

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Stephen Morris at 10:35 a.m. on February 2, 2004, in Room 123-S of the Capitol.

All members were present except:

Senator Christine Downey- excused
Senator David Adkins- excused
Senator Henry Helgeson- excused
Senator Jean Schodorf- excused

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes
Jill Wolters, Senior Assistant, Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Senator John Vratil
Candace Shively, Deputy Secretary, Integrated Service Delivery, Kansas Department of Social and Rehabilitation Services
Kim Strunk, Grandmother
Joe McFarland, President, Kansas Council of Silver Haired Legislators
William Dean, Silver Haired Legislator, Overland Park (written testimony)
Joan Bennett (written testimony)
Leann Hochstetler, Roeland Park, Kansas (written testimony)
Ernest Kutzley, Director of Advocacy, AARP Kansas (written testimony)
Reverend Mack and Johnetta McConnell, Kansas City, Kansas (written testimony)
Barbara Jones Mosley, Wichita, Kansas (written testimony)
Melissa Ness on behalf of Sharon Ringler, St. Francis Academy
Colleen Pederson, DCCCA

Others attending:

See Attached List.

Bill Introduction

Senator Jordan moved, with a second by Senator Jackson, to introduce a bill to address the 3 percent pay plan adjustment in the Governor's budget systemwide. Motion carried on a voice vote.

Chairman Morris referred the following bill to the KPERS Issues Subcommittee:

SB 381--Naming of beneficiaries by members of KPERS

The Chairman opened the public hearing on:

SB 320--Allowing grandparents to serve as foster parents

Staff briefed the committee on the bill.

Chairman Morris welcomed the following conferees that testified on **SB 320**:

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:35 a.m. on February 2, 2004, in Room 123-S of the Capitol.

Senator John Vratil testified in support of **SB 320**, the "Grandparents as Foster Parents Act." (Attachment 1). Senator Vratil explained that the idea of the bill originated with the Kansas Silver Haired Legislature and was adopted at their annual meeting in October of 2003. **SB 320** requires the Secretary of the Kansas Department of Social and Rehabilitation Services (SRS) to establish a grandparents as foster parents program within SRS. The intent of the bill is to provide additional resources for the care and nurturing of foster children in need.

Candace Shively, Deputy Secretary, Integrated Service Delivery, Kansas Department of Social and Rehabilitation Services, discussed **SB 320** (Attachment 2). Ms. Shively mentioned that their understanding is, to qualify for the program, the grandparent must be 50 years of age, have actual custody of the grandchild, an income below 200 percent of the federal poverty level and participate in training exercises. She noted that SRS is unable to determine how many grandparents might be eligible for the Grandparents as Foster Parents Program as data on income level and custody of the child was not available. Senator Kerr requested that SRS run information on income below 100 percent and 150 percent of federal poverty level in addition to the 200 percent identified in the testimony.

Kim Strunk, Altamont, Kansas, grandmother, testified in support of **SB 320** (Attachment 3). Ms. Strunk suggested a possible addendum to the bill to lower the eligibility to lower than 50 years of age which is the age listed in the bill. She mentioned that she became a grandmother at age 38 and they were the primary financial care givers of a grandchild for the first three months of the child's life.

Joe McFarland, President, Kansas Council of Silver Haired Legislators, spoke in support of **SB 320** (Attachment 4). Mr. McFarland explained that the fundamental logic supporting the bill is that instead of funding foster parents to care for these children, the State would be better served to provide support to needy grandparents who meet certain criteria stipulated in the bill.

Written testimony in support of **SB 320** was submitted by:

William A. Dean, Silver Haired Legislator, Overland Park, Kansas (Attachment 5)

Joan Bennett, Retired Social Worker (Attachment 6)

Leann Hochstetler, Roeland Park, Kansas (Attachment 7)

Ernest Kutzley, Director of Advocacy, AARP Kansas (Attachment 8)

Pastor Mack and Johnetta McConnell, Kansas City, Kansas (Attachment 9)

Barbara Jones Mosley, Wichita, Kansas (Attachment 10)

There being no further conferees to come before the committee, the Chairman closed the public hearing on **SB 320**.

Chairman Morris welcomed Melissa Ness, who on behalf of Sharon Ringler, St. Francis Academy, introduced Colleen Pederson, DCCCA. Ms. Pederson presented a briefing on the Family Preservation Collaborative. Copies of the Effectiveness of Family Preservation Services in Preventing Foster Care Placements in Kansas (Attachment 11) and Serving Families: Family Preservation (Attachment 12) were distributed.

J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department, briefed the committee on the staff summary of the Governor's Budget Recommendations. Copies of the Overview of the Fiscal Year 2005, Governor's Budget Report (Attachment 13) were distributed to the committee. The committee discussed the State Employee Healthcare Benefits in regard to insurance rate increases, State Workforce Adjustments in regard to the Department of Administration, Larned State Hospital and Regents Systemwide (page 10 of the report). Chairman Morris mentioned that the State Employee Healthcare Benefits group will be invited to a future meeting regarding state employee health care insurance. Due to time restraints, Mr. Scott will continue the staff summary of the Governor's Budget Recommendations at a future meeting.

The meeting adjourned at 12:00 p.m. The next meeting is scheduled for February 3, 2004.

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

DATE February 2, 2004

NAME	REPRESENTING
Sen. John Kratil	Dist. #11
Jim Snyder	Silver Haired Legies
Joe McFarland	SILVER HAIRER LEGIS
Kyle Koble	SRS
Emily Ohry	SRS
Janece Masters	SRS
Beth Evans	SRS
Kari Strunk	Grandparents
Andy Sanchez	KAPE
ERIC Sexton	WSU
Katlynn Porter	Syndicated Branch
Bruce Beale	DCCA
Thomas Bull	DCCA
Colleen Pederson	DCCA
Dustin Hardison	Little Gov't Relations
ROBERT CHAPMAN	KDOT
Lane Wright	Aging
Kathy Suesler	Aging
Ernest Kutzler	AARP KS
Bruce Lusher	Children's Alliance
Melissa Ness	Family Preservation Collaborative
Jan Josseland	University of Kansas

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE Feb 2, 2004

NAME	REPRESENTING
Mike Huttles	Ks. Gov't. Consulting
Koro Menly	HEIN LAW FIRM



Vice President
Kansas Senate

SENATE BILL 320
GRANDPARENTS AS FOSTER PARENTS ACT

I appear today in support of Senate Bill 320 which is the "Grandparents as Foster Parents Act." The idea of this bill originated with the Kansas Silver Haired Legislature and was adopted at their annual meeting in October, 2003. Generally speaking, the bill would make it easier for grandparents to act in the role of foster parents in providing parental services to needy children.

Senate Bill 320 requires the Secretary of Social and Rehabilitation Services to establish a grandparents as foster parents program within SRS. The program would be administered in a manner so as to recognize that:

1. Raising a grandchild differs from when grandparents raised their own children;
2. Caring for a grandchild often places additional financial, social, and psychological strain on grandparents with fixed incomes;
3. Different parenting skills are necessary in raising a grandchild and many grandparents do not process such skills, are not aware of how to obtain such skills, and cannot afford access to services necessary to obtain such skills;
4. Grandparents, like non-relative foster parents, need a support structure, including counseling, respite care, transportation assistance, and child care;
5. The level of care provided by grandparents does not differ from non-relative foster care, but reimbursement for such care is substantially less for grandparents;

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2-2-04
Attachment 1

6. Grandparents are often unaware of medical and other assistance which they may be able to receive to support grandchildren placed in their care.

In order to be eligible for the program, a grandparent must be 50 years of age or older, must have actual custody of a grandchild, must have an annual household income of less than 200 percent of the federal poverty level, and must participate in training providing by SRS. Subject to appropriations, the Secretary of SRS would be required to provide reimbursement for grandparents acting as foster parents in an amount not less than 75 percent of the current foster care payment service provider's schedule. Annually, grandparents acting as foster parents would be required to submit to SRS a sworn statement that the child is living with the grandparent and receiving support from the grandparent. A parent of any child receiving assistance through the program would remain liable for supporting the child as required by law. SRS would be required to establish foster parent training, including parenting skills, for grandparents acting as foster parents. It would also provide childhood immunizations and health screening for the children.

The intent of this bill is to provide additional resources for the care and nurturing of foster children in need. In many communities, grandparents are an untapped resource for the foster children program. Grandparents are willing to care for their grandchildren but, many times, are not aware of how the system works and how they can obtain assistance and training from SRS. The "Grandparents as Foster Parents Program" is intended to combine the untapped resource of grandparents with the training and resources of SRS to enhance our state foster care program. I urge your support of Senate Bill 320.



Kansas Department of

Social and Rehabilitation Services

Janet Schalansky, Secretary
For additional information contact:

Senate Ways and Means
February 2, 2004

Senate Bill 320
Foster Grandparents

Integrated Service Delivery
Candy Shively, Deputy Secretary

Public and Governmental Services
Tanya Dorf, Director of Legislative Affairs

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Attachment 2

Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary

Senate Ways and Means
February 2, 2004

Senate Bill 320
Foster Grandparents

Senator Morris and members of the committee, I am Candy Shively, Deputy Secretary with SRS. Thank you for the opportunity to appear today to discuss Senate Bill 320. Senate Bill 320 establishes the Grandparents as Foster Parents Program within the Department of Social and Rehabilitation Services.

SRS currently provides services to foster care children who are in the custody of the Secretary and placed with a relative. These relative caretakers can become licensed foster parents and be eligible to receive the full foster care payment, or opt to receive Temporary Assistance for Families (TAF) benefits and not meet foster care licensing and training requirements. The department also provides medical assistance to approximately 3,200 other children in 2,100 cases who are cared for by a relative who may or may not have legal custody, but are not in the state's foster care system. SRS estimates 90 percent of all relative caretakers are grandparents.

Under this legislation, foster grandparents would receive a minimum reimbursement of 75 percent of the current foster care payment until the child reaches age 18, or 21 if the child continues in school. In addition to the foster care reimbursement, the bill authorizes the customary support services such as respite care, child care, and transportation assistance. The bill also directs the department to establish requirements for the grandparents, such as foster parent training and parenting skills.

Our understanding is that to qualify for the program, the grandparent must be 50 years of age, have actual custody of the grandchild, an income below 200 percent of the federal poverty level, and participate in training requirements. The grandparent having actual custody of the child does not necessarily mean the child would be in the state's foster care system. In the absence of a grandparent, the bill allows a close relative to participate in the program.

SRS estimates grandparents caring for 935 children in 584 cases, who currently are choosing the TAF benefit would meet eligibility requirements and choose the Grandparents as Foster Parents program instead of TAF. It is also estimated 10 percent of cases (210) receiving medical assistance with children not in the state's foster care system, would be eligible to participate in the new Grand Parents as Foster Parents program within three years.

The fiscal impact below does not include costs associated with additional staff resources likely to be needed to serve the projected increase of 600 cases. It also does not include costs for cases that may be eligible that are unknown to SRS. The most recent census noted 17,873 grandparents in Kansas who were responsible for their grandchildren. We are unable to determine how many of these grandparents might be eligible for the Grandparents as Foster Parents Program as data on income level and custody of the child was not available.

Fiscal Impact				
		FY 2005	FY 2006	FY 2007
Estimated current cases eligible for this program	\$	3,779,120	\$4,034,000	\$4,304,888
Estimated new cases eligible for this program		\$676,504	\$1,372,096	\$2,099,840
System Modifications		\$89,100	0	0
All Funds		\$4,544,724	\$5,406,096	\$6,404,728
SGF		\$4,544,724	\$5,406,096	\$6,404,728

The Grandparents as Foster Parents Program is ineligible for federal Title IV E funding which requires the child to be in the legal custody of the state and to be cared for in a licensed foster care home. This new program may be an appropriate expenditure for the federal Temporary Assistance for Needy Funds (TANF), however all TANF funds are currently allocated to other programs.

The willingness of grandparents to assume responsibility for their grand children is to be commended. Their sacrifices on behalf of these children allows more children to be raised by family and not by strangers.

Thank you for the opportunity to present; I would be happy to stand for questions.

Poverty Guidelines

<u>Selected SRS Services</u>	Percent of 2002 Federal Poverty Level	Annual Income Guidelines for 1-5 Member Households				
		<u>HH1</u>	<u>HH2</u>	<u>HH3</u>	<u>HH4</u>	<u>HH5</u>
TAF and GA-Cash & Medical	32 %	\$2,853	\$3,844	\$4,836	\$5,828	\$6,819
Elderly/Disabled Persons on SSI-Medical	72 %	6,372	8,587	10,802	13,017	15,232
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Children Age 6-18-Medicaid/Waivers	100%	8,860	11,940	15,020	18,100	21,180
	105%	9,303	12,537	15,771	19,005	22,239
	110%	9,746	13,134	16,522	19,910	23,298
	115%	10,189	13,731	17,273	20,815	24,357
	120%	10,632	14,328	18,024	21,720	25,416
	125%	11,075	14,925	18,775	22,625	26,475
Food Assistance/ Energy Assistance	130%	11,518	15,522	19,526	23,530	27,534
Children Age 1-5-Medicaid	133%	11,784	15,880	19,977	24,073	28,169
	135%	11,961	16,119	20,277	24,435	28,593
	140%	12,404	16,716	21,028	25,340	29,652
	145%	12,847	17,313	21,779	26,245	30,711
	150%	13,290	17,910	22,530	27,150	31,770
Pregnant Women & Infants-Medicaid	155%	13,733	18,507	23,281	28,055	32,829
	160%	14,176	19,104	24,032	28,960	33,888
	165%	14,619	19,701	24,783	29,865	34,947
	170%	15,062	20,298	25,534	30,770	36,006
	175%	15,505	20,895	26,285	31,675	37,065
	180%	15,948	21,492	27,036	32,580	38,124
Child Care Subsidy	185%	16,391	22,089	27,787	33,485	39,183
	190%	16,834	22,686	28,538	34,390	40,242
	195%	17,277	23,283	29,289	35,295	41,301
Children's Health Insurance Program	200%	17,720	23,880	30,040	36,200	42,360

Information contained in this chart is intended to be general and is subject to change.
For specific eligibility requirements, please check with your Area SRS Office.



Mr. Chairperson, Members of the Committee, my name is Kim Strunk and I have four grandchildren ranging from the age of 7 to 3 months old. At this time I have my 22 month and 3 month old granddaughters living us. Their mother is in the picture at this time but with the way things are going with her mental health diagnosis, I don't look for her to always be there. At this time Kaci, my daughter receives minimal assistance from the state and no child support. My husband and I are the nurturing and financial support in their lives. Our youngest granddaughter was born with Craniostenosis, she has no soft spots, and may require surgery within the next 3 months, to create one. Now they say that they believe that she also has a hearing impairment. We have already made 2 trips to KU Medical Center in Kansas City and anticipate several more. Luckily I am able to take off from my job and take her to her appointments. My husband would not be able to without losing a day of work and pay. These trips are costly and very time consuming. I do not want to be paid to be a "Grandmother", I am looking to the future, in the event that I become responsible for all of the care, nurturing, and financial support of the girls. I will need to get some financial assistance to help support them. I still have two children of my own at home who are in high school and I am deeply concerned, with the financial burden that we are facing with the granddaughters that I will not be able to prepare for a future for my own two children. My husband and I were just starting to see a light at the end of the "child rearing" tunnel and now we are facing the fact that we may be raising more children. Sometimes we think that light might be a train.

Senate Ways and Means
2-2-04
Attachment 3

I am asking you to support SB 320 with a possible addendum to Sec 2 line 1, that grandparents identified as eligible are 50 years of age or older. I became a Grandmother on my 38th birthday and we were the primary financial caregivers in her life for the first 3 months. I know many others who are also young grandparents. Age should not be a factor in the Grandparents as Foster Parents Act.

Thank You and I appreciate the opportunity to become before you today.

Kim Strunk
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February 2, 2004

To: Members of the Senate Ways and Means Committee:

Mr. Chairman, members of the Committee. My name is Joe McFarland and I am the President of the Kansas Council of Silver Haired Legislators. I am a resident of Shawnee County and pleased to appear on behalf of the my organization today in support of SB 320. In essence the bill is very simple, it proposes to assist needy grandparents in Kansas who, through no fault of their own, have found themselves in a position of having to raise their grandchildren. Currently, foster parents caring for children are reimbursed by the State, but grandparents are not. The fundamental logic supporting this bill is that instead of funding foster parents to care for these children, the State would be better served to provide support to needy grandparents who meet certain criteria stipulated in Section 2. of this bill.

Why are grandparents acting as parents?

Most of the reasons grandparents resume parenting roles revolve around problems related to the child's parent generally as a result of death, divorce, substance abuse, child abuse and/or neglect, abandonment, teenage pregnancy, unemployment, incarceration and mental health problems. All result in a great deal of responsibility for the grandparent who takes on the task.

What are the statistics?

Grandparents raising their grandchildren are nothing new; however, since 1980 there have been dramatic increases in the number of children living with and being cared for by their grandparents. Nationally, in 1980, 2.3 million children under 18 were living in a grandparent(s)' home. By 1996, 4 million were living in that situation. Over one-third of these were being raised solely by their grandparents, without the presence of either parent. Based on 1996 Census data, 46 % of these families are maintained exclusively by grandmothers with 6% being solely maintained by grandfathers. Grandparents parenting their grandchildren transcend all socioeconomic groups, geographic areas and ethnicities. However, these families are more likely to be poor and located in or near cities. In Kansas, according to the 2000 Census, 17,873 grandparent households are currently in a position of having to assume some level of responsibility for their grandchildren.

Who are grandparent caregivers?

Grandparent caregivers can generally be divided into three categories. It should be noted that this bill focuses only on "custodial grandparents."

Custodial grandparents – Grandparents who have legal custody of their grandchildren and provide daily care and decision making for them. Neither biological parent is present.

Senate Ways and Means
2-2-04
Attachment 4

"Living with" grandparents – Grandparents who do not have legal custody of their grandchildren though they may provide daily care for them. The child's parent may or may not live in the home.

"Day care" grandparents – These grandparents function closest to the societal definition of "grandparent." Their focus is primarily on helping the child's parent. The children return home at the end of the day.

Why should assistance be provided?

Taking on a parental role has its effect upon any individual's lifestyle and his or her relationships with family and friends. Grandparents who raise their grandchildren are continuing their parenting role when the preference, once their own children are grown, is normally to relinquish it. Many grandparents in this situation suffer from economic difficulties. Because many elderly people are already living on a low income, taking on the care of a grandchild may put their economic future in jeopardy. Some grandparents are forced to make job-related sacrifices while others, who were comfortably retired, quickly deplete their funds when they take on the responsibility of their grandchild. Yet in Kansas grandparents are denied benefits provided to foster parents based on their blood relation to the child, even though they may be in just as much need. This, in effect, penalizes them for their willingness to care for their grandchildren.

What parameters and assistance are proposed?

Sections 2 and 4 of the proposed legislation stipulate that only grandparents who are of specified age; who have actual custody of their grandchild; who have an annual income of less than 200% of the poverty level (\$717/mo.); and who have completed a foster parent training program and have thereby been screened by the secretary of social rehabilitation services shall be eligible. Grandparents who qualify would be reimbursed at a rate not less than 75% of the current foster care payment (\$18-20/day on average). This, in effect, is a proposal that would seemingly provide better care at a lower cost.

We urge your support! Thank you for your attention. I would be happy to answer any questions of which I have knowledge.

Joe McFarland, President
Silver Haired Legislative Council

Grandparents as Caregivers

	Grandparents in households with one or more grandchildren under 18	Grandparent responsible for grandchild	Less than 1 years old	1 to 2 years old	3 to 4 years old	5 years or more	Grandparent not responsible for grandchild
Statewide	35,274	17,873	4,663	4,836	2,701	5,673	17,401
Allen	240	125	45	33	24	23	115
Anderson	96	24	3	9	9	3	72
Atchison	139	84	13	47	-	24	55
Barber	35	18	4	6	3	5	17
Barton	226	131	14	51	26	40	95
Bourbon	201	77	9	62	-	6	124
Brown	120	50	31	-	-	19	70
Butler	918	515	145	130	54	186	403
Chase	42	26	9	3	3	11	16
Chautauqua	44	35	11	9	9	6	9
Cherokee	429	244	57	18	62	107	185
Cheyenne	30	20	4	-	6	10	10
Clark	21	15	2	7	-	6	6
Clay	29	18	2	10	6	-	11
Cloud	65	47	9	-	4	34	18
Coffey	73	36	21	12	-	3	37
Comanche	6	6	-	6	-	-	-
Cowley	421	216	62	35	26	93	205
Crawford	456	221	51	61	12	97	235
Decatur	18	10	-	-	10	-	8
Dickinson	221	118	43	44	3	28	103
Doniphan	134	58	16	6	12	24	79
Douglas	672	319	101	67	22	129	353
Edwards	16	13	-	4	3	6	3
Elk	41	31	3	14	-	14	10
Ellis	191	90	45	7	30	8	101
Ellsworth	46	6	-	3	3	-	40
Finney	866	400	127	145	36	92	466
Ford	507	211	72	78	24	37	296
Franklin	309	178	49	59	14	56	131
Geary	427	169	21	23	23	102	258
Gove	14	9	3	-	3	3	5
Graham	8	8	-	4	-	4	-
Grant	103	77	-	18	53	6	26
Gray	62	30	5	7	5	13	32
Greeley	9	8	4	4	-	-	1
Greenwood	83	56	20	15	-	21	27
Hamilton	16	3	3	-	-	-	13
Harper	76	62	28	28	2	4	14
Harvey	379	203	97	33	17	56	176
Haskell	45	22	3	1	7	11	23
Hodgeman	15	9	-	-	-	9	6
Jackson	199	79	26	18	14	21	120
Jefferson	324	222	68	39	65	50	102
Jewell	31	18	6	-	4	8	13
Johnson	3,831	1,443	490	274	286	393	2,388
Kearny	67	29	2	14	6	7	38
Kingman	66	31	12	-	8	11	35
Kiowa	23	22	7	3	1	11	1
Labette	205	119	27	29	10	53	86
Lane	24	14	3	4	-	7	10
Leavenworth	1,069	571	89	185	74	223	498

US Census Bureau
SF-3 data

Table "QT-P18: Marital Status by Sex, Unmarried-Partner Households, and Grandparents as Caregivers : 2000"

Grandparents as Caregivers

	Grandparents in households with one or more grandchildren under 18	Grandparent responsible for grandchild	Less than 1 years old	1 to 2 years old	3 to 4 years old	5 years or more	Grandparent not responsible for grandchild
Lincoln	26	21	8	-	-	13	5
Linn	134	93	32	33	10	18	41
Logan	15	12	5	-	4	3	3
Lyon	455	229	34	138	26	31	226
McPherson	215	85	34	43	5	3	130
Marion	86	45	11	25	3	6	41
Marshall	103	68	1	32	-	35	35
Meade	55	36	8	13	9	6	19
Miami	385	167	-	92	15	60	218
Mitchell	16	-	-	-	-	-	16
Montgomery	515	296	44	64	49	139	219
Morris	37	18	6	6	-	6	19
Morton	34	13	-	7	1	5	21
Nemaha	78	35	3	9	12	11	43
Neosho	156	108	53	4	18	33	48
Ness	18	18	9	4	-	5	-
Norton	36	20	2	5	-	13	16
Osage	239	143	39	36	27	41	96
Osborne	30	22	2	7	5	8	8
Ottawa	95	55	25	21	9	-	40
Pawnee	43	22	-	8	-	14	21
Phillips	36	11	-	4	5	2	25
Pottawatomie	175	92	23	24	24	21	83
Pratt	82	18	-	8	8	2	64
Rawlins	8	8	3	3	2	-	-
Reno	786	501	121	176	87	117	285
Republic	23	7	4	-	3	-	16
Rice	126	71	1	1	50	19	55
Riley	453	201	90	41	28	42	252
Rooks	30	18	5	-	2	11	12
Rush	12	5	5	-	-	-	7
Russell	61	41	7	34	-	-	20
Saline	542	368	120	77	77	94	174
Scott	28	-	-	-	-	-	28
Sedgwick	7,543	4,066	1,070	1,135	591	1,270	3,477
Seward	489	203	93	48	16	46	286
Shawnee	2,622	1,351	278	389	236	448	1,271
Sheridan	15	11	7	-	-	4	4
Sherman	60	29	-	-	9	20	31
Smith	17	7	-	7	-	-	10
Stafford	22	13	-	8	3	2	9
Stanton	44	13	-	3	2	8	31
Stevens	82	36	2	5	2	27	46
Sumner	403	222	66	67	44	45	181
Thomas	18	3	-	3	-	-	15
Trego	11	11	6	5	-	-	-
Wabaunsee	99	63	16	22	-	25	36
Wallace	16	10	2	-	-	8	6
Washington	48	27	13	4	4	6	21
Wichita	22	8	5	-	3	-	14
Wilson	110	69	10	21	-	38	41
Woodson	43	37	8	1	9	19	6
Wyandotte	4,789	2,301	530	578	324	869	2,488

William A. Dean

Silver Haired Legislator
 District 4, Johnson County
 Re: KS SB 320

8304 Council Street
 Overland Park, KS 66212-4419
 Phone & Fax: 913-648-3205

Feb. 2, 2004

Many grandparents like me, have raised our children and watched our children raise the grandchildren. Across the country, more than 6 million children, approximately 1 in 12 children - are living in households headed by grandparents or other relatives. Kansas in 2002 (State Fact Sheet) lists nearly 38,000 children living in households headed by grandparents or other relatives. In many of these households, grandparents are the primary care givers ("kinship care givers") for children whose parents cannot or will not care for them due to substance abuse, illness and death, abuse and neglect, economic hardship, incarceration, divorce, domestic violence and other family and community crises.

In Kansas, public and private agencies and grassroots coalitions of grandparents and other relative care givers have begun working together to expand the services available to kinship care givers who are caring for children outside the foster care system

When grandparents take on the task of raising grandchildren, I believe different parenting skills are needed. Kansas has over 36,000 households where grandparents are acting as both Father & Mother for their grand children. Few of these 36,000 will be as lucky as we are, especially those with a limited or fixed income. They will experience many social, financial and psychological problems.

Location	Grandparents Households with one or more own Grandchildren under 18	Grandparents responsible for meeting the basic needs of Grandchildren
United States	5,771,671	2,426,730
Kansas	35,274	17,873
Wichita City	5,949	3,303
Overland Park	1,174	369
Kansas City, KS	4,643	2,210
Topeka City	1,888	931

(*This data from U.S. Census Bureau of 2000, Table DP-2)

SB 320 will allow grandparents whose annual income is less than 200% of the federal poverty level, to receive help from SRS such as, learning parenting skills all over again. They will need to know what help is available and how to secure this help. Items, which grandparents never thought about include, respite care, financial help, counseling for grandparents and grandchildren, child care, transportation, medical care, and the many problems / events which seem to arise out of the blue.

It's oftentimes a daunting problem for grandparents, especially those on limited / fixed income, many with severe health problems.

I urge you to enact WB 320 which will help many of the 36,000+ households headed by grandparents in Kansas cope with raising their grandchildren.
 I'll be pleased to respond to any questions you may have.

wad: 2/2/04: code: SB 320

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Subj: **Fwd: Testimony on SB 320 Joan Bennet via Irv**
Date: 2/1/04 3:51:23 PM Central Standard Time
From: council94@everestkc.net
To: Rsnyder409@aol.com

How's the weather? Irv

Begin forwarded message:

- > From: joan324@webtv.net (+Joan Bennett)
- > Date: Sun Feb 1, 2004 8:55:38 AM US/Central
- > To: marys@senate.state.ks.us
- > Cc: council94@everestkc.net
- > Subject: Testimony on SB 320
- >
- > I am not a "caretaking grandparent" but stand ready to be one
- > without thinking twice, should the need arise. If any of my eight
- > incredibly wonderful grandchildren were unable to receive adequate
- > care, for any reason, from their parents, there is no question that I
- > would make myself available to step in and provide that care, along
- > with love, nurturing, and some sense of family stability.
- >
- > As a retired Social Worker, I support myself on Social Security
- > augmented with earnings from a very low-wage part-time job. This is
- > adequate for me but would necessitate some serious stretching to
- > accomodate one or two others. So far their parents are doing a fine
- > job
- > of raising my grandchildren . . . but I know that this could change,
- > suddenly and without warning, at any time.
- >
- > For most grandparents, returning to the parental role was never in
- > their retirement plans. Actually, not all caregiving grandparents are
- > retired. Many are still employed and rely on their employment income
- > to meet daily needs, while they plan and dream for eventual retirement.
- >
- > Some of the reasons that cause grandparents to assume the parental
- > role are:
- > Death of parents
- > Incarceration of parents
- > Unemployment of parents
- > Substance abuse by parents
- > Teen pregnancy
- > Family violence
- > HIV/AIDS
- >
- > The scope of the problem, according to a 2002 Focus Communications
- > report, was first nationally acknowledged in 1995 when the White House
- > Conference on Aging made grandparents raising grandchildren one of its
- > top priorities. A Census Bureau report released last year indicated
- > that at some point one in ten grandparents will find themselves raising

Sunday, February 01, 2004 America Online: RSnyder409

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- > a grandchild for at least six months; the typical period is, however,
- > much longer, possibly five years or more.
- >
- > Grandparent caregivers are prone to psychological and emotional
- > strain as well as feelings of helplessness and isolation. According to
- > the Senior Citizens League, grandparent caregivers are 60% more likely
- > to live in poverty than grandparents not raising children.
- >
- > The results of a survey conducted by the Family Caregiver Alliance
- > showed that at least half the participants were employed outside the
- > home and experienced work disruption and decreased productivity due to
- > their new parental role. Grandparents not only have to pay the
- > expenses
- > of one or more additional persons in the home, but also must provide
- > for
- > legal fees, counseling, and health care.
- >
- > According to the Kansas Elder Law Network in 1997, the estimated
- > value
- > of Kansas grandparent caregiver services totalled over \$1.8 billion
- > dollars and approximately 248,000 caregivers provided over 230 million
- > hours of assistance. Nationally kinship caregivers save the nation
- > approximately \$45–94 billion per year in services that would otherwise
- > come from taxpayer funded sources.
- >
- > Of course this is not why grandparents accept the late-life
- > responsibility of grandchild care, not to save government money, which
- > is a beneficial unintended consequence of family love and nurturing.
- >

From: Mary Shaw
To: Mary Shaw
Date: 2/1/04 8:41PM
Subject: Re: Grandparents Raising Their Grandchildren

>>> chucknleann 02/01/04 20:39 >>>

All Concerned:

My husband and I have raised our five-year old granddaughter since she was eighteen months old.. There are many adjustments to be made when a child comes unexpectedly into a home with people who are in their fifties, people who thought their time and finances were their own to consider. There are many grandparents older than us who are raising one or more grandchildren. Our granddaughter came to us as a result of drug abuse by both parents; she had actually been abandoned by her father months before. She is one of five siblings, each with a different father, and her mother right now is only raising her two-year old brother. We love her dearly and because of some cash assistance from the State of Kansas we can afford to pay for her preschool, gymnastics and dance. Shoes, food toys and clothing now have to be provided for a little person. Baby sitters area both hard to find and expensive so my husband and I have little time just for us. We are some of the more fortunate.

I am a grandparent mobilizer; my job is to facilitate a support group for grandparents raising their grandchildren and to publicize information about the help that is available for those in this situation. Some of the people I've met include a 68-year old grandmother who raises four grandchildren, two of whom have special needs, ADHD, high cholesterol, kidney stones, etc. Their father is an abusive alcoholic and their mother is mentally unstable. The grandmother tries to provide activities in sports, scouting, etc. which cost a lot of money. School lunches alone are \$50.00 a month. Another grandmother is 59 years old, single and on disability. She has been raising her granddaughter (now 5 years old) for two years. One couple is raising two small girls and has had them since birth. They had to give up a business to be home with these children.

There are many more stories of grandparents who chose to raise their grandchildren rather than put them in foster care or place them up for adoption, making that same great sacrifice. There should be resources readily available to meet the financial and emotional needs of these courageous families.

Thank you,

Leann Hochstetler
3600 W 47th Place
Roeland Park, Kansas
66205

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February 2, 2004

Good morning Chairman Morris and Members of the Senate Ways and Means Committee. My name is Ernest Kutzley and I am the Director of Advocacy for AARP Kansas. AARP Kansas represents the views of our more than 350,000 members in the state of Kansas. Thank you for this opportunity to express our support and comments for SB320.

Grandparents play an increasingly important role in family well being, especially in poor and working-poor families. The number of grandparents and other relatives raising grandchildren has increased rapidly over the past decade. During that 10-year period there was an increase of 43.4 percent or an additional 8,781 children living with grandparents bringing the year 2000 total to 29,026. Kansas now ranks #16 in the states when ranked by the percentage increase from 1990 to 2000 for children living in grandparent-headed households.

Nationally, 65% of grandparents who serve as caregivers to their grandchildren are between the ages of 45 and 64 and 17% are 65 or older. Almost half of the grandparents providing day-to-day care for their grandchildren have done so for three years or more. This is not a temporary situation, but rather creates a stable family structure.

Grandparent caregivers face a myriad of challenges in nearly all aspects of their lives when they assume the role of parent. They are prone to psychological and emotional strain as well as feelings of helplessness and isolation. Many grandparents raising grandchildren face financial difficulties, too. In fact, researchers have reported that grandparent caregivers are 60% more likely to live in poverty than are grandparents not raising grandchildren and often neglect their own physical and emotional health because they give priority to the needs of their grandchildren. Often the grandchildren in their care have unmet physical, emotional, and developmental needs that require special assistance.

Historically, Aid to Families with Dependent Children (AFDC) offered the largest single source of cash assistance for grandparents and other caregiving relatives raising grandchildren. Depending on how states implement the Temporary Assistance for Needy Families (TANF) program, which replaced AFDC, grandparents and other caregiving relatives may find it more difficult to obtain cash assistance for the children in their care. Unlike foster parents, who receive cash support from states to help defray the cost of raising a child, grandparents and other relatives who serve as caregivers receive little or no financial aid.

Therefore, AARP believes that:

Public benefit programs should maximize the support given to grandparent headed families. State policies and regulations should be enacted that encourage grandparents and other caregiver relatives to keep families intact and provide for children in their care.

Over

555 S. Kansas Avenue, Suite 201 | Topeka, KS 66603 | 785-232-4070 | 785-232-8259 fax
Jim Parkel, President | William D. Novelli, Executive Director and CEO | www.aarp.org

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States should enact legislation to eliminate the disparity between benefits paid to grandparents and other caregiving relatives and benefits paid to foster parents.

Therefore AARP supports language in SB320 that establishes grandparents as foster parents program within the Department of Social and Rehabilitation Services.

Thank you for your consideration in this matter.

Ernest Kutzley
AARP Kansas

Monday 2nd February, 2004

To: Secretary of The Kansas Senate
Ways And Means Committee

From: Johnetta M. McConnell
2930 N. 64th Terrace
Kansas City, Kansas 66104

Re: **Senate Bill 320**
Attention: Mary Shaw

As Multi-Generational Caregivers, *I am in favor of passing Senate Bill 320.* This will allow great-grandparents, grandparents and other relatives in caregiving status, the Rights to provide adequate and sufficient care to minors under their guardianship.

We seek to obtain funding to assist with the necessary needs to provide quality care to our love ones in our care.

Such as: Health Care Opportunities, Educational Opportunities and other Daily Living Care Necessities without being penalized, due to bureaucratic guidelines. Some examples of these are:

- enormous legal fees while on a fixed income
- we do not qualify for Day Care options
- before and after school care has been interrupted
- we don't qualify for any clothing vouchers or other means along these lines

Our rights have been severed along the way.

Recently, we endured a major life-style changing experience. My husband and I, as caregivers, at the ages of 65 and 60 respectfully, had to purchase a new home in order to provide adequate living space as our family increased.

Thank You for my testimony via this letter.

Respectfully Submitted:

Pastor Mack and Johnetta M. McConnell

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I ask your support of **Senate Bill No. 320**

I am Barbara Jones Mosley, mother of three and grandmother of two children who had the misfortune to be taken into foster care.

As you might gather, I'm also a baby boomer, a by-product of the 60's. My experiences' as a single parent in the late 60's, early 70's with SRS was, in retrospect' that of working with an institution firmly rooted in keeping families together. Social workers in my experiences during that time sought diligently to be a resource toward meeting families' needs as a springboard to **families'** independence; **ultimately** lessening the State's burden.

My experiences in 2002, however, seemed intentionally oppositional to **family preservation**.

I made the contact to the caseworker of record, expressed my concerns and informed her of my limited living space: **a one bedroom home, with basement, garage, and fenced yard; living space** not acceptable by the standards I'd been taught in MAPP Class (Model Approach Partnership in Parenting).

Even though, I **had** enough separate beds, I had not separate rooms. On the day I was awarded custody, I made several applications for acceptable housing plus applied for subsidized housing, since Vocational Rehab's income guidelines qualified us as eligible. I was shocked to be informed that to give up everything and go to a shelter would expedite **this process for adequate housing. This too, deserves serious re-evaluation, as many, many families have taken this path in seeking to better meet their housing needs. This is another issue, indeed.**

Due to my **lone** inability to provide immediate alternate housing, my grandchildren were taken into foster care. They were separated from each other due to the foster placement of each child being in two other counties. Therefore the most accessible communication between them and I required long distance calls which were restricted due to the expense; and restrictions on them receiving calls because it was "disruptive" for the foster parents. They were **made to endure** three different placements **and the difficult experiences those homes during** the four months it took for me, **alone**, to acquire housing and furnishings that met the State's requirements.

All this money expense, several thousand dollars to the State, and **"other expense" to the children and myself** could've been saved and/or

Better used by us had there been support to keep these children with family. It's been two years now, but the scars of their experience remains. They'd take walks to the park **in order to call me.** They learned how to have the operator leave a message on my telephone when they'd call **and I missed their call.** I doubt I, **also, will ever** forget the anxiety in their voices as they called as frequently as possible asking if I'd found a house yet; **and them crying** when I'd been declined by yet another realtor.

That multiple bedroom housing is expensive in Wichita was added burden to the many demands by SRS; and **no** suggestions, directions, or **any assistance by SRS** felt greatly punitive. From the first of our ordeal, I called SRS, thinking they were a helpful resource. **Instead, for the 17 months of their "involvement",** I felt under attack as though my family, my first grandchildren would be lost to the system as I was also informed of the timeline to acquire housing **and that the children's ages** would put them in category for adoption!

Your support of this bill would allow the much needed resources required by many grandparents to keep their grandchildren home. **The income guidelines would allow the life/living needs to be met of the most vulnerable ones: children who find themselves compromised through no fault of their own.** Is it not trauma enough that their very foundation, their world, as they've **known** it has been eroded when they're removed from the home, for whatever reason. Then to be thrust into a strange, unknown **setting** detached from all familiar faces.

From all the research I've read, children's ability to trust, attach,

grandparents as foster parents.txt

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senses of security are ill affected as they're swept away for reasons they're unable to comprehend.

The "front-end" intervention that is Senate Bill No. 320, strengthens Kansas families now and for the future resulting in less money needed for foster care and for the consequences, the fall-out of not more fully supporting family preservation.

For the sake of the long-term mental health and well-being of the too many children now in foster care and primarily due to the poverty of the grandparents' and resultant inability to meet SRS's mandates for the children to remain in the home, again I ask your support of Senate Bill No. 320.

Effectiveness of Family Preservation Services in Preventing Foster Care Placements in Kansas

*Prepared by the Family Preservation Collaborative
January 2004*

GRI Research conducted a statistical analysis of FY02 Family Preservation data to determine if the services reduce foster care in Kansas. The study concluded that children of families who engage in Family Preservation enter foster care at a rate of nearly half that of families who refuse the service. Without Family Preservation an estimated 537 additional children would have entered foster care in FY02.

The Family Preservation Collaborative is a group Family Preservation providers and interested parties who work cooperatively with SRS staff to review and improve Family Preservation Services in Kansas. One of the goals of the Collaborative is to determine the extent to which Family Preservation Services (FPS) in Kansas prevent placement of children in foster care and thus save the State costs for out-of-home placements. The Collaborative engaged the services of GRI Research, a Lawrence-based firm specializing in survey research, database design and statistical analysis.

SRS and the FPS contractors shared a number of data files with GRI Research. The firm in turn cleaned and matched those files to compare the rate of entry into foster care of children from families who refuse Family Preservation to children from similar families who accept and engage in FPS. The results are as follows—

- During FY 02, families with a total of 2,398 children were recommended to participate in Family Preservation, but refused. Within one year, 386 of these children entered foster care.
- During FY02, families with a total of 7,143 children were recommended to participate in FPS, and subsequently engaged in the program services. Within one year, 613 of these children entered foster care.

The data results support our belief that Family Preservation reduces the likelihood that a child will enter foster care. Based on this data, Family Preservation reduced the likelihood by nearly half. Without FPS, an estimated 537 additional children would have entered foster care in Kansas in FY 02 at an annual cost estimated between \$18,000,000 and \$29,000,000, depending on their length of stay. The cost of FPS in FY 02 was approximately \$10,500,000, which reflects a savings in foster care costs of between \$1.75 and \$2.80 for every dollar invested by the State.

These estimates are based on data collected by SRS and the contractors, and reflect the Collaborative's best effort to assign a dollar value to Family Preservation Services in Kansas. However, the impact of preserving Kansas families should be measured by more than just dollars saved. Family Preservation serves the best interests of children by helping them to remain safely with their birth families rather than being removed from their homes.

Future efforts of the Family Preservation Collaborative can focus on targeting families most likely to enter foster care and developing alternative approaches for engaging families who refuse to participate in services.

For more information, contact Melissa Ness at 785-554-8864 or mlness@cox.net or Dan Hermes at 785-221-7419 or hermes4@mindspring.com.

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Explanation of How to Derive the Figures Cited

GRI Research used SRS and contractor data to derive the following answers for three basic questions. Data is drawn from all families completing the Kansas Initiative for Decision Support (KIDS) assessment and recommended for Family Preservation Services (FPS) between July 1, 2001 and June 30, 2002. The methodology for deriving the answers was reviewed by SRS staff.

1. What percentage of children, whose families were **offered Family Preservation but refused**, ended up in foster care within one year?

Of 2,398 children from families who refused FPS, 386 children were referred to foster care within 12 months. This means that 16.1% of the children from families who refused FPS were placed in foster care within one year.

2. What percentage of children, whose families were **referred to FPS and engaged**, ended up in foster care within one year of referral to FPS?

Of the 7,143 children whose families engaged in FPS, 613 children were referred to foster care within one year of referral to FPS. This means that 8.6% of the children from families who engaged in FPS were placed in foster care within one year.

3. What percentage of children, whose families were **referred to FPS but did not engage**, ended up in foster care within one year of referral to FPS?

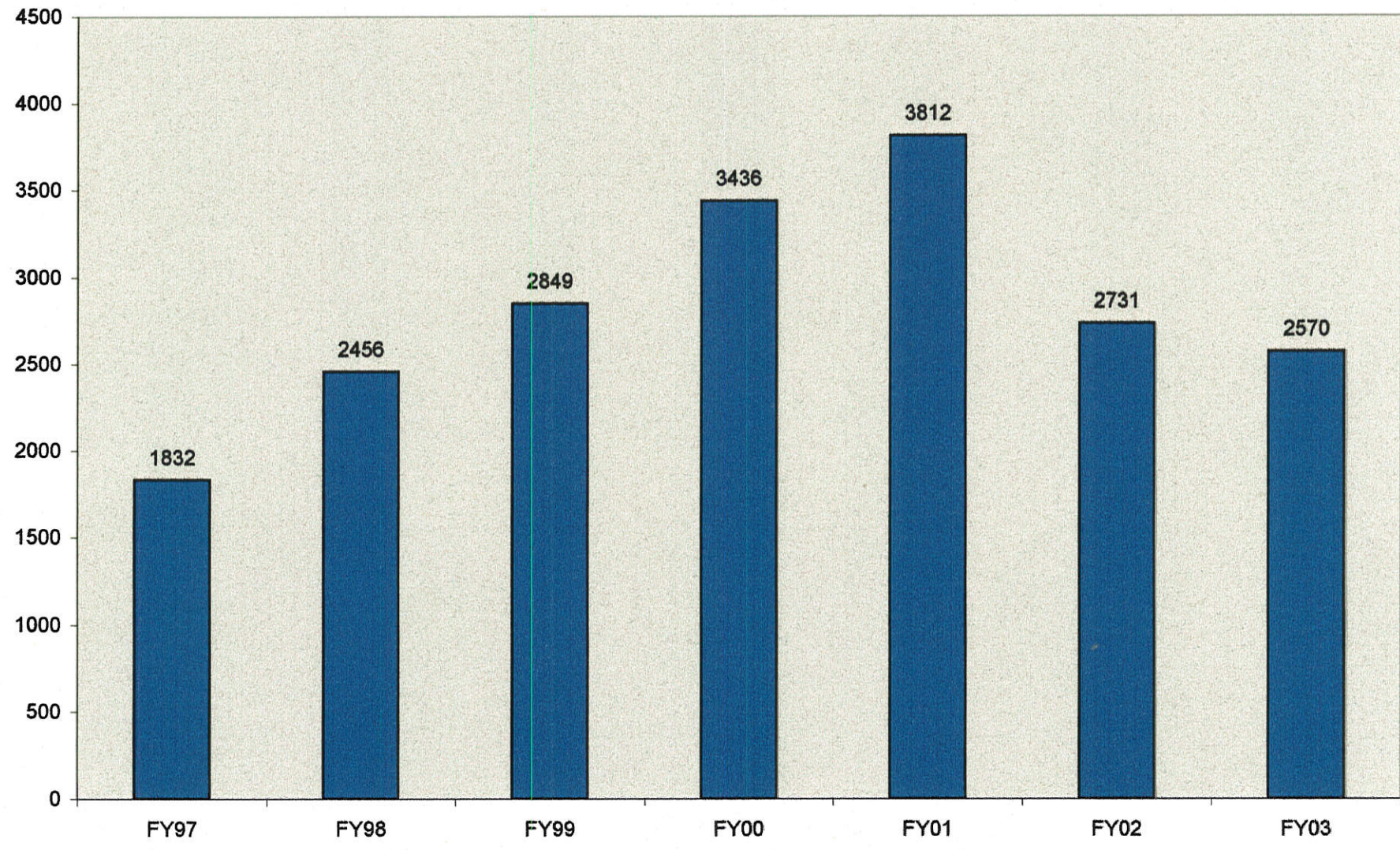
Approximately five percent of all families who volunteer to participate in FPS fail to engage in the service within three weeks of referral. Of 277 children from families who failed to engage, 46 children were referred to foster care within one year of referral to FPS. This means that 16.6% of children from families who failed to engage in FPS were placed in foster care within one year.

To determine that 537 additional children would have entered foster care in FY 02 without FPS, multiply 16.1% (the percentage of refusers who end up in foster care) by the 7,143 children who engaged in FPS during FY 02 (1150), and subtract the number who were placed in foster care within one year of FPS (613).

To determine the annual cost of 537 additional children entering foster care, multiply 537 by two different formulas for length of foster care stay. Using 13.8 months, which is the average length of stay of children who are reintegrated, one can calculate a cost of \$18,526,500 (537 children x 13.8 months x \$2500/month). Using 22.1 months, which is the average length of stay of *all* children placed in foster care, one can calculate a cost of \$29,669,250 (537 children x 22.1 months x \$2500/month). The cost of \$2500 per month for foster care is a rounding off of current cost data provided by SRS.

To determine the dollar investment savings to the State, for the lower end calculate a ratio of 10.5 million (cost of FPS) to 18.5 million (lower end cost of foster care). For the higher end of the estimate, calculate a ratio of 10.5 million to 29.7 million.

History of Family Preservation Referrals



Each year thousands of Kansas children are abused or neglected by adults in their lives. Thousands more display out of control behaviors such as truancy, substance abuse, arson, sexual perpetration and running away from home. In FY03 SRS received 40,966 child in need of care reports. **Family Preservation Services are often the answer to ensuring children stay safe at home with their families.** The underlying philosophy of family preservation is that most parents can learn how to better care for their children, and can keep their children safe when appropriate supports and services are available to them.

All Family Preservation Services have the following elements in common:

- Small caseloads allow frequent contact with the family.
- Most services are provided during visits to the family's home.
- Services address all family members and focus on child safety.
- Staff members provide family support in addition to therapeutic interventions.
- Service frequency and intensity is based on assessed need, not availability of appointments.
- Each family may use up to \$500 in flexible funds to ensure child safety or permanency.
- Coordination and referral to community services is vital to maintain family stability.

TARGET POPULATION

Based on actual experience and supporting data, families that are *most successful* with Family Preservation are those in which children can be kept safe while the caretakers make necessary changes. Families that are *unlikely to succeed* with family preservation are those who show little motivation to change behavior or are unable to change, or another child has been lost through termination of parental rights.

SRS refers families to Family Preservation Services when:

1. SRS receives a report of abuse or neglect, or a family contacts SRS for help with a child.
2. SRS then determines that the child is at risk of removal because of abuse and neglect.
3. SRS determines that the child is safe in the home as long as support services are available.
4. Families voluntarily agree to participate in Family Preservation Services.

FAMILY PRESERVATION OUTCOMES

Since 1996, SRS has contracted with private providers for all Family Preservation Services. Every month SRS assesses the performance of the contractors and measures two fundamental outcomes:

- Child safety in the home
- Prevention of placement in foster care

Contractor progress to date on these two outcomes exceeds SRS standards:

- 93.2% of families engaged in the program a year ago have had no substantiated incidents of abuse or neglect.
- 90.8% of families engaged in the program a year ago remain intact today with no child removed from the home.

FUNDING AND EFFECTIVENESS OF FAMILY PRESERVATION

In FY03 Family Preservation Services assisted 6,321 Kansas children and their families. While Family Preservation Services cost approximately \$3,800 for up to a year of assistance for *each family*, foster care costs more than \$26,000 for *each child* each year. Most families have more than one child and although there has been improvement in uniting families, many children stay in the foster care system for more than a year.

State financing for family preservation services was reduced by \$2.8 million in the FY '03 allotment process. In an effort to prevent overspending, "caps" were set at the local levels. Consequently, families previously eligible are not receiving the services they need that could prevent a crisis resulting in more state intervention and more state dollars. An additional \$3 M is necessary to restore service to all eligible families in 2005 according to SRS estimates. ~ Over~

Does Family Preservation Reduce Foster Care Costs?

At the request of the Family Preservation Collaborative, GRI research an independent research firm specializing in survey research, database design and statistical analysis reviewed 2002 family preservation data. The data results are consistent with and do not contradict our belief that family preservation reduces the likelihood that a child will enter foster care within a year.

The bottom line: *Children of families who actively engaged in Family Preservation services entered the foster care system at a lower rate than children of families who refused family preservation services.* In 2002, in families who refused services, 16.1% of the children entered foster care within a year, compared to 8.6% of the children in families who were engaged in Family Preservation. In addition, families who agreed to Family Preservation services who did not actively engage in those services, had children who entered the system at approximately the same pace as those whose families refused services. This data demonstrates that participation in family preservation reduced the likelihood of a child entering the system by nearly 50%. In our most recent study of 2002 families, without family preservation services, an estimated 537 children would have entered the foster care system in 2002 at a cost to the state of between \$18,000,000 to \$29,000,000 depending on their length of stay.

Governor's Budget Recommendation for FY 2005

The Governor has recommended \$10.0 million in FY 2005 for family preservation services. This reflects the same amount that is budgeted in FY 2004 and does not recommend restoration of the cuts that were made in FY 2003 during the allotment process.

The Family Preservation Collaborative requests for FY 2005 restoration of the reductions made during the allotment process, requiring an additional \$3.0 million. The Collaborative believes that restoring the dramatic reductions that were made through the allotment process should be a high priority of the state related to children and family programs. This commitment is justified given the proven success that the program has had in successfully maintaining children in the home and out of state custody.

For more information on Family Preservation Services

<http://www.srskansas.org/services/familypreservation>

Brief, general background information

<http://www.srskansas.org/fingertipfacts.pdf>

SRS Fingertip Facts publication: Specific detail including service statistics costs. Page 13

Current Service Providers

(Through 6/30/05)

DCCCA, Inc. – Region 1,2,3, & 5

www.dcca.org

St. Francis Academy – Region 4

www.st-francis.org

The Family Preservation Collaborative was established in December of 2002 for the purpose of exchanging information and sharing ideas to improve the current family preservation delivery and service system. Service partners St. Francis Academy, Inc. and DCCCA, Inc. work closely with SRS in these efforts. For more information on the work of the Collaborative, contact Melissa Ness at mlness@cox.net.

Overview of the Fiscal Year 2005

Governor's Budget Report

Kansas Legislative Research Department
300 S.W. Tenth Avenue—Room 545-N
Topeka, Kansas 66612-1504
Phone: (785) 296-3181 FAX: (785) 296-3824
kslegres@klrd.state.ks.us
<http://www.kslegislature.org/klrd>

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OVERVIEW OF THE FISCAL YEAR 2005 GOVERNOR'S BUDGET REPORT

In this Budget Overview, various summaries of state expenditures and the plan for their financing are reviewed. The summary data were obtained from *The FY 2005 Governor's Budget Report*. The Legislative Research Department utilizes the classification of expenditures by function of government so as to coincide with the Division of the Budget and the Division of Accounts and Reports. The Department has made some changes in the classification of expenditures in order to be consistent with its prior reports to the Legislature.

The summary data in this overview compare actual expenditures for FY 2003, the Governor's revised estimates for FY 2004, and the Governor's recommendations for FY 2005.

SUMMARY OF CHANGES TO ESTIMATED FY 2004 EXPENDITURES

Based on actions of the 2003 Legislature, it was estimated by the Research Department that FY 2004 expenditures from **all funds** would total \$10.218 billion. The *Governor's Budget Report* revises the all funds FY 2004 budget to \$10.211 billion, a **reduction of \$7.2 million** below the earlier estimate. Major differences from the session-end estimates and the current Governor's recommendation include:

- An increase of \$170.2 million in the budget of the **Kansas Department of Human Resources**, largely reflecting increased unemployment benefits.
- A net reduction of \$124.2 million in the budget of the **Department of Education**, primarily related to the Governor's decision to trigger property tax accelerator provisions authorized by the 2003 Legislature (\$163.1 million), partially offset by increased school finance adjustments (\$22.7 million).

At the close of the 2003 Session, FY 2004 expenditures from the **State General Fund** were estimated to be \$4.533 billion. The *Governor's Budget Report* revises the FY 2004 State General Fund budget to \$4.332 billion, a **reduction of \$200.7 million from the earlier estimate**. Recommended adjustments to the approved State General Fund budget include:

- A net State General Fund reduction of \$159.6 million in the budget of the **Department of Education**, primarily related to the Governor's decision to trigger property tax accelerator provisions authorized by the 2003 Legislature (\$163.1 million), partially offset by increased school finance adjustments (\$8.7 million).
- A net State General Fund decrease of \$34.0 million in the budget of the **Department of Social and Rehabilitation Services**, largely to reflect savings related to the Federal Medicaid Assistance Percentage (FMAP) funding in the current year. The net change to the Department's budget from all funding sources is an increase of \$6.5 million.

The following tabulation summarizes the changes to FY 2004 expenditures by major category.

	Millions	
	General Fund	All Funds
Original FY 2004 Expenditure Estimates	\$ 4,533.0	\$ 10,218.0
Revisions:		
State Operations	7.7	95.2
Aid to Local Units	(164.0)	(135.0)
Other Assistance	(46.3)	244.5
Capital Improvements	1.9	(211.9)
Total Revisions	<u>\$ (200.7)</u>	<u>\$ (7.2)</u>
Revised FY 2004 Exp. Estimates	<u>\$ 4,332.3</u>	<u>\$ 10,210.8</u>

TOTAL STATE EXPENDITURES FOR FY 2005

Summary of Expenditures from All Funds

The Governor's recommendation for FY 2005 state expenditures from all funds totals \$10.182 billion, a reduction of \$28.6 million (0.3 percent) from the Governor's revised recommendation for FY 2004 of \$10.211 billion. Actual FY 2003 expenditures from all funding sources were \$10.082 billion.

Expenditures by Major Purpose

State Operations. *Actual agency operating costs for salaries and wages, contractual services, commodities and capital outlay.*

The Governor's FY 2005 recommendation for state operations increases by \$70.1 million or 2.4 percent above the revised FY 2004 amount. The largest increases are in the budgets of the Board of Regents and its institutions (\$14.3 million), the Department of Transportation (\$12.4 million), the Department of Social and Rehabilitation Services (\$11.6 million), and the Department of Corrections and the correctional facilities (\$6.2 million) and are primarily related to the Governor's recommended 3.0 percent pay plan increase.

Aid to Local Units. *Aid payments to counties, cities, school districts, state employee, and other local government entities. May be from state or federal funds.*

Aid to local units increases by \$140.1 million or 4.4 percent in FY 2005. Recommended increases in the budgets of the Department of Education (\$158.2 million, primarily for general and supplemental school aid, and for the employers contribution for Kansas Public Employees Retirement System-School costs), and the Board of Regents (\$5.7 million, primarily for funding associated with the Higher Education Coordination Act) are partially offset by reductions in the Department of Transportation (\$13.3 million, mostly in special city and county aid), and the Adjutant General (\$9.1 million, largely related to reduced disaster aid expenditures in FY 2005).

Other Assistance, Grants, and Benefits. *Payments made to or on behalf of individuals as aid, including public assistance benefits, unemployment benefits, and tuition grants.*

Other assistance increases \$108.3 million or 3.4 percent above the revised FY 2004 amount. Major increases include \$147.5 million in the Department of Social and Rehabilitation Services and \$9.6 million in the Department on Aging budget (caseload increases). The increases are partially offset by a reduction of \$46.0 million, largely for unemployment insurance benefit payments, in the budget of the Department of Human Resources.

Capital Improvements. *Cash or debt service payments for projects involving new construction, remodeling and additions, rehabilitation and repair, razing, and the principal portion of debt service for a capital expense.*

Capital improvements are recommended to decrease by \$347.1 million or 38.0 percent from the FY 2004 level. Included are decreases in construction expenditures for the Department of Transportation (\$332.1 million, largely reflecting increased use of bond proceeds to finance projects), and \$11.4 million in Department of Wildlife and Parks' projects.

EXPENDITURES FROM ALL FUNDS BY MAJOR PURPOSE

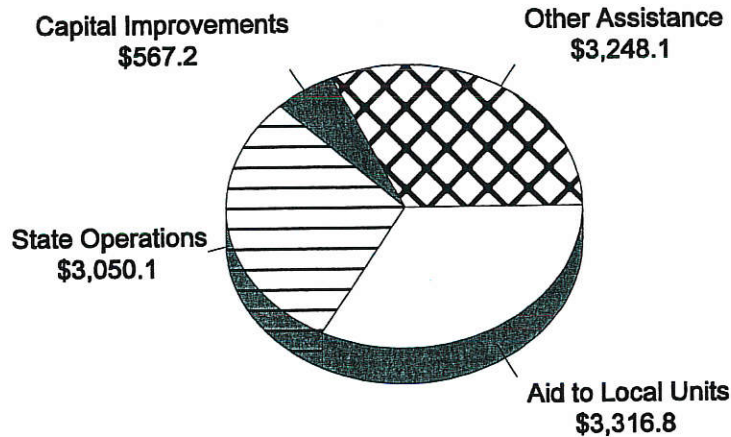
(Millions of Dollars)

Purpose	Actual FY 03	Rec. FY 04	Change		Rec. FY 05	Change	
			\$	%		\$	%
State Operations	\$ 2,874.8	\$ 2,980.0	\$ 105.2	3.7%	\$ 3,050.1	\$ 70.1	2.4%
Aid to Local Units	3,079.6	3,176.7	97.1	3.2	3,316.8	140.1	4.4
Other Assistance	3,118.3	3,139.8	21.5	0.7	3,248.1	108.3	3.4
Total Operating	\$ 9,072.7	\$ 9,296.5	\$ 223.8	2.5%	\$ 9,615.0	\$ 318.5	3.4%
Capital Improvements	1,009.3	914.3	(95.0)	(9.4)	567.2	(347.1)	(38.0)
TOTAL	\$ 10,082.0	\$ 10,210.8	\$ 128.8	1.3%	\$10,182.2	\$ (28.6)	(0.3)%

Of the total budget recommendation for FY 2005, 30.0 percent is for state operations, 32.6 percent is for state aid to local units of government, 31.9 percent is for other assistance, grants, and benefits, and 5.6 percent is for capital improvements. The following pie chart displays the major categories of all funds expenditures in FY 2005.

**FY 2005 EXPENDITURES FROM ALL FUNDS
BY MAJOR PURPOSE**

(Millions of Dollars)



Total: \$10,182.2

Expenditures by Function of Government

The following table summarizes expenditures from all funds by function of government. Functions of government reflect the six classifications into which similar agencies are grouped that share similar basic purposes of state government. The functions include: General Government; Human Resources; Education; Public Safety; Agriculture and Natural Resources; and Transportation. The education function is by far the largest component with 45.1 percent of the total. The three largest functions of government—education, human resources, and transportation—comprise 88.1 percent of the recommended expenditures for FY 2005.

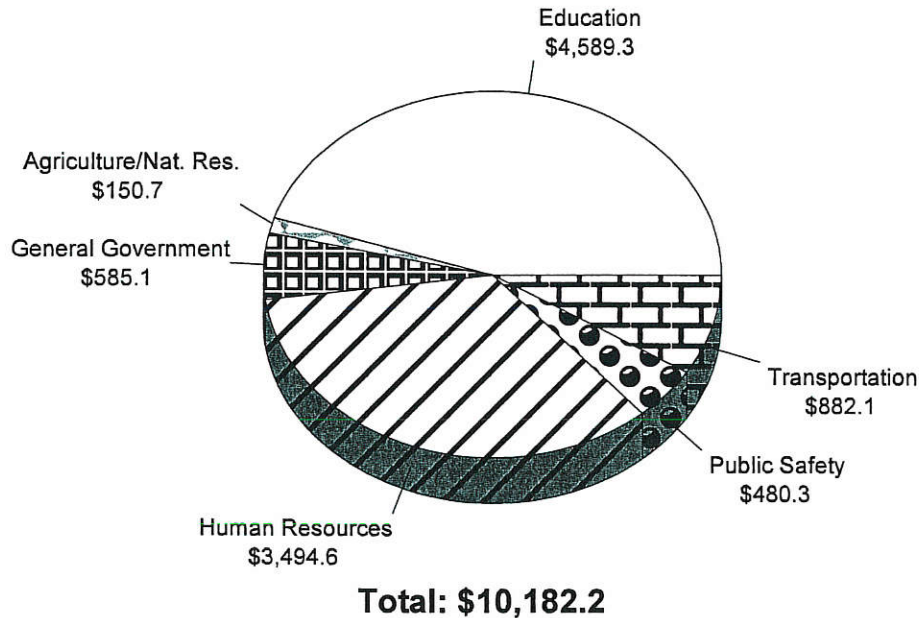
EXPENDITURES FROM ALL FUNDS BY FUNCTION OF GOVERNMENT

(Millions of Dollars)

Function	Actual FY 03	Rec. FY 04	Change		Rec. FY 05	Change	
			\$	%		\$	%
General Government	\$ 638.6	\$ 571.5	\$ (67.1)	(10.5)%	\$ 585.1	\$ 13.6	2.4%
Human Resources	3,278.7	3,369.8	91.1	2.8	3,494.6	124.8	3.7
Education	4,277.8	4,415.3	137.5	3.2	4,589.3	174.0	3.9
Public Safety	445.1	476.2	31.1	7.0	480.3	4.1	0.9
Agriculture & Nat. Res.	146.5	162.1	15.6	10.6	150.7	(11.4)	(7.0)
Transportation	1,295.3	1,215.9	(79.4)	(6.1)	882.1	(333.8)	(27.5)
TOTAL	\$ 10,082.0	\$ 10,210.8	\$ 128.8	1.3%	\$ 10,182.2	\$ (28.7)	(0.3)%

**SUMMARY OF EXPENDITURES FROM ALL FUNDS
BY FUNCTION OF GOVERNMENT**

(Millions of Dollars)



Summary Plan for Financing

Total state expenditures are financed by the resources contained in approximately 1,300 distinct funds. The following tabulation summarizes total state expenditures. The tabulation separates the plan for financing into operating purposes and capital improvements. The State General Fund operating amount shown in the table for FY 2005 is based on current resources of the Fund. The net increase in State General Fund operating expenditures from FY 2004 to FY 2005 is \$281.1 million or 6.5 percent. The Governor's recommendations do, however, include both positive and negative adjustments for individual agencies.

**SUMMARY OF THE PLAN FOR FINANCING STATE EXPENDITURES
(Millions of Dollars)**

	Actual	Gov. Rec.	Change		Gov. Rec.	Change	
	FY 03	FY 04	\$	%	FY 05	\$	%
Operating Expenditures:							
State General Fund	\$ 4,123.8	\$ 4,318.8	\$ 195.0	4.7%	\$ 4,599.9	\$ 281.1	6.5%
All Other Funds	4,948.9	4,977.7	28.8	0.6	5,015.1	37.4	0.8
Total Operating	\$ 9,072.7	\$ 9,296.5	\$ 223.8	2.5%	\$ 9,615.0	\$ 318.5	3.4%
Capital Improvements:							
State General Fund	\$ 13.7	\$ 13.5	\$ (0.2)	(1.5)%	\$ 14.8	\$ 1.3	9.6%
All Other Funds	995.6	900.8	(94.8)	(9.5)	552.4	(348.4)	(38.7)
Total Capital Imprv.	\$ 1,009.3	\$ 914.3	\$ (95.0)	(9.4)%	\$ 567.2	\$(347.1)	(38.0)%
TOTAL Expenditures	\$ 10,082.0	\$ 10,210.8	\$ 128.8	1.3%	\$ 10,182.2	\$(28.6)	(0.3)%

The State General Fund, to which most state tax receipts are credited, is the predominant source of financing for state expenditures. The State General Fund finances 42.4 percent of estimated FY 2004 expenditures. In FY 2005, the State General Fund finances 45.3 percent of the recommended expenditures.

Schedule 7 in *The Governor's Budget Report* (Volume 1) summarizes actual and estimated receipts of federal funds. Estimated FY 2004 receipts are \$2.719 billion, a reduction of \$278.2 million or 9.3 percent from the FY 2003 actual receipts. The FY 2005 estimate of \$2.700 billion is \$19.1 million or 0.7 percent below the FY 2004 estimated receipts. Three agencies -- the Department of Social and Rehabilitation Services, the Department of Education, and the Department of Transportation -- account for 73.8 percent of FY 2005 estimated federal receipts.

Federal receipts for fiscal years 2004 and 2005 are dependent on future actions of the federal government. Past experience indicates that the final outcome of those actions will not be known prior to adjournment of the 2004 Legislature.

Expenditures for State Operations

Expenditures for state operations, *i.e.*, for purposes other than local aid, other assistance, and capital improvements, comprise 30.0 percent of total recommended expenditures for FY 2005. The tabulation below divides state operations expenditures into four major components: salaries and wages; contractual services (communications, rent, travel); commodities (food, supplies, stationery); and capital outlay (equipment and furniture, not building and highway construction projects).

SUMMARY OF EXPENDITURES FROM ALL FUNDS STATE OPERATIONS BY MAJOR COMPONENT

(Millions of Dollars)

Function	Actual FY 03	Rec. FY 04	Change		Rec. FY 05	Change	
			\$	%		\$	%
Salaries and Wages	\$ 1,861.0	\$ 1,869.3	\$ 8.3	0.4%	\$ 1,971.4	\$ 102.1	5.5%
Contractual Services	692.9	766.2	73.3	10.6	745.5	(20.7)	(2.7)
Commodities	143.5	164.9	21.4	14.9	151.9	(13.0)	(7.9)
Capital Outlay	98.7	92.4	(6.3)	(6.4)	74.1	(18.3)	(19.8)
Debt Service	78.7	87.0	8.3	10.5	102.0	15.0	17.2
Statewide Adjustments	0.0	0.2	0.2	0.0	5.2	5.0	2,500.0
TOTAL	\$ 2,874.8	\$ 2,980.0	\$ 105.2	3.7%	\$ 3,050.1	\$ 70.1	2.4%

Salaries and wages expenditures, including fringe benefits, comprise almost two-thirds of the state operations budget for FY 2005 (64.6 percent) and represent a \$102.1 million or 5.5 percent increase from the FY 2004 estimate.

Salaries and wages policy recommendations incorporated into the proposed FY 2005 budget include the following:

GOVERNOR'S FY 2005 STATE EMPLOYEE SALARY ADJUSTMENTS

	Millions	
	State General Fund	All Funds
A. For classified employees of the executive branch, a 3.0 percent base salary adjustment effective June 6, 2004, the first pay period attributable to FY 2005. For unclassified employees, including statewide elected officials, Regents employees, legislative and judicial branch employees, including legislators and judges, a 3.0 percent unclassified merit pool, to be distributed on the basis of performance.	\$ 24.7	\$ 53.1
B. Annualization of the FY 2004 Pay Plan (funds are added to cover the costs of the FY 2004 pay plan for all 26 pay periods in FY 2005 - the FY 2004 pay increase was effective for 23 of the 26 pay periods in FY 2004).	1.7	3.5
C. Longevity (\$40 a year for each year of service for those classified employees that have at least ten years of service up to a maximum of 25 years).	0.4*	0.8*
GRAND TOTAL	<u>\$ 26.8</u>	<u>\$ 57.4</u>

* Amounts reflect the difference between the Governor's recommendation for FY 2004 and the amount of longevity bonus payments that are estimated to be paid in FY 2005.

Financing for all recommended salary adjustments is contained in the recommended budgets for each state agency.

Other Pay Plan Recommendations

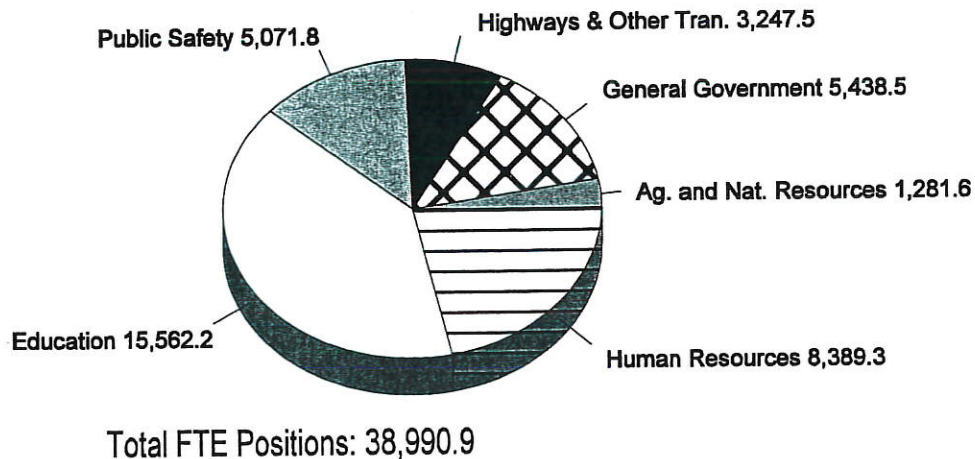
The Governor's FY 2005 recommendation includes a 21.5 percent composite rate increase over the FY 2004 amount. This equates to an annual increase in the employer contribution per employee of \$852 for single member premiums (from \$3,961 to \$4,813) and \$394 for dependent health insurance premiums (from \$1,833 to \$2,227).

Authorized FTE Employees by Function of Government

Expenditures for salaries and wages are also affected by policy recommendations which change the size of the state's workforce. The FY 2005 budget recommendations of the Governor finance 38,990.9 full-time equivalent positions, a net reduction of 165.5 FTE positions from the FY 2004 recommended level of 39,156.4. In addition, the Governor recommends 1,772.2 non-FTE unclassified permanent positions in FY 2005, a reduction of 7.7 from FY 2004. These employees are not included in the FTE limitation.

The following pie chart reflects the Governor's recommended FY 2005 full-time equivalent positions by function of government.

FY 2005 FULL-TIME EQUIVALENT (FTE) POSITIONS by Function of Government



State Workforce Adjustments

The Governor's FY 2005 recommendation reduces the size of the state's workforce by a net 165.5 FTE positions. Factors contributing to the reduction in positions include:

- ◆ Reductions of 81.4 FTE positions in the **Department of Administration** budget (to make the position count more accurately reflect anticipated staffing needs for the agency); and a total reduction of 91.0 FTE positions at **Larned State Hospital** (including 19.0 reflecting the elimination of services to children under age 12, and 72.0 related to staffing for the Sexual Predator Treatment Unit).
- ◆ It appears as though there has been a change in the methodology for determining FTE and Non-FTE Unclassified positions for the Regents institutions. Traditionally, all positions were considered FTE positions. The Budget System is now separating that total into FTE and Non-FTE Unclassified. The Regents have no position limitation and all of the positions are funded. The number of positions at issue systemwide is 991.1.

**Program or Agency Components of the
FY 2005— All Funds Budget**

To this point, this memorandum has dealt primarily with measuring **year-to-year** changes proposed in *The Governor's Budget Report*. The following tabulation pertains to **FY 2005 only** and measures major programs or agency expenditures in dollar terms and as a percent of the total budget. The budgets of the Department of Education, the Department of Social and Rehabilitation Services, and the Board of Regents and its institutions account for just over two-thirds (67.7 percent) of the total state budget.

**GOVERNOR'S RECOMMENDED
EXPENDITURES FROM ALL FUNDS, FY 2005
By Agency or Program**

	Amount (Thousands)	Percent of Total	Cumulative Percent	Percent Change From FY 04
Department of Education	\$ 2,772,715	27.2%	27.2%	6.1%
Department of SRS, Except Hospitals	2,338,770	23.0	50.2	7.7
Board of Regents and Institutions	1,786,233	17.5	67.7	0.8
Department of Transportation	882,125	8.7	76.4	(27.4)
Department of Human Resources	470,262	4.6	81.0	(8.9)
Department on Aging	429,746	4.2	85.2	2.2
Department of Corrections and Facilities	242,691	2.4	87.6	1.8
Department of Health and Environment	189,240	1.9	89.5	(0.2)
State Hospitals	111,289	1.1	90.6	1.3
Highway Patrol and KBI	104,630	1.0	91.6	8.6
Judicial Branch	102,681	1.0	92.6	4.0
Juvenile Justice Authority and Facilities	85,735	0.8	93.5	(1.6)
Department of Revenue	84,777	0.8	94.3	1.5
Dept. of Commerce, KTEC, Kansas, Inc.	73,735	0.7	95.0	(6.1)
Kansas Lottery	56,897	0.6	95.6	0.6
Insurance Dept. and Health Care Stabilization	49,540	0.5	96.1	(0.4)
Department of Wildlife and Parks	43,208	0.4	96.5	(19.2)
State Treasurer	40,859	0.4	96.9	5.5
Adjutant General	35,265	0.3	97.2	(20.5)
KPERS Operations	30,405	0.3	97.5	17.8
Legislative Branch	21,304	0.2	97.7	4.2
Department of Agriculture	20,293	0.2	97.9	(4.9)
State Corporation Commission	18,998	0.2	98.1	9.3
Board of Indigents' Defense Services	18,205	0.2	98.3	7.3
Attorney General	13,098	0.1	98.4	(4.7)
Conservation Commission	9,259	0.1	98.5	(12.7)
Water Office	5,400	0.1	98.6	(11.2)
All Other	144,858	1.4	100.0%	0.0
TOTAL	\$ 10,182,218	100.0%		(0.3)%

Note: Each agency's expenditures include state and federal aid, if any, to local units of government.

INCREASE (DECREASE) IN EXPENDITURES FROM ALL FUNDS

FY 2004 to FY 2005

	Amount (Thousands)	Comments
Total Decrease	\$ (28,579)	
Department of Social and Rehab. Services	166,854	Caseload increases
Department of Education	159,891	General and supplemental aid, KPERs - School
Board of Regents and Institutions	14,580	Higher Education Coordination Act funding; pay plan
Department on Aging	9,455	Caseload increases
KBI/Highway Patrol	8,258	Operating expenditures
Judicial Branch	3,931	Operating expenditures
State Treasurer	2,136	Operating expenditures
Department of Revenue	1,252	Operating expenditures
Department of Health and Environment	(470)	Operating expenditures
Attorney General	(639)	Operating expenditures
Juvenile Justice Authority and Facilities	(1,438)	Operating expenditures
Department of Commerce, KTEC, Kansas, Inc.	(4,809)	Operating expenditures
Adjutant General	(9,071)	Reduced disaster relief funding
Department of Wildlife and Parks	(10,239)	Current year capital improvements
Department of Human Resources	(45,697)	Unemployment benefits
Department of Transportation	(333,734)	Increased use of bond proceeds
All Other Agencies	11,161	

Note: Details may not add to total increase due to rounding.

EXPENDITURES AND STATUS OF THE STATE GENERAL FUND

Program and Agency Components of the FY 2005 State General Fund Budget

The following tabulation provides an overview of the program or agency components of the Governor's recommended FY 2005 expenditures from the State General Fund. This tabulation identifies individual components which comprise 99.5 percent of State General Fund expenditures. Education and state aid account for 68.5 percent of State General Fund expenditures.

STATE GENERAL FUND EXPENDITURES BY PROGRAM OR AGENCY
Governor's Recommendations for FY 2005

	Amount	Percent	Cumulative	Increase Over FY 2004	
	(Thousands)	of Total	Percent	Amount (000)	Percent
Education					
State Aid to Local Units	\$ 2,442,721	52.93%	52.93%	\$ 170,366	7.5%
Bd. of Regents/Institutions (a)	588,928	12.76	65.70	21,866	3.9
Other Education*	30,118	0.65	66.35	527	1.8
Subtotal, Education	\$ 3,061,767	66.35		\$ 192,759	6.7
State Aid Except Education	\$ 97,542	2.11	68.46	(2,231)	(2.2)
SRS, Except Hospitals	749,097	16.23	84.70	94,192	14.4
Dept. of Corrections/Facilities	196,028	4.25	88.94	3,310	1.7
Department on Aging	167,581	3.63	92.58	12,883	8.3
Judicial Branch	91,731	1.99	94.56	8,367	10.0
State Hospitals	56,388	1.22	95.79	(295)	(0.5)
Juvenile Justice	45,669	0.99	96.78	2,851	6.7
Legislative Branch	21,138	0.46	97.23	913	4.5
Dept. of Revenue	20,046	0.43	97.67	(1,930)	(8.8)
Dept. of Administration**	19,939	0.43	98.10	284	1.4
Board of Indigents Defense	17,695	0.38	98.48	1,275	7.8
Health and Environment	17,508	0.38	98.86	977	5.9
Highway Patrol/KBI***	12,472	0.27	99.13	(28,372)	(69.5)
Dept. of Agriculture	9,518	0.21	99.34	64	0.7
Elected Officials	5,546	0.12	99.46	(2,518)	(31.2)
All Other	24,996	0.54	100.00	(188)	(0.7)
TOTAL	\$ 4,614,661	100.00%		\$ 282,341	6.5%

* Includes Department of Education, Schools for the Blind and Deaf, State Library, Arts Commission, and Historical Society, except for state aid to local units.

** Includes Public Broadcasting, except state aid of \$0.356 million which is part of Education-State Aid.

*** The Governor's FY 2005 recommendation for the Highway Patrol funds that portion of the Patrol which was funded from the State General Fund in FY 2004 from the State Highway Fund in FY 2005.

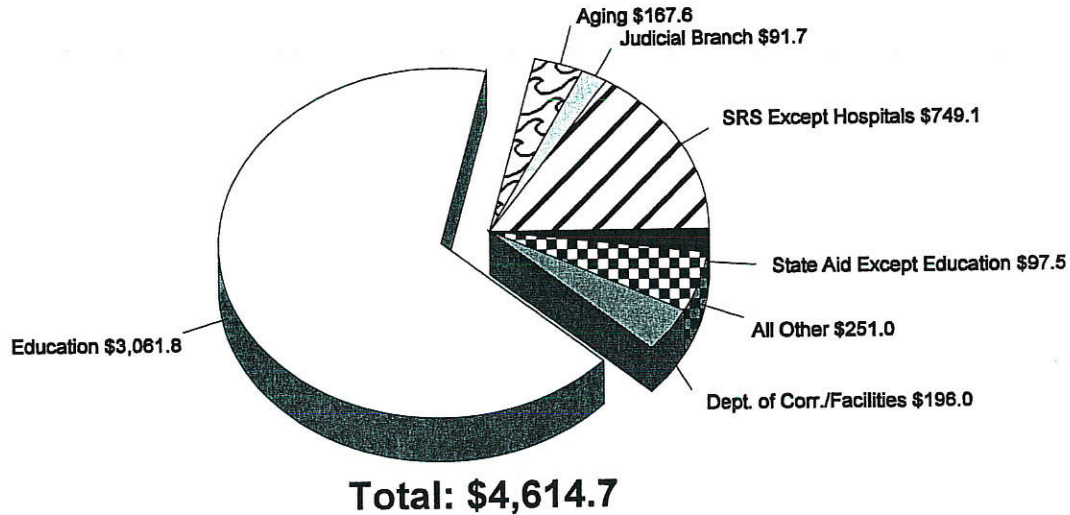
a) Aid to Washburn University is included in state aid to local units (\$10.557 million).

Note: All expenditures for each entry from SRS through "All Other" exclude state aid, if any.

The following pie chart displays the FY 2005 State General Fund expenditures by major program.

FY 2005 State General Fund Expenditures by Major Program or Agency

(Millions of Dollars)



State General Fund Expenditures by Function of Government

The next tabulation summarizes State General Fund expenditures by function of government. The reduction in public safety is largely related to the recommendation to shift funding for the Kansas Highway Patrol from the State General Fund to financing from the State Highway Fund.

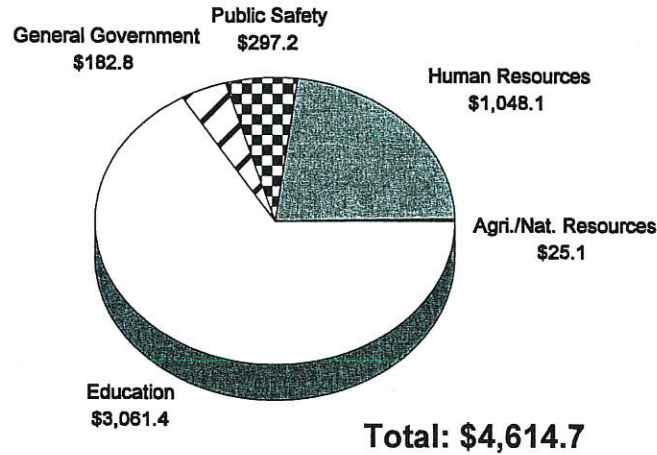
STATE GENERAL FUND EXPENDITURES BY FUNCTION OF GOVERNMENT

(Millions of Dollars)

Function	Actual FY 03	Est. FY 04	Change		Rec. FY 05	Change	
			\$	%		\$	%
General Government	\$ 182.7	\$ 173.4	\$ (9.3)	(5.1)%	\$ 182.8	\$ 9.4	5.4%
Human Resources	827.4	944.7	117.3	14.2	1,048.1	103.4	10.9
Education	2,806.8	2,868.7	61.9	2.2	3,061.4	192.7	6.7
Public Safety	298.4	319.1	20.7	6.9	297.2	(21.9)	(6.9)
Agriculture/Natural Resources	22.2	26.4	4.2	18.9	25.1	(1.3)	(4.9)
Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	\$ 4,137.5	\$ 4,332.3	\$ 194.8	4.7%	\$ 4,614.7	\$ 282.4	6.5%

The following pie chart reflects FY 2005 State General Fund expenditures by function of government

**FY 2005 STATE GENERAL FUND EXPENDITURES
BY FUNCTION OF GOVERNMENT
(Millions of Dollars)**



Expenditures by Major Purpose

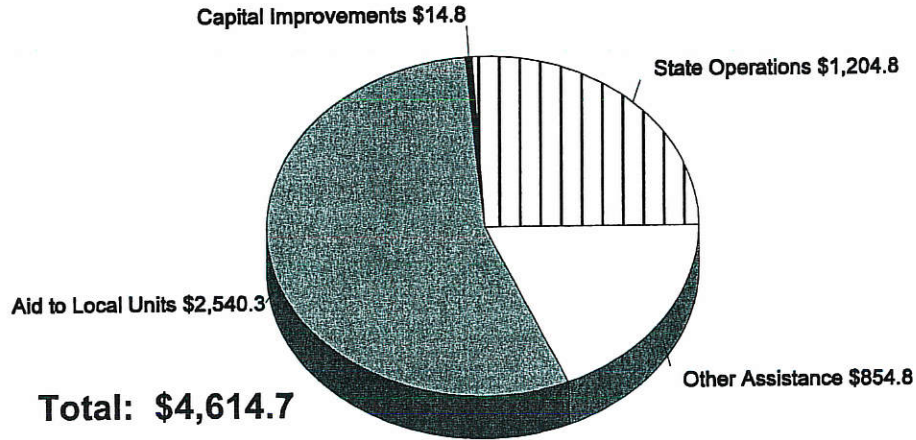
Over \$2.5 billion (55.0 percent) of recommended FY 2005 expenditures from the State General Fund is paid to local units of government, 26.1 percent represents the costs of state operations, 18.5 percent is for other assistance payments, and 0.3 percent is for capital improvements.

**STATE GENERAL FUND EXPENDITURES BY MAJOR PURPOSE
(Millions of Dollars)**

	Actual	Est.	Change		Rec.	Change	
	FY 03	FY 04	\$	%	FY 05	\$	%
State Operations	\$ 1,152.5	\$ 1,204.7	\$ 52.2	4.5%	\$ 1,204.8	\$ 0.1	0.0%
Aid to Local Units	2,304.3	2,372.1	67.8	2.9	2,540.3	168.2	7.1
Other Assistance	667.0	742.0	75.0	11.2	854.8	112.8	15.2
Total Operating	\$ 4,123.8	\$ 4,318.8	\$ 195.0	4.7	\$ 4,599.9	\$ 281.1	6.5%
Capital Improvements	13.7	13.5	(0.2)	(1.5)	14.8	1.3	9.6
TOTAL	\$ 4,137.5	\$ 4,332.3	\$ 194.8	4.7%	\$ 4,614.7	\$ 282.4	6.5%

The following pie chart displays FY 2005 State General Fund expenditures by major purpose.

**FY 2004 STATE GENERAL FUND EXPENDITURES
BY MAJOR PURPOSE
(Millions of Dollars)**



State Operations by Function of Government

The following tabulation shows expenditures from the State General Fund for state operations, *i.e.*, excluding state aid, other assistance, and capital improvements, by function of government.

**STATE GENERAL FUND FOR STATE OPERATIONS
BY FUNCTION OF GOVERNMENT
(Millions of Dollars)**

Function	Actual	Est.	Change		Rec.	Change	
	FY 03	FY 04	\$	%	FY 05	\$	%
General Government	\$ 176.8	\$ 167.2	\$ (9.6)	(5.4)%	\$ 172.9	\$ 5.7	3.4%
Human Resources	145.4	175.2	29.8	20.5	173.6	(1.6)	(0.9)
Education	564.1	572.4	8.3	1.5	591.3	18.9	3.3
Public Safety	244.1	265.0	20.9	8.6	241.9	(23.1)	(8.7)
Agriculture/Natural Resources	22.1	24.9	2.8	12.7	25.1	0.2	0.8
Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>\$ 1,152.5</u>	<u>\$ 1,204.7</u>	<u>\$ 52.2</u>	<u>4.5%</u>	<u>\$ 1,204.8</u>	<u>\$ 0.1</u>	<u>0.0%</u>

State Aid to Local Units of Government

The tabulation on the following page lists state aid by major program or financing source. Although most of the programs of state aid to local units are financed from the State General Fund, some significant ones are financed from the resources of other funds. For example, the Governor's recommendation includes \$8.2 million in local aid expenditures from the Children's Initiatives Fund in the budget of the Department of Education. Federal aid is not included in this tabulation.

The tabulation reflects State General Fund aid to local school districts in FY 2005 which increases \$160.4 million or 7.4 percent above the FY 2004 level. Total State General Fund aid to local units in the budget year increases \$168.1 million or 7.1 percent above the current year.

**STATE AID TO LOCAL UNITS OF GOVERNMENT
In Thousands**

From State General Fund	FY 2001	FY 2002	FY 2003	Gov. Rec. FY 2004	Gov. Rec. FY 2005	Increase FY 2004-2005	
						Amount	Percent
General State Aid	\$ 1,805,484	\$ 1,810,731	\$ 1,608,950	\$ 1,621,855	\$ 1,760,302	\$ 138,447	8.5%
Supp. General Aid	84,255	116,569	118,571	160,740	163,045	2,305	1.4
Subtotal	1,889,739	1,927,300	1,727,521	1,782,595	1,923,347	140,752	7.9
Cap. Improve. Aid	30,676	40,008	0	0	0	0	0.0
KPERS-School	88,462	98,392	112,148	114,733	134,979	20,246	17.6
Special Ed.	233,391	242,679	249,607	249,792	249,792	0	0.0
Deaf/Blind/Hand. Child.	109	107	107	109	109	0	0.0
Food Service	2,362	2,366	2,370	2,370	2,370	0	0.0
In-Service Training	4,592	2,592	2,594	0	0	0	0.0
Parent Education	4,620	4,236	4,374	4,640	4,640	0	0.0
Ed. Excellence Grants	41	65	98	133	168	35	26.3
Innovative Programs	11	0	0	0	0	0	0.0
Mentor Teachers	0	891	0	0	0	0	0.0
School Safety Hotline	0	15	0	0	0	0	0.0
Juv. Detention Grants	4,703	5,170	5,270	6,269	5,599	(670)	(10.7)
Subtotal, USDs	\$ 2,258,706	\$ 2,323,821	\$ 2,104,089	\$ 2,160,641	\$ 2,321,004	\$ 160,363	7.4%
Voc. Ed.-Postsecondary	19,508	20,084	19,486	15,300	19,674	4,374	28.6
Community Colleges	74,807	85,174	80,942	80,958	86,044	5,086	6.3
Adult Basic Ed. (CCs)	1,100	1,100	950	1,049	1,049	0	0.0
Tech. Equip. (WU & CCs)	450	450	449	424	424	0	0.0
Washburn University	9,270	10,561	10,101	10,102	10,557	455	4.5
Public TV (Washburn)	323	340	386	358	356	(2)	(0.6)
Libraries	3,866	3,872	3,432	3,398	3,398	0	0.0
Arts Program Grants	1,303	1,314	90	16	104	88	550.0
Pittsburg State	0	3	0	0	0	0	0.0
Historical Society Grants	0	114	436	110	110	0	0.0
Total, Education	\$ 2,368,613	\$ 2,446,836	\$ 2,220,361	\$ 2,272,355	\$ 2,442,721	\$ 170,364	7.5%
Local Prop. Tax Reduc	54,137	0	0	0	0	0	0.0
Co.-City Revenue Sharing	34,531	0	0	0	0	0	0.0
Community Corrections	14,753	15,280	12,987	14,241	15,549	1,308	9.2
Community Corr. Camps	2,629	2,247	2,203	2,202	2,202	0	0.0
Juvenile Comm. Prog.	25,317	22,218	14,308	15,855	14,310	(1,545)	(9.7)
Local Public Health	9,582	9,836	6,194	9,581	9,161	(420)	(4.4)
Aging Dept. Programs	10,108	2,329	0	0	0	0	0.0
SRS Aid Programs	56,105	52,189	43,851	52,930	50,975	(1,955)	(3.7)
Disaster Relief/Training	41	371	3,967	1,058	53	(1,005)	(95.0)
Mtr. Carrier Tax to CCHF	10,343	0	0	0	0	0	0.0
Aid to Cons. Districts	0	789	0	0	0	0	0.0
Employment Programs	372	326	65	65	0	0	0.0
Sent. Comm - SB 123	0	0	0	3,842	5,291	1,449	37.7
Total, Other Programs	\$ 217,918	\$ 105,584	\$ 83,951	\$ 99,773	\$ 97,542	\$ (2,229)	(2.2)%
Total, State General Fund	\$ 2,586,532	\$ 2,552,420	\$ 2,304,312	\$ 2,372,128	\$ 2,540,263	\$ 168,135	7.1%
% of Total SGF Expend.	58.4%	57.2%	55.7%	54.8%	55.0%		

* FY 2001 and FY 2002 reflect expenditures for Department on Aging nutrition programs. Because it was determined that those expenditures are more appropriately categorized as other assistance, the expenditures are not shown for FYs 2003-2005.

**SELECTED STATE AID FROM OTHER FUNDS FOR EDUCATION
In Thousands**

From Other Funds	Actual FY 2003	Gov. Rec. FY 2004	Gov. Rec. FY 2005	Increase FY 2004-2005	
				Dollar	Percent
School Dist. Finance	\$ 21,454	\$ 32,000	\$ 14,900	\$ (17,100)	(53.4)%
Driver Safety/Training	1,539	1,547	1,568	21	1.4
Mineral Prod. Tax	4,565	5,411	5,300	(111)	(2.1)
Children's Initiatives					
Four-Year-Old At-Risk	4,500	4,500	4,500	0	0.0
Parent Education	2,500	2,500	2,500	0	0.0
Spec. Educ./General State Aid	1,225	1,225	1,225	0	0.0
Econ. Devel. Initiatives					
Voc. Ed.-Postsecondary	6,144	10,331	6,957	(3,374)	(32.7)
Voc. Ed.-Cap. Outlay	2,565	2,565	2,565	0	0.0
Tech. Grants-CCs/AVS	191	185	181	(4)	(2.2)
Total	\$ 44,683	\$ 60,264	\$ 39,696	\$ (20,568)	(34.1)%

**SELECTED NONEDUCATION STATE AID FROM OTHER FUNDS
In Thousands**

From Other Funds	Actual FY 2003	Gov. Rec. FY 2004	Gov. Rec. FY 2005	Increase FY 2004-2005	
				Amount	Percent
City-Co. Highway and Co. Equal. and Adj.	\$ 149,707	\$ 158,649	\$ 146,185	\$ (12,464)	(7.9)%
State Highway-City Maintenance Payments	2,931	3,360	3,360	0	0.0
Public Transportation	6,372	5,490	5,490	0	0.0
Aviation	3,666	3,000	3,000	0	0.0
Local Alcoholic Liquor	18,981	19,000	19,100	100	0.5
Firefighter's Relief	7,470	7,500	7,500	0	0.0
Co. Mineral Prod. Tax -- Counties' Share	4,565	5,411	5,300	(111)	(2.1)
Rental MV Excise Tax	2,741	2,850	2,900	50	1.8
Tax Incr. Financing Revenue Replacement	1,084	1,100	1,100	0	0.0

Recommended Changes in State General Fund Programs

The following tabulation summarizes State General Fund expenditure changes from the FY 2004 Governor's revised estimate to the Governor's recommendations for FY 2005.

INCREASE IN STATE GENERAL FUND EXPENDITURES FY 2004 to FY 2005

	Amount (000)	Percent of Total Increase
Total Increase	\$ 282,341	100.0%
Education		
State Aid for Education, Total	\$ 170,366	60.3%
Basic General Aid	138,447	49.0
Supplemental General Aid	2,305	0.8
KPERs-School	20,246	7.2
Community College Aid	5,086	1.8
All Other	4,282	1.5
SRS, Except Hospitals*	94,192	33.4
Board of Regents and Regents Institutions*	21,866	7.7
Department on Aging*	12,883	4.6
Judicial Branch	8,367	3.0
Dept. of Corrections/Facilities*	3,310	1.2
Juvenile Justice Authority/Facilities*	2,851	1.0
Board of Indigents' Defense Services	1,275	0.5
Health and Environment*	977	0.3
Legislative Branch	913	0.3
Department of Administration*	284	0.1
Dept. of Agriculture	64	0.0
State Hospitals	(295)	(0.1)
Department of Revenue	(1,930)	(0.7)
State Aid Except Education	(2,231)	(0.8)
Elected Officials	(2,518)	(0.9)
Highway Patrol/KBI**	(28,372)	(10.0)
All Other*	339	0.1

* Excludes state aid to local units of government

**The Governor's FY 2005 recommendation for the Highway Patrol funds that portion of the Patrol which was funded from the State General Fund in FY 2004 from the State Highway Fund in FY 2005.

DEMAND/REVENUE TRANSFERS FROM THE STATE GENERAL FUND

Demand transfers are certain expenditures specified by statute. Since FY 2002, the demand transfers to the Local Ad Valorem Tax Reduction Fund (LAVTRF), the County and City Revenue Sharing Fund (the CCRSF) and the Special City and County Highway Fund (SCCHF) have been treated as revenue transfers. By changing these demand transfers to revenue transfers, these funds were no longer considered State General Fund expenditures and thus, no longer subject to the State General Fund ending balance law. In FY 2003, the Governor recommended changing the State Water Plan Fund and the School District Capital Improvement Fund to revenue transfers as well. In FY 2004 the remaining demand transfers were also treated as revenue transfers, a recommendation the Governor continues for FY 2005. No transfers are recommended to the LAVTRF or the CCRSF or to the State Highway Fund in FY 2005. The Governor recommends transfers of \$57.0 million to the School District Capital Improvement Funds, \$10.1 million to the SCCHF, \$3.7 million to the State Water Plan, and \$0.4 million to the Regents Faculty of Distinction Fund. The table below reflects the Governor's recommended transfers for FY 2005, compared to estimated statutory amounts.

FY 2005 DEMAND/REVENUE TRANSFERS FROM STATE GENERAL FUND TO OTHER STATE FUNDS

(In Thousands)

Fund	FY 2005		
	No Law Change	Proposed	Difference
State Highway	\$ 180,179	\$ 0	\$ (180,179)
Local Ad Valorem Tax Reduction	67,197	0	(67,197)
Co.-City Revenue Sharing	51,615	0	(51,615)
City-Co. Highway	18,000	10,064	(7,936)
Water Plan	6,000	3,749	(2,251)
School Dist. Cap. Improvements	57,000	57,000	0
State Fair	300	0	(300)
Faculty of Distinction	400	400	0
TOTAL	<u>\$ 380,691</u>	<u>\$ 71,213</u>	<u>\$ (309,478)</u>

Status of the State General Fund

The following tabulation summarizes the status of the State General Fund as to receipts, expenditures, and unencumbered cash balances based on the Governor's recommendation for fiscal years 2004 and 2005.

STATE GENERAL FUND RECEIPTS, EXPENDITURES, AND BALANCES

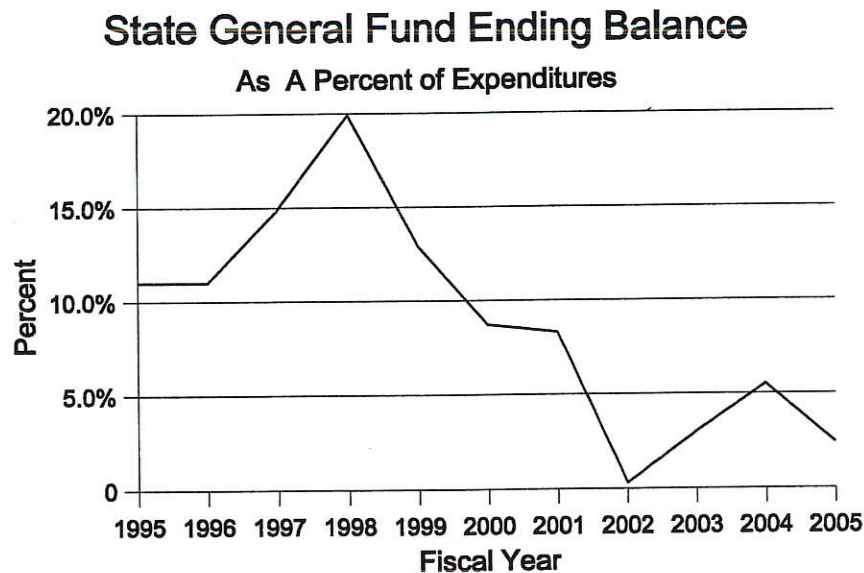
(Millions of Dollars)

	Actual FY 03	Gov. Rec. FY 04	Change	Gov. Rec. FY 05	Change
Beginning Unencumbered Cash Balance	\$ 12.1	\$ 122.7	\$ 110.6	\$ 239.5	\$ 116.8
Released Encumbrances	2.6	2.5	(0.1)	0.0	(2.5)
Receipts (November 2003 Consensus)	4,245.6	4,483.6	238.0	4,469.3	(14.3)
Gov. Rec. Adjustments	0.0	(37.0)	(37.0)	18.9	55.9
Adjusted Receipts	4,245.6	4,446.6	201.0	4,488.2	41.6
Total Resources	\$ 4,260.3	\$ 4,571.8	\$ 311.5	\$ 4,727.7	\$ 155.9
Less Expenditures	4,137.5	4,332.3	194.8	4,614.7	282.4
Ending Unencumbered Cash Balance	\$ 122.7	\$ 239.5	\$ 116.7	\$ 113.0	\$ (126.5)
Ending Balance as a Percentage of Expenditures	3.0%	5.5%		2.4%	
Adj. Receipts in Excess of Expenditures	\$ 108.1	\$ 114.3		\$ (126.5)	

The FY 2005 State General Fund ending balance as a percentage of expenditures under the Governor's recommendations would be 2.4 percent, well below the \$346.1 million required to achieve the targeted minimum ending balance of 7.5 percent required under K.S.A. 75-6702 and 75-6703. **Receipts for FY 2004 and FY 2005 are equal to the consensus estimates except for certain transfers and proposals recommended by the Governor which reduce receipts to the State General Fund by \$37.0 million in FY 2004 and increase receipts by \$18.9 million in FY 2005. The Governor's proposed adjustments include the following:**

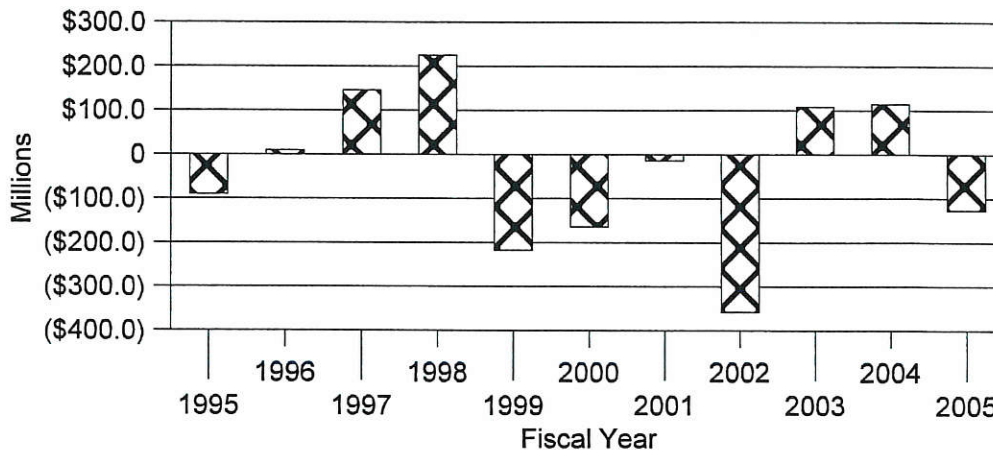
- ◆ For **FY 2004**, the Governor recommends that all tax refunds be paid on time, resulting in a reduction of receipts of \$50.0 million. In addition, the Governor includes disaster relief funding of \$2.1 million approved by the State Finance Council in the budget of the Adjutant General. The funding was transferred from the State General Fund to the State Emergency Fund. Those two reductions are offset by a number of transfers to the State General Fund from agency special revenue funds, including: transfers totaling \$6.1 million from the Department of Administration related to the Governor's decision to eliminate the state motor pool and sell surplus vehicles; transfers totaling \$4.4 million from the Kansas Public Employees Retirement System to refund an overpayment made in previous years for security officers' retirement (\$3.7 million) and funding to cover the costs of the bond payment for the KPERS 13th check (\$0.7 million); transfers totaling \$0.9 million from three different special revenue funds in the Department of Health and Environment (\$0.3 million from the Waste Tire Management Fund, \$0.2 million from the Subsurface Hydrocarbon Fund, and \$0.4 million from the Solid Waste Management Fund); a transfer of \$0.1 million from the Racing and Gaming Commission; \$0.5 million from the Highway Patrol Motor Vehicle Fund; and \$25,000 from the community planning fund of the Juvenile Justice Authority. The Governor's recommended adjustments also reflect a transfer of \$0.3 million from the State Treasurer's budget to repay a State General Fund startup loan; savings from the vehicle purchase moratorium at the Kansas Department of Transportation and a matching transfer to the State General Fund totaling \$0.4 million; and a reduction in the estimated transfer to the School District Capital Improvements Fund totaling \$2.1 million.

- ◆ For **FY 2005**, the Governor's recommendation increases State General Fund revenues by \$18.9 million. The recommendation proposes making transfers from the State General Fund totaling \$71.2 million, including transfers to the School District Capital Improvements Fund (\$57.0 million), the Special County City Highway Fund (\$10.1 million); a partial transfer to the State Water Plan Fund (\$3.7 million), and a transfer to the Board of Regents for the Faculty of Distinction Program (\$0.4 million). No transfers are recommended to the Local Ad Valorem Tax Reduction Fund, the County City Revenue Sharing Fund or the State Highway Fund. In addition, the Governor proposes legislation as part of an Economic Revitalization Plan which would provide tax credits for business development in rural areas, which is estimated to reduce State General Fund tax receipts by \$2.5 million. The Governor's recommended revenue increases to the State General Fund include: paying all FY 2005 tax refunds on time (\$50.0 million); transfers from special revenue funds based on estimated savings from implementation of the Budget Efficiency Savings Teams (BEST) recommendations (\$20.1 million), transfers from savings related to the Governor's recommended vehicle purchase moratorium (\$2.7 million); transfers from selected special revenue funds with balances in excess of \$200,000 (\$6.3 million); a transfer of \$3.1 million from KPERS to reimburse for the 13th check bond payment; and a transfer of the projected balance in the Kansas Endowment for Youth Fund (\$4.6 million). In addition, numerous special revenue fund transfers are recommended, including \$0.8 million from three Department of Health and Environment funds, the Waste Tire Management Fund (\$0.3 million), the Subsurface Hydrocarbon Fund (\$0.2 million) and the Solid Waste Management Fund (\$0.3 million); transfers from the Lottery Operating Fund (\$0.5 million), the Gaming Revenues Fund (\$0.1 million), the Juvenile Detention Facility Fund of the Juvenile Justice Authority (\$0.3 million); the Emergency Medical Services operating fund (\$1.0 million), the Motor Vehicle Fund of the Highway Patrol (\$1.0 million); and the State Fire Marshal Fee Fund (\$0.5 million). Finally, the recommendation includes \$1.5 million to be transferred from the Department of Wildlife and Parks to repay a loan for a project at Tuttle Creek.



Receipts in Excess of Expenditures

State General Fund



Other Issues

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2004. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 14.8 percent reduction to the FY 2005 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education or to the Board of Regents and its institutions. **To achieve the 7.5 percent ending balance, the reduction to the Governor's recommended FY 2005 State General Fund budget would total \$216.9 million.**

Budget Efficiency Savings Teams (BEST) Reductions

The FY 2005 Governor's recommendation for executive branch agencies includes savings of \$26.7 million (including \$6.5 million from the State General Fund) anticipated to be realized by recommendations of the BEST teams. These amounts are related to information technology and purchases. To determine the FY 2005 reductions, expenditure object codes related to those two categories were identified, and four years of actual expenditures for each object code by agency were obtained. This allowed for the identification of a four-year average expenditure amount. The reduction recommended by the Governor is equivalent to 10 percent of that four-year average amount. The special revenue fund reductions will be transferred to the State General Fund. ***It is the recommendation of the Governor that these savings be used to offset the State General Fund portion of the Governor's recommended 3.0 percent salary increase for all state employees.***

New Vehicle Moratorium

On November, 13, 2003, The Governor imposed a moratorium on the purchase of new vehicles for the next two years (with the exception of certain law enforcement vehicles). Due to the deadline for budget submission, funds to purchase these vehicles had already been included in the affected agencies' budget submissions. Therefore, the requested monies were removed from agency budgets by reducing \$415,562 in FY 2005 State General Fund appropriations and by reducing expenditure authority and transferring \$2,745,750 from special revenue funds to the State General Fund in FY 2005.

“Education First” Plan

The Governor’s submitted budget does not reflect the additional proposals included in her “Education First” Plan, which would provide, among other things, funding to increase Base State Aid Per Pupil (BSAPP) by \$250 over three years. The proposal is funded through three different revenue sources:

- increased sales taxes (from the current 5.3 percent to 5.5 percent in FY 2005, 5.6 percent in FY 2006, and 5.7 percent in FY 2007, estimated to generate \$316.9 million over three years (under current law, the 5.3 percent sales tax is scheduled to be reduced to 5.0 percent at the beginning of FY 2007.))
- a 5.0 percent income tax surcharge estimated to raise \$300 million over three years; and
- an increase in the school mill levy from the present 20 mills to 21 mills (estimated to generate \$47.0 million over three years). In addition, the proposal includes an additional 1 mill increase beginning in FY 2008.

The table below shows the fiscal impact of the Governor’s proposal. The amount shown for FY 2005 would be in addition to her FY 2005 recommendations under current law. Amounts shown for FY 2006 and FY 2007 are increases over the prior year.

<u>Program</u>	<u>Governor's Proposal FY 2005</u>	<u>Governor's Proposal FY 2006</u>	<u>Governor's Proposal FY 2007</u>
BSAPP increased by total of \$250 (from \$3,863 to \$4,113)	\$ 58,000,000	\$ 43,600,000	\$ 43,600,000
Special education funded as \$434 addition to BSAPP	--	--	--
Special education infants and toddlers counted as 0.5 FTE pupil	6,000,000		
Funding for school district services provided residents of SRS institutions	500,000	--	--
At-risk weighting increased from 10% to 25%	25,400,000	26,000,000	26,500,000
Bilingual weighting increased from 20% to 25%	1,100,000	1,200,000	650,000
Correlation weighting threshold lowered from 1,725 to 1,700	12,200,000	--	--
All-day kindergartners counted as 1.0 FTE pupil, based on total students at school on free or reduced price lunch	17,000,000	10,900,000	11,600,000*
Capital outlay equalized, up to four-mill limit	15,000,000	1,000,000	1,000,000
Parent Education Program enriched	500,000	500,000	500,000
Mentor Teacher Program funded for first-year teachers	1,000,000	--	--
School district efficiency audits provided	250,000	--	--
TOTAL	<u>\$ 136,950,000</u>	<u>\$ 83,200,000</u>	<u>\$ 83,850,000</u>

* The percentage of students eligible for free and reduced price lunches at the school would decrease by 12 percent increments until FY 2011, when each all-day kindergartner would be counted.