A. Census Adjustment Vendor Payment (Senate Subcommittee).** The Senate Subcommittee recommended reviewing the possibility of adding \$22,909 State General Fund in FY 2002 for the second half of the final census adjustment vendor payment. One half of the payment was appropriated by the 2001 Legislature.

*The Committee reviewed this item and took no action.*

**B. Senate Bill 502 (Conference).** **SB 502** would make several changes to Kansas election laws. Among these changes is a requirement that a list of voters' rights and responsibilities be posted in every voting place at every election. The agency has stated that bill doesn't specify whether the Secretary of State or the counties would be responsible for printing the list, but that the agency would provide them in the first year provided funding is available. The agency estimates printing costs of \$1,500-\$2,900 State General Fund in FY 2003.

*The Committee reviewed this item and took no action.*

## **Kansas Technology Enterprise Corporation**

**A. Potential Release of Encumbrances (Senate Subcommittee).** The Senate Subcommittee recommended that the agency review encumbered balances from previous years to determine if any could be released for use in FY 2003.

*Copies of a letter addressed to the Kansas Legislative Research Department from Lori Rost, Director of Finance, Kansas Technology Enterprise Corporation regarding released encumbrances was distributed to the Committee (Attachment 21).*

*It was mentioned that it was the intent to sweep this item to zero and was the Committee's consensus to do so.*

## **Commission on Veterans' Affairs**

**A. Shrinkage Rate at the Soldiers' Home (House Budget Committee).** The Budget Committee recommended that the issue of additional funding to reduce the shrinkage rate in both FY 2002 and FY 2003 at the Soldiers' Home be given a high priority should additional funds be available. The agency stated that the rates in the Governor's recommendation could result in employee furloughs or layoffs and possible loss of accreditation. The table below outlines the shrinkage rates and the State General Fund amounts needed to achieve those rates.

<u>Fiscal Year</u>	<u>Governor's Recommended Shrinkage Rate</u>	<u>Agency's Requested Shrinkage Rate</u>	<u>Amount</u>
FY 2002	14.7%	10.0%	\$ 205,569
FY 2003	19.8	10.1	<u>440,844</u>
TOTAL			<u>\$ 646,413</u>

*The Committee reviewed this item.*

**B. FTE Positions for the Veterans' Cemeteries Subprogram (Senate Subcommittee and House Budget Committee).** The Senate Subcommittee and the House Budget Committee recommended reviewing the possibility of adding \$91,193 State General Fund and 3.0 FTE positions in FY 2003 to fund and staff the Veterans' Cemeteries subprogram. The cemeteries at Fort Dodge and WaKeeney are scheduled to open during FY 2003. The Governor's recommendation included \$17,745 in federal funding for the operations of the cemeteries.

*The Committee came to a consensus to add \$45,597 and 3.0 FTE positions to fund the State Veterans' Cemeteries subprogram.*

**C. Closure of Veterans Services Representative Offices (Senate Subcommittee and House Budget Committee).** The Senate Subcommittee and the House Budget Committee recommended a review restoration of \$70,980 State General Fund in FY 2003 to maintain the Veterans Services Representative offices in Lawrence and Independence. Closure of two offices was included as part of the agency's reduced resources budget submission, but the agency did not specify the two to be closed. The Governor's recommendation did designate the Lawrence and Independence offices, but did reduce funding by that amount.

*The Committee came to a consensus to maintain the two Veterans' Services Representative offices and keep them open.*

## **Department of Health and Environment**

**A. Shortfall in AIDS Drug Assistance Program (Senate Committee).** The Senate Subcommittee recommended the addition of \$1,000,000 from the agency's fee funds to address the shortfall in FY 2002 in the AIDS Drug Assistance Program. The Senate Committee deleted the funding and recommended a review at Omnibus. The Senate Committee subsequently used the balances of the fee funds for other purposes.

*The Committee reviewed this item and took no action.*

**B. Funding for Public Health Departments (Senate Committee and House Budget Committee).** The Senate Subcommittee recommended the addition of \$1,250,000 from the agency's fee funds to provide additional funding in FY 2003 for local health departments through the general assistance formula. The Senate Committee deleted the funding and recommended a review at Omnibus. The Senate Committee subsequently used the balances of the fee funds for other purposes. The House Budget Committee recommended a review of potential sources for additional funding.

*The Committee reviewed this item and took no action.*

**C. Transfer of AIDS Drug Assistance Program to the Department of Social and Rehabilitation Services (Senate Subcommittee).** The Senate Subcommittee

requested that the Department of Health and Environment and the Department of Social and Rehabilitation Services present information on the possibility of transferring the AIDS Drug Assistance Program to take advantage of economies in drug purchases by partnering the program with Medicaid drug purchasing.

*Staff explained that this item was taken care of in Conference Committee.*

**D. Enhancement Requests (House Budget Committee).** The House Budget Committee recommended a review of the agency's enhancement requests for an obesity prevention program (\$186,660 State General Fund) and varicella (chickenpox) immunizations (\$176,166 State General Fund). The Budget Committee also recommended that the review include the possibility of combining the two enhancement requests with the HealthWave Outreach Program in FY 2003.

*The Committee reviewed this item and took no action.*

**E. Use of Anticipated Federal Bioterrorism Funds (House Budget Committee).** The House Budget Committee recommended a review of the expected uses in both FY 2002 and FY 2003 of an anticipated \$12.3 million in federal bioterrorism funds.

*The Committee reviewed this item and took no action.*

**F. Informational Items (House Budget Committee).** The House Budget Committee requested several items of information from the agency 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.

*The Committee reviewed this item and took no action.*

**G. House Substitute for Senate Bill 643 (Conference).** House Substitute for SB 643 would amend statutes related to the Board of Cosmetology by expanding the powers of the Board and the scope of practice for certain persons licensed by the Board. The bill also would delay until July 1, 2003, the transfer of responsibility for licensing and regulation of tattooing and permanent color technology and body piercing from the Board of Cosmetology to the Department of Health and Environment. The House version of the bill has no fiscal impact.

Senate Bill 643 would abolish the Board of Cosmetology and transfer the statutory powers and duties to the Department of Health and Environment as of July 1, 2003. KDHE estimates that passage of the Senate version of the bill would require \$42,436 and an additional 1.0 FTE for the second half of FY 2003 to plan the transition. The agency's fiscal impact statement did not specify the source of the additional funds due to incomplete knowledge concerning the balance of the Cosmetology Fee Fund. The Governor's recommendation for FY 2003 estimates an ending balance for the Cosmetology Fee Fund of \$248,766.

*The Committee reviewed this item and took no action.*

**H. Senate Substitute for House Bill 2154 (Conference).** The bill would add attempt to commit, conspiracy to commit, and criminal solicitation to commit to the list of crimes for which conviction would bar a person from employment with an adult care home or home health agency. The bill would also modify the type of information which the Department of Health and Environment must provide and the time frame in which that information must be provided to operators of adult care homes or home health agencies. A response would be required on every criminal background check requested whether a criminal history was found or not. The fiscal impact is estimated by KDHE to be \$69,080 State General Fund and 1.0 FTE position in FY 2003.

*The Committee reviewed this item and took no action.*

Senator Schodorf moved, with a second by Senator Jackson, to recommend **Senate Substitute for HB 2545** as the 2002 Omnibus Appropriations Bill favorably for passage as amended. Motion carried on a roll call vote.

Chairman Morris thanked the Committee for all the good work. The meeting adjourned at 11:50 a.m. on the morning of Saturday, April 27, 2002. The next meeting is scheduled for May 1, 2002.

**SENATE WAYS AND MEANS COMMITTEE  
GUEST LIST**

DATE April 26, 2002

NAME	REPRESENTING
Dick Koerth	KDWP
Dave Wilson	KAC
Bill Watts	KDOT
Wally W. Sparell	Judicial Council
Ron Rost	KTEC
Alan Campbell	AG Office
Debed Trideaux	FHSP
<del>Don Holcomb</del>	Heinold Firm
Mike Huttles	FIRSTGUARD
John Peterson	Ks. Gov't Consulting
Don Ryan	S. FAK
Wayne Belg	KAVA
Christi Stewart	Ks motor carriers assoc.
ERIC Sexton	Wsu
Debra Duncan	KAHD
George Teagarden	KAHD
Joe L. Ford	KWO
Jerry Sloan	Judicial Branch
Kim Fowler	" "
Kipley Bortner	" "
Lisa McDonald	KACIL
Chris Bruner	KASIS





April 26, 2002

## ITEMS FOR OMNIBUS CONSIDERATION

### Department of Social and Rehabilitation Services

**A. Means Testing (House Committee).** The House Committee recommended Omnibus review of the use of means testing for all non-Medicaid programs that receive state aid and State General Fund money, to assure that the most needy Kansans will be served first.

**B. Person Centered Plan of Care (House Committee).** The House Committee recommended Omnibus review of the reduction of the Pharmacy budget for nursing facilities of \$20.3 million State General Fund (\$50.8 million all funds) by one quarter for savings related to the implementation of a person centered plan of care. The Committee recommended the agency explore the implementation of a patient centered plan of care, which allows nursing facility residents to decide when they sleep, when they eat, and what types of recreation they engage in. A Missouri facility has implemented a similar pilot project and achieved a 50 percent reduction in its facility pharmacy budget.

**C. Nursing Facilities for Mental Health (House Committee).** The House Committee requested an Omnibus report from the Secretary of SRS regarding any plans to close beds in the Nursing Facilities for Mental Health and State Hospitals, and submit plans on how services will be provided to those moving from institutions into communities.

**D. HCBS/DD and PD Attendant Rates (House Committee).** The House Committee requested an Omnibus report from SRS on the equalization of hourly rates paid to attendants under the HCBS/DD and PD waiver. The current PD waiver rate maximums of \$11.94/hour for self-directed care (consumer controls selections, etc., of personal care staff) and \$12.82/hour for non-self-directed care (an agency takes care of personal care staff). The current DD waiver maximum is \$10.40/hour. Part of the difference in PD and DD attendant care rates can be attributed to the inclusion of some administrative costs in the PD rate.

**E. Adoption Contract (House Committee).** The House Committee requested an Omnibus report from the Kansas Children's Service League regarding children on the adoption contract who have significant barriers to adoption.

**F. Maximization of Medicaid Funds (House Committee).** The House Committee requested an Omnibus report from SRS on further maximization of Medicaid funds for community services.

**G. Pharmacy Dispensing Fee (Senate Committee).** The Senate Committee recommended Omnibus consideration of the reduction of the pharmacy dispensing fee paid

*Senate Ways and Means  
4-26, 27-02  
Attachment 1*



by SRS to pharmacists from \$4.50 to \$4.00 in the Governor's budget. The Committee recommended maintaining the fee at \$4.50 if funding is available. The Committee does not feel that the reduction of the pharmacy dispensing fee from \$4.50 to \$4.00 recommended by the Governor is warranted, given the reduction in fees in FY 2001 from an average of \$4.95 to \$4.50. The Committee recommends review of this item for additional funding to maintain pharmacy fees at the current level if resources become available.

**H. Family Preservation (Senate Committee).** The Senate Committee recommended Omnibus consideration of funding for Family Preservation Services. Family Preservation Services are intensive in-home services offered to families to prevent having a child come into the custody of SRS and removed from their home. For the last few years, the use of Family Preservation Services has been consistently expanding. To stay within the current appropriation of \$10.2 million all funds, the maximum allocation of referrals would be 2,686 referrals. The Committee noted that the Governor targeted Family Preservation in his restoration package for \$2.0 million State General Fund. This is a high priority item and the Committee believes it should receive consideration if additional resources are available.

**I. Development Disability Community Grants (Senate Committee).** The Senate Committee recommended Omnibus consideration of funding for Developmental Disability Grants. Developmental Disability Grants are discretionary grants to fund services to persons who are developmentally disabled, but do not qualify for institutional placement. The Governor reduced Developmental Disability Community Grants by 25.0 percent from the FY 2002 recommendation of \$12.3 million State General Fund (\$20.0 million all funds) to \$10.8 million State General Fund (\$18.4 million all funds) in FY 2003, a reduction of \$1.5 million State General Fund. This reduction would mean that approximately 80 persons with developmental disabilities would lose community services, according to the agency. The Committee recognizes the importance of these services and recommends additional funding if resources are available.

**J. Community Mental Health Grants (Senate Committee).** The Senate Committee recommended Omnibus consideration of funding for Community Mental Health Grants. Community Mental Health grants support community mental health services for persons who are uninsured, with no coverage from state benefits like Medicaid. The grants are discretionary, and the Governor has recommended a reduction of 30.0 percent from the FY 2002 recommendation of \$29.5 million State General Fund, or \$3,070,000 State General Fund. This cut reduces mental health services to those with no other resources. Community Mental Health Centers (CMHC's) are statutorily required to serve persons regardless of their ability to pay for services. The reduction in funding makes it difficult for the CMHC's to provide those services. Recognizing this difficulty, the Committee recommends additional funding if resources are available.

**K. Funeral Assistance (Senate Committee).** The Senate Committee recommended Omnibus consideration of funding for the Funeral Assistance program. The Funeral Assistance program provides limited assistance to families receiving TAF, GA, Food Stamps or Medicaid for a modest funeral and cemetery expenses when there is a death in the family. For FY 2001 the total cost of the program was \$466,454 State General Fund for 881 burials with an average cost of \$545 per burial. As of April, 2002, this program has

been eliminated from the agency's budget. The Committee recommends additional funding if resources are available.

**L. Home and Community Based Services (HCBS) Waiver Waiting Lists (Senate Committee).** The Senate Committee recommended Omnibus consideration of funding for HCBS Waiver Waiting Lists. HCBS Waivers allow persons who are capable, with assistance, to live in their own home and community, rather than in an institutional setting. Access to waiver services is limited by funding for those services. Funding for HCBS/DD waiver is \$36.1 million State General Fund (\$196.6 million all funds) for FY 2002 and \$26.3 million State General Fund (\$198.8 million all funds) for FY 2003. The agency estimates that the HCBS/DD Waiver waiting list will increase to 680 persons by the end of FY 2003. Funding for the HCBS/PD waiver is \$9.6 million State General Fund (\$61.3 million all funds) for FY 2002 and \$8.4 million State General Fund (\$58.4 million all funds) for FY 2003. The HCBS/PD Waiver waiting list will increase to 682 during the same time period. The Governor's enhanced budget includes an additional \$5.0 million State General Fund and \$12.5 million all funds which would decrease the HCBS/DD waiting list by 250 persons and the HCBS/PD waiting list by 300 persons. The Committee recommends additional funding if resources are available.

#### **Department on Aging**

**A. Senior Care Act/PASARR Score (House Committee).** The House Committee recommended Omnibus review of Senior Care Act funding. The Committee recommended reviewing the PASARR (Pre-Admission and Resident Review) score and possibly raising the score to 50 if additional funds were unavailable at Omnibus. This would decrease the number eligible for nursing facilities and waiver services, resulting in a savings of approximately \$4.5 million State General Fund which then be expended in the Senior Care Act to serve those persons. The Senior Care Act is funded by the Governor at \$8.1 million State General Fund for FY 2002 and \$3.6 million State General Fund for FY 2003.

**B. Co-Pays for HCBS/FE and Senior Care Act (House Committee).** The House Committee recommended Omnibus review of co-pays for Home and Community Based Services for the Frail Elderly (HCBS/FE) Waiver and Senior Care Act services and asked the agency to report on the effects of a co-pay at that time.

**C. Quality Assurance Commission (House Committee).** The House Committee recommended Omnibus review of Quality Assurance Commission to eliminate any duplications between the agency and the area agencies on aging.

**D. Federal 1115 Demonstration Waiver for Senior Pharmacy Costs (House Committee).** The House Committee requested an Omnibus report from the agency on the 1115 Demonstration Waiver for senior pharmacy costs that the Secretary is pursuing.

**E. Senior Pharmacy Plus Program (Conference).** The Conference Committee recommended the review of the Senior Pharmacy Plus Program at Omnibus. The Senior Pharmacy Plus Program would utilize a federal 1115 Demonstration Waiver for a senior pharmacy program to be funded from the Intergovernmental Transfer Fund with \$8.0 million

for FY 2003, 2004 and 2005. This would allow the state to draw down \$12.0 million each year in Medicaid funds.

### Juvenile Justice Authority

**A. Reimbursement rate for Level 5 facilities (House Budget Committee and Senate Subcommittee).** In response to 2001 SCR 1610, the agency was directed to conduct a study of the current rates to service providers and develop a proposed rate increase request. The following rates were proposed by the agency.

Residential Facility	Current Daily Rate	Proposed Daily Rate	Proposed Increase	Percent Increase
Level 4 (moderate care)	\$ 55.93	\$ 74.28	\$ 18.35	32.8%
Level 5 (full care)	72.32	106.96	34.64	47.9
Level 6 (intensive care)	196.35	264.68	68.33	34.8
Therapeutic Foster Care	70.00	78.54	8.54	12.2
Residential Maternity	55.93	75.45	19.52	34.9
Emergency Shelter	72.32	93.08	20.76	28.7
Diversion Foster Care	47.90	50.01	2.11	4.4
Satellite Foster Care	28.26	34.79	6.53	23.1

It was reported to the Committee that the daily cost at a Level 5 facility is between \$115 and \$160. The current rate was set in 1994.

**B. Reduction of \$1.9 million in Purchase of Services (House Budget Committee).** The Governor's recommendation included a reduction of \$1,965,940 State General Fund in FY 2003 from current services for community vendor payments. For FY 2002, the Governor's recommendation includes \$1,965,940 State General Fund for community vendor payments. This item is eliminated in the Governor's FY 2003 recommendation. These moneys are used by local communities to fund services such as day reporting and transporting offenders.

**C. Reduction of \$200,000 for the Crossroads Program (House Budget Committee).** The Governor's recommendation included a reduction of \$200,000 State General Fund in FY 2003 from current services to fund the Crossroads Program in Johnson County. This reduction eliminates the state aid payment to this program in FY 2003. The program provides counseling services for non-custody juvenile offenders and their families.

**D. Prescription Drug Contracts (Senate Subcommittee).** The Senate Subcommittee requested the Juvenile Justice Authority, in coordination with the Department of Social and Rehabilitation Services, review it's current prescription drug contracts and to investigate methods to keep these costs at a minimum.

**E. Limitation of Expenditures of Children's Initiatives Fund Moneys (Senate Subcommittee).** The Senate Subcommittee requested the Juvenile Justice Authority to coordinate with local providers to develop possible methods to increase the flexibility of the agency's Children's Initiatives Fund appropriation for prevention programs. The Senate Subcommittee instructed the agency to report on methods to encourage the maximum efficient use of these funds.

**F. Juvenile Detention Facilities Fund (Senate Subcommittee).** The Senate Subcommittee instructed the agency to review the cash flow and expenditures needs of the Juvenile Detention Facilities Fund and to report on the uses and needs of this fund. FY 2003 expenditures under the Governor's recommendation for the Juvenile Detention Facilities Fund are \$4,082,535.

**G. HB 2154 (Conference).** House Bill 2154 allows the Secretary of Health and Environment to access the criminal history record information maintained by the Kansas Bureau of Investigation regarding the adjudications of juvenile offenders. For FY 2003, this bill would cost the Juvenile Justice Authority \$30,000 to \$50,000 State General Fund, depending on the number of requests made.

#### **Department of Agriculture**

**A. Review of Unfunded Positions (Senate Subcommittee).** The Governor's recommendation did not include funding for 11.0 FTE positions in FY 2003. The 11 positions include two FTE positions in the pesticide and fertilizer subprogram, five FTE positions in the water resources program, and four other FTE positions in the statistical services subprogram. An additional \$507,149 is necessary to fund these cuts including \$243,808 for the water resources positions, \$143,336 for the statistical services positions, and \$120,005 for the pesticide and fertilizer positions. The Senate Subcommittee noted that SB 435, SB 436, SB 437, and SB 438 contain fee increases which could provide the necessary resources for the agency to fund these positions.

**B. SB 548 (Law).** Senate Bill 548 would allow the Secretary of Agriculture to declare a county a sericea lespedeza disaster area in order to provide for the control and eradication of the weed. The bill also gives conservation districts the authority to control and eradicate sericea lespedeza in counties declared a disaster area, and it gives conservation districts the authority to use funds received by the state for sericea lespedeza control. The Department of Agriculture estimates expenditures of \$2,500 State General Fund in FY 2003 for implementation of the bill. These expenses would be absorbed by the agency.

**C. HB 2047 (Conference).** House Bill 2047 would enact the Kansas Water Banking Act. The bill would allow for the chartering of water banks which would be private not-for-profit corporations leasing water from holders of water rights that have been deposited in the bank. The water banks also shall provide safe deposit accounts for the deposit of unused water from a bankable water right which is placed in the bank for use in future years. The Department of Agriculture estimates \$105,591 State General Fund and 3.0 FTE positions would be needed in FY 2003 to implement the program. The additional FTE positions would

include an Environmental Scientist III, an Environmental Scientist II, and an Office Assistant III.

**D. HB 2316 (Conference).** House Bill 2316 would establish civil penalties for violators of the Water Appropriations Act, give separate statutory authority to the Equus Beds Groundwater Management District, and clarify the authority over water quantity between the Department of Agriculture and the Department of Health and Environment. The Department of Agriculture estimates revenue for implementation of the bill of \$25,100 for FY 2003.

**E. SB 437 (Second House).** Senate Bill 437 would increase the fees associated with the enforcement of the Plant Pest Act. The original bill is projected to generate an additional \$84,400 in fees for FY 2003.

**F. HB 2818 (Second House).** House Bill 2818 would establish the Kansas Sunflower Commission. The Commission would develop a program for the promotion of sunflower seeds similar to the other grain commodity commissions and would be funded through an assessment on the sale of sunflowers in the state. For FY 2003, the Department of Agriculture would receive \$4,657 in revenue from the Commission with that amount being used to administer the program.

### **Animal Health Department**

**A. Boarding and Care of Dogs Seized (Senate Subcommittee).** The Animal Health Department incurred a \$58,750 in FY 2002 bill for the boarding and vet care for dogs seized by the agency in March, 2001. Due to final action not being taken on the case until January, 2002, the agency was required to board the dogs for nine months. This expense was funded through the State General Fund.

### **Adjutant General**

**A. SB 629 (Governor).** SB 629 initiates the mandatory use of the Incident Management System (IMS) by all governmental agencies in Kansas based on recommendations by the Commission on Emergency Planning and Response and the Governor's Terrorism Threat and Vulnerability Assessment. IMS provides a common organizational structure and system for managing crises that integrates the response of all level of government. The agency states that \$110,000 (\$55,000 from the State General Fund) in FY 2003 and 1.5 FTE positions would be necessary to implement the system.

Additionally, the bill creates a regional planning system for emergency management in Kansas based on recommendations by the Commission on Emergency Planning and Response and the Governor's Terrorism Threat and Vulnerability Assessment. Six regional emergency coordinators would help counties develop county plans, provide training for emergency responders, and develop and run emergency response exercises. The agency estimates that \$350,000 (\$175,000 from the State General Fund) and 6.0 FTE positions in FY 2003 would be necessary to finance the regional emergency coordinators.

**B. SB 541 (Conference).** SB 541 creates a terrorism preparedness program and Regional Emergency Medical Response Teams. The Kansas Division of Emergency Management (DEM) would teach terrorism preparedness classes, and DEM would work with the Board of Emergency Medical Services (EMS) and the Department of Health and Environment (KDHE) to create, equip, and train six Regional Emergency Medical Response Teams to decontaminate and stabilize patients after chemical, biological, radiological or high explosive incidents. The agency estimates that \$240,000 (State General Fund) for the first year in FY 2003 (with \$90,000 in recurring costs) would be necessary to finance costs associated with the provisions of the bill.

**C. HB 2642 (Conference).** HB 2642 relates to the Kansas National Guard Education Assistance Program. The bill would amend current law as follows:

- individuals to become eligible for educational assistance immediately upon enlistment;
- individuals who participate in the program would be required to serve in the Kansas National Guard one and one-half years for each year of assistance;
- tuition and fees would be paid directly to the educational institution in the form of a waiver;
- a member of the Kansas National Guard who is eligible for federal student assistance available to certain members of the Guard must apply for and use that assistance before receiving assistance under the state program;
- the Kansas National Guard Educational Assistance Program Repayment Fund would be created and any repayments from Guard members who participate in the assistance program (but who do not fulfill their service commitment);
- administration of the program would be transferred from the Office of the Adjutant General to the State Board of Regents.

The Board of Regents estimates that \$32,000 and 1.0 FTE Senior Administrative Assistance position would be needed to administer the program. However, currently, the Adjutant General makes no expenditures from the Educational Assistance Program for personnel or other operating expenses to operate the program. The agency utilizes all funding appropriated to provide tuition assistance to eligible Kansas National Guard members. All other expenses are absorbed by the agency. The Senate Committee of the Whole amended the bill relating to the number of teacher scholarships awarded annually, but it has no fiscal impact.

**D. Debt Service Costs (House Budget and Senate Subcommittee).** During the 2002 Legislative Session, both the House Budget Committee and Senate Subcommittee were informed that funding for the 2<sup>nd</sup> issuance of bonds for the renovation and repair of the 58 statewide armories were inadvertently omitted from the agency's FY 2003 request. Both

Committees endorse the issuance of a Governor's Budget Amendment (GBA) to provide funding for debt service principal and interest payments on the 2<sup>nd</sup> issuance. Within the Governor's FY 2003 Budget Report, \$197,124 (from the State General Fund) was appropriated to finance debt service principal and interest payments on the 1<sup>st</sup> issuance. However, financing for the 2<sup>nd</sup> issuance was not included (\$185,705).

**E. Additional Funding for the Educational Assistance Program (Senate Subcommittee).** The agency informed the Senate Subcommittee that tuition assistance is an important tool in the recruitment and retention of Kansas National Guard personnel. The agency provided the Committee with data comparing Kansas with surrounding states and how the amount of tuition assistance provided relates to the number of enlisted personnel. The Senate Subcommittee flagged for Omnibus consideration restoring the Kansas National Guard Educational assistance program to the FY 2002 amount (\$267,598 from the Economic Development Initiatives Fund). During the 2001 Session, \$250,000 from the Economic Development Initiatives Fund (EDIF) was appropriated which provided \$497,218 in tuition assistance to eligible Kansas National Guard members. The Governor's FY 2003 recommendation funds the program at \$229,620 from the State General Fund.

**Staff Note:** The House Committee added \$243,342 in EDIF funding to the Educational Assistance Program within SB 517.

**F. Restoration of funding within the Physical Plant (House Budget and Senate Subcommittee).** In the *Governor's FY 2003 Budget Report*, \$110,430 (from the State General Fund) was eliminated from the Physical Plant program. The agency stated that continued reductions within the physical plant has reduced the Department's ability to maintain the repair and rehabilitation of its facilities across the state. Both Committees deferred the item for Omnibus consideration in the event funding was available to restore those funds. The Governor's FY 2003 recommendation for the Physical Plant totals \$18,043,129 (\$2,546,541 from the State General Fund), a decrease of \$11,707 or 0.1 percent below the FY 2002 recommendation with the inclusion of pay plan adjustments and health insurance premium expenses.

## **State Fire Marshal**

**A. Additional Positions (House Budget and Senate Subcommittee).** During testimony, the agency informed the Committee's of particular issues (including the events of September 11<sup>th</sup>) concerning the State Fire Marshal's office. The Committees discussed the addition of various positions to assist in the execution of the agency's duties. The House Budget flagged for Omnibus consideration the addition of \$61,140 (from the Fire Marshal Fee Fund) and 1.0 FTE fire investigator qualified to be a canine handler with a canine. The team would provide statewide coverage, but would likely be assigned to the southeast part of the state. Correspondingly, the Senate Subcommittee flagged the addition of \$38,966 (from the State Fire Marshal Fee Fund) and 1.0 FTE to assist in preventing harm or accidental death due to the mishandling of propane or fireworks, and the transfer of \$153,459 from the Fire Marshal Fee Fund to the Hazardous Materials Program Fund to finance 3.0 FTE positions (2.0 training/responder position and 1.0 support position)

to provide training classes, operating and technical level support, notify responders, and issue certificates relating to hazardous materials response.

## **Sentencing Commission**

**A. Federal Grant Compliance (Senate Committee).** During testimony, the agency discussed the federal grants it administers and the regulations and provisions the federal government mandates as it relates to auditing and site visits of recipients. The Director noted that those audits are not current, and the agency is in violation of federal guidelines and is subject to potential action related to noncompliance. In order to comply with federal regulations, the agency must conduct site visits and program audits of sub-recipients. The Senate Committee directed the agency to provide information relating to policies and procedures which would bring the agency into compliance with federally mandated rules and regulations.

**B. Additional Funding (House Budget and Senate Subcommittee).** The House Budget and Senate Subcommittee received information relating to juvenile justice population projections contracted by the Juvenile Justice Authority (JJA) through the National Council on Crime and Delinquency (\$25,000 in FY 2001) and Wichita State University (\$15,000 in FY 2001 and \$25,000 in FY 2002). The Juvenile Justice Authority obtained projection data from these sources after contacting the Sentencing Commission and being informed that the agency could not provide that information to the JJA due to a lack of personnel to perform those duties. However, the Committee was informed by the JJA that the financing for the population projections were obtained through a block grant, and the agency was unsure whether the grant could be used to finance a position within the Sentencing Commission that was not directed at performing duties relating to juvenile justice activities. The Committee's flagged this item for Omnibus consideration pending further information to be provided by the Juvenile Justice Authority.

**C. Additional Positions (House Budget Committee).** During testimony to the House Budget Committee, the agency requested in FY 2003 the addition of \$29,931 (from the State General Fund) and 1.0 FTE Research Analyst position to provide additional data analysis and programming changes to the population projections, and \$33,361 (\$8,340 from the State General Fund) and 1.0 Grant Specialist position to perform sub-recipient visits relating to federal compliance requirements and identify additional criminal justice related grants. The House Budget deferred these items for Omnibus consideration in the event funding was available to finance the positions.

## **Kansas Department of Transportation**

**A. HB 2693 (Conference).** HB 2693 pertains to the use of the compression release engine braking system utilized by truck drivers and the use of neon ground effect lighting. The provisions of the bill would make it unlawful for a driver to use a compression release engine braking system without the vehicle being equipped with a muffler. The fine for improper use would be \$60. Additionally, the bill authorizes a motor vehicle to be equipped with neon ground effect lighting, with the exception of the color red. The Kansas



Department of Transportation estimates that the installation of an unknown number of signs at a cost of \$175 each would be needed outside of city limits prohibiting the use of these breaking systems. Also, the Office of Judicial Administration could not estimate the number of violations that would occur until the courts have had an opportunity to operate under the bill's provisions.

**B. Senate Sub. for House Bill 2143 (Conference).** Senate Sub. for House Bill 2143 would create a Discount Airline Guarantee Program similar to the Railroad Loan Guarantee Program. The discount Airline Guarantee program would give the Secretary of Transportation the authority to enter in to an agreement to guarantee the operation of a discount airline. A maximum of \$4,000,000 could be guaranteed under the program. The bill would create the Discount Airline Guarantee Program Fund (subject to the appropriations process), with all expenditures directed towards the amount of a loss incurred by a discount airline. Payment would be made in alternating order, with the initial guarantee payment originating from the city of operation in \$2,000,000 segments. The bill does not specifically designate a particular state funding source.

**C. Comprehensive Transportation Program (House Budget Committee).** In making recommendations pertaining to the budget of the Kansas Department of Transportation and the continuation of the Comprehensive Transportation Program, the House of Representatives created the Select Committee on Transportation to look into the financing of agency operations and the funding of projects and the proposed projects themselves as outlined within the "red map." The House Budget Committee concurred with the Select Committee on Transportation recommendations, and offered the following recommendations to fund agency operations and promote the continuation of the Comprehensive Transportation Program (CTP). The House Budget Committee recommended reducing major modification and priority bridge set-aside projects by \$40,000,000 (from the State Highway Fund). The projects are identified on a one to three year planning horizon. The House Budget Committee cut approximately one year of economic development, geometric improvement, railroad crossing surfacing, ITS, corridor management, priority bridge redeck, and priority bridge culvert-bridge funding for projects not yet identified. The House Budget Committee also cut approximately one year of state and local railroad grade separation funding for projects not yet identified. The item was deferred to Omnibus for further consideration.

**D. Comprehensive Transportation Program (Senate Committee).** The Senate Committee noted its concerns relating to continued adjustments (whether that is financing or projects detailed in the "red map") being made to the ten year Comprehensive Transportation Program. Therefore, the Senate Committee recommended the following recommendations to provide the funding necessary to maintain and complete projects detailed in the "red map" read in by the passage of 1999 HB 2071. The details of the proposed legislation are listed below:

- The Senate Committee recommended reducing the original demand transfer amount (\$148,999,858) by \$46,000,000, extending the program by 2 years at a savings of \$25,000,000, and further reduces CTP expenditures by \$4,401,000 million for a total of \$70,000,000 in FY 2003. However, the Committee does not identify any specific projects to be cut due to the reduction in funding.

- The Senate Committee added \$95,000,000 (based on the percentage amount the agency received in FY 2002) to finance CTP in FY 2004.
- The Senate Committee amended the original CTP legislation, and authorizes the transfers to be made according to the following schedule: 11.0 percent in FY 2005, 11.25 percent in FY 2006, and 12.0 percent in FY 2007, to continue at the level for the remainder of the program.

The proposal was deferred to Omnibus for further consideration.

**E. Utilization of Fiber Optic Equipment by the Public Broadcasting Council and other entities for the Transmission of Information.** The Senate Subcommittee drew attention to fiber optic cable resources (owned by the state) that are not being utilized. The Subcommittee flagged this item for Omnibus consideration pending further information to be presented relating to the use of those resources for the transmission of information by the Public Broadcasting Council and other entities.

**F. Installation of NOAA sirens on Communication Towers (Senate Committee).**

During testimony, a Senator brought concerns before the Committee relating to the installation of National Oceanic and Atmospheric Administration (NOAA) sirens on the communication towers owned by the agency in Meade County. The Committee flagged the item for Omnibus consideration pending rules and regulations to be submitted by the agency relating to the installation of the equipment.

**Kansas Bureau of Investigation**

**A. HB 2880.** HB 2880 expands the law regarding the collection of blood and saliva specimens to include instances when an adult or a juvenile offender is found guilty of any felony and certain violations such as lewd and lascivious behavior, cruelty to animals, sexual battery, or criminal restraint, adultery, promoting prostitution, and unlawful sexual relations when the victim is less than 18 years of age. The agency estimates the \$55,000 (from the State General Fund) and 2.0 FTE positions would be necessary in FY 2003 to implement the provisions of the bill. In addition, the passage of HB 2880 would have an impact on the Judicial Branch. According to the Office of Judicial Administration, Court Services Officers are responsible for supervising all level 8, 9, and 10 felony offenders, some higher level offenders, and all misdemeanants. In most communities, offenders must submit samples at local health departments, hospitals, or private laboratories. Although the bill does not require Court Services Officers to accompany offenders, many health departments and other testing sites will not perform the sample collection unless the offender is accompanied by a Court Services Officer. The Office of Judicial Administration estimates that 17,720 offenders would be affected by passage of the bill, necessitating the addition of 4.5 FTE additional Court Services Officers at a cost of \$39,162 each, or a total of \$176,229 from the State General Fund.

**B. Funding for DNA Analysis Expenses (House Budget Committee).** In *the Governor's FY 2003 Budget Report*, \$162,000 was eliminated within the Laboratory Division. The agency stated that usage of DNA technology has become more prevalent, thus making its importance greater in the analysis of evidence. Correspondingly, costs incurred by the agency have increased (from \$400 to \$900 per case for the cost of consumables) as technology has improved. The agency stated that it uses a DNA analysis system which requires the use of patented consumables in doing DNA amplification and examinations. The agency indicates that the most expensive part of a DNA exam is the "liquid primer" which comes as part of a DNA kit containing 100 primers at \$40 each. On average, the agency performs about 15 examinations per rape case equaling \$600. The remaining \$300 is made up of disposable lab items such as other chemicals, pipettes, centrifuge tubes, quantitation kits. The House Budget Committee flagged this item for Omnibus consideration in the event additional funding was available. The Governor's FY 2003 recommendation for the Laboratory Division totals \$3,554,125 (\$2,622,490 from the State General Fund), a decrease of \$300,673 or 7.8 percent below the FY 2002 recommendation with the inclusion of pay plan adjustments and additional health insurance premium expenses.

**C. Restore Salary and Wages Funding (House Budget Committee).** During testimony, the Committee was informed that the funding for 5.0 FTE positions within the Administrative Division was eliminated in *the Governor's FY 2003 Budget Report* (\$181,478). The agency stated that the additional positions to be left vacant in FY 2003 would bring the total agency-wide to approximately 25.0 FTE. The House Budget Committee flagged the item for Omnibus consideration in the event additional funding was available to restore the vacant positions. The Governor's FY 2003 recommendation for the Administration/ Information Technology Division totals of \$6,279,344 (\$4,376,827 from the State General Fund). This is an decrease of \$234,244 or 3.6 percent below the FY 2002 recommendation with the inclusion of the annualization of pay plan adjustments and additional health insurance premium expenditures. Those were offset by the use of KSIP funds during the current year, and the Governor's recommended reduction in State General Fund financing.

**D. Restore Operating Expenses with the Investigations Division (House Budget Committee).** During testimony, the Committee was informed that funding for operating expenses was eliminated in *the Governor's FY 2003 Budget Report* (\$148,472). The agency testified that in light of the events of September 11<sup>th</sup> and the continuing aftermath of those events, any reduction in Investigative funding reduces the agency's ability to respond to security issues and the investigative needs of law enforcement entities. The House Budget Committee flagged this item for Omnibus consideration in the event funding is available to restore the funding. The Governor's FY 2003 recommendation for the Investigation Division totals \$10,479,445 (\$5,404,820 from the State General Fund), an increase of \$1,263,192 or 13.7 percent above the FY 2002 recommendation. The increase can be mostly attributed to annualization of pay plan adjustments, health insurance premium expenditures, and additional aid to local units funding financed by federal grants.

## Highway Patrol

**A. Increased Shrinkage (House Budget and Senate Subcommittee).** In the Governor's FY 2003 Budget Report, the agency's shrinkage percent was increased from 7.0 to 8.7 percent. Both Committees noted their concerns relating to the Governor's recommended increase in shrinkage savings in FY 2003. During testimony, the agency stated that if the current recommendation is adopted the Highway Patrol would not have adequate funding to finance the salaries and wages of 36 troopers positions (which is equal to the amount of trainees currently in a class at the Training Center in Salina). Additionally, the agency informed the Committees that any reduction in State General Fund financing impacts the number of troopers directly due to a majority of trooper salaries being funded by the State General Fund. The following table is provided detailing the shrinkage amount for FY 2002 and FY 2003.

### Governor's Recommended Shrinkage Savings

	FY 2002			FY 2003		
	Salaries	Shrinkage	Percent	Salaries	Shrinkage	Percent
CASP	\$ 681,906	\$ 92,057	13.5%	\$ 705,158	\$ 93,469	13.3%
Operations	25,640,277	2,316,656	9.0%	28,643,405	3,322,542	11.6%
MCSAP	2,327,298	0	0.0%	2,373,858	0	0.0%
Data Pro.	807,077	20,694	2.6%	847,308	20,943	2.5%
Turnpike	2,637,164	0	0.0%	2,653,825	0	0.0%
MCI	5,800,605	559,707	9.6%	6,546,924	372,748	5.7%
<b>TOTAL</b>	<b>\$ 37,894,327</b>	<b>\$ 2,989,114</b>	<b>7.9%</b>	<b>\$ 41,770,478</b>	<b>\$ 3,809,702</b>	<b>9.1%</b>
Off Budget	1,762,591	0	0.0%	1,802,740	0	0.0%
<b>COMP. TOTAL</b>	<b>\$ 39,656,918</b>	<b>\$ 2,989,114</b>	<b>7.5%</b>	<b>\$ 43,573,218</b>	<b>\$ 3,809,702</b>	<b>8.7%</b>

**B. Compensation for Kansas Speedway Expenses (House Budget and Senate Subcommittee).** The agency presented information during hearings relating to its involvement and expenses in providing services during Kansas Speedway Events. The agency noted that expenses incurred during those events were absorbed by the agency (\$120,000), and not reimburse by the Speedway or any entity affiliated with the track. Both Committees flagged the item for Omnibus consideration pending further information from the agency.

## Emergency Medical Services

**A. Sub. for SB 508 (Conference).** Sub. for SB 508 reduces the levy imposed on fire insurance premiums remitted to the Insurance Commissioner to support the operations of the State Fire Marshal from 1.25 percent to 1.0 percent of gross cash receipts on fire business in the state. The bill also directs that a 0.25 percent levy be remitted to the Insurance Commissioner to finance the operation of the Board of Emergency Medical

Services. The House Committee on Appropriations amended the bill to add a two-year sunset provision, and increased the percentage of gross fee funds receipts (collected by selected state agencies) paid into the state treasury from 20 percent to 25 percent. Additionally, the House Committee of the Whole amended the bill to include the provisions of HB 2991 which establishes a 12-member Kansas Fire Service Training Commission (in connection with the fire service training program currently in operation at the University of Kansas), and provides a transfer of \$750,000 from the Fire Marshal Fee Fund to finance the operation of the program.

## **State Department of Education**

**A. Revised Estimate for KPERS-School.** The State of Kansas is required by KSA 2001 Supp. 74-4939 to pay the employer contribution on behalf of school districts, community colleges, and other educational entities for school employees covered by the Kansas Public Employees Retirement System (KPERS). Representatives of the State Department of Education, the Division of the Budget, the Legislative Research Department, and KPERS met on March 25, 2002, to review revised KPERS estimates for FY 2002. Billings are expected to total \$106,376,867 in FY 2002, compared to the appropriation of \$98,391,841, leaving a shortfall of \$7,985,026. The House Budget Committee, following its reconsideration of the State Department of Education's budget on April 12, recommended a supplemental appropriation of \$7,985,026 for KPERS-School. However, that recommendation was made too late to be considered by the House Appropriations Committee in its meeting of April 11.

**B. Teaching Excellence Awards Program.** The Senate Subcommittee on the budget of the State Department of Education recommended consideration of full funding for the Teaching Excellence Awards Program in the event the state's financial condition improves. Under legislation enacted in 1999, teachers who attain National Board Certification are issued a master teacher's certificate by the State Board of Education, which is valid for ten years. A teacher employed by a Kansas school district who has attained National Board Certification will be paid an annual incentive bonus of \$1,000 for each year the certificate is valid. (The bonus must be paid by the employing school district, but the district may be reimbursed from the state aid program.) The amount of additional funding needed is \$16,000 in FY 2002 (from \$56,000 to \$72,000) and \$71,000 in FY 2003 (from \$56,000 to \$127,000). The House Budget Committee, following its reconsideration of the State Department of Education's budget on April 12, recommended the addition of \$16,000 for Teaching Excellence Awards in FY 2002 and \$71,000 in FY 2003. However, the recommendation was made too late to be considered by the House Appropriations Committee in its meeting of April 11.

**C. Mentor Teacher Grants.** The Senate Subcommittee on the budget of the State Department of Education recommended consideration of full funding for Mentor Teacher Grants in the event the state's financial condition improves. Under the program, experienced teachers may receive grants of \$1,000 to work with teachers who are in their three-year probationary period. The program was first funded in the current school year with \$1,000,000, which only provides for grants to teachers who mentor new teachers in their first year of teaching. The Governor recommends no funding for the program in FY 2003. Full

funding for grants for mentors of teachers in the three-year probationary period would be \$2,500,000 in FY 2003. Grants for mentors of first-year teachers only would be \$1,000,000. The House Budget Committee, following its reconsideration of the State Department of Education's budget on April 12, recommended an appropriation of \$1,000,000 for Mentor Teacher Grants in FY 2003. However, that recommendation was made too late to be considered by the House Appropriations Committee in its meeting of April 11.

**D. Agriculture in the Classroom.** The Senate Subcommittee on the budget of the State Department of Education recommended consideration of funding for Agriculture in the Classroom in the event the state's financial condition improves. Under the program, tuition is paid for teachers to attend continuing education programs in education and agriculture. The Kansas Foundation for Agriculture also sponsors a booth and mini-course during the Kansas State Fair. The program is funded with \$35,000 from the State General Fund in the current year, but the Governor does not provide any funding in FY 2003. The State Board of Education's FY 2003 request is \$40,000.

**E. Other Recommendations by the House Budget Committee on Education.** The House Budget Committee on Education adopted the following recommendations on April 12, which were not reviewed by the full House Appropriations Committee:

- **Additional Funding for Juvenile Detention Facilities.** The funding formula for educational services provided students who reside in juvenile detention facilities is linked to the school finance formula. In order to conform the juvenile detention facilities state aid program to the Base State Aid Per Pupil (BSAPP) amount contained in HB 3008 (\$3,880), it would be necessary to add \$448,873 from the State General Fund in FY 2003, for a total of \$5,613,873. The Senate position would fully fund the program, based on current law.
- **Offset Money from the State General Fund.** The Budget Committee recommends that \$4,000,000 from the State General Fund for general state aid in FY 2003 be offset with the same amount from the Children's Initiatives Fund, resulting in total expenditures for general state aid of \$1,795,941,430 from the State General Fund and \$8,500,000 from the Children's Initiatives Fund. The \$4,000,000 increase from the Children's Initiatives Fund generally corresponds to the fiscal impact of increasing the number of four-year-old at-risk children from 3,756 children in FY 2002 to 5,500 children in FY 2003, pursuant to legislation enacted by the 2001 Legislature.

**F. SB 375 (Law.)** SB 375 eliminates a statutory requirement that community college boards and public school boards in districts having an early retirement incentive program must submit actuarial valuations at least once every three years. The bill replaces the actuarial report provision with a requirement that community colleges and school districts with early retirement incentive plans must submit a budget report, beginning in FY 2003 and then every three years thereafter, either to the State Board of Education for schools, or to the State Board of Regents for community colleges. Those two state entities are

responsible for distributing and collecting a budget survey and for providing a summary report of findings to the Joint Committee on Pensions, Investments and Benefits. The bill becomes effective on July 1, 2002, with the first summary budget reports to the Joint Committee due by January 1, 2004. The State Department of Education estimates that printing and mailing copies of the new report would cost \$1,000 from the State General Fund in FY 2003. (The State Board of Regents has not submitted an estimate of costs attributable to the passage of SB 375.)

**G. Senate Sub. for HB 2094 (Conference).** Senate Sub. for HB 2094 contains two policy issues, the result of being amended to include provisions of HB 2759, which pertains to juvenile detention facilities, and SB 483, which pertains to school districts crediting special education payments to their general funds for purposes of computing their local option budgets (LOB). The bill would define "juvenile detention facilities" generically to include (but not be limited to) any Level VI treatment facility licensed by the Kansas Department of Health and Environment. Most Level VI facilities already are included in current law, but there are three that are not. It is estimated that the additional cost of providing educational services to the approximately 100 students who reside in these three facilities in FY 2003 would be \$774,000. The issue pertaining to special education funding would provide that special education payments currently made to interlocals and sponsoring districts of cooperatives would instead be made to participating school districts, thereby increasing their LOB authority. However, a "hold harmless" provision is included for a school district that sponsored a special education cooperative in the 2001-02 school year and has a 25 percent LOB. The provision is that, if a school district's 25 percent LOB is less next year than its 25 percent LOB is this year, the district could add two-thirds of the difference to its 2002-03 LOB. For the following school year (2003-04), the district could add one-third of the difference between its 2003-04 LOB and its 2001-02 LOB. The State Department of Education estimates the additional cost for supplemental general state aid of this provision to be \$2,875,000 from the State General Fund in FY 2003. The House Budget Committee, following its reconsideration of the State Department of Education's budget on April 12, recommended that both provisions of Senate Sub. for HB 2094 be funded, for a total of \$3,649,000 from the State General Fund in FY 2003. However, that recommendation was made too late to be considered by the House Appropriations Committee in its meeting of April 11.

## **Schools for the Deaf and Blind**

**A. Reconsideration of Budget.** Both the Senate Subcommittee and the House Budget Committee that considered the budgets of the School for the Deaf in Olathe and the School for the Blind in Kansas City recommended that their budgets be reconsidered during the Omnibus Session. The Senate Subcommittee recommended further consideration in the event additional state resources are identified. The House Budget Committee recommended that, if teachers salaries in surrounding school districts are increased during the FY 2002-03 school year, teacher salaries at the schools should be increased the same amount so that the schools could remain competitive. According to the State Department of Education, teacher salaries in the Olathe and Kansas City areas could increase by 3 to 5 percent, which is higher than is estimated for the state as a whole. A 3 to 5 percent increase in instructional salaries in FY 2003 applied to the School for the Deaf would range

from \$125,063 to \$208,438. A similar increase in FY 2003 for the School for the Blind would range from \$45,600 to \$76,000. Funding would be from the State General Fund.

### **State Board of Indigents' Defense Services**

**A. Funding Shortfall in the Current Year.** On April 15, the State Board of Indigents' Defense Services informed the Division of the Budget and the Legislative Research Department that it is facing a funding shortfall in the current year that likely will result in the inability to pay employee salaries and other expenses in the Death Penalty Defense Unit after May 10. Circumstances leading to the shortfall are described below, but the immediate action taken by the Executive Director of the Board was to request that the Governor authorize a transfer of \$200,000 from funds earmarked for assigned counsel to the Death Penalty Defense Unit and to renew her request for a supplemental appropriation of \$300,000, which would be used for assigned counsel payments. (An Executive Directive to transfer money from one fund to another could take place almost immediately, whereas a supplemental appropriation would not become effective in time to avert the shortfall in the Death Penalty Defense Unit. However, a supplemental appropriation would become effective in time to make assigned counsel payments in the current fiscal year.)

The Board requested a State General Fund supplemental appropriation of \$300,000 for the Death Penalty Defense Unit when it submitted its budget in September 2001. At that time, the request was based on a record number of capital cases in one fiscal year (14) and a backlog of expenses totaling \$100,000 that had been incurred in FY 2001 but not paid until the new fiscal year because of a lack of funds. The Governor did not approve the request. On December 28, 2001, following submission of the budget, the Kansas Supreme Court made a ruling in the Kleypas case that will result in that case and three other similarly affected capital cases having to be retried. The Board estimates the cost of the four retrials to be \$400,000, an expenditure that was not included in the budget as submitted. Neither House has recommended the supplemental appropriation, although the Senate Subcommittee that considered the Board's budget recommended that a \$300,000 State General Fund supplemental appropriation for the Death Penalty Defense Unit be considered in the Omnibus Bill and on April 11 the House Appropriations Committee adopted a recommendation by the House Budget Committee on the Board's budget that the House conferees on appropriations bills be instructed to take the requested supplemental appropriation under consideration.

Responding to the pending shortfall, on March 4, the Executive Director requested the Director of the Division of the Budget to facilitate an Executive Directive to transfer \$350,000 from funds earmarked for assigned counsel to the Death Penalty Defense Unit. The Governor responded by transferring only half of the requested amount (\$175,000). The transfer brought to \$1,548,690 the total amount available for the Death Penalty Defense Unit in FY 2002, of which there was \$45,000 remaining on April 15. Remaining payroll is estimated to be \$119,000 and other operating expenditures that cannot be deferred until the next fiscal year or that already are in process total \$44,000. These amounts do not include billings by attorneys who have been retained under contract to assist in death penalty cases or for experts, such as persons familiar with scientific criminology techniques such as DNA testing. According to the Executive Director, failure to pay these experts could mean that they can refuse to perform any further work on cases or refuse to appear for trial. In



summary, the requested transfer, if approved, would make a total of \$245,000 available for the remainder of the year, with known expenses equaling \$163,000, leaving \$82,000 for all other expenditures.

If the transfer is approved, the result would be a total of \$375,000 transferred from funds for assigned counsel to the Death Penalty Defense Unit, resulting in approximately one month's worth of assigned counsel payments due in FY 2002 having to be deferred until FY 2003. (The original approved amount for assigned counsel payments in FY 2002 was \$5,767,856, which has been reduced to \$5,592,856 by the March transfer of \$175,000 and would be further reduced to \$5,392,856 if the requested transfer of \$200,000 is approved. Actual expenditures for assigned counsel in FY 2001 were \$5,810,436.) Concerns raised by the Board that it could be challenged because the current rate of \$50 per hour paid assigned counsel has not been changed since 1987 have been realized, with the filing of a suit in district court contending that the rate is too low and requesting that it be raised to \$100. The requested supplemental appropriation of \$300,000 would not allow for all assigned counsel payments to be made in FY 2002, but would reduce the volume of payments that have to be delayed until FY 2003 from about one month's worth to about seven days' worth. According to the Executive Director, delaying payment to assigned counsel could make the Board more vulnerable to litigation because attorneys could argue that, not only is the rate too low, but payment is not received in a timely manner for services rendered.

**B. Additional Funding for Legal Services for Prisoners, Inc.** The Senate Subcommittee on the Board's budget recommended that additional funding for Legal Services for Prisoners, Inc., be considered in the Omnibus Bill. The Governor's recommendation cuts funding for Legal Services for Prisoners, Inc., in half, reducing it from \$497,218 in the current year to \$248,609 in FY 2003. A report of the Judicial Council, requested by the 2001 Legislature and released in December 2001, concludes: "If Legal Services for Prisoners, Inc., were to be eliminated or its budget reduced, the state would have to fund more extensive prison law libraries and paralegals, or increase BIDS' budget so that local attorneys could be appointed." The amount of money requested in FY 2003 is \$248,609 from the State General Fund, which would restore the budget to its current level. (The House restored the funding in HB 3008. However, to avoid adding money to the Governor's overall recommendation, the House reduced the money for assigned counsel by \$372,073 and used part of it for Legal Services for Prisoners, Inc.)

## **Judicial Branch**

**A. FY 2002 Supplemental Appropriation.** Both the House and the Senate have passed legislation containing a \$600,000 State General Fund supplemental appropriation for the Judicial Branch in order to avert a furlough of nonjudicial employees in FY 2002. (The House supplemental appropriation is contained in HB 2743 and the Senate amount is contained in SB 637, which is in the House Appropriations Committee.) On April 11, the House Appropriations Committee adopted a recommendation of the House Budget Committee on the Judicial Branch's budget that the supplemental appropriation be reduced to \$300,000 on the grounds that the surcharge on docket fees imposed by the Chief Justice

became effective April 1, 2002, and additional revenues will be generated in FY 2002 that can be used to offset the amount of the supplemental appropriation that is needed.

**B. Reconsideration of Budget.** The Senate Subcommittee that reviewed the Judicial Branch's budget recommended that consideration be given to adding additional money to the Judicial Branch's budget for FY 2003 in the Omnibus Bill. (The amount under consideration at the time the Subcommittee made its recommendation was \$3,500,000.) In addition, the Senate Ways and Means Committee added to the list of items that should be considered in the Omnibus Bill the two district magistrate judge positions that had been approved by the Senate during the 2001 Session but had been eliminated in Conference Committee. The positions are for the 8<sup>th</sup> Judicial District (Dickinson, Geary, Marion, and Morris Counties) and the 9<sup>th</sup> Judicial District (Harvey and McPherson Counties). The salary for each position in FY 2003 would be \$59,559, all from the State General Fund. Subsequent to Senate Subcommittee action on the Judicial Branch's budget, the Chief Justice announced the imposition of a surcharge on docket fees that is estimated to generate \$3,500,000 in additional revenues for the Judicial Branch in FY 2003. In addition, in SB 640, the Senate deleted \$2,179,303 for judicial operating expenditures, for a total of \$78,900,471, which is the Governor's recommendation for the current year.

**C. HB 2880 (Conference).** HB 2880 (DNA specimens for convicted felons) is discussed under the Kansas Bureau of Investigation section of this memorandum, but the Office of Judicial Administration says passage of the bill would affect Court Service Officers and is estimating that 4.5 FTE additional Court Services Officers would have to be added in FY 2003, at a total cost of \$176,229 from the State General Fund.

## Judicial Council

**A. HB 2802 (Conference).** HB 2802 would provide an alternative source of funding for the Judicial Council. The Governor's "green book" recommendation included \$199,721 from the State General Fund for the Judicial Council in FY 2003, with which both houses have concurred. However, a later recommendation by the Governor to address the revenue shortfall by making further reductions in state government would have completely eliminated the Council. Responding to this recommendation, the Executive Director of the Council successfully appealed to legislators on the Senate Judiciary Committee to provide a funding alternative in the event the Governor's latest recommendation were to be adopted. The alternative, contained in HB 2802, provides for a \$.50 increase in docket fees for traffic cases and a \$1.00 increase for civil, criminal, and probate cases that will be effective for the three-year period from July 1, 2002, to June 30, 2005, if the Legislature does not appropriate at least \$199,721 from the State General Fund for each of these years. The docket fee increase is estimated to raise \$279,181 annually.

The primary issue to consider is whether to continue to fund the Judicial Council from the State General Fund or to use docket fee funding for the next three years. (The Council also receives funding from its Publications Fee Fund, estimated to be \$125,677 in FY 2003 under both the House and Senate recommendations.) Even if the decision is made to continue to fund the Council from the State General Fund, the Executive Director of the Council would like the "Judicial Council Fund" (the docket fee fund) to be appropriated so

that if the Governor vetoes the State General Fund appropriation, the appropriations bill would contain the mechanism for the alternative docket fee funding. That fund could either have a "no limit" expenditure limitation, a limitation of \$199,721, or some other amount the Legislature approves. On April 11, the House Appropriations Committee adopted a recommendation of the House Budget Committee on the Judicial Council's budget that the Council continue to be funded from the State General Fund.

## **Attorney General**

**A. Water Litigation.** Both the Senate Subcommittee and the House Budget Committee that reviewed the Attorney General's budget recommended that funding for water litigation with Colorado and Nebraska be considered in the Omnibus Bill. The Governor recommended no funding for Colorado water litigation in FY 2003. Although the case is nearing the end, the matter of current and future compliance with the Arkansas River Compact and determination of the amount of damages Colorado owes Kansas are yet unresolved and activities scheduled for FY 2003 include the Special Master's final report and preparation for oral argument before the United States Supreme Court. An earlier estimate of expenditures in FY 2003 of \$950,000 has been revised downward to \$815,000, of which \$309,224 could be funded from reappropriated balances. The remaining amount requested for FY 2003 is \$505,776, all from the State General Fund.

The Governor recommended funding of \$753,959 (State General Fund) for Nebraska water litigation in FY 2003, a year in which discovery and trial preparation are taking place. The cost of litigation activities has been revised downward from \$1,390,000 to \$1,070,000, which, taking into account the \$753,959 recommended by the Governor, leaves \$316,041 unfunded in FY 2003. According to representatives of the Attorney General, the Governor's recommended amount will fund activities until the 2003 Legislature is in session, at which time the \$316,041 could be appropriated as a supplemental appropriation.

**B. House Sub. for Sub. for SB 296 (Conference).** House Sub. for Sub. for SB 296 establishes the Kansas No Call Act and redefines what constitutes an unsolicited telephone call in Kansas. (This memorandum discusses only those provisions of the bill that would have a fiscal impact on the Attorney General's Office.) Versions of the bill in conference committee would have different fiscal impacts on the Attorney General's Office, depending upon whether the Attorney General is only responsible for contracting with the Direct Marketing Association to take registrations and maintain the no-call list, as is the case in the House version of the bill, or whether consumers desiring to register may also contact the Attorney General directly to register their phone number, as the Senate version of the bill provides. The Attorney General also maintains that an affirmative defense provision, which is in both versions of the bill, would result in much more complex and costly investigation and litigation under the Senate version than under the House version. Finally, the House version of the bill allows the Attorney General to credit both fines and recouped fees and expenses to the Court Cost Fund to use for enforcement under the Act, while the Senate version would allow only recouped fees and expenses to be so deposited, resulting in an estimate of half the enforcement income. Under all versions of the bill being considered, the Attorney General would be responsible for enforcing the Act. According to the Attorney General, if registration is with the Direct Marketing Association only and the primary

responsibility of the Attorney General's Office is to enforce the Act with the more limited version of the affirmative defense and increased enforcement income potential (*i.e.*, the House-passed version of the bill), there would be no additional fiscal impact to the State General Fund because fines and recouped fees and expenses would be approximately equal to the new enforcement costs resulting from the bill. These additional expenses are estimated to be \$240,125 in FY 2003 and \$194,250 in FY 2004. The amount includes salaries for 4.0 unclassified temporary positions in the Consumer Protection Division and the Attorney General would use the existing balance in the Court Cost Fund to pay for startup costs prior to receipt of enforcement revenue. According to the Attorney General's Office, the fiscal impact of the Senate-passed version of the bill would be nearly twice this amount, and anticipated revenue half of that which it expects under the House-passed provisions. Enforcement income would be expected to fund only approximately one-fourth of the new costs, with remaining costs likely paid for all or in part from the State General Fund.

### **State Historical Society**

**A. Additional Funding for Security Services.** The Senate Subcommittee that considered the Historical Society's budget recommended that consideration be given in the Omnibus Bill to increasing the cost of security services provided by the Highway Patrol if the Legislature approves Highway Patrol salary increases. The Society contracts with the Highway Patrol for security services and, in the past, has had trouble fulfilling the contract when the salaries were increased during the period of the contract as the result of Legislative action. However, this apparently will not be a problem in FY 2003 because the Legislature has not approved a salary increase for the Highway Patrol.

**B. Other Items for Omnibus Consideration.** The House Budget Committee that considered the Historical Society's budget recommended that the following items be considered in the Omnibus Bill:

- \$50,000 from the State General Fund in FY 2003 for the Kansas Territorial Sesquicentennial Commission, pursuant to 2001 legislation that created the nine-member Kansas Territorial Sesquicentennial Commission. (This amount has been added by the Senate.)
- \$75,000 from the State General Fund in FY 2003 for emergency repairs. (This amount has been added by the Senate.)
- \$50,000 from the State General Fund in FY 2003 for a grant to the Kansas Humanities Council for the "Kansas Chautauqua," a commemoration of the 150<sup>th</sup> anniversary of Kansas becoming a territory. Events will take place in Junction City, Colby, Fort Scott, and Lawrence. On April 11, the House Appropriations Committee adopted a recommendation of the Historical Society's House Budget Committee that consideration be given to adding the \$50,000.

- **House Proviso Concerning Historical Reenactments.** On April 11, the House Appropriations Committee adopted a recommendation of the House Budget Committee that considered the Historical Society's budget that House conferees with the Senate on the Historical Society's budget agree to delete the proviso withholding 10 percent of the Society's State General Fund appropriation for FY 2003 (\$582,586) unless the Society alters its policy regarding Civil War reenactments to permit portrayal of events in Kansas history that were violent. According to the Historical Society, the December 2001 reenactment policy has been revoked and historically accurate reenactments will occur as they have in the past.

### **Postsecondary Education Systemwide**

**A. Funding Restorations and Enhancements.** Both the House Education Budget Committee and the Senate Ways and Means Subcommittee on Higher Education recommended consideration of the following State General Fund adjustments for FY 2003:

- Restoration of the base budget reductions included in the Governor's recommendations (\$27.1 million);
- Addition of funding to the state universities and Board Office for salary annualization, increased health insurance costs, and other salary costs which were received by other state agencies (\$14.3 million);
- Full funding of the 3rd year of SB 345 (\$45.1 million) including \$16.1 million for community colleges, \$13.4 million for state university faculty salaries, \$1.6 million for Washburn University and \$13.9 million for performance grant funding; and
- Funding for a 4.5 percent increase in the University Operating Grants as requested by the Board (\$25.7 million).

### **State Board of Regents**

**A. HB 2642 (Conference).** HB 2642 amends several provisions relating to educational assistance provided through the Kansas National Guard Educational Assistance Program. The majority of the changes are designed to improve client access to the program. In addition, the bill transfers responsibility for program administration to the State Board of Regents from the Adjutant General.

The Governor has recommended FY 2003 funding of \$229,598 from the State General Fund for educational benefits through the program in the budget of the Adjutant General. The House version of the budget adds \$243,342 from the EDIF for the program, while the Senate version of the budget flags the issue of funding restoration for Omnibus consideration.

The State Board of Regents indicates that administration of the program would require \$32,000 and 1.0 FTE position. Currently, the Adjutant General absorbs program administration within existing resources.

In addition, the bill creates the Kansas National Guard Educational Assistance Program Repayment Fund to receive any repayments from persons who receive program assistance but do not fulfill their service obligation.

The Senate Committee of the Whole amended the bill with the provisions of SB 393. The amendment removes the limit on the number of new Teacher Service Scholarships which may be awarded annually. The Senate amendment does not in itself have a fiscal note.

**B. Sub. for HB 2872 (conference).** Sub. for HB 2872 establishes the Workforce Development Loan Program, to be administered by the State Board of Regents. The Program would provide forgivable loans to Kansas residents for the cost of attendance at a postsecondary educational institution. The loans would be forgiven by living and working in Kansas in a field using the skills attained under the course of instruction for which the loan was received, at the rate of 1/4 of the total loan principal and interest per year. Persons who fail to meet their service commitment must repay the loan plus interest computed at the rate of interest earned on state idle funds plus 3.0 percent. The State Treasurer is charged with the responsibility for collection duties on loans in repayment status. Any loan repayments would be credited to the Workforce Development Loan Fund created by the bill.

Loans under the program are subject to available funding. The State Board of Regents is authorized to accept private donations for the program. The Senate version of the bill provides for transfers to the Workforce Development Loan Fund of \$500,000 of available federal Workforce Investment Act funds from the Department of Human Resources upon written approval from the United States Department of Labor. Up to \$500,000 may also be transferred to the Fund from federal funds available to the Department of Social and Rehabilitation Services for loan candidates who meet eligibility guidelines for federal funds administered by that agency. The House version of the bill capitalized the Fund with transfers for \$500,000 from federal funds available to the Department of Human Resources and the Department of Social and Rehabilitation Services.

The State Board of Regents indicates that program administration would require \$32,000 and 1.0 FTE position. The State Treasurer's Office indicates that support for the collection duties under the bill would unlikely be required until FY 2004.

**C. Transfer Proviso.** The Senate Ways and Means Subcommittee recommended Omnibus consideration of a proviso recommended by the Governor and included in the House version of the FY 2003 budget which would authorize the State Board of Regents to shift state funding between state universities, Washburn University, Community Colleges, and vocational/technical education institutions.

**D. Comprehensive Grant Program.** The House Education Budget Committee recommended that the level of funding for the Comprehensive Grant Program be considered at Omnibus. For FY 2003, the Governor's and the Senate's versions of the budget maintain

level funding from state resources of \$11.0 million. The House version of the FY 2003 budget reduces this amount to \$10.4 million.

## **Department of Administration**

**A. Public Broadcasting Capital Equipment Needs (Senate Subcommittee).** The Public Broadcasting Council, during its presentation to the Senate Subcommittee, noted two capital equipment projects that it had identified as critical needs. A total of \$114,099 was requested in FY 2003 as matching funds for the two equipment items. One is \$75,475 for replacement of a transmitter for High Plains Public Radio in Garden City and the other is \$38,624 for replacement of an antenna for Radio Kansas at Hutchinson. The funding requested would match federal funding available for the projects. The Subcommittee noted at the time it reviewed the budget that constraints on the budget meant there were no funds available to meet these needs. The Subcommittee recommended further consideration of this item after the March 2002 consensus estimates were available.

## **Department of Wildlife and Parks**

**A. Omnibus Review Item – Additional Federal Funds** (House Appropriations Committee). The House Committee asked to review a plan from the agency of how it planned to use additional federal money (estimated \$1,000,000), and what role local matching money could play in providing additional outdoor and recreation grants to local units of government.

The agency has been notified that federal Land and Water Conservation Funds (LWCF) will total \$1,777,284, an increase in FY 2003 of \$1,025,992 more than included in the Governor's recommended expenditures of \$751,292 in the *Budget Report* (Green Book). In addition, FY 2002 federal funds have increased \$48,981, from \$1,131,069 recommended by the Governor to \$1,180,050. Additional federal funding will total \$1,074,973 from the LWCF. The agency proposes the following expenditures of new federal funds: In FY 2002, increase local aid by \$28,000 and capital improvements by \$20,981. In FY 2003, increase administration by \$800, local aid by \$183,192, and capital improvements by \$842,000. A Governor's budget amendment has been requested in an April 10, 2002, letter from the Secretary of Wildlife and Parks. No State General Fund match is requested for capital improvements, and the increased amount of local unit would be matched by those units which receive grants.

Federal Land and Water Conservation Funds (LWCF)	Gov. Rec. FY 2002	Revised FY 2002	Gov. Rec. FY 2003	Revised FY 2003
State Ops. – Administration	\$ 102,050	\$ 102,050	\$ 102,050	\$ 102,850
Local Aid	500,000	528,000	500,000	683,192
Capital Improvements	<u>529,019</u>	<u>550,000</u>	<u>149,242</u>	<u>991,242</u>
Totals	<u>\$ 1,131,069</u>	<u>\$ 1,180,050</u>	<u>\$ 751,292</u>	<u>\$ 1,777,284</u>

**Kansas Lottery  
Kansas Racing and Gaming Commission**

**A. Gambling Legislation** (Pending). Both agencies would have significant administrative costs if a slots bill or electronic video bill were to be enacted this Session. SB 662 and HB 2183 are examples of pending legislation. The Legislature would need to consider appropriating the required funds, FTE positions, and operational framework for the agencies required to implement any new gambling legislation. Startup funds prior to gambling revenues becoming available would be required in order to hire staff and begin background investigations of contractors, suppliers, employees and owners of prospective gambling facilities. A financing source and transfer into any new administrative funds would need to be authorized by appropriating for this contingency.

**B. Tax on Lottery Tickets** (Conference Committee). SB 472, as amended by the House Committee of the Whole, would repeal on June 1, 2002, the sales tax exemption on lottery tickets. Sales tax receipts in FY 2003 are projected to increase \$10.136 million, of which \$9.619 million would be for the State General Fund and \$0.517 million for the State Highway Fund. The interstate agreement (KSA 74-8731) for creating a multistate lottery (known as MUSL) and the current MUSL regulations would require that any sale tax be paid from the \$1.00 purchase price of PowerBall or any MUSL products and that no sale tax may be added on to the \$1.00 price of a ticket. The Kansas Lottery either would have to pay taxes out of moneys collected for the sale of MUSL products or stop selling those tickets.

In FY 2002, MUSL product sales have totaled \$40.2 million through February, and for FY 2001, MUSL sales totaled \$43.4 million. In FY 2002, for instance, the state's 4.9 percent State General Fund rate would have required \$1.97 million be transferred from the Lottery Operating Fund to the State General Fund, and the quarter cent for the State Highway Fund would require \$0.101 million be transferred from the Lottery Operating Fund to the SHF. A total of \$2.071 million would not have been available to the Kansas Lottery for prizes and other administrative costs in FY 2002 to date.

**C. Omnibus Review Item – Lottery Sales** (House and Senate Committees). Both House and Senate committees were concerned about whether lottery sales would produce the estimated revenue in FY 2002 for transfer to the State General Fund on June 25, 2002, of any amount above \$50.0 million that has been transferred to the SGRF. Sales have been lagging behind FY 2001 sales, and the Governor's estimated sales reflect a decrease from \$199.0 million in FY 2002 to \$193.5 million in FY 2003. Transfers to the SGRF were



estimated in the Governor's FY 2003 Budget Report at \$59.25 million in FY 2002 and \$57.45 million in FY 2003.

Lottery transfers to the SGRF during the first 10 months totaled \$47.54 million. In order to reach the Governor's projected \$59.25 million in FY 2002, transfers totaling \$11.71 million must be achieved in the last two months of the fiscal year, or an average of \$5.85 million for the last two transfers. September 2001 reflects an extremely large PowerBall jackpot that caused sales to increase prior to that transfer. All other monthly transfers were considerably less than the average amount needed in the last six months in order to meet the Governor's recommendation.

<u>FY 2002</u>	<u>July</u>	<u>Aug.</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>
Lottery Transfers to SGRF*	\$4.27	\$4.08	\$8.13	\$4.28	\$4.18	\$4.12
	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>Jun.</u>
Lottery Transfers to SGRF*	\$4.60	\$4.76	\$4.25	\$4.95	--	--

\* In millions.

Even reaching the Governor's FY 2003 estimated transfers of \$57.45 million during this fiscal year would require transfers averaging \$4.955 million. The Lottery Director in written materials provided to the House and Senate committees proposed a new method of calculating transfers in FY 2003. The method was recommended by the House Budget Committee and adopted by the House Appropriations Committee on April 11, 2002. The alternative proposal suggested by the Lottery Director would transfer to the SGRF not less than \$59.0 million in FY 2003, of which \$9.0 would be transferred to State General Fund. This proposal would yield an additional \$1,550,000 for the State General Fund above the Governor's FY 2003 recommendation based on SGRF transfers of \$57.45 million.

### **Kansas Public Employees Retirement System (KPERs)**

**A. Funding Shortfall (2001 SB 57 law).** The 2001 Legislature appropriated \$105,154,561 from the State General Fund for KPERs--employer contributions in order to pay the State's liability for public school employee's retirement, death and disability benefits. Among the adjustments subsequently approved by the 2001 Legislature in HB 2283 was a reduction of \$6,762,720 from the KPERs--employer contributions State General Fund account in order to reflect a six months moratorium on death and disability contributions in FY 2002.

KPERs submitted to the Department of Education on Friday, March 29, 2002 four billings for FY 2002 payments and those billings indicate there is a shortfall of almost \$8.0 million in making the required payments after April 1 this fiscal year. As shown below, the billings and a later cleanup item for late June will total an estimated \$106,376,867 in FY 2002, or \$7,985,026 more than the State General Fund amount appropriated for KPERs school payments.

<u>KPERS School Liability</u>	<u>Totals</u>
FY 2002 Appropriation Amount (Dept. of Education)	\$ 98,391,841
FY 2002 KPERS Billings and Cleanup Amounts	<u>106,376,867</u>
Difference (Shortfall in Payments)	<u>\$ (7,985,026)</u>
Estimated Death and Disability Contribution Shortfall	\$ (4,951,595)
Estimated Retirement Contribution Shortfall	(3,033,431)

Under current law, KPERS may assess interest on any employer contributions that are more than three days in arrears. The current interest rate authorized for late payments is 7.25 percent by statute. SB 640 and HB 3008 include State General Fund appropriations for KPERS-employer contributions in FY 2003. Absent a supplemental appropriation in FY 2002, there is legal authority to pay the FY 2002 shortfall out of FY 2003 State General Fund appropriations. However, the issue of interest may not be reconciled without legislative intervention, either by substantive law or by proviso allowing interest to be paid. Current language in SB 640 and HB 3008 does not appear to allow for interest payments.

**B. Death and Disability Moratorium** (Conference Committee). Senate Sub for HB 2621 would suspend state and local employer contributions from July 1, 2002, to December 31, 2002. The Governor's proposal for FY 2003 would result in savings of approximately \$14.23 million, with \$11.12 million attributed to state savings and \$3.11 million attributed to local units of government and other KPERS participating employers. The fiscal note from the Budget Director indicated state and local savings due to the six months moratorium would be as follows:

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

Employer Payments	Six Months Estimated FY 2003
Participating Employer:	
State/School/Regents/Judges	\$ 11.12
Local Units	3.11
Total	\$ 14.23
State Financing:	
State General Fund	\$ 9.30
All Other State Funds	1.82

KPERS staff estimates the ending balance in the Group Insurance Reserve Fund will be \$122.8 million on June 30, 2002, and will decrease to \$99.1 million on June 30, 2003, if a six month moratorium were enacted in FY 2003, based on April 10, 2002 projections. Upon further review by KLRD staff, it appears that approximately \$1.9 million of savings is attributed to the Regents institutions, of which \$1.0 million is State General Fund and \$0.9 is non-State General Fund financing. The Governor's *FY 2003 Budget Report* includes reductions for death and disability payments, except for the Regents operating grant and non-State General Fund amounts included in all agency budgets, including the Regents.

**Department of Corrections and Correctional Facilities**

**A. Labette Men's and Women's Correctional Conservation Camps (House Budget Committee, Senate Committee).** The House Budget Committee noted concern that, if the two correctional conservation camps are closed, the reported \$2.8 million in savings in FY 2003 might not be realized. The Budget Committee noted that some of those formerly located at the camps would likely end up in county jails, which would further burden county taxpayers. Also, the community service work completed by inmates in the two camps either would not be done or would require paid staff to do the work. The Budget Committee expressed concern that these losses would likely offset any savings the state might receive by closing the facilities. The Senate Ways and Means Committee restored the funding for the two facilities.

**B. Toronto (East) Unit Funding (House Budget Committee, Senate Subcommittee).** The House Budget Committee recommended the Legislature identify and appropriate moneys to keep the East Unit of the El Dorado Correctional Facility open. The Governor recommended closure of the facility, resulting in a decrease in funding of \$816,000 State

General Fund in FY 2003. This amount represents 11 months of operations funding for the East Unit (one month's funding is included in the Governor's recommendation). The Senate Subcommittee recommended the Legislature consider retaining the East Unit, as well. The Subcommittee further recommended revisiting the issue at Omnibus, once the Department of Corrections has determined the need for additional medium-custody beds and the resulting effects, if any, on the Kansas correctional system's supply of minimum-custody beds. Subsequent to the Senate Subcommittee recommendation, the Senate Ways and Means Committee restored the funding.

**C. Osawatomie Unit Funding (House Budget Committee, Senate Subcommittee).** The House Budget Committee directed the Secretary of Corrections to prepare a plan for transferring funds from other areas of the Corrections budgets to keep the Osawatomie Unit of the Lansing Correctional Facility open and report back to the Budget Committee at Omnibus. The Secretary of Corrections has the authority to shift funds to accomplish this purpose. The Governor recommended closure of the facility, resulting in a decrease in funding of \$990,960 State General Fund in FY 2003. This amount represents 11 months of operations funding for the Osawatomie Unit (one month's funding is included in the Governor's recommendation). The Senate Subcommittee recommended the Legislature consider retaining the Osawatomie Unit. The Subcommittee further recommended revisiting the issue at Omnibus, once the Department of Corrections has determined the need for additional medium-custody beds and the resulting effects, if any, on the Kansas correctional system's supply of minimum-custody beds. Subsequent to the Senate Subcommittee recommendation, the Senate Ways and Means Committee restored the funding.

**D. Stockton Unit Funding (House Budget Committee, Senate Subcommittee).** The House Budget Committee recommended the Legislature identify and appropriate moneys to keep the Stockton Unit of the Norton Correctional Facility open. The Governor recommended closure of the facility, resulting in a decrease in funding of \$1,298,000 State General Fund in FY 2003. This amount represents 11 months of operations funding for the Stockton Unit (one month's funding is included in the Governor's recommendation). The Senate Subcommittee recommended the Legislature consider retaining the Stockton Unit, as well. The Subcommittee further recommended revisiting the issue at Omnibus, once the Department of Corrections has determined the need for additional medium-custody beds and the resulting effects, if any, on the Kansas correctional system's supply of minimum-custody beds. Subsequent to the Senate Subcommittee recommendation, the Senate Ways and Means Committee restored the funding.

**E. Community Corrections Funding for Adult Intensive Supervision Basic Grants (House Budget Committee).** The House Budget Committee recommended reviewing the reduction of \$1,000,000 (State General Fund) from Community Corrections funding in FY 2003 for adult intensive supervision basic grants, if additional resources become available. In FY 2002 the Department of Corrections awarded \$12,466,200 in basic grants to 31 local entities statewide. The Governor's FY 2003 recommendation is for \$11,491,200. These grants provide for community control and rehabilitative interventions that rely on individualized supervision plans for the participants. The services include mental health counseling, substance abuse counseling and treatment, employment assistance, educational/vocational assistance, and others. The Budget Committee noted the eight percent reduction in these grants will mean higher caseloads, which will in turn

result in services that are less individualized and consequently less effective in preventing inmates' return to the prison system. The Senate Subcommittee recommended restoring approximately \$880,000 of the funding from moneys recouped and generated through other actions. Subsequent to the Senate Subcommittee recommendation, the Senate Committee of the Whole restored \$500,000 instead.

**F. Community Corrections Funding for Condition Violator Grants (House Budget Committee).** The House Budget Committee recommended reviewing the elimination of the entire \$750,000 (State General Fund) in FY 2003 for condition violator grants designed to divert offenders from prison. The grant program, which has been in place since 1998, awards funding to local programs that focus on the retention in the community of those who violate conditions of probation. The House Budget Committee noted that, as a result, the program has provided viable, successful and less expensive alternatives to placing these individuals inside one of the state correctional facilities. The Senate Subcommittee recommended restoring \$700,000 from moneys recouped and generated through other actions. Subsequent to the Senate Subcommittee recommendation, the Senate Ways and Means Committee restored \$350,000, and the Senate Committee of the Whole restored the remaining \$400,000 (all from the State General Fund).

**G. Offender Programs Funding for Contracted Substance Abuse Treatment in the Facilities (House Budget Committee).** The House Budget Committee recommended reviewing the reduction of \$1,033,338 (State General Fund) in FY 2003 from the Offender Programs funding amount required to maintain current services. The Department of Corrections eliminated the funding request for all of the 180 contracted substance abuse treatment slots inside the correctional facilities, as part of its suggestion to meet the allocated resources budget. The agency then included an enhancement request to restore the funding. Excluding the enhancement request, the funding request of \$11,303,165 is a reduction of \$631,725, or 5.3 percent, from the FY 2002 amount. The treatment program proposed for elimination provides structured, intensive drug treatment, including primary care and relapse prevention services. The Budget Committee noted the program is an important aspect of the Department's rehabilitative program. The Senate Subcommittee recommended restoring \$600,000 of the funding from moneys recouped and generated through other actions. Subsequent to the Senate Subcommittee recommendation, the Senate Committee of the Whole restored \$500,000 (State General Fund) instead.

**H. SB 95 (Law).** SB 95 enacts the interstate compact for adult supervision. The compact would, among other tasks, establish an interstate commission to develop procedures for the transfer of offender supervision responsibilities from one compact state to another; ensure opportunity for victim notification and victim input; establish a system for uniform data collection and access to information; monitor compliance; and coordinate training and education. Although no impact will result in FY 2002, as of April 22, 2002, twenty-nine of the required 35 states had ratified the compact. Another two states are awaiting their Governors' signatures, and nine states' measures have passed one chamber and are awaiting action in the second. The bill will eventually result in additional funds being needed because more authority is delegated to the interstate commission, but without experience it is difficult to make a meaningful estimation of total costs. KDOC stated that three operational areas might be affected by the bill: (1) modification of data collection and reporting practices would require some additional funds; (2) there would be a fiscal effect

in the supervision of misdemeanants; and (3) the bill requires the establishment of a new state council, which would require some associated support costs - at a minimum, including travel and per diem subsistence expenses. KDOC reported the Council of State Governments estimates that approximately \$25,000 (State General Fund) in FY 2003 will be needed for the annual assessment for membership in the Interstate Commission for Adult Offender Supervision, beginning in FY 2003.

### **State Library**

**A. Aid To Local Libraries (House Budget Committee).** The House Budget Committee recommends that the budget for the State Library be reconsidered in the Omnibus Bill. In particular, the Budget Committee recommends the reconsideration of the restoration of the 4.0 percent reduction in aid to local libraries totaling \$152,696 from the State General Fund in FY 2003. The reduction, according to the agency, would reduce the capability of libraries to provide hours of service, information technology, and maintenance or library service. The reduction of the funding for the Interlibrary Loan Development Program, according to the agency, would reduce the number of books purchased to maintain the up-to-date condition of local library holdings.

### **Kansas Arts Commission**

**A. Aid to Local Units and Qualified Non-state Organizations. (House Budget Committee).** The Budget Committee recommends that the budget for the Kansas Arts Commission be reconsidered in the Omnibus Bill. In particular, the Budget Committee recommended the reconsideration of the restoration of the 4.0 percent reduction in aid to local units and qualified non-state organizations totaling \$66,034 from the State General Fund in FY 2003. The agency states that for every dollar of reduction for aid to local units from the State General Fund results in a \$19 loss in arts programming and Kansas' revenue.

### **Mental Health Institutions**

**A. Teacher Salary Increases.** The Governor's recommendation and legislative action to date for FY 2003 includes teacher salary increases within the education contracts. The education contracts in the FY 2003 budgets show teacher salary increases or decreases at the following percentages: 4.9 percent increase at Kansas Neurological Institute, a 0.0 percent change at Parsons State Hospital and Training Center, and a 12.6 percent decrease at Larned State Hospital (reflecting the opening of the new Larned Juvenile Correctional Facility which will assume some of the agency's educational operations). Rainbow Mental Health Facility also has an education contract, but due to the nature of the contract, an adjustment is not necessary. The following table illustrates the adjustment necessary to provide uniform salary increases across the institutions. The Department of Education estimates an average statewide salary increase for teachers of 2.5 percent.

Percent Increase	Kansas Neurological Institute	Parsons State Hospital and Training Center	Larned State Hospital	Total
0.5%	\$ (10,279)	\$ 2,072	\$ (788,242)	(796,449)
1.0%	(9,114)	4,144	(784,348)	(789,318)
1.5%	(7,949)	6,217	(780,453)	(782,185)
2.0%	(6,785)	8,289	(776,559)	(775,055)
2.5%	(5,620)	10,361	(772,665)	(767,924)
3.0%	(4,455)	12,433	(768,770)	(760,792)
3.5%	(3,290)	14,505	(764,876)	(753,661)
4.0%	(2,125)	16,578	(760,981)	(746,528)
4.5%	(960)	18,650	(757,087)	(739,397)
5.0%	205	20,722	(753,193)	(732,266)
5.5%	1,369	22,794	(749,298)	(725,135)
6.0%	2,534	24,867	(745,404)	(718,003)
6.5%	3,699	26,939	(741,509)	(710,871)
7.0%	4,864	29,011	(737,615)	(703,740)

**B. Categorical Aid.** For FY 2002, the budgeted school contracts for the institutions include categorical aid based on a rate of \$19,300 for Kansas Neurological Institute, \$19,300 for Parsons State Hospital and Training Center, and \$20,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health facility is not necessary. The current FY 2002 categorical aid rate per eligible teaching unit is estimated to be at \$19,300. If this rate is maintained, the school contracts for FY 2002 at the institutions would need adjustments. The table below identifies the State General Fund adjustment required.

Institution	FY 2002 Change
Kansas Neurological Institute	\$ (1,320)
Parsons State Hospital and Training Center	2
Larned State Hospital	<u>(6,657)</u>
TOTAL	<u>\$ (7,975)</u>

For FY 2003, the categorical aid rate was budgeted at \$19,700 for Kansas Neurological Institute, \$19,300 for Parsons State Hospital and Training Center, and \$20,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. The current FY 2003 categorical aid rate is estimated to be at \$19,685. The table below identifies the State General Fund adjustments required.

<u>Institution</u>	<u>FY 2003 Change</u>
Kansas Neurological Institute	\$ (49)
Parsons State Hospital and Training Center	2,237
Larned State Hospital	<u>(2,996)</u>
TOTAL	<u>\$ (808)</u>

### **Board of Cosmetology**

**A. House Substitute for SB 643 (Conference).** The Senate version of SB 643 eliminated the Board of Cosmetology and the Board of Cosmetology Fee Fund and placed the daily operations of the Cosmetology with the Kansas Department of Health and Environment. The House passed a substitute version restoring the Board of Cosmetology and Board of Cosmetology Fee Fund.

### **Secretary of State**

**A. Census Adjustment Vendor Payment (Senate Subcommittee).** The Senate Subcommittee recommended reviewing the possibility of adding \$22,909 State General Fund in FY 2002 for the second half of the final census adjustment vendor payment. One half of the payment was appropriated by the 2001 Legislature.

**B. Senate Bill 502 (Conference).** SB 502 would make several changes to Kansas election laws. Among these changes is a requirement that a list of voters' rights and responsibilities be posted in every voting place at every election. The agency has stated that bill doesn't specify whether the Secretary of State or the counties would be responsible for printing the list, but that the agency would provide them in the first year provided funding is available. The agency estimates printing costs of \$1,500-\$2,900 State General Fund in FY 2003.



## Kansas Technology Enterprise Corporation

**A. Potential Release of Encumbrances (Senate Subcommittee).** The Senate Subcommittee recommended that the agency review encumbered balances from previous years to determine if any could be released for use in FY 2003.

## Commission on Veterans' Affairs

**A. Shrinkage Rate at the Soldiers' Home (House Budget Committee).** The Budget Committee recommended that the issue of additional funding to reduce the shrinkage rate in both FY 2002 and FY 2003 at the Soldiers' Home be given a high priority should additional funds be available. The agency stated that the rates in the Governor's recommendation could result in employee furloughs or layoffs and possible loss of accreditation. The table below outlines the shrinkage rates and the State General Fund amounts needed to achieve those rates.

<u>Fiscal Year</u>	<u>Governor's Recommended Shrinkage Rate</u>	<u>Agency's Requested Shrinkage Rate</u>	<u>Amount</u>
FY 2002	14.7%	10.0%	\$ 205,569
FY 2003	19.8	10.1	<u>440,844</u>
TOTAL			<u>\$ 646,413</u>

**B. FTE Positions for the Veterans' Cemeteries Subprogram (Senate Subcommittee and House Budget Committee).** The Senate Subcommittee and the House Budget Committee recommended reviewing the possibility of adding \$91,193 State General Fund and 3.0 FTE positions in FY 2003 to fund and staff the Veterans' Cemeteries subprogram. The cemeteries at Fort Dodge and WaKeeney are scheduled to open during FY 2003. The Governor's recommendation included \$17,745 in federal funding for the operations of the cemeteries.

**C. Closure of Veterans Services Representative Offices (Senate Subcommittee and House Budget Committee).** The Senate Subcommittee and the House Budget Committee recommended a review restoration of \$70,980 State General Fund in FY 2003 to maintain the Veterans Services Representative offices in Lawrence and Independence. Closure of two offices was included as part of the agency's reduced resources budget submission, but the agency did not specify the two to be closed. The Governor's recommendation did designate the Lawrence and Independence offices, but did reduce funding by that amount.

## **Department of Health and Environment**

**A. Shortfall in AIDS Drug Assistance Program (Senate Committee).** The Senate Subcommittee recommended the addition of \$1,000,000 from the agency's fee funds to address the shortfall in FY 2002 in the AIDS Drug Assistance Program. The Senate Committee deleted the funding and recommended a review at Omnibus. The Senate Committee subsequently used the balances of the fee funds for other purposes.

**B. Funding for Public Health Departments (Senate Committee and House Budget Committee).** The Senate Subcommittee recommended the addition of \$1,250,000 from the agency's fee funds to provide additional funding in FY 2003 for local health departments through the general assistance formula. The Senate Committee deleted the funding and recommended a review at Omnibus. The Senate Committee subsequently used the balances of the fee funds for other purposes. The House Budget Committee recommended a review of potential sources for additional funding.

**C. Transfer of AIDS Drug Assistance Program to the Department of Social and Rehabilitation Services (Senate Subcommittee).** The Senate Subcommittee requested that the Department of Health and Environment and the Department of Social and Rehabilitation Services present information on the possibility of transferring the AIDS Drug Assistance Program to take advantage of economies in drug purchases by partnering the program with Medicaid drug purchasing.

**D. Enhancement Requests (House Budget Committee).** The House Budget Committee recommended a review of the agency's enhancement requests for an obesity prevention program (\$186,660 State General Fund) and varicella (chickenpox) immunizations (\$176,166 State General Fund). The Budget Committee also recommended that the review include the possibility of combining the two enhancement requests with the HealthWave Outreach Program in FY 2003.

**E. Use of Anticipated Federal Bioterrorism Funds (House Budget Committee).** The House Budget Committee recommended a review of the expected uses in both FY 2002 and FY 2003 of an anticipated \$12.3 million in federal bioterrorism funds.

**F. Informational Items (House Budget Committee).** The House Budget Committee requested several items of information from the agency 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.

**G. House Substitute for Senate Bill 643 (Conference).** House Substitute for SB 643 would amend statutes related to the Board of Cosmetology by expanding the powers of the Board and the scope of practice for certain persons licensed by the Board. The bill also would delay until July 1, 2003, the transfer of responsibility for licensing and regulation of tattooing and permanent color technology and body piercing from the Board of Cosmetology to the Department of Health and Environment. The House version of the bill has no fiscal impact.

Senate Bill 643 would abolish the Board of Cosmetology and transfer the statutory powers and duties to the Department of Health and Environment as of July 1, 2003. KDHE estimates that passage of the Senate version of the bill would require \$42,436 and an additional 1.0 FTE for the second half of FY 2003 to plan the transition. The agency's fiscal impact statement did not specify the source of the additional funds due to incomplete knowledge concerning the balance of the Cosmetology Fee Fund. The Governor's recommendation for FY 2003 estimates an ending balance for the Cosmetology Fee Fund of \$248,766.

**H. Senate Substitute for House Bill 2154 (Conference).** The bill would add attempt to commit, conspiracy to commit, and criminal solicitation to commit to the list of crimes for which conviction would bar a person from employment with an adult care home or home health agency. The bill would also modify the type of information which the Department of Health and Environment must provide and the time frame in which that information must be provided to operators of adult care homes or home health agencies. A response would be required on every criminal background check requested whether a criminal history was found or not. The fiscal impact is estimated by KDHE to be \$69,080 State General Fund and 1.0 FTE position in FY 2003.

STATE OF KANSAS



DIVISION OF THE BUDGET  
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Bill Graves  
Governor

Duane A. Goossen  
Director

April 25, 2002

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

and

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

Dear Senator Morris:

The items in the attached memorandum are presented to you for possible inclusion in the budget currently being developed. They represent items that have not been addressed in either the Senate or the House version. The items have either been requested by state agencies or have come to our attention during the deliberations on the budget. We offer them for your consideration without recommendation and do not regard them as amendments to the Governor's budget proposals. Please contact me if you have questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Duane A. Goossen".

Duane A. Goossen  
Director of the Budget

Senate Ways and Means  
4-26, 27-02  
Attachment 2

## Department of Administration

### 1. Workforce Safety Program

The Department of Administration requests the transfer of 1.0 more FTE position from the Department of Human Resources to the Division of Personnel Services for FY 2003. In his original budget submission, the Governor recommended the transfer of \$175,000 and 2.0 FTE positions related to the Workforce Safety Program in the Department of Human Resources to the Department of Administration with the consent of both agencies. In the course of planning for the transfer, a third position has been identified as belonging to this program. The cost for the position is already included in the \$175,000 being transferred. Therefore, no adjustment to expenditures is necessary. However, the Department of Human Resources' FTE limitation needs to be reduced by 1.0 and the Department of Administration's limitation increased by 1.0 for FY 2003.

### 2. State Buildings Insurance Premium

The Department requests \$600,000 from the State General Fund for FY 2003 for the premium payment on the statewide insurance policy for the replacement cost of state buildings. The budget already includes \$300,000 for this purpose; consequently, the additional amount requested would bring the total to \$900,000. The cost of the policy has been increasing, causing the Department to raise the deductible from \$2.0 million to \$5.0 million and the threshold for coverage from \$500,000 to \$1.0 million to stay within in the budgeted amount for FY 2002 a year ago. The Department believes the premium will increase significantly in FY 2003 based on the terrorist attacks of September 2001, the absence of any bids received on the original bid date in March, and the actual bids received recently by other state agencies. The exact cost will not be known until bids are solicited again May 23; however, the \$600,000 requested increase assumes that the cost could triple.

	FY 2002	FY 2003
State General Fund	\$       --	\$    600,000
All Other Funds	-----	-----
All Funds	\$       --	\$    600,000

### Attorney General

### 3. Colorado Litigation

The Office of the Attorney General requests an additional appropriation of \$505,776 for FY 2003. With the addition of the \$309,224 it expects to reappropriate from FY 2002 to FY 2003, a total of \$815,000 would be available for this case in FY 2003. No new money was included for this case in *The FY 2003 Governor's Budget Report* in the hope that the case would be concluded. However, the Attorney General believes that it is critical that this money be appropriated this session because the trial will take place at the beginning of FY 2003 and require the expenditure of the largest portion of the requested appropriation at that time.

	<u>FY 2002</u>	<u>FY 2003</u>
State General Fund	\$ --	\$ 505,776
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 505,776

#### 4. Nebraska Litigation

The Office of Attorney General requests an additional appropriation of \$316,041 for FY 2003. It does not expect to reappropriate any money from FY 2002. As a result, the recommendation of \$753,959 made in the *Governor's Budget Report* in addition to the new request of \$316,041 would provide a total of \$1,070,000 for the case in FY 2003. With expenditures in this case expected to be primarily in the second half of FY 2003, as trial approaches, the anticipated shortfall could be addressed through supplemental funding next year. However, the Attorney General believes it is important to emphasize that, if funds are not provided now, a request for supplemental funds can be expected later.

	<u>FY 2002</u>	<u>FY 2003</u>
State General Fund	\$ --	\$ 316,041
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 316,041

### Department of Human Resources

#### 5. New Federal Funds for Unemployment Insurance

In FY 2003, the Department of Human Resources will receive \$78.0 million from the President's economic stimulus package to be deposited in the agency's federal Unemployment Insurance Trust Fund. These additional funds will be used for unemployment insurance benefits and administration of the payments. According to Section 903 of the federal Social Security Act, expenditures from this fund during FY 2003 for administration of the Unemployment Insurance Program cannot exceed \$780,251. This is the amount currently in the FY 2003 budget, and the agency will spend an additional \$4.0 million on unemployment insurance staff and administration in order to meet the projected workload. As a result, the limitation on administrative expenditures needs to be increased by \$4.0 million to \$4,780,251, which are exclusively Reed Act dollars. The remaining portion of the funds will be spent on benefits. Unemployment payments are authorized to be made without limit, so no additional expenditure authority is required for them.

	<u>FY 2002</u>	<u>FY 2003</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>78,000,000</u>
All Funds	\$ --	\$ 78,000,000

## Board of Regents

### 6. Repeal Partnership for Faculty of Distinction Program Demand Transfer

Current law allows an earnings equivalent award for the Kansas Partnership for Faculty of Distinction Program. On each July 1, a demand transfer is authorized to be made that is equivalent to interest earned on gifts to the program based on the average net earnings rate of the Pooled Money Investment Board portfolio in the prior fiscal year. The Board of Regents estimates that the demand transfer would be \$500,000 for FY 2003. Because of the financial condition of the state, there is a concern regarding the availability of funds for this demand transfer. No funds have been included so far in any version of the budget. However, the transfer will occur anyway unless the authority for it is repealed.

## Department of Corrections

### 7. Reallocating Debt Service Savings

The Department of Corrections made its final debt service payment for FY 2002 on March 20, 2002. After this payment was made, the Department has realized \$377,000 in savings from various appropriated State General Fund debt service accounts. These savings represent the availability of higher than anticipated resources in the principal and interest accounts. The following table illustrates the State General Fund accounts affected:

<u>Fund</u>	<u>Amount</u>
RDU Relocation Bond Issue	\$ 71,000
Revenue Refunding Bond Issue	97,000
Topeka and Lansing Facilities Bond Issue	<u>209,000</u>
Total	<u>\$377,000</u>

Of the \$377,000 in FY 2002 State General Fund savings, \$228,125, including \$71,000 from the RDU Relocation Bond Issue Fund, \$97,000 from the Revenue Refunding Bond Issue Fund, and \$60,125 from the Topeka and Lansing Correctional Facilities Bond Issue Fund, could be used for additional bedspace in FY 2003. In addition, \$54,875 could be transferred in FY 2002 from the Topeka and Lansing Correctional Facilities Bond Issue Fund to the Local Jail Payments Fund. This transfer will help reduce funding shortfalls for payments to local governments in housing felony offenders waiting to enter the Kansas correctional system. Finally, the remaining \$94,000 from the Topeka and Lansing Correctional Facilities Bond Issue Fund is needed for an arbitrage rebate payment to the Kansas Development Finance Authority. The Department was notified on April 11 that this arbitrage rebate payment was required as a result of higher than anticipated interest earnings on various bond funds.

For FY 2003, the Governor recommends expenditures of \$2,281,250 from all funding sources, including an appropriation of \$228,125 from the State General Fund for contracting bed space. Because the population of the Kansas correctional system is near capacity, the Department states it will need approximately 125 additional medium-security beds during FY 2003. While a new cellhouse at the Ellsworth Correctional Facility will open with a capacity of

100 beds, its bedspace will be fully committed by the time it opens. This recommendation also includes utilizing \$2,053,125 from federal Violent Offender/Truth-in-Sentencing (VOITIS) funds.

	<u>FY 2002</u>	<u>FY 2003</u>
State General Fund	(\$ 228,125)	\$ 228,125
All Other Funds	<u>          --</u>	<u>2,053,125</u>
All Funds	(\$ 228,125)	\$ 2,281,250

**Adjutant General's Department**

**8. Debt Service Payment on Armory Bonds**

The Adjutant General's Department requests additional funding of \$185,705 from the State General Fund in FY 2003. The money will be used to finance debt service payments associated with the second issuance of \$2.0 million in bonds to repair and rehabilitate the 58 statewide armories. Of the total amount, approximately \$70,000 will be used for the principal payment, and \$115,705 will be used to cover the interest portion. The agency inadvertently submitted its budget request without including this debt service expenditure. The agency states that funding for armory maintenance and repair would be nearly zero in FY 2003, if this request were not approved.

	<u>FY 2002</u>	<u>FY 2003</u>
State General Fund	\$ --	\$ 185,705
All Other Funds	<u>          --</u>	<u>          --</u>
All Funds	\$ --	\$ 185,705

**Highway Patrol**

**9. Changing Expenditure Limitations**

Currently the Motor Carrier Inspection Fund and Highway Patrol Training Center Fund have expenditure limitations. The agency requests changing these funds to "no limit." This conversion would allow the agency the greatest flexibility in managing shrinkage in its salary budget.

**Department of Wildlife & Parks**

**10. Increased Federal Apportionment to Land and Water Conservation Fund**

The Department of Wildlife and Parks is expecting to receive an additional \$1,025,992 in federal Land and Water Conservation Fund stateside grants. This fund already has no-limit expenditure authority; therefore, this item is included only so expenditures will be reported



properly. The Department has developed a strategy that will allow it to capture the additional federal funds without requiring any additional state financing from the State General Fund. There are three components to the additional federal funds, including \$183,192 to provide grants to local governments for outdoor recreation programs, \$842,000 for capital improvements in state parks, and \$800 for administration in the Parks Program. The Department's strategy will leverage the \$183,192 for local governments by requiring local governments to provide matching funds on a \$1 to \$1 basis. The majority of the match for the additional \$842,000 in capital improvements will be provided by the Department's Road Access and Development Fund. Finally, the \$800 for administration will be leveraged with existing financing that is recommended currently for the Department's Parks Program. No additional staff will be required.

	<u>FY 2002</u>	<u>FY 2003</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,025,992</u>
All Funds	\$ --	\$ 1,025,992

Additional Budget Items for Legislative Consideration											
		FY 2002	FY 2002	FY 2002	FY 2002	FY 2002	FY 2003	FY 2003	FY 2003	FY 2003	FY 2003
		SGF	All Funds	FTE Pos	Non-FTE	Total Pos	SGF	All Funds	FTE Pos	Non-FTE	Total Pos
1	Adm--Workforce Safety Program					--			1.0		1.0
	DHR--Workforce Safety Program					--			(1.0)		(1.0)
2	Adm--State Bldgs Insurance Premium					--	600,000	600,000			--
3	Attorney Gen--Colorado Litigation					--	505,776	505,776			--
4	Attorney Gen--Nebraska Litigation					--	316,041	316,041			--
5	DHR--New Fed Funds for Unemployment					--		78,000,000			--
6	Regents--Repeal Faculty Distinc Transfer					--					--
7	DOC--Reallocating Debt Service Savings	(228,125)	(228,125)			--	228,125	2,281,250			--
8	Adj Gen--Debt Service on Armory Bonds					--	185,705	185,705			--
9	Highway Patrol--Change 2 Funds to No Limit					--					--
10	Parks--Increased Federal Grant Funds					--		1,025,992			--
11						--					--
12						--					--
13						--					--
14						--					--
15						--					--
16						--					--
17						--					--
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27						--					--
28						--					--
29						--					--

# FY 2002 Children's Initiatives Fund (Tobacco)

<u>Agency/Program</u>	<u>Actual FY 2001</u>	<u>Children's Cabinet Rec. FY 2002</u>	<u>Approved FY 2002</u>	<u>Adjusted Gov. Rec. FY 2002</u>	<u>Conference Committee Rec. FY 2002</u>
<b>State Library</b>					
Community Access Network	70,000	0	0	0	0
<b>Subtotal - Misc.</b>	<b>\$70,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Department of Health and Environment</b>					
Healthy Start/Home Visitor	249,495	250,000	250,000	250,000	250,000
Infants and Toddlers Program	500,000	500,000	500,000	500,000	500,000
Smoking Cessation/Prevention Program Grants	500,000	0	500,000	500,000	500,000
<b>Subtotal - KDHE</b>	<b>\$1,249,495</b>	<b>\$750,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>
<b>Juvenile Justice Authority</b>					
Juvenile Prevention Program Grants	5,000,000	5,000,000	6,000,000	6,000,000	6,000,000
Juvenile Graduated Sanctions Grants	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<b>Subtotal - JJA</b>	<b>\$7,000,000</b>	<b>\$7,000,000</b>	<b>\$8,000,000</b>	<b>\$8,000,000</b>	<b>\$8,000,000</b>
<b>Department of Social and Rehabilitation Services</b>					
Children's Mental Health Initiative	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Family Centered System of Care	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Therapeutic Preschool	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Community Services - Child Welfare	2,599,999	2,600,000	2,600,000	2,600,000	2,600,000
Child Care Services	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Children's Cabinet Accountability Fund	250,000	750,000	550,000	550,000	550,000
HealthWave	1,000,000	1,000,000	1,000,000	1,000,000	1,413,374
Smart Start Kansas - Children's Cabinet	2,738,395	14,825,000	3,000,000	3,000,000	3,000,000
Children's Medicaid Increases	0	0	3,000,000	3,000,000	3,000,000
Immunization outreach	0	0	0	0	0
Family Preservation	0	0	0	0	0
Grants to CMHC's to develop childrens programs	0	0	0	0	0
<b>Subtotal - SRS</b>	<b>\$15,788,394</b>	<b>\$28,375,000</b>	<b>\$19,350,000</b>	<b>\$19,350,000</b>	<b>\$19,763,374</b>
<b>Department of Education</b>					
Parent Education	1,500,000	1,500,000	2,500,000	2,500,000	2,500,000
Four-Year -Old At-Risk Programs	1,000,000	1,000,000	4,500,000	4,500,000	4,500,000
School Violence Prevention	491,870	500,000	500,000	500,000	500,000
Vision Research	250,000	0	300,000	300,000	300,000
Communities in Schools	125,000	0	0	0	0
Mentoring Program Grants	499,999	0	0	0	0
Reading Recovery	0	0	0	0	0
<b>Subtotal - Dept. of Ed.</b>	<b>\$3,866,869</b>	<b>\$3,000,000</b>	<b>\$7,800,000</b>	<b>\$7,800,000</b>	<b>\$7,800,000</b>
<b>University of Kansas Medical Center</b>					
Tele-Kid Health Care Link	250,000	250,000	250,000	250,000	250,000
Pediatric Biomedical Research*	0	0	1,000,000	2,000,000	1,000,000
<b>Subtotal - KU Medical Center</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$1,250,000</b>	<b>\$2,250,000</b>	<b>\$1,250,000</b>

<b>TOTAL</b>	<b>\$28,224,758</b>	<b>\$39,375,000</b>	<b>\$37,650,000</b>	<b>\$38,650,000</b>	<b>\$38,063,374</b>
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\* The FY 2002 recommended amount reflects a reappropriation of funds from FY 2000.

Resource Estimate					
	<u>Actual FY 2001</u>	<u>Children's Cabinet Rec. FY 2002</u>	<u>Approved FY 2002</u>	<u>Gov. Rec. FY 2002</u>	<u>Conference Committee Rec. FY 2002</u>
Beginning Balance	0	755,000	755,000	1,775,242	1,775,242
KEY Fund Transfer	30,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Total Available	30,000,000	40,755,000	40,755,000	41,775,242	41,775,242
Less: Expenditures and Transfers	28,224,758	39,375,000	37,650,000	38,650,000	\$38,063,374
<b>ENDING BALANCE</b>	<b>\$1,775,242</b>	<b>\$1,380,000</b>	<b>\$3,105,000</b>	<b>\$3,125,242</b>	<b>\$3,711,868</b>

# FY 2003 Children's Initiatives Fund (Tobacco)

<u>Agency/Program</u>	<u>Children's Cabinet Rec. FY 2003</u>	<u>Agency Request FY 2003</u>	<u>Gov. Rec. FY 2003</u>	<u>Conference Committee Rec. FY 2003</u>
<b>State Library</b>				
Community Access Network	0	0	0	\$0
<b>Subtotal - Misc.</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Department of Health and Environment</b>				
Healthy Start/Home Visitor	250,000	250,000	250,000	\$250,000
Infants and Toddlers Program	500,000	500,000	1,000,000	\$500,000
Smoking Cessation/Prevention Program Grants	1,225,000	1,225,000	1,500,000	\$500,000
<b>Subtotal - KDHE</b>	<b>\$1,975,000</b>	<b>\$1,975,000</b>	<b>\$2,750,000</b>	<b>\$1,250,000</b>
<b>Juvenile Justice Authority</b>				
Juvenile Prevention Program Grants	6,500,000	6,000,000	6,500,000	\$6,000,000
Juvenile Graduated Sanctions Grants	0	2,000,000	2,000,000	\$2,000,000
<b>Subtotal - JJA</b>	<b>\$6,500,000</b>	<b>\$8,000,000</b>	<b>\$8,500,000</b>	<b>\$8,000,000</b>
<b>Department of Social and Rehabilitation Services</b>				
Children's Mental Health Initiative	2,500,000	1,800,000	2,500,000	\$1,800,000
Family Centered System of Care	5,000,000	5,000,000	5,000,000	\$5,000,000
Therapeutic Preschool	1,000,000	1,000,000	1,000,000	\$1,000,000
Community Services - Child Welfare	2,600,000	2,600,000	2,600,000	\$2,600,000
Child Care Services	0	1,400,000	1,400,000	\$1,400,000
Children's Cabinet Accountability Fund	1,900,000	2,504,000	600,000	\$550,000
HealthWave	0	1,000,000	2,000,000	\$1,000,000
Smart Start Kansas - Children's Cabinet	6,475,000	14,475,000	4,000,000	\$3,000,000
Children's Medicaid Increases	0	3,000,000	3,000,000	\$3,000,000
Immunization outreach	0	0	0	\$500,000
Family Preservation	0	0	0	\$2,750,000
Grants to CMHC's to develop childrens programs	0	0	0	\$2,000,000
School Violence Prevention	0	0	0	\$228,000
<b>Subtotal - SRS</b>	<b>\$19,475,000</b>	<b>\$32,779,000</b>	<b>\$22,100,000</b>	<b>\$24,828,000</b>
<b>Department of Education</b>				
Parent Education	2,500,000	2,500,000	3,000,000	\$2,500,000
Four-Year -Old At-Risk Programs	6,000,000	4,500,000	6,000,000	\$4,500,000
School Violence Prevention	500,000	500,000	500,000	\$0
Vision Research	400,000	300,000	400,000	\$300,000
Communities in Schools	0	0	0	\$0
Mentoring Program Grants	0	0	0	\$0
Reading Recovery	0	0	500,000	\$0
Special Education	0	0	0	\$1,225,000
<b>Subtotal - Dept. of Ed.</b>	<b>\$9,400,000</b>	<b>\$7,800,000</b>	<b>\$10,400,000</b>	<b>\$8,525,000</b>
<b>University of Kansas Medical Center</b>				
Tele-Kid Health Care Link	250,000	250,000	250,000	\$250,000
Pediatric Biomedical Research	0	1,000,000	1,000,000	\$2,000,000
<b>Subtotal - KU Medical Center</b>	<b>\$250,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>	<b>\$2,250,000</b>
<b>Transfer to State General Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,858,868</b>
<b>TOTAL</b>	<b>\$37,600,000</b>	<b>\$51,804,000</b>	<b>\$45,000,000</b>	<b>\$48,711,868</b>

Resource Estimate				
	<u>Children's Cabinet Rec. FY 2003</u>	<u>Agency Request FY 2003</u>	<u>Gov. Rec. FY 2003</u>	<u>Conference Committee Rec. FY 2003</u>
Beginning Balance	3,105,000	3,105,000	3,125,242	\$3,711,868
KEY Fund Transfer	45,000,000	45,000,000	45,000,000	45,000,000
Total Available	48,105,000	48,105,000	48,125,242	\$48,711,868
Less: Expenditures and Transfers	37,600,000	51,804,000	45,000,000	\$48,711,868
<b>ENDING BALANCE</b>	<b>\$10,505,000</b>	<b>(\$3,699,000)</b>	<b>\$3,125,242</b>	<b>\$0</b>

**ECONOMIC DEVELOPMENT INITIATIVES FUND**

<u>Agency/Program</u>	<u>Governor's Recommendation FY 2002</u>	<u>Conference Adjustments FY 2002</u>
Department of Commerce and Housing <sup>(1)</sup>		
Agency Operations	\$ 8,450,051	
Small Business Development Centers	485,000	
Certified Development Companies	400,000	
Kansas Industrial Training/Retraining	3,600,000	
Trade Show Promotion Grants	150,000	
Community Capacity Building Grants	197,000	
Kansas Economic Opportunity Initiative Fund	3,500,000	
Kansas Existing Industry Expansion Program	500,000	
Tourism Promotion Grants	1,052,100	
Mainstreet Grant and Development Prog.	216,800	
Agriculture Product Development	535,000	
Training Equipment Grants	277,500	
Travel Information Centers	115,000	
Motion Picture and Television Rebate	75,000	
HOME Program	530,000	
Subtotal - KDCH	<u>\$ 20,083,451</u>	
Kansas Technology Enterprise Corporation <sup>(1)</sup>		
Agency Operations	\$ 1,341,174	
Centers of Excellence	4,350,000	
Research Matching Grants	1,260,000	
Business Innovative Research Grants	516,000	
State Small Business Innovation Research	-	
Special Projects	79,303	
Commercialization Grants	1,450,000	
Mid-America Manufact. Tech. Center	900,000	
EPSCoR	3,000,000	
Subtotal - KTEC	<u>\$ 12,896,477</u>	<u>\$ -</u>
Kansas, Inc. <sup>(1)</sup>	\$ 341,663	
Board of Regents		
Matching Grants - AVTS	\$ 166,855	
Post-secondary Aid - AVTS	6,882,981	
Capital Outlay Aid - AVTS	2,700,000	
Comprehensive Grant Program	250,000	
Subtotal - Regents	<u>\$ 9,999,836</u>	<u>\$ -</u>
State Water Plan Fund <sup>(2)</sup>	\$ 2,000,000	
Adjutant General - Kansas National Guard Educational Asst.	\$ 250,000	
Death and Disability Transfer	\$ 10,308	
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b><u>\$ 45,581,735</u></b>	<b><u>\$ -</u></b>

**EDIF Resource Estimate**

Beginning Balance	\$ 1,868,022	
Gaming Revenues	42,432,000	
Other Income <sup>(3)</sup>	2,315,000	
Total Available	<u>\$ 46,615,022</u>	<u>\$ -</u>
Less: Expenditures and Transfers	45,581,735	0
<b>ENDING BALANCE</b>	<b><u>\$ 1,033,287</u></b>	<b><u>\$ -</u></b>

- 1) Does not include expenditures from prior year EDIF allocations.
- 2) The Legislature approved a transfer of \$1,638,180 in FY 2002. Due to a technical \$2,000,000 was actually transferred.
- 3) Other Income includes interest earnings and released encumbrances.

## ECONOMIC DEVELOPMENT INITIATIVES FUND

	Governor's Recommendation FY 2003	Conference Committee Recommendation
Department of Commerce and Housing <sup>(1)</sup>		
Operating Grant	\$ 15,320,885	\$ 14,554,841
Kansas Economic Initiatives Opportunity Fund	3,500,000	3,325,000
Kansas Existing Industry Expansion Program	500,000	475,000
Subtotal - Commerce and Housing	\$ 19,320,885	\$ 18,354,841
Kansas Technology Enterprise Corporation <sup>(1)</sup>		
Agency Operations	\$ 1,291,549	\$ 1,226,972
Centers of Excellence	3,925,000	3,728,750
Research Matching Grants	1,260,000	1,197,000
Business Innovative Research Grants	396,000	376,200
Special Projects	79,303	75,338
Commercialization Grants	1,350,000	1,282,500
Mid-America Manufact. Tech. Center	905,399	860,129
EPSCoR	3,000,000	2,850,000
Subtotal - KTEC	\$ 12,207,251	\$ 11,596,888
Kansas, Inc. <sup>(1)</sup>	\$ 313,292	\$ 297,627
Board of Regents		
Matching Grants - AVTS	\$ 200,000	\$ 190,000
Post-secondary Aid - AVTS	6,467,660	6,144,277
Capital Outlay Aid - AVTS	2,700,000	2,565,000
Subtotal - Regents	\$ 9,367,660	\$ 8,899,277
Adjutant General - National Guard Educational Assist.	\$ -	\$ 243,342
State Water Plan Fund	\$ 2,000,000	\$ 1,900,000
State General Fund	\$ -	\$ 2,301,112
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 43,209,088</b>	<b>\$ 43,593,088</b>
<b>EDIF Resource Estimate</b>		
Beginning Balance	\$ 1,033,287	\$ 1,033,287
Gaming Revenues	42,432,000	42,432,000
Other Income <sup>(2)</sup>	1,000,000	1,000,000
Total Available	\$ 44,465,287	\$ 44,465,287
Less: Expenditures and Transfers	43,209,088	43,593,088
<b>ENDING BALANCE</b>	<b>\$ 1,256,199</b>	<b>\$ 872,199</b>

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

2) Other Income includes interest earnings and released encumbrances.

**State Water Plan Fund: FY 2002**

Agency/Program	Governor's Rec. FY 2002	Conf. Cmte. Rec. FY 2002
<b>State Conservation Commission</b>		
Water Quality Buffer Initiative	265,134	265,134
Aid to Conservation Districts	1,038,000	1,038,000
Multipurpose Small Lakes	230,000	230,000
Nonpoint Source Pollution Asst.	3,471,715	3,471,715
Riparian and Wetland Program	250,000	250,000
Water Resources Cost Share	5,079,950	5,079,950
Watershed Dam Construction	805,000	805,000
Water Rights Purchase	69,433	69,433
<b>Total--Conservation Commission</b>	<b>11,209,232</b>	<b>11,209,232</b>
<b>Kansas Water Office</b>		
Assessment and Evaluation	200,000	200,000
Federal Cost-Share Programs	250,000	250,000
GIS Data Access and Support Center	143,773	143,773
GIS Data Base Development	250,000	250,000
MOU - Storage Operations and Maintenance	437,833	437,833
Ogallala Aquifer Institute	45,000	45,000
PMIB Loan Payment for Storage	263,991	263,991
Public Information	30,000	30,000
Stream Gauging Program	416,000	416,000
Technical Assistance to Water Users	440,795	440,795
Water Planning Process	55,552	55,552
Water Resource Education	60,000	60,000
Weather Modification	178,000	178,000
Kansas Water Authority	0	0
<b>Total--Kansas Water Office</b>	<b>2,770,944</b>	<b>2,770,944</b>
<b>Department of Wildlife and Parks</b>		
River Recreation	0	0
Stream (Biological) Monitoring	50,000	50,000
<b>Total--Department of Wildlife and Parks</b>	<b>50,000</b>	<b>50,000</b>
<b>Department of Agriculture</b>		
Floodplain Management	136,578	136,578
Interstate Water Issues	243,905	243,905
Subbasin Water Resources Management	644,450	644,450
<b>Total--Department of Agriculture</b>	<b>1,024,933</b>	<b>1,024,933</b>
<b>Department of Health and Environment</b>		
Assessment of Sediment Quality	50,000	50,000
Contamination Remediation	1,397,506	1,397,506
Local Environmental Protection Program	1,800,000	1,800,000
Nonpoint Source Program	434,335	434,335
TMDL Initiatives	454,147	454,147
<b>Total--Department of Health and Environment</b>	<b>4,135,988</b>	<b>4,135,988</b>
KCC--Well Plugging	400,000	400,000
University of Kansas--Geological Survey	50,000	50,000
<b>Total Water Plan Expenditures</b>	<b>19,641,097</b>	<b>19,641,097</b>

State Water Plan Resource Estimate	Governor's Rec. FY 2002	Conf. Cmte. Rec. FY 2002
Beginning Balance	2,550,678	2,550,678
Adjustments		
Released Encumbrances	0	0
Transfer to State General Fund	(250,000)	(250,000)
Revenues		
State General Fund Transfer	6,000,000	6,000,000
Economic Development Fund Transfer	2,000,000	2,000,000
Municipal Water Fees	3,603,419	3,603,419
Industrial Water Fees	1,225,000	1,225,000
Stock Water Fees	334,880	334,880
Pesticide Registration Fees	910,000	910,000
Fertilizer Registration Fees	3,311,597	3,311,597
Pollution Fines and Penalties	75,000	75,000
Sand Royalty Receipts	375,000	375,000
<b>Total Receipts</b>	<b>17,584,896</b>	<b>17,834,896</b>
Total Available	20,135,574	20,135,574
Less Expenditures	19,641,097	19,641,097
<b>Ending Balance</b>	<b>494,477</b>	<b>494,477</b>

**State Water Plan Fund: FY 2003**

Agency/Program	Governor's Rec. FY 2003	Conf. Cmte. Rec. FY 2003
<b>State Conservation Commission</b>		
Water Quality Buffer Initiative	386,634	347,971
Aid to Conservation Districts	1,042,500	938,250
Nonpoint Source Pollution Asst.	3,150,000	2,835,000
Riparian and Wetland Program	250,000	225,000
Water Resources Cost Share	4,329,744	3,896,770
Watershed Dam Construction	705,000	634,500
Water Rights Purchase	69,433	62,490
<b>Total--Conservation Commission</b>	<b>9,933,311</b>	<b>8,939,980</b>
<b>Kansas Water Office</b>		
Assessment and Evaluation	230,000	207,000
Federal Cost-Share Programs	160,285	144,257
GIS Data Access and Support Center	76,824	69,142
GIS Data Base Development	225,000	202,500
MOU - Storage Operations and Maintenance	390,715	351,644
Ogallala Aquifer Institute	40,000	36,000
PMIB Loan Payment for Storage	261,810	235,629
Public Information	35,000	31,500
Stream Gauging Program	392,448	353,203
Technical Assistance to Water Users	436,298	392,668
Water Planning Process	154,077	138,669
Water Resource Education	55,000	49,500
Weather Modification	173,000	155,700
Kansas Water Authority	22,101	19,891
<b>Total--Kansas Water Office</b>	<b>2,652,558</b>	<b>2,387,302</b>
<b>Department of Wildlife and Parks</b>		
River Recreation	0	0
Stream (Biological) Monitoring	50,000	50,000
<b>Total--Department of Wildlife and Parks</b>	<b>50,000</b>	<b>50,000</b>
<b>Department of Agriculture</b>		
Floodplain Management	143,042	143,042
Interstate Water Issues	242,552	242,552
Subbasin Water Resources Management	548,342	548,342
<b>Total--Department of Agriculture</b>	<b>933,936</b>	<b>933,936</b>
<b>Department of Health and Environment</b>		
Contamination Remediation	1,351,840	1,216,656
Local Environmental Protection Program	1,800,000	1,620,000
Nonpoint Source Program	431,043	387,939
TMDL Initiatives	461,792	415,613
<b>Total--Department of Health and Environment</b>	<b>4,044,675</b>	<b>3,640,208</b>
KCC--Well Plugging	0	0
University of Kansas--Geological Survey	50,000	45,000
<b>Total Water Plan Expenditures</b>	<b>17,664,480</b>	<b>15,996,426</b>

State Water Plan Resource Estimate	Governor's Rec. FY 2003	Conf. Cmte. Rec. FY 2003
Beginning Balance	494,477	494,477
Adjustments		
Released Encumbrances	300,000	300,000
Transfer to State General Fund	0	0
Revenues		
State General Fund Transfer	6,000,000	3,773,949
Economic Development Fund Transfer	2,000,000	1,900,000
Municipal Water Fees	3,550,000	3,550,000
Industrial Water Fees	1,235,000	1,235,000
Stock Water Fees	315,000	315,000
Pesticide Registration Fees	910,000	910,000
Fertilizer Registration Fees	3,038,000	3,038,000
Pollution Fines and Penalties	75,000	75,000
Sand Royalty Receipts	405,000	405,000
<b>Total Receipts</b>	<b>17,528,000</b>	<b>15,201,949</b>
<b>Total Available</b>	<b>18,322,477</b>	<b>15,996,426</b>
Less Expenditures	17,664,480	15,996,426
<b>Ending Balance</b>	<b>657,997</b>	<b>0</b>



# Juvenile Justice Authority



## 2002 Omnibus Bill Agency Issues

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*April 26, 2002*

Albert Murray, Commissioner

Senate Ways and means  
4-26, 27-02  
Attachment 6

### **1. Use of Children's Initiative Funds**

To increase agency flexibility to use Children's Initiative Funds for programs other than prevention, will require appropriation proviso language to authorize the Juvenile Justice Authority (JJA) to do so. The agency is concerned that such action has the potential to erode prevention initiatives presently in place. Immediate implementation of such a change for FY03 will have a negative impact on the local prevention providers that have been funded through this source over the last two years. It is the agency's recommendation to maintain the existing funding structure for FY03.

### **2. Juvenile Detention Facilities Fund (JDFF)**

We believe that the projected balance in the JDFF provides the agency with flexibility in the event that detention costs increase and/or receipts decrease. The fund balance also aids in cash management. As noted on the cash flow tables provided to the Legislative Research Department, there are months during the year in which expenditures exceed receipts. In addition, receipts to the JDFF have fallen from a monthly average of \$240,591 during FY 2001 to \$163,836 through the first six months of FY 2002. The fund balance functions as a safety net during months in which expenditures exceed receipts.

### **3. Prescription Drug Costs**

The study of the purchasing of prescription drugs in the juvenile correctional facilities indicated that the use of the State contract would provide a moderate cost reduction. However, the establishment of the required central pharmacy is cost prohibitive, considering the relatively low volume of drugs purchased by the facilities. The Atchison and Beloit facilities are experiencing the highest cost and will adopt the Topeka facility's purchasing plan. With the changes at Atchison and Beloit, the drug costs in the three facilities will be comparable and manageable.

### **4. Level V Rate Enhancement**

Based on the results of a Department of Social and Rehabilitation Services study of state rates for residential providers, the rate of Level V foster care will increase from \$72.32 per day to \$106.50 per day on July 1, 2002. This will allow service providers to be more appropriately compensated for the services they provide to juvenile offenders and children in need of care (CINC's) at the local level. The rates for several other levels of care, including Level 4, Level 6, and emergency shelter will also increase. *(See attachment: 03/26/02 SRS-JJA Correspondence)*

### **5. Use of Federal JAIBG Funds for Juvenile Correctional Facility Population Projections**

The question was posed recently as to whether federal block grant funds could be transferred to the Sentencing Commission rather than Wichita State University for population projections for the juvenile correctional facilities. The Juvenile Justice Authority's current contract with Wichita State University expires September 30, 2002. There is nothing to prohibit block grant funds being transferred to the Sentencing Commission rather than paid out to WSU.



KANSAS DEPARTMENT OF SOCIAL  
AND REHABILITATION SERVICES

915 SW HARRISON STREET, TOPEKA, KANSAS 66612

JANET SCHALANSKY, SECRETARY

26 March 2002

Pat Saville  
Secretary of the Senate  
Statehouse, Room 360-E  
Topeka, KS 66612

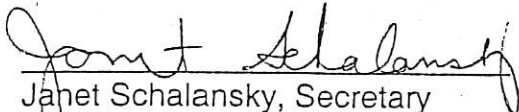
Janet Jones  
Chief Clerk  
Statehouse, Room 477-W  
Topeka, KS 66612

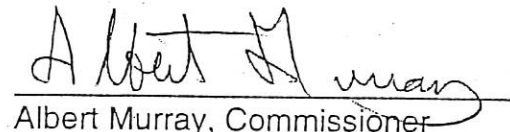
Dear Secretary Saville and Chief Clerk Jones:

This report is being provided to the Joint Committee on Corrections and Juvenile Justice Oversight as required by Senate Concurrent Resolution 1610. This resolution required the Department of Social and Rehabilitation Services and the Juvenile Justice Authority to study the reimbursement rates to various residential facilities. As a result of this required study, the attached report is being presented as a shared product by our respective agencies.

Please let us know if you have questions regarding the report.

Sincerely,

  
Janet Schalansky, Secretary  
Social and Rehabilitation Services  
785-296-3271

  
Albert Murray, Commissioner  
Juvenile Justice Authority  
785-296-4213

**KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES**

**Janet Schalansky, Secretary**

**915 SW Harrison**

**Topeka, Ks. 66612**

**KANSAS JUVENILE JUSTICE AUTHORITY**

**Albert Murray, Commissioner**

**714 SW Jackson Suite 300**

**Topeka, Ks. 66603**

**Joint Committee on Corrections and Juvenile Justice**

**March 26, 2002**

**Residential Rate Adjustments**

**SCR 1610**

### Residential Rate Adjustments

#### BACKGROUND AND PURPOSE OF STUDY

Senate Concurrent Resolution No. 1610, issued by the 2001 Legislature, directed that the Department of Social and Rehabilitation Services (SRS) and the Juvenile Justice Authority (JJA) review the state rates for residential services and recommendations forwarded to the 2002 Legislature from a joint interim study. Specifically, in the body of SCR No. 1610 there was specific mention of "Level IV, Level V, Level VI and emergency care" services and the need for a rate analysis of these services.

State set rates had not been adjusted since 1994. With the implementation of the public/private partnerships for foster care and adoption in FY 1997 nearly all beds purchased for children by SRS were handled by the private contractors who are free to negotiate their own rates. However, JJA has found it increasingly difficult to purchase beds in adequate numbers and with appropriate services due to the inadequacy of the current rates. The study was primarily focused on resolving this difficulty.

As a result of this resolution and the problems experienced by JJA, the Secretary of SRS directed the SRS Office of Audit and Consulting Services to perform the rate analysis for the Department. The decision was made to include all levels of care for out of home services in this study, i.e., the study would be of Level III, IV, V and VI, emergency shelters, and various types of foster care (e.g., family, therapeutic, diversionary, etc.). The purpose of the study was to determine the appropriateness of the current reimbursement system and the adequacy of the existing rate structure.

#### RESULTS OF THE STUDY

Based on the results the above rates will be adjusted effective July 1, 2002 as noted below. This decision was made collaboratively between SRS and JJA and is memorialized in a signed agreement between the two agencies.

Level of Care	Existing Rate	Revised Rate
Emergency Shelter (CFO03)	72.32	86.65
Level IV (CFO38)	55.93	59.93
Maternity (CFO53)	55.93	60.57
Level V (Y9573)	72.32	106.50
Level VI (Y9506)	196.35	210.00
Family Foster Care (CFO35)	16.83	18.67
Diversion Foster Care (CFO36)	47.90	49.64
Satellite Foster Care (CFO55)	28.26	30.33

With the implementation of the new rates on July 1, 2002 the \$35.00 per day intensive supervision service will be terminated.

BEN F. BARRETT  
DIRECTOR  
WILLIAM G. WOLFF  
ASSOCIATE DIRECTOR  
ALAN D. CONROY  
CHIEF FISCAL ANALYST



STAFF  
LEGISLATIVE COORDINATING COUNCIL  
INTERIM COMMITTEES  
STANDING COMMITTEES  
LEGISLATIVE INQUIRIES

## THE LEGISLATIVE RESEARCH DEPARTMENT

300 W. TENTH—ROOM 545-N  
PHONE: (913) 296-3181/FAX (913) 296-3824  
INTERNET: kslegres@lr01.wpo.state.ks.us  
TOPEKA, KANSAS 66612-1504

April 26, 2002

### Department of Agriculture Fee Fund Proposal

The passage of the fee package proposed for the Department of Agriculture would necessitate the increase of the expenditure limitations of the following fee funds in the agency.

Bill	Fee Fund	Expenditure Limitation
SB 438	Dairy Fee	\$ 70,697
SB 438	Soil Amendment Fee	280
SB 438	Agricultural Lime Fee	10,050
SB 438	Chemigation Fee	48,750
SB 438	Agricultural Chemical Fee	182,000
SB 438	Fertilizer Fee Fund	2,500
SB 438	Nutrient Utilization Fee	16,700
SB 438	Pesticide Use Fee Fund	220,650
SB 438	Meat and Poultry Inspection Fee Fund	27,750
SB 437	Entomology Fee Fund	86,800
<b>Weights and Measures Fees</b>		
SB 438	From Existing Fees	\$ 28,000
SB 438	From New Fees	186,375
	Total	<u>\$ 214,375</u>
<b>Water Appropriations Fees</b>		
SB 438	From Existing Fees	\$ 240,300
SB 438	From New Fees	609,135
	Total	<u>\$ 849,435</u>
SB 436	Water Structures Fee Fund (New Fee)	\$ 181,750




State of Kansas

**KANSAS SENTENCING COMMISSION**

Honorable Paul E. Miller, Chairman  
District Attorney Paul Morrison, Vice Chairman  
Barbara S. Tombs, Executive Director

Date: April 15, 2002

To: Members of the Senate Ways and Means Committee

From: Barb Tombs, Executive Director 

Re: Information Requested by the Senate Ways and Means Committee ~

The full Senate Ways and Means Committee concurred with the budget recommendations of the Subcommittee, with an adjustment directing that the Kansas Sentencing Commission establish policies and procedures to bring the agency in compliance with federally mandated rules relating to sub-recipient site-visits and program audits. The agency was requested to provide this information during Omnibus.

The Kansas Sentencing Commission, contrary to prior years, sought no new positions for SFY 2003 out of respect for the State's current budget shortfall. However, during the Ways and Means Subcommittee hearing, the Kansas Sentencing Commission identified concerns relating to compliance with federal guidelines due to a staff shortage in the grant administration area. With the agency's current staff of one FTE and two full time temporary employees, there are not the available man-hours to conduct site visits to grant sub-recipients, as outlined in the Bureau of Justice Assistance's (BJA) Guidance Manual, Chapter 2. The Bureau of Justice Assistance, Program Manager, has stated that a minimum number of site visits should include one site-visit per each sub-recipient per each grant period.

Outlined below are possible options for consideration. Compliance with the federal outline on site-visits would be fully satisfied by Option 1. Option 2 or Option 3 partially addresses the federal compliance issue by increasing the number of site-visits performed.

**Options for consideration:**

- **Option 1** - Prioritize all grants, establish a site visit schedule and hire one new person dedicated to completing site visits. This person would focus on program evaluations, fiscal audits and site-visits. The approximate cost to the state would total \$8,000 at a designated salary of \$30,000, utilizing 75% federal funds and 25% state funds. There would, however, be travel costs necessary with this position.

Jayhawk Tower 700 SW Jackson Street - Suite 501 Topeka, Kansas 66603-3731  
(785) 296-0923 Phone (785) 296-0927 FAX Web Page: <http://www.ink.org/public/ksc>

*Senate Ways and Means  
4-26, 27-02  
Attachment 8*



- **Option 2** - Prioritize all grants and establish a site visit schedule utilizing current staff to complete a minimum of three (3) site visits per week. The agency impact of this option would result in a delay of reimbursement payments to sub-recipients by three weeks. In addition, there would also be a corresponding delay in grant award preparation and federal reporting activities. There would be additional costs related to the travel required for this option also.
- **Option 3** - Prioritize all grants, and establish a schedule for site visits, with the goal of completing one site visit per sub-recipient every two years utilizing current staff. This option would result in delays in reimbursement payments to sub-recipient by one to two weeks, as well as a corresponding delay in other grant activities. This option would increase travel expenses proportional to the number of trips.

Currently the staff administers 130 grants, totaling approximately nine (9) million dollars in federal funds. The number of grants has steadily increased from an initial 70 grants in 1994 to a current 130 grants, without an increase in staff. In addition, there is pending legislation that designates the Kansas Criminal Justice Coordinating Council administer a new state grant program. Since the Commission is a small agency, all grant staff perform additional duties within the agency, such as addressing computer support, covering for the receptionist's break and lunch periods and assisting with the preparation and oversight of the agency's budget.

The agency has initiated efforts to improve efficiency and service by developing and implementing a comprehensive database for the management and administration all federal grants. Utilizing this database, desk audits can be conducted in a timely manner and information requested or required by federal agencies is now available.

The agency currently monitors the grants through desk audits and completing a site visit when a problem is identified through either the desk audit or as a result of information received by staff. Desk audits require about one-fourth of the staff time required for a site visit, correspondingly site visits require between eight to sixteen hours, including preparation time, travel time, meeting time, and drafting of the site-visit report. Conducting the required number of site-visits is crucial to identifying grant mismanagement, misguidance or to resolve a problem that cannot be fully addressed through a desk audit.

This agency maximizes the resources allotted by utilizing the skills of current personnel and by implementing technology to improve levels of efficiency and service. This agency is managing at an effective level with current personnel. However, the time required for site-visits combined with the complexity and varying tasks required to effectively administer and monitor all federal grants, restricts this agency's ability to accomplish the goal of one site visit per grant. The Sentencing Commission would like to note its appreciation for the support and help given by the members of the Subcommittee to address this issue. Please advise this agency if you should need additional information or more details.

April 26, 2002

**To:** Senate Ways and Means Committee  
**From:** Robert Waller, Fiscal Analyst  
**Re:** Comprehensive Transportation Program

The following is a detail comparison of adjustments to the Comprehensive Transportation Program (CTP) made by the House Transportation Committee and the Senate Committee on Ways and Means.

## HOUSE TRANSPORTATION HB 3026

House Transportation Committee recommends the introduction of legislation to provide the funding necessary to maintain and complete projects detailed in the "red map" read in by the passage of 1999 HB 2071. The details of the proposed legislation are listed below:

- The House Budget Committee recommends an increase of a 1/4 cent in the sales and compensation use tax deposited directly to the State Highway Fund in FY 2003.
- The House Transportation Committee recommends the demand transfer be reduced to zero and recommends the transfer of 14 percent of the sales tax on new and used vehicles be deposited within the State Highway Fund beginning in FY 2004. The transfer will provide a fixed amount of approximately \$22,000,000 per year in revenue. The House Transportation Committee recommends the transfer be deemed a revenue transfer.
- The House Transportation Committee recommends an increase in motor fuel taxes by \$0.02 cents effective June 1, 2002 that would be dedicated entirely to the State Highway Fund. Currently, motor fuel taxes are set to increase by \$0.01 cents on July 1, 2003 which is divided between the State Highway Fund and the Special City County Highway Fund.
- The House Transportation Committee recommends an increase in registration fees that provides a 3 percent increase in revenue in FY 2003.

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The percentage will be spread over all categories, with a reduced increase being implemented on larger trucks.

- The House Budget Committee recommended reducing major modification and priority bridge set-aside projects by \$40,000,000 (from the State Highway Fund). However, this provision is not contained with HB 3026.

### SENATE COMMITTEE RECOMMENDATION

The Senate Committee recommends the following adjustments to the Comprehensive Transportation Plan (CTP). The details are listed below:

- The Senate Committee recommends reducing the original demand transfer amount (\$148,999,858) by \$46,000,000, extending the program by 2 years at a savings of \$25,000,000, and further reduces CTP expenditures by \$4,401,000 million for a total of \$70,000,000 in FY 2003. However, the Committee does not identify any specific projects to be cut due to the reduction in funding.
- The Senate Committee adds \$95,000,000 (based on the percentage amount the agency received in FY 2002) to finance CTP in FY 2004.
- The Senate Committee amends the original CTP legislation, and authorizes the transfers to be made according to the following schedule: 11.0 percent in FY 2005, 11.25 percent in FY 2006, and 12.0 percent in FY 2007, to continue at the level for the remainder of the program.



# Kansas Bureau of Investigation

Larry Welch  
Director

Carla J. Stovall  
Attorney General

April 26, 2002

**Kansas Legislative Conference Committee:**

Senator Steve Morris;  
Senator Nick Jordan;  
Senator Jim Barone;  
Representative Kenny Wilk;  
Representative Melvin Neufeld;  
and Representative Rocky Nichols

Dear Committee:

I don't mean to distract you from your challenging task at hand, but, in our continuing effort to be good stewards of state tax payer money, I have an offer for your consideration. I apologize that I'm so tardy with the idea and I regret I didn't think of it earlier.

You recall, I'm sure, the remodeling project for the Great Bend Forensic Laboratory, designed to place more forensic chemistry positions in the second floor area, targeting methamphetamine, of course. Discussed and debated in 1998, 1999, 2000 and 2001, the project was endorsed by the Joint Building Committee, March 13, 2001, and passed by the Kansas Legislature, March 21, 2001, with \$293,329 being transferred to the KBI, April 5, 2001, with the governor's signature coming on April 23, 2001. We were instructed to pursue federal grant funding for the balance of the project and to repay you from forfeiture funds as they become available.

We've spent some \$34,000 of your funding in the early stages of the project and we're now poised to move forward on the project with the remaining \$258,000 (approximately) for the key Phase I.

My offer, if it would assist you, is to return the approximately \$258,000 to you.

Make no mistake. The need for the improvement is still valid. The remodeling does not represent bells and whistles or cosmetic surgery for our Great Bend facility. Phase I, the part you've paid for, will translate to more equipment, other resources and more working space in our fight against methamphetamine.

Nevertheless, given our state's dire financial straits, I am prepared to give the money back to you, if it'll help you in your painful deliberations.

Although we are underway with the preliminaries on the project, this is not a speeding train. I can still bring it to an abrupt stop.

Obviously, selfishly, I would prefer to give up something (although very much needed) that I don't actually have yet, rather than give up something I do have and am already using, like people.

I'll write you a check. (So to speak.) The check is good and the offer is quite sincere.

I recognize that approximately \$258,000 is not much money when you're considering a \$700,000,000 shortage. \$258,000 is a lot of money to us, of course.

We are currently soliciting bids, so I would appreciate your recommendation at your earliest convenience. But I promise no bid will be finalized and no wall knocked down until I hear from you.

If you elect to accept my offer, I trust that the issue of this forensic remodeling could be revisited by the Legislature and the KBI whenever the state budget situation improves.

Sincerely,

A handwritten signature in black ink, appearing to read 'Larry Welch', written over a large, stylized, handwritten 'L' that serves as a flourish or initial.

Larry Welch  
Director

LW/pja



# **KANSAS HIGHWAY PATROL**

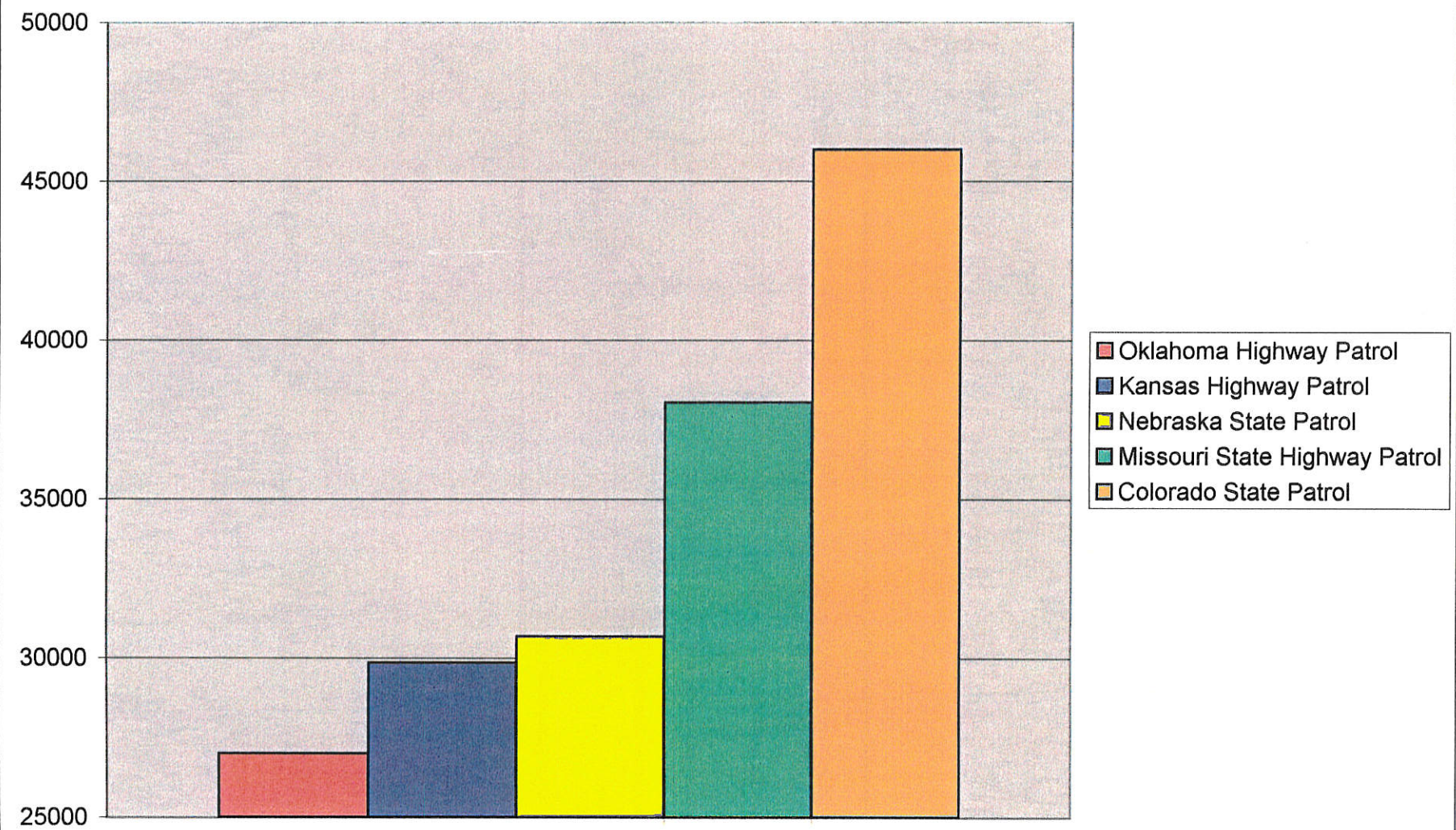
## *Contiguous State Service Comparisons*



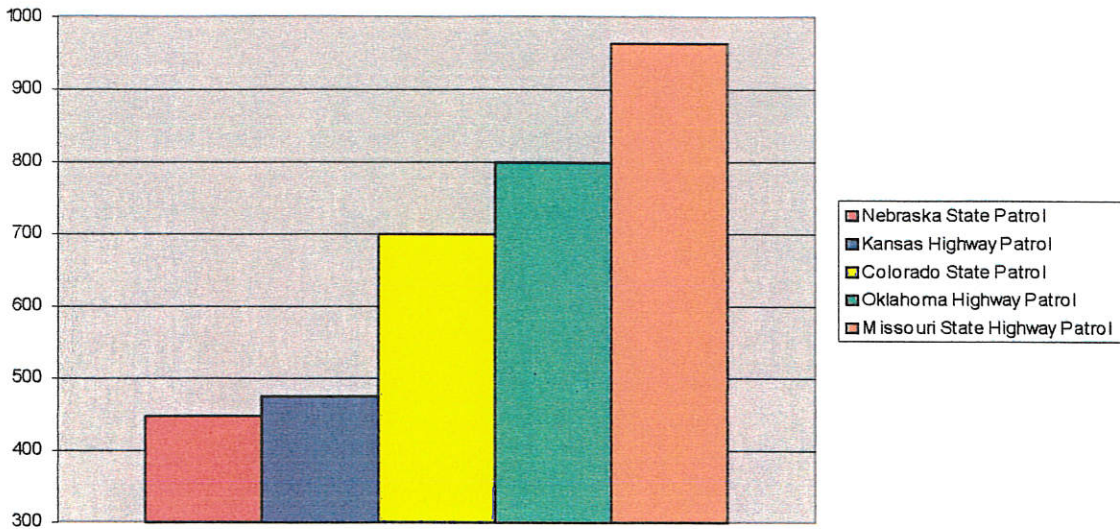
*Service – Courtesy - Protection*

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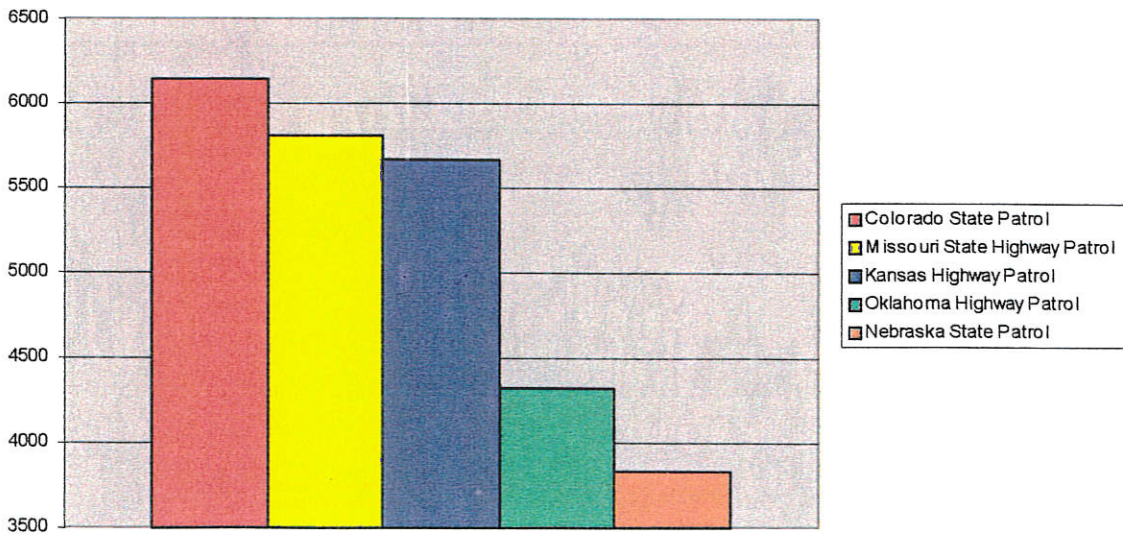
# Base Pay - Full Service Trooper



### Number of Troopers By State

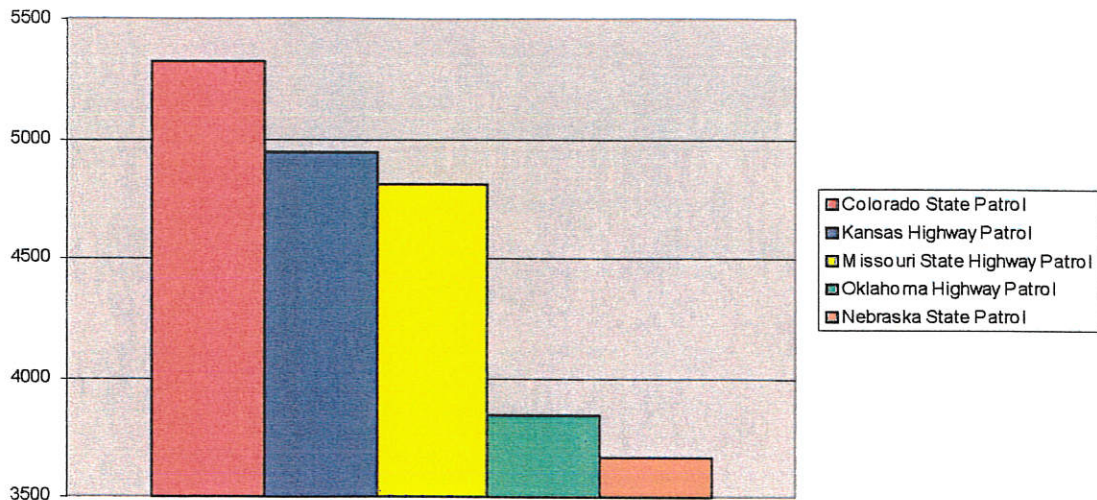


### Number of State Residents Served Per Trooper

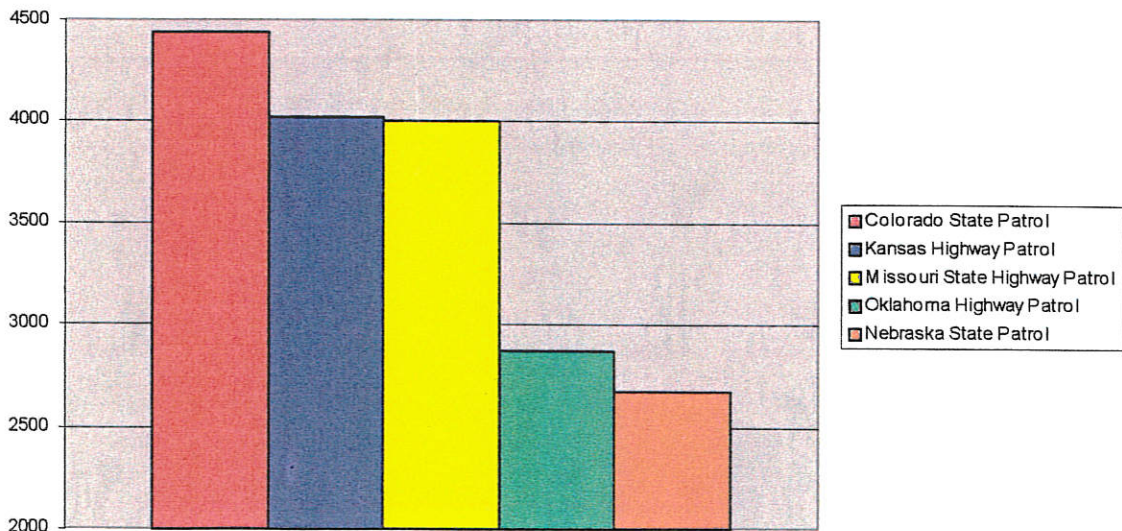




## Registered Vehicles Served Per Trooper



## Licensed Drivers Served Per Trooper

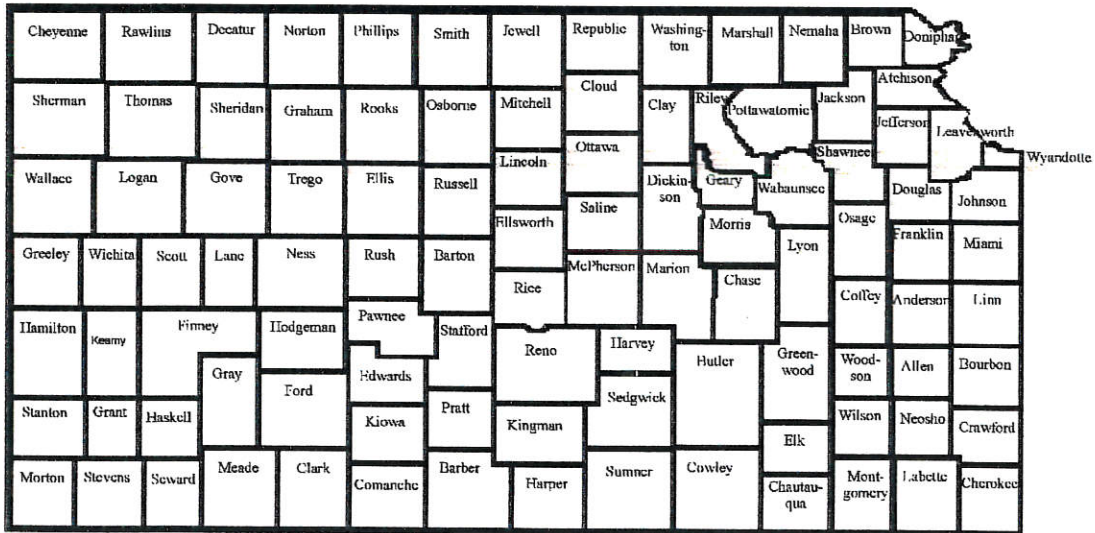




# KANSAS HIGHWAY PATROL

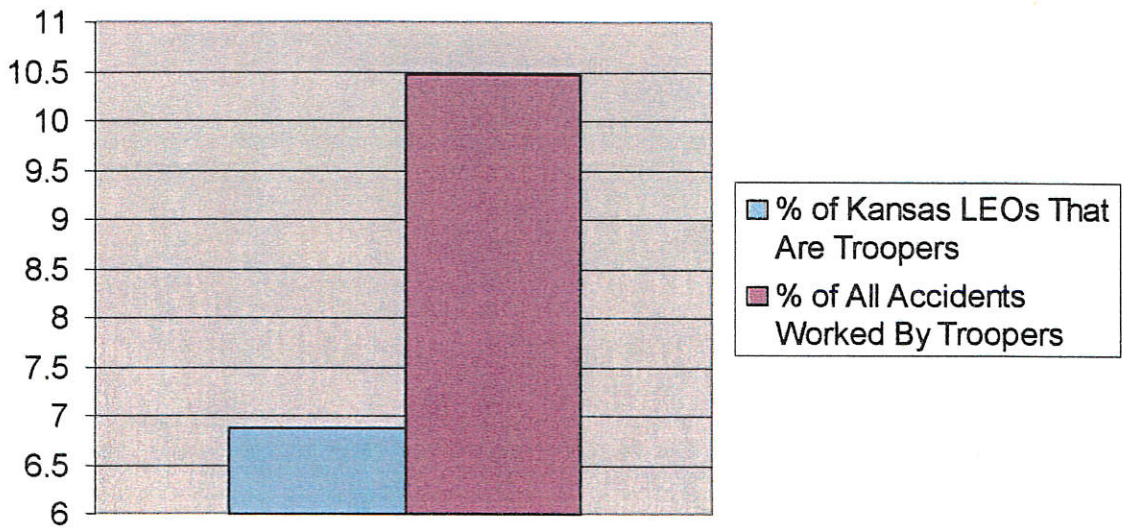
## *Kansas Accident Statistics*

### 2000

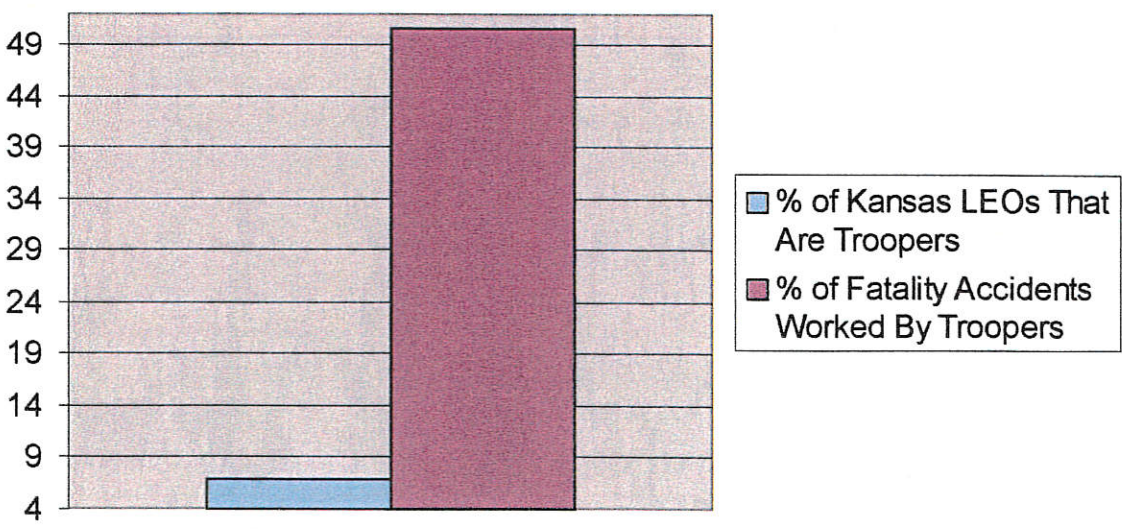


*Service – Courtesy - Protection*

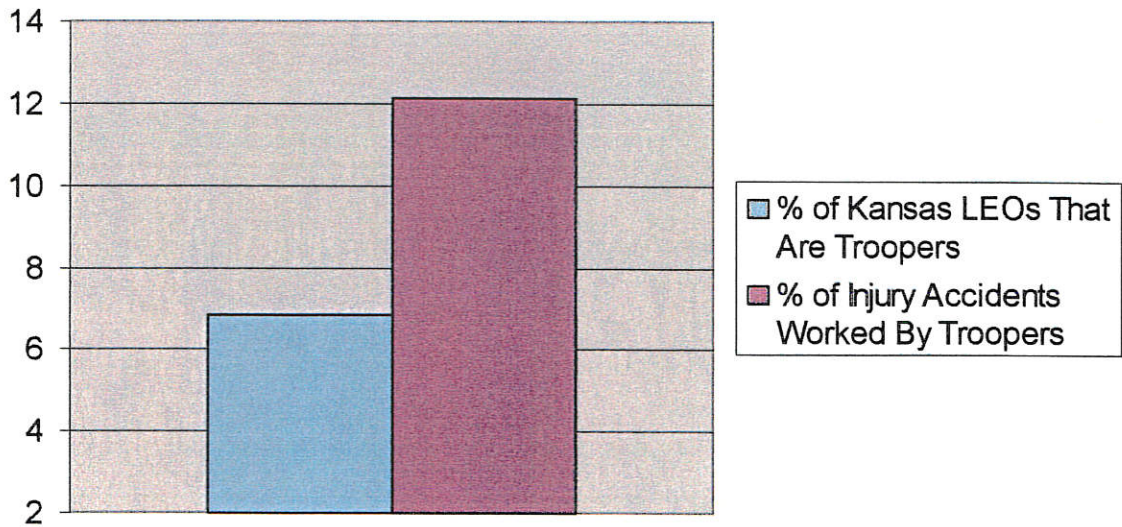
**All Accidents Worked By Kansas Law Enforcement**



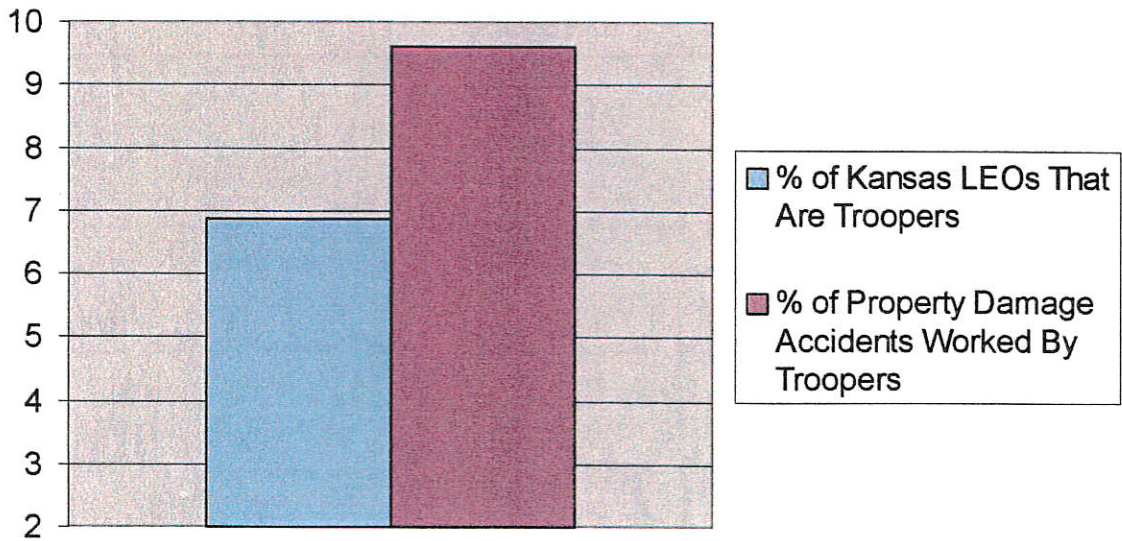
**Fatality Accidents Worked By Kansas Law Enforcement**



**Injury Accidents Worked By Kansas Law Enforcement**



**Property Damage Accidents Worked By Kansas Law Enforcement**



# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

Rm. 545N—Statehouse, 300 SW 10th Ave.  
Topeka, Kansas 66612-1504  
(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.state.ks.us

<http://skyways.lib.ks.us/ksleg/KLRD/klrd.html>

March 28, 2002

**To:** Senate Budget Solutions Working Group  
**From:** Robert Waller, Fiscal Analyst  
**Re:** State Costs Pertaining to the Initiation and Operation of the Kansas Speedway

The following are responses from the Kansas Department of Transportation (KDOT) and the Kansas Highway Patrol (KHP) in regards to their involvement in the initial construction of Speedway "improvements" and services provided during Speedway events.

**Staff Note:** The following information was provided by the KDOT and KHP.

## Kansas Department of Transportation

KDOT funded the following improvements related to the Kansas Speedway: \$26 million on state highway system improvements, including I-70/State Avenue ramps, I-70/110th Street ramps, with widening of I-70 to six lanes between 110<sup>th</sup> and I-435, I-435/State Avenue ramps, and State Avenue (US-24 from 118<sup>th</sup> to I-435; \$10 million for the improvement of 110<sup>th</sup> Street; and \$1 million partial funding of New Jersey Avenue improvements.

A contract was entered into with United Rentals to perform traffic control operations for KDOT and KHP for the 2001 race season on the state highways surrounding the Kansas Speedway. The contract included signing, cones, barricades, arrow boards, changeable message signs, portable camera trailers, labor, and management activities. The total price of the contract was \$558,159. In addition, there were minor staff hours expanded by KDOT on race days.

36124(3/28/2{4:12PM})

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# Kansas Highway Patrol

## Kansas Highway Patrol 2001 NASCAR Season Costs

	<u>Hours</u>	<u>Hourly Rate</u>	<u>June 2</u>	<u>July 7-8</u>	<u>September 28-30</u>
<b>Attendance/Preparation</b>					
June Totals	962.3	19.34	\$ 18,609.92	\$ -	\$ -
July Totals	1,456.5	18.59	-	27,076.34	-
September Totals	1,981.5	18.46	-	-	36,578.49
<b>Travel Time</b>					
June Totals	204.0	19.34	3,945.36	-	-
July Totals	202.0	18.59	-	3,755.18	-
September Totals	219.0	18.46	-	-	4,042.74
<b>Number of Troopers</b>			35.0 FTE/Day	35.0 FTE/Day	35.0 FTE/Day
Travel Reimbursement	-	-	1,460.25	2,348.50	3,332.75
Lodging	-	-	2,310.00	4,824.90	7,103.91
Lunches Provided	-	-	483.00	-	-
Water/Ice/Gatorade	-	-	377.70	240.00	526.64
<b>Total</b>			<u>\$ 27,186.23</u>	<u>\$ 38,244.92</u>	<u>\$ 51,584.53</u>

### Total Costs to KHP

**\$ 117,015.67**

Note: Travel time calculated on approximate distance traveled at average of 50 miles per hour and calculated at the individuals' actual hourly rate.

The attendance/preparation hourly rate used was the average of the travel rate at straight time.

Not included are car costs and the real possibility the straight rates could be overtime.

Also not included are the hours of advance preparation well in advance of the actual races (meetings, etc.).



State of Kansas

Office of the Attorney General

120 S.W. 10TH AVENUE, 2ND FLOOR, TOPEKA, KANSAS 66612-1597

CARLA J. STOVALL  
ATTORNEY GENERAL

April 5, 2002

MAIN PHONE: (785) 296-2215  
FAX: (785) 296-6296

The Honorable Bill Graves  
State Capitol  
Topeka, Kansas 66612

Re: FY 2003 Budget Amendment Request; Water Litigation

Dear Governor Graves:

We previously informed you and your budget staff, as well as Legislative committees and staff that it was unrealistic to believe the *Kansas v. Colorado* water litigation would be concluded in this fiscal year. While attempts were underway at the time the Governor's Budget was drafted to mediate and settle this litigation, they have not been successful. This case has been funded through the Attorney General's budget for the last 19 years, attempting to stop Colorado from taking water which should be flowing into our state in and along the Arkansas River. We believe a 20<sup>th</sup> and a 21<sup>st</sup> year of funding will be required before we can hope to bring this case to a conclusion. Wishing for conclusion of the case, the Governor's "Green Book" Budget for FY 2003 did not appropriate any money for *Kansas v. Colorado* and did not authorize continuation of the general fund account that has been used to finance it, allowing any unspent money to be reappropriated for use.

What we expect to be the last segment of trial in this case is set to begin in mid-June this year and last for up to eight weeks. From this trial, and the review of the resulting decision of the Special Master by the U.S. Supreme Court, we hope to determine just how much money Colorado must pay Kansas for past damages which already have been awarded in principle by the U.S. Supreme Court. Perhaps more importantly, we hope this segment of the trial will determine what further steps Colorado must take to come into compliance with the Compact governing operation of the Arkansas River and how compliance will be monitored in the future. We anticipate that by January, 2003, the Master will issue this final report, but that it is unlikely to be scheduled for argument before the U.S. Supreme Court until October, 2003, which will extend the case into FY 2004.

Your budget staff and legislative committees and staff also have been informed that the \$753,959 allocated to the *Kansas v. Nebraska* litigation would be insufficient to sustain intense

Senate Ways and Means  
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discovery and trial preparation scheduled for Fiscal Year 2003. Indeed, this is just half of the money we expect to spend in the current year on the case. While mediation is continuing in this litigation as well, should it settle, we do not believe any resolution would significantly relieve the need for more money in Fiscal Year 2003. Expenses would continue to be required by the parties to establish the principles for future operation of the Republican River, including intensive data gathering and analysis and complex modeling of the river.

Working with our lead counsel in both cases, this week we have updated our expenditures to date in this fiscal year, which are included in charts attached to this letter, and more importantly, we have revised our estimates for the last quarter of this year and next year. These new estimates are extremely conservative when compared to past expenditures. We are asking that every effort be made to save money without taking risks likely to jeopardize Kansas' cases. This may limit the taking of depositions, travel, use of experts and outside counsel time in both cases, as well as limiting expenditures to organize and manage documents in the *Nebraska* case.

Our new estimates lead us to the following conclusions:

- **In the *Colorado* case, we believe we will need an additional appropriation of \$505,776 for FY 2003.** Added to \$309,224 we expect to reappropriate, this would provide \$815,000 for this case in FY 2003. Remember that no money was included in the Governor's Budget for this case for FY 2003, in the hope that it would be over. It is critical that this money be appropriated this session in that trial at the beginning of FY 2003 will require expenditure of the largest share of this money. Supplemental funding next year would be of little assistance.
- **In the *Nebraska* case, we believe we will need an additional appropriation of \$316,041 for FY 2003.** With no reappropriation expected for FY 2003, this, added to \$753,959 which was included in the Governor's Budget, would provide \$1,070,000 for this case in FY 2003. In that expenditures for this case are expected to be greatest in the last half of FY 2003, as trial approaches, this anticipated shortfall could be addressed through supplemental funding next year; however, we believe it is important for it to be understood that such a supplemental request can be expected. Further, since budgets for both cases have been estimated to try to save as much money as we can, it is possible that additional supplemental appropriations may be required should anything unexpected occur. No contingency is built into these numbers.

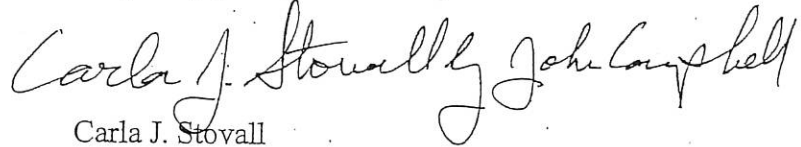
We have done our best to spend and budget reasonably and conservatively without taking too great a risk of jeopardizing these cases. With the funding requested above we believe we will be able to continue to build on our past successes in each case and resolve these disputes to the benefit of our state, protecting our water supply. We have made every effort to do so without greatly increasing your burden as you attempt to balance the state's budget. Without this funding we would



The Honorable Bill Graves  
April 5, 2002  
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jeopardize nearly \$20 million we have spent on these two cases over 19 years, risk the opportunity to recover an amount greater than \$20 million which Colorado will be required to pay Kansas, and most importantly, we would jeopardize our water supply along these two rivers. With a budget amendment, we believe the Legislature will be much more likely to favorably consider this request. With some question as to whether an omnibus appropriations bill will even be considered this year, we further ask that this matter be considered quickly, so that action can be taken next week, if necessary. Thank you for your consideration of this critical budget amendment request.

Very truly yours, -



Carla J. Stovall  
Attorney General

attachment

c: Director of Budget  
House Appropriations and Budget Committee Members  
Senate Ways & Means Committee Members

FY 2002-2003 Revised Kansas v. Colorado Budget (4/5/2002)

<u>MONTH</u>	<u>AMOUNT</u>	<u>ANTICIPATED ACTIVITY</u>
July, 2001	33,461	Actual cost
August	71,209	Actual cost
September	71,421	Actual cost
October	39,119	Actual cost
November	56,848	Actual cost
December	37,426	Actual cost
January, 2002	36,953	Actual cost
February	67,485	Actual cost
March	12,944	Actual cost
April	75,000	Depositions & trial preparation
May	80,250	Depositions & trial preparation; possible mediation
June	130,000	Trial begins on current compliance, further economic damages, quantify damages
<b>FY 2002 Total</b>	<b>\$712,116</b>	(FY02 funds available of \$1,124,546 leave \$412,430, of which \$103,206 is estimated to be transferred to cover Nebraska FY02 shortfall, and \$309,224 to be reappropriated for Colorado in FY03)
July, 2002	150,000	Trial on current compliance, further economic damages, quantify damages
August	110,000	Trial concludes
September	50,000	Post-trial briefing
October	50,000	Post-trial briefing
November	50,000	Review draft report; Submit comments
	100,000	Special Master assessment
December	50,000	Review final report
January, 2003	75,000	Brief on exceptions to final report
February	75,000	Reply brief on exceptions to final report
March	75,000	Reply brief on exceptions to final report
April	10,000	Begin preparation for oral argument in October
May	10,000	Begin preparation for oral argument in October
June	10,000	Begin preparation for oral argument in October
<b>FY 2003 Total</b>	<b>\$815,000</b>	(The Governor's Budget currently appropriates no money for this case in Fiscal Year 2003; assuming \$309,224 is reappropriated, an additional appropriation of \$505,776 would be required for FY03)

FY 2002-2003 Revised Kansas v. Nebraska Budget (4/5/2002)

<u>MONTH</u>	<u>AMOUNT</u>	<u>ANTICIPATED ACTIVITY</u>
July, 2001	80,336	Actual cost
August	116,076	Actual cost
September	113,389	Actual cost
October	113,310	Actual cost
November	111,427	Actual cost
December	197,388	Actual cost including \$70,562 document prod., \$59,688 master assmnt.
January, 2002	82,946	Actual cost
February	77,483	Actual cost
March	130,045	Actual cost
April	100,000 130,000	Briefing, data analysis, modeling, depositions State document imaging, coding and analysis costs
May	100,000 130,000	Briefing, data analysis, modeling, depositions State document imaging, coding and analysis costs
June	30,000	Data analysis, modeling
<b>FY 2002 Total</b>	<b>1,512,400</b>	(FY02 funds available of \$1,409,194, plus a transfer of \$103,206 available in FY02 from the Colorado litigation would provide \$1,512,400 to meet these expenses)
July, 2002	30,000	Data analysis, modeling
August	60,000	Data analysis, modeling
September	80,000	Data analysis, modeling
October	80,000	Modeling and other technical analysis; expert depositions
November	80,000	Modeling and other technical analysis; expert depositions
December	80,000	Modeling and other technical analysis; expert depositions
January, 2003	80,000	Modeling and other technical analysis; expert depositions
February	100,000	Trial preparation; pretrial motions
March	100,000 60,000	Trial preparation; pretrial motions Special Master assessment
April	100,000	Trial preparation, pretrial motions
May	100,000	Trial preparation
June	120,000	Trial preparation
<b>FY 2003 Total</b>	<b>1,070,000</b>	(The Governor's Budget currently appropriates \$753,959 for this case in Fiscal Year 2003, <b>requiring an additional appropriation of \$316,041 for FY03</b> )

**State General Fund Profile**  
**Reflecting Conference Committee Action**  
**(In Millions)**

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Beginning Balance	\$ 378.0	\$ 365.7	\$ 35.6
Released Encumbrances	2.3	0.0	0.0
Receipts (March 2002)	4,415.0	4,206.9	4,464.1
(Less Gov. Rec. Adjustments)	0.0	0.4	(146.2)
(Less Committee Adjustments)	0.0	0.6	45.1
Adjusted Receipts	<u>4,415.0</u>	<u>4,207.9</u>	<u>4,363.0</u>
Total Available	<u>\$ 4,795.3</u>	<u>\$ 4,573.6</u>	<u>\$ 4,398.6</u>
Expenditures	4,429.6	4,538.0	4,400.9
Ending Balance	<u>\$ 365.7</u>	<u>\$ 35.6</u>	<u>\$ (2.3)</u>
Ending Balance as a % of Exp.	8.3%	0.8%	-0.1%

Additional Resources Needed for 5.0 Percent Ending Balance - \$222.3 million

Additional Resources Needed for 7.5 Percent Ending Balance - \$332.4 million

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**Transfers Affecting State General Fund  
As Recommended by Conference Committee**

FY 2002

Department of Revenue Project 2000	\$ 451,302
Department of Human Resources Special Employment Sec. Fund	<u>159,140</u>
<b>TOTAL</b>	<b>610,442</b>

FY 2003

Insurance Department Workers' Compensation	\$ 7,000,000
KPERS Death and Disability	965,770
Dept. of Administration Property Contingency	36,291
Workers Compensation	1,000,000
Equipment Lease	112,500
Flexible Spending	150,000
Lottery SGRF Transfer	1,550,000
13th payment	4,000,000
Bank Commissioner Bank Fee Fund	500,000
Department of Human Resources Workers Compensation	500,000
Department on Aging Long Term Care Loan and Grant	500,000
SRS SRS Fee Fund	2,000,000
Medicaid Match	500,000
Department of Education Certificate Fee Fund	100,000
State Fire Marshal Fire Marshal Fee Fund	1,700,000
Department of Agriculture Feeding Stuffs Fee Fund	200,000

Petroleum Inspection Fund	200,000
Department of Wildlife and Parks State Ag. Production Fund	200,000
KDOT Coordinated Public Transp.	500,000
EDIF Transfer Ending Balance	2,301,112
State Water Plan Fund Reduce SGF transfer to SWPF Transfer Ending Balance	600,000 1,626,051
All Agencies Sale of Unused Assets	15,000,000
Children's Initiatives Transfer balance to SGF	<u>3,858,868</u>
<b>TOTAL</b>	<b>\$ 45,100,592</b>

**CONFERENCE COMMITTEE ADJUSTMENTS TO GOVERNOR'S RECOMMENDATION  
(Reflects Conference Committee Adjustments for FY 2002 and FY 2003)**

Agency/Item	State General Fund	All Funds	FTE Positions
<b>FY 2002:</b>			
<b>Health Care Stabilization Board</b>			
Authorize increase of \$100 in official hospitality within the agency's existing resources	0	0	0.0
<b>Legislature</b>			
Delete \$100,000 (SGF) in operating expenditures	(100,000)	(100,000)	0.0
<b>Governor</b>			
Delete \$100,000 from the agency's unlimited reappropriation from FY 2002	(100,000)	(100,000)	0.0
<b>Board of Healing Arts</b>			
Transfer \$200,000 from the Board of Healing Arts Fee Fund to the SGF	0	0	0.0
<b>Judicial Branch</b>			
Add funding to avert furlough of nonjudicial personnel	600,000	600,000	0.0
<b>Board of Indigents' Defense Services</b>			
Supplemental for Assigned Counsel	375,000	375,000	0.0
<b>KPERS</b>			
Lapse KSRS actuarial payment	(21,344)	(21,344)	0.0
Reduce Technology Project and reappropriate	0	(800,000)	0.0
Adjust KPERS investment manager fees	0	(1,974,350)	0.0
Adjust non-KPERS expenditures	0	(61,830)	0.0
Add KSIP expenditures	0	133,758	0.0
Add 1.0 FTE position to reflect salary money in Governor's recommendation	0	0	1.0
<b>Kansas Racing and Gaming Commission</b>			
Reduce authority to spend only \$80,000 KSIP funds as recommended by the	0	0	0.0
<b>Department of Revenue</b>			
Transfer unexpended balance of \$451,302 from Project 2000 Fund to SGF	0	0	0.0
<b>Bank Commissioner</b>			
Add \$87,236 (Bank Fee Fund) for previously approved salary upgrade for financial examiners	0	87,236	0.0
Add \$58,376 (Bank Fee Fund) for capital outlay. This action will permit KSIP funds to be utilized for employee bonuses	0	58,376	0.0
<b>Department of Human Resources</b>			
Reduce bond payment for 401 Topeka Blvd.	0	(250,862)	0.0
Transfer \$159,140 from Special Employment Security Fund to the SGF	0	0	0.0
Lapse \$200,000 from SGF	(200,000)	(200,000)	0.0
<b>Department on Aging</b>			
Reduce funding to reflect lower March consensus caseload estimates	(808,190)	(2,020,475)	0.0
<b>Department of Social and Rehabilitation Services</b>			
Fund March consensus caseload estimates	4,616,617	27,460,000	0.0
<b>Department of Education</b>			
Add \$105,000 SGF for school finance lawsuit legal fees	105,000	105,000	0.0
KPERS-School	7,985,026	7,985,026	

Agency/Item	State General Fund	All Funds	FTE Positions
Add \$435,411 SGF for special education to accurately reflect the Governor's recommendation	435,411	435,411	0.0
Add \$2,212,000 from the State General Fund for general state aid to fully fund school finance in the current year, based on revised school finance estimates made in March, 2002	2,212,000	2,212,000	0.0
University of Kansas Medical Center Shift \$1.0 million CIF for Pediatric Biomedical Research to FY 2003	0	1,000,000	0.0
<b>Juvenile Justice Authority</b> Transfer KSIP from JJA to Larned JCF	(1,750)	(1,750)	0.0
<b>Larned Juvenile Correctional Facility</b> Transfer KSIP from JJA to Larned JCF	1,750	1,750	0.0
<b>Adjutant General</b> Add funding for 2002 ice storm damage	450,000	450,000	0.0
<b>Ombudsman for Corrections</b> Reduce expenditures due to cancellation of agency move	(7,444)	(7,444)	0.0
<b>Department of Agriculture</b> Add proviso allowing the agency to transfer between State Water Plan Fund appropriations within the agency (floor amendment)	0	0	0.0
<b>State Fair</b> Delete \$65,484 (other funds) to concur with the agency's revised request (capital improvement)	0	(65,484)	0.0
Transfer \$300,000 from the State Fair Capital Improvements Fund to the State Fair Fee Fund	0	0	0.0
<b>All Agencies</b> 0.31 percent across the Board cut with exceptions	(5,250,000)	(5,250,000)	0.0
<b>TOTAL CHANGE - FY 2002</b>	<b>\$ 10,292,076</b>	<b>\$ 30,050,018</b>	<b>1.0</b>
<b>FY 2003:</b>			
<b>Legislative Research Department</b> Correct group health insurance	17,336	17,336	0.0
<b>Legislature</b> Delete half the funding for 2002 interim committees	(100,000)	(100,000)	0.0
Delete funding to limit funding for 2003 session to 88 days	(120,000)	(120,000)	0.0
<b>Governor's Office</b> Delete funding to reflect closing the Governor's Wichita office for the last four months of FY 2003	(55,000)	(55,000)	0.0
Include a proviso requiring the payment of up to \$150,000 in gubernatorial transition expenditures from existing resources	0	0	0.0
<b>Attorney General</b> Authorize transfer of up to \$100,000 from the Crime Victims Compensation Fund to the Crime Victims Assistance Fund	0	0	0.0
<b>State Treasurer</b> Add funding to cover increased bank fees	28,477	28,477	0.0
<b>Insurance Department</b> Delay transfer from fee fund to the State General Fund from July 1 to October 1	0	0	0.0
Transfer \$7,000,000 from the Workers' Compensation Fund to the SGF	0	0	0.0
<b>Board of Indigents Defense Services</b> 1. Delete \$123,606 in funding for payment of assigned counsel in FY 2003	(123,606)	(123,606)	0.0
2. Add \$123,606 in funding for Legal Services for Prisoners, Inc.	123,606	123,606	0.0
<b>Judicial Council</b> Increase expenditure limitation on the Publications Fee Fund	0	41,743	0.0



Agency/Item	State General Fund	All Funds	FTE Positions
<b>KPERS</b>			
Add first-year cost of new computer	0	122,500	0.0
Add Technology Project reappropriated balance	0	800,000	0.0
Adjust KPERS investment manager fees	0	(2,497,627)	0.0
Adjust non-KPERS expenditures	0	(58,942)	0.0
Add 1.0 FTE position to reflect salary money in Governor's recommendation	0	0	1.0
Recapture death and disability non-SGF money from agencies for first six months of FY 2003 and transfer balance of \$965,770 to SGF	0	(965,770)	0.0
<b>Department of Administration</b>			
Offset SGF expenditures from nonreportable Accounting Services Recovery Fund	(100,000)	(100,000)	0.0
Offset SGF expenditures from Building and Grounds Fund	(100,000)	0	0.0
Delete funding for gubernatorial transition - Amount will be paid from the Governor's budget	(150,000)	(150,000)	0.0
Capture projected savings from merger of the Division of Architectural Services and the Division of Facilities Management	(200,000)	(200,000)	0.0
Transfer \$36,291 from the Property Contingency Fund to the State General Fund	0	0	0.0
Transfer \$1.0 million from the state Worker's Compensation Fund to the State General Fund	0	0	0.0
Transfer \$112,500 from the Equipment Lease Fund to the State General Fund	0	0	0.0
Transfer \$150,000 from the Flexible Spending Fund to the State General Fund	0	0	0.0
Capital improvement: Prohibit expenditures of state funds for reinforcement of Statehouse Dome for Ad Astral sculpture; exclude gifts and donations	0	0	0.0
<b>Board of Tax Appeals</b>			
Eliminate 1.0 FTE positions and reduce general operating expenditures	(122,000)	(122,000)	(1.0)
<b>Department of Revenue</b>			
Transfer \$200,000 from the DOV Operating Fund to the SGF for administrative costs	0	0	0.0
<b>Citizens Utility Ratepayer Board</b>			
Add 1.0 secretarial position	0	32,415	1.0
<b>Kansas Lottery</b>			
Make additional SGRF transfer of \$1.55 million to SGF	0	0	0.0
Capture "13th payment" in FY 2003 (\$4.0 million) and transfer to SGF	0	0	0.0
<b>Department of Commerce and Housing</b>			
Reduce EDIF expenditures by 5 percent	0	(966,044)	0.0
Specify EDIF block grant performance measures in the bill; adjust according to	0	0	0.0
<b>Kansas, Inc.</b>			
Reduce EDIF expenditures by 5 percent	0	(15,665)	0.0
<b>Kansas Technology Enterprise Corporation</b>			
Capture prior year released encumbrances and transfer to the SGF (\$384,000)	0	0	0.0
Reduce EDIF expenditures by 5 percent	0	(610,363)	0.0
<b>Bank Commissioner</b>			
Add \$126,662 (Bank Fee Fund) to fund previously approved salary upgrade for financial examiner positions, restrict use of the funds for the upgrade	0	126,662	0.0

Agency/Item	State General Fund	All Funds	FTE Positions
Add \$95,830 (Bank Fee Fund) to fund capital outlay. This action will permit KSIP funds to be used for employee bonuses	0	95,830	0.0
Transfer \$500,000 from the Bank Fee Fund to the SGF	0	0	0.0
<b>Department of Human Resources</b>			
Shift 20.0 FTE positions to Non-FTE	0	0	(20.0)
Authorize funds from sale of buildings to be used for planning a new building	0	72,000	0.0
Reduce \$72,000 Special Employment Security Fund for planning 427 SW Topeka building and replace with funds from sales of surplus property	0	(72,000)	0.0
Added fee funds to restore Governor's SGF reduction	0	42,162	0.0
Transfer \$500,000 from Workers Compensation fee fund to SGF	0	0	0.0
Reduce \$210,000 from the Special Employment Security Fund and shift the same amount to maintain planning money of \$167,838 for planning new facility at 427 SW Topeka.	0	(42,162)	0.0
<b>Commission on Veterans' Affairs</b>			
Transfer \$30,000 from the Coordinated Public Transportation Assistance Fund in the Department on Transportation to this agency to fund the purchase of the wheelchair lift van	0	30,000	0.0
<b>Department of Health and Environment</b>			
Reduce Children's Initiatives Fund funding for Infants and Toddlers Program to FY 2002 level	0	(500,000)	0.0
Reduce Children's Initiatives Fund funding for Smoking Cessation/Prevention Program to FY 2002 level	0	(1,000,000)	0.0
Shift funding for 2.0 FTE positions in Local Environmental Protection Program from SGF to federal funds	(55,931)	0	0.0
Shift a portion of funding for operations from SGF to fee funds	(2,000,000)	0	0.0
Transfer ADAP program to SRS	(400,000)	(2,206,070)	0.0
Transfer funeral assistance program from SRS to KDHE	470,000	470,000	0.0
Decrease Water Plan Fund expenditures	0	(404,468)	0.0
Increase administrative overhead from fee funds	(685,311)	0	0.0
<b>Department on Aging</b>			
Reduce funding for Nursing Facilities to freeze upper payment level at FY 2002	(3,555,309)	(8,888,272)	0.0
Add funding for Senior Care Act In-Home Services to return them to the FY 02 level	4,420,008	4,420,008	0.0
Transfer \$500,000 from Long Term Care Loan and Grant Fund	0	0	0.0
<b>Department of Social and Rehabilitation Services</b>			
Reduce funding for Pharmacy Reimbursement adjustments	(2,000,000)	(5,000,000)	0.0
Reduce \$200,000 SGF for Drug Utilization Review in Long-Term Care facilities	(238,800)	(600,000)	0.0
Reduce \$1.7 million SGF for Nurse Case Management	(1,671,600)	(4,200,000)	0.0
Reduce \$1.5 million for Drug Formulary	(1,462,650)	(3,675,000)	0.0
Add 10.0 FTE positions to staff pharmacy reduction measures; fund from existing resources	0	0	10.0
Reduce contracts in ITS	(725,438)	(2,000,000)	0.0
Reduce CIF funding for Children's Mental Health Initiative	0	(700,000)	0.0
Reduce CIF funding for Children's Cabinet Accountability Fund	0	(50,000)	0.0
Reduce CIF funding for HealthWave to FY 02 level	0	(1,000,000)	0.0
Reduce CIF funding for Smart Start Kansas to FY 02 level	0	(1,000,000)	0.0

Agency/Item	State General Fund	All Funds	FTE Positions
Add funding for March Consensus Caseload Estimates	8,058,821	50,400,000	0.0
Transfer ending balance from the Children's Initiatives Fund to the SGF (\$3.9 million)	0	0	0.0
Add proviso requiring SRS to complete a valid resident assessment and identify adequate alternative community services to persons leaving an NFMH	0	0	0.0
Proviso to conduct and pay for MH services in same manner as FY 2002 and allowing SRS to utilize mental health services funds to assure centers have adequately certified match	0	0	0.0
Add funding for grants to CMHCs to develop programs for children in underserved areas	0	2,000,000	0.0
Add funding for immunization outreach from CIF	0	500,000	0.0
Eliminate 12.0 positions	(265,885)	(559,052)	(12.0)
Add funding for Family Preservation (CIF)	0	2,750,000	0.0
Restore DD support grants	1,500,000	1,500,000	0.0
Restore Governor's reduction to MH grants	3,070,000	3,070,000	0.0
Restore PD waiver funding	1,000,000	2,500,000	0.0
Move funeral assistance program to KDHE	(470,000)	(470,000)	0.0
Move ADAP program from KDHE to SRS	400,000	2,206,070	0.0
Transfer \$2.0 million from SRS fee fund to SGF	0	0	0.0
Transfer \$0.5 million from Medicaid match fund to SGF	0	0	0.0
Delete funding for shift in nursing facilities to patient centered plan of care	(5,083,604)	(12,709,009)	0.0
Restore GA cuts and implement 24 month limit as of July 1, 2002	1,283,802	1,283,802	0.0
Restore MediKan cuts and implement 24 month limit as of July 1, 2002	3,100,000	3,100,000	0.0
Restore pharmacy dispensing fee	715,540	1,797,839	0.0
Restore state only payments for MH services	1,400,000	1,400,000	0.0
Community service funding	16,042	2,488,188	0.0
Move school violence prevention program from Dept. of Education	0	228,000	0.0
<b>Parsons State Hospital and Training Center</b>			
Restore Governor's recommended reductions	253,446	658,960	0.0
<b>Larned State Hospital</b>			
Restore Governor's recommended reductions	415,073	1,309,378	0.0
<b>Osawatomie State Hospital</b>			
Restore Governor's recommended reductions	340,500	1,400,000	0.0
<b>Department of Education</b>			
Fund \$205,500 SGF for social studies assessment from existing resources	0	0	0.0
Eliminate funding (\$500,000 CIF) for the new Reading Recovery program	0	(500,000)	0.0
Delete \$100,000 CIF for the Kansas Optometric Vision Study leaving a total of \$300,000	0	(100,000)	0.0
Offset \$1,225,000 SGF funding for special education with the same amount from the CIF	(1,225,000)	0	0.0
Add a proviso to the effect that any unexpected savings in general state aid at the end of FY 2002, up to a limit of \$2,000,000, would be transferred to in-service	0	0	0.0
Reduce funding for Parent Education	0	(500,000)	0.0

Agency/Item	State General Fund	All Funds	FTE Positions
Provide funding to agency operating expenditures in order to reflect FY 2002 approved expenditures, plus animalization of employee salary increases and increased employees health care costs from existing resources	6,830	6,830	0.0
Add funding to restore BSAPP to the statutory level of \$3,870	95,744,000	95,744,000	0.0
Add funding for supplemental general state aid (LOB) to reflect March revised school finance estimates	97,000	97,000	0.0
Delete \$1.5 million from the Children's Initiatives Fund for four-year-old at risk children, leaving \$4.5 million, the same as FY 2002	0	(1,500,000)	0.0
Add proviso to count Reading Recovery Teachers Leaders as special education teachers for reimbursement purposes up to a limit of \$180,000	0	0	0.0
Transfer \$100,000 from the certificate fee fund to the SGF	0	0	0.0
Move school violence prevention program to SRS	0	(272,000)	0.0
<b>State Library</b>			
Restore reduction in aid to local libraries	76,348	76,348	0.0
<b>Kansas Arts Commission</b>			
Restore reduction in aid to local units	33,152	33,152	0.0
<b>School for the Deaf</b>			
Add \$139,885 SIB for roof replacement (capital improvement)	0	139,885	0.0
<b>State Historical Society</b>			
Fund the Kansas Territorial Sesquicentennial Commission from existing resources	0	0	0.0
Add funding for emergency repairs	50,000	50,000	0.0
<b>University of Kansas</b>			
Restore funding to FY 2002 base budget level	5,464,296	5,464,296	0.0
Reduce State Water Plan Fund expenditures	(5,000)	(5,000)	0.0
Bonding authority for Edwards campus	0	0	0.0
<b>University of Kansas Medical Center</b>			
Restore funding to FY 2002 base budget level	4,110,443	4,110,443	0.0
Funding for Pediatric Biomedical Research	0	1,000,000	0.0
<b>Kansas State University</b>			
Restore funding to the FY 2002 base budget level	4,218,889	4,218,889	0.0
<b>Kansas State University - Veterinary Medical Center</b>			
Restore funding to the FY 2002 base budget level	396,062	396,062	0.0
<b>Kansas State University - Extension Systems and Agriculture Research Programs</b>			
Restore funding to the FY 2002 base budget level	1,938,599	1,938,599	0.0
<b>Wichita State University</b>			
Restore funding to the FY 2002 base budget level	2,596,605	2,596,605	0.0
<b>Emporia State University</b>			
Restore funding to the FY 2002 base budget level	1,204,539	1,204,539	0.0
<b>Pittsburg State University</b>			
Restore funding to the FY 2002 base budget level	1,321,737	1,321,737	0.0
<b>Fort Hays State University</b>			
Authorize the University to undertake a \$7.8 million multiyear renovation of student housing, as recommended by the Joint Committee on Building Construction. Total bonding of \$9.0 million includes \$1.2 million to refinance existing debt. (capital improvement)	0	0	0.0
Restore funding to the FY 2002 base budget level	1,258,879	1,258,879	0.0

Agency/Item	State General Fund	All Funds	FTE Positions
<b>Board of Regents</b>			
Delete a proviso which would have authorized the Board of Regents to transfer SGF dollars between state universities, community colleges, Washburn University, and vocational education	0	0	0.0
Restore funding to FY 2002 base budget level for community college grants	3,355,875	3,355,875	0.0
Restore funding to FY 2002 base budget level for Washburn University grants	417,405	417,405	0.0
Restore funding to FY 2002 base budget level for vocational education aid	823,866	823,866	0.0
Restore funding to FY 2002 base budget level for Board Office operations	293,000	293,000	0.0
Reduce EDIF expenditures	0	(468,383)	0.0
Add \$500 SGF for flagpole at Hesston College	500	500	0.0
<b>Department of Corrections</b>			
Restore funding for Condition Violator Grant	375,000	375,000	0.0
Restore funding for Labette Correctional Conservation Camp	2,060,000	2,060,000	0.0
Restore funding for Labette Women's Correctional Camp	413,000	791,000	0.0
Extend current food service contract	(375,000)	(375,000)	0.0
Restore funding for Adult Intensive Supervision Grant	250,000	250,000	0.0
Cap county jail payments	(216,000)	(216,000)	0.0
Restore funding for Substance Abuse Treatment slots	250,000	250,000	0.0
<b>El Dorado Correctional Facility</b>			
Add funding to fully restore the Toronto Unit	816,000	816,000	19.0
Reduce annual training from 80 hours to 40 hours	(137,000)	(137,000)	0.0
<b>Lansing Correctional Facility</b>			
Add funding to fully restore the Osawatomie Unit	990,960	990,960	25.0
Reduce annual training from 80 hours to 40 hours	(249,000)	(249,000)	0.0
<b>Norton Correctional Facility</b>			
Add funding to fully restore the Stockton Unit	1,298,000	1,298,000	30.0
Reduce annual training from 80 hours to 40 hours	(56,000)	(56,000)	0.0
<b>Ellsworth Correctional Facility</b>			
Reduce annual training from 80 hours to 40 hours	(28,000)	(28,000)	0.0
<b>Hutchinson Correctional Facility</b>			
Reduce annual training from 80 hours to 40 hours	(137,000)	(137,000)	0.0
<b>Larned Correctional Mental Health Facility</b>			
Reduce annual training from 80 hours to 40 hours	(52,000)	(52,000)	0.0
<b>Topeka Correctional Facility</b>			
Reduce annual training from 80 hours to 40 hours	(52,000)	(52,000)	0.0
<b>Winfield Correctional Facility</b>			
Reduce annual training from 80 hours to 40 hours	(52,000)	(52,000)	0.0
<b>Juvenile Justice Authority</b>			
Reduce Children's Initiatives Fund in Prevention programs to FY 2002 level	0	(500,000)	0.0
Eliminate discretionary grants from the Juvenile Detention Facilities Fund and use monies to offset SGF	(200,000)	(200,000)	0.0
Transfer KSIP from JJA to Atchison JCF	(1,500)	(1,500)	0.0
<b>Larned Juvenile Correctional Facility</b>			
Delay opening of new facility by four months	(1,100,000)	(1,100,000)	0.0
<b>Atchison Juvenile Correctional Facility</b>			
Transfer KSIP from JJA to Atchison	1,500	1,500	

Agency/Item	State General Fund	All Funds	FTE Positions
<b>Adjutant General</b>			
Add funding for 2002 ice storm damage; also add FY 2004 funding of \$1.172 million	5,488,000	5,488,000	0.0
Additional funding for Educational Assistance Program (EDIF)	0	243,342	0.0
<b>Fire Marshal</b>			
Delete transfer from Fire Marshal Fee Fund to Hazardous Materials Emergency Fund	0	0	0.0
Transfer \$1.7 million from Fee Fund to SGF	0	0	0.0
<b>Kansas Highway Patrol</b>			
Offset SGF with fees from Motor Vehicle Fund	(1,008,000)	0	0.0
<b>Board of Emergency Medical Services</b>			
Add proviso directing KNOT to allow the installation of early warning sirens in Meade County which must be 800 MHz compatible	0	0	0.0
Add proviso allowing agency direct access to regulatory fees	0	0	0.0
Change funding structure of agency	(847,874)	11,100	0.0
<b>Ombudsman for Corrections</b>			
Reduce expenditures due to cancellation of agency move	(7,738)	(7,738)	0.0
<b>Department of Agriculture</b>			
Fund 2.0 additional positions in Statistical Services and 4.0 FTE positions in Water Resources.	218,000	218,000	0.0
Include a proviso requiring the meat and poultry inspection program to provide technical assistance to the industry	0	0	0.0
Transfer \$200,000 from Feeding Stuffs Fee Fund to SGF	0	0	0.0
Transfer \$200,000 from Petroleum Inspection Fee Fund to SGF	0	0	0.0
<b>State Fair</b>			
Delete \$566,442 (other funds) to reflect the agency's revised request (capital improvement)	0	(566,442)	0.0
<b>State Conservation Commission</b>			
Reduce State Water Plan expenditures with proviso allowing flexibility	0	(993,331)	0.0
<b>Kansas Water Office</b>			
Reduce State Water Plan expenditures with proviso allowing flexibility	0	(265,256)	0.0
<b>Department of Wildlife and Parks</b>			
Add proviso requiring approval of adjacent land owners prior to construction of any new river access on Kansas River	0	0	0.0
Add \$100,000 from the Boat Fee Fund for completing river access project near Atchison (capital improvement)	0	100,000	0.0
Reduce capital outlay in Administration	(211,015)	(211,015)	0.0
Reduce State Water Plan funding by 10 percent	0	(5,000)	0.0
Transfer \$200,000 from State Agriculture Production Fund to SGF	0	0	0.0
Reduce SGF and authorizing increased expenditures from Park Fee Fund	(600,000)	0	0.0
Add proviso authorizing expenditures from existing resources for grass terracing pilot project	0	0	0.0
Add proviso regarding access projects on Kansas River	0	0	0.0
<b>Department of Transportation</b>			
Reduce revenue transfer to CCHF by 10 percent	0	(559,091)	0.0
Transfer \$500,000 from the Coordinated Public Transportation Fund to the SGF	0	0	0.0
Transfer remaining balance in KSIP account to SGF (\$260,896)	0	0	0.0

Agency/Item	State General Fund	All Funds	FTE Positions
<b>All Agencies</b>			
Impose a one-year moratorium on all SGF furniture and equipment purchases; exempt purchases from Kansas Correctional Industries	(6,000,000)	(6,000,000)	0.0
Reduce expenditures for FY 2003 vehicle purchases by a total of \$5,000,000. Authorize the Director of the Budget to determine appropriate amounts for reduction by agency., but exclude the Highway Patrol	(5,000,000)	(5,000,000)	0.0
Reduce all purchasing contracts for general supplies by 10 percent	(2,500,000)	(2,500,000)	0.0
Reduce the ending balance requirement fro 7.5 percent to 5.0 percent (estimated \$104.0 million available for expenditure)	0	0	0.0
Reduce all SGF out-of-state travel by 40 percent	(2,000,000)	(2,000,000)	0.0
Transfer ending balance of EDIF to SGF (\$2,301,112)	0	0	0.0
Reduce transfer from EDIF to Water Plan Fund by 5 percent (\$100,000)	0	0	0.0
Reduce transfer from SGF to Water Plan Fund by 10 percent (\$600,000)	0	0	0.0
Capture ending balance of State Water Plan Fund; transfer to SGF (\$1,626,051)	0	0	0.0
Transfer ending balance of Children's Initiatives Fund to SGF (\$3,858,868)	0	0	0.0
Delete one-half of longevity funding from the SGF	(2,600,000)	(2,600,000)	0.0
Include language directing agencies to sell unused assets; transfer proceeds to SGF (\$15,000,000)	0	0	0.0
Include language prohibiting shifting of unspent salary amounts for any other purpose, estimated to save \$5.0 million)	(5,000,000)	(5,000,000)	0.0
(Include language freezing lease-purchase agreements (with proviso addressing bonding issues), estimated to save \$5,000,000	(5,000,000)	(5,000,000)	0.0
One year moratorium on purchase of new computers (SGF only), off the state contract without JCIT and State Finance Council approval.	0	0	0.0
Include language directing Department of Administration to study utilizing open source software	0	0	0.0
Include language requiring agencies to make concerted effort to save energy costs	0	0	0.0
Reduce budget for private vehicle reimbursement by 10 percent	(200,000)	(200,000)	0.0
Eliminate funding for outsource on-call temporary services	(250,000)	(250,000)	0.0
Add a proviso limiting all bonuses \$1,000 (for classified and unclassified employees) except KPERS, and police at the University of Kansas and KUMC who have entered into a memorandum of agreement	0	0	0.0
Mandate that all agency annual reports be printed in black and white	(1,000,000)	(1,000,000)	0.0
<b>TOTAL CHANGE - FY 2003</b>	<b>\$ 106,385,875</b>	<b>\$ 132,635,982</b>	<b>53.0</b>

COMPARISON OF LWCF EXPENDITURES BY FISCAL YEAR

4/9/2002

(Amounts in \$)

	FY 2001	GBR FY 2002	Parks Rev FY 2002	GBR FY 2003	GBA Parks Rev FY 2003	FY 2004
State Operations	1,686	102,050	102,050	102,050	102,850	225,000
Local Aid	87,875	500,000	528,000	500,000	683,192	955,000
Capital Improvements	171,106	529,019	550,000	149,242	991,242	1,070,000
TOTALS	260,667	1,131,069	1,180,050	751,292	1,777,284	2,250,000

Capital Improvements Financed from LWCF:

El Dorado SP	265,000	250,000	-	-	-	-
Hillsdale SP	12,500	50,000	-	-	-	150,000
Glen Elder SP	-	40,000	-	-	-	-
Tuttle Creek SP	-	50,000	-	-	-	300,000
Clinton SP	75,000	50,000	-	-	-	250,000
Milford SP	92,500	70,000	-	-	-	150,000
Scott SP	28,919	40,000	-	-	-	-
Meade SP	20,190	-	-	-	-	-
Crawford SP (Sewage line, toilet, camp)	35,000	-	-	-	137,000	-
State Parks ADA Renovation Projects	-	-	-	103,500	103,500	-
State Parks Major Maintenance Projects	-	-	-	45,742	45,742	-
Pomona SP (Campground)	-	-	-	-	175,000	-
Eisenhower SP (Campground)	-	-	-	-	136,250	-
Elk City SP (Water distribution system)	-	-	-	-	194,000	-
Toronto SP (Group Camping facilities)	-	-	-	-	199,750	-
Cheney SP (Cabins and group camping)	-	120,000	-	-	-	-
Henry SP (Campground)	-	-	-	-	-	220,000
TOTALS		529,109	670,000	149,242	991,242	1,070,000
Matching Funds from Park Fee Fund		-	-	149,242	149,242	-
Matching Funds from Road Fund		265,000	320,891	-	807,000	1,230,000
Matching Funds from Parks 2000 (SBSF)		229,109	229,109	-	-	-
Matching Funds from SGF		35,000	-	-	35,000	-
Matching Funds from Private Sources		-	120,000	-	-	-
TOTALS		529,109	670,000	149,242	991,242	1,230,000

Senate Ways and Means  
4-26,27-02  
Attachment 16



**POSSIBLE LANGUAGE FOR THE  
OMNIBUS BILL**

Notwithstanding the provisions of K.S.A. 74-8711(d), for fiscal year 2003 the director of accounts and reports shall transfer moneys in the lottery operating fund to the state gaming revenues fund created by K.S.A. 79-4801, and amendments thereto, on or before the 15<sup>th</sup> day of each month in an amount certified monthly by the executive director and determined as follows, whichever is greater: (1) An amount equal to the moneys in the lottery operating fund in excess of those needed for the purposes described in subsections (c)(1) through (c)(4) of K.S.A. 74-8711, and amendments thereto; or (2) the amount of \$4,500,000, provided however, that the total transfer for fiscal year 2003 shall be no less than \$59,000,000.

Senate Ways and Means  
4-26, 27-02  
Attachment 17

CashFlow03LotteryNew.xls

**Revised Lottery Budget -- FY 2003**

	<b>Gov Rec FY 2003</b>	<b>New Plan FY 2003</b>	<b>Difference</b>
<b>Sales</b>	<b>193,500,000</b>	<b>204,984,000</b>	<b>11,484,000</b>
Prizes	104,490,000	111,984,000	7,494,000
SGRF Transfer*	57,450,000	59,000,000	1,550,000
Administration (limitation)	8,962,981	9,000,000	37,019
Retailer Commissions	11,712,000	12,354,000	642,000
On-Line Telecomm Costs	2,715,600	3,000,000	284,400
On-Line Vendor Fee	5,626,775	5,862,000	235,225
Ticket Printing	<u>2,500,000</u>	<u>3,000,000</u>	<u>500,000</u>
<b>Net Cash Flow</b>	<b>193,457,356</b>	<b>204,200,000</b>	<b>10,742,644</b>
difference	42,644	784,000	741,356
*additional 13th transfer	0	4,000,000	4,000,000
<b>Net to SGF</b>	<b>7,450,000</b>	<b>13,000,000</b>	<b>5,550,000</b>

<b>Employment and Training Administration</b> <b>Advisory System</b> <b>U.S. Department of Labor</b> <b>Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> Reed Act
	<b>CORRESPONDENCE SYMBOL</b> OWS/OIS/DL
	<b>DATE</b> April 22, 2002

**TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 18-01**

**TO:** ALL STATE WORKFORCE LIAISONS  
ALL STATE WORKFORCE AGENCIES  
ALL STATE WORKER ADJUSTMENT LIAISONS  
ALL ONE-STOP CENTER SYSTEM LEADS

/S/

**FROM:** EMILY STOVER DeROCCO  
Assistant Secretary

**SUBJECT:** Reed Act Distribution

1. Purpose. To advise states of the federal law requirements applicable to the \$8 billion Reed Act distribution made on March 13, 2002.
2. References. Section 209 of the Temporary Extended Unemployment Compensation Act of 2002 (TEUCA), which is Title II of the Job Creation and Worker Assistance Act of 2002, Public Law No. 107-147, signed by the President on March 9, 2002; Title IX of the Social Security Act (SSA); the Federal Unemployment Tax Act (FUTA); and Unemployment Insurance Program Letter (UIPL) 39-97 (62 Fed. Reg. 63960 (December 3, 1997)), UIPL 39-97, Change 1 (January 16, 2002) and UIPL 20-02 (April 4, 2002).
3. Background. On March 13, 2002, an \$8 billion distribution was made to the states' accounts in the Unemployment Trust Fund. The TEUCA labeled this transfer a "Reed Act" distribution although it differs from traditional Reed Act distributions, most notably because it was a set dollar amount, made without regard to the statutory ceilings in the federal accounts. Each state was advised of its share of this distribution in UIPL 20-02.

Like other Reed Act distributions, federal law governs how states may use this money. This \$8 billion Reed Act distribution is available for the payment of unemployment compensation (UC) and the administration of the state's UC law and its public employment service (ES) offices.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Continuing
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*Senate Ways and Means  
4-26, 27-02  
Attachment 18*

While the use of this \$8 billion distribution is limited by many of the same requirements that apply to other Reed Act distributions, there are also differences. Using a question and answer format, Attachment I explains these differences and other amendments to federal law relating to the Reed Act, and answers questions that have arisen since the TEUCA became law. A separate advisory which discusses suggested uses for the \$8 billion Reed Act distribution is under development.

4. Action. State administrators should distribute this advisory to appropriate staff. States must adhere to the requirements of federal law that are contained in this advisory.

5. Inquiries. Questions should be addressed to your Regional Office.

6. Attachments.

I. REED ACT DISTRIBUTIONS UNDER THE TEMPORARY EXTENDED UNEMPLOYMENT  
COMPENSATION ACT OF 2002 - QUESTIONS AND ANSWERS

II. TEXT OF SECTION 209 OF THE TEMPORARY EXTENDED UNEMPLOYMENT  
COMPENSATION ACT OF 2002

## ATTACHMENT I

### REED ACT DISTRIBUTIONS UNDER THE TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION ACT OF 2002 QUESTIONS AND ANSWERS

#### IN GENERAL

**1. Question:** How was my state's share of the total amount of the \$8 billion Reed Act distribution determined?

**Answer:** In general, each state's share is based on its proportionate share of FUTA taxable wages for calendar year 2000. The specific formula is as follows:

- First, the amount of Reed Act moneys that would have been distributed in October 2001, had the distribution not been capped at \$100 million, was determined. This amount was about \$9.34 billion. (Section 903(d)(2)(A)(i), SSA, as added by the TEUCA.)
- Second, each state's share of the \$9.34 billion was determined based on the state's proportionate share of FUTA taxable wages in calendar year 2000. (Section 903(d)(2)(A), SSA, as added by the TEUC, and Section 903(a)(2), SSA.)
- Third, each state's share of the \$100 million actually distributed in October 2001 was deducted. This resulted in a figure of about \$9.24 billion. (Section 903(d)(2)(A)(ii), SSA, as added by the TEUCA.)
- Fourth, the \$8 billion cap was applied. (Section 903(d)(2)(B)(i), SSA, as added by the TEUCA.) According to Section 903(d)(2)(B)(ii), SSA, as added by the TEUCA, this reduction is applied "ratably." This means that each state's share of the \$9.24 billion was reduced proportionately to result in the \$8 billion distribution.

**2. Question:** My state has borrowed under Title XII, SSA, so that it can continue to pay benefits. Does this affect my Reed Act distribution?

**Answer:** Yes. The amendments state that the existing provisions applying to any outstanding advances shall apply. Specifically, Section 209(c), TEUCA, provides that Section 903(b), SSA, "shall apply to" the \$8 billion Reed Act transfer. Section 903(b)(2), SSA, provides that the Reed Act distribution for a state will be reduced "by the balance of advances made to the State under section 1201, SSA" for purposes of reducing the outstanding loan. The upshot is that the state with an

outstanding loan receives its full share of the distribution in terms of dollars; however,

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the amount distributed as Reed Act moneys is reduced or eliminated depending on whether the outstanding advance exceeds the state's share of Reed Act funds.

**3. Question:** For what may the \$8 billion distribution be used?

**Answer:** As is the case with regular Reed Act distributions, the amounts are limited to the payment of UC and the administration of the state's UC law and its system of public employment offices. More specific information is provided in the Questions and Answers under "Use for Benefits" and "Use for UC and ES Administration." Details about requirements related to use of these funds are provided in a series of Questions and Answers below.

**4. Question:** If the \$8 billion transfer is limited to the payment of certain administrative costs and the payment of UC, does this mean it may not be used to reduce employer taxes?

**Answer:** No. The use limitations apply only to expenditures. A state's share of the Reed Act distribution may increase the balance in the state's unemployment fund, and, as a result, lower employer taxes. Employer rates must, however, continue to be assigned on the basis of an employer's experience as provided under Section 3303(a)(1), FUTA.

#### USE FOR BENEFITS

**5. Question:** Is the use for benefits of the \$8 billion distribution in any way restricted? For example, is it restricted to the payment of part-time workers or payments based on alternative base periods?

**Answer:** There are some restrictions. In general, the distribution may be used for the payment of regular compensation, including increased weekly benefit amounts, and certain payments of additional compensation, but not for the state's share of extended benefits (EB). More specifically, the distribution may be used for any of the following benefit purposes for weeks of unemployment beginning after March 9, 2002:

- The distribution may be used for the payment of "regular compensation." (Section 903(d)(3)(B)(i)(I), SSA, as added by the TEUCA.) Thus, any amount of regular UC payable under the state's UC law is permissible.
- "At the option of the State," the regular compensation "may include amounts which shall be payable to 1 or more categories of individuals not otherwise eligible for regular compensation," including part-time workers and those individuals who would qualify under an alternative base

period. (Section 903(d)(3)(C), SSA, as added by the TEUCA.) Since this provision simply lists options, it is not exhaustive. However, if a state amends

- 3 -

its law to pay any of these additional categories, the UC paid to such individuals “may not, for any period of unemployment, exceed the maximum amount of regular compensation authorized” under the state’s UC law for the same period. Thus, if the state elects to pay these special categories out of this \$8 billion Reed Act distribution, the benefit entitlement is limited to that applicable to other workers. For example, a worker using an alternative base period under this provision is limited to using it for purposes of qualifying for the same weekly and maximum benefit amounts as other workers.

- The distribution may be used for the payment of “additional compensation,” but only upon the exhaustion of TEUC for individuals who would be “eligible for regular compensation,” but for the fact that they had exhausted entitlement to that regular compensation. (Section 903(d)(3)(B)(i)(II), SSA, as amended by the TEUCA.) “Additional compensation” is defined as “compensation payable to exhaustees by reason of conditions of high unemployment or by reason of other special factors.” (Section 205(d) of the Federal-State Extended Unemployment Compensation Act of 1970, as amended.)
- The distribution may not be used for the state share of EB under the Federal-State Extended Unemployment Compensation Act of 1970. The distribution may only be used for payment of regular and additional compensation as described above.

Note that, if a payment is not allowed under the Reed Act requirements, the state may instead pay the amount from other moneys in its unemployment fund as long as the payment meets the definition of “compensation,” that is, cash benefits payable to individuals with respect to their unemployment. (Section 3306(h), FUTA.)

**6. Question:** There are workers in my state who exhausted regular compensation, but who are not eligible for TEUC. May I pay additional compensation to these workers from this Reed Act distribution? Does this additional compensation fall under the “categories of individuals not otherwise eligible for regular compensation?”

**Answer:** The answer to both questions is “no.” Since the use of the Reed Act moneys for additional compensation is explicitly restricted to TEUC exhaustees, additional compensation does not fall under the “categories of individuals not otherwise eligible for regular compensation.” Since the examples of these categories pertain only to payments of regular compensation, they do not authorize the payment of additional compensation to individuals ineligible for TEUC. (Section 903(d)(3)(C)(iii), SSA, as amended by the TEUCA.)

**7. Question:** May my state use the \$8 billion Reed Act distribution to pay for weeks of unemployment occurring prior to the date of enactment (March 9, 2002)?

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**Answer:** No. The law explicitly limits payments to “weeks of unemployment beginning after the date of enactment.” (Section 903(d)(3)(D), SSA, as amended by the TEUCA.)

**8. Question:** Do the amendments change the treatment of EB due to the receipt of additional benefits?

**Answer:** Yes. Under current EB law, any additional compensation received by an individual causes a reduction in the amount of EB payable. (Section 202(b)(1) of the Federal-State Extended Unemployment Compensation Act of 1970.) However, the amendments supersede this requirement. Additional compensation paid from the \$8 billion Reed Act distribution, which is paid “upon the exhaustion” of TEUC, does not reduce EB entitlement by the amount of additional benefits paid. (Section 903(d)(3)(B)(ii), SSA, as added by the TEUCA.) The additional compensation to which this provision applies need not be created following the Reed Act distribution; it may be a longstanding state program. Instead, the key is whether the state uses the \$8 billion distribution to finance these benefits. Once there are no longer TEUC exhaustees in the claimant population, this exception will have no effect.

#### **USE FOR UC AND ES ADMINISTRATION**

**9. Question:** If my state wants to use the \$8 billion Reed Act distribution for administrative purposes, must my state’s legislature first appropriate the money?

**Answer:** Yes. The appropriation is explicitly required. (Specifically, Section 903(d)(4), SSA, as added by the TEUCA, says the distribution may be used for administrative purposes “subject to” the appropriation requirements of Section 903(c)(2), SSA.) However, the amendments also provide that one of the existing state appropriation requirements does not apply. State appropriations are not required to specify that moneys appropriated must be obligated within the two-year period beginning on the date of enactment of the state’s appropriation law. **States are free to obligate moneys beyond this two-year date.** (State law may, however, restrict the obligation period to two years or less.)

**10. Question:** Prior to the enactment of the TEUCA, my state enacted an appropriation allowing Reed Act moneys distributed in fiscal year 2002 to be used for UC administrative purposes. Does this appropriation allow my state to use some/all of its share of the \$8 billion Reed Act distribution for UC administration?

**Answer:** The Department has previously permitted Reed Act moneys to be appropriated in advance of



their availability. Therefore, it is possible that an existing state appropriation of fiscal year 2002 Reed Act moneys permits the expenditure for UC administration of the state's share of the \$8 billion Reed Act distribution. The state will need to examine its Reed Act appropriation

- 5 -

law to determine if it is sufficiently broad to permit expenditure of amounts transferred to it under Section 903(d), SSA. Also, the state will need to determine if its general appropriation laws permit this.

**11. Question:** How long is the \$8 billion Reed Act distribution available for administrative purposes?

**Answer:** There is no time limit on the use of this distribution (or any other Reed Act distribution) for administrative purposes.

**12. Question:** May the \$8 billion Reed Act distribution be used for the administration of my state's One-Stop system?

**Answer:** Yes. Reed Act moneys may be used for the "administration of . . . public employment offices." (Section 903(c)(2), SSA.) The Department has in the past taken the position that "administration of . . . public employment offices" means any function fundable under the Wagner-Peyser Act. As a result, Reed Act funds may be used in the same manner that Wagner-Peyser Act funds are used to support One-Stop systems. Examples of activities that support administration and service delivery of employment and workforce information services in One-Stop offices include:

- Staff for delivery of appropriate core and intensive service employment services;
- Equipment and resources for resource rooms;
- Payment for rent, utilities, and maintenance of facilities, including common spaces such as resource rooms, reception areas, conference areas, etc. in accordance with cost sharing guidelines;
- Shared costs for operation of local one-stops including payment for one-stop operators in accordance with cost sharing guidelines;
- Development of products that support service delivery such as labor market information products and job bank technology;
- Computer equipment, network equipment, telecommunications equipment, application development, and other technology resources, including assisted technology, that support employment and workforce information service delivery;
- Outreach and educational materials targeted at users of one-stop employment and workforce information services;
- Training, technical assistance, and professional development of staff who deliver employment and workforce information services.

This list is not exhaustive, but only intended to provide examples of activities in the One-Stop system for which Reed Act funds may be used. Guidelines on permissible uses of Wagner-Peyser funds are found in 20 CFR Parts 652 and 667. In addition, the Department plans to post guidance entitled One-Stop Comprehensive Financial Management Technical Assistance Guide on Employment and Training Administration websites in the near future.

**13. Question:** May the \$8 billion Reed Act distribution be used to pay the costs of job training?

**Answer:** No. Except for training provided to UC and ES staff, Reed Act moneys may not be used to provide occupational skill training because this training is not a cost of administering either the state's UC law or its public employment offices. Just as with Wagner-Peyser funds, the Reed Act moneys may, however, be used for activities that are presented in a training format or a group setting but generally fall within the category of job search and placement services (e.g., teaching individuals how to interview for a job or how to complete a resume).

**14. Question:** My state is using its share of the \$8 billion Reed Act distribution to pay the benefits costs associated with the enactment of an alternative base period (or other expansion). How will my state's implementation costs be paid?

**Answer:** A state may use its UC grant to pay for these implementation costs. Alternatively, since Reed Act moneys may be used for administration of the state's UC law, the state may appropriate Reed Act moneys to pay for costs of implementation.

**15. Question:** Will my state be able to use UC and ES administrative grants to amortize Reed Act purchases made with my state's share of the \$8 billion distribution?

**Answer:** Yes. Amortization relates to the permissible use of UC and ES administrative grants; this area is not addressed by the TEUCA. See UIPLs 39-97 and UIPL 39-97, Change 1, for guidance on when amortization is permissible.

**16. Question:** Is OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, applicable to the \$8 billion distribution or any other Reed Act distribution?

**Answer:** No. OMB Circular A-87 applies only to federal grants and cooperative agreements and Reed Act funds are neither. Use of Reed Act funds for administrative activities is governed by Section 903(c)(2), SSA, which limits use to administration of the state's UC law and/or public employment offices under the conditions specified in that section. However, since Reed Act moneys may not pay

costs for non-UI/non-ES programs, in cases where an activity (such as purchasing a multi-agency computer) benefits other activities, it will still be necessary to ensure that non-UI/non-ES costs are not paid from Reed Act funds. In these cases, states must allocate

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costs. Although states will not be required to submit cost allocation plans in such cases, in the event any plan is reviewed by the Department, cost allocation requirements applicable to grants will be applied to the plan.

**17. Question:** May I withdraw some or all of the \$8 billion Reed Act distribution and use it to set up an administrative fund at the state level that would earn interest that could be used for administrative expenses?

**Answer:** No. Withdrawing amounts to create an investment fund at the state level is inconsistent with the limitations on the use of Reed Act moneys. That is, the Reed Act moneys would not be used for the payment of compensation or the administration of the state's UC law or system of public employment offices. Instead, the money would be withdrawn for purposes of investment. See page 12 of Attachment I to UIPL 39-97.

**18. Question:** If my state uses the \$8 billion Reed Act distribution to pay for benefits, may the amounts so used be restored so that the state can use them for administrative payments?

**Answer:** No. The restoration provisions of the SSA are limited to "amounts transferred to the account of a State pursuant to subsections (a) and (b)" of Section 903, SSA. (Emphasis added; Section 903(c)(3)(A)(i), SSA.) The \$8 billion Reed Act distribution was not transferred to states under these two subsections; instead it was transferred under subsection (d) of Section 903, as added by the TEUCA.

**19. Question:** May the interest earned on the Reed Act balances be used for UC and ES administration?

**Answer:** No. The amount of any Reed Act distribution is limited to the actual dollar amount transferred to the states. Therefore, interest earnings are not available for administrative purposes.

#### **\$100 MILLION DISTRIBUTIONS MADE IN 1999 - 2001**

**20. Question:** Do the amendments affect the use of the capped \$100 million Reed Act distributions that were made in October of 1999, 2000, and 2001?

**Answer:** No. Although the TEUCA amendments repealed those provisions of Section 903, SSA,

addressing these capped distributions, it also contained a savings clause providing that “[a]ny amounts transferred before the date of enactment of this Act . . . shall remain subject to section 903 of the Social Security Act, as last in effect before such date of enactment.” (Section 209(a)(2), TEUCA.) Since all these capped distributions were transferred prior to the TEUCA’s

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enactment, their use continues to be restricted to UC administration, and no appropriation by the state legislature is required. Although there is some indication in the legislative history that Congress intended to repeal this use limitation and reimpose the appropriation requirement, the plain language of the law produces the opposite result.

## STATE REED ACT LAWS

**21. Question:** Is the Department providing draft appropriation language?

**Answer:** Two alternative versions of draft language were provided in Attachment II of UIPL 39-97. Both of these may be used without change, except as noted in the following paragraph. Also, Alternative II may be modified to delete the provision required by Section 2 of that alternative, which pertains to the 2-year limitation on obligations since, as explained above, the 2-year limitation does not apply to the \$8 billion distribution.

Care should be taken in crafting state appropriation bills to assure the source of the Reed Act moneys is clear. There should be no doubt about whether the moneys used derive from traditional Reed Act distributions (those made in the 1950’s and in October of 1998); the \$100 million distributions made in October of 1999, 2000, and 2001; and the \$8 billion Reed Act distribution. The state may indicate that it is using its share of the \$8 billion by specifically referencing Section 903(d), SSA, in the appropriation bill or referencing the specific date on which the transfer was made to the state (March 13, 2002). Without this information, the Department will be unable to determine if the appropriation is consistent with the applicable use requirements.

**22. Question:** Will the states need to change their permanent Reed Act provisions?

**Answer:** This will need to be determined by each state. Some states may restrict the use of Reed Act funds for administration purposes to amounts transferred under Section 903(c), SSA. Since the \$8 billion transfer was made under Section 903(d), SSA, states may need to make this change. The Department is evaluating whether draft language should be provided in this area.

## REPORTING REQUIREMENTS

**23. Question:** What are the reporting instructions for the Reed Act money?

**Answer:** States are required to report **all** Reed Act transactions on the ETA 8403. The report is required each month a transaction occurs (e.g., deposits to the state account, withdrawals from the account, enactment of state appropriations). These reports are not required if there is no Reed Act activity. See ETA Handbook 401. The Department expects to have these transactions

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reported on-line through the Treasury's Automated Standard Application for Payments (ASAP) soon, and states will receive additional instructions at that time.

Reed Act reporting instructions for the ETA 2112 are unchanged. (See ETA Handbook 401, 3<sup>rd</sup> Edition, May 2000.)

ATTACHMENT II

TEXT OF SECTION 209 OF  
THE TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION ACT OF 2002

SEC. 209. SPECIAL REED ACT TRANSFER IN FISCAL YEAR 2002.

(a) REPEAL OF CERTAIN PROVISIONS ADDED BY THE BALANCED BUDGET ACT OF 1997.-

(1) IN GENERAL.- The following provisions of section 903 of the Social Security Act (42 U.S.C. 1103) are repealed:

(A) Paragraph (3) of subsection (a).

(B) The last sentence of subsection (c)(2).

(2) SAVINGS PROVISION.- Any amounts transferred before the date of enactment of this Act under the provision repealed by paragraph (1)(A) shall remain subject to section 903 of the Social Security Act, as last in effect before such date of enactment.

(b) SPECIAL TRANSFER IN FISCAL YEAR 2002.- Section 903 of the Social Security Act is amended by adding at the end the following:

Special Transfer in Fiscal Year 2002

(d)(1) The Secretary of the Treasury shall transfer (as of the date determined under paragraph (5)) from the Federal unemployment account to the account of each State in the Unemployment Trust Fund the amount determined with respect to such State under paragraph (2).

(2)(A) The amount to be transferred under this subsection to a State account shall (as determined by the Secretary of Labor and certified by such Secretary to the Secretary of the Treasury) be equal to-

(i) the amount which would have been required to have been transferred under this section to such account at the beginning of fiscal year 2002 if--

(I) section 209(a)(1) of the Temporary Extended Unemployment Compensation Act of 2002 had been enacted before the close of fiscal year 2001, and

(II) section 5402 of Public Law 105-33 (relating to increase in Federal unemployment account ceiling) had not been enacted,

minus

(ii) the amount which was in fact transferred under this section to such account at the beginning of fiscal year 2002.

(B) Notwithstanding the provisions of subparagraph (A)--

(i) the aggregate amount transferred to the States under this subsection may not exceed a total of \$8,000,000,000; and

(ii) all amounts determined under subparagraph (A) shall be reduced ratably, if and to the extent necessary in order to comply with the limitation under clause (i).

(3)(A) Except as provided in paragraph (4), amounts transferred to a State account pursuant to this

subsection may be used only in the payment of cash benefits--

`(i) to individuals with respect to their unemployment, and

- 2 -

`(ii) which are allowable under subparagraph (B) or (C).

`(B)(i) At the option of the State, cash benefits under this paragraph may include amounts which shall be payable as--

`(I) regular compensation, or

`(II) additional compensation, upon the exhaustion of any temporary extended unemployment compensation (if such State has entered into an agreement under the Temporary Extended Unemployment Compensation Act of 2002), for individuals eligible for regular compensation under the unemployment compensation law of such State.

`(ii) Any additional compensation under clause (i) may not be taken into account for purposes of any determination relating to the amount of any extended compensation for which an individual might be eligible.

`(C)(i) At the option of the State, cash benefits under this paragraph may include amounts which shall be payable to 1 or more categories of individuals not otherwise eligible for regular compensation under the unemployment compensation law of such State, including those described in clause (iii).

`(ii) The benefits paid under this subparagraph to any individual may not, for any period of unemployment, exceed the maximum amount of regular compensation authorized under the unemployment compensation law of such State for that same period, plus any additional compensation (described in subparagraph (B)(i)) which could have been paid with respect to that amount.

`(iii) The categories of individuals described in this clause include the following:

`(I) Individuals who are seeking, or available for, only part-time (and not full-time) work.

`(II) Individuals who would be eligible for regular compensation under the unemployment compensation law of such State under an alternative base period.

`(D) Amounts transferred to a State account under this subsection may be used in the payment of cash benefits to individuals only for weeks of unemployment beginning after the date of enactment of this subsection.

`(4) Amounts transferred to a State account under this subsection may be used for the administration of its unemployment compensation law and public employment offices (including in connection with benefits described in paragraph (3) and any recipients thereof), subject to the same conditions as set forth in subsection (c)(2) (excluding subparagraph (B) thereof, and deeming the reference to `subsections (a) and (b)' in subparagraph (D) thereof to include this subsection).

`(5) Transfers under this subsection shall be made within 10 days after the date of enactment of this paragraph.'

(c) LIMITATIONS ON TRANSFERS.- Section 903(b) of the Social Security Act shall apply to transfers under section 903(d) of such Act (as amended by this section). For purposes of the preceding sentence, such section 903(b) shall be deemed to be amended as follows:

(1) By substituting `the transfer date described in subsection (d)(5)' for `October 1 of any fiscal

year'.

- 3 -

(2) By substituting `remain in the Federal unemployment account' for `be transferred to the Federal unemployment account as of the beginning of such October 1'.

(3) By substituting `fiscal year 2002 (after the transfer date described in subsection (d)(5))' for `the fiscal year beginning on such October 1'.

(4) By substituting `under subsection (d)' for `as of October 1 of such fiscal year'.

(5) By substituting `(as of the close of fiscal year 2002)' for `(as of the close of such fiscal year)'.

(d) TECHNICAL AMENDMENTS.- (1) Sections 3304(a)(4)(B) and 3306(f)(2) of the Internal Revenue Code of 1986 are amended by inserting `or 903(d)(4)' before `of the Social Security Act'.

(2) Section 303(a)(5) of the Social Security Act is amended in the second proviso by inserting `or 903(d)(4)' after `903(c)(2)'.

(e) REGULATIONS.- The Secretary of Labor may prescribe any operating instructions or regulations necessary to carry out this section and the amendments made by this section.



STATE OF KANSAS



DEPARTMENT OF CORRECTIONS  
OFFICE OF THE SECRETARY  
*Landon State Office Building*  
900 S.W. Jackson — Suite 400-N  
Topeka, Kansas 66612-1284  
(785) 296-3317

Bill Graves  
Governor

Charles E. Simmons  
Secretary

April 2, 2002

Martha Dorsey  
Legislative Fiscal Analyst  
Room 545-N, State Capitol Building  
Topeka, Kansas 66612

Dear Ms. Dorsey:

I am writing to request that three amendments be made to appropriations for the Department of Corrections.

One of the amendments would allow the department to utilize the appropriation for systemwide repair and renovation projects for security improvement projects, primarily intended for the acquisition of security equipment. This authorization was included in the FY 2001 appropriation but was inadvertently omitted from the FY 2002 and FY 2003 appropriations. A copy of the FY 2001 language is attached.

Construction of the expansion project at the Ellsworth Correctional Facility is being financed with a combination of state funds (\$617,752) and federal funds (\$5,559,765). Authorization is needed to reappropriate the unencumbered balance remaining in the SGF appropriation account as of June 30, 2002 to FY 2003, since the entire project will not be completed by the end of the current fiscal year. Construction of the training and inmate work buildings will be completed during FY 2003. If this authorization is not provided, the unencumbered balance will be lapsed at the end of the fiscal year. A copy of the language reappropriating the unencumbered balance to FY 2002 is attached.

In addition, I am also requesting that legislative authorization be given to raze the old warden's house and a gatehouse at the East Unit of the Lansing Correctional Facility. The old warden's house was heavily damaged by fire a number of years ago and was deemed beyond repair at that time. The gatehouse has not been used since the new 200-bed housing unit and activities building were constructed. The building does not have any plumbing, heating, and air conditioning and

Page 2  
April 2, 2002

has very little electrical service. The building serves no purpose since the front gate is no longer utilized.

Since these amendments are associated with capital improvements, I am assuming that these amendments would be included in Senate Bill No. 641 and House Bill No. 3007.

If you have any questions, please contact Dennis Williams.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles E. Simmons". The signature is written in a cursive style with a long horizontal stroke at the end.

Charles E. Simmons  
Secretary of Corrections

CES:DW:gs  
Attachments

Cc: Jeff Arpin, Division of the Budget

Rehabilitation and repair projects .....	\$58,270
Fire alarm system upgrade.....	\$78,390

Sec. 80.

KANSAS STATE SCHOOL FOR THE DEAF

(a) There is appropriated for the above agency from the state institutions building fund for the fiscal year ending June 30, 2001, for the capital improvement project or projects specified as follows:

Rehabilitation and repair projects, air-conditioning.....	\$188,000
Pool and laundry roof replacement .....	\$200,000
Roberts building renovation .....	\$341,200

Sec. 81.

DEPARTMENT OF CORRECTIONS

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2001, for the capital improvement project or projects specified as follows:

Debt service payment for the revenue refunding bond issue.....	\$6,226,000
Debt service payment for the Wichita work release facility bond issue.....	\$167,000
Debt service payment for the Ellsworth correctional facility at Ellsworth, Kansas .....	\$1,462,000
Debt service payment for the reception and diagnostic unit relocation bond issue .....	\$948,000

(b) There is appropriated for the above agency from the correctional institutions building fund for the fiscal year ending June 30, 2001, for the capital improvement project or projects specified as follows:

Debt service payment for the revenue refunding bond issues.....	\$1,000,000
Capital improvements—rehabilitation, remodeling, renovation and repair of correctional institutions .....	\$4,004,010

*Provided*, That the secretary of corrections is hereby authorized to transfer moneys during fiscal year 2001 from the capital improvements—rehabilitation, remodeling, renovation and repair of correctional institutions account of the correctional institutions building fund to an account or accounts of the correctional institutions building fund of any institution or facility under the jurisdiction of the secretary of corrections to be expended during fiscal year 2001 by the institution or facility for capital improvement projects, including security improvement projects and hazardous waste cleanup at Lansing correctional facility, approved by the secretary of corrections.

(c) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2001, all moneys now or hereafter lawfully credited to and available in such fund

Comprehensive grant program	
For the fiscal year ending June 30, 2002.....	\$250,000
Sec. 45.	

DEPARTMENT OF CORRECTIONS

(a) There is appropriated for the above agency from the state general fund for the fiscal year or years specified, the following:

Supplemental uniformed correctional officer salary account	
For the fiscal year ending June 30, 2002.....	\$332,000

*Provided*, That expenditures shall be made from the supplemental uniformed correctional officer salary account for a salary increase of not to exceed 2.5% for all payroll periods commencing on and after March 3, 2002, chargeable to fiscal year 2002, for all uniformed correctional officer job classes of the department of corrections: *Provided further*, That such increased amount of compensation for each such employee shall be at the same times and in the same manner that compensation is payable to each such employee for each such payroll period: *And provided further* That such increase shall be in addition to any base salary enhancements authorized by or pursuant to 2001 Senate Bill No. 57 or by this or other appropriation act of the 2001 regular session of the legislature: *Provided, however*, That the aggregate amount of expenditures from this account for such salary increase for such job classes for fiscal year 2002 shall not exceed \$332,000.

(b) On July 1, 2001, of the \$10,539,874 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 148(a) of 2001 Senate Bill No. 57 from the state general fund in the Topeka correctional facility—facilities operations account, the sum of \$167,000 is hereby lapsed.

(c) On July 1, 2001, of the \$9,391,443 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 148(a) of 2001 Senate Bill No. 57 from the state general fund in the Ellsworth correctional facility—facilities operations account, the sum of \$217,242 is hereby lapsed: *Provided*, That the above agency may submit and the legislature shall review a request for a supplemental appropriation to accelerate the opening of the new 100-cell unit for Ellsworth correctional facility if capacity issues necessitate such action.

(d) On July 1, 2001, of the \$15,622,025 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 148(a) of 2001 Senate Bill No. 57 from the state general fund in the community corrections account, the sum of \$450,000 is hereby lapsed.

(e) On July 1, 2001, of the \$345,380 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 148(a) of 2001 Senate Bill No. 57 from the state general fund in the day reporting center state match account, the sum of \$69,378 is hereby lapsed.

(f) On July 1, 2001, any unencumbered balance in the construction of

Ellsworth correctional facility housing unit training center and warehouse account as of June 30, 2001, is hereby reappropriated for fiscal year 2002.

(g) On the effective date of this act, of the \$6,226,000 appropriated for the above agency for the fiscal year ending June 30, 2001, by section 81(a) of chapter 130 of the 2000 Session Laws of Kansas from the state general fund in the debt service payment for the revenue refunding bond issue account, the sum of \$27,000 is hereby lapsed.

(h) On the effective date of this act, of the \$948,000 appropriated for the above agency for the fiscal year ending June 30, 2001, by section 81(a) of chapter 130 of the 2000 Session Laws of Kansas from the state general fund in the debt service payment for the reception and diagnostic unit relocation bond issue account, the sum of \$210,000 is hereby lapsed.

(i) In addition to the other purposes for which expenditures may be made by the department of corrections from the correctional industries fund for fiscal year 2002, as authorized by section 148(b) of 2001 Senate Bill No. 57 or by this or other appropriation act of the 2001 regular session of the legislature, expenditures shall be made by the above agency from the correctional industries fund for fiscal year 2002 for offender treatment and programs: *Provided*, That expenditures from the correctional industries fund for offender programs for fiscal year 2002 shall not exceed \$566,000.

(j) On July 1, 2001, of the \$29,657,153 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 148(a) of 2001 Senate Bill No. 57 from the state general fund in the treatment and programs account, the sum of \$375,000 is hereby lapsed.

(k) On July 1, 2001, the authority and direction to initiate and complete the capital improvement project for the construction of an industries building and warehouse at Topeka correctional facility are hereby rescinded and the provisions of section 59(g) of 2001 Senate Bill No. 57 are hereby declared to be null and void and shall have no force and effect.

(l) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year or years specified, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Department of corrections alcohol and drug abuse treatment fund  
For the fiscal year ending June 30, 2002..... No limit  
Sec. 46.

JUVENILE JUSTICE AUTHORITY

(a) On the effective date of this act, of the \$2,103,330 appropriated for the above agency for the fiscal year ending June 30, 2001, by section 52(a) of chapter 130 of the 2000 Session Laws of Kansas from the state general fund in the management information systems account, the sum of \$75,000 is hereby lapsed: *Provided*, That any unencumbered balance

Mental Health Institutions  
Teacher Salary Increases

<u>Percent Increase</u>	<u>Kansas Neurological Institute</u>	<u>Parson State Hospital and Training Center</u>	<u>Larned State Hospital</u>	<u>Total</u>
0.5	(10,279)	2,072	48,012	39,805
1	(9,114)	4,144	57,008	52,038
1.5	(7,949)	6,217	66,005	64,273
2	(6,785)	8,289	75,002	76,506
2.5	(5,620)	10,361	83,998	88,739
3	(4,455)	12,433	92,995	100,973
3.5	(3,290)	14,505	101,992	113,207
4	(2,125)	16,578	110,988	125,441
4.5	(960)	18,650	119,985	137,675
5	205	20,722	128,982	149,909
5.5	1,369	22,794	137,978	162,141
6	2,534	24,867	146,975	174,376
6.5	3,699	26,939	155,972	186,610
7	4,864	29,011	164,968	198,843

This table includes the addition of \$152,053 SGF to restore the reduction in the Governor's recommendation of JJA assuming the educational responsibilities upon the opening of the new Larned Juvenile Correctional Facility.

Senate Ways and Means  
4-26,27-02  
Attachment 20

# KTEC

KANSAS TECHNOLOGY ENTERPRISE CORPORATION

April 24, 2002

Debra K. Hollon  
Senior Fiscal Analyst  
Legislative Research Department  
300 SW 10<sup>th</sup>, Room 545 North  
Topeka, KS 66612

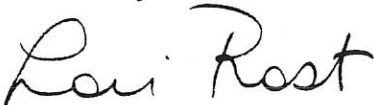
RE: Omnibus Items

Dear Deb:

KTEC has identified and released an additional \$101,097 in liquidated encumbrances. If KTEC is able to maintain the \$384,000 re-appropriations that is in the Senate version of the mega bill, KTEC would not seek re-appropriation of the \$101,097.

Please let me know if you have additional questions.

Sincerely,



Lori Rost  
Director of Finance

CC: Stephanie Buchanan  
Kevin Carr