

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

April 24, 25, & 29, 2003

The meeting was called to order by Chair Melvin Neufeld at 9:00 a.m. on April 24, April 25, and April 29, 2003, in Room 514-S of the Capitol.

All members were present.

Committee staff present:

J. G. Scott, Legislative Research Department
Melissa Calderwood, Legislative Research Department
Julian Efird, Legislative Research Department
Amy VanHouse, Legislative Research Department
Robert Waller, Legislative Research Department
Leah Robinson, Legislative Research Department
Amy Deckard, Legislative Research Department
Debra Hollon, Legislative Research Department
Audrey Nogle, Legislative Research Department
Paul West, Legislative Research Department
Nicoletta Buonasera, Legislative Research Department
Martha Dorsey, Legislative Research Department
Becky Krahl, Legislative Research Department
Carolyn Rampey, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Shirley Jepson, Committee Secretary

Conferees appearing before the committee: Deb Miller, Secretary, Department of Transportation
Andy Gisi, Department of Transportation

Others attending: See attached

The Fiscal Analyst Staff of the Legislative Research Department presented and reviewed the following documents and information relating to the FY 2003 and FY 2004 budgets and items for omnibus consideration:

- Attachment 1 SGF Receipts, Expenditures and Balances, April 2003 Consensus Revenue Estimates (ivory)
- Attachment 2 FY 2004 Approved Budget Highlights as of First Adjournment (pink)
- Attachment 3 Expenditures from all Funding Sources (green)
- Attachment 4 FY 2003/FY 2004 House Items for Omnibus Consideration by Agency (aqua)
- Attachment 5 FY 2003/FY 2004 House Items for Omnibus Consideration by Fiscal Analyst (orange)
- Attachment 6 Items for Omnibus Consideration (goldenrod)
- Attachment 7 FY 2003 & FY 2004 Senate Items for Omnibus Consideration (grey)
- Attachment 8 State Economic Development Initiatives Fund (EDIF) for Omnibus Consideration (yellow)
- Attachment 9 FY 2003 & FY 2004 Children's Initiatives Fund (Tobacco) (violet)
- Attachment 10 FY 2003 & FY 2004 State Water Plan Fund (blue)
- Attachment 11 Consensus Caseload Estimate, April 17, 2003 (white)
- Attachment 12 Family Preservation Consensus Estimate (white)
- Attachment 13 Governors Budget Amendments (GBA) (white)
- Attachment 14 Additional Items for Potential Action (white)
- Attachment 15 List of Fiscal Analysts, Room Numbers and budgets they will address for Conference Committees (white)
- Attachment 16 GBA to make corrections and technical adjustments (pink)
- Attachment 17 House Adjustments to the Governor's Recommendation for FY 2003 & FY

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2004 (yellow)

- Attachment 18 Summary of Pay Plan Adjustments (teal)
- Attachment 19 RPB Plan, to transfer \$2,000,000 from State Safety Fund to the DOV Operating Fund; Appropriate the Photo Fee Fund and authorize expenditures of \$3,000,000 in FY 2004

Other items of information:

- Attachment 20 Testimony of Deb Miller, Secretary, Department of Transportation
- Attachment 21 Response from Department on Aging relating to Committee concerns
- Attachment 22 Response from Department on Aging relating to Nutrition Program
- Attachment 23 Response from Department of Transportation relating to intersection on US-75 and 240th Street in Brown County
- Attachment 24 Governors Budget Amendment adding \$470,000 for the Funeral Assistance Program in FY 2004
- Attachment 25 Non Self-Directed Rate Reduction, HCBS/FE

The Staff noted that according to the Consensus Revenue Estimates of April 22, 2003, revenues are expected to be approximately \$227 million down from the November, 2002, revenue estimate. These new revenue estimates show that revenues for the FY 2003 budget will be short by \$111.5 million and revenues for the FY 2004 budget will be short by \$244.1 million. Responding to questions from the Committee, the Staff stated that income tax refunds are estimated at \$90 million. It was noted that the proposed 1.5% increase for state employees, which starts after the third pay period, is included in the FY 2004 budget. Other items which need to be addressed by the Committee during Omnibus, include (1) SB 8 which adds language to the Legislative Post Audit Act to make the annual statewide financial-compliance audit and the biennial investment performance audit for the Pooled Money Investment Board identical, eliminating the separate biennial audit and saving the State approximately \$10,000 every other year; (2) a proviso added to SB 6, Section 133, restricting expenditures for technology hardware, software and networks until certified by the Director of the Budget to the Director of Accounts and Reports and was vetoed by the Governor; and (3) a proviso in SB 6 requiring the Legislative Coordinating Council (LCC) to approve the number of meeting days for any joint committee of the Legislature; however, the verbiage should have exempted the Joint Committee on State Building Construction.

The Chair recognized Deb Miller, Secretary of Transportation (DOT), who presented testimony addressing concerns of the Committee regarding the use of asphalt or concrete for road construction and reconstruction projects ([Attachment 16](#)). Secretary Miller noted that the Division of Legislative Post Audit recently reviewed the procedures of DOT and found that the Department uses appropriate criteria to determine the use of asphalt or concrete. Secretary Miller stated that the Department maintains an objective approach to insure that the best quality highways are built for the best price. The Department is working to develop new guidelines by 2005. Andy Gisi, Department of Transportation, responded to a question from the Committee, stating that usually they do not seek bids for both asphalt or concrete on a project, noting that the project has been assessed prior to the bidding process and determination is made for the best material to bid for that particular project. Secretary Miller stated that gas tax revenues have lagged some behind estimates; however, for the most part, are on target.

The Chair thanked Secretary Miller for responding to the Committee's concerns.

The Chair noted that the expense for the Appropriations Committee's fall tour could be reduced by \$7,000 if one day was eliminated from the tour and suggested the Committee address this issue before adjournment.

The meeting was recessed in order for the Budget Committees to review and make recommendations on the "Items for Omnibus Consideration" report as prepared by the Legislative Research Department.

The Committee reconvened at 3:00 p.m. on April 24, 2003, and began hearing recommendations from the Budget Committees on the "Items for Omnibus Consideration" Report (yellow).

(Note - for the purpose of clarity, this actual document is included in these minutes with Budget Committee

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recommendations following each agency in **bold**; motions in **bold** and underlined; comments in **bold** and *italics*):

ITEMS FOR OMNIBUS CONSIDERATION

Kansas Lottery

A. Additional Revenues (Omnibus Review – House and Senate and GBA No. 3, Item 1, Page 2). Review sales estimates during Omnibus and adjust revenue estimate as needed in FY 2003 and FY 2004. Information supplied by the Kansas Lottery indicates that FY 2003 transfers to the State Gaming Revenues Fund (SGRF) will total \$3.5 million higher than the \$59.0 million previously estimated in the *Governor's Budget Report*. The legislative action in 2003 SB 6 increased the estimate by \$2.5 million each year in FY 2003 and in FY 2004. Although no adjustment is made in FY 2004, the Lottery reports an additional \$1.0 million SGRF transfer will be made in FY 2003. This money will be net to the State General Fund (SGF) on June 25, 2003, when by statute all amounts in excess of \$50.0 million accrued in the SGRF are transferred to the SGF. The FY 2003 amount may be increased from \$9.0 million to a total of \$12.5 million, or \$1.0 million more than the amount approved in SB 6, according to the agency.

Sales have totaled \$152,637,729 since July 1, 2002. To date, transfers to the SGRF have totaled \$47,950,000 for monthly amounts from August 15 to April 15 this fiscal year. Remaining transfers in FY 2003 are scheduled from May 15 to July 15, with a total of three, and the agency assumes monthly amounts of \$4.85 million, for a total of \$14.55 million.

	<u>Totals</u>	<u>Avg. Monthly</u>
Aug. to Apr. – Actual	\$ 47,950,000	\$ 5,327,778
May to Jul. – Estimated	14,550,000	4,850,000
FY 2003 Transfers	<u>\$ 62,500,000</u>	<u>\$ 5,208,333</u>

The Governor recommends increasing the estimated FY 2003 transfers by \$1.0 million that will enhance the SGF per GBA No. 3 Item 1.

B. Veterans Benefit Game (HB 2400 – Conference Committee). The bill, as amended, would permit a new instant ticket game, designated as a veterans benefit game, to be conducted by the Kansas Lottery. Net profits from this game would be dedicated for National Guard scholarship assistance and the Kansas Commission on Veterans Affairs. The bill would direct 50 percent to the State Board of Regents to be used for Kansas National Guard Educational Assistance Act scholarships and the other 50 percent to Kansas Commission on Veterans Affairs, to be used for either operating expenditures or capital improvements for the two soldiers and veterans homes and for the state Veterans Cemetery System. The bill would exempt the Veterans Benefit Game from a statutory requirement that the Governor must approve all new games. A second exemption would reference the statutory provision that pertains to transfers to the State Gaming Revenues Fund and would allow proceeds to be used for purposes specified in the bill. The Senate Committee amendment would limit the new game to the periods of between May 1 and November 30, in 2003 and in 2004. The bill would be effective upon publication in the *Kansas Register*.

The Lottery's Executive Director reports that preliminary planning for a Veterans Benefit Game (as authorized in SB 280 and HB 2400) includes the use of \$2.00 tickets and two runs of tickets in batches of 900,000 per run. Printing costs are estimated at \$65,000 for each run which would supply tickets in two three-month periods. Prizes representing 60 percent (or 1:3.6 odds) would be paid on each run of tickets. Merchants' sales commissions of 5.0 percent and a cashing commission of 1.0 percent would be allowed. Based on projected FY 2004 sales of \$3.6 million, as much as \$1,094,000 could be generated for the designated purposes, after subtracting expenses of \$2,506,000. There might be available \$547,000 for National Guard scholarship assistance and \$547,000 for the Kansas Commission on Veterans Affairs for FY 2005 since revenue accounting will take place on June 25, 2004, under SGRF transfer provisions.

Recommendation:

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The General Government and Commerce Budget Committee concurs with the GBA, Item A. The Budget Committee recommends that 50% of the profits from the Veterans Benefit Game be distributed throughout the year with the remaining 50% distributed at the end of the year or close of the books.

Comments:

Julian Efird, Legislative Research Department, stated that they have not had time to research the 50% suggestion; however, indicated that he felt the appropriate method, would be to let the revenues run through the State Gaming Revenue Fund throughout the year, deposit the funds in the State General Fund (SGF) on June 25th and do the appropriate accounting at that time. Otherwise, it might be necessary to implement a new mechanism to handle the funds.

Kansas Racing and Gaming Commission

A. Commissioner's Salaries (Omnibus Review – Senate). Review during Omnibus information about compensation and work loads of commissioners per SB 6. The bill, as amended by the House Committee of the Whole, would alter the statute governing compensation for members of the Kansas Racing and Gaming Commission and repeal the current requirement for a yearly financial compliance audit of Commission. The bill would change current law which allows the Governor to set compensation for Commissioners and would set future commissioner compensation to the per diem rate paid to legislators. The bill would be effective upon publication in the *Kansas Register*. (Staff Note: SB 6 was gutted and became the Mega Appropriation bill for 2003.) The House Committee of the Whole amendment would change how compensation for members of the Racing and Gaming Commissions is set. Under current law, the Governor fixes the amount of compensation. Since the original Commissioners were appointed in the 1980s, compensation has been set at \$2,000 per month by each Governor. Total budgeted amount for five commissioners is \$120,000 in FY 2004. The agency plans to present materials on this subject.

B. Ending Balance (Omnibus Review -- House). Review status of the Horse Fair Racing Benefit Fund and whether any money above \$300,000 may be transferred to the SGF. (Staff Note: The Conference Committee on 2003 SB 6 concurred with a Senate offer and increased the transfer to \$500,000 for the SGF in order to fund operating costs of Halsey Hall at the Kansas Soldiers Home. The transfer would occur on or after October 1, 2003, in order to allow receipts to augment any ending balance.)

For FY 2003, there was a beginning balance of \$349,192, and monthly receipts have averaged \$79,000 through March. Assuming the average monthly receipts continue, a total of \$1.3 million would be available in FY 2003. The Governor's recommended expenditures are \$950,184 in FY 2003 and \$950,795 in FY 2004. Included in expenditures are \$773,000 for grants and \$243,942 for state operations. The ending FY 2003 balance would be \$284,000 based on the Governor's recommendations. Staff for the Commissions have indicated expenditures may total \$170,000 for administration and \$800,000 for grants in FY 2003.

In recent years, the Commission has increased the amount of state operations financing for administrative expenses charged against this fund that historically has awarded grants to two race tracks. Prior the FY 1996, no administrative expenses were charged and only grants were paid. The FY 1996 budget included \$53,404 for administrative expenses. By FY 2002, the administrative charges had risen to \$213,920 when grants totaling \$918,907 were awarded. For FY 2004, the estimated budget includes \$244,553 for administration and \$773,000 for grants. The agency plans to present materials on this subject.

Recommendation:

The General Government and Commerce Budget Committee did not concur with the \$500,000 transfer, in Item B, from the Horse Fair Racing Benefit Fund to the SGF to fund operating costs of Halsey Hall at the Kansas Soldiers Home and recommends revising the amount to \$300,000.

Representative Pottorff, Chair of the General Government and Commerce Budget Committee, moved to adopt the Budget Committee report on the Kansas Lottery and Kansas Racing and Gaming Commission as recommended. The motion was seconded

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by Representative Shriver.

Representative Nichols made a substitute motion to adopt the Budget Committee recommendation of revising the \$500,000 transfer to \$300,000; however, to not earmark the funds at this time. The motion was seconded by Representative Shultz. The motion carried.

Representative Pottorff made a motion to adopt the Budget Committee report as amended. The motion was seconded by Representative Shriver. The motion carried.

Department of Wildlife and Parks

A. Cheyenne Bottoms (House and Senate – Omnibus Review). Review at Omnibus any Governor's Budget Amendment on Cheyenne Bottoms grant of \$1,999,264 and news that the project may involve expenditures of \$8.5 million from various funding sources.

B. Fee Increases (SB 43, HB 2078 – Law). These bills increase fees collected by the agency, but were not part of the Governor's recommended FY 2004 fee increases.

1. SB 43 (Law). The bill, as amended, would increase service fees charged for issuing licenses, permits and stamps provided by the Department of Wildlife and Parks. County clerks, private vendors and the agency currently sell the various documents and the service fee would rise from \$.50 to \$1.00 on licenses, permits and stamps, and from \$.25 to \$.50 on state migratory waterfowl stamps. In addition, the bill would authorize the agency to contract with private vendors to sell licenses and other documents over the telephone or internet, and also would allow additional service fees to be charged under the provisions of a contract with the agency. The bill also would repeal sunset of a provision which allows persons with unpaid camping or vehicle entry fees at State Parks to avoid being issued a citation if they either (1) pay both the permit fee and a \$15 late payment fee within 24 hours; or (2) purchase an annual vehicle or camping permit.

The fiscal note indicates that the agency would received an estimated \$300,000 increase in services fees and that the vendors, including county clerks, would receive an estimated \$640,000 increase. Fees for the agency would be prorated between the Park Fee Fund with \$200,000 and Wildlife Fee Fund with \$100,000. The *Governor's FY 2004 Budget Report* does not anticipate this new revenue.

2. HB 2078(Law). The bill establishes different maximum fees for big game tags for residents and nonresidents. For residents the maximum fee would be \$20 and for nonresidents the fee will be \$30. The maximum fee for nonresident applicants also increases from \$5 to \$25. The bill provides that beginning in 2003 and thereafter, the number of nonresident firearm and deer archery permits issued by Department of Wildlife and Parks will increase by 2 percent each year. Fines are increased on a number of wildlife species as values are increased in the bill.

The bill also directs the agency to develop a report containing recommendations for the establishment of a landowner deer management program. The bill requires the Secretary of Wildlife and Parks to identify local geographical areas in which deer populations are causing significant property damage. The Secretary is authorized and directed to take actions necessary to reduce deer populations in these areas. Finally, the bill directs the agency to sell seized items, including wildlife parts with a dollar value, and certain firearms as described by the bill. The money will be credited to the Wildlife Fee Fund. The effective date for the bill is January 1, 2004. The fiscal notes indicates that \$296,102 may accrue to the Wildlife Fee Fund with most of the money collected as a result of this legislation during FY 2005.

C. HB 2036 (Law). The bill would require that all bulk motor-vehicle fuels purchased by state agencies be fuel blends containing at least 10 percent ethanol as long as the price is not more than \$0.10 cents per gallon greater than regular fuel. Also, the bill requires that, where available under current state purchasing agreements, individual motor-vehicle purchases for state-owned motor vehicles are to be motor-vehicle blends containing at least 10 percent ethanol as long as the price is not more than \$0.10 per gallon greater than regular fuel. Lastly, the bill requires that when there are diesel fuel purchases for state-owned diesel powered vehicles and equipment, those purchases are to be a 2 percent or higher blend of bio-diesel, where available, as long as the price

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is not greater than \$0.10 more per gallon than the price of diesel fuel. The agency's fuel consumption is shown according to bulk and pump purchases for FY 2002 and as estimated for FY 2003. An average is projected to FY 2004 by category to show the possible fiscal impact on expenditures for fuel purchases.

<u>Fuel (Gallons)</u>	<u>Total Fuels</u>	<u>Bulk Gasoline</u>	<u>Bulk Diesel</u>	<u>All Other Pump</u>
FY 2002 actual	\$ 515,365	\$ 118,766	\$ 24,519	\$ 372,080
FY 2003 est.	495,700	114,234	23,583	357,882
FY 2004 proj.	505,533	116,500	24,051	364,981
Max. \$0.10 diff.	\$ 50,553	\$ 11,650	\$ 2,405	\$ 36,498

D. Technical Item (and GBA No. 3, Item 32, Page 15). The Division of the Budget raised a question about the dollar amount appropriated from the SGF in FY 2004 as being inconsistent between the *Governor's Budget Report* and the Governor's appropriations bills as introduced. Ultimately, HB 2444 (the Governor's bill as introduced) with the original SGF dollar amount was incorporated into SB 6 with an amount of \$3,189,583 for the FY 2004 SGF appropriation. The GBR had included a recommended amount of \$3,159,583 SGF. The additional \$30,000 amount was included in SB 6 as approved by the 2003 Legislature.

The Governor recommends increasing the Wildlife Fee Fund by \$30,000 in FY 2003 in order to offset a reduction in SGF associated with one of the allotments. (**Staff Note:** The additional \$30,000 SGF noted previously was appropriated in FY 2004.)

Representative Schwartz moved to adopt the Governor's recommendation increasing the Wildlife Fee Fund by \$30,000 in FY 2003. The motion was seconded by Representative Gatewood. The motion carried.

Comments:

The Governor did not issue a Governor's Budget Amendment (GBA) for the Cheyenne Bottoms building project. Because not all of the information has been completed on this issue, it will continue to be researched and brought back during the 2004 Legislative Session. The Committee requested a list of anticipated funding sources for the \$8.5 million expenditures associated with the Cheyenne Bottoms project.

Kansas Public Employees Retirement System (KPERs)

A. Review Investment Management Costs (Omnibus Review – House and Senate). Adjust estimated expenditures in FY 2003 and FY 2004 based on latest KPERs projections for payments to investment managers. Based on poorer than expected market performance, investments and the related fee paid investment managers have been adjusted downward. For FY 2003, the estimate is reduced from \$17,843,762 to \$16,872,480. For FY 2004, the estimate is reduced from \$18,660,611 to \$16,887,452.

B. 13th Check (Omnibus Review – House and GBA No. 3, Item 9, Page 4). Review during Omnibus the status of HB 2325 or any other legislation that addresses the shortfall in FY 2004 funding estimated at \$5.7 million for the 13th check payment due in October 2003. HB 2325 remains in the House Select Committee on Pensions after being withdrawn from the House Appropriations Committee on March 7, 2003, and referred to the new Select Committee.

The Governor recommends providing that the divided payment would not be dependent on investment performance and that the full 13th check would be paid in FY 2004.

C. Redirect SGF Savings (Omnibus Review -- House). Pending passage of SB 47 or similar death and disability moratorium legislation, review the \$6.1 million FY 2003 savings and \$24.0 million FY 2004 savings as an alternative source of SGF financing for other programs.

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D. HB 2014 (Conference Committee). The KPERS Omnibus bill has three items with fiscal impact in FY 2003 and FY 2004 that need to be addressed during deliberations on the Omnibus appropriations bill.

1. Death and Disability Lapse (HB 2014 – Conference Committee and GBA No. 3, Other Issues, Page 18). One section of the bill pertains to the FY 2003 and FY 2004 budgets for all state agencies. The Governor proposes a moratorium for the fourth quarter in FY 2003 and for four quarters in FY 2004 on payments by KPERS participating employers who provide for death and disability coverage of public employees. The fiscal note indicates that savings of \$6,123,070 million for the state were estimated in FY 2003, including \$5,265,070 million in SGF and \$858,000 in special revenue fund expenditures. In addition, local units of government will save an estimated \$1.59 million, according to KPERS. FY 2004 savings for the state will total an estimated \$21,144,360 from all funds, with \$17,758,360 in State General Fund and \$3,386,000 in special revenue funds. In addition, local units of government will save an estimated \$6.6 million, according to KPERS. Excluded from the FY 2003 and FY 2004 estimated SGF savings is money in Regents institutions budgets for death and disability payments since the Governor recommends holding these budgets harmless to preserve the operating grant concept.

For FY 2003, the Director of the Budget reports SGF reductions totaled \$5,135,913 and all other funds reductions totaled \$858,000 that were collected for the SGF. A shortfall of \$129,570, compared with the projection for the SGF receipts, is noted in the actual moneys lapsed and collected for the SGF.

Not included in the SGF amount is money from the Board of Regents institutions. Regents fee fund money was collected, but no SGF money is lapsed. The Governor's FY 2003 recommendation was to leave SGF financing for death and disability payments in the Regents budgets, as was the recommendation in FY 2004, in order to protect the operating grant concept. (Staff Note: The proviso exempting the Regents institutions from SGF lapses was included in HB 2444 for FY 2004, but not in HB 2026 for FY 2003.)

Included in the FY 2003 SGF amount is \$4,600,000 in reductions for the KPERS school group. The KPERS certification for the first quarter of CY 2003 indicates that \$3,810,552.46 for the school group was the calculated amount for the death and disability transfer had the moratorium not been in place. (Staff Note: A difference of \$789,447.54 is noted between the two amounts. The \$789,447.54 represents an unpaid amount that was due April 1, 2003, and would be included in the \$6,227,618 recognized in the *Governor's Budget Report* as a shortfall in FY 2003 financing for the KPERS school group contributions. The total amount of retirement financing shifted to FY 2004 is \$5,337,766 SGF. The revised total amount is \$6,127,214, including death and disability financing of \$789,448 that was underpaid in FY 2002. This total is \$100,404 less than the Governor's recommended amount in SB 6.)

The Governor urges passage of legislation to enact the five quarter moratorium on death and disability benefits payments.

2. Regents \$2,000,000 Payment (HB 2014 – Conference Committee). As part of 2003 SB 6, a plan to reduce Regents expenditures from \$9.0 million to \$2.0 million was included relative to designating a closed group comprised of Regents and Hospital Authority employees as special members of the KPERS in order to fund their retirement benefits. If HB 2014 does not pass, then the \$9.0 million will be owed in FY 2004 to KPERS. Alternatively, if HB 2014 passes, then a payment of \$2.0 million will be owed KPERS as part of the bonding plan to finance the remaining \$15.5 million unfunded liability over 10 years with pension obligation bonds. In order to complete the FY 2004 transaction, a transfer of \$2.0 million from the Regents Clearing Fund in 2003 SB 6 needs to be included in the Omnibus bill to pay the KPERS Fund an amount to partially fulfill the final payment on the unfunded liability, contingent upon passage of HB 2014 with the bonding provision included. The other payment will be \$15.5 million in bond money to be remitted after issuance. If HB 2014 does not pass with bonding, then a payment of \$9.0 million needs to be made for KPERS as the annual payment for amortizing the unfunded liability.

3. Legislator Retirement Benefits (HB 2014 – Conference Committee). Two provisions in the bill address legislator retirement. First, the bill authorizes retroactive payments for previous years when no contributions had been made for legislative service while legislators are on leave from a Regents institution. It is estimated to cost less than \$20,000 by the Division of Legislative Administrative Services, and the payment would be made by a Regents institutions. Second, the

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bill authorizes a defined contribution plan for legislator retirement to assist members of the Legislature who have retired from a KPERS participating employer and now serve in the Legislature. Currently, they are unable to "unretire" and join KPERS again. No employer contributions are paid for retirement, death, or disability insurance for these legislators. Likewise, they do not pay the 4.0 percent employee contribution to KPERS. The fiscal note for participating in the 8.0 percent defined contribution plan is less than \$10,000 if all seven eligible members elect to participate. The bill permits a choice by legislators regarding participation. It would be possible to opt out of participating in the defined contribution plan. (Staff Note: A technical issue has arisen regarding legislator participation in the KPERS Death and Disability Plan if they are already retired. Currently, the bill would allow these retired members to have coverage, if they select the defined contribution plan. This provision would add 0.6 percent to the costs of participating in a defined contribution plan.)

Recommendation:

The Tax, Judicial, Transportation & Retirement Budget Committee recommends referring Item B pertaining to the 13th check to the Conference Committee on HB 2014 and solve it as a matter of law.

Representative McCreary moved to adopt the Tax, Judicial, Transportation & Retirement Budget Committee report to concur with the adjusted estimated expenditures in FY 2003 and FY 2004 based on the latest KPERS projections for payment to investment managers. The motion was seconded by Representative Campbell. The motion carried.

Comments:

The Committee discussed the possibility of using the savings of administrative costs to pay for the 13th check. Julian Efird, Legislative Research Department, stated that the 13th check is not paid from the same fund as the administrative costs, so it would be necessary to transfer these savings to the reserve account from which the 13th check is paid. These savings would not constitute the full amount needed for the 13th check. It was also noted that if the Committee chose to take the approximately \$3 million savings this year, it would result in a smaller transfer to the operating account in next year's budget and an increase in unfunded liability.

Department of Revenue

A. Electronic Databases Fee Fund Increase (GBA No. 3, Item 6, page 3). The Governor recommends increasing the expenditure limitation in FY 2003 by \$324,327 in order to offset a reduction in SGF financing included in the *FY 2004 Governor's Budget Report*.

B. Executive Reorganization (Omnibus Review -- House). Review ABC transfer issue during Omnibus and the status of any pending legislation, such as HB 2458. That bill remains in the House Appropriations Committee. (Staff Note: SB 6, as amended by the Conference Committee, was approved by the Governor.) The bill includes financing for the ABC Division from the State Highway Fund, and the program is left in the Department of Revenue. Staffing of 38.0 FTE positions was authorized for the ABC Division.

C. Information on Tax Collections Omnibus Review -- Senate). Review during Omnibus period the budget cuts and effect on collecting taxes. Review during Omnibus period collections of accounts receivable and projections for other years. The agency plans to present materials on these subjects.

D. Fee Increases (HB 2192, SB 16, HB 2193 – Law). These bills increase fees collected by the agency and redirect the disposition of some receipts.

1. HB 2192 (Law) establishes the Photo Fee Fund and redirects \$1.5 million in photo fees previously deposited into the State Highway Fund to the new Photo Fee Fund. The new fund needs to be appropriated for the agency (see item 2 below for further details). HB 2192 also increases the costs of driver licenses and identification cards by \$1.00 percent year. Estimated new revenue is \$2,074,000 in FY 2004, which by statute is apportioned as follows: \$1.4 million to the State Highway Fund, \$657,000 to the State Safety Fund, and \$17,000 to the Motorcycle Safety Fund.

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The Governor's FY 2004 budget recommendations included estimated revenue increases to the State Highway Fund of \$2,075,000, and likewise used that figure in offsetting SGF financing with Division of Vehicles Operating Fund money. This bill implements one of the Governor's revenue proposals in FY 2004 as recommended. Proviso language was included in 2003 SB 6 to expand the permitted uses of money in keeping with the Governor's FY 2004 budget recommendations in replacing \$2.0 million of SGF financing for the agency. (Staff Note: Money deposited into the State Safety Fund and Motorcycle Safety Fund generally has been used for state aid to driver training courses in schools, but expenditures may be made for the administration of the drivers' license laws, according to KSA 8-267. Another statute, KSA 8-272 limits the amount of state aid that may be expended to \$1,540,000 from the State Safety Fund and \$210,000 from the Motorcycle Safety Fund. The Governor's recommended transfer from the State Highway Fund may be reduced by \$674,000 in FY 2004, and the expenditures from the State Safety Fund and Motorcycle Safety Fund may be appropriated to replace financing from the DOV Operating Fund. Another alternative would be to replace SGF financing with fee fund money, at the expense of the State Highway Fund. The State Safety Fund had an unencumbered balance of \$2,912,142 on June 30, 2002, and the Governor's recommended budget for FY 2003 and FY 2004 would reduce the amount to \$2,017,840 on June 30, 2004, if revenue projections are realized in both fiscal years.)

2. SB 16 (Law) requires collection of social security numbers for all applicants of drivers licenses and identification cards, and the bill increases the photo fees by \$2.00, yielding an additional \$1.5 million in revenue. Total revenue in FY 2004 is estimated at \$3.0 million for the Photo Fee Fund, which needs to be appropriated since it is a new fund established by HB 2192. This bill was not introduced as part of the Governor's FY 2004 budget recommendations. Included in the Governor's FY 2004 budget recommendations is a transfer of \$1,050,750 in FY 2004 from the State Highway Fund for production of 685,000 driver licenses with photos. (Staff Note: Previously, these photo fee revenues would have been deposited into the State Highway Fund, and in the Governor's FY 2004 budget recommendation, no expenditures are financed from this new fund. The Governor's recommended transfer from the State Highway Fund may be reduced by an amount up to \$3.0 million in FY 2004, and the expenditures from the Photo Fee Fund may be appropriated to replace financing from the DOV Operating Fund. Another alternative would be to replace SGF financing with fee fund money, at the expense of the State Highway Fund, since funding already has been transferred in SB 6 for FY 2004 to produce drivers licenses with photos.)

The agency's fiscal note for SB 16 requests that a portion of the new revenues from the \$2.00 photo fee increase be used to pay administrative costs associated with verifying social security numbers. The estimated cost is \$1.25 per application, with an estimated annual cost of between \$937,500 and \$1,125,000 for these contracted services, depending upon bids and contract negotiations. These expenditures were not included in the Governor's recommended FY 2004 expenditures.

3. HB 2193 (Law) amends existing law in regard to motor vehicle title fees and disposition of those fees. Specifically, the bill would: increase the cost of a motor vehicle title from \$8.00 to \$10.00; increase from \$4.50 to \$6.50 the fee for a reassignment form; repeal a provision in existing law whereby the title fee will be reduced from \$8.00 to \$3.50 on July 1, 2004; repeal the June 30, 2004, sunset of the transfer of \$3.50 of each title fee to the Kansas Highway Patrol Motor Vehicle Fund; and increase from \$1 to \$3 the amount of each title fee transferred to the VIPS/CAMA Technology Hardware Fund. This bill implements one of the Governor's revenue proposals in FY 2004 as recommended.

The Department of Revenue estimates an increase of \$1.6 million of receipts to the VIPS/CAMA Technology Hardware Fund in FY 2004, with revenue rising from \$800,000 to \$2.4 million. The estimate of revenue to the Highway Patrol's Motor Vehicle fund is \$2.8 million annually after FY 2004 by removing the sunset. The VIPS/CAMA Technology Hardware Fund has been a source of financing for the Department of Revenue's Vehicle Information Processing System (VIPS) and the Division of Property Valuation's Computer Assisted Mass Appraisal System (CAMA) since 1993. KSA 74-2021 establishes this fund, and limits the use of money for the purpose of upgrading the VIPS/CAMA hardware for the state or for the counties. Proviso language was included in 2003 SB 6 to expand the permitted uses of money in keeping with the Governor's FY 2004 budget recommendations in replacing \$1.6 million of SGF financing for the agency.

E. SB 130 (Law). The bill concerns apportioned registration of fleet vehicles and requires registration of a converter gear. An annual fee of \$1.00 shall be charged for each registration. The fiscal note indicates additional revenue of approximately \$20,000 will be deposited in the State

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Highway Fund as a result of this bill. The agency indicates administrative costs of reprogramming will be absorbed.

F. SB 159 (Law). The bill requires the Secretary of Revenue to make drivers' licenses and identification cards issued to persons under the age of 21 readily distinguishable by formatting them to be oriented vertically. The requirement would become effective on July 1, 2004. According to the agency, there is no administrative cost since implementation will coincide with installing a new driver's licensing system, and the changes required by this bill can be made at no additional cost.

G. HB 2220 (Law). The bill makes numerous changes to the Uniform Commercial Drivers' Licenses Act to comply with recent federal regulations. New provisions implement a "S" endorsement for a commercial drivers licenses (CDL) that adds school bus drivers. In complying with federal regulations, the number and type of violations that can result in either new or longer sanctions against driving privileges will substantially increase the workload of the agency. The most significant change will include major and serious traffic violations, while operating a non-commercial motor vehicle, as a consideration towards disqualification from operating a commercial motor vehicle and holding a CDL. The agency's fiscal note suggests that the increase in workload can be accommodated with existing resources.

H. HB 2208 (Law). The bill amends tax increment financing (TIF) laws to provide statewide authority for sales tax and revenue (STAR) bonds to be used for special bond projects of regional or statewide importance. The bill defines a special bond project as a project with at least a \$50,000,000 capital investment and \$50,000,000 in projected gross annual sales revenues. The bill includes in this definition projects located outside of metropolitan statistical areas, which have been found by the Secretary of Commerce to be in an eligible area under TIF law and of regional or statewide importance. The bill specifically excludes a project including a gambling casino from the definition of special bond project.

The bill modifies prior law as it relates to areas eligible for TIF to include a major commercial entertainment and tourism area as determined by the Secretary of Commerce and Housing. The bill also includes a major multi-sport athletic complex in the definition of major commercial entertainment and tourism area. Under the bill, river walk canal facilities are included in the list of redevelopment project costs which may be financed by STAR bonds. The bill is effective upon publication in the *Kansas Register*.

The agency requests \$300,000 SGF for administrative costs associated with the bill. Included is a software package for \$250,000 to track businesses in a redevelopment district. The application would be used for mapping business addresses. An annual software maintenance fee is estimated at \$20,000 and modifications to the electronic tax filing systems will require contract programming estimated at \$30,0000.

I. HB 2005 (Conference) would implement streamlined sales tax and numerous other tax changes. Fiscal impact estimated at up to \$71 million net gain to SGF in FY 2004, based on providing potential state sales tax revenue from remote sales not currently collected and submitted by out-of-state retailers. In a fiscal note for implementing the streamlined sales tax, the agency estimates costs of \$28,580 would be absorbed.

J. HB 2205 (Conference) would implement streamlined sales tax. Fiscal impact estimated at up to \$71 million net gain to SGF in FY 2004, based on providing potential state sales tax revenue from remote sales not currently collected and submitted by out-of-state retailers. In a fiscal note for implementing the streamlined sales tax, the agency estimates costs of \$28,580 would be absorbed.

K. HB 2416 (Conference) would implement a tax amnesty program. Fiscal impact estimated at net gain to SGF in FY 2004 of \$19.5 million. An earlier phase of the amnesty program that did not require legislation was estimated to yield \$12.5 million for the SGF in FY 2003. In the original fiscal note, the agency stated that any administrative costs would be absorbed within existing resources. That original fiscal note anticipated net gain to SGF in FY 2004 of \$4.5 million.

Recommendation:

The Tax, Judicial, Transportation & Retirement Budget Committee recommends changing the Electronic Databases Fee Fund to a no-limit fund because of legislation contained in HB 2208 that provides statewide authority for STAR bonds to be used for

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special bond projects (Item H of this document) and calls for administrative costs of \$300,000 SGF moneys. By making this a no-limit fund, this expense can be paid out of this fund.

Representative McCreary moved to adopt the Budget Committee recommendation to change the Electronic Databases Fee Fund to a no-limit fund. The motion was seconded by Representative Campbell. The motion carried.

Economic Development Agencies

A. GBA No. 3, Item 12, Page 5 – Kansas, Inc., Independent Agency

B. FY 2004 Funding (Conference Committee). The Conference Committee on Senate Bill 6 (Mega Appropriations Bill) delayed FY 2004 funding for the Department of Commerce and Housing, the Kansas Technology Enterprise Corporation, and Kansas, Inc. pending the outcome of Executive Reorganization Order No. 30. ERO 30 transfers the Division of Housing from the Department of Commerce and Housing to the Kansas Development Finance Authority. The deadline for legislative action on the ERO was April 11. As the ERO was not disapproved by the Legislature, the transfer will take place on July 1.

The following tables note the Governor’s FY 2004 recommendation and the House and Senate changes from that recommendation. The Governor’s FY 2004 recommendation included the proposal to transfer the duties and responsibilities of Kansas, Inc. to the Department of Commerce and Housing and abolish the agency. The Senate’s recommendation maintains Kansas, Inc. as an independent agency.

Economic Development Agencies – FY 2004 Funding

Agency	Governor’s Rec.	House Changes	Senate Changes
Department of Commerce and Housing			
EDIF	\$ 14,026,980	\$ 0	\$ (525,320)
Other Funds	98,110,325	0	(114,022)
All Funds	<u>\$ 112,137,305</u>	<u>\$ 0</u>	<u>\$ (639,342)</u>
FTE	147.5	0.0	(1.0)
Kansas Technology Enterprise Corporation			
EDIF	\$ 10,604,188	\$ 0	\$ 325,320
Other Funds	3,349,632	0	0
All Funds	<u>\$ 13,953,820</u>	<u>\$ 0</u>	<u>\$ 0</u>
FTE	27.0	0.0	0.0
Kansas, Inc.			
EDIF	\$ 0	\$ 0	\$ 200,000
Other Funds	0	0	251,755
All Funds	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 451,755</u>
FTE	0.0	0.0	4.0

C. Senate Substitute for House Bill No. 2208 (Law). Senate Substitute for HB 2208 would amend tax increment financing law to provide statewide authority for sales tax and revenue (STAR) bonds to be used for special bond projects of regional or statewide importance. To be eligible, a project must have at least a \$50.0 million capital investment and \$50.0 million in projected gross annual sales revenues. These requirements could be waived by the Secretary of Commerce if located outside of the metropolitan statistical areas and the project is of regional or statewide importance.

The bill would require that each special bond project be approved by the Secretary of Commerce based upon a feasibility study. In addition, Kansas, Inc. is required to include an analysis

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of STAR bonds in its annual report on the cost effectiveness of economic development tax exemptions and credits. Kansas, Inc. estimates that it would need an additional \$600 to implement the requirements of the bill.

The Department of Commerce and Housing states that the fiscal impact of the bill would depend upon the number of applications received. The agency would be able to absorb the additional work within its existing resources if only one or two applications for STAR bond authority were received each year. If three or more applications were received, the agency would contract for the required analysis at a cost of \$30,000 per year.

Representative Shriver moved to adopt the GBA No. 3, Item 12, Page 5, to restore the funding for Kansas, Inc. The motion was seconded by Representative Howell. The motion carried.

Board of Indigents' Defense Services

A. GBA No. 3, Item 7, Page 4 – Assigned Counsel

B. FY 2003 Funding (Senate Subcommittee and House Budget Committee). The Senate Subcommittee requested a review of the agency's anticipated cash balances for the Death Penalty Defense Unit. The House Budget Committee requested a review of the agency's cash balances for the Death Penalty Defense Unit and the Assigned Counsel Program. The agency notes that it stopped paying assigned counsel on April 7.

The following table outlines the agency's revised FY 2003 expenditure estimates.

April 18, 2003	Agency Revised Estimate	Current Legislative Approved	Estimated Shortfall
Assigned Counsel Program	\$ 5,925,165	\$ 4,925,165	\$ 1,000,000
Death Penalty Defense Unit	2,728,489	2,728,489	0
TOTAL	\$ 8,653,654	\$ 7,653,654	\$ 1,000,000

C. FY 2004 Funding (Senate Subcommittee and House Budget Committee). The Senate Subcommittee requested a review of the agency's budget for the Death Penalty Defense Unit and Legal Services for Prisoners. The House Budget Committee requested a review of the agency's entire FY 2004 budget.

The 2003 Legislature passed House Bill 2121 which establishes an application fee for indigent defendants of \$50 in FY 2004 and \$100 in FY 2005 and beyond.

The following table outlines the agency's revised FY 2004 expenditure estimates.

	Agency Revised Estimate	Current Legislative Approved	Estimated Shortfall*	Estimated Revenue HB 2121
Administration	\$ 702,705	\$ 702,705	\$ 0	
Assigned Counsel Program	5,794,869	4,794,869	1,000,000	
Legal Services for Prisoners	533,605	353,605	180,000	
Appellate Defender Program	1,497,324	1,497,324	0	
Public Defender Program	5,898,403	5,898,403	0	
Death Penalty Defense Unit	2,184,406	1,384,406	800,000	
TOTAL	\$ 16,611,312	\$ 14,631,312	\$ 1,980,000	\$ 117,000

* Estimated shortfall for FY 2004 assumes that the \$1,000,000 shortfall in FY 2003 is addressed. It does not take the revenue from HB 2121 into consideration.

Recommendation:

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The Public Safety Budget Committee recommends accepting the GBA No.3, Item 7, Page 4 and add an additional \$500,000 for a total of \$1 million for FY 2003. The Budget Committee took no further action on the FY 2004 budget.

Representative Light moved to adopt the Budget Committee recommendation. The motion was seconded by Representative Minor.

Representative Bethell made a substitute motion to adopt the GBA as stated. The motion was seconded by Representative Landwehr. Division was requested. The motion failed.

Representative Light renewed the original motion to adopt the Budget Committee recommendation. The motion carried.

Comments:

The Budget Committee indicated that the major reason for the addition of the \$500,000 is because the attorneys providing services are not being paid at the present time and even with the additional money, the agency will still be short money. The Committee noted even with the additional money, the issue will need to be addressed during the next legislative session. The Budget Committee stated that the money to cover the additional \$500,000 in their recommendation would be captured from the Highway Patrol budget.

Department of Health and Environment

A. GBA No. 3, Item 17, Page 8 – Nursing Transfer Correction

B. GBA No. 3, Item 18, Page 9 – Expenditure of Federal Funds and 1.0 Non-FTE Unclassified Permanent Position

C. GBA No. 3, Other Issues, Page 17 – Health and Environment - Vital Statistics

D. Special Revenue Funds (Technical adjustment). The line items for several of the agency's special revenue and federal funds were omitted from Senate Bill 6 (Mega Appropriations Bill). In addition, a proviso specifying expenditures from the District Coroners Fee Fund was removed in error.

E. Balances of the Underground Petroleum Storage Tank Release Trust Fund (House Budget Committee). House Bill 2026 (Supplemental Appropriations Bill) transferred \$10,000,000 from the Underground Petroleum Storage Tank Release Trust Fund to the State General Fund. The House Budget Committee requested continued monitoring of the balances of the fund so that adjustments in the transfer may be made if necessary. The balance of the fund as of March 31 was \$4,707,564. The one cent per gallon fee on gasoline and related products is triggered when the fund balance dips below \$2,000,000.

F. FY 2003 Funding - Infant Toddler Program (Senate Subcommittee). The Senate Subcommittee recommended that a source of revenue be found to replace the \$120,695 reduced in the Governor's November, 2002, allotment. Senate Bill 6 (Mega Appropriations Bill) included an additional \$300,000 from the Children's Initiatives Fund in FY 2004 for this program. It was specified that \$120,000 of the additional funding was to replace the allotted funds.

G. Transfer of the Nursing Facility Regulation Function from the Department of Health and Environment, to the Department on Aging (Senate Subcommittee and House Budget Committee). The Governor's recommendation for FY 2004 included the transfer of the nursing facility regulation function from the Department of Health and Environment to the Department on Aging. The two agencies formed a transition team to work on the details and logistics of the transfer. The Senate Subcommittee and the House Budget Committee requested an update from that transition team in order to more clearly understand the policy implications and budgetary effect of the transfer. The agency is still gathering information on this issue.

H. Funeral Assistance Program (Senate Subcommittee and House Budget Committee).

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The Governor's FY 2004 recommendation did not include funding for the Funeral Assistance Program in either the KDHE budget or the budget of the Department of Social and Rehabilitation Services. The Senate Subcommittee and House Budget Committee recommended a review of potential funding sources for the program. (See information from KDHE, page 1.)

I. Tobacco Use Prevention Program (House Budget Committee). The House Budget Committee recommended a review of the possibility of increasing funding for this program and requested information from the agency on total funding received (including grants from the American Legacy Foundation) as well as effectiveness measures for the program. (See information from KDHE, page 2.)

The following table outlines the amounts and sources of funding for the program for FY 2003.

Children's Initiatives Fund	Centers for Disease Control and Prevention	American Legacy Foundation*	TOTAL
\$ 500,000	\$ 1,204,700	\$ 500,000	\$ 2,204,700

* 1:1 match of state funds

J. Pregnancy Maintenance Initiative (House Budget Committee). The House Budget Committee recommended a review of potential funding sources for the Pregnancy Maintenance Initiative Program which was not funded in the Governor's FY 2004 recommendation. Senate Bill 6 (Mega Appropriations Bill) included funding of \$300,000 SGF for this program. The agency was also requested to provide information concerning effectiveness measures. (See information from KDHE, page 13.)

K. Community Based Primary Care Clinics (House Budget Committee). The House Budget Committee recommended adding \$1,000,000 for community based primary care clinics should additional funds be available. These clinics provide access to comprehensive primary health care for uninsured and under insured individuals. The House Budget Committee specified that any addition of funds to the program would include the following requirements as to the use of those funds:

- Implementation, expansion, and maintenance of access to general primary care; expansion of dental care; integration of mental health services; provision of pharmacy services; expansion of services in certain specialty areas; continuance of outreach and enabling services;
- Development of new access points in high risk areas of the state; and
- Purchase of equipment and development of infrastructure.

L. Transfer of the Day Care and Foster Care Regulation Function from KDHE to the Department of Social and Rehabilitation Services (House Budget Committee). The House Budget Committee requested information from the Department of Health and Environment and the Department of Social and Rehabilitation Services on the possibility of transferring the day care and foster care regulation function to avoid potential duplication. The agency is still gathering information on this issue.

M. Fees for Criminal Background Checks (House Budget Committee). The House Budget Committee recommended a review of fees charged by the Kansas Bureau of Investigation for criminal background checks required for employment applicants of adult care homes, home health agencies, and staffing agencies. The agency requested an enhancement of \$37,500 SGF to cover a July 1 increase in those fees from \$3.75 to \$5.00. The Governor did not recommend the enhancement. (See information from KDHE, page 18.)

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The following table outlines the fees charged to agencies by the Kansas Bureau of Investigation for fingerprints or record checks as of February, 2003.

Agency	Charge per Record Check	Charge per Fingerprint
State Gaming Agency (on behalf of Tribal Nations)		\$ 54.00
Kansas State Gaming Commission		\$ 54.00
Kansas Racing Commission		\$ 54.00
Kansas State Lottery		\$ 54.00
Department of Revenue		\$ 54.00
Department of Education		\$ 44.00
Board of Nursing	\$ 15.00	
Department of Social and Rehabilitation Services	\$ 15.00	
Department of Administration	\$ 15.00	
Adjutant General	\$ 15.00	
State Bank Commissioner	\$ 15.00	
Insurance Department	\$ 15.00	
Department of Human Resources	\$ 15.00	
Pittsburg State University	\$ 10.00	
Department of Health and Environment	\$ 3.75	

N. Federal Bioterrorism Funding (House Budget Committee). Neither the agency's request nor the Governor's recommendation included expenditures from federal bioterrorism funds for FY 2004 due to the uncertainty of continuation of that funding. The House Budget Committee requested an update on the status of the funding.

According to the agency, the US Department of Health and Human Services has announced that Kansas would be eligible for a total of \$15,564,925. There has been no official notice, however, of the grant awards or required objectives for expenditures. (See information from KDHE, page 19.)

O. Child Care Licensure Program (Senate Subcommittee). The Senate Subcommittee noted the staffing levels within the Child Care Licensure Program and requested a Legislative Post Audit of those staffing levels. The National Association for Regulatory Administration and the National Association for the Education of Young Children both recommend one licensing surveyor for every 75 child care facilities. The current rate in Kansas is one licensing surveyor for every 161 child care facilities. The Senate Subcommittee recommended the addition of funds for staffing for this program should resources be available.

P. House Bill 2247 (Law). HB 2247 would establish a process by which owners of environmentally contaminated property could apply to the Department of Health and Environment for approval of an "environmental use control" to prohibit or restrict use of that property. The program would be funded through a one-time fee which would be based upon the classification of each site. The bill would establish the Environmental Use Control Fund, but does not set an expenditure limitation on the fund.

Recommendation:

The Social Services Budget Committee recommends (1) adopting the GBA's in A, B, C and the technical adjustment in D; (2) requesting a legislative post audit with regards to the transfer of the day care and foster care regulation function from the Department of Health and Environment to the Department of Social and Rehabilitation Services; (3) highly recommends keeping the Department of Health and Environment fee at \$3.75; (4) will address the Child Care Licensure Program with a proviso in the Appropriations bill; (5) requests a legislative post audit of the Child Care Licensure Program; and (6) recommends making the Environmental Use Control Fund, a no-limit fund.

Representative Landwehr moved for the adoption of the Budget Committee

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recommendation. The motion was seconded by Representative Bethell. The motion carried.

Comments: The Budget Committee explained that the \$3.75 charge is for a check on nursing home employees and is charged by the Department of Health and Environment to the nursing home. It was felt this was not a major background check and did not constitute a large amount of time by Kansas Bureau of Investigation(KBI).

Adjutant General

A. Increased Insurance Costs. (House Budget Committee and Senate Subcommittee).

During the 2003 Legislative Session, The House Budget Committee and Senate Subcommittee were informed of current law which mandates the agency to maintain fire and extended coverage insurance on armories. Subsequently, Senate Bill 240 was introduced to repeal the law mandating the agency maintain insurance on all armories. However, the agency would still maintain insurance on selected armories as dictated by bond covenant agreements in FY 2004, and self insure all other armories. The item was flagged by both the House Budget Committee and Senate Subcommittee's for Omnibus consideration at a cost of \$115,000 (from the State General Fund) in FY 2003 to finance costs associated with the increase in extended coverage insurance on armories. In passing SB 240, the Committee's noted that some "savings" would be held for FY 2004. However, that amount is still indeterminate at this time. Lastly, it was noted that the Governor concurred with the repeal of the law, and reduced the agency's operating budget by \$50,000 in FY 2004 with the belief the bill would be passed.

Recommendation:

The Public Safety Budget Committee took no further action.

Sentencing Commission

A. GBA No. 3, Item 30, Page 14 – Coverdell Forensic Federal Grant

B. Senate Bill 123 (Law). Senate Bill 123 enacts a new sentencing policy for a defined target group of non-violent offenders convicted of drug possession that mandates drug treatment for up to 18 months and supervision through Community Corrections in lieu of incarceration. The bill contains specific provisions relating to failure/discharge from treatment and sets forth provisions for incarceration for third and subsequent drug possession convictions. The provisions of the bill are designated to be in effect for those offenders sentenced on or after November 1, 2003. Based on calendar year 2002 data, it is projected that approximately 1,318 offenders a year would be eligible for treatment under the bill, at an average cost of \$4,700. The bill would require modification to the sentencing database and re-programming of Prophet Projection Simulation Projection Software Model to accommodate the sentencing changes for drug offenders outlined in the bill at a cost of \$18,650. The agency states that those costs will be absorbed within existing sources.

SB 123 sets forth the Sentencing Commission as the administrator of monies distributed from the newly established Substance Abuse Fund created by the bill to Community Corrections facilities at an average cost of \$6.2 million per year. The Sentencing Commission estimates \$4.6 million (from the State General Fund) would be needed to finance the provisions of the bill in FY 2004 due to the delayed implementation. The agency also requests \$46,550 (from the State General Fund) and 1.0 FTE position to administer the newly created fund. Additionally, the Sentencing Commission will utilize a Federal Statistical Analyst Grant (SAC) in the amount of \$50,000 to complete an 18 month evaluation of the impact and effectiveness of the drug sentencing policy set forth in SB 123. The grant would be sufficient to cover the cost of data collection, software, and equipment necessary to produce an evaluation report to Legislature.

(See Attachment A for a summary of the total FY 2004 fiscal impact of the bill.)

Staff Note: Senate Bill 6 (the Mega Appropriations Bill), provides the Sentencing Commission the authority to expend the \$50,000 in SAC grant funding, in lieu of transferring the remaining federal law enforcement related grants to the Governor's Office.

C. Criminal Justice Information System (CJIS) Project Manager (Senate

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Subcommittee). During testimony, the Senate Subcommittee was informed that the CJIS Project Manager's position and the funding associated with the position (\$97,632 from the State General Fund) were eliminated within the *Governor's FY 2004 Budget Report*. The Senate Subcommittee flagged the item for Omnibus consideration in the event additional funding became available to restore the position.

D. Operating Expenditures (House Budget Committee). Due to the Governor's recommendation to transfer federal Byrne grants from the Sentencing Commission to the Governor's Office, the House Budget Committee was informed of a reduction in agency operating funds. In transferring the administrative Byrne Grant funding (\$256,532), financing utilized by the agency for operating expenses was reduced. Consequently, placing the agency in the position of not being able to fully fund its operations. In addressing the issue, the House Budget Committee drew attention to the Senate Committee's recommendation to transfer \$147,505 (\$167,311 from the State General Fund) to provide additional funding for the agency, and the recommendation to transfer the remaining federal grants to the Governor's office, those being: Local Law Enforcement Block (LLEBG), Residential Substance Abuse Treatment (RSAT), and National Criminal Improvement Program (NCHIP) grants. Additionally, the Senate Committee recommended the elimination 4.0 positions (2.0 FTE and 2.0 other unclassified positions) due to the transfer of the federal funds, thereby reducing the Sentencing Commission's mandated duties to that of a prison projection provider. Therefore, the House Budget Committee flagged the item for Omnibus consideration, and requested a Governor's Budget Amendment (GBA) to provide financing for the Sentencing Commission.

Staff Note: Senate Bill 6 (the Mega Appropriations Bill), provided the Sentencing Commission with \$147,194 (\$167,000 from the State General Fund), and eliminated 4.0 positions (2.0 FTE). Thus, making the Sentencing Commission a solely prison population projection agency, and fiscal impact provider.

Recommendation:

The Public Safety Budget Committee recommends acceptance of the GBA No. 3, Item 30, Page 14.

Representative Light moved to adopt the Budget Committee recommendations. The motion was seconded by Representative Feuerborn. The motion carried.

Kansas Bureau of Investigation

A. Criminal Justice Information System (CJIS) Project Manager (House Budget Committee). During testimony, personnel from the Kansas Bureau of Investigation informed the House Budget Committee of the importance of the CJIS Project Manager in providing information to the Legislature relating to CJIS, managing the numerous state and local "connections" to the project, and maintaining the operation of the criminal justice database. The House Budget Committee flagged the item for Omnibus consideration to review the restoration of the \$97,632, with the possibility of adding the position to the Division of Information Systems and Communications (DISC).

Recommendation:

The Public Safety Budget Committee recommends funding the CJIS Project Manager position and for the funding to come from the budgets of those participants who use the services. The Budget Committee recommends the CJIS project manager's position be set up through the DISC program.

Representative Light moved to adopt the Budget Committee recommendations. The motion was seconded by Representative Merrick. The motion failed

Representative Feuerborn moved to fund the CJIS Project Manager position through the budgets of the Department of Corrections, Kansas Highway Patrol, Juvenile Justice Authority and Kansas Bureau of Investigation. The motion was seconded by Representative Light. The motion carried.

Comments:

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Robert Waller, Legislative Research Department, stated that the major participants using the service includes Department of Corrections, Juvenile Justice Authority, Department of Social and Rehabilitation Services, Highway Patrol and Office of Judicial Administration. The recommendation stated that the expense of \$97,632 for the CJIS Project Manager would be shared by these agencies plus any others determined to be major users. The Budget Committee felt that in order to maintain the success of the CJIS project, it is necessary to fund the project manager's position. The Committee noted that the funding of the project manager will add one unclassified FTE to the Governor's budget.

Kansas Highway Patrol

A. GBA No. 3, Item 4, Page 3 – Transfer to the State General Fund

B. Transferring the Division of Alcohol Beverage Control to the Kansas Highway Patrol (House Committee). Within the *Governor's FY 2004 Budget Report*, the Department of Revenue Division of Alcohol Beverage Control, \$1,805,122 (\$1,603,590 from the State Highway Fund and \$201,632 from other special revenue sources), and 38.0 FTE positions were recommended to be transferred to the Kansas Highway Patrol (KHP). During testimony to the House Budget Committee, conferees stated that transferring only the enforcement segment of state alcohol administrative functions to KHP leaves important functions still residing within the Department of Revenue. The conferee raised concerns that due to the enforcement function relying heavily on licencing and compliance functions, ABC may not function effectively as compared to its current operation. The House Budget recommended the Governor research the possibility of transferring both the licensure and compliance functions to the Kansas Highway Patrol in FY 2005 (along with associated personnel and funding) to enhance the continued efficient operation of ABC. However, the House Budget Committee discussing the budget of the Department of Revenue recommended the transfer not take place, thus transferring ABC back to the Department of Revenue. Therefore, the House Committee flagged the item for Omnibus consideration for further discussion.

Staff Note: With the passage of Senate Bill 6 (the Mega Appropriations Bill), the Conference Committee recommended the Division of Alcohol Beverage Control remain under the Department of Revenue, with financing from the State Highway Fund being re-paid by the State General Fund beginning in FY 2007.

Recommendation:

The Public Safety Budget Committee concurs with the GBA No. 3, Item 4, Page 3, to transfer \$500,000 from the Highway Patrol Motor Vehicle Fund to the SGF.

Representative Light moved to adopt the Budget Committee report. The motion was seconded by Representative Feuerborn. The motion carried.

Department of Transportation

A. GBA No. 3, Item 33, Page 15 – Change Special City and County Highway Fund Transfer Dates

B. House Bill 2036 (Law). HB 2036 would add a new provision to the illegal acts section of the Petroleum Products Inspection Act. The bill would make it a violation of the Act to represent that diesel fuel is or contains bio-diesel fuel blend or that diesel fuel is made from renewable resources. The bill also would provide that bio-diesel fuel used in bio-diesel fuel blends would conform to specifications by the American Society of Testing and Materials, issued in March of 2002, or later versions adopted through rules and regulations of the Secretary of Agriculture. In addition, the bill would require that all bulk motor-vehicle fuels purchased by any state agency or individual purchases for use in state-owned motor vehicles be fuel blends containing at least 10 percent ethanol as long as the price is not more than 10 cents per gallon greater than regular fuel. Lastly, the bill would require that when there are diesel fuel purchases for state-owned diesel powered vehicles and equipment, those purchases are to be a 2 percent or higher blend of bio-diesel. The Department of Transportation estimates that an increase of \$0.009 per gallon for ethanol fuel and

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\$0.06 per gallon for bio-diesel fuel. The agency estimates an increase in expenditures of approximately \$10,896 and \$173,571 more per fiscal year as compared to regular unleaded fuel and biodiesel fuel respectively. The cost analysis is based on the FY 2002 actual fuel consumption. In addition, according to the Kansas Highway Patrol, using ethanol fuel in high-speed police vehicles could result in a long-range fiscal effect because of the increased wear and tear on engine parts.

Recommendation:

The Tax, Judicial, Transportation and Retirement Budget Committee recommends acceptance of the GBA No. 3, Item 33, Page 15.

Representative McCreary moved to adopt the Budget Committee report. The motion was seconded by Representative Henry. The motion carried.

Comments:

The Committee has some concern in the interpretation of HB 2036 with regards to the individual purchase of fuel - if no station selling bio-diesel fuel is available in the immediate area. The Committee asked that the content of the bill be researched and information provided to the Committee.

Department of Corrections and Correctional Facilities

- A. GBA No. 3, Item 22, Page 11, Food Service Contract Savings
- B. GBA No. 3, Item 23, Page 11, Contract for Leasing Prison Beds
- C. GBA No. 3, Item 24, Page 11, Offender Program Contract Savings
- D. GBA No. 3, Item 25, Page 12, Visitor Centers
- E. GBA No. 3, Item 26, Page 12, Bond Rebate Liability Overpayment
- F. GBA No. 3, Item 27, Page 12, Community Corrections State General Fund Financing Offset
- G. GBA No. 3, Item 28, Page 13, Shift Interstate Compact Dues
- H. GBA No. 3, Item 29, Page 13, Local Jail Cost Recalculation

I. Report amount needed to pay in full the sum owed by the Department of Corrections (DOC) in local jail payments (House Budget Committee). The House Budget Committee asked the Secretary of Corrections to report regarding the amount that would be needed to pay off the entire amount owed in local jail payments. Because of the recent fluctuation in the number of "jail days," or the number of days inmates spent in county jails upon their arrest due to parole violation, some question existed as to whether the entire amount budgeted would be needed.

For several years, DOC had experienced a growing gap between the amount expended for payment to the counties for incarcerating parole violators and the amount appropriated for this purpose. This situation arose because more was encumbered (*i.e.*, more "jail day" reimbursements were billed by counties) than was appropriated for that purpose. The Department operated under this situation by delaying payment for the last quarter of the previous fiscal year until the first quarter of the new fiscal year. However, the amount carried into the next fiscal year grew, leaving increasingly less remaining in the current year appropriation to pay for current year charges, once the previous year's charges were paid.

At the time of its FY 2004 budget request, DOC estimated that FY 2002 costs deferred for payment in FY 2003 totaled \$671,000. DOC further estimated the liability for deferred FY 2002 and new FY 2003 costs, adjusted by the amount budgeted for FY 2003, would result in a deficit of \$1.3 million at the end of the current fiscal year. If no relief were received, DOC predicted the entire \$1.3 million would be deferred for payment in FY 2004. To help counteract this growing deficit, KDOC requested an enhancement package of \$671,000. The Governor recommended this enhancement package and added another \$200,000 to the amount, for a total of \$871,000 in additional funding

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for local jail payments. This additional recommended funding resulted in a total recommended of \$2,605,000 for local jail payments.

Since then, the Secretary of Corrections has reported a significant reduction in the number of jail days for parole violators. Jail days for the third and fourth quarters of FY 2002 totaled 13,045 and 9,648, respectively. Preliminary estimates of jail days for the first and second quarters of the current fiscal year are 9,100 and 7,400, respectively.

As a result, the Secretary anticipates a reduction in the need for jail payment funding, ranging from \$344,000 to \$644,000 less than the recommended sum of \$2,605,000. The actual amount will depend on the actual number of jail days experienced during FY 2004. (The smaller, more conservative estimated savings amount assumes a higher cost per FY 2004 quarter of \$450,000. The larger amount assumes the cost per quarter will be equal to the average amount per FY 2003 quarter, or \$375,000.) Both estimates assume the current reduction in jail days will continue through the end of FY 2003.

The Secretary cautions that these costs can be volatile; they will depend upon actual revocation experience and the ability of DOC to transfer parole violators to a state correctional facility. If future bed space is less available, resulting in backlogs in county jails, then local jail costs will increase and the Secretary's estimates will be affected accordingly. Also, should the FY 2004 amount become insufficient to fully fund local jail payments, a supplemental appropriation would be required or payments would have to be deferred to FY 2005.

J. Review options that would help restore substance abuse services in the communities in FY 2004 (House Budget Committee). The Budget Committee noted the FY 2003 allotment decisions resulted in a reduction in substance abuse treatment services in both the facilities and the community. These reductions were preceded by an earlier reduction in FY 2002. Given the number of offenders with substance abuse issues, the Budget Committee noted its belief that restoration of offender management beds and substance abuse services in the community would assist the Department in reducing condition violations and returns to the prison system. The Budget Committee therefore asked the Secretary of Corrections to examine options to restore these services in the communities.

If sufficient funding were to become available, the Secretary indicated DOC would restore substance abuse treatment services based on priorities supported by effective interventions research, principles and practice. The priorities analysis involves consideration of offender risk and need levels, the goal being to target the more intensive services to the higher risk-need offenders and the use of evidence-based program service models to which offender populations are more responsive.

Based on these criteria, DOC would first seek to restore therapeutic community (TC) capacity, which would include both facility and community transition (TTC) components. Community residential transition services (CRB) to assist in safe and effective offender re-entry would be the next priority for restoration. The third set of priority programs would restore some capacity of intermediate residential treatment in community settings, and the fourth priority would be to restore some capacity for less intensive outpatient services in facilities as another part of the treatment continuum. The program priorities with estimated capacities and costs are outlined below:

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DOC Program Priorities, Capacities, and Costs			
Program	Estimated Capacity	Cost/Fiscal Year	Notes
1(a) -- Male TC Facility - Medium Custody	65-75 beds	\$285,000	
1(b) -- Community Transitional TC (TTC) - Med./Max.	24 beds	\$245,000*	*The community component would be a second- and subsequent-year cost for the above TC.
2(a) -- Male TC Facility - Med./Max.	65-75 beds	\$285,000	
2(b) -- Community Transitional TC (TTC)	24 beds	\$245,000*	*This component would be a second- and subsequent-year cost for TC #2 (above).
3 -- Community Residential Transition Services (CRB)	Multiple sites, approx. 180 additional beds	\$1,445,500	
4 -- Community-based Intermediate Residential Treatment	48 beds	\$700,800	
5 -- Short-term Facility-based Treatment	96 slots	\$475,000*	*This treatment modality is comparable to community-based outpatient treatment.

Funding options available to the Department to restore treatment services are primarily from three potential sources: State General Fund (SGF) appropriations, Inmate Benefit Fund (IBF) money, and federal or private grant funds. Given the state's current fiscal challenges, the Secretary notes it seems unlikely DOC would receive additional SGF appropriations for restoring offender treatment services in FY 2004. Following is the Secretary's synopsis of the status of the remaining sources:

- DOC has utilized a significant portion of IBF money to support various offender programs for many years. For FY 2004, after the proposed utilization of an additional amount of \$240,000 to restore funding for Outside Connections' visitor centers, IBF money has been committed and is not available for restoring substance abuse treatment services.
- DOC currently supports a 100-bed male TC program with federal Residential Substance Abuse Treatment (RSAT) grant funds.
- The Department will seek to restore a 65- to 75-bed TC program using federal Byrne Grant funding and has submitted an application to that end.
- DOC will continue to explore potential grant funding for treatment services.

K. Review past and future costs of not establishing a day reporting center or its equivalent in the Kansas City area; determination of whether costs are reduced when day reporting centers are operational. DOC presently has two operational day reporting centers. The first to be established is located in Topeka; the second, in Wichita, opened toward the end of calendar year 2002. Although a third day reporting center was intended for the Kansas City area (specifically, Wyandotte County), plans for this one were never realized due to difficulties in securing an acceptable location for the center. As a result, the former Secretary of Corrections released the contractor from responsibility for establishing the Kansas City site. The current Secretary of Corrections has indicated he is pursuing a new effort to establish a service in the Kansas City area that would achieve similar outcomes to the day reporting centers while operating in a manner and location acceptable to the local community. The House Budget Committee requested the Secretary report on the cost of not establishing a day reporting center or its equivalent in the Kansas City area.

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As part of this report, the Committee also asked that the Secretary report on the cost benefit of such operations.

Based upon information received from the Kansas Sentencing Commission (KSC), a 60-slot day reporting center would reduce the need for additional bed capacity by an average of 150 beds annually over the fiscal year period 2004-2013. As long as DOC's bed capacity is sufficient to house the inmates that otherwise would have been diverted from prison, there is not any cost associated with the absence of a day reporting center in the Kansas City area. The Secretary of Corrections explains this conclusion is based upon a comparison of the estimated marginal cost incurred to incarcerate 150 additional inmates (\$300,000) and the estimated FY 2004 cost to operate a 60-slot day reporting center (\$929,000). Once additional bed capacity is required, it can be assumed that a portion of the additional capacity would be attributable to the absence of a day reporting center. A detailed summary of the issue by the Secretary of Corrections will be distributed.

L. Explore possible mechanisms to control inmate healthcare costs/use of Medicaid or similar model to control inmate healthcare costs (Senate Subcommittee). The Senate Subcommittee noted it was cognizant of potential cost changes with respect to renewal of the systemwide contract for inmate health and medical care. The current contract will expire at the end of FY 2005. This impending contract change caused the Subcommittee to identify as a possible point of comparison the payment practices of other state agencies (such as the Department of Social and Rehabilitation Services and the Juvenile Justice Authority) for hospital care for their clients. Specifically, the Subcommittee was questioning whether it would be possible to utilize Medicaid rates, or a similar rate model, as a basis for payment. If such a plan were possible, the Subcommittee asked the Secretary to comment regarding whether the healthcare contractor should be required to implement similar practices.

According to the Secretary, it appears such a decision would not result in immediate savings for the state *with respect to the current contract*, but it would improve the contract's profitability for Prison Health Services, the current contractor, by decreasing hospital payments. In addition, it would establish a cost history that would be of benefit to the state when negotiating for medical services for inmates in the next contract cycle. A complete explanation of the issue by the Secretary of Corrections will be distributed.

M. Examine options to restore funding for the Visitors' Centers (House Appropriations Committee). The House Appropriations Committee requested the Secretary of Corrections report on any options that might be developed to restore funding for the Visitors' Centers operated by Outside Connections at Lansing, Hutchinson, Ellsworth and Norton. According to the Secretary, KDOC has identified Inmate Benefit Fund (IBF) resources to sustain a reduced funding level of \$240,000. The amount that would have been expended in FY 2003, if the program had not been terminated, is \$261,375.

The Secretary notes this reduced amount of \$240,000 will be financed by using balances that were estimated to be available in DOC and facility funds based upon the approved FY 2004 IBF budgets and by additional resources that were freed up in the Department's IBF budget (a) by freezing a position that was financed with IBF money, and (b) adding the \$15,000 that would have been transferred to the Ombudsman for Corrections, had the Ombudsman office's funding not been eliminated for FY 2004.

In addition, DOC has taken several steps to reduce the actual operating costs of the Visitors' Centers:

- Norton Correctional Facility -- Five buildings are located east of the medium-security compound that served as staff housing when the facility was a state hospital. If Outside Connections could obtain donated materials, which would allow DOC to renovate three of those buildings, they could be made available at no cost for use by Outside Connections, with the capacity to provide overnight accommodations. It would be necessary for Outside Connections to maintain liability insurance as well as coverage for the repair of any damage beyond normal wear and tear. The Secretary notes this location would actually be more convenient for both visitors and the facility.
- Ellsworth Correctional Facility -- The City of Ellsworth rented an old motel, located across the street from the correctional facility, to Outside Connections for use as

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a visitors' center. When DOC terminated the contract, the city agreed to make the building available to the program at no cost for the balance of the fiscal year. The Secretary states he has contacted the city to determine if the city would be willing to make the building available at no cost on a permanent basis, if the Department agreed to conduct the routine maintenance on the building. As has occurred in the past, the building could also be made available to the city to house stranded travelers or others needing shelter on a short-term basis, when it is not occupied by visitors to the facility.

- Lansing Correctional Facility (LCF) -- The federal government has made available to LCF some surplus buildings that can be disassembled and moved to the facility site. These are primarily small warehouse-type buildings. LCF will work to identify a building that could be used to house a visitors' center if materials could be donated to remodel and repair the interior as required to convert the building to such a purpose. It should be noted that the visitors' centers at Lansing and Hutchinson have not provided overnight shelter in the past, so the types of interior finishes required would not be as great as if it were planned to provide overnight accommodations. The building would be erected on facility property, and it could be provided rent free to Outside Connections.
- Hutchinson Correctional Facility -- A similar strategy using a surplus federal building is contemplated for HCF.

In order to align the operations of the Visitors' Centers more closely with the core functions of DOC's public safety mission, the Secretary states Outside Connections would be expected to maintain and expand the recent effort to partner with DOC's sex offender treatment contractor, DCCCA, to work with families of sex offenders regarding re-entry and management issues. Likewise, the Secretary indicates DOC will encourage Outside Connections to develop programming (and pursue the appropriate revenue streams for that programming) targeted at youth offenders who are statistically much more likely to be incarcerated as adults than children who do not have an offender as a parent.

According to the Secretary, this plan, if implemented successfully, would bring two centers on line in July (Lansing and Ellsworth), and the others would be restored based on the availability of donated materials and construction/renovation schedules permitting.

N. SB 110 (Law). As determined in Conference Committee, SB 110 amends the Kansas Securities Act to (a) create graduated penalties for certain existing crimes – including violations of securities fraud statutes and the broker-dealer or agent registration statute – depending on the dollar amount at issue; (b) create several new crimes, and (c) increase civil penalties for violations of the Securities Act or a rule or order of the Securities Commissioner.

The Kansas Sentencing Commission (KSC) estimates that passage of this bill could increase prison admissions by two to twelve per year from FY 2004 through FY 2013. Based on this estimate, DOC predicts the inmate population would be increased by four inmates in FY 2004 and by four to forty-three inmates by the end of FY 2013. DOC estimates additional costs, for the gain of four inmates predicted for FY 2004, at the marginal cost level of \$2,000 per inmate, or \$8,000 for the year. Further, the Department states additional beds might be needed to implement the bill. One-time construction project costs for new housing units, as well as additional annual operating costs, would occur in this case. Construction costs are estimated to be \$28,000 per bed for a double-celled (*i.e.*, medium security) or \$56,000 per bed for a single-celled (*i.e.*, maximum security) unit. Annual operating costs would range from approximately \$14,000 to \$25,000 per inmate.

O. HB 2088 (Law). HB 2088 amends current law in regard to the provision of a release gratuity of \$100 to offenders released from a DOC facility to a detainer, if the offender is subsequently released from the detainer into the community within 30 days. The current restrictions for eligibility for a release gratuity for inmates released from prison but not to a detainer would apply to those offenders released to a detainer and subsequently returned to the community within 30 days.

DOC estimates its expenditures would be increased by \$33,400 as a result of authorizing gate pay eligibility for inmates released through a detainer, if released within 30 days. This amount, the agency states, could be absorbed within existing resources.

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P. HB 2271 (Conference). HB 2271 amends several statutes regarding criminal offenses and their penalties:

- Theft – Increases sentences on the high-dollar end and decreases sentences on the low-dollar end, relating to the value of the theft of either property or services.
- Endangering a child – Expands the definition of the crime to include knowingly and intentionally causing or permitting a child under 18 to be present at a site where various activities regarding methamphetamine are taking place.
- Rape – Makes the penalty for a second or subsequent conviction of rape punishable under the persistent sex offender provisions, allowing up to a doubling of the sentence.
- Battery of a law enforcement officer – Expands the crime to include battery against a state, county, or city law enforcement officer with a motor vehicle, if the offender has actual knowledge that the person is a law enforcement officer and the offender intended to commit the injury because the person is a law enforcement officer.

Fiscal Impact – House Version: HB 2271 as amended by the House would revise graduated penalties in the cases of criminal damage to property, in addition to the other changes. KSC estimates a net savings of 44 to 84 beds in FY 2004 under the House version of the bill. This translates into a DOC marginal cost savings (\$2,000 per inmate) of \$88,000 to \$168,000. By FY 2013 KSC projects a savings of 39 to 80 beds.

Fiscal Impact – Senate Version: The Senate Committee struck a section that would have made revisions to the graduated penalties for criminal damage to property. According to KSC, a net savings of 15 to 27 beds is projected for FY 2004 under the Senate version of the bill. This translates into a KDOC marginal cost savings (\$2,000 per inmate) of \$30,000 to \$54,000. By FY 2013, KSC projects 26 to 108 additional prison beds will be needed.

Q. HB 2090 (Law). HB 2090 clarifies that organizations using inmates on work crews for public service are not agents of the state, except for the purpose of maintaining the confinement of the inmates, and, therefore, any negligence on the part of the organization or entity benefitting from the work performed would not be imputed to the state or DOC.

According to DOC, the bill's passage could have a fiscal effect, because it would reduce the Department's legal liability by making it difficult for the Department to be sued for negligence on the part of another agency in the supervision of inmate work crews.

R. SB 123 (Law). SB 123 authorizes a new sentencing policy for a defined group of nonviolent offenders convicted of drug possession. These offenders are required to participate in a mandated treatment program in lieu of incarceration or other penalties currently employed. Penalties are established for offenders failing to complete the mandated treatment program. DOC is required to certify treatment programs, which will be supervised through Community Corrections, and KSC is required to award funding to the programs DOC certifies. SB 123 contains a delayed implementation date of November 1, 2003.

The bill is projected to result in lower per capita costs than for incarceration in the future, and it is projected to delay the need for constructing a new correctional facility. The bill also results in the need for additional funding if its provisions are to go into effect. (The bill contains a provision that renders the act ineffective if no funding is provided for the nonprison sanction of certified drug abuse treatment and supervision programs.) DOC estimates it will need 3.0 FTE staff to certify drug treatment programs throughout the state. The estimated cost for the 3.0 FTE staff is \$178,000.

According to DOC, the average annual supervision cost per offender for Community Corrections is \$2,906. The total increased funding for the Community Corrections' net caseload increase of 843 offenders, expected under the bill's provisions in FY 2004 after adjusting for the delayed implementation date, is \$1,641,340 for the period from November 1, 2003 through June 30, 2004.

SB 123 also would require duties of the KSC. These duties and their expected costs are

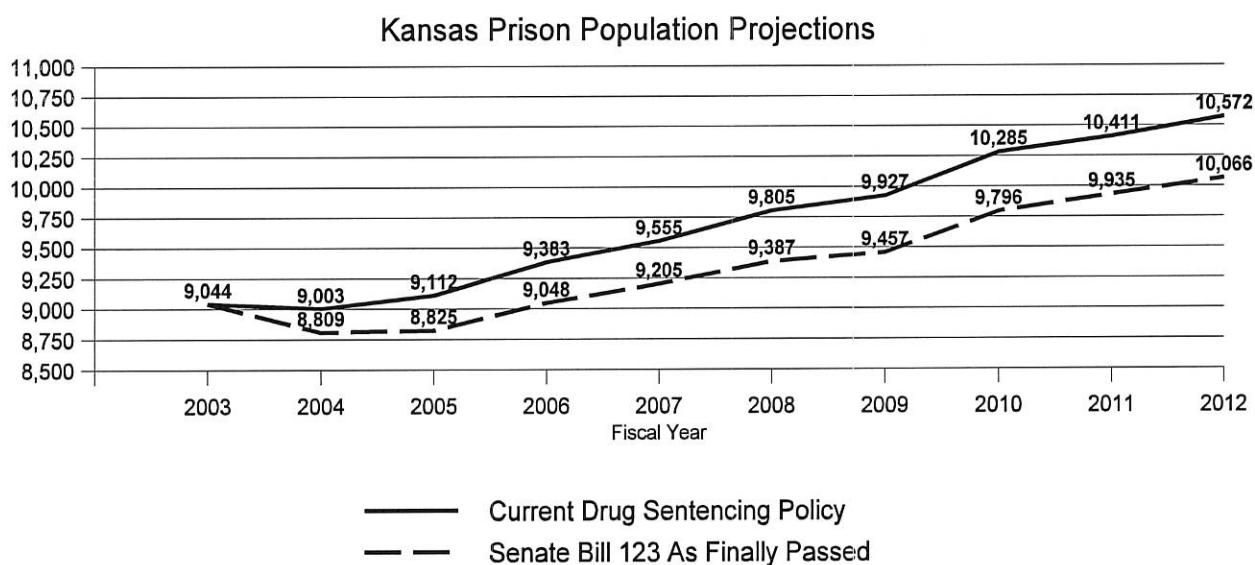
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discussed elsewhere in this document under the Kansas Sentencing Commission.

Bed Space Impact of SB 123. KSC and DOC estimate SB 123, as sent to the Governor, would save 194 beds in the first year of implementation (FY 2004), if the bill were to be effective at the beginning of the fiscal year. By FY 2013, the number of beds saved will be 517. Taking into account (a) the fact that the 194-bed savings will add up over the course of the year and (b) the delayed implementation date of November 1, 2003, DOC estimates marginal costs totaling approximately \$130,000 will be saved in FY 2004.

The following chart illustrates the effect of this projected bed space savings on the state's inmate population:



Source: Kansas Sentencing Commission

Once it is determined additional bed space is required, legislation and funding will be needed to commence construction on the new cell house(s). Earlier this Legislative session the Joint Committee on Corrections and Juvenile Justice Oversight introduced SB 10, which authorizes DOC to initiate and complete capital improvements for the construction of two additional cell houses at the El Dorado Correctional Facility, subject to appropriation. The bill was referred to the Senate Ways and Means Committee and has received no hearing as of yet. If SB 10 were passed and funds were appropriated for this construction, DOC estimates a total of approximately \$14.4 million in construction costs would be needed. The cell houses would have a capacity of 256 maximum-custody or 512 medium-custody inmates. Additional annual operating costs for the facilities are estimated to average \$20,200 per maximum-custody inmate or \$14,100 per medium-custody inmate.

(See Attachment A for a summary of the total FY 2004 fiscal impact of the bill.)

Recommendation:

The Public Safety Budget Committee concurs with the GBA's in Item A, B, C, D, E, G and H. The Budget Committee did not concur with the GBA in Item F. The Budget Committee further recommends supporting SB 123 and requests funding from SGF in the amount of \$6.4 million for the program in FY 2004.

Representative Light moved to adopt the Budget Committee recommendations. The motion was seconded by Representative Minor.

Representative Schwartz made a substitute motion to amend the Budget Committee report by striking the \$6.4 million SGF moneys in the Budget Committee report, adopt the GBA of \$1.3 and fund a pilot project with the \$1.3 million. The motion was seconded by Representative Osborne. With the permission of the second, the motion was withdrawn.

Representative Bethell made a substitute motion to not adopt the Budget Committee

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recommendation on GBA, No. 3 Item 27, to adopt the GBA as proposed with funding of \$1.3 million and to do that funding through the Kansas Technology Enterprise Corporation (KTEC) budget. The motion was seconded by Representative Nichols. Division was requested. The motion failed.

Representative Osborne made a substitute motion to adopt the GBA No. 3 Item 27, Page 13. in lieu of the Budget Committee report. The motion was seconded by Representative Gatewood. The motion carried by a vote of 10-7.

Representative Light made a motion to adopt the Budget Committee report as amended. The motion was seconded by Representative Schwartz. The motion carried.

Representative Minor moved to add a proviso to indicate that \$5.1 additional funding is needed to make SB 123 work. The motion was seconded by Representative Ballard. The motion carried.

Comments:

The Committee encouraged the Budget Committee to continue working with KDOC to get a Day Reporting Center established in the Kansas City area. The Budget Committee stated that because SB 123 is law, it was their recommendation to fully fund the bill. The Committee voiced concern of funding SB 123 with \$6.4 million, because of the states financial condition and felt it might be beneficial to fund a pilot program with the \$1.3 million in the GBA to find out if the program works before funding at the \$6.4 million level. Because the funding for SB 123 would come from Community Corrections, the Committee voiced concern that funding the bill at \$6.4 would pose an additional hardship on the local community. The Budget Committee stated that information is available that the program works if funded properly. It was noted that in the GBA No. 3, Item 27, it is stated that the Governor will find the extra funding above the \$1.3 million that is needed to implement the program. It was stated that the implementation of SB 123 is a way to give a one-year delay for the need of new prison facilities, not to necessarily produce a savings to the state. It was clarified that SB 123 states that if no funding is provided, then the legislation will not go into effect.

Ombudsman for Corrections

A. Determine whether sufficient funding exists to continue the agency's operation from any source(s) associated with the Kansas Department of Corrections (Senate Subcommittee). Although the Senate Subcommittee concurred with the Governor's recommendation to not fund the Ombudsman's budget from the State General Fund (SGF), the Subcommittee noted its belief in the Ombudsman's value as an objective evaluator of inmate complaints and claims and recommended the Legislature pursue other sources of funding. The Subcommittee therefore requested the Secretary of Corrections evaluate whether funding exists from any source(s) related to the Department of Corrections (DOC), including the Inmate Benefit Fund.

Because of the Governor's recommendation to eliminate the Ombudsman's budget, that agency's funding was actually considered at several different junctures during the Legislature's budget deliberations, in addition to being considered on its own by the Senate and House committees established for that purpose. Other recommendations were made to fund the budget – for example, by using newly generated SGF money from a net increase of 62 work release beds into the state's adult correctional system (from required room and board reimbursements). However, the Conference Committee for SB 6 (Mega budget bill) agreed to not fund the Ombudsman's budget. Amounts adding up to the total new work release money were committed to other agencies.

In response to the original request by the Senate Subcommittee, the Secretary of Corrections indicates no additional funding is available, given previous analyses and extant priorities for DOC as reported elsewhere in this document.

Recommendation:

The Public Safety Budget Committee concurs with the report and makes no further

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recommendation.

Real Estate Commission

A. Supplemental Request (House Budget Committee). The House Budget Committee recommended that the agency's FY 2003 supplemental request of \$29,500 for the purchase of an electronic data base system be considered in the Omnibus Bill. The supplemental request was funded by the Senate and the House concurred with the Senate in Conference Committee. The agency's FY 2003 expenditure limitation increased in SB 6 to provide funding for the supplemental request.

Recommendation:

The Agriculture and National Resources Budget Committee notes that this request will be taken care of in conference committee.

Securities Commissioner

A. Current Financial Status (Senate Subcommittee). The Senate Subcommittee recommended a review of the financial status of the Office of the Securities Commissioner during Omnibus to determine if the 5.9 percent reduction (\$128,461) might force the agency to layoff employees. The agency reported to the Senate Subcommittee in a letter dated April 11, 2003, that the agency would prefer a lesser cut than the 5.9 percent. The agency has indicated they would be able to manage the 5.9 percent reduction, however, the reduction may require the agency to layoff two employees.

Recommendation:

The Agriculture and National Resources Budget Committee makes no further recommendation.

State Corporation Commission (KCC)

A. Well Plugging Status (House Committee). The House Committee recommended the agency report back before Omnibus to update the House Budget Committee on the current status of well plugging activities. The agency reported to the House Budget Committee the procedures for processing/sale of salvage materials at State funded well plugging operations, the current number of wells being plugged, the bid process for awarding contracts to plug wells, and well plugging activities in the Chanute area. The agency then presented to the House Committee written testimony of those items presented to the House Budget Committee.

B. HB 2018 (Law). HB 2018 would create the Renewable Energy Electricity Generation Cooperative Act. In addition, the bill would authorize the Kansas Development Finance Authority (KDFA) to issue revenue bonds to finance the construction, upgrade, or acquisition of electric transmission lines. The bill would also impose duties on KCC related to interconnection agreements between electric utilities and generators of electricity from renewable resources. The KCC anticipates contracting with consultants to determine prudent fees for interconnection agreements. The anticipated cost for such consultants is \$25,000.

Recommendation:

The Agriculture and National Resources Budget Committee recommends increasing funding for the Kansas Corporation Commission by \$25,000 to cover the anticipated cost of consultants to determine prudent fees for interconnection agreements.

Representative Schwartz moved to adopt the recommendation of the Budget Committee. The motion was seconded by Representative Osborne. The motion carried.

Comments:

It was noted that there might be a request for extra staff by the State Corporation Commission, if there is an increase in the utility company financial problems. With

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reference to well plugging, legislation is now in place which requires a \$500 bond to be filed with the bid documents to cover the cost of plugging the well.

Department of Human Resources

A. Governor's Budget Amendment. Governor's Budget Amendment No. 1, Item 1, placed a moratorium on the one week waiting period in FY 2004. The GBA included \$13,906,097 for additional unemployment benefits and \$1,892,855 for administrative costs, for a total of \$15,798,952 from federal Reed Act funds. Due to concerns about constitutionality, the language pertaining to the moratorium was deleted from the appropriations bill by both the House and Senate Committees. The House Committee recommended the adoption of the funding portion of the GBA. The Senate Committee did not recommend the GBA and recommended the introduction of bills (SB 269 and SB 270) to provide for the moratorium language and to place the waiting period at the end of the unemployment benefits instead of the beginning. Also, the Senate Committee recommended reviewing the status of the GBA at Omnibus. In a floor amendment on SB 263, the Senate added the \$1,892,855 in administrative costs. In the Conference Committee, the House concurred with the Senate to delete the remaining \$13,906,097 of the GBA. The Senate Committee of the Whole amended HB 2332 to add the provisions extending unemployment benefits by two additional weeks at the end of the benefit period for a one-year period (provisions similar to the contents of SB 269). In the Conference Committee on HB 2332, the House concurred with the amendment. The Department of Human Resources anticipates a fiscal impact of additional unemployment benefits to be paid from Employment Security Benefit Fund to be \$9 million.

B. HB 2332 (Law). In addition to extending unemployment benefits by two weeks, HB 2332 also amends the Employment Security Law by doing away with the current requirement that a person's unemployment benefits have 50 percent of Social Security and Railroad Retirement Act benefits deducted from unemployment benefit payments. The Department of Human Resources indicates the fiscal impact to be that unemployment benefits from the Employment Security Trust Fund would increase by \$1.2 million.

Recommendation:

The General Government & Commerce Budget Committee recommends accepting the Governor's Budget Amendment No. 1, Item 1.

Representative Pottorff moved to adopt the Budget Committee report. The motion seconded by Representative Shriver. The motion carried.

Department of Administration

A. GBA No. 3, Item 5, Page 3 – Public Broadcasting Grants

B. KANS-A-N Long Distance Rates (House Budget Committee).

The House General Government and Human Resources Budget Committee indicated it wished to further consider the issue of KANS-A-N long distance rates. The Division of Information Services and Communications (DISC) of the Department of Administration had announced a per-minute increase for KANS-A-N long distance calls (from \$0.035 to \$0.055) and for KANS-A-N calling card calls (from \$0.055 to \$0.075) in FY 2004. This increase was included in the budget cost indices used by agencies at the time their budgets were submitted. Several state agencies, during the course of budget presentations, had expressed concern with the rate increase and the overall impact on their individual budgets. Subsequent to the Budget Committee's recommendation, the Secretary of Administration directed DISC to hold the increases at the FY 2003 rate for FY 2004. DISC estimates FY 2004 savings to agencies of approximately \$710,000, with approximately one-half of that amount (\$355,000) from the State General Fund.

Recommendation:

The General Government and Commerce Budget Committee concurs with the GBA No. 3, Item 5, Page 3.

Representative Pottorff moved to adopt the Budget Committee report. The motion was seconded by Representative Shriver. The motion carried.

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Legislative Division of Post Audit

A. SB 8 (Law). Senate Bill 8 was recommended by the Legislative Post Audit Committee. It would add language to the Legislative Post Audit Act (KSA 46-1106) to make the scope of the annual statewide financial-compliance audit and the scope of the biennial investment performance audit for the Pooled Money Investment Board identical, thus eliminating the separate biennial audit. The Board's practices are currently reviewed as part of two separate audits, with the investment performance audit contracted out by the Board and the financial-compliance audit performed under a contract with the Legislative Division of Post Audit. The audit is conducted by an outside accounting firm hired by the Legislative Division of Post Audit. According to the fiscal note by the Division of the Budget and testimony provided by the Board, enactment of SB 8 would save \$10,000 in special revenue funds every other year beginning in FY 2004.

Representative Pottorff moved to adopt the savings of \$10,000 from the enactment of SB 8. The motion was seconded by Representative Shriver. The motion carried.

Legislature

A. Veto: Information Technology Projects Proviso. Section 133 of SB 6 was line item vetoed in its entirety. The proviso restricted expenditures for technology hardware, software, and networks until the Director of the Budget certified to the Director of Accounts and Reports that an agency had complied with all statutory reporting requirements. In the veto message, the Governor indicated the reason for the veto was the duplication of existing budget instructions, an unduly burdensome certification process, and a possible loss of time and money.

B. Proviso (Technical Adjustments). A proviso in SB 6 requiring the Legislative Coordinating Council to approve the number of meeting days for any joint committee of the Legislature inadvertently omitted an exemption for the Joint Committee on State Building Construction which was intended to be included by the Conference Committee on SB 6.

Representative Pottorff moved to make a technical adjustment to the proviso per Item B and include an exemption for the Joint Committee on State Building Construction to the number of meeting days. The motion was seconded by Representative Feuerborn. The motion carried.

Board of Barbering

A. GBA No. 3, Item 8, Page 4 – Special Project Position.

Recommendation:

The General Government and Commerce Budget Committee concurs with GBA No. 3, Item 8, Page 4.

Representative Pottorff moved to adopt the Budget Committee report. The motion was seconded by Representative Howell. The motion carried.

Kansas Parole Board

A. GBA No. 3, Item 31, Page 14 – Change Parole Board Member Reduction Date.

Recommendation:

The Public Safety Budget Committee concurs with the GBA No. 3, Item 31, Page 14.

Representative Light moved to adopt the Budget Committee report. The motion was seconded by Representative Merrick. The motion carried.

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State Board of Regents

A. Salary Savings Proviso Review (House Budget Committee). The House Budget Committee recommended Omnibus review of a proviso adopted during the 2002 Legislative Session which prohibits the shifting of any salary savings in FY 2003 to other areas of expenditure. Subsequent to the Budget Committee's recommendation, the Conference Committee on SB 6 agreed to eliminate the proviso in question.

B. Allocation Of New Comprehensive Grant Funding (House Budget Committee). During budget review for the Board, the Budget Committee received testimony that in prior years increased funding for the Comprehensive Grant program has been allocated 57 percent to State Universities, 38 percent to private institutions and 5 percent to Washburn University. The Budget Committee recommended that the Board and representatives of the various sectors meet to review this allocation method and that the Board report to the Budget Committee on the allocations of new program monies by Omnibus. Subsequent to the Budget Committee's recommendation, the Board testified to the Senate Ways and Means Subcommittee that the current allocation formula would be retained for FY 2004.

C. Alternative Teacher Certification Program Expansion (House Budget Committee). The Budget Committee recommended Omnibus review of expansion of alternative teacher certification programs which help address the need for teachers by providing teacher training to people who have degrees in areas besides teaching. The Board of Regents has requested \$900,000 in FY 2004 to establish alternative teacher certification programs at Fort Hays State University (FHSU) and Emporia State University (ESU) and to expand the Pittsburg State University (PSU) program.

D. Technical Education Issues (House Budget Committee). The House Budget Committee directed the Board to study several issues relating the current technical education funding system and to report back to the Budget Committee on the progress of the analysis.

E. Community College Flexibility (Senate Subcommittee). The Senate Subcommittee recommended that the Trustees of the community colleges explore what the Legislature might do to give them additional flexibility in meeting budgetary challenges without reducing services or increasing the burden on local property tax payers and to report back to the Subcommittee by Omnibus.

F. HB 2009 (Law). HB 2009 increases registration fees for proprietary schools and general educational development (GED) credentials. The Board requests \$35,000 from the proprietary school fees and 0.5 FTE positions in FY 2004 to increase the oversight of proprietary schools as recommended in a recent Division of Post Audit analysis. The Board requests \$24,000 from GED fees for the provisions of GED-related services, primarily the certification of GED credentials.

G. Governor's Veto. The Governor vetoed a proviso included in SB 6 which would have required the Board to remove the funding of any department or division of any state university which expends funds for the purchase or display of any videos in an undergraduate human sexuality class which are legally obscene.

Recommendation: The Education Budget Committee took no further action.

State Universities Systemwide

A. Substitute for House Bill 2036 (Law). Sub. for HB 2036 includes a provision which requires that all bulk motor-vehicle fuels purchased by any state agency or individual purchases for use in state-owned motor vehicles be fuel blends containing at least 10 percent ethanol as long as the price is not more than 10 cents per gallon greater than regular fuel. In addition, the bill requires that when there are diesel fuel purchases for state-owned diesel powered vehicles and equipment, those purchases are to be a 2 percent or higher blend of bio-diesel. The University of Kansas (KU) indicates that compliance with this provision will cost an additional \$8,100 in FY 2004. Emporia State University (ESU) reported that the provision would result in an unidentified cost increase. The other State Universities did not submit a fiscal note on the provision but presumably would also face increased costs in the operation of their vehicles.

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Recommendation: The Education Budget Committee took no further action.

Wichita State University (WSU)

A. Aviation Research Initiative. (House Budget Committee). The House Budget Committee recommended that FY 2004 funding for aviation research at WSU be considered during Omnibus. Subsequent to the Budget Committee's recommendation, the Conference Committee on SB 6 agreed to provide \$1.0 million from the EDIF for the program.

Recommendation: The Education Budget Committee took no further action.

**Kansas State University Experimental Stations
and Agriculture Research Programs (KSU-ESARP)**

A. Sustainable Agriculture Research (House Budget Committee). During budget review the Budget Committee received testimony which questioned the level of resources committed by KSU-ESARP to sustainable agriculture initiatives. The Budget Committee also learned that KSU-ESARP is currently in the process of developing their five year research plan. The Budget Committee recommended that KSU-ESARP meet with those parties interested in sustainable agriculture and report back to the Budget Committee on the opportunities for inclusion of sustainable agriculture in future research activities and their five year plan by Omnibus.

Recommendation: The Education Budget Committee took no further action.

University of Kansas

- A. GBA No. 3, Item 3, Page 2 – Transfer from Construction Defects Recovery Fund
- B. GBA No. 3, Item 21, Page 10 – Bonding Authority for Hashinger Hall

Recommendation:

The Education Budget Committee concurs with the GBA No. 3, Item 3, Page 2 and the GBA No. 3, Item 21, Page 10.

Representative Shultz moved to adopt the Budget Committee report. The motion was seconded by Representative McLeland. Motion carried.

Comments:

The Committee noted that the proviso states the funds for the \$12.6 million in bonding authority for the University of Kansas renovation of Hashinger Hall will come from the SGF or any appropriate special revenue fund or funds. It was clarified that the project will be funded from housing fees. The inclusion of the SGF improves the marketability of the bonds.

University of Kansas Medical Center (KUMC)

- A. GBA No. 3, Other Issues, Page 17 – Children's Initiatives Fund

B. Medical Student Loan Program (House Budget Committee). The House Budget Committee recommended that consideration be given during Omnibus on FY 2004 funding for the Medical Student Loan Program. At the time of the Budget Committee's review, no funding was available for any new loans in FY 2004. Subsequent to the Budget Committee's recommendation, the Conference Committee on SB 6 agreed that sufficient loan repayment funds were available to support at least 20 new loans in FY 2004.

C. Pediatric Biomedical Research (House Budget Committee). The House Budget Committee recommended that consideration be given during Omnibus on FY 2004 funding for the

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Pediatric Biomedical Research program. The University had requested \$1.0 million from the CIF to continue state support for the program while the Governor recommended no state funding for the program. Subsequent to the Budget Committee's recommendation, the Conference Committee on SB 6 agreed to provide \$700,000 CIF for the program in FY 2004.

Recommendation:

The Education Budget Committee recommends that CIF funding for Pediatric Biomedical Research be reduced to \$500,000 as suggested by the Governor; that the released encumbrances be swept to the State General Fund (SGF) at the end of FY 2003; and that all funds transferred to the SGF from the CIF and the KEY fund in FY's 2002, 2003 and 2004 be repaid to those funds in four equal installments in FY's 2007 - 2010.

Representative Shultz moved to adopt the Budget Committee report. The motion was seconded by Representative Nichols. The motion carried.

Department of Education

- A. GBA No. 3, Item 19, Page 9 – School Finance Consensus Adjustments
- B. GBA No. 3, Item 20, Page 10 – KPERS School
- C. GBA No. 3, Other Issues, Page 17 – Renewal of Mill Levy

D. Revised School Finance Estimates and GBA No. 3, Item 19, Page 9. Staff from the State Department of Education, the Division of the Budget, and the Legislative Research Department met April 16, 2003, to reevaluate school finance estimates that had been made in November for FY 2003 and FY 2004. For the current year, actual information on enrollments and local resources caused the staff to revise the estimates by adding 1,399 weighted full-time equivalent (FTE) students and by increasing available local resources by about \$2,400,000.

The increase in local resources almost exactly offsets the amount of additional resources needed for general state aid in FY 2003 in order to fund the increased enrollment, falling short by only \$4,000. The amount of money available for supplemental general state aid is estimated to be \$427,000 more than necessary. Pursuant to the authorization contained in SB 6, which allows the State Department to reappropriate savings from one year to the next, the \$427,000 would be carried forward and be used to fund supplemental general state aid in FY 2004.

For FY 2004, the estimators again increased both the number of FTE students and local resources from the original estimate made in November 2002. This time, the increase in local resources is not considered to be enough to offset the increase in enrollments and it is estimated that a total of \$3,268,000 from the State General Fund would be needed in FY 2004 to fund BSAPP and supplemental general state aid at the allotment rate of \$3,863. Of the total, \$2,901,000 would be for general state aid and \$367,000 would be for supplemental general state aid. Failure to appropriate the additional amount for general state aid would result in a reduction of about \$5.01 per FTE student.

The table below summarizes revisions made to the school finance estimates. (Amounts are in thousands.)

	Approved FY 2003	Revised FY 2003	Difference FY 2003	Approved FY 2004	Revised FY 2004	Difference FY 2004
Gen. State Aid	\$ 1,792,480	\$ 1,792,484	\$ 4	\$ 1,777,788	\$ 1,780,689	\$ 2,901
Supp. State Aid	148,427	148,000	(427)	156,383*	156,750	367
TOTAL	\$ 1,940,907	\$ 1,940,484	\$ (423)	\$ 1,934,171	\$ 1,937,439	\$ 3,268

* Assumes the reappropriation of \$427,000 in savings from FY 2003.

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E. Revised Estimates for KPERS-School and GBA No. 3, Item 20, Page 10. The staff that met April 16 to consider school finance estimates did not change the estimate for KPERS-School in the current year. The amount available for FY 2003 is \$112,147,986 from the State General Fund and takes into account a reduction of \$4,600,000 due to the approved death and disability moratorium. The total is \$6,127,214 less than is estimated to fully fund the entitlement, but because of the state's revenue situation, that amount has been added to the appropriation for FY 2004 and will be paid after the end of the current fiscal year, plus \$72,461 as a late payment charge.

For FY 2004, the staff determined that, because the salary base is expected to be smaller than originally estimated, \$3,000,000 from the State General Fund that was appropriated in 2003 SB 6 for KPERS-School can be lapsed. Another \$15,400,000 will be lapsed from the appropriation due to the death and disability moratorium. Assuming these lapses, the KPERS-School appropriation would be \$120,540,758, which includes \$6,127,214 for the money that is part of the FY 2003 entitlement, plus \$72,461 for the late payment charge.

F. No Child Left Behind Waiver. The Conference Committee on SB 6 decided to defer to Omnibus Bill consideration the matter of requiring the State Department of Education to seek a waiver from the provisions of the No Child Left Behind Act. The requirement was contained in a House floor amendment to the State Department's budget and stipulated that no expenditures could be made in FY 2004 for agency operations unless the State Department makes a request to the U.S. Department of Education for a waiver.

G. Statutory Programs That Are Unfunded or Underfunded. The House Budget Committee that considered the budget of the State Department of Education recommended that, in the event additional revenues become available, consideration should be given in the Omnibus Bill to adding funding for statutory programs that are unfunded or underfunded. Statutory programs that are not fully funded in FY 2004 are the following:

- Mentor Teacher Program—Not funded. The State Department requests \$2,500,000 in FY 2004 to fund mentors of teachers in the three-year probationary period.
- Inservice Education Program—Not funded. The State Department requests \$7,500,000, which would fully fund the state's share of the program in FY 2004. Of that total, \$4,900,000 is part of the State Department's enhancement request.
- Governor's Teaching Excellence Awards—Funded at \$56,000. A total of \$150,000 is requested to fully reimburse school districts in FY 2004 for \$1,000 bonuses for teachers who attain National Board certification.
- Base State Aid Per Pupil—Funded at \$3,863 (this amount does not reflect the revised school finance estimates). In order to fully fund BSAPP at the statutory rate of \$3,890, an additional \$15,620,553 for general and supplemental general state aid is needed in FY 2004 in order to increase BSAPP by \$27 to the statutory rate.

H. USD 423 (Moundridge). The House Appropriations Committee recommended that issues relating to funding for USD 423 be considered in the Omnibus Bill. At the time of the recommendation, the school district was suing the State Board of Education because the State Board had disallowed state aid payments of approximately \$1.0 million for 360 students who were enrolled in the Mid-Kansas Independent Academy.

In early April, the State Board of Education and the board of education of USD 423 reached an agreement that ended the lawsuit which was pending in McPherson County District Court. The agreement specifies that the district's Academy will be closed and its charter revoked effective at the end of the current school year. Its current enrollment will be counted in determining the amount of state aid due to the district for this year. However, the district will not be allowed to include the Academy's enrollment in the preparation of its budget for any future school year.

I. SB 74 (Law). SB 74 requires the State Board of Education to develop curriculum, materials, and guidelines for personal literacy programs at all grade levels for use in public and accredited nonpublic schools. Implementation of the programs is optional at the local

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level. The State Department of Education estimates it will cost \$16,000 in FY 2004 to develop the materials and for printing and postage. In testimony before the House and Senate Education Committees, Jill Docking informed members that Financial Fitness Foundation, a 501(c)(3) organization, will pledge to raise \$15,000 in support of the program.

J. SB 83 (Law). SB 83 concerns schools and school district budgets. It implements recommendations of the School District Budget Task Force, including the consolidation of some funds and the abolition of others. It also authorizes school districts to carry forward unexpended balances in all funds except the general and the supplemental general funds instead of showing the money as being spent. Beginning on July 1, 2004, the bill requires that changes be made in forms for annual school district budgets, requires that a form for a summary of proposed school district budgets be developed, and mandates school district profiles based on the district's adopted budget.

The State Department will have to develop and rewrite computer programs to implement the changes and requirements imposed by the bill. The State Department's costs to implement the bill are estimated to be \$16,000 in FY 2004. It is the State Department's plan that school districts will access the forms on the Internet. Implementation costs to the districts of SB 83 are expected to be minimal.

Recommendation:

The Education Budget Committee concurs with the GBA in Item A, except did not take action on the savings of \$423,000 to be lapsed per the Governor's amendment, or reappropriated to FY 2004; (2) concurs with the GBA, Item B; (3) took no action on the GBA, Item C; and (4) took no further action on the other items in this report.

Representative Shultz moved to adopt the Budget Committee recommendations. The motion was seconded by Representative Huebert. The motion carried.

Representative Shultz moved to adopt a proviso to create an advisory committee which would be charged with advising the Department of Education on the implementation of SB 83. The advisory committee would receive no per diem compensation or expenses for travel and would consist of eight members as follows: one member each appointed by the speaker of the House, president of the Senate, House minority leader, Senate minority leader and four members appointed by the Governor. The motion was seconded by Representative Howell. The motion carried.

Representative Gatewood moved to adopt the Governors Budget Amendment to provide \$900,000 from the SGF to fund the Alternative Teacher Certification Program for Fort Hays State University, Emporia State University and Pittsburg State University. The motion was seconded by Representative Light.

Representative Light made a substitute motion to adopt the Governors Budget Amendment to provide \$900,000 for the Alternative Teacher Certification Program for Fort Hays State University, Emporia State University and Pittsburg State University and fund from the state university savings in the bonding KPERS liability in the Board of Regents budget. The motion was seconded by Representative Merrick. Division was requested. The motion carried.

Representative Newton moved to add a proviso to incorporate the elements of SB 22 to allow school districts to use Capital Outlay Fund moneys to pay for technology equipment, utilities and insurance for one fiscal year, beginning July 1, 2003. The motion was seconded by Representative Merrick. Division was requested. The motion carried.

Comments:

The Committee noted that by doing nothing with the GBA in Item A, the \$423,000 savings will not show up in this year's budget and will be reappropriated to FY

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2004.

The Committee voiced concern that there is a need for the Alternative Teacher Certification Program; however, felt it should be implemented with legislation to insure the same guidelines are used by all universities across the state.

It was noted that the difference between SB 22 and the proviso concerning the use of Capital Outlay Funds, is that the proviso is for a one-year period.

Attorney General

A. Attorney General Veto. The Governor vetoed Section 29(d) of SB 6 which would have given the Attorney General flexibility to transfer money in FY 2004 from State General Fund agency operating accounts to water litigation accounts or from one water litigation account to the other. The Legislature added the provision to give the Attorney General flexibility to fund Colorado and Nebraska water litigation and made the policy permanent by enacting substantive legislation (HB 2456). Because HB 2456 has been signed by the Governor, the provision in SB 6 is unnecessary.

Recommendation:

The General Government and Commerce Budget Committee took no further action.

Board of Veterinary Examiners

A. Review expenditure levels (House Budget Committee). The Governor's recommendation included operating reductions of \$15,000 in FY 2004 and \$65,000 in FY 2005 resulting from the agency's initial revenue projections. Following the hearing on the agency's budget, the agency provided revised revenue projections to the House Budget Committee. The agency estimates revenue to be \$37,200 higher for FY 2004 and FY 2005 than originally anticipated. Due to the Budget Committee receiving the information after the hearing, the Budget Committee recommended that this item be deferred to Omnibus consideration.

The agency lowered revenue projections for FY 2004 and FY 2005 in response to discussion at the national level to shift licensure exam applications from the state to national level. The agency reported that the national testing organization met in January 2003, and officials with the national organization confirmed that discussion on moving the applications to a national system appear to be dead. As a result of this meeting, the agency submitted a revised revenue estimate to the Legislature and requested an increase in operating expenditures from the Governor's recommendation. The following table shows the agency's revenue and expenditure levels based on the revised request.

Fee Fund Analysis: Agency Revised Estimate

Resource Estimate	Actual FY 2002	Agency Estimate FY 2003	Agency Request FY 2004	Agency Request FY 2005
Beginning Balance	\$ 373,277	\$ 277,736	\$ 181,631	\$ 114,608
Net Receipts	193,101	180,324	187,200	202,199
Total Funds Available	\$ 566,378	\$ 458,060	\$ 368,831	\$ 316,807
Less: Expenditures	288,642	276,429	254,223	279,047
Ending Balance	\$ 277,736	\$ 181,631	\$ 114,608	\$ 37,760
Ending Balance as Percentage of Expend.	96.2%	65.7%	45.1%	13.5%

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Recommendation:

The Agriculture and National Resources Budget Committee recommends increasing the FY 2004 and 2005 budgets by \$37,200 each because of revised revenue projections.

Representative Schwartz moved to adopt the Budget Committee recommendation. The motion was seconded by Representative Osborne. The motion carried.

Kansas Commission on Veterans' Affairs

A. Kansas Soldiers' Home staffing levels (House Budget Committee and Senate Subcommittee). The Committees heard testimony regarding the staffing levels at the Kansas Soldiers' Home. For FY 2004, the shrinkage rate at the Home is at 21.5 percent. For FY 2003, the shrinkage rate is set at 18.6 percent, with 25 FTE positions currently being held vacant. This results in 20 beds being left unfilled. The agency reported to the Senate Subcommittee that for FY 2004 a shrinkage rate of 12.5 percent would be adequate to fill all of the vacant beds. For FY 2004, \$442,108 would be required to meet this rate. (Note: In SB 6, the Legislature added \$440,000 to the Kansas Soldiers' Home directing that the funding be used for salaries and wages for direct care personnel for Halsey Hall at the Kansas Soldiers' Home).

Recommendation:

The General Government and Commerce Budget Committee took no further action.

Kansas Department of Agriculture

A. Information Technology Support (House Budget Committee). The Committee heard testimony that the Kansas Department of Agriculture (KDA) provides information technology support and staffing for the Kansas Water Office (KWO) and the State Conservation Commission (SCC). During FY 2000, \$20,100 from the State General Fund and \$6,700 from the SCC's Land Reclamation Fee Fund were added to KDA's budget for this service. The KDA included the elimination of this support in a reduced resources package for FY 2004 citing that the KWO and the SCC have not provided the KDA with continued funding for service. Some disagreement regarding the funding for this service exists between the three agencies. The Committee recommended that the three agencies work with the Division of the Budget to resolve the issue and to report on the progress or resolution of this issue during Omnibus. A no limit information technology fund was created for the KDA in Senate Bill 6 in the event that it is determined that a transfer from the KWO and the SCC to the KDA is necessary to maintain the IT support. According to a letter from the Division of the Budget to the Chair of the Agriculture and Natural Resources Budget Committee dated April 15, 2003, the issue has been resolved.

Recommendation:

The Agriculture and National Resources Budget Committee made no further recommendations.

Kansas Animal Health Department

A. Update on status of HB 2443 (House Budget Committee). The Committee recommended the introduction of HB 2443 which would require all dogs, cats, and ferrets in the state to be vaccinated for rabies and a two dollar surcharge be assessed for the vaccination. The revenue from the surcharge would be used to support the agency's animal facilities inspection program. The bill was introduced and referred to the House Appropriations Committee. A hearing has not been held on the bill.

B. Review Payment of Humane Society Relinquishment Fee (Senate Subcommittee). The Subcommittee noted that the agency request included an

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enhancement package of \$5,000 to pay a relinquishment fee to humane societies for animals in state custody which are surrendered to the societies. Once the animal is surrendered, the humane society bears the cost of veterinary treatment, housing, and food. Most humane societies charge a \$7 to \$10 fee to accept an animal from the general public. The pounds and shelters have not charged this fee to the agency, but several have asked the agency to consider providing compensation.

C. Review Funding for Kennel Inspector Positions (Senate Subcommittee). The Subcommittee noted that the agency is currently holding one animal facility inspector position open to meet funding reductions in the agency. Funding of \$34,246 (\$13,305 SGF) would be needed to fund this position. In addition, the agency requested funding of \$66,124 SGF and 2.0 FTE for additional animal facility inspectors. According to the agency, inspectors in the program are already working overtime to handle the workload. The agency does not have enough funding to pay overtime, so inspectors currently use their overtime hours as compensatory time. This allows them to take additional time off creating a further backlog of inspections and other work. In addition, when the agency is required to make an animal seizure, inspectors from across the state are sometimes required to help with the seizure, taking them from their regular work duties and requiring them to work additional overtime hours.

Recommendation:

The Agriculture and Natural Resources Budget Committee recommends an interim study to look at alternate ways to fund the agency.

State Conservation Commission

A. Information Technology Support (House Budget Committee). The Committee heard testimony that the Department of Agriculture (KDA) provides information technology support and staffing for the Kansas Water Office (KWO) and the State Conservation Commission (SCC). During FY 2000, \$20,100 from the State General Fund and \$6,700 from the SCC's Land Reclamation Fee Fund were added to KDA's budget for this service. The KDA included the elimination of this support in a reduced resources package for FY 2004 citing that the KWO and the SCC have not provided the KDA with continued funding for service. Some disagreement regarding the funding for this service exists between the three agencies. The Committee recommended that the three agencies work with the Division of the Budget to resolve the issue and to report on the progress or resolution of this issue during Omnibus. A no limit information technology fund was created for the KDA in Senate Bill 6 in the event that it is determined that a transfer from the KWO and the SCC to the KDA is necessary to maintain the IT support. According to a letter from the Division of the Budget to the Chair of the Agriculture and Natural Resources Budget Committee dated April 15, 2003, the issue has been resolved.

Recommendation:

The Agriculture and Natural Resources Budget Committee took no further action.

Kansas Water Office

A. Authority for Internal Transfer of Funds (Veto). The Governor vetoed the proviso granting the Kansas Water Office the authority to shift funds between line-item appropriations of the State Water Plan Fund (SWPF) with the approval of the Kansas Water Authority. Other state agencies, including other agencies with multiple line-item appropriations of the SWPF, have this authority with approval by the Director of the Budget. The Governor states that this proviso departs from the authority granted to other agencies and grants authority to make budgetary decisions entirely to the Kansas Water Authority. The Governor requests that the Legislature restore the original language placing the approval of the transfer with the Director of the Budget.

B. Information Technology Support (House Budget Committee). The Committee heard testimony that the Department of Agriculture (KDA) provides information technology

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support and staffing for the Kansas Water Office (KWO) and the State Conservation Commission (SCC). During FY 2000, \$20,100 from the State General Fund and \$6,700 from the SCC's Land Reclamation Fee Fund were added to KDA's budget for this service. The KDA included the elimination of this support in a reduced resources package for FY 2004 citing that the KWO and the SCC have not provided the KDA with continued funding for service. Some disagreement regarding the funding for this service exists between the three agencies. The Committee recommended that the three agencies work with the Division of the Budget to resolve the issue and to report on the progress or resolution of this issue during Omnibus. A no limit information technology fund was created for the KDA in Senate Bill 6 in the event that it is determined that a transfer from the KWO and the SCC to the KDA is necessary to maintain the IT support. According to a letter from the Division of the Budget to the Chair of the Agriculture and Natural Resources Budget Committee dated April 15, 2003, the issue has been resolved.

Recommendation:

The Agriculture and National Resources Budget Committee recommends following the Governor's request to restore the authority to shift funds between line-item appropriations of the State Water Plan Fund (SWPF) to the Director of the Budget.

Representative Schwartz moved to adopt the Budget Committee recommendation. The motion was seconded by Representative Gatewood. The motion carried.

State Board of Healing Arts

A. Information Technology Projects (Senate Subcommittee and GBA No. 3, Item 10, Page 5 – Upgrade Computer System). The Senate Subcommittee noted the Board's efforts to upgrade its computer system and recommended a review of the upgrade plan prior to Omnibus. The Board outlined its need for computer upgrade and cost estimates in a proposal submitted to the Division of the Budget requesting a Governor's Budget Amendment for an increase in the Board's expenditure limitation for FY 2004 by \$300,000 and for FY 2005 by \$250,000. The Board is not requesting a supplemental for the current year expenditure limitation.

The cost estimates for the upgrade, the Board states, includes on-line renewals for all practitioners, making all forms available on-line, complaint tracking system, investigation and case management system, an expanded practitioner database, and an electronic document management system to support public access, paperless meetings and records preservation. The Board states that its current computer system was installed in 1990. The Board also states that it is in the process of developing an IT project plan and is seeking approval by the Executive Chief Information Technology Officer prior to Omnibus.

B. SB 225 (Law). Senate Bill 225 changes the level of credentialing for physical therapists from registration to licensure. For FY 2004, the Board estimates that the implementation of the bill would increase its operating expenditures by \$5,150. The Board would continue to use its current fee schedule for physical therapists and does not expect to see an increase in its fee revenue from the issuance of licenses or temporary permits associated with the passage of SB 225. The Board states that the increased expenditures would require an increase in its expenditure limitation for FY 2004.

Recommendation:

The Education Budget Committee concurs with the GBA increasing the Board's expenditure limitation by \$300,000 for Information Technology projects in FY 2004 and \$250,000 in FY 2005. The Budget Committee recommends a provision be added to this limitation increase: "The Board is allowed to spend from the above expenditure limitation for items related to its information technology projects".

Representative Shultz moved to adopt the Budget Committee recommendation. The motion was seconded by Representative Huebert. The motion carried.

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Kansas Dental Board

A. Move-related expenses (Senate Subcommittee). The Senate Subcommittee recommended a review of the Board's FY 2004 budget prior to Omnibus to look at any necessary adjustments related to move costs. The Board estimates one time costs associated with the move to the Landon State Office Building of \$10,372. In addition, the Board notes an 11.1 percent increase (\$1,675) in annual operating expenses associated with the move to the state building, including increased rent, DISC and e-mail fees.

Representative Pottorff, Chair of the General Government and Commerce Budget Committee, moved to increase the Kansas Dental Board's FY 2003 budget by \$10,372 to cover the cost of moving the agency to the Landon State Office Building. The motion was seconded by Representative Shriver. The motion carried.

Kansas Guardianship Program

A. Review of FY 2004 Funding (Senate Subcommittee). The Senate Subcommittee recommended a review of the agency's FY 2004 funding level at Omnibus. The Subcommittee recommended an addition of \$30,000 from the State General Fund be considered for addition at Omnibus to bring the funding to a level that the agency believes will ensure the program's integrity.

Recommendation:
The General Government and Commerce Budget Committee did not recommend the addition of \$30,000 from the SGF that the Senate Subcommittee had requested to be considered at Omnibus.

State Hospitals—Department of Social and Rehabilitation Services (SRS)

A. Federal Funding (House Budget Committee). The Social Services Budget Committee recommended a review of the federal funding for the state hospitals, including Disproportionate Share (DSH) and Title XIX, prior to Omnibus. The Department of Social and Rehabilitation Services stated that the amount of federal funds available to the state hospitals is declining. The primary reasons cited for the decline were declining Disproportionate Share Funding and Adverse Medicaid Findings by the Centers for Medicare and Medicaid Services (CMS). The following chart shows a summary of the actual and budgeted sources and uses of federal funds for FY 2002, FY 2003, and FY 2004.

Title XIX Medicaid	FY 2002	FY 2003 GBR	FY 2004 GBR
Balance Forward from Previous Year	\$ 23,242,552	\$ 11,129,376	\$ 3,430,149
Collections from Medicaid Fee for Service	25,845,761	34,337,023	26,375,413
Collections from Disproportionate Share	18,429,320	15,300,265	14,948,104
Collections/(Pay Back) from Audit Settlements	6,597,633	(6,268,032)	0
Expenditures for Hospital Services and Operations, Physician Malpractice, and Consultants	(62,985,890)	(51,068,483)	(44,360,825)
Balance	<u>\$ 11,129,376</u>	<u>\$ 3,430,149</u>	<u>\$ 392,841</u>

The agency states that over the next two budget years, Title XIX revenue is projected to meet budgeted expectations while citing two concerns that may have a negative impact on these projections.

Disproportionate Share for Hospitals. The agency cited developments in this

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program that allows qualified hospitals, including the state mental health hospitals, to collect additional federal Medicaid funding if the hospital serves a much higher than usual percentage of indigent persons for whom it receives no other reimbursement. In 2000, Congress limited the amount of each state's DSH allotment that is allowed to be transferred to state mental health institutions. In 2003, Congress passed another law that allowed for increased access to DSH, but kept the limitation on the transfer to the state mental health hospitals. SRS noted that it has studied the federal rules and sought input from independent consultants to maximize the amount of DSH that can be transferred. The agency further noted that "not only can no additional DSH funds be accessed, but the amount of DSH funds is likely to decline even further in FY 2005 as we experience the full effect of the new federal rules."

Adverse CMS Findings. SRS had noted in its testimony to the committees that the Centers for Medicare and Medicaid Services (CMS) had deferred a \$11.2 million Medicaid claim for the state mental health hospitals. SRS noted that it has "responded to the deferral with the necessary information to validate the claim." The agency further noted that if CMS persisted in their position and denied the claim, the agency plans to appeal their denial, while noting that federal rules allow would allow the state to keep federal funds while the appeal is being processed. If the appeal is not successful, SRS noted that there will be "a significant shortfall in Title XIX funds in FY 2004, and SRS may be required to pay interest to CMS."

B. Education Services for Children and Adolescents (House Budget Committee). The Social Services Budget Committee recommended a review of education services provided for children and adolescents within the state hospitals' setting, prior to Omnibus. SRS noted that two state laws govern how children in the state hospitals are provided education services:

- KSA 72-970 requires every state institution to provide special education and related services for "exceptional" children in state institutions. These services must meet the standards and criteria set by the State Board of Education. State institutions, the department noted, may contract with local school districts or other appropriate agencies to provide education services. The requirements apply, the agency noted, to "nearly all children under 22 years of age served by the three state mental health and two developmental disability institutions".
- KSA 72-8223, the agency noted, further requires SRS to pay the local school district for children in state hospitals whose education is provided by a local school district. The tuition that SRS is charged is based on the individual district's operating costs minus any categorical aid the district receives from the Board of Education.

The laws, SRS also noted, mean that the state hospitals may contract with either local or inter-local school districts to provide education services. The districts apply for and receive categorical aid for the education that are provided to the children in the state hospitals. This negotiated cost minus what the districts receive in categorical aid is paid out of the state hospitals' appropriations.

C. Teacher Salary. The Department of Education estimates an average statewide salary increase for teachers of 2.0 percent. The Governor's recommendation and legislative action to date for FY 2004 includes teacher salary increase within the education contracts. The education contracts in the FY 2004 budgets show teacher salary adjustments at the following percentages: 0.0 percent change from FY 2003 for Parsons State Hospital and Training Center and 4.0 percent increase for Larned State Hospital in teacher salary. The numbers for Larned State Hospital have been adjusted to reflect the decrease in FTE positions from FY 2003 to FY 2004 due to the change in the educational contract created by the opening of the new Larned Juvenile Correctional Facility. The Kansas Neurological Institute and Rainbow Mental Health Facility also have education contracts, but due to the nature of the contracts, adjustments are not necessary. The following table illustrates the adjustment necessary to provide uniform salary increases across the institutions.

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<u>Percent Increase</u>	<u>Parsons State Hospital and Training Center</u>	<u>Larned State Hospital*</u>	<u>Total</u>
0.5%	\$ 1,725	\$ 4,230	\$ 5,955
1.0%	3,450	8,460	11,910
1.5%	5,175	12,690	17,865
2.0%	6,899	16,920	23,819
2.5%	8,624	21,150	29,774
3.0%	10,349	25,380	35,729
3.5%	12,074	29,610	41,684
4.0%	13,799	33,840	47,639

* The estimates for Larned State Hospital include the percentage amounts in addition to the budgeted increase.

D. Categorical Aid. For FY 2003, the budget school contracts for the institutions include categorical aid based on a rate of \$19,000 for Parsons State Hospital and Training Center, and \$19,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. In addition, as part of a reduced resources package submitted to and approved by the 2002 Legislature, Kansas Neurological Institute (KNI) no longer has expenditures for Special Education. An agreement was made with USD 609 that the school district would continue to provide education programs for the students who live at KNI in exchange for the use of classrooms in the Wheatland Building for the education programs the district provides to other Shawnee County school districts. The current FY 2003 categorical aid rate per eligible teaching unit is estimated to be at \$19,485. If this rate is maintained, the school contracts for FY 2003 at the institutions would need adjustments. The table below identifies the State General Fund adjustment required.

<u>Institution</u>	<u>FY 2003 Change</u>
Parsons State Hospital and Training Center	\$ 2,756
Larned State Hospital	1,370
TOTAL	\$ 4,126

For FY 2004, the categorical aid rate was budgeted at \$19,000 for Parsons State Hospital and Training Center, and \$19,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Kansas Neurological Institute and Rainbow Mental Health Facility is not necessary. The current FY 2004 categorical aid rate is estimated to be at \$19,150. The table below identifies the State General Fund adjustments required.

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Institution	FY 2004 Change
Parsons State Hospital and Training Center	\$ 871
Larned State Hospital	7
TOTAL	\$ 878

Recommendation:

The Social Services Budget Committee recommends that the FY 2004 teacher salary at the state hospitals in Item C be adjusted to the percentage set in SB 6 for state employees, 1.5 percent for 23 pay periods. Parsons State Hospital and Training Center did not budget for an increase; the amount required for Parsons is \$4,577. The amount to fund the increase at Larned State Hospital is \$11,225. Larned State Hospital had budgeted for a 4.0 percent increase; this amount is reduced by 2.5 percent to 1.5 percent. The amount reduced from Larned State Hospital's budget increase is \$22,615 in SGF monies. The Parsons State Hospital increase is to be paid from this reduction. The Budget Committee further recommends funding the FY 2003 and FY 2004 categorical aid adjustments for the state hospitals. The FY 2003 adjustment for Parsons State Hospital and Training Center is \$2,756 and the adjustment amount for Larned State Hospital is \$1,370, for a total adjustment of \$4,126. The FY 2004 adjustment for Parsons State Hospital and Training Center is \$871 and the adjustment amount for Larned State Hospital is \$425, for a total adjustment of \$1,296 in SGF monies. The committee recommends that the Department of Social and Rehabilitation Services absorb the \$5,422 adjustment.

Representative Bethell moved to adopt the Budget Committee report. The motion was seconded by Representative Landwehr. The motion carried.

State Treasurer

A. Review of FY 2004 Funding (House Budget and Senate Subcommittee). The budget committees recommended a review of the agency's financing. The Governor did not recommend any State General Fund support for the agency and instead recommended an amount equal to the agency's SGF request to be funded from the Unclaimed Property Expense Fund. The House concurred with the Governor's recommendation, while the Senate recommended an alternative funding proposal through the creation of cash management and voucher processing fees. The Conference Committee removed the budget from SB 6, for consideration at Omnibus.

Fee Source(s)	Governor's Rec.	House Rec.	Senate Rec.
Unclaimed Property Claims Fee	\$ 1,475,545	\$ 1,475,545	\$ 0
Cash Management Fees:			
1) Banking Services	0	0	340,000
2) Non-payroll warrants/ direct deposits	0	0	973,000
Voucher Processing Fees	0	0	180,000
TOTAL	\$ 1,475,545	\$ 1,475,545	\$ 1,493,000 *

* The amounts for the fees are set at aggregate amounts.

Recommendation:

The General Government and Commerce Budget Committee recommends the financing that was recommended by the Senate in the Appropriation bill. The Budget Committee makes adjustments to the Senate proposal:

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1. Remove the \$340,000 for banking services (charge on exact transaction amounts);
2. Provide start-up moneys through a \$200-\$250,000 SGF appropriation; this amount could be lapsed back to the SGF at the end of the year. The Treasurer's office estimated savings of \$222,300 through agency adjustments;
3. Recommend an increase from \$973,000 to \$979,303 to set the fee estimated at \$.284;
4. Set the amount for total monies received by the State Treasurer's Office through the fee funds at \$1,475,545;
5. Recommend a reappropriation of the Reed Act Funds for the Department of Human Resources to accommodate costs associated with these fees, estimated at \$451,000.

Representative Pottorff moved to adopt the Budget Committee report. The motion was seconded by Representative Howell. The motion carried.

Department of Social and Rehabilitation Services (SRS)

- A. GBA No. 3, Item 13, Page 6 - Additional Title IV-B Federal Grant
- B. GBA No. 3, Item 14, Page 6 - Additional Pharmaceutical Savings
- C. GBA No. 3, Item 15, Page 7 - Institutional Residents
- D. GBA No. 3, Item 16, Page 7 - Medicaid Caseloads
- E. **Review \$10 fee for child abuse and neglect reports to not-for-profit organizations (Senate Committee).** The Senate Committee expressed concern that SRS has decided to initiate a fee of \$10 for providing a child abuse and neglect report to a not-for-profit organization seeking that information as part of a screening process for adult volunteers. This fee is estimated to raise over \$400,000. The Senate Committee directed SRS to consider the consequences of such a fee and to report back to the full committee at Omnibus as to other options available.

The agency indicates that the fee increase has not affected the number of requests for registry checks, and does not believe the fee is placing children at risk.

F. Review funding of the University of Kansas Graduate Medical Education Program (Senate Committee) (House Committee). The Graduate Medical Education Program is funded through funds from Medicare and Medicaid, patient care revenue and state primary care support. Medicare funding is reduced for the program by \$1.9 million federal funds as part of the Balance Budget Act of 1997. The Department of Social and Rehabilitation Services further reduced funding for the program in January of 2003 by \$1.5 million SGF, which in turn reduced Medicaid funding by \$2.2 million federal funds. Options to address the cut include closing residency programs, reducing residency spots, cutting faculty positions, limiting Medicaid and uninsured patients. The Committees requested that the agency seek alternatives and report back at Omnibus.

The agency is currently working with stakeholders to develop a methodology to match the Medical School's SGF with federal dollars through certified match. The agency indicates that it will be able to replace the reduction without additional state dollars.

G. Review the implementation of provider taxes (Senate Committee) (House recommended bill introduction). The state of Missouri has implemented provider taxes, but run up against problems with the federal government based on the way the tax was structured. The Missouri tax holds nursing homes and hospitals harmless on the provider tax - they are reimbursed the amount of tax they are paid. Federal law does not allow the

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states to temporarily collect taxes. However, if the state modifies its tax to eliminate the guarantee that hospitals and nursing homes get back the taxed amount, that may bring them into compliance. More information will be available from the Center for Medicare and Medicaid Services at a later date.

Provider taxes are limited by four basic requirements:

1. The provider tax must be broad-based; the tax must apply to providers in the same permissible class of items and services.
2. The state must uniformly impose the provider tax rate for all services and items in the class.
3. The provider tax cannot be applied to a class of items and services that receives more than 50 percent of its revenues from Medicaid or 80 percent combined from Medicaid, Medicare, and other federal programs.
4. The provider tax must not include direct or indirect hold harmless provisions guaranteeing repayment of tax to provider is Medicaid rates or other payments.

HB 2470, which has been introduced in the house but has not yet been assigned to a committee, proposes a provider assessment for nursing facilities.

H. Review the exclusion of Children's Mercy Hospital from the pool of hospitals eligible to receive disproportionate share reimbursements (Senate Committee) (House Committee). The Committees recommended that the agency review its disproportionate share policy for all hospitals, including those out of state hospitals that serve Kansans, and report back at Omnibus.

The agency indicates that it is developing a revised payments system to stay with in budget but reduce the impact of the limited budget on large hospitals, including Children's Mercy Hospital. The revised system could result in a restoration of \$318,000 all funds for Children's Mercy Hospital, which received \$1.45 million all funds in FY 2002. The restoration of disproportionate share payments to out of state hospitals has an estimated cost of \$600,000 SGF.

I. Review of the issue of locating a source of administrative funding for the Kansas Children's Cabinet (Senate Committee). The Committee requested that the agency and the Cabinet work together to find funding sources, while maximizing federal match dollars available to the cabinet for administrative expenditures.

The agency indicates that using Smart Start Kansas funds as match for the Community-Based Family Resource and Support (CBFRS) Grant would free up funds for administrative expenses. The agency and the Children's Cabinet continue to explore financing options.

J. Review the status of child protection needs and services (Senate Committee). The Committee expressed concern that fiscal circumstances may compromise the ability of the agency to address critical child protection needs. In response to these concerns the agency has assured the Committee that SRS has reallocated resources to make certain child protection services are not compromised. As a result of this reallocation the agency's ability to keep children safe will not be adversely impacted according to the agency. The Committee directed the agency to strategically monitor the child protection assets and resources of the agency and community based resources and provide the committee with further testimony at Omnibus to fully document the status of child protection needs and services.

The agency indicates that reports of abuse and neglect have remained relatively stable over the past three years, workloads for case workers have decreased, as has the number of children in foster care.

K. Review the Policy Options Discussion Guide presented by the agency

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(Senate Committee). The Committee recommended Omnibus review of the Policy Options Discussion Guide presented by the Secretary of SRS, which sets forth additional budget reductions and their impacts. (See hand-out.)

L. Review more cost effective options for purchasing durable medical equipment (House Committee). The Committee requested the agency pursue more cost effective purchasing alternatives for durable medical equipment and report back to the committee at Omnibus. Current purchasing requirements, (*i.e.*, from a medical supplier) can be more expensive than allowing the consumer to purchase similar items from local discount stores.

Medicaid regulations require that durable medical equipment (DME) only Medicaid DME providers can fill DME prescriptions and they must bill Medicaid directly. The number of approved providers for a given geographic area is limited, reducing competition. This results in higher retail prices for DME. The agency is working to reduce the reimbursement on items with a set price, like adult diapers. Other items are reimbursed at manufacturers suggested retail price minus 15 percent, or wholesale price plus 35 percent.

M. Review isolating adoption services from foster care services (House Committee). The Committee requested the agency report back at Omnibus on the concept of isolating adoption services with adoption providers and shifting all placement responsibility with the foster care contractors to expedite adoption placement, which currently has a delay of six months or more. In addition, the shift in services would eliminate disruption of changing placements, service providers, etc. In order to address concerns regarding conflict of interest, a statewide system of case management would be implemented.

The agency indicates that it has begun preparing to re-bid child welfare contracts and will evaluate this concept as it gathers information and analyzes data prior to re-bidding the contracts.

N. Review capping Home and Community Based Services (HCBS) waiver payments (House Committee). The Committee requested the agency review capping HCBS waiver payments, to insure that waiver services are the most cost effective type of care for that client, as recommended in the August 2002 Post Audit Report "Medicaid Cost Containment: Controlling Costs of Long-Term Care. The report indicates that the agency spent \$9.0 million more on waiver services than they would have if the same persons had received institutional services.

Currently, the state of Kansas establishes cost effectiveness for the Home and Community Based Services (HCBS) waivers as compared to nursing facilities by showing, that in the aggregate, waiver services are less expensive - an average of \$1,300 monthly per person as opposed to \$2,300 monthly per person in a nursing facility. Federal regulations would allow for capping the HCBS waiver rate, but at the nursing facility rate. Doing so would, in effect, force those whose waiver plan of care exceeded the average nursing facility rate into institutions. This would violate the Olmstead decision's principle that persons with disabilities should receive services in the least restrictive setting appropriate to their needs.

O. Review increasing Pre-Admission Screening and Resident Review (PASARR) Scores for the HCBS Physical Disability Waiver (House Committee). The Committee recommended Omnibus review of increasing PASARR scores for the Physical Disabilities waiver from 26 to 32 and grandfathering in the increased score. This would result in a savings of \$457,278 SGF and \$1.2 million all funds. There are currently 636 persons receiving services and 165 persons on the waiting list with a PASARR score of 31 or lower.

The current PASARR score for waiver eligibility is 26. As of March 7, 2003, 3,884 persons were receiving Physically Disabled (PD) waiver services, with 836 persons on the waiting list for services. If the score were increase from 26 to 32, 165 would be removed from the waiting list and 636 people would be grandfathered – they would continue to receive services even though their PASARR score falls below 32. The agency estimates savings of \$457,278 SGF (\$1,162,080 all funds), depending on the number of persons leaving the waiver in FY 2004.

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P. Review policy change to eliminate the separation of spousal income for waiver edibility assessment (House Committee). The Committee recommended the agency review the policy of separating spousal income for waiver eligibility assessment and report back at Omnibus. Currently, based on federal regulations, a spouse's income is not counted in assessing Medicaid eligibility for waiver services. The Budget Committee requests that the agency explore options for assessing fees on a sliding fee scale based on the income of both spouses for those services.

Because nursing facility income rules are applied to the HCBS waivers, only the consumer's income is counted for eligibility. In addition, the division of assets law allows the HCBS consumer to provide a portion of his or her income (to a maximum level) which exempts it from eligibility calculations. The agency indicates that this method is less expensive to the state by allowing the consumer spouse to access less expensive services. State data indicates that only 15 cases or 0.2 percent involve spouses with income greater than \$50,000 a year, and only one spouse had income in the \$100,000 range.

Q. Review combing all of the HCBS Waivers into one waiver (House Committee). The Committee recommended that Aging and SRS review combining all of the waivers into one waiver program and report back at Omnibus. The single waiver would provide the following three services:

- Training, to assist consumers in performing tasks independently;
- Personal Assistance Services (PAS), to provide services for people who cannot perform tasks due to their level of disability;
- Assistive Services, which would include durable medical equipment and other devices to allow consumers to perform tasks more independently.

The single waiver program would include review for Plans of Care by a neutral third party to assure that all efforts to utilize local natural support have been made, training options are used whenever possible, and every effort is being made to increase consumer independence.

The agencies indicate that implementing a single waiver would be difficult given that different assessment tools are used to determine eligibility for the waivers, that federal requirements regarding cost effectiveness for waivers would become more complex to address with one waiver and many types of institutional services, and the specialized staff training needed to deal with each population.

R. Maximize TANF Match (House Committee). The Committee recommended review of child care funding methodologies to maximize TANF match opportunities and report back prior to Omnibus.

The agency indicates that all TANF match for child care match has been maximized.

S. Review DD Waiver Eligibility (House Committee). The Committee recommends Omnibus review of the eligibility criteria for the HCBS/DD waiver.

T. Maximize Federal funds for Job Training Programs (House Committee). The Committee recommended that SRS work with all state agencies involved in providing and administering job training programs to maximize federal funding for those programs.

U. Review Child Support Enforcement program (House Committee). The Committee recommended Omnibus review of the Child Support Enforcement program in regards to the effect of open positions on enforcement and the role of court trustees in addressing those challenges.

V. Interest on Child Support Payments (House Committee). The Committee requested that the agency review models of charging interest on back child support payments and their effectiveness in motivating prompt support payments, with a report at Omnibus.

The agency indicates that federal law authorizes late fees of 3.0 to 6.0 percent, which can

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only be collected after all child support is paid in full. Late fees are considered program income, therefore 66.0 percent would be remitted to the federal government under federal law. Implementation of late fees would require enabling legislation as well as the Child Support Enforcement automated system would need to be modified to address the late fees.

W. Review Services for High Needs Foster Children (House Committee). The Committee requested that the agency work with foster care providers to look at options, recommendations and ideas for providing services for high needs foster children to increase the probability and speed of returning these children to their families.

X. Review Funeral Assistance Program (House Committee). The Committee recommended Omnibus review of funding for the Funeral Assistance program. The Budget Committee notes that the program was moved to the Department of Health and Environment in FY 2003, but not funded in either budget in FY 2004. The burden of burying indigent Kansans the falls to the counties. Clarification of this responsibility is addressed in SB 244 which was passed by the Senate and referred to House Appropriations.

Y. Review Liens on Medicaid Recipients Homes (House Committee). The Committee requested that the agency report back at Omnibus on implementing legislation to allow the agency to place a lien on a Medicaid recipient's home after they have been in a nursing facility for one year or when they begin receiving HCBS waiver services. Typically, persons entering a nursing facility indicate that their plan is to return home, and often do so after several months of treatment. In addition, the Budget Committee requests that the agency explore the possibility of requiring reverse mortgages on property for persons in nursing facilities to assist in paying for their care.

SB 272, which was passed by the Senate Committee of the Whole and introduced in the House, includes lien provisions.

Z. Review Policies to Address "Hiding" of Assets (House Committee). The Committee requested the agency report back at Omnibus on implementing legislation to prevent the hiding of assets to achieve Medicaid spend-down in the following areas:

- a waiver to increase the number of years of "look-back" from three to five;
- amending the definition of estate to include jointly owned property;
- limiting property agreements that specify a percentage of ownership;
- preventing discretionary trusts that do not pay necessary medical expenses;
- limits on prepaid agreements between family members to provide basic services.

SB 272, which was passed by the Senate Committee of the Whole and introduced in the House, addresses the definition of estate, limiting of property agreements, preventing discretionary trusts and limiting prepaid agreements.

AA. HB 2125 (Conference). The bill provides for a pilot project to expire on July 1, 2005, to be established in one rural and one urban judicial district in which the court may not exclude foster parents, and up to two people designated by the child's parents, in Child In Need of Care (CINC) proceedings. Of the two people allowed to attend who are designated by the parent, both must have participated in an approved parent advocate program. The program would cost \$7,000 SGF.

Recommendation: The Social Services Budget Committee recommends the acceptance of the GBA's A, B, C & D. The Budget Committee notes that SRS is continuing to review a number of the policies as requested by the Budget Committee and bring this information back to the Budget Committee. Because a number of these items take considerable time, they will be brought back during the 2004 Legislative Session for possible action when the Budget Committee reviews the SRS budget at that time. These include Items F, H, L, M, N, O, P, R, S, T, W, X, Y, Z.

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The Budget Committee recommends adding a proviso which states that no further SRS offices will be closed, beyond the twenty-two that have been designated, until the program has been reviewed and the total effect of the program has been determined.

Representative Landwehr moved to adopt the Budget Committee report concurring with the GBA's A, B, C & D and add a proviso stating "Provided that no expenditures shall be made from the state operations account for local SRS office closures with the exceptions of Cottonwood Falls, Ashland, Clay Center, Burlington, Coldwater, Ellsworth, Ulysses, Cimarron, Tribune, Mankato, Lakin, Dighton, Lincoln, Beloit, Seneca, Ness City, Minneapolis, Belleville, Johnson City, Alma, Washington and Yates Center; Provided further that the 2004 Legislature shall review the closure process and additional closure recommendation". The motion was seconded by Representative Bethell. The motion carried.

Comments:

The Budget Committee explained that the twenty-two offices would still close; however, this would become a program to see what is needed in the communities and give SRS time to evaluate the program. SRS could also implement the "800" number to be used by consumers in those areas.

The Committee voiced concern about the closures and stated that it is not their intention, with the proviso, to stop the planning by SRS to close offices in additional communities, but allow enough time to make sure that services are available to the consumer and information is easily available to the consumer as to how to access these services; to determine that the "800" number works and allow SRS time to continue reviewing the procedure. The Committee noted their concern that the public be kept fully informed as SRS proceeds with the closures or additional closures and consolidations. The Committee requested that SRS report back to the Committee on any problems or concerns that might be encountered with the closures as the program is advanced. The Committee also stated that there has been little opposition to the closures in the rural areas of the state, noting that it is easier for many to have an SRS representative visit them in their home as opposed to traveling to one of the SRS offices. There was concern voiced that the proviso might slow down the progress of further restructuring of SRS to put the caseworkers in the areas where the service can be most accessible to the consumer.

Janet Schalansky, Secretary of Social and Rehabilitation Services (SRS), commented that one of the concerns of the communities is the economical impact in the rental of space or buildings that would be vacated by SRS. Secretary Schalansky indicated that SRS is working to cooperate with the local community to reduce this impact and voiced some concern that the proviso might prevent them from moving ahead when it would be helpful to the community. The Committee voiced concern that even though they felt the SRS office closures will be a positive for the local communities, it was the consensus of the Committee that SRS should proceed with caution to reduce the impact on clients and community.

Department on Aging

A. GBA No. 3, Item 17, Page 8 - Nursing Transfer Correction

B. Review the difference between self-directed and agency directed reimbursement rates for the HCBS Frail Elderly waiver (House Committee). The Committee expressed concern with the Frail Elderly Waiver reimbursement rate disparity between self-directed and agency directed services. The Committee noted that the disparity between these rates is even greater in the Department of Aging budget than it is in the SRS budget.

C. Review case management services for the HCBS/FE, DD, and PD waivers (House Committee). As a matter of public policy, the Committee would like to review the provision of case management service for FE, DD, and PD waivers with state agencies (SRS, DOA) and providers (Centers for Independent Living, Area Agencies on Aging, Community Developmental Disability Organizations, etc.). The Committee recommended that the review of case management include

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discussion of the development of a regional peer review system for quality assurance purposes among these providers, along with more global talks about how the quality of case management services can be improved statewide.

SRS and the Department on Aging are currently reviewing all case management services that are reimbursed by Medicaid, looking for any duplication of services. SRS and Aging continue to work with stakeholders to improve the current system and review new ideas regarding how to best assure the health and welfare of Kansans with disabilities.

D. Increase Pool for Healthcare (House Committee). The Committee recommended that Aging and SRS review increasing the pool for healthcare and report back before Omnibus. There are two options to do this. The first option would increase the number eligible to get a medical card, by allowing consumers to pay premiums for the card. The second option would be to allow consumers of state services and as well as other providers (not for profit organizations like Community Developmental Disability Organizations (CDDO) are already allowed to participate) to become part of the state health care system. The working poor who currently cannot afford insurance for themselves or their families often end up utilizing expensive emergency room services for lack of other options.

If the pool cannot be increased in the current fiscal year, the Budget Committee recommends interim review of the topic.

E. Review combining all of the HCBS waivers into one waiver (House Committee). The Committee recommended that Aging and SRS review combining all of the waivers into one waiver program and report back before Omnibus. The single waiver would provide the following three services:

- Training, to assist consumers in performing tasks independently;
- Personal Assistance Services (PAS), to provide services for people who cannot perform tasks due to their level of disability; and
- Assistive Services, which would include durable medical equipment and other devices to allow consumers to perform tasks more independently.

The single waiver program would include review for Plans of Care by a neutral third party to assure that all efforts to utilize local natural support have been made, training options are used whenever possible, and every effort is being made to increase consumer independence

The agency indicates that implementing a single waiver would be difficult given that different assessment tools are used to determine eligibility for the waivers, that federal requirements regarding cost effectiveness for waivers would become more complex to address with one waiver and many types of institutional services, and the specialized staff training needed to deal with each population.

F. Review policies that allow dollars to follow clients from institutions to community services (House Committee). The Committee recommended Aging and SRS review and report back at Omnibus on establishing regulations that allow dollars to follow clients as they move from institutions to community-based services and guarantee excess dollars from those clients remain in the waiver program.

SRS and the Department on Aging have requested a Governor's Budget Amendment for an appropriations bill proviso which will move money from the nursing facility budgets to the Home and Community Based Services waiver budgets. Both agencies stand ready to work with stakeholders to finalize the necessary details to ensure that funds follow people to community-based services when they leave nursing facilities.

G. Review shifting Adult Protective Services from SRS to Aging (House Committee). The Committee recommended that Aging and SRS review shifting Adult Protective Services from SRS to Aging and report back at Omnibus.

The agency indicates that more time is necessary to review the proposed shift.

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H. Review transfer of the nursing facility regulations function from the Department of Health and Environment to the Department on Aging (House Committee) (Senate Committee).

The Committees noted the Governor's recommendation to transfer the nursing facility regulation function from the Department of Health and Environment to the Department on Aging and that the two agencies have formed a transition team to work on the details and logistics of the transfer. The Committee requested a report from this transition team prior to Omnibus in order to more clearly understand the policy implications and budgetary effects of the move before making a final decision. The Committee suggested that any FTE positions involved in the transfer be designated as unclassified positions so that adjustments to staffing levels may be made in the future if necessary.

In addition, the Committee noted the funding differential in the Governor's recommendation concerning this transfer (see table below) and requests that information on the funding be included in the transition team's report.

	<u>SGF</u>	<u>All Funds</u>
Removed from DHE	\$ 568,750	\$ 6,069,202
Added to Dept. On Aging	\$ 1,197,965	\$ 6,848,288

The agency indicates that a short range plan is in place with a long range plan under development to identify future goals, compositions, and review criteria of the nursing home licensure unit once it is fully integrated in to the Department on Aging.

I. Review increasing the PASARR score for the HCBS/FE waiver (House Committee).

The Committee recommended Omnibus review of raising the PASARR (Pre Admission Screening and Resident Review) from 26 to 40 for FY 2004 for the frail elderly waiver and grand fathering those currently below 40 currently on services in. The estimated savings is \$1.8 million State General Fund. The Committee recommends that the additional funds go back into the FE waiver to address waiting lists.

In addition, the Committee recommended that the agency report back prior to Omnibus regarding the possibility of receiving a waiver from the federal government allowing the agency to use a lower PASARR score for the HCBS/FE waiver than for Nursing Facilities.

The agency indicates that if the score is raised to 40 and current customers with scores between 26 and 39 are grand fathered, there will be no cost-savings to the state in FY 2004 due to the size of the current waiting list. As of April 11, 2003, there were 1,257 individuals on the HCBS/FE waiting list of which 298 has a score of less than 40.

Recommendation:

The Social Services Budget Committee reported that the GBA No. 3, Item 17 was adopted in the Department of Health and Environment section of the "Omnibus Items for Consideration" and no further action is necessary.

Comments:

In response to concerns voiced by the Committee on the self-directed and provider directed service rates paid the Department on Aging, Doug Farmer, Department of Aging, provided a letter addressing the Committee's concerns (Attachment 21).

Board of Nursing

A. Nurse Recruitment Initiative (House Committee). The Committee wished to review the agency's proposed nurse recruitment initiative and any potential conflicts of interest that might be present. The agency was requested to present possible remedies concerning the conflict of interest. The Committee wished to review the initiative and the associated funding.

The agency indicated that they did not believe the campaign would be a conflict of interest because the campaign is not directed to a particular program or type of program. According to the agency: "All Kansas programs no matter what level would benefit from the campaign to interest

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grade and high school students and displaced workers or homemakers to the profession. It is a wise strategy to protect the public. It is the purpose of the board to protect the public and how better to protect the public then by leading the efforts to get more nurses to provide care.” The agency cited the following statute:

K.S.A. 74-1106 c.) (4) states "The board SHALL promote improved means of nursing education and standards of nursing care through institutes, conferences, and other means." This statute gives the board of nursing the authority to promote nursing education and other standards of nursing care which would include promoting nursing as a profession.

B. Inactive Nurse Survey (House Committee). The Committee requested that the Board survey all inactive nurses in Kansas as to why they left the profession and wished to review the results at Omnibus.

The Board indicated that surveys were mailed to ten percent of inactive nurses who were selected at random. The Board indicated that approximately 42 percent of the surveys were returned to them due to a lack of a current address. Of the 1,694 surveys which were delivered 383 were returned with at least of portion of the questions answered. This equates to an approximately 22 percent return rate.

Question	RN Responses	LPN Responses
Reason your license is lapsed or inactive?	28- Family 20- Jobs outside nursing 152- Licensed in other state 20- Were a LPN, now RN 11- Retired 19- Health Reasons 19- Working Conditions 52- Other, Misc.	12- Family 10- Jobs outside nursing 26- Licensed in other state 28- Were a LPN, now RN 2- Retired 12- Health Reasons 8- Working Conditions 17- Other, Misc.

C. Long Range Plan and Resources (House Committee). The Committee requested that the agency look at the long range plan and resources available for a nurse shortage issue and if there will be federal funds available to address the shortage.

The Board indicated that it is currently searching for funds to continue the campaign after it is initially started. The Nurse Reinvestment Act (Federal) was signed into law in August 2002. The Act amends Title VIII of the Public Health Service Act: Nursing Workforce Development (the primary authorization of existing Federal nursing programs) and authorizes new programs to increase the number of qualified nurses and the quality of nursing services in the U.S. Funding to implement the new programs was appropriated by Congress in February 2003. There are several new grants that should be made available to states and the Board is planning to apply for grant money to continue the campaign. If the campaign is successful, there will be the need to then look at increasing school capacity and increase the associated clinical sites that may also require funding.

D. Proposal to Resolve Open Cases (Senate Committee). The Committee requested that the agency submit a proposal to resolve open cases and specify what a reasonable length of time to do this is. The Committee also requested information regarding the number of cases that are being forwarded to the Attorney General’s Office.

Information provided by the agency indicates that 65.5 percent of cases are less than six months old and only 0.5 percent of cases have been open for greater than 36 months. The agency also noted that there was a Legislative Post Audit in FY 2000. The outcome of this post audit was a set of procedures and the goal that the majority of cases would be closed within six months and the remainder within nine months. The agency included a history of the investigative positions and noted that part of the backlog was due to some periods of not being fully staffed in this area for a variety of reasons. One case is currently referred to the Assistant Attorney General for review.

E. Impaired Provider Program (Senate Committee). The Committee requested information regarding the success of the program, the number of participants, the results of the program, and the number of repeat offenders. In addition, the Committee requested that the agency

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address the issues presented in the Kansas Nurse Assistance Program (KNAP) report.

<u>Fiscal Year</u>	<u>Number of Participants</u>	<u>Percent that were Successful</u>	<u>Percent that were Unsuccessful</u>	<u>Total Cost</u>
2000	201	34%	66%	\$ 99,466
2001	214	48%	52%	\$ 99,466
2002	235	37%	63%	\$ 101,953

Recommendation:

The Agriculture and Natural Resources Budget Committee has received information as requested from the Board of Nursing on the nurses recruitment and inactive nurses in Kansas to address the nurses shortage. The Budget Committee will continue to review these issues during the next legislative session. The Budget Committee has no further recommendation at this time.

Behavioral Sciences Regulatory Board

A. Capital Outlay Restoration (Conference Committee). The agency requested restoration of \$5,000 (special revenue fund) in FY 2004 and \$7,200 (special revenue fund) in FY 2005 for capital outlay. The House deferred consideration to Omnibus while the Senate recommended the addition of the funds. The Conference Committee recommendation was to defer these items to Omnibus.

The capital outlay was requested by the agency in an ongoing effort to upgrade their computer equipment. The Governor's recommendation reduced capital outlay expenditures by \$5,000 and \$7,200 in FY 2004 and FY 2005 respectively. The Governor's recommendation indicated that the levels were high due to enhanced funding in prior fiscal years.

Recommendation:

The Education Budget Committee took no further action.

Board of Tax Appeals

A. Contract with Norton Correctional Facility for Microfilming (House and Senate Committees). The Committee wished to review the current contract that the Board of Tax Appeals has with the Norton Correctional Facility for microfilming its records.

The agency has indicated that at least since 1988, the microfilming services of Kansas Correctional Industries in Norton, Kansas have been utilized. At this time, the Regular Division files through calendar year 1996 have been microfilmed. The last billing the agency received from Kansas Correctional Industries indicated a cost for 45 boxes of \$26,543.45, which calculates to \$0.04 per item (page) microfilmed. In prior testimony, the agency indicated that the total cost to microfilm 1997 files would be \$11,000. However, that the estimate was only for the tax exemption and tax grievance files that have already been boxed and are ready to be sent to microfilming. The estimate did not include the other types of appeals and applications handled by the Board such as equalization and payment under protest appeals, which typically have more documents to be microfilmed. Therefore, the total cost for 1997, 1998 and 1999 is estimated to be \$115,100 (\$35,400 + \$35,400 + \$44,300).

The agency has checked their records and cannot locate a contract with Correctional Industries for the microfilming service. Additionally, it could not locate any procurement contracts through the Department of Administration's Division of Purchasing for these services. Apparently, a decision was made by the Board several years ago to use the microfilming services of Correctional Industries and the Board has continued to do so. The agency has been in contact with the Kansas Department of Revenue concerning their microfilming service and will be meeting with representatives from Revenue within the next week. At this time, the agency does not have any information concerning their charges for microfilming service.

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B. Impact of SB 115 and HB 2147 (House and Senate Committees and GBA No. 3, Other Issues, Page 16 – Board Members and Filing Fees). SB 115 and HB 2147 would reduce the number of Board of Tax Appeals members from five to three. The budget includes the savings associated with the reduction. The Committees wished to review the progress that the bills have made and any budget implications non-passage of the bill would have.

SB 115, currently in House Taxation, and HB 2147 also currently in House Taxation, would reduce the number of Board of Tax Appeals members from five to three. The assumption that the budget was built on is that this action would occur in January 2003. Because of this the Governor's budget reduced the agency's salaries and wages request by \$100,000 in FY 2003 and \$229,486 in FY 2004. The stated fiscal impact of this bill as originally proposed was \$56,710 in FY 2003 and \$230,130 in FY 2004.

The agency has indicated that if the legislation removing the two board members does not become effective before the end of FY 2003, the board will require an additional \$70,000 (SGF). In addition, the board will need \$229,486 (SGF) if it is not enacted for FY 2004.

C. Filing Fees (Senate Committee). The Committee wished to review the progress of legislation to allow the agency to assess filing fees. In addition the Committee wished to review any potential fiscal impact on the agency that would result from not passing the legislation.

SB 115 was amended by the House Appropriations Committee to allow the agency to assess filing fees as approved by the Joint Committee on Administrative Rules and Regulations. The legislation is currently in the House Taxation Committee. If the legislation does not pass, the agency would not have the authority to assess the filing fees. The revenue from the filing fees is expected to generate \$300,000 in FY 2004. The agency's FY 2004 budget was built with the expectation that the agency would be able to generate this revenue.

D. Rent Increases in the Docking Building (House and Senate Committees). The Committees wanted to review the issue of rent increases at the Docking State Office Building and the fiscal impact it had on the agency.

The agency indicated that their rent cost in FY 2003 was \$174,338 for 16,926 square feet and \$211,140 for 18,685 square feet in FY 2004. The Department of Administration has indicated that there was a methodology change regarding how the public areas such as hallways and lobbies are accounted for in determining rental rates. As a result, the agency's square footage increased in FY 2003. Rental rates, however, were reduced from the \$14.99 per square foot originally approved for FY 2003 to \$10.30 per square foot. This resulted in essentially no fiscal impact for the agencies located in the building. Subsequent to the change in methodology, the Department of Administration learned that some original square footage measurements were inaccurate. The inaccurate measurements were corrected in calculating the FY 2004 rent cost. For this agency an additional 1,759 in square footage was added. In addition, there was a \$1 per square foot increase in all rents in the Docking State Office Building from FY 2003 to FY 2004. As a result the agency's rent assessment increased by \$36,802. Of the increase \$16,926 (46.0 percent) is attributable solely to the \$1 per square foot increase and the remaining \$19,876 (54.0 percent) is attributable to the adjusted square footage.

Recommendation:

The Tax, Judicial, Transportation & Retirement Budget Committee recommends a review of the procedure and services used for microfilming of reports during the next legislative session. The Budget Committee makes a strong recommendation that SB 115 be passed. In addition, the Budget Committee suggests that the House Taxation Committee look at the possibility of increasing the recommended fees in SB 115 so that an additional \$36,802 could be raised to pay for an increase in rent. The Budget Committee recommends increasing the filing fee limitation by \$36,802 with a proviso that the agency may only expend money collected in excess of the original \$300,000, up to \$36,802, and that money may only be paid for the additional rent charges for the Board of Tax Appeals.

Representative McCreary moved to adopt the Budget Committee report. The motion was seconded by Representative Campbell. The motion carried.

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Comments:

The Committee noted that because the FY 2003 and FY 2004 Board of Tax Appeals budgets reflect the savings associated with the reduction in the number of Board of Tax Appeals members as specified in SB 115, if SB 115 is not passed, funding will not be available to fund the extra positions.

Judicial Council

A. Review Additional Funding Requirements (House Committee). The Committee wished to review the agency's additional funding request. In order to accomplish this, the Committee requested that the agency submit a five-year financing plan that reviews the agency's projected Publications revenue.

In response, the agency submitted the following information. This information was developed prior to passage of SB 36. This bill would allow the agency to receive approximately \$250,000 from court docket fees.

FY	Current Budget	Additional Publication Expense	Total Budget	Publication Revenue	\$ from Publication Balance	\$ from SGF
2004	\$ 309,106	\$ 0	\$ 309,106	\$ 103,950	\$ 145,156	\$ 60,000
2005	315,288	35,000	350,288	144,029	0	206,259
2006	324,746	14,000	338,746	157,150	0	181,596
2007	334,488	14,280	348,768	154,813	0	193,955
2008	341,178	51,708	392,886	198,019	0	194,867

B. Need for \$60,000 in SGF (Senate Committee). The Committee noted that the agency would have a \$60,000 revenue shortfall in FY 2004 and wished to review this issue at Conference or Omnibus. The Conference Committee added \$60,000 (SGF) in place of \$60,000 (fee fund). The Governor line item vetoed the \$60,000 (SGF) that was added in SB 6 on April 21, 2003. The Governor's veto message stated: "SB 6 appropriates \$60,000 from the State General Fund for FY 2004 for operating expenditures of the Council. However, SB 36, which has been signed into law, will raise \$230,000 of new revenue from docket fee increases. Therefore, the State General Fund appropriation is not needed."

C. SB 36 (Law). SB 36 raises docket fees by \$1 for a two-year period to help fund the operations of the Judicial Council. The moneys are to be deposited in a newly created Judicial Fund. The bill directs 1.33 percent of court docket fees to the Judicial Council. This is estimated to be \$250,331 (fee funds). The bill clarifies the Judicial Council as an independent agency within the Judicial Branch of state government. Membership of the Council is altered slightly to allow the Chairperson of the House Judiciary Committee to either serve on the Council or select a designee. In addition, the bill adds new members to the Council: the Ranking Minority Member of the Senate Judiciary Committee, Chair of the House Corrections and Juvenile Justice Committee, Ranking Minority Member of House Corrections and Juvenile Justice Committee. In addition the bill allows money from the Publications Fee Fund to be used for operating expenditures. This has been done by proviso in the past.

Recommendation:

The Tax, Judicial, Transportation & Retirement Budget Committee, in response to the passage of SB 36, increases the Judicial Council expenditure limitation by \$25,000 in the fee funds, from \$309,106 to \$334,106. In addition, the Budget Committee appropriates \$250,000 from the newly created Judicial Council fund and reduces the amount to come from the publications fee fund to \$84,106.

Representative McCreary moved to adopt the Budget Committee report. The motion was seconded by Representative Klein. The motion carried.

Comments:

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In response to a question from the Committee, the Budget Committee noted that they are allowing the agency to spend \$25,000 more than the Governor's recommendation. There is no SGF money supporting this budget, only fee moneys. The Budget Committee also noted that they are allowing the Judicial Council to increase their meetings per year from 31 to 45 with the additional \$25,000. The number of meetings had been reduced in the past several years. This increase in the number of meetings allows the Council to study additional requests, many of which come from the Legislature or the courts, and are beneficial to the State.

Schools for the Blind and Deaf

A. Advantages/ Disadvantages of School Financing Formula (Senate Committee). The Committee requests that the Schools and the Department of Education discuss the advantages and disadvantages of the Schools being placed within the formula.

The Department of Education and the Kansas State School for the Blind (KSSB) and the Kansas State School for the Deaf (KSSD) indicated there are several reasons why these two schools would not fit well under the current school finance formula. The school finance formula was designed for public schools which consist primarily of students that are not exceptional. The costs for students at KSSD and KSSB are considerably higher than the average cost in the public schools. In addition the agencies noted the following issues with placing the Schools within the school financing formula:

- The KSSD and the KSSB are not part of a school district with taxing authority based on the assessed valuation of property. These schools, therefore, have no authority for a local option budget within the district.
- The general state aid the schools would receive would be a small percentage of the general fund appropriation that is currently made available to the KSSB and the KSSD.
- The base state aid per pupil of \$3,863 is inadequate even with pupil weightings as provided in the school finance formula to meet the needs of the pupils enrolled at the two schools. If the two schools were made a part of the school finance formula, it would still require a substantial appropriation from the state general fund.
- The KSSB and the KSSD are residential schools and their costs are considerably higher than in a public school since all children attending these schools have an individual education plan (IEP).

B. Review of Funding for Schools for the Blind and Deaf (Conference Committee). The Senate Committee recommended adding \$219,318 (SGF) to the School for the Blind and adding \$362,735(SGF) to the School for the Deaf. The House recommended deferring the items to Omnibus. Both the Senate Committee and the House Committee noted that the manner in which the Schools for the Blind and Deaf were treated was inconsistent with how the rest of education was treated. The Conference Committee agreed to defer the item until Omnibus.

C. Additional Medicaid Funding for Schools for the Blind and Deaf (House Committee). The Committee appointed a Special Subcommittee on Medicaid Funding for the Schools for the Blind and Deaf to review if the schools were leveraging all potential Medicaid funding. The Subcommittee has met; however, there have been no recommendations made at this time.

D. KAN-ED Utilization (House Committee). The Committee requested that the Schools report back on the possibility of utilizing the KAN-ED program to maximize the effectiveness of their outreach programs.

The agency indicated that the School for the Blind is currently a member of KAN-ED and the School for the Deaf is currently in the application process. The Schools indicated that the KAN-ED program does provide opportunities for implementing distance learning as part of the School's outreach programs.

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E. Difference in Cost per Pupil between the Schools for the Blind and Deaf (House Committee). The Committee requested that the Schools report back concerning the differences in the per pupil cost at the respective schools.

The Schools indicated that there were two reasons that there was a difference in the per pupil costs: the School for the Deaf serves twice as many students on campus during the regular school year and the School for the Blind delivers much of its curriculum in very small groups or one-on-one instruction using expensive, specialized technology and Braille materials.

Recommendation:

The Education Budget Committee took no further action; however, made note that HB 2463 could still have an impact on special education funding to public school districts.

Insurance Department

A. Review Details of Moving SHICK Program to Department of Aging (House Committee). The Committee wished to review the details of the move of the Senior Health Counseling of Kansas (SHICK) Program to the Department of Aging and any anticipated impact on the agency's budget.

The agency has indicated that effective March 1, 2003, the SHICK Program was transferred from the Insurance Department to the Department on Aging at the Governor's request. Through March, 2003, SHICK expenditures totaled \$242,746.69. The Insurance Department, via an interfund transfer, gave \$47,000 of unspent SHICK funds back to the Department on Aging. There was no transfer of personnel or full-time equivalent positions (FTE) in this transaction. The Insurance Department gave up square footage in the Wichita Office Building as a result of this program transfer.

B. Review of Rate Increases and "Loan" Repayment (House Committee and Senate Committee). The Committee requested review of the amount that the insurance companies rates may have to be increased in FY 2005 if the "loans" from the Insurance Department's Special Revenue Funds are not repaid. The Senate Committee recommended that the transfers be considered a loan to be repaid in the future. The House Committee requested information regarding the amount that insurance companies rates would have to be increased in FY 2005 if the transfers were not repaid.

Based on estimated fund obligations, the Insurance Department will likely levy an assessment against insurance companies in FY 2004. This would not have been the case were it not for the transfers out of the Workers Compensation Fund into the State General Fund of \$7.0 million in FY 2002, \$4.0 million in FY 2003, and another \$75,000 anticipated.

The agency indicated that prior to the sweep of the Workers Compensation Fund, the balances were such that the Insurance Department may not have needed to assess companies for at least 3-5 years down the road. Based on current circumstances, an assessment in FY 2004 is possible and almost certain for FY 2005 and beyond.

Insurance companies, self-insureds, and pools that write workers' compensation premiums are assessed. The amount that each must pay depends on the paid losses of that company in the previous calendar year. The Insurance Department works with the Workers Compensation Division of the Department of Human Resources to gather paid loss information. Both agencies use the same base to determine the assessment rate.

The Insurance Department was unable to provide information on the rate that would need to be assessed. The agency is conducting an actuarial review of the Workers Compensation Fund to determine the fund's liabilities in subsequent fiscal years and should have that information soon.

The agency also noted that circumstances will require a larger assessment of insurance companies for the Regulation Fee Fund since the Department has been unable to keep the 1.0 percent of premium tax receipts as provided for by statute.

Recommendation:

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The General Government and Commerce Budget Committee recommends no further action. The Budget Committee does state that they feel the sweep of the worker's compensation funding from SGF of \$4 million in FY 2003, should be considered a loan and be repaid at a future date.

Secretary of State

A. GBA No. 3, Item 11, Page 5 – Help America Vote Act Matching Funds

B. SB 205 (Law). SB 205 creates the Kansas Commemorative Coin Design Concept Act. The purpose of the act is to provide a method to select the design concepts and make a recommendation for the final design of the commemorative quarter dollar of the State of Kansas. The Secretary of State in conjunction with the Department of Education are to present the five finalist designs to all students enrolled in an accredited school in the State of Kansas who will vote for the winner via an Internet ballot. The Kansas Arts Commission, the Kansas Humanities Council, and the Kansas Historical Society are required to publicize the act and provide assistance to the Council.

The Secretary of State's Office indicates that the fiscal impact to their agency in FY 2004 will be \$2,000 (SGF). The other agencies have indicated they will be able to absorb the costs associated with their participation.

Recommendation:

The General Government and Commerce Budget Commission recommends acceptance of the GBA No. 3-Help America Vote Act Matching Funds.

Representative Pottorff moved to adopt the Budget Committee report. The motion was seconded by Representative Shriver. The motion carried.

Governmental Ethics Commission

A. GBA No. 3, Item 2, Page 2 – Inaugural Expense Fund

Recommendation:

The General Government and Commerce Budget Committee recommended acceptance of the GBA.

Representative Pottorff moved to adopt the Budget Committee report. The motion was seconded by Representative Shriver. The motion carried.

All Agencies

A. GBA No. 3, Item 34, Page 15 – COLA Recalculation

Explainer:

J. G. Scott, Legislative Research Department, explained the GBA, stating that because the original Governor's recommendation for a salary increase was based on 26 pay periods and the legislation is based on 23 pay periods, the Division of the Budget has recalculated the numbers for the pay plan and determined an additional \$340,000 savings in SGF for FY 2004 and distributed those savings to the agencies. There is also a possibility of \$96,075 savings from the Judicial Branch from the new calculations. The question before the Committee includes (1) Whether to take the recalculations; and (2) whether to include the Judicial Branch proposed recalculations.

Representative Nichols moved to sweep the \$96,075 savings as recommended in the GBA. The motion was seconded by Representative Feuerborn. The motion carried.

Representative Nichols moved to sweep the \$339,083 additional savings from the GBA. The motion was seconded by Representative Campbell. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS at 9:00 a.m. on April 24, 25 & 29th, 2003, in Room 514-S of the Capitol.

Comments:

The staff noted that the GBA transferring \$95,607 from the highway fund into the SGF, does not include the 1.5% for the pay plan. The Committee noted that \$1.2 plus 1.5% pay increase has been added to the Judicial Branch budget.

Other Actions Taken by the Committee:

Representative Schwartz moved to fund "Agriculture in the Classroom" with \$35,000 from unallocated funds in the Department of Commerce and Housing. The motion was seconded by Representative McCreary. Division was requested. The motion carried.

Representative McCreary moved to adopt a proviso to the Department of Administration stating "Provided, however, that expenditures shall be made to produce and mail paper pay advices to any state employee who submits a written request for such to the Department of Administration." The motion was seconded by Representative Campbell. The motion carried.

Representative Minor moved to adopt a proviso stating "provided, that the Director of Accounts and Reports shall transfer all released encumbrances up to \$5.1 million from the SGF during FY 2003 to the Substance Abuse Treatment Fund of the Kansas Sentencing Commission." The motion was seconded by Representative Ballard. The motion carried.

Representative Bethell moved to fund Children's Mercy Hospital with \$518,000 from the Children's Initiatives Fund for FY 2004 and request that the Department of Social and Rehabilitation Services provide the balance of \$82,000 from existing appropriations for a total of \$600,000. The motion was seconded by Light. The motion carried.

Comments:

The Committee noted that this action will establish the funding necessary in order for the agency to draw down federal funding of \$1.45 million. As a point of clarification, it was noted that the money for this action would come from the Pediatric Biomedical Research in the FY 2004 Children's Initiatives Fund and the balance in this fund, would now be zero.

Representative Ballard moved to adopt the GBA, amending the FY 2004 budget to add \$470,000 from the SGF to the Department of Social and Rehabilitation Services for the Funeral Assistance Program (Attachment 24). The motion was seconded by Representative Bethell. The motion carried.

Representative Landwehr moved to reduce rates for the Frail Elderly (FE) Waiver non self-directed care to the level of the self-directed care rate in the Department on Aging for a savings of \$1,654,953; take \$700,000 to help eliminate the waiting list for services under the Physically-Disabled (PD) waiver; \$700,000 to help eliminate the waiting list for services under the Developmentally Disabled (DD) waiver; and \$254,952 to the FE waiver waiting lists (Attachment 25). The motion was seconded by Representative Nichols. The motion carried.

Comments:

The Budget Committee noted that this action will allow the agency to draw down a 60% match of federal funds.

Representative Feuerborn moved to approve the request from the Governor to make

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS at 9:00 a.m. on April 24, 25 & 29th, 2003, in Room 514-S of the Capitol.

corrections and technical adjustments to the budget document submitted to the Legislature so that the intentions of the Governor can be reflected as accurately as possible (Attachment 16). The motion was seconded by Representative Minor. The motion carried.

Representative Nichols moved to allow the Revisor of Statutes to make technical adjustments to the appropriations bill in accordance with the actions of the Committee as required. The motion was seconded by Representative Landwehr. The motion carried.

Representative Nichols moved to recommend removing the current funding for the Information Network of Kansas, Inc., in the Department of Commerce and Housing of approximately \$425,000 and transfer to the SGF. The motion was seconded by Representative Light. The motion carried.

Representative Light moved to add one unclassified full-time equivalent (FTE) position to the Kansas Sentencing Committee to fulfill the requirements of SB 123. The motion was seconded by Representative Minor. The motion carried.

Representative Klein moved to add a proviso stating "(a) Notwithstanding the other provisions of this or any other appropriation act or of any other statute, no expenditures may be made by the Department of Transportation from the moneys appropriated from the SGF or from any special revenue fund for the fiscal year ending June 30, 2004, as authorized by this or other appropriation act of the 2003 regular session of the legislature, unless the Department of Transportation includes a crossing at the intersection of 240th Street and Bittersweet Road as part of the highway project (KDOT project 75-7K-576601) located in Brown County for the grade separation and bypass for U.S. Highway 75 related to the city of Sabetha and expenditures are budgeted to be made by the Department of Transportation from the moneys appropriated from the state highway fund for FY 2004 for such crossing at the intersection of 240th Street and Bittersweet Road as part of the work on such highway project for U.S. Highway 75 during FY 2004". The motion was seconded by Representative Feuerborn. The motion carried.

Comments:

It was explained that this intersection is 1.5 miles outside the city limits of Sabetha and would be used primarily by farmers who otherwise would have to travel four miles to access land on the opposite side of the intersection. It was also noted that the Congressional delegation is seeking federal funding to assist with this project. The Department of Transportation provided an assess of the intersection (Attachment 23).

Representative Light moved to add a proviso allowing cotton hauling modules to be considered custom haulers for use on highways during the cotton picking season. The motion was seconded by Representative Feuerborn. The motion carried.

Representative Nichols moved to increase the Division of Vehicles (DOV) Operating Fund expenditure limitation by \$750,000 in FY 2004 for costs associated with implementing SB 16, and increase the transfer from the State Highway Fund to the DOV Operating Fund for financing the expenses of verifying social security numbers and supporting documents as part of the driver licensing process; and increase the DOV Operating Fund expenditure limitation by \$450,000, and increase the transfer from the State Highway Fund to the DOV Operating Fund for financing the expenses of the new contract for producing drivers licenses (Attachment 19). The motion was seconded by Representative Minor. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS at 9:00 a.m. on April 24, 25 & 29th, 2003, in Room 514-S of the Capitol.

Representative Shriver moved to transfer from the State Safety Fund to the DOV Operating Fund and authorize expenditures of \$350,000 in FY 2004 from the DOV Operating Fund, with an offsetting reduction in the SGF amount appropriated in FY 2004 (Attachment 19). The motion was seconded by Representative Howell. The motion was carried.

Representative Shriver moved to reduce the funding for the Ogallala Aquifer Institute under the Kansas Water Office from \$40,000 to \$32,000. The motion was seconded by Representative Howell. With permission of the second, the motion was withdrawn.

Representative Schwartz moved to add a proviso to give the State Corporation Commission authorization to close the Chanute office and transfer the duties and staff to the Topeka office to address bankruptcy and utility issues. The motion was seconded by Representative Osborne. The motion failed.

Comments:

The Committee felt that more research was needed before any action was taken on the issue.

The Chair called the Committee's attention to SB 263.

Action on SB 263:

Representative Gatewood moved to allow the Revisor of Statutes to correct language in SB 104 which contains an engrossing error concerning the number of kilovolts; has been signed by the Governor and will be annulled; to amend SB 263 by removing the language from SB 263 and insert the bill with corrected language of SB 104 into SB 263 and the report the bill favorably as House Substitute for SB 263. The motion was seconded by Representative Shultz. The motion carried.

Representative Schwartz moved to allow the Department of Agriculture to absorb the cost of the pay plan within their budget. The motion was seconded by Representative Osborne. The motion carried.

Representative Bethell moved to adopt a proviso that allows physicians to prescribe medications and those prescriptions will be "dispensed as written." The motion was seconded by Representative Landwehr. The motion carried.

Representative Landwehr moved to make a correction in the agency-directed rate on the Department on Aging from \$11.65 to \$12.50, add back in \$478,067 to the program and spread it evenly on the PD and DD waiver waiting lists. The motion was seconded by Representative Nichols. The motion carried.

Representative Feuerborn moved to adopt a proviso stating that the Department on Aging cannot reduce the nutrition program by more than 8% per year. The motion was seconded by Representative Minor. The motion carried.

Comments:

It was noted by the Chair of the Social Services Budget Committee that a 50% reduction in the nutrition program is to be phased in over a three-year period at the request of the AAA's. Doug Farmer, Department on Aging, responded to questions from the Committee, stating that providers were made aware of the reduction during the budget process. The Fiscal Analyst noted there is no fiscal note.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS at 9:00 a.m. on April 24, 25 & 29th, 2003, in Room 514-S of the Capitol.

Representative Shriver moved to adopt a proviso to direct moneys from the SGF of \$125,000 to the Kansas Veterans Home and \$125,000 to the Kansas Soldiers' Home and reimburse the SGF from the receipts of the Veterans Benefit Game under HB 2400. The motion was seconded by Representative Nichols. The motion carried.

Representative Nichols moved to adopt a proviso to increase the transfer from the Attorney General's budget for FY 2004 to the Crime Victims Assistance Fund by 2% SGF moneys. The motion was seconded by Representative Howell. The motion carried.

Comments:

It was noted by the maker of the proviso that since the implementation of the triple fine bill, the money going into the Crime Victims Assistance Fund has declined by approximately \$1.1 million because less tickets are being issued.

Representative Landwehr moved to adopt a proviso the clarify the adjustment made to the agency-directed rate stating that the money definitely goes to the frail and elderly waivers. The motion was seconded by Representative Nichols. The motion carried.

Representative Shultz moved to divert \$200,000 from the Prior Service Retirement Cost Savings to the SGF to pay for the costs associated with the Southwest Regents Center. The motion was seconded by Representative McLeland. The motion carried.

Representative Neufeld moved to appropriate \$415 million of tax refunds in the House Omnibus bill. The motion was seconded by Representative Shultz. Division was requested. The motion carried.

Representative Bethell moved to introduce the House Omnibus Bill. The motion was seconded by Representative Landwehr. The motion carried.

Note: The House Omnibus Bill was designated HB 2471 upon introduction.

The meeting was adjourned by Chair Neufeld. The next meeting of the Appropriations Committee will be held on April 30, 2003.

38187(8/7/3(12:34PM))


Melvin Neufeld, Chair

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: April 24, 2003

NAME	REPRESENTING
Doug Farmer	KDOA
Rae Anne Davis	Commerce
Jan Brashe	KSC
Dave Wilkin	KAC
Jacque Dake	SQE
M. Stambough	KDOT
Craig Kabele	KAAA
Ron Seber	Herb Law Firm
Jeffrey Black	
Kim Masox	HTEC
Tracy Taylor	HTEC
Jenny Gyst	U.S.A. - KCK
Don M Ryan	S.E.A.K
Dick Kewitz	KDWP
Janet Schalausk	SRS
Laura Howard	"
Marianne Deagle	"
Joe Furd	KWO
Mark Heim	Conservation Comm

APPROPRIATIONS COMMITTEE GUEST LIST

DATE:

April 24, 2003
April 25, 2003

NAME	REPRESENTING
Peggy Hanna	Treasurer's Office
Scott Brunner	SBI
April 25, 2003	
Vicki Lynn Helsel	Budget
Twila Drybread	Budget
Dave Wilson	Kansas Arts Commission
R. Seiber	Keiv Lee Firm
Craig Kabelein	KAAAA
Doug Bowman	CCFCDS
Thine Mason	KITEC
David Owen	HOMELESS Come Home
Kim Strunk	KCDD
McCombs	PSU
Tom Campbell	KMHC
Mindy Miller	Secretary of State

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: April 29, 2003

NAME	REPRESENTING
Amy Campbell	KMHC
Jerry Sloan	Judicial Branch
Kevin Carr	KTEC
Vicki Legan Helsel	Budget
Keith Bradshaw	Budget
Glaine Frisbie	Budget
Craig Kahlmeier	KAAAA
Ron Seebert	High Law Firm
Doug Bowman	CCECOS
Amy Sanchez	KAPE
Bill Watts	KDOT
Don M Ryan	S.E.A.K
Alex Solomon	The Farm, Inc.
Jim Rags	KCPD
Josque Stokes	SQE

STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
April 2003 Consensus Revenue Estimates
In Millions

	Actual FY 2002	FY 2003 April 22, 2003 Consensus Revenue	FY 2004 April 22, 2003 Consensus Revenue
Beginning Balance	\$ 369.9	\$ 12.1	\$ (111.5)
Receipts (April 2003 Consensus)	4,108.3	4,234.4	4,392.1
Total Available	\$ 4,478.2	\$ 4,246.5	\$ 4,280.6
Less Expenditures	4,466.1	4,358.0	4,524.7
Ending Balance	\$ 12.1	\$ (111.5)	\$ (244.1)
Ending Balance as a Percentage of Expenditures	0.3%	-2.6%	-5.4%

HOUSE APPROPRIATIONS

DATE 4-24-2003

ATTACHMENT 1

KANSAS

DIVISION OF THE BUDGET
DUANE A. GOOSSEN, DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

April 22, 2003

To: Governor Kathleen Sebelius and Legislative Budget Committee
From: Kansas Division of the Budget and Kansas Legislative Research Department
Re: Initial SGF Memo for FY 2003 (Revised) and FY 2004 (Revised)

The Consensus Revenue Estimating Group met today to revise the estimates for FY 2003 and FY 2004. The estimate of total tax receipts was reduced by \$227.1 million over the two years.

A detailed memo will be available next week which contains the economic forecast for Kansas upon which the estimates are based, as well as a discussion of other factors influencing the individual source estimates.

For FY 2003, the estimate of tax receipts decreased by \$99.1 million, or 2.3 percent, below the previous estimate that was made in November 2002. Even though estimated tax receipts are projected to fall, the overall revised SGF estimate of \$4.234 billion is \$82.3 million (2.0 percent) above the November 2002 estimate. This latter amount includes changes in transfers as a result of enacted legislation that stops the KDOT repayment, stops transfers to local governments, and makes sweeps of balances to the State General Fund.

For FY 2004, the estimate of tax receipts is \$4.320 billion, which is \$128.0 million, or 2.9 percent, below the original FY 2004 figure. The overall revised SGF estimate of \$4.392 billion is \$133.6 million, or 3.0 percent, less than the November estimate.

Attached are the estimates for both years.

Table 1
Consensus Revenue Estimates for Fiscal Years 2003 and 2004
and FY 2002 Actual Receipts
(Dollars in Thousands)

	FY 2002 (Actual)		FY 2003 (Revised)		FY 2004 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$18,067	0.8 %	\$17,000	(5.9) %	\$17,500	2.9 %
Income Taxes:						
Individual	\$1,829,609	(7.5)	\$1,780,000	(2.7)	\$1,845,000	3.7
Corporation	93,958	(55.7)	105,000	11.8	105,000	--
Financial Inst.	27,919	12.5	32,000	14.6	34,000	6.3
Total	\$1,951,486	(11.9) %	\$1,917,000	(1.8) %	\$1,984,000	3.5 %
Estate Tax	\$48,083	16.7 %	\$50,000	4.0 %	\$50,000	-- %
Excise Taxes:						
Retail Sales	\$1,470,599	3.3 %	\$1,570,000	6.8 %	\$1,610,000	2.5 %
Compensating Use	233,764	(0.9)	230,000	(1.6)	240,000	4.3
Cigarette	48,041	(1.5)	130,000	170.6	145,000	11.5
Tobacco Product	4,301	5.1	4,600	7.0	4,900	6.5
Cereal Malt Beverage	2,378	(4.5)	2,600	9.3	2,600	--
Liquor Gallonage	14,632	1.0	15,000	2.5	15,200	1.3
Liquor Enforcement	37,423	5.9	39,500	5.6	41,000	3.8
Liquor Drink	6,615	6.0	7,100	7.3	7,400	4.2
Corporate Franchise	18,495	9.3	33,000	78.4	35,000	6.1
Severance	55,682	(45.2)	72,900	30.9	71,900	(1.4)
Gas	41,789	(52.1)	56,500	35.2	57,400	1.6
Oil	13,893	(2.3)	16,400	18.0	14,500	(11.6)
Total	\$1,891,930	0.2 %	\$2,104,700	11.2 %	\$2,173,000	3.2 %
Other Taxes:						
Insurance Premium	\$84,951	25.5 %	\$92,000	8.3 %	\$92,000	-- %
Miscellaneous	1,956	(7.4)	4,000	104.5	4,000	--
Total	\$86,907	24.5 %	\$96,000	10.5 %	\$96,000	-- %
Total Taxes	\$3,996,473	(5.6) %	\$4,184,700	4.7 %	\$4,320,500	3.2 %
Other Revenues:						
Interest	\$38,820	(51.6) %	\$18,000	(53.6) %	\$12,000	(33.3) %
Net Transfers	21,840	n/a	(22,522)	n/a	4,415	n/a
Demand to Revenue Transfers	--	--	(99,009)	n/a	(59,274)	n/a
Other Transfers	21,840	n/a	76,487	n/a	63,689	n/a
Agency Earnings	51,187	18.5	54,200	5.9	55,150	1.8
Total Other Revenue	\$111,847	(39.0) %	\$49,678	(55.6) %	\$71,565	44.1 %
Total Receipts	\$4,108,320	(6.9) %	\$4,234,378	3.1 %	\$4,392,065	3.7 %

Table 2
State General Fund Receipts
FY 2003 Revised
Comparison of November 2002 Estimate to April 2003 Estimate
(Dollars in Thousands)

	FY 2003 CRE Est.	FY 2003 CRE Est.	Difference	
	Revised 11/05/02	Revised 04/22/03	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$16,500	\$17,000	\$500	3.0 %
Income Taxes:				
Individual	\$1,845,000	\$1,780,000	(\$65,000)	(3.5) %
Corporation	125,000	105,000	(20,000)	(16.0)
Financial Inst.	29,500	32,000	2,500	8.5
Total	\$1,999,500	\$1,917,000	(\$82,500)	(4.1) %
Estate Tax	\$55,000	\$50,000	(\$5,000)	(9.1) %
Excise Taxes:				
Retail Sales	\$1,600,000	\$1,570,000	(30,000)	(1.9) %
Compensating Use	230,000	230,000	--	--
Cigarette	132,000	130,000	(2,000)	(1.5)
Tobacco Product	4,600	4,600	--	--
Cereal Malt Beverage	2,700	2,600	(100)	(3.7)
Liquor Gallonage	15,300	15,000	(300)	(2.0)
Liquor Enforcement	39,000	39,500	500	1.3
Liquor Drink	7,100	7,100	--	--
Corporate Franchise	28,000	33,000	5,000	17.9
Severance	65,600	72,900	7,300	11.1
Gas	48,300	56,500	8,200	17.0
Oil	17,300	16,400	(900)	(5.2)
Total	\$2,124,300	\$2,104,700	(\$19,600)	(0.9) %
Other Taxes:				
Insurance Premium	\$85,000	\$92,000	\$7,000	8.2 %
Miscellaneous	3,500	4,000	500	14.3
Total	\$88,500	\$96,000	\$7,500	8.5 %
Total Taxes	\$4,283,800	\$4,184,700	(\$99,100)	(2.3) %
Other Revenues:				
Interest	\$17,000	\$18,000	\$1,000	5.9 %
Net Transfers	(202,953)	(22,522)	180,431	(88.9)
Demand to Revenue Transfers	(144,916)	(99,009)	45,907	n/a
Other Transfers	(58,037)	76,487	134,524	(231.8)
Agency Earnings	54,200	54,200	--	--
Total Other Revenue	(\$131,753)	\$49,678	\$181,431	(137.7) %
Total Receipts	\$4,152,047	\$4,234,378	\$82,331	2.0 %

Table 3
State General Fund Receipts
FY 2004
Comparison of November 2002 Estimate to April 2003 Estimate
(Dollars in Thousands)

	FY 2004 CRE Est.	FY 2004 CRE Est.	Difference	
	Revised 11/05/02	Revised 04/22/03	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$17,000	\$17,500	\$500	2.9 %
Income Taxes:				
Individual	\$1,920,000	\$1,845,000	(\$75,000)	(3.9) %
Corporation	140,000	105,000	(35,000)	(25.0)
Financial Inst.	31,000	34,000	3,000	9.7
Total	\$2,091,000	\$1,984,000	(\$107,000)	(5.1) %
Estate Tax	\$60,000	\$50,000	(\$10,000)	(16.7) %
Excise Taxes:				
Retail Sales	\$1,640,000	\$1,610,000	(\$30,000)	(1.8) %
Compensating Use	240,000	240,000	--	--
Cigarette	145,000	145,000	--	--
Tobacco Product	4,900	4,900	--	--
Cereal Malt Beverage	2,700	2,600	(100)	(3.7)
Liquor Gallonage	15,500	15,200	(300)	(1.9)
Liquor Enforcement	40,000	41,000	1,000	2.5
Liquor Drink	7,400	7,400	--	--
Corporate Franchise	30,000	35,000	5,000	16.7
Severance	66,500	71,900	5,400	8.1
Gas	49,800	57,400	7,600	15.3
Oil	16,700	14,500	(2,200)	(13.2)
Total	\$2,192,000	\$2,173,000	(\$19,000)	(0.9) %
Other Taxes:				
Insurance Premium	\$85,000	\$92,000	\$7,000	8.2 %
Miscellaneous	3,500	4,000	500	14.3
Total	\$88,500	\$96,000	\$7,500	8.5 %
Total Taxes	\$4,448,500	\$4,320,500	(\$128,000)	(2.9) %
Other Revenues:				
Interest	\$11,000	\$12,000	\$1,000	9.1 %
Net Transfers	11,267	4,415	(6,852)	(60.8)
Demand to Revenue	--	(59,274)	(59,274)	n/a
Other Transfers	11,267	63,689	52,422	465.3
Agency Earnings	54,900	55,150	250	0.5
Total Other Revenue	\$77,167	\$71,565	(\$5,602)	(7.3) %
Total Receipts	\$4,525,667	\$4,392,065	(\$133,602)	(3.0) %

FY 2004 APPROVED BUDGET HIGHLIGHTS AS OF FIRST ADJOURNMENT**Budget Overview**

As of first adjournment of the 2003 Legislature, the current approved FY 2004 budget totals \$4.525 billion from the State General Fund and \$10.062 billion from all funding sources.

- The FY 2004 amount is \$31.3 million above the amount recommended by the Governor from the State General Fund and \$169.5 million below the amount recommended by the Governor from all funds. The State General Fund increase is attributable to the decision to fund operations of the Kansas Highway Patrol, recommended by the Governor from the State Highway Fund, from the State General Fund. The reduction in approved all funds expenditures reflects the decision to defer funding for the budgets of the State Treasurer, the Department of Commerce and Housing, Kansas, Inc., and the Kansas Technology Enterprise Corporation for consideration in the Omnibus Appropriation Bill.
- The approved FY 2004 State General Fund amount is an increase of \$166.7 million (3.8 percent) from the FY 2003 approved amount. Approved FY 2004 all funds amount is a reduction of \$166.4 million (1.6 percent) from the approved FY 2003 amount.
- The approved number of full-time equivalent (FTE) positions totals 39,263.1, which is a reduction of 237.0 FTE positions from the Governor's FY 2004 recommendation of 39,486.4. Again, most of the reduction (230.0 FTE positions) from the Governor's recommendation is related to deferring consideration of four budgets until Omnibus.
- The recommendation includes funding for a **1.5 percent base salary increase** for all state employees, except legislators and Board members whose compensation is tied to legislative per diem reimbursement. The increase will be effective July 20, 2003, three pay periods into FY 2004. The Legislature also deleted funding equivalent to the 1.5 percent increase for Highway Patrol troopers.

The following information highlights actions of the 2003 Legislature in a number of specific areas.

Elementary-Secondary Education

- The amount approved for general and supplemental general state aid in FY 2004 (\$1,932,519,000) would maintain Base State Aid Per Pupil (BSAPP) at the allotment-level rate of \$3,863, which is \$27 less than the statutory rate. As of first adjournment of the Legislature, no change has been made to the Governor's recommendation in terms of the amount of state aid available to fund BSAPP.
- The same amount of special education state aid is recommended for FY 2004 as is available in FY 2003 (\$251,271,836). That amount of money is expected to fund special education excess costs at the 85 percent level in the current year and at about the 84 percent level in FY 2004. The Governor had recommended funding special education as

HOUSE APPROPRIATIONS

DATE 4-24-2003ATTACHMENT 2

a weight in the school finance formula, but the Legislature is recommending that special education be continued as a separate categorical aid program.

- There is no funding for inservice education (professional development) in FY 2004. School districts are mandated to offer approved inservice education programs, but will have to absorb the cost in FY 2004 because no specific appropriation is recommended. In the current year, the appropriation is \$2,600,000.
- Funding for parent education is \$7,139,500 in both FY 2003 and FY 2004. Of that amount, \$2,500,000 is from the Children's Initiatives Fund and the remainder is from the State General Fund. The parent education program provides aid to school districts that offer programs for expectant parents and parents of children who are less than three years old. School districts are required to provide a 65 percent match. The program serves 18,226 children and 14,950 families.
- Funding for school district capital improvements aid is estimated to be \$47,216,350 in FY 2003 and \$55,000,000 in FY 2004. The program is a revenue transfer from the State General Fund. Money is paid to school districts for bond and interest payments in inverse proportion to the district's assessed valuation per pupil.

Higher Education

- The 2003 Legislature authorized \$666.2 million from the State General Fund to support higher education in FY 2004, a decrease of less than 1 percent from the current year budget. This equals 14.7 percent of all approved State General Fund expenditures for FY 2004 and includes:
 - \$541.6 million for state universities;
 - \$81.0 million to support local community colleges;
 - \$14.5 million to support postsecondary technical education programs;
 - \$14.0 million for student financial aid;
 - \$10.1 million to support Washburn University;
 - \$1.0 million for adult basic education programs; and
 - \$4.0 million for other higher education initiatives.
- The 2003 Legislature also approved \$10.0 million from special revenue funds to continue implementation of the **Kan-Ed Network**; \$1.0 million from lottery funds to support **aviation research** at Wichita State University; and \$700,000 from tobacco funds to support **pediatric biomedical research** at the University of Kansas Medical Center.

Department on Aging

- As of April 4, 2003, there are 1,236 individuals with a Level of Care (PASSAR) score of 26 and above on the **Home and Community Based Services/Frail Elderly (HCBS/FE) waiver waiting list**. The waiting list for services is estimated to increase to 1,450 persons by end of FY 2003.

- As of March 1, 2003, 490 seniors were waiting for services under the **Senior Care Act**; the waiting list is estimated to reach 600 by the end of FY 2003. In SB 6, the 2003 Legislature added **\$500,000 from the State General Fund** to the Governor's recommendation for Senior Care Act services. Senior Care Act services cost an average of \$1,158 per person/per year. The additional funding will fund services for an additional 431 seniors in FY 2004. These services are funded entirely by the state and provide low income seniors with a variety of assistance.

Department of Social and Rehabilitation Services

- As of March 1, 2003, the **HCBS/PD (Physically Disabled) waiver waiting list** was 877 persons. These are persons receiving no services. The waiting list is frozen, except in crisis situations.
- As of March 1, 2003, the **HCBS/DD (Developmental Disabilities) waiver waiting list** was 761 persons. These are persons receiving no services. The waiting list is frozen, except in crisis situations.
- In SB 6, the 2003 Legislature increased funding for **Developmental Disability State Aid** by \$700,000 (State General Fund) above the Governor's recommendation. State Aid funds infrastructure and local programs for the developmentally disabled through Community Developmental Disability Organizations or CDDO's.
- In SB 6, the 2003 Legislature increased funding for **Mental Health State Aid** by \$500,000 (State General Fund) above the Governor's recommendation. State Aid funds infrastructure and local programs for those with mental illness through Community Mental Health Centers or CMHC's.
- In SB 6, the 2003 Legislature mandated that the Department of Social and Rehabilitation Services apply for a **Cash and Counsel Waiver**. The waiver would allow recipients to choose necessary services by giving them a set dollar amount, along with counseling, to fulfill their service needs. The waiver would be available to the **physically disabled** and to those in the **Working Healthy** program.

Capital Improvements

- The 2003 Legislature authorized \$118.2 million for repairs and improvements to state owned facilities in FY 2004. \$11.6 million (9.8 percent) of this amount was from the State General Fund, primarily for debt service payments.
- Appropriated \$26.0 million from the Educational Building Fund for repairs at the state universities in FY 2004 and 2005.
- Authorized \$49.2 million in bonds for repairs and other deferred maintenance issues at the state hospitals. Debt service payments are projected to be \$3.75 million per year and will be financed by special revenue funds.

EXPENDITURES FROM ALL FUNDING SOURCES

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003 Dollar	Percent	FY 2003	FY 2004
Legislative Coordinating Council	706,770	666,744	(40,026)	(5.7) %	0	(20,621)
Legislative Research Department	2,605,575	2,646,525	40,950	1.6	0	205,604
Revisor of Statutes	2,474,748	2,468,152	(6,596)	(0.3)	0	82,296
Legislature	12,014,919	12,223,253	208,334	1.7	0	(357,017)
Division of Post Audit	1,821,099	1,811,458	(9,641)	(0.5)	0	59,319
Governor's Department	5,871,025	13,100,858	7,229,833	123.1	0	359,854
Lieutenant Governor	132,628	112,093	(20,535)	(15.5)	0	0
Attorney General	17,743,180	13,084,950	(4,658,230)	(26.3)	0	(80,000)
Secretary of State	3,266,752	3,554,695	287,943	8.8	0	0
State Treasurer	78,681,117	0	(78,681,117)	(100.0)	0	(35,976,241)
Insurance Department	19,567,601	18,749,528	(818,073)	(4.2)	0	168,623
Health Care Stabilization Fund	29,654,105	29,729,667	75,562	0.3	23,000	132,715
Judicial Council	309,199	309,106	(93)	(0.0)	0	0
State Board of Indigents' Defense Services	16,004,036	14,631,312	(1,372,724)	(8.6)	0	0
Judicial Branch	96,480,762	95,763,621	(717,141)	(0.7)	0	2,822,804
KPERS	24,906,908	26,487,509	1,580,601	6.3	0	0
Governmental Ethics Commission	555,420	565,570	10,150	1.8	0	6,910
Kansas Human Rights Commission	1,862,551	1,706,173	(156,378)	(8.4)	0	0
State Corporation Commission	17,530,309	15,819,071	(1,711,238)	(9.8)	0	0
Citizens' Utility Ratepayer Board	654,683	580,552	(74,131)	(11.3)	0	0
Department of Administration	28,907,814	22,070,172	(6,837,642)	(23.7)	0	0
State Board of Tax Appeals	1,838,319	1,546,993	(291,326)	(15.8)	0	0
Department of Revenue	81,308,783	80,474,274	(834,509)	(1.0)	0	1,805,122
Kansas Lottery	59,970,737	59,971,857	1,120	0.0	0	(240,000)
Kansas Racing and Gaming Commission	6,209,735	6,351,475	141,740	2.3	0	0
Department of Commerce and Housing	115,126,342	0	(115,126,342)	(100.0)	0	(112,137,305)
Kansas, Inc.	441,414	0	(441,414)	(100.0)	0	0
Kansas Technology Enterprise Corporation	15,786,514	0	(15,786,514)	(100.0)	(200,000)	(13,953,820)
Abstracters Board of Examiners	20,285	19,463	(822)	(4.1)	0	0
Board of Accountancy	189,663	229,318	39,655	20.9	0	0

HOUSE APPROPRIATIONS
 DATE 4-24-2003
 ATTACHMENT 3

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EXPENDITURES FROM ALL FUNDING SOURCES

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003		FY 2003	FY 2004
			Dollar	Percent		
State Bank Commissioner	5,795,633	5,901,542	105,909	1.8	95,830	179,388
Board of Barbering	113,266	108,200	(5,066)	(4.5)	0	0
Behavioral Sciences Regulatory Board	517,271	492,147	(25,124)	(4.9)	0	0
State Board of Healing Arts	2,058,350	2,044,816	(13,534)	(0.7)	0	0
Board of Cosmetology	661,161	646,361	(14,800)	(2.2)	0	0
Department of Credit Unions	850,554	821,258	(29,296)	(3.4)	0	0
Kansas Dental Board	327,208	316,519	(10,689)	(3.3)	0	0
Board of Mortuary Arts	216,514	213,457	(3,057)	(1.4)	0	0
Hearing Aid Board of Examiners	19,222	18,702	(520)	(2.7)	0	0
Board of Nursing	1,459,832	1,327,001	(132,831)	(9.1)	0	0
Board of Examiners in Optometry	106,777	104,373	(2,404)	(2.3)	0	0
Board of Pharmacy	574,713	582,222	7,509	1.3	(6,784)	0
Real Estate Appraisal Board	207,855	221,439	13,584	6.5	0	0
Real Estate Commission	743,973	711,117	(32,856)	(4.4)	29,500	0
Office of the Securities Commissioner	2,132,996	2,048,842	(84,154)	(3.9)	0	0
Board of Technical Professions	555,193	523,044	(32,149)	(5.8)	0	10,288
Board of Veterinary Medical Examiners	276,429	239,223	(37,206)	(13.5)	0	0
Subtotal - General Government	659,259,940	440,994,652	(218,265,288)	(33.1)	(58,454)	(156,932,081)
Department of Human Resources	405,547,786	334,748,671	(70,799,115)	(17.5)	0	(13,796,097)
Kansas Commission on Veterans Affairs	22,133,820	21,486,182	(647,638)	(2.9)	0	1,027,825
Dept. of Health & Environment-Health	127,087,645	107,712,525	(19,375,120)	(15.2)	0	674,007
Department on Aging	393,181,921	418,348,145	25,166,224	6.4	0	500,000
Guardianship Program	998,297	1,000,506	2,209	0.2	0	0
Department of Social & Rehabilitation Services	1,987,648,846	2,149,785,653	162,136,807	8.2	0	400,000
Kansas Neurological Institute	23,987,714	24,247,416	259,702	1.1	0	0
Larned State Hospital	32,493,521	34,811,915	2,318,394	7.1	0	0
Osawatomie State Hospital	20,125,936	19,655,672	(470,264)	(2.3)	0	0
Parsons State Hospital & Training Center	20,075,859	20,361,666	285,807	1.4	0	0
Rainbow Mental Health Facility	6,684,079	6,819,608	135,529	2.0	0	0
Subtotal - Human Resources	3,039,965,424	3,138,977,959	99,012,535	3.3	0	(11,194,265)

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EXPENDITURES FROM ALL FUNDING SOURCES

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003 Dollar	Percent	FY 2003	FY 2004
Department of Education	2,730,178,562	2,751,876,557	21,697,995	0.8	0	0
State Library	6,561,097	6,516,104	(44,993)	(0.7)	0	0
Arts Commission	2,083,883	1,995,300	(88,583)	(4.3)	0	0
School for the Blind	4,968,340	4,751,408	(216,932)	(4.4)	0	0
School for the Deaf	8,814,211	7,751,366	(1,062,845)	(12.1)	0	27,979
Historical Society	8,421,576	7,855,347	(566,229)	(6.7)	0	0
Fort Hays State University	61,294,835	59,835,085	(1,459,750)	(2.4)	0	0
Kansas State University	352,698,883	356,288,369	3,589,486	1.0	0	0
KSU-Ext. Sys. And Ag. Res. Programs	115,175,014	102,089,017	(13,085,997)	(11.4)	0	0
KSU-Veterinary Medical Center	27,841,168	25,299,816	(2,541,352)	(9.1)	0	0
Emporia State University	58,366,188	57,188,216	(1,177,972)	(2.0)	(240,000)	0
Pittsburg State University	66,237,668	66,813,977	576,309	0.9	0	0
University of Kansas	444,533,815	435,773,380	(8,760,435)	(2.0)	0	0
University of Kansas Medical Center	212,829,506	208,681,132	(4,148,374)	(1.9)	0	1,270,848
Wichita State University	151,321,816	150,070,857	(1,250,959)	(0.8)	0	1,000,000
Board of Regents	173,413,666	190,050,430	16,636,764	9.6	(49,000)	3,082,500
Subtotal - Education	4,424,740,228	4,432,836,361	8,096,133	0.2	(289,000)	5,381,327
Department of Corrections	111,048,590	108,736,709	(2,311,881)	(2.1)	0	0
Topeka Correctional Facility	11,272,733	11,233,969	(38,764)	(0.3)	0	0
Hutchinson Correctional Facility	25,116,907	24,644,294	(472,613)	(1.9)	0	0
Lansing Correctional Facility	32,816,784	32,539,719	(277,065)	(0.8)	0	0
Ellsworth Correctional Facility	10,444,357	10,536,835	92,478	0.9	0	0
Winfield Correctional Facility	9,924,124	9,987,045	62,921	0.6	0	0
Norton Correctional Facility	12,170,401	12,325,073	154,672	1.3	0	0
El Dorado Correctional Facility	20,407,247	20,825,731	418,484	2.1	0	0
Larned Correctional MH Facility	7,760,662	7,909,042	148,380	1.9	0	0
Juvenile Justice Authority	56,832,323	56,814,008	(18,315)	(0.0)	0	0

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EXPENDITURES FROM ALL FUNDING SOURCES

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003		FY 2003	FY 2004
			Dollar	Percent		
Topeka Juvenile Correctional Facility	12,641,256	13,846,728	1,205,472	9.5	0	0
Atchison Juvenile Correctional Facility	6,359,927	6,116,241	(243,686)	(3.8)	0	0
Beloit Juvenile Correctional Facility	5,398,749	5,114,775	(283,974)	(5.3)	0	0
Larned Juvenile Correctional Facility	5,446,597	7,693,438	2,246,841	41.3	0	0
Adjutant General	42,322,790	37,207,375	(5,115,415)	(12.1)	17,000	17,000
State Fire Marshal	3,653,822	3,512,477	(141,345)	(3.9)	0	0
Kansas Parole Board	502,257	486,102	(16,155)	(3.2)	0	0
Kansas Highway Patrol	52,163,390	56,275,955	4,112,565	7.9	0	(2,085,122)
Kansas Bureau of Investigation	21,665,629	19,327,811	(2,337,818)	(10.8)	0	80,000
Emergency Medical Services Board	1,009,072	968,974	(40,098)	(4.0)	0	51,269
Kansas Sentencing Commission	6,335,414	514,129	(5,821,285)	(91.9)	0	(212,660)
Ombudsman of Corrections	184,745	0	(184,745)	(100.0)	0	0
Subtotal - Public Safety	455,477,776	446,616,430	(8,861,346)	(1.9)	17,000	(2,149,513)
Department of Agriculture	21,602,226	19,782,736	(1,819,490)	(8.4)	0	0
Animal Health Department	2,575,379	2,362,165	(213,214)	(8.3)	0	0
State Fair Board	4,515,265	5,224,574	709,309	15.7	0	0
Department of Health and Environment-Environ.	62,084,463	59,341,547	(2,742,916)	(4.4)	0	0
State Conservation Commission	11,005,988	9,530,400	(1,475,588)	(13.4)	0	0
Kansas Water Office	6,110,093	5,626,960	(483,133)	(7.9)	0	0
Department of Wildlife and Parks	49,191,776	43,182,342	(6,009,434)	(12.2)	0	0
Subtotal - Agriculture and Natural Resources	157,085,190	145,050,724	(12,034,466)	(7.7)	0	0
Kansas Department of Transportation	1,497,596,866	1,456,197,776	(41,399,090)	(2.8)	0	0
Subtotal - Transportation	1,497,596,866	1,456,197,776	(41,399,090)	(2.8)	0	0
TOTAL	10,234,125,424	10,060,673,902	(173,451,522)	(1.7)	(330,454)	(164,894,532)

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EXPENDITURES FROM ALL FUNDING SOURCES

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003 Dollar	Percent	FY 2003	FY 2004
Other Adjustments	(6,123,070)	893,330	7,016,400	--	0	(4,619,310)
GRAND TOTAL	10,228,002,354	10,061,567,232	(166,435,122)	(1.6) %	(330,454)	(169,513,842)

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STATE GENERAL FUND EXPENDITURES

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003		FY 2003	FY 2004
			Dollar	Percent		
Legislative Coordinating Council	706,770	666,744	(40,026)	(5.7) %	0	(20,621)
Legislative Research Department	2,605,575	2,646,525	40,950	1.6	0	205,604
Revisor of Statutes	2,474,748	2,468,152	(6,596)	(0.3)	0	82,296
Legislature	11,786,966	12,092,253	305,287	2.6	(60,000)	(357,017)
Division of Post Audit	1,821,099	1,811,458	(9,641)	(0.5)	0	59,319
Governor's Department	2,040,477	1,599,031	(441,446)	(21.6)	0	0
Lieutenant Governor	132,628	112,093	(20,535)	(15.5)	0	0
Attorney General	5,262,951	4,120,785	(1,142,166)	(21.7)	0	(80,000)
Secretary of State	1,631,075	834,707	(796,368)	(48.8)	0	0
State Treasurer	1,483,788	0	(1,483,788)	(100.0)	0	0
Insurance Department	0	0	0	0.0	0	0
Health Care Stabilization Fund	0	0	0	0.0	0	0
Judicial Council*	186,123	0	(186,123)	(100.0)	0	0
State Board of Indigents' Defense Services	15,577,051	14,218,312	(1,358,739)	(8.7)	0	0
Judicial Branch	80,965,866	83,683,401	2,717,535	3.4	0	2,741,931
KPERS	0	0	0	0.0	0	0
Governmental Ethics Commission	438,295	435,699	(2,596)	(0.6)	0	0
Kansas Human Rights Commission	1,403,350	1,333,830	(69,520)	(5.0)	0	0
State Corporation Commission	0	0	0	0.0	0	0
Citizens' Utility Ratepayer Board	0	0	0	0.0	0	0
Department of Administration	25,463,037	19,312,708	(6,150,329)	(24.2)	0	0
State Board of Tax Appeals	1,823,819	1,232,493	(591,326)	(32.4)	0	0
Department of Revenue	31,261,742	25,213,302	(6,048,440)	(19.3)	0	0
Kansas Lottery	0	0	0	0.0	0	0
Kansas Racing and Gaming Commission	0	0	0	0.0	0	0
Department of Commerce and Housing	188,325	0	(188,325)	(100.0)	0	0
Kansas, Inc.	0	0	0	0.0	0	0
Kansas Technology Enterprise Corporation	0	0	0	0.0	0	0
Abstracters Board of Examiners	0	0	0	0.0	0	0

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STATE GENERAL FUND EXPENDITURES

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003		FY 2003	FY 2004
			Dollar	Percent		
Board of Accountancy	0	0	0	0.0	0	0
State Bank Commissioner	0	0	0	0.0	0	0
Board of Barbering	0	0	0	0.0	0	0
Behavioral Sciences Regulatory Board	0	0	0	0.0	0	0
State Board of Healing Arts	0	0	0	0.0	0	0
Board of Cosmetology	0	0	0	0.0	0	0
Department of Credit Unions	0	0	0	0.0	0	0
Kansas Dental Board	0	0	0	0.0	0	0
Board of Mortuary Arts	0	0	0	0.0	0	0
Hearing Aid Board of Examiners	0	0	0	0.0	0	0
Board of Nursing	0	0	0	0.0	0	0
Board of Examiners in Optometry	0	0	0	0.0	0	0
Board of Pharmacy	0	0	0	0.0	0	0
Real Estate Appraisal Board	0	0	0	0.0	0	0
Real Estate Commission	0	0	0	0.0	0	0
Office of the Securities Commissioner	0	0	0	0.0	0	0
Board of Technical Professions	0	0	0	0.0	0	0
Board of Veterinary Medical Examiners	0	0	0	0.0	0	0
Subtotal - General Government	187,253,685	171,781,493	(15,472,192)	(8.3)	(60,000)	2,631,512
Department of Human Resources	2,513,867	1,891,612	(622,255)	(24.8)	0	0
Kansas Commission on Veterans Affairs	4,296,134	5,163,604	867,470	20.2	0	440,000
Dept. of Health & Environment-Health	19,718,631	17,228,571	(2,490,060)	(12.6)	0	230,000
Department on Aging	139,738,400	163,976,317	24,237,917	17.3	0	500,000
Guardianship Program	998,297	1,000,506	2,209	0.2	0	0
Department of Social & Rehabilitation Services	626,353,158	740,266,871	113,913,713	18.2	0	1,200,000
Kansas Neurological Institute	8,877,702	9,765,684	887,982	10.0	0	0
Larned State Hospital	12,062,205	25,527,686	13,465,481	111.6	0	0
Osawatomie State Hospital	5,286,669	8,225,647	2,938,978	55.6	0	0
Parsons State Hospital & Training Center	6,142,188	6,866,864	724,676	11.8	0	0
Rainbow Mental Health Facility	587,613	3,867,158	3,279,545	558.1	0	0

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STATE GENERAL FUND EXPENDITURES

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003		FY 2003	FY 2004
			Dollar	Percent		
Subtotal - Human Resources	826,574,864	983,780,520	157,205,656	19.0	0	2,370,000
Department of Education	2,331,722,827	2,344,505,609	12,782,782	0.5	0	0
State Library	4,962,850	4,917,857	(44,993)	(0.9)	0	0
Arts Commission	1,522,850	1,503,950	(18,900)	(1.2)	0	0
School for the Blind	4,377,205	4,223,738	(153,467)	(3.5)	0	0
School for the Deaf	7,089,885	6,866,148	(223,737)	(3.2)	0	30,000
Historical Society	5,833,735	5,553,906	(279,829)	(4.8)	0	0
Fort Hays State University	30,179,531	30,179,531	0	0.0	0	0
Kansas State University	101,091,282	101,091,282	0	0.0	0	0
KSU-Ext. Sys. And Ag. Res. Programs	46,456,360	46,456,360	0	0.0	0	0
KSU-Veterinary Medical Center	9,545,175	9,545,175	0	0.0	0	0
Emporia State University	28,991,556	29,231,556	240,000	0.8	(240,000)	0
Pittsburg State University	31,826,710	31,826,710	0	0.0	0	0
University of Kansas	131,222,584	131,222,584	0	0.0	0	0
University of Kansas Medical Center	99,479,412	99,479,412	0	0.0	0	0
Wichita State University	62,738,280	62,738,280	0	0.0	0	0
Board of Regents	129,461,702	124,710,876	(4,750,826)	(3.7)	(49,000)	330,250
Subtotal - Education	3,026,501,944	3,034,052,974	7,551,030	0.2	(289,000)	360,250
Department of Corrections	82,319,953	82,618,271	298,318	0.4	0	0
Topeka Correctional Facility	10,293,956	10,198,848	(95,108)	(0.9)	0	0
Hutchinson Correctional Facility	23,796,518	24,366,899	570,381	2.4	0	0
Lansing Correctional Facility	31,758,915	32,369,719	610,804	1.9	0	0
Ellsworth Correctional Facility	10,258,641	10,500,274	241,633	2.4	0	0
Winfield Correctional Facility	9,582,620	9,799,665	217,045	2.3	0	0
Norton Correctional Facility	11,796,681	12,166,215	369,534	3.1	0	0
El Dorado Correctional Facility	20,168,433	20,692,920	524,487	2.6	0	0

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STATE GENERAL FUND EXPENDITURES

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003		FY 2003	FY 2004
			Dollar	Percent		
Larned Correctional MH Facility	7,583,060	7,907,013	323,953	4.3	0	0
Juvenile Justice Authority	28,902,085	29,395,758	493,673	1.7	0	0
Topeka Juvenile Correctional Facility	12,103,324	13,171,684	1,068,360	8.8	0	0
Atchison Juvenile Correctional Facility	6,113,425	5,868,143	(245,282)	(4.0)	0	0
Beloit Juvenile Correctional Facility	5,161,963	4,873,945	(288,018)	(5.6)	0	0
Larned Juvenile Correctional Facility	5,061,310	7,229,161	2,167,851	42.8	0	0
Adjutant General	9,426,731	5,189,022	(4,237,709)	(45.0)	17,000	17,000
State Fire Marshal	0	0	0	0.0	0	0
Kansas Parole Board	502,257	486,102	(16,155)	(3.2)	0	0
Kansas Highway Patrol	13,111,909	28,880,582	15,768,673	120.3	0	28,880,582
Kansas Bureau of Investigation	12,135,069	11,915,195	(219,874)	(1.8)	0	80,000
Emergency Medical Services Board	0	0	0	0.0	0	0
Kansas Sentencing Commission	429,159	483,935	54,776	12.8	0	167,000
Ombudsman of Corrections	167,906	0	(167,906)	(100.0)	0	0
Subtotal - Public Safety	300,673,915	318,113,351	17,439,436	5.8	17,000	29,144,582
Department of Agriculture	9,385,304	9,406,284	20,980	0.2	0	0
Animal Health Department	572,318	574,087	1,769	0.3	0	0
State Fair Board	0	538,103	538,103	0.0	0	0
Department of Health and Environment-Environ.	7,248,232	9,226,710	1,978,478	27.3	0	0
State Conservation Commission	560,295	562,295	2,000	0.4	0	0
Kansas Water Office	1,283,892	1,251,448	(32,444)	(2.5)	0	0
Department of Wildlife and Parks	3,190,794	3,159,583	(31,211)	(1.0)	0	0
Subtotal - Agriculture and Natural Resources	22,240,835	24,718,510	2,477,675	11.1	0	0
Kansas Department of Transportation	0	0	0	0.0	0	0

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STATE GENERAL FUND EXPENDITURES

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003		FY 2003	FY 2004
			Dollar	Percent		
Subtotal - Transportation	0	0	0	0.0	0	0
TOTAL	4,363,245,243	4,532,446,848	169,201,605	3.9	(332,000)	34,506,344
Other Adjustments	(5,265,070)	(7,789,009)	(2,523,939)	--	0	(3,280,649)
GRAND TOTAL	4,357,980,173	4,524,657,839	166,677,666	3.8 %	(332,000)	31,225,695

*Reflects Governor's veto on SB 6

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FULL-TIME EQUIVALENT (FTE) POSITIONS

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003 Number	Percent	FY 2003	FY 2004
Topeka Juvenile Correctional Facility	226.0	394.0	168.0	74.3	0.0	0.0
Atchison Juvenile Correctional Facility	119.0	119.0	0.0	0.0	0.0	0.0
Beloit Juvenile Correctional Facility	103.0	103.0	0.0	0.0	0.0	0.0
Larned Juvenile Correctional Facility	148.0	148.0	0.0	0.0	0.0	0.0
Adjutant General	215.0	215.0	0.0	0.0	0.0	0.0
State Fire Marshal	46.0	46.0	0.0	0.0	0.0	0.0
Kansas Parole Board	4.0	3.0	(1.0)	(25.0)	0.0	0.0
Kansas Highway Patrol	823.8	823.8	0.0	0.0	0.0	(38.0)
Kansas Bureau of Investigation	201.0	201.0	0.0	0.0	0.0	0.0
Emergency Medical Services Board	13.0	13.0	0.0	0.0	0.0	0.0
Kansas Sentencing Commission	10.0	7.0	(3.0)	(30.0)	0.0	(2.0)
Ombudsman of Corrections	3.5	0.0	(3.5)	(100.0)	0.0	0.0
Subtotal - Public Safety	5,083.8	5,244.3	160.5	3.2	0.0	(40.0)
Department of Agriculture	296.5	296.5	0.0	0.0	(4.0)	(4.0)
Animal Health Department	31.0	31.0	0.0	0.0	0.0	0.0
State Fair Board	23.0	23.0	0.0	0.0	0.0	0.0
Department of Health and Environment-Environ.	488.0	484.0	(4.0)	(0.8)	0.0	0.0
State Conservation Commission	15.5	15.5	0.0	0.0	0.0	0.0
Kansas Water Office	22.5	22.5	0.0	0.0	0.0	0.0
Department of Wildlife and Parks	406.5	406.5	0.0	0.0	0.0	0.0
Subtotal - Agriculture and Natural Resources	1,283.0	1,279.0	(4.0)	(0.3)	(4.0)	(4.0)
Kansas Department of Transportation	3,247.5	3,247.5	0.0	0.0	0.0	0.0
Subtotal - Transportation	3,247.5	3,247.5	0.0	0.0	0.0	0.0
TOTAL	39,489.4	39,263.1	(226.3)	(0.6)	(4.0)	(237.0)

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FULL-TIME EQUIVALENT (FTE) POSITIONS

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003		FY 2003	FY 2004
			Number	Percent		
Department of Education	208.3	208.3	0.0	0.0	0.0	0.0
State Library	27.0	27.0	0.0	0.0	0.0	0.0
Arts Commission	8.0	8.0	0.0	0.0	0.0	0.0
School for the Blind	93.5	89.5	(4.0)	(4.3)	0.0	0.0
School for the Deaf	161.2	157.2	(4.0)	(2.5)	0.0	0.0
Historical Society	136.5	136.5	0.0	0.0	0.0	0.0
Fort Hays State University	705.6	705.6	0.0	0.0	0.0	0.0
Kansas State University	3,162.9	3,162.9	0.0	0.0	0.0	0.0
KSU-Ext. Sys. And Ag. Res. Programs	1,395.7	1,395.7	0.0	0.0	0.0	0.0
KSU-Veterinary Medical Center	271.9	271.9	0.0	0.0	0.0	0.0
Emporia State University	742.3	742.3	0.0	0.0	0.0	0.0
Pittsburg State University	789.7	789.7	0.0	0.0	0.0	0.0
University of Kansas	4,180.3	4,180.3	0.0	0.0	0.0	0.0
University of Kansas Medical Center	2,283.8	2,283.8	0.0	0.0	0.0	0.0
Wichita State University	1,667.6	1,667.6	0.0	0.0	0.0	0.0
Board of Regents	54.0	54.0	0.0	0.0	0.0	0.0
Subtotal - Education	15,888.3	15,880.3	(8.0)	(0.1)	0.0	0.0
Department of Corrections	319.0	319.0	0.0	0.0	0.0	0.0
Topeka Correctional Facility	248.0	248.0	0.0	0.0	0.0	0.0
Hutchinson Correctional Facility	513.0	513.0	0.0	0.0	0.0	0.0
Lansing Correctional Facility	710.0	710.0	0.0	0.0	0.0	0.0
Ellsworth Correctional Facility	223.0	223.0	0.0	0.0	0.0	0.0
Winfield Correctional Facility	201.0	201.0	0.0	0.0	0.0	0.0
Norton Correctional Facility	266.0	266.0	0.0	0.0	0.0	0.0
El Dorado Correctional Facility	466.5	466.5	0.0	0.0	0.0	0.0
Larned Correctional MH Facility	186.0	186.0	0.0	0.0	0.0	0.0
Juvenile Justice Authority	39.0	39.0	0.0	0.0	0.0	0.0

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FULL-TIME EQUIVALENT (FTE) POSITIONS

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003		FY 2003	FY 2004
			Number	Percent		
State Bank Commissioner	85.0	85.0	0.0	0.0	0.0	0.0
Board of Barbering	1.5	1.5	0.0	0.0	0.0	0.0
Behavioral Sciences Regulatory Board	8.0	8.0	0.0	0.0	0.0	0.0
State Board of Healing Arts	29.0	29.0	0.0	0.0	0.0	0.0
Board of Cosmetology	12.0	12.0	0.0	0.0	0.0	0.0
Department of Credit Unions	13.0	13.0	0.0	0.0	0.0	0.0
Kansas Dental Board	2.5	2.5	0.0	0.0	0.0	0.0
Board of Mortuary Arts	3.0	3.0	0.0	0.0	0.0	0.0
Hearing Aid Board of Examiners	0.4	0.4	0.0	0.0	0.0	0.0
Board of Nursing	22.0	22.0	0.0	0.0	0.0	0.0
Board of Examiners in Optometry	0.8	0.8	0.0	0.0	0.0	0.0
Board of Pharmacy	7.0	7.0	0.0	0.0	0.0	0.0
Real Estate Appraisal Board	3.0	2.0	(1.0)	(33.3)	0.0	(1.0)
Real Estate Commission	13.0	13.0	0.0	0.0	0.0	0.0
Office of the Securities Commissioner	27.8	27.8	0.0	0.0	0.0	0.0
Board of Technical Professions	6.0	6.0	0.0	0.0	0.0	0.0
Board of Veterinary Medical Examiners	3.0	3.0	0.0	0.0	0.0	0.0
Subtotal - General Government	5,553.5	5,328.0	(225.5)	(4.1)	0.0	(193.0)
Department of Human Resources	940.4	940.4	0.0	0.0	0.0	0.0
Kansas Commission on Veterans Affairs	558.8	558.8	0.0	0.0	0.0	0.0
Dept. of Health & Environment-Health	513.0	392.5	(120.5)	(23.5)	0.0	0.0
Department on Aging	157.0	233.0	76.0	48.4	0.0	0.0
Guardianship Program	12.0	12.0	0.0	0.0	0.0	0.0
Department of Social & Rehabilitation Services	3,981.5	3,981.5	0.0	0.0	0.0	0.0
Kansas Neurological Institute	589.5	530.0	(59.5)	(10.1)	0.0	0.0
Larned State Hospital	699.8	663.0	(36.8)	(5.3)	0.0	0.0
Osawatomie State Hospital	413.9	436.3	22.4	5.4	0.0	0.0
Parsons State Hospital & Training Center	455.1	424.2	(30.9)	(6.8)	0.0	0.0
Rainbow Mental Health Facility	112.3	112.3	0.0	0.0	0.0	0.0
Subtotal - Human Resources	8,433.3	8,284.0	(149.3)	(1.8)	0.0	0.0

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FULL-TIME EQUIVALENT (FTE) POSITIONS

Agency	Approved Budget				Change From Governor's Recommendation	
	FY 2003	FY 2004	Change From FY 2003		FY 2003	FY 2004
			Number	Percent		
Legislative Coordinating Council	13.0	13.0	0.0	0.0 %	0.0	0.0
Legislative Research Department	37.0	37.0	0.0	0.0	0.0	0.0
Revisor of Statutes	26.0	26.0	0.0	0.0	0.0	0.0
Legislature	33.0	33.0	0.0	0.0	0.0	0.0
Division of Post Audit	21.0	21.0	0.0	0.0	0.0	0.0
Governor's Department	32.0	34.0	2.0	6.3	0.0	0.0
Lieutenant Governor	3.0	3.0	0.0	0.0	0.0	0.0
Attorney General	95.0	95.0	0.0	0.0	0.0	0.0
Secretary of State	56.0	56.0	0.0	0.0	0.0	0.0
State Treasurer	55.5	0.0	(55.5)	(100.0)	0.0	(55.5)
Insurance Department	157.0	157.0	0.0	0.0	0.0	0.0
Health Care Stabilization Fund	16.0	16.0	0.0	0.0	0.0	0.0
Judicial Council	4.0	4.0	0.0	0.0	0.0	0.0
State Board of Indigents' Defense Services	165.0	165.0	0.0	0.0	0.0	0.0
Judicial Branch	1,816.3	1,819.3	3.0	0.2	0.0	0.0
KPERS	85.0	85.0	0.0	0.0	0.0	0.0
Governmental Ethics Commission	9.0	9.0	0.0	0.0	0.0	0.0
Kansas Human Rights Commission	37.0	36.0	(1.0)	(2.7)	0.0	0.0
State Corporation Commission	210.0	212.0	2.0	1.0	0.0	0.0
Citizens' Utility Ratepayer Board	5.0	5.0	0.0	0.0	0.0	0.0
Department of Administration	882.2	887.2	5.0	0.6	0.0	0.0
State Board of Tax Appeals	27.0	26.0	(1.0)	(3.7)	0.0	0.0
Department of Revenue	1,195.5	1,195.5	0.0	0.0	0.0	38.0
Kansas Lottery	87.0	87.0	0.0	0.0	0.0	0.0
Kansas Racing and Gaming Commission	64.0	67.0	3.0	4.7	0.0	0.0
Department of Commerce and Housing	148.0	0.0	(148.0)	(100.0)	0.0	(147.5)
Kansas, Inc.	4.0	0.0	(4.0)	(100.0)	0.0	0.0
Kansas Technology Enterprise Corporation	30.0	0.0	(30.0)	(100.0)	0.0	(27.0)
Abstracters Board of Examiners	0.0	0.0	0.0	0.0	0.0	0.0
Board of Accountancy	3.0	3.0	0.0	0.0	0.0	0.0

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**Items for Omnibus Consideration
(Referred by the House Committee)**

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
FY 2003				
<u>Insurance Department</u>				
Review the amounts the insurance companies rates may have to be increased in FY 2005 if "loans" from the Insurance Department's Special Revenue Funds are not repaid.	0	0	0	0.0
Review the details of the move of the SHICK program from Insurance Department to Aging and any impact it will have on the agency's budget.	0	0	0	0.0
<u>Board of Indigents' Defense Services</u>				
Review available cash balances of the Death Penalty Defense Unit and the Assigned Counsel Program.	0	0	0	0.0
<u>KPERS</u>				
Adjust estimated expenditures in FY 2003 based on latest KPERS projections for payments to investment managers.	0	0	0	0.0
Pending passage of SB 47 or similar legislation, review at Omnibus the \$6.1 million of state savings as an alternative source of financing for other programs.	0	0	0	0.0
<u>Board of Tax Appeals</u>				
Review the actual amount of salary savings realized due to SB 115 to ensure that the agency doesn't have to make up the reductions in other salary areas.	0	0	0	0.0
Review the microfilm contract with the Norton Correctional Industries and review the issue.	0	0	0	0.0
<u>Kansas Lottery</u>				
Review sales estimates during Omnibus and adjust revenue estimate as needed.	0	0	0	0.0
<u>Kansas Real Estate Commission</u>				
Consider restoring \$29,500 for purchase of electronic storage database. Agency to use KSIP funds.	0	29,500	29,500	0.0
<u>Department of Health and Environment</u>				
Review balances of the Underground Petroleum Storage Tank Release Trust Fund.	0	0	0	0.0
<u>Kansas Neurological Institute</u>				
Review education services provided for children and adolescents within the state hospital setting, prior to Omnibus.	0	0	0	0.0
Review federal funding for state hospitals, including DSH and Title XIX, prior to Omnibus.	0	0	0	0.0
<u>Larned State Hospital</u>				
Review education services provided for children and adolescents within the state hospital setting, prior to Omnibus.	0	0	0	0.0
Review federal funding for state hospitals, including DSH and Title XIX, prior to Omnibus.	0	0	0	0.0

Osawatomie State Hospital

Review education services provided for children and adolescents within the state hospital setting, prior to Omnibus.	0	0	0	0.0
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Review federal funding for state hospitals, including DSH and Title XIX, prior to Omnibus.	0	0	0	0.0
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Parsons State Hospital

Review education services provided for children and adolescents within the state hospital setting, prior to Omnibus.	0	0	0	0.0
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Review federal funding for state hospitals, including DSH and Title XIX, prior to Omnibus.	0	0	0	0.0
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Rainbow Mental Health Facility

Review education services provided for children and adolescents within the state hospital setting, prior to Omnibus.	0	0	0	0.0
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Review federal funding for state hospitals, including DSH and Title XIX, prior to Omnibus.	0	0	0	0.0
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Board of Regents

Re-evaluate the rationale for the proviso adopted last session which prohibits salary savings from being used for OOE.	0	0	0	0.0
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Adjutant General

Consider adding \$115,000 due to increased armory insurance costs.	115,000	0	115,000	0.0
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TOTAL	\$115,000	\$29,500	\$144,500	0.0
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FY 2004State Treasurer

Review FY 2004 state operations financing.	0	0	0	0.0
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Insurance Department

Review the amounts the insurance companies rates may have to be increased in FY 2005 if "loans" from the Insurance Department's Special Revenue Funds are not repaid.	0	0	0	0.0
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Review the details of the move of the SHICK program from Insurance Department to Aging and any impact it will have on the agency's budget.	0	0	0	0.0
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Judicial Council

Review additional funding needs and requests a five year financing plan from the agency in regards to projected publications revenue.	0	0	0	0.0
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Board of Indigents' Defense Services

Review of the agency's budget.	0	0	0	0.0
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KPERS

Adjust estimated expenditures in FY 2004 based on latest KPERS projections for payments to investment managers.	0	0	0	0.0
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Pending passage of SB 47 or similar legislation, review at Omnibus the \$24.0 million of state savings as an alternative source of financing for other programs.	0	0	0	0.0
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<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Review status of HB 2325 during Omnibus or any other legislation that addresses the shortfall in FY 2004 funding of \$5.7 million for the 13th check payment due in October 2003.	0	0	0	0.0
<u>Kansas Corporation Commission</u>				
Agency is to report back before Omnibus on well-plugging status and staffing of Chanute office.	0	0	0	0.0
<u>Department of Administration</u>				
Review the issue of KANS-A-N long distance fees at omnibus.	0	0	0	0.0
<u>Department of Revenue</u>				
Review ABC transfer issue during Omnibus and status of any pending legislation.	0	0	0	0.0
<u>Kansas Lottery</u>				
Review sales estimates during Omnibus and adjust revenue estimate as needed.	0	0	0	0.0
<u>Kansas Racing and Gaming Commission</u>				
Review status of the Horse Fair Racing Benefit Fund and whether any money above \$300,000 may be transferred to the SGF.	0	0	0	0.0
<u>Department of Commerce and Housing</u>				
Review FY 2004 funding of agency which was deleted by the conference committee pending the outcome of Executive Reorganization Order No. 30.	0	112,137,305	112,137,305	147.5
<u>Kansas Inc.</u>				
Review the possibility of funding the agency for FY 2004.	0	0	0	0.0
<u>Kansas Technology Enterprise Corp.</u>				
Review FY 2004 funding which was deleted by the conference committee pending the outcome of Executive Reorganization Order No. 30.	0	13,953,820	13,953,820	27.0
<u>Behavioral Sciences Regulatory Board</u>				
Review the possible reinstatement of \$5,000 in capital outlay expenditures.	0	0	0	0.0
<u>Board of Nursing</u>				
Request survey of all inactive nurses and why they left the profession and report the results back prior to Omnibus.	0	0	0	0.0
Review the long range plan and resources for nurse recruitment and the potential for federal money from the Nursing Act and when the proposed plan would end.	0	0	0	0.0
Review the plan to recruit nurses and any potential conflicts of interest.	0	0	0	0.0
<u>Board of Veterinary Examiners</u>				
Review expenditure levels resulting from agency's anticipated increase in revenue.	0	15,000	15,000	0.0
<u>Commission on Veterans Affairs</u>				
Review staffing levels at Kansas Soldiers' Home.	0	0	0	0.0

Department of Health and Environment

Consider adding funding for community-based primary care clinics should additional funds be available.	1,000,000	0	1,000,000	0.0
Receive report on federal bioterrorism funding for FY 2004.	0	0	0	0.0
Receive report on the transfer of the nursing home regulation function from KDHE to the Dept on Aging.	0	0	0	0.0
Review fees charged by the Kansas Bureau of Investigation for criminal background checks of healthcare workers.	0	0	0	0.0
Review funding sources and effectiveness measures of the Tobacco Use Prevention Program.	0	0	0	0.0
Review Funeral Assistance Program (including potential funding sources).	0	0	0	0.0
Review possibility of transferring regulatory and inspection function for day care and foster care programs from KDHE to the Dept of Social and Rehabilitation Services.	0	0	0	0.0
Review Pregnancy Maintenance Initiative Program (including effectiveness measures).	0	0	0	0.0

Department on Aging

Review combining all HCBS waivers into one waiver.	0	0	0	0.0
Review increasing the pool for health care.	0	0	0	0.0
Review raising the PASSAR score for the HCBS/FE waiver from 26 to 40.	0	0	0	0.0
Review shifting Adult Protective Services from SRS to Aging.	0	0	0	0.0
Review system of case management services for the HCBS waivers.	0	0	0	0.0
Review the disparity between self-directed and non self-directed care reimbursement rates.	0	0	0	0.0
Review the establishment of regulations to allow dollars to follow clients from institutions into the community.	0	0	0	0.0
Review transfer of nursing facility inspection from the Department of Health and Environment to the Department on Aging.	0	0	0	0.0

Social and Rehabilitation Services

Review agency report on more cost effective purchasing alternatives for durable medical equipment.	0	0	0	0.0
Review capping HCBS waiver payments.	0	0	0	0.0
Review child care funding methodologies to maximize TANF match.	0	0	0	0.0
Review combining all waivers into a single waiver program.	0	0	0	0.0
Review eligibility criteria for the HCBS/DD waiver.	0	0	0	0.0
Review elimination of disproportionate share payments to Children's Mercy hospital.	0	0	0	0.0
Review funding alternatives for the \$1.5 million SGF reduction to the University of Kansas Graduate Medical Education Program.	0	0	0	0.0
Review funding for the funeral assistance program, with savings from regional office closures as a funding option.	0	0	0	0.0
Review implementation of legislation to prevent the hiding of assets to achieve Medicaid eligibility.	0	0	0	0.0

Agency/Item

State General Fund

All Other Funds

All Funds

FTEs

Review implementing a program to place liens on the homes of Medicaid recipients who have been in a nursing facility for a year, or persons receiving HCBS services, as well as requiring reverse mortgages on homes of Medicaid recipients.	0	0	0	0.0
Review increasing the PASSAR score for the HCBS/PD waiver from 26 to 32.	(457,278)	(704,802)	(1,162,080)	0.0
Review isolating adoption services and shifting all placement responsibility with foster care providers.	0	0	0	0.0
Review isolating adoption services with adoption service providers and shifting all placement responsibility to foster care service providers.	0	0	0	0.0
Review maximization of federal funds for job training programs statewide.	0	0	0	0.0
Review models of charging interest for back child support payments.	0	0	0	0.0
Review options, recommendations and ideas for providing services to high needs foster care children.	0	0	0	0.0
Review the child support enforcement program and its performance given the budget reductions.	0	0	0	0.0
Review the policy of splitting spousal income for Medicaid eligibility and implementation of a sliding fee scale for services based on both spouses income.	0	0	0	0.0

Department of Education

Consider issues relating to funding for USD 423 (Moundridge) in the Omnibus Bill.	0	0	0	0.0
If revenues become available, consider funding for statutory programs that are unfunded or underfunded in the Governor's budget: Mentor Teacher, Inservice Education, and Governor's Teaching Excellence Awards.	0	0	0	0.0
Proviso to require State Department to request waiver from No Child Left Behind Act provisions. (House floor amendment deferred to Omnibus by Conference Committee on SB 6.)	0	0	0	0.0

School for the Blind

Request an explanation of the differences in the cost per pupil between the School for Blind and School for Deaf prior to Omnibus.	0	0	0	0.0
Requests that the School look into utilizing KAN-ED to maximize effectiveness, and respond back prior to Omnibus.	0	0	0	0.0
Requests the School to report back on any potential increases in Medicaid funding (Special Subcommittee is working on this item, no recommendation have been made).	0	0	0	0.0
Review the School's funding at Omnibus, as the Committee feels that the manner in which the School was treated is inconsistent with how the rest of Education was treated.	0	0	0	0.0

School for the Deaf

Request an explanation of the differences in the cost per pupil between the School for Blind and School and Deaf prior to Omnibus.	0	0	0	0.0
Requests that the School look into utilizing KAN-ED to maximize the effectiveness, and respond back before Omnibus.	0	0	0	0.0
Requests the School to report back on any potential increases in Medicaid funding (Special Subcommittee is working on this item, no recommendation have been made).	0	0	0	0.0
Review the School's funding at Omnibus, as the Committee feels the manner in which the School was treated is inconsistent with how the rest of Education was treated.	0	0	0	0.0

4-5

KSU - Agricultural Extension & Research

Report to Budget Committee on efforts to include sustainable agriculture initiatives in the Universities 5 year research plan.	0	0	0	0.0
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University of Kansas Medical Center

Consider funding for Medical Student Loans.	850,000	0	850,000	0.0
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Consider funding for Pediatric Biomedical Research.	0	1,000,000	1,000,000	0.0
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Wichita State University

Support for Aviation Research.	1,000,000	0	1,000,000	0.0
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Board of Regents

Board to report by Omnibus on how increased funding for the comprehensive grant program will be allocated between public and private universities.	0	0	0	0.0
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Consider the Board's request for funding for alternative teacher education programs at ESU, FHSU, and PSU.	900,000	0	900,000	0.0
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Report progress on KBOR's progress on analysis of numerous matters related to technical schools.	0	0	0	0.0
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Department of Corrections

Request Secretary of Corrections continue to review options that would result in restoring offender management beds and substance abuse services in FY 2004 and report back to Budget Committee before Omnibus for further consideration.	0	0	0	0.0
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Request Secretary of Corrections examine options for keeping visitors' centers operational.	0	0	0	0.0
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Request Secretary of Corrections review and report to Budget Committee at Omnibus regarding costs of not establishing day reporting center or equivalent in Kansas City area; report whether costs are reduced when centers are operational.	0	0	0	0.0
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Request Secretary of Corrections to provide, at or before Omnibus, an update on amount needed to pay in full the amount owed in local jail payments.	0	0	0	0.0
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Highway Patrol

Review ABC transfer issue during Omnibus and status of any pending legislation.	0	1,805,122	1,805,122	38.0
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Kansas Bureau of Investigation

Review the elimination of the CJIS Project Manager's position.	97,632	0	97,632	0.0
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Sentencing Commission

Review Governor's recommendation to transfer Byrne Funding from Sentencing Commission and the financing remaining to operate the agency.	0	0	0	0.0
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Kansas Department of Agriculture

Report on progress or resolution of information technology funding with the Kansas Water Office and the State Conservation Commission.	0	0	0	0.0
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Animal Health Department

Update on funding of Animal Facilities Inspection program in relation to HB 2443 (rabies vaccination surcharge bill).	0	0	0	0.0
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State Conservation Commission

Report on progress or resolution of information technology funding with the Kansas Water Office and the Department of Agriculture.	0	0	0	0.0
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Kansas Water Office

Report on progress or resolution of information technology funding with the Department of Agriculture and the State Conservation Commission.	0	0	0	0.0
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Department of Wildlife and Parks

Review GBA on Cheyenne Bottoms for a \$2.0 million project if the Governor submits by Omnibus.	0	0	0	0.0
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TOTAL	\$3,390,354	\$128,206,445	\$131,596,799	212.5
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FY 2005Behavioral Sciences Regulatory Board

Review the possible reinstatement of \$7,200 in capital outlay expenditures.	0	0	0	0.0
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Board of Nursing

Request survey of all inactive nurses and why they left the profession and report the results back prior to Omnibus.	0	0	0	0.0
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Review the long range plan and resources for nurse recruitment and the potential for federal money from the Nursing Act and when the proposed plan would end.	0	0	0	0.0
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Review the plan to recruit nurses and any potential conflicts of interest.	0	0	0	0.0
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Board of Veterinary Examiners

Review expenditure levels resulting from agency's anticipated increase in revenue.	0	65,000	65,000	0.0
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TOTAL	\$0	\$65,000	\$65,000	0.0
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GRAND TOTAL	\$3,505,354	\$128,300,945	\$131,806,299	212.5
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**Items for Omnibus Consideration
(Referred by the House Committee)**

Agriculture and Natural Resources

522-S

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Deckard				
<u>Board of Nursing (FY 2004)</u>				
Request survey of all inactive nurses and why they left the profession and report the results back prior to Omnibus.	0	0	0	0.0
Review the long range plan and resources for nurse recruitment and the potential for federal money from the Nursing Act and when the proposed plan would end.	0	0	0	0.0
Review the plan to recruit nurses and any potential conflicts of interest.	0	0	0	0.0
<u>Board of Nursing (FY 2005)</u>				
Request survey of all inactive nurses and why they left the profession and report the results back prior to Omnibus.	0	0	0	0.0
Review the long range plan and resources for nurse recruitment and the potential for federal money from the Nursing Act and when the proposed plan would end.	0	0	0	0.0
Review the plan to recruit nurses and any potential conflicts of interest.	0	0	0	0.0
Efird				
<u>Department of Wildlife and Parks (FY 2004)</u>				
Review GBA on Cheyenne Bottoms for a \$2.0 million project if the Governor submits by Omnibus.	0	0	0	0.0
Krahl				
<u>Kansas Real Estate Commission (FY 2003)</u>				
Consider restoring \$29,500 for purchase of electronic storage database. Agency to use KSIP funds.	0	29,500	29,500	0.0
<u>Kansas Corporation Commission (FY 2004)</u>				
Agency is to report back before Omnibus on well-plugging status and staffing of Chanute office.	0	0	0	0.0
VanHouse				
<u>Board of Veterinary Examiners (FY 2004)</u>				
Review expenditure levels resulting from agency's anticipated increase in revenue.	0	15,000	15,000	0.0
<u>Kansas Department of Agriculture (FY 2004)</u>				
Report on progress or resolution of information technology funding with the Kansas Water Office and the State Conservation Commission.	0	0	0	0.0
<u>Animal Health Department (FY 2004)</u>				
Update on funding of Animal Facilities Inspection program in relation to HB 2443 (rabies vaccination surcharge bill).	0	0	0	0.0
<u>State Conservation Commission (FY 2004)</u>				
Report on progress or resolution of information technology funding with the Kansas Water Office and the Department of Agriculture.	0	0	0	0.0

Items for Omnibus Consideration
(Referred by the House Committee)

Agriculture and Natural Resources

522-S

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>Kansas Water Office (FY 2004)</u>				
Report on progress or resolution of information technology funding with the Department of Agriculture and the State Conservation Commission.	0	0	0	0.0
<u>Board of Veterinary Examiners (FY 2005)</u>				
Review expenditure levels resulting from agency's anticipated increase in revenue.	0	65,000	65,000	0.0

**Items for Omnibus Consideration
(Referred by the House Committee)**

Education

519-S

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
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Deckard

Behavioral Sciences Regulatory Board (FY 2004)

Review the possible reinstatement of \$5,000 in capital outlay expenditures.	0	0	0	0.0
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School for the Blind (FY 2004)

Request an explanation of the differences in the cost per pupil between the School for Blind and School for Deaf prior to Omnibus.	0	0	0	0.0
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Requests that the School look into utilizing KAN-ED to maximize effectiveness, and respond back prior to Omnibus.	0	0	0	0.0
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Requests the School to report back on any potential increases in Medicaid funding (Special Subcommittee is working on this item, no recommendation have been made).	0	0	0	0.0
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Review the School's funding at Omnibus, as the Committee feels that the manner in which the School was treated is inconsistent with how the rest of Education was treated.	0	0	0	0.0
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School for the Deaf (FY 2004)

Request an explanation of the differences in the cost per pupil between the School for Blind and School and Deaf prior to Omnibus.	0	0	0	0.0
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Requests that the School look into utilizing KAN-ED to maximize the effectiveness, and respond back before Omnibus.	0	0	0	0.0
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Requests the School to report back on any potential increases in Medicaid funding (Special Subcommittee is working on this item, no recommendation have been made).	0	0	0	0.0
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Review the School's funding at Omnibus, as the Committee feels the manner in which the School was treated is inconsistent with how the rest of Education was treated.	0	0	0	0.0
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Behavioral Sciences Regulatory Board (FY 2005)

Review the possible reinstatement of \$7,200 in capital outlay expenditures.	0	0	0	0.0
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Rampey

Department of Education (FY 2004)

Consider issues relating to funding for USD 423 (Moundridge) in the Omnibus Bill.	0	0	0	0.0
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If revenues become available, consider funding for statutory programs that are unfunded or underfunded in the Governor's budget: Mentor Teacher, Inservice Education, and Governor's Teaching Excellence Awards.	0	0	0	0.0
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Proviso to require State Department to request waiver from No Child Left Behind Act provisions. (House floor amendment deferred to Omnibus by Conference Committee on SB 6.)	0	0	0	0.0
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West

Board of Regents (FY 2003)

Re-evaluate the rationale for the proviso adopted last session which prohibits salary savings from being used for OOE.	0	0	0	0.0
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**Items for Omnibus Consideration
(Referred by the House Committee)**

Education

519-S

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>KSU - Agricultural Extension & Research (FY 2004)</u>				
Report to Budget Committee on efforts to include sustainable agriculture initiatives in the Universities 5 year research plan.	0	0	0	0.0
<u>University of Kansas Medical Center (FY 2004)</u>				
Consider funding for Medical Student Loans.	850,000	0	850,000	0.0
Consider funding for Pediatric Biomedical Research.	0	1,000,000	1,000,000	0.0
<u>Wichita State University (FY 2004)</u>				
Support for Aviation Research.	1,000,000	0	1,000,000	0.0
<u>Board of Regents (FY 2004)</u>				
Board to report by Omnibus on how increased funding for the comprehensive grant program will be allocated between public and private universities.	0	0	0	0.0
Consider the Board's request for funding for alternative teacher education programs at ESU, FHSU, and PSU.	900,000	0	900,000	0.0
Report progress on KBOR's progress on analysis of numerous matters related to technical schools.	0	0	0	0.0

**Items for Omnibus Consideration
(Referred by the House Committee)**

General Government and Human Resources

423-S

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Calderwood				
<u>State Treasurer (FY 2004)</u>				
Review FY 2004 state operations financing.	0	0	0	0.0
Deckard				
<u>Insurance Department (FY 2003)</u>				
Review the amounts the insurance companies rates may have to be increased in FY 2005 if "loans" from the Insurance Department's Special Revenue Funds are not repaid.	0	0	0	0.0
Review the details of the move of the SHICK program from Insurance Department to Aging and any impact it will have on the agency's budget.	0	0	0	0.0
<u>Insurance Department (FY 2004)</u>				
Review the amounts the insurance companies rates may have to be increased in FY 2005 if "loans" from the Insurance Department's Special Revenue Funds are not repaid.	0	0	0	0.0
Review the details of the move of the SHICK program from Insurance Department to Aging and any impact it will have on the agency's budget.	0	0	0	0.0
Efird				
<u>Kansas Lottery (FY 2003)</u>				
Review sales estimates during Omnibus and adjust revenue estimate as needed.	0	0	0	0.0
<u>Kansas Lottery (FY 2004)</u>				
Review sales estimates during Omnibus and adjust revenue estimate as needed.	0	0	0	0.0
<u>Kansas Racing and Gaming Commission (FY 2004)</u>				
Review status of the Horse Fair Racing Benefit Fund and whether any money above \$300,000 may be transferred to the SGF.	0	0	0	0.0
Hollon				
<u>Department of Commerce and Housing (FY 2004)</u>				
Review FY 2004 funding of agency which was deleted by the conference committee pending the outcome of Executive Reorganization Order No. 30.	0	112,137,305	112,137,305	147.5
<u>Kansas Inc. (FY 2004)</u>				
Review the possibility of funding the agency for FY 2004.	0	0	0	0.0
<u>Kansas Technology Enterprise Corp. (FY 2004)</u>				
Review FY 2004 funding which was deleted by the conference committee pending the outcome of Executive Reorganization Order No. 30.	0	13,953,820	13,953,820	27.0
Robinson				
<u>Department of Administration (FY 2004)</u>				
Review the issue of KANS-A-N long distance fees at omnibus.	0	0	0	0.0

Items for Omnibus Consideration
(Referred by the House Committee)

General Government and Human Resources

423-S

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
VanHouse				
<u>Commission on Veterans Affairs (FY 2004)</u>				
Review staffing levels at Kansas Soldiers' Home.	0	0	0	0.0

Items for Omnibus Consideration
(Referred by the House Committee)

Public Safety

527-S

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Dorsey				
<u>Department of Corrections (FY 2004)</u>				
Request Secretary of Corrections continue to review options that would result in restoring offender management beds and substance abuse services in FY 2004 and report back to Budget Committee before Omnibus for further consideration.	0	0	0	0.0
Request Secretary of Corrections examine options for keeping visitors' centers operational.	0	0	0	0.0
Request Secretary of Corrections review and report to Budget Committee at Omnibus regarding costs of not establishing day reporting center or equivalent in Kansas City area; report whether costs are reduced when centers are operational.	0	0	0	0.0
Request Secretary of Corrections to provide, at or before Omnibus, an update on amount needed to pay in full the amount owed in local jail payments.	0	0	0	0.0
Hollon				
<u>Board of Indigents' Defense Services (FY 2003)</u>				
Review available cash balances of the Death Penalty Defense Unit and the Assigned Counsel Program.	0	0	0	0.0
<u>Board of Indigents' Defense Services (FY 2004)</u>				
Review of the agency's budget.	0	0	0	0.0
Waller				
<u>Adjutant General (FY 2003)</u>				
Consider adding \$115,000 due to increased armory insurance costs.	115,000	0	115,000	0.0
<u>Highway Patrol (FY 2004)</u>				
Review ABC transfer issue during Omnibus and status of any pending legislation.	0	1,805,122	1,805,122	38.0
<u>Kansas Bureau of Investigation (FY 2004)</u>				
Review the elimination of the CJIS Project Manager's position.	97,632	0	97,632	0.0
<u>Sentencing Commission (FY 2004)</u>				
Review Governor's recommendation to transfer Byrne Funding from Sentencing Commission and the financing remaining to operate the agency.	0	0	0	0.0

**Items for Omnibus Consideration
(Referred by the House Committee)**

Social Services

514-S

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Calderwood				
<u>Kansas Neurological Institute (FY 2003)</u>				
Review education services provided for children and adolescents within the state hospital setting, prior to Omnibus.	0	0	0	0.0
Review federal funding for state hospitals, including DSH and Title XIX, prior to Omnibus.	0	0	0	0.0
<u>Larned State Hospital (FY 2003)</u>				
Review education services provided for children and adolescents within the state hospital setting, prior to Omnibus.	0	0	0	0.0
Review federal funding for state hospitals, including DSH and Title XIX, prior to Omnibus.	0	0	0	0.0
<u>Osawatomie State Hospital (FY 2003)</u>				
Review education services provided for children and adolescents within the state hospital setting, prior to Omnibus.	0	0	0	0.0
Review federal funding for state hospitals, including DSH and Title XIX, prior to Omnibus.	0	0	0	0.0
<u>Parsons State Hospital (FY 2003)</u>				
Review education services provided for children and adolescents within the state hospital setting, prior to Omnibus.	0	0	0	0.0
Review federal funding for state hospitals, including DSH and Title XIX, prior to Omnibus.	0	0	0	0.0
<u>Rainbow Mental Health Facility (FY 2003)</u>				
Review education services provided for children and adolescents within the state hospital setting, prior to Omnibus.	0	0	0	0.0
Review federal funding for state hospitals, including DSH and Title XIX, prior to Omnibus.	0	0	0	0.0
Hollon				
<u>Department of Health and Environment (FY 2003)</u>				
Review balances of the Underground Petroleum Storage Tank Release Trust Fund.	0	0	0	0.0
<u>Department of Health and Environment (FY 2004)</u>				
Consider adding funding for community-based primary care clinics should additional funds be available.	1,000,000	0	1,000,000	0.0
Receive report on federal bioterrorism funding for FY 2004.	0	0	0	0.0
Receive report on the transfer of the nursing home regulation function from KDHE to the Dept on Aging.	0	0	0	0.0
Review fees charged by the Kansas Bureau of Investigation for criminal background checks of healthcare workers.	0	0	0	0.0
Review funding sources and effectiveness measures of the Tobacco Use Prevention Program.	0	0	0	0.0
Review Funeral Assistance Program (including potential funding sources).	0	0	0	0.0

**Items for Omnibus Consideration
(Referred by the House Committee)**

Social Services

514-S

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Review possibility of transferring regulatory and inspection function for day care and foster care programs from KDHE to the Dept of Social and Rehabilitation Services.	0	0	0	0.0
Review Pregnancy Maintenance Initiative Program (including effectiveness measures).	0	0	0	0.0

Nogle

Department on Aging (FY 2004)

Review combining all HCBS waivers into one waiver.	0	0	0	0.0
Review increasing the pool for health care.	0	0	0	0.0
Review raising the PASSAR score for the HCBS/FE waiver from 26 to 40.	0	0	0	0.0
Review shifting Adult Protective Services from SRS to Aging.	0	0	0	0.0
Review system of case management services for the HCBS waivers.	0	0	0	0.0
Review the disparity between self-directed and non self-directed care reimbursement rates.	0	0	0	0.0
Review the establishment of regulations to allow dollars to follow clients from institutions into the community.	0	0	0	0.0
Review transfer of nursing facility inspection from the Department of Health and Environment to the Department on Aging.	0	0	0	0.0

Social and Rehabilitation Services (FY 2004)

Review agency report on more cost effective purchasing alternatives for durable medical equipment.	0	0	0	0.0
Review capping HCBS waiver payments.	0	0	0	0.0
Review child care funding methodologies to maximize TANF match.	0	0	0	0.0
Review combining all waivers into a single waiver program.	0	0	0	0.0
Review eligibility criteria for the HCBS/DD waiver.	0	0	0	0.0
Review elimination of disproportionate share payments to Children's Mercy hospital.	0	0	0	0.0
Review funding alternatives for the \$1.5 million SGF reduction to the University of Kansas Graduate Medical Education Program.	0	0	0	0.0
Review funding for the funeral assistance program, with savings from regional office closures as a funding option.	0	0	0	0.0
Review implementation of legislation to prevent the hiding of assets to achieve Medicaid eligibility.	0	0	0	0.0
Review implementing a program to place liens on the homes of Medicaid recipients who have been in a nursing facility for a year, or persons receiving HCBS services, as well as requiring reverse mortgages on homes of Medicaid recipients.	0	0	0	0.0
Review increasing the PASSAR score for the HCBS/PD waiver from 26 to 32.	(457,278)	(704,802)	(1,162,080)	0.0
Review isolating adoption services and shifting all placement responsibility with foster care providers.	0	0	0	0.0
Review isolating adoption services with adoption service providers and shifting all placement responsibility to foster care service providers.	0	0	0	0.0

Items for Omnibus Consideration
(Referred by the House Committee)

Social Services

514-S

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Review maximization of federal funds for job training programs statewide.	0	0	0	0.0
Review models of charging interest for back child support payments.	0	0	0	0.0
Review options, recommendations and ideas for providing services to high needs foster care children.	0	0	0	0.0
Review the child support enforcement program and its performance given the budget reductions.	0	0	0	0.0
Review the policy of splitting spousal income for Medicaid eligibility and implementation of a sliding fee scale for services based on both spouses income.	0	0	0	0.0

**Items for Omnibus Consideration
(Referred by the House Committee)**

Tax, Judicial, and Transportation

521-S

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Deckard				
<u>Board of Tax Appeals (FY 2003)</u>				
Review the actual amount of salary savings realized due to SB 115 to ensure that the agency doesn't have to make up the reductions in other salary areas.	0	0	0	0.0
Review the microfilm contract with the Norton Correctional Industries and review the issue.	0	0	0	0.0
<u>Judicial Council (FY 2004)</u>				
Review additional funding needs and requests a five year financing plan from the agency in regards to projected publications revenue.	0	0	0	0.0
Efird				
<u>KPERS (FY 2003)</u>				
Adjust estimated expenditures in FY 2003 based on latest KPERS projections for payments to investment managers.	0	0	0	0.0
Pending passage of SB 47 or similar legislation, review at Omnibus the \$6.1 million of state savings as an alternative source of financing for other programs.	0	0	0	0.0
<u>KPERS (FY 2004)</u>				
Adjust estimated expenditures in FY 2004 based on latest KPERS projections for payments to investment managers.	0	0	0	0.0
Pending passage of SB 47 or similar legislation, review at Omnibus the \$24.0 million of state savings as an alternative source of financing for other programs.	0	0	0	0.0
Review status of HB 2325 during Omnibus or any other legislation that addresses the shortfall in FY 2004 funding of \$5.7 million for the 13th check payment due in October 2003.	0	0	0	0.0
<u>Department of Revenue (FY 2004)</u>				
Review ABC transfer issue during Omnibus and status of any pending legislation.	0	0	0	0.0

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April 23, 2003

ITEMS FOR OMNIBUS CONSIDERATION

Kansas Lottery

A. Additional Revenues (Omnibus Review – House and Senate and GBA No. 3, Item 1, Page 2). Review sales estimates during Omnibus and adjust revenue estimate as needed in FY 2003 and FY 2004. Information supplied by the Kansas Lottery indicates that FY 2003 transfers to the State Gaming Revenues Fund (SGRF) will total \$3.5 million higher than the \$59.0 million previously estimated in the *Governor's Budget Report*. The legislative action in 2003 SB 6 increased the estimate by \$2.5 million each year in FY 2003 and in FY 2004. Although no adjustment is made in FY 2004, the Lottery reports an additional \$1.0 million SGRF transfer will be made in FY 2003. This money will be net to the State General Fund (SGF) on June 25, 2003, when by statute all amounts in excess of \$50.0 million accrued in the SGRF are transferred to the SGF. The FY 2003 amount may be increased from \$9.0 million to a total of \$12.5 million, or \$1.0 million more than the amount approved in SB 6, according to the agency.

Sales have totaled \$152,637,729 since July 1, 2002. To date, transfers to the SGRF have totaled \$47,950,000 for monthly amounts from August 15 to April 15 this fiscal year. Remaining transfers in FY 2003 are scheduled from May 15 to July 15, with a total of three, and the agency assumes monthly amounts of \$4.85 million, for a total of \$14.55 million.

	<u>Totals</u>	<u>Avg. Monthly</u>
Aug. to Apr. – Actual	\$ 47,950,000	\$ 5,327,778
May to Jul. – Estimated	14,550,000	4,850,000
FY 2003 Transfers	<u>\$ 62,500,000</u>	<u>\$ 5,208,333</u>

The Governor recommends increasing the estimated FY 2003 transfers by \$1.0 million that will enhance the SGF per GBA No. 3 Item 1.

B. Veterans Benefit Game (HB 2400 – Conference Committee). The bill, as amended, would permit a new instant ticket game, designated as a veterans benefit game, to be conducted by the Kansas Lottery. Net profits from this game would be dedicated for National Guard scholarship assistance and the Kansas Commission on Veterans Affairs. The bill would direct 50 percent to the State Board of Regents to be used for Kansas National Guard Educational Assistance Act scholarships and the other 50 percent to Kansas Commission on Veterans Affairs, to be used for either operating expenditures or capital improvements for the two soldiers and veterans homes and for the state Veterans Cemetery System. The bill would exempt the Veterans Benefit Game from a statutory requirement that the Governor must approve all new games. A second exemption would reference the statutory provision that pertains to transfers to the State Gaming Revenues Fund and would allow proceeds to be used for purposes specified in the bill. The Senate Committee amendment would limit the new game to the periods of between May 1 and November 30, in 2003 and in 2004. The bill would be effective upon publication in the *Kansas*

HOUSE APPROPRIATIONS

DATE 4-24-2005
ATTACHMENT 6

Department of Wildlife and Parks

A. Cheyenne Bottoms (House and Senate – Omnibus Review). Review at Omnibus any Governor's Budget Amendment on Cheyenne Bottoms grant of \$1,999,264 and news that the project may involve expenditures of \$8.5 million from various funding sources.

B. Fee Increases (SB 43, HB 2078 – Law). These bills increase fees collected by the agency, but were not part of the Governor's recommended FY 2004 fee increases.

1. SB 43 (Law). The bill, as amended, would increase service fees charged for issuing licenses, permits and stamps provided by the Department of Wildlife and Parks. County clerks, private vendors and the agency currently sell the various documents and the service fee would rise from \$.50 to \$1.00 on licenses, permits and stamps, and from \$.25 to \$.50 on state migratory waterfowl stamps. In addition, the bill would authorize the agency to contract with private vendors to sell licenses and other documents over the telephone or internet, and also would allow additional service fees to be charged under the provisions of a contract with the agency. The bill also would repeal sunset of a provision which allows persons with unpaid camping or vehicle entry fees at State Parks to avoid being issued a citation if they either (1) pay both the permit fee and a \$15 late payment fee within 24 hours; or (2) purchase an annual vehicle or camping permit.

The fiscal note indicates that the agency would received an estimated \$300,000 increase in services fees and that the vendors, including county clerks, would receive an estimated \$640,000 increase. Fees for the agency would be prorated between the Park Fee Fund with \$200,000 and Wildlife Fee Fund with \$100,000. The *Governor's FY 2004 Budget Report* does not anticipate this new revenue.

2. HB 2078 (Law). The bill establishes different maximum fees for big game tags for residents and nonresidents. For residents the maximum fee would be \$20 and for nonresidents the fee will be \$30. The maximum fee for nonresident applicants also increases from \$5 to \$25. The bill provides that beginning in 2003 and thereafter, the number of nonresident firearm and deer archery permits issued by KDWP will increase by 2 percent each year. Fines are increased on a number of wildlife species as values are increased in the bill.

The bill also directs the agency to develop a report containing recommendations for the establishment of a landowner deer management program. The bill requires the Secretary of KDWP to identify local geographical areas in which deer populations are causing significant property damage. The Secretary is authorized and directed to take actions necessary to reduce deer populations in these areas. Finally, the bill directs the agency to sell seized items, including wildlife parts with a dollar value, and certain firearms as described by the bill. The money will be credited to the Wildlife Fee Fund. The effective date for the bill is January 1, 2004. The fiscal notes indicates that \$296,102 may accrue to the Wildlife Fee Fund with most of the money collected as a result of this legislation during FY 2005.

C. HB 2036 (Law). The bill would require that all bulk motor-vehicle fuels purchased by state agencies be fuel blends containing at least 10 percent ethanol as long as the price is not more than \$0.10 cents per gallon greater than regular fuel. Also, the bill requires that, where available under current state purchasing agreements, individual motor-vehicle purchases for state-owned motor vehicles are to be motor-vehicle blends containing at least 10 percent ethanol as long as the price is not more than \$0.10 per gallon greater than regular fuel. Lastly, the bill requires that when there are diesel fuel purchases for state-owned diesel powered vehicles and equipment, those purchases are to be a 2 percent or higher blend of biodiesel, where available, as long as the price is not greater than \$0.10 more per gallon than the price of diesel fuel. The agency's fuel consumption is shown according to bulk and pump purchases for FY 2002 and as estimated for FY

1. Death and Disability Lapse (HB 2014 – Conference Committee and GBA No. 3, Other Issues, Page 18). One section of the bill pertains to the FY 2003 and FY 2004 budgets for all state agencies. The Governor proposes a moratorium for the fourth quarter in FY 2003 and for four quarters in FY 2004 on payments by KPERS participating employers who provide for death and disability coverage of public employees. The fiscal note indicates that savings of \$6,123,070 million for the state were estimated in FY 2003, including \$5,265,070 million in SGF and \$858,000 in special revenue fund expenditures. In addition, local units of government will save an estimated \$1.59 million, according to KPERS. FY 2004 savings for the state will total an estimated \$21,144,360 from all funds, with \$17,758,360 in State General Fund and \$3,386,000 in special revenue funds. In addition, local units of government will save an estimated \$6.6 million, according to KPERS. Excluded from the FY 2003 and FY 2004 estimated SGF savings is money in Regents institutions budgets for death and disability payments since the Governor recommends holding these budgets harmless to preserve the operating grant concept.

For FY 2003, the Director of the Budget reports SGF reductions totaled \$5,135,913 and all other funds reductions totaled \$858,000 that were collected for the SGF. A shortfall of \$129,570, compared with the projection for the SGF receipts, is noted in the actual moneys lapsed and collected for the SGF.

Not included in the SGF amount is money from the Board of Regents institutions. Regents fee fund money was collected, but no SGF money is lapsed. The Governor's FY 2003 recommendation was to leave SGF financing for death and disability payments in the Regents budgets, as was the recommendation in FY 2004, in order to protect the operating grant concept. (Staff Note: The proviso exempting the Regents institutions from SGF lapses was included in HB 2444 for FY 2004, but not in HB 2026 for FY 2003.)

Included in the FY 2003 SGF amount is \$4,600,000 in reductions for the KPERS school group. The KPERS certification for the first quarter of CY 2003 indicates that \$3,810,552.46 for the school group was the calculated amount for the death and disability transfer had the moratorium not been in place. (Staff Note: A difference of \$789,447.54 is noted between the two amounts. The \$789,447.54 represents an unpaid amount that was due April 1, 2003, and would be included in the \$6,227,618 recognized in the *Governor's Budget Report* as a shortfall in FY 2003 financing for the KPERS school group contributions. The total amount of retirement financing shifted to FY 2004 is \$5,337,766 SGF. The revised total amount is \$6,127,214, including death and disability financing of \$789,448 that was underpaid in FY 2002. This total is \$100,404 less than the Governor's recommended amount in SB 6.)

The Governor urges passage of legislation to enact the five quarter moratorium on death and disability benefits payments.

2. Regents \$2,000,000 Payment (HB 2014 – Conference Committee). As part of 2003 SB 6, a plan to reduce Regents expenditures from \$9.0 million to \$2.0 million was included relative to designating a closed group comprised of Regents and Hospital Authority employees as special members of the KPERS in order to fund their retirement benefits. If HB 2014 does not pass, then the \$9.0 million will be owed in FY 2004 to KPERS. Alternatively, if HB 2014 passes, then a payment of \$2.0 million will be owed KPERS as part of the bonding plan to finance the remaining \$15.5 million unfunded liability over 10 years with pension obligation bonds. In order to complete the FY 2004 transaction, a transfer of \$2.0 million from the Regents Clearing Fund in 2003 SB 6 needs to be included in the Omnibus bill to pay the KPERS Fund an amount to partially fulfill the final payment on the unfunded liability, contingent upon passage of HB 2014 with the bonding provision included. The other payment will be \$15.5 million in bond money to be remitted after issuance. If HB 2014 does not pass with bonding, then a payment of \$9.0 million needs to be made for KPERS as the annual payment for amortizing the unfunded liability.

schools, but expenditures may be made for the administration of the drivers' license laws, according to KSA 8-267. Another statute, KSA 8-272 limits the amount of state aid that may be expended to \$1,540,000 from the State Safety Fund and \$210,000 from the Motorcycle Safety Fund. The Governor's recommended transfer from the State Highway Fund may be reduced by \$674,000 in FY 2004, and the expenditures from the State Safety Fund and Motorcycle Safety Fund may be appropriated to replace financing from the DOV Operating Fund. Another alternative would be to replace SGF financing with fee fund money, at the expense of the State Highway Fund. The State Safety Fund had an unencumbered balance of \$2,912,142 on June 30, 2002, and the Governor's recommended budget for FY 2003 and FY 2004 would reduce the amount to \$2,017,840 on June 30, 2004, if revenue projections are realized in both fiscal years.)

2. SB 16 (Law) requires collection of social security numbers for all applicants of drivers licenses and identification cards, and the bill increases the photo fees by \$2.00, yielding an additional \$1.5 million in revenue. Total revenue in FY 2004 is estimated at \$3.0 million for the Photo Fee Fund, which needs to be appropriated since it is a new fund established by HB 2192. This bill was not introduced as part of the Governor's FY 2004 budget recommendations. Included in the Governor's FY 2004 budget recommendations is a transfer of \$1,050,750 in FY 2004 from the State Highway Fund for production of 685,000 driver licenses with photos. (Staff Note: Previously, these photo fee revenues would have been deposited into the State Highway Fund, and in the Governor's FY 2004 budget recommendation, no expenditures are financed from this new fund. The Governor's recommended transfer from the State Highway Fund may be reduced by an amount up to \$3.0 million in FY 2004, and the expenditures from the Photo Fee Fund may be appropriated to replace financing from the DOV Operating Fund. Another alternative would be to replace SGF financing with fee fund money, at the expense of the State Highway Fund, since funding already has been transferred in SB 6 for FY 2004 to produce drivers licenses with photos.)

The agency's fiscal note for SB 16 requests that a portion of the new revenues from the \$2.00 photo fee increase be used to pay administrative costs associated with verifying social security numbers. The estimated cost is \$1.25 per application, with an estimated annual cost of between \$937,500 and \$1,125,000 for these contracted services, depending upon bids and contract negotiations. These expenditures were not included in the Governor's recommended FY 2004 expenditures.

3. HB 2193 (Law) amends existing law in regard to motor vehicle title fees and disposition of those fees. Specifically, the bill would: increase the cost of a motor vehicle title from \$8.00 to \$10.00; increase from \$4.50 to \$6.50 the fee for a reassignment form; repeal a provision in existing law whereby the title fee will be reduced from \$8.00 to \$3.50 on July 1, 2004; repeal the June 30, 2004, sunset of the transfer of \$3.50 of each title fee to the Kansas Highway Patrol Motor Vehicle Fund; and increase from \$1 to \$3 the amount of each title fee transferred to the VIPS/CAMA Technology Hardware Fund. This bill implements one of the Governor's revenue proposals in FY 2004 as recommended.

The Department of Revenue estimates an increase of \$1.6 million of receipts to the VIPS/CAMA Technology Hardware Fund in FY 2004, with revenue rising from \$800,000 to \$2.4 million. The estimate of revenue to the Highway Patrol's Motor Vehicle fund is \$2.8 million annually after FY 2004 by removing the sunset. The VIPS/CAMA Technology Hardware Fund has been a source of financing for the Department of Revenue's Vehicle Information Processing System (VIPS) and the Division of Property Valuation's Computer Assisted Mass Appraisal System (CAMA) since 1993. KSA 74-2021 establishes this fund, and limits the use of money for the purpose of upgrading the VIPS/CAMA hardware for the state or for the counties. Proviso language was included in 2003 SB 6 to expand the permitted uses of money in keeping with the Governor's FY 2004 budget recommendations in replacing \$1.6 million of SGF financing for the agency.

from remote sales not currently collected and submitted by out-of-state retailers. In a fiscal note for implementing the streamlined sales tax, the agency estimates costs of \$28,580 would be absorbed.

K. HB 2416 (Conference) would implement a tax amnesty program. Fiscal impact estimated at net gain to SGF in FY 2004 of \$19.5 million. An earlier phase of the amnesty program that did not require legislation was estimated to yield \$12.5 million for the SGF in FY 2003. In the original fiscal note, the agency stated that any administrative costs would be absorbed within existing resources. That original fiscal note anticipated net gain to SGF in FY 2004 of \$4.5 million.

Economic Development Agencies

A. GBA No. 3, Item 12, Page 5 – Kansas, Inc. Independent Agency

B. FY 2004 Funding (Conference Committee). The Conference Committee on Senate Bill 6 (Mega Appropriations Bill) delayed FY 2004 funding for the Department of Commerce and Housing, the Kansas Technology Enterprise Corporation, and Kansas, Inc. pending the outcome of Executive Reorganization Order No. 30. ERO 30 transfers the Division of Housing from the Department of Commerce and Housing to the Kansas Development Finance Authority. The deadline for legislative action on the ERO was April 11. As the ERO was not disapproved by the Legislature, the transfer will take place on July 1.

The following tables note the Governor's FY 2004 recommendation and the House and Senate changes from that recommendation. The Governor's FY 2004 recommendation included the proposal to transfer the duties and responsibilities of Kansas, Inc. to the Department of Commerce and Housing and abolish the agency. The Senate's recommendation maintains Kansas, Inc. as an independent agency.

Economic Development Agencies – FY 2004 Funding

Agency	Governor's Rec.	House Changes	Senate Changes
Department of Commerce and Housing			
EDIF	\$ 14,026,980	\$ 0	\$ (525,320)
Other Funds	98,110,325	0	(114,022)
All Funds	<u>\$ 112,137,305</u>	<u>\$ 0</u>	<u>\$ (639,342)</u>
FTE	147.5	0.0	(1.0)
Kansas Technology Enterprise Corporation			
EDIF	\$ 10,604,188	\$ 0	\$ 325,320
Other Funds	3,349,632	0	0
All Funds	<u>\$ 13,953,820</u>	<u>\$ 0</u>	<u>\$ 0</u>
FTE	27.0	0.0	0.0
Kansas, Inc.			
EDIF	\$ 0	\$ 0	\$ 200,000
Other Funds	0	0	251,755
All Funds	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 451,755</u>
FTE	0.0	0.0	4.0

The following table outlines the agency's revised FY 2004 expenditure estimates.

	Agency Revised Estimate	Current Legislative Approved	Estimated Shortfall*	Estimated Revenue HB 2121
Administration	\$ 702,705	\$ 702,705	\$ 0	
Assigned Counsel Program	5,794,869	4,794,869	1,000,000	
Legal Services for Prisoners	533,605	353,605	180,000	
Appellate Defender Program	1,497,324	1,497,324	0	
Public Defender Program	5,898,403	5,898,403	0	
Death Penalty Defense Unit	2,184,406	1,384,406	800,000	
TOTAL	\$ 16,611,312	\$ 14,631,312	\$ 1,980,000	\$ 117,000

* Estimated shortfall for FY 2004 assumes that the \$1,000,000 shortfall in FY 2003 is addressed. It does not take the revenue from HB 2121 into consideration.

Department of Health and Environment

A. GBA No. 3, Item 17, Page 8 – Nursing Transfer Correction

B. GBA No. 3, Item 18, Page 9 – Expenditure of Federal Funds and 1.0 Non-FTE Unclassified Permanent Position

C. GBA No. 3, Other Issues, Page 17 – Health and Environment - Vital Statistics

D. Special Revenue Funds (Technical adjustment). The line items for several of the agency's special revenue and federal funds were omitted from Senate Bill 6 (Mega Appropriations Bill). In addition, a proviso specifying expenditures from the District Coroners Fee Fund was removed in error.

E. Balances of the Underground Petroleum Storage Tank Release Trust Fund (House Budget Committee). House Bill 2026 (Supplemental Appropriations Bill) transferred \$10,000,000 from the Underground Petroleum Storage Tank Release Trust Fund to the State General Fund. The House Budget Committee requested continued monitoring of the balances of the fund so that adjustments in the transfer may be made if necessary. The balance of the fund as of March 31 was \$4,707,564. The one cent per gallon fee on gasoline and related products is triggered when the fund balance dips below \$2,000,000.

F. FY 2003 Funding - Infant Toddler Program (Senate Subcommittee). The Senate Subcommittee recommended that a source of revenue be found to replace the \$120,695 reduced in the Governor's November, 2002, allotment. Senate Bill 6 (Mega Appropriations Bill) included an additional \$300,000 from the Children's Initiatives Fund in FY 2004 for this program. It was specified that \$120,000 of the additional funding was to replace the allotted funds.

G. Transfer of the Nursing Facility Regulation Function from KDHE to the Department on Aging (Senate Subcommittee and House Budget Committee). The Governor's recommendation for FY 2004 included the transfer of the nursing facility regulation function from the Department of Health and Environment to the Department on Aging. The two agencies formed a transition team to work on the details and logistics of the transfer. The Senate Subcommittee and the House Budget Committee requested an update from that transition team in order to more clearly understand the

Department of Social and Rehabilitation Services on the possibility of transferring the day care and foster care regulation function to avoid potential duplication. The agency is still gathering information on this issue.

M. Fees for Criminal Background Checks (House Budget Committee). The House Budget Committee recommended a review of fees charged by the Kansas Bureau of Investigation for criminal background checks required for employment applicants of adult care homes, home health agencies, and staffing agencies. The agency requested an enhancement of \$37,500 SGF to cover a July 1 increase in those fees from \$3.75 to \$5.00. The Governor did not recommend the enhancement. (See information from KDHE, page 18.)

The following table outlines the fees charged to agencies by the Kansas Bureau of Investigation for fingerprints or record checks as of February, 2003.

Agency	Charge per Record Check	Charge per Fingerprint
State Gaming Agency (on behalf of Tribal Nations)		\$ 54.00
Kansas State Gaming Commission		\$ 54.00
Kansas Racing Commission		\$ 54.00
Kansas State Lottery		\$ 54.00
Department of Revenue		\$ 54.00
Department of Education		\$ 44.00
Board of Nursing	\$ 15.00	
Department of Social and Rehabilitation Services	\$ 15.00	
Department of Administration	\$ 15.00	
Adjutant General	\$ 15.00	
State Bank Commissioner	\$ 15.00	
Insurance Department	\$ 15.00	
Department of Human Resources	\$ 15.00	
Pittsburg State University	\$ 10.00	
Department of Health and Environment	\$ 3.75	

N. Federal Bioterrorism Funding (House Budget Committee). Neither the agency's request nor the Governor's recommendation included expenditures from federal bioterrorism funds for FY 2004 due to the uncertainty of continuation of that funding. The House Budget Committee requested an update on the status of the funding.

According to the agency, the US Department of Health and Human Services has announced that Kansas would be eligible for a total of \$15,564,925. There has been no official notice, however, of the grant awards or required objectives for expenditures. (See information from KDHE, page 19.)

O. Child Care Licensure Program (Senate Subcommittee). The Senate Subcommittee noted the staffing levels within the Child Care Licensure Program and requested a Legislative Post Audit of those staffing levels. The National Association for Regulatory Administration and the National Association for the Education of Young Children both recommend one licensing surveyor for every 75 child care facilities. The current rate in Kansas is one licensing surveyor for every 161 child care facilities. The Senate Subcommittee recommended the addition of funds for staffing for this program should resources be available.

Staff Note: Senate Bill 6 (the Mega Appropriations Bill), provides the Sentencing Commission the authority to expend the \$50,000 in SAC grant funding, in lieu of transferring the remaining federal law enforcement related grants to the Governor's Office.

C. Criminal Justice Information System (CJIS) Project Manager (Senate Subcommittee). During testimony, the Senate Subcommittee was informed that the CJIS Project Manager's position and the funding associated with the position (\$97,632 from the State General Fund) were eliminated within the *Governor's FY 2004 Budget Report*. The Senate Subcommittee flagged the item for Omnibus consideration in the event additional funding became available to restore the position.

D. Operating Expenditures (House Budget Committee). Due to the Governor's recommendation to transfer federal Byrne grants from the Sentencing Commission to the Governor's Office, the House Budget Committee was informed of a reduction in agency operating funds. In transferring the administrative Byrne Grant funding (\$256,532), financing utilized by the agency for operating expenses was reduced. Consequently, placing the agency in the position of not being able to fully fund its operations. In addressing the issue, the House Budget Committee drew attention to the Senate Committee's recommendation to transfer \$147,505 (\$167,311 from the State General Fund) to provide additional funding for the agency, and the recommendation to transfer the remaining federal grants to the Governor's office, those being: Local Law Enforcement Block (LLEBG), Residential Substance Abuse Treatment (RSAT), and National Criminal Improvement Program (NCHIP) grants. Additionally, the Senate Committee recommended the elimination 4.0 positions (2.0 FTE and 2.0 other unclassified positions) due to the transfer of the federal funds, thereby reducing the Sentencing Commission's mandated duties to that of a prison projection provider. Therefore, the House Budget Committee flagged the item for Omnibus consideration, and requested a Governor's Budget Amendment (GBA) to provide financing for the Sentencing Commission.

Staff Note: Senate Bill 6 (the Mega Appropriations Bill), provided the Sentencing Commission with \$147,194 (\$167,000 from the State General Fund), and eliminated 4.0 positions (2.0 FTE). Thus, making the Sentencing Commission a solely prison population projection agency, and fiscal impact provider.

Kansas Bureau of Investigation

A. Criminal Justice Information System (CJIS) Project Manager (House Budget Committee). During testimony, personnel from the Kansas Bureau of Investigation informed the House Budget Committee of the importance of the CJIS Project Manager in providing information to the Legislature relating to CJIS, managing the numerous state and local "connections" to the project, and maintaining the operation of the criminal justice database. The House Budget Committee flagged the item for Omnibus consideration to review the restoration of the \$97,632, with the possibility of adding the position to the Division of Information Systems and Communications (DISC).

Kansas Highway Patrol

A. GBA No. 3, Item 4, Page 3 – Transfer to the State General Fund

B. Transferring the Division of Alcohol Beverage Control to the Kansas Highway Patrol (House Committee). Within the *Governor's FY 2004 Budget Report*, the Department of

Department of Corrections and Correctional Facilities

- A. GBA No. 3, Item 22, Page 11, Food Service Contract Savings
- B. GBA No. 3, Item 23, Page 11, Contract for Leasing Prison Beds
- C. GBA No. 3, Item 24, Page 11, Offender Program Contract Savings
- D. GBA No. 3, Item 25, Page 12, Visitor Centers
- E. GBA No. 3, Item 26, Page 12, Bond Rebate Liability Overpayment
- F. GBA No. 3, Item 27, Page 12, Community Corrections State General Fund Financing Offset
- G. GBA No. 3, Item 28, Page 13, Shift Interstate Compact Dues
- H. GBA No. 3, Item 29, Page 13, Local Jail Cost Recalculation

I. Report amount needed to pay in full the sum owed by the Department of Corrections (KDOC) in local jail payments (House Budget Committee). The House Budget Committee asked the Secretary of Corrections to report regarding the amount that would be needed to pay off the entire amount owed in local jail payments. Because of the recent fluctuation in the number of "jail days," or the number of days inmates spent in county jails upon their arrest due to parole violation, some question existed as to whether the entire amount budgeted would be needed.

For several years, KDOC had experienced a growing gap between the amount expended for payment to the counties for incarcerating parole violators and the amount appropriated for this purpose. This situation arose because more was encumbered (*i.e.*, more "jail day" reimbursements were billed by counties) than was appropriated for that purpose. The Department operated under this situation by delaying payment for the last quarter of the previous fiscal year until the first quarter of the new fiscal year. However, the amount carried into the next fiscal year grew, leaving increasingly less remaining in the current year appropriation to pay for current year charges, once the previous year's charges were paid.

At the time of its FY 2004 budget request, KDOC estimated that FY 2002 costs deferred for payment in FY 2003 totaled \$671,000. KDOC further estimated the liability for deferred FY 2002 and new FY 2003 costs, adjusted by the amount budgeted for FY 2003, would result in a deficit of \$1.3 million at the end of the current fiscal year. If no relief were received, KDOC predicted the entire \$1.3 million would be deferred for payment in FY 2004. To help counteract this growing deficit, KDOC requested an enhancement package of \$671,000. The Governor recommended this enhancement package and added another \$200,000 to the amount, for a total of \$871,000 in additional funding for local jail payments. This additional recommended funding resulted in a total recommended of \$2,605,000 for local jail payments.

Since then, the Secretary of Corrections has reported a significant reduction in the number of jail days for parole violators. Jail days for the third and fourth quarters of FY 2002 totaled 13,045 and 9,648, respectively. Preliminary estimates of jail days for the first and second quarters of the current fiscal year are 9,100 and 7,400, respectively.

As a result, the Secretary anticipates a reduction in the need for jail payment funding, ranging from \$344,000 to \$644,000 less than the recommended sum of \$2,605,000. The actual amount will depend on the actual number of jail days experienced during FY 2004. (The smaller, more

KDOC Program Priorities, Capacities, and Costs			
Program	Estimated Capacity	Cost/Fiscal Year	Notes
1(a) -- Male TC Facility - Medium Custody	65-75 beds	\$285,000	
1(b) -- Community Transitional TC (TTC) - Med./Max.	24 beds	\$245,000*	*The community component would be a second- and subsequent-year cost for the above TC.
2(a) -- Male TC Facility - Med./Max.	65-75 beds	\$285,000	
2(b) -- Community Transitional TC (TTC)	24 beds	\$245,000*	*This component would be a second- and subsequent-year cost for TC #2 (above).
3 -- Community Residential Transition Services (CRB)	Multiple sites, approx. 180 additional beds	\$1,445,500	
4 -- Community-based Intermediate Residential Treatment	48 beds	\$700,800	
5 -- Short-term Facility-based Treatment	96 slots	\$475,000*	*This treatment modality is comparable to community-based outpatient treatment.

Funding options available to the Department to restore treatment services are primarily from three potential sources: State General Fund (SGF) appropriations, Inmate Benefit Fund (IBF) money, and federal or private grant funds. Given the state's current fiscal challenges, the Secretary notes it seems unlikely KDOC would receive additional SGF appropriations for restoring offender treatment services in FY 2004. Following is the Secretary's synopsis of the status of the remaining sources:

- KDOC has utilized a significant portion of IBF money to support various offender programs for many years. For FY 2004, after the proposed utilization of an additional amount of \$240,000 to restore funding for Outside Connections' visitor centers, IBF money has been committed and is not available for restoring substance abuse treatment services.
- KDOC currently supports a 100-bed male TC program with federal Residential Substance Abuse Treatment (RSAT) grant funds.
- The Department will seek to restore a 65- to 75-bed TC program using federal Byrne Grant funding and has submitted an application to that end.
- KDOC will continue to explore potential grant funding for treatment services.

The Secretary notes this reduced amount of \$240,000 will be financed by using balances that were estimated to be available in KDOC and facility funds based upon the approved FY 2004 IBF budgets and by additional resources that were freed up in the Department's IBF budget (a) by freezing a position that was financed with IBF money, and (b) adding the \$15,000 that would have been transferred to the Ombudsman for Corrections, had the Ombudsman office's funding not been eliminated for FY 2004.

In addition, KDOC has taken several steps to reduce the actual operating costs of the Visitors' Centers:

- Norton Correctional Facility -- Five buildings are located east of the medium-security compound that served as staff housing when the facility was a state hospital. If Outside Connections could obtain donated materials, which would allow KDOC to renovate three of those buildings, they could be made available at no cost for use by Outside Connections, with the capacity to provide overnight accommodations. It would be necessary for Outside Connections to maintain liability insurance as well as coverage for the repair of any damage beyond normal wear and tear. The Secretary notes this location would actually be more convenient for both visitors and the facility.
- Ellsworth Correctional Facility -- The City of Ellsworth rented an old motel, located across the street from the correctional facility, to Outside Connections for use as a visitors' center. When KDOC terminated the contract, the city agreed to make the building available to the program at no cost for the balance of the fiscal year. The Secretary states he has contacted the city to determine if the city would be willing to make the building available at no cost on a permanent basis, if the Department agreed to conduct the routine maintenance on the building. As has occurred in the past, the building could also be made available to the city to house stranded travelers or others needing shelter on a short-term basis, when it is not occupied by visitors to the facility.
- Lansing Correctional Facility (LCF) -- The federal government has made available to LCF some surplus buildings that can be disassembled and moved to the facility site. These are primarily small warehouse-type buildings. LCF will work to identify a building that could be used to house a visitors' center if materials could be donated to remodel and repair the interior as required to convert the building to such a purpose. It should be noted that the visitors' centers at Lansing and Hutchinson have not provided overnight shelter in the past, so the types of interior finishes required would not be as great as if it were planned to provide overnight accommodations. The building would be erected on facility property, and it could be provided rent free to Outside Connections.
- Hutchinson Correctional Facility -- A similar strategy using a surplus federal building is contemplated for HCF.

In order to align the operations of the Visitors' Centers more closely with the core functions of KDOC's public safety mission, the Secretary states Outside Connections would be expected to maintain and expand the recent effort to partner with KDOC's sex offender treatment contractor, DCCCA, to work with families of sex offenders regarding re-entry and management issues. Likewise, the Secretary indicates KDOC will encourage Outside Connections to develop programming (and pursue the appropriate revenue streams for that programming) targeted at youth

the offender intended to commit the injury because the person is a law enforcement officer.

Fiscal Impact – House Version: HB 2271 as amended by the House would revise graduated penalties in the cases of criminal damage to property, in addition to the other changes. KSC estimates a net savings of 44 to 84 beds in FY 2004 under the House version of the bill. This translates into a KDOC marginal cost savings (\$2,000 per inmate) of \$88,000 to \$168,000. By FY 2013 KSC projects a savings of 39 to 80 beds.

Fiscal Impact – Senate Version: The Senate Committee struck a section that would have made revisions to the graduated penalties for criminal damage to property. According to KSC, a net savings of 15 to 27 beds is projected for FY 2004 under the Senate version of the bill. This translates into a KDOC marginal cost savings (\$2,000 per inmate) of \$30,000 to \$54,000. By FY 2013, KSC projects 26 to 108 additional prison beds will be needed.

Q. HB 2090 (Law). HB 2090 clarifies that organizations using inmates on work crews for public service are not agents of the state, except for the purpose of maintaining the confinement of the inmates, and, therefore, any negligence on the part of the organization or entity benefitting from the work performed would not be imputed to the state or KDOC.

According to KDOC, the bill's passage could have a fiscal effect, because it would reduce the Department's legal liability by making it difficult for the Department to be sued for negligence on the part of another agency in the supervision of inmate work crews.

R. SB 123 (Law). SB 123 authorizes a new sentencing policy for a defined group of nonviolent offenders convicted of drug possession. These offenders are required to participate in a mandated treatment program in lieu of incarceration or other penalties currently employed. Penalties are established for offenders failing to complete the mandated treatment program. KDOC is required to certify treatment programs, which will be supervised through Community Corrections, and KSC is required to award funding to the programs KDOC certifies. SB 123 contains a delayed implementation date of November 1, 2003.

The bill is projected to result in lower per capita costs than for incarceration in the future, and it is projected to delay the need for constructing a new correctional facility. The bill also results in the need for additional funding if its provisions are to go into effect. (The bill contains a provision that renders the act ineffective if no funding is provided for the nonprison sanction of certified drug abuse treatment and supervision programs.) KDOC estimates it will need 3.0 FTE staff to certify drug treatment programs throughout the state. The estimated cost for the 3.0 FTE staff is \$178,000.

According to KDOC, the average annual supervision cost per offender for Community Corrections is \$2,906. The total increased funding for the Community Corrections' net caseload increase of 843 offenders, expected under the bill's provisions in FY 2004 after adjusting for the delayed implementation date, is \$1,641,340 for the period from November 1, 2003 through June 30, 2004.

SB 123 also would require duties of the KSC. These duties and their expected costs are discussed elsewhere in this document under the Sentencing Commission.

Bed Space Impact of SB 123. KSC and KDOC estimate SB 123, as sent to the Governor, would save 194 beds in the first year of implementation (FY 2004), if the bill were to be effective at the beginning of the fiscal year. By FY 2013, the number of beds saved will be 517. Taking into account (a) the fact that the 194-bed savings will add up over the course of the year and (b) the

Because of the Governor's recommendation to eliminate the Ombudsman's budget, that agency's funding was actually considered at several different junctures during the Legislature's budget deliberations, in addition to being considered on its own by the Senate and House committees established for that purpose. Other recommendations were made to fund the budget – for example, by using newly generated SGF money from a net increase of 62 work release beds into the state's adult correctional system (from required room and board reimbursements). However, the Conference Committee for SB 6 (Mega budget bill) agreed to not fund the Ombudsman's budget. Amounts adding up to the total new work release money were committed to other agencies.

In response to the original request by the Senate Subcommittee, the Secretary of Corrections indicates no additional funding is available, given previous analyses and extant priorities for KDOC as reported elsewhere in this document.

Real Estate Commission

A. Supplemental Request (House Budget Committee). The House Budget Committee recommended that the agency's FY 2003 supplemental request of \$29,500 for the purchase of an electronic data base system be considered in the Omnibus Bill. The supplemental request was funded by the Senate and the House concurred with the Senate in Conference Committee. The agency's FY 2003 expenditure limitation increased in SB 6 to provide funding for the supplemental request.

Securities Commissioner

A. Current Financial Status (Senate Subcommittee). The Senate Subcommittee recommended a review of the financial status of the Office of the Securities Commissioner during Omnibus to determine if the 5.9 percent reduction (\$128,461) might force the agency to layoff employees. The agency reported to the Senate Subcommittee in a letter dated April 11, 2003, that the agency would prefer a lesser cut than the 5.9 percent. The agency has indicated they would be able to manage the 5.9 percent reduction, however, the reduction may require the agency to layoff two employees.

Kansas Corporation Commission

A. Well Plugging Status (House Committee). The House Committee recommended the agency report back before Omnibus to update the House Budget Committee on the current status of well plugging activities. The agency reported to the House Budget Committee the procedures for processing/sale of salvage materials at State funded well plugging operations, the current number of wells being plugged, the bid process for awarding contracts to plug wells, and well plugging activities in the Chanute area. The agency then presented to the House Committee written testimony of those items presented to the House Budget Committee.

B. HB 2018 (Law). HB 2018 would create the Renewable Energy Electricity Generation Cooperative Act. In addition, the bill would authorize the Kansas Development Finance Authority (K DFA) to issue revenue bonds to finance the construction, upgrade, or acquisition of electric transmission lines. The bill would also impose duties on KCC related to interconnection agreements between electric utilities and generators of electricity from renewable resources. The KCC anticipates contracting with consultants to determine prudent fees for interconnection agreements. The anticipated cost for such consultants is \$25,000.

The Board's practices are currently reviewed as part of two separate audits, with the investment performance audit contracted out by the Board and the financial-compliance audit performed under a contract with the Legislative Division of Post Audit. The audit is conducted by an outside accounting firm hired by the Legislative Division of Post Audit. According to the fiscal note by the Division of the Budget and testimony provided by the Board, enactment of SB 8 would save \$10,000 in special revenue funds every other year beginning in FY 2004.

Legislature

A. Veto: Information Technology Projects Proviso. Section 133 of SB 6 was line item vetoed in its entirety. The proviso restricted expenditures for technology hardware, software, and networks until the Director of the Budget certified to the Director of Accounts and Reports that an agency had complied with all statutory reporting requirements. In the veto message, the Governor indicated the reason for the veto was the duplication of existing budget instructions, an unduly burdensome certification process, and a possible loss of time and money.

B. Proviso (Technical Adjustments). A proviso in SB 6 requiring the Legislative Coordinating Council to approve the number of meeting days for any joint committee of the Legislature inadvertently omitted an exemption for the Joint Committee on State Building Construction which was intended to be included by the Conference Committee on SB 6.

Board of Barbering

A. GBA No. 3, Item 8, Page 4 – Special Project Position.

Parole Board

A. GBA No. 3, Item 31, Page 14 – Change Parole Board Member Reduction Date.

Board of Regents

A. Salary Savings Proviso Review (House Budget Committee). The House Budget Committee recommended Omnibus review of a proviso adopted during the 2002 Legislative Session which prohibits the shifting of any salary savings in FY 2003 to other areas of expenditure. Subsequent to the Budget Committee's recommendation, the Conference Committee on SB 6 agreed to eliminate the proviso in question.

B. Allocation Of New Comprehensive Grant Funding (House Budget Committee). During budget review for the Board, the Budget Committee received testimony that in prior years increased funding for the Comprehensive Grant program has been allocated 57 percent to State Universities, 38 percent to private institutions and 5 percent to Washburn University. The Budget Committee recommended that the Board and representatives of the various sectors meet to review this allocation method and that the Board report to the Budget Committee on the allocations of new program monies by Omnibus. Subsequent to the Budget Committee's recommendation, the Board testified to the Senate Ways and Means Subcommittee that the current allocation formula would be retained for FY 2004.

Kansas State University Experimental Stations and Agriculture Research Programs

A. Sustainable Agriculture Research (House Budget Committee). During budget review the Budget Committee received testimony which questioned the level of resources committed by KSU-ESARP to sustainable agriculture initiatives. The Budget Committee also learned that KSU-ESARP is currently in the process of developing their five year research plan. The Budget Committee recommended that KSU-ESARP meet with those parties interested in sustainable agriculture and report back to the Budget Committee on the opportunities for inclusion of sustainable agriculture in future research activities and their five year plan by Omnibus.

University of Kansas

- A. GBA No. 3, Item 3, Page 2 – Transfer from Construction Defects Recovery Fund
- B. GBA No. 3, Item 21, Page 10 – Bonding Authority for Hashinger Hall

University of Kansas Medical Center

- A. GBA No. 3, Other Issues, Page 17 – Children's Initiatives Fund

B. Medical Student Loan Program (House Budget Committee). The House Budget Committee recommended that consideration be given during Omnibus on FY 2004 funding for the Medical Student Loan Program. At the time of the Budget Committee's review, no funding was available for any new loans in FY 2004. Subsequent to the Budget Committee's recommendation, the Conference Committee on SB 6 agreed that sufficient loan repayment funds were available to support at least 20 new loans in FY 2004.

C. Pediatric Biomedical Research (House Budget Committee). The House Budget Committee recommended that consideration be given during Omnibus on FY 2004 funding for the Pediatric Biomedical Research program. The University had requested \$1.0 million from the CIF to continue state support for the program while the Governor recommended no state funding for the program. Subsequent to the Budget Committee's recommendation, the Conference Committee on SB 6 agreed to provide \$700,000 CIF for the program in FY 2004.

State Department of Education

- A. GBA No. 3, Item 19, Page 9 – School Finance Consensus Adjustments
- B. GBA No. 3, Item 20, Page 10 – KPERS School
- C. GBA No. 3, Other Issues, Page 17 – Renewal of Mill Levy

D. Revised School Finance Estimates and GBA No. 3, Item 19, Page 9. Staff from the State Department of Education, the Division of the Budget, and the Legislative Research Department met April 16, 2003, to reevaluate school finance estimates that had been made in November for FY 2003 and FY 2004. For the current year, actual information on enrollments and local resources caused the staff to revise the estimates by adding 1,399 weighted full-time equivalent (FTE) students and by increasing available local resources by about \$2,400,000.

G. Statutory Programs That Are Unfunded or Underfunded. The House Budget Committee that considered the budget of the State Department of Education recommended that, in the event additional revenues become available, consideration should be given in the Omnibus Bill to adding funding for statutory programs that are unfunded or underfunded. Statutory programs that are not fully funded in FY 2004 are the following:

- Mentor Teacher Program—Not funded. The State Department requests \$2,500,000 in FY 2004 to fund mentors of teachers in the three-year probationary period.
- Inservice Education Program—Not funded. The State Department requests \$7,500,000, which would fully fund the state's share of the program in FY 2004. Of that total, \$4,900,000 is part of the State Department's enhancement request.
- Governor's Teaching Excellence Awards—Funded at \$56,000. A total of \$150,000 is requested to fully reimburse school districts in FY 2004 for \$1,000 bonuses for teachers who attain National Board certification.
- Base State Aid Per Pupil—Funded at \$3,863 (this amount does not reflect the revised school finance estimates). In order to fully fund BSAPP at the statutory rate of \$3,890, an additional \$15,620,553 for general and supplemental general state aid is needed in FY 2004 in order to increase BSAPP by \$27 to the statutory rate.

H. USD 423 (Moundridge). The House Appropriations Committee recommended that issues relating to funding for USD 423 be considered in the Omnibus Bill. At the time of the recommendation, the school district was suing the State Board of Education because the State Board had disallowed state aid payments of approximately \$1.0 million for 360 students who were enrolled in the Mid-Kansas Independent Academy.

In early April, the State Board of Education and the board of education of USD 423 reached an agreement that ended the lawsuit which was pending in McPherson County District Court. The agreement specifies that the district's Academy will be closed and its charter revoked effective at the end of the current school year. Its current enrollment will be counted in determining the amount of state aid due to the district for this year. However, the district will not be allowed to include the Academy's enrollment in the preparation of its budget for any future school year.

I. SB 74 (Law). SB 74 requires the State Board of Education to develop curriculum, materials, and guidelines for personal literacy programs at all grade levels for use in public and accredited nonpublic schools. Implementation of the programs is optional at the local level. The State Department of Education estimates it will cost \$16,000 in FY 2004 to develop the materials and for printing and postage. In testimony before the House and Senate Education Committees, Jill Docking informed members that Financial Fitness Foundation, a 501(c) (3) organization, will pledge to raise \$15,000 in support of the program.

J. SB 83 (Law). SB 83 concerns schools and school district budgets. It implements recommendations of the School District Budget Task Force, including the consolidation of some funds and the abolition of others. It also authorizes school districts to carry forward unexpended balances in all funds except the general and the supplemental general funds instead of showing the money as being spent. Beginning on July 1, 2004, the bill requires that changes be made in forms for annual school district budgets, requires that a form for a summary of proposed school district budgets be developed, and mandates school district profiles based on the district's adopted budget.

Kansas Commission on Veterans' Affairs

A. Kansas Soldiers' Home staffing levels (House Budget Committee and Senate Subcommittee). The Committees heard testimony regarding the staffing levels at the Kansas Soldiers' Home. For FY 2004, the shrinkage rate at the Home is at 21.5 percent. For FY 2003, the shrinkage rate is set at 18.6 percent, with 25 FTE positions currently being held vacant. This results in 20 beds being left unfilled. The agency reported to the Senate Subcommittee that for FY 2004 a shrinkage rate of 12.5 percent would be adequate to fill all of the vacant beds. For FY 2004, \$442,108 would be required to meet this rate. (Note: In SB 6, the Legislature added \$440,000 to the Kansas Soldiers' Home directing that the funding be used for salaries and wages for direct care personnel for Halsey Hall at the Kansas Soldiers' Home)

Kansas Department of Agriculture

A. Information Technology Support (House Budget Committee). The Committee heard testimony that the Department of Agriculture (KDA) provides information technology support and staffing for the Kansas Water Office (KWO) and the State Conservation Commission (SCC). During FY 2000, \$20,100 from the State General Fund and \$6,700 from the SCC's Land Reclamation Fee Fund were added to KDA's budget for this service. The KDA included the elimination of this support in a reduced resources package for FY 2004 citing that the KWO and the SCC have not provided the KDA with continued funding for service. Some disagreement regarding the funding for this service exists between the three agencies. The Committee recommended that the three agencies work with the Division of the Budget to resolve the issue and to report on the progress or resolution of this issue during Omnibus. A no limit information technology fund was created for the KDA in Senate Bill 6 in the event that it is determined that a transfer from the KWO and the SCC to the KDA is necessary to maintain the IT support. According to a letter from the Division of the Budget to the Chair of the Agriculture and Natural Resources Budget Committee dated April 15, 2003, the issue has been resolved.

Animal Health Department

A. Update on status of HB 2443 (House Budget Committee). The Committee recommended the introduction of HB 2443 which would require all dogs, cats, and ferrets in the state to be vaccinated for rabies and a two dollar surcharge be assessed for the vaccination. The revenue from the surcharge would be used to support the agency's animal facilities inspection program. The bill was introduced and referred to the House Appropriations Committee. A hearing has not been held on the bill.

B. Review Payment of Humane Society Relinquishment Fee (Senate Subcommittee). The Subcommittee noted that the agency request included an enhancement package of \$5,000 to pay a relinquishment fee to humane societies for animals in state custody which are surrendered to the societies. Once the animal is surrendered, the humane society bears the cost of veterinary treatment, housing, and food. Most humane societies charge a \$7 to \$10 fee to accept an animal from the general public. The pounds and shelters have not charged this fee to the agency, but several have asked the agency to consider providing compensation.

C. Review Funding for Kennel Inspector Positions (Senate Subcommittee). The Subcommittee noted that the agency is currently holding one animal facility inspector position open to meet funding reductions in the agency. Funding of \$34,246 (\$13,305 SGF) would be needed to

Board of Healing Arts

A. Information Technology Projects (Senate Subcommittee and GBA No. 3, Item 10, Page 5 – Upgrade Computer System). The Senate Subcommittee noted the Board's efforts to upgrade its computer system and recommended a review of the upgrade plan prior to Omnibus. The Board outlined its need for computer upgrade and cost estimates in a proposal submitted to the Division of the Budget requesting a Governor's Budget Amendment for an increase in the Board's expenditure limitation for FY 2004 by \$300,000 and for FY 2005 by \$250,000. The Board is not requesting a supplemental for the current year expenditure limitation.

The cost estimates for the upgrade, the Board states, includes on-line renewals for all practitioners, making all forms available on-line, complaint tracking system, investigation and case management system, an expanded practitioner database, and an electronic document management system to support public access, paperless meetings and records preservation. The Board states that its current computer system was installed in 1990. The Board also states that it is in the process of developing an IT project plan and is seeking approval by the Executive Chief Information Technology Officer prior to Omnibus.

B. SB 225 (Law). Senate Bill 225 changes the level of credentialing for physical therapists from registration to licensure. For FY 2004, the Board estimates that the implementation of the bill would increase its operating expenditures by \$5,150. The Board would continue to use its current fee schedule for physical therapists and does not expect to see an increase in its fee revenue from the issuance of licenses or temporary permits associated with the passage of SB 225. The Board states that the increased expenditures would require an increase in its expenditure limitation for FY 2004.

Kansas Dental Board

A. Move-related expenses (Senate Subcommittee). The Senate Subcommittee recommended a review of the Board's FY 2004 budget prior to Omnibus to look at any necessary adjustments related to move costs. The Board estimates one time costs associated with the move to the Landon State Office Building of \$10,372. In addition, the Board notes an 11.1 percent increase (\$1,675) in annual operating expenses associated with the move to the state building, including increased rent, DISC and e-mail fees.

Kansas Guardianship Program

A. Review of FY 2004 Funding (Senate Subcommittee). The Senate Subcommittee recommended a review of the agency's FY 2004 funding level at Omnibus. The Subcommittee recommended an addition of \$30,000 from the State General Fund be considered for addition at Omnibus to bring the funding to a level that the agency believes will ensure the program's integrity.

SRS State Hospitals

A. Federal Funding (House Budget Committee). The Social Services Budget Committee recommended a review of the federal funding for the state hospitals, including Disproportionate Share (DSH) and Title XIX, prior to Omnibus. The Department of Social and Rehabilitation Services stated that the amount of federal funds available to the state hospitals is declining. The primary

appropriate agencies to provide education services. The requirements apply, the agency noted, to "nearly all children under 22 years of age served by the three state mental health and two developmental disability institutions".

- KSA 72-8223, the agency noted, further requires SRS to pay the local school district for children in state hospitals whose education is provided by a local school district. The tuition that SRS is charged is based on the individual district's operating costs minus any categorical aid the district receives from the Board of Education.

The laws, SRS also noted, mean that the state hospitals may contract with either local or inter-local school districts to provide education services. The districts apply for and receive categorical aid for the education that are provided to the children in the state hospitals. This negotiated cost minus what the districts receive in categorical aid is paid out of the state hospitals' appropriations.

C. Teacher Salary. The Department of Education estimates an average statewide salary increase for teachers of 2.0 percent. The Governor's recommendation and legislative action to date for FY 2004 includes teacher salary increase within the education contracts. The education contracts in the FY 2004 budgets show teacher salary adjustments at the following percentages: 0.0 percent change from FY 2003 for Parsons State Hospital and Training Center and 4.0 percent increase for Larned State Hospital in teacher salary. The numbers for Larned State Hospital have been adjusted to reflect the decrease in FTE positions from FY 2003 to FY 2004 due to the change in the educational contract created by the opening of the new Larned Juvenile Correctional Facility. The Kansas Neurological Institute and Rainbow Mental Health Facility also have education contracts, but due to the nature of the contracts, adjustments are not necessary. The following table illustrates the adjustment necessary to provide uniform salary increases across the institutions.

<u>Percent Increase</u>	<u>Parsons State Hospital and Training Center</u>	<u>Larned State Hospital*</u>	<u>Total</u>
0.5%	\$ 1,725	\$ 4,230	\$ 5,955
1.0%	3,450	8,460	11,910
1.5%	5,175	12,690	17,865
2.0%	6,899	16,920	23,819
2.5%	8,624	21,150	29,774
3.0%	10,349	25,380	35,729
3.5%	12,074	29,610	41,684
4.0%	13,799	33,840	47,639

* The estimates for Larned State Hospital include the percentage amounts in addition to the budgeted increase.

D. Categorical Aid. For FY 2003, the budget school contracts for the institutions include categorical aid based on a rate of \$19,000 for Parsons State Hospital and Training Center, and \$19,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. In addition, as part of a reduced resources package submitted to and approved by the 2002 Legislature, KNI no longer has expenditures for Special

Fee Source(s)	Governor's Rec.	House Rec.	Senate Rec.
Unclaimed Property Claims Fee	\$ 1,475,545	\$ 1,475,545	\$ 0
Cash Management Fees:			
1) Banking Services	0	0	340,000
2) Non-payroll warrants/ direct deposits	0	0	973,000
Voucher Processing Fees	0	0	180,000
TOTAL	<u>\$ 1,475,545</u>	<u>\$ 1,475,545</u>	<u>\$ 1,493,000</u> *

* The amounts for the fees are set at aggregate amounts.

Department of Social and Rehabilitation Services

A. GBA No. 3, Item 13, Page 6 - Additional Title IV-B Federal Grant

B. GBA No. 3, Item 14, Page 6 - Additional Pharmaceutical Savings

C. GBA No. 3, Item 15, Page 7 - Institutional Residents

D. GBA No. 3, Item 16, Page 7 - Medicaid Caseloads

E. Review \$10 fee for child abuse and neglect reports to not-for-profit organizations (Senate Committee). The Senate Committee expressed concern that SRS has decided to initiate a fee of \$10 for providing a child abuse and neglect report to a not-for-profit organization seeking that information as part of a screening process for adult volunteers. This fee is estimated to raise over \$400,000. The Senate Committee directed SRS to consider the consequences of such a fee and to report back to the full committee at Omnibus as to other options available.

The agency indicates that the fee increase has not affected the number of requests for registry checks, and does not believe the fee is placing children at risk.

F. Review funding of the University of Kansas Graduate Medical Education Program (Senate Committee) (House Committee). The Graduate Medical Education Program is funded through funds from Medicare and Medicaid, patient care revenue and state primary care support. Medicare funding is reduced for the program by \$1.9 million federal funds as part of the Balance Budget Act of 1997. The Department of Social and Rehabilitation Services further reduced funding for the program in January of 2003 by \$1.5 million SGF, which in turn reduced Medicaid funding by \$2.2 million federal funds. Options to address the cut include closing residency programs, reducing residency spots, cutting faculty positions, limiting Medicaid and uninsured patients. The Committees requested that the agency seek alternatives and report back at Omnibus.

The agency is currently working with stakeholders to develop a methodology to match the Medical School's SGF with federal dollars through certified match. The agency indicates that it will be able to replace the reduction without additional state dollars.

compromised. As a result of this reallocation the agency's ability to keep children safe will not be adversely impacted according to the agency. The Committee directed the agency to strategically monitor the child protection assets and resources of the agency and community based resources and provide the committee with further testimony at Omnibus to fully document the status of child protection needs and services.

The agency indicates that reports of abuse and neglect have remained relatively stable over the past three years, workloads for case workers have decreased, as has the number of children in foster care.

K. Review the Policy Options Discussion Guide presented by the agency (Senate Committee). The Committee recommended Omnibus review of the Policy Options Discussion Guide presented by the Secretary of SRS, which sets forth additional budget reductions and their impacts. (See hand-out.)

L. Review more cost effective options for purchasing durable medical equipment (House Committee). The Committee requested the agency pursue more cost effective purchasing alternatives for durable medical equipment and report back to the committee at Omnibus. Current purchasing requirements, (*i.e.*, from a medical supplier) can be more expensive than allowing the consumer to purchase similar items from local discount stores.

Medicaid regulations require that durable medical equipment (DME) only Medicaid DME providers can fill DME prescriptions and they must bill Medicaid directly. The number of approved providers for a given geographic area is limited, reducing competition. This results in higher retail prices for DME. The agency is working to reduce the reimbursement on items with a set price, like adult diapers. Other items are reimbursed at manufacturers suggested retail price minus 15 percent, or wholesale price plus 35 percent.

M. Review isolating adoption services from foster care services (House Committee). The Committee requested the agency report back at Omnibus on the concept of isolating adoption services with adoption providers and shifting all placement responsibility with the foster care contractors to expedite adoption placement, which currently has a delay of six months or more. In addition, the shift in services would eliminate disruption of changing placements, service providers, etc. In order to address concerns regarding conflict of interest, a statewide system of case management would be implemented.

The agency indicates that it has begun preparing to re-bid child welfare contracts and will evaluate this concept as it gathers information and analyzes data prior to re-bidding the contracts.

N. Review capping Home and Community Based Services (HCBS) waiver payments (House Committee). The Committee requested the agency review capping HCBS waiver payments, to insure that waiver services are the most cost effective type of care for that client, as recommended in the August 2002 Post Audit Report "Medicaid Cost Containment: Controlling Costs of Long-Term Care. The report indicates that the agency spent \$9.0 million more on waiver services than they would have if the same persons had received institutional services.

Currently, the state of Kansas establishes cost effectiveness for the Home and Community Based Services (HCBS) waivers as compared to nursing facilities by showing, that in the aggregate, waiver services are less expensive - an average of \$1,300 monthly per person as opposed to \$2,300 monthly per person in a nursing facility. Federal regulations would allow for capping the HCBS waiver rate, but at the nursing facility rate. Doing so would, in effect, force those whose waiver plan of care exceeded the average nursing facility rate into institutions. This would violate the Olmstead

The agencies indicate that implementing a single waiver would be difficult given that different assessment tools are used to determine eligibility for the waivers, that federal requirements regarding cost effectiveness for waivers would become more complex to address with one waiver and many types of institutional services, and the specialized staff training needed to deal with each population.

R. Maximize TANF Match (House Committee). The Committee recommended review of child care funding methodologies to maximize TANF match opportunities and report back prior to Omnibus.

The agency indicates that all TANF match for child care match has been maximized.

S. Review DD Waiver Eligibility (House Committee). The Committee recommends Omnibus review of the eligibility criteria for the HCBS/DD waiver.

T. Maximize Federal funds for Job Training Programs (House Committee). The Committee recommended that SRS work with all state agencies involved in providing and administering job training programs to maximize federal funding for those programs.

U. Review Child Support Enforcement program (House Committee). The Committee recommended Omnibus review of the Child Support Enforcement program in regards to the effect of open positions on enforcement and the role of court trustees in addressing those challenges.

V. Interest on Child Support Payments (House Committee). The Committee requested that the agency review models of charging interest on back child support payments and their effectiveness in motivating prompt support payments, with a report at Omnibus.

The agency indicates that federal law authorizes late fees of 3.0 to 6.0 percent, which can only be collected after all child support is paid in full. Late fees are considered program income, therefore 66.0 percent would be remitted to the federal government under federal law. Implementation of late fees would require enabling legislation as well as the Child Support Enforcement automated system would need to be modified to address the late fees.

W. Review Services for High Needs Foster Children (House Committee). The Committee requested that the agency work with foster care providers to look at options, recommendations and ideas for providing services for high needs foster children to increase the probability and speed of returning these children to their families.

X. Review Funeral Assistance Program (House Committee). The Committee recommended Omnibus review of funding for the Funeral Assistance program. The Budget Committee notes that the program was moved to the Department of Health and Environment in FY 2003, but not funded in either budget in FY 2004. The burden of burying indigent Kansans the falls to the counties. Clarification of this responsibility is addressed in SB 244 which was passed by the Senate and referred to House Appropriations.

Y. Review Liens on Medicaid Recipients Homes (House Committee). The Committee requested that the agency report back at Omnibus on implementing legislation to allow the agency to place a lien on a Medicaid recipient's home after they have been in a nursing facility for one year or when they begin receiving HCBS waiver services. Typically, persons entering a nursing facility indicate that their plan is to return home, and often do so after several months of treatment. In addition, the Budget Committee requests that the agency explore the possibility of requiring reverse mortgages on property for persons in nursing facilities to assist in paying for their care.

D. Increase Pool for Healthcare (House Committee). The Committee recommended that Aging and SRS review increasing the pool for healthcare and report back before Omnibus. There are two options to do this. The first option would increase the number eligible to get a medical card, by allowing consumers to pay premiums for the card. The second option would be to allow consumers of state services and as well as other providers (not for profit organizations like CDDO's are already allowed to participate) to become part of the state health care system. The working poor who currently cannot afford insurance for themselves or their families often end up utilizing expensive emergency room services for lack of other options.

If the pool cannot be increased in the current fiscal year, the Budget Committee recommends interim review of the topic.

E. Review combining all of the HCBS waivers into one waiver (House Committee). The Committee recommended that Aging and SRS review combining all of the waivers into one waiver program and report back before Omnibus. The single waiver would provide the following three services:

- Training, to assist consumers in performing tasks independently;
- Personal Assistance Services (PAS), to provide services for people who cannot perform tasks due to their level of disability; and
- Assistive Services, which would include durable medical equipment and other devices to allow consumers to perform tasks more independently.

The single waiver program would include review for Plans of Care by a neutral third party to assure that all efforts to utilize local natural support have been made, training options are used whenever possible, and every effort is being made to increase consumer independence

The agency indicates that implementing a single waiver would be difficult given that different assessment tools are used to determine eligibility for the waivers, that federal requirements regarding cost effectiveness for waivers would become more complex to address with one waiver and many types of institutional services, and the specialized staff training needed to deal with each population.

F. Review policies that allow dollars to follow clients from institutions to community services (House Committee). The Committee recommended Aging and SRS review and report back at Omnibus on establishing regulations that allow dollars to follow clients as they move from institutions to community-based services and guarantee excess dollars from those clients remain in the waiver program.

SRS and the Department on Aging have requested a Governor's Budget Amendment for an appropriations bill proviso which will move money from the nursing facility budgets to the Home and Community Based Services waiver budgets. Both agencies stand ready to work with stakeholders to finalize the necessary details to ensure that funds follow people to community-based services when they leave nursing facilities.

G. Review shifting Adult Protective Services from SRS to Aging (House Committee). The Committee recommended that Aging and SRS review shifting Adult Protective Services from SRS to Aging and report back at Omnibus.

The agency indicates that more time is necessary to review the proposed shift.

grade and high school students and displaced workers or homemakers to the profession. It is a wise strategy to protect the public. It is the purpose of the board to protect the public and how better to protect the public then by leading the efforts to get more nurses to provide care." The agency cited the following statute:

K.S.A. 74-1106 c.) (4) states "The board SHALL promote improved means of nursing education and standards of nursing care through institutes, conferences, and other means." This statute gives the board of nursing the authority to promote nursing education and other standards of nursing care which would include promoting nursing as a profession.

B. Inactive Nurse Survey (House Committee). The Committee requested that the Board survey all inactive nurses in Kansas as to why they left the profession and wished to review the results at Omnibus.

The Board indicated that surveys were mailed to ten percent of inactive nurses who were selected at random. The Board indicated that approximately 42 percent of the surveys were returned to them due to a lack of a current address. Of the 1,694 surveys which were delivered 383 were returned with at least of portion of the questions answered. This equates to an approximately 22 percent return rate.

Question	RN Responses	LPN Responses
Reason your license is lapsed or inactive?	28- Family 20- Jobs outside nursing 152- Licensed in other state 20- Were a LPN, now RN 11- Retired 19- Health Reasons 19- Working Conditions 52- Other, Misc.	12- Family 10- Jobs outside nursing 26- Licensed in other state 28- Were a LPN, now RN 2- Retired 12- Health Reasons 8- Working Conditions 17- Other, Misc.

C. Long Range Plan and Resources (House Committee). The Committee requested that the agency look at the long range plan and resources available for a nurse shortage issue and if there will be federal funds available to address the shortage.

The Board indicated that it is currently searching for funds to continue the campaign after it is initially started. The Nurse Reinvestment Act (Federal) was signed into law in August 2002. The Act amends Title VIII of the Public Health Service Act: Nursing Workforce Development (the primary authorization of existing Federal nursing programs) and authorizes new programs to increase the number of qualified nurses and the quality of nursing services in the U.S. Funding to implement the new programs was appropriated by Congress in February 2003. There are several new grants that should be made available to states and the Board is planning to apply for grant money to continue the campaign. If the campaign is successful, there will be the need to then look at increasing school capacity and increase the associated clinical sites that may also require funding.

D. Proposal to Resolve Open Cases (Senate Committee). The Committee requested that the agency submit a proposal to resolve open cases and specify what a reasonable length of time to do this is. The Committee also requested information regarding the number of cases that are being forwarded to the Attorney General's Office.

microfilmed. Therefore, the total cost for 1997, 1998 and 1999 is estimated to be \$115,100 (\$35,400 + \$35,400 + \$44,300).

The agency has checked their records and cannot locate a contract with Correctional Industries for the microfilming service. Additionally, it could not locate any procurement contracts through the Department of Administration's Division of Purchasing for these services. Apparently, a decision was made by the Board several years ago to use the microfilming services of Correctional Industries and the Board has continued to do so. The agency has been in contact with the Kansas Department of Revenue concerning their microfilming service and will be meeting with representatives from Revenue within the next week. At this time, the agency does not have any information concerning their charges for microfilming service.

B. Impact of SB 115 and HB 2147 (House and Senate Committees and GBA No. 3, Other Issues, Page 16 – Board Members and Filing Fees). SB 115 and HB 2147 would reduce the number of Board of Tax Appeals members from five to three. The budget includes the savings associated with the reduction. The Committees wished to review the progress that the bills have made and any budget implications non-passage of the bill would have.

SB 115, currently in House Taxation, and HB 2147 also currently in House Taxation, would reduce the number of Board of Tax Appeals members from five to three. The assumption that the budget was built on is that this action would occur in January 2003. Because of this the Governor's budget reduced the agency's salaries and wages request by \$100,000 in FY 2003 and \$229,486 in FY 2004. The stated fiscal impact of this bill as originally proposed was \$56,710 in FY 2003 and \$230,130 in FY 2004.

The agency has indicated that if the legislation removing the two board members does not become effective before the end of FY 2003, the board will require an additional \$70,000 (SGF). In addition, the board will need \$229,486 (SGF) if it is not enacted for FY 2004.

C. Filing Fees (Senate Committee). The Committee wished to review the progress of legislation to allow the agency to assess filing fees. In addition the Committee wished to review any potential fiscal impact on the agency that would result from not passing the legislation.

SB 115 was amended by the House Appropriations Committee to allow the agency to assess filing fees as approved by the Joint Committee on Administrative Rules and Regulations. The legislation is currently in the House Taxation Committee. If the legislation does not pass, the agency would not have the authority to assess the filing fees. The revenue from the filing fees is expected to generate \$300,000 in FY 2004. The agency's FY 2004 budget was built with the expectation that the agency would be able to generate this revenue.

D. Rent Increases in the Docking Building (House and Senate Committees). The Committees wanted to review the issue of rent increases at the Docking State Office Building and the fiscal impact it had on the agency.

The agency indicated that their rent cost in FY 2003 was \$174,338 for 16,926 square feet and \$211,140 for 18,685 square feet in FY 2004. The Department of Administration has indicated that there was a methodology change regarding how the public areas such as hallways and lobbies are accounted for in determining rental rates. As a result, the agency's square footage increased in FY 2003. Rental rates, however, were reduced from the \$14.99 per square foot originally approved for FY 2003 to \$10.30 per square foot. This resulted in essentially no fiscal impact for the agencies located in the building. Subsequent to the change in methodology, the Department of Administration learned that some original square footage measurements were inaccurate. The inaccurate measurements were corrected in calculating the FY 2004 rent cost. For this agency an

Schools for the Blind and Deaf

A. Advantages/ Disadvantages of School Financing Formula (Senate Committee). The Committee requests that the Schools and the Department of Education discuss the advantages and disadvantages of the Schools being placed within the formula.

The Department of Education and the School for the Blind (KSSB) and the School for the Deaf (KSSD) indicated there are several reasons why these two schools would not fit well under the current school finance formula. The school finance formula was designed for public schools which consist primarily of students that are not exceptional. The costs for students at KSSD and KSSB are considerably higher than the average cost in the public schools. In addition the agencies noted the following issues with placing the Schools within the school financing formula:

- The KSSD and the KSSB are not part of a school district with taxing authority based on the assessed valuation of property. These schools, therefore, have no authority for a local option budget within the district.
- The general state aid the schools would receive would be a small percentage of the general fund appropriation that is currently made available to the KSSB and the KSSD.
- The base state aid per pupil of \$3,863 is inadequate even with pupil weightings as provided in the school finance formula to meet the needs of the pupils enrolled at the two schools. If the two schools were made a part of the school finance formula, it would still require a substantial appropriation from the state general fund.
- The KSSB and the KSSD are residential schools and their costs are considerably higher than in a public school since all children attending these schools have an individual education plan (IEP).

B. Review of Funding for Schools for the Blind and Deaf (Conference Committee). The Senate Committee recommended adding \$219,318 (SGF) to the School for the Blind and adding \$362,735(SGF) to the School for the Deaf. The House recommended deferring the items to Omnibus. Both the Senate Committee and the House Committee noted that the manner in which the Schools for the Blind and Deaf were treated was inconsistent with how the rest of education was treated. The Conference Committee agreed to defer the item until Omnibus.

C. Additional Medicaid Funding for Schools for the Blind and Deaf (House Committee). The Committee appointed a Special Subcommittee on Medicaid Funding for the Schools for the Blind and Deaf to review if the schools were leveraging all potential Medicaid funding. The Subcommittee has met; however, there have been no recommendations made at this time.

D. KAN-ED Utilization (House Committee). The Committee requested that the Schools report back on the possibility of utilizing the KAN-ED program to maximize the effectiveness of their outreach programs.

The agency indicated that the School for the Blind is currently a member of KAN-ED and the School for the Deaf is currently in the application process. The Schools indicated that the KAN-ED program does provide opportunities for implementing distance learning as part of the School's outreach programs.

The agency also noted that circumstances will require a larger assessment of insurance companies for the Regulation Fee Fund since the Department has been unable to keep the 1.0 percent of premium tax receipts as provided for by statute.

Secretary of State

A. GBA No. 3, Item 11, Page 5 – Help America Vote Act Matching Funds

B. SB 205 (Law). SB 205 creates the Kansas Commemorative Coin Design Concept Act. The purpose of the act is to provide a method to select the design concepts and make a recommendation for the final design of the commemorative quarter dollar of the State of Kansas. The Secretary of State in conjunction with the Department of Education are to present the five finalist designs to all students enrolled in an accredited school in the State of Kansas who will vote for the winner via an Internet ballot. The Kansas Arts Commission, the Kansas Humanities Council, and the Kansas Historical Society are required to publicize the act and provide assistance to the Council.

The Secretary of State's Office indicates that the fiscal impact to their agency in FY 2004 will be \$2,000 (SGF). The other agencies have indicated they will be able to absorb the costs associated with their participation.

Governmental Ethics Commission

A. GBA No. 3, Item 2, Page 2 – Inaugural Expense Fund

All Agencies

A. GBA No. 3, Item 34, Page 15 – COLA Recalculation

**Items for Omnibus Consideration
(Referred by the Senate Committee)**

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
FY 2003				
<u>Board of Indigents' Defense Services</u>				
Review of available cash balances in the Death Penalty Defense Unit.	0	0	0	0.0
<u>KPERS</u>				
Adjust estimated expenditures in FY 2003 based on latest KPERS projections for payments to investment managers.	0	0	0	0.0
<u>Board of Tax Appeals</u>				
Review progress of SB115/ HB 2147 which reduces size of Board and any fiscal impact on current year appropriations.	0	0	0	0.0
<u>Kansas Lottery</u>				
Review sales estimates during Omnibus and adjust revenue estimate as needed.	0	0	0	0.0
<u>Board of Healing Arts</u>				
Review computer system upgrade plan and budget prior to Omnibus.	0	0	0	0.0
<u>Dept. of Health and Environment - Health</u>				
Restore Governor's allotment of \$120,695 to the Infant Toddler Program if funding sources are available.	0	0	0	0.0
<u>School for the Blind</u>				
Requests that the School and the Department of Education discuss the advantages and disadvantages of placing the School within the School financing formula and report back prior to Omnibus.	0	0	0	0.0
<u>School for the Deaf</u>				
Requests that the School and the Department of Education discuss the advantages and disadvantages of placing the School within the school financing formula and report back prior to Omnibus.	0	0	0	0.0
<u>Adjutant General</u>				
Consider adding \$115,000 due to increased armory insurance costs.	115,000	0	115,000	0.0
TOTAL	\$115,000	\$0	\$115,000	0.0

FY 2004

State Treasurer

Review funding alternatives (to Governor's recommendation) to supplant SGF. 0 0 0 0.0

Judicial Council

Note that there will be a \$60,000 shortfall for this agency and address the issue at conference or Omnibus. 0 0 0 0.0

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>Board of Indigents' Defense Services</u>				
Review of the budget for the Death Penalty Defense Unit and Legal Services for Prisoners, Inc.	0	0	0	0.0
<u>KPERS</u>				
Adjust estimated expenditures in FY 2004 based on latest KPERS projections for payments to investment managers.	0	0	0	0.0
<u>Board of Tax Appeals</u>				
Review change in rent methodology by Department of Administration in the Docking State Office Building.	0	0	0	0.0
Review reduction in number of Board members and fiscal impact of new filing fees.	0	0	0	0.0
<u>Department of Revenue</u>				
Review during Omnibus period collections of accounts receivable and projections for other years.	0	0	0	0.0
Review during Omnibus period the budget cuts and effect on collecting taxes.	0	0	0	0.0
<u>Kansas Lottery</u>				
Review sales estimates during Omnibus and adjust revenue estimate as needed.	0	0	0	0.0
<u>Kansas Racing and Gaming Commission</u>				
Review during Omnibus information about salaries and work loads of commissioners per SB 6.	0	0	0	0.0
<u>Department of Commerce and Housing</u>				
Review FY 2004 funding for the agency which was deleted by the conference committee pending the outcome of Executive Reorganization Order No. 30.	0	112,137,305	112,137,305	147.5
<u>Kansas Inc.</u>				
Review funding for the agency for FY 2004.	0	0	0	0.0
<u>Kansas Technology Enterprise Corp.</u>				
Review FY 2004 funding for the agency which was deleted by the conference committee pending the outcome of Executive Reorganization Order No. 30.	0	13,953,820	13,953,820	27.0
<u>Kansas Dental Board</u>				
Review agency's FY 2004 budget prior to Omnibus for adjustments related to moving costs.	0	0	0	0.0
<u>Board of Nursing</u>				
Review information regarding the impaired provider assistance program and the KNAP report.	0	0	0	0.0
Review the number of open cases, whether any are sent to the Attorney General due to the complexity, and how long an average case should be open.	0	0	0	0.0
<u>Securities Commissioner</u>				
Review before Omnibus current financial status as the 5.9 percent reduction may force the agency to layoff employees.	0	0	0	0.0

Agency/Item

State General Fund All Other Funds All Funds FTEs

Department of Human Resources

Review current status of SB 269 and SB 270 concerning the Governor's Budget Amendment, No. 1, Item 1, of \$15,798,952 which placed a moratorium on the one week waiting period for unemployment benefits. 0 0 0 0.0

Commission on Veterans Affairs

Review staffing levels at Kansas Soldiers' Home. 0 0 0 0.0

Dept. of Health and Environment - Health

Increase funding for the Child Care Licensure Program should additional funds be available. 0 0 0 0.0

Receive report on the transfer of the nursing home regulation function from KDHE to the Dept on Aging. 0 0 0 0.0

Review funding levels of the Infant Toddler Program. 0 0 0 0.0

Review potential funding sources for the Funeral Assistance Program (\$470,000). 0 0 0 0.0

Department on Aging

Review transfer of Nursing Home Inspection program from KDHE to Aging. 0 0 0 0.0

Social and Rehabilitation Services

Review alternatives to the \$1.5 million reduction to the University of Kansas Graduate Medical Education Program. 0 0 0 0.0

Review alternatives to the \$10 fee for child abuse and neglect reports for not-for-profit organizations. 0 0 0 0.0

Review exclusion of Children's Mercy Hospital from the disproportionate share reimbursement pool. 0 0 0 0.0

Review funding options for administration for the Kansas Children's Cabinet. 0 0 0 0.0

Review provider tax options. 0 0 0 0.0

Review the agency Policy Options Discussion guide. 0 0 0 0.0

Review the status of child protection needs and services. 0 0 0 0.0

Kansas Guardianship Program

Review of program's FY 2004 funding level. 0 0 0 0.0

Department of Education

Proviso to require State Department to request waiver from No Child Left Behind provisions. (Deferred to Omnibus by Conference Committee on SB 6. Originally a House floor amendment.) 0 0 0 0.0

School for the Blind

Requests that the School and the Department of Education discuss the advantages and disadvantages of placing the School within the School financing formula and report back prior to Omnibus. 0 0 0 0.0

Review level of FY 2004 funding, especially the items in the reduced resources package. 0 0 0 0.0

7-3

Agency/Item

State General Fund All Other Funds All Funds FTEs

School for the Deaf

Requests that the School and the Department of Education discuss the advantages and disadvantages of placing the School within the school financing formula and report back prior to Omnibus. 0 0 0 0.0

Review FY 2004 funding, especially for those items that were in the reduced resources package. 0 0 0 0.0

Board of Regents

Community College Trustees to report on Legislative action required to give the CC's more flexibility. 0 0 0 0.0

Department of Corrections

Request the Secretary of Corrections report on possible mechanisms to control inmate healthcare costs; specifically: Examine SRS, JJA, and other agencies' payment practices re: client hospital care, i.e., use of Medicaid rates as payment basis. 0 0 0 0.0

Review whether funding exists to continue the Visitors' Centers. 0 0 0 0.0

Sentencing Commission

Review the elimination of the CJIS Project Manager's position. 97,632 0 97,632 1.0

Ombudsman of Corrections

Request the Secretary of Corrections evaluate whether funding exists from any KDOC-related source, including the room/board reimbursements for the 62 new work release beds and the Inmate Benefit Fund balance, and report back on or before Omnibus. 0 0 0 0.0

Animal Health Department

Review funding for humane society relinquishment fee. 5,000 0 5,000 0.0

Review funding for kennel inspector positions. 87,065 13,305 100,370 2.0

Department of Wildlife and Parks

Review at Omnibus any GBA on Cheyenne Bottoms grant of \$2.0 million. 0 0 0 0.0

TOTAL	\$189,697	\$126,104,430	\$126,294,127	177.5
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FY 2005

Board of Nursing

Review information regarding the impaired provider assistance program and the KNAP report. 0 0 0 0.0

Review the number of open cases, whether any are sent to the Attorney General due to the complexity, and how long an average case should be open. 0 0 0 0.0

TOTAL	\$0	\$0	\$0	0.0
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GRAND TOTAL	\$304,697	\$126,104,430	\$126,409,127	177.5
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**ECONOMIC DEVELOPMENT INITIATIVES FUND
Omnibus Consideration**

	Governor's Recommendation FY 2003	Legislative Adjustments FY 2003	Governor's Recommendation FY 2004	Legislative Adjustments FY 2004
Department of Commerce and Housing ⁽¹⁾				
Operating Grant	\$ 14,242,306	\$ -	\$ 14,026,980	\$ (14,026,980)
Kansas Economic Initiatives Opportunity Fund	3,325,000	-	2,975,000	(2,975,000)
Kansas Existing Industry Expansion Program	475,000	-	423,246	(423,246)
Subtotal - Commerce and Housing	\$ 18,042,306	\$ -	\$ 17,425,226	\$ (17,425,226)
Kansas Technology Enterprise Corporation ⁽¹⁾				
Agency Operations	\$ 2,366,729	\$ (200,000)	\$ 1,233,929	\$ (1,233,929)
Centers of Excellence	3,374,387	-	3,363,510	(3,363,510)
Research Matching Grants	1,649,473	-	1,354,699	(1,354,699)
Commercialization Grants	1,593,356	-	1,317,151	(1,317,151)
Mid-America Manufact. Tech. Center	900,000	-	670,324	(670,324)
EPSCoR	3,062,167	-	2,664,575	(2,664,575)
Minus unplanned reappropriation	(1,715,645)	-		
Subtotal - KTEC	\$ 11,230,467	\$ (200,000)	\$ 10,604,188	\$ (10,604,188)
Kansas, Inc. ⁽¹⁾	\$ 291,399	\$ -	\$ -	\$ -
Board of Regents				
Technology Innovation & Internship Program - AVTS	\$ 190,000	\$ -	\$ 180,500	\$ -
Post-secondary Aid - AVTS	6,144,277	-	10,331,250	-
Capital Outlay Aid - AVTS	2,565,000	-	2,565,000	-
Comprehensive Grant	-	-	750,000	(750,000)
WSU Aviation Research	-	-	-	1,000,000
National Guard Educational Assistance	243,342	-	250,000	(250,000)
Subtotal - Regents	\$ 9,142,619	\$ -	\$ 14,076,750	\$ -
Dept. of Administration - Public Broadcasting	\$ 114,099	\$ -	\$ -	\$ -
Death and Disability Transfer	\$ 18,747	\$ -	\$ -	\$ -
State General Fund	\$ 3,146,947	\$ 200,000	\$ -	\$ -
State Water Plan Fund	\$ 1,900,000	\$ -	\$ 1,900,000	\$ -
TOTAL TRANSFERS AND EXPENDITURES	\$ 43,886,584	\$ -	\$ 44,006,164	\$ (28,029,414)
EDIF Resource Estimate				
Beginning Balance	\$ (65,301)	\$ (65,301)	\$ -	\$ -
Gaming Revenues	42,432,000	42,432,000	42,432,000	42,432,000
Other Income ⁽²⁾	1,519,885	1,519,885	1,574,164	1,574,164
Total Available	\$ 43,886,584	\$ 43,886,584	\$ 44,006,164	\$ 44,006,164
Less: Expenditures and Transfers	43,886,584	43,886,584	44,006,164	15,976,750
ENDING BALANCE	\$ -	\$ -	\$ -	\$ 28,029,414

- 1) Does not include expenditures from prior year EDIF allocations.
2) Other Income includes interest earnings and released encumbrances.

HOUSE APPROPRIATIONS

DATE 4-24-2003
ATTACHMENT 8

**FY 2003
Children's Initiatives Fund
(Tobacco)**

<u>Agency/Program</u>	<u>Actual FY 2002</u>	<u>Gov. Rec. FY 2003</u>	<u>Senate Adjustments FY 2003</u>	<u>House Adjustments FY 2003</u>	<u>Conference Committee Recommendation FY 2003</u>
State Library					
Community Access Network	\$0	\$0	\$0	\$0	\$0
Subtotal - Misc.	\$0	\$0	\$0	\$0	\$0
Department of Health and Environment					
Healthy Start/Home Visitor	\$250,000	\$250,000	\$0	\$0	\$0
Infants and Toddlers Program	500,000	500,000	0	0	0
Smoking Cessation/Prevention Program Grants	500,000	500,000	0	0	0
Subtotal - KDHE	\$1,250,000	\$1,250,000	\$0	\$0	\$0
Juvenile Justice Authority					
Juvenile Prevention Program Grants	\$6,000,000	\$6,000,000	\$0	\$0	\$0
Juvenile Graduated Sanctions Grants	2,000,000	2,000,000	0	0	0
Subtotal - JJA	\$8,000,000	\$8,000,000	\$0	\$0	\$0
Department of Social and Rehabilitation Services					
Children's Mental Health Initiative	\$1,800,000	\$1,800,000	\$0	\$0	\$0
Family Centered System of Care	4,980,000	5,000,000	0	0	0
Therapeutic Preschool	1,000,000	1,000,000	0	0	0
Community Services - Child Welfare	2,600,000	3,056,219	0	0	0
Child Care Services	1,400,000	1,400,000	0	0	0
Children's Cabinet Accountability Fund	550,000	550,000	0	0	0
HealthWave	1,413,374	1,000,000	0	0	0
Smart Start Kansas - Children's Cabinet	3,000,000	3,000,000	0	0	0
Children's Medicaid Increases	3,000,000	3,000,000	0	0	0
Immunization outreach	0	500,000	0	0	0
Family Preservation	0	2,293,781	0	0	0
Grants to CMHC's to develop childrens programs	0	2,000,000	0	0	0
School Violence Prevention	0	228,000	0	0	0
Experimental wrap-around services	0	0	0	0	0
Subtotal - SRS	\$19,743,374	\$24,828,000	\$0	\$0	\$0
Department of Education					
Parent Education	\$2,499,990	\$2,500,000	\$0	\$0	\$0
Four-Year -Old At-Risk Programs	4,500,000	4,500,000	0	0	0
School Violence Prevention	474,392	0	0	0	0
Vision Research	300,000	300,000	0	0	0
Communities in Schools	0	0	0	0	0
Mentoring Program Grants	0	0	0	0	0
Reading Recovery	0	0	0	0	0
Special Education	0	1,225,000	0	0	0
Subtotal - Dept. of Ed.	\$7,774,382	\$8,525,000	\$0	\$0	\$0
University of Kansas Medical Center					
Tele-Kid Health Care Link	\$250,000	\$235,724	\$0	\$0	\$0
Pediatric Biomedical Research	1,000,000	2,000,000	0	0	0
Subtotal - KU Medical Center	\$1,250,000	\$2,235,724	\$0	\$0	\$0
Emporia State University					
Future Teachers Academy/ National Board Certification	\$0	\$0	\$0	\$0	\$0
Subtotal - ESU	\$0	\$0	\$0	\$0	\$0
Transfer to State General Fund	\$0	\$3,873,144	\$0	\$0	\$0
TOTAL	\$38,017,756	\$48,711,868	\$0	\$0	\$0

Resource Estimate

	<u>Actual FY 2002</u>	<u>Gov. Rec. FY 2003</u>	<u>Senate Adjustments FY 2003</u>	<u>House Adjustments FY 2003</u>	<u>Conference Committee Recommendation FY 2003</u>
Beginning Balance	\$1,775,242	\$3,757,486	\$3,757,486	\$3,757,486	\$3,757,486
KEY Fund Transfer	40,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Total Available	41,775,242	48,757,486	48,757,486	48,757,486	48,757,486
Less: Expenditures and Transfers	38,017,756	48,711,868	48,711,868	48,711,868	48,711,868
ENDING BALANCE	\$3,757,486	\$45,618	\$45,618		

HOUSE APPROPRIATIONS

DATE 4-24-2003
ATTACHMENT 9

FY 2004 Children's Initiatives Fund (Tobacco)

<u>Agency/Program</u>	<u>Children's Cabinet Rec. FY 2004</u>	<u>Gov. Rec. FY 2004</u>	<u>Senate Adjustments FY 2004</u>	<u>House Adjustments FY 2004</u>	<u>Conference Committee Recommendation FY 2004</u>
State Library					
Community Access Network	\$0	\$0	\$0	\$0	\$0
Subtotal - Misc.	\$0	\$0	\$0	\$0	\$0
Department of Health and Environment					
Healthy Start/Home Visitor	\$250,000	\$250,000	\$0	\$0	\$0
Infants and Toddlers Program	750,000	500,000	120,000	300,000	300,000
Smoking Cessation/Prevention Program Grants	1,225,000	500,000	0	0	0
Subtotal - KDHE	\$2,225,000	\$1,250,000	\$120,000	\$300,000	\$300,000
Juvenile Justice Authority					
Juvenile Prevention Program Grants	\$6,000,000	\$5,414,487	\$0	\$700,000	\$0
Juvenile Graduated Sanctions Grants	0	3,585,513	(522,000)	0	0
Subtotal - JJA	\$6,000,000	\$9,000,000	(\$522,000)	\$700,000	\$0
Department of Social and Rehabilitation Services					
Children's Mental Health Initiative	\$1,800,000	\$1,800,000	\$0	\$0	\$0
Family Centered System of Care	5,000,000	5,000,000	(40,000)	0	0
Therapeutic Preschool	1,000,000	1,000,000	0	0	0
Community Services - Child Welfare	2,600,000	3,106,230	(40,000)	0	0
Child Care Services	0	1,400,000	0	0	0
Children's Cabinet Accountability Fund	1,500,000	550,000	0	0	0
HealthWave	0	2,000,000	0	0	0
Smart Start Kansas - Children's Cabinet	6,000,000	4,300,000	(300,000)	(1,000,000)	(800,000)
Children's Medicaid Increases	0	3,000,000	0	0	0
Immunization outreach	0	500,000	0	0	0
Family Preservation	0	2,243,770	0	0	0
Grants to CMHC's to develop childrens programs	0	2,000,000	(40,000)	0	0
School Violence Prevention	0	228,000	(228,000)	0	0
Experimental wrap-around services	228,000	0	0	0	0
Subtotal - SRS	\$18,128,000	\$27,128,000	(\$648,000)	(\$1,000,000)	(\$800,000)
Department of Education					
Parent Education	\$2,500,000	\$2,500,000	\$0	\$0	\$0
Four-Year -Old At-Risk Programs	4,500,000	4,500,000	0	0	0
School Violence Prevention	0	0	0	0	0
Vision Research	400,000	300,000	0	0	0
Communities in Schools	0	0	0	0	0
Mentoring Program Grants	0	0	0	0	0
Reading Recovery	0	0	0	0	0
Special Education	0	1,225,000	0	0	0
Subtotal - Dept. of Ed.	\$7,400,000	\$8,525,000	\$0	\$0	\$0
University of Kansas Medical Center					
Tele-Kid Health Care Link	\$250,000	\$250,000	\$0	\$0	\$0
Pediatric Biomedical Research	1,000,000	0	800,000	0	700,000
Subtotal - KU Medical Center	\$1,250,000	\$250,000	\$800,000	\$0	\$700,000
Emporia State University					
Future Teachers Academy/ National Board Certification	\$0	\$0	\$250,000	\$0	\$0
Subtotal - ESU	\$0	\$0	\$250,000	\$0	\$0
Transfer to State General Fund	\$0	\$0	\$0	\$0	\$0
TOTAL	\$35,003,000	\$46,153,000	\$0	\$0	\$200,000

Resource Estimate

	<u>Children's Cabinet Rec. FY 2004</u>	<u>Gov. Rec FY 2004</u>	<u>Senate Adjustments FY 2004</u>	<u>House Adjustments FY 2004</u>	<u>Conference Committee Recommendation FY 2004</u>
Beginning Balance	\$45,618	\$45,618	\$45,618	\$45,618	\$45,618
KEY Fund Transfer	46,125,000	46,125,000	46,125,000	46,125,000	46,125,000
Total Available	46,170,618	46,170,618	46,170,618	46,170,618	46,170,618
Less: Expenditures and Transfers	35,003,000	46,153,000	46,153,000	46,153,000	46,353,000
ENDING BALANCE	\$11,167,618	\$17,618	\$17,618	\$17,618	(\$182,382)

State Water Plan Fund: FY 2003

Agency/Program	Governor's Recommendation FY 2003	Legislative Approved FY 2003
State Conservation Commission		
Aid to Conservation Districts	1,042,500	1,042,500
Watershed Dam Construction	677,451	677,451
Water Resources Cost Share	4,196,754	4,196,754
Multipurpose Small Lakes	0	0
Nonpoint Source Pollution Asst.	3,055,000	3,055,000
Riparian and Wetland Program	310,000	310,000
Water Quality Buffer Initiative	347,971	347,971
Water Rights Purchase	0	0
Total--Conservation Commission	9,629,676	9,629,676
Kansas Water Office		
Assessment and Evaluation	207,000	207,000
Federal Cost-Share Programs	160,285	160,285
GIS Data Access and Support Center	76,824	76,824
GIS Data Base Development	140,000	140,000
MOU - Storage Operations and Maintenance	390,715	390,715
Ogallala Aquifer Institute	40,000	40,000
PMIB Loan Payment for Storage	259,027	259,027
Public Information	35,000	35,000
Stream Gauging Program	353,180	353,180
Technical Assistance to Water Users	382,668	382,668
Water Planning Process	154,077	154,077
Water Resource Education	55,000	55,000
Weather Modification	100,119	100,119
Kansas Water Authority	22,101	22,101
Total--Kansas Water Office	2,375,996	2,375,996
Department of Wildlife and Parks		
River Recreation	0	0
Stream (Biological) Monitoring	50,000	50,000
Total--Department of Wildlife and Parks	50,000	50,000
Department of Agriculture		
Floodplain Management	64,185	64,185
Interstate Water Issues	241,423	241,423
Subbasin Water Resources Management	556,352	556,352
Water Appropriations Subprogram	71,028	71,028
Water Use	10,000	10,000
Total--Department of Agriculture	942,988	942,988
Department of Health and Environment		
Assessment of Sediment Quality	0	0
Contamination Remediation	1,200,624	1,200,624
Local Environmental Protection Program	1,630,236	1,630,236
Nonpoint Source Program	457,328	457,328
TMDL Initiatives	346,224	346,224
Total--Department of Health and Environment	3,634,412	3,634,412
KCC--Well Plugging	0	0
University of Kansas--Geological Survey	45,000	45,000
Total Water Plan Expenditures	16,678,072	16,678,072

State Water Plan Resource Estimate	Governor's Recommendation FY 2003	Legislative Approved FY 2003
Beginning Balance	1,666,000	1,666,000
Adjustments		
Prior Year Recovery	669,124	669,124
Revenues		
State General Fund Transfer	3,773,948	3,773,948
Economic Development Fund Transfer	1,900,000	1,900,000
Municipal Water Fees	3,000,000	3,000,000
Industrial Water Fees	1,180,000	1,180,000
Stock Water Fees	315,000	315,000
Pesticide Registration Fees	920,000	920,000
Fertilizer Registration Fees	2,800,000	2,800,000
Pollution Fines and Penalties	70,000	70,000
Sand Royalty Receipts	384,000	384,000
Total Receipts	15,012,072	15,012,072
Total Available	16,678,072	
Less Expenditures	16,678,072	
Ending Balance	0	

HOUSE APPROPRIATIONS

DATE 4-24-2003
ATTACHMENT 10

State Water Plan Fund: FY 2004

Agency/Program	Governor's Recommendation FY 2004	Legislative Approved FY 2004
State Conservation Commission		
Aid to Conservation Districts	1,043,000	1,043,000
Watershed Dam Construction	352,500	352,500
Water Resources Cost Share	3,548,216	3,548,216
Multipurpose Small Lakes	0	0
Nonpoint Source Pollution Asst.	2,800,000	2,800,000
Riparian and Wetland Program	250,000	250,000
Water Quality Buffer Initiative	307,471	307,471
Water Rights Purchase	0	0
Total--Conservation Commission	8,301,187	8,301,187
Kansas Water Office		
Assessment and Evaluation	213,547	213,547
Federal Cost-Share Programs	100,000	100,000
GIS Data Access and Support Center	0	0
GIS Data Base Development	250,000	250,000
MOU - Storage Operations and Maintenance	419,385	419,385
Ogallala Aquifer Institute	40,000	40,000
PMIB Loan Payment for Storage	263,110	263,110
Public Information	35,000	35,000
Stream Gauging Program	353,203	353,203
Technical Assistance to Water Users	339,737	339,737
Water Planning Process	154,077	154,077
Water Resource Education	55,000	55,000
Weather Modification	9,000	9,000
Kansas Water Authority	25,000	25,000
Total--Kansas Water Office	2,257,059	2,257,059
Department of Wildlife and Parks		
River Recreation	0	0
Stream (Biological) Monitoring	40,000	40,000
Total--Department of Wildlife and Parks	40,000	40,000
Department of Agriculture		
Floodplain Management	65,836	65,836
Interstate Water Issues	240,076	240,076
Subbasin Water Resources Management	483,538	483,538
Water Appropriations Subprogram	74,420	74,420
Water Use	60,000	60,000
Total--Department of Agriculture	923,870	923,870
Department of Health and Environment		
Assessment of Sediment Quality	0	0
Contamination Remediation	1,060,434	1,060,434
Local Environmental Protection Program	1,630,236	1,630,236
Nonpoint Source Program	387,939	387,939
TMDL Initiatives	346,224	346,224
Total--Department of Health and Environment	3,424,833	3,424,833
KCC--Well Plugging	0	0
University of Kansas--Geological Survey	40,000	40,000
Total Water Plan Expenditures	14,986,949	14,986,949

State Water Plan Resource Estimate	Governor's Recommendation FY 2004	Legislative Approved FY 2004
Beginning Balance	0	0
Adjustments		
Prior Year Recovery	0	0
Revenues		
State General Fund Transfer	3,773,949	3,773,949
Economic Development Fund Transfer	1,900,000	1,900,000
Municipal Water Fees	3,500,000	3,500,000
Industrial Water Fees	1,190,000	1,190,000
Stock Water Fees	315,000	315,000
Pesticide Registration Fees	920,000	920,000
Fertilizer Registration Fees	2,940,000	2,940,000
Pollution Fines and Penalties	75,000	75,000
Sand Royalty Receipts	373,000	373,000
Total Receipts	14,986,949	14,986,949
Total Available	14,986,949	14,986,949
Less Expenditures	14,986,949	14,986,949
Ending Balance	0	0

Consensus Caseload Estimate

April 17, 2003

	FY 2003		FY 2003		Change from Governor		% Change		FY 2004		FY 2004		Change from Governor		% Change	
	Governor's Recommendation		April Consensus Estimate		Change from Governor		% Change		Governor's Recommendation		April Consensus Estimate		Change from Governor		% Change	
	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF
Nursing Facilities	\$301,771,205	\$120,708,482	\$301,771,205	\$120,708,482	\$0	\$0	0.0%	0.0%	\$322,000,000	\$126,707,000	\$322,000,000	\$126,707,000	\$0	\$0	0.0%	
Nursing Facilities - Mental Health	13,656,360	9,727,425	13,656,360	10,778,929	0	1,051,504	0.0%	10.8%	13,100,000	8,927,650	13,100,000	8,927,650	0	0	0.0%	
Temporary Assistance to Families	54,598,877	29,821,027	53,361,175	29,821,027	(1,237,702)	0	-2.3%	0.0%	59,576,160	29,821,028	57,688,200	29,821,028	(1,887,960)	0	-3.2%	0.0%
General Assistance	6,900,000	6,900,000	6,882,489	6,882,489	(17,511)	(17,511)	-0.3%	-0.3%	7,305,261	7,305,261	7,517,103	7,517,103	211,842	211,842	2.9%	2.9%
Regular Medical	919,165,057	311,627,281	918,792,063	313,648,113	(372,994)	2,020,832	0.0%	0.6%	1,041,068,083	352,112,379	1,069,000,000	358,000,000	27,931,917	5,887,621	2.7%	1.7%
Foster Care Contract	88,003,683	33,337,435	88,241,117	33,491,672	237,434	154,237	0.3%	0.5%	87,192,502	33,235,967	89,483,117	34,810,765	2,290,615	1,574,798	2.6%	4.7%
Adoption Contract	33,561,332	15,670,018	32,786,744	15,138,038	(774,588)	(531,980)	-2.3%	-3.4%	34,421,790	16,261,271	34,371,722	16,226,884	(50,068)	(34,387)	-0.1%	-0.2%
TOTAL	\$1,417,656,514	\$527,791,668	\$1,415,491,153	\$530,468,750	(\$2,165,361)	\$2,677,082	-0.2%	0.5%	\$1,564,663,796	\$574,370,556	\$1,593,160,142	\$582,010,430	\$28,496,346	\$7,639,874	1.8%	1.3%

HOUSE APPROPRIATIONS

DATE 4-24-2003
ATTACHMENT 11

Family Preservation Consensus Estimate

Both the House Appropriations and Senate Ways and Means committee requested that Family Preservation be included in caseload estimates. The Senate request included the stipulation that Family Preservation would not be part of the official estimate, but instead addressed as a separate item to determine its usefulness in the estimating process. The estimate for Family Preservation was developed by the Department of Social and Rehabilitation Services and the Legislative Research Department. The Division of Budget chose not to participate in the estimate at this time.

Family Preservation services are intensive in-home services offered to families who are in imminent danger of having a child come into the custody of the department and removed from their home unless the family can make the changes necessary to provide adequate care and safety. These services assist the family in identifying and understanding the problems within the family that place a child at risk of out-of-home placement and assist them in finding ways to change how the family unit functions. This program was privatized July 1, 1996. The SRS social worker is responsible for monitoring service delivery to achieve established outcomes.

Family Preservation Expenditures FY 2002 - FY 2004

	FY 2002 Actual	FY 2003 Gov. Rec.	FY 2003 Consensus Estimate	Dollar Change	% Change	FY 2004 Gov. Rec.	FY 2004* Consensus Estimate	Dollar Change	% Change
SGF	\$3,045,555	\$0	\$0	\$0	0.0%	\$267,909	\$5,574,285	\$5,306,376	1980.7%
All Funds	\$10,554,275	\$9,593,118	\$9,593,118	\$0	0.0%	\$9,964,083	\$15,361,974	\$5,397,891	54.2%

* FY 2004 estimate assumes an average payment of \$3,897 per referral with a total of 3,943 referrals.



K A N S A S

OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

April 23, 2003

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

and

The Honorable Melvin Neufeld, Chairperson
House Committee on Appropriations
Room 517-S, Statehouse

Dear Senator Morris:

The first four amendments affect revenues and the remaining items involve expenditures. I amend my budget to increase State General Fund expenditures by \$712,152 for FY 2003 and by \$3,144,766 for FY 2004. These adjustments will result in a decrease of \$3,856,918 in the balance of the State General Fund by the end of FY 2004. My amended budget will cause an increase of a .5 position in state government in FY 2003 and a total increase of 3.5 positions for FY 2004.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund Revenues	\$ 1,000,000	\$ 685,607
All Funds Revenues	\$ 1,000,000	\$ 1,216,107
State General Fund Expenditures	\$ 712,152	\$ 3,144,766
All Funds Expenditures	\$ (4,529,766)	\$ 27,871,168
FTE Positions	--	3.0
Non-FTE Unclassified Permanent	.5	.5
Total Positions	.5	3.5

HOUSE APPROPRIATIONS

Capitol, 300 SW 10th Ave., Ste. 2125, Topeka, KS 66612

DATE 4-24-2003
ATTACHMENT 13

Kansas Lottery

1. Transfer to the State General Fund

I amend my budget to reflect the transfer of an additional \$1.0 million from the Lottery to the State Gaming Revenues Fund, which will subsequently be transferred to the State General Fund. SB 6 reflects additional lottery receipts of \$2.5 million in FY 2003 and \$2.7 million in FY 2004. This amendment adds another \$1.0 million in FY 2003 that the Lottery now expects to be available for transfer, making a total of \$3.5 million.

Governmental Ethics

2. Inaugural Expense Fund

KSA 25-4186, Section i(2) states that any remaining balance in the Inaugural Expense Fund must be transferred to the Governmental Ethics Fee Fund. This transfer cannot be made until all expenses are paid and the July 10th termination report is filed. I amend my FY 2004 budget to nullify this section in existing law, so that the entire remaining balance of my Inaugural Expense Fund can be transferred directly to the State General Fund, rather than the Governmental Ethics Fee Fund. The balance is expected to be approximately \$90,000. However, the exact amount will not be determined until my July 10th report has been filed.

University of Kansas

3. Transfer from Construction Defects Recovery Fund

I amend my FY 2004 budget to transfer \$530,500 from the State Construction Defects Recovery Fund of the Department of Administration to the Restricted Fees Fund of the University of Kansas. The \$530,500 was deposited in the recovery fund on behalf of the University from two construction defect settlements. The proposed transfer language for the Omnibus Bill is as follows:

Sec. On July 1, 2004, or as soon thereafter as moneys are available, the director of accounts and reports shall make one or more transfers from the construction defects recovery fund of the department of administration to the restricted fees fund of the university of Kansas: *Provided*, That any such transfer from the construction defects recovery fund of the department of administration shall be only from amounts available in such fund which are in excess of an amount certified by the director of the division of the budget as being in excess of 150% of the amounts required to meet known and reasonably anticipated expenditures from the construction defects recovery fund of the department of administration: *Provided further*, That such transfer or transfers from the construction defects recovery fund of the department of administration to the restricted fees fund of the university of Kansas during the fiscal year ending June 30, 2004, shall not exceed an aggregate of \$530,500.

Highway Patrol

4. Transfer to the State General Fund

I amend my budget to transfer \$500,000 from the Highway Patrol Motor Vehicle Fund to the State General Fund on January 1, 2004. After reviewing this fund, it is projected that there would be a balance of \$542,789 in the Highway Patrol Vehicle Fund at the end of FY 2004. This transfer in January will allow the Highway Patrol to purchase the vehicles it needs for timely replacement and generate revenue for the State General Fund.

Department of Administration

5. Public Broadcasting Grants

The approved budget for FY 2004 totals \$2,339,353 from the State General Fund, \$1,860,071 for operating and equipment grants distributed in accordance with a statutory formula and \$479,282 to pay the debt service on the bonds that were issued to upgrade equipment for digital technology. In November 2002, KKSU, the Manhattan public radio station, terminated operations. The amount that represents the proportion of total grant funds that were earmarked for this station but are no longer needed is \$47,055. Therefore, I amend my FY 2004 budget to capture these savings.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ (47,055)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (47,055)

Department of Revenue

6. Electronic Databases Fee Fund

The expenditures reported from the Electronic Databases Fee Fund in the Department of Revenue need to be increased by \$324,327 in FY 2003, from \$6,592,103 to \$6,916,430. The increase should have been included in *The FY 2004 Governor's Budget Report* when it was originally published. Expenditures in this fund are increased to offset a corresponding reduction in funding from the State General Fund.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ 324,327	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 324,327	\$ --

Board of Indigents' Defense Services

7. Assigned Counsel

I amend my budget to add \$500,000 from the State General Fund for FY 2003. The recommendation will allow the Board to continue making payments in the Assigned Counsel Program. Furthermore, this will prevent the unnecessary costs associated with travel that would be required if public defenders had to be assigned from offices farther away, instead of using members of the assigned counsel pool who are located in the vicinity of the affected cases.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ 500,000	--
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 500,000	--

Board of Barbering

8. Special Project Position

I amend my budget to increase the expenditure authority from the Board of Barbering Fee Fund by \$14,990 in FY 2003 and \$15,072 in FY 2004 for a 0.5 non-FTE special project position that functions as the secretary for the Board. The expenditure authority would have been included in my original recommendations if the balances in the fee fund had been sufficient to cover the additional expenditures. Since the 2003 Legislature has passed a bill that increases the maximum fee schedule for the Board, expenditures at the previously desired level will now be possible.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> 14,990</u>	<u> 15,072</u>
All Funds	\$ 14,990	\$ 15,072

KPERS

9. A 13th Check for Certain KPERS Members

Under current law, KPERS members who retired prior to July 2, 1987, are eligible to receive an annual dividend payment. This payment is set by a statutory formula, which is based on dividends, interest, and realized gains and losses of the retirement system. Because of market performance, the formula may not provide a full payment to approximately 15,000 eligible KPERS members. I amend my budget to provide that the dividend payment would not be dependent on investment performance and the full dividend would be paid during FY 2004.

Board of Healing Arts

10. Upgrade Computer System

I amend my budget to include additional expenditure authority from the Healing Arts Fee Fund of \$300,000 in FY 2004 and \$250,000 in FY 2005 to allow the agency to upgrade its computer system. The new computer system will be used to support the increase in the agency's workload.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>300,000</u>
All Funds	\$ --	\$ 300,000

Secretary of State

11. Help America Vote Act Matching Funds

I amend my FY 2004 budget to add \$225,000 from the State General Fund to provide matching funds for a \$7.7 million federal grant to implement the provisions of the federal Help America Vote Act (HAVA). This amount is 3.0 percent of the total grant. Another 2.0 percent, \$150,000, will be provided by Kansas counties. Total expenditures in the first phase of HAVA implementation will be \$7,875,000. The plan includes the purchase of new voting machines and the development and maintenance of the statewide voter registration system.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ 225,000
All Other Funds	<u>--</u>	<u>7,650,000</u>
All Funds	\$ --	\$ 7,875,000

Kansas, Inc.

12. Independent Agency

In my original recommendations I proposed that Kansas, Inc. be merged into the Department of Commerce and Housing. I amend my FY 2004 budget to keep Kansas, Inc. as an independent state agency and recommend \$431,546, including \$179,791 from the Economic Development Initiatives Fund and \$251,755 from Kansas, Inc.'s Matching Fund. I also recommend reducing the Department of Commerce and Housing's budget by \$293,813, including \$179,791 from the Economic Development Initiatives Fund, to fund part of Kansas, Inc.'s FY 2004 budget. Kansas, Inc.'s 5.0 positions will also be restored, 2.0 of which would be transferred back from Commerce. The EDIF funding from Commerce is a portion of funding

that had been allocated for Commerce's Division of Housing, but is now uncommitted as a result of the issuance of my Executive Reorganization Order No. 30, which transfers the Division of Housing from the Department of Commerce and Housing to the Kansas Development Finance Authority.

Kansas, Inc.:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>431,546</u>
All Funds	\$ --	\$ 431,546

Department of Commerce and Housing:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>(293,813)</u>
All Funds	\$ --	\$ (293,813)

Department of Social and Rehabilitation Services

13. Additional Title IV-B Federal Grant

The Department of Social and Rehabilitation Services' Children and Family Policy Program has received an amended Title IV-B award for an additional \$170,745 in FY 2003. I amend my budget to allow the agency to use this funding to replace State General Fund expenditures for Family Preservation contracts. The agency will then be able to restore \$170,745 in Emergency Shelter Grants that were lost in the allotment reductions last year. The net effect will be to increase expenditures from all funding sources, with no change in State General Fund expenditures.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>170,745</u>	<u>--</u>
All Funds	\$ 170,745	\$ --

14. Additional Pharmaceutical Savings

I amend my budget to reflect the following savings in pharmaceutical expenditures and increased revenues from pharmaceutical rebates:

<u>Activity</u>	<u>All Funds</u>	<u>State General Fund</u>	<u>Fee Fund</u>
Expand Preferred Drug List	\$ (7,500,000)	\$(3,000,000)	\$ --
Additional Drugs on Prior Authorization	(1,000,000)	(400,000)	--
Additional Point-of-Sale Edits	(1,000,000)	(400,000)	--
Additional Savings on Limiting Prescriptions to 31 Days	<u>(1,000,000)</u>	<u>(400,000)</u>	<u>--</u>
Sub-Total Reduced Expenditures	\$ (10,500,000)	\$(4,200,000)	\$ --
Expanded Rebates	--	(200,000)	200,000
Supplementary Rebates	<u>--</u>	<u>(600,000)</u>	<u>600,000</u>
Sub-Total Additional Rebates	\$ <u>--</u>	\$ <u>(800,000)</u>	\$ <u>800,000</u>
Total	\$ (10,500,000)	\$(5,000,000)	\$800,000

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ (5,000,000)
All Other Funds	<u>--</u>	<u>(5,500,000)</u>
All Funds	\$ --	\$ (10,500,000)

15. Institutional Residents

I amend my budget to allow funding from SRS for a nursing facility to follow a resident who wishes to receive services in a community-based setting. The following language is proposed to make this authorization:

During the fiscal year ending June 30, 2004, the director of accounts and reports shall transfer the amounts specified by the director of budget from the LTC - medicaid assistance - NF account of the Kansas department on aging to the LTC - medicaid assistance - HCBS/FE account of the Kansas department on aging or to the community based services account of the Kansas department of social and rehabilitation services: *Provided, however*, That such transfers shall be certified by the director of the budget on December 1, 2003, and on June 1, 2004, to reflect the nursing facility rate paid for persons moving from a nursing facility to the home and community-based services waiver for the physically disabled or the frail elderly for the six months preceding the date of certification: *And provided further*, That the aggregate of all transfers certified during fiscal year 2004 shall not exceed the amount required to support the movement of 75 individuals from nursing facilities to home and community-based services: *And provided further*, That each of the 75 individuals must meet the requirements described in a policy jointly developed by the secretary of aging and the secretary of social and rehabilitation services governing the operations of this transfer. The director of budget shall transmit a copy of each such certification to the director of the legislative research department.

16. Medicaid Caseloads

I amend my FY 2003 and FY 2004 budget to reflect changes in caseloads and the cost of assistance programs. These adjustments are the result of consensus caseload estimates that involved the staff of the Department of Social and Rehabilitation Services, Legislative Research, the Department on Aging, and the Division of the Budget. The consensus estimates included Regular Medical Assistance, Nursing Facilities, Nursing Facilities for Mental Health, Temporary Assistance to Families, General Assistance, Foster Care, and Adoption.

For FY 2003, this amendment includes a decrease from all funding sources of \$2.2 million. However, an increase of \$2.7 million from the State General Fund is necessary. This change in the funding mix is the result of changes in the populations that are served and the funding sources that are available to each population. For FY 2004, this amendment includes an increase of \$28.5 million, including \$7.6 million from the State General Fund. These adjustments include an increase of \$27.9 million for Regular Medical Assistance, \$211,842 for General Assistance, and \$2.3 million for Foster Care. Decreases of \$1.9 million for Temporary Assistance to Families and \$50,000 for Adoption are also included. The recommended expenditures for Nursing Facilities and Nursing Facilities for Mental Health were not changed.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ 2,677,082	\$ 7,639,874
All Other Funds	<u>(4,842,443)</u>	<u>20,856,472</u>
All Funds	\$ (2,165,361)	\$ 28,496,346

Department on Aging

17. Nursing Transfer Correction

I amend my budget to adjust the funding and FTE positions associated with the transfer of nursing facility regulation from the Department of Health and Environment to the Department on Aging. This amendment will allow the Department of Health and Environment to continue Health Occupational Credentialing and the inspection of health facilities that are not related to the Nursing Facilities Program in the Department on Aging. Total FY 2004 expenditures for the Department on Aging are decreased by \$678,611, while State General Fund expenditures are increased by \$270,665. Total FY 2004 expenditures for the Department of Health and Environment are increased by \$678,611, while State General Fund expenditures are decreased by \$270,665. FTE positions are increased by 12.0 in the Department of Health and Environment and decreased by 12.0 in the Department on Aging.

Department on Aging:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ 270,665
All Other Funds	<u>--</u>	<u>(949,276)</u>
All Funds	\$ --	\$ (678,611)

Department of Health and Environment:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ (270,665)
All Other Funds	<u>--</u>	<u>949,276</u>
All Funds	\$ --	\$ 678,611

Department of Health and Environment

18. Expenditure of Federal Funds and 1.0 Non-FTE Unclassified Permanent Position

I amend my budget to allow the expenditure in FY 2004 of federal money from the U.S. Department of Health and Human Services Administration to provide grants for injury prevention in children. During FY 2002 and FY 2003, the funding for these grants was received by the Kansas Board of Emergency Medical Services. Because of a change at the federal level, the funding will be sent to the Department of Health and Environment, beginning in FY 2004. Therefore, my original recommendations need to be adjusted to reflect the new arrangement.

Department of Health & Environment:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>100,000</u>
All Funds	\$ --	\$ 100,000

Emergency Medical Services Board:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>(100,000)</u>
All Funds	\$ --	\$ (100,000)

Department of Education

19. School Finance Consensus Adjustments

I amend my budget to adjust state funding for school finance in FY 2004. Current estimates for the amount of supplemental and general state aid to school districts are based on the recently released final assessed valuation data and enrollment changes agreed to by Legislative Research Department, the Department of Education, and the Division of the Budget. My recommendation funds base budgets of \$3,863 per pupil.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ (423,000)	\$ 3,695,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ (423,000)	\$ 3,695,000

20. KPERS School

Staff from the Legislative Research Department, Department of Education, KPERS, and Division of the Budget met on April 16, 2003, to review the amounts appropriated for employer contributions to the KPERS Fund for school employees. It was determined that salaries are not increasing at the rate originally projected and that the amount budgeted in FY 2004 can be reduced by \$2,802,655 as a result. I amend my budget to reflect these savings.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ (2,802,655)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ (2,802,655)

University of Kansas

21. Bonding Authority for Hashinger Hall

I amend my FY 2004 budget to recommend \$12.6 million in bonding authority for the University of Kansas for the renovation of Hashinger Hall. The proposed language for the appropriation bill is as follows:

Sec. In addition to the other purposes for which expenditures may be made by the university of Kansas from housing authority funds for fiscal year 2004 as authorized by this or other appropriation act of the 2003 regular session of the legislature, expenditures shall be made by the university of Kansas from moneys appropriated from the state general fund or from any special revenue fund for fiscal year 2004 to provide for the issuance of bonds by the Kansas development finance authority in accordance with K.S.A. 74-8905 and amendments thereto to finance grants for the capital improvement project to convert living units to suites in hashinger residence hall at the university of Kansas: *Provided*, That such capital improvement project is hereby approved for the university of Kansas for the purpose of subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of bonds by the Kansas development finance authority in accordance with that statute: *Provided further*, That the university of Kansas may make expenditures from the money received from the issuance of any such bonds for such capital improvement project: *Provided however*, That expenditures from the money received from the issuance of any such bonds for such capital improvement project shall not exceed \$12,600,000 plus all amounts required for costs of bond issuance, costs of interest on the bonds issued for such capital improvement project during the construction of such project and any required reserves for the payment of principal and interest on the bonds: *And provided further*, That all moneys received from the issuance of any such bonds shall be deposited and accounted for as prescribed by applicable bond covenants: *And provided further*, That debt service for any such bonds for such capital improvement project shall be financed by appropriations from the state general fund or any appropriate special revenue fund or funds.

Department of Corrections

22. Food Service Contract Savings

I amend my budget to reduce expenditures for the food service contract in FY 2004 by \$959,000. The Department of Corrections has finalized a contract amendment with the correctional facility food service vendor that will reduce contractual costs in exchange for an extension of the contract by six years. As a result, \$959,000 from the State General Fund can be lapsed in FY 2004 from the line-item appropriation for the food service contract.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ (959,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (959,000)

23. Contract for Leasing Prison Beds

I amend my budget to shift expenditures in FY 2003 to FY 2004 by \$1,141,250, including \$114,125 from the State General Fund and \$1,027,125 in federal funds. These funds were to be utilized for the lease of up to 125 medium security beds for the last six months of the fiscal year in the event that additional bed capacity for male inmates was required. Based on the current inmate population level and the anticipated experience for the remainder of the fiscal year, there will not be a need to lease these beds in FY 2003. However, the Department will need the flexibility of leasing the additional beds in FY 2004.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ (114,125)	\$ 114,125
All Other Funds	<u>(1,027,125)</u>	<u>1,027,125</u>
All Funds	\$ (1,141,250)	\$ 1,141,250

24. Offender Program Contract Savings

As a result of reductions in program services and spending constraints by various offender program contractors, savings of \$600,000 from the State General Fund have been realized in FY 2003. This reduction is derived from holding vacant positions open, limiting expenditures for supplies and equipment, reducing expenditures for staff development activities, as well as reducing travel and subsistence expenses. Of the total savings of \$600,000, I amend my budget to fund \$69,000 for the revised average daily population for the medical and food services contract. The remaining \$531,000 will be lapsed to the State General Fund.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ (531,000)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (531,000)	\$ --

25. Visitor Centers

I amend my budget to fund the visitor centers in Hutchinson, Lansing, and Ellsworth in the amount of \$240,000, all from the Inmate Benefit Fund in FY 2004. Although these centers were not originally funded in my budget, the Department of Corrections has reported that the ending balances of all the inmate benefit funds maintained are sufficient to fund the centers in FY 2004. I recommend that any additional resources the centers need beyond this amount be generated from private donations or fundraisers.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>240,000</u>
All Funds	\$ --	\$ 240,000

26. Bond Rebate Liability Overpayment

The Kansas Development Finance Authority (KDFFA) notified the Department of Corrections that there was an overpayment of a rebate liability for a bond payment attributable to FY 1995. As a result, \$124,524 was credited to a principal and interest fund. After utilizing \$67,524 for a part of an arbitrage payment to KDFFA, \$57,000 can be used for bond payments. I amend my budget to offset a like amount that was paid from the State General Fund in FY 2003 for bond payments from the refund amount.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ (57,000)	\$ --
All Other Funds	<u>57,000</u>	<u>--</u>
All Funds	\$ --	\$ --

27. Community Corrections State General Fund Financing Offset

To begin implementation of alternative penalties for illegal drug possession contained in SB 123, I amend my budget to offset \$1.3 million from the State General Fund in FY 2004 for the Community Corrections Program in the Department of Corrections with carryforward balances in various local community corrections accounts. Most community corrections agencies receive fees and other reimbursements from offenders that have contributed to carryforward balances in these funds. Because the Sentencing Commission will be the agency responsible for the administration of the funds in accordance with SB 123, I amend my budget to increase FY 2004 expenditures in this agency by \$1.3 million from the State General Fund. Over

the next year, my staff will examine drug rehabilitation money throughout the state budget to determine whether any of these funds can be used to finance SB 123.

Department of Corrections:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ (1,300,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (1,300,000)

Sentencing Commission:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ 1,300,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 1,300,000

28. Shift Interstate Compact Dues

The State of Kansas is a participating member of the Interstate Compact for Adult Offender Supervision that regulates the movement and supervision of offenders under community supervision between the states. The states' initial dues assessment will be \$25,000 in FY 2004 and not in FY 2003 as originally anticipated. As a result, I amend my budget to lapse \$25,000 from the State General Fund in FY 2003 and to appropriate \$25,000 from the State General Fund for the compact in FY 2004.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ (25,000)	\$ 25,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (25,000)	\$ 25,000

29. Local Jail Cost Recalculation

I amend my budget to reduce expenditures from the State General Fund for local jail payments in FY 2004. The Department of Corrections reports that it has experienced a significant reduction in the number of days that counties have requested reimbursement for housing parole violators. Assuming that costs for local jail reimbursements during FY 2004 will be the same as the revised estimates for FY 2003, the appropriation for FY 2004 can be reduced by \$644,000.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ (644,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (644,000)

Sentencing Commission

30. Coverdell Forensic Federal Grant

I amend my budget to establish a federal grant fund titled "Coverdell Forensic Federal Grant." The Kansas Criminal Justice Coordinating Council, through the Sentencing Commission, was awarded \$30,588 to administer the grant for forensic training. Of the total award, \$19,588 will be awarded to the Sedgwick County Regional Forensic Science Center, \$10,000 will be awarded to the Kansas Bureau of Investigation for supplies and training, and the Sentencing Commission will utilize \$1,000 for administrative expenses.

Sentencing Commission:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>20,588</u>	<u>--</u>
All Funds	\$ 20,588	\$ --

Kansas Bureau of Investigation:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>10,000</u>	<u>--</u>
All Funds	\$ 10,000	\$ --

Parole Board

31. Change Parole Board Member Reduction Date

I amend my budget to reduce State General Fund expenditures for the Parole Board in FY 2003 by \$14,805 and by \$62,440 in FY 2004. In my original recommendation, the membership of the Parole Board was to be reduced by 1.0 FTE board member in January 2004. However, because of the resignation of a board member during the past year, a vacant board member position can be eliminated during part of FY 2003 and all of FY 2004.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ (14,805)	\$ (62,440)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ (14,805)	\$ (62,440)

Department of Wildlife and Parks

32. Wildlife Fee Fund Expenditure Increase

In August 2002, an allotment of State General Fund appropriations in state agencies was imposed by Governor Graves. As part of that allotment, the Department of Wildlife and Parks was required to reduce State General Fund expenditures by \$130,041 in FY 2003. The Department asked to offset a part of the reduction in State General Fund financing by using \$30,000 from its Wildlife Fee Fund. These additional expenditures should have been included in the Governor's original recommendations to the Legislature.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> 30,000</u>	<u> --</u>
All Funds	\$ 30,000	\$ --

Department of Transportation

33. Change Special City and County Highway Fund Transfer Dates

Of the two annual transfers from the State General Fund to the Special City and County Highway Fund, the second was cancelled in FY 2003 and both were cancelled in FY 2004. These cancelled transfers meant the Special City and County Highway Fund received \$5,031,822 less than originally approved in FY 2003 and \$11,200,000 less than what was requested in FY 2004. As a result, cashflow in the fund necessitates a change in the dates on which transfers are made to local governments in the second half of FY 2004. The transfers to local governments are set in KSA 79-3425 as July 15, October 15, January 15, and April 15 of each fiscal year. In FY 2004, those dates need to be changed to July 15, October 15, February 15, and May 15. This will guarantee there is enough money in the fund to make the transfers in the same amounts that were planned to be transferred before the cancellation of the State General Fund transfers.

All Agencies

34. COLA Recalculation

I recommended a salary increase of 1.5 percent for state employees for FY 2004 in my original budget recommendations to the Legislature. When the Legislature approved the salary

increase, the dollars were based on 23 biweekly payrolls in FY 2004, instead of the full 26. That action reduced the cost of the pay plan from \$26,907,000 to \$23,539,277 from all funding sources and from \$13,500,000 to \$11,390,065 from the State General Fund. The Division of the Budget has now recomputed the numbers for the pay plan and determined that another \$435,158 in State General Fund savings can be realized. Of this total, \$339,083 represents savings from the Executive Branch amounts, which are captured in this amendment, but it is estimated that another \$96,075 could be saved from the Judiciary's appropriation. A transfer of \$95,607 from the State Highway Fund to the State General Fund is necessary to implement the pay plan for the Highway Patrol as well as a transfer of \$203,224 from the State Highway Fund to the Vehicle Operating Fund for the Department of Revenue.

Because of the limitations on time in developing my original recommendations, I was unable to continue the practice in recent years of including the salary plan financing in the budget of each state agency. Therefore, a single appropriation was made in SB 6 for the Executive Branch to be distributed by the Division of the Budget with the approval of the State Finance Council. However, because the detailed amounts for each agency are now known, it is unnecessary to recompute the numbers after adjournment of the Legislature. Therefore, I amend my budget to capture these savings and recommend that the amounts be appropriated to each agency in the Omnibus Bill.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ (339,083)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (339,083)

Messages on Other Issues

In addition to the amendments included above, there is legislation pending to implement several recommendations from my original budget submission. I urge the Legislature to take action on these bills.

Board of Tax Appeals—Board Members & Filing Fees

SB 115 was introduced to implement my recommendation to reduce the number of board members from 5.0 to 3.0, starting half way through FY 2003. Additional costs of \$70,000 from the State General Fund for FY 2003 and \$230,000 from the State General Fund for FY 2004 will occur if SB 115 is not passed. The bill has passed the Senate and the House Appropriations Committee and has been referred to the House Taxation Committee. The difference between the recommendations for FY 2003 and FY 2004 is a result of agency savings in FY 2003 from layoffs, separate from the board member issue, that remove the need to fund the salaries for five months, as was originally recommended. However, the larger amount of funding for FY 2004 would be necessary to finance restoration of the 2.0 positions for a full year. The reinstatement of 1.0 FTE position in FY 2003 and 2.0 FTE positions in FY 2004 also would be required if SB 115 is not passed.

In my original recommendations, I also proposed that \$300,000 from the State General Fund be replaced with revenue from the establishment of filing fees in FY 2004. SB 115, the same bill involving the board members, has been amended to authorize the agency's establishment of filing fees. Therefore, I urge the Legislature to pass this bill not only for the board member reduction, but also to avoid the restoration of the State General Fund money to this agency's budget.

Health and Environment—Vital Statistics

My original recommendation was intended to save \$1.9 million in State General Fund financing by making the Center for Vital Statistics, a program in the Department of Health and Environment, entirely fee-funded. Legislation has been introduced in both houses, but neither bill has yet been passed. SB 268 and HB 2423 are identical bills that would implement the change in fee structure I recommend. SB 268 has passed the Senate and is currently in the House Appropriations Committee, and HB 2423 has passed the House and is currently in the Senate Committee on Ways and Means. Without passage of one of these bills, \$1.9 million in State General Fund money or financing from some other source of revenue will be required to support the Center for Vital Statistics.

Department of Education—Renewal of Mill Levy

The budget that I recommended in January and the budget the Legislature funded in 2003 SB 6 assumes that the statewide uniform mill levy for support of our schools will be renewed in its current form. SB 162 has passed the Senate and resides in the House Taxation Committee. If this renewal is not enacted, the budget for general state aid to schools will be short \$257.7 million in FY 2004. I urge passage of this important legislation.

Children's Initiatives Fund

SB 6 authorized total FY 2004 expenditures from the Children's Initiatives Fund that are \$182,382 higher than will actually be available in the fund. I encourage the Legislature to correct this discrepancy in the Omnibus Bill. One possible method to address the problem would be to reduce expenditures for Pediatric Biomedical Research at the Kansas University Medical Center from \$700,000 to \$500,000.

Decoupling Kansas Dividend Income from the Federal Tax Code

Currently, all dividend income is included in both Kansas and federal adjusted gross income. I encourage the Legislature to pass SB 146, which would require that dividend income be included in calculating Kansas adjusted gross income regardless of whether the federal government decides at some future date to exclude all or part of dividend income from federal adjusted gross income. Passage of SB 146 would not affect income tax receipts to the State

General Fund. In fact, it would allow Kansas to continue to recognize dividend income as part of Kansas adjusted gross income and serve as a stabilizing factor to income tax receipts. If this bill is not passed and a change occurs at the federal level, the reduction to the State General Fund is estimated to be at least \$60.3 million.

KPERS Death and Disability Moratorium

In my original budget recommendation and in the budget that the Legislature passed in 2003 SB 6, there was an assumption of a five-quarter death and disability moratorium extension. However, the substantive legislation contained in SB 46 has not passed both chambers. Without the passage of SB 46, the budget will be short \$21,144,360 from all funding sources, including \$17,758,360 from the State General Fund. I urge the Legislature to pass this bill.

Sincerely,

A handwritten signature in black ink that reads "Kathleen Sebelius". The signature is written in a cursive style with a large, prominent initial 'K'.

KATHLEEN SEBELIUS
Governor

April 24, 2003

Additional Items for Potential Action

The following document is a list of items contained in the budget that require substantive law in order for them to take effect.

Board of Tax Appeals

A. SB 115 (Second House). SB 115 reduces the number of Board of Tax Appeals Members from 5 to 3 and gives the Board the authority to assess a filing fee. If the bill is not passed, the agency has indicated that SGF expenditures will need to be increased by \$70,000 in FY 2003 and \$529,486 in FY 2004.

Secretary of State

A. Presidential Preference Primary. If SB 101 (First House) or SB 102 (Governor) do not pass or are not signed by the Governor, the agency has indicated that the Presidential Preference Primary (PPP) will require additional funding in FY 2004 of \$1.75 million (SGF).

B. SB 239 (Second House). SB 239 would allow the Secretary of State (SOS) to collect an information and services fee. If not passed, the agency has indicated that they would need \$800,000 (SGF) added to the FY 2004 budget to replace anticipated fee funds.

KPERS

A. Death and Disability (HB 2014 - Conference Committee; SB 47 - Second House). If legislation does not pass, then payments for five quarters of employer contributions will be required. Savings of \$5,999,913 for the state were collected in FY 2003, including \$5,135,913 SGF and \$858,000 AOF that were collected for the SGF. In addition, local units of government will save an estimated \$1.59 million for one quarter, according to KPERS. FY 2004 savings for the state will total an estimated \$21,144,360 from all funds, with \$17,758,360 SGF and \$3,386,000 in special revenue funds. In addition, local units of government will save an estimated \$6.6 million for four quarters, according to KPERS.

B. Regents Bonds (HB 2014 - Conference Committee). If legislation does not pass, then payments of \$9.0 million rather than \$2.0 million will be required in FY 2004 for the KPERS-TIAA employer contribution.

HOUSE APPROPRIATIONS

DATE 4-24-2003
ATTACHMENT 14

Economic Development Agencies

A. Legislative Approved Pay Plan Adjustments. The Legislative approved FY 2004 budget as of Senate Bill 6 includes a 1.5 percent base salary adjustment for state employees for 23 pay periods. The funding is not included in each agency's budget, but is subject to approval and release by the State Finance Council. There has been no allocation from the Economic Development Initiatives Fund to cover this pay plan for the three economic development agencies. The approximate amounts approved for the agencies are outlined in the table below.

Agency	Approved Adjustment
Department of Commerce and Housing	\$ 56,489
Kansas Technology Enterprise Corporation	18,925
Kansas, Inc.	0
TOTAL	\$ 75,414

Department of Health and Environment

A. Funding for the Center for Health and Environmental Statistics. The Governor's FY 2004 recommendation included the proposal to make the Center for Health and Environmental Statistics a completely fee-funded program in lieu of recommending an annual State General Fund appropriation. Currently, a portion of the fees charged to customers for copies of vital event certificates is transferred to the State General Fund. Statutory changes are required to allow the agency to retain those fees. Two bills authorizing the retention of the fees were introduced during the 2003 Legislative Session. SB 268 is currently in the House Appropriations Committee; HB 2423 is currently in the Senate Ways and Means Committee. Because the Governor's recommendation did not include a State General Fund appropriation for FY 2004, the agency estimates that it would need \$1,957,173 should neither of the bills be enacted. The following table outlines the SGF revenue and appropriations for CHES since FY 2002.

	FY 2002 Actual	FY 2003 Governor's Recommendation	FY 2004 Agency Current Services Request
SGF Revenue from CHES Fees	\$ 2,003,200	\$ 2,020,000	\$ 2,020,500
SGF Appropriation	\$ 1,842,454	\$ 1,778,122	\$ 1,957,173

Department on Aging

A. Nursing Home Regulation (SB 282 - First House; HB 2467 - First House). The Governor's FY 2004 Budget recommendation included a shift of the nursing home inspection program from the Department of Health and Environment to the Department on Aging. SB 282 and HB 2467 make technical adjustments to state statutes to make this transition. A fiscal note is not yet available for these bills.

Kansas Parole Board

A. SB 195 (Second House). SB 195 reduces the size of the Kansas Parole Board from four to three members. Various cleanup amendments are also made to the statute. The bill was supported by the Governor's Office as a means to promote efficiency in government since, with the passage of sentencing guidelines legislation in 1993, there has been a continuing decline in the workload of the Board. The Board was reduced from five to four members in 1997. The fiscal note states there will be a savings of \$58,488 from the State General Fund in FY 2004 and approximately \$117,000 in subsequent years. The savings is reflected in the Governor's FY 2004 budget.

School for the Deaf

The agency erroneously submitted 12.3 FTE positions as non-FTE positions in their budget request. The Governor also incorrectly reflected these positions in her recommendations. The Legislature requested a GBA to restore these positions. The correct FTE positions are reflected in SB 6, however, there was not a GBA from the Governor concerning these positions. In addition, SB 6 also added back 4.0 FTE positions that were deleted in FY 2004 in the original Governor's recommendation. Unless the Committee takes further action the Legislature will have added 12.3 FTE positions in FY 2003 and 16.3 FTEs in FY 2004 above the Governor's recommendation in the School for the Deaf.

School for the Blind

SB 6 added back 4.0 FTE positions that were inadvertently omitted in the FY 2004 Governor's recommendation. Unless the Committee takes further action the Legislature will have added 4.0 FTE positions above the Governor's recommendation in FY 2004 in the School for the Blind.

House Items for Omnibus Consideration

Agriculture and Natural Resources

522-S

<u>Agency</u>	<u>Analyst</u>
Board of Nursing	Deckard
Department of Wildlife and Parks	Efird
Kansas Corporation Commission	Krahl
Kansas Real Estate Commission	Krahl
Securities Commissioner	Krahl
Board of Veterinary Examiners	VanHouse
Kansas Department of Agriculture	VanHouse
Animal Health Department	VanHouse
State Conservation Commission	VanHouse
Kansas Water Office	VanHouse

HOUSE APPROPRIATIONS

DATE 4-24-2003
ATTACHMENT 15

House Items for Omnibus Consideration

Education 519-S

<u>Agency</u>	<u>Analyst</u>
Board of Healing Arts	Calderwood
Behavioral Sciences Regulatory Board	Deckard
School for the Blind	Deckard
School for the Deaf	Deckard
Department of Education	Rampey
KSU - Agricultural Extension & Research	West
University of Kansas	West
University of Kansas Medical Center	West
Wichita State University	West
Board of Regents	West

House Items for Omnibus Consideration

General Government and Human Resources

423-S

<u>Agency</u>	<u>Analyst</u>
Board of Barbering	Buonasera
State Treasurer	Calderwood
Kansas Dental Board	Calderwood
Kansas Guardianship Program	Calderwood
Secretary of State	Deckard
Insurance Department	Deckard
Governmental Ethics Commission	Deckard
Kansas Lottery	Efird
Kansas Racing and Gaming Commission	Efird
Department of Commerce and Housing	Hollon
Kansas Inc.	Hollon
Kansas Technology Enterprise Corp.	Hollon
Department of Human Resources	Krahl
Department of Administration	Robinson
Commission on Veterans Affairs	VanHouse

House Items for Omnibus Consideration

Public Safety 527-S

<u>Agency</u>	<u>Analyst</u>
Kansas Parole Board	Buonasera
Department of Corrections	Dorsey
Board of Indigents' Defense Services	Hollon
Adjutant General	Waller
Highway Patrol	Waller
Kansas Bureau of Investigation	Waller
Sentencing Commission	Waller

House Items for Omnibus Consideration

Social Services

514-S

<u>Agency</u>	<u>Analyst</u>
Kansas Neurological Institute	Calderwood
Larned State Hospital	Calderwood
Osawatomie State Hospital	Calderwood
Parsons State Hospital	Calderwood
Rainbow Mental Health Facility	Calderwood
Department of Health and Environment	Hollon
Department on Aging	Nogle
Social and Rehabilitation Services	Nogle

House Items for Omnibus Consideration

Tax, Judicial, and Transportation 521-S

<u>Agency</u>	<u>Analyst</u>
Judicial Council	Deckard
Board of Tax Appeals	Deckard
KPERS	Efird
Department of Revenue	Efird
Kansas Department of Transportation	Waller

KANSAS

DIVISION OF THE BUDGET
DUANE A. GOOSSEN, DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

April 23, 2003

Alan Conroy, Director
Legislative Research Department
Room 545-N, Statehouse
Topeka, Kansas 66612

Dear Mr. Conroy:

The attachment includes corrections and technical adjustments to the budget document submitted to the Legislature so that the intentions of the Governor can be reflected as accurately as possible. In most cases, the adjustments correct errors made in posting the detailed budgets or publishing *The FY 2004 Governor's Budget Report*. In the case of the death and disability item, actual numbers are being brought up to date in place of the original estimates. This memorandum includes Governor's amendments that adjust reportable expenditures but require no action on the part of the Legislature and do not need to be included in the Omnibus Bill. It is intended to update reportable expenditures and facilitate reconciling between your office and ours. The total effect of the adjustments is presented in the following table. If you have questions, please contact me or the budget analyst responsible for that item.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ 129,126	\$ --
All Funds	\$ 47,390,476	(\$ 748,108)
FTE Positions	(1.0)	(18.2)
Non-FTE Permanent Positions	<u>(1.0)</u>	<u>(1.5)</u>
Total Positions	(2.0)	(19.7)

Sincerely,



Duane A. Goossen

Director of the Bud: **HOUSE APPROPRIATIONS**

Department of Revenue

1. Position Correction

The Governor's recommendation is amended to move a .5 non-FTE unclassified position to the FTE category. That action requires an increase in the position limitation for the Department of Revenue by a 0.5 FTE position in FY 2004 from 1,157.5 FTE positions to 1,158.0. The amendment includes a corresponding decrease of a .5 non-FTE unclassified permanent position, which would reduce the total in this category from 3.5 to 3.0. This will correct an error in *The FY 2004 Governor's Budget Report* without causing a net change to the total number of positions.

Department of Commerce and Housing

2. Transfer Division of Housing to KDFA

The Governor's recommendation is amended to reflect the transfer of the Division of Housing from the Department of Commerce and Housing to the Kansas Development Finance Authority (KDFA). The authority to make the transfer is included in Executive Reorganization Order No. 30. The reorganization will require the transfer of \$55,629,800 and 38.0 FTE positions. KDFA is an "instrumentality of the state," not a state agency. KDFA's budget is outside of the state budget; as a result, the funding and positions transferred to KDFA will also be outside of the state system.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>(55,629,800)</u>
All Funds	\$ --	\$ (55,629,800)

Office of the Securities Commissioner

3. Contractual Services

The contractual services expenditures for the Office of the Securities Commissioner in FY 2005 were inadvertently reported in *Volume 2 of The FY 2004 Governor's Budget Report* as \$446,186. The table should have reported expenditures for contractual services of \$449,186 and total expenditures of \$2,238,647 in FY 2005.

Department on Aging

4. SCHICK Program Transfer

The Senior Health Insurance Counseling for Kansas Program (SHICK) is funded through a grant to the Kansas Department on Aging from the U.S. Department of Health and Human Services. In 1997, responsibility for administering the program was transferred to the Kansas Insurance Department. In support of this transfer, the two agencies entered into an agreement to pass funding from the Department on Aging to the Insurance Department. Effective March 1, 2003, the Department on Aging and the Insurance Department terminated that agreement and returned the program responsibilities and funding to the Department on Aging. This amendment to the Governor's budget recommendation reflects the shift of funding accordingly. Department on Aging expenditures from all funding sources will increase by \$102,000 in FY 2003 and \$208,000 in FY 2004. Expenditures from the State General Fund are not affected. The Insurance Department's expenditures will decrease by \$47,000 in FY 2003 and \$326,308 in FY 2004.

Department on Aging:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>102,000</u>	<u>208,000</u>
All Funds	\$ 102,000	\$ 208,000

Insurance Department:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(47,000)</u>	<u>(326,308)</u>
All Funds	\$ (47,000)	\$ (326,308)

Department of Education

5. Capital Improvement State Aid Revenue Transfer

The capital improvement state aid program was changed from a State General Fund demand transfer to a revenue transfer by the 2002 Legislature. The amounts anticipated to be spent in FY 2003 and FY 2004 were not included in the agency's reportable expenditures in either year, although this item was reported correctly for FY 2002 when it was still a demand transfer. In order to report agency expenditures correctly, \$47,216,350 is added in FY 2003 and \$55,000,000 in FY 2004.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>47,216,350</u>	<u>55,000,000</u>
All Funds	\$ 47,216,350	\$ 55,000,000

Kansas School for the Blind

6. Position Correction

4.0 FTE positions were inadvertently left out of the FY 2004 budget for the School for the Blind in the Governor's original recommendation. With the addition of these positions, the FY 2004 total will be 93.5.

Kansas School for the Deaf

7. Position Correction

16.3 FTE positions were inadvertently left out of the FY 2004 budget for the School for the Deaf in the Governor's original recommendation. With the addition of these positions, the FY 2004 total will be 173.5.

Kansas Bureau of Investigation

8. FTE and Non-FTE Unclassified Permanent Positions Correction

The number of FTE positions in the Kansas Bureau of Investigation was inadvertently reported as 201.0 in FY 2003 and FY 2004 in the original budget recommendations. The number of non-FTE unclassified permanent positions also was mistakenly reported as 89.0 in FY 2003 and 76.5 in FY 2004. The correction to the *FY 2004 Governor's Budget Report* will reduce the number of FTE positions to 200.0 in each of FY 2003 and FY 2004. The number of non-FTE unclassified permanent positions will be reduced to 88.0 in FY 2003 and 75.5 in FY 2004.

	Original Recommendation		As Corrected	
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2003</u>	<u>FY 2004</u>
FTE	201.0	201.0	200.0	200.0
Non-FTE	89.0	76.5	88.0	75.5

Kansas Water Office

9. State Water Plan Fund Reduction

The Governor's budget is amended to reflect a \$10,000 State Water Plan Fund reduction in the Kansas Water Office in FY 2003. The reduction will be made in the agency's "Technical Assistance to Water Users" account. This reduction is intended to offset a \$10,000 increase in the Department of Agriculture's State Water Plan expenditures, which is already included in the approved budget. The Department of Agriculture increase is for the salaries and wages of interns, who will assist the Department in the review of water use reports. These reviews are currently part of an agreement between the Kansas Water Office and the U.S. Geological Survey.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> (10,000)</u>	<u> --</u>
All Funds	\$ (10,000)	\$ --

All Agencies

10. KPERS Death and Disability Adjustment

The Legislature approved a moratorium on KPERS death and disability payments for the fourth quarter of FY 2003. The authorizing language was included in HB 2026, which was passed earlier in the 2003 Legislative Session and has now become law. The Division of the Budget has completed the lapsing of funds from each State General Fund account and the transfer of special revenue fund savings to the State General Fund. These transactions have also been certified to the Division of Accounts and Reports, and the changes have been made in the accounting system. This item is to adjust State General Fund expenditures for reporting purposes to reflect the difference between the amounts estimated at the time the legislation passed and the actual numbers that are now known.

The original estimate of lapses from State General Fund accounts totaled \$5,265,070, including both regular KPERS and KPERS School. The actual amount turned out to be \$5,135,944. When this recommendation was originally submitted, it was presented as a lump sum subtraction from the total State General Fund budget. Because the amount lapsed was smaller than the original estimate, expenditures remain higher than originally anticipated. As a result, expenditures from the State General Fund, in the aggregate, will be increased by \$129,126. The amount of revenue that was expected to be transferred from special revenue funds to the State General Fund totaled \$858,000. The actual amount was the same as the amount anticipated. Because there was no authority to reduce the expenditure limitation of special revenue funds these transactions were treated as revenue transfers to the State General Fund from unencumbered balances without reducing the expenditure authority of those funds.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ 129,126	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 129,126	\$ --

House Adjustments to the Governor's Recommendation
(Reflects House Adjustments for FY 2003 and FY 2004)

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
FY 2003				
<u>Insurance Department</u>				
Concur with GBA No. 5, Item 4, Page 3- SHICK Program Transfer. Reduce Insurance Department expenditure limitation for the SHICK program by \$47,000 in FY 2003.	0	(47,000)	(47,000)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$47,000)</i>	<i>(\$47,000)</i>	<i>0.0</i>
<u>Board of Indigents' Defense Services</u>				
Add additional funding above the GBA for the Assigned Counsel Program.	500,000	0	500,000	0.0
Adopt GBA No. 3, Item 7, to add additional funding for the Assigned Counsel Program.	500,000	0	500,000	0.0
<i>Agency Subtotal</i>	<i>\$1,000,000</i>	<i>\$0</i>	<i>\$1,000,000</i>	<i>0.0</i>
<u>KPERS</u>				
Adjust the expenditure estimate for payments to investment managers	0	(971,282)	(971,282)	0.0
Concur with GBA 5-10 to add funding back for all agencies that was not reduced in the amount originally estimated for the death and disability moratorium	129,126	0	129,126	0.0
<i>Agency Subtotal</i>	<i>\$129,126</i>	<i>(\$971,282)</i>	<i>(\$842,156)</i>	<i>0.0</i>
<u>Department of Revenue</u>				
Concur with GBA 3-6 to increase expenditures from the Electronic Databases Fee Fund	0	324,327	324,327	0.0
Increase expenditures from the Electronic Databases Fee Fund in conjunction with implementing HB 2208 and make the fund no limit	0	250,000	250,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$574,327</i>	<i>\$574,327</i>	<i>0.0</i>
<u>Kansas Lottery</u>				
Concur with GBA 3-1 to increase the estimated transfer to the SGRF by \$1,000,000	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Board of Barbering</u>				
Concur with GBA No. 3, Item 8, Page 4 - "Special Projects Position" to add funding for 0.5 non-FTE position for FY 2003.	0	14,990	14,990	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$14,990</i>	<i>\$14,990</i>	<i>0.0</i>
<u>Kansas Dental Board</u>				
Increase expenditure limitation by \$10,372 for costs associated with move to Landon State Office Building.	0	10,372	10,372	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$10,372</i>	<i>\$10,372</i>	<i>0.0</i>
<u>Department on Aging</u>				
GBA No. 5, Item 4 - Shift Senior Health Insurance Counseling for Kansans (SCHICK) program from the Insurance Department to the Department on Aging	0	102,000	102,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$102,000</i>	<i>\$102,000</i>	<i>0.0</i>
<u>Social and Rehabilitation Services</u>				
GBA 3, Item 13 - add expenditure authority for additional Title IV-B federal grant funds.	0	170,745	170,745	0.0
GBA 3, Item 16 - Adjust funding for Consensus Caseload Estimates.	2,677,082	(4,842,443)	(2,165,361)	0.0
Transfer additional balances from the Children's Initiatives fund to the State General Fund.	0	115,632	115,632	0.0
<i>Agency Subtotal</i>	<i>\$2,677,082</i>	<i>(\$4,556,066)</i>	<i>(\$1,878,984)</i>	<i>0.0</i>
<u>Larned State Hospital</u>				
Categorical Aid adjustment	1,370	0	1,370	0.0
<i>Agency Subtotal</i>	<i>\$1,370</i>	<i>\$0</i>	<i>\$1,370</i>	<i>0.0</i>
<u>Parsons State Hospital</u>				
Categorical Aid adjustment	2,756	0	2,756	0.0
<i>Agency Subtotal</i>	<i>\$2,756</i>	<i>\$0</i>	<i>\$2,756</i>	<i>0.0</i>

HOUSE APPROPRIATIONS

Agency/Item

State General Fund All Other Funds All Funds FTEs

Department of Education

Concur with GBA No. 3, Item 19, Page 9---School Finance Consensus Estimates--
Reduce general and supplemental general state aid by a net of \$423,000. Reappropriate
savings to FY 2004. (Do not lapse, as recommended by Governor.)

Agency Subtotal (\$423,000) \$0 (\$423,000) 0.0

Department of Corrections

GBA No. 3, Item 23, Page 11 - "Contract for Leasing Prison Beds." Shift FY 2003
expenditures for leasing prison beds to FY 2004.

GBA No. 3, Item 24, Page 11 - "Offender Program Contract Savings." Reduce
Offender Program contract expenditures due to \$600,000 total savings minus \$69,000
to account for ADP increase for medical and food contracts.

GBA No. 3, Item 26, Page 12 - "Bond Rebate Liability Overpayment." Credit rec'd for
FY 1995 overpayment. Total credit \$124,524 minus \$67,524 used for arbitrage
payment to K DFA leaves \$57,000 to be used for bond payments. SGF offset by
\$57,000.

GBA No. 3, Item 28, Page 13 - "Shift Interstate Compact Dues." Transfer funds
earmarked for Interstate Compact dues from FY 2003 to FY 2004.

Agency Subtotal (\$727,125) (\$970,125) (\$1,697,250) 0.0

Kansas Parole Board

Concur with GBA No. 3, Item 31, Page 14 - "Change Parole Board Member Reduction
Date" to eliminate a vacant board member position for part of FY 2003.

Agency Subtotal (\$14,805) \$0 (\$14,805) 0.0

Kansas Bureau of Investigation

GBA No. 5, Item 8, Page 4 - technical adjustment (reduce FTE position by 1.0, and add
1.0 other unclassified position)

Agency Subtotal \$0 \$0 \$0 (1.0)

Sentencing Commission

GBA No. 3, Item 30, Page 14 - Creation of Coverdell Forensic Fund

Agency Subtotal \$0 \$30,588 \$30,588 0.0

Department of Wildlife and Parks

Concur with GBA 3-32 to increase the expenditure limitation for the Wildlife Fee Fund

Agency Subtotal \$0 \$30,000 \$30,000 0.0

TOTAL	\$2,645,404	(\$5,782,196)	(\$3,136,792)	(1.0)
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FY 2004

Legislature

Technical adjustment to exclude the Joint Committee on State Building Construction
from the proviso requiring Legislative Coordinating Council to approve the number of
days joint committees are allowed to meet.

Agency Subtotal \$0 \$0 \$0 0.0

Division of Post Audit

Remove \$10,000 in special revenue funds for passage of Senate Bill 6 which
eliminated a biennial audit of the Pooled Money Investment Board.

Agency Subtotal \$0 (\$10,000) (\$10,000) 0.0

Office of the Governor

Pay plan adjustment.

Agency Subtotal \$15,066 \$3,696 \$18,762 0.0

Lieutenant Governor

Pay plan adjustment.

Agency Subtotal \$928 \$0 \$928 0.0

Attorney General

Pay plan adjustment.

<i>Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>s</i>
<i>Agency Subtotal</i>	\$38,090	\$24,395	\$62,485	0.0
<u>Secretary of State</u>				
Concur with GBA No. 3, Item 11, Page 5- Add \$225,000 (SGF) as 3% matching funds for the federal Help America Vote Act. Counties will provide additional 2% match as determined by the Secretary of State.	225,000	7,650,000	7,875,000	0.0
Pay plan adjustment.	5,465	20,173	25,638	0.0
<i>Agency Subtotal</i>	\$230,465	\$7,670,173	\$7,900,638	0.0
<u>State Treasurer</u>				
Pay plan adjustment.	0	28,084	28,084	0.0
Restore FY 2004 financing and modify Governor's recommendation to include cash management and voucher processing fees. Include SGF appropriation, up to \$250,000 (to be lapsed at end of FY 2004). Appropriation for FY 2004 is not to exceed \$1,475,545.	0	35,976,241	35,976,241	55.5
<i>Agency Subtotal</i>	\$0	\$36,004,325	\$36,004,325	55.5
<u>Insurance Department</u>				
Concur with GBA No. 5, Item 4, Page 3- SHICK Program Transfer. Reduce Insurance Department expenditure limitation for the SHICK program by \$326,308 in FY 2004.	0	(326,308)	(326,308)	0.0
Pay plan adjustment.	0	92,297	92,297	0.0
<i>Agency Subtotal</i>	\$0	(\$234,011)	(\$234,011)	0.0
<u>Health Care Stabilization Fund Board</u>				
Pay plan adjustment.	0	8,928	8,928	0.0
<i>Agency Subtotal</i>	\$0	\$8,928	\$8,928	0.0
<u>Judicial Council</u>				
Appropriate \$250,000 (fee fund) in the Judicial Council Fund and reduce the Publication Fee Fund by the same amount. (SB 36)	0	0	0	0.0
Increase Publication Fee Fund expenditure limitation by \$25,000 to allow the agency to have more committee meetings.	0	25,000	25,000	0.0
Pay plan adjustment.	0	3,126	3,126	0.0
<i>Agency Subtotal</i>	\$0	\$28,126	\$28,126	0.0
<u>Board of Indigents' Defense Services</u>				
Pay plan adjustment.	91,904	0	91,904	0.0
<i>Agency Subtotal</i>	\$91,904	\$0	\$91,904	0.0
<u>Judicial Branch</u>				
Adjust funding contained in SB 6 for employee pay plan adjustment to reflect more recent information.	(96,075)	0	(96,075)	0.0
<i>Agency Subtotal</i>	(\$96,075)	\$0	(\$96,075)	0.0
<u>KPERS</u>				
Adjust the expenditure estimate for payments to investment managers	0	(1,773,159)	(1,773,159)	0.0
Pay plan adjustment	0	54,191	54,191	0.0
<i>Agency Subtotal</i>	\$0	(\$1,718,968)	(\$1,718,968)	0.0
<u>Governmental Ethics Commission</u>				
Concur with GBA #3, Item 2, Page 2- Inaugural Expense Fund. Transfer balance of Inaugural Expense Fund, \$90,000, to SGF instead of to the Governmental Ethics Fee Fund.	0	0	0	0.0
Pay plan adjustment.	3,978	1,556	5,534	0.0
<i>Agency Subtotal</i>	\$3,978	\$1,556	\$5,534	0.0
<u>Kansas Human Rights Commission</u>				
Pay plan adjustment.	10,574	4,260	14,834	0.0
<i>Agency Subtotal</i>	\$10,574	\$4,260	\$14,834	0.0

Agency/Item	State General Fund	All Other Funds	All Funds	2003
<u>Kansas Corporation Commission</u>				
Add \$25,000 for consultant fees to implement new interconnection agreements (HB 2018).	0	25,000	25,000	0.0
Pay plan adjustment.	0	122,009	122,009	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$147,009</i>	<i>\$147,009</i>	<i>0.0</i>
<u>Citizens' Utility Ratepayer Board</u>				
Pay plan adjustment.	0	3,660	3,660	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$3,660</i>	<i>\$3,660</i>	<i>0.0</i>
<u>Department of Administration</u>				
Add funding and 1.0 FTE position to reflect addition of Criminal Justice Information System (CJIS) Project Manager position to the Division of Information Systems and Communications	97,632	0	97,632	1.0
Add language requiring the Department to provide, upon written request, paper payroll advices to state employees	0	0	0	0.0
Concur with GBA No. 3, Item 5, Page 3 -- Delete portion of Public Broadcasting Council grant designated for KKSU in Manhattan	(47,055)	0	(47,055)	0.0
Pay plan adjustment.	116,438	9,231	125,669	0.0
<i>Agency Subtotal</i>	<i>\$167,015</i>	<i>\$9,231</i>	<i>\$176,246</i>	<i>1.0</i>
<u>Board of Tax Appeals</u>				
Increase BOTA Filing Fee Fund expenditure limitation by \$36,802 with the proviso that the agency may only expend money collected in excess of the original \$300,000 up to \$36,802 and that the money may only be used to fund additional rent charges.	0	36,802	36,802	0.0
Pay plan adjustment.	9,760	3,538	13,298	0.0
<i>Agency Subtotal</i>	<i>\$9,760</i>	<i>\$40,340</i>	<i>\$50,100</i>	<i>0.0</i>
<u>Department of Revenue</u>				
Add funding for salary plan adjustments and provide for repayment of \$16,986 for ABC to be consistent with policy adopted in SB 6 regarding finance from the State Highway Fund	216,071	295,639	511,710	0.0
Appropriate the Photo Fee Fund with no limit and making a reduction of \$3.0 million in SGF appropriations to reflect anticipated revenue to the new fund	(3,000,000)	3,000,000	0	0.0
Increase expenditures from the Electronic Databases Fee Fund in conjunction with implementing HB 2208	0	50,000	50,000	0.0
Increase the DOV Operating Fund expenditures and transfers by a total of \$750,000 to assist in implementing SB 16 and related costs	0	750,000	750,000	0.0
Transfer \$350,000 from the State Safety Fund to the DOV Operating Fund and making an offsetting reduction in SGF appropriations	(350,000)	350,000	0	0.0
<i>Agency Subtotal</i>	<i>(\$3,133,929)</i>	<i>\$4,445,639</i>	<i>\$1,311,710</i>	<i>0.0</i>
<u>Kansas Lottery</u>				
Pay plan adjustment	0	47,664	47,664	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$47,664</i>	<i>\$47,664</i>	<i>0.0</i>
<u>Kansas Racing and Gaming Commission</u>				
Pay plan adjustment	0	26,183	26,183	0.0
Reduce a transfer from the Horse Fair Racing Benefit Fund to the SGF by \$200,000, with the amount changing from \$500,000 to \$300,000	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$26,183</i>	<i>\$26,183</i>	<i>0.0</i>
<u>Department of Commerce and Housing</u>				
Concur with GBA No. 5, Item 2, to delete funding for the Division on Housing due to the passage of ERO No. 30	0	(55,151,696)	(55,151,696)	(38.0)
Pay plan adjustment.	0	91,548	91,548	0.0
Reduce funding from the Economic Development Initiatives Fund to be subsequently transferred to the State General Fund	0	(179,791)	(179,791)	0.0

<i>/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>Δs</i>
Reduce funding from the Economic Development Initiatives Fund to be subsequently used in the Department of Education	0	(35,000)	(35,000)	0.0
Restore FY 2004 funding	0	112,137,305	112,137,305	147.5
Transfer funds to Kansas, Inc. to maintain that agency as an independent agency	0	(114,022)	(114,022)	(1.0)
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$56,748,344</i>	<i>\$56,748,344</i>	<i>108.5</i>
<u>Kansas Inc.</u>				
Pay plan adjustment (to be paid by INK)	0	3,162	3,162	0.0
Restore funding for FY 2004 including a proviso that the Information Network of Kansas fund \$179,791 or the State of Kansas will not provide INK with any information in FY 2004.	0	431,546	431,546	4.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$434,708</i>	<i>\$434,708</i>	<i>4.0</i>
<u>Kansas Technology Enterprise Corp.</u>				
Pay plan adjustment.	0	19,974	19,974	0.0
Restore FY 2004 funding	0	13,953,820	13,953,820	27.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$13,973,794</i>	<i>\$13,973,794</i>	<i>27.0</i>
<u>Board of Accountancy</u>				
Pay plan adjustment.	0	1,557	1,557	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,557</i>	<i>\$1,557</i>	<i>0.0</i>
<u>State Bank Commissioner</u>				
Pay plan adjustment.	0	57,752	57,752	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$57,752</i>	<i>\$57,752</i>	<i>0.0</i>
<u>Board of Barbering</u>				
Concur with GBA No. 3, Item 8, Page 4 - "Special Projects Position" to add funding for 0.5 non-FTE position for FY 2004.	0	15,072	15,072	0.0
Pay plan adjustment.	0	820	820	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$15,892</i>	<i>\$15,892</i>	<i>0.0</i>
<u>Behavioral Sciences Regulatory Board</u>				
Pay plan adjustment.	0	3,906	3,906	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$3,906</i>	<i>\$3,906</i>	<i>0.0</i>
<u>Board of Healing Arts</u>				
GBA No. 3, Item 10 - Increase expenditure limitation by \$300,000 for IT projects. Include proviso to limit expenditures from this increase to IT projects.	0	300,000	300,000	0.0
Pay plan adjustment.	0	15,751	15,751	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$315,751</i>	<i>\$315,751</i>	<i>0.0</i>
<u>Board of Cosmetology</u>				
Pay plan adjustment.	0	4,936	4,936	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$4,936</i>	<i>\$4,936</i>	<i>0.0</i>
<u>Department of Credit Unions</u>				
Pay plan adjustment.	0	8,708	8,708	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$8,708</i>	<i>\$8,708</i>	<i>0.0</i>
<u>Kansas Dental Board</u>				
Pay plan adjustment.	0	1,351	1,351	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,351</i>	<i>\$1,351</i>	<i>0.0</i>
<u>Board of Mortuary Arts</u>				
Pay plan adjustment.	0	1,791	1,791	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,791</i>	<i>\$1,791</i>	<i>0.0</i>

Agency/Item

State General Fund All Other Funds All Funds FTEs

Hearing Aid Board of Examiners

Pay plan adjustment.	0	168	168	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$168</i>	<i>\$168</i>	<i>0.0</i>

Board of Nursing

Pay plan adjustment.	0	11,000	11,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$11,000</i>	<i>\$11,000</i>	<i>0.0</i>

Optometry Board

Pay plan adjustment.	0	597	597	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$597</i>	<i>\$597</i>	<i>0.0</i>

Board of Pharmacy

Pay plan adjustment.	0	4,650	4,650	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$4,650</i>	<i>\$4,650</i>	<i>0.0</i>

Real Estate Appraisal Board

Pay plan adjustment.	0	1,540	1,540	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,540</i>	<i>\$1,540</i>	<i>0.0</i>

Kansas Real Estate Commission

Pay plan adjustment.	0	6,017	6,017	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$6,017</i>	<i>\$6,017</i>	<i>0.0</i>

Securities Commissioner

Pay plan adjustment.	0	20,434	20,434	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$20,434</i>	<i>\$20,434</i>	<i>0.0</i>

Board of Technical Professions

Pay plan adjustment.	0	2,892	2,892	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$2,892</i>	<i>\$2,892</i>	<i>0.0</i>

Board of Veterinary Examiners

Add \$15,000 resulting from revised agency revenue projection.	0	15,000	15,000	0.0
Pay plan adjustment.	0	1,819	1,819	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$16,819</i>	<i>\$16,819</i>	<i>0.0</i>

Department of Human Resources

Add funding for HB 2332 that does away with requirement that 50 percent of Social Security and Railroad Retirement Act benefits are deducted from unemployment benefits.	0	1,200,000	1,200,000	0.0
Authorize periodic transfers not to exceed \$451,000 from federal Reed Act funds to accommodate fees for proposal to fund FY 2004 State Treasurer budget.	0	0	0	0.0
Extend unemployment benefits by two additional weeks at the end of the benefit period. (HB 2332)	0	9,000,000	9,000,000	0.0
Pay plan adjustment.	14,716	523,502	538,218	0.0
<i>Agency Subtotal</i>	<i>\$14,716</i>	<i>\$10,723,502</i>	<i>\$10,738,218</i>	<i>0.0</i>

Commission on Veterans Affairs

Pay plan adjustment.	48,649	74,669	123,318	0.0
<i>Agency Subtotal</i>	<i>\$48,649</i>	<i>\$74,669</i>	<i>\$123,318</i>	<i>0.0</i>

Dept. of Health and Environment - Health

Concur with GBA No. 3, Item 17, to adjust the transfer of the nursing facility regulation function from KDHE to SRS.	(270,665)	949,276	678,611	0.0
Concur with GBA No. 3, Item 18, to shift federal child injury prevention funding from the Board of Emergency Medical Services to KDHE.	0	100,000	100,000	0.0
Pay plan adjustment.	51,928	182,262	234,190	0.0
<i>Agency Subtotal</i>	<i>(\$218,737)</i>	<i>\$1,231,538</i>	<i>\$1,012,801</i>	<i>0.0</i>

<u>Item</u>	<u>State General Fund</u>	<u>All Other Funds</u>	<u>All Funds</u>	<u>Chg</u>
<u>Dept. of Health and Environment - Environment</u>				
Add a no limit special revenue fund in connection with the passage of HB 2247	0	0	0	0.0
Pay plan adjustment.	89,412	210,423	299,835	0.0
<i>Agency Subtotal</i>	<i>\$89,412</i>	<i>\$210,423</i>	<i>\$299,835</i>	<i>0.0</i>
<u>Department on Aging</u>				
GBA No. 3. Item 17 - Correct nursing facility regulation transfer to leave the Health Occupational Credentialing program and the inspection of health facilities not related to the Aging Nursing Facilities program with the KDHE.	270,665	(949,276)	(678,611)	(12.0)
GBA NO. 5. Item 4 - shift administration of the Senior Health Insurance Counseling for Kansans (SCHICK) program from the Insurance Department to Aging.	0	208,000	208,000	0.0
Pay plan adjustment.	33,964	86,262	120,226	0.0
Reduce non-self directed care rates to self-directed rates in the FE waiver to add \$700,000 SGF each to the PD and DD waivers.	(1,400,000)	(2,100,000)	(3,500,000)	0.0
<i>Agency Subtotal</i>	<i>(\$1,095,371)</i>	<i>(\$2,755,014)</i>	<i>(\$3,850,385)</i>	<i>(12.0)</i>
<u>Social and Rehabilitation Services</u>				
Add CIF to restore disproportionate share payments to out of state hospitals.	0	517,618	517,618	0.0
Add funding for the DD waiver waiting lists.	700,000	1,050,000	1,750,000	0.0
Add funding for the PD Waiver waiting lists.	700,000	1,050,000	1,750,000	0.0
Add proviso language limiting local SRS office closures to the 22 originally proposed and requiring review of the closure process by the 2004 Legislature.	0	0	0	0.0
GBA - Add funding for the funeral assistance program.	470,000	0	470,000	0.0
GBA 3. Item 14 - reduce regular medical expenditures for increased pharmaceutical savings.	(5,000,000)	(5,500,000)	(10,500,000)	0.0
GBA 3. Item 15 - allow dollars to follow nursing facility residents to a community based setting.	0	0	0	0.0
GBA 3. Item 16 - Add funding for Consensus Caseload Estimates.	7,639,874	20,856,472	28,496,346	0.0
Pay plan adjustment.	652,028	1,219,452	1,871,480	0.0
<i>Agency Subtotal</i>	<i>\$5,161,902</i>	<i>\$19,193,542</i>	<i>\$24,355,444</i>	<i>0.0</i>
<u>Kansas Neurological Institute</u>				
Pay plan adjustment.	93,150	139,275	232,425	0.0
<i>Agency Subtotal</i>	<i>\$93,150</i>	<i>\$139,275</i>	<i>\$232,425</i>	<i>0.0</i>
<u>Larned State Hospital</u>				
Categorical Aid adjustment	425	0	425	0.0
Pay plan adjustment.	227,783	93,641	321,424	0.0
Reduce budgeted 4.0 teacher pay increase to 1.5 percent for 23 pay periods.	(22,615)	0	(22,615)	0.0
<i>Agency Subtotal</i>	<i>\$205,593</i>	<i>\$93,641</i>	<i>\$299,234</i>	<i>0.0</i>
<u>Osawatomie State Hospital</u>				
Pay plan adjustment.	48,135	152,640	200,775	0.0
<i>Agency Subtotal</i>	<i>\$48,135</i>	<i>\$152,640</i>	<i>\$200,775</i>	<i>0.0</i>
<u>Parsons State Hospital</u>				
Add 1.5 percent pay increase (23 pay periods) for teacher salary.	4,577	0	4,577	0.0
Categorical Aid adjustment	871	0	871	0.0
Pay plan adjustment.	67,231	149,680	216,911	0.0
<i>Agency Subtotal</i>	<i>\$72,679</i>	<i>\$149,680</i>	<i>\$222,359</i>	<i>0.0</i>
<u>Rainbow Mental Health Facility</u>				
Pay plan adjustment.	33,406	30,816	64,222	0.0
<i>Agency Subtotal</i>	<i>\$33,406</i>	<i>\$30,816</i>	<i>\$64,222</i>	<i>0.0</i>

<u>Agency/Item</u>	<u>State General Fund</u>	<u>All Other Funds</u>	<u>All Funds</u>	<u>FTEs</u>
<u>Kansas Guardianship Program</u>				
Pay plan adjustment.	6,194	0	6,194	0.0
<i>Agency Subtotal</i>	<i>\$6,194</i>	<i>\$0</i>	<i>\$6,194</i>	<i>0.0</i>
<u>Department of Education</u>				
Add authorization for school districts to make expenditures from the capital outlay fund for computer software, other technology expenses, utility services, and insurance premiums.	0	0	0	0.0
Add funding for Agriculture in the Classroom (EDIF).	0	35,000	35,000	0.0
Concur with GBA No. 3, Item 19, Page 9--School Finance Consensus Adjustments. Add \$2,901,000 for general state aid and \$367,000 for supplemental general state aid to fund BSAPP at \$3,863. Use savings from FY 2003 to help fund supp. general state aid.	3,268,000	0	3,268,000	0.0
Concur with GBA No. 3, Item 20, Page 10--KPERs School. Lapse savings for KPERs-School to reflect revised estimates.	(2,802,655)	0	(2,802,655)	0.0
Pay plan adjustment.	70,959	78,361	149,320	0.0
Require the creation of an 8-member advisory committee appointed by Legislative leadership and Governor to advise on implementation of SB 83 (school district budgets).	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$536,304</i>	<i>\$113,361</i>	<i>\$649,665</i>	<i>0.0</i>
<u>State Library</u>				
Pay plan adjustment.	11,422	2,045	13,467	0.0
<i>Agency Subtotal</i>	<i>\$11,422</i>	<i>\$2,045</i>	<i>\$13,467</i>	<i>0.0</i>
<u>Kansas Arts Commission</u>				
Pay plan adjustment.	3,291	1,773	5,064	0.0
<i>Agency Subtotal</i>	<i>\$3,291</i>	<i>\$1,773</i>	<i>\$5,064</i>	<i>0.0</i>
<u>School for the Blind</u>				
Concur with GBA No. 5, Item 6, Page 4- Position Correction. Increase FTE position limitation by 4.0 FTE (technical correction).	0	0	0	4.0
Pay plan adjustment.	40,936	1,140	42,076	0.0
<i>Agency Subtotal</i>	<i>\$40,936</i>	<i>\$1,140</i>	<i>\$42,076</i>	<i>4.0</i>
<u>School for the Deaf</u>				
Concur with GBA No. 5, Item 7, Page 4- Position Correction. Increase FTE position limitation by 16.3 FTE in FY 2004 (technical correction).	0	0	0	16.3
Pay plan adjustment.	66,080	1,047	67,127	0.0
<i>Agency Subtotal</i>	<i>\$66,080</i>	<i>\$1,047</i>	<i>\$67,127</i>	<i>16.3</i>
<u>State Historical Society</u>				
Pay plan adjustment.	51,435	8,702	60,137	0.0
<i>Agency Subtotal</i>	<i>\$51,435</i>	<i>\$8,702</i>	<i>\$60,137</i>	<i>0.0</i>
<u>Kansas State University</u>				
Pay plan adjustment.	0	1,074,492	1,074,492	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,074,492</i>	<i>\$1,074,492</i>	<i>0.0</i>
<u>KSU - Agricultural Extension & Research</u>				
Pay plan adjustment.	0	396,173	396,173	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$396,173</i>	<i>\$396,173</i>	<i>0.0</i>
<u>KSU - Veterinary Medical Center</u>				
Pay plan adjustment.	0	91,343	91,343	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$91,343</i>	<i>\$91,343</i>	<i>0.0</i>
<u>Fort Hays State University</u>				
Pay plan adjustment.	0	103,035	103,035	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$103,035</i>	<i>\$103,035</i>	<i>0.0</i>

<i>Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>Change</i>
<u>Emporia State University</u>				
Pay plan adjustment.	0	178,049	178,049	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$178,049</i>	<i>\$178,049</i>	<i>0.0</i>
<u>Pittsburg State University</u>				
Pay plan adjustment.	0	188,273	188,273	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$188,273</i>	<i>\$188,273</i>	<i>0.0</i>
<u>University of Kansas</u>				
Authorize bonding of \$12.6 million for the renovation of Hashinger Hall. Bonds to be repaid by student housing fees (GBA 3, Item 21)	0	0	0	0.0
Pay plan adjustment.	0	1,589,066	1,589,066	0.0
Transfer of \$530,500 to the University from the Construction Defects Recovery Fund of the Department of Administration (GBA 3, Item 3)	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,589,066</i>	<i>\$1,589,066</i>	<i>0.0</i>
<u>University of Kansas Medical Center</u>				
Lapse FY 2004 finding for Pediatric Biomedical Research previously approved in SB 6	0	(700,000)	(700,000)	0.0
Pay plan adjustment.	0	816,402	816,402	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$116,402</i>	<i>\$116,402</i>	<i>0.0</i>
<u>Wichita State University</u>				
Pay plan adjustment.	0	498,475	498,475	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$498,475</i>	<i>\$498,475</i>	<i>0.0</i>
<u>Board of Regents</u>				
Pay plan adjustment. (includes SGF for all state universities)	5,713,179	14,359	5,727,538	0.0
Transfer an additional \$900,000 from state university savings from bonding KPERs liability, funding to be transferred to ESU, FHSU and PSU to support alternative teacher certification programs. Concurs in part with GBA 4.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$5,713,179</i>	<i>\$14,359</i>	<i>\$5,727,538</i>	<i>0.0</i>
<u>Department of Corrections</u>				
GBA No. 3, Item 22, Page 11 - "Food Service Contract Savings." Reduce expenditures for the food service contract due to agreement with contractor to extend current contract.	(959,000)	0	(959,000)	0.0
GBA No. 3, Item 23, Page 11 - "Contract for Leasing Prison Beds." Shift FY 2003 expenditures for leasing prison beds to FY 2004.	114,125	1,027,125	1,141,250	0.0
GBA No. 3, Item 25, Page 12 - "Visitor Centers." Fund Visitor Centers from Inmate Benefit Fund. (Also Omni. Memo, Item M, Page 20)	0	240,000	240,000	0.0
GBA No. 3, Item 27, Page 12 - "Community Corrections SGF Financing Offset." Transfer \$1,300,000 SGF from KDOC Community Corrections to KS Sentencing Commission for 2003 SB 123 treatment program. (Also Omni. Memo, Page 23, Item R and Attachment A)	(1,300,000)	0	(1,300,000)	0.0
GBA No. 3, Item 28, Page 13 - "Shift Interstate Compact Dues." Transfer funds earmarked for Interstate Compact dues from FY 2003 to FY 2004.	25,000	0	25,000	0.0
GBA No. 3, Item 29, Page 13 - "Local Jail Cost Recalculation." Reduce amount budgeted for local jail payments. (Also Omni. Memo, Page 17, Item I)	(644,000)	0	(644,000)	0.0
Lapse \$24,408 to partially pay for CJIS Project Manager salary/benefits	(24,408)	0	(24,408)	0.0
Pay plan adjustment.	124,177	46,602	170,779	0.0
Result of 2003 SB 123 - Marginal cost reduction for Bed Capacity Savings.	(130,000)	0	(130,000)	0.0
<i>Agency Subtotal</i>	<i>(\$2,794,106)</i>	<i>\$1,313,727</i>	<i>(\$1,480,379)</i>	<i>0.0</i>
<u>Topeka Correctional Facility</u>				
Pay plan adjustment.	102,697	7,330	110,027	0.0
<i>Agency Subtotal</i>	<i>\$102,697</i>	<i>\$7,330</i>	<i>\$110,027</i>	<i>0.0</i>

<u>Hutchinson Correctional Facility</u>				
Pay plan adjustment.	238,092	1,273	239,365	0.0
<i>Agency Subtotal</i>	<i>\$238,092</i>	<i>\$1,273</i>	<i>\$239,365</i>	<i>0.0</i>
<u>Lansing Correctional Facility</u>				
Pay plan adjustment.	323,453	844	324,297	0.0
<i>Agency Subtotal</i>	<i>\$323,453</i>	<i>\$844</i>	<i>\$324,297</i>	<i>0.0</i>
<u>Ellsworth Correctional Facility</u>				
Pay plan adjustment.	101,704	425	102,129	0.0
<i>Agency Subtotal</i>	<i>\$101,704</i>	<i>\$425</i>	<i>\$102,129</i>	<i>0.0</i>
<u>Winfield Correctional Facility</u>				
Pay plan adjustment.	90,514	2,173	92,687	0.0
Pay plan adjustment.	0	28,336	28,336	0.0
<i>Agency Subtotal</i>	<i>\$90,514</i>	<i>\$30,509</i>	<i>\$121,023</i>	<i>0.0</i>
<u>Norton Correctional Facility</u>				
Pay plan adjustment.	118,848	1,325	120,173	0.0
<i>Agency Subtotal</i>	<i>\$118,848</i>	<i>\$1,325</i>	<i>\$120,173</i>	<i>0.0</i>
<u>El Dorado Correctional Facility</u>				
Pay plan adjustment.	200,745	1,054	201,799	0.0
<i>Agency Subtotal</i>	<i>\$200,745</i>	<i>\$1,054</i>	<i>\$201,799</i>	<i>0.0</i>
<u>Larned Correctional Facility</u>				
Pay plan adjustment.	81,150	0	81,150	0.0
<i>Agency Subtotal</i>	<i>\$81,150</i>	<i>\$0</i>	<i>\$81,150</i>	<i>0.0</i>
<u>Juvenile Justice Authority</u>				
Pay plan adjustment.	26,645	4,501	31,146	0.0
Reduce funding in SGF for CJIS Project Manager being created in DISC.	(24,408)	0	(24,408)	0.0
<i>Agency Subtotal</i>	<i>\$2,237</i>	<i>\$4,501</i>	<i>\$6,738</i>	<i>0.0</i>
<u>Atchison Juvenile Correctional Facility</u>				
Pay plan adjustment.	42,063	0	42,063	0.0
<i>Agency Subtotal</i>	<i>\$42,063</i>	<i>\$0</i>	<i>\$42,063</i>	<i>0.0</i>
<u>Beloit Juvenile Correctional Facility</u>				
Pay plan adjustment.	37,048	540	37,588	0.0
<i>Agency Subtotal</i>	<i>\$37,048</i>	<i>\$540</i>	<i>\$37,588</i>	<i>0.0</i>
<u>Larned Juvenile Correctional Facility</u>				
Pay plan adjustment.	59,295	5,495	64,790	0.0
<i>Agency Subtotal</i>	<i>\$59,295</i>	<i>\$5,495</i>	<i>\$64,790</i>	<i>0.0</i>
<u>Topeka Juvenile Correctional Facility</u>				
Pay plan adjustment.	103,128	0	103,128	0.0
<i>Agency Subtotal</i>	<i>\$103,128</i>	<i>\$0</i>	<i>\$103,128</i>	<i>0.0</i>
<u>Adjutant General</u>				
Pay plan adjustment.	22,160	122,651	144,811	0.0
<i>Agency Subtotal</i>	<i>\$22,160</i>	<i>\$122,651</i>	<i>\$144,811</i>	<i>0.0</i>
<u>Kansas Parole Board</u>				
Concur with GBA No. 3, Item 31, Page 14 - "Change Parole Board Member Reduction Date" to eliminate a vacant board member position for all of FY 2004.	(62,440)	0	(62,440)	0.0
Pay plan adjustment.	5,283	0	5,283	0.0
<i>Agency Subtotal</i>	<i>(\$57,157)</i>	<i>\$0</i>	<i>(\$57,157)</i>	<i>0.0</i>

<u>Agency/Item</u>	<u>State General Fund</u>	<u>All Other Funds</u>	<u>All Funds</u>	<u>Balance</u>
<u>Highway Patrol</u>				
Funding for CJIS Project Manager being housed in DISC	(24,408)	0	(24,408)	0.0
GBA No. 3. Item 4. Page 3 - Transfer \$500,000 from Motor Vehicle Fund to the State General Fund	0	0	0	0.0
Pay plan adjustment.	95,607	541,154	636,761	0.0
<i>Agency Subtotal</i>	<i>\$71,199</i>	<i>\$541,154</i>	<i>\$612,353</i>	<i>0.0</i>
<u>Kansas Bureau of Investigation</u>				
Funding for the CJIS Project Manager being added in DISC	(24,408)	0	(24,408)	0.0
GBA No. 4. Item 8. Page 4 - technical adjustment (reduce FTE position by 1.0. and add 1.0 other unclassified position)	0	0	0	(1.0)
Pay plan adjustment.	109,228	26,932	136,160	0.0
Proviso prohibiting an increase in KDHE record check fees for FY 2004	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$84,820</i>	<i>\$26,932</i>	<i>\$111,752</i>	<i>(1.0)</i>
<u>Emergency Medical Services Board</u>				
GBA No. 3. Item 18. Page 9 to shift federal child injury prevention funding to KDHE.	0	(100,000)	(100,000)	0.0
Pay plan adjustment.	0	7,394	7,394	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$92,606)</i>	<i>(\$92,606)</i>	<i>0.0</i>
<u>Sentencing Commission</u>				
Add proviso directing that any released SGF encumbrances (up to \$3.3 million) be lapsed and transferred to Sentencing Commission to fund SB 123	0	0	0	0.0
Add proviso directing the Governor to attempt to locate the additional \$3,306,175 to finance SB 123	0	0	0	0.0
GBA No. 3. Item 27. Page 13 - Funding for Senate Bill 123	1,300,000	0	1,300,000	0.0
Pay plan adjustment.	2,838	2,866	5,704	0.0
Technical adjustment	0	19,806	19,806	0.0
<i>Agency Subtotal</i>	<i>\$1,302,838</i>	<i>\$22,672</i>	<i>\$1,325,510</i>	<i>0.0</i>
<u>Kansas Department of Agriculture</u>				
Pay plan adjustment.	96,478	75,958	172,436	0.0
<i>Agency Subtotal</i>	<i>\$96,478</i>	<i>\$75,958</i>	<i>\$172,436</i>	<i>0.0</i>
<u>Animal Health Department</u>				
Pay plan adjustment.	4,672	11,022	15,694	0.0
<i>Agency Subtotal</i>	<i>\$4,672</i>	<i>\$11,022</i>	<i>\$15,694</i>	<i>0.0</i>
<u>Kansas State Fair Board</u>				
Pay plan adjustment.	0	17,230	17,230	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$17,230</i>	<i>\$17,230</i>	<i>0.0</i>
<u>State Conservation Commission</u>				
Pay plan adjustment.	6,343	1,833	8,176	0.0
<i>Agency Subtotal</i>	<i>\$6,343</i>	<i>\$1,833</i>	<i>\$8,176</i>	<i>0.0</i>
<u>Kansas Water Office</u>				
Pay plan adjustment.	14,262	971	15,233	0.0
Restore original proviso allowing the agency to transfer SWPF monies between line-item appropriations with approval by the Director of the Budget	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$14,262</i>	<i>\$971</i>	<i>\$15,233</i>	<i>0.0</i>
<u>Department of Wildlife and Parks</u>				
Make a technical adjustment to reduce the amount of SGF financing in SB 6 by \$30,000 to match the Governor's Budget Report and legislative actions for FY 2004 funding	0	0	0	0.0

<u>Agency/Item</u>	<u>State General Fund</u>	<u>All Other Funds</u>	<u>All Funds</u>	<u>Es</u>
Pay plan adjustment	23,946	224,773	248,719	0.0
<i>Agency Subtotal</i>	<i>\$23,946</i>	<i>\$224,773</i>	<i>\$248,719</i>	<i>0.0</i>
<u>Kansas Department of Transportation</u>				
Pay plan adjustment.	0	1,597,040	1,597,040	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,597,040</i>	<i>\$1,597,040</i>	<i>0.0</i>
<u>Economic Development Initiatives Fund</u>				
Transfer \$179,791 to the State General Fund.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>SCCHF</u>				
GBA No. 3, Item 33, Page 15 - Changing Transfer dates for the SCCHF	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>All Agencies</u>				
Capture savings resulting from not increasing KANS-A-N long distance rates in FY 2004.	(355,000)	(355,000)	(710,000)	0.0
Delete SB 6 salary plan increases to State Finance Council; distribute revised pay plan amounts among state agencies; include transfers from State Highway Fund to Revenue and Highway Patrol for partial funding.	(10,219,351)	(12,068,339)	(22,287,690)	0.0
<i>Agency Subtotal</i>	<i>(\$10,574,351)</i>	<i>(\$12,423,339)</i>	<i>(\$22,997,690)</i>	<i>0.0</i>
TOTAL	(\$2,077,771)	\$143,250,574	\$141,172,803	03.3

FY 2005

Governmental Ethics Commission

Pay plan adjustment.	4,038	1,557	5,595	0.0
<i>Agency Subtotal</i>	<i>\$4,038</i>	<i>\$1,557</i>	<i>\$5,595</i>	<i>0.0</i>

Board of Accountancy

Pay plan adjustment.	0	1,769	1,769	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,769</i>	<i>\$1,769</i>	<i>0.0</i>

State Bank Commissioner

Pay plan adjustment.	0	67,563	67,563	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$67,563</i>	<i>\$67,563</i>	<i>0.0</i>

Board of Barbering

Pay plan adjustment.	0	929	929	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$929</i>	<i>\$929</i>	<i>0.0</i>

Behavioral Sciences Regulatory Board

Pay plan adjustment.	0	4,434	4,434	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$4,434</i>	<i>\$4,434</i>	<i>0.0</i>

Board of Healing Arts

GBA No. 3, Item 10 - Increase expenditure limitation by \$250,000 for IT projects. Include proviso to limit expenditures from this increase to IT projects.	0	250,000	250,000	0.0
Pay plan adjustment.	0	18,007	18,007	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$268,007</i>	<i>\$268,007</i>	<i>0.0</i>

Board of Cosmetology

Pay plan adjustment.	0	5,900	5,900	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$5,900</i>	<i>\$5,900</i>	<i>0.0</i>

Department of Credit Unions

Pay plan adjustment.	0	9,869	9,869	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$9,869</i>	<i>\$9,869</i>	<i>0.0</i>

<u>Item</u>	<u>State General Fund</u>	<u>All Other Funds</u>	<u>All Funds</u>	<u>...</u>
<u>Kansas Dental Board</u>				
Pay plan adjustment.	0	1,537	1,537	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,537</i>	<i>\$1,537</i>	<i>0.0</i>
<u>Board of Mortuary Arts</u>				
Pay plan adjustment.	0	2,031	2,031	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$2,031</i>	<i>\$2,031</i>	<i>0.0</i>
<u>Hearing Aid Board of Examiners</u>				
Pay plan adjustment.	0	213	213	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$213</i>	<i>\$213</i>	<i>0.0</i>
<u>Board of Nursing</u>				
Pay plan adjustment.	0	12,432	12,432	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$12,432</i>	<i>\$12,432</i>	<i>0.0</i>
<u>Optometry Board</u>				
Pay plan adjustment.	0	676	676	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$676</i>	<i>\$676</i>	<i>0.0</i>
<u>Board of Pharmacy</u>				
Pay plan adjustment.	0	5,271	5,271	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$5,271</i>	<i>\$5,271</i>	<i>0.0</i>
<u>Real Estate Appraisal Board</u>				
Pay plan adjustment.	0	1,788	1,788	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,788</i>	<i>\$1,788</i>	<i>0.0</i>
<u>Kansas Real Estate Commission</u>				
Pay plan adjustment.	0	6,851	6,851	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$6,851</i>	<i>\$6,851</i>	<i>0.0</i>
<u>Securities Commissioner</u>				
Pay plan adjustment.	0	23,148	23,148	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$23,148</i>	<i>\$23,148</i>	<i>0.0</i>
<u>Board of Technical Professions</u>				
Pay plan adjustment.	0	3,277	3,277	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$3,277</i>	<i>\$3,277</i>	<i>0.0</i>
<u>Board of Veterinary Examiners</u>				
Add \$65,000 resulting from revised agency revenue projection	0	65,000	65,000	0.0
Pay plan adjustment.	0	2,170	2,170	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$67,170</i>	<i>\$67,170</i>	<i>0.0</i>
TOTAL	\$4,038	\$484,422	\$488,460	0.0

PAY PLAN ADJUSTMENTS

	<u>SB 6</u>	<u>Revised</u>	<u>Difference</u>
STATE GENERAL FUND			
Legislative	118,817	118,817	0
Judicial Branch	1,051,897	955,822	(96,075)
Executive	10,219,351	9,862,548	(356,803)
TOTAL SGF	<u>11,390,065</u>	<u>10,937,187</u>	<u>(452,878)</u>
ALL OTHER FUNDS			
Legislative	0	0	0
Judicial	80,873	80,873	0
Executive	12,068,339	11,645,812	(422,527)
TOTAL All Other Funds	<u>12,149,212</u>	<u>11,726,685</u>	<u>(422,527)</u>
TOTAL PAY PLAN ADJUSTMENTS			
Legislative	118,817	118,817	0
Judicial	1,132,770	1,036,695	(96,075)
Executive	22,287,690	21,508,360	(779,330)
TOTAL	<u>23,539,277</u>	<u>22,663,872</u>	<u>(875,405)</u>

HOUSE APPROPRIATIONS

DATE 4-24-2003ATTACHMENT 18

RPB Plan

1. Transfer \$2,000,000 from the State Safety Fund to the DOV Operating Fund and authorize expenditures of \$2,000,000 in FY 2004 from the DOV Operating Fund, with an offsetting reduction in the , and increase the transfer from the State Highway Fund to the DOV Operating Fund for financing the expenses of SGF amount appropriated in FY 2004.
2. Appropriate the Photo Fee Fund and authorize expenditures of \$3,000,000 in FY 2004, with an offsetting reduction in the SGF amount appropriated in FY 2004. Authorize a no limit expenditure limitation to allow flexibility in administering and operating the division of vehicles and related support operations in the division of administration, and in implementing SB 16 and HB 2192.

Issues arising since plan introduced:

Regarding the State Safety Fund, the Department of Education indicates it will experience a cash flow problem in FY 2005 if \$2.0 million is transferred. The estimated money available is \$350,000 in order to allow the full statutory amount of \$1.6 million to be paid in October 2004 for aid in support of drivers education programs. Option if \$2.0 million amount is adjusted:

1. *Transfer from the State Safety Fund to the DOV Operating Fund and authorize expenditures of \$350,000 in FY 2004 from the DOV Operating Fund, with an offsetting reduction in the SGF amount appropriated in FY 2004.*

Regarding the fiscal note for SB 16, the agency requests \$937,500 to \$1,150,000 to implement. The agency suggests a lesser amount would provide the first-year start up costs and also suggests paying from the Photo Fee Fund. Option if Photo Fee Fund money is not used per the agency request:

2. *Increase the DOV Operating Fund expenditure limitation by \$750,000 in FY 2004 for costs associated with implementing SB 16, and increase the transfer from the State Highway Fund to the DOV Operating Fund for financing the expenses of verifying social security numbers and supporting documents as part of the driver licensing process.*

Regarding additional costs of producing driver licenses, the agency requests \$450,000 not included in the Governor's Budget Report, Governor's Budget Amendment, or SB 6. Approved funding is \$1,050,000 in FY 2004 for producing driver licenses. Option if Photo Fee Fund money is not used per the agency request:

3. *Increase the DOV Operating Fund expenditure limitation by \$450,000, and increase the transfer from the State Highway Fund to the DOV Operating Fund for financing the expenses of the new contract for producing drivers licenses.*

HOUSE APPROPRIATIONS

DATE 4-24-2003
ATTACHMENT 19

House Appropriations Committee Presentation
by Deb Miller
Secretary, Kansas Department of Transportation
April 24, 2003

Thank you for the opportunity to talk to you about what I believe has needlessly become a contentious issue. As you know, a recent review by the Division of Legislative Post Audit determined that the Kansas Department of Transportation (KDOT) uses appropriate criteria to determine whether to use asphalt or concrete for road construction and reconstruction projects.

Specifically, the audit confirmed that there has been no appreciable change in the proportions of asphalt and concrete used in the current Comprehensive Transportation Program (CTP) as compared to the 1989 Comprehensive Highway Program (CHP).

The audit report states on page five: "For construction and reconstruction projects where a choice between asphalt and concrete is made, essentially the same proportions of asphalt and concrete is being used under the current highway program as were used under the previous highway program."

In the next paragraph the report states: "For rehabilitation projects there has also been no change in the proportion of asphalt being used; these projects use virtually all asphalt. However, far fewer lane-miles of road are scheduled to be rehabilitated under the current program than under the previous program. That's the reason why less asphalt is being used overall under the current program than under the previous one."

Mr. Chairman and members of the committee, I believe this is the key finding of the audit. It clearly shows that a fundamental difference in the objectives of the two programs is the reason that less asphalt is being used in the CTP.

When the Legislature authorized the CHP, the state's highway system wasn't in good shape. So, work during the CHP focused on fixing surface condition of highways in the system. The CHP met its objectives and the surface conditions of many highways were improved dramatically. That meant that when it was time to launch the CTP in 1999, the needs of the system had changed. Projects designed to improve the safety and capacity of the system – what we technically refer to as geometric issues – emerged as the highest priorities.

Again, quoting from the audit report, "By the time the new highway program was approved, the condition of the state's highway system had improved dramatically. As a result, the focus of the highway program approved in 1999 shifted to other aspects of the

HOUSE APPROPRIATIONS

DATE 4-24-2003
ATTACHMENT 20

highway system – including widening traffic lanes, adding or widening shoulders, and smoothing out road alignments (eliminating steep hills or sharp curves).”

The audit concludes, “Essentially the only difference in the use of asphalt under the current program relates to the change in the amount of rehabilitation work being done.”

In addition to investigating the reason for the variance between the amount of asphalt used in the CTP and the CHP, the audit also examined the life-cycle cost analysis used by KDOT to make pavement decisions. The Department is pleased the audit found that a consistent life-cycle analysis has been utilized for both the CTP and CHP.

The Department’s life-cycle cost analysis utilizes an analysis period of 30 years, which is consistent with the Federal Highway Administration’s requirements that the analysis period be:

- Long enough to capture performance differences between pavements.
- Longer than the designed life of each type of pavement.
- And include at least one scheduled rehabilitation of the each type of pavement.

The Post Audit report and a review done by the Federal Highway Administration at the urging of the asphalt industry concluded that KDOT’s processes for determining pavement type were reasonable.

The Post Audit report recommended that KDOT regularly evaluate its life-cycle cost analysis process to ensure that it continues to result in fair and reasonable estimates of costs. KDOT has agreed to do so. The Department also will evaluate proposed improvements contained in a new pavement design guide expected to be issued in 2005 by the American Association of State Highway and Transportation Officials (AASHTO). However, in the interim, the Department will review and evaluate its current life-cycle cost analysis process including the possible benefit of extending the analysis period.

Both the Post Audit investigators and the Federal Highway Administration have determined that KDOT’s life-cycle cost analysis is fair and reasonable.

The utilization of such an analysis clearly indicates that there is not a simple answer to the questions concerning the cost of asphalt vs. concrete. Pavement costs and the cost relationship between asphalt and concrete vary depending on a number of variables such as project location, estimated traffic load, and soil strength at specific project locations. All of these factors help determine what pavement type would be most economic. The costs of using asphalt and concrete vary, sometimes significantly, based on all these factors as the cost comparison matrix attached to my testimony demonstrates. The costs shown in the matrix are for pavement one mile in length and two driving lanes

April 24, 2003

wide and reflect only those costs associated with the initial construction of equivalent asphalt and concrete pavement.

As I stated in my written response to the audit, it is important to the Department that both the asphalt and concrete industries remain economically vital. It is in the best interest of the Department, the CTP, and the state as a whole that healthy competition be maintained between the industries. This can only be accomplished with a fair and reasonable pavement selection process, which the Department is committed to maintaining.

I can assure you that the process utilized by KDOT is designed to achieve two complimentary goals:

- To build the best quality highways for the citizens of Kansas.
- And to build them to at the lowest possible cost.

Thank you for your time and attention.

Initial Costs per Roadway Mile in Thousands of Dollars¹
Twenty Year Equivalent Traveled Way Costs

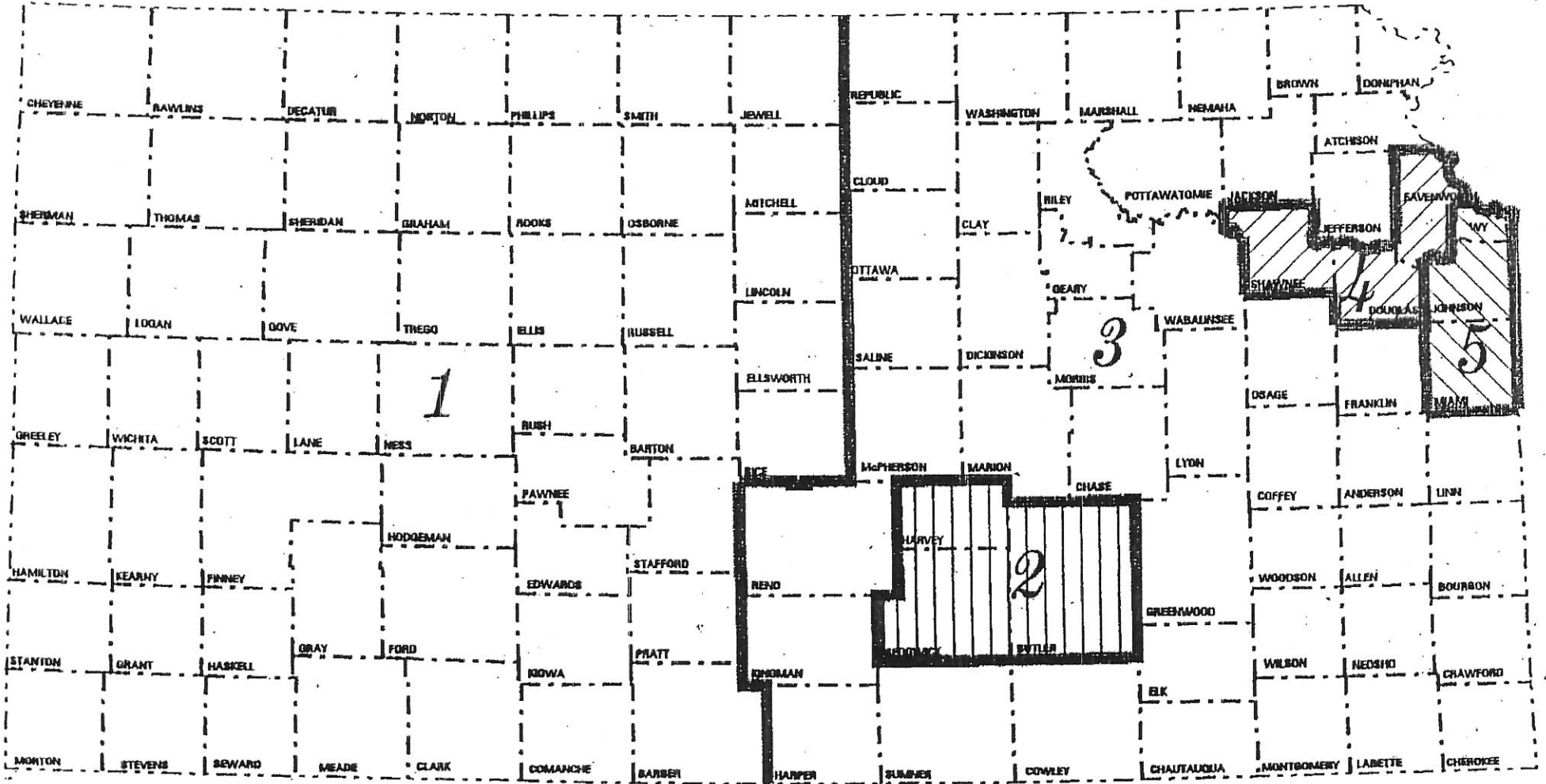
TPD ²	Subgrade Strength ³	Wage Area 1		Wage Area 2		Wage Area 3		Wage Area 4		Wage Area 5	
		AC ⁴	PCC ⁵	AC ⁴	PCC ⁵	AC ⁴	PCC ⁵	AC ⁴	PCC ⁵	AC ⁴	PCC ⁵
400	Poor ⁶					\$414	\$378				
	Fair ⁷	\$375	\$470			\$399	\$383				
	Good ⁷	\$356	\$470								
900	Poor ⁶					\$481	\$431	\$529	\$439	\$510	\$459
	Fair ⁷	\$438	\$523	\$475	\$455	\$465	\$438				
	Good ⁷	\$417	\$523								
2000	Poor ⁶					\$546	\$484	\$600	\$494	\$579	\$512
	Fair ⁷	\$499	\$578	\$541	\$509	\$529	\$491				
	Good ⁷	\$459	\$578								
4000	Poor ⁶					\$636	\$538	\$700	\$547	\$674	\$565
	Fair ⁷			\$631	\$562	\$618	\$544				
	Good ⁷										

Notes

- 1 Costs are generated from actual bid data, when available, from January 2000 through March 2002
 - 2 TPD is 2 Way Truck Volume per Day
 - 3 Three ranges of Subgrade Modulus correspond to Poor (2500 psi), Fair (3800 psi), and Good (4900 psi) Soil Support Values
 - 4 AC is Asphaltic Concrete Pavement
 - 5 PCC is Portland Cement Concrete Pavement
 - 6 Costs include Lime Treating the Subgrade
 - 7 Costs include Fly Ash Treating the Subgrade
- Most likely condition that prevails in this matrix

* See wage area map on the following page

Kansas Wage Areas



Wage Area 0 = Statewide



KANSAS DEPARTMENT OF TRANSPORTATION
 BUREAU OF TRANSPORTATION PLANNING
 WAGE AREA 0000 DECEMBER 4, 1976



K A N S A S

PAMELA JOHNSON-BETTS, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

DEPARTMENT ON AGING

April 24, 2003

The Honorable Melvin Neufeld
Chairman, House Appropriations Committee
Statehouse, Room 517-S
Topeka, Kansas 66612

Dear Representative Neufeld:

Thank you for the opportunity to respond to the Omnibus items referred by the House regarding the Kansas Department on Aging's (KDOA) FY 2004 budget.

Item 1: Address the disparity between self-directed and provider directed services.

Response: The Kansas Department on Aging (KDOA) made the decision to separate the Home and Community Based Services for the Frail Elderly (HCBS/FE) Attendant Care Services into two distinct services in March 2002. This decision mirrors a very similar decision made by the Department of Social and Rehabilitation Service (SRS) to establish two different rates for the Home and Community Based Services for the Physically Disabled (HCBS/PD) Personal Assistance Services. The reason for the change is that the services, self-directed vs. provider directed, have different requirements, as noted below.

Table with 2 columns: Self-Directed Requirements and Provider Directed Requirements. It lists four requirements for each category, such as 'Have a Federal Employment Identification Number' and 'Provide unemployment insurance'.

HOUSE APPROPRIATIONS

Self-Directed Requirements	Provider Directed Requirements
5. Issue an annual W-2 to each employee and each attendant working with a self-directed customer	5. Issue an annual W-2 to each employee and each attendant working with a self-directed customer
6. Maintain records in accordance with all Federal and State requirements	6. Maintain records in accordance with all Federal and State requirements
7. At the request of the self-directed customer, complete background checks on the self-directed attendant working with the customer	7. Perform background checks on each employee hired (K.S.A. 65-5117)
8. Provide to each self-directed customer, in writing, a description of the services that will be provided to the attendant, including any benefits the attendant will receive	8. Meet all KDHE Licensing requirements (K.S.A. 65-5102)
	9. Provide RN supervision to Level II services every 60 days (K.A.R. 28-51-104)
	10. Provide continued follow-up and support to the worker and customer (K.A.R. 28-51-104)
	11. Test all staff for tuberculosis (K.A.R. 28-51-103(c)(6))
	12. Train staff to perform specific functions of care to the customer (K.A.R. 28-51-108)
	13. Initially meet with the customer prior to HHA providing the service (K.A.R. 28-51-105)
	14. Staff cases with an alternate worker due to illnesses, vacations, etc.

The Department believes the self-directed rate of \$11.64 will neither reduce the value of the self-directed option nor compromise the dignity and independence of HCBS/FE customers. Of significance when determining an appropriate fee-for-service rate was the fact that the SRS HCBS/PD waiver did not appear to experience a reduction in self-directed participation as a result of reducing the self-directed attendant care rate in January 2002 to \$11.94 and then \$11.64. Approximately 80% of the HCBS/PD customers choose to self-direct their care.

Conversely, it should be noted that 63% of the HCBS/FE customers choose to have their attendant services provided by licensed providers. These licensed providers have indicated consistently that the fee-for-service system is fragile with regard to meeting the requirements of the HCBS/FE program as noted in the table above. In addition, changes in federal and state Medicaid requirements for home health agencies, in particular, have reduced payments to this group. The success of the HCBS/FE delivery system relies heavily on a privatized market that delivers services to seniors in the

community. Every effort has been made by KDOA to maintain and sustain a payment structure in order to support an array of service options to seniors in the community, including self-directed care, provider directed attendant care, adult day care, respite care, sleep cycle support, and nurse evaluation visit.

The Department on Aging is cooperating with Legislative Post Audit on their 100 hour audit of HCBS payroll agents. The audit's scope includes the rate paid to providers.

Item 2: Discuss the provision of case management services for the FE, DD, and PD waivers and the development of a regional peer review system for quality assurance purposes among case management providers.

Response: The HCBS federal regulations require the state to have a formal quality assurance system established rather than relying on a peer review system. One option may be that the Department can augment the current formal quality assurance program and include a regional peer component. However, in a privatized market, a peer review system will most likely not result in a cost-savings to the state as providers will require additional compensation for any increase in their workloads.

The Department of SRS has convened an internal workgroup to review provision of case management services and has recently invited KDOA to participate in the workgroup. Both SRS and KDOA will continue to review the provision of case management across all waivers.

Item 3: The Budget Committee recommends that the Department on Aging address nursing facility reimbursements by using FY 2001 as the base year for rate setting, then collecting cost data for each ensuing year.

Response: The Department concurs with the Committee's recommendation.

Item 4 Review combining all of the Medicaid waivers into one waiver program that would provide the following three services:

- a. Training to assist customers in performing tasks independently
- b. Personal Assistance Service (PAS) to provide services to people who cannot perform tasks due to their level of disability
- c. Assistive Services, which would include durable medical equipment and other devices to allow customers to perform tasks more independently.

The single waiver program would include review for plans of care by a neutral third party.

Response: The Department on Aging has met with SRS to review the committee's proposal to combine all of the waivers into one waiver program. The Department of SRS will report their findings of its waiver combination inquiries from other states and CMS. Based on the review with SRS, KDOA has determined there appears to be no benefit to combining the waivers for Kansas seniors.

The inclusion of all programs that prevent or divert older adults from nursing home placement under KDOA's management has streamlined the long-term care system. Utilizing the area agencies on aging as the single point of entry system has allowed for one-stop shopping for older adults and their caregivers.

We recognize that there are different needs between the frail elderly population, the physically disabled, and the developmentally disabled population. Just as the HCBS/PD and HCBS/DD waivers meet the needs of those populations, the HCBS/FE waiver gives the state flexibility to tailor its services to meet the needs of the frail elderly. Because a large portion of the frail elderly population have degenerative conditions, the HCBS/FE customers benefit more from maintenance to perform tasks rather than training to assist them in performing task independently.

The HCBS/FE waiver utilizes area agencies on aging, who act as neutral third parties in the development of the plans of care. This model is different than the models utilized by the PD and DD waivers. The federal HCBS regulations require the state have a formal system to review plans of care to ensure that customer's needs are met. The Department on Aging has such a system in place.

Item 5: The Budget Committee recommends that Aging and SRS review increasing the pool for healthcare and report back before Omnibus. There are two options to do this. The first option would increase the number eligible to get a medical card by allowing customers to pay premiums for the care. The second option would be to allow customers of state services and as well as other providers (not for profit organizations like CDDO's are already allowed to participate) to become part of the state health care system. The working poor who currently cannot afford insurance for themselves or their families often end up utilizing expensive emergency room services for lack of other options. If the pool cannot be increased in the current fiscal year, the Budget Committee recommends interim review of the topic.

Response: Regarding the first option, the Department of Social and Rehabilitation Services is the agency that administers the Medicaid health care program, and is responsible for determining eligibility for medical cards to qualified individuals.

Regarding the second option, the Kansas Department of Administration is the agency that administers the state health care system, and is responsible for determining eligibility for that insurance program.

Item 6: Review establishing regulations that allow dollars to follow clients as they move from institutions to community-based services.

Response: The Department of SRS and Department on Aging are finalizing the details of the nursing facility transition process. The SRS-KDOA Cooperative Agreement will include the details of interagency transfer and the criteria to transfer. Once these individuals have transferred to the appropriate waiver, the waiver's regulations and policies will then apply to the customer's care. No specific regulations are required to carry out this directive. Flexibility for the transfer of funding from the nursing facility budget to SRS will require proviso language.

Item 7: Review shifting Adult Protective Services (APS) from SRS to KDOA.

Response: The Department of SRS and Department on Aging have discussed shifting APS to the Department on Aging. Since this is a critical service of SRS, both agencies would like more time to review this proposed shift. In the next session, we will provide additional information to the Legislature of the advantages and disadvantages of transferring any or all of APS to KDOA.

Item 8: Report on the transfer of the nursing home regulation function from the Kansas Department of Health and Environment (KDHE) to the Department on Aging.

Response: The Kansas Department of Health and Environment has been the survey agency for licensure since inception of licensing laws in the early 1960's, and the survey agency for Medicare and Medicaid since their inception.

In the mid 1980's, a separate nursing home inspection process known as "Inspection of Care (IOC)" also conducted pursuant to federal law by the Kansas Department of Social and Rehabilitation Services was transferred from SRS to KDHE. This differed from the nursing home inspections KDHE did because it consisted of an inspection of the care each Medicaid recipient received, and was not necessarily facility wide.

The National Nursing Home Reform Act of 1987 allowed States to eliminate the IOC process if they developed an approved clinical assessment instrument. The Kansas Department of Health and Environment was one of the first State survey agencies in the nation to develop such an instrument, and so was one of the first to eliminate the IOC process. There were around 26 positions transferred from SRS to KDHE in 1987, staff were reassigned to meet new workload requirements that emanated from the Nursing Home Reform Act and expanded complaint responsibilities pursuant to state law.

The Governor's Budget Recommendation for FY 2004 includes the transfer of the nursing facility licensure unit, its staff and functions, to the Kansas Department on Aging. As of this date, a short-term transfer plan has been developed by a transition team of key KDHE and KDOA staff. The short-term plan is attached for your review (see **Attachment A**). Please note that the long-range plan is under development to identify the future goals, composition, and review criteria of the nursing home licensure unit once it is fully integrated into the Kansas Department on Aging.

Item 9: Review raising the Level of Care (LOC) score from 26 to 40. Is it possible to receive a waiver from the federal government allowing the agency to use a lower LOC score for the HCBS/FE waiver than nursing facilities?

Response: If the score is raised to 40 and current customers with scores between 26 and 39 are grandfathered, there will be no cost-savings to the state in SFY 2004. As of April 11, 2003, there were 1,257 individuals on the HCBS/FE waiting list of which 298 has a score of less than 40. For additional information on the LOC of 40, see the Department's letter to Representative Landwehr dated March 3, 2003.

SRS has consulted with staff in the Kansas City Regional Office of the Centers for Medicare and Medicaid Services (CMS) to determine if the level of care scores in nursing homes and on the PD waiver are required to be the same. The Regional Office has informed SRS that the eligibility score for the waiver must be equal to the nursing facility eligibility score. SRS staff have requested a letter from the CMS Central office in Baltimore confirming the information relayed by the Regional Office. When SRS receives the letter, we will share it with the Legislature.

Please feel free to contact me if you have further questions or comments at 296-5222. Thank you very much.

Sincerely,



Pamela Johnson-Betts
Secretary

C: Doug Farmer
Janis DeBoer
Christy Lane
Traci Ward
Sheli Sweeney



K A N S A S

PAMELA JOHNSON-BETTS, SECRETARY

DEPARTMENT ON AGING

KATHLEEN SEBELIUS, GOVERNOR

April 29, 2003

The Honorable Melvin Neufeld
Chair, House Appropriations Committee
Statehouse, 514-S
Topeka, Kansas 66612

Dear Representative Neufeld:

Thank you for the opportunity to respond to a question raised this morning during the meeting of the House Appropriations Committee.

Question: Please explain why the Department on Aging's State Nutrition Program has a new funding formula and why some areas will not receive the same amount as they have in the past?

Response: Prior to SFY 2003, the state funded In-Home Nutrition Program (IHNP) was administered by the Kansas Department on Aging (KDOA). The Department selected providers and awarded funds based on an application submitted by the provider via a request for proposal issued annually. Award amounts were based on previous year's expenditures and the number of customers served.

In SFY 2003, KDOA consolidated the IHNP and the Older Americans Act (OAA) III C-2 Programs (home delivered meals) at the request of the area agencies on aging (AAAs). At the time of the consolidation of the programs, KDOA and the AAAs agreed for SFY 2003 the Department would institute a hold harmless provision for each provider affected by the consolidation of the programs. This allowed one year for AAAs to transition into the intrastate funding formula. For FFY 2004, the Department and the AAAs agreed that the intrastate funding formula, which has been used to allocate OAA match in the past, would be used to determine the amount of what were formerly IHNP funds to be allocated to the AAAs.

The intrastate funding formula is included in the OAA State Plan, which is approved by the U.S. Administration on Aging. The intrastate funding formula is as follows:

Each AAA shall be allotted an amount based on the ratio of the population age 60 and older, plus two (2) times the low-income population age 60 and older, plus two times the minority population age 60 and older in the AAA.

OR

$$(A + 2B + 2C) / (D + 2E + 2F) = \text{AAA allocation percentage}$$

A = AAA's age 60 and older population

B = AAA's minority age 60 and older pop.

C = AAA's low-income population age 60 and older

D = State's age 60 and older population

E = State's minority age 60 and older population

F = State's low-income population age 60 and older

The low-income population consists of the number of persons with incomes at or below poverty level as established by the Census Bureau.

The Department on Aging is consulting with the U.S. Administration on Aging to determine if the intrastate funding formula can be phased in over three years for that OAA match portion of the line item that was formerly known as IHNP.

Please contact me at 296-6295 if you have additional questions.

Sincerely,



Doug Farmer
Assistant Secretary

DF:chl

c: Janis DeBoer
Alice Knatt
Joyce Smith

The Kansas Department of Transportation

To: Members of the Kansas Legislature
From: Deb Miller, Secretary of Transportation
Subject: Proposed proviso
Date: April 23, 2003



The Kansas Department of Transportation (KDOT) is scheduled in June to let to construction a \$30.6 million project to build a new section of US-75 from its junction with US-36 north to Sabetha. The project, which has been in development since 1995, could be significantly delayed by a proviso added to the Omnibus Bill by the House Appropriations Committee.

The proviso, which is extraordinary in scope, would prevent KDOT from spending any funds in Fiscal Year 2004 unless it constructed an intersection at the improved US-75 and 240th Street in Brown County.

The passage of this proviso would set a terrible precedent by legislatively reversing a traffic engineering decision that was made on the basis of design studies, traffic counts and a lengthy public discussion. Such a decision could force the delay of a project that would dramatically increase the safety and efficiency of US-75 for thousands of people for the sake of a very few.

The overriding goal of the project is to provide safer, more efficient access to Sabetha and points north by constructing a two-lane expressway on four-lane right-of-way. Because traffic studies show that many accidents occur at access points, it is essential to limit the number allowed when building highways designed to carry traffic at higher speeds.

Currently, KDOT is spending hundreds of millions of dollars across the state to improve safety and traffic flow. Limiting access is a primary goal of these projects, including US-59, US-61, US-54, US-69 and US-169.

Limiting access not only promotes safety, it ensures that an improved highway will serve the purpose for which it was designed – to more efficiently carry increased volumes of traffic for 20 to 30 years.

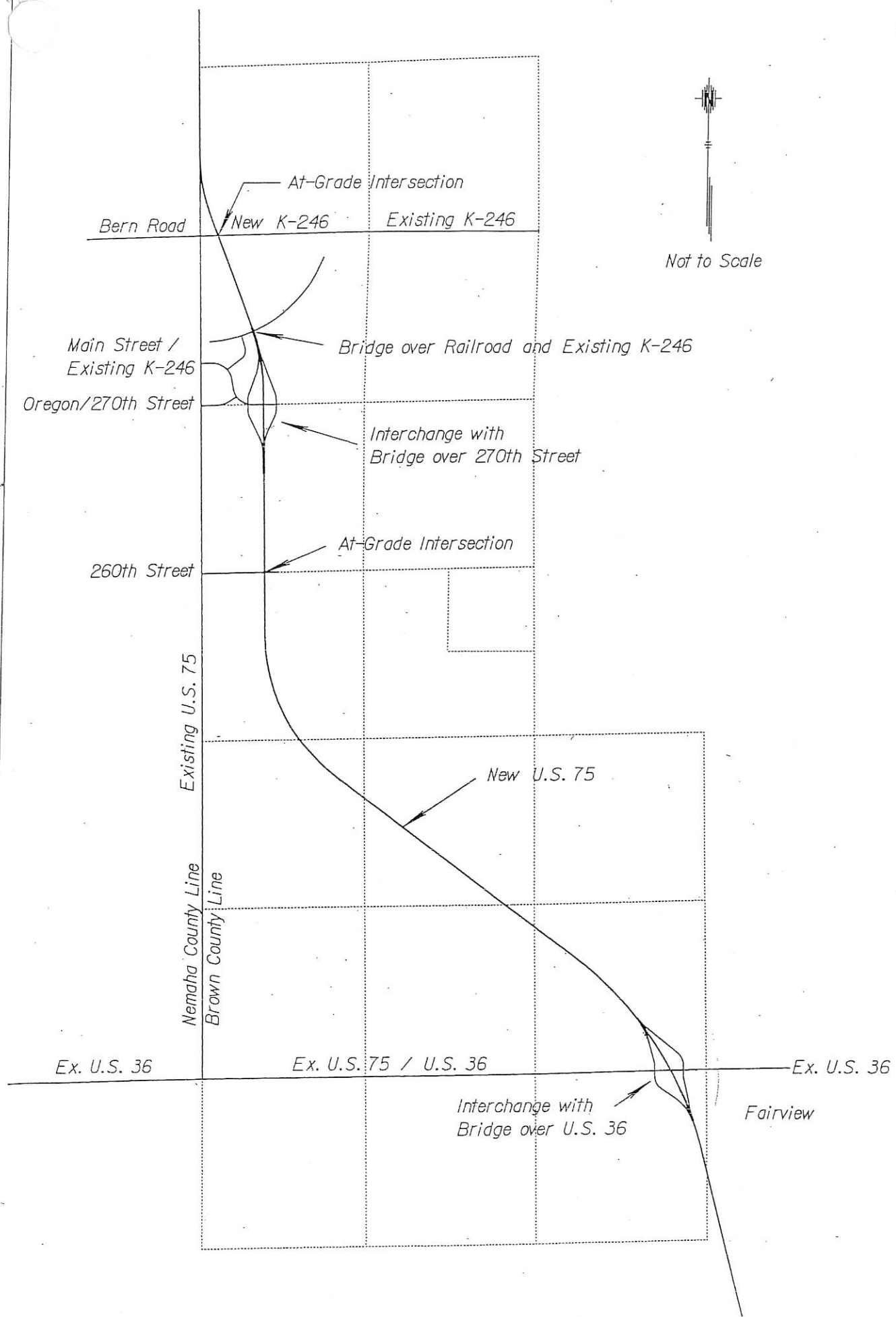
Though recent traffic studies estimate the volume of traffic on 240th Street at only 30 vehicles a day, construction of an intersection is likely to increase development and result in more traffic. Increased development could necessitate the construction of an interchange in the future at a cost of between \$8 million and \$9 million.

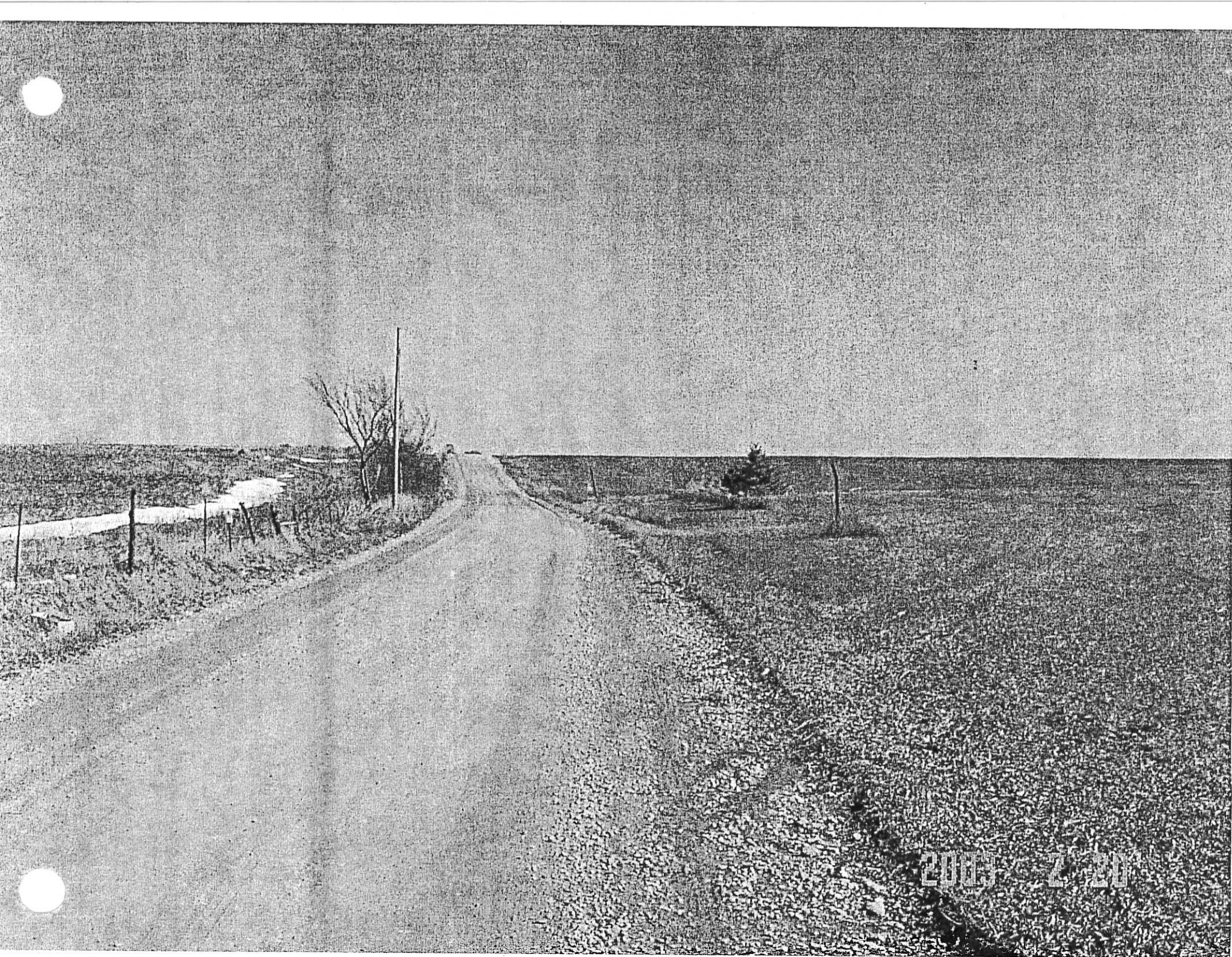
HOUSE APPROPRIATIONS

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ATTACHMENT 23

The Department is strongly opposed to a proviso that would require it to provide access to the improved highway at 240th Street because:

- In addition to causing potential safety problems, interrupting the planned spacing of intersections would reduce the efficiency of a \$30.6 million highway that is designed to standards expected to last 20 years.
- A legislative decision to impose requirements judged unsafe by KDOT engineers would set a bad precedent.
- Any decision to impose additional requirements would significantly delay the project, which is now scheduled to be let to construction in June.
- Building an intersection would increase the likelihood of development, which in turn would increase traffic and potential safety problems.
- KDOT has provided the county with materials to improve internal county roads so that farmers affected by the closing of access roads will continue to have reasonable access to their fields.





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K A N S A S

OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

April 25, 2003

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

and

The Honorable Melvin Neufeld, Chairperson
House Committee on Appropriations
Room 517-S, Statehouse

Dear Senator Morris:

In addition to the budget amendments submitted to you, I offer the item described below as an amendment to my budget recommendations and ask you to consider it favorably for inclusion in the Omnibus Appropriations Bill.

I amend my budget to add \$470,000 from the State General Fund to the Department of Social and Rehabilitation Services for the Funeral Assistance Program in FY 2004. The 2002 Legislature transferred this program to the Department of Health and Environment. The program provides for burial and funeral expenses for persons who are incapacitated and dependent. A one-time transfer of \$470,000 from the State General Fund to the District Coroners Fund in KDHE funded the program in FY 2003. However, SRS continues to be responsible for determining program eligibility. Because the funding was treated as a revenue transfer from the State General Fund, rather than an expenditure, for FY 2003, no funding was included in either agency's budget for FY 2004 expenditures.

Table with 3 columns: Fund Source, FY 2003, FY 2004. Rows include State General Fund, All Other Funds, and All Funds.

Sincerely,

Kathleen Sebelius (handwritten signature)

KATHLEEN SEBELIUS
Governor

HOUSE APPROPRIATIONS

DATE 4-24-2003
ATTACHMENT 24

Capitol, 300 SW 10th Ave., Ste. 212S, Topeka, KS 66612-

Voice 785-296-3232 Fax 785-296-7973 www.ksgovernor.org

HCBS/FE Waiver
Non Self-Directed Rate Reduction

The House Appropriations committee reduced rates for the HCBS/FE waiver non self-directed care to the level of the self-directed care for a savings of \$1,654,953 SGF (\$4,137,380 all funds). The savings were then expended for the following programs:

HCBS/PD waiver waiting lists	\$700,000 SGF, \$1,750,000 all funds
HCBS/DD waiver waiting lists	\$700,000 SGF, \$1,750,000 all funds
HCBS/FE waiver waiting lists	\$254,952 SGF, \$ 637,380 all funds

The approved SGF funding amount for the HCBS/FE waiver in SB 6 is \$21,352,201. This would be reduced by \$1.4 million for the shift of funds to the PD and DD waivers in the Omnibus bill. The funding for the FE waiver waiting lists does not show in the Omnibus bill because it remains in the same fund. Instead, there is an internal policy shift directing the dollars to the FE waiting lists rather than to increased non self-directed care rates.

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ATTACHMENT 25