

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

The meeting was called to order by Chairman Melvin Neufeld at 9:00 a.m. on March 13, 2003, in Room 514-S of the Capitol.

All members were present except:

Representative Bob Bethell, Excused
Representative Dean Newton, Excused

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Amy Deckard, Legislative Research Department
Becky Krahl, Legislative Research Department
Leah Robinson, Legislative Research Department
Amy VanHouse, Legislative Research Department
Jim Wilson, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Sue Fowler, Committee Secretary

Conferees appearing before the committee:

Others attending: See Attached

Representative Gatewood moved for introduction of proposed legislation to increase the KTEC budget by \$200,000, earmarked for the Kansas Biotechnology Industry Organization. Motion was seconded by Representative Schwartz. Motion carried

Representative Henry, Member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Developmental Disability Institutions for FY 2003 and moved for the adoption of the Budget Committee recommendations with notations and observations for FY 2003 (Attachment 1). Motion was seconded by Representative Ballard. Motion carried.

Representative Henry, Member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Developmental Disability Institutions for FY 2004 and moved for the adoption of the Budget Committee recommendations with notations and observations for FY 2004 (Attachment 1). Motion was seconded by Representative Ballard. Motion carried.

Representative Henry, Member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Mental Health Institutions for FY 2003 and FY 2004 and moved for the adoption of the Budget Committee recommendations with notations and observations for FY 2003 and FY 2004 (Attachment 1). Motion was seconded by Representative Ballard. Motion carried.

Representative Shriver, Member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Kansas Commission on Veterans Affairs for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 (Attachment 2). Motion was seconded by Representative Pottorff. Motion carried

In response to Committee questions regarding the lack of their signatures on the budget committee report, Representatives Howell and Thimesch explained their displeasure that several items that were requested to be discussed, were not addressed in the Committee and that they were dissatisfied with the lack of response they had received regarding proposed legislation on veterans affairs.

It was pointed out that in Item #1, the parcel of ground owned by the Kansas Soldier's Home which adjoins the property of an energy company, is the subject of on-going sales negotiations. This vacant parcel is considered a fire hazard by the energy company because of the unmowed area. It was also noted that the current staffing pattern described in Item #2 may lead to intervention by the federal government as their staffing requirements for nursing facilities are not being met.

Representative Shriver, Member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Kansas Commission on

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS at 9:00 a.m. on March 13, 2003, in Room 514-S of the Capitol.

Veterans Affairs for FY 2004 and moved for the adoption of the Budget Committee recommendations with notation for FY 2004 (Attachment 2). Motion was seconded by Representative Pottorff. Motion carried.

Representative Pottorff, Chairperson of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Administration for FY 2003 and moved for the adoption of the Budget Committee recommendations with adjustment for FY 2003 (Attachment 2). Motion was seconded by Representative Shriver. Motion carried

Item #2 refers to the new "Digital Orthophoto Project – Federal Fund" and information was distributed to the Committee which explained this was a combined image with aero-photo with the geometric qualities of mapping.

Representative Pottorff, Chairperson of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Administration for FY 2004 and moved for the adoption of the Budget Committee recommendations with adjustment and observations for FY 2004 (Attachment 2). Motion was seconded by Representative Howell. Motion carried

Staff distributed the booklet from Kansas Public Broadcasting Council's Annual Report & Legislative Testimony, Fiscal year 2004 (Attachment 3). The booklet on Page 12 notes that KSKU has an appropriation of \$475,168 which would be distributed in FY 2004 by the operating grant. The KSKU station was sold last year and in terms of the contract two committee members have talked with Department of Administration regarding reviewing the sale agreement and make recommendations to the Broadcasting Council for those changes in the future.

Discussion and Action on SB 43 – Wildlife and Parks; service fees

Representative Landwehr moved to adopt the amendment which was presented by the Revisor of Statutes to remove the sunset revision in subsection b, which would expire December 31, 2003 (Attachment 4). Motion was seconded by Representative Schwartz. Motion carried.

Representative Landwehr moved to report the bill favorably as amended. Motion was seconded by Representative Schwartz. Motion carried.

The meeting was adjourned at 9:30 a.m. The next meeting is scheduled for March 14, 2003.


Melvin Neufeld, Chair

FY 2003 and FY 2004

Social Services Budget Committee

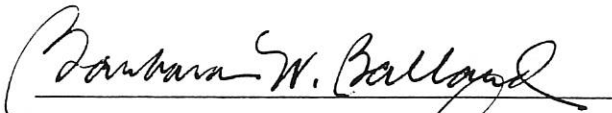
Developmental Disability Institutions
Mental Health Institutions
State Hospitals



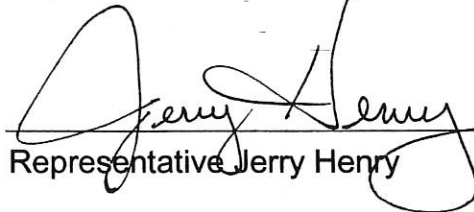
Representative Brenda Landwehr, Chair



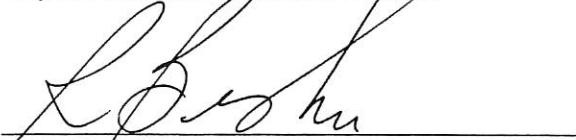
Representative John Edmonds



Representative Barbara Ballard



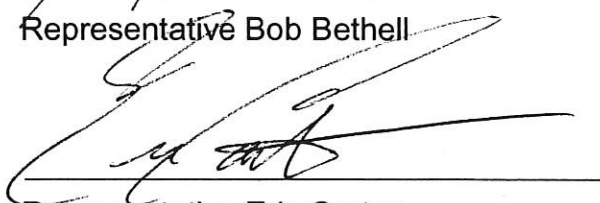
Representative Jerry Henry



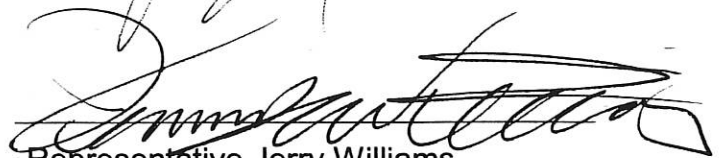
Representative Bob Bethell



Representative Melvin Neufeld



Representative Eric Carter



Representative Jerry Williams



Representative Willa DeCastro

HOUSE APPROPRIATIONS

DATE 3-13-03

ATTACHMENT 1

Senate Subcommittee Report

Agency: Developmental Disability Institutions **Bill No.** SB 62

Bill Sec. 21

Analyst: Calderwood

Analysis Pg. No. Vol. 1 - 635, 657 **Budget Page No.** 285, 331

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
All Funds:			
State Operations	\$ 45,794,525	\$ 43,998,810	\$ 0
Aid to Local Units	0	0	0
Other Assistance	4,000	4,000	0
TOTAL	\$ 45,798,525	\$ 44,002,810	\$ 0
State General Fund:			
State Operations	\$ 16,612,053	\$ 15,019,095	\$ 0
Aid to Local Units	0	0	0
Other Assistance	795	795	0
TOTAL	\$ 16,612,848	\$ 15,019,890	\$ 0
FTE Positions	1,169.0	1,044.6	0.0
Non FTE Uncl. Perm. Pos.	1.9	1.9	0.0
TOTAL	1,170.9	1,046.5	0.0

Agency Estimate/ Governor's Recommendation

The developmental disability institutions request \$45,798,525 in operating expenditures for FY 2003 which includes State General Fund expenditures of \$16,612,848. Expenditures by major object are estimated as follows: salaries and wages of \$39,322,141; contractual services of \$3,417,520; commodities of \$3,054,864; capital outlay of \$0; and other assistance of \$4,000. The developmental disability institutions estimate staffing of 1,169.0 FTE positions.

The Governor recommends \$44,002,810 in operating expenditures for FY 2003 which includes State General Fund expenditures of \$15,019,890. Expenditures by major object are estimated as follows: salaries and wages of \$38,282,911; contractual services of \$3,054,684; commodities of \$2,664,215; capital outlay of \$0; and other assistance of \$4,000. The Governor recommends staffing of 1,044.6 FTE positions.

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

Institution	Agency Estimate FY 2003	Governor's Recommendation FY 2003
Kansas Neurological Institute		
State General Fund	\$ 9,693,826	\$ 8,877,702
All Other Funds	15,110,012	15,110,012
TOTAL	<u>\$ 24,803,838</u>	<u>\$ 23,987,714</u>
Parsons State Hospital and Training Center		
State General Fund	\$ 6,919,022	\$ 6,142,188
All Other Funds	14,075,665	13,872,908
TOTAL	<u>\$ 20,994,687</u>	<u>\$ 20,015,096</u>
FTE Positions		
Kansas Neurological Institute	655.5	589.5
Parsons State Hospital and Training Center	513.5	455.1
TOTAL	<u>1,169.0</u>	<u>1,044.6</u>

Senate Subcommittee Recommendation

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

1. The Subcommittee recommends that a task force be created and convened during the current Legislative Session. The Subcommittee further recommends that the state hospitals and the Department of Social and Rehabilitative Services convene the task force, which will include the Kansas Mental Health Coalition Task force and the Governor's Mental Health Coalition, in a continuing dialogue addressing the concerns of individuals in need of mental health care. The task force would be required to provide a report to Ways and Means and Appropriations during the 2004 Legislative Session.

The Subcommittee recommends that the task force study the following critical issues related to the state mental health and developmental disability institutions: the closure and consolidation of the Rainbow Mental Health Facility; the impact of FTE position reductions and the challenges of average daily census growth; the loss of private psychiatric beds and growing admissions in the state mental health institutions; Disproportionate Share (DSH) funding for Mental Health institutions; an evaluation of average length of stay and patient outcomes; continuing evaluation of the cost of pharmaceuticals and options available to increase the purchasing power for the Department of Social and Rehabilitation Services.

2. The Subcommittee recommends that the Department of Social and Rehabilitation Services shall take no action regarding the closure and consolidation of Rainbow Mental Health Facility in FY 2003 or FY 2004. The Subcommittee further recommends that an interim Legislative committee be appointed by the Legislative Coordinating Council to study the agency's FY 2004 proposal for the closure and consolidation of the Rainbow Mental Health Facility. This committee will seek input from the Department of Social and Rehabilitation Services and various stakeholders, as well as the task force convened during the 2003 Session of the Legislature, to better understand issues relating to the closure and consolidation and the more global issues related to the state hospitals. The committee would provide reports to the Senate Ways and Means Committee and the House Appropriations Committee.
3. The Subcommittee recommends the elimination of the proviso relating to the use of salary and wages' funds for other operating expenditures. The Subcommittee expresses concern about the institutions' needs for funding to support unanticipated capital outlay expenditures. The Subcommittee endorses the recommendation that has been made by the full Ways and Means Committee.
4. The Subcommittee expresses concern about the Governor's recommended reductions for the state hospitals' FTE positions in both FY 2003 and FY 2004. The recommended reductions, 295.4 FTE positions for FY 2003 and a total of 443.2 FTE positions in FY 2004, are a cause for concern. The Subcommittee notes that future shrinkage recommendations, at a point where shrinkage has been virtually eliminated by the FTE position reductions, would not allow the institutions any flexibility to adjust staffing related to the needs of the institution. The Subcommittee notes the importance of having sufficient numbers of well-trained staff in order to successfully treat seriously ill patients.
5. The Subcommittee recommends that the state hospitals and the Department of Social and Rehabilitation Services continue to work with other states to combine their purchasing power to purchase pharmaceuticals at a lower cost. The current state hospital budgets do not have the resources to accommodate the rising costs of the pharmaceuticals necessary to provide for patients at all of the state hospitals.
6. The Subcommittee expresses concern about the availability of federal monies available to the state hospitals. The Subcommittee recommends that the Department of Social and Rehabilitation Services continue to pursue all eligible dollars, including those monies for Disproportionate Share for Hospitals (DSH).
7. The Subcommittee notes that the state hospitals' infrastructure, in light of the current budget situation, needs to be monitored on an on-going basis to ensure that the maintenance needs for each institution are addressed.
8. The Subcommittee expresses concern about the continuing increase of the Sexual Predator Treatment Program at Larned State Hospital and the impact of additional demands on staff and support services. The program's average daily census is currently 73, with projections for 75 by the end of the current

year and 85 for FY 2004. The Department of Social and Rehabilitation Services testified that, on average, the program is gaining one individual per month.

9. The Subcommittee notes the importance of the current 250-bed building project, the State Security Hospital (SSH), at Larned State Hospital. The Subcommittee notes that the SSH is currently serving a reduced number of inmates, projected at 98 for the current year and budget year, and the facility, projected to open in January 2006, would be able to serve a greater capacity. The facility plans include the addition of 90 beds to serve the current needs of the Kansas Department of Corrections. The Subcommittee recognizes the need for greater capacity and notes, despite the loss of 42 beds, the State Security Program has experienced only a one percent decrease in admissions over the past five years. Increased capacity will better meet the needs of the mentally ill from our courts, jails, and prisons. In addition, the Subcommittee notes that the opening of the new facility would allow for the Sexual Predator Treatment Program to expand its current operations in the Dillon building. The Subcommittee notes that the Dillon Building will require remodeling to accommodate the program's needs.
10. The Subcommittee recommends a Governor's Budget Amendment to make a technical adjustment to SB 62. The lapse amount for Larned State Hospital is reported as \$642,296. The lapse amended amount for Larned State Hospital is \$141,634.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee's recommendation.

Senate Committee of the Whole Recommendation

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

House Budget Committee Report

Agency: Developmental Disability Institutions Bill No. SB 62

Bill Sec. 21

Analyst: Calderwood

Analysis Pg. No. Vol. I - 635, 657 Budget Page No. 285, 331

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 45,794,525	\$ 43,998,810	\$ 0
Aid to Local Units	0	0	0
Other Assistance	4,000	4,000	0
TOTAL	\$ 45,798,525	\$ 44,002,810	\$ 0
State General Fund:			
State Operations	\$ 16,612,053	\$ 15,019,095	\$ 0
Aid to Local Units	0	0	0
Other Assistance	795	795	0
TOTAL	\$ 16,612,848	\$ 15,019,890	\$ 0
FTE Positions	1,169.0	1,044.6	0.0
Non FTE Uncl. Perm. Pos.	1.9	1.9	0.0
TOTAL	1,170.9	1,046.5	0.0

Agency Estimate/ Governor's Recommendation

The developmental disability institutions request \$45,798,525 in operating expenditures for FY 2003 which includes State General Fund expenditures of \$16,612,848. Expenditures by major object are estimated as follows: salaries and wages of \$39,322,141; contractual services of \$3,417,520; commodities of \$3,054,864; capital outlay of \$0; and other assistance of \$4,000. The developmental disability institutions estimate staffing of 1,169.0 FTE positions.

The Governor recommends \$44,002,810 in operating expenditures for FY 2003 which includes State General Fund expenditures of \$15,019,890. Expenditures by major object are estimated as follows: salaries and wages of \$38,282,911; contractual services of \$3,054,684; commodities of \$2,664,215; capital outlay of \$0; and other assistance of \$4,000. The Governor recommends staffing of 1,044.6 FTE positions.

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

Institution	Agency Estimate FY 2003	Governor's Recommendation FY 2003
Kansas Neurological Institute		
State General Fund	\$ 9,693,826	\$ 8,877,702
All Other Funds	15,110,012	15,110,012
TOTAL	<u>\$ 24,803,838</u>	<u>\$ 23,987,714</u>
Parsons State Hospital and Training Center		
State General Fund	\$ 6,919,022	\$ 6,142,188
All Other Funds	14,075,665	13,872,908
TOTAL	<u>\$ 20,994,687</u>	<u>\$ 20,015,096</u>
FTE Positions		
Kansas Neurological Institute	655.5	589.5
Parsons State Hospital and Training Center	513.5	455.1
TOTAL	<u>1,169.0</u>	<u>1,044.6</u>

House Budget Committee Recommendation

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

1. The Budget Committee recommends that SRS enter into discussions with stakeholders, including Community Developmental Disability Organizations and parents/ guardians of persons living in the Kansas Neurological Institute, regarding the future role and function of the Kansas Neurological Institute, with a focus on the availability of providing services in community-based settings. These discussions should include:
 - identification of models that would provide services to individuals in a community-based setting rather than in a state hospital and the impact those models may have on the Parsons State Hospital and Training Center;
 - exploration of public-private partnership options;
 - identification of alternative services models for the KNI facility, and the financing implications of a different model of service, including the need to move existing funding from hospitals to community-based services.

The Budget Committee further recommends that SRS report on these discussions and any planned implementation of new models to the Legislative Budget Committee or an appropriate interim committee identified by the Legislative Coordinating Council.

House Committee Recommendation

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

1. The Budget Committee recommends that SRS enter into discussions with stakeholders, including Community Developmental Disability Organizations and parents/ guardians of persons living in the state MR/DD facilities, regarding the future role and function of these facilities, with a focus on the availability of providing services in community-based settings. These discussions should include:
 - identification of models that would provide services to individuals in a community-based setting rather than in a state hospital and the impact those models may have on the state facilities;
 - exploration of public-private partnership options; and
 - identification of alternative services models for these facilities, and the financing implications of a different model of service, including the need to move existing funding from hospitals to community-based services.
 - identification of the financial, policy and program implications.

The Budget Committee further recommends that SRS report on these discussions and any planned implementation of new models to the Legislative Budget Committee or an appropriate interim committee identified by the Legislative Coordinating Council.

2. The Budget Committee recommends that SRS enter into discussions with stakeholders, including Community Developmental Disability Organizations and parents/ guardians of persons living in the private ICF/MR facilities, regarding the future role and function of these facilities, with a focus on the availability of providing services in community-based settings. These discussions should include:
 - identification of models that would provide services to individuals in a community-based setting rather than in a state hospital and the impact those models may have on the state facilities;
 - exploration of public-private partnership options; and
 - identification of alternative services models for these facilities, and the financing implications of a different model of service, including the need to move existing funding from hospitals to community-based services.
 - identification of the financial, policy and program implications.

The Budget Committee further recommends that SRS report on these discussions and any planned implementation of new models to the Legislative Budget Committee or an appropriate interim committee identified by the Legislative Coordinating Council.

3. The Committee notes that, according to David Braddock's 2002 "State of the States in Developmental Disabilities" report, eight states have closed all of their large state developmental disabilities. In addition, the report notes that no public funds were used to support private institutions in ten states.

4. The Budget Committee recommends the removal of the current year proviso relating to the use of salary and wages' funds for other operating expenditures. The Budget Committee notes testimony from the Department of Social and Rehabilitation Services (SRS) about the needs of each institution to have sufficient funding for necessary capital outlay expenditures. The Budget Committee recommends restoration of the proviso language in FY 2004.
5. The Budget Committee recommends a review of the federal funding for the State Hospitals, including Disproportionate Share (DSH) and Title XIX, prior to Omnibus.
6. The Budget Committee notes that a number of issues will determine the future structure and role of the state hospitals and recommends continued monitoring of the average daily census and the impact of increasing admissions in mental health institutions; an evaluation of outcomes associated with the reduction of average length of stay; staffing and recruitment for direct care staff, in light of current staffing reductions; the need for inpatient (acute) psychiatric beds in urban areas; evaluation of pharmaceutical costs; and the service delivery system for community-based services.

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Senate Subcommittee Report

Agency: Developmental Disability Institutions **Bill No. - -**

Bill Sec. - -

Analyst: Calderwood

Analysis Pg. No. Vol. 1 - 635, 657

Budget Page No. 285, 331

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Subcommittee Adjustments
All Funds:			
State Operations	\$ 44,605,082	\$ 44,605,082	\$ 0
Aid to Local Units	0	0	0
Other Assistance	4,000	4,000	0
TOTAL	\$ 44,609,082	\$ 44,609,082	\$ 0
State General Fund:			
State Operations	\$ 16,631,728	\$ 16,631,728	\$ 0
Aid to Local Units	0	0	0
Other Assistance	820	820	0
TOTAL	\$ 16,632,548	\$ 16,632,548	\$ 0
FTE Positions	1,167.0	954.2	0.0
Non FTE Uncl. Perm. Pos.	1.9	1.9	0.0
TOTAL	1,168.9	956.1	0.0

Agency Request/ Governor's Recommendation

The developmental disability institutions request \$44,609,082 in operating expenditures for FY 2004 which includes State General Fund expenditures of \$16,632,548. Expenditures by major object are requested as follows: salaries and wages of \$38,127,887 for salaries and wages; contractual services of \$3,590,123; commodities of \$2,968,072; capital outlay of \$0; and other assistance of \$4,000. The developmental disability institutions request staffing of 1,168.9 FTE positions.

The Governor concurs with the agency FY 2004 operating expenditures request. The Governor recommends staffing of 956.1 FTE positions.

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

Institution	Agency Estimate FY 2004	Governor's Recommendation FY 2004
Kansas Neurological Institute		
State General Fund	\$ 9,765,684	\$ 9,765,684
All Other Funds	14,481,732	14,481,732
TOTAL	<u>\$ 24,247,416</u>	<u>\$ 24,247,416</u>
Parsons State Hospital and Training Center		
State General Fund	\$ 6,866,864	\$ 6,142,188
All Other Funds	-	13,872,908
TOTAL	<u>\$ 20,994,687</u>	<u>\$ 20,015,096</u>
FTE Positions		
Kansas Neurological Institute	653.5	530.0
Parsons State Hospital and Training Center	513.5	424.2
TOTAL	<u>1,167.0</u>	<u>954.2</u>

Senate Subcommittee Recommendation

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

1. The Subcommittee recommends that a task force be created and convened during the current Legislative Session. The Subcommittee further recommends that the state hospitals and the Department of Social and Rehabilitative Services convene the task force, which will include the Kansas Mental Health Coalition Task force and the Governor's Mental Health Coalition, in a continuing dialogue addressing the concerns of individuals in need of mental health care. The task force would be required to provide a report to Ways and Means and Appropriations during the 2004 Legislative Session.

The Subcommittee recommends that the task force study the following critical issues related to the state mental health and developmental disability institutions: the closure and consolidation of the Rainbow Mental Health Facility; the impact of FTE position reductions and the challenges of average daily census growth; the loss of private psychiatric beds and growing admissions in the state mental health institutions; Disproportionate Share (DSH) funding for Mental Health institutions; an evaluation of average length of stay and patient outcomes; continuing evaluation of the cost of pharmaceuticals and options available to increase the purchasing power for the Department of Social and Rehabilitation Services.

2. The Subcommittee recommends that the Department of Social and Rehabilitation Services shall take no action regarding the closure and consolidation of Rainbow Mental Health Facility in FY 2003 or FY 2004. The Subcommittee further recommends that an interim Legislative committee be appointed by the Legislative Coordinating Council to study the agency's FY 2004 proposal for the closure and consolidation of the Rainbow Mental Health Facility. This committee will seek input from the Department of Social and Rehabilitation Services and various stakeholders, as well as the task force convened during the 2003 Session of the Legislature, to better understand issues relating to the closure and consolidation and the more global issues related to the state hospitals. The committee would provide reports to the Senate Ways and Means Committee and the House Appropriations Committee.
3. The Subcommittee recommends the elimination of the proviso relating to the use of salary and wages' funds for other operating expenditures. The Subcommittee expresses concern about the institutions' needs for funding to support unanticipated capital outlay expenditures. The Subcommittee endorses the recommendation that has been made by the full Ways and Means Committee.
4. The Subcommittee expresses concern about the Governor's recommended reductions for the state hospitals' FTE positions in both FY 2003 and FY 2004. The recommended reductions, 295.4 FTE positions for FY 2003 and a total of 443.2 FTE positions in FY 2004, are a cause for concern. The Subcommittee notes that future shrinkage recommendations, at a point where shrinkage has been virtually eliminated by the FTE position reductions, would not allow the institutions any flexibility to adjust staffing related to the needs of the institution. The Subcommittee notes the importance of having sufficient numbers of well-trained staff in order to successfully treat seriously ill patients.
5. The Subcommittee recommends that the state hospitals and the Department of Social and Rehabilitation Services continue to work with other states to combine their purchasing power to purchase pharmaceuticals at a lower cost. The current state hospital budgets do not have the resources to accommodate the rising costs of the pharmaceuticals necessary to provide for patients at all of the state hospitals.
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7. The Subcommittee notes that the state hospitals' infrastructure, in light of the current budget situation, needs to be monitored on an on-going basis to ensure that the maintenance needs for each institution are addressed.
8. The Subcommittee expresses concern about the continuing increase of the Sexual Predator Treatment Program at Larned State Hospital and the impact of additional demands on staff and support services. The program's average daily census is currently 73, with projections for 75 by the end of the current

year and 85 for FY 2004. The Department of Social and Rehabilitation Services testified that, on average, the program is gaining one individual per month.

9. The Subcommittee notes the importance of the current 250-bed building project, the State Security Hospital (SSH), at Larned State Hospital. The Subcommittee notes that the SSH is currently serving a reduced number of inmates, projected at 98 for the current year and budget year, and the facility, projected to open in January 2006, would be able to serve a greater capacity. The facility plans include the addition of 90 beds to serve the current needs of the Kansas Department of Corrections. The Subcommittee recognizes the need for greater capacity and notes, despite the loss of 42 beds, the State Security Program has experienced only a one percent decrease in admissions over the past five years. Increased capacity will better meet the needs of the mentally ill from our courts, jails, and prisons. In addition, the Subcommittee notes that the opening of the new facility would allow for the Sexual Predator Treatment Program to expand its current operations in the Dillon building. The Subcommittee notes that the Dillon Building will require remodeling to accommodate the program's needs.
10. The Subcommittee recommends a Governor's Budget Amendment to make a technical adjustment to SB 62. The lapse amount for Larned State Hospital is reported as \$642,296. The lapse amended amount for Larned State Hospital is \$141,634.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee's recommendation.

Senate Committee of the Whole Recommendation

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

House Budget Committee Report

Agency: Developmental Disability Institutions Bill No. - -

Bill Sec. - -

Analyst: Calderwood Analysis Pg. No. 635, 657

Budget Page No. 285, 331

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Other Assistance	4,000	4,000	0
TOTAL	\$ 44,609,082	\$ 44,609,082	\$ 0
State General Fund:			
State Operations	\$ 16,631,728	\$ 16,631,728	\$ 0
Aid to Local Units	0	0	0
Other Assistance	820	820	0
TOTAL	\$ 16,632,548	\$ 16,632,548	\$ 0
FTE Positions	1,342.2	1,211.6	0.0
Non FTE Uncl. Perm. Pos.	1.9	1.9	0.0
TOTAL	1,344.1	1,213.5	0.0

Agency Request/ Governor's Recommendation

The developmental disability institutions request \$44,609,082 in operating expenditures for FY 2004 which includes State General Fund expenditures of \$16,632,548. Expenditures by major object are requested as follows: salaries and wages of \$38,127,887 for salaries and wages; contractual services of \$3,590,123; commodities of \$2,968,072; capital outlay of \$0; and other assistance of \$4,000. The developmental disability institutions request staffing of 1,342.2 FTE positions.

The Governor concurs with the agency FY 2004 operating expenditures request. The Governor recommends staffing of 1,211.6 FTE positions.

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

Institution	Agency Estimate FY 2004	Governor's Recommendation FY 2004
Kansas Neurological Institute		
State General Fund	\$ 9,765,684	\$ 9,765,684
All Other Funds	14,481,732	14,481,732
TOTAL	\$ 24,247,416	\$ 24,247,416
Parsons State Hospital and Training Center		
State General Fund	\$ 6,866,864	\$ 6,142,188
All Other Funds		13,872,908
TOTAL	\$ 20,994,687	\$ 20,015,096
FTE Positions		
Kansas Neurological Institute	655.5	589.5
Parsons State Hospital and Training Center	513.5	455.1
TOTAL	1,169.0	1,044.6

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, with notations and observations as reflected in the FY 2003 report.

Senate Subcommittee Report

Agency: Mental Health Institutions **Bill No.** SB 62

Bill Sec. 21

Analyst: Calderwood **Analysis Pg. No.** Vol. 1-680, 708, 730 **Budget Page No.** 309, 327, 337

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
All Funds:			
State Operations	\$ 61,409,045	\$ 59,196,165	\$ 0
Aid to Local Units	0	0	0
Other Assistance	3,700	3,700	0
TOTAL	\$ 61,412,745	\$ 59,199,865	\$ 0
State General Fund:			
State Operations	\$ 20,515,567	\$ 17,933,987	\$ 0
Aid to Local Units	0	0	0
Other Assistance	2,500	2,500	0
TOTAL	\$ 20,518,067	\$ 17,937,687	\$ 0
FTE Positions	1,397.0	1,226.0	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
TOTAL	1,405.0	1,234.0	0.0

Agency Estimate/ Governor's Recommendation

The mental health institutions request \$61,412,745 in operating expenditures for FY 2003 which includes State General Fund expenditures of \$20,518,067. Expenditures by major object are estimated as follows: salaries and wages of \$48,432,386; contractual services of \$6,995,163; commodities of \$5,934,496; capital outlay of \$47,000; and other assistance of \$3,700. The mental health institutions estimate staffing of 1,397.0 FTE positions.

The Governor recommends \$59,199,865 in operating expenditures for FY 2003 which includes State General Fund expenditures of \$17,937,687. Expenditures by major object are estimated as follows: salaries and wages of \$47,148,297; contractual services of \$6,405,970; commodities of \$5,611,898; capital outlay of \$0; and other assistance of \$3,700. The Governor recommends staffing of 1,226.0 FTE positions.

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

Institution	Agency Estimate FY 2003	Governor's Recommendation FY 2003
Larned State Hospital		
State General Fund	\$ 13,117,896	\$ 12,062,205
All Other Funds	20,562,616	20,431,316
TOTAL	<u>\$ 33,680,512</u>	<u>\$ 32,493,521</u>
Osawatomie State Hospital		
State General Fund	\$ 6,786,359	\$ 5,286,669
All Other Funds	14,242,263	14,742,263
TOTAL	<u>\$ 21,028,622</u>	<u>\$ 20,028,932</u>
Rainbow Mental Health Facility		
State General Fund	\$ 613,812	\$ 587,613
All Other Funds	6,089,799	6,089,799
TOTAL	<u>\$ 6,703,611</u>	<u>\$ 6,677,412</u>
FTE Positions		
Larned State Hospital	792.8	699.8
Osawatomie State Hospital	477.4	413.9
Rainbow Mental Health Facility	126.8	112.3
TOTAL	<u>1,397.0</u>	<u>1,126.0</u>

Senate Subcommittee Recommendation

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

1. The Subcommittee recommends that a task force be created and convened during the current Legislative Session. The Subcommittee further recommends that the state hospitals and the Department of Social and Rehabilitative Services convene the task force, which will include the Kansas Mental Health Coalition Task force and the Governor's Mental Health Coalition, in a continuing dialogue addressing the concerns of individuals in need of mental health care. The task force would be required to provide a report to Ways and Means and Appropriations during the 2004 Legislative Session.

The Subcommittee recommends that the task force study the following critical issues related to the state mental health and developmental disability institutions: the closure and consolidation of the Rainbow Mental Health Facility; the impact of FTE position reductions and the challenges of average daily census growth; the loss of private psychiatric beds and growing admissions in the state mental health institutions; Disproportionate Share (DSH) funding for Mental Health institutions; an evaluation of average length of stay and patient outcomes; continuing evaluation of the cost of pharmaceuticals and options

available to increase the purchasing power for the Department of Social and Rehabilitation Services.

2. The Subcommittee recommends that the Department of Social and Rehabilitation Services shall take no action regarding the closure and consolidation of Rainbow Mental Health Facility in FY 2003 or FY 2004. The Subcommittee further recommends that an interim Legislative committee be appointed by the Legislative Coordinating Council to study the agency's FY 2004 proposal for the closure and consolidation of the Rainbow Mental Health Facility. This committee will seek input from the Department of Social and Rehabilitation Services and various stakeholders, as well as the task force convened during the 2003 Session of the Legislature, to better understand issues relating to the closure and consolidation and the more global issues related to the state hospitals. The committee would provide reports to the Senate Ways and Means Committee and the House Appropriations Committee.
3. The Subcommittee recommends the elimination of the proviso relating to the use of salary and wages' funds for other operating expenditures. The Subcommittee expresses concern about the institutions' needs for funding to support unanticipated capital outlay expenditures. The Subcommittee endorses the recommendation that has been made by the full Ways and Means Committee.
4. The Subcommittee expresses concern about the Governor's recommended reductions for the state hospitals' FTE positions in both FY 2003 and FY 2004. The recommended reductions, 295.4 FTE positions for FY 2003 and a total of 443.2 FTE positions in FY 2004, are a cause for concern. The Subcommittee notes that future shrinkage recommendations, at a point where shrinkage has been virtually eliminated by the FTE position reductions, would not allow the institutions any flexibility to adjust staffing related to the needs of the institution. The Subcommittee notes the importance of having sufficient numbers of well-trained staff in order to successfully treat seriously ill patients.
5. The Subcommittee recommends that the state hospitals and the Department of Social and Rehabilitation Services continue to work with other states to combine their purchasing power to purchase pharmaceuticals at a lower cost. The current state hospital budgets do not have the resources to accommodate the rising costs of the pharmaceuticals necessary to provide for patients at all of the state hospitals.
6. The Subcommittee expresses concern about the availability of federal monies available to the state hospitals. The Subcommittee recommends that the Department of Social and Rehabilitation Services continue to pursue all eligible dollars, including those monies for Disproportionate Share for Hospitals (DSH).
7. The Subcommittee notes that the state hospitals' infrastructure, in light of the current budget situation, needs to be monitored on an on-going basis to ensure that the maintenance needs for each institution are addressed.

8. The Subcommittee expresses concern about the continuing increase of the Sexual Predator Treatment Program at Larned State Hospital and the impact of additional demands on staff and support services. The program's average daily census is currently 73, with projections for 75 by the end of the current year and 85 for FY 2004. The Department of Social and Rehabilitation Services testified that, on average, the program is gaining one individual per month.
9. The Subcommittee notes the importance of the current 250-bed building project, the State Security Hospital (SSH), at Larned State Hospital. The Subcommittee notes that the SSH is currently serving a reduced number of inmates, projected at 98 for the current year and budget year, and the facility, projected to open in January 2006, would be able to serve a greater capacity. The facility plans include the addition of 90 beds to serve the current needs of the Kansas Department of Corrections. The Subcommittee recognizes the need for greater capacity and notes, despite the loss of 42 beds, the State Security Program has experienced only a one percent decrease in admissions over the past five years. Increased capacity will better meet the needs of the mentally ill from our courts, jails, and prisons. In addition, the Subcommittee notes that the opening of the new facility would allow for the Sexual Predator Treatment Program to expand its current operations in the Dillon building. The Subcommittee notes that the Dillon Building will require remodeling to accommodate the program's needs.
10. The Subcommittee recommends a Governor's Budget Amendment to make a technical adjustment to SB 62. The lapse amount for Larned State Hospital is reported as \$642,296. The lapse amended amount for Larned State Hospital is \$141,634.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee's recommendation.

Senate Committee of the Whole Recommendation

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

House Budget Committee Report

Agency: Mental Health Institutions **Bill No.** SB 62

Bill Sec. 21

Analyst: Calderwood

Analysis Pg. No. 680, 708, 730 **Budget Page No.** 309, 327, 337

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 61,409,045	\$ 59,196,165	\$ 0
Aid to Local Units	0	0	0
Other Assistance	3,700	3,700	0
TOTAL	<u>\$ 61,412,745</u>	<u>\$ 59,199,865</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 20,515,567	\$ 17,933,987	\$ 0
Aid to Local Units	0	0	0
Other Assistance	2,500	2,500	0
TOTAL	<u>\$ 20,518,067</u>	<u>\$ 17,937,687</u>	<u>\$ 0</u>
FTE Positions	1,397.0	1,226.0	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
TOTAL	<u>1,405.0</u>	<u>1,234.0</u>	<u>0.0</u>

Agency Estimate/ Governor's Recommendation

The mental health institutions request \$61,412,745 in operating expenditures for FY 2003 which includes State General Fund expenditures of \$20,518,067. Expenditures by major object are estimated as follows: salaries and wages of \$48,432,386; contractual services of \$6,995,163; commodities of \$5,934,496; capital outlay of \$47,000; and other assistance of \$3,700. The mental health institutions estimate staffing of 1,397.0 FTE positions.

The Governor recommends \$59,199,865 in operating expenditures for FY 2003 which includes State General Fund expenditures of \$17,937,687. Expenditures by major object are estimated as follows: salaries and wages of \$47,148,297; contractual services of \$6,405,970; commodities of \$5,611,898; capital outlay of \$0; and other assistance of \$3,700. The Governor recommends staffing of 1,226.0 FTE positions.

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

Institution	Agency Estimate FY 2003	Governor's Recommendation FY 2003
Larned State Hospital		
State General Fund	\$ 13,117,896	\$ 12,062,205
All Other Funds	20,562,616	20,431,316
TOTAL	<u>\$ 33,680,512</u>	<u>\$ 32,493,521</u>
Osawatomie State Hospital		
State General Fund	\$ 6,786,359	\$ 5,286,669
All Other Funds	14,242,263	14,742,263
TOTAL	<u>\$ 21,028,622</u>	<u>\$ 20,028,932</u>
Rainbow Mental Health Facility		
State General Fund	\$ 613,812	\$ 587,613
All Other Funds	6,089,799	6,089,799
TOTAL	<u>\$ 6,703,611</u>	<u>\$ 6,677,412</u>
FTE Positions		
Larned State Hospital	792.8	699.8
Osawatomie State Hospital	477.4	413.9
Rainbow Mental Health Facility	126.8	112.3
TOTAL	<u>1,397.0</u>	<u>1,126.0</u>

House Budget Committee Recommendation

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

- The Budget Committee notes that the Governor's Budget Recommendation retains funding for Rainbow Mental Health Facility in FY 2004. The Budget Committee recommends that SRS enter into discussions with community stakeholders in the Kansas City area regarding the future role and function of Rainbow, with a focus on continuing the provision of acute mental health services and retaining Rainbow as a community resource. These discussions should include:
 - identification of models that would provide services to children in a family-based setting rather than in a state hospital;
 - exploration of public-private partnership options; and
 - identification of alternative services models for the Rainbow facility, other than its current designation as an Institute for Mental Disease (IMD), and the Medicaid financing implications of a different model of service.

House Committee Recommendation

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

1. The Budget Committee notes that the Governor's Budget Recommendation retains funding for Rainbow Mental Health Facility in FY 2004. The Budget Committee recommends that SRS enter into discussions with community stakeholders, including Community Mental Health Centers statewide, regarding the future role and function of the state mental health institutions, with a focus on continuing the provision of acute mental health services. These discussions should include:
 - identification of models that would provide services to children in a family-based setting rather than in a state hospital;
 - exploration of public-private partnership options; and
 - identification of alternative services models for the facilities, other than their current designation as an Institute for Mental Disease (IMD), and the Medicaid financing implications of a different model of service.
 - identification of the financial, policy and program implications.

The Budget Committee further recommends that SRS report on these discussions and any planned implementation of new models to the Legislative Budget Committee or an appropriate interim committee identified by the Legislative Coordinating Council.

2. The Budget Committee recommends the removal of the current year proviso relating to the use of salary and wages' funds for other operating expenditures. The Budget Committee notes testimony from the Department of Social and Rehabilitation Services (SRS) about the needs of each institution to have sufficient funding for necessary capital outlay expenditures. The Budget Committee recommends restoration of the proviso language in FY 2004.
3. The Budget Committee recommends a review of the federal funding for the State Hospitals, including Disproportionate Share (DSH) and Title XIX, prior to Omnibus.
4. The Budget Committee notes that a number of issues will determine the future structure and role of the state hospitals and recommends continued monitoring of the average daily census and the impact of increasing admissions in mental health institutions; an evaluation of outcomes associated with the reduction of average length of stay; staffing and recruitment for direct care staff, in light of current staffing reductions; the need for inpatient (acute) psychiatric beds in urban areas; evaluation of pharmaceutical costs; and the service delivery system for community-based services.
5. The Budget Committee recommends a review of education services provided for children and adolescents within the state hospitals' setting, prior to Omnibus.

House Committee Recommendation

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

1. The Budget Committee recommends that SRS enter into discussions with stakeholders, including Community Developmental Disability Organizations and parents/ guardians of persons living in the state MR/DD facilities, regarding the future role and function of these facilities, with a focus on the availability of providing services in community-based settings. These discussions should include:
 - identification of models that would provide services to individuals in a community-based setting rather than in a state hospital and the impact those models may have on the state facilities;
 - exploration of public-private partnership options; and
 - identification of alternative services models for these facilities, and the financing implications of a different model of service, including the need to move existing funding from hospitals to community-based services.
 - identification of the financial, policy and program implications.

The Budget Committee further recommends that SRS report on these discussions and any planned implementation of new models to the Legislative Budget Committee or an appropriate interim committee identified by the Legislative Coordinating Council.

2. The Budget Committee recommends that SRS enter into discussions with stakeholders, including Community Developmental Disability Organizations and parents/ guardians of persons living in the private ICF/MR facilities, regarding the future role and function of these facilities, with a focus on the availability of providing services in community-based settings. These discussions should include:
 - identification of models that would provide services to individuals in a community-based setting rather than in a state hospital and the impact those models may have on the state facilities;
 - exploration of public-private partnership options; and
 - identification of alternative services models for these facilities, and the financing implications of a different model of service, including the need to move existing funding from hospitals to community-based services.
 - identification of the financial, policy and program implications.

The Budget Committee further recommends that SRS report on these discussions and any planned implementation of new models to the Legislative Budget Committee or an appropriate interim committee identified by the Legislative Coordinating Council.

3. The Committee notes that, according to David Braddock's 2002 "State of the States in Developmental Disabilities" report, eight states have closed all of their large state developmental disabilities. In addition, the report notes that no public funds were used to support private institutions in ten states.

4. The Budget Committee recommends the removal of the current year proviso relating to the use of salary and wages' funds for other operating expenditures. The Budget Committee notes testimony from the Department of Social and Rehabilitation Services (SRS) about the needs of each institution to have sufficient funding for necessary capital outlay expenditures. The Budget Committee recommends restoration of the proviso language in FY 2004.
5. The Budget Committee recommends a review of the federal funding for the State Hospitals, including Disproportionate Share (DSH) and Title XIX, prior to Omnibus.
6. The Budget Committee notes that a number of issues will determine the future structure and role of the state hospitals and recommends continued monitoring of the average daily census and the impact of increasing admissions in mental health institutions; an evaluation of outcomes associated with the reduction of average length of stay; staffing and recruitment for direct care staff, in light of current staffing reductions; the need for inpatient (acute) psychiatric beds in urban areas; evaluation of pharmaceutical costs; and the service delivery system for community-based services.

The Budget Committee further recommends that SRS report on these discussions and any planned implementation of new models to the Legislative Budget Committee or an appropriate interim committee identified by the Legislative Coordinating Council.

2. The Budget Committee recommends the removal of the current year proviso relating to the use of salary and wages' funds for other operating expenditures. The Budget Committee notes testimony from the Department of Social and Rehabilitation Services (SRS) about the needs of each institution to have sufficient funding for necessary capital outlay expenditures. The Budget Committee recommends restoration of the proviso language in FY 2004.
3. The Budget Committee recommends a review of the federal funding for the State Hospitals, including Disproportionate Share (DSH) and Title XIX, prior to Omnibus.
4. The Budget Committee notes that a number of issues will determine the future structure and role of the state hospitals and recommends continued monitoring of the average daily census and the impact of increasing admissions in mental health institutions; an evaluation of outcomes associated with the reduction of average length of stay; staffing and recruitment for direct care staff, in light of current staffing reductions; the need for inpatient (acute) psychiatric beds in urban areas; evaluation of pharmaceutical costs; and the service delivery system for community-based services.
5. The Budget Committee recommends a review of education services provided for children and adolescents within the state hospitals' setting, prior to Omnibus.

Senate Subcommittee Report

Agency: Mental Health Institutions **Bill No. - -**

Bill Sec. - -

Analyst: Calderwood

Analysis Pg. No. Vol. 1 - 680, 708, 730

Budget Page No. 309,
327, 337

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Subcommittee Adjustments
All Funds:			
State Operations	\$ 58,042,925	\$ 61,284,695	\$ 0
Aid to Local Units	0	0	0
Other Assistance	2,500	2,500	0
TOTAL	<u>\$ 58,045,425</u>	<u>\$ 61,287,195</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 35,087,807	\$ 37,617,991	\$ 0
Aid to Local Units	0	0	0
Other Assistance	2,500	2,500	0
TOTAL	<u>\$ 35,090,307</u>	<u>\$ 37,620,491</u>	<u>\$ 0</u>
FTE Positions	1,342.2	1,211.6	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
TOTAL	<u>1,350.2</u>	<u>1,219.6</u>	<u>0.0</u>

Agency Request/ Governor's Recommendation

The mental health institutions request \$58,045,425 in operating expenditures for FY 2004 which includes State General Fund expenditures of \$37,090,307. Expenditures by major object are estimated as follows: salaries and wages of \$45,631,202; contractual services of \$6,105,006; commodities of \$6,306,717; capital outlay of \$0; and other assistance of \$2,500. The mental health institutions estimate staffing of 1,342.2 FTE positions.

The Governor recommends \$61,287,195 in operating expenditures for FY 2004 which includes State General Fund expenditures of \$37,620,491. Expenditures by major object are estimated as follows: salaries and wages of \$48,577,582; contractual services of \$6,744,401; commodities of \$5,962,712; capital outlay of \$0; and other assistance of \$2,500. The Governor recommends staffing of 1,211.6 FTE positions.

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

Institution	Agency Estimate FY 2004	Governor's Recommendation FY 2004
Larned State Hospital		
State General Fund	\$ 25,785,280	\$ 25,527,686
All Other Funds	9,284,229	9,284,229
TOTAL	\$ 35,069,509	\$ 34,811,915
Osawatomie State Hospital		
State General Fund	\$ 9,305,027	\$ 8,225,647
All Other Funds	13,670,889	11,430,025
TOTAL	\$ 22,975,916	\$ 19,655,672
Rainbow Mental Health Facility		
State General Fund	\$ 0	\$ 3,867,158
All Other Funds	0	2,952,450
TOTAL	\$ 0	\$ 6,819,608
FTE Positions		
Larned State Hospital	792.8	663.0*
Osawatomie State Hospital	549.4	436.3
Rainbow Mental Health Facility	0.0	112.3
TOTAL	1,342.2	1,211.6

* The Governor's recommendation includes the addition of 45.0 FTE for the Sexual Predator Treatment Program.

Senate Subcommittee Recommendation

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

1. The Subcommittee recommends that a task force be created and convened during the current Legislative Session. The Subcommittee further recommends that the state hospitals and the Department of Social and Rehabilitative Services convene the task force, which will include the Kansas Mental Health Coalition Task force and the Governor's Mental Health Coalition, in a continuing dialogue addressing the concerns of individuals in need of mental health care. The task force would be required to provide a report to Ways and Means and Appropriations during the 2004 Legislative Session.

The Subcommittee recommends that the task force study the following critical issues related to the state mental health and developmental disability institutions: the closure and consolidation of the Rainbow Mental Health Facility; the impact of FTE position reductions and the challenges of average daily census growth; the loss of private psychiatric beds and growing admissions in the state mental health institutions; Disproportionate Share (DSH) funding for

Mental Health institutions; an evaluation of average length of stay and patient outcomes; continuing evaluation of the cost of pharmaceuticals and options available to increase the purchasing power for the Department of Social and Rehabilitation Services.

2. The Subcommittee recommends that the Department of Social and Rehabilitation Services shall take no action regarding the closure and consolidation of Rainbow Mental Health Facility in FY 2003 or FY 2004. The Subcommittee further recommends that an interim Legislative committee be appointed by the Legislative Coordinating Council to study the agency's FY 2004 proposal for the closure and consolidation of the Rainbow Mental Health Facility. This committee will seek input from the Department of Social and Rehabilitation Services and various stakeholders, as well as the task force convened during the 2003 Session of the Legislature, to better understand issues relating to the closure and consolidation and the more global issues related to the state hospitals. The committee would provide reports to the Senate Ways and Means Committee and the House Appropriations Committee.
3. The Subcommittee recommends the elimination of the proviso relating to the use of salary and wages' funds for other operating expenditures. The Subcommittee expresses concern about the institutions' needs for funding to support unanticipated capital outlay expenditures. The Subcommittee endorses the recommendation that has been made by the full Ways and Means Committee.
4. The Subcommittee expresses concern about the Governor's recommended reductions for the state hospitals' FTE positions in both FY 2003 and FY 2004. The recommended reductions, 295.4 FTE positions for FY 2003 and a total of 443.2 FTE positions in FY 2004, are a cause for concern. The Subcommittee notes that future shrinkage recommendations, at a point where shrinkage has been virtually eliminated by the FTE position reductions, would not allow the institutions any flexibility to adjust staffing related to the needs of the institution. The Subcommittee notes the importance of having sufficient numbers of well-trained staff in order to successfully treat seriously ill patients.
5. The Subcommittee recommends that the state hospitals and the Department of Social and Rehabilitation Services continue to work with other states to combine their purchasing power to purchase pharmaceuticals at a lower cost. The current state hospital budgets do not have the resources to accommodate the rising costs of the pharmaceuticals necessary to provide for patients at all of the state hospitals.
6. The Subcommittee expresses concern about the availability of federal monies available to the state hospitals. The Subcommittee recommends that the Department of Social and Rehabilitation Services continue to pursue all eligible dollars, including those monies for Disproportionate Share for Hospitals (DSH).
7. The Subcommittee notes that the state hospitals' infrastructure, in light of the current budget situation, needs to be monitored on an on-going basis to ensure that the maintenance needs for each institution are addressed.

8. The Subcommittee expresses concern about the continuing increase of the Sexual Predator Treatment Program at Larned State Hospital and the impact of additional demands on staff and support services. The program's average daily census is currently 73, with projections for 75 by the end of the current year and 85 for FY 2004. The Department of Social and Rehabilitation Services testified that, on average, the program is gaining one individual per month.
9. The Subcommittee notes the importance of the current 250-bed building project, the State Security Hospital (SSH), at Larned State Hospital. The Subcommittee notes that the SSH is currently serving a reduced number of inmates, projected at 98 for the current year and budget year, and the facility, projected to open in January 2006, would be able to serve a greater capacity. The facility plans include the addition of 90 beds to serve the current needs of the Kansas Department of Corrections. The Subcommittee recognizes the need for greater capacity and notes, despite the loss of 42 beds, the State Security Program has experienced only a one percent decrease in admissions over the past five years. Increased capacity will better meet the needs of the mentally ill from our courts, jails, and prisons. In addition, the Subcommittee notes that the opening of the new facility would allow for the Sexual Predator Treatment Program to expand its current operations in the Dillon building. The Subcommittee notes that the Dillon Building will require remodeling to accommodate the program's needs.
10. The Subcommittee recommends a Governor's Budget Amendment to make a technical adjustment to SB 62. The lapse amount for Larned State Hospital is reported as \$642,296. The lapse amended amount for Larned State Hospital is \$141,634.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee's recommendation.

Senate Committee of the Whole Recommendation

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

House Budget Committee Report

Agency: Mental Health Institutions **Bill No. - -** **Bill Sec. - -**
Analyst: Calderwood **Analysis Pg. No. 680, 708, 730** **Budget Page No. 309, 327, 337**

Expenditure Summary	Agency Request FY-04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 102,648,007	\$ 105,889,777	\$ 0
Aid to Local Units	0	0	0
Other Assistance	6,500	6,500	0
TOTAL	\$ 102,654,507	\$ 105,896,277	\$ 0
State General Fund:			
State Operations	\$ 51,719,535	\$ 54,249,719	\$ 0
Aid to Local Units	0	0	0
Other Assistance	3,320	3,320	0
TOTAL	\$ 51,722,855	\$ 54,253,039	\$ 0
FTE Positions	1,342.2	1,211.6	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
TOTAL	1,350.2	1,219.6	0.0

Agency Request/ Governor's Recommendation

The mental health institutions request \$102,654,507 in operating expenditures for FY 2004 which includes State General Fund expenditures of \$51,722,855. Expenditures by major object are estimated as follows: salaries and wages of \$45,631,202; contractual services of \$6,105,006; commodities of \$6,306,717; capital outlay of \$0; and other assistance of \$2,500. The mental health institutions estimate staffing of 1,342. FTE positions.

The Governor recommends \$105,896,277 in operating expenditures for FY 2004 which includes State General Fund expenditures of \$54,253,039. Expenditures by major object are estimated as follows: salaries and wages of \$48,577,582; contractual services of \$6,744,401; commodities of \$5,962,712; capital outlay of \$0; and other assistance of \$2,500. The Governor recommends staffing of 1,219.6 FTE positions.

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

Institution	Agency Estimate FY 2004	Governor's Recommendation FY 2004
Larned State Hospital		
State General Fund	\$ 25,785,280	\$ 25,527,686
All Other Funds	9,284,229	9,284,229
TOTAL	<u>\$ 35,069,509</u>	<u>\$ 34,811,915</u>
Osawatomie State Hospital		
State General Fund	\$ 9,305,027	\$ 8,225,647
All Other Funds	13,670,889	11,430,025
TOTAL	<u>\$ 22,975,916</u>	<u>\$ 19,655,672</u>
Rainbow Mental Health Facility		
State General Fund	\$ 0	\$ 3,867,158
All Other Funds	0	2,952,450
TOTAL	<u>\$ 0</u>	<u>\$ 6,819,608</u>
FTE Positions		
Larned State Hospital	792.8	663.0*
Osawatomie State Hospital	549.4	436.3
Rainbow Mental Health Facility	0.0	112.3
TOTAL	<u>1,342.2</u>	<u>1,211.6</u>

* The Governor's recommendation includes the addition of 45.0 FTE for the Sexual Predator Treatment Program.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, with notations and observations as reflected in the FY 2003 report.

FY 2003 and FY 2004

General Government and Commerce Budget Committee

Department of Administration
Commission on Veterans Affairs



Representative Jo Ann Pottorff, Chair



Representative Patricia Barbieri-Lightner

Representative Andrew Howell



Representative Annie Kuether



Representative Joe Shriver



Representative Tom Sloan

Representative Dan Thimesch

HOUSE APPROPRIATIONS

DATE 3-13-03

ATTACHMENT 2

Senate Subcommittee Report

Agency: Department of Administration **Bill No.** 62

Bill Sec. 12

Analyst: Robinson

Analysis Pg. No. Vol. 2 – 1301

Budget Page No. 13

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 21,276,707	\$ 21,031,979	\$ 0
Aid to Local Units	624,673	624,673	0
Other Assistance	2,985,005	2,985,005	0
Subtotal – Operating	\$ 24,886,385	\$ 24,641,657	\$ 0
Capital Improvements	4,803,338	4,266,157	0
TOTAL	\$ 29,689,723	\$ 28,907,814	\$ 0
State General Fund:			
State Operations	\$ 19,939,010	\$ 19,694,282	\$ 0
Aid to Local Units	376,673	376,673	0
Other Assistance	2,031,296	2,031,296	0
Subtotal – Operating	\$ 22,346,979	\$ 22,102,251	\$ 0
Capital Improvements	4,198,167	3,360,786	0
TOTAL	\$ 26,545,146	\$ 25,463,037	\$ 0
FTE Positions			
Reportable Budget	258.0	256.0	0.0
Nonreportable Budget	624.2	626.2	0.0
Subtotal - FTE	882.2	882.2	0.0
Non FTE Perm. Unclass. Pos.	23.1	23.1	0.0
TOTAL	905.3	905.3	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of **reportable** expenditures is \$24.9 million, a net increase of \$124,938 from the approved budget. The agency estimates FY 2003 State General Fund expenditures of \$22.3 million, or \$244,728 above the currently approved amount. The agency's budget was submitted prior to the November allotment which reduced the State General Fund budget by that amount. The major reduction in expenditures from all other funds relates to payments to the federal government under the cash management program that are expected to be less than the amount previously estimated.

The Governor recommends a current year **reportable** operating budget of \$24.6 million, including \$22.1 million from the State General Fund. The Governor's recommended State General Fund amount is the same as the amount currently authorized. The Governor concurs with the agency's revised estimate of expenditures from all other funding sources.

Nonreportable Budget. The **agency** estimates the current year **nonreportable** operating budget to be \$101.1 million, a reduction of \$0.8 million from the approved amount. **The Governor** recommends **nonreportable** operating expenditures of \$101.2 million, a reduction of \$0.7 million from the approved amount.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor, with the following adjustment:

1. Appropriate the new "Digital Orthophoto Project -- Federal Fund" with a no-limit expenditure limitation in both FY 2003 and FY 2004 to allow the agency to receive additional federal funds.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

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

House Budget Committee Report

Agency: Department of Administration

Bill No.

Bill Sec.

Analyst: Robinson

Analysis Pg. No. Vol. 2 – 1301

Budget Page No. 13

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 21,276,707	\$ 21,031,979	\$ 0
Aid to Local Units	624,673	624,673	0
Other Assistance	2,985,005	2,985,005	0
Subtotal – Operating	<u>\$ 24,886,385</u>	<u>\$ 24,641,657</u>	<u>\$ 0</u>
Capital Improvements	4,803,338	4,266,157	0
TOTAL	<u><u>\$ 29,689,723</u></u>	<u><u>\$ 28,907,814</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 19,939,010	\$ 19,694,282	\$ 0
Aid to Local Units	376,673	376,673	0
Other Assistance	2,031,296	2,031,296	0
Subtotal – Operating	<u>\$ 22,346,979</u>	<u>\$ 22,102,251</u>	<u>\$ 0</u>
Capital Improvements	4,198,167	3,360,786	0
TOTAL	<u><u>\$ 26,545,146</u></u>	<u><u>\$ 25,463,037</u></u>	<u><u>\$ 0</u></u>
FTE Positions			
Reportable Budget	258.0	256.0	0.0
Nonreportable Budget	624.2	626.2	0.0
Subtotal -- FTE	<u>882.2</u>	<u>882.2</u>	<u>0.0</u>
Non FTE Perm. Unclass. Pos.	23.1	23.1	0.0
TOTAL	<u><u>905.3</u></u>	<u><u>905.3</u></u>	<u><u>0.0</u></u>

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of **reportable** expenditures is \$24.9 million, a net increase of \$124,938 from the approved budget. The agency estimates FY 2003 State General Fund expenditures of \$22.3 million, or \$244,728 above the currently approved amount. The agency's budget was submitted prior to the November allotment which reduced the State General Fund budget by that amount. The major reduction in expenditures from all other funds relates to payments to the federal government under the cash management program that are expected to be less than the amount previously estimated.

The Governor recommends a current year **reportable** operating budget of \$24.6 million, including \$22.1 million from the State General Fund. The Governor's recommended State General Fund amount is the same as the amount currently authorized. The Governor concurs with the agency's revised estimate of expenditures from all other funding sources.

Nonreportable Budget. The **agency** estimates the current year **nonreportable** operating budget to be \$101.1 million, a reduction of \$0.8 million from the approved amount. **The Governor** recommends **nonreportable** operating expenditures of \$101.2 million, a reduction of \$0.7 million from the approved amount.

House Budget Committee Recommendation

The Budget Committee concurs with the recommendations of the Governor, with the following adjustment:

1. Appropriate the new "Digital Orthophoto Project -- Federal Fund" with a no-limit expenditure limitation in both FY 2003 and FY 2004 to allow the agency to receive additional federal funds.

Senate Subcommittee Report

Agency: Department of Administration **Bill No. --** **Bill Sec. --**

Analyst: Robinson **Analysis Pg. No.** Vol. 2-1301 **Budget Page No.** 13

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 21,633,239	\$ 14,561,457	\$ 0
Aid to Local Units	685,644	622,949	0
Other Assistance	3,291,653	2,904,014	0
Subtotal – Operating	\$ 25,610,536	\$ 18,088,420	\$ 0
Capital Improvements	17,642,030	3,981,752	0
TOTAL	\$ 43,252,566	\$ 22,070,172	\$ 0
State General Fund:			
State Operations	\$ 20,391,986	\$ 13,283,355	\$ 0
Aid to Local Units	437,644	374,949	0
Other Assistance	2,352,043	1,964,404	0
Subtotal – Operating	\$ 23,181,673	\$ 15,622,708	\$ 0
Capital Improvements	17,350,278	3,690,000	0
TOTAL	\$ 40,531,951	\$ 19,312,708	\$ 0
FTE Positions			
Reportable Budget	257.0	245.0	0.0
Nonreportable Budget	635.2	642.2	0.0
Subtotal - FTE	892.2	887.2	0.0
Non FTE Perm. Unclass. Pos.	23.1	23.1	0.0
TOTAL	915.3	910.3	0.0

Agency Request/Governor's Recommendation

The **agency** requests an FY 2004 **reportable** operating budget of \$25.6 million, an increase of \$724,151 (2.9 percent) from the revised current year request. The request includes an enhancement request of \$352,436 from the State General Fund. **Absent that request**, the agency's request would be an increase of \$371,715 (1.5 percent) from the current year estimate. The agency submitted a **reduced resources package** of adjustments totaling \$1.4 million from the State General Fund.

The **Governor** recommends an FY 2004 **reportable** operating budget of \$18.1 million, a reduction of \$6.6 million from the current year revised recommendation. The Governor's recommendation includes reductions of \$1.4 million in reduced resources packages. The recommendation includes a net reduction of 11.0 FTE. The recommendation includes the shift of 12.0 FTE positions from the reportable budget to the nonreportable budget.

FY 2004 - 5.9 Percent Reduction. For FY 2004, the Governor recommends a 5.9 percent reduction in expenditures for all biennial budget agencies and for selected other agencies, including

the nonreportable portion of the Department of Administration budget. The reduction is intended to match the 5.9 percent allotment reductions that most other agencies absorbed in FY 2003 (2.0 percent in August 2002 and 3.9 percent in November 2002). According to Volume 1 of the *Governor's Budget Report*, the 5.9 percent reduction is intended to be an adjustment to overall operating expenditures. No attempt was made to identify reductions to specific expenditure categories. The amount reduced from this agency's budget for the 5.9 percent reduction totals \$5.0 million. *In the case of the Department of Administration, this amount has been deleted from the State General Fund recommendation for the reportable portion of the agency.*

Nonreportable Budget. The agency requests an FY 2004 **nonreportable** budget of \$106.6 million, an increase of \$5.5 million (5.4 percent) from the revised current year estimate. The agency's request includes **enhancement requests** totaling \$4.8 million and 10.0 FTE positions. **Absent the requested enhancements**, the agency's request would total \$101.9 million, an increase of \$735,158 (0.7 percent) from the revised current year estimate.

The Governor recommends FY 2004 **nonreportable** operating expenditures totaling \$102.8 million, an increase of \$1.5 million (1.5 percent) from the revised current year recommendation. The Governor recommends **enhancements** totaling \$161,197 and 5.0 FTE positions. In addition, the Governor recommends the shift of 12.0 FTE positions from the reportable to the nonreportable budget.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor, with the following adjustment and observations:

1. Shift funding of \$29,447 (State General Fund) to the budget of the Long-Term Care Ombudsman from other programs within the agency. Because of the method utilized to impose the 5.9 percent reduction on the agency's nonreportable budget, the reportable budget of the Long-Term Care Ombudsman, contained within the General Administration division, was reduced by 35.7 percent. The Office of the Long-Term Care Ombudsman is essentially an independent agency, and is attached to the Department only for administrative purposes. The Subcommittee believes that it would be more appropriate, for purposes of the 5.9 percent reduction, to treat this program as a stand-alone agency and recalculate the reduction imposed on its reportable budget. When this calculation is performed, funding totaling \$29,447 from the State General Fund should be restored to the program. This shift in funding would require additional reductions of that amount to be spread among the other divisions of the department. The following table reflects, by division, the amounts reduced in the Governor's recommendation, and the Subcommittee's recommended adjustments to those amounts.

Division	Current Adjustment	Recommended Adjustment	Change
Administration (excl. Long-Term Care Ombudsman)	\$ (508,365)	\$ (511,395)	\$ (3,030)
Long-Term Care Ombudsman	(48,257)	(18,810)	29,447
Public Broadcasting	0	0	0
DISC	(1,570,211)	(1,579,569)	(9,358)
Accounts and Reports	(418,455)	(420,949)	(2,494)
Budget Analysis	0	0	0
Personnel Services	(913,854)	(919,301)	(5,447)
Purchasing	(294,197)	(295,950)	(1,753)
Printing Plant	0	0	0
Facilities Management	(1,235,851)	(1,243,216)	(7,365)
TOTAL	<u>\$ (4,989,190)</u>	<u>\$ (4,989,190)</u>	<u>\$ 0</u>

The following two tables reflect the approved reportable budgets, by Division, for the agency under the Governor's recommendation and as recommended by the Subcommittee.

REPORTABLE BUDGET-GOVERNOR'S RECOMMENDATION

Division	FY 2002	Gov. Rec. FY 2003	Gov. Rec. FY 2004	Change FY 2003-FY 2004	
				Dollar	Percent
General Administration *	\$ 2,199,117	\$ 2,532,619	\$ 2,126,035	\$ (406,584)	(16.1) %
Long-Term Care Ombudsman	139,909	134,963	86,803	(48,160)	(35.7)
Public Broadcasting	2,551,495	2,522,068	2,339,353	(182,715)	(7.2)
DISC	5,422,727	4,857,589	2,924,424	(1,933,165)	(39.8)
Accounts and Reports	2,425,070	2,099,479	1,002,879	(1,096,600)	(52.2)
Budget Analysis	1,502,221	1,966,223	1,362,457	(603,766)	(30.7)
Personnel Services	3,031,304	2,809,684	1,946,730	(862,954)	(30.7)
Purchasing	847,741	759,880	529,188	(230,692)	(30.4)
Printing Plant	0	0	0	0	0.0
Facilities Management	4,989,524	4,199,782	2,952,139	(1,247,643)	(29.7)
TOTAL	<u>\$ 23,109,108</u>	<u>\$ 21,882,287</u>	<u>\$ 15,270,008</u>	<u>\$ (6,612,279)</u>	<u>(30.2) %</u>

*Excluding Long-Term Care Ombudsman

REPORTABLE BUDGET-SENATE SUBCOMMITTEE RECOMMENDATION

Division	FY 2002	Sub. Rec.	Sub. Rec.	Change FY 2003-FY 2004	
		FY 2003	FY 2004	Dollar	Percent
General Administration*	\$ 2,199,117	\$ 2,532,619	\$ 2,123,005	\$ (409,614)	(16.2) %
Long-Term Care Ombudsman	139,909	134,963	116,250	(18,713)	(13.9)
Public Broadcasting	2,551,495	2,522,068	2,339,353	(182,715)	(7.2)
DISC	5,422,727	4,857,589	2,915,066	(1,942,523)	(40.0)
Accounts and Reports	2,425,070	2,099,479	1,000,385	(1,099,094)	(52.4)
Budget Analysis	1,502,221	1,966,223	1,362,457	(603,766)	(30.7)
Personnel Services	3,031,304	2,809,684	1,941,283	(868,401)	(30.9)
Purchasing	847,741	759,880	527,435	(232,445)	(30.6)
Printing Plant	0	0	0	0	0.0
Facilities Management	4,989,524	4,199,782	2,944,774	(1,255,008)	(29.9)
TOTAL	\$23,109,108	\$21,882,287	\$15,270,008	\$ (6,612,279)	(30.2) %

*Excluding Long-Term Care Ombudsman

2. The Subcommittee commends the Public Broadcasting Council for a number of items discussed during its testimony to the Subcommittee, including:
 - a. All Kansas public television stations will be in compliance with the May 1, 2003 deadline for conversion to digital technology. All of the stations are either on or ahead of schedule to meet this requirement.
 - b. The Council is working with the states of Missouri and Illinois to bring educational materials to schools, by-passing the internet. For a nominal equipment cost, schools will be able to download educational programming directly from the airwaves, allowing the schools to use their internet connections for other opportunities. The Council is also working with KAN-ED on the content of this material. This technology also has implications for homeland security. Encoded messages could be broadcast and downloaded by police, fire and other civil defense entities.
 - c. The Subcommittee also commends the Public Broadcasting Council for its commitment to public affairs programming. In an era when most commercial television and radio stations and newspapers have dramatically reduced their coverage of events from the Statehouse, public television and radio are a valued source of information, allowing an informed public to hold public officials accountable for their actions.

3. Appropriate the new "Digital Orthophoto Project -- Federal Fund" with a no-limit expenditure limitation in both FY 2003 and FY 2004 to allow the agency to receive additional federal funds.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

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

House Budget Committee Report

Agency: Department of Administration **Bill No. --** **Bill Sec. --**

Analyst: Robinson **Analysis Pg. No.** Vol. 2-1301 **Budget Page No.** 13

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 21,633,239	\$ 14,561,457	\$ 0
Aid to Local Units	685,644	622,949	0
Other Assistance	3,291,653	2,904,014	0
Subtotal – Operating	\$ 25,610,536	\$ 18,088,420	\$ 0
Capital Improvements	17,642,030	3,981,752	0
TOTAL	\$ 43,252,566	\$ 22,070,172	\$ 0
State General Fund:			
State Operations	\$ 20,391,986	\$ 13,283,355	\$ 0
Aid to Local Units	437,644	374,949	0
Other Assistance	2,352,043	1,964,404	0
Subtotal – Operating	\$ 23,181,673	\$ 15,622,708	\$ 0
Capital Improvements	17,350,278	3,690,000	0
TOTAL	\$ 40,531,951	\$ 19,312,708	\$ 0
FTE Positions			
Reportable Budget	257.0	245.0	0.0
Nonreportable Budget	635.2	642.2	0.0
Subtotal - FTE	892.2	887.2	0.0
Non FTE Perm. Unclass. Pos.	23.1	23.1	0.0
TOTAL	915.3	910.3	0.0

Agency Request/Governor's Recommendation

The **agency** requests an FY 2004 **reportable** operating budget of \$25.6 million, an increase of \$724,151 (2.9 percent) from the revised current year request. The request includes an enhancement request of \$352,436 from the State General Fund. **Absent that request**, the agency's request would be an increase of \$371,715 (1.5 percent) from the current year estimate. The agency submitted a **reduced resources package** of adjustments totaling \$1.4 million from the State General Fund.

The **Governor** recommends an FY 2004 **reportable** operating budget of \$18.1 million, a reduction of \$6.6 million from the current year revised recommendation. The Governor's recommendation includes reductions of \$1.4 million in reduced resources packages. The recommendation includes a net reduction of 11.0 FTE. The recommendation includes the shift of 12.0 FTE positions from the reportable budget to the nonreportable budget.

FY 2004 - 5.9 Percent Reduction. For FY 2004, the Governor recommends a 5.9 percent reduction in expenditures for all biennial budget agencies and for selected other agencies, including the nonreportable portion of the Department of Administration budget. The reduction is intended to match the 5.9 percent allotment reductions that most other agencies absorbed in FY 2003 (2.0 percent in August 2002 and 3.9 percent in November 2002). According to Volume 1 of the *Governor's Budget Report*, the 5.9 percent reduction is intended to be an adjustment to overall operating expenditures. No attempt was made to identify reductions to specific expenditure categories. The amount reduced from this agency's budget for the 5.9 percent reduction totals \$5.0 million. *In the case of the Department of Administration, this amount has been deleted from the State General Fund recommendation for the reportable portion of the agency.*

Nonreportable Budget. The **agency** requests an FY 2004 **nonreportable** budget of \$106.6 million, an increase of \$5.5 million (5.4 percent) from the revised current year estimate. The agency's request includes **enhancement requests** totaling \$4.8 million and 10.0 FTE positions. **Absent the requested enhancements**, the agency's request would total \$101.9 million, an increase of \$735,158 (0.7 percent) from the revised current year estimate.

The **Governor** recommends FY 2004 **nonreportable** operating expenditures totaling \$102.8 million, an increase of \$1.5 million (1.5 percent) from the revised current year recommendation. The Governor recommends **enhancements** totaling \$161,197 and 5.0 FTE positions. In addition, the Governor recommends the shift of 12.0 FTE positions from the reportable to the nonreportable budget.

House Budget Committee Recommendation

The Budget Committee concurs with the recommendations of the Governor, with the following adjustment and observations:

1. The Public Broadcasting Council presented information to the Budget Committee on its role in KAN-ED, and Homeland Security. The Budget Committee commends the Council on its involvement in both these areas, and encourages the Council to consult with the applicable state agencies involved with these issues and attempt to secure funding through these sources to allow it to assist in these important matters.

2. Appropriate the new "Digital Orthophoto Project -- Federal Fund" with a no-limit expenditure limitation in both FY 2003 and FY 2004 to allow the agency to receive additional federal funds.
3. The Budget Committee notes that from FY 2003 to FY 2004, budgeted KANS-A-N long distance rates increased from \$0.035 per minute to \$0.055 per minute (57.1 percent). The Budget Committee recommends that the issue of KANS-A-N rates and usage be considered further during Omnibus.

House Budget Committee Report

Agency: Kansas Commission on Veterans' Affairs **Bill No.** 2026

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1 - 590

Budget Page No. 438

Expenditure Summary	Agency Estimate FY 2003	Governor's Recommendation FY 2003	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 13,736,268	\$ 12,856,749	\$ 0
Aid to Local Units	0	0	0
Other Assistance	338	338	0
Subtotal – Operating	13,736,606	12,857,087	0
Capital Improvements	8,289,233	9,276,733	0
TOTAL	\$ 23,025,839	\$ 22,133,820	\$ 0
State General Fund:			
State Operations	\$ 4,968,490	\$ 4,296,134	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	4,968,490	42,961,374	0
Capital Improvements	0	0	0
TOTAL	\$ 4,968,490	\$ 4,296,134	\$ 0
FTE Positions	558.8	558.8	0.0
Non FTE Uncl. Perm. Pos.	4.5	4.5	0.0
TOTAL	563.3	563.3	0.0

Agency Estimate/Governor's Recommendation

The Kansas Commission on Veterans' Affairs estimates \$13,736,606 for FY 2003 operating expenditures which is a decrease of \$564,545 (3.9 percent) from the amount approved by the 2002 Legislature. The amount includes \$4,968,490 from the State General Fund, which is an increase of \$187,994 (3.9 percent) from the approved amount and \$8,768,116 from all other funds, which is a decrease of \$752,539 (7.9 percent) from the approved amount. The estimate includes \$10,911,749 for salaries and wages to fund 558.8 FTE positions. The estimate also includes \$1,733,511 in contractual services, \$1,018,706 in commodities, and \$72,302 in capital outlay. The estimate includes the Governor's August 15, 2002 allotment (reduction) of \$93,454 from the State General Fund.

The Governor recommends \$12,857,087 for FY 2003 operating expenditures which is a decrease of \$1,444,064 (10.1 percent) from the amount approved by the 2002 Legislature. The amount includes \$4,296,134 from the State General Fund, which is a decrease of \$484,362 (10.1

percent) from the approved amount and \$8,560,953 from all other funds, which is a decrease of \$959,702 (10.1 percent) from the approved amount. The recommendation includes \$10,032,230 for salaries and wages to fund 558.8 FTE positions. The recommendation also includes \$1,733,511 in contractual services, \$1,018,706 in commodities, and \$72,302 in capital outlay. The recommendation includes the Governor's allotments (reductions) totaling \$268,543 with \$93,454 from August and \$175,089 from November.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: Kansas Commission on Veterans' Affairs **Bill No. --**

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1 - 590

Budget Page No. 438

Expenditure Summary	Agency Request FY 2004	Governor's Recommendation FY 2004	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 13,862,354	\$ 13,191,379	\$ 0
Aid to Local Units	0	0	0
Other Assistance	338	338	0
Subtotal – Operating	13,862,692	13,191,717	0
Capital Improvements	10,475,170	7,266,640	0
TOTAL	<u>\$ 24,337,862</u>	<u>\$ 20,458,357</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 5,698,579	\$ 4,723,604	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	5,698,579	4,723,604	0
Capital Improvements	0	0	0
TOTAL	<u>\$ 5,698,579</u>	<u>\$ 4,723,604</u>	<u>\$ 0</u>
FTE Positions	559.8	558.8	0.0
Non FTE Uncl. Perm. Pos.	4.5	4.5	0.0
TOTAL	<u>564.3</u>	<u>563.3</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The Kansas Commission on Veterans' Affairs requests \$24,337,862 for FY 2004 operating expenditures which is an increase of \$126,086 (0.9 percent) from the FY 2003 estimate. The request includes \$5,698,579 from the State General Fund, which is an increase of \$730,089 (14.7 percent), and \$8,164,113 from all other funds, which is a decrease of \$604,003 (6.9 percent) from the FY 2003 estimate. The request includes \$10,949,766 for salaries and wages to fund 559.8 FTE positions. The request also includes \$1,776,655 in contractual services, \$1,063,631 in commodities, \$72,302 in capital outlay, and \$338 in other assistance. The request includes an enhancement package totaling \$685,392 from the State General Fund.

The Governor recommends \$13,191,717 for FY 2004 operating expenditures which is an increase of \$334,630 (2.6 percent) FY 2003 recommendation. The recommendation includes \$4,723,604 from the State General Fund, which is an increase of \$427,470 (10.0 percent) from the FY 2003 recommendation, and \$8,468,113 from all other funds, which is a decrease of \$92,840 (1.1

15
2-46

percent) from the FY 2003 recommendation. The recommendation includes \$10,419,275 for salaries and wages to 558.8 FTE positions. The recommendation also includes \$1,629,149 in contractual services, \$1,030,653 in commodities, \$112,302 in capital outlay, and \$338 in other assistance. Included in the recommendation is a reduced resources package from the State General Fund of \$289,583. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$994,404.

House Budget Committee Recommendation

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

1. The Budget Committee heard testimony regarding the proposed purchase of Kansas Soldier's Home land by Aquila Energy Resources. According to the agency, Aquila indicated that a coal or gas fired simple cycle or combined cycle power plant may be constructed on the property. In addition, the company may need to construct extensive railroad facilities near the Home. Due to concerns of a loss of the buffer zone to adjacent lands; possible noise, air, and ground water pollution; and loss of state control over water resources and mineral rights the Commission recommended to the Secretary of Administration that the offer be declined. The agency reported that the executive director had written a lengthy letter to Aquila explaining the Commission's position on the proposed sale of land. The Budget Committee directs the agency to provide a copy of the letter to the Committee by Omnibus.
2. The Budget Committee expresses concern about the staffing at the Kansas Soldiers' Home, and recommends review of this issue during Omnibus.

**KANSAS PUBLIC BROADCASTING COUNCIL
ANNUAL REPORT AND TESTIMONY
FISCAL YEAR 2004
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HOUSE APPROPRIATIONS

DATE 3-13-03

ATTACHMENT 3

ANNUAL REPORT TO THE KANSAS LEGISLATURE

Section 12 of the Kansas Public Broadcasting Council Act requires that the Kansas Public Broadcasting Council report to the Legislature annually on the following:

1. The services provided to the people of Kansas with funds appropriated in the second prior fiscal year.
2. The need and justification for appropriations in the current and future years.
3. The need and justification for construction of any new public broadcasting facilities.
4. The methods used to assure the financial integrity of any station receiving a grant.
5. The ways in which the members of the Kansas Public Broadcasting Council have cooperated, to provide a more efficient relevant and cost-effective service for the people of Kansas.
6. The three-year plan of the Council - developed by and voted upon by the directors.

1. SERVICES PROVIDED TO THE PEOPLE OF KANSAS USE OF FISCAL YEAR 2002 STATE FUNDS

Station Operating Grants

For fiscal year 2002, the state of Kansas approved \$2,078,009 in operational support for KPBC stations. A modest rescission ultimately left \$2,071,257 in state operational support, with \$26,400 funding a one-time deficit in connection costs for the TV interconnect linking KPTS, KTWU and Smoky Hills Public Television. \$2,044,857 was distributed through the council's funding formula for station operating support.

State funding allowed public television stations to continue to provide educational services including Ready-to-Learn, telecourses for college credit, and helped both television and radio stations produce important public affairs programming that provided for community discussion of issues important to Kansans through roundtables and legislative call-in programs.

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Operating funds for Kansas public radio stations supported many similar news and public affairs programs as well as similar cultural and educational offerings. State support for public radio provided fund to purchase national programming from a variety of sources as well as to produce and distribute Kansas-based news and music programming throughout the state. State funds also helped stations pay for news wire services, helped fund a statehouse news bureau, maintained web sites for audience information and interaction, and offered salaries adequate to allow qualified individuals to work in public radio.

As important, state funds supported an infrastructure for public broadcasting that allowed distribution of programs over a reliable and quality system to virtually every county in the state.

Equipment Grants

In light of a federal mandate to have all broadcast TV stations minimally capable of digital broadcast by May 2003, KPBC stations voluntarily suspended the formal equipment process in FY2002. Compliance with the federal mandate would have been impossible without state support.

The Legislature ultimately chose a \$6 million, 20-year bond issue as an appropriate mechanism to assist KPBC television stations in meeting the federal requirement, thus protecting their licenses from possible revocation. Bond debt service in FY2002 totaled \$485,841.

2. NEEDS AND JUSTIFICATION FOR APPROPRIATIONS IN CURRENT AND FUTURE YEARS

The reasons for State involvement in public broadcasting were enunciated in the 1992 report on which the Kansas Public Broadcasting Act is based:

"It is in the best interest of the State of Kansas to assure that all citizens... Have access to a basic level of information, culture and education...Public Broadcasting offers a forum for serious discussion of issues directly affecting the future of Kansas...It is the electronic connection between citizens and their elected representatives...Public Broadcasting plays an important support role in the State's system of public education...It may be essential for further economic development...Public Broadcasting is uniquely able to reflect the character and aspirations of Kansas to its citizens...Indeed,

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since the state invests in highways for public transportation, should not the state invest in an electronic super highway that is accessible to all, and easy to use?"

While it is clear that the Legislature understands the benefits that public broadcasting offers Kansas citizens - particularly in its service to very thinly populated areas - the level of funding necessary to achieve the State's goals has not been forthcoming. Like many other state agencies and initiatives, public broadcasting realizes that there are many demands and limited resources.

In just a few years digital radio and digital television will expand current services and offer new services. As consumers become more discriminating, public broadcasting will be there to meet audience needs. In the digital domain, while commercial radio and television are working to develop services to increase the bottom line, public broadcasting will be expanding its educational services and public service mission. And all of this will be done in accordance with a commitment to access for all.

Accessibility and equity are just two of the many things that make public broadcasting unique. Kansas public broadcasting stations are literally "owned" by Kansans through licenses granted to communities and to educational institutions. Through public-private partnerships in funding, both rural and urban Kansans are in touch with both world and local events. Both young and old are educated, informed and kept culturally aware like their counterparts around the nation and the world. Therefore this and future funding requests are a logical, practical imperative that will provide a significant "return on investment" to Kansas taxpayers.

3. NEEDS AND JUSTIFICATION FOR CONSTRUCTION OF NEW PUBLIC BROADCASTING FACILITIES

As required by statute and policy, the Kansas Public Broadcasting Council practices a comprehensive review process for all proposals of new public broadcasting facilities. For fiscal year 2004, the Kansas Public Broadcasting Council is not recommending the construction of any new public broadcasting facilities.

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4. METHODS USED TO ASSURE FINANCIAL INTEGRITY

The Council's enabling Act requires that each station report to the Secretary of Administration its non-federal, non-licensee financial support for the second prior fiscal year as the basis on which operating grants are made. This information is contained in federal reports required annually by the Corporation for Public Broadcasting, which must be certified by outside, independent auditors. Release of operating funds to stations, after the above certification, is by a funding formula contained in the Act. Station equipment grant-match funds are released only after station certification of grant-match and the supplying of actual invoices for equipment purchased.

A rigorous series of checks by the Council chair and the Department of Administration insure proper compliance with guidelines, as stipulated in Council and state policy. In FY02, Quentin Hope, Executive Director of High Plains Public Radio and consultant, conducted a review of the formula and the Council adopted additional guidelines to assure annual reviews on Hope's recommendations.

5. COOPERATIVE EFFORTS

Kansas Public Broadcasting Council stations continue to find ways to share in program production and distribution costs. Station cooperation allows for the best use of State funds while allowing Kansans in multiple communities to reap the benefits of programs and services that would be impractical if not impossible for individual stations to complete on their own.

The Council itself is a unique body, which serves as a model for public broadcasters in other states. Representatives of the individual stations meet regularly to discuss Council business, solve problems, make policy, propose possible cooperative ventures and resolve differences in a professional manner, to determine how public broadcasting in Kansas can be improved.

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A few of the many examples of cooperation between stations in fiscal year 2002 are:

- Smoky Hills Public Television and KCPT join with over 100 school districts in Kansas in a unique educational partnership called *Chalkwaves*. This partnership provides instructional technology resources and training to 18,000 K-12 teachers in 195 Kansas school districts.
- Public television and public radio participated in a statewide outreach initiative on the health of Kansas children. In partnership with the Kansas Health Foundation, public television and radio produced news stories, public service announcements, and long-form programming for statewide distribution.
- Smoky Hills, KTWU and KPTS collaborate on an ongoing basis via a full-time interconnection, sharing over 300 hours of programming and producing numerous broadcasts including regular coverage of legislative and public affairs issues.
- High Plains Public Radio continues to work cooperatively with Smoky Hills Public Television in the areas of cross-promotion, engineering support and facilities use.
- Smoky Hills Public Television and KPTS present regular call-in programs connecting legislators with constituents in a unique public format.
- Kansas Public Radio (Lawrence) oversees the KPR Statehouse Bureau, which is a collaborative programming effort of the Kansas public radio stations. Legislative coverage was provided statewide via this service. Kansas Public Radio employs the state's only full-time state house reporter, with offices in the statehouse itself.

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6. THREE YEAR PLAN

Section 12(5) (b) of the Kansas Public Broadcasting Act requires the Council to "present, as a part of its annual report to the Legislature, a comprehensive plan setting forth the service goals and operational plans for public broadcasting in Kansas during the ensuing three years."

According to Section 12(5) (j), those goals are

- to provide an educational, cultural and informational service to the people of this state
- to offer a forum for public discourse on issues of public policy and the conduct of government
- to enhance the quality of life for Kansas citizens
- to provide public broadcasting service at a level of quality comparable to that available in other states
- to explore and celebrate the diversity of cultures, lifestyles and traditions of the people of Kansas
- to provide high quality public broadcasting service to every part of Kansas, and
- to further the general welfare of the people of Kansas.

The ability to provide services hinges on stations' capacity to provide broadcast signals to as much of Kansas as technology and practicality allow. Every industry based on technology is challenged with rapid changes in that technology. The same is true for public broadcasting.

It is important to note that the defense of television station licenses against the threat of revocation is paramount to sustaining Kansas' public broadcasting service. The upgrades to minimal digital compliance underway at KPBC television stations will protect these stations from federal action in May 2003 – the date mandated for all TV stations to be capable of digital transmission.

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GOAL # 1

Successfully complete the transition to digital technology by receiving commitments from the State of Kansas for an additional \$9 million over the next three years.

OBJECTIVE #1

Maintain and increase public television services with innovative technology.

Strategy for Objective #1:

Utilize state dollars to leverage Federal Grants and local fundraising to accomplish digital conversion.

OUTCOME MEASURES

Year	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>
Commitment	\$6,000,000	\$0	\$0	

PERFORMANCE REPORT

In light of state budgetary concerns the Kansas Public Broadcasting Council again elected not to request additional commitments during the 2002 legislative session. State funding from the original \$6 million bond issue has *already* helped secure over \$3 million in federal grants and has helped stations to secure local commitments for more than \$16.1 million specifically for digital television.

All public television stations remain on-track for compliance with the May 2003 federal deadline for digital transmission. Additional state support is still needed for the infrastructure necessary to offer new services via digital transmission. This additional funding remains a primary council goal, and so is included here despite an inability to pursue this goal in recent years and in recognition of the need to keep the State apprised of current and future goals for digital conversion.

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GOAL # 2

To increase local support each year as measured by certified CPB Non-Federal, Non-Licensee Financial Support (NFnLFS).

OBJECTIVE #2

Increase local support from individuals, businesses and foundations to offset stagnant federal operating support and rising costs.

Strategy for Objective # 2:

Communicate station needs to constituency more effectively with education on the possibilities of new technologies and the increased costs associated with new services. Continue to focus primary resources on maintain and building local support.

OUTCOMES MEASURES

Budget Year	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>Y2003</u>
Combined NFnLFS	\$10,401,465	\$11,054,987	\$11,298,254		

OUTPUT MEASURES

Since programming is a major budget item for all public broadcasting stations, and since programming "is" the soul of public broadcasting, it is right that increasing local support would be linked to providing increased and improved programming wherever possible.

PERFORMANCE REPORT

While many nonprofits and public service entities are experiencing fund raising challenges, public broadcasting has been fortunate to maintain strong levels of local support. While the previous growth has slowed, it has been maintained as a result of vigorous and focused efforts on behalf of all Council member stations. Through listener comments, we can suggest that it is in difficult economic and political times that the taxpayers' investment in public broadcasting pays off through opportunities for discussion of relevant issues, but also through the educational and public affairs programming that helps keep public broadcasting a vital public resource in the eyes of its listener/members.

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GOAL # 3

Increase each year federal equipment support through funding mechanisms such as the Public Telecommunications Facilities Program.

OBJECTIVE# 3

Attain greater success in competitive federal equipment grant procedure to maximize leveraging power of state equipment grants.

Strategy for Objective # 3

Use new state support as backing for more aggressive grants for federal equipment money available through competitive processes.

OUTCOME MEASURES

Budget Year	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>
Total Federal Equipment Funding	\$410,372	\$459,556		

OUTPUT MEASURES

Successfully transition TV stations to digital and generally increase the quality and quantity of services to Kansas citizens.

PERFORMANCE REPORT

Even with heavy competition for federal equipment dollars, KPBC stations continue to increase federal support of equipment projects. FY03/04 figures will not be certified for some time, but estimates include an additional **\$2.8 million** in federal grants.

FUNDING REQUEST FOR FISCAL YEAR 2004

BUDGET REQUEST

The Kansas Public Broadcasting Council (KPBC) recognizes that there are many demands on the financial resources of the state of Kansas. In light of the State's significant investment in public broadcasting's infrastructure and service, it is our responsibility to request adequate funds to meet the needs of Kansas citizens by assuring continued universal coverage from border to border.

OPERATING

Well over 100,000 households from every legislative district in the state regularly contribute to KPBC stations at the local level. The current level of funding for public broadcasting is the bare minimum essential to provide the basic educational services, community outreach, children's programming, services to the blind, news and public affairs, and cultural programming. Kansas public radio and television stations continue to provide high-quality programming that enriches the lives of the citizenry. And we do this consistently, twenty-four hours a day, seven days a week.

PROPOSED FY2004 OPERATING GRANTS TO EACH KPBC STATION

Station or Network	TOTAL GRANT*
CPT 19	\$238,587
Smoky Hills PTV	472,054
KPTS Channel 8	262,479
KTWU 11	249,912
Kansas Public Radio	96,460
High Plains Radio	223,081
Radio Kansas	115,570
KKSU	47,060
KMUW 89.1	84,937
KRPS-FM	74,044
TOTAL	\$1,864,185

GOVERNOR'S BUDGET RECOMMENDATION FOR KPBC FUNDING IN FY2004 IS \$2,339,353, with \$475,168 allocated for bond debt service, leaving **only \$1,864,185** for station operational support. This represents a 10.3% cut from the operational support level in recent years (FY2002 - FY 2004), and eliminates several years of progress in reinforcing the state's investment in public service broadcasting. This comes at a time of escalating costs for both radio and television stations as they meet federal transmission regulations for digital broadcast.

*As always, the distribution of funds shown here is only a preliminary estimate. The KPBC funding formula rewards stations for effective fundraising, and this so-called "incentive portion" of the formula cannot be calculated until annual fundraising results are certified. Changes in facilities (number of transmitters and translators) also alter the portion of the formula designed to encourage stations to assist in the effort to provide universal service to all Kansans.

FUNDING REQUEST FOR FISCAL YEAR 2004

ENHANCEMENTS

PUBLIC BROADCASTING CAPITAL EQUIPMENT REQUEST

In accordance with the Kansas Public Broadcasting Act, the Council reviews proposals from member stations seeking equipment-matching grants from the State of Kansas. Although some council stations may seek federal equipment support in the coming year, none has chosen to request state assistance so that a focus may be placed on the critical need for enhancement-level operating support.

ENHANCEMENT OF OPERATING FUNDS

The enhanced request represents a level of funding which will improve the ability of Kansas Public Broadcasting Council stations to provide all Kansans a high quality public broadcasting service and thereby carry out the Council's mission as mandated by the State.

At present funding levels, KPBC stations are unable make significant strides to increase their level of service to the public. Stagnant federal support and cuts in funding from parent institutions have prevented stations from new investment despite minimal increases in local fundraising. The operating support enhancement of \$301,357 will be distributed through the funding formula to help stations improve their programming, maintain infrastructure, and maintain service levels to the communities they serve. The KPBC does not formally appeal the outgoing governor's request, but instead requests that legislators consider these pre-identified and yet unfulfilled aspects of our mission should a funding mechanism become available to pursue such important projects.

DIGITAL CONVERSION

In the 2000 legislative session, a \$6 million dollar bond authority was approved to assist the Kansas public television stations with their conversion to digital. Approximately \$305,000 became available in February 2001. The remainder of the \$6 million dollars became available to the Kansas television stations in July of 2002. Debt service by the state of Kansas on the bonds is calculated at \$475,168 for FY2004. This debt service is included in the Governor's total recommended expenditure of \$2,437,251.

FUNDING REQUEST FOR FISCAL YEAR 2004

All stations remain on track toward meeting the federal deadline of May 2003, thus protecting the validity of their broadcast licenses and their ability to legally offer even the most basic of services.

This universal compliance would be quite impossible without the state support provided through the bond issue. We are grateful for the legislature's continued support.

However, this minimal-compliance ensures only that stations can re-transmit network-based digital programming. Without additional state support, these stations still lack much of the hardware required for digital production of Kansas-based programming. For example, Smoky Hills Public Television provides the state's only half-hour daily news program for and about western Kansas. Additional hardware will be required for digital production to maintain this vital service.

Kansas Public Broadcasting Council Station Representatives

Richard Hicks - Chairman
CEO & General Manager
Smoky Hills Public Television
P.O. Box 9
Bunker Hill, KS 67626
785-483-6990 785-483-4605f
rhicks@shptv.org
www.shptv.org

Janet Campbell – Vice Chair
General Manager
Kansas Public Radio
The University of Kansas
Lawrence, KS 66045
785-864-4603 785-864-5278f
jcampbell@ukans.edu
<http://kanu.ukans.edu>

Mark McCain - Treasurer
General Manager
KMUW-FM
Wichita State University
3317 East 17th Street
Wichita, KS 67208
316-978-6789
316-978-3946f
mccain@kmuw.org
www.kmuw.org

Kathleen Holt - Secretary
Public Affairs Coordinator
High Plains Public Radio
PO Box 633
Cimarron, KS 67835-0633
620-858-2244h 620-275-7444w
620-855-7075f
kholt@ucom.net
www.hpvr.org

Eugene Williams – DTV Oversight
General Manager
KTWU/11
Washburn University
Topeka, KS 66621-1100
785-231-1111
785-231-1112f
zzewill@ktwu.wuacc.edu
<http://ktwu.wuacc.edu>

Kenneth Baker
Director of Programming
Radio Kansas
815 N. Walnut, Suite 300
Hutchinson, KS 67501
620-662-6646
620-694-7070f
kbaker@radiokansas.org
www.radiokansas.org

Don Checots
President & General Manager
KPTS-TV
320 West 21st Street
Wichita, KS 67203
316-838-3090
316-838-8586f
dchecots@kpts.org
www.kpts.org

Missi Kelly
General Manager
KRPS-FM
P.O. Box 899
Pittsburg State University
Pittsburg, KS 66762-0899
620-235-4288
620-235-4290f
mlindsay@pittstate.edu
www.krps.org

Bill Reed
President & CEO
KCPT-TV
125 East 31st Street
Kansas City, MO 64108
816-756-3580 x 4232
816-931-2500f
bill_reed@kcpt.org
www.kcpt.org

SENATE BILL No. 43

Proposed amendment for consideration by
Committee on Appropriations

By Committee on Elections and Local Government

1-22

9 AN ACT concerning the department of wildlife and parks; relating to
10 service fees, amending K.S.A. 32-989, and repealing the existing
11 ~~section~~.

concerning enforcement of certain unlawful
acts;

12
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 32-989 is hereby amended to read as follows: 32-
15 989. (a) In addition to the fees prescribed pursuant to law or rules and
16 regulations of the secretary, the secretary shall, and the county clerk and
17 any agent appointed pursuant to K.S.A. 32-985, *and amendments thereto*,
18 may, charge and retain a service charge fee not to exceed ~~\$.50~~ \$1.00 for
19 each license, permit, stamp or other issue of the department issued or
20 sold by such secretary, county clerk or agent, except:

and K.S.A. 2002 Supp. 32-1001

sections

21 (1) When such service charge fee is otherwise established by law, the
22 amount charged shall be the amount otherwise established;

23 (2) *for licenses, permits, stamps or other issues sold by an approved*
24 *telephone agent or over the internet by an approved internet agent, for*
25 *which the agent may charge and receive a service fee charge negotiated*
26 *by the secretary and the agent, in addition to the actual cost remitted to*
27 *the department of the licenses, permits, stamps or other issues sold during*
28 *a telephone or internet transaction other than the service charge per issue*
29 *and the negotiated service charge fee;*

30 (3) in the case of a migratory waterfowl habitat stamp, the service
31 charge fee shall not exceed ~~\$.25~~ \$.50; and

32 ~~(3)~~ (4) the secretary shall not charge service charge fees for issues of
33 the department issued or sold to a person appointed by the secretary
34 pursuant to K.S.A. 32-985, *and amendments thereto*, to sell such issues.

35 (b) Any moneys collected by the secretary for fees imposed pursuant
36 to this section shall be disposed of as provided by K.S.A. 32-990, 32-991
37 and 32-993, *and amendments thereto*. Any such moneys collected by the
38 county clerk shall be deposited in the county general fund

See Insert #1 (Sec. 2)

39 Sec. ~~2~~ K.S.A. 32-989 ~~is~~ hereby repealed.

40 Sec. ~~3~~ This act shall take effect and be in force from and after its
41 publication in the statute book.

and K.S.A. 2002 Supp. 32-1001 are

HOUSE APPROPRIATIONS

DATE 3-13-03
ATTACHMENT 4

Sec. 2. K.S.A. 2002 Supp. 32-1001 is hereby amended to read as follows: 32-1001. (a) It is unlawful for any person to:

(1) Participate or engage in any activity for which such person is required to have obtained a license, permit, stamp or other issue of the department under the wildlife and parks laws of this state or under rules and regulations of the secretary unless such person has obtained a currently valid such license, permit, stamp or other issue issued to such person;

(2) fail to carry in such person's possession a currently valid license, permit, stamp or other issue of the department, issued to such person, while participating or engaging in any activity for which such person is required to have obtained such license, permit, stamp or other issue under the wildlife and parks laws of this state or under rules and regulations of the secretary;

(3) refuse to allow examination of any license, permit, stamp or other issue of the department while participating or engaging in any activity for which such person is required to have obtained such license, permit, stamp or other issue under the wildlife and parks laws of this state or under rules and regulations of the secretary, upon demand by any officer or employee of the department or any officer authorized to enforce the laws of this state or rules and regulations of the secretary;

(4) while participating or engaging in fishing or hunting: (A) Fail to carry in such person's possession a card or other evidence which such person is required to carry pursuant to K.S.A. 32-980 and amendments thereto; or (B) refuse to allow inspection of such card or other evidence upon demand of any officer or employee of the department or any officer authorized to enforce the laws of this state or rules and regulations of the secretary; or

(5) make any false representation to secure any license, permit, stamp or other issue of the department, or duplicate thereof, or to make any alteration in any such license, permit, stamp or other issue.

(b) No person charged with violating subsection (a)(1) for failure to obtain a vehicle or camping permit for use of any state park, or any portion thereof or facility therein, or any other area or facility for which a vehicle or camping permit is required pursuant to rules and regulations of the secretary shall be convicted thereof unless such person refuses to purchase such permit after receiving a permit violation notice, which notice shall require the procurement of: (1) The proper daily permit or permits and payment, within 24 hours, of a late payment fee of \$15; or (2) an annual vehicle or camping permit, as the case may be, if such permit has been established by rule and regulation and adopted by the secretary. ~~The provisions of this subsection (b)(2) shall expire on December 31, 2003.~~

(c) (1) In any prosecution charging a violation of subsection (a)(1) for failure to obtain a permit required by K.S.A. 32-901 and amendments thereto, proof that the particular vehicle described in the complaint was in violation, together with proof that the defendant named in the complaint was at the time of the violation the registered owner of such vehicle, shall constitute in evidence a prima facie presumption that the

registered owner of such vehicle was the person who parked or placed such vehicle at the time when and place where the violation occurred.

(2) Proof of a written lease of, or rental agreement for, a particular vehicle described in the complaint, on the date and at the time of the violation, which lease or rental agreement includes the name and address of the person to whom the vehicle was leased or rented at the time of the violation, shall rebut the prima facie evidence that the registered owner was the person who parked or placed the vehicle at the time when and place where the violation occurred.

(d) No person who is a resident of this state and charged with violating subsection (a)(1) or (a)(2) shall be convicted thereof if such person produces in court or the office of the arresting officer the appropriate license, permit, stamp or other issue of the department, lawfully issued to such person and valid at the time of such person's arrest.