

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:40 a.m. on February 10, 2003, in Room 123-S of the Capitol.

All members were present except: Senator Paul Feleciano, Jr. - excused

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Audrey Nogle, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Robert Waller, Kansas Legislative Research Department
Michael Corrigan, Assistant Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list

Staff presented an update on the State General Fund (SGF) Receipts, July through January, FY 2003 (Attachment 1). Committee questions and discussion followed.

Chairman Morris mentioned that the full committee would not meet on Tuesday, February 18, 2003, so that time would be available for subcommittees to meet.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2003 and FY 2004 were distributed to the committee.

Subcommittee report on:

Department on Aging (Attachment 2)

Subcommittee Chairwoman Schodorf reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003. She mentioned that the Senior Care Act was cut and in order to meet the allotment in FY 2003 the cut Level of Care scores for eligibility for home care went up on February 1, 2003, to 30 and then will go down for FY 2004 on July 1, 2004 back to Level of Care 26.

Subcommittee Chairwoman Schodorf reported that the Subcommittee concurs with the recommendation of the Governor with adjustments for FY 2004.

Committee questions and discussion followed. Doug Farmer, Department on Aging, responded to a question by Senator Downey regarding specific to the Senior Care Act, and the agency has a waiting list on the Frail Elderly Waiver of about 1,100 individuals. He explained that the agency has been tracking it since April when they put a freeze on services and they have seen about 35 individuals go into nursing homes from that waiting list. From the Senior Care Act, an individual's next step technically would probably be to go on the waiting list for the Home and Community Based Services Program. The impact that has on the State is seen when individuals leave the waiting list for the Home and Community Based Services program and go to the nursing facility where there has been no choice but to pay for it.

Senator Downey requested information regarding the cost of the difference between an individual that the State is paying for under the Senior Care Act and then what is being paid in nursing facility placement. Mr. Farmer explained that what he cannot give for certain is whether or not, if a person left the Senior Care Act,

CONTINUATION SHEET

is one of the 35 people that went into a nursing facility. Mr. Farmer responded that they can give the difference between the two different programs and the cost of not paying those services of the 35 people.

Chairman Morris requested the number of individuals forced to go into nursing care who would not have had to go because of the decrease in funding with the Senior Care Act. Acting Secretary Janice DeBoer responded that regarding the Frail Elderly Waiver they are actually tracking how many seniors, who are waiting for Medicaid services, how many have chosen then to go to nursing homes. She mentioned that the agency can get the information. Ms. DeBoer also noted that the agency used to have a study conducted by Kansas State University and in that study there was an opportunity to ask a Senior Care Act customer if the individual did not receive any services from the Senior Care Act program, what would their option be and some did indicate that they would otherwise choose nursing facilities. She explained that they have that study from several years ago but they have not tracked it any further. Senator Downey asked that the information that the Department on Aging does have regarding the Senior Care Act be compared with the Frail Elderly Waiver data.

Senator Salmans asked about the Senior Companion Program primarily funded by the federal government and that the program would effectively keep people out of nursing facilities up to an average of 18 months where \$25,000 has been put into the program and that amount is now cut. He explained that the program utilizes low income individuals to help the frail elderly and helps keep individuals out of nursing facilities. The program has been in existence over 27 years and he was wondering why the program is not pursued and expanded.

Senator Adkins asked the Department on Aging if there is a legal requirement that the Level of Score be in statute.

Senator Barone requested information regarding the temporary bump-up of Level of Care scores in terms of the human element and how many people are in each category and the anticipated dollar savings for the short period of time and what it would mean for FY 2003.

Chairman Morris mentioned that the Department on Aging is one of a number of budgets where the effects will be seen of having to make these cuts, how they affect the citizens of Kansas and these will be very difficult for the committee to approve.

Senator Schodorf moved, with a second by Senator Jackson, to adopt the subcommittee budget report on the Department on Aging for the FY 2003 and FY 2004 budget. Motion carried on a voice vote. Senator Downey and Senator Barone requested to be recorded as voting "No" on the motion.

The meeting adjourned at 11:40 a.m. The next meeting is scheduled for February 11, 2003.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE February 10, 2003

NAME	REPRESENTING
Mike Kuttly	Ks. Governmental Consulting
Doug Fournon	KIDSA
Julia Thomas	DOR
Sharon Joseph	Ks ADAPT
Kirk Loury	TILRC
Carolyn Mendenhall	Ks St Ns Assn
Craig Kahan	KAAAA
Sheli Sweeney	KPOA
Nancy Pierce	KHCA
Gina McDonald	KACIL
Jessie Torres	KACIL
Lisa Weeks	SRS
Kurt Benner	KDHE

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

Rm. 545N-Statehouse, 300 SW 10th Ave.
Topeka, Kansas 66612-1504
(785) 296-3181 ♦ FAX (785) 296-3824
<http://www.kslegislature.org/klrd>

kslegres@klrd.state.ks.us

February 5, 2003

To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS July through January, FY 2003

This is the third month of experience under the revised estimate of SGF receipts in FY 2003 made by the Consensus Estimating Group On November 5, 2002. The figures in both the "Estimate" and "Actual" columns under FY 2003 on the following table include actual amounts received in July-October. That means that this report deals mainly with the difference between estimated and actual receipts in November through January.

Total receipts through January of FY 2003 were \$6.2 million or 0.3 percent above the estimate (but see the note regarding SGF transfers). The component of SGF receipts from taxes only was \$31.9 million or 1.3 percent below the estimate. Total SGF taxes only at the end of December, were \$25.1 million or 1.2 percent below the estimate.

The only tax that exceeded the estimate by more than \$1.0 million was natural gas severance tax, although oil severance taxes were \$0.7 million below the estimate, for combined severance tax receipts of a positive \$0.7 million. Taxes falling below the estimate by more than \$1.0 million were corporation income (\$17.8 million or 37.9 percent), individual income (\$8.9 million or 0.8 percent), retail sales (\$3.2 million or 0.3 percent), estate (\$3.1 million or 9.9 percent), and compensating use (\$2.3 million or 1.7 percent).

Net transfers out of the SGF were \$34.8 million less than the estimate. The estimate assumed that in January two transfers from the SGF totaling \$31.2 million would be made, one to the Local Ad Valorem Tax Reduction Fund (\$26.2 million) and the other to the Special City-County Highway Fund (\$5.0 million). Because of Governor Graves' allotment or reduction of SGF expenditures in November 2002, these two revenue transfers in January were not made. **The net result of not making these two transfers out of the SGF has a positive impact on total SGF receipts by \$31.2 million.** As a reminder, in December the County-City Revenue Sharing Fund payment of \$16.7 million also was not made because of the allotment process. So, for the two months, net transfers out of the SGF are approximately \$48.0 million less than had been estimated. Interest earnings exceed the estimate by \$1.4 million and agency earnings exceeded the estimate by \$1.9 million.

Total SGF receipts through January of FY 2003 were \$96.7 million or 4.2 percent above FY 2002 for the same period. **Tax receipts only for the same period exceeded FY 2002 by \$82.0 million or 3.5 percent.**

This report excludes the July 1 deposit to the SGF of \$450.0 million pursuant to the issuance of a certificate of indebtedness. This certificate will be discharged prior to the end of the fiscal year.

STATE GENERAL FUND RECEIPTS
July-Jan, FY 2003
(dollar amounts in thousands)

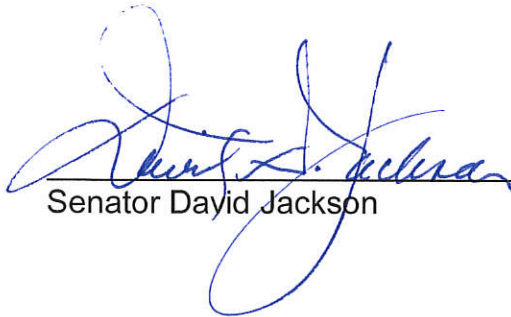
	Actual FY 2002	FY 2003			Percent Increase-- FY 2003 Over	
		Estimate*	Actual	Difference	FY 2002	Estimate
Property Tax:						
Motor Carriers	\$ 11,829	\$ 10,050	\$ 10,945	\$ 895	(7.5) %	8.9 %
Income Taxes:						
Individual	\$ 1,092,957	\$ 1,073,000	\$ 1,064,097	\$ (8,903)	(2.6) %	(0.8) %
Corporation	34,713	47,000	29,197	(17,803)	(15.9)	(37.9)
Financial Inst.	13,392	15,000	14,986	(14)	11.9	(0.1)
Total	\$ 1,141,063	\$ 1,135,000	\$ 1,108,280	\$ (26,720)	(2.9) %	(2.4) %
Estate/Inher Tax	\$ 32,958	\$ 31,500	\$ 28,377	\$ (3,123)	(13.9) %	(9.9) %
Excise Taxes:						
Retail Sales	\$ 876,707	\$ 945,000	\$ 941,761	\$ (3,239)	7.4 %	(0.3) %
Comp. Use	142,395	133,500	131,190	(2,310)	(7.9)	(1.7)
Cigarette	28,470	76,600	77,157	557	171.0	0.7
Tobacco Prod.	2,500	2,650	2,670	20	6.8	0.8
Cereal Malt Bev.	1,420	1,535	1,363	(172)	(4.0)	(11.2)
Liquor Gallonage	8,589	9,075	8,871	(204)	3.3	(2.2)
Liquor Enforce.	19,936	22,400	23,288	888	16.8	4.0
Liquor Dr. Places	3,504	3,975	3,939	(36)	12.4	(0.9)
Corp. Franchise	6,933	9,600	9,695	95	39.8	1.0
Severance	36,693	35,850	36,501	651	(0.5)	1.8
Gas	27,822	26,100	27,473	1,373	(1.3)	5.3
Oil	8,871	9,750	9,027	(723)	1.8	(7.4)
Total	\$ 1,127,148	\$ 1,240,185	\$ 1,236,435	\$ (3,750)	9.7 %	(0.3) %
Other Taxes:						
Insurance Prem.	\$ 25,059	\$ 34,000	\$ 34,216	\$ 216	36.5 %	0.6 %
Miscellaneous	583	1,800	2,357	557	304.3	30.9
Total	\$ 25,642	\$ 35,800	\$ 36,573	\$ 773	42.6 %	2.2 %
Total Taxes	\$ 2,338,639	\$ 2,452,535	\$ 2,420,610	\$ (31,925)	3.5 %	(1.3) %
Other Revenue:						
Interest	\$ 28,096	\$ 11,200	\$ 12,561	\$ 1,361	(55.3) %	12.2 %
Transfers (net)	(112,073)	(117,025)	(82,208)	34,817	(26.6)	29.8
Agency Earnings and Misc.	31,378	29,850	31,793	1,943	1.3	6.5
Total	\$ (52,599)	\$ (75,975)	\$ (37,855)	\$ 38,120	(28.0) %	50.2 %
TOTAL RECEIPTS	\$ 2,286,040	\$ 2,376,560	\$ 2,382,755	\$ 6,195	4.2 %	0.3 %

* Consensus estimate as of November 5, 2002.

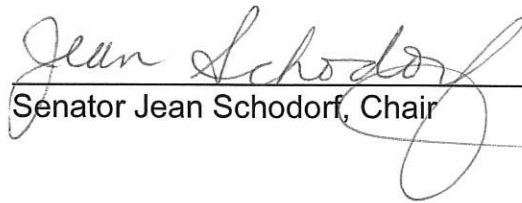
NOTES: Details may not add to totals due to rounding. Excludes \$450 million to SGF due to the July 1, 2002, issuance of a certificate of indebtedness.

Kansas Legislative Research Department
February 5, 2003

**2003 DEPARTMENT ON AGING
SENATE SUBCOMMITTEE**



Senator David Jackson



Senator Jean Schodorf, Chair

Senator Paul Feleciano

Senate Subcommittee Report

Agency: Aging

Bill No.

Bill Sec.

Analyst: Nogle

Analysis Pg. No.

Budget Page No.

Expenditure Summary	Agency FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
All Funds:			
State Operations	\$ 9,579,254	\$ 9,326,763	\$ 0
Aid to Local Units	9,607,671	9,519,121	0
Other Assistance	386,691,677	374,336,037	0
TOTAL	\$ 405,878,602	\$ 393,181,921	\$ 0
State General Funds:			
State Operations	\$ 4,533,518	\$ 4,473,987	\$ 0
Aid to Local Units	2,307,510	2,218,960	0
Other Assistance	138,473,968	133,045,453	0
TOTAL	\$ 145,314,996	\$ 139,738,400	\$ 0
FTE Positions	157.0	157.0	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	161.0	161.0	0.0

Agency Estimate

The agency estimates operating expenditures of \$405.9 million all funds and \$145.3 State General Fund for FY 2003. The estimate is an increase of \$11.8 million (3.0 percent) all funds and \$4.5 million (3.2 percent) State General Fund.

Governor's Recommendation

The Governor recommends operating expenditures of \$393.2 million all funds and \$139.7 million State General Fund for FY 2003. The recommendation is a decrease of \$12.7 million (3.1 percent) all funds and \$5.6 million (3.8 percent) State General Fund from the agency's FY 2003 estimate.

Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Aging **Bill No.** **Bill Sec.**
Analyst: Nogle **Analysis Pg. No.** **Budget Page No.**

<u>Expenditure Summary</u>	<u>Agency FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Subcommittee* Adjustments</u>
All Funds:			
State Operations	\$ 9,484,863	\$ 14,392,534	\$ 0
Aid to Local Units	9,561,518	9,524,518	0
Other Assistance	426,440,925	393,931,093	0
TOTAL	\$ 445,487,306	\$ 417,848,145	\$ 0
State General Funds:			
State Operations	\$ 4,397,024	\$ 4,646,960	\$ 0
Aid to Local Units	2,307,510	2,270,510	0
Other Assistance	173,339,893	156,558,847	0
TOTAL	\$ 180,044,427	\$ 163,476,317	\$ 0
FTE Positions	157.0	157.0	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	161.0	161.0	0.0

* As of 2/10/03, the Subcommittee is still reviewing the Governor's elimination of 30.0 FTE positions from the Quality Review Division of the Quality Assurance Commission and 10.0 FTE positions for the Marketing and Outreach Commission, as well as the addition of 116.0 FTE positions for the shift of the Nursing Facilities Regulation program from Health and Environment to Aging.

Agency Estimate

The agency estimates operating expenditures of \$445.5 million all funds and \$180.0 State General Fund for FY 2003. The estimate is an increase of \$39.6 million (9.8 percent) all funds and \$34.7 million (23.9 percent) State General Fund.

Governor's Recommendation

The Governor recommends operating expenditures of \$417.8 million all funds and \$163.5 million State General Fund for FY 2003. The recommendation is an increase of \$24.7 million (6.3 percent) all funds and \$23.7 million (17.0 percent) State General Fund from the FY 2003 recommendation.

Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. The Subcommittee has deferred decision making on the issue of the positions eliminated from the Quality Review Division of the Quality Assurance Commission (30.0 FTE) and the Marketing and Outreach Commission (10.0 FTE), along with the shift of the Nursing Facilities Regulation program (116.0 FTE) from the Department of Health and Environment to the Department on Aging. The departments will be meeting in the next several weeks to address concerns surrounding the changes, including staff loss and retraining, compatibility of computer systems and software, and other administrative issues. The Department on Aging will report back and address the staffing issues for the subcommittee, which will make a decision at that time.
2. The Subcommittee regretfully concurs with the Governor's reduction of the Senior Care Act in the budget year. The Subcommittee recognized the importance of fully funding the program which provides in home services for Kansas seniors including homemaker and chore services, attendant care services and case management. The program is targeted at persons who are 60 years of age and older, and an income based sliding fee scale is used for co-payment. It allows seniors to remain in their homes longer before entering long term care facilities, thus reducing Medicaid costs.

While the Senior Care Act program generally has a waiting list, the table below indicates the dramatic increase in the waiting list anticipated by the agency with the Governor's reduction of the program:

Senior Care Act			
	<u>2002 Actual</u>	<u>Gov. Rec. FY 2003</u>	<u>Gov. Rec. FY 2004</u>
Funding:			
SGF	\$ 7,865,402	\$ 7,256,678	\$ 6,434,359
Waiting list	256	650	1400

The Subcommittee suggests that further efforts to increase sliding scale fees and pursue further waivers under Secretary Thompson's new initiatives for flexibility would produce additional federal dollars for this program.

3. The Subcommittee expresses concern regarding the lack of information in certain areas that would be valuable to policy makers in the future in the following three areas:
 - a. **Abuse, Neglect, and Exploitation.** There is currently no data collected on the county level regarding the number of older adults who experience abuse, neglect, and/or exploitation. This data would make it possible for policy makers to target areas of service for improvement.

The Subcommittee recommends that the Department of Social and Rehabilitation Services and the Department of Health and Environment work together in the future to develop one data collection instrument to provide this information, recognizing that this data collection effort may be costly.

- b. **Population Projections.** There is no official set of population projections of the older adult population to assist policy makers in planning services and setting public policy.

The Subcommittee recommends that the Division of Budget, in the future, produce and disseminate county population projections for older adult men and women ages 65-79 and 80+, and for the 85-89 and 90+ age groups at the Area Agency on Aging level. The projections should be developed through 2040 and updated every 5 years.

- c. **Difference Between the Number of People Eligible for Services and the Number Needing Services.** Research shows that nursing home care can be prevented or postponed, in some cases, if older adults receive appropriate services in the community. However, county data is not available on the number of adults wanting but not receiving services, due to lack of income, waiting lists, or lack of availability in their area.

The Subcommittee recommends that the Department on Aging, in the future, collect and distribute county data on the number of people who are eligible for and willing to receive services, but are not able to and why if this can be done within existing resources.