

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Stephen Morris at 10:10 a.m. on April 22 - 23, 2004, in Room 123-S of the Capitol. These are the minutes of the 2004 Omnibus Session.

All members were present.

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Leah Robinson, Kansas Legislative Research Department
Michele Alishahi, Kansas Legislative Research Department
Nicoletta Buonasera, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Becky Krahl, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Robert Waller, 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:

None

Others attending:

See Attached List.

Senator Helgerson moved, with a second by Senator Kerr, to approve the minutes of the March 3, March 5, March 8, March 9, March 10, March 11, March 12, March 15, March 16, March 17 (a.m.), and March 18, 2004, meetings. Motion carried on a voice vote.

J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department, gave a brief summary of the packet of information distributed to the committee for the FY 2004 and FY 2005 budgets for consideration of the Omnibus Appropriations Bill:

- Memorandum to Governor Kathleen Sebelius and the Legislative Budget Committee regarding Initial State General Fund Memo for Revised FY 2004 and FY 2005 Estimates (Attachment 1).
- State General Fund Receipts, Expenditures and Balances Profile, April 2004 Consensus Revenue Estimates, In Millions (Attachment 2).
- Information from the Office of the Governor regarding the vetoes made by the Governor (Attachment 3).
- Consensus Caseload Estimate, Governor's Recommendation vs. April 2004 Estimate (Attachment 4).
- State Water Plan Fund: FY 2004 and FY 2005 (Attachment 5).
- Economic Development Initiatives Fund FY 2004 and FY 2005 (Attachment 6).

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

- Children's Initiatives Fund FY 2004 and FY 2005 (Attachment 7).
- Copy of a letter from Duane Goossen, Director, Division of the Budget, to Dale Brunton, Director, Division of Accounts and Reports, regarding requiring the Director of the Budget to certify revenue transfers to the Director of Accounts and Reports (Attachment 8).
- Items for Omnibus Consideration, dated April 21, 2004 (Attachment 9).
- Letter to the Chairman of the Senate Committee on Ways and the Chairman of the House Committee on Appropriations, from Governor Kathleen Sebelius, regarding the Governor's Budget Amendment No. 3 (Attachment 10).
- Shorthand List of Items for Omnibus Consideration (Includes Items referred by the House, Senate, and Conference Committees; GBA's; and bills with a fiscal impact) (Attachment 11).
- Governor's Recommended Adjustments to April 2004 State General Fund Receipts Contained in Governor's Budget Amendment No. 3 (Attachment 12).
- Information was distributed from Duane Goossen, Director, Division of the Budget, regarding the State General Fund Outlook, Updated to Reflect Revised CRE Revenues (Dollars in Millions) (Attachment 13).

The following information was distributed that was requested by the committee:

- Letter from Deb Hollon, Senior Fiscal Analyst, Kansas Legislative Research Department, regarding requested information on the following items (Attachment 14):
 - KU Medical Center Designation as a Comprehensive Cancer Research Center
 - National Guard Educational Assistance Program
 - Fiscal Note on **SB 490**
 - Fee Structure for Architectural Services - **HB 2752**
- Letter from Roderick Bremby, Secretary, Kansas Department of Health and Environment (KDHE), regarding response to the following Omnibus Items (Attachment 15):
 1. The Senate Committee asked whether additional State General Funds might be needed for immunizations.
 2. The Senate Committee requested that KDHE provide specific recommendations and performance measures for improving childhood immunization rates.
 3. The Senate Committee requested that KDHE review agency information on water fluoridation to identify public water supply funding sources to communities that could be conditioned upon fluoridation.

Chairman Morris welcomed Alan Conroy, Director, Kansas Legislative Research Department, who briefed the committee on the State General Fund Consensus Revenue Estimate regarding the positive adjustment in the amount of \$40 million dollars. The last five March or April consensus revenue estimates have all been revisions downward and this is the first positive adjustment upward. Mr. Conroy

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

mentioned that it is important to note that the consensus group captured all of the adjustments to the State General Fund in terms of legislation including **SB 399** which is the de-mutualization bill. He noted the additional information as follows:

- Kansas Personal Income is estimated to grow 4.6 percent in the current year and up to 4.9 percent in FY 2005.
- There is still concern about the unemployment level in Kansas. In FY 2003 the unemployment rate for Kansas was at 5.3 percent, the highest in nine years. The consensus group estimates that it will remain at 5.3 percent in the current year and then go down slightly to 5.1 percent in FY 2005.
- In terms of manufacturing jobs in looking back over the last five years to FY 1999, Kansas has lost 27,000 manufacturing jobs which is a significant loss to the state. In the Wichita area alone within the last two years there has been a loss of 10,000 transportation/equipment jobs tied to the aircraft manufacturing industry.
- Agriculture should be having a good year according to the information received, the All Farm Product Index Prices is up to 117 and last year it was at 100. Wheat prices are up about 32 cents a bushel and cattle prices are still running ahead for a couple years. It was noted that in some parts of the state the subsoil moisture content remains a big concern.
- Oil and gas in Kansas, in terms of average price per barrel, prices are at \$28.50 per barrel now and expected to go to \$29.00 per barrel. Natural gas production continues to decline in Kansas, especially the Hugoton field. Gross oil production in the state is stabilized at around 33 million barrels per year.
- Inflation remains at a moderate level, at their projection, at 1.7 percent in the current year and 2 percent for FY 2005.
- The Kansas Department of Revenue Tax Amnesty Program with the November estimate at \$19.5 million would be garnered in that program, but the latest estimate is \$28 million.

The Chairman called the committee's attention to discussion of the Items for Omnibus Consideration submitted by the Kansas Legislative Research Department and which is listed in this set of minutes. (Please refer to Attachment 9, blue copy.) The decisions regarding each item in the memorandum were made by the consensus of the committee (in italics) or by motions offered by the committee (underlined).

ITEMS FOR OMNIBUS CONSIDERATION

Legislature

A. Non-session Legislative Allowance (Technical Adjustment). Language in **HB 2675** inadvertently included an increase in the non-session legislative allowance for the entire FY 2005 instead of starting in April 2005 as intended. A technical change in the language is required to implement legislative intent.

The committee concurred with this item.

Office of the Governor

A. Substitute for House Bill No. 2435 (Law) and GBA No. 3, Item 16, p. 8. Sub. for HB 2435 creates the Hispanic and Latino American Affairs Commission and repeals statutes concerning the current Hispanic Affairs and the Mexican American Affairs Advisory Committees. The new Commission will be housed in the Governor's Office. Previously, the Advisory Committees were housed within the Department of Human Resources.

Membership, for three-year terms, on the Commission is outlined in the bill and is similar

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

to the membership of the current Advisory Committee on Hispanic Affairs. Meeting dates, payment amounts, and qualifications are controlled by the same statutes governing the current Advisory Committee.

The bill also moves the Advisory Commission on African American Affairs from the Department of Human Resources to the Governor's Office.

The currently approved FY 2005 budget for the Hispanic Affairs and Mexican American Affairs Advisory Committees totals \$194,365, including \$183,684 from the State General Fund and 3.0 FTE positions. The currently approved FY 2005 budget for the Advisory Commission on African American Affairs totals \$186,852, including \$183,502 from the State General Fund, and 3.0 FTE positions. Total combined funding currently approved for FY 2005 is \$381,217, including \$367,186 from the State General Fund, and 6.0 FTE positions.

The committee concurred with this item and related Governor's budget amendment which also transfers the Office of Native American Affairs from the Department of Human Resources to the Governor's Office.

Department of Administration

A. HB 2675 - Health Risk Appraisal (Veto). The Governor vetoed the section of the FY 2005 appropriations bill which required the Department of Administration to provide, on request, written copies of the Health Risk Appraisal document which is currently only available online. The Governor's veto message indicated that when the contract with the vendor handling the Health Risk Appraisal was put in place, there were no provisions for paper format questionnaires or findings reports, and that providing paper forms would increase the costs of the program.

The committee reviewed this item but took no action.

B. HB 2675 - KANS-A-N Directory (Veto). The Governor vetoed the section of the FY 2005 appropriations bill that authorized the Department to provide paper copies of the KANS-A-N directory and to charge a fee to cover the costs of producing the directory. The Governor's veto message indicates the online directory saves money and can be updated more frequently than a paper copy.

Senator Helgeson moved, with a second by Senator Kerr, to add \$25,000 to the Legislature's Budget for the Kansas Department of Administration to print the KANS-A-N Directory and Legislative Services to distribute the directory. Motion carried on a voice vote.

C. Use of State Building Funds for Insurance Costs (Conference Committee). The Governor's FY 2005 recommendation for the Department of Administration included a total of \$438,326 from three state building funds, the Educational Building Fund (\$329,840), the State Institutions Building Fund (\$56,511), and the Correctional Institutions Building Fund (\$51,975) to offset State General Fund expenditures for building insurance costs. The Conference Committee on HB 2675 agreed to delete the funding for further consideration in the omnibus bill. Concerns were raised with the use of the funding, particularly in the case of the Educational Building Fund, given projected shortfalls to the EBF in FY 2004. Total recommended funding for the state umbrella policy in FY 2005 is \$559,218, and provides coverage for 765 buildings with a total replacement value of almost \$3.9 billion. In the past, the entire amount has been funded from the State General Fund, but the Governor's recommendation shifted all but \$120,892 to the state building funds. The Senate Ways and Means Committee has also recommended an interim study on this issue.

The committee concurred to restore this item to the budget for FY 2005.

D. Department of Administration Capital Improvements (Senate Committee). The Senate Ways and Means Committee expressed concern regarding a number of items reflected in the Department of Administration's capital improvements request which concerned life safety issues, and requested the topic be further addressed at Omnibus. The Department's FY 2005 capital improvements request included \$31.6 million from the State General Fund to address deferred maintenance issues in a number of state buildings, particularly the Docking and Landon

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

State Office Buildings. The Committee noted that the Department was in the process of completing a study on the future use of those buildings, but was concerned that the safety of those employees working in the buildings not be compromised while that determination is being made. A code review study of the Docking and Landon Buildings completed in 2000 indicated that the primary need for safety upgrades to the buildings revolved around fire safety issues. The Department's FY 2005 request included slightly over \$3.0 million in fire detection and suppression projects as listed in the table below. Several of these projects have been requested for a number of years, and one, the Landon Fire Pump replacement project, was approved from a nonreportable funding source, the State Buildings Depreciation Fund, in FY 2004, but, according to the agency, there were not sufficient funds available to complete the project.

Project	Amount
Docking Fire Detection System	\$ 367,642
Landon Fire Detection System	754,503
Docking Fire Suppression System	457,870
Landon Fire Suppression System	451,044
Kansas Judicial Center Fire Suppression System	500,000
Kansas Judicial Center Alarm Replacement	420,660
Landon Fire Pump Replacement	75,000
TOTAL	\$ 3,026,719

Senator Barone requested specific information regarding the Kansas Judicial Center Fire Suppression System and Alarm Replacement projects.

Information was distributed regarding the Kansas Judicial Center FY 2005 Capital Improvement Requests as follows (Attachment 16):

- Kansas Judicial Center Fire Suppression - \$500,000.
- Kansas Judicial Center Fire Alarm Replacement - \$420,660.

The committee reviewed this item but took no action.

E. Language in Appropriations Bill (Technical Adjustment). Subsections (k) and (o) of House Bill No. 2675 (the FY 2005 appropriations bill) deals with the facility conservation improvement program, and transfers funds from the Kansas Corporation Commission (KCC) to the Department of Administration. The responsibility for administration of the program has been shifted to the KCC, and, as a result, the section needs to be deleted.

The committee concurred with this item for technical adjustments .

F. GBA No. 3, Item 1, p. 2 - Medicaid Reimbursement/Older Americans Act Funding.

The committee concurred with this item.

G. GBA No. 3, Item 2, p. 2 - Motor Vehicle Sale Proceeds.

The committee concurred with this item.

Statehouse Cleaning. (Attachment 17)

The committee reviewed this item, but took no action. The Chairman suggested all interested parties meet to resolve this issue.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

Juvenile Justice Authority

A. SB 183 - Interstate Compact for Juveniles (Law). **SB 183** makes Kansas a member of the Interstate Compact for Juveniles (ICJ). The ICJ is an agreement between participating states regarding the supervision and apprehension of juveniles. The bill sets forth the organizational requirements for the state and the rules for participation in the ICJ. Specifically, the ICJ provides the framework for the supervision of juveniles on probation or parole across state lines and the return of absconders who escape from custody to their state of origin. The bill requires the formation of a State Council. The State Council consists of members of all three branches of government and victims groups, and may also include local government representatives. The purpose of the Council is to keep all agencies involved with juvenile justice informed of ICJ matters. The Juvenile Justice Authority estimates that participation in the ICJ would increase operating expenditures annually by \$46,700 beginning in FY 2005 from the State General Fund. The agency indicates that it would not be able to absorb the additional cost. In addition, 1.0 FTE position for a senior administrative specialist would be required to provide staff support for the Council and assist the Commissioner of JJA, who would serve as the state's representative on the National Council.

[The committee reviewed this item but did not adopt it.]

Kansas Juvenile Correctional Complex

A. Opening of the Kansas Juvenile Correctional Complex (KJCC) in FY 2005 (Senate Committee and House Committee) and GBA No. 3, Item 30, p. 14. After reviewing several options presented by the Juvenile Justice Authority (JJA), the House Budget Committee encouraged the Governor to review the option of phasing in 40 Reception and Diagnostic Unit (RDU) Beds and 90 Maximum Security Beds in FY 2005. The estimated cost of this option is \$7,190,066 from the State General Fund. The House Budget Committee encouraged this option after receiving testimony from the Juvenile Justice Authority regarding the overcrowding at the Topeka Juvenile Correctional Facility (TJCF); noting that the security equipment in KJCC will not be tested before the warranties expire in December 2004; that TJCF is out of compliance with some standards set by the American Correctional Association (ACA) that would be resolved once KJCC opens and that JJA will continue to be out of compliance with state regulations regarding the requirement of a reception and diagnostic unit in the juvenile justice system.

After hearing testimony from JJA, the Senate Subcommittee noted that the above option of phasing in 40 Reception and Diagnostic Unit (RDU) Beds and 90 Maximum Security Beds in FY 2005 as the most desirable. The Subcommittee recognized that JJA is working with the Governor's office on reviewing this option and researching additional options to open the new facility in FY 2005. The subcommittee cited the opening of KJCC for Omnibus.

[The committee concurred with this item.]

Commission on Veterans Affairs

A. Additional Funding for Federal Grant Match (Senate Committee) and GBA No. 3, Item 20, p. 10. The agency requested an additional \$181,771 (\$69,995 for the Kansas Soldiers' Home and \$111,776 for the Kansas Veterans' Home) for FY 2004 to meet the state's match portion for the federal capital improvements grant projects. The agency reported that without this funding, a portion of the projects would not be completed. The Senate Committee recommended the agency request a Governor's Budget Amendment for this item.

The committee concurred with this item.

B. Fort Riley Cemetery Construction (Senate Committee). The Senate Committee recommended a review of the status of the four state veterans cemeteries in FY 2005. While initial construction costs are financed through a federal grant, once construction is complete, the state is obligated to operate and maintain the cemeteries. Review of the fiscal note from the 1999 bill creating the cemetery program showed estimated annual program expenditures of \$606,111 with \$524,867 from the State General Fund and 12.0 FTE positions. The Committee expressed

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

concern that cemetery program expenditures may now be estimated at much higher levels than the original fiscal note indicated. The Committee recommended work on the one cemetery where construction has not yet begun, Fort Riley, be stopped until review of this issue during Omnibus.

The agency reported back to the committee but no action was taken on this item.

C. Systemwide Cemetery Staffing Needs (Senate Committee). The Senate Committee recommended a complete review of the systemwide FY 2005 staffing needs of the cemetery program to be reported during Omnibus. The Committee heard testimony that funding is included in the budget for salaries for cemetery personnel at Fort Dodge, Winfield, and WaKeeney; however, vacant FTE positions from the Soldiers' and Veterans' Homes would be used to staff the Winfield and WaKeeney cemeteries. The Committee encouraged the agency to explore staffing alternatives, such as inmate or volunteer labor, for grounds keeping and maintenance functions.

The agency reported back to the committee and submitted copies of the Executive Summary, State Veterans' Cemetery Program Staffing Analysis (Attachment 18).

Senator Jackson had talked with representatives of the Veteran's Commission and they had agreed to consolidate staff to take care of the Fort Dodge, Winfield, and WaKeeney cemeteries.

Senator Jackson moved, with a second by Senator Salmans, to reduce the cemetery program expenditures by \$98,000. Motion carried on a voice vote.

Department of Agriculture

A. Review of impact of ERO 32 or Sub. for SB 296 (Senate Committee and House Committee). The Senate and House Committee recommended a review of the Department of Agriculture's FY 2005 budget upon the adoption of Executive Reorganization Order (ERO) No. 32. ERO No. 32 (also contained in Substitute for Senate Bill 296) transfers food inspection functions from the Department of Health and Environment (KDHE) to the Department of Agriculture (KDA). Substitute for Senate Bill 296 is currently in conference committee. The ERO was set in place on March 15, 2004 and will take effect on October 1, 2004. The bill and the ERO allow for the transfer of all fund balances and FTE positions impacted by the transfer from KDHE to KDA.

Senator Downey moved, with a second by Senator Helgerson, to authorize the Food Safety Fee Fund. Motion carried on a voice vote.

B. GBA No. 3, Item 19, p. 10 - Food Safety Program.

The committee concurred with this item.

Animal Health Department

A. Animal Facilities Inspection Program (Senate Committee). The Senate Committee recommended the review of funding for the Animal Facilities Inspection Program. The agency reported that due to low fund balances, the Animal Facilities Inspection Program will have insufficient funds to operate the program through FY 2005. The program's fees are currently at the statutory maximum. The Senate passed SB 257 which would increase the program's fees by 25 percent. The agency reports that a 25 percent fee increase would generate sufficient revenues to fund the program for two years. The bill is currently in the House Appropriations Committee.

The committee recommended proviso language that would authorize the agency the flexibility to raise fees for one year as included in SB 257.

B. HB 2593 - Livestock Premise Registration (Governor). HB 2593 authorizes the

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

Livestock Commissioner to cooperate with the USDA, other state officials, and private industry to develop a livestock premise registration system. The bill also allows the Commissioner to prepare for the implementation of the US Animal Identification Program. The bill allows the agency to employ two individuals to implement this program. In addition, the bill adds two members to the Animal Health Board. The agency reports an FY 2005 cost of \$61,360 (\$30,815 each) for two FTE senior administrative assistants for the Animal Identification Program. The agency estimates an expense of \$600 for the two additional board members provided in the bill. The funding would be from the State General Fund.

Senator Barone moved, with a second by Senator Helgerson, to authorize beginning in January 2005, including two associate FTE positions and two additional board members. Motion carried on a voice vote.

C. GBA No. 3, Item 32, p. 15 - Animal Disease Homeland Defense Account.

A letter addressed to Senator Steve Morris, Chairman, Senate Ways and Means, from George Teagarden, Livestock Commissioner, Animal Health Department, regarding an additional veterinarian position to help handle emergency management and animal identification (Attachment 19).

The committee concurred with this item.

Kansas Water Office

A. GBA No. 3, Item 33, p. 16 - New FTE Position and Position Upgrades.

The committee reviewed this item but did not adopt it.

Board of Indigents' Defense Services

A. Consensus Caseload Estimates. The consensus caseload estimating group for the Assigned Counsel program met to review the estimates for FY 2004 and FY 2005. The group concluded that no adjustments needed to be made at this time. The group will meet again in the fall to review the FY 2005 appropriation and to estimate FY 2006 caseloads.

This was an information item.

B. Funding for Appeals Associated with State v. McAdam (Conference Committee on HB 2675). The Conference Committee on HB 2675 (appropriations bill) recommended a review of potential funding for FY 2005 costs of cases associated with the recent Kansas Supreme Court decision in *State v. McAdam*. Currently, Kansas has two statutes dealing with the crime of compounding drugs which contain different lengths of sentences. The Kansas Supreme Court ruled that a person convicted of compounding drugs can face only the lesser of the two sentences. Individuals currently serving the lengthier of the two sentences would be eligible to appeal their sentence.

The agency estimates that the Public Defender portion of these re-sentencing cases could be done within existing resources. The Assigned Counsel portion of the cases will be addressed in the fall caseload estimates.

This was an information item.

C. Funding for Public Defender Office in the 14th Judicial District (Conference Committee on HB 2675). The Conference Committee on HB 2675 (appropriations bill) recommended a review of potential FY 2005 funding for establishing a public defender office in the 14th Judicial District (Montgomery and Chautauqua Counties). Indigent cases in this district are currently being handled by assigned counsel, but the chief judge testified that he is finding it increasingly difficult to find attorneys willing to take the cases.

According to the agency, the new office would be run as a satellite of the Chanute office

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

until the chief defender retires in a few years. At that point, management would shift to the Independence office with Chanute becoming the satellite. The agency estimates that establishment of the new office would cost \$300,000 from the State General Fund.

The committee concurred with this item.

D. Assigned Counsel Hourly Rates (House Committee). The House Committee recommended a review an additional \$4,000,000 SGF in FY 2005 should **HB 2616** be enacted. This bill would increase the assigned counsel hourly rate from \$50 to \$80. This bill is currently in the Ways and Means Committee.

The committee did not adopt this item.

Fort Hays State University

A. Bonding Authority for Memorial Union Renovations (Joint Committee on State Building Construction) and GBA No. 3, Item 25, p. 13. The Joint Committee on State Building Construction recommended a review of providing the university with bonding authority of \$5.7 million to renovate Memorial Union in FY 2005. The debt service payments would be made using student fees which were approved by the student body in December 2003. The Joint Committee deferred a decision on the issue pending approval of the project by the Board of Regents.

A letter addressed to the committee from Debra Prideaux, Executive Director, Alumni and Governmental Relations, Fort Hays State University, requesting permission for Fort Hays State University to amend its Capital Improvement Request for FY 2005 to include \$5.7 million bonding authority for the Memorial Union Renovation project (Attachment 20).

The committee concurred with this item.

University of Kansas

A. Senate Bill 312 (Law). Currently, the Fire Service Training Program is funded through a transfer from the Fire Marshal Fee Fund. **Senate Bill 312** authorizes a portion of the fee on fire insurance companies to be transferred directly to the Fire Service Training Program Fund in FY 2005. However, the fund designated in **SB 312** is different than the fund designated in **HB 2675** (appropriations bill). In addition, timing of the various transfers could result in over funding the program.

The committee concurred with this item.

University of Kansas Medical Center

A. Funding for Pursuit of Designation as a National Cancer Research Center (House Committee). The House Committee recommended consideration of providing additional funding in FY 2005 to assist in the pursuit of a designation from the National Cancer Institute (NCI) as a Comprehensive Cancer Center. There are very few such centers in the Midwest. According to the agency, NCI designation is a highly competitive process which is given, in part, in recognition of pre-existing state and institutional investments in cancer research.

The committee reviewed this item. Senator Adkins asked that, since this is a House Committee issue, KUMC respond if they have any specific targeted funds that would help in this application.

In response to Senator Adkins request, information was distributed regarding the Masonic Center Research Institute Cancer Center Funding Supplement (Attachment 21).

The committee concurred that, regarding committee discussion in being cautious about bonding, for a proviso regarding that no proceeds of Research Corporation bonds

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

authorized by the Legislature could be used for other things without a study by the Board of Regents.

B. Additional Funding for the Medical Loan Program (House Committee). The House Committee recommended a review of additional funding for the Medical Loan Program. The Governor's policy in her FY 2005 recommendation is that the program be reduced over time from 120 to 90 total loans. The agency has indicated that funding exists for FY 2005 to fund 30 new loans, but that additional state funding would be needed in FY 2006 to continue at that level.

The committee recommends use of the agency's current resources.

Wichita State University

A. Funding for Aviation Research (House Committee and Senate Committee). The House Committee recommended a review of funding sources for aviation research at Wichita State University in FY 2005. The Senate Committee funded the research at \$2,000,000, but recommended a review of increasing the transfer from the State Gaming Revenues Fund to the Economic Development Initiatives Fund to fund the item. Both of the items were addressed in **House Bill 2675** (appropriations bill).

*This item had been addressed in **HB 2795** (appropriations bill).*

Board of Regents

A. National Guard Educational Assistance Program (Technical Adjustment) and GBA No. 3, Item 24, p. 13. The National Guard Educational Assistance Program is currently funded in the appropriations bills at \$975,028 from the State General Fund for FY 2005. The Governor's recommendation and the Legislative approved amount is \$725,028 SGF. The difference is the amount appropriated for the program by the 2003 Legislature.

The committee concurred with this item.

Senator Barone requested Staff get additional information from the Adjutant General regarding potential utilization of the National Guard Educational Assistance Program.

B. Other Federal Grants Fund (Technical Adjustment). The FY 2004 expenditure authority for the Other Federal Grants Fund was listed incorrectly in **HB 2675** (appropriations bill). The line item and associated proviso were authorized twice for FY 2005.

The committee concurred with this item.

C. Additional Funding for Technical Colleges (Conference Committee on **HB 2675).** The Conference Committee on **HB 2675** (appropriations bill) recommended consideration of increased funding for technical colleges in light of the transfer to independent governing boards. In its FY 2005 budget submission, the agency requested an additional \$4.5 million to fully fund the statutory state aid formula. The Governor's original recommendation funded \$1.0 million of that request.

The committee reviewed this item but took no action.

D. Report on Southwest Kansas Access (House Committee). The House Committee requested a report on the Southwest Kansas Access Project including current activities and efforts as well as plans for FY 2005.

This was an information item.

E. Report on Budgetary Flexibility (Senate Committee). The Senate Committee requested a report on the various options being considered by the Board of Regents for greater budgetary flexibility at the state universities. The Committee requested that the agency report either at Omnibus or during the 2004 interim.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

This was an information item.

F. GBA No. 3, Item 23, p. 12 - Vocational and Technical Education Act.

The committee concurred with this item.

Attorney General

A. White Collar Crime Unit. The Conference Committee on **HB 2675** (the appropriations bill) deferred to Omnibus consideration of creation of a white collar crime unit in the Attorney General's Office in FY 2005. The position of the House was to appropriate \$200,000 and add 2.0 FTE positions for the unit. The position of the Senate, if additional resources become available, was to consider the request in Omnibus and to ask the Attorney General to provide detailed justification for the new unit, a description of the types of cases that would be investigated, estimated costs associated with the investigations, and an estimated workload. In addition, the Senate asked the Attorney General to provide other options for consideration, such as partnerships with local law enforcement agencies to investigate and prosecute white collar crime, the possibility that the Attorney General could provide training to enhance the effectiveness of local units, the feasibility of providing grants to local units for white collar crime investigation and prosecution, and the possibility of using state grants to leverage federal or other funds.

According to the Attorney General, white collar crimes (defined to include fraud involving financial institutions, credit cards, insurance, and securities, as well as identity theft) no longer are the top priority of the Federal Bureau of Investigation. As a result, states are left to investigate and prosecute crimes involving losses of less than \$250,000. The Attorney General says that local officials have limited resources to pursue white collar crime and often ask the Attorney General's Office for assistance.

The Attorney General requests \$230,000 from the State General Fund in FY 2005 to create a White Collar Crime Unit. Of the request, \$175,000 would be for the salaries of 3.0 FTE positions (an investigator, a prosecutor, and one support position) and \$55,000 would be for equipment, travel, and other operating expenditures.

The committee did not adopt this item.

B. HB 2798 (Veto). **HB 2798** enacts the Personal and Family Protection Act, administered by the Attorney General. The Act allows licensed individuals to carry concealed handguns and sets forth the following responsibilities and duties the Attorney General must perform:

- Issue four-year licenses to qualifying individuals to carry concealed handguns. Licenses would have to be issued or denied within 90 days of receiving the application, fee, and required documentation. (Between January 1, 2005, and July 1, 2005, the period would be extended to 180 days to allow for implementation of the Act.)
- Adopt rules and regulations to administer the Act.
- Approve "weapons safety and training courses" to satisfy the requirement that applicants for licensure must present evidence of completion of such a course in order to be licensed. (Courses also could be approved by other law enforcement agencies or the National Rifle Association (NRA).) Procedures and standards for the courses would be established in rules and regulations of the Attorney General. Course instructors would have to be certified by the Attorney General or the NRA.
- Maintain an automated listing of license holders and "pertinent information." The information would have to be available, upon request, at all times to all law enforcement agencies in Kansas.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

- Provide a statistical report to the Governor and Legislative leadership by January 1 each year regarding the number of licenses issued, revoked, suspended, and denied during the preceding fiscal year.
- The bill provides for an initial license fee of up to \$150 and a renewal fee of up to \$100, which must be submitted to the sheriff of the county where the applicant resides. Of those amounts, the Attorney General would receive \$110 of the original license fee and \$50 of the renewal fee. The Attorney General would have to use the fees for administration of the Act, with 20 percent of any balance allocated to the County Law Enforcement Equipment Fund and 80 percent to the Forensic Laboratory and Materials Fee Fund. The original fiscal note on the bill estimated that the agency administering the Act would receive \$280,000 per year due to initial licenses issued. Once the Act is implemented, additional revenues would be received due to license renewals.

The Attorney General estimates that 4.0 FTE support staff would be needed, at least in the initial years of implementation of the Act, at a total cost of \$110,000 in FY 2005 (\$25,000 for each of the additional staff and \$10,000 for other operating expenditures). Costs associated with the positions would be paid for from licensure revenues generated.

This was an information item and was not acted on because the bill had been vetoed by the Governor.

C. SB 489 (Senate Committee). SB 489 would require the Child Death Review Board to investigate the death or near fatality of a child who is in the custody of the state or who at any time has been determined to be a child in need of care. According to the Attorney General, passage of the bill would require 2.0 FTE additional staff for the Child Death Review Board, at a total cost of \$156,831 in FY 2005 for salaries and wages, equipment, travel, and other operating expenditures. The Senate Subcommittee on the Attorney General's budget recommended that, if SB 489 were enacted, it should be funded in the Omnibus Bill. However, the bill was not reported out of the first committee.

This was an information item.

D. Technical Adjustment and GBA No. 3, Item 6, p. 3. In order to accurately reflect the Governor's recommendation, \$28,960 from the State General Fund should be added for FY 2004. A lapse contained in HB 2675 (the appropriations bill) was incorrect. The addition will not increase expenditures above the Governor's recommendation because the amount already has been taken into account.

The committee concurred with this item.

Department of Education

A. HB 2675 - KPERS-School Lapse (Veto). The Governor vetoed a section in HB 2675 which contains a lapse of \$6,005,014 for KPERS-School in FY 2004. Had the lapse occurred, the full entitlement for KPERS-School in the current year would not have been funded. According to the Governor's veto message, the Governor will issue a Governor's Budget Amendment to identify savings that can be captured in the current year, based on revised estimates made April 13, 2004.

This was an information item.

B. Revised School Finance Estimates and GBA No. 3, Item 21, p. 11. Staff from the State Department of Education, the Division of the Budget, and the Legislative Research Department met April 8, 2004, to reevaluate school finance estimates that had been made in November for FY 2004 and FY 2005. One revision was to add 449 weighted full-time equivalent (FTE) students in both years, the result of growth in at-risk, bilingual education, and vocational enrollments. The estimate for local resources was increased in the current year by \$1.8 million as a result of more federal funding being received for school districts that include military bases.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

Finally, local option budgets were adjusted upward in FY 2005, reflecting both greater utilization of budget authority and utilization by relatively poorer districts which qualify for a higher proportion of state aid.

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

	Approved FY 2004	Revised FY 2004	Difference FY 2004	Approved FY 2005	Revised FY 2005	Difference FY 2005
General State Aid \$	1,621,855	1,621,926	71	1,760,302	1,762,192	1,890
Supp. General State Aid	160,740	160,598	(142)	163,045	171,416	8,371
TOTAL	<u>\$ 1,782,595</u>	<u>\$ 1,782,524</u>	<u>\$ (71)</u>	<u>\$ 1,923,347</u>	<u>\$ 1,933,608</u>	<u>\$ 10,261</u>

To fully fund general state aid in FY 2004, an additional \$71,000 is needed, which is more than offset by estimated savings of \$142,000 in supplemental general state aid. In FY 2005, an additional \$1,890,000 is needed for general state aid and \$8,371,000 for supplemental general state aid, for a total of \$10,261,000. (Net savings of \$71,000 in FY 2004 could be reappropriated to FY 2005 to reduce the appropriation.)

The committee reviewed this item and discussion followed.

Senator Downey moved, with a second by Senator Barone, to adopt the GBA No. 3, Item 21. Motion carried on a voice vote.

C. Juvenile Detention Facilities (Senate Committee). The Senate Subcommittee that reviewed the State Department's budget requested that the Governor submit a GBA to add \$669,522 from the State General Fund in FY 2005 for Juvenile Detention State Aid. (Currently, the approved appropriations for juvenile detention state aid are \$6,268,915 in FY 2004 and \$5,599,393 in FY 2005.) The Governor recommended a supplemental appropriation of \$669,522 for FY 2004, in recognition of enrollment growth and the addition of a new facility, but failed to reflect the growth in the recommendation for FY 2005. According to the State Department, 708 FTE students in juvenile detention facilities received educational services in FY 2003, compared to an estimated 836.5 FTE students in the current year, an increase of 128.5 students. That same number of students is expected to be served in FY 2005.

The committee reviewed but did not adopt this item.

D. KPERS-School (Senate and House Committees) and GBA No. 3, Item 22, p. 11. The Senate Subcommittee and the House Budget Committee which reviewed the State Department's budget requested that the Governor submit a GBA to add money from the State General Fund for KPERS-School in both FY 2004 and FY 2005. The Governor's recommendation for FY 2004 was intended to fund the entitlement, but lapses \$6,005,014 which was a supplemental appropriation for FY 2003, resulting in a shortfall. (The Governor and the 2003 Legislature approved the supplemental appropriation for FY 2003 but, because of revenue shortfalls, added it to the FY 2004 appropriation so that it would not be spent until FY 2004.) The shortfall created by the lapse in the current year has been carried forward to FY 2005. On April 13, 2004, staff revised the estimates for KPERS-School. The revised estimates for the entitlements are \$113,508,100 in FY 2004 and \$139,232,391 in FY 2005. (The increase from FY 2004 to FY 2005 is due to an estimated 3.0 percent growth in teacher salaries; a statutory employer contribution rate increase of 0.2 percent for the last three quarters in FY 2005; the end of the moratorium on death and disability contributions and the consequent assumption of death and disability payments of 0.6 percent for all of FY 2005; and a 0.09 percent assessment to pay bonds for the 13th check, which will begin the last three quarters of FY 2005 and continue for 15 years.) To fund the estimated payments, a supplemental appropriation of \$5,157,823 is needed in FY 2004 and an additional appropriation of \$4,253,138 is needed for FY 2005.

The committee concurred with this item to fund both FY 2004 and FY 2005.

Senator Kerr moved, with a second by Senator Jackson, to add language to the

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

appropriations bill directing that expenditures for KPERS-School be reported as a school district expenditure. (Currently KPERS-School is reported as a statewide expenditure, not as part of individual school district budgets.) The mechanics of the change would be such that KPERS-School would not be included in school district general fund budgets for purposes of calculating local option budgets. Motion carried on a voice vote.

E. GBA No. 3, Item 23, p. 12 - Vocational and Technical Education Act.

*The committee concurred with this item. As part of the ongoing transfer of positions and programs to fully implement 1999 **SB 345**, which reorganized higher education, the State Board of Education and the Kansas Board of Regents have agreed to the transfer of 1.5 FTE positions and \$11,700 in FY 2005 from the State General Fund from the State Department of Education to the Kansas Board of Regents. The transfer is related to the administration of federally-funded Carl D. Perkins vocational education programs.*

Insurance Department

A. GBA No. 3, Item 7, p. 4 - Service Regulation Fund.

The committee concurred with this item.

Secretary of State

A. Interest in distribution of free copies of publications (Senate Committee). The agency has indicated that the FY 2005 proviso suggested by the Senate subcommittee which would allow the Secretary of State to access the interest in distribution of free copies of certain publications is not necessary. The Secretary of State's office already makes the inquiry prior to the distribution of the free copies of the Session Laws, Kansas Administrative Regulations (KARs), and Kansas Statutes' Annotated (KSAs).

This was an information item.

B. Expenditure related to Session Laws and Kansas Administrative Regulations (KARs) (Senate Committee). The Senate Committee requested that the Secretary of State's Office report back concerning the agency's FY 2005 expenditures related to the publication and distribution of Session Laws and Kansas Administrative Regulations (KARs). The agency indicated that currently the agency has annual expenditures of \$236,500 from special revenue funds and that the annual revenue from sales of \$121,000 goes to the State General Fund. The total cost of the free distribution is \$87,500, of which \$55,019 is directly related to printing and shipping costs associated with the free distribution copies. The agency presented two options for the Committee's consideration: 1. Secretary of State continue to pay all expenses but be allowed to retain \$121,000 in revenue and the Legislature would pay all costs associated with the free distribution of \$87,500. This is a total cost to the State General Fund of \$208,500. 2. Secretary of State continue to pay all expenses but be allowed to retain \$121,000 in revenue and the Legislature would pay \$55,019 for the printing and shipping costs associated with the free distribution. This is a total cost to the State General Fund of \$176,019.

The committee reviewed this item.

Senator Adkins moved to adopt Option No.1 under Item B, submitted by the Secretary of State, that the agency continue to pay all expenses but be allowed to retain \$121,000 in revenue and the Legislature would pay all costs associated with the free distribution of \$87,500 which is a total cost to the State General Fund of \$208,500. The motion died to the lack of a second.

The committee further reviewed this item, but took no action.

C. SB 479 Help America Vote Act (HAVA) (Law) and GBA No. 3, Item 5, p. 3. SB 479 implements provision of the federal Help America Vote Act (HAVA) of 2002. There is a fiscal impact to the bill, which would be funded with federal appropriated HAVA dollars totaling \$13,748,141 in FY 2005. There is a five percent match required to receipt the federal funds.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

The agency has requested a GBA to fund three percent of the FY 2005 match, \$434,152 State General Fund and that the counties pay the remaining two percent \$289,435. In addition, the agency has requested an additional \$28,245 State General Fund in FY 2004 due to receiving a larger than anticipated federal appropriation.

The committee concurred with this item.

Senator Jackson moved, with a second by Senator Jordan, to adopt GBA No. 3, Item 5. Motion carried on a voice vote.

School for the Blind

A. Teacher Salary Levels (House Committee). The House Committee requested that the agency provide information regarding the differences between the salary levels at the School for the Blind and other school districts. The School provided information indicating compared to USD # 500, Kansas City, Kansas, \$162,415 State General Fund would be required in FY 2005 to comparably compensate the teachers at the School for the Blind, including fringe benefits. The School indicated that the 32.15 FTE teachers earn an average of \$3,653 (9.5 percent) less than the Kansas City, Kansas school district average (base salary). The School indicated that 78 percent of its classroom teachers have their masters degree or above and 67 percent of its teachers have 10-19 years of experience.

The committee took no action on this item.

B. Separate Pay Matrix (Senate Committee). The Senate Committee wanted to review the viability of creating a separate pay matrix for teachers at the School for the Blind and the School for the Deaf in FY 2005. The Department of Administration indicated that costs associated with the creation of an additional matrix total approximately \$16,000 (423 programming hours) in addition to the costs involved with adjusting salaries on the new matrix.

This was an information item.

C. Utilization and viability of the School for the Blind and the School for the Deaf (Senate Committee). The Senate Committee requested information regarding capacity and enrollment of the schools' dormitory and classrooms and other possible uses for the two campuses in FY 2005. In addition, the committee requested information regarding the feasibility of either consolidating the two schools into one campus or utilizing alternative methods of providing services to blind and deaf students.

The School for the Blind indicated that their dorm capacity was approximately 50 students, with the current enrollment at 30 students. In addition, the School for the Blind's classroom capacity is 70 students, with an actual enrollment of 61 students at the current time.

The School for the Deaf indicated that their dorm capacity was approximately 136 with optimal distribution of gender and age, with the current enrollment of 50 students. In addition, the School for the Deaf's classroom capacity is 200, with an actual enrollment of 140 students at the current time.

Both the School for the Blind and the School for the Deaf have indicated that they do not believe it would be in the best interests of the students to combine the two schools. The Schools additionally indicate that it is not a possibility to combine these groups in the classroom. Each group has specific sensory requirements that make them unique in the Kansas education system. The School for the Blind also notes that there may be a legal issue regarding ownership of their campus should the School be moved to a different location.

Both schools have indicated that they strongly believe that the residential school/center school is a necessary placement option for the blind and deaf students in Kansas, especially those requiring intensive instruction.

The School for the Blind and the School for the Deaf noted the existence of previous reports which examined this issue in more depth, most notably those from 1986 and 1993. The

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

reports recommended maintaining the current funding mechanism and leaving in place the current educational structure for both the School for the Blind and the School for the Deaf.

The committee recommended an interim study regarding this item.

School for the Deaf

A. Teacher Salary Levels (House Committee). The House Committee requested that the agency provide information regarding the differences between the salary levels at the School for the Deaf and other school districts. The School provided information indicating compared to the Olathe School District, \$422,238 State General Fund would be required in FY 2005 to comparably compensate the teachers at the School for the Deaf, including fringe benefits. The School indicated that the 59.0 FTE teachers earn an average of \$6,924 (15.2 percent) less than the Olathe school district average (base salary).

The committee took no action on this item.

B. Separate Pay Matrix (Senate Committee). The Senate Committee wanted to review the viability of creating a separate pay matrix in FY 2005 for teachers at the School for the Blind and the School for the Deaf. The Department of Administration indicated that the costs associated with the creation of an additional matrix totals approximately \$16,000 (423 programming hours) in addition to the costs involved with adjusting salaries on the new matrix.

This was an information item.

Copies of a letter regarding a request for consideration, addressed to Senator Stephen Morris, Chairman, Senate Ways and Means, from Robert A. Maile, Superintendent, Kansas State School for the Deaf, was distributed to the committee ([Attachment 22](#)). The letter addressed issues related to not meeting the maintenance of effort issues related to the Federal Title VI-B funds.

C. Restoration of BEST contractual services and commodities. (Senate Committee). The Senate Committee wished to review the possible restoration of FY 2005 BEST reductions of \$70,814 in contractual services and commodities.

The committee concurred to tie this item to the information in the request for consideration above that was requested from the School.

D. Restoration of vehicle and capital outlay. (Senate Committee). The Senate Committee requested a GBA to address this issue. The Committee noted that the school had requested one vehicle, \$19,425, in their FY 2005 submitted budget, which was deleted in the Governor's reduced resources package. In addition, there was a reduction of \$19,121 for the vehicle moratorium.

The Committee noted that the school requested \$82,675 for capital outlay, including \$30,000 for replacement of auditory training units. The Governor deleted all \$82,675 in the reduced resources package. In addition, there were capital outlay BEST reductions of \$11,761.

The capital outlay for the School for the Deaf after all the reductions totals a negative \$30,882. However, a portion of the reductions were made by the Division of Budget in contractual services, so the reports indicate a remaining balance of \$40,914.

The committee reviewed this item but took no action.

E. Dorm Renovation Project (Conference Committee). The Conference Committee removed FY 2005 funding of \$529,794 (State Institutions Building Fund) for the dorm renovation project and requested to review the entire project at Omnibus, especially in terms of the effect on the life and safety of the students if the project were delayed or discontinued. The School provided information indicating that the current structure does not meet code in terms of emergency evacuation and fire suppression. In addition, the renovation would install visual alarms for weather emergencies and intruder lock-down alerts in addition to the existing fire alarms. The School indicated that the dormitory was originally designed to house 180 students

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

with four to eight students per room. The current housing assignments could accommodate 100 students with one to two students per room, as their needs require, given the optimal gender and age distribution. The renovated dorm would accommodate 42 students per wing. The current population being served in the dorm setting is approximately 30 students. The second wing renovation is focusing on special accommodation and meeting the living arrangement needs of multiply-disabled deaf children. The School has indicated that while the renovation of the second wing is highly desirable, it could be postponed for a period of time in deference to the current economic conditions.

Senator Barone moved, with a second by Senator Schodorf, that the \$529,794 (SIBF) be reinstated. Motion carried on a voice vote.

F. Utilization and viability of the School for the Blind and the School for the Deaf (Senate Committee). The Senate Committee requested information regarding capacity and enrollment of the schools' dormitory and classrooms and other possible uses for the two campuses in FY 2005. In addition, the committee requested information regarding the feasibility of either consolidating the two schools into one campus or utilizing alternative methods of providing services to blind and deaf students.

The School for the Blind indicated that their dorm capacity was approximately 50 students, with the current enrollment at 30 students. In addition, the School for the Blind's classroom capacity is 70 students, with an actual enrollment of 61 students at the current time.

The School for the Deaf indicated that their dorm capacity was approximately 136 with optimal distribution of gender and age, with the current enrollment of 50 students. In addition, the School for the Deaf's classroom capacity is 200, with an actual enrollment of 140 students at the current time.

Both the School for the Blind and the School for the Deaf have indicated that they do not believe it would be in the best interests of the students to combine the two schools. The Schools additionally indicate that it is not a possibility to combine these groups in the classroom. Each group has specific sensory requirements that make them unique in the Kansas education system. The School for the Blind also notes that there may be a legal issue regarding ownership of their campus should the School be moved to a different location.

Both schools have indicated that they strongly believe that the residential school/center school is a necessary placement option for the blind and deaf students in Kansas, especially those requiring intensive instruction.

The School for the Blind and the School for the Deaf noted the existence of previous reports which examined this issue in more depth, most notably those from 1986 and 1993. The reports recommended maintaining the current funding mechanism and leaving in place the current educational structure for both the School for the Blind and the School for the Deaf.

The committee recommended an interim study regarding this issue.

Board of Healing Arts

A. Senate Sub. for HB 2698 (Law). Senate Substitute for **HB 2698** creates new laws to be known as the Radiologic Technologists Practice Act. Under the provisions of the new laws, on or after July 1, 2005, persons providing radiologic technology procedures on humans for diagnostic or therapeutic purposes must be licensed by the Board. For FY 2005, the Board estimates that the implementation of the bill, through the preparation for licensure to develop rules and regulations, to contact potential licensees, and to create related forms for this new licensure group, would increase its operating expenditures by \$46,688 from the Board of Healing Arts Fee Fund.

The committee concurred to allow the expenditure limitation increase of \$46,688 on the fee fund.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

Kansas Dental Board

A. GBA No. 3, Item 8, p. 4 - Convert Temporary Staff to FTE Position.

The committee concurred with this item.

B. GBA No. 3, Item 9, p. 4 - Operating Expenditure Increases.

The committee concurred with this item.

Board of Pharmacy

A. Review Expenditures for Litigation (House Committee). The House Committee recommended that consideration be given at Omnibus to the Board's request to encumber \$500,000 of its fee fund balance in FY 2005 for litigation purposes. The Board expressed concern about storefronts operating in Kansas with arrangements involving ordering and purchasing of prescription drugs from Canada. The Board cited concerns about safety and efficacy of the drugs and indicated that it would need \$500,000 to pursue litigation with outside counsel. According to the Board, the Attorney General's Office indicated that it did not have the manpower or funds to pursue this type of lengthy prosecution.

The committee reviewed this item, but took no action.

State Historical Society

A. ADA Signs and Alarms (Senate Committee). The Senate Committee recommended a review of the Society's request of \$55,802 SGF for signs and alarms at Omnibus. The Division of Architectural Services has told the Society that the Kansas Museum of History's fire detection and security systems do not comply with the current ADA requirements.

The committee reviewed this item, but took no action.

B. HB 2531 (Law). House Bill 2531 adds to and amends the Historic Preservation Act to provide certain protection to land used for agricultural purposes within the environs of historic property. The Historical Society is required to provide notification to landowners by mail or newspaper publication. The Historical Society indicated the publication costs from its agency fee and federal funds would be \$2,080. These expenditures are not included in the currently approved FY 2005 budget.

The committee recommended the agency absorb the costs and made no adjustment.

Department on Aging

A. Review of EDS payment system - FY 2004 (Senate Committee and House Committee). The Committees expressed concern about the timing of payments to providers and the number of unpaid claims. The Committees requested information from both the Department of Social and Rehabilitation Services and the Department on Aging prior to Omnibus. The House Budget Committee planned to meet with the EDS representatives and SRS and KDOA secretaries prior to Omnibus.

This was an information item.

B. Transfer of Senior Employment Programs to the Department on Aging (House Committee). Under the provisions of ERO No. 31, the Older Kansans Employment Program (OKEP) and the Senior Community Service Employment Program (SCSEP), are to transfer from the Department of Human Resources (KDHR) to the Department of Commerce in FY 2005. The House Committee recommended consideration be given to the transfer of the programs to the Department on Aging prior to Omnibus.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

The Department noted that the two programs were transferred from KDOA to KDHR in 1995. The Department indicated that the appropriate administrative money and staff would need to be transferred to KDOA in order for the agency to administer the program. KDOA noted that the program is currently funded from the EDIF and that it does not currently receive EDIF moneys, nor the spending authority for such funds. The Department believes that the two senior employment programs are compatible with its mission and supports the recommended interim study to further review the programs' transfer. The ERO took effect on March 14, 2004.

This item was addressed earlier and is an information item.

C. Review of Nutrition Program Funding Formula for the Area Agencies on Aging (House Committee). The House Committee requested a review of the current nutrition program funding formula for the Area Agencies on Aging. The table below illustrates the State General Fund allocations, both match and non-match from the 2004 appropriations bill, for FY 2003, FY 2004, and FY 2005. According to the Department, the SGF moneys were allocated in accordance with the 2003 appropriations bill proviso that provides that the PSA (Planning and Service Areas) In-Home Nutrition Program (IHNP) allocations for FY 2004, FY 2005, and FY 2006 shall be 92 percent of its prior fiscal year IHNP allocation. The remainder of the SGF appropriation, the Department noted, is allocated per the Kansas Intrastate Funding Formula.

In-Home Nutrition Program Allocations

PSA	Area Agency on Aging (AAA)	FY 2003 *	FY 2004 **	FY 2005 ***
01	Wyandotte/Leavenworth AAA	\$ 142,225	\$ 185,362	\$ 188,080
02	Central Plains AAA	505,650	582,092	568,874
03	Northwest Kansas AAA	38,019	65,046	69,669
04	Jayhawk AAA	161,366	208,776	209,421
05	Southeast Kansas AAA	170,155	204,865	205,042
06	Southwest Kansas AAA	130,857	170,715	172,315
07	East Central Kansas AAA	184,534	192,466	184,134
08	North Central-Flint Hills AAA	241,372	287,434	285,038
09	Northeast Kansas AAA	29,100	48,694	52,155
10	South Central Kansas AAA	150,921	190,159	191,293
11	Johnson County AAA	57,874	134,901	144,489
Total		\$ 1,812,073	\$ 2,270,510	\$ 2,270,510

Source:

- * KDOA IM 2003-15, issued 09/24/2003
- ** KDOA IM 2004-02, issued 03/26/2004
- *** KDOA IM 2004-05, issued 03/31/2004

This was an information item.

D. Comparison of Reimbursement Rates and Requirements for Agency-directed and Self-directed services - Frail Elderly (FE) Waiver (House Committee). The House Committee expressed concern about the reimbursement rate disparity for agency-directed and self-directed services under the FE waiver in FY 2005. The Committee noted that items, such as Workers Compensation can affect the self-direct rate. The Senate Committee has requested a Legislative Post Audit on this issue.

This was an information item.

E. Updated Waiting Lists for the FE Waiver and the Senior Care Act (House Committee). The Home and Community-Based Services/Frail Elderly waiver regular waiting list, as of April 9, 2004, was 46 individuals. The Senior Care Act waiting list, as of March 31, 2004, was 280 individuals.

This was an information item.

F. Review of Policy Change for Plans of Care and Assistive Technology (Senate Committee). The Senate Committee expressed concern about the FY 2005 HCBS/FE Plans of

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

Care and Assistive Technology. The Subcommittee noted testimony regarding a change from twelve months to six months for adjustments in Plans of Care to offset the costs of Assistive Technology. The Committee requested that the review discuss both the policy change and associated costs.

The Department indicated that there has been a reduction in the Plans of Care with regards to assistive technology. The Department cited two factors: (1) The Area Agencies on Aging (AAA) are maximizing other formal and informal resources, including the Kansas Accessibility Modification Program (KAMP) and Medicare, before utilizing the assistive technology under the FE waiver; and (2) The Department has modified its policy on assistive technology. The primary difference between the current policy and previous assistive technology policy is that costs less than \$1,000 must be a cost-effective alternative for at least six months. The previous policy allowed for a time frame of twelve months. The Department provided a report regarding AAA resources utilized for Assistive Technology. The Central Plains AAA, for example, utilized the resources of county funds, KAMP, the Medical Equipment Recycling Network (MERN), Mennonite Housing, and the City of Wichita.

Assistive Technology coverage is illustrated below:

Assistive Technology Coverage

Assistive Technology Non-Coverage	Assistive Technology Coverage
If Medicare covers an assistive technology item, HCBS/FE will not cover the item.	If Medicare does not cover an item, HCBS/FE will only cover items that improve the customer's capabilities or home modifications that improve mobility, and reduce the customer's plan of care.
If Medicare covers an assistive technology item but denies authorization, HCBS/FE will not cover the item.	
If Medicaid Durable Medical Equipment (DME) covers an assistive technology item, HCBS/FE will not cover the item.	If Medicaid DME does not cover an item, HCBS/FE will only cover items that improve the customer's capabilities or home modifications that improve mobility, and reduce the customer's plan of care.
If Medicaid DME covers an assistive technology item but denies the authorization, HCBS/FE will not cover the item.	

This was an information item.

G. Review of FY 2005 Senior Care Act Budget (Senate Committee). The Senate Committee noted its support of the Department's intent to reappropriate \$500,000 SGF from the FY 2004 Senior Care Act budget to the FY 2005 Senior Care Act budget, for a budget of \$6.5 million. The FY 2004 budget would then be approximately \$6.9 million. The Committee requested that consideration be given at Omnibus to increase the FY 2005 budget to \$6.9 million, an increase (with the reappropriation) of \$400,000 SGF. The projected average wait list with a \$6.5 million Senior Care Act budget, the Committee noted, is 603 individuals.

The committee reviewed this item but took no action.

H. Funding for the Senior Companion Program and Related Programs (Senate Committee). The Senate Committee recommended that consideration be given to the addition of \$25,000 SGF for the Senior Companion Program in FY 2005 at Omnibus. In addition, the Committee also requested information about appropriate funding levels and availability of matching funds for the Senior Companion Program and related programs, including the Foster Grandparents Program.

Funding of \$25,000 SGF from the Senior Care Act budget is provided for the Senior Companion Program in **HB 2675** (appropriations bill).

Senator Salmans moved, with a second by Senator Bunten, to put \$15,000 State General Fund for the Foster Grandparent Program. Motion carried on a voice vote.

I. Regulations for New Nursing Facilities (Senate Committee). The Senate Committee

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

recommended that consideration be given at Omnibus to a regulatory change that would allow new nursing facilities to be subject to the same base year cost as existing nursing facilities.

A response from Pamela Johnson-Betts, Secretary, Kansas Department on Aging, regarding the Omnibus items referred by the Senate was distributed to the committee (Attachment 23).

The committee reviewed this item but took no action.

Social and Rehabilitation Services

A. HB 2675 - Vocational Rehabilitation Federal Grant (Veto). The Governor vetoed proviso language in the FY 2005 appropriations bill requiring the agency fully fund the Vocational Rehabilitation Federal Grant with an additional \$550,629 state funds from existing resources.

The committee reviewed this item but took no action.

B. ACIL Program Review (Senate Committee and House Committee). The House and Senate Committees requested the agency report back at Omnibus on costs associated with providing services for children as they age out of the ACIL (Attendant Care for Independent Living) program. The Conference Committee recommended Omnibus review of the addition of \$50,000 Children's Initiatives Fund in FY 2005 for the ACIL program.

The committee concurred with \$50,000 Children's Initiatives Fund for the ACIL program.

C. Vagus Nerve Stimulator Maintenance (House Committee). The House Budget Committee received testimony about Kansans with disabilities that were provided a Vagus Nerve Stimulator (VNS) by Medicaid, and subsequently informed that the State (through Medicaid) would not cover the replacement of batteries for this device. The VNS device is used to help prevent debilitating seizures for certain persons with disabilities. Replacement of the VNS batteries is a surgical procedure, and medically necessary to reduce these seizures.

The House Committee recommended that SRS do a thorough review of the VNS replacement battery issue and report back at Omnibus on exactly why the state is denying battery replacement for these VNS devices. The House Committee directed SRS to produce the specific part of the Medicaid state plan that denies this coverage for VNS battery replacement, if the agency concludes that the replacement is not a medically necessary procedure. In addition, the House Committee asked that if SRS believes this procedure is experimental, they: (1) justify why they paid to implant the VNS device but now are denying payment for battery replacement; (2) produce credible medical evidence from a reputable neurologist to support the assertion that it is experimental; and (3) report how many other states cover this procedure under their state's Medicaid plan.

The House Committee also asked that SRS reexamine its policy not to pay to replace VNS batteries in these situations, and strongly recommended that they fund such medically necessary procedures. As SRS examined this procedure, the House Committee also asked that they examine the implantation of VNS devices as a cost effective measure. Finally, the House Committee asked SRS to justify how denying this procedure is cost effective when compared to institutionalization, hospitalizations and medication, and report all these findings at Omnibus.

The committee reviewed this item, but took no action.

D. Reduction Methodology for Family Supports and Services (House Committee). The House Committee requested the agency report back at Omnibus on the methodology used to reduce family supports and services for persons on the waivers as budget cuts have been made. In particular, the House Committee was interested in what role, if any, caretakers had in deciding which services were essential and which were not as they were reduced.

The committee reviewed this item but took no action.

E. Payroll Agents (House Committee). The House Committee requested the agency report back at Omnibus on the financial situation of payroll agents for persons who self-direct their care

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

through the HCBS waivers. The House Committee is concerned that the rates paid to payroll agents are not sufficient to cover the cost of the additional responsibility of providing workers compensation insurance. According to testimony, providers have indicated that they must either go without insurance or join insurance pools with inflated costs.

The committee reviewed this item but took no action.

F. Care Management Pilot Project (House Committee). The House Committee requested the agency report back at Omnibus on progress toward the implementation of the care management pilot project, which is designed to view the consumer as an individual, balancing the needs of the individual with cost effectiveness to provide the consumer with high quality, evidence-based care resulting in more appropriate and cost effective utilization practices.

The committee reviewed this item but took no action.

G. NF/MH Screening Process (Senate Committee and House Committee). The House and Senate Committees requested the agency report back at Omnibus with an executive summary of the screening process for the NF/MHs (Nursing Facilities for Mental Health).

This was an information item.

H. Medical Card Expansion (House Committee). The House Committee requested the agency report at Omnibus on its progress toward opening the Medicaid medical card to mental health clinicians beyond the community mental health centers (CMHCs) and NF/MHs. The agency has outlined a plan and has asked for comment from stakeholders by March 3, 2004. The House Committee encouraged opening the medical card to address concerns expressed by the Joint Committee on Children's Issues regarding the inadequate pool of qualified providers in some specialties and geographic areas, the inability of clients to utilize professionals in private practice because they cannot access the medical card, the need to provide for the special needs of groups such as African Americans and Mexican Americans, and the detriment a change of therapist can have on children as they move through the foster care system.

The committee discussed a proposed Proviso regarding opening up the Medical Card for Mental Health Services (Attachment 24).

Laura Howard, Deputy Secretary, Department of Social and Rehabilitation Services, explained that SRS does not intend to move forward during FY 2005 with expanding the Medicaid card to other providers, although they do intend to continue to work with the stakeholders with issues on access and some identified service delivery barriers within the current mental health system.

Ms. Howard explained that SRS was concerned with the language within the specific proviso because it would stop them from making any changes in their Medicaid State Plan that have any relationship to mental health. She explained that some of the issues that they are facing with the Centers for Medicare and Medicaid Services may require them to make some changes especially in the arena of Child Welfare Services. These changes would not be concerning expansion of the provider pool, but in relation to mental health.

The committee discussed a second proposed Proviso requested by the committee regarding opening up the Medical Card for Mental Health Services (Attachment 25). The committee recommended adoption of the second proposed Proviso.

I. TANF Reauthorization (House Committee). The House Committee requested the agency report at Omnibus on the reauthorization of the Temporary Assistance for Needy Families (TANF) block grant. There are several concerns about the TANF reauthorization bill, which include restrictions on the activities that may be counted as work, increases in the work participation rates, and insufficient child care to complement the increased work rates.

The committee reviewed this item but took no action.

J. Flexible Child Welfare Funding (House Committee). The House Committee requested the agency report at Omnibus on Flexible Child Welfare Funding. The Flexible Funding Child Welfare Option is a federal legislative proposal which affords states greater programmatic flexibility, but

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

would cap Title IV-E federal foster care funds. Under the proposal, the fixed federal foster care funding over the five-year period would be based on the average spent in the previous three years. The U.S. Department of Health and Human Services (DHHS) has attempted for several years to draft a proposal that would allow Title IV-E funding to be used for services outside the instance when children are placed in the custody of the state. Kansas, along with other states, has advocated for funding for services to prevent state custody using alternatives, such as family preservation, which could be financed with Title IV-E dollars. The federal proposal would not result in savings sufficient to cover the anticipated reduction in federal funds. The Pew Institute is working with DHHS in examining alternative funding models which may be more favorable to states in this area. SRS has been involved in providing input to the Pew Institute.

The committee reviewed this item but took no action.

K. Residential Care Pilot Project (House Committee). The House Committee requested the agency report at Omnibus on the pilot project to provide residential care to seriously ill children. SRS is working on a pilot project designed for families with a child who has physical or mental disabilities, and is in crisis with the child, to make a single contact in their community for help and support. The goal of the pilot project is to prevent children with disabilities in crisis from coming into state custody and to provide the family community support to care for their child.

The committee reviewed this item but took no action.

L. Acute Care Psychiatric Service Funding for Children (House Committee). The House Committee requests the agency report at Omnibus on possible amendments to the Medicaid state plan to fund longer stays for inpatient acute care psychiatric services for children. The House Budget Committee heard testimony regarding the limited inpatient services for children in the state. Funding longer stays for inpatient care would be one way to expand available services.

The committee reviewed this item but took no action.

M. Payroll Agents and Fraud Reporting (House Committee). The House Committee noted with concern reports that payroll agents who discover and report fraud are penalized by reduced reimbursements, thus penalizing them for fraud beyond their control. The House Committee requested the agency investigate and report back at Omnibus with procedures to address the issue.

The committee reviewed this item but took no action.

N. Child Welfare Contracts (House Committee). The House Committee expressed interest in what planning the agency is doing in preparation for the new child welfare contracts that will be awarded for implementation beginning July 1, 2006. The Request for Proposal (RFP) will be issued and possibly awarded prior to the 2005 Legislative Session. The House Committee requested the agency report back at Omnibus on the process that will be used during this transition.

The committee reviewed this item but took no action.

O. State Grant Proviso (House Committee). The House Committee recommended Omnibus review of FY 2005 proviso language regarding state administered grants that would limit administrative costs to 7.0 percent, allow only private entities to receive the grants, and award grant funds to no less than two qualified private entities, unless there is only one qualified applicant, to be determined by the Secretary of SRS.

The committee reviewed this item but took no action.

P. General Assistance/MediKan Hardship Criteria (Senate Committee). The Senate Committee noted that the agency was drafting hardship criteria to address the issues in the General Assistance/MediKan program surrounding the 24-month time limit and requested the agency provide a draft of those criteria at Omnibus.

The committee reviewed this item and recommended the agency proceed with its hardship criteria and recommended an interim study by the Legislative Budget Committee.

Q. Physician Reimbursement Rates - Senate Substitute for HB 2912 (Senate

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

Committee) and GBA No. 3, Item 14, p. 6. The Senate Committee recommended Omnibus review of physician reimbursement rates if provider assessment legislation was enacted. **Senate Substitute for HB 2912** enacted that legislation. **Senate Substitute for HB 2912** creates the Health Care Access Improvement Program through an annual provider assessment. The provider assessment would not begin until it was approved by the Centers for Medicare and Medicaid Services, approximately six months from the application date. The enacted bill would result in additional expenditures, based on the estimated approval date, of \$22.3 million State General Fund and \$55.6 million all funds. The cost is based on the two quarters of increased payments to providers prior to the first assessment payment. A technical adjustment to the provisions of the bill, changing the biannual payment dates to June 30 and December 30 instead of July 19 and January 18, as well as making the first assessment payment after 150 days of increased rates instead of two quarters, would nullify the fiscal impact of the bill based on the estimated start date.

The committee concurred to adopt the shell of GBA No. 3, Item 14, and leave the decision-making how to expend the total amount of money to the Healthcare Data Governing Board and appropriate a no limit fund.

R. Smart Start Expenditure Plan (Conference Committee). The Conference Committee requested the Children's Cabinet report back at Omnibus with a detailed Smart Start Kansas expenditure plan.

A letter from Joyce A. Cussimano, Executive Director, Kansas Children's Cabinet and Trust Fund, was distributed to the committee regarding the Children's Cabinet response to a request addressing the allocation of Smart Start Kansas funds for FY 2005 based on the current recommendation and a Proposed Smart Start Kansas Expenditure Plan (Attachment 26). Ms. Cussimano briefed the committee on the memorandum.

Senator Downey moved, with a second by Senator Adkins, to adopt the portion of the GBA that applies to FY 2004. Motion failed on a voice vote. Division was requested. Count was 4 to 6 against the motion by a show of hands.

Senator Helgerson moved, with a second by Senator Jackson, to take the FY 2004 general reduction of \$3.5 million out of the overall program for the FY 2005 Children's Initiatives Fund. Motion carried by 6 to 4 on by a show of hands.

Committee discussion followed on where to take the \$3.5 million dollars.

Senator Helgerson moved, with a second by Senator Jackson, to take the \$3.5 million from the Smart Start increase for FY 2005.

Senator Adkins offered a substitute motion, with a second by Senator Downey, to take \$1.0 million out of Children's Medicaid increases, \$1.3 million out of Family Preservation and \$1.2 million out of Special Education and honors the rules that these funds are not to be used to supplant State General Fund obligations. A vote was taken on the substitute motion and the motion failed on a voice vote.

Senator Kerr moved, with a second by Senator Jackson, a 1 percent shrinkage of all Executive Branch budgets except the Judicial Branch to replace the \$3.5 shortage in the FY 2004 Children's Initiatives Fund. Motion carried on a voice vote. Division was requested. Count was 5 to 4 in favor of the motion by a show of hands. **After review of this item, Staff noted that the shrinkage rate would be 0.4 percent rather than the 1 percent shrinkage.**

S. Nursing Facility for Mental Health Transition Proviso (Senate Committee). The Senate Committee recommended the addition of language in FY 2005 requiring the agency to enforce the 120-day time limit for transition from an NF/MH only after a transition plan for the individual has been completed. This item was deferred until Omnibus due to the Committee request that the time limit not be implemented until Omnibus, when the agency could provide additional information about the transition screening process.

The committee reviewed this item but took no action.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

T. Rehabilitation and Repair at the State Developmental Disability Institutions (Conference Committee). The Conference Committee deleted funding and recommended Omnibus review of FY 2005 rehabilitation and repair expenditures for the Developmental Disabilities Institutions totaling \$6,772,365 from the State Institutions Building Fund.

The committee concurred with the House action regarding this item to appropriate the money, ask the Legislative Budget committee look at it and make recommendation to the State Finance Council.

U. House Substitute for Senate Bill 272 (Conference Committee). House Substitute for SB 272 authorizes recovery of estate monies from deceased Medicaid recipients. According to the agency, the fiscal impact of the bill would be reduced expenditures of \$180,160 State General Fund and \$450,400 all funds in FY 2005, with increased revenues of \$700,000 all funds.

The committee concurred with this item.

V. Consensus Caseload Estimate and GBA No. 3, Item 12, p. 6. The April Consensus Caseload Estimates for FY 2004 are an increase of \$2,202,175 State General Fund and a reduction of \$2,065,698 all funds. The State General Fund increase is reflected in the Nursing Facilities for Mental Health (NF/MHs) at \$742,000 for increased populations of non-Medicaid eligibles; Temporary Assistance for Families (TAF) at \$500,000 for increased caseloads; General Assistance (GA) at \$482,897 and Regular Medical at \$977,278 for the injunction on enforcement of the 24-month time limit. The reduction in all funds reflects reduced federal only funds.

The April Consensus Caseload Estimates for FY 2005 are an increase of \$642,000 State General Fund and \$300,000 all funds. The State General Fund increase reflects increases in NF/MH and General Assistance expenditures. The all funds increase reflects General Assistance expenditures.

The committee concurred with this item.

W. GBA No. 3, Item 10, p. 5 - Permanent Guardianship Placement.

The committee concurred with this item.

X. GBA No. 3, Item 11, p. 5 - Replace Medicaid Deferral for Child Welfare.

The committee concurred with this item.

Y. GBA No. 3, Item 4, p. 2 - Master Tobacco Settlement Agreement.

The committee addressed this item earlier.

Z. Expansion of the State Children's Health Insurance Program (SCHIP) (House Committee). The House Committee recommended Omnibus review of the expansion of the SCHIP program to include children from conception to birth. SCHIP currently covers children from birth to age 19 (Attachment 27). Attachment was inadvertently omitted from the Omnibus memo.

A letter was distributed from Janet Schalansky, Secretary, Kansas Department of Social and Rehabilitation Services, regarding SRS related information requested by the Legislature for the 2004 Omnibus Session (Attachment 28).

The committee recommended that this item be assigned to the interim committee on Children's Issues and also assigned to the interim committee on Legislative Budget.

Larned State Hospital

A. Sexual Predator Treatment Program FTE Positions (House Committee). The House Committee recommended review of the Sexual Predator Treatment Program at Larned State Hospital to determine if additional FTE positions would be necessary.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

The committee reviewed this item but took no action.

B. Teacher Salary Increases. The Department of Education estimates an average statewide salary increase for teachers of 3.0 percent for FY 2005. The Governor's recommendation and legislative action to date for FY 2005 include no teacher salary increases within the education contracts. The Kansas Neurological Institute and Rainbow Mental Health Facility also have education contracts, but due to the nature of the contracts, adjustments are not necessary. The following table illustrates the adjustment necessary to provide uniform salary increases across the institutions.

<u>Percent Increase</u>	<u>Larned State Hospital</u>
0.5%	\$ 4,210
1.0%	8,420
1.5%	12,630
2.0%	16,840
2.5%	21,050
3.0%	25,260
3.5%	29,470
4.0%	33,680

The committee concurred with this item.

C. Categorical Aid. For FY 2004, the budgeted school contracts for Larned State Hospital include categorical aid based on a rate of \$19,000. Due to the nature of the contract, an adjustment at Kansas Neurological Institute and Rainbow Mental Health Facility is not necessary. The current FY 2004 categorical aid rate per eligible teaching unit is estimated to be \$19,200. If this rate is maintained, the school contracts for FY 2004 at Larned State Hospital would need an increase of \$1,306 State General Fund.

For FY 2005, the categorical aid rate was budgeted at \$19,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Kansas Neurological Institute and Rainbow Mental Health Facility is not necessary. The current FY 2005 categorical aid rate is estimated to be at \$18,500. This estimate requires a reduction of \$3,266 State General Fund.

The committee concurred with this item.

D. GBA No. 3, Item 13, p. 6 - Sexual Predator Treatment Program.

The committee concurred with this item.

Parsons State Hospital

A. Teacher Salary Increases. The Department of Education estimates an average statewide salary increase for teachers of 3.0 percent for FY 2005. The Governor's recommendation and legislative action to date for FY 2005 include no teacher salary increase within the education contracts. The Kansas Neurological Institute and Rainbow Mental Health Facility also have education contracts, but due to the nature of the contracts, adjustments are not necessary. The following table illustrates the adjustment necessary to provide uniform salary increases across the institutions.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

<u>Percent Increase</u>	<u>Parsons State Hospital and Training Center</u>
0.5%	\$ 1,562
1.0%	3,124
1.5%	4,686
2.0%	6,249
2.5%	7,811
3.0%	9,373
3.5%	10,935
4.0%	12,497

The committee concurred with this item.

B. Categorical Aid. For FY 2004, the budgeted school contracts for Parsons State Hospital and Training Center include categorical aid based on a rate of \$18,750. Due to the nature of the contract, an adjustment at Kansas Neurological Institute and Rainbow Mental Health Facility is not necessary. The current FY 2004 categorical aid rate per eligible teaching unit is estimated to be \$19,200. If this rate is maintained, the school contracts for FY 2004 at the institutions would need an increase of \$2,448 State General Fund.

For FY 2005, the categorical aid rate was budgeted at \$18,750 for Parsons State Hospital and Training Center. Due to the nature of the contract, an adjustment at Kansas Neurological Institute and Rainbow Mental Health Facility is not necessary. The current FY 2005 categorical aid rate is estimated to be \$18,500 which would require a reduction of \$1,360 State General Fund.

The committee concurred with this item.

Department of Health and Environment - Health

A. Consideration of State Dental Office funding (House Committee). The House Committee recommended a review at Omnibus of the possibility of adding \$50,000 SGF in FY 2005 to support a State Dental Office at KDHE. This money was added during conference committee action as recommended by the Senate during its consideration of the KDHE-Health budget.

The committee reviewed this item but took no action.

B. Review Fetal Alcohol Syndrome Diagnostic and Prevention Network Pilot Programs grants (House Committee). The House Committee recommended a review at Omnibus of information regarding the continuation of the Fetal Alcohol Syndrome Diagnostic and Prevention Network grants in FY 2005. Subsequently, language allowing the continuation of these grants was included in the appropriations bill during conference committee action. No additional funding was added.

The committee reviewed this item but took no action.

C. Review of Immunizations and ERISA Insurance Plans (House Committee). The House Committee recommended a review of information provided by the agency on the interaction of ERISA regulated health plans and immunization rates. In particular, the Committee is interested in hearing about any options that are available to reduce the barriers presented by ERISA plans which are negatively affecting immunization rates for children.

The committee reviewed this item but took no action.

D. Review Infant - Toddler (Tiny-K) programs (House Committee). The House

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

Committee recommended a review of information on Infant-Toddler programs regarding state comparisons, administrative costs and the implementation of a sliding fee scale for services.

The committee reviewed this item but took no action.

E. Review Information on Immunizations and WIC (House Committee). The House Committee recommended Omnibus review of information on the interaction between immunization and the Women Infants and Children (WIC) programs. In particular, the Committee is interested in how the two programs can work collaboratively to increase immunization rates.

The committee reviewed this item but took no action.

F. Review Information on Bioterrorism Preparedness Contracts (House Committee). The House Committee recommended a review at Omnibus of existing bioterrorism preparedness training contracts with out-of-state universities. In particular, the Committee is interested in looking at whether there is a possibility of contracting with or working through in-state universities for this activity.

The committee reviewed this item but took no action.

G. Review Funding for Pregnancy Maintenance Initiative (House Committee). The House Committee recommended reviewing potential funding sources for the Pregnancy Maintenance Initiative. In the past, this program has been funded at \$300,000 SGF but funding was eliminated for FY 2005 in the Governor's recommended budget.

The committee reviewed this item but took no action.

H. Consideration Interim Study on Child Care Programs Operated by School Districts (House Committee). The House Committee recommended a review of the need for an interim study of issues around the regulation of child care programs operated by school district boards of education.

The committee reviewed this item but took no action.

I. Review Proviso Restricting Enforcement of Child Care Regulations (House Committee). The House Committee recommended Omnibus review of the need for the continuation of a proviso placed in the appropriations bills during the 2003 and 2004 Legislative Sessions which restricts the agency's enforcement of new regulations affecting school-age drop-in programs.

The committee reviewed this item but took no action.

J. Consider Additional Immunization Support (Senate Committee). The Senate Committee recommended Omnibus consideration of providing additional FY 2005 support for immunizations in order to improve the state's childhood immunization rates.

The committee reviewed this item but took no action.

K. Review Immunization Recommendations (Senate Committee). The Senate Committee recommended an Omnibus review of specific agency recommendations and performance measures aimed at increasing childhood immunization rates. The consideration should also include a review of the agency's assessment of the resources (state, federal, local and private) needed to meet the performance measures.

The committee reviewed this item but took no action.

L. SB 418 - Birth Defects Information System (Law). SB 418 establishes a birth defects information system at KDHE with implementation contingent upon funds being available. The agency estimates a fiscal impact of \$290,396 for FY 2005 including \$101,000 for 2.0 FTE positions, staff travel costs of \$24,396, \$150,000 in contractual services to modify current databases, and additional data service expenditures of \$15,000. During the bill hearings, the agency indicated it would seek funding sources other than SGF, including federal funds, but if these are not available, SGF will need to be used.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

The committee directed the agency to seek other sources for funding than State General Funds.

M. GBA No. 3, Item 19, p. 10 - Transfer Food Safety Program to Department of Agriculture.

The committee concurred with this item.

N. GBA No. 3, Item 14, p. 6 - Health Care Access Improvement Program.

The committee addressed this item in the SRS section.

Department of Health and Environment - Environment

A. Review Information on Public Water Supply Funding and Fluoridation (Senate Committee). The Senate Committee recommended Omnibus review of agency information on potential connections between public water supply funding and the encouragement of community water fluoridation.

This was an information item and no action was taken.

Department of Commerce

A. Senate Sub. for Sub. for HB 2713 - Kansas Professional Regulated Sports Act. (Law). Senate Sub. for Sub. for HB.2713 creates the Kansas Professional Regulated Sports Act. The Act establishes an Athletic Commission with the Department of Commerce to have authority over all regulated sports and professional wrestling performances held in the state. The fiscal note indicates that \$58,408 would be required in FY 2005 to establish and operate the Commission. The funding source could be either EDIF or SGF. Of these costs, \$52,408 would pay for Boxing Commissioner salary expenses and \$6,000 would be for other operating expenditures. In the future, fees collected by the Commission will be used to offset the cost to the agency. The Athletic Fee Fund created by the bill to collect such fees needs to be appropriated.

The committee adopted this item to allow the agency to set up the Athletic Fee Fund, but added no funding or FTE.

B. HB 2833 Governor's Hometown Heritage Act (Law). HB 2833 enacts the Governors of Kansas Hometown Heritage Act and authorizes special designations for a number of roads and highways. The agency estimates FY 2005 costs associated with marketing and conducting the competition for designing of the Governors Hometown logo at \$15,000 to \$25,000 from the EDIF.

The committee did not adopt this item.

C. Senate Sub. for Sub. for HB 2647 - Kansas Economic Growth Act (Law) - Senate Sub. for Sub. for HB 2647 includes the original language of HB 2647 creating the Kansas Bioscience Authority as well as the contents of SB 393 (Center for Entrepreneurship), SB 394 (IMPACT program changes), SB 417 (Rural Business Tax Credits), SB 480 (Angel Investor Act) and SB 520 (Downtown Redevelopment Act) which comprise the Kansas Economic Growth Act. The provisions regarding the Center for Entrepreneurship create the Kansas Community Entrepreneurship Fund, which needs to be appropriated, and gives authority to the Secretary of Commerce to budget EDIF moneys to the fund. During the regular session, the Legislature appropriated \$800,000 EDIF to support the Center and provide seed money to this fund.

The committee adopted this item to allow the agency to set up the Kansas Community Entrepreneurship Fund with no expenditure limitation.

D. GBA No. 3, Item 15, p. 7 - Employment Services.

The committee concurred with this item.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

State Fire Marshal

A. SB 312 Fire Insurance Premium Levy Distribution (Law). **SB 312** adjusts the allocation of the 1.25 percent levy on fire insurance premiums to include the distribution of 0.2 percent to the Fire Services Training Institute at the University of Kansas. Currently, this program is funded by a transfer of \$750,000 from the Fire Marshal Fee fund to the Fire Service Training fund at KU. This issue is dealt with in the University of Kansas budget.

This item was addressed earlier in considering the University of Kansas budget.

B. SB 335 - Regulation of Liquefied Petroleum Gas and Propane (Law). **SB 335** enacts the Kansas Propane Safety and Licensing Act and establishes regulatory authority over the liquefied petroleum gas industry. The State Fire Marshal is required to establish rules and regulations consistent with the bill. The bill also establishes the State Fire Marshal Liquefied Petroleum Gas Fee Fund where fees collected under the bill would be credited. Fines collected would be credited to the State General Fund. The fiscal impact on the State Fire Marshal's office of implementing these provisions is estimated at \$144,668 and 2.5 FTE. According to the fiscal note, these positions would provide field inspections, administrative coordination, and facility plan reviews. The Fire Marshal estimates that fees collected would generate \$256,000 in FY 2005.

The committee concurred to appropriate the fund, add the 2 FTE's and set a \$150,000 fee fund expenditure limitation.

KPERS

A. Technology Project (Senate Committee and House Committee) and GBA No. 3, Item 3, p. 2. Pending approval of the Executive Chief Information Technology Officer and recommendation of a Governor's Budget Amendment, the committees agreed to review additional funding of \$1,027,500 in FY 2005 for the project. Funding of \$756,207 is included in the approved FY 2005 budget for the project, with the agency requesting total expenditures of \$1,783,707 next fiscal year.

The committee concurred with this item for FY 2005.

B. Investment Management Fees (Senate Committee and House Committee). The committees agreed to review revised FY 2004 and FY 2005 projections for paying investment managers. One factor impacting the increased estimate for fees is the market upturn. Another factor is the investment of the pension bond revenue of \$440.2 million from the sale on March 10, 2004. For FY 2004, the original estimate of \$18,071,348 is increased to \$19,293,452, an increase of \$1,222,104. For FY 2005, the original estimate of \$19,459,476 is increased to \$22,873,741, an increase of \$3,417,065.

The committee concurred with this item for FY 2004 and FY 2005.

Department of Revenue

A. Fee Fund Status (Senate Committee and House Committee). The committees agreed to review updated information about the VIPS/CAMA Technology Fund ending balances after cancellation of a \$1.8 million encumbrance in FY 2003. The agency reencumbered \$1.8 million in FY 2003 for a subsequent vendor, along with an additional \$972,538 in FY 2004, for a contract with Cole-Layer-Trumble Company to develop a new CAMA system. The Executive CITO issued an approval letter on December 17, 2003, for the newly redefined project and a contract of \$2.8 million. An ending balance for FY 2005 would be less than \$2.0 million if reduced revenues are projected from the following information.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

VIPS/CAMA Fund Resource Estimate	Actual FY 2003	Agency Estimate FY 2004	Gov. Rec. FY 2004	Agency Request FY 2005	Gov. Rec. FY 2005
Beginning Balance	\$ 1,174,796	\$ 319,141	\$ 319,141	\$ 1,081,126	\$ 1,081,126
Net Receipts	944,345	2,841,573	2,841,573	2,841,573	2,814,101
Total Funds Available	\$ 2,119,141	\$ 3,160,714	\$ 3,160,714	\$ 3,922,699	\$ 3,895,227
Less: Expenditures	1,800,000	2,079,588	2,079,588	1,913,642	1,886,170
Ending Balance	\$ 319,141	\$ 1,081,126	\$ 1,081,126	\$ 2,009,057	\$ 2,009,057
Ending Balance as Percent of Expenditures	17.7%	52.0%	52.0%	105.0%	106.5%

The agency has provided updated information about fee fund receipts through March 31, 2004, for a number of funds, with shortfalls noted in all four of its major funds. The VIPS/CAMA revenue is least impacted by the general shortfall in receipts to date this fiscal year.

	Shortage to March 31	Shortage Pct.	Proj. Shortage to 6/30	Total Proj. Shortage
DOV Operating Fund	\$ (240,607)	26.8%	\$ (83,092)	\$ (323,699)
Elec. Databases FF	(238,338)	4.8%	(88,841)	(327,179)
Photo FF	(272,066)	14.0%	(90,675)	(362,741)
VIPS/CAMA FF	(44,008)	2.1%	(14,634)	(58,642)
Totals	\$ (795,019)	--	\$ (277,242)	\$ (1,072,261)

Finally, **SB 380** will reduce revenue in FY 2005 to the DOV Operating Fund by an estimated \$150,000 with a change in legal notification regarding notification by wrecking and towing companies.

The committee reviewed this item but took no action.

B. Senate Sub. for Sub. for HB 2647 Kansas Economic Growth Act (Law). **HB 2647** assigns certain duties to the Secretary of Revenue and a series of tax exemptions and tax credits are established. First, the Secretary and the Kansas Bioscience Authority will establish the base year of taxation for all bioscience companies and state universities conducting bioscience research. Second, the Secretary of Revenue, the Kansas Bioscience Authority and the State Board of Regents will establish the number of bioscience employees at universities, provide annual reports, and determine the incremental tax increases from the base year over a 15 year period. All incremental state taxes generated by growth of bioscience companies and research institutions will go into the Bioscience Development Investment Fund. Third, the Bioscience Tax Investment Incentive Act will be managed by the Secretary of Revenue. Fourth, a new tax credit for entrepreneurship in distressed and rural communities is established. Taxpayers donating to the Kansas Community Entrepreneurship Fund may claim a 50 percent tax credit on the amount donated. Fifth, a rural business development tax credit is established and state income tax credits will be awarded to seven designated regional organizations. The Secretary of Revenue will assist the Secretary of Commerce in designating regional organizations to serve as a regional foundation to receive the tax credits. Sixth, the Kansas Angel Investor Tax Credit Act is established to allow accredited investors up to a 50 percent tax credit not to exceed \$50,000.

The Department of Revenue estimates a reduction of State General Fund revenue in FY 2005 amounting to \$1,556,912 attributed to the Emerging Industry Investment Act.

The committee reviewed this item but took no action.

C. HB 2143 Issuance of Distinctive License Plates (Governor). **HB 2143** establishes new procedures and requirements for issuing distinctive license plates. A new Distinctive License Plate Fund is established for the development of new plates, using non-refundable deposits to defray

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

development costs. One new distinctive plate is exempted from the new law, the "Helping Schools" plate. Annual royalty payments for those plates will be designated for a particular school district and all royalty payments will be deposited in a new Helping Schools License Plate Program Fund. Money credited to the new fund may be used for development of the license plate and administrative costs, and all other money will be distributed annually to designate school districts.

Two new funds need to be appropriated in FY 2005: the Distinctive License Plate Fund and the Helping Schools License Plate Program Fund.

The committee concurred with this item to appropriate both funds.

Kansas Lottery

A. Additional Revenues (Senate Committee and House Committee). The committees agreed to review revised sales estimates during Omnibus and adjust SGRF revenue estimates as needed in FY 2004 and FY 2005. Sales to date have generated transfers in excess of the required minimum amount to transfer monthly (which is \$4.5 million each month).

Lottery Transfers:	Transfers FY 04	Minimum FY 04	Difference FY 04	Cumulative Difference
15-Aug	\$ 5,750,000	\$ 4,500,000	\$ 1,250,000	\$ 1,250,000
15-Sep	6,000,000	4,500,000	1,500,000	2,750,000
15-Oct	6,250,000	4,500,000	1,750,000	4,500,000
15-Nov	6,000,000	4,500,000	1,500,000	6,000,000
15-Dec	5,000,000	4,500,000	500,000	6,500,000
15-Jan	7,000,000	4,500,000	2,500,000	9,000,000
15-Feb	6,000,000	4,500,000	1,500,000	10,500,000
15-Mar	5,750,000	4,500,000	1,250,000	11,750,000
15-Apr	6,000,000	4,500,000	1,500,000	13,250,000
15-May		4,500,000		
15-Jun		4,500,000		
15-Jul		4,500,000		
Total-12		\$ 54,000,000		
Required		63,324,255		
Difference		\$ 9,324,255		

The Lottery revised its FY 2004 sales estimate from \$212.3 million to \$220 million, and estimates transfers to the SGRF of \$67.1 million, plus \$2 million directly to the EDIF, for a total of \$69.1 million. The earlier estimate was \$63.3 million to the SGRF plus the \$2 million to the EDIF approved in HB 2675. In FY 2004, the increased amount of \$3.8 million would enhance the SGRF since any amount above \$50 million will be transferred on June 25, 2004. The additional amount is reflected in the April 2004 consensus revenue estimates. No changes in the FY 2005 sales estimate of \$215.5 million or in transfers of \$63.9 million are made.

Legislative Approved (HB 2675):	Actual FY 2003	Approved FY 2004	Approved FY 2005
Lottery Transfers:			
Regular SGRF	\$ 62,494,603	\$ 62,773,000	\$ 63,250,000
Veterans SGRF/SGF	0	551,255	723,255
Subtotal	\$ 62,494,603	\$ 63,324,255	\$ 63,973,255
Special EDIF	0	2,000,000	0
One-Time SGF	0	835,250	1,168,277
TOTAL	\$ 62,494,603	\$ 66,159,505	\$ 64,641,532

The committee concurred with this item to increase the transfer amount by \$3.8 million.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

Department of Wildlife and Parks

A. Water Rights Purchases (Senate Committee and House Committee) and GBA No. 3, Item 34, p. 16. Pending a Governor's Budget Amendment, the committees agreed to review proposal to buy water rights for a two-year period in Sebelius Reservoir to maintain recreational activities by managing the water level. The agency proposes to spend \$120,000 each year in FY 2005 and FY 2006 during the two-year agreement with the Almena Irrigation District. Financing would be in three equal amounts of \$40,000 from the Wildlife Fee Fund, the Boating Fee Fund, and the Parks Fee Fund.

The committee concurred with this item.

B. Additional Federal Funds (Senate Committee and House Committee) and GBA No. 3, Item 35, p. 17. The committees agreed to review possible additional federal grants that might be added to the FY 2005 budget. The agency requests \$80,000 in expenditures of additional federal funds in FY 2005 for the state hunter education program from the Wildlife Fee Fund.

The committee concurred with this item.

C. Five-Year Plan for New State Park (House Committee). The House Committee agreed to review the proposal for acquiring and constructing a new state park in Topeka and a preliminary five-year plan for improvements. In HB 2675, the Legislature approved \$100,000 for planning Menninger Memorial State Park, but made expenditures subject the receipt of title to the land and approval by the State Finance Council.

A preliminary five-year plan was submitted to the House Appropriations Chairperson by the Secretary of Wildlife and Parks on April 15, 2004, per the House Committee request for an Omnibus report.

The committee reviewed this item but took no action.

D. Diversion Issue (Senate Committee). The Senate Committee asked to review any negative impact of budget reductions associated with BEST recommendation on the Wildlife Fee Fund where an initial \$332,692 in budget adjustments were recommended in FY 2005.

A report was submitted to the Senate Ways and Means Chairperson by the Secretary of Wildlife and Parks on April 15, 2004, per the Senate Committee request for an Omnibus report ([Attachment 29](#)).

The committee reviewed this item but took no action.

E. Carryover for Capital Improvements (Senate Committee). The Senate Committee requested a review of information about FY 2004 approved capital improvement projects and funds carried over from prior fiscal years to pay for projects.

A report was submitted to the Senate Ways and Means Chairperson by the Secretary of Wildlife and Parks on March 18, 2004, per the Senate Committee request for an Omnibus report ([Attachment 30](#)).

The committee reviewed this item but took no action.

F. FY 2005 Expenditures (Technical Adjustment). A technical amendment to **HB 2675** would add appropriation items in FY 2005 for the Tuttle Creek State Park Mitigation Project and Cheyenne Bottoms Federal Grants that were appropriated in FY 2004 by HB 2675 as recommended by the Governor and approved by the Legislature. The moneys will reappropriate from the current fiscal year to the next fiscal year, and expenditure authority needs to be included in the Omnibus bill for FY 2005 as line items. Also, a technical amendment to provide for repayment of the Pooled Money Investment Board loan needs specified that it is in addition to the expenditure limitation of \$1.5 million for the Tuttle Creek project.

The committee concurred with this item to re-appropriate Cheyenne Bottoms Federal Grants

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

and Tuttle Creek projects for FY 2005.

G. HB 2731 Kansas Farmers and Hunters Feeding the Hungry (Law). HB 2731 allows hunting license applicants to make voluntary contributions of at least \$2 or more to support the activities of the group, Kansas Farmers and Hunters Feeding the Hungry. The bill establishes the Feed the Hungry Fund and requires annual reporting by the Secretary of Wildlife and Parks concerning voluntary contributions to the new fund.

One new fund needs to be appropriated in FY 2005: the Feed the Hungry Fund.

The committee concurred with this item to appropriate the Feed the Hungry Fund in FY 2005.

H. HB 2557 New State Park (Conference Committee) and GBA No. 3, Message on Menninger Memorial State Park. A conference committee report on HB 2557 has been adopted by the Senate, but has not run in the House yet. That bill would authorize State Park No. 24 in Shawnee County, which shall be given a permanent name to be determined by the Legislature at a future date. A technical change in the section of HB 2675 line item appropriating \$100,000 for Menninger Memorial State Park needs to be renamed as the State Park No. 24 in Shawnee County account.

Staff called attention to GBA No. 3, unnumbered, last GBA on the memorandum. The committee concurred with the name change from Menninger Memorial State Park to State Park No. 24 and re-appropriating \$100,000 in FY 2005 after repealing the original item.

Adjutant General

A. Deputy Adjutant General (House Committee). The House Budget Committee requested for Omnibus consideration the addition of 1.0 other unclassified Deputy Adjutant General position and \$92,332 (from federal Homeland Security Funds) in FY 2005 to assist the Adjutant General in administering activities as the Homeland Security Officer as designated by the Governor. During testimony, Committee members voiced concern about the amount of additional work undertaken by the Adjutant General, with no "deputy" to aid in the increased tasks.

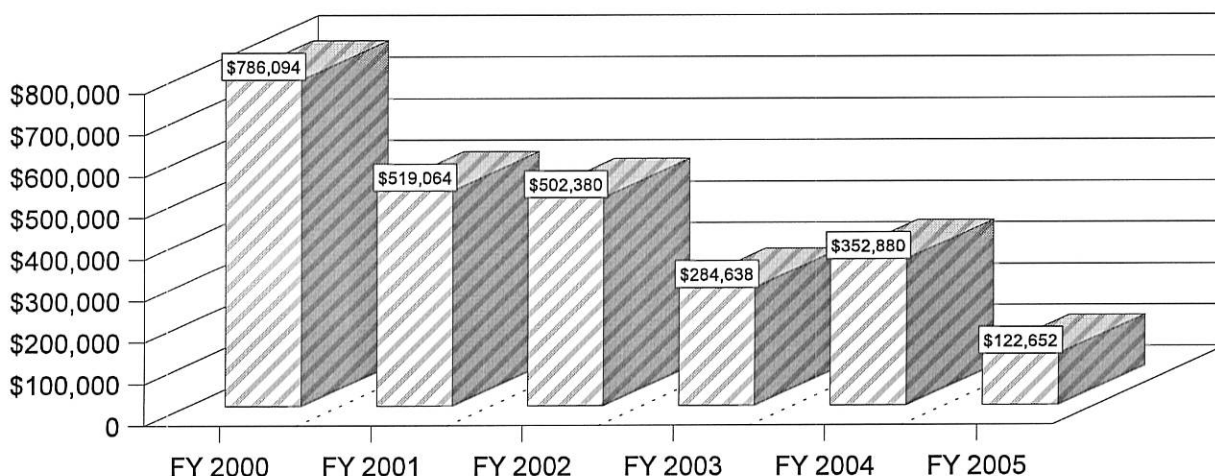
The committee concurred with this item that the position would be unclassified and subject to availability of funds.

B. Aging Armories Funding (House Committee). The House Budget Committee noted for Omnibus consideration the addition of funds in FY 2005 to provide the agency with additional financing for repair and rehabilitation costs in conjunction with the passage of 2000 SB 326 (the bill authorized the issuance of 15-year bonds for acquisition, construction, equipping, renovation, reconstruction, and repair of the state's 58 armories). The agency had estimated that along with the aggregate \$22,000,000 in bonding authority authorized by the bill, \$750,000 of funding normally utilized by the agency to provide repair and maintenance of armories, was also going to be available to finance the provisions of the bill. However, over the last five fiscal years, that funding has significantly decreased. The House Budget Committee cited this item for Omnibus consideration in the event that additional funding becomes available.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

Armories Maintenance and Repair



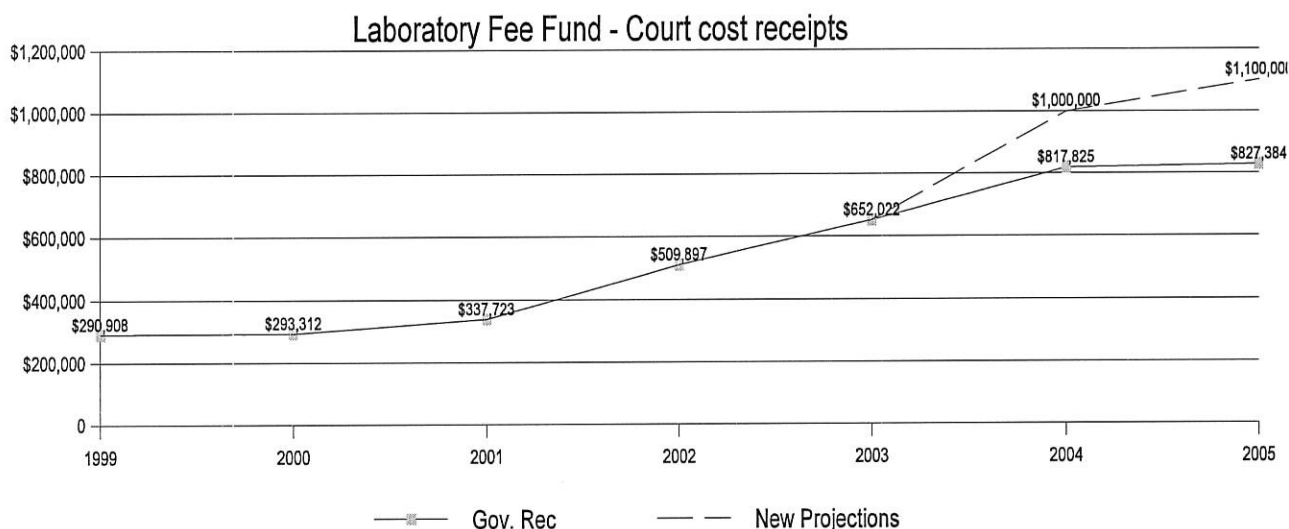
The committee reviewed this item but took no action.

Line Item: Staff requested a technical amendment regarding the State Finance Council that on November 20, 2003, authorized \$2.1 million from the State Emergency Fund to finance disasters occurring over the past couple of years.

The committee authorized the re-affirmed that the State Finance Council can spend disaster funds.

Kansas Bureau of Investigation

A. Laboratory Fee Fund (Senate Committee). The Senate Subcommittee discussed the increase in projected receipts being deposited in the Laboratory Fee Fund. The Fund is financed through court costs and 20 percent of fees collected for driver's license reinstatements. The Senate Subcommittee noted the increase in court costs receipts over time and the increase in fees (from \$150 to \$400) as passed by the 2002 Legislature (KSA 28-176). The Senate Committee requested the review of the fee fund balances during Omnibus.



The committee reviewed this item and recommended utilizing \$624,005 from the Laboratory and Materials Fee Fund (over three fiscal years) to renovate and repair the 2nd floor of the Great Bend Laboratory.

B. Transfer Date (Technical Adjustment). In **HB 2675** (the appropriations bill), Section 127©), the transfer date of June 1, 2005 needs to be changed to July 1, 2004.

The committee concurred with this item.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

Emergency Medical Services Board

A. Education Incentive Project (Senate Committee). In conjunction with the provisions and passage of 2004 Senate Sub. for **SB 351** (which passed the Senate and has been referred to the House Appropriations Committee), \$200,000 of the \$975,000 which is transferred from the Emergency Medical Service Operating Fund to the State General Fund in **HB 2675** (the appropriations bill) would be utilized in FY 2005 to provide help in defraying the costs of education and training for rural and primarily volunteer EMS agencies who have a documented shortage of personnel. Funds would be distributed through a grant process with grant guidance and awards being determined by the Board of EMS.

Senator Downey moved, with a second by Senator Jackson, Proviso language regarding what was established by the Senate in **SB 351** regarding training rural and volunteer EMS agency personnel to provide better service in those area and that \$200,000 is not swept from their fund and is directed and maintained to direct the program as outlined in **SB 351**. Motion carried on a voice vote.

B. Statewide Data Collection Project (Senate Committee). **HB 2675** (the appropriations bill) reduced the transfer of \$1,000,000 from the Emergency Medical Services Fund to the State General fund by \$75,000 in FY 2005 to initiate a Statewide Data Collection pilot project. One of the major challenges for EMS in Kansas is the scarcity of response data. Currently, the Kansas Department of Transportation and the Kansas Highway Patrol collect only data with regard to injuries/deaths in motor vehicle crashes. The pilot project would collect information on all ambulance responses, thus providing more detailed information on medical responses. The Senate Subcommittee directed the agency to appear during Omnibus to provide more information on the pilot project, and to appear before the 2005 Legislature to discuss statewide implementation.

This was an information item.

Sentencing Commission

A. 2003 SB 123 Offender reimbursement (Senate Committee). The Senate Subcommittee had concerns relating to the collection of reimbursement dollars from offenders participating in the provisions of 2003 **SB 123**. Within the Governor FY 2005 Budget Report, \$360,108 was anticipated to be received from offenders. However, during testimony, the Subcommittee was informed that since November 1, 2003 no offenders have provided reimbursement funds to the Sentencing Commission nor have any insurance proceeds been received. The Subcommittee was concerned that the State is not receiving its share of monies that it is owed from offenders. That may be due to those funds first going to reimburse judicial costs, providing restitution, or other costs. The Senate Subcommittee directed the agency to report back by Omnibus on the status of offender reimbursement moneys and to recommend procedures that can be instituted to ensure that insurance proceeds are identified and collected.

The committee concurred with this item.

B. GBA No. 3, Item 31, p. 15 - Drug Treatment Funding Revision.

The committee concurred with this item.

Kansas Department of Transportation

A. Automobile Parts Contract (House Committee). The House Committee noted for Omnibus consideration the addition of a proviso in FY 2005 prohibiting the Department of Administration from limiting the vendors from which the Department of Transportation may obtain vehicle parts.

The committee reviewed this item and took no action.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

B. HB 2756 (Law) and GBA No. 3, Item 36, p. 17. HB 2756 authorizes the Department of Transportation to purchase and lease radio communications equipment, including access to radio communication towers, to both governmental and non-governmental organizations. The bill creates the Communication System Revolving Fund in which all proceeds from the lease of radio communications equipment would be deposited. The Department of Transportation estimates that \$5.0 million would be transferred from the State Highway Fund to the newly created fund in FY 2005. Of the \$5.0 million amount, \$568,302 would be used for salaries and wages in support of 12.0 new FTE positions, and the remaining \$4,430,698 would be available for the purchase, installation, and servicing of radio communications equipment. The Department anticipates that the revenue generated by the leasing of equipment and towers would support the ongoing costs of the communications system, and the clearing fund would be self-supporting thereafter. In addition, the agency estimates that these fees would generate enough revenue to repay the \$5.0 million capitalization loan from the State Highway Fund.

The committee concurred with this item and to have the Kansas Department of Transportation report back to the FY 2005 session.

Senator Schodorf moved, with a second by Senator Downey, to adopt GBA No. 3, Item 36. Motion failed on a voice vote.

Department of Corrections

A. Visitor Centers at Correctional Facilities (Conference Committee). The Department of Corrections currently contracts with Outside Connections to operate off-grounds visitor centers at Ellsworth, Hutchinson, and Norton Correctional Facilities and an on-grounds visitor center at Lansing Correctional Facility. The contract is due to expire June 30, 2004. The contract has been historically funded through the Inmate Benefit Fund. Funding of \$225,000 for the visitor centers was included in the Department of Corrections FY 2005 budget request. However, in order to implement the Governor's \$1.6 million all funds reduction for offender programs, the department recommended not to fund the visitor centers for FY 2005. The Senate Ways and Means Committee added \$200,000 for the visitor centers from the Inmate Benefit Fund, but the funding was deleted in Conference Committee pending further review at Omnibus. According to the Department of Corrections, the unobligated cash balance in the Inmate Benefit Fund for FY 2005 is \$91,617.

Senator Adkins moved, with a second by Senator Helgerson, that given the amount of State General Fund money saved on **SB 123**, to put \$250,000 from the Inmate Benefit Fund to the to fund the Visitor Centers. Motion carried on a voice vote.

B. GBA No. 3, Item 26, p. 13 - Bedspace Contract.

The committee concurred with this item.

C. GBA No. 3, Item 27, p. 13 - Food Service Contract.

The committee concurred with this item.

D. GBA No. 3, Item 28, p. 14 - Health Care Contract.

The committee concurred with this item.

E. GBA No. 3, Item 29, p. 14 - Construction of Spiritual Life Center.

The committee concurred with this item.

Board of Tax Appeals

A. Update on Status of Senate Bill 535 (Senate Committee). The Senate Committee recommended the introduction of **Senate Bill 535** which would remove the filing fee exemption placed on single family residential property and the \$10 filing fee limitation placed on the property of not-for-profit organizations with a valuation of \$100,000 or less. The fiscal note for **SB 535** states

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

that the removal of the two exemptions would enable the agency to collect approximately \$60,250 in additional funds for FY 2005. The bill was introduced by the Senate Committee on Ways and Means and referred to the Senate Committee on Assessment and Taxation.

This was an information item.

Real Estate Appraisal Board

A. Additional Funding for Rent Space Surcharge (House Committee). The House Committee recommended a review of the possibility of including an additional \$1,204 from the Appraiser Fee Fund to the Real Estate Appraisal Board's FY 2005 budget to fund a \$0.94 per square foot rent space surcharge levied against the agency. The Governor's FY 2005 recommendation did not include the \$1,204 to cover the rent space surcharge. The House Committee noted this issue for Omnibus consideration, and requested a Governor's Budget Amendment to finance the additional expense.

The committee concurred with this item.

B. Fee Fund Transfer to the State General Fund (House Committee). In House Bill 2675 (appropriations bill), the 2004 Legislature approved the Governor's recommendation that all unencumbered biennial fee funds with an estimated balance greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. For the Real Estate Appraisal Board, the estimated transfer will be \$334,369. The House Committee recommended a review of the fee fund transfer to further assess its impact on the agency's budget.

According to the Board, the fee fund transfer will most likely require an increase in license renewal fees. The agency expressed concern that as interest rates go up over the next few years, the number of new and renewal licensees will likely decrease by approximately thirty percent, which will substantially impact the amount of revenue generated in the Appraiser Fee Fund in the future. In addition, the agency stated that a rise in interest rates will also likely increase the number of complaints it receives each year, thus affecting its expenditure limitation as well. The Real Estate Appraisal Board felt that a carryforward of \$200,000 in FY 2006 would not be enough to meet the possibilities that would arise when interest rates increase within the next several years.

The following table outlines an analysis of the Appraiser Fee Fund for FY 2004 and FY 2005.

Resource Estimate	Actual FY 2003	Agency Estimate FY 2004	Legislative Approved FY 2004	Agency Request FY 2005	Legislative Approved FY 2005
Beginning Balance	\$ 441,574	\$ 526,346	\$ 526,346	\$ 522,384	\$ 522,384
Net Receipts	269,387	258,043	258,043	258,043	258,043
Total Funds Available	\$ 710,961	\$ 784,389	\$ 784,389	\$ 780,427	\$ 780,427
Less: Expenditures	225,005	251,919	251,919	242,512	244,226
Lapses	0	10,086	10,086	0	0
BEST Transfer	0	0	0	0	1,832
Biennial Transfer	0	0	0	0	334,369
Transfer	199	0	0	0	0
Ending Balance	<u>\$ 485,757</u>	<u>\$ 522,384</u>	<u>\$ 522,384</u>	<u>\$ 537,915</u>	<u>\$ 200,000</u>
Ending Balance as Percent of Expenditures	215.9%	207.4%	207.4%	221.8%	81.9%

Staff Note: The beginning balance for FY 2004, for the agency's estimate and the Governor's recommendation, includes a carryforward in KSIP funds totaling \$40,589.

HB 2675 included a provision that the certification date for the fee fund transfer take place no later than April 19, 2004, rather than the end of FY 2005 as originally recommended by the Governor. The amount certified was \$334,369.

The committee reviewed this item but took no action.

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

Kansas Real Estate Commission

A. Additional Funding for Rent Space Surcharge (Senate Committee and House Committee). The Senate Committee and the House Committee recommended a review of the possibility of including an additional \$4,100 from the Real Estate Fee Fund to the Real Estate Commission's FY 2005 budget to fund a \$0.94 per square foot rent space surcharge levied against the agency. The Governor's FY 2005 recommendation did not include the \$4,100 to cover the rent space surcharge. The Senate Committee and the House Committee noted this issue for Omnibus consideration, and requested a Governor's Budget Amendment to finance the additional expense.

The committee concurred with this item.

B. Fee Fund Transfer to State General Fund (House Committee). In **House Bill 2675** (appropriations bill), the 2004 Legislature approved the Governor's recommendation that all unencumbered biennial fee funds with an estimated balance greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. For the Real Estate Commission, the estimated transfer will be \$508,438. The House Committee recommended a review of the fee fund transfer to further assess its impact on the agency's budget.

According to the Real Estate Commission, the fee fund transfer will most likely require an increase in licensing fees, which are currently at the statutory limit. The agency's receipts fluctuate from year to year because more licensees are scheduled for renewal in even-numbered years rather than odd-numbered years. The Real Estate Commission explained that revenues are historically lower in odd-numbered years and expenditures recommended by the Governor for FY 2005 far exceed projected revenues after the agency transfers the 20.0 percent required to the State General Fund to cover indirect costs.

The following table outlines an analysis of the Real Estate Fee Fund for FY 2004 and FY 2005.

Resource Estimate	Actual FY 2003	Agency Estimate FY 2004	Legislative Approved FY 2004	Agency Request FY 2005	Legislative Approved FY 2005
Beginning Balance	\$ 805,277	\$ 856,981	\$ 856,981	\$ 844,419	\$ 844,419
Net Receipts	734,639	796,690	796,690	668,572	668,572
Total Funds Available	\$ 1,539,916	\$ 1,653,671	\$ 1,653,671	\$ 1,512,991	\$ 1,512,991
Less: Expenditures	682,167	764,665	764,665	830,887	795,796
BEST Transfer	0	0	0	0	8,757
Biennial Transfer	0	0	0	0	508,438
Transfer	768	44,587	44,587	0	0
Ending Balance	<u>\$ 856,981</u>	<u>\$ 844,419</u>	<u>\$ 844,419</u>	<u>\$ 682,104</u>	<u>\$ 200,000</u>
Ending Balance as Percent of Expenditures	125.6%	110.4%	110.4%	82.1%	25.1%

HB 2675 included a provision that the certification date for the transfer take place no later than April 19, 2004, rather than the end of FY 2005 as originally recommended by the Governor. The amount certified was \$508,438.

The committee reviewed this item but took no action.

Department of Human Resources

A. Substitute for House Bill 2435 (Law) and GBA No. 3, Item 16, p. 8. Substitute for **House Bill 2435** creates the Hispanic and Latino American Affairs Commission and repeals statutes concerning the current Hispanic Affairs and the Mexican American Affairs Advisory Committees. The new Commission will be housed in the Governor's Office. Current law designates the Advisory Committees within the Department of Human Resources.

Membership, for three-year terms, on the Commission is outlined in the bill similar to the

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:10 a.m. on April 22-23, 2004, in Room 123-S of the Capitol.

membership of the current Advisory Committee on Hispanic Affairs. Meeting dates, payment amounts, and qualifications are controlled by the same statutes governing the current Advisory Committee.

The Advisory Commission on African American Affairs is also transferred from the Department of Human Resources to the Governor's Office.

The Hispanic Affairs Committee's approved FY 2005 budget totals \$194,365, including \$183,684 from the State General Fund and 3.0 FTE positions. The Advisory Commission on African American Affairs' approved FY 2005 budget totals \$186,852, including \$183,502 from the State General Fund, and 3.0 FTE positions. The total combined funding approved for FY 2005, that will be transferred to the Governor's Office, is \$381,217, including \$367,186 from the State General Fund, and 6.0 FTE positions.

This item was addressed earlier.

B. GBA No. 3, Item 15, p. 7 - Employment Services.

This item was addressed earlier.

C. GBA No. 3, Item 17, p. 9 - Transfer Unused Bond Proceeds to Other Capital Improvement Projects.

The committee concurred with this item.

D. GBA No. 3, Item 18, p. 9 - Unemployment Insurance Benefits Computer System.

The committee concurred with this item.

ADDITIONAL ISSUES:

Out-District-Tuition. This item was not funded in **SB 345**.

The committee concurred with this item to put it in the Omnibus bill.

HB 2752.

*The committee concurred to include a proviso containing the basic language provided in **HB 2752** to give the department more flexibility to negotiate fees for capital projects.*

Senator Helgerson moved, with a second by Senator Schodorf, to remove the contents of **HB 2471** and authorize staff to make technical amendments. Motion carried on a voice vote.

Senator Schodorf moved, with a second by Senator Jackson, to recommend the Omnibus Appropriations Bill, **Senate Substitute for HB 2471**, favorable for passage as amended. Motion carried on a roll call vote.

The meeting adjourned at 4:30 p.m. on April 23, 2004. The next meeting is scheduled for April 29, 2004.

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

DATE April 22, 2004

NAME	REPRESENTING
Stephanie Buchanan	DOB
Julia Thomas	DOB
Aaron Dunkel	DOB
Dick Koertl	KIDWP
Dennis Williams	KDOC
Kathy Greenlee	K Dept on Aging
Janelle Magathan	Ks. School for the Deaf
Pete Seiler	Ks School for the Deaf
Kenneth Milner	K School for the Deaf Alumni
ROBERT CHAPMAN	KDOT
Gary Young	DFA
JAT SCALIA	B.I.D.S.
Michael McLin	KAPE
Debra Billingsley	KBOP
J. Chubb	SOS
Ausan Erickson	Outside Connections
Carole Jordan	KDA
Jabrina Walls	Insurance Dept.
Debra Duncan	KATD
George Teagarden	KAMD
Terry Marmet	Ks St Hist Soc
Carol Wilson	KAC

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

DATE April 22, 2004

NAME	REPRESENTING
JOHN DOUGHERTY	ESU
Marsha Pappen	KBI
Terry Knowles	KBI
TIM GIARDANO	INSC
Joe Fund	KWO
Jerry Sloan	Judicial
Beth MARTINO	KDHR
Doug Bowman	CCECOS
Phil May	How Low Tom
JAMES FRAZIER	JIA
Keith Bradshaw	JIA
Jim FREDERICK	KCUA
Jafer Peck	KCUA
Larry Williamson	KDB
Jan Jordan	KU
Marv BURTIS	KBOR
Liz Woods	SES
Kyle Kessner	SES

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE April 23, 2004

NAME	REPRESENTING
Julie Thomas	DOB
Aaron Dunkley	DOB
Dennis Williams	KDOE
JEREMY S BARCLAY	KDOC
Mike Huttles	KS Governmental Consulting
John Peterson	KS Governmental Consulting
Betty Martino	KDHR
Robert May	HEIN LAW FIRM
Kimi Fowler	Judicial Branch
Steve Swan	Judicial Branch
Joe Fard	KWO
Tony Folson	BOTA
Susan Kang	Kdhe
Shannon Jones	SILCK
Odie Terra	SILCK
Stuart Little	Little Govt. Relations
Mike Hammond	Assoc. of CMHCs of KS
Sheli Sweeney	"
Patrick Hurley	KAR
Susan Erickson	Outside Connections
Betsy Martin	Outside Connections
Mary Ellen Oulee	Via Christi Health System
Bill Schup	KDHR
Sherry C Diehl	KREC
Dick Koerth	KDWP
Kyle Kessler	SRS

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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

kslegres@klrd.state.ks.us

April 20, 2004

To: Governor Kathleen Sebelius and Legislative Budget Committee

From: Kansas Legislative Research Department
Kansas Division of the Budget

Re: Initial SGF Memo for Revised FY 2004 and FY 2005 Estimates

The Consensus Estimating Group met today to revise the November 3 estimates for FY 2004 and FY 2005. A permanent change in law has enabled the group to meet on or before April 20 in lieu of the previous requirement to meet on or before April 4. The revised estimates incorporate the fiscal impact of all 2004 legislation signed into law thus far.

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

The overall estimate for both fiscal years was increased by a combined \$39.85 million. The revised FY 2004 estimate is \$4.450 billion and the revised FY 2005 estimate is \$4.542 billion.

For FY 2004, the estimate was decreased by \$33.3 million, or 0.7 percent, below the November estimate. One significant reason for the adjustment relates to a decision by the Governor to avail herself of a statutory prerogative and pay \$50 million in tax refunds by the end of FY 2004 that, pursuant to legislation enacted in 2003, otherwise would have been deferred to FY 2005. **Excluding that adjustment, the FY 2004 figure was increased by \$16.7 million, or 0.4 percent, above the previous estimate.** The overall revised SGF estimate of \$4.450 billion represents a 4.8 percent growth forecast above final FY 2003 receipts. But it is worth remembering that the FY 2004 receipt estimate includes other monies (tax amnesty, property and motor vehicle taxes, and revenues from the federal government) which for the most part are not expected to continue as an ongoing part of SGF receipts. The longer version of the memo will contain additional details on these provisions.

The revised estimate for FY 2005 of \$4.542 billion was increased by \$73.2 million, or 1.6 percent above the November estimate. **Excluding the \$50 million of positive adjustment attributable to the aforementioned refunds' having been paid in FY 2004, the revised estimate was increased by \$23.2 million, or 0.5 percent, above the previous FY 2005 estimate.** The revised FY 2005 estimate is \$92.1 million, or 2.1 percent, above the newly revised FY 2004 figure, with the growth rate heavily influenced by removal of many of the one-time monies from the SGF-receipts base.

Table 1 compares the new FY 2004 and FY 2005 estimates with actual receipts from FY 2003. Tables 2 and 3 show the changes in the estimates for each fiscal year. Tables 4 and 5 show the changes in the estimates for each fiscal year ignoring the aforementioned shifts in tax refunds.

39919(4/21/4(5:02PM))

Senate Ways and Means
4/22-23/04
Attachment 1

Table 1
State General Fund Receipts
(In Thousands)

	FY 2003		Revised Consensus Estimates, April 20, 2004			
	Amount	Percent Increase	FY 2004		FY 2005	
			Amount	Percent Increase	Amount	Percent Increase
Property Tax:						
Motor Carrier	\$15,729	(12.9) %	\$19,000	20.8 %	\$19,500	2.6 %
General Property	0	0.0	13,600	—	400	(97.1)
Motor Vehicle	0	0.0	1,500	—	1,000	(33.3)
Total	\$15,729	(12.9) %	\$34,100	116.8 %	\$20,900	(38.7) %
Income Taxes:						
Individual	\$1,750,054	(4.3) %	\$1,830,000	4.6 %	\$1,900,000	3.8 %
Corporation	105,222	12.0	125,000	18.8	130,000	4.0
Financial Inst.	31,120	11.5	34,000	9.3	34,500	1.5
Total	\$1,886,396	(3.3) %	\$1,989,000	5.4 %	\$2,064,500	3.8 %
Estate/Succession	\$46,952	(2.4) %	\$48,000	2.2 %	\$49,000	2.1 %
Excise Taxes:						
Retail Sales	\$1,567,722	6.6 %	\$1,620,000	3.3 %	\$1,675,000	3.4 %
Compensating Use	225,923	(3.3)	212,000	(6.2)	225,000	6.1
Cigarette	129,250	169.0	120,000	(7.2)	118,000	(1.7)
Tobacco Prod.	4,510	4.8	4,800	6.4	4,900	2.1
Cereal Malt Bev.	2,273	(4.5)	2,200	(3.2)	2,200	0.0
Liquor Gallonage	14,802	1.2	15,600	5.4	16,000	2.6
Liquor Enforce.	38,833	3.8	41,000	5.6	42,000	2.4
Liquor Dr. Places	6,847	3.5	7,400	8.1	7,700	4.1
Corp. Franchise	31,090	67.9	36,000	15.8	37,000	2.8
Severance	72,775	30.7	80,600	10.8	77,600	(3.7)
Gas	56,261	34.6	62,200	10.6	58,900	(5.3)
Oil	16,515	18.9	18,400	11.4	18,700	1.6
Total	\$2,094,025	10.7 %	\$2,139,600	2.2 %	\$2,205,400	3.1 %
Other Taxes:						
Insurance Prem.	\$94,455	11.2 %	\$100,000	5.9 %	\$100,000	0.0 %
Miscellaneous	4,427	82.9	4,500	1.6	4,500	0.0
Total	\$98,882	13.2 %	\$104,500	5.7 %	\$104,500	0.0 %
Total Taxes	\$4,141,984	3.6 %	\$4,315,200	4.2 %	\$4,444,300	3.0 %
Other Revenues:						
Interest	\$19,075	(50.7) %	\$14,300	(25.0) %	\$21,500	50.4 %
Net Transfers	(13,036)	—	19,900	(252.7)	11,700	(41.2)
Ag. Earn. & Misc.	97,556	89.5	100,900	3.4	64,900	(35.7)
Total Other Revenue	\$103,595	(7.5) %	\$135,100	30.4 %	\$98,100	(27.4) %
Total Receipts	\$4,245,579	3.3 %	\$4,450,300	4.8 %	\$4,542,400	2.1 %

Table 2
State General Fund Receipts – Comparison of Estimates for FY 2004
Made on November 3, 2003, and April 20, 2004

	Estimate* 11/3/03	Revised Estimate 4/20/04	Difference
Property Tax:			
Motor Carrier	\$17,500	\$19,000	\$1,500
General Property	13,600	13,600	0
Motor Vehicle	1,700	1,500	(200)
Total	\$32,800	\$34,100	\$1,300
Income Taxes:			
Individual	\$1,855,000	\$1,830,000	(\$25,000)
Corporation	120,000	125,000	5,000
Financial Inst.	34,250	34,000	(250)
Total	\$2,009,250	\$1,989,000	(\$20,250)
Estate/Succession	\$46,250	\$48,000	\$1,750
Excise Taxes:			
Retail Sales	\$1,635,000	\$1,620,000	(\$15,000)
Compensating Use	220,000	212,000	(8,000)
Cigarette	130,000	120,000	(10,000)
Tobacco Prod.	4,900	4,800	(100)
Cereal Malt Bev.	2,500	2,200	(300)
Liquor Gallonage	16,000	15,600	(400)
Liquor Enforce.	41,750	41,000	(750)
Liquor Dr. Places	7,400	7,400	0
Corp. Franchise	35,000	36,000	1,000
Severance	85,450	80,600	(4,850)
Gas	67,850	62,200	(5,650)
Oil	17,600	18,400	800
Total	\$2,178,000	\$2,139,600	(\$38,400)
Other Taxes:			
Insurance Prem.	\$95,000	\$100,000	\$5,000
Miscellaneous	4,500	4,500	0
Total	\$99,500	\$104,500	\$5,000
Total Taxes	\$4,365,800	\$4,315,200	(\$50,600)
Other Revenues:			
Interest	\$12,800	\$14,300	\$1,500
Net Transfers	6,300	19,900	13,600
Ag. Earn. & Misc.	98,700	100,900	2,200
Total Other Revenue	\$117,800	\$135,100	\$17,300
Total Receipts	<u>\$4,483,600</u>	<u>\$4,450,300</u>	<u>(\$33,300)</u>

* Prior estimate included assumed deferral of \$50 million in refunds from FY 2004 to FY 2005.

Table 3
State General Fund Receipts – Comparison of Estimates for FY 2005
Made on November 3, 2003, and April 20, 2004

	Estimate* 11/3/03	Revised Estimate 4/20/04	Difference
Property Tax:			
Motor Carrier	\$18,000	\$19,500	\$1,500
General Property	400	400	0
Motor Vehicle	1,200	1,000	(200)
Total	\$19,600	\$20,900	\$1,300
Income Taxes:			
Individual	\$1,850,000	\$1,900,000	\$50,000
Corporation	110,000	130,000	20,000
Financial Inst.	34,250	34,500	250
Total	\$1,994,250	\$2,064,500	\$70,250
Estate/Succession	\$48,250	\$49,000	\$750
Excise Taxes:			
Retail Sales	\$1,685,000	\$1,675,000	(\$10,000)
Compensating Use	225,000	225,000	0
Cigarette	128,000	118,000	(10,000)
Tobacco Prod.	5,000	4,900	(100)
Cereal Malt Bev.	2,500	2,200	(300)
Liquor Gallonage	16,500	16,000	(500)
Liquor Enforce.	44,000	42,000	(2,000)
Liquor Dr. Places	7,700	7,700	0
Corp. Franchise	36,000	37,000	1,000
Severance	73,450	77,600	4,150
Gas	57,150	58,900	1,750
Oil	16,300	18,700	2,400
Total	\$2,223,150	\$2,205,400	(\$17,750)
Other Taxes:			
Insurance Prem.	\$95,000	\$100,000	\$5,000
Miscellaneous	4,500	4,500	0
Total	\$99,500	\$104,500	\$5,000
Total Taxes	\$4,384,750	\$4,444,300	\$59,550
Other Revenues:			
Interest	\$21,500	\$21,500	\$0
Net Transfers	9,500	11,700	2,200
Ag. Earn. & Misc.	53,500	64,900	11,400
Total Other Revenue	\$84,500	\$98,100	\$13,600
Total Receipts	\$4,469,250	\$4,542,400	\$73,150

* Prior estimate included assumed deferral of \$50 million in refunds from FY 2004 to FY 2005.

Table 4
State General Fund Receipts – Comparison of Estimates for FY 2004
Made on November 3, 2003, and April 20, 2004
Under Assumption Governor would Waive Refund Decelerations

	Estimate* 11/3/03	Revised Estimate 4/20/04	Difference
Property Tax:			
Motor Carrier	\$17,500	\$19,000	\$1,500
General Property	13,600	13,600	0
Motor Vehicle	1,700	1,500	(200)
Total	\$32,800	\$34,100	\$1,300
Income Taxes:			
Individual	\$1,819,000	\$1,830,000	\$11,000
Corporation	110,000	125,000	15,000
Financial Inst.	34,000	34,000	0
Total	\$1,963,000	\$1,989,000	\$26,000
Estate/Succession	\$46,000	\$48,000	\$2,000
Excise Taxes:			
Retail Sales	\$1,633,000	\$1,620,000	(\$13,000)
Compensating Use	219,000	212,000	(7,000)
Cigarette	130,000	120,000	(10,000)
Tobacco Prod.	4,900	4,800	(100)
Cereal Malt Bev.	2,500	2,200	(300)
Liquor Gallonage	16,000	15,600	(400)
Liquor Enforce.	41,500	41,000	(500)
Liquor Dr. Places	7,400	7,400	0
Corp. Franchise	35,000	36,000	1,000
Severance	85,200	80,600	(4,600)
Gas	67,600	62,200	(5,400)
Oil	17,600	18,400	800
Total	\$2,174,500	\$2,139,600	(\$34,900)
Other Taxes:			
Insurance Prem.	\$95,000	\$100,000	\$5,000
Miscellaneous	4,500	4,500	0
Total	\$99,500	\$104,500	\$5,000
Total Taxes	\$4,315,800	\$4,315,200	(\$600)
Other Revenues:			
Interest	\$12,800	\$14,300	\$1,500
Net Transfers	6,300	19,900	13,600
Ag. Earn. & Misc.	98,700	100,900	2,200
Total Other Revenue	\$117,800	\$135,100	\$17,300
Total Receipts	<u>\$4,433,600</u>	<u>\$4,450,300</u>	<u>\$16,700</u>

* See provisions of 2003 HB 2444 granting the Governor this power.

Table 5
State General Fund Receipts – Comparison of Estimates for FY 2005
Made on November 3, 2003, and April 20, 2004
Under Assumption Governor would Waive Refund Decelerations

	Estimate* 11/3/03	Revised Estimate 4/20/04	Difference
Property Tax:			
Motor Carrier	\$18,000	\$19,500	\$1,500
General Property	400	400	0
Motor Vehicle	1,200	1,000	(200)
Total	\$19,600	\$20,900	\$1,300
Income Taxes:			
Individual	\$1,886,000	\$1,900,000	\$14,000
Corporation	120,000	130,000	10,000
Financial Inst.	34,500	34,500	0
Total	\$2,040,500	\$2,064,500	\$24,000
Estate/Succession	\$48,500	\$49,000	\$500
Excise Taxes:			
Retail Sales	\$1,687,000	\$1,675,000	(\$12,000)
Compensating Use	226,000	225,000	(1,000)
Cigarette	128,000	118,000	(10,000)
Tobacco Prod.	5,000	4,900	(100)
Cereal Malt Bev.	2,500	2,200	(300)
Liquor Gallonage	16,500	16,000	(500)
Liquor Enforce.	44,250	42,000	(2,250)
Liquor Dr. Places	7,700	7,700	0
Corp. Franchise	36,000	37,000	1,000
Severance	73,700	77,600	3,900
Gas	57,400	58,900	1,500
Oil	16,300	18,700	2,400
Total	\$2,226,650	\$2,205,400	(\$21,250)
Other Taxes:			
Insurance Prem.	\$95,000	\$100,000	\$5,000
Miscellaneous	4,500	4,500	0
Total	\$99,500	\$104,500	\$5,000
Total Taxes	\$4,434,750	\$4,444,300	\$9,550
Other Revenues:			
Interest	\$21,500	\$21,500	\$0
Net Transfers	9,500	11,700	2,200
Ag. Earn. & Misc.	53,500	64,900	11,400
Total Other Revenue	\$84,500	\$98,100	\$13,600
Total Receipts	\$4,519,250	\$4,542,400	\$23,150

* See provisions of 2003 HB 2444 granting the Governor this power.

STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
April 2004 Consensus Revenue Estimates
In Millions

	Actual FY 2003	FY 2004 April 20, 2004 Consensus Revenue	FY 2005 April 20, 2004 Consensus Revenue
Beginning Balance	\$ 12.1	\$ 122.7	\$ 244.0
Released Encumbrances	2.6	2.5	0.0
Receipts (April 2004 Consensus)	4,245.6	4,450.3	4,542.4
Total Available	\$ 4,260.2	\$ 4,575.5	\$ 4,786.4
Less Expenditures	4,137.5	4,331.5	4,644.7
Ending Balance	\$ 122.7	\$ 244.0	\$ 141.7
Ending Balance as a Percentage of Expenditures	3.0%	5.6%	3.1%

Senate Ways and Means
4/22-23/04
Attachment 2



K A N S A S

OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

Message to the House of Representatives of the State of Kansas on HB 2675:

Department of Education

KPERS—School

Section 45(c) has been line-item vetoed in its entirety.

This language lapses \$6,005,014 for the state's obligation for KPERS—School retirement benefits in FY 2004. Although the state has projected savings in the current year for this line-item, it is not as much as originally thought. Because of the timing of KPERS—School payments and the enactment date of this bill, I veto that language lapsing the monies and will recommend a budget amendment to capture the correct amount of savings. This veto is purely technical in nature.

Department of Administration

Health Risk Appraisal

Section 88(q) has been line-item vetoed in its entirety.

When the contract with the vendor handling the Health Risk Appraisal was put into place, there were no provisions regarding paper format questionnaires or findings reports. All of these functions were to be provided for over the Internet. Requiring paper forms to be provided to health plan participants, if so requested, would increase the cost of this program. This cost would then have to be covered through the approved budget of the Department of Administration in FY 2005. I find it necessary to veto the paper form requirement in this section.

KANS-A-N Directory

Section 88(r) has been line-item vetoed in its entirety.

Printing of the KANS-A-N Directory was eliminated a year ago as part of my budget recommendations. However, the Legislature added a proviso in the appropriations bill that

Capitol, 300 SW 10th Ave., Ste. 212S, Topeka, KS 66612-1590

Voice 785-296-3232

Fax 785-296-7973

www.ksnv.gov

governor@state.ks.us

Senate ways & Means

4/22-23/04 Attachment 3

would have allowed continued printing of the directory and authorized a fee to be charged to cover the cost. I line-item vetoed the proviso at that time because an on-line directory saves money and can be updated more quickly and efficiently than a printed copy can. In fact, a printed version is out of date shortly after its distribution. Not taking advantage of current technology wastes available resources and ignores budgetary constraints, because agencies will still have to pay for hard copies through the new fee. Because the Legislature has added the proviso to the appropriations bill again this year and the reasons for continuing the on-line directory are just as valid as they were a year ago, I again find it necessary to veto this proviso.

Department of Social & Rehabilitation Services

Vocational Rehabilitation Federal Grant

Section 101(n) has been line-item vetoed in its entirety.

A proviso was added that requires SRS to make full utilization of the Vocational Rehabilitation Federal Grant. However, the Legislature did not identify funding to cover the cost of the proviso. As a result, this proviso would force the agency to use approximately \$500,000 of approved expenditure authority in FY 2005, most likely from the State General Fund, to match these federal dollars. The Vocational Rehabilitation Program is certainly worthwhile, but without new funding, the state match would need to be drawn from other important programs in SRS. If the Legislature believes that the state match of these federal grant monies is a priority in the budget, it should have identified and approved funds specifically for this purpose. I therefore veto this proviso.



Kathleen Sebelius, Governor

Dated:

April 19, 2004

Consensus Caseload Estimate

Governor's Recommendation vs. April 2004 Estimate

	Governor's Recommendation FY 2004		April 2004 Estimate FY 2004		Difference from Gov. Rec.		% Change From Gov. Rec.		Governor's Recommendation FY 2005		April 2004 Estimate FY 2005		Difference from Gov. Rec.		% Change From Gov. Rec.	
	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF	All Funds	SGF
Nursing Facilities	\$316,500,000	\$ 115,142,700	\$316,500,000	\$ 115,142,700	\$0	\$0	0.00%	0.00%	\$327,000,000	\$127,660,800	\$327,000,000	\$127,660,800	\$0	\$0	0.00%	0.00%
Nursing Facilities - Mental Health	13,100,000	10,000,000	13,100,000	10,742,000	0	742,000	0.00%	7.42%	13,100,000	10,400,000	13,100,000	10,742,000	0	342,000	0.00%	3.18%
Temporary Assistance to Families	59,000,000	29,821,028	59,500,000	29,821,028	500,000	0	0.85%	0.00%	63,500,000	29,821,028	63,500,000	\$29,821,028	0	0	0.00%	0.00%
General Assistance	7,517,103	7,517,103	8,000,000	8,000,000	482,897	482,897	6.42%	6.42%	8,200,000	8,200,000	8,500,000	8,500,000	300,000	300,000	3.53%	3.53%
Regular Medical	1,039,048,595	305,022,722	1,036,000,000	306,000,000	(3,048,595)	977,278	-0.29%	0.32%	1,161,906,968	376,960,855	1,161,906,968	376,960,855	0	0	0.00%	0.00%
Foster Care Contract	89,500,000	39,042,995	89,500,000	39,042,995	0	0	0.00%	0.00%	92,152,369	42,370,487	92,152,369	42,370,487	0	0	0.00%	0.00%
Adoption Contract	33,649,075	14,480,259	33,649,075	14,480,259	0	0	0.00%	0.00%	34,931,146	15,836,733	34,931,146	15,836,733	0	0	0.00%	0.00%
TOTAL	\$1,558,314,773	\$ 521,026,807	\$ 1,556,249,075	\$ 523,228,982	(\$2,065,698)	\$2,202,175	-0.13%	0.42%	\$1,700,790,483	\$611,249,903	\$1,701,090,483	\$611,891,903	\$ 300,000	\$ 642,000	0.02%	0.10%

Enhanced FMAP Savings	
FY 2003 FMAP Savings	\$10,026,000
FY 2004 FMAP Savings	
Regular Medical	\$29,444,039
Foster Care	1,135,370
Adoption	459,783
NF	9,400,050
Sub-Total Caseload FMAP Savings	\$40,439,242
JJA	944,527
Waivers	10,793,877
TOTAL FMAP Savings	\$62,203,646

Senate Ways and Means
4/22-23/04
Attachment 4

State Water Plan Fund: FY 2004

Agency/Program	Governor's Rec. FY 2004	Legislative Approved FY 2004
KCC--Well Plugging	0	0
Department of Health and Environment		
Contamination Remediation	1,060,434	1,060,434
TMDL Initiatives	346,224	346,224
Local Environmental Protection Program	1,674,856	1,674,856
Nonpoint Source Program	387,939	387,939
Total--Department of Health and Environment	<u>3,469,453</u>	<u>3,469,453</u>
University of Kansas--Geological Survey	40,000	40,000
Department of Agriculture		
Floodplain Management	65,836	65,836
Interstate Water Issues	240,076	240,076
Subbasin Water Resources Management	483,538	483,538
Water Appropriations Subprogram	74,420	74,420
Water Use	60,000	60,000
WISP	0	0
Total--Department of Agriculture	<u>923,870</u>	<u>923,870</u>
State Conservation Commission		
Water Resources Cost Share	4,228,478	4,228,478
Nonpoint Source Pollution Asst.	2,987,793	2,987,793
Aid to Conservation Districts	1,043,000	1,043,000
Watershed Dam Construction	362,212	362,212
Water Quality Buffer Initiative	278,031	278,031
Riparian and Wetland Program	250,480	250,480
Multipurpose Small Lakes	0	0
Water Rights Purchase	0	0
Total--Conservation Commission	<u>9,149,994</u>	<u>9,149,994</u>
Kansas Water Office		
Assessment and Evaluation	204,220	204,220
Federal Cost-Share Programs	88,094	88,094
GIS Data Access and Support Center	0	0
GIS Data Base Development	250,000	250,000
MOU - Storage Operations and Maintenance	431,291	431,291
Ogallala Aquifer Institute	40,000	40,000
PMIB Loan Payment for Storage	237,477	237,477
Public Information	35,000	35,000
Stream Gauging Program	367,830	367,830
Technical Assistance to Water Users	339,737	339,737
Water Planning Process	179,710	179,710
Water Resource Education	55,000	55,000
Weather Modification	4,305	4,305
Kansas Water Authority	25,000	25,000
Total--Kansas Water Office	<u>2,257,664</u>	<u>2,257,664</u>
Department of Wildlife and Parks		
Circle K Ranch Debt Service	0	0
River Recreation	0	0
Stream (Biological) Monitoring	40,000	40,000
Total--Department of Wildlife and Parks	<u>40,000</u>	<u>40,000</u>
Total Water Plan Expenditures	<u>15,880,981</u>	<u>15,880,981</u>

State Water Plan Resource Estimate	Governor's Rec. FY 2004	Legislative Approved FY 2004
Beginning Balance	1,666,504	1,666,504
Adjustments		
Prior Year Recovery	0	0
Transfer to State General Fund	(5,724)	(5,724)
Transfer to Kansas Corporation Commission	0	0
Revenues		
State General Fund Transfer	3,773,949	3,773,949
Economic Development Fund Transfer	1,900,000	1,900,000
Municipal Water Fees	3,500,000	3,500,000
Industrial Water Fees	1,190,000	1,190,000
Stock Water Fees	315,000	315,000
Pesticide Registration Fees	890,000	890,000
Fertilizer Registration Fees	2,730,000	2,730,000
Pollution Fines and Penalties	30,000	30,000
Sand Royalty Receipts	240,000	240,000
Total Receipts	<u>14,563,225</u>	<u>14,563,225</u>
Total Available	16,229,729	16,229,729
Less Expenditures	15,880,981	15,880,981
Ending Balance	<u>348,748</u>	<u>348,748</u>

State Water Plan Fund: FY 2005

Agency/Program	Governor's Rec. FY 2005	Legislative Approved FY 2005
KCC--Well Plugging	0	0
Department of Health and Environment		
Contamination Remediation	983,867	983,867
TMDL Initiatives	320,088	320,088
Local Environmental Protection Program	1,502,737	1,502,737
Nonpoint Source Program	385,975	385,975
Total--Department of Health and Environment	<u>3,192,667</u>	<u>3,192,667</u>
University of Kansas--Geological Survey	40,000	40,000
Department of Agriculture		
Floodplain Management	66,852	66,852
Interstate Water Issues	248,859	248,859
Subbasin Water Resources Management	477,826	490,682
Water Appropriations Subprogram	71,302	181,749
Water Use	60,018	60,018
WISP	0	0
Total--Department of Agriculture	<u>924,857</u>	<u>1,048,160</u>
State Conservation Commission		
Water Resources Cost Share	3,495,218	3,495,218
Nonpoint Source Pollution Asst.	2,799,520	2,799,520
Aid to Conservation Districts	1,043,000	1,043,000
Watershed Dam Construction	352,499	352,499
Water Quality Buffer Initiative	307,157	307,157
Riparian and Wetland Program	249,782	249,782
Multipurpose Small Lakes	0	0
Water Rights Purchase	0	0
Total--Conservation Commission	<u>8,247,176</u>	<u>8,247,176</u>
Kansas Water Office		
Assessment and Evaluation	108,511	108,511
Federal Cost-Share Programs	0	0
GIS Data Access and Support Center	0	0
GIS Data Base Development	247,405	247,405
MOU - Storage Operations and Maintenance	450,151	450,151
Ogallala Aquifer Institute	0	0
PMIB Loan Payment for Storage	240,036	240,036
Public Information	0	0
Stream Gauging Program	378,878	378,878
Technical Assistance to Water Users	180,131	180,131
Water Planning Process	313,205	313,205
Water Resource Education	29,690	39,690
Weather Modification	0	120,000
Kansas Water Authority	37,384	37,384
Total--Kansas Water Office	<u>1,985,391</u>	<u>2,115,391</u>
Department of Wildlife and Parks		
Circle K Ranch Debt Service	440,491	0
River Recreation	0	0
Stream (Biological) Monitoring	0	0
Total--Department of Wildlife and Parks	<u>440,491</u>	<u>0</u>
Total Water Plan Expenditures	<u>14,830,582</u>	<u>14,643,394</u>

State Water Plan Resource Estimate	Governor's Rec. FY 2005	Legislative Approved FY 2005
Beginning Balance	348,748	348,748
Adjustments		
Prior Year Recovery	0	110,447
Transfer to Kansas Corporation Commission	(367,000)	(667,000)
Revenues		
State General Fund Transfer	3,748,839	3,748,839
Economic Development Fund Transfer	2,000,000	2,000,000
Municipal Water Fees	3,500,000	3,500,000
Industrial Water Fees	1,200,000	1,200,000
Stock Water Fees	315,000	315,000
Pesticide Registration Fees	890,000	890,000
Fertilizer Registration Fees	2,940,000	2,940,000
Pollution Fines and Penalties	30,000	30,000
Sand Royalty Receipts	240,000	240,000
Total Receipts	<u>14,863,839</u>	<u>14,863,839</u>
Total Available	14,845,587	14,656,034
Less Expenditures	14,830,582	14,643,394
Ending Balance	<u>15,005</u>	<u>12,640</u>

Economic Development Initiatives Fund

FY 2004

Agency/Program	Governor's Recommendation FY 2004	House Adjustments FY 2004	Senate Adjustments FY 2004	Conference Adjustments FY 2004
Department of Commerce				
Operating Grant	\$ 14,162,053	-	-	-
Kansas Economic Opportunity Initiative Fund	2,975,000	-	-	-
Kansas Existing Industry Expansion Program	423,246	-	-	-
Subtotal - Commerce	\$ 17,560,299	\$ -	\$ -	\$ -
Kansas Technology Enterprise Corporation				
University & Strategic Research	\$ 5,486,622	-	-	-
Commercialization	1,375,994	-	-	-
Mid-America Manuf. Tech. Center (MAMTC)	1,533,177	-	-	-
Product Development	1,468,030	-	-	-
Operations	1,631,283	-	-	-
Subtotal - KTEC	\$ 11,495,106	\$ -	\$ -	\$ -
Kansas, Inc.				
Operations	\$ 203,162	\$ 40,000	\$ 40,000	\$ 40,000
Board of Regents				
Tech. Innovation & Internship Prog. - AVTS	\$ 185,483	-	-	-
Post-secondary Aid - AVTS	10,331,250	-	-	-
Vocational Education	2,565,000	-	-	-
National Guard Educational Assistance	-	-	-	-
Wichita State University - Aviation Research	1,000,000	-	-	-
Subtotal - Regents	\$ 14,081,733	\$ -	\$ -	\$ -
State Water Plan Fund Transfer	\$ 1,900,000	\$ -	\$ -	\$ -
BEST Transfers	\$ -	\$ -	\$ -	\$ -
Death and Disability Transfers	29,877	\$ -	\$ -	\$ -
Total Expenditures, Transfers or Adjustments	\$ 45,270,177	\$ 40,000	\$ 40,000	\$ 40,000

EDIF Resource Estimate	Governor's Recommendation	House Recommendation	Senate Recommendation	Conference Recommendation
Beginning Balance	\$ 1,403,082	\$ 1,403,082	\$ 1,403,082	\$ 1,403,082
Gaming Revenues	42,432,000	42,432,000	44,432,000	44,432,000
Export Loan Guarantee Fund	789,086	789,086	789,086	789,086
Other Income*	1,042,584	1,042,584	1,042,584	1,042,584
Total Available	\$ 45,666,752	\$ 45,666,752	\$ 47,666,752	\$ 47,666,752
Less: Expenditures and Transfers	45,270,177	45,310,177	45,310,177	45,310,177
ENDING BALANCE	\$ 396,575	\$ 356,575	\$ 2,356,575	\$ 2,356,575

* Other income includes interest, transfers, reimbursements and released encumbrances.

*Senate ways and means
4/22-23/04
Attachment 6*

**Economic Development Initiatives Fund
FY 2005**

<u>Agency/Program</u>	<u>Governor's Recommendation FY 2005</u>	<u>House Adjustments FY 2005</u>	<u>Senate Adjustments FY 2005</u>	<u>Conference Adjustments FY 2005</u>
Department of Commerce				
Operating Grant	\$ 16,368,030	\$ (300,000)	\$ (1,100,000)	\$ (900,000)
Kansas Economic Opportunity Initiative Fund	3,225,000	-	-	-
Kansas Existing Industry Expansion Program	300,000	-	-	-
Subtotal - Commerce	\$ 19,893,030	\$ (300,000)	\$ (1,100,000)	\$ (900,000)
Kansas Technology Enterprise Corporation				
University & Strategic Research	\$ 5,549,751	\$ -	\$ -	\$ -
Commercialization	1,316,589	160,000	200,000	180,000
Mid-America Manuf. Tech. Center (MAMTC)	1,480,960	-	-	-
Product Development	1,404,652	-	-	-
Operations	1,558,265	-	-	-
Subtotal - KTEC	\$ 11,310,217	\$ 160,000	\$ 200,000	\$ 180,000
Kansas, Inc.				
Operations	\$ 215,906	\$ 100,000	\$ 100,000	\$ 100,000
Board of Regents & Institutions				
KUMC - Biomedical research		\$ -	\$ 100,000	\$ -
Tech. Innovation & Internship Prog. - AVTS	\$ 180,500	-	-	-
Post-secondary Aid - AVTS	6,957,162	-	-	-
Vocational Education	2,565,000	-	-	-
National Guard Educational Assistance	-	-	-	-
KSU - ESARP - reduce funding shortfall	-	-	-	300,000
Wichita State University - Aviation Research	-	-	2,000,000	2,000,000
Subtotal - Regents	\$ 9,702,662	\$ -	\$ 2,100,000	\$ 2,300,000
Department of Human Resources				
Older Kansans Employment Program (OKEP) ¹⁾		\$ -	\$ 239,430	\$ 239,430
State Historical Society				
Restore BEST reductions, replace SGF	\$ -	\$ -	\$ 31,353	\$ -
Department of Administration				
Capital equipment grants	\$ -	\$ -	\$ 74,924	\$ -
Kansas Water Office				
Water Education for Teachers (WET) Project	\$ -	\$ -	\$ 10,000	\$ 10,000
Kansas Arts Commission				
Restore funding for local grants	\$ -	\$ -	\$ 35,000	\$ 35,000
State Water Plan Fund Transfer	\$ 2,000,000	\$ -	\$ -	\$ -
BEST Transfers	\$ 106,760	\$ -	\$ -	\$ -
Total Expenditures, Transfers or Adjustments	\$ 43,228,575	\$ (40,000)	\$ 1,690,707	\$ 1,964,430

1) This program will be transferred to the Department of Commerce in FY 2005 under the provisions of ERO 31.

<u>EDIF Resource Estimate</u>	<u>Governor's Recommendation</u>	<u>House Recommendation</u>	<u>Senate Recommendation</u>	<u>Conference Recommendation</u>
Beginning Balance	396,575	\$ 356,575	\$ 2,356,575	\$ 2,356,575
Gaming Revenues	42,432,000	42,432,000	42,432,000	42,432,000
Export Loan Guarantee Fund	-	-	-	-
Other Income*	400,000	400,000	400,000	400,000
Total Available	43,228,575	\$ 43,188,575	\$ 45,188,575	\$ 45,188,575
Less: Expenditures and Transfers	43,228,575	43,188,575	44,919,282	45,193,005
ENDING BALANCE	-	-	\$ 269,293	\$ (4,430)

* Other income includes interest, transfers, reimbursements and released encumbrances.

Children's Initiatives Fund FY 2004

As reflected in HB 2675 (Mega Appropriations Bill)

<u>Agency/Program</u>	<u>Gov. Rec. FY 2004</u>	<u>HB 2675 Adjustments FY 2004</u>	<u>HB 2675 Rec. FY 2004</u>
State Library			
Community Access Network	\$0	\$0	\$0
Department of Health and Environment			
Healthy Start/Home Visitor	\$250,000	\$0	\$250,000
Infants and Toddlers Program (Tiny K)	800,000	0	\$800,000
Smoking Cessation/Prevention Program Grants	500,000	0	\$500,000
Immunizations	0	0	\$0
Newborn Screening	0	0	\$0
State Oral Health Program	0	0	\$0
Fetal Alcohol Syndrome Diagnostic and Prevention Network	0	0	\$0
Pilot Program Grant Fund	0	0	\$0
Tobacco Use Prevention and Control Program	0	0	\$0
Subtotal - KDHE	\$1,550,000	\$0	\$1,550,000
Juvenile Justice Authority			
Juvenile Prevention Program Grants	\$5,414,487	\$0	\$5,414,487
Juvenile Graduated Sanctions Grants	3,733,017 (1)	0	\$3,733,017
Kansas Early Development Support	0	0	\$0
Level V Facility Reimbursement	0	0	\$0
Subtotal - JJA	\$9,147,504	\$0	\$9,147,504
Department of Social and Rehabilitation Services			
Children's Mental Health Initiative	\$1,800,000	\$0	\$1,800,000
Family Centered System of Care	5,000,000	0	\$5,000,000
Therapeutic Preschool	1,000,000	0	\$1,000,000
Community Services - Child Welfare	3,106,230	0	\$3,106,230
Child Care Services	1,400,000	0	\$1,400,000
Children's Cabinet Accountability Fund	1,091,105 (2)	(541,105)	\$550,000
HealthWave (SCHIP portion)	2,000,000	0	\$2,000,000
Smart Start Kansas - Children's Cabinet	3,727,574 (2)	(8,895)	\$3,718,679
Children's Medicaid Increases	3,000,000	0	\$3,000,000
Increases in CDDO Rate Reimbursement	0	0	\$0
HCBS/MR/DD Waiver Waiting Lists	0	0	\$0
HCBS/PD Waiver	0	0	\$0
Immunization outreach	500,000	0	\$500,000
Family Preservation	2,243,770	0	\$2,243,770
Grants to CMHCs to develop children's programs	2,000,000	0	\$2,000,000
School Violence Prevention	228,000	0	\$228,000
Experimental wrap-around services	0	0	\$0
Disproportionate Share Payments	0	0	\$0
Children's Cabinet Administration	250,000	0	\$250,000
Attendant Care for Independent Living (ACIL) program	0	0	\$0
Subtotal - SRS	\$27,346,679	(\$550,000)	\$26,796,679
Department of Education			
Parent Education	\$2,500,000	\$0	\$2,500,000
Four-Year -Old At-Risk Programs	4,500,000	0	\$4,500,000
School Violence Prevention	0	0	\$0
Vision Research	300,000	0	\$300,000
Communities in Schools	0	0	\$0
Mentoring Program Grants	0	0	\$0
National Geographic Society Education Foundation Endowment	0	0	\$0
Experimental Wrap-around Kansas Project	0	0	\$0
Reading Recovery	0	0	\$0
Special Education	1,225,000	0	\$1,225,000
Subtotal - Dept. of Ed.	\$8,525,000	\$0	\$8,525,000
University of Kansas Medical Center			
Tele-Kid Health Care Link	\$250,000	\$0	\$250,000
Pediatric Biomedical Research	0	0	\$0
Life Science Research	0	0	\$0
Subtotal - KU Medical Center	\$250,000	\$0	\$250,000
Attorney General			
DARE Coordinator	\$0	\$0	\$0
Emporia State University			
Future Teachers Academy/ National Board Certification	\$0	\$0	\$0
Regent Schools			
Alternative Teach Certification	\$0	\$0	\$0
Transfer to State General Fund	\$1,144,144	\$0	\$1,144,144
TOTAL	\$47,963,327	(\$550,000)	\$47,413,327

	<u>Gov. Rec. FY 2004</u>	<u>HB 2675 Rec. FY 2004</u>
Beginning Balance	\$2,589,146	\$2,589,146
Released Encumbrances	253,889	253,889
KEY Fund Transfer	46,125,000	46,125,000 (3)
Total Available	\$48,968,035	\$48,968,035
Less: Expenditures and Transfers	47,963,327	47,413,327
ENDING BALANCE	\$1,004,708	\$1,554,708

(1) Carry-over of \$147,504 from Prevention Grants was shifted to Graduated Sanctions grants and the SGF portion of the grant was reduced by that amount.

(2) Reflects re-appropriations from FY 2003

(3) HB 2675 requires a transfer to the State General Fund from the KEY Fund which could leave the CIF with a shortfall of \$3,536,252 in FY 2004.

Children's Initiatives Fund FY 2005

As reflected in HB 2675 (Mega Appropriations Bill)

Agency/Program	Gov. Rec. FY 2005	HB 2675 Adjustments FY 2005	HB 2675 Rec. FY 2005
State Library			
Community Access Network	\$0	\$0	\$0
Department of Health and Environment			
Healthy Start/Home Visitor	\$250,000	\$0	\$250,000
Infants and Toddlers Program (Tiny K)	800,000	0	\$800,000
Smoking Cessation/Prevention Program Grants	500,000	0	\$500,000
Immunizations	0	0	\$0
Newborn Screening	0	0	\$0
State Oral Health Program	0	0	\$0
Fetal Alcohol Syndrome Diagnostic and Prevention Network Pilot Program Grant Fund	0	0	\$0
Tobacco Use Prevention and Control Program	0	0	\$0
Subtotal - KDHE	\$1,550,000	\$0	\$1,550,000
Juvenile Justice Authority			
Juvenile Prevention Program Grants	\$5,414,487	\$0	\$5,414,487
Juvenile Graduated Sanctions Grants	3,585,513	0	\$3,585,513
Kansas Early Development Support	0	0	\$0
Level V Facility Reimbursement	0	0	\$0
Subtotal - JJA	\$9,000,000	\$0	\$9,000,000
Department of Social and Rehabilitation Services			
Children's Mental Health Initiative	\$1,800,000	\$2,000,000	\$3,800,000
Family Centered System of Care	5,000,000	0	\$5,000,000
Therapeutic Preschool	1,000,000	0	\$1,000,000
Community Services - Child Welfare	3,106,230	0	\$3,106,230
Child Care Services	1,400,000	0	\$1,400,000
Children's Cabinet Accountability Fund	541,802	0	\$541,802
HealthWave (SCHIP portion)	2,000,000	0	\$2,000,000
Smart Start Kansas - Children's Cabinet	10,000,000	(1,104,509)	\$8,895,491
Children's Medicaid Increases	3,000,000	0	\$3,000,000
Increases in CDDO Rate Reimbursement	0	0	\$0
HCBS/MR/DD Waiver Waiting Lists	0	0	\$0
HCBS/PD Waiver	0	0	\$0
Immunization outreach	495,491	4,509	\$500,000
Family Preservation	2,243,770	(1) 1,100,000	\$3,343,770
Grants to CMHC's to develop children's programs	2,000,000	(2,000,000)	\$0
School Violence Prevention	228,000	0	\$228,000
Experimental wrap-around services	0	0	\$0
Disproportionate Share Payments	0	0	\$0
Children's Cabinet Administration	0	0	\$0
Attendant Care for Independent Living (ACIL) program	0	0	\$0
Subtotal - SRS	\$32,815,293	\$0	\$32,815,293
Department of Education			
Parent Education	\$2,500,000	\$0	\$2,500,000
Four-Year -Old At-Risk Programs	4,500,000	0	\$4,500,000
School Violence Prevention	0	0	\$0
Vision Research	300,000	0	\$300,000
Communities in Schools	0	0	\$0
Mentoring Program Grants	0	0	\$0
National Geographic Society Education Foundation Endowment	0	0	\$0
Experimental Wrap-around Kansas Project	0	0	\$0
Reading Recovery	0	0	\$0
Special Education	1,225,000	0	\$1,225,000
Subtotal - Dept. of Ed.	\$8,525,000	\$0	\$8,525,000
University of Kansas Medical Center			
Tele-Kid Health Care Link	\$250,000	\$0	\$250,000
Pediatric Biomedical Research	0	0	\$0
Life Science Research	0	0	\$0
Subtotal - KU Medical Center	\$250,000	\$0	\$250,000
Attorney General			
DARE Coordinator	\$0	\$0	\$0
Emporia State University			
Future Teachers Academy/ National Board Certification	\$0	\$0	\$0
Regent Schools			
Alternative Teach Certification	\$0	\$0	\$0
Transfer to State General Fund	\$0	\$500,000	\$500,000
TOTAL	\$52,140,293	\$500,000	\$52,640,293

	Gov. Rec. FY 2005	HB 2675 Rec. FY 2005
Beginning Balance	\$1,004,708	\$1,554,708
Released Encumbrances	0	0
KEY Fund Transfer	51,135,585 (2)	51,135,585 (3)
Total Available	\$52,140,293	\$52,690,293
Less: Expenditures and Transfers	52,140,293	52,640,293
ENDING BALANCE	\$0	\$50,000

(1) Reflects BEST reductions.

(2) The statutory transfer in FY 2005 would be \$47,278,125, a difference of \$3,857,460.

(3) HB 2675 requires a transfer to the State General Fund from the KEY Fund which could leave the CIF with a shortfall of \$4.0 million in FY 2005.

KANSAS

DIVISION OF THE BUDGET
DUANE A. GOOSSEN, DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

April 19, 2004

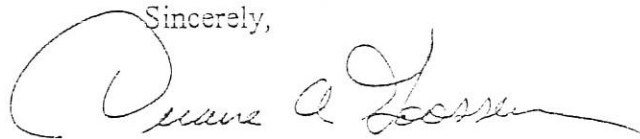
Dale Brunton, Director
Division of Accounts and Reports
LSOB, 3rd Floor
Topeka, KS 66612

Attn: Annette Witt

Dear Mr. Brunton:

In 2004 HB 2675, Section 140(c) requires the Director of the Budget to certify revenue transfers to the Director of Accounts and Reports. The certification must be made by April 19, 2004, but the transfers will not become effective until June 30, 2005. The certification is based on the transfer of the unencumbered balances from the fee funds of biennial agencies that exceed \$200,000 in FY 2005 with one exception. For the Banking Department, the unencumbered balance is the amount exceeding \$700,000. The enclosed attachments certify these amounts. If you have any questions, please contact Louis Chabira at 296-2436.

Sincerely,



Duane A. Goossen
Director of the Budget

cc: Alan Conroy, KLRD

LANSON STATE OFFICE BUILDING, 900 SW JACKSON, SUITE 104, TOPEKA, KS 66612

Voice 785-296-2436 Fax 785-296-0231 <http://do.state.ks.us/budget/>

Senate Ways & Means
4/22-23/04
Attachment 8

FY 2005 Biennial Transfers Special Revenue Fund Transfer Certification

<u>Agency</u>	<u>Name</u>	<u>Fund</u>	<u>Line</u>	<u>Fund Title</u>	<u>Amount</u>
28	Board of Accountancy	2701	0100	Board of Accountancy Fee Fund	160,977
94	Banking Department	2811	4000	Bank Commissioner Fee Fund	973,061
94	Banking Department	2811	5100	BCFF--Consumer Credit	277,967
159	Department of Credit Unions	2026	0100	Credit Union Fee Fund	147,036
167	Dental Board	2708	0100	Dental Board Fee Fund	4,060
482	Board of Nursing	2716	0200	Board of Nursing Fee Fund	168,522
531	Board of Pharmacy	2718	0100	State Board of Pharmacy Fee Fund	1,178,600
543	Real Estate Appraisal Board	2732	0100	Appraiser Fee Fund	334,369
549	Real Estate Commission	2721	0100	Real Estate Fee Fund	508,438
663	Board of Technical Professions	2729	0100	Technical Professions Fee Fund	549,744
Total					4,302,774

April 21, 2004

ITEMS FOR OMNIBUS CONSIDERATION

Legislature

A. Non-session Legislative Allowance (Technical Adjustment). Language in HB 2675 inadvertently included an increase in the non-session legislative allowance for the entire FY 2005 instead of starting in April 2005 as intended. A technical change in the language is required to implement legislative intent.

Office of the Governor

A. Substitute for House Bill No. 2435 (Law) and GBA No. 3, Item 16, p. 8. Sub. for HB 2435 creates the Hispanic and Latino American Affairs Commission and repeals statutes concerning the current Hispanic Affairs and the Mexican American Affairs Advisory Committees. The new Commission will be housed in the Governor's Office. Previously, the Advisory Committees were housed within the Department of Human Resources.

Membership, for three-year terms, on the Commission is outlined in the bill and is similar to the membership of the current Advisory Committee on Hispanic Affairs. Meeting dates, payment amounts, and qualifications are controlled by the same statutes governing the current Advisory Committee.

The bill also moves the Advisory Commission on African American Affairs from the Department of Human Resources to the Governor's Office.

The currently approved FY 2005 budget for the Hispanic Affairs and Mexican American Affairs Advisory Committees totals \$194,365, including \$183,684 from the State General Fund and 3.0 FTE positions. The currently approved FY 2005 budget for the Advisory Commission on African American Affairs totals \$186,852, including \$183,502 from the State General Fund, and 3.0 FTE positions. Total combined funding currently approved for FY 2005 is \$381,217, including \$367,186 from the State General Fund, and 6.0 FTE positions.

Department of Administration

A. HB 2675 - Health Risk Appraisal (Veto). The Governor vetoed the section of the FY 2005 appropriations bill which required the Department of Administration to provide, on request, written copies of the Health Risk Appraisal document which is currently only available online. The Governor's veto message indicated that when the contract with the vendor handling the Health Risk Appraisal was put in place, there were no provisions for paper format questionnaires or findings reports, and that providing paper forms would increase the costs of the program.

Senate Ways and Means
4/22-23/04
Attachment 9

B. HB 2675 - KANS-A-N Directory (Veto). The Governor vetoed the section of the FY 2005 appropriations bill that authorized the Department to provide paper copies of the KANS-A-N directory and to charge a fee to cover the costs of producing the directory. The Governor's veto message indicates the online directory saves money and can be updated more frequently than a paper copy.

C. Use of State Building Funds for Insurance Costs (Conference Committee). The Governor's FY 2005 recommendation for the Department of Administration included a total of \$438,326 from three state building funds, the Educational Building Fund (\$329,840), the State Institutions Building Fund (\$56,511), and the Correctional Institutions Building Fund (\$51,975) to offset State General Fund expenditures for building insurance costs. The Conference Committee on HB 2675 agreed to delete the funding for further consideration in the omnibus bill. Concerns were raised with the use of the funding, particularly in the case of the Educational Building Fund, given projected shortfalls to the EBF in FY 2004. Total recommended funding for the state umbrella policy in FY 2005 is \$559,218, and provides coverage for 765 buildings with a total replacement value of almost \$3.9 billion. In the past, the entire amount has been funded from the State General Fund, but the Governor's recommendation shifted all but \$120,892 to the state building funds. The Senate Ways and Means Committee has also recommended an interim study on this issue.

D. Department of Administration Capital Improvements (Senate Committee). The Senate Ways and Means Committee expressed concern regarding a number of items reflected in the Department of Administration's capital improvements request which concerned life safety issues, and requested the topic be further addressed at Omnibus. The Department's FY 2005 capital improvements request included \$31.6 million from the State General Fund to address deferred maintenance issues in a number of state buildings, particularly the Docking and Landon State Office Buildings. The Committee noted that the Department was in the process of completing a study on the future use of those buildings, but was concerned that the safety of those employees working in the buildings not be compromised while that determination is being made. A code review study of the Docking and Landon Buildings completed in 2000 indicated that the primary need for safety upgrades to the buildings revolved around fire safety issues. The Department's FY 2005 request included slightly over \$3.0 million in fire detection and suppression projects as listed in the table below. Several of these projects have been requested for a number of years, and one, the Landon Fire Pump replacement project, was approved from a nonreportable funding source, the State Buildings Depreciation Fund, in FY 2004, but, according to the agency, there were not sufficient funds available to complete the project.

Project	Amount
Docking Fire Detection System	\$ 367,642
Landon Fire Detection System	754,503
Docking Fire Suppression System	457,870
Landon Fire Suppression System	451,044
Kansas Judicial Center Fire Suppression System	500,000
Kansas Judicial Center Alarm Replacement	420,660
Landon Fire Pump Replacement	75,000
TOTAL	\$ 3,026,719

E. Language in Appropriations Bill (Technical Adjustment). Subsection (k) of House Bill No. 2675 (the FY 2005 appropriations bill) deals with the facility conservation improvement program, and transfers funds from the Kansas Corporation Commission (KCC) to the Department of Administration. The responsibility for administration of the program has been shifted to the KCC, and, as a result, the section needs to be deleted.

F. GBA No. 3, Item 1, p. 2 - Medicaid Reimbursement/Older Americans Act Funding.

G. GBA No. 3, Item 2, p. 2 - Motor Vehicle Sale Proceeds.

Juvenile Justice Authority

A. SB 183 - Interstate Compact for Juveniles (Law). SB 183 makes Kansas a member of the Interstate Compact for Juveniles (ICJ). The ICJ is an agreement between participating states regarding the supervision and apprehension of juveniles. The bill sets forth the organizational requirements for the state and the rules for participation in the ICJ. Specifically, the ICJ provides the framework for the supervision of juveniles on probation or parole across state lines and the return of absconders who escape from custody to their state of origin. The bill requires the formation of a State Council. The State Council consists of members of all three branches of government and victims groups, and may also include local government representatives. The purpose of the Council is to keep all agencies involved with juvenile justice informed of ICJ matters. The Juvenile Justice Authority estimates that participation in the ICJ would increase operating expenditures annually by \$46,700 beginning in FY 2005 from the State General Fund. The agency indicates that it would not be able to absorb the additional cost. In addition, 1.0 FTE position for a senior administrative specialist would be required to provide staff support for the Council and assist the Commissioner of JJA, who would serve as the state's representative on the National Council.

Kansas Juvenile Correctional Complex

A. Opening of the Kansas Juvenile Correctional Complex (KJCC) in FY 2005 (Senate Committee and House Committee) and GBA No. 3, Item 30, p. 14. After reviewing several options presented by the Juvenile Justice Authority (JJA), the House Budget Committee encouraged the Governor to review the option of phasing in 40 Reception and Diagnostic Unit (RDU) Beds and 90 Maximum Security Beds in FY 2005. The estimated cost of this option is \$7,190,066 from the State General Fund. The House Budget Committee encouraged this option after receiving testimony from the Juvenile Justice Authority regarding the overcrowding at the Topeka Juvenile Correctional Facility (TJCF); noting that the security equipment in KJCC will not be tested before the warranties expire in December 2004; that TJCF is out of compliance with some standards set by the American Correctional Association (ACA) that would be resolved once KJCC opens and that JJA will continue to be out of compliance with state regulations regarding the requirement of a reception and diagnostic unit in the juvenile justice system.

After hearing testimony from JJA, the Senate Subcommittee noted that the above option of phasing in 40 Reception and Diagnostic Unit (RDU) Beds and 90 Maximum Security Beds in FY 2005 as the most desirable. The Subcommittee recognized that JJA is working with the Governor's office on reviewing this option and researching additional options to open the new facility in FY 2005. The subcommittee cited the opening of KJCC for Omnibus.

Commission on Veterans Affairs

A. Additional Funding for Federal Grant Match (Senate Committee) and GBA No. 3, Item 20, p. 10. The agency requested an additional \$181,771 (\$69,995 for the Kansas Soldiers' Home and \$111,776 for the Kansas Veterans' Home) for FY 2004 to meet the state's match portion for the federal capital improvements grant projects. The agency reported that without this funding, a portion of the projects would not be completed. The Senate Committee recommended the agency request a Governor's Budget Amendment for this item.

B. Fort Riley Cemetery Construction (Senate Committee). The Senate Committee recommended a review of the status of the four state veterans cemeteries in FY 2005. While initial construction costs are financed through a federal grant, once construction is complete, the state is obligated to operate and maintain the cemeteries. Review of the fiscal note from the 1999 bill creating the cemetery program showed estimated annual program expenditures of \$606,111 with \$524,867 from the State General Fund and 12.0 FTE positions. The Committee expressed concern that cemetery program expenditures may now be estimated at much higher levels than the original fiscal note indicated. The Committee recommended work on the one cemetery where construction has not yet begun, Fort Riley, be stopped until review of this issue during Omnibus.

C. Systemwide Cemetery Staffing Needs (Senate Committee). The Senate Committee recommended a complete review of the systemwide FY 2005 staffing needs of the cemetery program to be reported during Omnibus. The Committee heard testimony that funding is included in the budget for salaries for cemetery personnel at Fort Dodge, Winfield, and WaKeeney; however, vacant FTE positions from the Soldiers' and Veterans' Homes would be used to staff the Winfield and WaKeeney cemeteries. The Committee encouraged the agency to explore staffing alternatives, such as inmate or volunteer labor, for groundskeeping and maintenance functions.

Department of Agriculture

A. Review of impact of ERO 32 or Sub. for SB 296 (Senate Committee and House Committee). The Senate and House Committee recommended a review of the Department of Agriculture's FY 2005 budget upon the adoption of Executive Reorganization Order (ERO) No. 32. ERO No. 32 (also contained in Substitute for Senate Bill 296) transfers food inspection functions from the Department of Health and Environment (KDHE) to the Department of Agriculture (KDA). Substitute for Senate Bill 296 is currently in conference committee. The ERO was set in place on March 15, 2004 and will take effect on October 1, 2004. The bill and the ERO allow for the transfer of all fund balances and FTE positions impacted by the transfer from KDHE to KDA.

B. GBA No. 3, Item 19, p. 10 - Food Safety Program.

Animal Health Department

A. Animal Facilities Inspection Program (Senate Committee). The Senate Committee recommended the review of funding for the Animal Facilities Inspection Program. The agency reported that due to low fund balances, the Animal Facilities Inspection Program will have insufficient funds to operate the program through FY 2005. The program's fees are currently at the statutory maximum. The Senate passed SB 257 which would increase the program's fees by 25 percent. The agency reports that a 25 percent fee increase would generate sufficient revenues to fund the program for two years. The bill is currently in the House Appropriations Committee.

B. HB 2593 - Livestock Premise Registration (Governor). HB 2593 authorizes the Livestock Commissioner to cooperate with the USDA, other state officials, and private industry to develop a livestock premise registration system. The bill also allows the Commissioner to prepare for the implementation of the US Animal Identification Program. The bill allows the agency to employ two individuals to implement this program. In addition, the bill adds two members to the Animal Health Board. The agency reports an FY 2005 cost of \$61,360 (\$30,815 each) for two FTE senior administrative assistants for the Animal Identification Program. The agency estimates an expense of \$600 for the two additional board members provided in the bill. The funding would be from the State General Fund.

C. GBA No. 3, Item 32, p. 15 - Animal Disease Homeland Defense Account.

Kansas Water Office

A. GBA No. 3, Item 33, p. 16 - New FTE Position and Position Upgrades.

Board of Indigents' Defense Services

A. Consensus Caseload Estimates. The consensus caseload estimating group for the Assigned Counsel program met to review the estimates for FY 2004 and FY 2005. The group concluded that no adjustments needed to be made at this time. The group will meet again in the fall to review the FY 2005 appropriation and to estimate FY 2006 caseloads.

B. Funding for Appeals Associated with State v. McAdam (Conference Committee on HB 2675). The Conference Committee on HB 2675 (appropriations bill) recommended a review of potential funding for FY 2005 costs of cases associated with the recent Kansas Supreme Court decision in *State v. McAdam*. Currently, Kansas has two statutes dealing with the crime of compounding drugs which contain different lengths of sentences. The Kansas Supreme Court ruled that a person convicted of compounding drugs can face only the lesser of the two sentences. Individuals currently serving the lengthier of the two sentences would be eligible to appeal their sentence.

The agency estimates that the Public Defender portion of these resentencing cases could be done within existing resources. The Assigned Counsel portion of the cases will be addressed in the fall caseload estimates.

C. Funding for Public Defender Office in the 14th Judicial District (Conference Committee on HB 2675). The Conference Committee on HB 2675 (appropriations bill) recommended a review of potential FY 2005 funding for establishing a public defender office in the 14th Judicial District (Montgomery and Chautauqua Counties). Indigent cases in this district are currently being handled by assigned counsel, but the chief judge testified that he is finding it increasingly difficult to find attorneys willing to take the cases.

According to the agency, the new office would be run as a satellite of the Chanute office until the chief defender retires in a few years. At that point, management would shift to the Independence office with Chanute becoming the satellite. The agency estimates that establishment of the new office would cost \$300,000 from the State General Fund.

D. Assigned Counsel Hourly Rates (House Committee). The House Committee recommended a review an additional \$4,000,000 SGF in FY 2005 should HB 2616 be enacted. This bill would increase the assigned counsel hourly rate from \$50 to \$80. This bill is currently in the Ways and Means Committee.

Fort Hays State University

A. Bonding Authority for Memorial Union Renovations (Joint Committee on State Building Construction) and GBA No. 3, Item 25, p. 13. The Joint Committee on State Building Construction recommended a review of providing the university with bonding authority of \$5.7 million to renovate Memorial Union in FY 2005. The debt service payments would be made using student fees which were approved by the student body in December 2003. The Joint Committee deferred a decision on the issue pending approval of the project by the Board of Regents.

University of Kansas

A. Senate Bill 312 (Law). Currently, the Fire Service Training Program is funded through a transfer from the Fire Marshal Fee Fund. Senate Bill 312 authorizes a portion of the fee on fire insurance companies to be transferred directly to the Fire Service Training Program Fund in FY 2005. However, the fund designated in SB 312 is different than the fund designated in HB 2675 (appropriations bill). In addition, timing of the various transfers could result in over funding the program.

University of Kansas Medical Center

A. Funding for Pursuit of Designation as a National Cancer Research Center (House Committee). The House Committee recommended consideration of providing additional funding in FY 2005 to assist in the pursuit of a designation from the National Cancer Institute (NCI) as a Comprehensive Cancer Center. There are very few such centers in the Midwest. According to the agency, NCI designation is a highly competitive process which is given, in part, in recognition of pre-existing state and institutional investments in cancer research.

B. Additional Funding for the Medical Loan Program (House Committee). The House Committee recommended a review of additional funding for the Medical Loan Program. The Governor's policy in her FY 2005 recommendation is that the program be reduced over time from 120 to 90 total loans. The agency has indicated that funding exists for FY 2005 to fund 30 new loans, but that additional state funding would be needed in FY 2006 to continue at that level.

Wichita State University

A. Funding for Aviation Research (House Committee and Senate Committee). The House Committee recommended a review of funding sources for aviation research at Wichita State University in FY 2005. The Senate Committee funded the research at \$2,000,000, but recommended a review of increasing the transfer from the State Gaming Revenues Fund to the Economic Development Initiatives Fund to fund the item. Both of the items were addressed in House Bill 2675 (appropriations bill).

Board of Regents

A. National Guard Educational Assistance Program (Technical Adjustment) and GBA No. 3, Item 24, p. 13. The National Guard Educational Assistance Program is currently funded in the appropriations bills at \$975,028 from the State General Fund for FY 2005. The Governor's recommendation and the Legislative approved amount is \$725,028 SGF. The difference is the amount appropriated for the program by the 2003 Legislature.

B. Other Federal Grants Fund (Technical Adjustment). The FY 2004 expenditure authority for the Other Federal Grants Fund was listed incorrectly in HB 2675 (appropriations bill). The line item and associated proviso were authorized twice for FY 2005.

C. Additional Funding for Technical Colleges (Conference Committee on HB 2675). The Conference Committee on HB 2675 (appropriations bill) recommended consideration of increased funding for technical colleges in light of the transfer to independent governing boards. In its FY 2005 budget submission, the agency requested an additional \$4.5 million to fully fund the statutory state aid formula. The Governor's original recommendation funded \$1.0 million of that request.

D. Report on Southwest Kansas Access (House Committee). The House Committee requested a report on the Southwest Kansas Access Project including current activities and efforts as well as plans for FY 2005.

E. Report on Budgetary Flexibility (Senate Committee). The Senate Committee requested a report on the various options being considered by the Board of Regents for greater budgetary flexibility at the state universities. The Committee requested that the agency report either at Omnibus or during the 2004 interim.

F. GBA No. 3, Item 23, p. 12 - Vocational and Technical Education Act.

Attorney General

A. White Collar Crime Unit. The Conference Committee on HB 2675 (the appropriations bill) deferred to Omnibus consideration of creation of a white collar crime unit in the Attorney General's Office in FY 2005. The position of the House was to appropriate \$200,000 and add 2.0 FTE positions for the unit. The position of the Senate, if additional resources become available, was to consider the request in Omnibus and to ask the Attorney General to provide detailed justification for the new unit, a description of the types of cases that would be investigated, estimated costs associated with the investigations, and an estimated workload. In addition, the Senate asked the Attorney General to provide other options for consideration, such as partnerships with local law enforcement agencies to investigate and prosecute white collar crime, the possibility that the Attorney General could provide training to enhance the effectiveness of local units, the feasibility of providing grants to local units for white collar crime investigation and prosecution, and the possibility of using state grants to leverage federal or other funds.

According to the Attorney General, white collar crimes (defined to include fraud involving financial institutions, credit cards, insurance, and securities, as well as identity theft) no longer are the top priority of the Federal Bureau of Investigation. As a result, states are left to investigate and prosecute crimes involving losses of less than \$250,000. The Attorney General says that local officials have limited resources to pursue white collar crime and often ask the Attorney General's Office for assistance.

The Attorney General requests \$230,000 from the State General Fund in FY 2005 to create a White Collar Crime Unit. Of the request, \$175,000 would be for the salaries of 3.0 FTE positions (an investigator, a prosecutor, and one support position) and \$55,000 would be for equipment, travel, and other operating expenditures.

B. HB 2798 (Veto). HB 2798 enacts the Personal and Family Protection Act, administered by the Attorney General. The Act allows licensed individuals to carry concealed handguns and sets forth the following responsibilities and duties the Attorney General must perform:

- Issue four-year licenses to qualifying individuals to carry concealed handguns. Licenses would have to be issued or denied within 90 days of receiving the application, fee, and required documentation. (Between January 1, 2005, and July 1, 2005, the period would be extended to 180 days to allow for implementation of the Act.)
- Adopt rules and regulations to administer the Act.
- Approve "weapons safety and training courses" to satisfy the requirement that applicants for licensure must present evidence of completion of such a course in order to be licensed. (Courses also could be approved by other law enforcement agencies or the National Rifle Association (NRA).) Procedures and standards for the courses would be established in rules and regulations of the Attorney General. Course instructors would have to be certified by the Attorney General or the NRA.
- Maintain an automated listing of license holders and "pertinent information." The information would have to be available, upon request, at all times to all law enforcement agencies in Kansas.
- Provide a statistical report to the Governor and Legislative leadership by January 1 each year regarding the number of licenses issued, revoked, suspended, and denied during the preceding fiscal year.
- The bill provides for an initial license fee of up to \$150 and a renewal fee of up to \$100, which must be submitted to the sheriff of the county where the applicant resides. Of those amounts, the Attorney General would receive \$110 of the original license fee and \$50 of the renewal fee. The Attorney General would have to use the fees for administration of the Act, with 20 percent of any balance allocated to the County Law Enforcement Equipment Fund and 80 percent to the Forensic Laboratory and Materials Fee Fund. The original fiscal note on the bill estimated that the agency administering the Act would receive \$280,000 per year due to initial licenses issued. Once the Act is implemented, additional revenues would be received due to license renewals.

The Attorney General estimates that 4.0 FTE support staff would be needed, at least in the initial years of implementation of the Act, at a total cost of \$110,000 in FY 2005 (\$25,000 for each of the additional staff and \$10,000 for other operating expenditures). Costs associated with the positions would be paid for from licensure revenues generated.

C. SB 489 (Senate Committee). SB 489 would require the Child Death Review Board to investigate the death or near fatality of a child who is in the custody of the state or who at any time has been determined to be a child in need of care. According to the Attorney General, passage of the bill would require 2.0 FTE additional staff for the Child Death Review Board, at a total cost of \$156,831 in FY 2005 for salaries and wages, equipment, travel, and other operating expenditures. The Senate Subcommittee on the Attorney General's budget recommended that, if SB 489 were enacted, it should be funded in the Omnibus Bill. However, the bill was not reported out of the first committee.

D. Technical Adjustment and GBA No. 3, Item 6, p. 3. In order to accurately reflect the Governor's recommendation, \$28,960 from the State General Fund should be added for FY 2004. A lapse contained in HB 2675 (the appropriations bill) was incorrect. The addition will not increase expenditures above the Governor's recommendation because the amount already has been taken into account.

Department of Education

A. HB 2675 - KPERS-School Lapse (Veto). The Governor vetoed a section in HB 2675 which contains a lapse of \$6,005,014 for KPERS-School in FY 2004. Had the lapse occurred, the full entitlement for KPERS-School in the current year would not have been funded. According to the Governor's veto message, the Governor will issue a Governor's Budget Amendment to identify savings that can be captured in the current year, based on revised estimates made April 13, 2004.

B. Revised School Finance Estimates and GBA No. 3, Item 21, p. 11. Staff from the State Department of Education, the Division of the Budget, and the Legislative Research Department met April 8, 2004, to reevaluate school finance estimates that had been made in November for FY 2004 and FY 2005. One revision was to add 449 weighted full-time equivalent (FTE) students in both years, the result of growth in at-risk, bilingual education, and vocational enrollments. The estimate for local resources was increased in the current year by \$1.8 million as a result of more federal funding being received for school districts that include military bases. Finally, local option budgets were adjusted upward in FY 2005, reflecting both greater utilization of budget authority and utilization by relatively poorer districts which qualify for a higher proportion of state aid.

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

	Approved FY 2004	Revised FY 2004	Difference FY 2004	Approved FY 2005	Revised FY 2005	Difference FY 2005
General State Aid \$	1,621,855	1,621,926	71	1,760,302	1,762,192	1,890
Supp. General State Aid	160,740	160,598	(142)	163,045	171,416	8,371
TOTAL	\$ 1,782,595	\$ 1,782,524	\$ (71)	\$ 1,923,347	\$ 1,933,608	\$ 10,261

To fully fund general state aid in FY 2004, an additional \$71,000 is needed, which is more than offset by estimated savings of \$142,000 in supplemental general state aid. In FY 2005, an additional \$1,890,000 is needed for general state aid and \$8,371,000 for supplemental general state aid, for a total of \$10,261,000. (Net savings of \$71,000 in FY 2004 could be reappropriated to FY 2005 to reduce the appropriation.)

C. Juvenile Detention Facilities (Senate Committee). The Senate Subcommittee that reviewed the State Department's budget requested that the Governor submit a GBA to add \$669,522 from the State General Fund in FY 2005 for Juvenile Detention State Aid. (Currently, the approved appropriations for juvenile detention state aid are \$6,268,915 in FY 2004 and \$5,599,393 in FY 2005.) The Governor recommended a supplemental appropriation of \$669,522 for FY 2004, in recognition of enrollment growth and the addition of a new facility, but failed to reflect the growth in the recommendation for FY 2005. According to the State Department, 708 FTE students in juvenile detention facilities received educational services in FY 2003, compared to an estimated 836.5 FTE students in the current year, an increase of 128.5 students. That same number of students is expected to be served in FY 2005.

D. KPERS-School (Senate and House Committees) and GBA No. 3, Item 22, p. 11. The Senate Subcommittee and the House Budget Committee which reviewed the State Department's budget requested that the Governor submit a GBA to add money from the State General Fund for KPERS-School in both FY 2004 and FY 2005. The Governor's recommendation for FY 2004 was intended to fund the entitlement, but lapses \$6,005,014 which was a supplemental appropriation for FY 2003, resulting in a shortfall. (The Governor and the 2003 Legislature approved the supplemental appropriation for FY 2003 but, because of revenue shortfalls, added it to the FY 2004 appropriation so that it would not be spent until FY 2004.) The shortfall created by the lapse in the current year has been carried forward to FY 2005. On April 13, 2004, staff revised the estimates for KPERS-School. The revised estimates for the entitlements are \$113,508,100 in FY 2004 and \$139,232,391 in FY 2005. (The increase from FY 2004 to FY 2005 is due to an estimated 3.0 percent growth in teacher salaries; a statutory employer contribution rate increase of 0.2 percent for the last three quarters in FY 2005; the end of the moratorium on death and disability contributions and the consequent assumption of death and disability payments of 0.6 percent for all of FY 2005; and a 0.09 percent assessment to pay bonds for the 13th check, which will begin the last three quarters of FY 2005 and continue for 15 years.) To fund the estimated payments, a supplemental appropriation of \$5,157,823 is needed in FY 2004 and an additional appropriation of \$4,253,138 is needed for FY 2005.

E. GBA No. 3, Item 23, p. 12 - Vocational and Technical Education Act.

Insurance Department

A. GBA No. 3, Item 7, p. 4 - Service Regulation Fund.

Secretary of State

A. Interest in distribution of free copies of publications (Senate Committee). The agency has indicated that the FY 2005 proviso suggested by the Senate subcommittee which would allow the Secretary of State to access the interest in distribution of free copies of certain publications is not necessary. The Secretary of State's office already makes the inquiry prior to the distribution of the free copies of the Session Laws, Kansas Administrative Regulations (KARs), and Kansas Statutes' Annotated (KSAs).

B. Expenditure related to Session Laws and Kansas Administrative Regulations (KARs) (Senate Committee). The Senate Committee requested that the Secretary of State's Office report back concerning the agency's FY 2005 expenditures related to the publication and distribution of Session Laws and Kansas Administrative Regulations (KARs). The agency indicated that currently the agency has annual expenditures of \$236,500 from special revenue funds and that the

annual revenue from sales of \$121,000 goes to the State General Fund. The total cost of the free distribution is \$87,500, of which \$55,019 is directly related to printing and shipping costs associated with the free distribution copies. The agency presented two options for the Committee's consideration: 1. Secretary of State continue to pay all expenses but be allowed to retain \$121,000 in revenue and the Legislature would pay all costs associated with the free distribution of \$87,500. This is a total cost to the State General Fund of \$208,500. 2. Secretary of State continue to pay all expenses but be allowed to retain \$121,000 in revenue and the Legislature would pay \$55,019 for the printing and shipping costs associated with the free distribution. This is a total cost to the State General Fund of \$176,019.

C. SB 479 Help America Vote Act (HAVA) (Law) and GBA No. 3, Item 5, p. 3. SB 479 implements provision of the federal Help America Vote Act (HAVA) of 2002. There is a fiscal impact to the bill, which would be funded with federal appropriated HAVA dollars totaling \$13,748,141 in FY 2005. There is a five percent match required to receipt the federal funds. The agency has requested a GBA to fund three percent of the FY 2005 match, \$434,152 State General Fund and that the counties pay the remaining two percent \$289,435. In addition, the agency has requested an additional \$28,245 State General Fund in FY 2004 due to receiving a larger than anticipated federal appropriation.

School for the Blind

A. Teacher Salary Levels (House Committee). The House Committee requested that the agency provide information regarding the differences between the salary levels at the School for the Blind and other school districts. The School provided information indicating compared to USD # 500, Kansas City, Kansas, \$162,415 State General Fund would be required in FY 2005 to comparably compensate the teachers at the School for the Blind, including fringe benefits. The School indicated that the 32.15 FTE teachers earn an average of \$3,653 (9.5 percent) less than the Kansas City, Kansas school district average (base salary). The School indicated that 78 percent of its classroom teachers have their masters degree or above and 67 percent of its teachers have 10-19 years of experience.

B. Separate Pay Matrix (Senate Committee). The Senate Committee wanted to review the viability of creating a separate pay matrix for teachers at the School for the Blind and the School for the Deaf in FY 2005. The Department of Administration indicated that costs associated with the creation of an additional matrix total approximately \$16,000 (423 programming hours) in addition to the costs involved with adjusting salaries on the new matrix.

C. Utilization and viability of the School for the Blind and the School for the Deaf (Senate Committee). The Senate Committee requested information regarding capacity and enrollment of the schools' dormitory and classrooms and other possible uses for the two campuses in FY 2005. In addition, the committee requested information regarding the feasibility of either consolidating the two schools into one campus or utilizing alternative methods of providing services to blind and deaf students.

The School for the Blind indicated that their dorm capacity was approximately 50 students, with the current enrollment at 30 students. In addition, the School for the Blind's classroom capacity is 70 students, with an actual enrollment of 61 students at the current time.

The School for the Deaf indicated that their dorm capacity was approximately 136 with optimal distribution of gender and age, with the current enrollment of 50 students. In addition, the

School for the Deaf's classroom capacity is 200, with an actual enrollment of 140 students at the current time.

Both the School for the Blind and the School for the Deaf have indicated that they do not believe it would be in the best interests of the students to combine the two schools. The Schools additionally indicate that it is not a possibility to combine these groups in the classroom. Each group has specific sensory requirements that make them unique in the Kansas education system. The School for the Blind also notes that there may be a legal issue regarding ownership of their campus should the School be moved to a different location.

Both schools have indicated that they strongly believe that the residential school/center school is a necessary placement option for the blind and deaf students in Kansas, especially those requiring intensive instruction.

The School for the Blind and the School for the Deaf noted the existence of previous reports which examined this issue in more depth, most notably those from 1986 and 1993. The reports recommended maintaining the current funding mechanism and leaving in place the current educational structure for both the School for the Blind and the School for the Deaf.

School for the Deaf

A. Teacher Salary Levels (House Committee). The House Committee requested that the agency provide information regarding the differences between the salary levels at the School for the Deaf and other school districts. The School provided information indicating compared to the Olathe School District, \$422,238 State General Fund would be required in FY 2005 to comparably compensate the teachers at the School for the Deaf, including fringe benefits. The School indicated that the 59.0 FTE teachers earn an average of \$6,924 (15.2 percent) less than the Olathe school district average (base salary).

B. Separate Pay Matrix (Senate Committee). The Senate Committee wanted to review the viability of creating a separate pay matrix in FY 2005 for teachers at the School for the Blind and the School for the Deaf. The Department of Administration indicated that the costs associated with the creation of an additional matrix totals approximately \$16,000 (423 programming hours) in addition to the costs involved with adjusting salaries on the new matrix.

C. Restoration of BEST contractual services and commodities. (Senate Committee). The Senate Committee wished to review the possible restoration of FY 2005 BEST reductions of \$70,814 in contractual services and commodities.

D. Restoration of vehicle and capital outlay. (Senate Committee). The Senate Committee requested a GBA to address this issue. The Committee noted that the school had requested one vehicle, \$19,425, in their FY 2005 submitted budget, which was deleted in the Governor's reduced resources package. In addition, there was a reduction of \$19,121 for the vehicle moratorium.

The Committee noted that the school requested \$82,675 for capital outlay, including \$30,000 for replacement of auditory training units. The Governor deleted all \$82,675 in the reduced resources package. In addition, there were capital outlay BEST reductions of \$11,761.

The capital outlay for the School for the Deaf after all the reductions totals a negative \$30,882. However, a portion of the reductions were made by the Division of Budget in contractual services, so the reports indicate a remaining balance of \$40,914.

E. Dorm Renovation Project (Conference Committee). The Conference Committee removed FY 2005 funding of \$529,794 (State Institutions Building Fund) for the dorm renovation project and requested to review the entire project at Omnibus, especially in terms of the effect on the life and safety of the students if the project were delayed or discontinued. The School provided information indicating that the current structure does not meet code in terms of emergency evacuation and fire suppression. In addition, the renovation would install visual alarms for weather emergencies and intruder lock-down alerts in addition to the existing fire alarms. The School indicated that the dormitory was originally designed to house 180 students with four to eight students per room. The current housing assignments could accommodate 100 students with one to two students per room, as their needs require, given the optimal gender and age distribution. The renovated dorm would accommodate 42 students per wing. The current population being served in the dorm setting is approximately 30 students. The second wing renovation is focusing on special accommodation and meeting the living arrangement needs of multiply-disabled deaf children. The School has indicated that while the renovation of the second wing is highly desirable, it could be postponed for a period of time in deference to the current economic conditions.

F. Utilization and viability of the School for the Blind and the School for the Deaf (Senate Committee). The Senate Committee requested information regarding capacity and enrollment of the schools' dormitory and classrooms and other possible uses for the two campuses in FY 2005. In addition, the committee requested information regarding the feasibility of either consolidating the two schools into one campus or utilizing alternative methods of providing services to blind and deaf students.

The School for the Blind indicated that their dorm capacity was approximately 50 students, with the current enrollment at 30 students. In addition, the School for the Blind's classroom capacity is 70 students, with an actual enrollment of 61 students at the current time.

The School for the Deaf indicated that their dorm capacity was approximately 136 with optimal distribution of gender and age, with the current enrollment of 50 students. In addition, the School for the Deaf's classroom capacity is 200, with an actual enrollment of 140 students at the current time.

Both the School for the Blind and the School for the Deaf have indicated that they do not believe it would be in the best interests of the students to combine the two schools. The Schools additionally indicate that it is not a possibility to combine these groups in the classroom. Each group has specific sensory requirements that make them unique in the Kansas education system. The School for the Blind also notes that there may be a legal issue regarding ownership of their campus should the School be moved to a different location.

Both schools have indicated that they strongly believe that the residential school/center school is a necessary placement option for the blind and deaf students in Kansas, especially those requiring intensive instruction.

The School for the Blind and the School for the Deaf noted the existence of previous reports which examined this issue in more depth, most notably those from 1986 and 1993. The reports recommended maintaining the current funding mechanism and leaving in place the current educational structure for both the School for the Blind and the School for the Deaf.

Board of Healing Arts

A. Senate Sub. for HB 2698 (Law). Senate Substitute for HB 2698 creates new laws to be known as the Radiologic Technologists Practice Act. Under the provisions of the new laws, on or after July 1, 2005, persons providing radiologic technology procedures on humans for diagnostic or therapeutic purposes must be licensed by the Board. For FY 2005, the Board estimates that the implementation of the bill, through the preparation for licensure to develop rules and regulations, to contact potential licensees, and to create related forms for this new licensure group, would increase its operating expenditures by \$46,688 from the Board of Healing Arts Fee Fund.

Kansas Dental Board

A. GBA No. 3, Item 8, p. 4 - Convert Temporary Staff to FTE Position.

B. GBA No. 3, Item 9, p. 4 - Operating Expenditure Increases.

Board of Pharmacy

A. Review Expenditures for Litigation (House Committee). The House Committee recommended that consideration be given at Omnibus to the Board's request to encumber \$500,000 of its fee fund balance in FY 2005 for litigation purposes. The Board expressed concern about storefronts operating in Kansas with arrangements involving ordering and purchasing of prescription drugs from Canada. The Board cited concerns about safety and efficacy of the drugs and indicated that it would need \$500,000 to pursue litigation with outside counsel. According to the Board, the Attorney General's Office indicated that it did not have the manpower or funds to pursue this type of lengthy prosecution.

State Historical Society

A. ADA Signs and Alarms (Senate Committee). The Senate Committee recommended a review of the Society's request of \$55,802 SGF for signs and alarms at Omnibus. The Division of Architectural Services has told the Society that the Kansas Museum of History's fire detection and security systems do not comply with the current ADA requirements.

B. HB 2531 (Law). House Bill 2531 adds to and amends the Historic Preservation Act to provide certain protection to land used for agricultural purposes within the environs of historic property. The Historical Society is required to provide notification to landowners by mail or newspaper publication. The Historical Society indicated the publication costs from its agency fee and federal funds would be \$2,080. These expenditures are not included in the currently approved FY 2005 budget.

Department on Aging

A. Review of EDS payment system - FY 2004 (Senate Committee and House Committee). The Committees expressed concern about the timing of payments to providers and the number of unpaid claims. The Committees requested information from both the Department of Social and Rehabilitation Services and the Department on Aging prior to Omnibus. The House

Budget Committee planned to meet with the EDS representatives and SRS and KDOA secretaries prior to Omnibus.

B. Transfer of Senior Employment Programs to the Department on Aging (House Committee). Under the provisions of ERO No. 31, the Older Kansans Employment Program (OKEP) and the Senior Community Service Employment Program (SCSEP), are to transfer from the Department of Human Resources (KDHR) to the Department of Commerce in FY 2005. The House Committee recommended consideration be given to the transfer of the programs to the Department on Aging prior to Omnibus.

The Department noted that the two programs were transferred from KDOA to KDHR in 1995. The Department indicated that the appropriate administrative money and staff would need to be transferred to KDOA in order for the agency to administer the program. KDOA noted that the program is currently funded from the EDIF and that it does not currently receive EDIF moneys, nor the spending authority for such funds. The Department believes that the two senior employment programs are compatible with its mission and supports the recommended interim study to further review the programs' transfer. The ERO took effect on March 14, 2004.

C. Review of Nutrition Program Funding Formula for the Area Agencies on Aging (House Committee). The House Committee requested a review of the current nutrition program funding formula for the Area Agencies on Aging. The table below illustrates the State General Fund allocations, both match and non-match from the 2004 appropriations bill, for FY 2003, FY 2004, and FY 2005. According to the Department, the SGF moneys were allocated in accordance with the 2003 appropriations bill proviso that provides that the PSA (Planning and Service Areas) In-Home Nutrition Program (IHNP) allocations for FY 2004, FY 2005, and FY 2006 shall be 92 percent of its prior fiscal year IHNP allocation. The remainder of the SGF appropriation, the Department noted, is allocated per the Kansas Intrastate Funding Formula.

In-Home Nutrition Program Allocations

PSA	Area Agency on Aging (AAA)	FY 2003 *	FY 2004 **	FY 2005 ***
01	Wyandotte/Leavenworth AAA	\$ 142,225	\$ 185,362	\$ 188,080
02	Central Plains AAA	505,650	582,092	568,874
03	Northwest Kansas AAA	38,019	65,046	69,669
04	Jayhawk AAA	161,366	208,776	209,421
05	Southeast Kansas AAA	170,155	204,865	205,042
06	Southwest Kansas AAA	130,857	170,715	172,315
07	East Central Kansas AAA	184,534	192,466	184,134
08	North Central-Flint Hills AAA	241,372	287,434	285,038
09	Northeast Kansas AAA	29,100	48,694	52,155
10	South Central Kansas AAA	150,921	190,159	191,293
11	Johnson County AAA	57,874	134,901	144,489
Total		\$ 1,812,073	\$ 2,270,510	\$ 2,270,510

Source:

* KDOA IM 2003-15, issued 09/24/2003

** KDOA IM 2004-02, issued 03/26/2004

*** KDOA IM 2004-05, issued 03/31/2004

D. Comparison of Reimbursement Rates and Requirements for Agency-directed and Self-directed services - Frail Elderly (FE) Waiver (House Committee). The House Committee expressed concern about the reimbursement rate disparity for agency-directed and self-directed services under the FE waiver in FY 2005. The Committee noted that items, such as Workers Compensation can affect the self-direct rate. The Senate Committee has requested a Legislative Post Audit on this issue.

E. Updated Waiting Lists for the FE Waiver and the Senior Care Act (House Committee). The Home and Community-Based Services/Frail Elderly waiver regular waiting list, as of April 9, 2004, was 46 individuals. The Senior Care Act waiting list, as of March 31, 2004, was 280 individuals.

F. Review of Policy Change for Plans of Care and Assistive Technology (Senate Committee). The Senate Committee expressed concern about the FY 2005 HCBS/FE Plans of Care and Assistive Technology. The Subcommittee noted testimony regarding a change from twelve months to six months for adjustments in Plans of Care to offset the costs of Assistive Technology. The Committee requested that the review discuss both the policy change and associated costs.

The Department indicated that there has been a reduction in the Plans of Care with regards to assistive technology. The Department cited two factors: (1) The Area Agencies on Aging (AAA) are maximizing other formal and informal resources, including the Kansas Accessibility Modification Program (KAMP) and Medicare, before utilizing the assistive technology under the FE waiver; and (2) The Department has modified its policy on assistive technology. The primary difference between the current policy and previous assistive technology policy is that costs less than \$1,000 must be a cost-effective alternative for at least six months. The previous policy allowed for a timeframe of twelve months. The Department provided a report regarding AAA resources utilized for Assistive Technology. The Central Plains AAA, for example, utilized the resources of county funds, KAMP, the Medical Equipment Recycling Network (MERN), Mennonite Housing, and the City of Wichita.

Assistive Technology coverage is illustrated below:

Assistive Technology Coverage

Assistive Technology Non-Coverage	Assistive Technology Coverage
If Medicare covers an assistive technology item, HCBS/FE will not cover the item.	If Medicare does not cover an item, HCBS/FE will only cover items that improve the customer's capabilities or home modifications that improve mobility, and reduce the customer's plan of care.
If Medicare covers an assistive technology item but denies authorization, HCBS/FE will not cover the item.	
If Medicaid Durable Medical Equipment (DME) covers an assistive technology item, HCBS/FE will not cover the item.	If Medicaid DME does not cover an item, HCBS/FE will only cover items that improve the customer's capabilities or home modifications that improve mobility, and reduce the customer's plan of care.
If Medicaid DME covers an assistive technology item but denies the authorization, HCBS/FE will not cover the item.	

G. Review of FY 2005 Senior Care Act Budget (Senate Committee). The Senate Committee noted its support of the Department's intent to reappropriate \$500,000 SGF from the FY 2004 Senior Care Act budget to the FY 2005 Senior Care Act budget, for a budget of \$6.5 million.

The FY 2004 budget would then be approximately \$6.9 million. The Committee requested that consideration be given at Omnibus to increase the FY 2005 budget to \$6.9 million, an increase (with the reappropriation) of \$400,000 SGF. The projected average wait list with a \$6.5 million Senior Care Act budget, the Committee noted, is 603 individuals.

H. Funding for the Senior Companion Program and Related Programs (Senate Committee). The Senate Committee recommended that consideration be given to the addition of \$25,000 SGF for the Senior Companion Program in FY 2005 at Omnibus. In addition, the Committee also requested information about appropriate funding levels and availability of matching funds for the Senior Companion Program and related programs, including the Foster Grandparents Program.

Funding of \$25,000 SGF from the Senior Care Act budget is provided for the Senior Companion Program in HB 2675 (appropriations bill).

I. Regulations for New Nursing Facilities (Senate Committee). The Senate Committee recommended that consideration be given at Omnibus to a regulatory change that would allow new nursing facilities to be subject to the same base year cost as existing nursing facilities.

Social and Rehabilitation Services

A. HB 2675 - Vocational Rehabilitation Federal Grant (Veto). The Governor vetoed proviso language in the FY 2005 appropriations bill requiring the agency fully fund the Vocational Rehabilitation Federal Grant with an additional \$550,629 state funds from existing resources.

B. ACIL Program Review (Senate Committee and House Committee). The House and Senate Committees requested the agency report back at Omnibus on costs associated with providing services for children as they age out of the ACIL (Attendant Care for Independent Living) program. The Conference Committee recommended Omnibus review of the addition of \$50,000 Children's Initiatives Fund in FY 2005 for the ACIL program.

C. Vagus Nerve Stimulator Maintenance (House Committee). The House Budget Committee received testimony about Kansans with disabilities that were provided a Vagus Nerve Stimulator (VNS) by Medicaid, and subsequently informed that the State (through Medicaid) would not cover the replacement of batteries for this device. The VNS device is used to help prevent debilitating seizures for certain persons with disabilities. Replacement of the VNS batteries is a surgical procedure, and medically necessary to reduce these seizures.

The House Committee recommended that SRS do a thorough review of the VNS replacement battery issue and report back at Omnibus on exactly why the state is denying battery replacement for these VNS devices. The House Committee directed SRS to produce the specific part of the Medicaid state plan that denies this coverage for VNS battery replacement, if the agency concludes that the replacement is not a medically necessary procedure. In addition, the House Committee asked that if SRS believes this procedure is experimental, they: (1) justify why they paid to implant the VNS device but now are denying payment for battery replacement; (2) produce credible medical evidence from a reputable neurologist to support the assertion that it is experimental; and (3) report how many other states cover this procedure under their state's Medicaid plan.

The House Committee also asked that SRS reexamine its policy not to pay to replace VNS batteries in these situations, and strongly recommended that they fund such medically necessary

procedures. As SRS examined this procedure, the House Committee also asked that they examine the implantation of VNS devices as a cost effective measure. Finally, the House Committee asked SRS to justify how denying this procedure is cost effective when compared to institutionalization, hospitalizations and medication, and report all these findings at Omnibus.

D. Reduction Methodology for Family Supports and Services (House Committee). The House Committee requested the agency report back at Omnibus on the methodology used to reduce family supports and services for persons on the waivers as budget cuts have been made. In particular, the House Committee was interested in what role, if any, caretakers had in deciding which services were essential and which were not as they were reduced.

E. Payroll Agents (House Committee). The House Committee requested the agency report back at Omnibus on the financial situation of payroll agents for persons who self-direct their care through the HCBS waivers. The House Committee is concerned that the rates paid to payroll agents are not sufficient to cover the cost of the additional responsibility of providing workers compensation insurance. According to testimony, providers have indicated that they must either go without insurance or join insurance pools with inflated costs.

F. Care Management Pilot Project (House Committee). The House Committee requested the agency report back at Omnibus on progress toward the implementation of the care management pilot project, which is designed to view the consumer as an individual, balancing the needs of the individual with cost effectiveness to provide the consumer with high quality, evidence-based care resulting in more appropriate and cost effective utilization practices.

G. NF/MH Screening Process (Senate Committee and House Committee). The House and Senate Committees requested the agency report back at Omnibus with an executive summary of the screening process for the NF/MHs (Nursing Facilities for Mental Health).

H. Medical Card Expansion (House Committee). The House Committee requested the agency report at Omnibus on its progress toward opening the Medicaid medical card to mental health clinicians beyond the community mental health centers (CMHCs) and NF/MHs. The agency has outlined a plan and has asked for comment from stakeholders by March 3, 2004. The House Committee encouraged opening the medical card to address concerns expressed by the Joint Committee on Children's Issues regarding the inadequate pool of qualified providers in some specialties and geographic areas, the inability of clients to utilize professionals in private practice because they cannot access the medical card, the need to provide for the special needs of groups such as African Americans and Mexican Americans, and the detriment a change of therapist can have on children as they move through the foster care system.

I. TANF Reauthorization (House Committee). The House Committee requested the agency report at Omnibus on the reauthorization of the Temporary Assistance for Needy Families (TANF) block grant. There are several concerns about the TANF reauthorization bill, which include restrictions on the activities that may be counted as work, increases in the work participation rates, and insufficient child care to complement the increased work rates.

J. Flexible Child Welfare Funding (House Committee). The House Committee requested the agency report at Omnibus on Flexible Child Welfare Funding. The Flexible Funding Child Welfare Option is a federal legislative proposal which affords states greater programmatic flexibility, but would cap Title IV-E federal foster care funds. Under the proposal, the fixed federal foster care funding over the five-year period would be based on the average spent in the previous three years. The U.S. Department of Health and Human Services (DHHS) has attempted for several years to draft a proposal that would allow Title IV-E funding to be used for services outside the instance when

children are placed in the custody of the state. Kansas, along with other states, has advocated for funding for services to prevent state custody using alternatives, such as family preservation, which could be financed with Title IV-E dollars. The federal proposal would not result in savings sufficient to cover the anticipated reduction in federal funds. The Pew Institute is working with DHHS in examining alternative funding models which may be more favorable to states in this area. SRS has been involved in providing input to the Pew Institute.

K. Residential Care Pilot Project (House Committee). The House Committee requested the agency report at Omnibus on the pilot project to provide residential care to seriously ill children. SRS is working on a pilot project designed for families with a child who has physical or mental disabilities, and is in crisis with the child, to make a single contact in their community for help and support. The goal of the pilot project is to prevent children with disabilities in crisis from coming into state custody and to provide the family community support to care for their child.

L. Acute Care Psychiatric Service Funding for Children (House Committee). The House Committee requests the agency report at Omnibus on possible amendments to the Medicaid state plan to fund longer stays for inpatient acute care psychiatric services for children. The House Budget Committee heard testimony regarding the limited inpatient services for children in the state. Funding longer stays for inpatient care would be one way to expand available services.

M. Payroll Agents and Fraud Reporting (House Committee). The House Committee noted with concern reports that payroll agents who discover and report fraud are penalized by reduced reimbursements, thus penalizing them for fraud beyond their control. The House Committee requested the agency investigate and report back at Omnibus with procedures to address the issue.

N. Child Welfare Contracts (House Committee). The House Committee expressed interest in what planning the agency is doing in preparation for the new child welfare contracts that will be awarded for implementation beginning July 1, 2006. The Request for Proposal (RFP) will be issued and possibly awarded prior to the 2005 Legislative Session. The House Committee requested the agency report back at Omnibus on the process that will be used during this transition.

O. State Grant Proviso (House Committee). The House Committee recommended Omnibus review of FY 2005 proviso language regarding state administered grants that would limit administrative costs to 7.0 percent, allow only private entities to receive the grants, and award grant funds to no less than two qualified private entities, unless there is only one qualified applicant, to be determined by the Secretary of SRS.

P. General Assistance/MediKan Hardship Criteria (Senate Committee). The Senate Committee noted that the agency was drafting hardship criteria to address the issues in the General Assistance/MediKan program surrounding the 24-month time limit and requested the agency provide a draft of those criteria at Omnibus.

Q. Physician Reimbursement Rates - Senate Substitute for HB 2912 (Senate Committee) and GBA No. 3, Item 14, p. 6. The Senate Committee recommended Omnibus review of physician reimbursement rates if provider assessment legislation was enacted. Senate Substitute for HB 2912 enacted that legislation. Senate Substitute for HB 2912 creates the Health Care Access Improvement Program through an annual provider assessment. The provider assessment would not begin until it was approved by the Centers for Medicare and Medicaid Services, approximately six months from the application date. The enacted bill would result in additional expenditures, based on the estimated approval date, of \$22.3 million State General Fund and \$55.6 million all funds. The cost is based on the two quarters of increased payments to providers prior to the first assessment payment. A technical adjustment to the provisions of the bill, changing the biannual payment dates

to June 30 and December 30 instead of July 19 and January 18, as well as making the first assessment payment after 150 days of increased rates instead of two quarters, would nullify the fiscal impact of the bill based on the estimated start date.

R. Smart Start Expenditure Plan (Conference Committee). The Conference Committee requested the Children's Cabinet report back at Omnibus with a detailed Smart Start Kansas expenditure plan.

S. Nursing Facility for Mental Health Transition Proviso (Senate Committee). The Senate Committee recommended the addition of language in FY 2005 requiring the agency to enforce the 120-day time limit for transition from an NF/MH only after a transition plan for the individual has been completed. This item was deferred until Omnibus due to the Committee request that the time limit not be implemented until Omnibus, when the agency could provide additional information about the transition screening process.

T. Rehabilitation and Repair at the State Developmental Disability Institutions (Conference Committee). The Conference Committee deleted funding and recommended Omnibus review of FY 2005 rehabilitation and repair expenditures for the Developmental Disabilities Institutions totaling \$6,772,365 from the State Institutions Building Fund.

U. House Substitute for Senate Bill 272 (Conference Committee). House Substitute for SB 272 authorizes recovery of estate monies from deceased Medicaid recipients. According to the agency, the fiscal impact of the bill would be reduced expenditures of \$180,160 State General Fund and \$450,400 all funds in FY 2005, with increased revenues of \$700,000 all funds.

V. Consensus Caseload Estimate and GBA No. 3, Item 12, p. 6. The April Consensus Caseload Estimates for FY 2004 are an increase of \$2,202,175 State General Fund and a reduction of \$2,065,698 all funds. The State General Fund increase is reflected in the Nursing Facilities for Mental Health (NF/MHs) at \$742,000 for increased populations of non-Medicaid eligibles; Temporary Assistance for Families (TAF) at \$500,000 for increased caseloads; General Assistance (GA) at \$482,897 and Regular Medical at \$977,278 for the injunction on enforcement of the 24-month time limit. The reduction in all funds reflects reduced federal only funds.

The April Consensus Caseload Estimates for FY 2005 are an increase of \$642,000 State General Fund and \$300,000 all funds. The State General Fund increase reflects increases in NF/MH and General Assistance expenditures. The all funds increase reflects General Assistance expenditures.

W. GBA No. 3, Item 10, p. 5 - Permanent Guardianship Placement.

X. GBA No. 3, Item 11, p. 5 - Replace Medicaid Deferral for Child Welfare.

Y. GBA No. 3, Item 4, p. 2 - Master Tobacco Settlement Agreement.

Larned State Hospital

A. Sexual Predator Treatment Program FTE Positions (House Committee). The House Committee recommended review of the Sexual Predator Treatment Program at Larned State Hospital to determine if additional FTE positions would be necessary.

B. Teacher Salary Increases. The Department of Education estimates an average statewide salary increase for teachers of 3.0 percent for FY 2005. The Governor's recommendation and legislative action to date for FY 2005 include no teacher salary increases within the education contracts. The Kansas Neurological Institute and Rainbow Mental Health Facility also have education contracts, but due to the nature of the contracts, adjustments are not necessary. The following table illustrates the adjustment necessary to provide uniform salary increases across the institutions.

<u>Percent Increase</u>	<u>Larned State Hospital</u>
0.5%	\$ 4,210
1.0%	8,420
1.5%	12,630
2.0%	16,840
2.5%	21,050
3.0%	25,260
3.5%	29,470
4.0%	33,680

C. Categorical Aid. For FY 2004, the budgeted school contracts for Larned State Hospital include categorical aid based on a rate of \$19,000. Due to the nature of the contract, an adjustment at Kansas Neurological Institute and Rainbow Mental Health Facility is not necessary. The current FY 2004 categorical aid rate per eligible teaching unit is estimated to be \$19,200. If this rate is maintained, the school contracts for FY 2004 at Larned State Hospital would need an increase of \$1,306 State General Fund.

For FY 2005, the categorical aid rate was budgeted at \$19,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Kansas Neurological Institute and Rainbow Mental Health Facility is not necessary. The current FY 2005 categorical aid rate is estimated to be at \$18,500. This estimate requires a reduction of \$3,266 State General Fund.

D. GBA No. 3, Item 13, p. 6 - Sexual Predator Treatment Program.

Parsons State Hospital

A. Teacher Salary Increases. The Department of Education estimates an average statewide salary increase for teachers of 3.0 percent for FY 2005. The Governor's recommendation and legislative action to date for FY 2005 include no teacher salary increase within the education contracts. The Kansas Neurological Institute and Rainbow Mental Health Facility also have education contracts, but due to the nature of the contracts, adjustments are not necessary. The following table illustrates the adjustment necessary to provide uniform salary increases across the institutions.

<u>Percent Increase</u>	<u>Parsons State Hospital and Training Center</u>
0.5%	\$ 1,562
1.0%	3,124
1.5%	4,686
2.0%	6,249
2.5%	7,811
3.0%	9,373
3.5%	10,935
4.0%	12,497

B. Categorical Aid. For FY 2004, the budgeted school contracts for Parsons State Hospital and Training Center include categorical aid based on a rate of \$18,750. Due to the nature of the contract, an adjustment at Kansas Neurological Institute and Rainbow Mental Health Facility is not necessary. The current FY 2004 categorical aid rate per eligible teaching unit is estimated to be \$19,200. If this rate is maintained, the school contracts for FY 2004 at the institutions would need an increase of \$2,448 State General Fund.

For FY 2005, the categorical aid rate was budgeted at \$18,750 for Parsons State Hospital and Training Center. Due to the nature of the contract, an adjustment at Kansas Neurological Institute and Rainbow Mental Health Facility is not necessary. The current FY 2005 categorical aid rate is estimated to be \$18,500 which would require a reduction of \$1,360 State General Fund.

Department of Health and Environment - Health

A. Consideration of State Dental Office funding (House Committee). The House Committee recommended a review at Omnibus of the possibility of adding \$50,000 SGF in FY 2005 to support a State Dental Office at KDHE. This money was added during conference committee action as recommended by the Senate during its consideration of the KDHE-Health budget.

B. Review Fetal Alcohol Syndrome Diagnostic and Prevention Network Pilot Programs grants (House Committee). The House Committee recommended a review at Omnibus of information regarding the continuation of the Fetal Alcohol Syndrome Diagnostic and Prevention Network grants in FY 2005. Subsequently, language allowing the continuation of these grants was included in the appropriations bill during conference committee action. No additional funding was added.

C. Review of Immunizations and ERISA Insurance Plans (House Committee). The House Committee recommended a review of information provided by the agency on the interaction of ERISA regulated health plans and immunization rates. In particular, the Committee is interested in hearing about any options that are available to reduce the barriers presented by ERISA plans which are negatively affecting immunization rates for children.

D. Review Infant - Toddler (Tiny-K) programs (House Committee). The House Committee recommended a review of information on Infant-Toddler programs regarding state comparisons, administrative costs and the implementation of a sliding fee scale for services.

E. Review Information on Immunizations and WIC (House Committee). The House Committee recommended Omnibus review of information on the interaction between immunization and the Women Infants and Children (WIC) programs. In particular, the Committee is interested in how the two programs can work collaboratively to increase immunization rates.

F. Review Information on Bioterrorism Preparedness Contracts (House Committee). The House Committee recommended a review at Omnibus of existing bioterrorism preparedness training contracts with out-of-state universities. In particular, the Committee is interested in looking at whether there is a possibility of contracting with or working through in-state universities for this activity.

G. Review Funding for Pregnancy Maintenance Initiative (House Committee). The House Committee recommended reviewing potential funding sources for the Pregnancy Maintenance Initiative. In the past, this program has been funded at \$300,000 SGF but funding was eliminated for FY 2005 in the Governor's recommended budget.

H. Consideration Interim Study on Child Care Programs Operated by School Districts (House Committee). The House Committee recommended a review of the need for an interim study of issues around the regulation of child care programs operated by school district boards of education.

I. Review Proviso Restricting Enforcement of Child Care Regulations (House Committee). The House Committee recommended Omnibus review of the need for the continuation of a proviso placed in the appropriations bills during the 2003 and 2004 Legislative Sessions which restricts the agency's enforcement of new regulations affecting school-age drop-in programs.

J. Consider Additional Immunization Support (Senate Committee). The Senate Committee recommended Omnibus consideration of providing additional FY 2005 support for immunizations in order to improve the state's childhood immunization rates.

K. Review Immunization Recommendations (Senate Committee). The Senate Committee recommended an Omnibus review of specific agency recommendations and performance measures aimed at increasing childhood immunization rates. The consideration should also include a review of the agency's assessment of the resources (state, federal, local and private) needed to meet the performance measures.

L. SB 418 - Birth Defects Information System (Law). S.B. 418 establishes a birth defects information system at KDHE with implementation contingent upon funds being available. The agency estimates a fiscal impact of \$290,396 for FY 2005 including \$101,000 for 2.0 FTE positions, staff travel costs of \$24,396, \$150,000 in contractual services to modify current databases, and additional data service expenditures of \$15,000. During the bill hearings, the agency indicated it would seek funding sources other than SGF, including federal funds, but if these are not available, SGF will need to be used.

M. GBA No. 3, Item 19, p. 10 - Transfer Food Safety Program to Department of Agriculture.

N. GBA No. 3, Item 14, p. 6 - Health Care Access Improvement Program.

Department of Health and Environment - Environment

A. Review Information on Public Water Supply Funding and Fluoridation (Senate Committee). The Senate Committee recommended Omnibus review of agency information on potential connections between public water supply funding and the encouragement of community water fluoridation.

Department of Commerce

A. Senate Sub. for Sub. for H.B. 2713 - Kansas Professional Regulated Sports Act (Law). Senate Sub. for Sub. for H.B. 2713 creates the Kansas Professional Regulated Sports Act. The Act establishes an Athletic Commission with the Department of Commerce to have authority over all regulated sports and professional wrestling performances held in the state. The fiscal note indicates that \$58,408 would be required in FY 2005 to establish and operate the Commission. The funding source could be either EDIF or SGF. Of these costs, \$52,408 would pay for Boxing Commissioner salary expenses and \$6,000 would be for other operating expenditures. In the future, fees collected by the Commission will be used to offset the cost to the agency. The Athletic Fee Fund created by the bill to collect such fees needs to be appropriated.

B. H.B. 2833 Governor's Hometown Heritage Act (Law). HB 2833 enacts the Governors of Kansas Hometown Heritage Act and authorizes special designations for a number of roads and highways. The agency estimates FY 2005 costs associated with marketing and conducting the competition for designing of the Governors Hometown logo at \$15,000 to \$25,000 from the EDIF.

C. Senate Sub. for Sub. for H.B. 2647 - Kansas Economic Growth Act (Law) - Senate Sub. for Sub. for H.B. 2647 includes the original language of H.B. 2647 creating the Kansas Bioscience Authority as well as the contents of S.B. 393 (Center for Entrepreneurship), S.B. 394 (IMPACT program changes), S.B. 417 (Rural Business Tax Credits), S.B. 480 (Angel Investor Act) and S.B. 520 (Downtown Redevelopment Act) which comprise the Kansas Economic Growth Act. The provisions regarding the Center for Entrepreneurship create the Kansas Community Entrepreneurship Fund, which needs to be appropriated, and gives authority to the Secretary of Commerce to budget EDIF moneys to the fund. During the regular session, the Legislature appropriated \$800,000 EDIF to support the Center and provide seed money to this fund.

D. GBA No. 3, Item 15, p. 7 - Employment Services.

State Fire Marshal

A. SB 312 Fire Insurance Premium Levy Distribution (Law). SB 312 adjusts the allocation of the 1.25 percent levy on fire insurance premiums to include the distribution of 0.2 percent to the Fire Services Training Institute at the University of Kansas. Currently, this program is funded by a transfer of \$750,000 from the Fire Marshal Fee fund to the Fire Service Training fund at KU. This issue is dealt with in the University of Kansas budget.

B. SB 335 - Regulation of Liquefied Petroleum Gas and Propane (Law). SB 335 enacts the Kansas Propane Safety and Licensing Act and establishes regulatory authority over the liquefied petroleum gas industry. The State Fire Marshal is required to establish rules and regulations consistent with the bill. The bill also establishes the State Fire Marshal Liquefied Petroleum Gas Fee Fund where fees collected under the bill would be credited. Fines collected would be credited to the

State General Fund. The fiscal impact on the State Fire Marshal's office of implementing these provisions is estimated at \$144,668 and 2.5 FTE. According to the fiscal note, these positions would provide field inspections, administrative coordination, and facility plan reviews. The Fire Marshal estimates that fees collected would generate \$256,000 in FY 2005.

KPERS

A. Technology Project (Senate Committee and House Committee) and GBA No. 3, Item 3, p. 2. Pending approval of the Executive Chief Information Technology Officer and recommendation of a Governor's Budget Amendment, the committees agreed to review additional funding of \$1,027,500 in FY 2005 for the project. Funding of \$756,207 is included in the approved FY 2005 budget for the project, with the agency requesting total expenditures of \$1,783,707 next fiscal year.

B. Investment Management Fees (Senate Committee and House Committee). The committees agreed to review revised FY 2004 and FY 2005 projections for paying investment managers. One factor impacting the increased estimate for fees is the market upturn. Another factor is the investment of the pension bond revenue of \$440.2 million from the sale on March 10, 2004. For FY 2004, the original estimate of \$18,071,348 is increased to \$19,293,452, an increase of \$1,222,104. For FY 2005, the original estimate of \$19,459,476 is increased to \$22,873,741, an increase of \$3,417,065.

Department of Revenue

A. Fee Fund Status (Senate Committee and House Committee). The committees agreed to review updated information about the VIPS/CAMA Technology Fund ending balances after cancellation of a \$1.8 million encumbrance in FY 2003. The agency reencumbered \$1.8 million in FY 2003 for a subsequent vendor, along with an additional \$972,538 in FY 2004, for a contact with Cole-Layer-Trumble Company to develop a new CAMA system. The Executive CITO issued an approval letter on December 17, 2003, for the newly redefined project and a contract of \$2.8 million. An ending balance for FY 2005 would be less than \$2.0 million if reduced revenues are projected from the following information.

VIPS/CAMA Fund Resource Estimate	Actual FY 2003	Agency Estimate FY 2004	Gov. Rec. FY 2004	Agency Request FY 2005	Gov. Rec. FY 2005
Beginning Balance	\$ 1,174,796	\$ 319,141	\$ 319,141	\$ 1,081,126	\$ 1,081,126
Net Receipts	944,345	2,841,573	2,841,573	2,841,573	2,814,101
Total Funds Available	\$ 2,119,141	\$ 3,160,714	\$ 3,160,714	\$ 3,922,699	\$ 3,895,227
Less: Expenditures	1,800,000	2,079,588	2,079,588	1,913,642	1,886,170
Ending Balance	\$ 319,141	\$ 1,081,126	\$ 1,081,126	\$ 2,009,057	\$ 2,009,057
Ending Balance as Percent of Expenditures	17.7%	52.0%	52.0%	105.0%	106.5%

The agency has provided updated information about fee fund receipts through March 31, 2004, for a number of funds, with shortfalls noted in all four of its major funds. The VIPS/CAMA revenue is least impacted by the general shortfall in receipts to date this fiscal year.

	Shortage to March 31	Shortage Pct.	Proj. Shortage to 6/30	Total Proj. Shortage
DOV Operating Fund	\$ (240,607)	26.8%	\$ (83,092)	\$ (323,699)
Elec. Databases FF	(238,338)	4.8%	(88,841)	(327,179)
Photo FF	(272,066)	14.0%	(90,675)	(362,741)
VIPS/CAMA FF	(44,008)	2.1%	(14,634)	(58,642)
Totals	<u>\$ (795,019)</u>	--	<u>\$ (277,242)</u>	<u>\$ (1,072,261)</u>

Finally, SB 380 will reduce revenue in FY 2005 to the DOV Operating Fund by an estimated \$150,000 with a change in legal notification regarding notification by wrecking and towing companies.

B. Senate Sub. for Sub. for HB 2647 Kansas Economic Growth Act (Law). HB 2647 assigns certain duties to the Secretary of Revenue and a series of tax exemptions and tax credits are established. First, the Secretary and the Kansas Bioscience Authority will establish the base year of taxation for all bioscience companies and state universities conducting bioscience research. Second, the Secretary of Revenue, the Kansas Bioscience Authority and the State Board of Regents will establish the number of bioscience employees at universities, provide annual reports, and determine the incremental tax increases from the base year over a 15 year period. All incremental state taxes generated by growth of bioscience companies and research institutions will go into the Bioscience Development Investment Fund. Third, the Bioscience Tax Investment Incentive Act will be managed by the Secretary of Revenue. Fourth, a new tax credit for entrepreneurship in distressed and rural communities is established. Taxpayers donating to the Kansas Community Entrepreneurship Fund may claim a 50 percent tax credit on the amount donated. Fifth, a rural business development tax credit is established and state income tax credits will be awarded to seven designated regional organizations. The Secretary of Revenue will assist the Secretary of Commerce in designating regional organizations to serve as a regional foundation to receive the tax credits. Sixth, the Kansas Angel Investor Tax Credit Act is established to allow accredited investors up to a 50 percent tax credit not to exceed \$50,000.

The Department of Revenue estimates a reduction of State General Fund revenue in FY 2005 amounting to \$1,556,912 attributed to the Emerging Industry Investment Act.

C. HB 2143 Issuance of Distinctive License Plates (Governor). HB 2143 establishes new procedures and requirements for issuing distinctive license plates. A new Distinctive License Plate Fund is established for the development of new plates, using non-refundable deposits to defray development costs. One new distinctive plate is exempted from the new law, the "Helping Schools" plate. Annual royalty payments for those plates will be designated for a particular school district and all royalty payments will be deposited in a new Helping Schools License Plate Program Fund. Money credited to the new fund may be used for development of the license plate and administrative costs, and all other money will be distributed annually to designate school districts.

Two new funds need to be appropriated in FY 2005: the Distinctive License Plate Fund and the Helping Schools License Plate Program Fund.

Kansas Lottery

A. Additional Revenues (Senate Committee and House Committee). The committees agreed to review revised sales estimates during Omnibus and adjust SGRF revenue estimates as needed in FY 2004 and FY 2005. Sales to date have generated transfers in excess of the required minimum amount to transfer monthly (which is \$4.5 million each month).

Lottery Transfers:	Transfers FY 04	Minimum FY 04	Difference FY 04	Cumulative Difference
15-Aug	\$ 5,750,000	\$ 4,500,000	\$ 1,250,000	\$ 1,250,000
15-Sep	6,000,000	4,500,000	1,500,000	2,750,000
15-Oct	6,250,000	4,500,000	1,750,000	4,500,000
15-Nov	6,000,000	4,500,000	1,500,000	6,000,000
15-Dec	5,000,000	4,500,000	500,000	6,500,000
15-Jan	7,000,000	4,500,000	2,500,000	9,000,000
15-Feb	6,000,000	4,500,000	1,500,000	10,500,000
15-Mar	5,750,000	4,500,000	1,250,000	11,750,000
15-Apr	6,000,000	4,500,000	1,500,000	13,250,000
15-May		4,500,000		
15-Jun		4,500,000		
15-Jul		4,500,000		
Total-12		\$ 54,000,000		
Required		63,324,255		
Difference		\$ 9,324,255		

The Lottery revised its FY 2004 sales estimate from \$212.3 million to \$220 million, and estimates transfers to the SGRF of \$67.1 million, plus \$2 million directly to the EDIF, for a total of \$69.1 million. The earlier estimate was \$63.3 million to the SGRF plus the \$2 million to the EDIF approved in HB 2675. In FY 2004, the increased amount of \$3.8 million would enhance the SGF since any amount above \$50 million will be transferred on June 25, 2004. The additional amount is reflected in the April 2004 consensus revenue estimates. No changes in the FY 2005 sales estimate of \$215.5 million or in transfers of \$63.9 million are made.

Legislative Approved (HB 2675):	Actual FY 2003	Approved FY 2004	Approved FY 2005
Lottery Transfers:			
Regular SGRF	\$ 62,494,603	\$ 62,773,000	\$ 63,250,000
Veterans SGRF/SGF	0	551,255	723,255
Subtotal	\$ 62,494,603	\$ 63,324,255	\$ 63,973,255
Special EDIF	0	2,000,000	0
One-Time SGF	0	835,250	1,168,277
TOTAL	\$ 62,494,603	\$ 66,159,505	\$ 64,641,532

Department of Wildlife and Parks

A. Water Rights Purchases (Senate Committee and House Committee) and GBA No. 3, Item 34, p. 16. Pending a Governor's Budget Amendment, the committees agreed to review proposal to buy water rights for a two-year period in Sebelius Reservoir to maintain recreational activities by managing the water level. The agency proposes to spend \$120,000 each year in FY 2005 and FY 2006 during the two-year agreement with the Alma Irrigation District. Financing would be in three equal amounts of \$40,000 from the Wildlife Fee Fund, the Boating Fee Fund, and the Parks Fee Fund.

B. Additional Federal Funds (Senate Committee and House Committee) and GBA No. 3, Item 35, p. 17. The committees agreed to review possible additional federal grants that might be added to the FY 2005 budget. The agency requests \$80,000 in expenditures of additional federal funds in FY 2005 for the state hunter education program from the Wildlife Fee Fund.

C. Five-Year Plan for New State Park (House Committee). The House Committee agreed to review the proposal for acquiring and constructing a new state park in Topeka and a preliminary five-year plan for improvements. In HB 2675, the Legislature approved \$100,000 for planning Menninger Memorial State Park, but made expenditures subject the receipt of title to the land and approval by the State Finance Council.

A preliminary five-year plan was submitted to the House Appropriations Chairperson by the Secretary of Wildlife and Parks on April 15, 2004, per the House Committee request for an Omnibus report.

D. Diversion Issue (Senate Committee). The Senate Committee asked to review any negative impact of budget reductions associated with BEST recommendation on the Wildlife Fee Fund where an initial \$332,692 in budget adjustments were recommended in FY 2005.

A report was submitted to the Senate Ways and Means Chairperson by the Secretary of Wildlife and Parks on April 15, 2004, per the Senate Committee request for an Omnibus report.

E. Carryover for Capital Improvements (Senate Committee). The Senate Committee requested a review of information about FY 2004 approved capital improvement projects and funds carried over from prior fiscal years to pay for projects.

A report was submitted to the Senate Ways and Means Chairperson by the Secretary of Wildlife and Parks on March 18, 2004, per the Senate Committee request for a report.

F. FY 2005 Expenditures (Technical Adjustment). A technical amendment to HB 2675 would add appropriation items in FY 2005 for the Tuttle Creek State Park Mitigation Project and Cheyenne Bottoms Federal Grants that were appropriated in FY 2004 by HB 2675 as recommended by the Governor and approved by the Legislature. The moneys will reappropriate from the current fiscal year to the next fiscal year, and expenditure authority needs to be included in the Omnibus bill for FY 2005 as line items. Also, a technical amendment to provide for repayment of the Pooled Money Investment Board loan needs specified that it is in addition to the expenditure limitation of \$1.5 million for the Tuttle Creek project.

G. HB 2731 Kansas Farmers and Hunters Feeding the Hungry (Law). HB 2731 allows hunting license applicants to make voluntary contributions of at least \$2 or more to support the activities of the group, Kansas Farmers and Hunters Feeding the Hungry. The bill establishes the

Feed the Hungry Fund and requires annual reporting by the Secretary of Wildlife and Parks concerning voluntary contributions to the new fund.

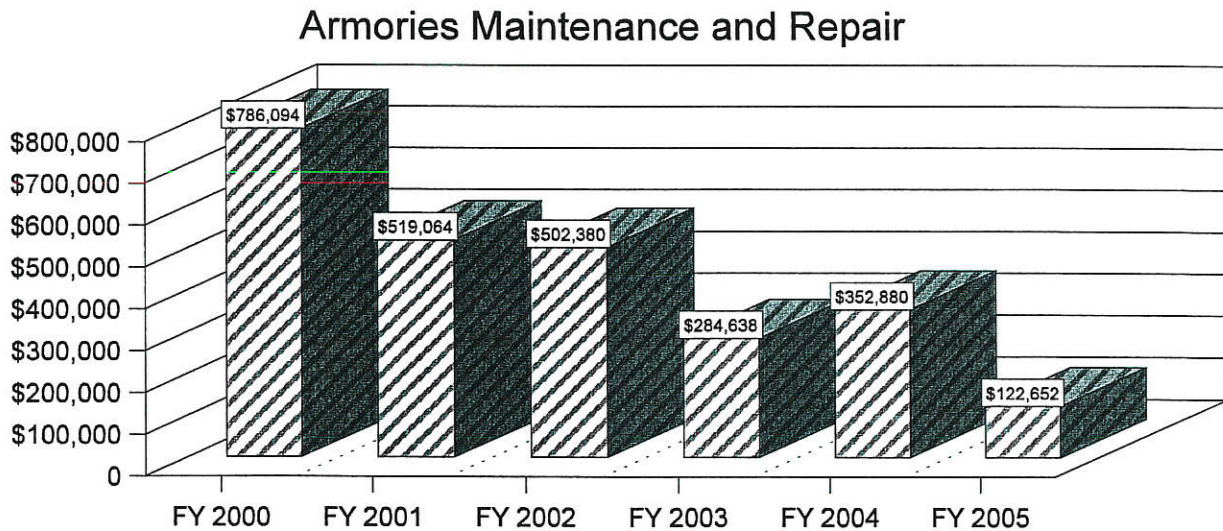
One new fund needs to be appropriated in FY 2005: the Feed the Hungry Fund.

H. HB 2557 New State Park (Conference Committee) and GBA No. 3, Message on Menninger Memorial State Park. A conference committee report on HB 2557 has been adopted by the Senate, but has not run in the House yet. That bill would authorize State Park No. 24 in Shawnee County, which shall be given a permanent name to be determined by the Legislature at a future date. A technical change in the section of HB 2675 line item appropriating \$100,000 for Menninger Memorial State Park needs to be renamed as the State Park No. 24 in Shawnee County account.

Adjutant General

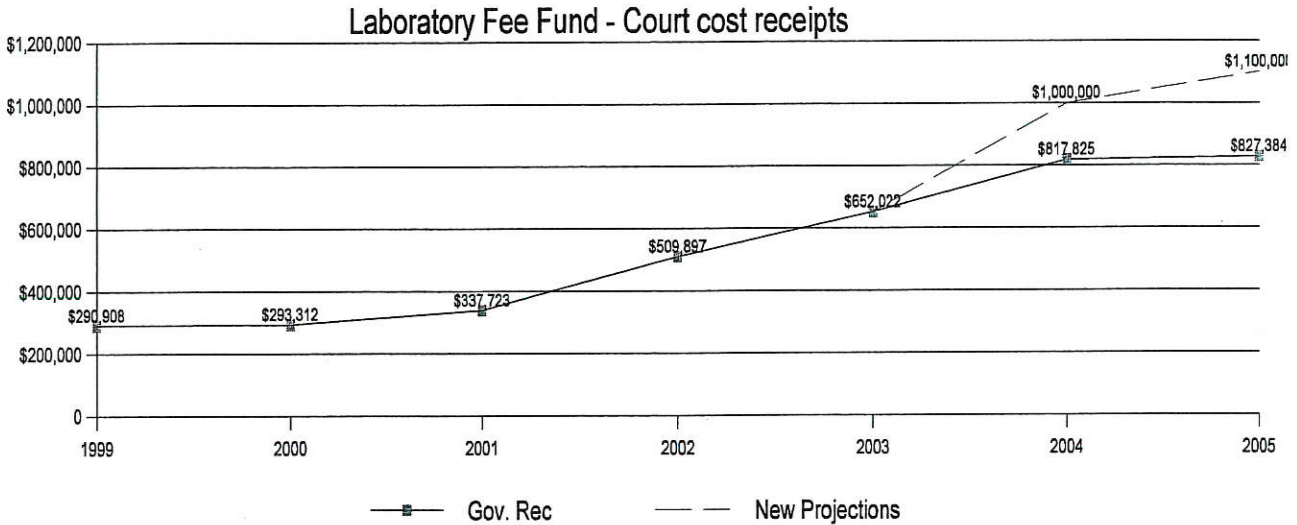
A. Deputy Adjutant General (House Committee). The House Budget Committee requested for Omnibus consideration the addition of 1.0 other unclassified Deputy Adjutant General position and \$92,332 (from federal Homeland Security Funds) in FY 2005 to assist the Adjutant General in administering activities as the Homeland Security Officer as designated by the Governor. During testimony, Committee members voiced concern about the amount of additional work undertaken by the Adjutant General, with no "deputy" to aid in the increased tasks.

B. Aging Armories Funding (House Committee). The House Budget Committee noted for Omnibus consideration the addition of funds in FY 2005 to provide the agency with additional financing for repair and rehabilitation costs in conjunction with the passage of 2000 SB 326 (the bill authorized the issuance of 15-year bonds for acquisition, construction, equipping, renovation, reconstruction, and repair of the state's 58 armories). The agency had estimated that along with the aggregate \$22,000,000 in bonding authority authorized by the bill, \$750,000 of funding normally utilized by the agency to provide repair and maintenance of armories, was also going to be available to finance the provisions of the bill. However, over the last five fiscal years, that funding has significantly decreased. The House Budget Committee cited this item for Omnibus consideration in the event that additional funding becomes available.



Kansas Bureau of Investigation

A. Laboratory Fee Fund (Senate Committee). The Senate Subcommittee discussed the increase in projected receipts being deposited in the Laboratory Fee Fund. The Fund is financed through court costs and 20 percent of fees collected for driver's license reinstatements. The Senate Subcommittee noted the increase in court costs receipts over time and the increase in fees (from \$150 to \$400) as passed by the 2002 Legislature (KSA 28-176). The Senate Committee requested the review of the fee fund balances during Omnibus.



B. Transfer Date (Technical Adjustment). In HB 2675 (the appropriations bill), Section 127(c), the transfer date of June 1, 2005 needs to be changed to July 1, 2004.

Emergency Medical Services Board

A. Education Incentive Project (Senate Committee). In conjunction with the provisions and passage of 2004 Senate Sub. for SB 351 (which passed the Senate and has been referred to the House Appropriations Committee), \$200,000 of the \$975,000 which is transferred from the Emergency Medical Service Operating Fund to the State General Fund in HB 2675 (the appropriations bill) would be utilized in FY 2005 to provide help in defraying the costs of education and training for rural and primarily volunteer EMS agencies who have a documented shortage of personnel. Funds would be distributed through a grant process with grant guidance and awards being determined by the Board of EMS.

B. Statewide Data Collection Project (Senate Committee). HB 2675 (the appropriations bill) reduced the transfer of \$1,000,000 from the Emergency Medical Services Fund to the State General fund by \$75,000 in FY 2005 to initiate a Statewide Data Collection pilot project. One of the major challenges for EMS in Kansas is the scarcity of response data. Currently, the Kansas Department of Transportation and the Kansas Highway Patrol collect only data with regard to injuries/deaths in motor vehicle crashes. The pilot project would collect information on all ambulance responses, thus providing more detailed information on medical responses. The Senate Subcommittee directed the agency to appear during Omnibus to provide more information on the pilot project, and to appear before the 2005 Legislature to discuss statewide implementation.

Sentencing Commission

A. 2003 SB 123 Offender reimbursement (Senate Committee). The Senate Subcommittee had concerns relating to the collection of reimbursement dollars from offenders participating in the provisions of 2003 SB 123. Within the Governor FY 2005 Budget Report, \$360,108 was anticipated to be received from offenders. However, during testimony, the Subcommittee was informed that since November 1, 2003 no offenders have provided reimbursement funds to the Sentencing Commission nor have any insurance proceeds been received. The Subcommittee was concerned that the State is not receiving its share of monies that it is owed from offenders. That may be due to those funds first going to reimburse judicial costs, providing restitution, or other costs. The Senate Subcommittee directed the agency to report back by Omnibus on the status of offender reimbursement moneys and to recommend procedures that can be instituted to ensure that insurance proceeds are identified and collected.

B. GBA No. 3, Item 31, p. 15 - Drug Treatment Funding Revision.

Kansas Department of Transportation

A. Automobile Parts Contract (House Committee). The House Committee noted for Omnibus consideration the addition of a proviso in FY 2005 prohibiting the Department of Administration from limiting the vendors from which the Department of Transportation may obtain vehicle parts.

B. HB 2756 (Law) and GBA No. 3, Item 36, p. 17. HB 2756 authorizes the Department of Transportation to purchase and lease radio communications equipment, including access to radio communication towers, to both governmental and non-governmental organizations. The bill creates the Communication System Revolving Fund in which all proceeds from the lease of radio communications equipment would be deposited. The Department of Transportation estimates that \$5.0 million would be transferred from the State Highway Fund to the newly created fund in FY 2005. Of the \$5.0 million amount, \$568,302 would be used for salaries and wages in support of 12.0 new FTE positions, and the remaining \$4,430,698 would be available for the purchase, installation, and servicing of radio communications equipment. The Department anticipates that the revenue generated by the leasing of equipment and towers would support the ongoing costs of the communications system, and the clearing fund would be self-supporting thereafter. In addition, the agency estimates that these fees would generate enough revenue to repay the \$5.0 million capitalization loan from the State Highway Fund.

Department of Corrections

A. Visitor Centers at Correctional Facilities (Conference Committee). The Department of Corrections currently contracts with Outside Connections to operate off-grounds visitor centers at Ellsworth, Hutchinson, and Norton Correctional Facilities and an on-grounds visitor center at Lansing Correctional Facility. The contract is due to expire June 30, 2004. The contract has been historically funded through the Inmate Benefit Fund. Funding of \$225,000 for the visitor centers was included in the Department of Corrections FY 2005 budget request. However, in order to implement the Governor's \$1.6 million all funds reduction for offender programs, the department recommended not to fund the visitor centers for FY 2005. The Senate Ways and Means Committee added \$200,000 for the visitor centers from the Inmate Benefit Fund, but the funding was deleted in

Conference Committee pending further review at Omnibus. According to the Department of Corrections, the unobligated cash balance in the Inmate Benefit Fund for FY 2005 is \$91,617.

- B. GBA No. 3, Item 26, p. 13 - Bedspace Contract.**
- C. GBA No. 3, Item 27, p. 13 - Food Service Contract.**
- D. GBA No. 3, Item 28, p. 14 - Health Care Contract.**
- E. GBA No. 3, Item 29, p. 14 - Construction of Spiritual Life Center.**

Board of Tax Appeals

A. Update on Status of Senate Bill 535 (Senate Committee). The Senate Committee recommended the introduction of Senate Bill 535 which would remove the filing fee exemption placed on single family residential property and the \$10 filing fee limitation placed on the property of not-for-profit organizations with a valuation of \$100,000 or less. The fiscal note for SB 535 states that the removal of the two exemptions would enable the agency to collect approximately \$60,250 in additional funds for FY 2005. The bill was introduced by the Senate Committee on Ways and Means and referred to the Senate Committee on Assessment and Taxation.

Real Estate Appraisal Board

A. Additional Funding for Rent Space Surcharge (House Committee). The House Committee recommended a review of the possibility of including an additional \$1,204 from the Appraiser Fee Fund to the Real Estate Appraisal Board's FY 2005 budget to fund a \$0.94 per square foot rent space surcharge levied against the agency. The Governor's FY 2005 recommendation did not include the \$1,204 to cover the rent space surcharge. The House Committee noted this issue for Omnibus consideration, and requested a Governor's Budget Amendment to finance the additional expense.

B. Fee Fund Transfer to the State General Fund (House Committee). In House Bill 2675 (appropriations bill), the 2004 Legislature approved the Governor's recommendation that all unencumbered biennial fee funds with an estimated balance greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. For the Real Estate Appraisal Board, the estimated transfer will be \$334,369. The House Committee recommended a review of the fee fund transfer to further assess its impact on the agency's budget.

According to the Board, the fee fund transfer will most likely require an increase in license renewal fees. The agency expressed concern that as interest rates go up over the next few years, the number of new and renewal licensees will likely decrease by approximately thirty percent, which will substantially impact the amount of revenue generated in the Appraiser Fee Fund in the future. In addition, the agency stated that a rise in interest rates will also likely increase the number of complaints it receives each year, thus affecting its expenditure limitation as well. The Real Estate Appraisal Board felt that a carryforward of \$200,000 in FY 2006 would not be enough to meet the possibilities that would arise when interest rates increase within the next several years.

The following table outlines an analysis of the Appraiser Fee Fund for FY 2004 and FY 2005.

Resource Estimate	Actual FY 2003	Agency Estimate FY 2004	Legislative Approved FY 2004	Agency Request FY 2005	Legislative Approved FY 2005
Beginning Balance	\$ 441,574	\$ 526,346	\$ 526,346	\$ 522,384	\$ 522,384
Net Receipts	269,387	258,043	258,043	258,043	258,043
Total Funds Available	\$ 710,961	\$ 784,389	\$ 784,389	\$ 780,427	\$ 780,427
Less: Expenditures	225,005	251,919	251,919	242,512	244,226
Lapses	0	10,086	10,086	0	0
BEST Transfer	0	0	0	0	1,832
Biennial Transfer	0	0	0	0	334,369
Transfer	199	0	0	0	0
Ending Balance	<u>\$ 485,757</u>	<u>\$ 522,384</u>	<u>\$ 522,384</u>	<u>\$ 537,915</u>	<u>\$ 200,000</u>
Ending Balance as Percent of Expenditures	215.9%	207.4%	207.4%	221.8%	81.9%

Staff Note: The beginning balance for FY 2004, for the agency's estimate and the Governor's recommendation, includes a carryforward in KSIP funds totaling \$40,589.

HB 2675 included a provision that the certification date for the fee fund transfer take place no later than April 19, 2004, rather than the end of FY 2005 as originally recommended by the Governor. The amount certified was \$334,369.

Kansas Real Estate Commission

A. Additional Funding for Rent Space Surcharge (Senate Committee and House Committee). The Senate Committee and the House Committee recommended a review of the possibility of including an additional \$4,100 from the Real Estate Fee Fund to the Real Estate Commission's FY 2005 budget to fund a \$0.94 per square foot rent space surcharge levied against the agency. The Governor's FY 2005 recommendation did not include the \$4,100 to cover the rent space surcharge. The Senate Committee and the House Committee noted this issue for Omnibus consideration, and requested a Governor's Budget Amendment to finance the additional expense.

B. Fee Fund Transfer to State General Fund (House Committee). In House Bill 2675 (appropriations bill), the 2004 Legislature approved the Governor's recommendation that all unencumbered biennial fee funds with an estimated balance greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. For the Real Estate Commission, the estimated transfer will be \$508,438. The House Committee recommended a review of the fee fund transfer to further assess its impact on the agency's budget.

According to the Real Estate Commission, the fee fund transfer will most likely require an increase in licensing fees, which are currently at the statutory limit. The agency's receipts fluctuate from year to year because more licensees are scheduled for renewal in even-numbered years rather than odd-numbered years. The Real Estate Commission explained that revenues are historically lower in odd-numbered years and expenditures recommended by the Governor for FY 2005 far exceed projected revenues after the agency transfers the 20.0 percent required to the State General Fund to cover indirect costs.

The following table outlines an analysis of the Real Estate Fee Fund for FY 2004 and FY 2005.

Resource Estimate	Actual FY 2003	Agency Estimate FY 2004	Legislative Approved FY 2004	Agency Request FY 2005	Legislative Approved FY 2005
Beginning Balance	\$ 805,277	\$ 856,981	\$ 856,981	\$ 844,419	\$ 844,419
Net Receipts	734,639	796,690	796,690	668,572	668,572
Total Funds Available	\$ 1,539,916	\$ 1,653,671	\$ 1,653,671	\$ 1,512,991	\$ 1,512,991
Less: Expenditures	682,167	764,665	764,665	830,887	795,796
BEST Transfer	0	0	0	0	8,757
Biennial Transfer	0	0	0	0	508,438
Transfer	768	44,587	44,587	0	0
Ending Balance	<u>\$ 856,981</u>	<u>\$ 844,419</u>	<u>\$ 844,419</u>	<u>\$ 682,104</u>	<u>\$ 200,000</u>
Ending Balance as Percent of Expenditures	125.6%	110.4%	110.4%	82.1%	25.1%

HB 2675 included a provision that the certification date for the transfer take place no later than April 19, 2004, rather than the end of FY 2005 as originally recommended by the Governor. The amount certified was \$508,438.

Department of Human Resources

A. Substitute for House Bill 2435 (Law) and GBA No. 3, Item 16, p. 8. Substitute for House Bill 2435 creates the Hispanic and Latino American Affairs Commission and repeals statutes concerning the current Hispanic Affairs and the Mexican American Affairs Advisory Committees. The new Commission will be housed in the Governor's Office. Current law designates the Advisory Committees within the Department of Human Resources.

Membership, for three-year terms, on the Commission is outlined in the bill similar to the membership of the current Advisory Committee on Hispanic Affairs. Meeting dates, payment amounts, and qualifications are controlled by the same statutes governing the current Advisory Committee.

The Advisory Commission on African American Affairs is also transferred from the Department of Human Resources to the Governor's Office.

The Hispanic Affairs Committee's approved FY 2005 budget totals \$194,365, including \$183,684 from the State General Fund and 3.0 FTE positions. The Advisory Commission on African American Affairs' approved FY 2005 budget totals \$186,852, including \$183,502 from the State General Fund, and 3.0 FTE positions. The total combined funding approved for FY 2005, that will be transferred to the Governor's Office, is \$381,217, including \$367,186 from the State General Fund, and 6.0 FTE positions.

B. GBA No. 3, Item 15, p. 7 - Employment Services.

C. GBA No. 3, Item 17, p. 9 - Transfer Unused Bond Proceeds to Other Capital Improvement Projects.

D. GBA No. 3, Item 18, p. 9 - Unemployment Insurance Benefits Computer System.



K A N S A S

OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

April 20, 2004

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

and

The Honorable Melvin Neufeld, Chairperson
House Committee on Appropriations
Room 517-S, Statehouse

Dear Senator Morris:

This amendment, Governor's Budget Amendment No. 3, includes items for new budget issues that have arisen, updated information about existing issues, caseload adjustments, implementation of executive reorganization orders, and technical corrections. The following table summarizes the contents of this GBA:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 9,167,229	\$ 11,039,679
All other Funds	(13,895,083)	<u>82,250,717</u>
All Funds	\$ (4,727,854)	\$ 93,290,396
FTE Positions	--	43.7
Non-FTE Unclassified Permanent	<u>--</u>	<u>(5.0)</u>
Total Positions	--	38.7

Department of Administration

1. Medicaid Reimbursement/Older Americans Act Funding

I amend my budget to create a separate fund for the Long-Term Care Ombudsman entitled Title XIX—Long-Term Care Ombudsman Medicaid Federal Grant Fund. These dollars, totaling \$45,316 for FY 2005, are currently transferred from the Department on Aging to the Department of Administration, where they are expended from the Older Americans Act—Long-Term Care Ombudsman Federal Fund. With the creation of a separate fund, the existing one can be reduced from \$321,796 to \$276,480. This change more clearly identifies the sources of the receipts and expenditures for the Long-Term Care Ombudsman. The change will also allow the Ombudsman to maximize Title XIX receipts.

2. Motor Vehicle Sale Proceeds

In February 2004, the Department of Administration contracted for a vehicle auction to dispose of excess vehicles in the state inventory. In my original recommendations, the sale of these vehicles was estimated to result in additional revenues of \$1.0 million for the State General Fund. At the end of the auction actual receipts that will be transferred to the State General Fund totaled \$1.6 million. A total of 24 of the vehicles sold belonged to the Department of Wildlife and Parks. These vehicles were purchased with funds whose use is subject to federal restrictions. To avoid violating the restrictions governing these funds, I amend my budget to transfer \$42,960 from the State General Fund to the Wildlife and Parks Fee Fund in FY 2005.

KPERS

3. Core Systems Replacement Project

I amend my budget to finance the KPERS Core Systems Replacement Project in the amount of \$1,027,500 from the KPERS Fund in FY 2005. This phase will include the migration of all current systems to a single platform utilizing an enterprise relational database. At the time my original budget recommendations were presented to the Legislature, the project had not been given approval by the Executive Branch Chief Information Technology Officer (CITO). However, since that time, the CITO has approved the project and KPERS is ready to proceed to the next phase.

	FY 2004	FY 2005
State General Fund	\$ --	\$ --
All Other Funds	--	1,027,500
All Funds	\$ --	\$ 1,027,500

4. Master Tobacco Settlement Agreement

According to the Master Settlement Agreement signed in 1998, Kansas is to receive regular payments through the Tobacco Settlement Agreement, which are deposited in the Kansas

Endowment for Youth (KEY) Fund. From this fund, transfers are made to the Children's Initiatives Fund to finance important programs as well as to the State General Fund. My original budget recommendations were based on the revenue estimates developed last fall. We now know, however, that actual receipts in the current year are \$3.5 million less than projected, and the FY 2005 amount will be \$4.0 million less. I recommend that the Legislature reduce the FY 2004 and FY 2005 transfers from the KEY Fund to the State General Fund in order to avoid budget reductions to children's programs.

Secretary of State

5. HAVA State Match

I amend my FY 2004 and FY 2005 budgets to add \$28,245 and \$434,152, respectively, from the State General Fund to provide the state match for federal funds to implement the Help America Vote Act (HAVA). During the 2002 Legislative Session, I recommended \$225,000 from the State General Fund to match \$7.5 million in federal funds. As of March 31, 2004, the amount of federal funds has been approved at \$7,661,648, which requires an additional state match of \$28,245. For FY 2005, the state match represents 3.0 percent of the aggregate amount to be spent for HAVA. Another 2.0 percent will be provided by Kansas counties. Therefore, \$434,152 from the State General Fund and \$289,435 from the counties will match the \$14,471,728 federal funds.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 28,245	\$ 434,152
All Other Funds	<u>161,648</u>	<u>14,471,728</u>
All Funds	\$ 189,893	\$ 14,905,880

Attorney General

6. Lapse Correction

To implement reductions that were included in my FY 2004 recommendations for the Attorney General's operating expenditures, \$242,997 was lapsed in the regular appropriations bill. However, this amount was a misposting in the bill and should have been \$214,037. This technical correction needs to be made in the Omnibus appropriations bill. Reportable expenditures, as they appeared in the original budget documents, were presented correctly and do not need to change.

Insurance Department

7. Service Regulation Fund

For FY 2004, an excess balance of \$850,000 in the Service Regulation Fund is authorized to be transferred to the State General Fund. As part of the Consensus Revenue Estimate for April 20, 2004, the excess balance is now estimated to be \$150,000 higher than originally anticipated. The amounts transferred for FY 2004, therefore, will total \$1.0 million. For FY 2005, the transfer approved in the regular appropriations bill was \$920,000. The consensus estimates increased this amount by \$80,000, for a total of \$1.0 million in FY 2005 as well. I amend my budget to capture the increased amounts in both FY 2004 and FY 2005.

Kansas Dental Board

8. Convert Temporary Staff to FTE Position

In addition to its permanent staff, the Kansas Dental Board currently employs temporary personnel to handle the irregular workload of the licensure process. One of the temporary staff is a part-time Administrative Assistant. Because of the potential for turnover of temporary staff and the risk of losing the incumbent's expertise, I amend my budget to make this part-time temporary position a permanent .5 FTE position. The position is already budgeted at \$10,410 from agency fee funds, so no additional expenditure authority is needed. The agency's FTE position limitation will be increased from 2.5 to 3.0 for FY 2005 as a result of this action.

	<u>FY 2004</u>	<u>FY 2005</u>
FTE Positions	--	.5
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	.5

9. Operating Expenditure Increases

I amend my budget to include additional expenditure authority from the Kansas Dental Board Fee Fund in FY 2004 from \$317,870 to \$347,241. This \$29,371 increase is mostly the result of unintentionally exceeding the budget for contractual services: temporary services in office assistance in relocating to new office space; DISC charges for computer services and the use of cell phones; higher rent costs in the new office location; increased travel expenses for board members; and higher than anticipated costs for professional services in the inspections contract and the legal services contract. All of the increase will be paid from the Dental Board Fee Fund.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>29,371</u>	<u>--</u>
All Funds	\$ 29,371	\$ --

Department of Social & Rehabilitation Services

10. Permanent Guardianship Placements

I amend my FY 2005 budget to add \$70,200 from the State General Fund for additional placements in the Permanent Guardianship Program. This recommendation will bring FY 2005 funding to the same level as the FY 2004 recommendation.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 70,200
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 70,200

11. Replace Medicaid Deferral for Child Welfare

I amend my FY 2004 and FY 2005 budget to reflect the replacement of Medicaid funds for Child Welfare programs that were deferred by the Centers for Medicare and Medicaid Services (CMS) for not complying with the August 2003 managed care regulations. While SRS has placed the utmost priority on gaining compliance, CMS has set a deliberate pace for approval. The agency does not expect the final resolution to occur until FY 2005. In FY 2004, the total amount of federal funding that will not be available is expected to be \$29,310,000. This amount represents the total FY 2004 Medicaid funding for the Foster Care, Adoption, and Family Preservation Programs. For the current fiscal year, this amendment includes an increase of \$10.0 million from the State General Fund, an increase of \$19.3 million from the fee fund, and a decrease of \$29.3 million from the federal Medicaid Fund. For FY 2005, this amendment includes a decrease of \$10.0 million from the State General Fund, a decrease of \$19.3 million from the fee fund, and an increase of \$29.3 million from the federal Medicaid Fund. This funding swap between the fiscal years is predicated on the recoupment of the deferred Medicaid dollars in FY 2005.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 10,000,000	\$ (10,000,000)
All Other Funds	<u>(10,000,000)</u>	<u>10,000,000</u>
All Funds	\$ --	\$ --

12. Medicaid Caseloads

I amend my FY 2004 and FY 2005 budget to reflect changes in caseloads and the cost of assistance programs. These adjustments are the result of consensus caseload estimates that involved the staff of the Department of Social and Rehabilitation Services, Legislative Research, the Department on Aging, and the Division of the Budget. The consensus estimates included Regular Medical Assistance, Nursing Facilities, Nursing Facilities for Mental Health, Temporary Assistance to Families, General Assistance, Foster Care, and Adoption.

For FY 2004, this amendment includes a decrease from all funding sources of \$2.1 million and an increase of \$2.2 million from the State General Fund. This change in the funding mix is the result of changes in the populations that are served and the funding sources that are available to each different population. For FY 2005, this amendment includes an increase of \$300,000, including \$642,000 from the State General Fund. The State General Fund adjustments include an increase of \$300,000 for General Assistance and \$342,000 for Nursing Facilities for Mental Health. The recommended expenditures for Nursing Facilities, Temporary Assistance to Families, Regular Medical Assistance, Foster Care, and Adoption were not changed.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 2,202,175	\$ 642,000
All Other Funds	<u>(4,267,873)</u>	<u>(342,000)</u>
All Funds	\$ (2,065,698)	\$ 300,000

13. Sexual Predator Treatment Program

I amend my FY 2005 budget to provide additional funding for the Sexual Predator Treatment Program (SPTP) at Larned State Hospital. The original FY 2004 budget approved by the 2003 Legislature for this program totaled \$3,727,931. In January, I recommended a total of \$3,856,439 for FY 2005. However, in January as part of the revised FY 2004 budget, I also recommended the addition of \$1.96 million as supplemental funding to support 72.0 new positions with the expectation that some of that supplemental funding would carry forward to FY 2005. SRS now estimates that \$750,000 of the FY 2004 supplemental funding will be carried forward to FY 2005. For FY 2005, SRS estimates that an additional \$2,724,691 will be needed in addition to the amount already recommended. The total includes the \$750,000 that will carry forward and \$1,974,691 appropriated from the State General Fund.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ (750,000)	\$ 2,724,691
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (750,000)	\$ 2,724,691

14. Health Care Access Improvement Program

I amend my FY 2005 budget to add expenditures for a new Health Care Access Improvement Program. Funding for the program, from the Health Care Access Improvement

Fund, will be derived through a provider assessment on hospitals and health maintenance organizations. These assessments will be subject to the approval of a state plan amendment by the federal Centers for Medicare and Medicaid Services (CMS). The Health Care Access Improvement Program cannot begin until CMS has approved the assessment plan. SRS states that approval of the assessment plan is not likely to occur before January 1, 2005. If that is the case, one half of the revenues from the assessments, or \$22,250,000, will be available for expenditure in FY 2005.

From that amount, I recommend increases in Medicaid reimbursement rates for the following services: \$14.0 million for hospital rates, \$3.5 million for physician rates, \$2.5 million for managed care provider rates, and \$800,000 for pharmacy rates. In addition, I recommend \$500,000 for operational grants to primary care safety net clinics, \$200,000 in one-time grants for facility expansion to provide dental services, \$550,000 for in-home family supports for home and community-based services participants, and \$150,000 for the home and community-based services for head injuries. This additional state funding will be used to draw down \$33,375,000 in matching federal Medicaid funding, which will bring the total increase in SRS expenditures to \$55,575,000. Finally, \$50,000 of the \$22,250,000 will support the functions of the Healthcare Data Governing Board of the Department of Health and Environment.

Department of Social & Rehabilitation Services:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>55,575,000</u>
All Funds	\$ --	\$ 55,575,000

Department of Health & Environment:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>50,000</u>
All Funds	\$ --	\$ 50,000

Department of Human Resources

15. Employment Services

I amend my budget to transfer the Employment Services Program from the Department of Human Resources (DHR) to the Department of Commerce. The authority to make the transfer is included in Executive Reorganization Order No. 31 (ERO), which was approved during the regular part of the legislative session. The reorganization will require the transfer of \$38,973,356 from DHR to Commerce. DHR's total positions will be reduced by 301.6 positions, and Commerce's total positions will be increased by 296.6. The difference of 5.0 positions represents non-FTE vacant positions which will not be transferred to Commerce. The ERO

establishes the Division of Workforce Development in Commerce, which will administer the Employment Services Program. The ERO also abolishes the Division of Employment and Training in DHR and DHR is renamed the Department of Labor.

Department of Human Resources:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ (4,444)
All Other Funds	<u>--</u>	<u>(38,968,912)</u>
All Funds	\$ --	\$ (38,973,356)
FTE Positions	--	(280.6)
Non-FTE Unclassified Permanent	<u>--</u>	<u>(21.0)</u>
Total Positions	--	(301.6)

Department of Commerce:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 4,444
All Other Funds	<u>--</u>	<u>38,968,912</u>
All Funds	\$ --	\$ 38,973,356
FTE Positions	--	280.6
Non-FTE Unclassified Permanent	<u>--</u>	<u>16.0</u>
Total Positions	--	296.6

16. Hispanic, African-American, & Native American Affairs

I amend my budget to implement Substitute for 2004 HB 2435, which the Legislature passed prior to first adjournment. This bill changes the name of the current Advisory Committee on Hispanic Affairs to the Hispanic and Latino American Affairs Commission and relocates it, together with the existing Advisory Commission on African-American Affairs to the Office of the Governor. In addition, I recommend relocation of the Office of Native American Affairs in the same way, except it was not part of HB 2435 because it was created administratively, not by statute. The FY 2005 budget for Hispanic and Latino American Affairs totals \$194,365, of which \$183,684 is from the State General Fund, \$10,000 is federal funds, and \$681 represents private donations. The FY 2005 budget for African-American Affairs equals \$186,852, \$183,502 from the State General Fund and \$3,350 from federal funds. The FY 2005 budget for Native American Affairs is \$120,374, all from the State General Fund. These amounts will be deleted from the budget of the Department of Human Resources and added to the budget of the Governor's Office. A total of 8.0 positions, 3.0 FTE positions each for Hispanic and African-American Affairs and 1.0 FTE position and 1.0 non-FTE unclassified permanent position for Native American Affairs, will also be transferred.

Department of Human Resources:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ (487,560)
All Other Funds	<u>--</u>	<u>(14,031)</u>
All Funds	\$ --	\$ (501,591)
FTE Positions	--	(7.0)
Non-FTE Unclassified Permanent	<u>--</u>	<u>(1.0)</u>
Total Positions	--	(8.0)

Office of the Governor:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 487,560
All Other Funds	<u>--</u>	<u>14,031</u>
All Funds	\$ --	\$ 501,591
FTE Positions	--	7.0
Non-FTE Unclassified Permanent	<u>--</u>	<u>1.0</u>
Total Positions	--	8.0

17. Transfer Unused Bond Proceeds to Other Capital Improvement Projects

I amend my FY 2005 budget to use \$600,000 in unspent bond money from renovation of the state-owned building at 401 SW Topeka Blvd. for other renovation projects subject to review by the Joint Committee on State Building Construction. The Department of Human Resources has completed renovation of the facility at the Topeka Blvd. location and has realized a savings of \$600,000 from the original \$3.8 million bond issuance. The debt service payments on the bonds would not change.

18. Unemployment Insurance Benefits Computer System

I amend my FY 2005 budget to recommend that the Department of Human Resources be given bonding authority to finance a comprehensive upgrade of Kansas' unemployment benefits computer system. The Department will use \$21.0 million in federal Reed Act funds to pay the debt service on the bonds. The duration of the bonds will be for six years. By using bond financing, the Department will be using the equivalent of the accrued interest on the principal to finance the project. A needs assessment and feasibility study on the computer system, as well as the financing for both, are included in the approved FY 2004 budget. I recommend that the final decision to proceed with the project be subject to approval of the State Finance Council after the project has been reviewed by the Joint Committee on Information Technology.

Department of Health and Environment

19. Food Safety Program

I amend my budget to implement Executive Reorganization No. 32, which transfers some food safety functions from the Department of Health and Environment to the Department of Agriculture, effective October 1, 2004. The purpose of the transfer is to streamline the food safety program and to avoid the confusion that has occurred in the past because similar duties were being performed by two separate agencies. The duty of regulating and inspecting restaurants will remain with KDHE, and the inspection of other food service establishments will be performed by the Department of Agriculture. KDHE will transfer 6.0 FTE inspector positions, including the computers and vehicles assigned to those positions, to KDA at a cost of \$320,198 from agency fee funds. Of this amount, \$246,986 is for salaries and \$73,212 for related operating expenses. The Food Inspection Fee Fund will remain at KDHE and a similar fund will be established for DOA, both having unlimited spending authority.

Department of Health and Environment:

	FY 2004	FY 2005
State General Fund	\$ --	\$ --
All Other Funds	--	(320,198)
All Funds	\$ --	\$ (320,198)
FTE Positions	--	(6.0)
Non-FTE Unclassified Permanent	--	--
Total Positions	--	(6.0)

Department of Agriculture:

	FY 2004	FY 2005
State General Fund	\$ --	\$ --
All Other Funds	--	320,198
All Funds	\$ --	\$ 320,198
FTE Positions	--	6.0
Non-FTE Unclassified Permanent	--	--
Total Positions	--	6.0

Kansas Commission on Veterans Affairs

20. Federal Match for Capital Improvements

I amend my FY 2004 budget to authorize \$181,771 to match federal grants for capital improvements at the Kansas Soldiers Home and Kansas Veterans Home. This amount will pay

for the shortfall between the original estimates for these projects, which were submitted when the grants were applied for, and the current bids. Of the total shortfall of \$273,448, \$91,677 will be paid from funds remaining in other construction grants, and the balance of \$181,771 will be paid from the State Institutions Building Fund.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>181,771</u>	<u>--</u>
All Funds	\$ 181,771	\$ --

Department of Education

21. School Finance Consensus Adjustments

I amend my budget to adjust state funding for school finance in FY 2004 and FY 2005. Current estimates for the amount of supplemental general state aid and general state aid to school districts are based on the recently released final assessment valuation data, enrollment changes, and the anticipated effect of local option budget usage. These factors were agreed to by staff from the Legislative Research Department, Department of Education, and Division of the Budget. Property valuations were reduced by \$93.0 million to reflect a recent Supreme Court decision that the state has no authority to tax stored natural gas owned by non-resident power companies. 2004 HB 2897 would address this issue, to clarify that the natural gas is taxable. This adjustment reduces local effort, requiring the addition of \$1,856,000 from the State General Fund under the school finance formula. I urge the Legislature to enact HB 2897 to clarify the state's tax policy. The balance of additional monies required are primarily for additional anticipated use of local option budgets. Barring action by the Legislature on school finance, school boards must continue to make use of this mechanism, which was originally conceived as temporary.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ (71,000)	\$ 10,260,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (71,000)	\$ 10,260,000

22. KPERS—School

In concert with my veto message on HB 2675, I hereby amend my budget to adjust the amount for KPERS—School. My veto message restored \$6.0 million to the KPERS—School line-item for FY 2004. Because the final payment has already been released, to lapse the money at this time would pose administrative difficulties. To avoid this, I instead recommend lapsing the correct current year's savings, \$847,191. Staff from the Legislative Research Department, Department of Education, KPERS, and Division of the Budget conferred on the amounts appropriated for employer contributions to the KPERS Fund for school employees and

determined that the adjustments noted below are what is needed to keep contributions to the fund at the correct level.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ (847,191)	\$ 4,253,138
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ (847,191)	\$ 4,253,138

23. Vocational and Technical Education Act

The Board of Regents and the State Board of Education entered into a memorandum of understanding on July 1, 2001, setting forth each Board's responsibilities for administering the federal Carl D. Perkins Vocational and Technical Education Act in Kansas. Under this agreement and state law, the Board of Regents assumes the role of lead agency for administering technical education in Kansas on July 1, 2004. With this change, \$11,700 will be lapsed from the appropriation to the State Board of Education and \$11,700 will be appropriated to the Board of Regents so that all state matching funds will be equally divided between the two agencies. The Board of Education will also transfer 1.5 FTE positions to the Board of Regents. So that these changes may be implemented, I hereby amend my budget to reflect these changes.

Department of Education:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ (11,700)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ (11,700)
FTE Positions	--	(1.5)
Non-FTE Unclassified Permanent	<u> --</u>	<u> --</u>
Total Positions	--	(1.5)

Board of Regents:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 11,700
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ 11,700
FTE Positions	--	1.5
Non-FTE Unclassified Permanent	<u> --</u>	<u> --</u>
Total Positions	--	1.5

Board of Regents

24. National Guard Educational Assistance

I amend my budget to reduce the appropriation for the National Guard Educational Assistance Program from \$725,028 to \$475,028. The 2003 Legislature already appropriated \$250,000 for this program that was overlooked when the appropriation bill was approved for FY 2005. This adjustment will put the total FY 2005 funding for the program at the intended amount of \$725,028, the \$250,000 approved a year ago and the \$475,028 added this year. Reportable expenditures, as they appeared in the original budget documents, were presented correctly and do not need to change.

Fort Hays State University

25. Memorial Union Renovation Debt Financing

I amend my budget to authorize a \$5.7 million bond issue for renovation of the Fort Hays State Memorial Union in FY 2005. This will be a 20-year revenue bond issuance by the Kansas Development Finance Authority with debt service beginning in FY 2006. It will be secured with student activity fee revenues. In December 2003, the student body passed a referendum endorsing an increase in student fees up to \$6.00 per on-campus credit hour to support the renovation. These fees will be deposited in the newly-created Memorial Union Renovation Debt Service Fund.

Department of Corrections

26. Bedspace Contract

I amend my budget to include \$1,460,000 from the State General Fund in FY 2005 for the Department of Corrections to contract with local governments or private companies for the housing of male medium and/or maximum custody inmates. These funds will be utilized only when the number of maximum and medium custody male inmates reaches a capacity of 6,061. On March 29, 2004, the number of inmates was 5,954. This requested amount will provide for the lease of 100 beds for 365 days at a per diem rate of \$40.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 1,460,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 1,460,000

27. Food Service Contract

Based on a higher than anticipated inmate population level, it is estimated that the FY 2004 food service contract will exceed the current budget amount by \$125,000. Of this amount,

\$80,000 can be absorbed with savings from the Inmate Benefit Fund. As a result, I amend my budget to add a State General Fund appropriation of \$45,000 for the food service contract.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 45,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 45,000	\$ --

28. Health Care Contract

Current estimates indicate that the FY 2004 cost of the health care contract will exceed the current budget amounts by \$460,000. Of this amount, \$185,000 is a result of a higher inmate population level and \$275,000 is from a shortfall in the alien incarceration federal grant. Of the \$460,000 deficit, \$181,000 can be offset from travel savings in Parole Services, \$119,000 can be offset from unanticipated commissions from inmate telephone calls, and \$100,000 can be offset from savings at the Lansing Correctional Facility. As a result, I amend my budget to include a State General Fund appropriation of \$60,000 to make up the difference for the health care contract.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 60,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 60,000	\$ --

29. Construction of Spiritual Life Center

The Central Kansas Prison Ministry, a private organization, has been raising funds for a Spiritual Life Center at the El Dorado Correctional Facility. The organization has raised \$120,000 of the estimated \$711,000 needed for construction of the building. No state funds will be used for this project, and the private funds will be spent directly by the Ministry, not through the state budget. However, the Center will become the property of the state. I amend my budget to add a provision that will allow the Spiritual Life Center to be constructed on state property.

Kansas Juvenile Correctional Complex

30. Open 60 Beds

I amend my budget to finance operating costs associated with 60 maximum-security beds at the new Kansas Juvenile Correctional Complex during FY 2005. A total of \$1,415,774, with \$1,115,774 from the State General Fund and \$300,000 in federal school lunch funds, will be added to the \$430,000 of State General Fund money already included in the approved FY 2005 budget. All of the original \$430,000 is for utilities. The additional funding will primarily be used to finance the salaries and wages of the 38.2 FTE positions that are needed to make use of

60 beds. Minimal funding has been added for maintenance and other operational costs. In addition, new federal funds need to be established in each of the juvenile correctional facilities.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 1,115,774
All Other Funds	<u>--</u>	<u>300,000</u>
All Funds	\$ --	\$ 1,415,774
FTE Positions	--	38.2
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	38.2

Sentencing Commission

31. SB 123 Drug Treatment Funding Revision

I amend my budget to reduce expenditures in FY 2004 by \$1.5 million from the State General Fund for 2003 SB 123 drug treatment payments to community corrections. This recommendation does not reduce the capacity of the program, but adjusts expenditures based on the most recent estimates for the number of offenders that are utilizing the treatment program.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ (1,500,000)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (1,500,000)	\$ --

Animal Health Department

32. Animal Disease Homeland Defense Account

I amend my budget to include the expenditure of additional monies received from the USDA for foreign animal disease detection along with a response plan that includes cattle, swine, sheep, and poultry. The Department will receive funds for the following: \$75,350 for Foreign Animal Disease, \$44,110 for Bovine Spongiform Encephalopathy (known as Mad Cow Disease), \$43,940 for emergency management preparedness, \$16,000 for Johne's, \$60,000 for Scrapie, \$38,000 for Swine Health, \$11,000 for Exotic Newcastle Disease, and \$334,905 for homeland security for FY 2005. The homeland security portion includes surveillance and two self-contained mobile units to be used for emergency eradication efforts.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>623,305</u>
All Funds	\$ --	\$ 623,305

Kansas Water Office

33. New FTE Position and Position Upgrades

I amend my budget to add 1.0 FTE Professional Civil Engineer I position for \$66,753 and upgrade the salaries of 2.0 existing positions in the Kansas Water Office. The new position in the Hydrology and Evaluation Unit is needed to fulfill my commitment to the Kansas Water Office to identify and resolve complex water resource issues across the state. The Water Office has a list of 11 projects for which technical analysis and study is needed to resolve policy issues and negotiate with other agencies and interested parties statewide. Existing staff members have had to work with diverse and often conflicting interests in addition to regular duties. I will upgrade a Public Service Administrator I (PSA I) to a PSA III for \$6,129 and upgrade an Environmental Scientist IV (ES IV) to an ES V for \$6,842. Total funding will be \$79,724 from the State General Fund.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 79,724
All Other Funds	--	<u>--</u>
All Funds	\$ --	\$ 79,724
FTE Positions	--	1.0
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	1.0

Department of Wildlife and Parks

34. Almena Irrigation District Agreement

I amend my budget to finance an agreement between the Department of Wildlife and Parks and the Almena Irrigation District. This agreement will pay the District to maintain a level of water in Sebelius Reservoir that will be adequate for outdoor recreation use and give the Department and the District two years to establish policies for sustainable water yield from the Reservoir. For FY 2005, the Department of Wildlife and Parks will pay \$120,000 for this agreement, financed in equal amounts from the Wildlife Fee Fund, the Boating Fee Fund, and the Park Fee Fund.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>120,000</u>
All Funds	\$ --	\$ 120,000

35. Hunter Education Program

I amend my budget to authorize the Department of Wildlife and Parks to spend \$80,000 in additional federal aid for the state's Hunter Education program. The U.S. Fish and Wildlife Service has notified the Department that the additional \$80,000 will be available in FY 2005, and the funds will be used to purchase equipment to enhance the existing program.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>80,000</u>
All Funds	\$ --	\$ 80,000

Kansas Department of Transportation

36. Radio Communications System

I amend my budget to finance expenditures related to the Kansas Department of Transportation's radio communication system. 2004 HB 2756, which has been passed by the Legislature and signed by me, authorizes the agency to lease radio communication equipment and access to the agency's radio communication towers to state and local public safety agencies. Administration of the program will require 4.0 FTE positions for \$203,184 and \$142,000 for other operating expenditures, all from the Radio Communication System Revolving Fund.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>345,184</u>
All Funds	\$ --	\$ 345,184
FTE Positions	--	4.0
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	4.0

Message on Menninger Memorial State Park

I ask the Legislature to amend the FY 2005 appropriation language included in HB 2675 for the Kansas Department of Wildlife and Parks to delete a proviso restricting development of the proposed Menninger Memorial State Park. My FY 2005 budget recommendations included

\$100,000 from the Park Fee Fund to implement the planning phase of park development prior to acquisition of the property. This appropriation was approved, but the proviso attached by the Legislature restricting expenditure of the funds until title to the property has been acquired and requiring State Finance Council approval prior to expenditure of the funds will unnecessarily delay development of this facility. The Legislature has approved the development of this new park in Shawnee County, and funds should be authorized effective July 1, 2004, to allow for adequate time to develop a master plan for this park.

Sincerely,

A handwritten signature in black ink that reads "Kathleen Sebelius". The signature is written in a cursive style with a vertical line at the beginning of the first letter.

KATHLEEN SEBELIUS
Governor

Items for Omnibus Consideration

(Includes Items referred by the House, Senate, and Conference Committees; GBAs; and bills with a fiscal impact)

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
FY 2004				
<u>Attorney General</u>				
Other				
Make correction to accurately reflect the Governor's recommendation and GBA No. 3, Item 6, p. 3.	28,960	0	28,960	0.0
<u>Secretary of State</u>				
GBA				
No. 3 Item 5 Page 3 HAVA State Match	28,245	161,648	189,893	0.0
<u>Insurance Department</u>				
GBA				
No. 3 Item 7 Page 4 Service Regulation Fund	0	0	0	0.0
<u>KPERS</u>				
GBA				
No. 3 Item 4 Page 2 Reduce transfer from KEY fund to State General Fund by \$3,536,252.	0	0	0	0.0
Conference				
Review investment manager fees.	0	1,783,707	1,783,707	0.0
<u>Kansas Lottery</u>				
Conference				
Review sales and estimated SGF transfers.	0	0	0	0.0
<u>Kansas Dental Board</u>				
GBA				
No. 3 Item 9 Page 4 Operating Expenditures Increases	0	29,371	29,371	0.0
<u>Commission on Veterans Affairs</u>				
GBA				
No. 3 Item 20 Page 10 Federal match for capital improvements	0	181,771	181,771	0.0
<u>Department on Aging</u>				
House				
Review EDS payment system prior to Omnibus.	0	0	0	0.0
Senate				
Requests a review of the EDS payment system and outstanding claims.	0	0	0	0.0
<u>Social and Rehabilitation Services</u>				
GBA				
No. 3 Item 12 Page 6 Medicaid Caseloads	2,202,175	(4,267,873)	(2,065,698)	0.0
No. 3 Item 11 Page 5 Replace Medicaid Deferral for Child Welfare	10,000,000	(10,000,000)	0	0.0
Other				
Consensus Caseload Estimates; GBA 1; Item 12; Page 6	2,202,175	(4,267,873)	(2,065,698)	0.0

Agency/Item

State General Fund All Other Funds All Funds FTEs

Larned State Hospital

GBA

No. 3 Item 13 Page 6 Sexual Predator Treatment Program (750,000) 0 (750,000) 0.0

Other

Categorical Aid 1,306 0 1,306 0.0

Department of Education

Conference

Request a GBA for KPERS-School shortfall, and GBA No. 3, Item 22, p. 11. 5,082,788 0 5,082,788 0.0

Bills

HB 2675 - The Governor vetoed a lapse for KPERS-School and indicated that she will issue a GBA to lapse a revised amount, based on new estimates made April 13, 2004. (6,005,014) 0 (6,005,014) 0.0

Board of Regents

Other

Expenditure authority for Other Federal Grants Fund (Technical Adjustment) 0 0 0 0.0

Department of Corrections

GBA

No. 3 Item 28 Page 14 Health Care Contract 60,000 0 60,000 0.0

No. 3 Item 27 Page 13 Food Service Contract 45,000 0 45,000 0.0

Sentencing Commission

GBA

No. 3 Item 31 Page 15 SB 123 Drug Treatment Fund Revision (1,500,000) 0 (1,500,000) 0.0

Department of Wildlife and Parks

Senate

Review at Omnibus information about carryover funds for capital improvements authorized in previous years, but not expended in the current fiscal year. 0 0 0 0.0

FY 2005

Legislature

Other

Language in HB 2675 inadvertently included the increase in non-session legislative allowance for the entire FY 2005 instead of starting in April 2005 as intended. A technical change in the language is required to implement the legislative intent. 0 0 0 0.0

Office of the Governor

Bills

HB 2435 - Moving Hispanic and Latino Affairs Commission and African-American Affairs Advisory Committee to Governor's office and GBA No. 3, Item 16, Page 8 487,560 14,031 501,591 7.0

Attorney General

Senate

Consider funding for SB 489, if enacted, in Omnibus Bill. SB 489 imposes duties on the Child Death Review Board to investigate deaths or near fatalities of children in the care of SRS or who at any time have been declared CINCS.. 156,831 0 156,831 0.0

If additional resources are identified, consider funding for new White Collar Crime Unit. 200,000 0 200,000 0.0

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Bills				
SB 489 - SB 489 would increase responsibilities of the Child Death Review Board to investigate deaths or near fatalities of children in the custody of the state, but the bill did not pass out of the first committee.	156,831	0	156,831	2.0
HB 2798 - HB 2798 enacts the Personal and Family Protection Act and was vetoed by the Governor April 16.	110,000	0	110,000	4.0
<u>Secretary of State</u>				
GBA				
No. 3 Item 5 Page 3 HAVA State Match	434,152	14,471,728	14,905,880	0.0
Senate				
Consider proviso to allow SOS to establish interest in receiving free distribution copy of Session Laws, KARs, and KSAs	0	0	0	0.0
Have SOS report back concerning expenditures related to Session Laws and KARs	0	0	0	0.0
Bills				
SB 479 - SB 479 implements provision of the federal Help America Vote Act (HAVA) of 2002	0	0	0	0.0
<u>Insurance Department</u>				
GBA				
No. 3 Item 7 Page 4 Service Regulation Fund	0	0	0	0.0
<u>Board of Indigents' Defense Services</u>				
House				
Review potential sources of funding for \$4,000,000 to increase the hourly rate for Assigned Counsel from \$50 to \$80 should HB 2616 be enacted.	0	0	0	0.0
Conference				
Funding for appeals associated with State v. McAdam	0	0	0	0.0
Funding for Public Defender Office in the 14th Judicial District (Montgomery and Chautauqua)	0	0	0	0.0
Other				
Consensus caseload estimates for the Assigned Counsel Program	0	0	0	0.0
<u>KPERS</u>				
GBA				
No. 3 Item 3 Page 2 Core Systems Replacement Project	0	1,027,500	1,027,500	0.0
No. 3 Item 4 Page 2 Reduce transfer from KEY fund to State General Fund by \$4,000,000	0	0	0	0.0
Conference				
Review additional funding for technology project.	0	1,027,500	1,027,500	0.0
Review investment manager fees.	0	3,417,065	3,417,065	0.0
<u>Department of Administration</u>				
GBA				
No. 3 Item 1 Page 2 Medicaid Reimbursement/Older Americans Act Funding	0	0	0	0.0
No. 3 Item 2 Page 2 Motor Vehicle Sale Proceeds	0	0	0	0.0
Senate				
Ask the Department to report back on requested capital improvement projects which impact life safety issues	0	0	0	0.0

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Conference				
Consider the issue of offsetting \$438,326 in SGF expenditures for insurance costs with state building funds - the funding was deleted from the appropriations bill.	0	438,326	438,326	0.0
Bills				
HB 2675 - KANS-A-N Directory - Line Item Veto	0	0	0	0.0
HB 2675 - Health Risk Appraisal - Line Item Veto	0	0	0	0.0
Other				
Delete section of the bill regarding the facilities conservation improvement program. (Technical Adjustment)	0	0	0	0.0
<u>Board of Tax Appeals</u>				
Senate				
Update on SB 535 which would remove two exemptions placed on the agency's filing fee schedule.	0	0	0	0.0
<u>Department of Revenue</u>				
Conference				
Review VIPS/CAMA Fee Fund balances	0	0	0	0.0
Bills				
HB 2143 - Issuance of Distinctive License Plates	0	0	0	0.0
HB 2647 - Kansas Economic Growth Act	0	0	0	0.0
<u>Department of Commerce</u>				
GBA				
No. 3 Item 15 Page 7 Transfer employment services to Department of Commerce.	4,444	38,968,912	38,973,356	281.0
Bills				
H.B. 2713 - Senate Sub. For Sub. For H.B. 2713 established an Athletic Commission.	0	58,408	58,408	0.0
H.B. 2833 - H.B. 2833 enacts the Governors of Kansas Hometown Heritage Act.	0	25,000	25,000	0.0
H.B. 2647 - Senate Sub. For Sub. For H.B. 2647 creates the Kansas Economic Growth Act	0	0	0	0.0
<u>Board of Healing Arts</u>				
Bills				
S. HB 2698 - Radiological Technologists Practice Act.	0	46,688	46,688	0.0
<u>Kansas Dental Board</u>				
GBA				
No. 3 Item 8 Page 4 Convert Temporary Staff to FTE Position	0	0	0	0.0
<u>Board of Pharmacy</u>				
House				
Recommends consideration be given at Omnibus to the Board's request to encumber \$500,000 of its fee fund balance for litigation purposes.	0	0	0	0.0
<u>Real Estate Appraisal Board</u>				
House				
If Governor does not include GBA, consider funding to cover the \$0.94 per square foot surcharge recommended by Governor.	0	1,204	1,204	0.0

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Review fee fund transfer of \$334,369 to SGF to determine its impact on the agency.	0	0	0	0.0
<u>Kansas Real Estate Commission</u>				
House				
Review fee fund transfer of \$508,438 to SGF to determine its impact on the agency.	0	0	0	0.0
Conference				
If Governor does not consider a GBA, consider funding to cover the \$0.94 per square foot surcharge recommended by the Governor.	0	4,100	4,100	0.0
<u>Department of Human Resources</u>				
GBA				
No. 3 Item 18 Page 9 Recommends bonding authority to finance a comprehensive upgrade of the unemployment benefits computer system. Recommends \$21.0 million in federal Reed Act funds be used to pay the debt service on the bonds.	0	0	0	0.0
No. 3 Item 17 Page 9 Transfers \$600,000 in unspent bond money from renovation of state-owned building at 401 SW Topeka Blvd for other renovation projects subject to review by the Joint Committee on State Building Construction.	0	0	0	0.0
No. 3 Item 15 Page 7 Transfers Employment Services to the Department of Commerce. (The authority for the transfer is in ERO 31.)	(4,444)	(38,968,912)	(38,973,356)	-281.0
No. 3 Item 16 Page 8 Implements Sub. HB 2435 which relocates Hispanic and African American Affairs to the Governor's Office. Also recommends the transfer of the Office of Native American Affairs to the Governor's Office as well.	(487,560)	(14,031)	(501,591)	-7.0
Bills				
HB 2435 - Transfers Hispanic American Affairs and African-American Affairs from Department of Human Resources to the Governor's Office.	(367,186)	(14,031)	(381,217)	-6.0
<u>Commission on Veterans Affairs</u>				
Senate				
Review status of the Fort Riley Cemetery construction	0	0	0	0.0
Review systemwide cemetery program staffing needs	0	0	0	0.0
<u>Dept. of Health and Environment - Health</u>				
GBA				
No. 3 Item 19 Page 10 Transfer food safety program to Department of Agriculture effective October 1, 2004.	0	(320,198)	(320,198)	-6.0
No. 3 Item 14 Page 6 Health Care Access Improvement Program funding for Health Care Data Governing Board	0	50,000	50,000	0.0
House				
Consider adding \$50,000 SGF and 1.0 FTE to support state dental office.	50,000	0	50,000	1.0
Consider requesting an interim committee study of issues around the regulation of child care programs operated by school district boards of education	0	0	0	0.0
Review information on the continuation of the Fetal Alcohol Syndrome Diagnostic and Prevention Network Pilot Programs.	0	0	0	0.0
Review information on immunizations and ERISA plans	0	0	0	0.0
Review information on Infant-Toddler programs regarding state comparisons, administrative costs and sliding fee scale implementation.	0	0	0	0.0
Review information on interaction between immunizations and WIC.	0	0	0	0.0
Review information on the potential for bioterrorism contracts with Kansas universities.	0	0	0	0.0

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Review potential funding sources for funding the Pregnancy Maintenance Initiative (\$300,000).	0	0	0	0.0
Review status of implementation of regulations regarding school-age drop-in programs.	0	0	0	0.0
Senate				
Consider additional support for immunizations	0	0	0	0.0
Review agency recommendations to increase Immunization rates	0	0	0	0.0
Bills				
S.B. 418 - S.B. 418 establishes a birth defects information system at KDHE with implementation contingent upon funds being available.	290,396	0	290,396	2.0
<u>Dept. of Health and Environment - Environment</u>				
Senate				
Review agency information on potential connections between public water supply funding and community water fluoridation	0	0	0	0.0
<u>Department on Aging</u>				
House				
Consider transfer of OKEP and SCSEP, senior employment programs, to the Department on Aging prior to Omnibus.	0	0	0	0.0
Recommend a review of the nutrition program funding formula for the Area Agencies on Aging prior to Omnibus.	0	0	0	0.0
Requests a comparison of reimbursement rates and requirements under both self-direct and agency-directed services for the HCBS/ FE waiver.	0	0	0	0.0
Requests an update on the waiting lists for the FE waiver and the Senior Care Act, prior to Omnibus.	0	0	0	0.0
Senate				
Recommends consideration be given to increasing the Senior Care Act budget by \$400,000 SGF and requests a review of the Senior Care Act budget and financing at Omnibus.	0	0	0	0.0
Recommends consideration be given to the addition of \$25,000 SGF for the Senior Companion Program. Consider funding of related programs, including Foster Grandparents Program.	0	0	0	0.0
Recommends consideration of a regulatory change to allow new nursing facilities to be subject to the same base year costs as existing facilities at Omnibus.	0	0	0	0.0
Requests a review of the funding for the HCBS/FE waiver at Omnibus.	0	0	0	0.0
Review of the policy change for Plans of Care and Assistive Technology and any associated costs prior to Omnibus.	0	0	0	0.0
<u>Social and Rehabilitation Services</u>				
GBA				
No. 3 Item 10 Page 5 Permanent Guardianship Placements	70,200	0	70,200	0.0
No. 3 Item 11 Page 5 Replace Medicaid Deferral for Child Welfare	(10,000,000)	10,000,000	0	0.0
No. 3 Item 12 Page 6 Medicaid Caseloads	642,000	(342,000)	300,000	0.0
No. 3 Item 14 Page 6 Health Care Access Improvement Program		55,575,000		0.0
House				
Recommend the agency review of the Vagus Nerve Stimulator (VNS) battery replacement issue and report back at Omnibus.		0		0.0
Recommends review of proviso language regarding state administered grants.	0	0	0	0.0

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Request the agency report back at Omnibus regarding costs associated with providing services for children as they age out of the ACIL (attendant care for independent living) program.	0	0	0	0.0
Requests the agency report back at Omnibus on Flexible Child Welfare Funding.	0	0	0	0.0
Requests the agency report back at Omnibus on its progress toward opening the Medicaid medical card to mental health clinicians beyond the community mental health centers (CMHCs) and NF/MHs.	0	0	0	0.0
Requests the agency report back at Omnibus on possible amendments to the Medicaid state plan to fund longer stays in inpatient acute care psychiatric services for children.	0	0	0	0.0
Requests the agency report back at Omnibus on the financial situation of payroll agents for person's who self-direct their care through the HCBS/waivers as they address the worker's compensation insurance issue.	0	0	0	0.0
Requests the agency report back at Omnibus on the methodology used to reduce family supports and services for persons on the waivers as budget cuts have been made.	0	0	0	0.0
Requests the agency report back at Omnibus on the pilot project to provide residential care to seriously ill children.	0	0	0	0.0
Requests the agency report back at Omnibus on the preparation for the new child welfare contract.	0	0	0	0.0
Requests the agency report back at Omnibus on the progress toward the implementation of the care management pilot project.	0	0	0	0.0
Requests the agency report back at Omnibus on the re-authorization of the Temporary Assistance for Needy Families (TANF) block grant.	0	0	0	0.0
Requests the agency report back at Omnibus with an executive summary of the screening process for the Nursing Facilities for Mental Health (NF/MHs).	0	0	0	0.0
Requests the agency report back at Omnibus with procedures to address fraud reports by payroll agents without penalizing them for reporting.	0	0	0	0.0
Senate				
	0	0	0	0.0
Add proviso language requiring the agency to enforce the 120 day time limit for transition from an NF/MH only after a transition plan has been completed.	0	0	0	0.0
Recommends Omnibus review of physician reimbursement rates if provider assessment legislation is enacted.	0	0	0	0.0
Request the agency delay implementation of the NF/MH screen process and report back at Omnibus with more details on the NF/MH screening process.	0	0	0	0.0
Request the agency provide a draft of the GA/MediKan hardship criteria at Omnibus.	0	0	0	0.0
Request the agency report back at Omnibus on children aging out of the ACIL program.	0	0	0	0.0
Conference				
Rehabilitation and repair projects for the state Developmental Disability Institutions	0	6,772,365	6,772,365	0.0
The Conference Committee requested the Children's Cabinet report at Omnibus on expenditures for Smart Start Kansas.	0	0	0	0.0
Bills				
SB 272 - (Conference) The bill provides additional eligibility requirements for Medicaid recipients, resulting in reduces expenditures. The recovery provisions of the bill would result in additional revenues of \$700,000.	(180,160)	(270,240)	(450,400)	0.0
HB 2912 - (Law) The bill would create a provider assessment to improve health care access.	22,250,000	33,350,000	55,600,000	0.0
Other				

Agency/Item

State General Fund

All Other Funds

All Funds

FTEs

Consensus Caseload Estimates; GBA 1; Item 12; Page 6

642,000

(342,000)

300,000

0.0

HB 2675 (VETO) - The Governor vetoed proviso language requiring the agency to fully fund the Vocational Rehabilitation federal grant with an additional \$550,629 state funds.

0

0

0

0.0

Larned State Hospital

GBA

No. 3 Item 13 Page 6 Sexual Predator Treatment Program

2,724,691

0

2,724,691

0.0

House

Review the Larned State Hospital Sexual Predator Treatment program in regard to additional FTE positions that may be necessary.

0

0

0

0.0

Other

Categorical Aid

(3,266)

0

(3,266)

0.0

Teacher Salaries and Wages - 3.0 percent increase

25,260

0

25,260

0.0

Parsons State Hospital

Other

Categorical Aid

(1,360)

0

(1,360)

0.0

Teacher Salaries and Wages - 3.0 percent increase

9,373

0

9,373

0.0

Department of Education

GBA

No. 3 Item 23 Page 12 Vocational and Technical Education Act

(11,700)

0

(11,700)

0.0

Senate

Request a GBA for Juvenile Detention State Aid as the consequence of enrollment growth and addition of facility.

669,522

0

669,522

0.0

Conference

Request a GBA for KPERS-School shortfall, and GBA No. 3, Item 22, p. 11.

4,875,474

0

4,875,474

0.0

Other

School Finance Estimates and GBA No. 3, Item 21, p. 11.

0

0

0

0.0

School for the Blind

House

Review salary levels and potential funding mechanism for an increase for teachers at the School for the Blind.

0

0

0

0.0

Senate

Consider viability of creating a separate pay matrix for the teachers at the School for the Blind.

0

0

0

0.0

Request information regarding utilization, capacity, and the possibility of other uses and the viability of keeping the School open.

0

0

0

0.0

School for the Deaf

House

Review salary levels and potential funding mechanism for an increase for teachers at the School for the Deaf.

0

0

0

0.0

Senate

Consider viability of creating a separate pay matrix for the teachers at the School for the Deaf.

0

0

0

0.0

Request GBA for the restoration of vehicles and the restoration of capital outlay.

0

0

0

0.0

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
Request information regarding utilization, capacity, and the possibility of other uses and the viability of keeping the School open.	0	0	0	0.0
Review possible restoration of BEST contractual services and commodities of \$70,814.	0	0	0	0.0
Conference				
Review dorm renovation project and the possible impact on life and safety of the students.	0	0	0	0.0
<u>State Historical Society</u>				
Senate				
Review agency request of \$55,802 SGF for ADA signs and alarms at Omnibus.	0	0	0	0.0
Bills				
HB 2531 - Historic Preservation Act - agricultural land use	0	2,080	2,080	0.0
<u>Fort Hays State University</u>				
Other				
Bonding authority for Memorial Union renovations (Joint Committee on State Building Construction) and GBA No. 3, Item 25, p. 13	0	0	0	0.0
<u>University of Kansas</u>				
Bills				
SB 312 - SB 312 would authorize a portion of the fee on fire insurance companies to be transferred directly to the Fire Service Training Program Fund.	0	0	0	0.0
<u>University of Kansas Medical Center</u>				
House				
Consider additional funding for pursuit of a national designation as a Comprehensive Cancer Research Center.	0	0	0	0.0
Review potential sources of funding for an increase in the Medical Loan Program.	0	0	0	0.0
<u>Wichita State University</u>				
House				
Review potential sources for \$2,000,000 in additional funding for aviation research.	0	0	0	0.0
Senate				
Review potential of increasing the transfer from the State Gaming Revenues Fund to the Economic Development Initiatives Fund by \$2,000,000 to be appropriated to WSU for aviation research (Completed in budget deliberations on the EDIF).	0	0	0	0.0
<u>Board of Regents</u>				
GBA				
No. 3 Item 23 Page 12 Vocational and Technical Education Act	11,700	0	11,700	2.0
House				
Receive status report from agency on Southwest Kansas Access	0	0	0	0.0
Senate				
Report from the Board of Regents on suggestions for budgetary flexibility	0	0	0	0.0
Conference				
Additional funding for technical colleges	0	0	0	0.0
Other				
Overfunding of the National Guard Educational Assistance Program (Technical Adjustment) and GBA No. 3, Item 24, p. 13	0	0	0	0.0



Agency/Item

State General Fund

All Other Funds

All Funds

FTEs

Department of Corrections

GBA

No. 3 Item 26 Page 13 Bedspace Contract 1,460,000 0 1,460,000 0.0

No. 3 Item 29 Page 14 Construction of Spiritual Life Center 0 0 0 0.0

House

Review in offender programs the contract funding for the visitor centers. 0 0 0 0.0

State Fire Marshal

Bills

S.B. 335 - S.B. 335 enacts the Kansas Propane Safety and Licensing Act and establishes regulatory authority over the liquefied petroleum gas industry. 0 144,668 144,668 2.0

S.B. 312 - S.B. 312 adjusts the distribution of the 1.25 percent fire insurance premium levy between the State Fire Marshal, Emergency Medical Services and the KU Fire Services Training Institute. 0 0 0 0.0

Juvenile Justice Authority

Bills

A - SB 183 - Interstate Compact for Juveniles 46,700 0 46,700 1.0

Kansas Juvenile Correctional Complex

GBA

No. 3 Item 30 Page 14 Open 60 Beds 1,115,774 300,000 1,415,774 38.0

House

The House Budget Committee encourages the Governor to review the option of phasing in 40 Reception and Diagnostics Unit (RDU) Beds and 90 Maximum Security Beds. 0 0 0 0.0

Senate

Review the possibility of opening KJCC in FY 2005. 0 0 0 0.0

Bills

A. - Review the possibility of opening KJCC in FY 2005. 0 0 0 0.0

Adjutant General

House

Add 1.0 Deputy Adjutant General position 0 92,332 92,332 1.0

Add funding for rehabilitation and repair of the 58 statewide armories 0 0 0 0.0

Kansas Bureau of Investigation

Senate

Review receipts deposited in the Laboratory Fee Fund 0 0 0 0.0

Other

Technical Adjustment. In HB 2675 (the Mega Bill), Section 127(C.), the transfer date of June 1, 2005 needs to be changed to July 1, 2004. 0 0 0 0.0

Emergency Medical Services Board

Senate

Directs the agency to present a plan on the initiation of the statewide data collection pilot project 0 0 0 0.0

Reduced the balance transfer of \$975,000 from the EMS Operating fund to the State General Fund by \$200,000, and utilize that funding to finance the provision of 2004 SB 351 pending passage of the bill 0 200,000 200,000 0.0

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>Sentencing Commission</u>				
Senate				
Report on the status of offender reimbursement monies received according to the provisions of 2003 SB 123	0	0	0	0.0
<u>Department of Agriculture</u>				
GBA				
No. 3 Item 19 Page 10 Food safety program	0	320,198	320,198	6.0
Conference				
Review agency budget upon adoption of ERO 32	0	0	0	0.0
<u>Animal Health Department</u>				
GBA				
No. 3 Item 32 Page 15 Animal disease homeland defense account	0	623,305	623,305	0.0
Senate				
Review funding of Animal Facilities Inspection Program	0	0	0	0.0
Bills				
HB 2593 - Animal Identification Program and Livestock Premise Registration	61,960	0	61,960	2.0
<u>Kansas Water Office</u>				
GBA				
No. 3 Item 33 Page 16 New FTE position and position upgrades	79,724	0	79,724	1.0
<u>Department of Wildlife and Parks</u>				
GBA				
No. 3 Item 35 Page 17 Hunter Education Program	0	80,000	80,000	0.0
No. 3 Item 37 Page 17 Message on Menninger Memorial State Park -- Proviso deletion.	0	0	0	0.0
No. 3 Item 34 Page 16 Almena Irrigation District Agreement	0	120,000	120,000	0.0
House				
Review five-year plan of improvements for new state park in Topeka.	0	0	0	0.0
Senate				
Review the potential for diversion involving the Wildlife Fee Fund and \$332,692 recommended as BEST reductions for subsequent transfer to the SGF.	0	0	0	0.0
Conference				
Review additional federal funds for hunter education	0	80,000	80,000	0.0
Review water rights purchases at Sebelius Reservoir	0	120,000	120,000	0.0
Bills				
HB 2557 - State Park No. 24 in Shawnee County	0	0	0	0.0
HB 2731 - Kansas Farmers and Hunters Feeding the Hungry	0	0	0	0.0
Other				
Add appropriation items in FY 2005 for Tuttle Creek State Park Mitigation Project and Cheyenne Bottoms Federal Grants that were appropriated in FY 2004 by HB 2675 as recommended by the Governor. (Technical adjustment)	0	0	0	0.0

Agency/Item

State General Fund

All Other Funds

All Funds

FTEs

Kansas Department of Transportation

GBA

No. 3 Item 36 Page 17 Radio Communications System

0

345,184

345,184

4.0

House

Consider a proviso prohibiting the Department of Administration from limiting the vendors from which the Department of Transportation may obtain vehicle parts.

0

0

0

0.0

Bills

HB 2756 - KDOT to purchase and lease radio communications equipment, including access to radio communication towers, to both governmental and non-governmental organizations and establish the Communication System Revolving Fund

0

0

0

12.0

**Governor's Recommended Adjustments
to April 2004 State General Fund Receipts
Contained in Governor's Budget Amendment No. 3**

FY 2004:

Kansas Endowment for Youth Fund
Reduce Transfer \$ (3,536,252)

Insurance Department
Increase Transfer 150,000

TOTAL \$ (3,386,252)

FY 2005:

Kansas Endowment for Youth Fund
Reduce Transfer \$ (4,000,000)

Insurance Department
Increase Transfer 80,000

TOTAL \$ (3,920,000)

*Senate Ways and Means
4/22-23/04
Attachment 12*

State General Fund Outlook
Updated to Reflect Revised CRE Revenues
(Dollars in Millions)

	<u>FY 2004</u>	<u>FY 2005</u>
Beginning Balance	\$ 122.7	\$ 233.2
Released Encumbrances	2.5	--
April 20, 2004 Updated Revenues	4,450.3	4,542.4
Lost Tobacco Settlement Monies	<u>(3.5)</u>	<u>(4.0)</u>
Total Available	\$ 4,572.0	\$ 4,771.6
HB 2675 Expenditures	\$ 4,331.5	\$ 4,644.7
School Finance Caseloads	5.1	14.5
SRS/Aging Caseloads	2.2	0.6
Other Budget Amendments	<u>?</u>	<u>?</u>
Revised Expenditures	\$ 4,338.8	\$ 4,659.8
Ending Balance	\$ 233.2	\$ 111.8
As % of Expenditures	5.4%	2.4%

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

Rm. 545N-Statehouse, 300 SW 10th Ave.

Topeka, Kansas 66612-1504

(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.state.ks.us

<http://www.kslegislature.org/klrd>

April 23, 2004

To: Senate Ways and Means Committee

From: Deb Hollon, Senior Fiscal Analyst

Re: Requested Information

KU Medical Center Designation as a Comprehensive Cancer Research Center

The Committee requested information concerning any funding sources which are now or could possibly be targeted toward pursuit of the national designation from the National Cancer Institute.

The Cancer Research Institute has received a commitment of \$15.0 million from the Kansas Masonic Foundation. As a result of this pledge, the Institute was able to recruit a new director, Dr. Roy Jensen. Dr. Jensen had previously been involved in achieving NCI designation for the Vanderbilt-Ingram Cancer Center.

In addition, the agency stated that any additional state funding would be used to purchase equipment to hire staff and faculty, and to match federal funds.

National Guard Educational Assistance Program

The Committee requested information on potential utilization of the National Guard Education Assistance Program. The Adjutant General's office was unable to determine the potential utilization.

Fiscal Note on Senate Bill 490

SB 490 would allow interest earned on certain special revenue funds of the state universities to be credited to the fund rather than the State General Fund. The fiscal note from the Division of the Budget estimates a reduction of \$2.7 million in revenue to the State General Fund.

Fee Structure for Architectural Services—House Bill 2752

Under current law, the Secretary of Administration must convene a negotiating committee to select an architect for general construction services on a capital project for a state facility if the project is expected to cost more than \$500,000. HB 2752 raises the dollar amount to \$750,000. For engineering or land surveying services, the dollar threshold would be increased from \$250,000 to \$500,000.

Currently, the Department of Administration is authorized to charge fees of 1.0 percent of the approved budget of capital projects. The Department can also charge 8.0 percent for in-house design architectural services on capital projects under authority included each year in the

*Senate Ways and Means
4/22-23/04
Attachment 14*

appropriations bill. HB 2752 establishes in statute a negotiating process for determining the appropriate fee for the services provided by the Department of Administration. All or part of the projects financed from private gifts, bequests, or donations would be excluded from the fees, because the services ordinarily provided by the Department of Administration could be provided by other firms in the case of these projects.

Expenditures
Biomedical Research Facility Construction
(per KU personnel)

<u>Area</u>	<u>Amount</u> <u>(in millions)</u>
Site Preparation	\$ 0.9
Building Construction	43.5
Architect fees, design fees, etc.	13.0
Equipment	6.2
TOTAL	<u>\$ 57.6</u>
Total Authorized	<u>65.0</u>
Difference	\$ 7.4



K A N S A S

RODERICK L. BREMBY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

DEPARTMENT OF HEALTH AND ENVIRONMENT

MEMORANDUM

To: Senate Ways and Means Committee

Cc: Susan Kannarr, KLRD

From: Roderick Bremby, Secretary, KDHE

Date: April 22, 2004

Re: Omnibus Items

-
1. The Senate Committee asked whether additional State General Funds might be needed for immunizations.

The state's most critical immunization need is for pneumococcal conjugate (pneumonia and invasive bacteremia) and influenza (flu) vaccines for children who have inadequate insurance for immunizations.

Kansas is only one of 19 states that has a two-tiered immunization system with respect to the above vaccinations. The Vaccines for Children Program (VFC) provides pneumococcal or flu vaccines for those least able to pay (the Medicaid-eligible population and those that have insurance that doesn't cover immunization). At the upper end of the spectrum are those children who have health insurance that covers these vaccines and therefore have resources available to pay for the vaccination. However, those children who are covered by insurance with high co-pays or deductibles – the underserved – do not have resources to pay for pneumococcal or flu vaccines, both of which are recommended by the national Advisory Committee on Immunization Practices (ACIP).

We estimate the "underserved" population that will need the two vaccinations in the coming year is 3,858 children. Each child needs three doses of pneumococcal conjugate vaccine at \$51.58 per dose, which equals \$596,987 for one year. Each child needs two influenza vaccines at a cost of \$6.60 per dose, totaling \$50,926.

Total cost to the State for both vaccines for one year = \$ 647,913.

2. The Senate Committee requested that KDHE provide specific recommendations and performance measures for improving childhood immunization rates.

KDHE is undertaking a very aggressive effort to analyze the factors that cause low immunization rates and to develop recommendations for improving the rates. The Secretary has charged a Blue Ribbon Task Force, comprised of a wide variety of medical professionals and others involved with statewide immunization issues, with the mission of developing recommendations before the end of this calendar year for improving the state's immunization rates. KDHE has also contracted with the Kansas Health Institute to analyze current rates, disparities across age cohorts and geographic areas, and to assist in finding ways to increase rates.

KDHE has identified several areas with proven track records in increasing rates, which, if more widely supported, could be instrumental in improving statewide rates.

- Continued funding for the Medicaid Outreach Project (current SFY04 funding until October 1, 2004 = \$211,000). This project is a collaborative effort between KDHE and SRS, piloted in ten counties with lower immunization rates. It has used tobacco settlement funds to provide incentives to parents.
- A statewide media campaign for promotion of immunizations (similar to Kansas Health Foundation's child-focused media campaigns of the past.)
- Additional pilot projects similar to the WIC/KDHE/Sedgwick County Health Department project (\$53,000 per year), which provides case management services to WIC clients and follow-through to ensure immunizations are completed.

3. The Senate Committee requested that KDHE review agency information on water fluoridation to identify public water supply funding sources to communities that could be conditioned upon fluoridation.

Two sources of funding are available for communities for water system improvements: the KDHE drinking water revolving loan program, also known as the State Revolving Fund (SRF) and the KDOCH Community Development Block Grant Program (CDBG). The US Department of Agriculture Rural Development Administration (RDA) grant and loan program also provides infrastructure support for Kansas community water systems, but is not under the control of any Kansas government agency.

Eligibility for participation in the KDHE SRF program could be conditioned upon the practice of fluoridation. Capital costs for fluoridation of drinking water would be allowable, and could be added to the costs for the primary purpose of the project. The SRF program is a loan, not a grant program, and marketing the program could be more difficult if participation is contingent upon fluoridation.

KDHE also operates a water pollution control revolving loan program that could be used to encourage fluoridation. The KDOCH CDBG program provides grant funds to communities for many types of projects, including water supply and wastewater infrastructure. Grant funds are limited to communities, or portions of communities, that benefit from the grant and who meet threshold requirements for low to moderate household income. CDBG funds could be used for fluoridation of water systems. Since the CDBG program provides grants, not loans, communities might be more likely to fluoridate if participation was conditioned upon fluoridation.

In general, communities with a population greater than 50,000 are considered to be entitlement communities and therefore receive a CDBG allotment directly from Housing and Urban Development; KDHE cannot exercise any control over the grant. These communities in Kansas include Overland Park, Kansas City, Leavenworth, Lawrence, Topeka and Wichita. Olathe's population is included with Johnson County.

Finally, in order to link fluoridation of water supplies to funding, the current statute would have to be amended: K.S.A 65-171m states, "No primary drinking water standard or rule and regulation may require the addition of fluorides to public water supplies."

KANSAS JUDICIAL CENTER FY 2005 CAPITAL IMPROVEMENT REQUESTS

Kansas Judicial Center Fire Suppression - \$500,000

Description: The Department of Administration requests \$500,000 from the State General Fund for FY 2005 to begin a multi-year program for a fire suppression (sprinkler) system for floors 1 through 3 in the Kansas Judicial Center. The total cost of the project through FY 2008 is \$2,600,000. Fire suppression systems heighten the life safety standards for occupants of an office building. Although not estimated, the cost to reestablish the "business" of the Kansas Supreme Court and the Kansas Court of Appeals would be very costly. The Judicial Center currently has fire suppression in the basement and parking garage.

Financial Implications: A fire suppression system would improve the ability to preserve the historical court records stored through out the building including the appellate court records. Hundreds of volumes of historical court cases are stored in the Law Library. Research documents that are used by court clerks for the Supreme Court and for the Court of Appeals as well as by lawyers and law clerks throughout the state would be lost or damaged beyond usage. The Law Library and the stacks of law books in the garden level represent a centralized location for records, which relate to court cases currently under consideration.

Estimated Time Frame: Multiple years.

Alternatives/Ramifications: Although not a building code requirement due to the size of the building and the number of occupants, the alternative would be to do nothing. Without a fire suppression system, there is an increased risk for loss of life or injury to employees of the Judicial Branch of state government and to citizens.

Authorization/Impetus: Life safety, fire protection and business recovery

Kansas Judicial Center Fire Alarm Replacement - \$420,660

Description: The Department of Administration requests \$420,660 from the State General Fund for FY 2005 to replace the outdated fire alarm system. Components for the original fire alarm control panel are no longer available. Judicial Branch offices have established telephone calling "trees" to notify employees during emergency situations due to the absence of building voice communication. Existing detection devices are beyond the manufacturers' recommended replacement time.

Estimated Time Frame: 1 year.

Alternatives/Ramifications: The existing devices are outdated. If this system is not replaced, there is an increased risk of system failure, which results in decreased life safety protection for tenants. A system failure would necessitate establishment of a building fire watch. It is estimated that a fire watch would cost of \$2,500 per week until alarm coverage can be restored.

Authorization/Impetus: Improvement in the life safety system for the Judicial Center.

Source: Department of Administration
FY 2005 Budget Submission

Senate Ways and Means
4/22-23/04
Attachment 16

Department of Administration - Statehouse Cleaning

In addition to the other purposes for which expenditures may be made by the department of administration from the moneys appropriated from the state general fund or from any special revenue fund for the fiscal year ending June 30, 2005, by this or other appropriation act of the 2004 regular session of the legislature, expenditures shall be made to insure that the basic custodial service requirements referenced in the custodial maintenance contract awarded August 10, 2001 for the Curtis state office building are performed as custodial services for the Kansas statehouse.

Basic Custodial Service Requirements

1. Daily Service.

- a) Stairways shall be policed and, as necessary, spot-cleaned to remove any obvious dirt, spills, and debris.

2. Weekly Service.

- a) Sweeping and dusting shall be performed between the hours of 5:00 p.m. and 1:00 a.m. Stair landings and steps shall be swept or vacuumed so the landings and all treads are free of any visible dirt, dust, and other foreign matter. Railings, ledges, grilles, fire apparatus, and doors shall be dusted.
- b) Both sides of entrance door glass, and the glass surrounding entrance doors to the height of the doors, must be cleaned and left free of dirt, grime, dust, streaks, water marks and spots, and be unclouded.

3. Monthly Service.

- a) Between the hours of 5:00 p.m. and 1:00 a.m., steps, risers and landings shall be wet-mopped or scrubbed free of all visible dirt, water streaks, mop marks, string, gum, grease, tar, etc., to present an overall appearance of cleanliness, all surfaces shall be left dry and the corners clean.
- b) All woodwork and bright metal surfaces shall be wiped clean.
- c) Wall surfaces from the floor to a height of 70 inches above the floor surface shall be spot-cleaned to remove any visible smudges, marks, or spots. The methods and materials used will not cause unsightly discoloration(s) to the wall surfaces.

2. Semi-Annual Service:

- a) Between the hours of 5:00 p.m. and 1:00 a.m., stairwell landings shall be stripped and four (4) coats of sealer – Hillyard Seal 341 applied in conjunction with corridor stripping and refinishing in adjacent areas.
- b) All hard floor surfaces shall be stripped to remove all old sealant leaving no evidence of gum, rust, burns, or scuff marks and no build-up in corners or crevices. Floor surfaces shall then be sealed, with the sealant adhering to the floor and all floor areas having an even coat of sealant. Spots and stains shall have been eliminated.

Custodial Maintenance Contract Information for SIGNATURE BUILDING

Awarded August 10, 2001

Period of Contract: August 20, 2001 through June 30, 2006

Schedule for Cleaning ...

Frequency Codes

D	Daily	Q	Quarterly
A/D	Alternate Days	S/A	Semiannually
W	Weekly	A	Annually
M	Monthly		

Entry	
	Frequency of Cleaning
Strip and refinish floors	Q
Clean/vacuum walk off mats	D
Sweep/dust mop/vacuum floors	D
Damp mop floor	D
Dust flat surfaces	D
Perform interim floor care	W
Perform restorative carpet care	A
Project-clean light fixtures	S/A
Replace walk off mats	W
Spray buff/burnish floor	W
Spot clean walls and entrance doors	W
Sweep outside entrances	D
Clean doors and windows	D

Circulation – Public Area	
	Frequency of Cleaning
Strip and refinish floors	Q
Sweep/dust mop/vacuum floor	D
Clean water fountains	D
Empty waste containers	D
Clean telephones	D
Clean trash containers	M
Dust vents	M
Perform interim floor care	W
Perform interim carpet care	W
Perform restorative carpet care	S/A
Project-clean light fixtures	S/A
Auto scrub floors	D
Spot clean walls and doors	W
Spray buff/burnish floor	W
Dust flat surfaces	W

Stairwell	
	Frequency of Cleaning
Clean doors	D
Sweep, dust mop stairs and landings	A/D
Damp mop stairs and landings	W
Spot clean walls	W
Dust flat surfaces	W
Perform interim floor care	M
Strip and refinish floors	S/A
Project-clean light fixtures	S/A
Clean door windows	W

Elevator	
	Frequency of Cleaning
Vacuum carpet	D
Spot clean carpet	D
Perform interim floor care	Q
Perform interim carpet care	Q
Perform restorative carpet care	S/A
Strip and refinish floors	S/A
Project-clean light fixtures	S/A
Perform restorative carpet care	S/A
Spot clean walls and doors	W
Mop floor	D
Spray buff/burnish floors	D

Office	
	Frequency of Cleaning
Spot Vacuum	D
Wash blinds	A
Strip and refinish floors	A
Vacuum carpet and straighten furniture	W
Spot clean carpet	D
Empty waste containers	D
Clean and disinfect trash containers	M
Dust vents	M
Dust blinds	S/A
Perform interim carpet care	Q
Perform restorative carpet care	A
Project-clean upholstered furniture	Q
Clean windows, inside	S/A
Project-clean light fixtures	S/A
Spot clean walls, partitions, and doors	W
Clean telephone	W
Dust furniture and flat surfaces	D

EXECUTIVE SUMMARY
STATE VETERANS' CEMETERY PROGRAM STAFFING ANALYSIS

In March 2004, the Senate Ways and Means Committee asked for a system wide review of the staffing needs for the State Veterans' Cemetery Program in order to assess the need for full time equivalent (FTE) personnel to operate future cemeteries. The review was to consider other alternatives to FTE, such as contracting and staff reductions. The Kansas Commission on Veterans' Affairs conducted a detailed analysis of the cemetery system, looking at burial rates at each state veterans' cemetery, operational responsibilities, comparable staffing to other state veterans' cemeteries, and alternatives to fulfill the staffing needs. We eliminated the option of contracting an entire cemetery operation but did consider three alternative options: (1) full FTE staffing as originally planned, (2) staff reduction through some duty consolidation, and (3) a combination of FTEs, consolidation, and contracting. The analysis considered inmate labor where available and as appropriate. All courses of action had to maintain the high VA standards that guide cemetery operations. The comparison used FY 2004 dollars as a baseline for comparison.

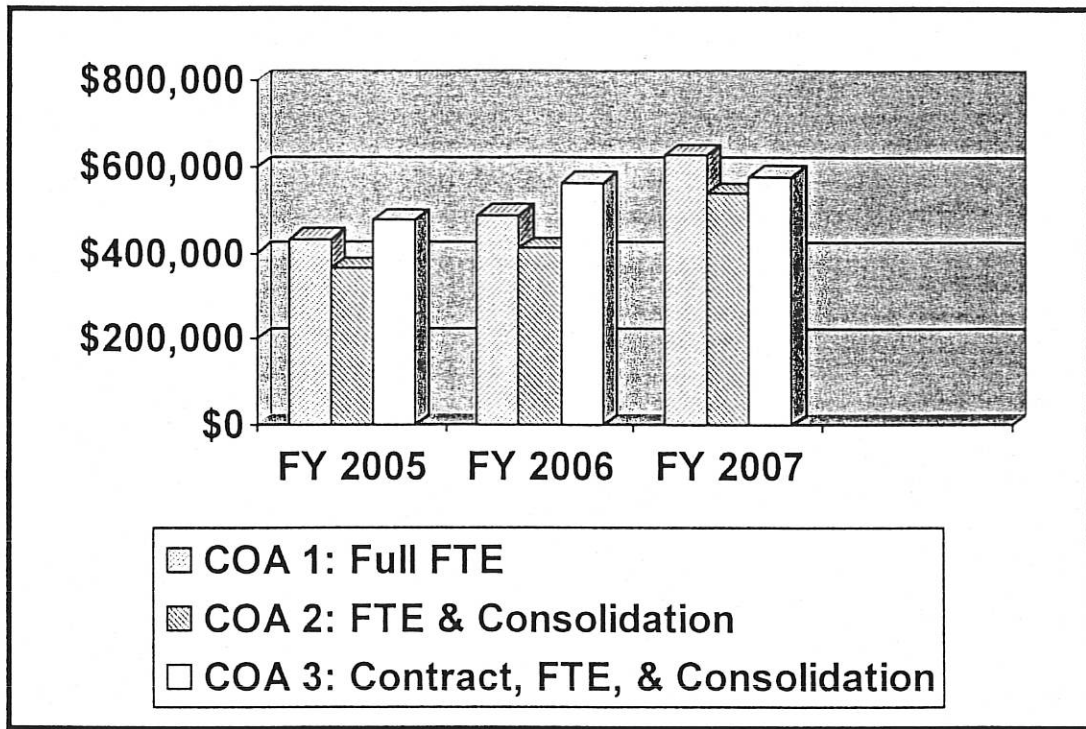
The Agency believes that a program of four FTEs per cemetery and 1.5 FTEs at the central office is well in line with, and even below, the staffing of all nine other state veterans' cemeteries in the region. However, particularly in the early years of a cemetery when burials are fewer, the Agency believes it can reduce some FTE positions through duty consolidation and save money without sacrificing quality. The calculated need for FTE and other funds when the cemeteries are fully mature is less certain; the agency may require a more robust FTE slate at that time.

The analysis found that COA 3 (contracting cemetery maintenance and funeral assistance), which would be needed to compensate for reduced staffing, was actually more costly than COA 2 (reduced FTE and duty consolidation); it was more costly than the other options during the next two years (FY 05 and 06). And the analysis was unable to assess qualitative concerns of contracting, though certainly those concerns exist.

A graphical cost comparison of the three alternative courses of action, from FY 2005 through 2007, is depicted below. It is important to note that the Governor's budget recommendation for FY 05 is \$437,902. Since the state does receive federal dollars for each veteran burial, those VA reimbursements have been added to the projected SGF and compared to costs in each COA; the cost vs revenue comparison is shown in the charts in Tab H. There are insufficient funds in COA 3 for all three years. There are insufficient funds in COA 1 in FY 06 and 07, with the latter being substantial.

Senate Ways and Means
4/22-23/04
Attachment 18

Requirement for State General Funds for each COA (in FY 2004 dollars):



Finally, the Agency has not been authorized additional FTE for any vacant positions. The staffing at the Fort Dodge Cemetery came from additional authorizations by the 2003 legislature (3 FTE) and pulling from an unfilled position in the Agency (1 FTE). Authorizations for new cemeteries (WaKeeney, Winfield, and Fort Riley) have never been granted. If no additional FTE are approved now, the Agency will have little choice but to transfer unfilled FTE positions from one or both of the homes. It is more likely that the Agency will pull those positions from the Kansas Veterans' Home in Winfield.

INDEX

- Intro: Kansas Veterans' Cemetery Program details
- Tab A: Personnel staff and cost projections, by cemetery, FY 04-07, supporting governor's budget
- Tab B: Kansas cemeteries information and burial estimates
- Tab C: Graphical burial estimates, per VA and KCVA estimates
- Tab D: Staff operational responsibilities and manhour projections
- Tab E: Cemetery staff major tasks, functions, duties, and responsibilities
- Tab F: Staff and demographic comparison with other state veteran cemeteries
- Tab G: WaKeeney contract offer
- Tab H: Cost analysis for each COA

KANSAS VETERANS' CEMETERY PROGRAM

PURPOSE: To provide background and information on the Kansas veterans' cemetery program to serve as analysis for staffing requirements and other costs.

SENATE WAYS AND MEANS COMMITTEE REPORT: The Governor's recommendations authorized appropriations in the amount of \$437,902 to the Kansas Veterans' Cemetery Program in FY 05. However, the recommendations did not include the additional FTE needed to staff the Wakeeney and Winfield cemeteries when opened. The Committee has required the agency to do a complete review of system-wide cemetery staffing needs and staffing alternatives and report back during omnibus 2004.

STATUTORY HISTORY: Senate Bill 19 passed during the FY 1999 Legislative session and was signed by Governor Graves on April 14, 1999. It authorized the Kansas Commission on Veterans' Affairs to establish and maintain state veterans' cemeteries. The Kansas Soldiers' Home Cemetery, established in 1890, was to be expanded, and up to three additional veterans' cemeteries were to be constructed in Kansas. Expansion and construction of these cemeteries was to be funded 100% by grants from the Department of Veterans' Affairs National Cemetery Administration, State Cemetery Grants Program. The subsequent fiscal note from Senate Bill 19 called for 12 FTE and estimated annual operating expenses of \$606,111.

MISSION: The mission of the Kansas Veterans' Cemetery Program is to provide veterans and their eligible dependents interment opportunities for burial in a Kansas Veterans' Cemetery. Veterans deserve to be interred with dignity, respect, and honor, providing a fitting gratitude for serving their country. Thus, a veterans' cemetery is as much a memorial as a cemetery.

STATUS: The cemetery at Fort Dodge was completed November 2002. The cemetery in Wakeeney has been slated for completion June 2004, although there may a delay of several months; there are recently-surfaced problems with vaults which the sub-contractor did not make to specifications. The Winfield cemetery is still expected to open in October/November 2004. The fourth cemetery, at Fort Riley, may be completed in July 2006. (The current post cemetery will likely run out of burial spots in the summer/fall of 2004)

COSTS: (See spreadsheet Tab A) With four FTEs (one director, one admin assistant, one maintenance manager, and one groundskeeper) and other operational costs, the agency estimates it will require \$138,000 per year per cemetery (not adjusted for salary increases or shrinkage). By the time all four cemeteries are operational, there would be a need for a total of \$627,000 per year.

BURIALS: (See spreadsheet Tab B) Using VA calculations, the United States veteran death rate is 2.2%, with 25% of the veterans within a 75 mile radius electing to use a state veterans' cemetery for burial. The VA includes a burial factor of one dependant per every two veterans. Using VA calculations, the four cemeteries could see a total of 1,373 burials per year. However, based on the historical data from the Kansas Veterans' Cemetery at Fort Dodge, the death rate is 2.2%, but only 16% of the veterans within a 75-mile radius are using the state veterans' cemetery for burial. Using this KCVA formula, the four cemeteries could see 908 burials per year (See VA graph chart and KCVA graph chart, Tab C). In addition, Ft. Dodge and other similar state cemeteries see a slow start for burials, but as a cemetery matures and more veterans are

informed, burials increase. The charts reflect a rough growth based on straight-line linear projection.

OPERATIONAL RESPONSIBILITIES: (See Spreadsheet Tab D) In order to give an accurate picture of the staffing needs and requirements, included is a breakdown of cemetery operations in four task categories: Administration, Maintenance, Ground Maintenance, and Burial Operations. Within each category are listed the number of FTE and man-hours needed to complete each task for the week, month and year. Functions, duties, and responsibilities in each task area are described in the task list attached (see Tab E). Also included is the burial rate per year that gradually increases over a five-year period.

COMPARABLE STAFFING: (See spreadsheet Tab F) We looked at state veterans' cemeteries in Missouri, Colorado, Kentucky, and Tennessee to gauge staffing needs for similar operations. We also included the staff levels for Mount Hope Cemetery in Topeka. Included in our data is information on the current rate of burials per year and acreage. The agency's assessment of a need for four FTE per cemetery upon maturity is fairly conservative when compared to similar state veterans' cemeteries. In every case, the KCVA is seeking fewer FTE than any of the other nine state veterans' cemeteries cited except Colorado. There are 3.5 FTE in Colorado, but that cemetery also uses two fulltime inmates and two to three seasonal employees.

ALTERNATIVES: **Whatever course of action that is chosen, we must insure that we can maintain the standards that govern the cemetery program.** We have three standards that govern how we do business. The first consists of extensive federal regulations that establish operational control; note that the Department of Veterans' Affairs will periodically inspect our cemeteries to ensure we meet federal standards. Second, our own internal policies and procedures are in place to maintain our high standards of excellence. Third, public opinion is a form of oversight that cannot be ignored. Because we are a "veterans' cemetery," we are held to a higher standard than most other cemeteries, such as city, church and private cemeteries. We believe there are several options that can be taken alone or combined in order to resolve staffing constraints and reduce FTE demands to a minimum.

1. Contracting:

a. Complete operational contracting. We considered contracting the entire cemetery operation, but doing so sacrifices direct oversight, and other similar state veterans' cemeteries report dissatisfaction when tried. Also, our employees have multiple responsibilities within each of the four task areas of operation. It is questionable that one contractor is going to be able to provide a small number of employees capable of performing several tasks of varying difficulty. Of greatest concern is the personnel turbulence inherent in an operational contract. We have not pursued this option.

b. Partial (task) contracting. We considered having more than one contractor to accomplish specific cemetery missions, such as grounds maintenance. Clearly this alternative would require coordination between contractors and staff. Mowing, trimming, and some burial operations could be contracted out. This option would create some jeopardy in that contract workers would

need to use expensive state-owned, federal government-purchased equipment; beyond the issue of potential liability, there is a risk that contract workers could damage this equipment. If contracting is chosen, there will still be a need for two FTE for WaKeeney and three FTE for Winfield for administrative duties and supervision over ground maintenance and burial operations. Research on potential costs is ongoing. The city of Wakeeney responded that it can perform our grounds maintenance (but without any work on property, roads, fences, equipment, and the like) for \$70,000 per year. They also would charge for help during burials (up to \$300 for in-ground, weekend interments), and we would require that assistance. Tab H contains detailed estimates for contracting costs. During start-up when we estimate that we may only have 16 burials in the first year at WaKeeney, we would require \$2,800 for funeral assistance; this is a very low end estimate with funerals only during the week and cremations and in-ground burials split at eight each. At the high end, when the WaKeeney Cemetery matures to a projected 80 burials per year, split between weekday and weekends and similarly split between in-ground burials and cremations, the contract would add \$16,000 in annual costs just for burial assistance. Added to the \$70,000 maintenance contract, the total just for grounds upkeep and assistance with burials could be as high as \$86,000. (See memo dated March 17, 2004, TAB G and calculations in Tab H)

2. Inmate Labor: The Winfield cemetery is adjacent to a state prison, and the Wakeeney cemetery is near a juvenile facility. Using inmate labor to relieve the staffing needs for those two cemetery programs is an option, and savings could amount to the salary of one FTE (grounds keeper). But there are great reservations. Foremost, there are concerns about maintaining standards for the appearance of the cemetery, security of the equipment, and visibility if prison labor is used. There are some services that inmate labor can readily provide, such as trash pickup, street sweeping, snow removal, grass cutting, and some weeding. However, a prisoner should never be allowed to handle an honored veteran's casket or cremains or to maintain the graves of any of the brave men and women who served their country. At no time should a prisoner ever come in contact with the families or visitors at the cemetery.

At the WaKeeney juvenile facility, there are concerns about youth and their legal and practical inability to operate cemetery equipment. The facility informs us that there are usually five or fewer youth who are old enough to work at the cemetery.

If inmate labor is used, there will still be a need for two FTE for WaKeeney and three FTE for Winfield for administrative duties, supervision of ground maintenance, burial operations, and oversight of the prison work detail (a requirement). Note that having only two FTE at WaKeeney almost mandates the use of juvenile prisoners in handling remains unless we conduct operational consolidation.

3. Operational consolidation. We have considered consolidating some functions, as indicated below:

a. Cemetery director for Ft. Dodge and Wakeeney. While the best arrangement is to have a cemetery director at each cemetery, Mr. Larry Montandon, director at Ft. Dodge, could also oversee WaKeeney. The two cemeteries are an hour and a half drive apart. Particularly during the start-up period when burials are fewer, this is an acceptable option. If burials increase as anticipated, we may need to come back and ask for a separate cemetery director for WaKeeney.

There could be a problem with Mr. Montandon splitting duties, because doing so would preclude simultaneous ceremonies and burials.

b. Administrative duty sharing. While we believe we need at least one person devoted to full-time administrative duties at each cemetery to accomplish the tasks identified, there is some capacity for distributing work electronically. Particularly with eligibility certifications, initial contact, and some general correspondence, assistance could be given by either the central agency office, if staffed, or one of the other cemeteries. Doing so comes at the price of not having an administrator (the director or admin assistant) always available to meet guests and families. Having someone present for those duties is perhaps what most sets a veterans' cemetery apart from a town or city cemetery.

c. Grounds keeping and maintenance sharing. Only WaKeeney and Ft. Dodge are close enough to each other to make this practical. However, we believe that the workload at each cemetery is such that covering each other in this manner should be the exception (i.e., backup during illness) rather than the rule. It is not feasible at Winfield or Ft. Riley because of the distances separating the cemeteries.

4. Fraternal and veterans' organization assistance and temporary workers. We will continue to explore this option with organizations in each locality. Certainly there is merit to these service organizations volunteering their time for cemetery upkeep. Veterans' organizations already assist with funeral details. But given the age and physical infirmities of many veterans in local organizations like the American Legion and Veterans of Foreign Wars, this option has no guarantees. It may be better to count on these organizations for surge periods like Memorial Day and Veterans' Day rather than on a continuous basis. Beyond surge, there is probably merit in hiring temporary workers for grounds maintenance and other minor or seasonal tasks to augment the fulltime staff. The service organizations would be appropriate start points to ensure we have workers with the proper respect for veterans, though we would have to follow state laws in hiring procedures. However, other state veterans' cemeteries with seasonal workers have between 3.5 and six FTEs as well.

(Note: While the state veterans' cemetery at Ft. Riley will be built on what is now federal land, this land will be transferred to the State of Kansas. Neither Ft. Riley soldiers nor federal government workers are permitted to maintain the state cemetery.)

FTE STAFFING : When first conceived, the agency estimated that the cemetery program would require 12 FTE, and this figure was reported in the fiscal note that followed Senate Bill 19 of 1999. The initial assessment was that the existing Soldiers' Home staff at Ft. Dodge could perform grounds and equipment maintenance as an adjunct to similar functions on the fort, in essence "piggybacking" on Soldiers' Home operations. Conditions at the Veterans' Home differed because the facility was converting from a state hospital, has less maintenance staff and requirements from which to pull, and had access to prison labor. Ft. Riley would require extensive staff because of a large number of projected burials and the size of the cemetery. And the fourth cemetery location was yet to be determined. Finally, the agency required a central office manager to plan and monitor the program. Thus the FTE estimates in 1999 were:

Soldiers Home (Ft. Dodge): 1 FTE (clerical)

Veterans' Home (Winfield): 1 FTE (clerical)
Fort Riley: 7 FTE (admin, clerical, and maintenance)
TDB cemetery site: 2 FTE (admin, clerical)
Agency central office: 1 FTE (admin)

The 1999 fiscal note recommendation never resulted in additional authorized FTE. As work progressed on the cemetery program, the agency was better able to study staffing needs and to compare operations with like cemeteries already operating. The agency was also able to assess the ability of the two homes to incorporate the respective cemeteries into their own maintenance and clerical operations and concluded that adding requirements to the homes was not practical. Particularly at Ft. Dodge, the Soldiers' home staff had become too small to absorb new duties on top of old ones. During the legislative session of 2003, the agency was on the verge of opening Ft. Dodge with no staff. After testimony, the agency was awarded three FTE for Ft. Dodge; the agency transferred a fourth FTE position (unfilled) from Veterans Services in order to staff the current four positions at Ft. Dodge.

To date, no further FTE positions have been added for cemetery operations. The WaKeeney Cemetery will be completed in the summer of 2004, which makes the staffing decision there very urgent. No hiring announcements have gone forward.

If the state does not allow any additional FTE for the cemeteries, KCVA has no alternative but to transfer up to eight unfilled FTE positions from elsewhere within the agency to staff the cemeteries at Wakeeney and Winfield (and ultimately Ft. Riley). This option is under study, but the most likely course of action is to transfer those FTE positions from the Kansas Veterans' Home at Winfield. In the near term, this is a relatively painless maneuver, as the positions are unfilled specifically because there are inadequate funds to hire more staff and raise census. Were the legislature to increase operational funds and direct the KVH to raise census accordingly, it is questionable whether or not we could recover those FTE positions.

SUMMARY: One of the greatest attributes of the cemetery system thus far is the quality of our employees. Attitude and innovation are intangible elements of our operation that cannot be specified in a contract. Our employees are capable of performing a variety of tasks, whether operating a backhoe, performing carpentry work, or waxing and buffing a floor. Innovation in response to unexpected demands is not something that can be specified in a contract, but is a common requirement for cemetery staff employees. A contract employee can only function within the confines of the contract. It is doubtful that a contractor will find a skilled backhoe operator who is willing to scrub toilets.

Perhaps the most telling of all is the obvious pride our cemetery staff members take in their work. The Fort Dodge cemetery is a good example. Anyone who has been to the Fort Dodge cemetery and driven around the site, or stopped in and visited with one of our staff members, understands. A contract worker is the product of the lowest bidder, and inmate labor is the product of the prisoner having no choice in the matter. This will be reflected in the appearance, attitude, and performance of the cemetery in meeting minimum standards. Achieving minimum standards is not where we should set the bar with our veterans and their families.

Our cemeteries provide more than just a series of graves for our veterans. The manner in which they are operated directly contributes to closure inherent in the grieving process. The appearance of the cemetery and the attitude of the staff are critical in assuring families that their loved ones will be well cared for. Trust and confidence in our ability to meet the family's expectations are not qualities that can be spelled out in contract specifications with private industry or correction facilities. It can only come from individuals who truly care about their work and take great pride in a job well done -- individuals who understand what the words honor, dignity, and valor mean and who appreciate the sacrifices made by our veterans and their families to protect our way of life.

	<i>Projected Budget for FY 2004</i>	<i>Projected Budget for FY 2005</i>	<i>Projected Budget for FY 2006</i>	<i>Projected Budget for FY 2007</i>
Central Office				
1.5 FTE				
Salaries and related benefits	\$ 68,193.00	\$ 68,249.00	\$ 68,249.00	\$ 68,249.00
Utilities	\$ 1,780.00	\$ 1,780.00	\$ 1,780.00	\$ 1,780.00
Misc.	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Subtotal	\$ 74,973.00	\$ 75,029.00	\$ 75,029.00	\$ 75,029.00

Fort Dodge				
4 FTE				
Salaries and related benefits	\$ 101,368.00	\$ 121,023.00	\$ 121,023.00	\$ 121,023.00
Utilities	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Misc.	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
Subtotal	\$ 118,368.00	\$ 138,023.00	\$ 138,023.00	\$ 138,023.00

WaKeeney		10 months of operation		
4 FTE				
Salaries and related benefits		\$ 100,868.50	\$ 121,023.00	\$ 121,023.00
Utilities		\$ 3,750.00	\$ 4,500.00	\$ 4,500.00
Misc.		\$ 10,416.66	\$ 12,500.00	\$ 12,500.00
Subtotal	\$ -	\$ 115,035.16	\$ 138,023.00	\$ 138,023.00

Winfield				
4 FTE		9 months of operation		
Salaries and related benefits	\$ -	\$ 90,767.25	\$ 121,023.00	\$ 121,023.00
Utilities	\$ -	\$ 3,375.00	\$ 4,500.00	\$ 4,500.00
Misc.	\$ -	\$ 9,374.99	\$ 12,500.00	\$ 12,500.00
Subtotal	\$ -	\$ 103,517.24	\$ 138,023.00	\$ 138,023.00

Fort Riley				
4FTE				
Salaries and related benefits	\$ -	\$ -	\$ -	\$ 121,023.00
Utilities	\$ -	\$ -	\$ -	\$ 5,000.00
Misc.	\$ -	\$ -	\$ -	\$ 12,000.00
Subtotal	\$ -	\$ -	\$ -	\$ 138,023.00

Total Projected Expenditures	\$ 193,341.00	\$ 431,604.40	\$ 489,099.00	\$ 627,121.00
Requested by Agency	\$ 244,521.00	\$ 461,981.00		
Governor Recommendation	\$ 227,281.00	\$ 437,902.00		
		<u>\$ 6,297.90</u>		

Kansas State Veterans' Cemeteries

	Fort Dodge	WaKeeney	Winfield	Fort Riley
Total Award	\$3,595,000	\$3,329,225	\$5,864,000	\$7,200,000
Total Site	16 Acres	24.34 Acres	40.86 Acres	90 Acres
Full Casket Interment	2169	1566	9298	18,000
Preplaced Grave Liners	610	500	1213	1500
In-ground Cremation	1263	250	1068	1000
Columbarium Wall	320	320	800	1000
Total Capacity	3752	2136	11166	21500

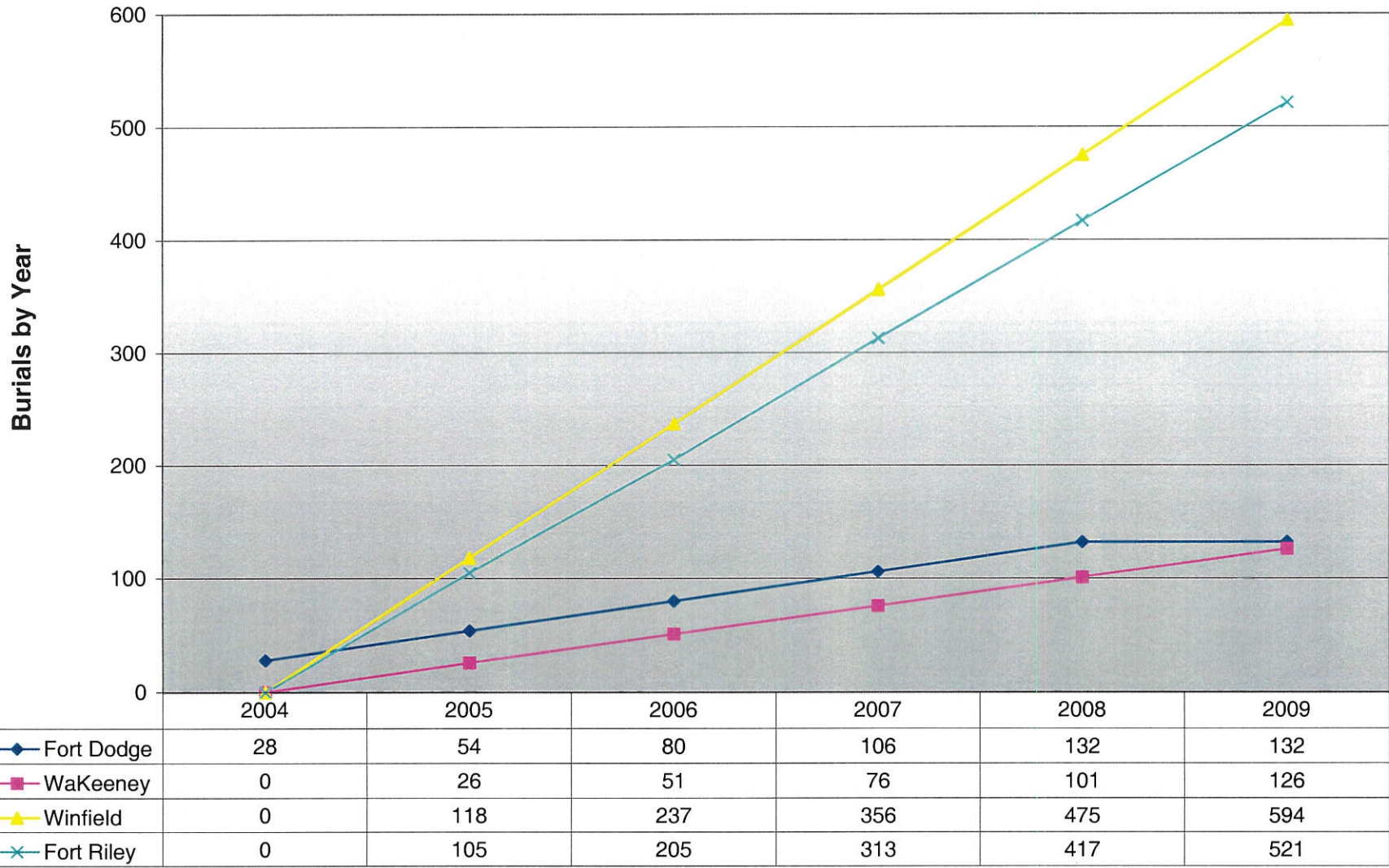
VA Est Burials per year*	132	126	594	521
KCVA Est Burials per year**	85	80	380	335
First Year Burials	17			

*VA Est that 25% of the veterans within 75 miles of a veterans cemetery will be buried in a state veterans cemetery

**Based on 16% of the veterans within 75 miles of a veterans cemetery will be buried in a state veterans cemetery

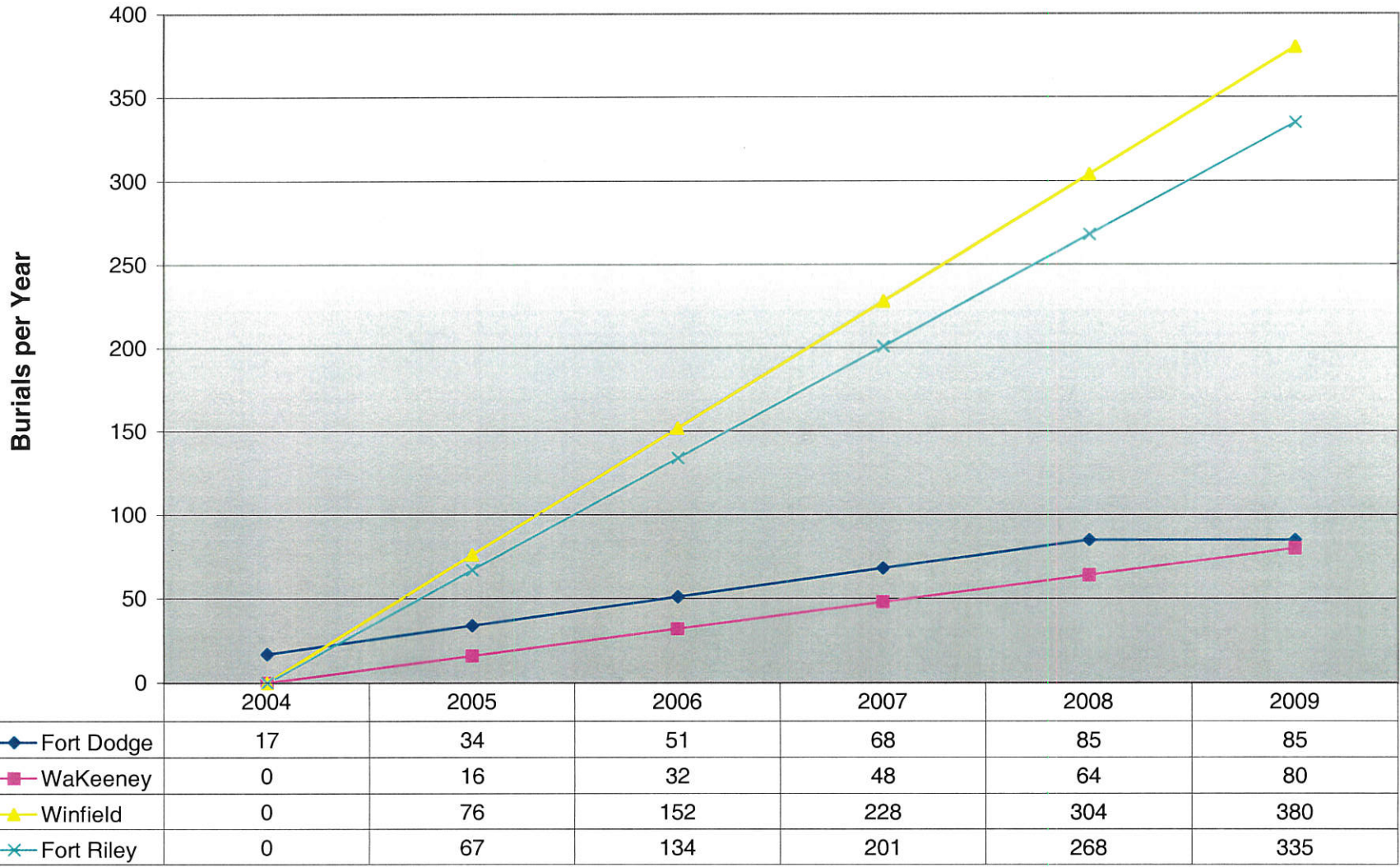
**Will reach estimated burial rate over a 5 year period

Burial Rate of Kansas Veterans Cemeteries Over Five Years by VA Estimates



Years

Burial Rate of Kansas Veterans Cemeteries Over Five Years by KCVA Projections



Years

MAJOR TASKS AND FUNCTIONS, DUTIES, AND RESPONSIBILITIES

A. ADMINISTRATION: The Cemetery Director and the Administrative Assistant handle these functions.

1. **Eligibility** - Evaluation and pre-certifications, assistance in obtaining military service records, marriage license, death certificates, and birth certificates.
2. **Monthly Reports** - Preparing the monthly burial report, pre-certification report, and maintaining the burial register.
3. **Public relations** - Outreach programs such as formal presentations to various civic and professional organizations, interaction with the public.
4. **General correspondence** - Responses to request for information on eligibility for burial, burial benefits for dependants and the cemetery program.
5. **Interment scheduling** - Coordination with families, funeral homes, veterans' organizations, and state/federal agencies for burial dates and times.
6. **Operational oversight** - Preparation/review of policies and procedures, training plans, facilities design review, preparation of bids, supervision, long term planning.
7. **Professional relations** - Coordination with other states' veterans' agencies regarding facility design, operations, training conferences, information requests.
8. **Veterans benefit counseling and referral services** - Assistance to veterans and their families regarding burial, insurance, pension, compensation, and medical benefits through the Department of Veterans Affairs.
9. **Interment Representative** - The cemetery director or administrative assistant represents the State at each interment service and remains with the deceased until burial. Duties include coordination with the funeral director, honor guard, clergy, and next of kin.

B. MAINTENANCE: Maintenance is primarily conducted by the maintenance supervisor and the general maintenance repair technician.

1. **Facility maintenance** - Modification/repair of buildings to include carpentry, plumbing, electrical, janitorial services. Life cycle analysis of facilities and related systems.
2. **Equipment maintenance** - Maintenance of backhoe, trucks, tractors, mowers, and various types of powered equipment. Establishment of preventive maintenance program, operator's safety training.
3. **Equipment fabrication** - Design and construction of equipment such as casket carriages, headstone lifts, hydro-mulchers, irrigation equipment, and miscellaneous support equipment repair.
4. **Safety programs** - Development and implementation of equipment, facility, and personal safety training. Shop safety procedures to include following OSHA requirements.

C. GROUNDS MAINTENANCE: Maintenance supervisor and general maintenance technician care for cemetery grounds.

1. **Grounds care** - Operation of tractors, dump trucks, backhoe, and mowers. Use of various power equipment for edging and trimming, street cleaning, snow removal, erosion control/repair. Tree/brush trimming and removal.
2. **Herbicide/fertilizer application** – Applicator's license, use of specialized application equipment and herbicides.
3. **Horticultural** - Planting trees, shrubs, flowers, mulching and irrigation of cemetery gardens.
4. **Grave Maintenance** – Seeding of new graves, filling in of settled graves, general care of appearance of graves, straightening of headstones.

D. BURIAL OPERATIONS: This activity ties all phases of the cemetery operations together and requires teamwork and cohesiveness from the cemetery staff.

1. **Burial Survey Layout** – Cemetery burial sections are surveyed by transit and individual graves located and assigned control numbers.
2. **Excavation** – Two person team excavates graves and removes vault lid with backhoe and hand tools. Excess soil is hauled off for disposal or recycling.
3. **Committal Services** – Committal shelter and adjacent areas are cleaned and prepared for services with placement of chairs, podium, casket carriage, and lowering of flags. Cremains are placed in a display box for service.
4. **Transport of casket** – Following committal service, cemetery staff (2 to 3 persons) transports caskets to grave and manually places casket into grave-liner or onto lowering device for vaults.
5. **Backfilling** – After grave-liner/vault is lowered into grave, the grave is partially backfilled with sand followed by dirt and then tamped. Grave is mounded and properly dressed and floral arrangements placed.
6. **Markers** – Markers are removed from delivery truck, inspected and transported to grave site. Alignment tools are used to properly place headstone. Periodic cleaning and realignment is performed as needed.

State Veterans' Cemeteries

Missouri State Veterans' Cemeteries

Veteran Pop: 566,000

Cemetery	Bloomfield	Higginsville	Jackson	Spring Field
Date opened	10/10/2003	13/11/1999	25/10/2003	6/11/1999
Acreas	32	30	60	35
Burials per year	70	157	18	361
Director	1	1	1	1
Office assistant	1	1	1	2
Maintenance Workers	2	2	2	2
Grounds Workers	2	3	2	4
TOTAL FTE	6	7	6	9
Seasonal				
Correctional				3

Colorado State Veterans' Cemeteries

Veteran Pop: 410,000

Cemetery	Western Colorado			
Date opened	9/5/2002			
Acreas	6			
Burials per year	192			
Director	1			
Office assistant	1			
Maintenance Workers	0.5			
Grounds Workers	1			
TOTAL FTE	3.5			
Seasonal	2-3			
Correctional (Full-time)	2			

Kentucky State Veterans' Cemetery

Veteran Pop: 375,000

Cemetery	West	Four more under construction		
Date opened	3/1/2004			
Acreas	76			
Burials per year	800			
Director	1			
Office assistant	1			
Maintenance Workers	2			
Grounds Workers	2			
TOTAL FTE	6			
Seasonal	3			
Correctional				

Tennessee State Veterans' Cemetery

Veteran Pop: 554,000

Cemetery	East	Middle	West	
Date opened	1/1/1990	1990	1992	
Acreas	20	272	60	
Burials per year	272	550	800	
Director	1	1	1	
Office assistant	1	1	1	
Maintenance Workers	1	2	4	
Grounds Workers	2	3	6	
TOTAL FTE	5	7	12	
Seasonal	0			
Correctional (Full-time)	4	6	3	

City of WaKeeney
408 Russell Ave
WaKeeney, KS 67672
785-743-5791
785-743-5471 FAX

Memo

To: Kafer Peele, Cemetery Program Director
From: Hardy D. Howard, City Administrator
Date: 03/17/04
Re: Contract for city services – Veterans Cemetery - WaKeeney

Per our conversation concerning a contract for city services, we have assumed the following: The State of Kansas would be responsible for all equipment purchases, repairs, fuel, and maintenance for all equipment supplied to the cemetery. In addition, the State would also be responsible for all maintenance, repairs, and insurance to all buildings, shelters, roads, sidewalks, fences, and irrigation plant and equipment.

Based upon the above assumptions, we would propose a city contract for grounds maintenance of \$70,000 per year. This cost covers two (2) FTE and all employee benefits, taxes, and insurance associated with city employment. We would also propose a burial allowance of \$200.00 per burial for an in-ground, vault burial on weekdays and \$300.00 per burial on weekends and city holidays. The cost for in-ground cremations would be \$150.00 per burial on weekdays and \$200.00 on weekends and city holidays.

Let me know if you need additional information.

Turf Touch Lawn and Irrigation
2201 East 9th
Winfield, Kansas 67156
620-222-5296

Memo:

To: Kafer Peele, Cemetery Program Director

From: Jordan Wilson, Owner

Date: 03/25/04

Re: Contract for services- Kansas Veterans' Cemetery at Winfield

Per conversation with Jordan Wilson, owner of Turf Touch Lawn and Irrigation the cost estimates for maintaining the cemetery grounds are as follows:

Mowing and Trimming-----33 weeks @ \$2,600 = \$85,800

Fertilizing and weed control--- 5 times @ \$3,000 = \$15,000

Tree and Bush trimming-----4 times @ \$2,575 = \$10,300

Total Price = \$111,100.00

Kafer Peele
Cemetery Program Director

ALTERNATIVES FOR STAFFING: ANALYSIS AND COA COST COMPARISON FY 2005, 2006, and 2007

The Senate Ways and Means Committee asked for a system wide review of the staffing needs for the State Veterans' Cemetery Program. Kansas Commission on Veterans' Affairs conducted a detailed analysis of the cemetery system looking at burial rates at each state veterans' cemetery, operational responsibilities, comparable staffing to other state veterans' cemeteries and alternatives to fulfill the staffing needs. We concluded from our research there were three alternative courses of action, which we needed to explore, that would allow us to maintain the high VA standards that guide the cemetery operation. (See Tab H Spreadsheets 1, 2, and 3.) The text below outlines the three options: (1) full staff, and (2) staff consolidation and partial staffing and (3) staff consolidation and contracting that were explored to operate the state veterans' cemeteries.

FY 2005 (See Tab H Spreadsheet 2A)

**FY 2005 Assumptions: These numbers are based off of the WaKeeney Cemetery being in operation for 10 months and the Winfield Cemetery in operation for 9 months.

COA 1: Full Staff

The Cemetery Program will have 1.5 FTE in Central Office at a cost of \$75,029 with 4 FTE (one director, one admin. assistant, one maintenance manager, and one groundskeeper) at the Fort Dodge, WaKeeney, and Winfield State Veterans' Cemeteries. To staff each State Veterans' Cemetery with 4 FTE and cover the additional operational expenses will cost \$138,023 per year per cemetery for a total cost of \$431,604.40 for the year.

The Governor's Recommendations authorized the amount \$ 437,902 to the Kansas Veterans' Cemetery Program in FY 2005, and the additional projected burial plot allowance of \$15,600 will cover the projected cemetery budget. This leaves a favorable variance of \$21,897.60.

COA 1 is the preferred choice if the Governor's Recommendation stays as written.

COA 2: Staff Consolidation

Central Office will cut back to 1 FTE with other operational expenses for a cost of \$52,621. The Fort Dodge Cemetery will have 4 FTE with other operational expenses for a cost of \$138,023 per year. The WaKeeney Cemetery will cut back to 3 FTE (one admin assistant, one maintenance manager, one groundskeeper and the Fort Dodge cemetery manager having oversight of the cemetery). With other operational expenses, the WaKeeney Cemetery requires \$77,644.43 per year. The Winfield Cemetery will cut back to 3.5 FTE (one director, one ½ time admin assistant, one maintenance manager, and one groundskeeper) with additional operational expenses for a cost of \$ 96,235.11. Total cost for cemetery operation for FY 2005 is \$364,523.54.

The Governor's Recommendations authorized the \$ 437,902 to the Kansas Veterans' Cemetery Program in FY 2005, and the additional projected burial plot allowance of \$15,600 will cover the projected cemetery budget. This leaves a favorable variance of \$88,600.00.

However, this could be a problem having the Cemetery Manager at Fort Dodge splitting duties because doing so would preclude simultaneous ceremonies and burials. Also, having a ½ time office assistant at Winfield and no cemetery assistant in Central Office could be a problem. As burials, contracting and ordering starts to pick up and if staff members are out, there would be shortage in coverage.

COA 3: Contracting, Consolidation and Partial Staffing

Central Office and Fort Dodge staffing and operational costs would stay as in COA 2. The WaKeeney Cemetery would cut back to 2 FTE (one maintenance manager and one admin. assistant) for a cost of \$52,840.20. The Cemetery Manager from Fort Dodge would have oversight, with burial operations and ground maintenance coverage by the City of WaKeeney for a cost of \$60,660. Total cemetery cost for WaKeeney is \$113,500.26. The Winfield Cemetery would cut back to 3 FTE (one director, one maintenance manager, and one groundskeeper) with lawn care coverage from outside contracting at a cost of \$ 83,325, for a total cost of \$172,260.73. This would leave a shortfall of \$62,817.

Per spreadsheet 2A, contracting is more expensive and the quality of work may suffer.

FY2006 (See Tab H spreadsheet 3A)

** FY 2006 Assumptions: The Fort Dodge, WaKeeney, and Winfield Cemeteries will be open and operational for all of FY 2006.

** The same model used for FY 2005 options 1, 2, and 3 for the comparison of the cemetery budget between staffing, consolidations, and contracting was used for FY 2006

** Not adjusted for salary increases or shrinkage; model uses FY 2004 dollars for baseline.

COA 1: Full Staff

Total cost to operate the Cemetery Program in FY 2006 is \$ 489,098.00. The Governor's Recommendations authorized the amount of \$ 437,902 to the Kansas Veterans' Cemetery Program in FY 2005. If the same recommendations hold true for FY 2006, and the anticipated projected burial plot allowance for FY 2006 is \$35,250, the cemetery program will have a shortfall of \$15,946.00.

COA 2: Staff Consolidation

Total cost to operate the Cemetery Program in FY 2006 is \$ 412,629.32. The Governor's Recommendations authorized the amount \$ 437,902 to the Kansas Veterans' Cemetery Program in FY 2005. If the same recommendations hold true for FY 2006, and the anticipated projected burial plot allowance for FY 2006 is \$35,250, this will cover the projected cemetery budget. This leaves a favorable variance of \$60,522.68.

COA 3: Contracting, Consolidation and Partial Staffing

Total cost to operate the Cemetery Program in FY 2006 is \$ 564,803. The Governor's Recommendations authorized the amount \$ 437,902 to the Kansas Veterans' Cemetery Program in FY 2005. If the same recommendations hold true for FY 2006, and the anticipated projected burial plot allowance for FY 2006 is \$35,250, the cemetery program will have a shortfall of \$91,651.

FY2007 (See Tab H spreadsheet 4A)

** FY 2007 Assumptions: The Fort Dodge, WaKeeney, Winfield, and Fort Riley Cemeteries will be open and operational for all of all FY 2007.

** Not adjusted for salary increases or shrinkage.

** Refer to Spreadsheet 4A. The same model used for FY 2005 and 2006 was applied in FY 2007.

COA 1: Full Staff

With four FTEs (one director, one admin assistant, one maintenance manager, and one groundskeeper) and other operational costs, the agency estimates it will require \$138,000 per year per cemetery (not adjusted for salary increases or shrinkage). By the time all four cemeteries are operational, there would be a need for a total of \$627,121 per year. The Governor's Recommendations authorized the amount \$ 437,902 to the Kansas Veterans' Cemetery Program in FY 2005. If the same recommendations hold true for FY 2007, and the anticipated projected burial plot allowance for FY 2007 is \$81,750, the cemetery program will have a shortfall of \$107,469.

COA 2: Staff Consolidation

Total cost to operate the Cemetery Program in FY 2007 is \$ 539,441.32. The Governor's Recommendation authorized the amount \$ 437,902 to the Kansas Veterans' Cemetery Program in FY 2005. If the same recommendations hold true for FY 2007, and the anticipated projected burial plot allowance for FY 2007 is \$81,750, the cemetery program will have a shortfall of \$19,789.32

COA 3: Contracting, Consolidation and Partial Staffing

Total cost to operate the Cemetery Program in FY 2007 is \$ 577,354. The Governor's Recommendations authorized the amount \$ 437,902 to the Kansas Veterans' Cemetery Program in FY 2005. If the same recommendations hold true for FY 2007, and the anticipated projected burial plot allowance for FY 2007 is \$81,750, the cemetery program will have a shortfall of \$57,702

Cemeter Program

18-22

	Option 1	Option 2	Option 3	
	FY 2005	FY 2005	FY 2005	
Central Office	FTE	FTE and Consolidation	Contracting, Consolidation and FTE	
	1.5 FTE	1 FTE	No contracting	1 FTE
Salaries and related benefits	\$ 68,249.00	\$ 46,841.00		\$ 46,841.00
Utilities	\$ 1,780.00	\$ 1,780.00		\$ 1,780.00
Misc.	\$ 5,000.00	\$ 4,000.00		\$ 4,000.00
Subtotal	\$ 75,029.00	\$ 52,621.00		\$ 52,621.00

Fort Dodge	4 FTE	Same	No contracting	4 FTE
Salaries and related benefits	\$ 121,023.00	\$ 121,023.00		\$ 121,023.00
Utilities	\$ 4,500.00	\$ 4,500.00		\$ 4,500.00
Misc.	\$ 12,500.00	\$ 12,500.00		\$ 12,500.00
Subtotal	\$ 138,023.00	\$ 138,023.00	\$ -	\$ 138,023.00

WaKeeney (10 months of operation)	4 FTE	3 FTE	Contracting	2 FTE
Salaries and related benefits	\$ 100,868.50	\$ 64,311.10		\$ 40,340.26
Utilities	\$ 3,750.00	\$ 3,750.00		\$ 3,750.00
Misc.	\$ 10,416.66	\$ 9,583.33		\$ 8,750.00
Subtotal	\$ 115,035.16	\$ 77,644.43	\$ -	\$ 113,500.26

Winfield (9 months of operation)	4 FTE	3.5 FTE	Contracting	3FTE
Salaries and related benefits	\$ 90,767.25	\$ 83,860.11		\$ 83,325.00
Utilities	\$ 3,375.00	\$ 3,375.00		\$ 3,375.00
Misc.	\$ 9,374.99	\$ 9,000.00		\$ 8,624.99
Subtotal	\$ 103,517.24	\$ 96,235.11	\$ -	\$ 172,260.73

Fort Riley				
Salaries and related benefits	\$ -	\$ -	\$ -	
Utilities	\$ -	\$ -	\$ -	
Misc.	\$ -	\$ -	\$ -	
Subtotal	\$ -	\$ -	\$ -	\$ -

Total Projected Expenditures	\$ 431,604.40	\$ 364,523.54	\$ 476,404.99
Governor Recommendation	\$ 437,902.00	\$ 437,902.00	\$ 437,902.00
(Projected Burial plot allowance)	\$ 15,600.00	\$ 15,600.00	\$ 15,600.00
Balance left over	\$ 21,897.60	\$ 88,600.00	\$ (22,902.99)

	Option 1	Option 2	Option 3	
	<i>FY 2006</i>	<i>FY 2006</i>	<i>FY 2006</i>	
Central Office	FTE	FTE and Consolidation	Contracting, Consolidation and FTE	
	1.5 FTE	1 FTE	No contracting	1 FTE
Salaries and related benefits	\$ 68,249.00	\$ 46,841.00		\$ 46,841.00
Utilities	\$ 1,780.00	\$ 1,780.00		\$ 1,780.00
Misc.	\$ 5,000.00	\$ 4,000.00		\$ 4,000.00
Subtotal	\$ 75,029.00	\$ 52,621.00		\$ 52,621.00

	4 FTE	Same	4 FTE	
			No contracting	
Salaries and related benefits	\$ 121,023.00	\$ 121,023.00		\$ 121,023.00
Utilities	\$ 4,500.00	\$ 4,500.00		\$ 4,500.00
Misc.	\$ 12,500.00	\$ 12,500.00		\$ 12,500.00
Subtotal	\$ 138,023.00	\$ 138,023.00	\$ -	\$ 138,023.00

	4 FTE	3 FTE	2 FTE	
			Contracting	
Salaries and related benefits	\$ 121,023.00	\$ 77,173.32		\$ 81,550.00
Utilities	\$ 4,500.00	\$ 4,500.00		\$ 4,500.00
Misc.	\$ 12,500.00	\$ 11,500.00		\$ 10,500.00
Subtotal	\$ 138,023.00	\$ 93,173.32	\$ -	\$ 144,958.00

	4 FTE	3.5 FTE	3FTE	
			Contracting	
Salaries and related benefits	\$ 121,023.00	\$ 111,812.00		\$ 111,100.00
Utilities	\$ 4,500.00	\$ 4,500.00		\$ 4,500.00
Misc.	\$ 12,500.00	\$ 11,500.00		\$ 11,000.00
Subtotal	\$ 138,023.00	\$ 127,812.00	\$ -	\$ 229,201.00

	<i>under construction</i>	<i>under construction</i>	<i>under construction</i>	
Salaries and related benefits	\$ -	\$ -	\$ -	
Utilities	\$ -	\$ -	\$ -	
Misc.	\$ -	\$ -	\$ -	
Subtotal	\$ -		\$ -	

Total Projected Expenditures	\$ 489,098.00	\$ 412,629.32	\$ 564,803.00
Governor Recommendation FY 2005	\$ 437,902.00	\$ 437,902.00	\$ 437,902.00
(Projected Burial plot allowance)	\$ 35,250.00	\$ 35,250.00	\$ 35,250.00
Balance left over	\$ (15,946.00)	\$ 60,522.68	\$ (91,651.00)

Cemetery Program

18-24
18-81

	Option 1	Option 2	Option 3
	FY 2007	FY 2007	FY 2007
Central Office	FTE	FTE and Consolidation	Contracting, Consolidation and FTE
	1.5 FTE	1 FTE	No contracting 1 FTE
Salaries and related benefits	\$ 68,249.00	\$ 46,841.00	\$ 46,841.00
Utilities	\$ 1,780.00	\$ 1,780.00	\$ 1,780.00
Misc.	\$ 5,000.00	\$ 4,000.00	\$ 4,000.00
Subtotal	\$ 75,029.00	\$ 52,621.00	\$ 52,621.00

Fort Dodge	4 FTE	Same	4 FTE
			No contracting
Salaries and related benefits	\$ 121,023.00	\$ 121,023.00	\$ 121,023.00
Utilities	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Misc.	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
Subtotal	\$ 138,023.00	\$ 138,023.00	\$ - \$ 138,023.00

WaKeeney	4 FTE	3 FTE	2 FTE
			Contracting
Salaries and related benefits	\$ 121,023.00	\$ 77,173.32	\$ 87,100.00
Utilities	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Misc.	\$ 12,500.00	\$ 11,500.00	\$ 10,500.00
Subtotal	\$ 138,023.00	\$ 93,173.32	\$ - \$ 150,508.00

Winfield	4 FTE	3.5 FTE	3FTE
			Contracting
Salaries and related benefits	\$ 121,023.00	\$ 111,812.00	\$ 111,100.00
Utilities	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Misc.	\$ 12,500.00	\$ 11,500.00	\$ 11,000.00
Subtotal	\$ 138,023.00	\$ 127,812.00	\$ - \$ 118,101.00

Fort Riley	4 FTE	3.5 FTE	3 FTE
			Contracting
Salaries and related benefits	\$ 121,023.00	\$ 111,812.00	\$ 138,875.00
Utilities	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Misc.	\$ 12,500.00	\$ 11,500.00	\$ 11,000.00
Subtotal	\$ 138,023.00	\$ 127,812.00	\$ - \$ 118,101.00

Total Projected Expenditures	\$ 627,121.00	\$ 539,441.32	\$ 577,354.00
Governor Recommendation FY 2005	\$ 437,902.00	\$ 437,902.00	\$ 437,902.00
(Projected Burial plot allowance)	\$ 81,750.00	\$ 81,750.00	\$ 81,750.00
Balance left over	\$ (107,469.00)	\$ (19,789.32)	\$ (57,702.00)

STATE of KANSAS
KANSAS ANIMAL HEALTH DEPARTMENT

George Teagarden, Livestock Commissioner
708 S. Jackson, Topeka, Kansas 66603-3714
Phone 785/296/2326 Fax 785/296/1765
e-mail – gteagard@ink.org
web site – www.accesskansas.org/kahd

April 21, 2004

Senator Steve Morris
Chairperson – Senate Ways & Means
Kansas State Senate
Topeka, KS 66612

Dear Senator Morris,

Thank you and your committee for your work on our budget and other issues. It is gratifying to have a positive spin on our department and our dedicated employees. We do take our mission and goals seriously and strive to provide the best service possible.

At this time I would like to request something that we did not discuss during our budget review – an additional veterinarian position to help me handle both emergency management and animal identification.

As you are aware, the workload of our agency has increased dramatically over the last few years. The threat of bio-terrorism and foreign animal diseases has had a positive and negative affect on our disease control staff as well as others within our agency. It has been positive because it has highlighted the abilities of our employees and enhanced the cooperation and team effort of the agency. They have risen to the occasion.

Emergency planning and preparation for an all-out assault on any introduction of a foreign animal disease is taking much of our time and energies. The state animal disease emergency plan is continually being updated and improved. We have asked counties to develop a county animal disease emergency plan and our staff is assisting in their efforts. Our planning and educational programs involve many people from many disciplines. At the state level we work with the Governor's Office, the Adjutant General, Department of Agriculture, Department of Health & Environment, Department of Transportation, Department of Wildlife & Parks, Kansas Highway Patrol, Kansas National Guard, Kansas Bureau of Investigation, SRS, Federal Bureau of Investigation, Red Cross, Salvation Army, KSU College of Agriculture & Extension Services and the KSU College of Veterinary Medicine. Producer groups throughout the state have been included in all of our planning. I have been the Washington, DC on three occasions to present information on emergency planning.

Senate Ways and Means
4/22-23/04
Attachment 19

At the county level, we are involving producers, county extension, emergency management, county sheriffs, public works, emergency services, public health, the ag business community, bankers and others. The counties are making a real solid effort to develop emergency plans. We will continue to work with them and challenge them to continually improve and exercise their plans. First responders, the county committees, will make the difference in a make or break situation. We must have their support and help in the initial outbreak of a foreign animal disease. County extension agents have been very involved at the local level and are the driving force behind planning in many counties.

Our department has been presenters and participants in well over 200 meetings across the state in the last 2 ½ years. Following "9-11", I participated in 70 meetings within 5 months. We have appeared before producers, law enforcement, emergency management, extension, truckers, packers and even two teachers/education meetings.

Through the United States Animal Health Association, I currently serve on the National Emergency Animal Health Management Systems committee, the United States Animal Identification Plan taskforce, a BSE Surveillance taskforce and a TB taskforce. These committees and taskforces have the charge of improving current programs. Recommendations from these groups will lead us into the future of animal health and emergency animal disease management.

Every day our world becomes smaller. With brucellosis and pseudorabies nearly eradicated from the US, the federal and state animal health agencies have directed their efforts to control and eradication of other program diseases. We are now making a push on scrapie and Johne's Disease. The TSE's (BSE, CWD, Scrapie) are getting a lot of attention with more surveillance and research. TB is rearing its ugly head again in the US. It appears that our dairy industry has become a reservoir for TB. We just depopulated an elk herd (300 head) that was infected with TB. This herd had one animal about 4 years ago that was TB positive. We have tested that herd clean since that time until this past December. We are currently depopulating 1126 holstein heifers that are exposed to TB.

During the last Animal Health Board meeting the Board strongly recommended that we hire an additional veterinarian to help me in the office and with these meetings. To do so, we will need an additional FTE approved along with funding which we estimate to be \$84,937 from the State General Fund. The actual costs are attached. Thank you for your consideration of this matter.

Sincerely,

George Teagarden
Livestock Commissioner

STATE OF KANSAS
 Kansas Animal Health Department
 708 SW Jackson
 Topeka, Kansas 66603-3714
 George Teagarden, Livestock Commissioner
 Phone: (785) 296-2326 Fax: (785) 2961765

March 3, 2004

Cost of one FTE veterinarian to help the commissioner with disease programs:

	<u>2004 (3 months)</u>	<u>2005</u>
range 38, step 4	15,974.49	63,898.00
retirement	731.61	3,111.83
FICA & Medicare	1,222.05	4,952.10
unemployment	35.13	108.63
workers' comp	146.31	621.09
state leave assessment	63.87	274.76
single health insurance	990.30	4,812.72
group health insurance	458.28	2,227.08
	19,622.04	80,006.21

Office Supplies (2004 only):

Desk	\$ 785
Computer	1,000
Phone	200
Chair	200
Laptop	2,246
Computer lan line	<u>500</u>
	\$ 4,931



FORT HAYS STATE UNIVERSITY

Request to Renovate the Fort Hays State University Memorial Union Testimony before the Omnibus Committee April 21, 2004

**Debra Prideaux, Executive Director
Alumni and Governmental Relations**

Mr. Chairman and other distinguished members of the Omnibus Committee it is indeed my pleasure to come before you today to request permission for Fort Hays State University to amend its Capital Improvement Request for FY 2005 to include \$5.7 million bonding authority for the Memorial Union Renovation project. The Kansas Board of Regents approved the project and a student fee increase to pay for such project at its April 15, 2004 board meeting in Topeka.

OVERVIEW

The Memorial Union is a pivotal site on the Fort Hays State University campus. Activities and events conducted throughout the year bring supporters, faculty, students, and alumni from far and wide. Originally constructed in 1958, and later added on to in 1970, the Memorial Union has had no significant renovation undertaken, apart from a \$250,000 cafeteria remodel in 1992, some 12 years ago.

MEMORIAL UNION RENOVATION

One of the primary goals of this renovation is to once again make the Memorial Union a destination point for the campus community. A significant portion of the project involves repurposing space in the lower, basement level. As originally designed in 1970 a large portion of this area was dedicated to bowling lanes and a recreation area. Over the years, demand for these activities has dropped significantly, and presently, these recreation areas are not in use. The basement level is envisioned to be reconfigured to provide for an enlarged Student Health Services area, enlarged University Bookstore space, and new student lounge with performance area, new Student Government Association offices and workspace, and new Union Activities Board offices and workspace.

First floor renovations would include a new entrance fronting College Drive, remodeled lounge, remodeled dining & seating area, game room, and expanded banking services area and new campus mailroom. Improvements to the second floor level are limited to the creation of a new meeting room and remodeling of administrative area. Exterior improvements are planned to include, new entrance drive and drop-off from College Drive, screening wall at loading dock area, plaza improvements at east side of Union, masonry cleaning and sealing and new roofing system. Building system improvements would include replacement of original HVAC equipment, new electrical transformer, replacement of deteriorated kitchen plumbing, new fire alarm system and other life safety enhancements.

ALUMNI ASSOCIATION • CUSTER HALL • 600 PARK STREET • HAYS, KS 67601-4099
(785) 628-4430 • FAX (785) 628-4191 • E-MAIL alumni@fhsu.edu
TOLL-FREE 1-888-351-3591

*Senate Ways and Means
4/22-23/04
Attachment 20*

TIMELINE

The projected schedule indicates selection of a design team would commence in early summer 2004, with development of design and construction documents extending into spring of 2005. Bid documents will be released in May 2005, with construction being completed by end of year 2006.

FINANCING

The total project cost of \$5.7 million will be funded with 20-year revenue bonds to be issued by the Kansas Development Finance Authority secured with student activity fee revenues. The anticipated bond issuance date is July 1, 2005.

In December 2003, the student body passed a referendum, endorsing an increase in student activity fees of up to \$6 per on-campus credit hour to support this project. On-campus credit hour production for fiscal year 2004 of approximately 123,500 credit hours will generate approximately \$741,000 in fiscal year 2005 for this project. The Kansas Development Finance Authority has projected Fort Hays State will need to generate between \$583,000 and \$671,000 per fiscal year to cover debt service needs. These rates are based on current bond interest rates and allow for an increase in rates of up to 1.5% in the next year.

Recent enrollments at Fort Hays State University show a consistent increase in on-campus enrollment averaging approximately 3%. Debt service will be met with additional reserve generated to cover any additional bond market fluctuations.

CONCLUSION

In summary, Fort Hays State University hereby respectfully requests authorization to amend its Capital Improvement Request for FY 2005 to include \$5.7 million bonding authority for the Memorial Union Renovation project. In light of the current interest rates, it would be advantageous for Fort Hays State University to move forward with this project. The renovation would provide expanded access and services for the entire Fort Hays State University campus community.

Utilizing a combination of new construction and extensive remodeling to the existing facility would allow Fort Hays State University to obtain the best possible use from the renovation dollars invested. Such renovation would be funded through student fees. No SGF dollars are requested to fund this project. Thank you.



KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
FAX – 785-296-0983
www.kansasregents.org

April 20, 2004

Suggestions for Budgetary Flexibility:

The Board and the state universities have worked with the Governor's Office and the Legislature for the past three years to achieve operating grant funding and full ownership and accountability for tuition at the state universities. In addition, through the university business officers, we have worked with the Department of Administration to achieve increased management flexibility through relief from various administrative requirements. We have made progress on all fronts, but as the Ways and Means Higher Education Subcommittee noted earlier this session, additional work is needed.

We have made progress by working with the Department of Administration on relief it may grant through its authority. In moving forward on operating grants\tuition ownership\administrative relief, the only legislation proposed by the Board has been to credit interest to university funds (SB 490). In addition, we are supportive of two other bills related to administrative relief. HB 2752, related to facilities management, replaces the 1% architectural fee with a more rationale and equitable fee structure. It also raises the threshold for negotiation of architectural services. These were recommendations from a working group of business officers and the Department of Administration. We also support SB 392, which provides for the negotiated procurement of insurance and eliminates the sealed bid process.



KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
FAX – 785-296-0983
www.kansasregents.org

Western Kansas Access Initiative Update

April 20, 2004

Dr. Robert Masters
Vice President for Academic Affairs

In recent years, there have been several studies conducted that reflect a need to provide increased on-going access to upper division and graduate postsecondary education for residents in western Kansas. Examples include the Western Kansas Needs Assessment in 2000, the NORED Study in 2001, the Kansas Initiative in 2001, and the Educational Challenges in the Southwest Quadrant of Kansas study in 2002. The community colleges in western Kansas have served the educational needs for those constituents seeking certificates and the associate degrees. The universities have delivered many courses both face-to-face and by distance learning technologies; however, their efforts to offer complete programs have often resulted in cancellation due to low enrollments, attrition, and cost containment.

In June 2002, the Kansas Board of Regents formed the Southwest Kansas Access Group consisting of members of the Board of Regents, Regents staff, a former Regent from western Kansas, community college representation from western Kansas, and Regents university leadership to identify educational needs, costs, partnerships, and possible competitive proposals for increasing access to upper division and graduate program offerings in southwest Kansas. The Southwest Kansas Access Group conducted a survey during Fall 2002 entitled “Educational Opportunities in Southwest Kansas.” The results of the survey indicated a high need for programs in Education, Business, and Nursing at both the Bachelor and Masters levels.

The Southwest Kansas Access Group continued to meet and report their progress to the Board of Regents at their monthly meetings. Among their recommendations was to invite educational access proposals from potential provider institutions. April 2003, Fort Hays State University, Kansas State University, Emporia State University, and Dodge City Community College submitted a blended proposal for the Group's consideration. The proposal became known as the Regents' University-Community College Partnership and was designed to include all community colleges in the region and extend geographical access to all of western Kansas.

The Board of Regents approved the Regents' University-Community College Partnership proposal presented by the Southwest Kansas Access Group at their April 16, 2003 meeting. The Board directed Academic Affairs staff to work on an implementation plan. The Board approved the Western Kansas Implementation Plan at their June meeting.

The Western Kansas Implementation Plan offers a mechanism for provider universities to seek approval to deliver upper division and graduate programs to persons in western Kansas. It also provides assurances that should any approved program fall below a break-even point, the program shall receive funding in order to guarantee delivery to completion. The Western Kansas Implementation Plan designated the President/CEO of the Board of Regents as the approval authority and the President of the provider university as the requesting authority. In effect, the Plan requires the President of the university to request approval from the President/CEO to offer a new program sixty days prior to the beginning of classes. A simple form is completed by the provider institution indicating the number of students required to break even, estimated retention rate for the program, estimated beginning cohort size, and estimated cost per student to complete the program should the program fail to break even. The data received from the institution is used to determine the amount of funds to be set aside for the guarantee. The budget is to be used to

reimburse universities for only face-to-face courses when enrollment has dropped below the approved break-even point. Only new programs in western Kansas may be eligible for funding.

The Regents' University-Community College Partnership, also known as ACCESS US, designated the Western Kansas Education Compact to serve in a formal planning and advisory capacity. The membership of the Western Kansas Education Compact includes the Presidents of the three participating universities and the Presidents of the six area community colleges. On August 5, 2003, the Western Kansas Education Compact met in Dodge City to report on task force activities and to hold a news conference to formally announce the Regents' ACCESS US program in western Kansas.

In Fall 2003, ACCESS US began offering a Bachelor of Technology Leadership at Pratt Community College. The initial cohort group was projected at 20 students with a break-even point of 15 students. The total cost of the program was estimated at \$100,000 and the program received a guaranteed budget of \$50,000 from the Regents for the face-to-face courses. In Spring 2004, ACCESS US began offering a new Bachelor of General Studies degree in Business at Dodge City Community College. The program had a projected cohort of 22 students with a break-even point of 15 students. The total cost of the program was estimated at \$110,000 and the program received a budget guarantee of \$55,000 from the Regents for face-to-face courses. Currently, the Western Kansas Educational Compact group is investigating the feasibility of offering a Bachelor degree in Nursing at Pratt Community College. This semester, Emporia State University is offering one face-to-face course in Dodge City, Fort Hays State University is offering one face-to-face course in Dodge City and three face-to-face courses in Pratt. Fort Hays State University is also making hundreds of courses available through their Virtual College.

In summary, this important initiative of the Kansas Board of Regents and supported by the Kansas Legislature provides the opportunity for underserved populations in western Kansas to have direct access to upper division and graduate programs. To cement the trust of the people of western Kansas, it is vitally important that this worthy initiative receive continued funding and support.



FORT HAYS STATE UNIVERSITY

Request to Renovate the Fort Hays State University Memorial Union Testimony before the Omnibus Committee April 21, 2004

**Debra Prideaux, Executive Director
Alumni and Governmental Relations**

Mr. Chairman and other distinguished members of the Omnibus Committee it is indeed my pleasure to come before you today to request permission for Fort Hays State University to amend its Capital Improvement Request for FY 2005 to include \$5.7 million bonding authority for the Memorial Union Renovation project. The Kansas Board of Regents approved the project and a student fee increase to pay for such project at its April 15, 2004 board meeting in Topeka.

OVERVIEW

The Memorial Union is a pivotal site on the Fort Hays State University campus. Activities and events conducted throughout the year bring supporters, faculty, students, and alumni from far and wide. Originally constructed in 1958, and later added on to in 1970, the Memorial Union has had no significant renovation undertaken, apart from a \$250,000 cafeteria remodel in 1992, some 12 years ago.

MEMORIAL UNION RENOVATION

One of the primary goals of this renovation is to once again make the Memorial Union a destination point for the campus community. A significant portion of the project involves repurposing space in the lower, basement level. As originally designed in 1970 a large portion of this area was dedicated to bowling lanes and a recreation area. Over the years, demand for these activities has dropped significantly, and presently, these recreation areas are not in use. The basement level is envisioned to be reconfigured to provide for an enlarged Student Health Services area, enlarged University Bookstore space, and new student lounge with performance area, new Student Government Association offices and workspace, and new Union Activities Board offices and workspace.

First floor renovations would include a new entrance fronting College Drive, remodeled lounge, remodeled dining & seating area, game room, and expanded banking services area and new campus mailroom. Improvements to the second floor level are limited to the creation of a new meeting room and remodeling of administrative area. Exterior improvements are planned to include, new entrance drive and drop-off from College Drive, screening wall at loading dock area, plaza improvements at east side of Union, masonry cleaning and sealing and new roofing system. Building system improvements would include replacement of original HVAC equipment, new electrical transformer, replacement of deteriorated kitchen plumbing, new fire alarm system and other life safety enhancements.

ALUMNI ASSOCIATION • CUSTER HALL • 600 PARK STREET • HAYS, KS 67601-4099
(785) 628-4430 • FAX (785) 628-4191 • E-MAIL alumni@fhsu.edu
TOLL-FREE 1-888-351-3591

TIMELINE

The projected schedule indicates selection of a design team would commence in early summer 2004, with development of design and construction documents extending into spring of 2005. Bid documents will be released in May 2005, with construction being completed by end of year 2006.

FINANCING

The total project cost of \$5.7 million will be funded with 20-year revenue bonds to be issued by the Kansas Development Finance Authority secured with student activity fee revenues. The anticipated bond issuance date is July 1, 2005.

In December 2003, the student body passed a referendum, endorsing an increase in student activity fees of up to \$6 per on-campus credit hour to support this project. On-campus credit hour production for fiscal year 2004 of approximately 123,500 credit hours will generate approximately \$741,000 in fiscal year 2005 for this project. The Kansas Development Finance Authority has projected Fort Hays State will need to generate between \$583,000 and \$671,000 per fiscal year to cover debt service needs. These rates are based on current bond interest rates and allow for an increase in rates of up to 1.5% in the next year.

Recent enrollments at Fort Hays State University show a consistent increase in on-campus enrollment averaging approximately 3%. Debt service will be met with additional reserve generated to cover any additional bond market fluctuations.

CONCLUSION

In summary, Fort Hays State University hereby respectfully requests authorization to amend its Capital Improvement Request for FY 2005 to include \$5.7 million bonding authority for the Memorial Union Renovation project. In light of the current interest rates, it would be advantageous for Fort Hays State University to move forward with this project. The renovation would provide expanded access and services for the entire Fort Hays State University campus community.

Utilizing a combination of new construction and extensive remodeling to the existing facility would allow Fort Hays State University to obtain the best possible use from the renovation dollars invested. Such renovation would be funded through student fees. No SGF dollars are requested to fund this project. Thank you.



KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
FAX – 785-296-0983
www.kansasregents.org

Western Kansas Access Initiative Update

April 20, 2004

Dr. Robert Masters
Vice President for Academic Affairs

In recent years, there have been several studies conducted that reflect a need to provide increased on-going access to upper division and graduate postsecondary education for residents in western Kansas. Examples include the Western Kansas Needs Assessment in 2000, the NORED Study in 2001, the Kansas Initiative in 2001, and the Educational Challenges in the Southwest Quadrant of Kansas study in 2002. The community colleges in western Kansas have served the educational needs for those constituents seeking certificates and the associate degrees. The universities have delivered many courses both face-to-face and by distance learning technologies; however, their efforts to offer complete programs have often resulted in cancellation due to low enrollments, attrition, and cost containment.

In June 2002, the Kansas Board of Regents formed the Southwest Kansas Access Group consisting of members of the Board of Regents, Regents staff, a former Regent from western Kansas, community college representation from western Kansas, and Regents university leadership to identify educational needs, costs, partnerships, and possible competitive proposals for increasing access to upper division and graduate program offerings in southwest Kansas. The Southwest Kansas Access Group conducted a survey during Fall 2002 entitled “Educational Opportunities in Southwest Kansas.” The results of the survey indicated a high need for programs in Education, Business, and Nursing at both the Bachelor and Masters levels.

The Southwest Kansas Access Group continued to meet and report their progress to the Board of Regents at their monthly meetings. Among their recommendations was to invite educational access proposals from potential provider institutions. April 2003, Fort Hays State University, Kansas State University, Emporia State University, and Dodge City Community College submitted a blended proposal for the Group's consideration. The proposal became known as the Regents' University-Community College Partnership and was designed to include all community colleges in the region and extend geographical access to all of western Kansas.

The Board of Regents approved the Regents' University-Community College Partnership proposal presented by the Southwest Kansas Access Group at their April 16, 2003 meeting. The Board directed Academic Affairs staff to work on an implementation plan. The Board approved the Western Kansas Implementation Plan at their June meeting.

The Western Kansas Implementation Plan offers a mechanism for provider universities to seek approval to deliver upper division and graduate programs to persons in western Kansas. It also provides assurances that should any approved program fall below a break-even point, the program shall receive funding in order to guarantee delivery to completion. The Western Kansas Implementation Plan designated the President/CEO of the Board of Regents as the approval authority and the President of the provider university as the requesting authority. In effect, the Plan requires the President of the university to request approval from the President/CEO to offer a new program sixty days prior to the beginning of classes. A simple form is completed by the provider institution indicating the number of students required to break even, estimated retention rate for the program, estimated beginning cohort size, and estimated cost per student to complete the program should the program fail to break even. The data received from the institution is used to determine the amount of funds to be set aside for the guarantee. The budget is to be used to

reimburse universities for only face-to-face courses when enrollment has dropped below the approved break-even point. Only new programs in western Kansas may be eligible for funding.

The Regents' University-Community College Partnership, also known as ACCESS US, designated the Western Kansas Education Compact to serve in a formal planning and advisory capacity. The membership of the Western Kansas Education Compact includes the Presidents of the three participating universities and the Presidents of the six area community colleges. On August 5, 2003, the Western Kansas Education Compact met in Dodge City to report on task force activities and to hold a news conference to formally announce the Regents' ACCESS US program in western Kansas.

In Fall 2003, ACCESS US began offering a Bachelor of Technology Leadership at Pratt Community College. The initial cohort group was projected at 20 students with a break-even point of 15 students. The total cost of the program was estimated at \$100,000 and the program received a guaranteed budget of \$50,000 from the Regents for the face-to-face courses. In Spring 2004, ACCESS US began offering a new Bachelor of General Studies degree in Business at Dodge City Community College. The program had a projected cohort of 22 students with a break-even point of 15 students. The total cost of the program was estimated at \$110,000 and the program received a budget guarantee of \$55,000 from the Regents for face-to-face courses. Currently, the Western Kansas Educational Compact group is investigating the feasibility of offering a Bachelor degree in Nursing at Pratt Community College. This semester, Emporia State University is offering one face-to-face course in Dodge City, Fort Hays State University is offering one face-to-face course in Dodge City and three face-to-face courses in Pratt. Fort Hays State University is also making hundreds of courses available through their Virtual College.

In summary, this important initiative of the Kansas Board of Regents and supported by the Kansas Legislature provides the opportunity for underserved populations in western Kansas to have direct access to upper division and graduate programs. To cement the trust of the people of western Kansas, it is vitally important that this worthy initiative receive continued funding and support.



KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
FAX – 785-296-0983
www.kansasregents.org

April 20, 2004

Suggestions for Budgetary Flexibility:

The Board and the state universities have worked with the Governor's Office and the Legislature for the past three years to achieve operating grant funding and full ownership and accountability for tuition at the state universities. In addition, through the university business officers, we have worked with the Department of Administration to achieve increased management flexibility through relief from various administrative requirements. We have made progress on all fronts, but as the Ways and Means Higher Education Subcommittee noted earlier this session, additional work is needed.

We have made progress by working with the Department of Administration on relief it may grant through its authority. In moving forward on operating grants\tuition ownership\administrative relief, the only legislation proposed by the Board has been to credit interest to university funds (SB 490). In addition, we are supportive of two other bills related to administrative relief. HB 2752, related to facilities management, replaces the 1% architectural fee with a more rationale and equitable fee structure. It also raises the threshold for negotiation of architectural services. These were recommendations from a working group of business officers and the Department of Administration. We also support SB 392, which provides for the negotiated procurement of insurance and eliminates the sealed bid process.

Kansas Masonic Cancer Research Institute

Cancer Center Funding Supplement

We are very grateful and appreciative for this opportunity to propose a program of supplemental funding for the cancer center. As described below, these funds will be directed towards the enhancement of our research infrastructure (fiscal year 2004-5) and recruitment of key individuals vital to our future success (fiscal year 2005-6). In addition, these funds represent a very important, tangible demonstration of the legislature's commitment to our program. This support will be vital to our effort to move toward National Cancer Institute designation and establish a world-class program for basic and clinical cancer research. The critical need for this program is demonstrated by the fact that in 2004 there will be nearly 13,000 people diagnosed with cancer and approximately 5,300 cancer deaths in the state of Kansas alone. We thank you in advance for your continued support of our efforts.

Fiscal Year 2004-5

There is a critical need to build the infrastructure of the Cancer Center to facilitate translational research. This capability fosters the translation of basic research findings into clinically relevant models and enhances our ability to study clinical problems by applying appropriate basic research techniques. We have designed a Clinical and Translational Research Laboratory that will include research histology services, tissue microarray capability, an automated immunohistochemical stainer, a state of the art flow cytometer, a microdissection scope, a digital imaging device, and TaqMan machine to precisely measure gene expression. This laboratory will greatly foster translational research by providing an array of technical capabilities that includes: the ability to carefully select and separate tumor cells from normal, study differences in gene and protein expression, analyze large cohorts of samples in an automated manner, and document our findings via digital imaging. Dr. Jensen directed a similar facility at the Vanderbilt-Ingram Cancer Center and built that laboratory into the most heavily utilized shared resource within the Center and was responsible for facilitating numerous interdisciplinary research programs. A list of the proposed equipment items for this laboratory is attached.

Fiscal Year 2005-6

There are several critically important recruits that will occur in this fiscal year that will be vital to determining our success in establishing a National Cancer Institute designated Cancer Center. These recruits include the Deputy Director for Clinical Affairs, the Director for our Phase I Clinical Trials Program, and a senior Radiation Oncologist. Thus, if it is decided that supplemental funding should be continued in fiscal year 2005-6 we would like to designate these funds toward the recruitment of nationally recognized clinical oncologists to fill these critical positions. The Deputy Director will be responsible for developing a fully integrated oncology clinical service that will provide the finest level of evidenced-based cancer care available in both the inpatient and outpatient settings. In addition, this individual will foster the development of oncology clinical research and insure that our facilities and ancillary services allow us to conduct cutting research clinical trials research. The Phase I Program Director will be responsible for developing and testing new agents in the fight against cancer and will play a key role in building our relationship with the strong drug development program on the Lawrence campus. Finally, radiation oncology represents a important therapeutic modality for the treatment of prostate, breast, lung, cervical, head and neck, and hematologic malignancies and the medical center needs additional strength in this area. The proposed utilization of this supplement is detailed in the attached budget and it is envisioned that these funds would be utilized for a combination of salary and laboratory support in their initial recruitment packages.

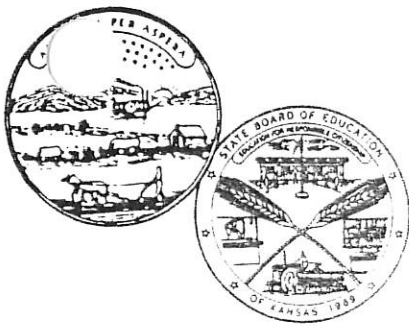
Senate Ways and Means
4/22-23/04
Attachment 21

Fiscal Year 2004-5
Translational Research Shared Resource

GrossLab Grossing Station	\$30,000
Research Cryostat	\$28,000
Block Labeler	\$13,000
Slide Labeler	\$13,000
Automated Slide Stainer	\$40,000
Coverslipper	\$25,000
Embedding Console	\$9,000
Water Bath	\$700
Water Bath	\$700
Microtome	\$9,000
Microtome	\$9,000
Tissue Microarray Device	\$10,000
Ventana Immunostainer	\$80,000
Becton Dickenson Flow Cytometer	\$400,000
Arcturus Microdissection Scope	\$200,000
ScanScope Whole Slide Imager	\$80,000
TaqMan RT-PCR Machine	<u>\$50,000</u>
Total	\$997,400

Fiscal Year 2005-6
Faculty Recruitment

Deputy Director for Clinical Affairs	\$300,000
Medical Oncologist-Phase I Program	\$250,000
Radiation Oncologist	<u>\$350,000</u>
Total	\$900,000



KANSAS STATE SCHOOL FOR THE DEAF

OVER A CENTURY OF SERVICE. ESTABLISHED 1861.

450 EAST PARK STREET
OLATHE, KANSAS 66061-5410
TELEPHONE (913) 791-0573
FAX (913) 791-0577

April 21, 2004

Stephen R. Morris, Chair
Senate Ways and Means Committee
Kansas State Capitol, Rm. 120-S
Topeka, KS 66612

Dear Sen. Morris,

It has recently come to my attention that a decrease in SGF allocations for FY03 has negatively impacted our required maintenance of effort, with the consequence of having to forfeit (return) the \$97,473 in federal Title VIB funds (plus penalties which may equal the amount of the shortfall, \$160,599). My immediate concern is that a similar situation may occur for the FY05 year if the Governor's recommended budget reduction is implemented. With the reduced budget for FY05, we will experience a reduction of \$52,496. This will result in our failure to meet the maintenance of effort requirement with the subsequent loss of \$87,100 in Title VIB funds.

Your consideration of the action needed to prevent this from occurring, and any relief to assist with the return of the FY03 Title VIB funds will be appreciated.

Yours truly,

Robert A. Maile
Superintendent

Maintenance of Effort Verification

Year	SGF Allocation	Title VIB Funds
FY02	7,243,842	94,681
FY03	7,083,243	97,473
FY04	7,264,758	103,136
FY05	7,212,262 *	87,100 **

* Governor's recommendation, includes reduction of \$203,796

** Budgeted amount

An Equal Employment/Educational Opportunities Agency
A RESIDENTIAL SCHOOL FOR DEAF CHILDREN
VISITORS WELCOME

Senate ways and means
4/22-23/04
Attachment 22



K A N S A S

PAMELA JOHNSON-BETTS, SECRETARY

DEPARTMENT ON AGING

KATHLEEN SEBELIUS, GOVERNOR

April 22, 2004

The Honorable Stephen Morris
Chairman, Senate Ways and Means Committee
Statehouse, 120-S
Topeka, Kansas 66612

Dear Senator Morris:

Thank you for the opportunity to respond to the Omnibus items referred by the Senate regarding the Kansas Department on Aging's (KDOA) FY 2005 budget.

Item 1: Recommends consideration is given to increasing the Senior Care Act budget by \$400,000 SGF and requests a review of the Senior Care Act budget and financing at Omnibus.

Response: The Governor's budget recommendation for Senior Care Act (SCA) in FY 05 is \$6 million. The reappropriation of \$.5 million increases total funding for SCA to \$6.5 million in FY 05. At this level, KDOA projects 5,880 individuals will receive SCA services in FY 05, at an average annual cost of \$1,100 per person.

Item 2: Recommends consideration is given to the addition of \$25,000 SGF for the Senior Companion Program.

Response: Section 100 (d) of House Bill No. 2675 authorizes the KDOA to fund expenditures of the Senior Companion Program from the Senior Care Act account of the State General Fund for fiscal year 2005, provided the expenditures do not exceed \$25,000.

Item 3: Recommends consideration of a regulatory change to allow new nursing facilities to be subject to the same base year costs as existing facilities at Omnibus.

Response: KDOA has drafted a proposed revision to Kansas Administrative Regulation 30-10-18 that would require that all cost data used to set Medicaid nursing home reimbursement rates be adjusted to the base year cost report period. KDOA anticipates that this will become effective January 1, 2005. This will not only address the base year issue for new nursing facilities but will also require that this adjustment be made for existing providers enrolling for the first time, providers that re-enroll in the program, and providers that go through a change of ownership. Please see Attachment A for the Kansas Administrative Regulation 30-10-18.

NEW ENGLAND BUILDING, 503 S. KANSAS AVENUE, TOPEKA, KS 66603-3404

Voice 785-296-4986

<http://www.agingkansas.org/kdoa/>

Fax 785-296-0256

*Senate Ways and Means
4/22-23/04
Attachment 23*

Item 4: Recommends the transfer of the OKEP Program and Senior Community Service Program from the Department of Human Resources to the Department on Aging in FY 2005. Funding of \$239,430 for FY 2005 is to be reviewed prior to Omnibus.

Response: The Older Kansas Employment Program (OKEP) and the Senior Community Service Employment Program (SCSEP) were transferred from the Kansas Department on Aging (KDOA) to the Kansas Department of Human Resources (KDHR) in 1995. Under the provisions of ERO No. 31, these programs will transfer to the Department of Commerce in FY 05.

The House Budget Committee that reviewed the KDHR FY05 budget recommended “an interim study be done by a Legislative committee to determine which state agency can most effectively administer OKEP and meet the needs of older Kansans.” The budget committee “looks favorably on the Department on Aging as a possible relocation site for OKEP.”

The 2004 legislature has funded the programs as follows. SCSEP will receive \$4,444 SGF and \$40,000 federal money to cover the administrative costs. The OKEP program will receive \$239,430 EDIF funds, of which \$10,000 is to be retained for administrative costs and the rest distributed to local partners.

In order for KDOA to administer the program, the appropriate administrative money and staff will need to be transferred to KDOA. Currently, KDOA receives no EDIF funds and, thus, has no authority to receive or spend such funds. Staffing, administrative costs and sources of funding are the types of issues that require further consideration.

We agree that these two older Kansans employment programs are compatible with the mission of KDOA. We support interim review and look forward to continued dialogue about possible return of these programs to KDOA

Item 5: Requests a review of the funding for the HCBS/FE waiver at Omnibus.

Response: The Governor recommends the HCBS/FE waiver be appropriated \$61.7 million in FY 05. At this level of funding, KDOA projects to serve 5,401 customers at a monthly cost of \$952 per customer.

House Bill 2900 provides that “any unencumbered balance LTC – Medicaid assistance – HCBS/FE account in excess of \$100 as of June 30, 2004, is hereby reappropriated for fiscal year 2005.” We estimate approximately \$7 million (\$2.8 SGF) will be reappropriated to the HCBS/FE waiver in FY 05.

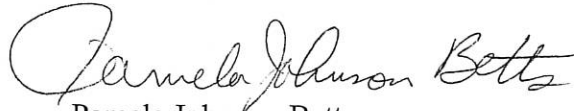
Item 6: Review of the policy change for Plans of Care and Assistive Technology and any associated costs prior to Omnibus.

Response: There has been a reduction in HCBS/FE Plans of Care with regard to assistive technology. Two factors account for the decrease. 1. The Area Agencies on Aging (AAAs) are maximizing other formal and informal resources, including the Kansas Accessibility Modification Program (KAMP) and Medicare, before utilizing assistive technology under HCBS/FE. Please see Attachment B for information on the KAMP program. Please see Attachment C for the Area Agencies on Aging report on the resources accessed for assistive technology (other than via HCBS/FE).

Secondly, the KDOA has modified the policy on assistive technology. The main difference between the previous policy and the current policy is that an item or modification that costs less

than \$1000 must be a cost-effective alternative for at least six months. The previous policy specified a timeframe of twelve months. Please see Attachment D for the current assistive technology policy.

Sincerely,

A handwritten signature in cursive script that reads "Pamela Johnson-Betts". The signature is written in black ink and is positioned above the printed name.

Pamela Johnson-Betts
Secretary of Aging

Cc: Janis DeBoer
Kathy Greenlee
Traci Ward
Lana Walsh

30-10-18. Rates of reimbursement. (a) Rates for existing nursing facilities.

(1) The determination of per diem rates shall be made, at least annually, using base-year cost information submitted by the provider and retained for cost auditing and analysis.

(A) The base year utilized for cost information shall be reestablished at least once every seven years.

(B) A factor for inflation may be applied to the base-year cost information.

(C) For providers currently under new enrollment, re-enrollment, or change of ownership status the base year shall be determined in accordance with subsections (c), (d), and (e) of this regulation, respectively.

(2) Per diem rates shall be limited by cost centers, except where there are special level-of-care facilities approved by the United States department of health and human services. The upper payment limits shall be determined by the median in each cost center plus a percentage of the median, using base-year cost information. The percentage factor applied to the median shall be determined by the secretary.

(A) The cost centers shall be as follows:

- (i) Operating;
- (ii) indirect health care; and
- (iii) direct health care .

(B) The property component shall consist of the real and

personal property fee as specified in K.A.R. 30-10-25.

(C) The upper payment limit for the direct health care cost center shall be a statewide base limit calculated on each facility's case mix adjusted base-year costs.

(i) A facility-specific, direct health care cost center upper payment limit shall be calculated by adjusting the statewide base limit by that facility's average case mix index.

(ii) Resident assessments used to determine additional reimbursement for ventilator-dependent residents shall be excluded from the calculation of the facility's average case mix index.

(3) Each provider shall receive an adjusted rate for each quarter if there is a change from the previous quarter in the facility's average medicaid case mix index .

(4) Resident assessments that cannot be classified shall be assigned to the lowest case mix index.

(5) To establish a per diem rate for each provider, a factor for incentive may be added to the allowable per diem cost.

(6) Resident days in the rate computation.

(A) Resident days shall be determined from census information corresponding to the base-year cost information submitted by the provider.

(B) Total resident days shall be used to calculate the per diem costs used to determine the upper payment limit and rates in the direct health care cost center. Total resident days shall be

used to calculate the per diem costs used to determine the upper payment limit and rates for food and utilities in the indirect health care cost center.

(C) Resident days used to calculate the upper payment limits and rates in the operating cost center and indirect health care cost center, less food and utilities, shall be subject to an 85 percent minimum occupancy requirement based on the following:

(i) Each provider that has been in operation for 12 months or longer and has an occupancy rate of less than 85 percent for the cost report period shall have the resident days calculated at the minimum occupancy of 85 percent.

(ii) The 85 percent minimum occupancy requirement shall be applied to the resident days and costs reported for the 13th month of operation and after. The 85 percent minimum occupancy requirement shall be applied to the interim rate of a new provider, unless the provider is allowed to file a projected cost report.

(iii) The minimum occupancy rate shall be determined by multiplying the total number of licensed beds by 85 percent. In order to participate in the Kansas medical assistance program, each nursing facility provider shall obtain proper certification for all licensed beds.

(iv) Each provider with an occupancy rate of 85 percent or greater shall have actual resident days for the cost report period

used in the rate computation.

(7) Each provider shall be given a detailed listing of the computation of the rate determined for the provider's facility.

(8) The effective date of the rate for existing providers shall be in accordance with K.A.R. 30-10-19.

(b) Comparable service, private pay rate limitations.

(1) For each nursing facility and nursing facility for mental health, the per diem rate for care shall not exceed the rate charged for the same type of service to residents not under the Kansas medical assistance program. Private pay rates reported to the agency on other than a per diem basis shall be converted to a per diem equivalent.

(2) The agency shall maintain a registry of private pay per diem rates submitted by providers.

(A) Providers shall notify the agency of changes in the private pay rate and the effective date of that change so that the registry can be updated.

(i) Private pay rate information submitted with the cost reports shall not constitute notification and shall not be acceptable.

(ii) Providers may send private pay rate notices by certified mail so that there is documentation of receipt by the agency.

(B) The private pay rate registry shall be updated based on the notification from the providers.

(C) The effective date of the private pay rate in the registry shall be the later of the effective date of the private pay rate or the first day of the following month in which complete documentation of the private pay rate is received by the agency.

(i) If the private pay rate effective date is other than the first day of the month, the effective date in the registry shall be the first day of the closest month. If the effective date is after the 15th, the effective date in the register shall be the first day of the following month.

(ii) For new facilities or new providers coming into the medicaid program, the private pay rate effective date shall be the issued certification date.

(3) The average private pay rate for comparable services shall be included in the registry. The average private pay rate may consist of the following variables:

(A) Room rate differentials. The weighted average private pay rate for room differentials shall be determined as follows:

(i) Multiply the number of private pay residents in private rooms, semiprivate rooms, wards, and all other room types by the rate charged for each type of room. Sum the resulting products of each type of room. Divide the sum of the products by the total number of private pay residents in all rooms. The result, or quotient, is the weighted average private pay rate for room differentials.

(ii) Each provider shall submit documentation to show the calculation of the weighted average private pay rate when there are room rate differentials.

(iii) Failure to submit the documentation shall limit the private pay rate in the registry to the semiprivate room rate.

(B) Level-of-care rate differentials. The weighted average private pay rate for level-of-care differentials shall be determined as follows:

(i) Multiply the number of private pay residents in each level of care by the rate they are charged to determine the product for each level of care. Sum the products for all of the levels of care. Divide the sum of the products by the total number of private pay residents in all levels of care. The result, or quotient, is the weighted average private pay rate for the level-of-care differentials.

(ii) Each provider shall submit documentation to show the calculation of the weighted average rate when there are level-of-care rate differentials.

(iii) Failure to submit the documentation may delay the effective date of the average private pay rate in the registry until the complete documentation is received.

(C) Extra charges to private pay residents for items and services specified in K.A.R. 30-10-15a may be included in the weighted average private pay rate if the same items and services

are allowable in the Kansas medical assistance program rate.

(i) Each provider shall submit documentation to show the calculation of the weighted average extra charges.

(ii) Failure to submit the documentation may delay the effective date of the weighted average private pay rate in the registry until the complete documentation is received.

(4) The weighted average private pay rate shall be based on what the provider receives from the resident. If the private pay charges are consistently higher than what the provider receives from the residents for services, then the average private pay rate for comparable services shall be based on what is actually received from the residents. The weighted average private pay rate shall be reduced by the amount of any discount received by the residents.

(5) The private pay rate for medicare skilled beds shall not be included in the computation of the average private pay rate for nursing facility services.

(6) When providers are notified of the effective date of the Kansas medical assistance program rate, the following procedures shall be followed:

(A) If the private pay rate indicated on the agency register is lower, then the Kansas medical assistance program rate, beginning with its effective date, shall be calculated as follows:

(i) If the average medicaid case mix index is greater than the average private pay case mix index, the Kansas medical assistance program rate shall be the lower of the private pay rate adjusted to reflect the medicaid case mix or the calculated Kansas medical assistance rate.

(ii) If the average medicaid case mix index is less than or equal to the average private pay case mix index, the Kansas medical assistance program rate shall be the average private pay rate.

(B) Providers who are held to a lower private pay rate and subsequently notify the agency in writing of a different private pay rate shall have the Kansas medical assistance program rate adjusted on the later of the first day of the month following the date upon which complete private pay rate documentation is received or the effective date of a new private pay rate.

(c) Rate for new construction or a new facility to the program.

(1) The per diem rate for newly constructed nursing facilities or a new facility to the Kansas medical assistance program shall be based on a projected cost report submitted in accordance with K.A.R. 30-10-17.

(2) Cost information from the projected cost report and the first historic cost report covering the projected cost report period shall be adjusted to the base year period.

(3) The provider shall remain under new enrollment status until the base year is reestablished. During this time the adjusted cost data shall be used to determine all rates for the provider.

(4) Any factor for inflation that is applied to cost data for established providers shall be applied to the adjusted cost data for providers under new enrollment status.

~~(2)~~ (5) No rate shall be paid until a nursing facility financial and statistical report is received and processed to determine a rate.

(d) Change of provider.

(1) The payment rate for the first 24 months of operation shall be based on the base-year historical cost data of the previous owner or provider. If base-year data is not available, data for the most recent calendar year available preceding the base year period shall be adjusted to the base year period and used to determine the rate. ~~the most recent calendar year data for the previous provider shall be used.~~ If the 85 percent minimum occupancy requirement was applied to the previous provider's rate, the 85 percent minimum occupancy requirement shall also be applied to the new provider's rate.

(2) Beginning with the first day of the 25th month of operation, the payment rate shall be based on the historical cost data for the ~~most recent~~ first calendar year submitted by the new

provider. The data shall be adjusted to the base-year period.

(3) The provider shall remain under change of provider status until the base year is reestablished. During this time the adjusted cost data shall be used to determine all rates for the provider.

(4) Any factor for inflation that is applied to cost data for established providers shall be applied to the adjusted cost data for providers under change of provider status.

(e) Determination of the rate for nursing facility providers reentering the medicaid program.

(1) The per diem rate for each provider reentering the medicaid program shall be determined from either of the following:

(A) A projected cost report if the provider has not actively participated in the program by the submission of any current resident service billings to the program for 24 months or more; or

(B) ~~the last historic~~ base year cost report filed with the agency or the most recent cost report filed preceding the base year, if the provider has actively participated in the program during the most recent 24 months.

(2) If the per diem rate for a provider reentering the program is determined in accordance with paragraph (e)(1)(A), the cost data shall be adjusted to the base year period.

(3) The provider shall remain under re-enrollment status

until the base year is reestablished. During this time the cost data used to determine the initial rates shall be used to determine all subsequent rates for the provider.

(4) Any factor for inflation that is applied to cost data for established providers shall be applied to the cost data for providers under re-enrollment status.

~~(2)~~(5) If the per diem rate for a provider reentering the program is determined in accordance with paragraph (e) (1) (A), a settlement shall be made in accordance with subsection (f).

(f) Per diem rate errors.

(1) If the per diem rate, whether based upon projected or historical cost data, is audited by the agency and found to contain an error, a direct cash settlement shall be required between the agency and the provider for the amount of money overpaid or underpaid. If a provider with an identified overpayment is no longer enrolled in the medicaid program, the settlement shall be recouped from a facility owned or operated by the same provider or provider corporation, unless other arrangements have been made to reimburse the agency. A net settlement may occur if a provider has more than one facility involved in settlements.

(2) The per diem rate for a provider may be increased or decreased as a result of a desk review or audit of the provider's

cost reports. Written notice of this per diem rate change and of the audit findings shall be sent to the provider. Retroactive adjustment of the rate paid from a projected cost report shall apply to the same period of time covered by the projected rate.

(3) Each provider shall have 30 days from the date of the audit report cover letter to request an administrative review of an audit adjustment that results in an overpayment or underpayment. The request shall specify the finding or findings that the provider wishes to have reviewed.

(4) An interim settlement, based on a desk review of the historical cost report covering the projected cost report period, may be determined after the provider is notified of the new rate determined from the cost report. The final settlement shall be based on the rate after an audit of the historical cost report.

(5) A new provider that is not allowed to submit a projected cost report for an interim rate shall not be entitled to a retroactive settlement for the first year of operation.

(g) Out-of-state providers.

(1) The rate for out-of-state providers certified to participate in the Kansas medical assistance program shall be the rate approved by the agency.

(2) Out-of-state providers shall obtain prior authorization by the agency.

(h) Reserve days as specified in K.A.R. 30-10-21 shall be paid at 67 percent of the Kansas medical assistance program per diem rate.

(i) Determination of rate for ventilator-dependent resident.

(1) The request for additional reimbursement for a ventilator-dependent resident shall be submitted to the agency in writing for prior approval. Each request shall include a current care plan for the resident, the most current resident assessment, and an itemized expense list for implementing that care plan. The additional reimbursement shall not include the cost of durable medical equipment.

(2) All of the following conditions shall be met in order for a resident to be considered ventilator-dependent.

(A) The resident is not able to breathe without mechanical ventilation.

(B) The resident uses a ventilator for life support 24 hours a day, seven days a week.

(C) The resident has a tracheostomy or endotracheal tube.

(3) The provider shall be reimbursed at the Kansas medical assistance program daily rate determined for the nursing facility plus an additional amount approved by the agency for the

ventilator-dependent resident. The provider shall submit a budget with the detail of the expenditures requested to care for the ventilator-dependent resident. The additional reimbursement shall be negotiated based on the prevailing cost of the individual care plan and subject to an upper payment limit that is based on the comparable rate from the medicare prospective payment system.

(4) No additional amount above that figured at the Kansas medical assistance program daily rate shall be allowed until the service has been authorized by the agency.

(5) The criteria shall be reviewed quarterly to determine if the resident is ventilator-dependent. If a resident is no longer ventilator-dependent, the provider shall not receive additional reimbursement beyond the Kansas medical assistance program daily rate determined for the facility.

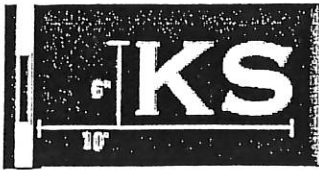
(6) The additional reimbursement for the ventilator-dependent resident shall be offset to the cost center of benefit on the nursing facility financial and statistical report.

(Authorized by and implementing K.S.A. 39-708c; effective May 1, 1985; amended May 1, 1986; amended, T-87-29, Nov. 1, 1986; amended May 1, 1987; amended, T-89-5, Jan. 21, 1988; amended Sept. 26, 1988; amended Jan. 2, 1989; amended Jan. 2, 1990; amended, T-30-10-1-90, Oct. 1, 1990; amended Jan. 30, 1991; amended Oct. 28, 1991; amended May 1, 1992; amended Nov. 2, 1992; amended Jan.

30-10-18 (15)

3, 1994; amended July 1, 1994; amended Sept. 30, 1994; amended
Dec. 29, 1995; amended Jan. 1, 1999; amended June 28, 2002;
amended Dec. 31, 2002; amended, T-30-5-30-03, July 1, 2003;
amended July 25, 2003.)

Attach #B



HOUSING
RESOURCES
CORPORATION

A NEW AGENCY
UNDER CONSTRUCTION



Home

Programs

Publication List

Contact Us

www.kdfa.org

Kansas Accessibility Modification Program

More Program Info

[KAMP Program Forms](#)

[KAMP Related Links](#)

What the Program Does:

The Kansas Accessibility Modification Program (KAMP) is a program designed for two basic purposes: 1) to provide accessibility modifications to residences allowing individuals to better fulfill their abilities to use their homes, and 2) to gather information for future planning about the need in our state for such modifications.

Who the Program Helps:

Eligible applicants are individuals with disabilities requesting funds to assist with modifications of their primary residence. Total household income must not exceed 80 percent of the area median income for the county of residence, as established by the U.S. Department of Housing and Urban Development. In some cases, where verifiable medical expenses may justifiably be deducted from household income, consideration will be given to individuals with total household income of up to 115 percent of the area median income for the county.

How It Works:

The KHRC forms partnerships with non-profit organizations that, in the normal course of business, solve barriers to accessibility. Some such agencies are the Independent Living Resource Centers and the Area Agencies on Aging. Funds will be made available through the Service Providers to be used to modify owner-occupied and renter-occupied residences.

Type(s) of Assistance:

Grants

Funding Cycle:

Funding is available on July 1st of each year and is

awarded on a first-come, first-served basis, dependant upon availability of funds.

Eligible Entities:

Individuals apply through eligible Service Providers.

Key Statistics for 2003:

Total funding for fiscal year 2003 was \$550,000.

194 applications were submitted during the year, with 173 being funded.

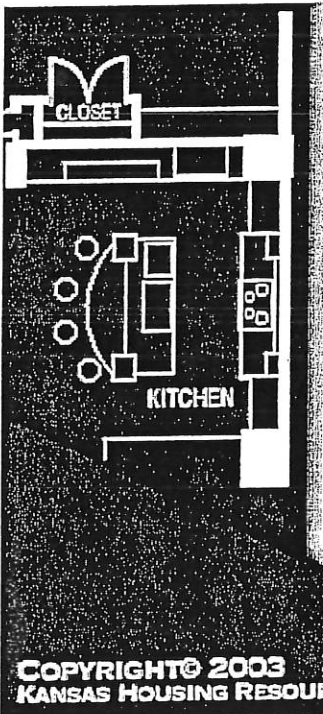
Applications were denied for the following reasons: applicant withdrew; applicant deceased; applicants did not meet program guidelines, or did not meet income guidelines.

Contact Information:

Jennifer R. Grogan
KAMP/ERP Program Manager
1000 S.W. Jackson Street, Suite 150
Topeka, Kansas 66612-1372
Phone: (785) 296-4814
Fax: (785) 296-8985
E-mail: jgrogan@kshousingcorp.org

Related Programs:

Fair Housing
Homeowner Rehabilitation Program



**COPYRIGHT © 2003
KANSAS HOUSING RESOURCES CORPORATION**

1000 SW Jackson St. Suite 150 Topeka, KS 66612
Phone: 785.296.5865 | Email: info@kshousingcorp.org

RESOURCES AAAs REPORT ACCESSING FOR ASSISTIVE TECHNOLOGY *Atta ent*
ITEMS (other than via HCBS/FE)
March 2004

PSA 01:

- None reported

PSA 02:

- County Funds
- KAMP (Kansas Accessibility Modification Program)
- MERN (Medical Equipment Recycling Network)
- Mennonite Housing
- City of Wichita

PSA 03:

- Friends of Man
- KAMP (Kansas Accessibility Modification Program) – 12 applications approved

PSA 04:

- Community Action
- KAMP (Kansas Accessibility Modification Program)
- Items donated to AAA
- Money donated to AAA has been used to purchase items

PSA 05:

- Lending closet
- KAMP (Kansas Accessibility Modification Program)
- VFW (Veterans of Foreign Wars)
- Churches
- Caregiver OAA IIIIE (Older Americans Act)

PSA 06:

- VFW (Veterans of Foreign Wars)
- Senior Center lending closets
- Items donated to AAA
- Recycle items given out by AAA
- SCA Choice, Donations may be used for equipment (Senior Care Act)
- Caregiver OAA IIIIE (Older Americans Act)
- KAMP (Kansas Accessibility Modification Program)

PSA 07:

- SCA Choice (Senior Care Act)
- Caregiver OAA IIIIE (Older Americans Act)
- Items donated to AAA
- Recycle items given out by AAA

RESOURCES AAAs REPORT ACCESSING FOR ASSISTIVE TECHNOLOGY
ITEMS (other than via HCBS/FE)
March 2004

Attachment
C (cont.)

PSA 08:

- Grant awarded to purchase medical equipment
- Items donated to AAA
- One time mass purchase of items
- Counties recycle when able

PSA 09:

- Items donated to AAA
- Recycle items given out by AAA
- Newspapers and garage sales
- KAMP (Kansas Accessibility Modification Program)

PSA 10:

- Red Cross
- KAMP (Kansas Accessibility Modification Program)
- Salvation Army
- Supply closet

PSA 11:

- Cancer Action
- SCA Choice (Senior Care Act)
- Caregiver OAA IIIIE (Older Americans Act)
- Alzheimer Association Caregiver Fund
- Items donated to AAA
- KAMP (Kansas Accessibility Modification Program)

ASSISTIVE TECHNOLOGY

DEFINITION

Assistive technology consists of:

- Items that improve functional capabilities; or
- Home modifications that improve mobility.

LIMITATIONS

- All AT purchases require prior authorization from KDOA.
- This service must be a cost-effective alternative on the customer's current plan of care.
- This service is limited to a lifetime maximum of \$7,500.
- Payment is for the item or modification and does not include administrative costs.
- Replacements and duplicate items shall not be covered for the first twelve months after the purchase date of the original item.
- Assistive technology funded by other waiver programs is calculated into the lifetime maximum.
- For home modifications to be authorized in rental housing the landlord must agree, in writing, to maintain the modifications for the time period in which the HCBS/FE customer resides there.

AT Non-coverage	AT Coverage
If Medicare covers an assistive technology item, HCBS/FE will not cover the item.	If Medicare does not cover an item, HCBS/FE will only cover items that improve the customer's capabilities or home modifications that improve mobility, and reduce the customer's plan of care.
If Medicare covers an assistive technology item but denies authorization, HCBS/FE will not cover the item.	
If Medicaid Durable Medical Equipment (DME) covers an assistive technology item, HCBS/FE will not cover the item.	If Medicaid DME does not cover an item, HCBS/FE will only cover items that improve the customer's capabilities or home modifications that improve mobility, and reduce the customer's plan of care.
If Medicaid DME covers an assistive technology item but denies authorization, HCBS/FE will not cover the item.	

ENROLLMENT

Any business, agency, or company that furnishes assistive technology items or services is eligible to enroll. Companies chosen to provide adaptations to housing structures must be licensed or certified by the county or city and must perform all work according to existing building codes. If the company is not licensed or certified, then a letter from the county or city must be provided stating licensure or certification is not required.

REIMBURSEMENT

One unit = One Purchase

Assistive Technology Authorization

1. The Assistive Technology Request Worksheet (QR -001) is the turn-around document utilized for the authorization process.
2. The following conditions must be met for an AT request to be authorized:
 - a. The request must be within the scope of the service (see 3.5.8.B);
 - b. For an item or modification that costs less than \$1,000, the item or modification must be directly linked to the specific ADL(s) and/or IADL(s) and must be a cost-effective alternative for at least six (6) months, unless there is a significant change in condition; and
 - c. For an item or modification that costs \$1,000 or more, the item or modification must be directly linked to the specific ADL(s) and/or IADL(s) and must be a cost-effective alternative for at least twelve (12) months, unless there is a significant change in condition; and
 - d. The AT service information must be added to the KAMIS POC within three (3) working days of the KDOA approval; and
 - e. If the AT request is for a home modification, the TCM must obtain at least two bids that contain the modification and itemized cost; exceptions to the two bid minimum for home modifications in rural areas may be obtained from the AT reviewer.
3. The AT purchase and the reduction to the appropriate units of service must be implemented within the time frame authorized by the AT reviewer.

Proposed Proviso re: Opening Up the Medical Card for Mental Health Services

Provided, however, that the Secretary of the Department of Social and Rehabilitation Services shall make no changes to the State Medicaid Plan in place as of March 1, 2004 related to mental health services. *Provided further,* that the Secretary of Social and Rehabilitation Services shall work with the Association of Community Mental Health Centers of Kansas, Inc., to identify and address concerns related to service delivery, access and choice within the structure of the existing public mental health system that does not include making changes to the State Medicaid Plan.

Senate Ways and Means
4/22-23/04
Attachment 24

Proposed Proviso re: Opening Up the Medical Card for Mental Health Services

Provided, That the secretary of social and rehabilitation services shall not expand the existing public mental health provider system by opening up the medical card for the provision of mental health services to other than the existing medicaid eligible providers of mental health services as of March 1, 2004: *Provided further*, That the secretary of social and rehabilitation services shall work with the association of community mental health centers of Kansas, inc., to identify and address concerns related to service delivery, access and choice within the structure of the existing public mental health system.

Senate Ways and means
4/22-23/04
Attachment 25

KANSAS CHILDREN'S CABINET AND TRUST FUND



900 SW Jackson, Room 152
Topeka, KS 66612-1221
www.kschildrenscabinet.org
785.368.7044
785.296-8694 (fax)

The following is the response to the Budget Conference Committee request regarding the allocation of Smart Start Kansas funds for FY 2005 based on the current recommendation.

Background:

Current level of funding for FY '04: \$3.5 million This includes an error correction for an FY 2003 lapse of funds in the amount of \$300,000. Funding is allocated in the following manner:

7 Smart Start Sites:

Total: \$2,736,760

9 Planning Grants

Total: \$90,000

Technical Assistance:

Total: \$673,240

Recommendation for FY '05 Allocation

New Sites: Amount: \$4.8 million

The majority of the additional funding will be to establish new Smart Start sites. During the last round of grant submissions there were more applications from communities than funds available. With additional funding it is anticipated that 12 new sites will be added to the 7 existing Smart Start sites. New sites will be subject to the RFP process and must demonstrate an engaged community planning process. In FY '04 planning grants were made available to communities to help them assess and plan strategically for meeting their early childhood and school readiness needs. Those communities who have planning grants are not guaranteed a full Smart Start Grant nor does not having a planning grant eliminate communities. The Children's Cabinet staff will hold a pre-bid meeting with potential grantees to review all aspects of the Smart Start strategy and grant process.

Existing Sites: Amount: \$3.4 million

All current grantees must reapply for Smart Start Funding and are subject to the grant review process. The review will encompass analyzing outcomes and be reflective of strategy modifications based on the data that has been collected for the site.

All grantees were asked based on the Smart Start strategy how they would use any available expansion dollars. Based on their responses and preliminary review of site data, we anticipate a **range of 0 to 25%** increase per existing sites totaling \$682,096 of the recommended legislative increase. This does not mean that every site will realize a 25% increase in their overall budget.

Planning Grants: Amount: \$100,000

In FY '04 the Cabinet funded 9 planning grants to assist communities in early childhood community planning. In FY'05, as those communities who received planning grants complete their work, we anticipate different communities applying for planning grants. As Smart Start expands its reach, there will be more communities with varied levels of readiness to engage in the community planning process around early childhood and school readiness, increasing the need for technical assistance.

Technical Assistance: Amount \$125,000

The Cabinet staff is anticipating increasing its commitment to local planning through additional technical assistance offered to communities to help achieve their school readiness and planning goals. In addition, Children's Cabinet staff will work on streamlining the data collection process.

Evaluation: As a critical component to allocation of resources an evaluation plan to track and report on investment of dollars is critical. To that end, based on a proviso included in the Budget report, the Children's Cabinet will be presenting a plan for how evaluation dollars should be spent to reach the goal of determining the efficacy of this investment to the Finance Council by July 1st, 2004. In that plan the Cabinet will address continued evaluation of the Smart Start Initiative as well a plan for how we can more closely coordinate Children's Initiative Funding and evaluation throughout state agencies. The Cabinet will pay special attention to bringing efficiencies to the current evaluation process of Smart Start.

Proposed Smart Start Kansas Expenditure Plan		
	Current Level	Proposed FY05 Expenditures
7 Existing sites ¹	\$2,738,395	\$3,420,491
12 additional sites ²	0	\$4,800,000
Planning grants ³	160,000 (16 sites funded)	100,000
Technical assistance to communities ⁴	0	125,000
Total Proposed Costs for Smart Start Grants		\$8,521,494
Tobacco Cessation and tiny k		450,000
Grand Total (Total Available in FY 05—\$8,895,491)		8,895,491

¹ Proposed expenditures are based upon an increase of 25% in existing sites. Actual increases in awards to individual sites may differ due to variances of proposals based upon community needs and resources.

² Allows for 12 additional sites estimated at \$400,000/site (based upon initial requests from existing sites which averaged \$391,000). Local decision-making provides for a significant range in actual individual site awards.

³ Ten sites are proposed and work plans that utilize a regional approach will be encouraged.

⁴ The original 7 sites were selected based, in part, upon their readiness for collaborative efforts and strategy implementation. As the initiative is expanded to regions in the state with fewer resources and more challenges associated with local coordination, collaboration and implementation, it is expected that staff assistance will be necessary. This funding will enable site visits, close monitoring of progress, and coordination and provision of technical assistance to ensure success of new sites. In addition, support will be provided to communities to assist in electronic reporting for monitoring and evaluation purposes.

Department of Social and Rehabilitation Services

Z. Expansion of the State Children's Health Insurance Program (SCHIP) (House Committee). The House Committee recommended Omnibus review of the expansion of the SCHIP program to include children from conception to birth. SCHIP currently covers children from birth to age 19.

Senate Ways and Means
4/22-23/04
Attachment 27



KANSAS

JANET SCHALANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

SOCIAL AND REHABILITATION SERVICES

April 21, 2004

The Honorable Stephen Morris, Chair
Senate Ways and Means Committee
Statehouse, Room 120-S
Topeka, Kansas 66612

The Honorable Melvin Neufeld, Chair
House Appropriations Committee
Statehouse, Room 517-S
Topeka, Kansas 66612

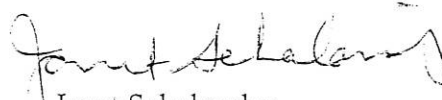
The Honorable Brenda Landwehr, Chair
House Social Services Budget Committee
Statehouse, Room 115-S
Topeka, Kansas 66612

Dear Senator Morris, Representative Neufeld, and Representative Landwehr:

I appreciated the thoughtfulness with which the Senate and House budget committees reviewed the SRS budget this year, especially as scarce state financial resources are stretched to the breaking point and the need for human services continues to grow. The knowledge you have about our budget has clearly been a big part of the committees' abilities to balance the need for social services in Kansas with the competing demands on the State General Fund.

I am sending you the SRS related information requested by the Legislature for the 2004 Omnibus Session. We appreciate your review and consideration of these items. SRS stands ready to provide any additional information or to clarify these responses.

Sincerely,


Janet Schalansky
Secretary

Attachment

cc: Committee Members
Audrey Dunkel, KLRD
Julie Thomas, Division of the Budget

Kansas Department of

Social and Rehabilitation Services

Janet Schalansky, Secretary

Information Requested for the Omnibus Session

**House Appropriations Committee
House Social Services Budget Committee**

**Senate Ways and Means Committee
Senate Ways and Means Subcommittee on SRS
Senate Ways and Means Subcommittee on SRS Hospitals**

For additional information contact:
Public and Governmental Services
Tanya Dorf, Director of Legislative Affairs

Docking State Office Building
915 SW Harrison, 6th Floor North
Topeka, Kansas 66612-1570
phone: 785.296.3271
fax: 785.296.4685
www.srskansas.org

Department of Social and Rehabilitation Services
Information for 2004 Omnibus Session

Table of Contents

<u>Committee</u>	<u>Topic</u>	<u>Page Number</u>
SSBC	Sexual Predator Treatment Program FTE Positions (Mental Health Hospital Budget - FY 2005 Item 1 and SRS Budget - FY 2005 Item 16)	1
SSBC and SWAM SRS Subcommittee	Attendant Care for Independent Living (ACIL) Program (SRS Budget - FY 2005 - Item 30 and Omnibus Item 3)	1
SSBC	Vagus Nerve Stimulator (VNS) (SRS Budget - FY 2005 - Item 31)	4
SSBC	Family Supports and Services for Persons on the Medicaid Waivers (SRS Budget - FY 2005 - Item 32)	5
SSBC	Payroll Agents for Persons Who Self-Direct Their Care (SRS Budget - FY 2005 - Item 33)	5
SSBC	Implementation of the Care Management Pilot Project (SRS Budget - FY 2005 - Item 34)	6
SSBC and SWAM SRS Subcommittee	Screening Process for the NFs/MH (SRS Budget - FY 2005 - Item 35 and Senate Ways and Means - Omnibus Item 1)	7
SSBC	Opening the Medicaid Medical Card to Mental Health Clinicians (SRS Budget - FY 2005 - Item 36)	8
SSBC	Temporary Assistance for Needy Families (TANF) Reauthorization (SRS Budget - FY 2005 - Item 37)	8
SSBC	Federal Child Welfare Flexible Funding (SRS Budget - FY 2005 - Item 38)	9

<u>Committee</u>	<u>Topic</u>	<u>Page Number</u>
SSBC	Pilot Project to Provide Residential Care to Seriously Ill Children (SRS Budget - FY 2005 - Item 39)	10
SSBC	Acute Care Psychiatric Services for Children (SRS Budget - FY 2005 - Item 40)	10
SSBC	Payroll Agents Reporting Fraud (SRS Budget - FY 2005 - Item 41)	11
SSBC	New Child Welfare Contracts (SRS Budget - FY 2005 - Item 42)	12
SSBC	Expanding the State Children's Health Insurance (SCHIP) Program (SRS Budget - FY 2005 - House Committee Recommendation - Item 1)	12
SWAM Capitol Improvements Subcommittee	Review Capital Improvements at DD state hospitals (SWAM Capital Improvement Subcommittee)	14
SWAM SRS Subcommittee	MediKan Program Hardship Criteria (SRS Budget - FY 2005 - Omnibus Item 2)	14
Appendix	Attachment A - Screening for Continued Stay for Nursing Facilities for Mental Health Attachment B - Summary of Public Comments on Opening the Medicaid Eligible Provider Network Attachment C - Capital Improvement Projects for KNI and Parsons State Hospital	

**Kansas Department of Social and Rehabilitation Services
Information Requested for the 2004 Omnibus Session
April 21, 2004**

**A. Sexual Predator Treatment Program Positions
(SSBC: Mental Health Hospital Budget FY 2005 - Item 1 and
SSBC: SRS Budget FY 2005 - Item 16)**

The Social Services Budget Committee requests that the agency report back at Omnibus on the number of persons hired for the Sexual Predator Treatment Program and the estimated funding available to carryover into FY 2005.

As of April 2, 2004, SRS has committed to employ 65.5 of the 72 positions in the Sexual Predator Treatment Program (SPTP). The FY 2005 Technical Governor's Budget Amendment (GBA) submitted earlier identified 72 positions for the SPTP and indicated that any portion of the FY 2004 supplemental funding provided for the SPTP that is not needed in FY 2004 is intended to be carried forward for FY 2005 to fund the costs of these positions. SRS estimates \$750,000 of the supplemental will be carried forward from FY 2004.

SRS requests that the following reappropriation language be included: "That any unencumbered balance in the Larned State Hospital -- sexual predator treatment program account in excess of \$100 as of June 30, 2004, is hereby reappropriated for fiscal year 2005."

**B. Attendant Care for Independent Living (ACIL) Program
(SSBC: SRS Budget FY 2005 - Item 30 and
SWAM: SRS Budget FY 2005 - Omnibus Item 3)**

The Social Services Budget Committee and the Senate Ways and Means Subcommittee request that the agency report at Omnibus regarding the costs associated with providing services for children as they age out of the Attendant Care of Independent Living Program.

The Federal government requires that Medicaid services be comparable in amount, duration and scope. This means that Medicaid must offer services in the same way to every population category covered (e.g., poverty-related children, elderly SSI recipients, etc.). Medicaid programs can offer expanded services to children through the early and periodic screening, diagnostic and treatment (EPSDT) requirement. EPSDT identifies services children might need beyond what a Medicaid program normally covers; thus some children can receive services not available to adults or to all children covered by Medicaid.

The EPSDT provisions of Medicaid law and regulation provide the reason Kansas can offer ACIL services to children who have significant needs for medical technology and not offer these same services to adults. The Kansas Medicaid program cannot permit children "aging

out” of ACIL services to continue to receive them as adults, unless all adults who meet the criteria for ACIL are allowed access to those services. To create hardship criteria for some children as they reach adulthood would violate the Federal Medicaid comparability regulation and statute.

From the early 1970s until 1989, Kansas Medicaid provided ACIL services to both children and adults. In 1989, SRS wrote two home and community based services (HCBS) waivers that affected the provision of ACIL services.

The HCBS waiver designed to serve persons with mental retardation or other developmental disabilities covered children from age five and older, as well as adults. The advent of the HCBS/DD waiver resulted in many adults who were receiving ACIL services moving to the new waiver to receive waiver services that met their needs.

SRS created the second HCBS waiver to allow children who needed ACIL, but did not qualify for Medicaid, to become eligible through waiving the federal requirement of counting their parents’ income. This waiver, referred to as the Technology Assistance waiver, essentially gave more children access to ACIL services. (NOTE: The HCBS/DD waiver also waives the deeming of parental income, so children can be made eligible for Medicaid and the DD waiver without regard to their parents’ income.)

SRS discontinued ACIL services for adults in 1989 with the advent of the new HCBS/DD waiver and because persons with physical disabilities could receive in-home care services from the then-combined HCBS waiver serving the frail elderly (FE) and persons with physical disabilities (PD).

Presently, about 46.0 percent of the children who receive ACIL services also receive some HCBS waiver services – most frequently, HCBS/DD services. If they receive HCBS/DD services, they can continue to receive that waiver’s services when they become adults. Many other children who receive ACIL services move to the HCBS/PD waiver as they approach adulthood. It is rare for any child to “age out” of ACIL services without a transition plan in place, as is mandated for all Special Education students beginning at age 14. Any child who receives ACIL services has at least one case manager who is responsible for working with the family, the school, Rehabilitation Services, and appropriate community agencies (e.g., Community Developmental Disability Organizations, Centers for Independent Living, etc.) to develop a transition plan from school age to adulthood. This plan must include any needed medical services and in-home supports. People who transition from ACIL services to waiver services do not need to go on a waiting list for services, rather they transition directly to HCBS waiver services. Not all children who receive ACIL services will be waiver eligible, but they would continue to be eligible for home health services when their ACIL eligibility is over.

SRS plans to develop training for ACIL case managers to better equip them to work with families when children are younger, with the purpose of both encouraging independence for the child and future planning for the entire family. The agency also will educate case

managers who work with children regarding independence so the case managers can coordinate with each other and all parties involved in the transition process. This will lead to better coordination of services and decrease the possibility of duplication.

All Medicaid beneficiaries have access to durable medical equipment (DME) when the equipment is medically necessary, prescribed by a physician, and covered by Medicaid. This does not change for children who "age out" of ACIL. Some DME is covered without prior authorization (PA) and some requires PA. SRS established PA criteria which is applied by RNs working for the fiscal agent. Consumers can appeal denials of PAs through the regular SRS administrative appeal process.

Some DME requests fall into a gray area. The Medical Work Group (MWG) reviews these requests. The MWG which consists of the Medical Director, who is a practicing physician; the Administrator of Health Care Systems and Policy/Medicaid, the Senior Manager for the Benefits Team, the Benefits Team Program Managers, the Pharmacy Program Manager, and Program Managers for the Managed Care Programs. With the exception of the Pharmacy Program Manager, all program managers are registered nurses. The Pharmacy Program Manager is a registered pharmacist. The group meets weekly to discuss cases for which physicians, or other health care professionals, have prescribed or recommended services, procedures, or equipment that do not fall completely within established criteria, or cases for which additional review is required for other reasons. These same procedures apply for anyone receiving Medicaid services, including people who are making the transition from ACIL to one of the HCBS waivers.

SRS estimates the average annual cost for a child's ACIL services at \$43,000. SRS estimates the average annual cost for an HCBS/DD recipient at \$33,475. Average annual cost for an HCBS/PD recipient reaches \$15,638. Both of these waivers provide in-home supports, and recipients can access all regular medical services, including durable medical equipment and home health services. HCBS recipients also have access to targeted case management.

In order to ensure providers are able to work with children and families earlier to move toward more independence, ACIL program management will transfer from the Medical Policy to the Community Supports and Services divisions of SRS. The disability services that are managed by Community Supports and Services operate with the independent living philosophy, and by transferring management of ACIL services to Community Supports and Services, SRS will be better able to ensure these services are provided with this philosophy in mind.

The Medical Policy Benefit Manager will continue to implement and monitor the medical service component of the ACIL program, in cooperation with Community Supports and Services. Staff from both SRS divisions will also be working to define the population that should be served by the ACIL program. The agency has set a target date of July 1 to have new population definitions ready to put in the Medicaid State Plan.

C. Vagus Nerve Stimulator (VNS)
(SSBC: SRS Budget FY 2005 - Item 31)

The Social Services Budget Committee recommends SRS do a thorough review of the VNS replacement battery issue and report back at Omnibus on exactly why the state is denying the procedure or replacing batteries in these VNS devices. If SRS believes that the medical procedure to replace the battery of the VNS is not medically necessary, the Committee directs SRS to produce the specific part of the Medicaid state plan that denies this coverage. If SRS believes that this procedure is experimental, the Committee asks SRS to: 1) justify why they paid to implant the VNS device but now are denying payment for battery replacement; 2) produce credible medical evidence from a reputable neurologist to support the assertion that it is experimental; 3) report how many other states cover this procedure under their state's Medicaid plan. The Committee also asks that SRS reexamine its policy not to pay for this procedure, to replace VNS batteries in these situations, and strongly recommends that they fund such medically necessary procedures. As SRS examines this procedure, the Committee also asks that they examine the implantation of VNS devices as a cost-effective measure. Finally, the Committee asks SRS to justify how denying this procedure is cost effective when compared to institutionalization, hospitalizations and medication, and report all these findings prior to Omnibus.

Currently, Medicaid covers the VNS as an optional service for Medicaid beneficiaries who qualify for the Early Periodic Screening Diagnosis and Treatment program (EPSDT), which serves children under age 21. Because children are no longer eligible for services under the EPSDT program on their twenty-first birthday, coverage of the VNS stops at that time. **However, SRS will initiate a policy to cover battery pack replacement for Medicaid-eligible adults who received the VNS as children under EPSDT and have now reached adulthood.** In addition, it is important to SRS that follow-up be made with the family who raised concerns about our coverage policies. SRS anticipates an approximate timeline of six months to fully implement the new policy.

Vagus nerve stimulation involves placing a programmable pacemaker-like device in the upper chest. Implantation of the VNS device requires a one to two-hour surgical procedure. By stimulating the vagus nerve, studies indicate it is possible to reduce the brain's potential to generate or spread abnormal seizure activity. The VNS is powered by a battery that must be replaced every 1.5 to five years, depending on the stimulation parameters, according to Blue Cross Blue Shield Medical Policy of Georgia published on January 4, 2004. Newer models have recently been developed with up to a 12-year life span. Battery replacement also requires surgery.

The VNS is only approved by the Food and Drug Administration (FDA) for children age 12 and older and adults. The VNS received FDA approval as an "adjunctive treatment of adult and adolescents more than 12 years of age with medically refractory partial onset seizures," which includes people who have not responded to multiple drugs or for whom surgery is not an option or for whom surgery has failed. VNS rarely causes complete seizure remission, is moderately invasive, and is expensive. Therefore, its use is appropriate only in individuals unable to tolerate or benefit from anti-epileptic drugs and for whom a partial reduction in

seizure frequency will significantly improve their quality of life.

The reimbursement rate of the VNS battery pack/generator costs \$9,253 and the reimbursement rate of the required lead is \$2,030 for a total of \$11,283. The average approximate cost to implant the device is additional \$30,000, with an average cost per year of \$2,000 for reprogramming. Necessary implant replacements occur approximately every five years, although new models provide up to a 12-year life span. When the battery life has been reached, the entire generator needs to be replaced with the cost of replacement consistent with implant costs listed above.

D. Family Supports and Services for Persons on the Waivers
(SSBC: SRS Budget FY 2005 - Item 32)

The Social Services Budget Committee requests the agency report back at Omnibus on the methodology used to reduce family supports and services for persons on the waivers as budget cuts have been made. In particular, the Committee is interested in what role, if any, caretakers had in deciding which services were essential and which were not as they were reduced.

In December of 2002, SRS advised the Community Developmental Disability Organizations (CDDOs) of the Governor's budget allotment and in particular, the 10.0 percent reduction for Home and Community Based Services (HCBS) In-Home Supports. SRS informed the CDDOs to make 10.0 percent reductions to this service and gave them the discretion to implement the reductions in a manner that would best serve the consumers in their areas.

An SRS survey of CDDOs showed that CDDOs used a variety of strategies to reduce services in their area. Strategies included: 1) across the board reductions in plans of care, 2) targeted reductions based on a needs assessment, and 3) negotiated reductions based on the needs of the individual. All CDDOs reported involving the consumer and his or her caregivers in the process.

The policy regarding any requested increase in services provides that SRS will grant the increase when a crisis situation exists. CDDO staff review these requests and either approve or deny services. If a consumer or his or her family member disagrees with the decision, they may request an administrative appeal.

E. Payroll Agents for Persons Who Self Direct Their Care
(SSBC: SRS Budget FY 2005 - Item 33)

The Social Services Budget Committee requests the agency report back at Omnibus on the financial situation of payroll agents for person's who self-direct their care through the HCBS/waivers. The Social Services Budget Committee is concerned that the rates paid to payroll agents are not sufficient to cover the cost of the additional responsibility of providing workers compensation insurance.

SRS has worked during the past two months with the Kansas Insurance Commission, Kansas Association of Insurance Agents, Centers for Independent Living and Home Health Agencies to formulate a solution to the issue of payroll agents being unable to access reasonably priced workers compensation insurance. SRS has conducted three meetings to discuss issues and will continue to work with these partners towards a resolution.

In addition, SRS plans to use a national expert on fiscal intermediaries, including workers' compensation and unemployment insurance, for a two-day seminar in June to assist Kansas with some of these issues, offering ideas and examples of options other states use in their payroll agent programs.

F. Implementation of the Care Management Pilot Project
(SSBC: SRS Budget FY 2005 - Item 34)

The Social Services Budget Committee requests the agency report back at Omnibus on the progress toward the implementation of the care management pilot project.

In 2002, SRS proposed implementing care management for Medicaid beneficiaries. SRS researched other states' accomplishments in the areas of care management and disease management. SRS staff also analyzed the demographics, use of services, types of diseases, and the cost of health care of the Kansas Medicaid population. SRS staff examined various care management tools, including different types of predictive software. Several disease management vendors made presentations. SRS conducted many conversations with CMS, discussing the viability of the project and how it could be implemented.

The health care system is not easily managed by the individuals it serves. It is difficult to navigate, and services are often not delivered in a coordinated fashion. Health care consumers, if provided adequate information, can make good choices concerning their care. A holistic approach using disease management and case management tools to treat high-risk individuals forms the foundation of the SRS care management proposal.

The plan calls for SRS to partner with providers in Sedgwick County to develop a 501(c)(3) not-for-profit agency to provide care management in Sedgwick County. This demonstration project will promote a community-based network of support. Care management will provide high quality, evidence-based care to consumers, resulting in more appropriate and more cost-effective utilization practices. The project will utilize a collaborative approach with the primary physician, family, friends, and acute care centers to develop a plan of care that provides the right amount of care with the right skill level to the right individual. SRS will evaluate this five-year project's success by lower medical costs and an increase in quality care.

The Medicaid Director and other staff met with representatives of the Sedgwick County Medical Society, Via Christi Regional Medical Center, and the Sedgwick County Public Health Department on February 26, 2004, to present the proposal for the pilot project. Another meeting with the potential board members was held April 16.

SRS plans to have health care leaders in Sedgwick County join with the Kansas Medical Assistance Program to name a Board of Directors and organize the not-for-profit organization this spring. The success of this project will provide the momentum to develop other local not-for-profit organizations throughout the state in the future.

G. Screening for Continued Stay Process for Nursing Facilities for Mental Health
(SSBC: SRS Budget FY 2005 - Item 35 and
SWAM: SRS Budget FY 2005 - Omnibus Item 1)

The Social Services Budget Committee and the Senate Ways and Means Subcommittee request that the agency report back at Omnibus with an executive summary of the screening process for the NFs/MH.

Assessment of individual need for institutional care must use an ongoing process, which is consistent with developing community services, individual improvement and the mission of SRS to promote adult self-sufficiency. SRS designed the Screen for Continued Stay process to assess individuals residing in NFs/MH in order to evaluate an ongoing basis for that level of care. Individuals who are determined to need a less intense level of care receive the opportunity to become integrated into the community with an array of services and supports consistent with personal needs. SRS established a 120-day timeline to allow for coordinated planning and transition orchestrated by the Community Mental Health Center in concert with the resident, the NF/MH and other key individuals identified by the resident.

SRS is in the process of implementing a procedure that discontinues payments to NFs/MH when, through the Screening for Continued Stay process, it has been determined that this level of care is no longer medically necessary. Payments will be discontinued after a 120-day transition period. The 120-day transition period begins after SRS has received and approved the recommendation for discharge from the screener and approved the recommendation and the treatment plan. As a part of the process there are three opportunities for the individual to appeal the discharge determination. The 120-day clock stops during any appeal. In those circumstances when 120-days is not sufficient time to put into place in the community the elements recommended in the treatment plan, then SRS can authorize additional lengths of stay for the individual and continued payment for the facility.

SRS is finalizing its policies and procedures and has worked with a group of stakeholders including NFs/MH, CMHCs, consumers, screeners and the University of Kansas in development of the policies and procedures. There will be ongoing monitoring and data collection that will allow SRS to track the status of any individual discharged from an NF/MH. SRS is also contracting for an independent analysis of the policy change. As directed, SRS will provide the 2005 Legislature with a preliminary report on the program's effectiveness, and provide a final report to the 2006 Legislature.

Further detail on the screening process and policies and procedures, along with a flow chart of the process, are included as *Attachment A*.

H. Opening the Medical Card to Mental Health Clinicians
(SSBC: SRS Budget FY 2005 - Item 36)

The Social Services Budget Committee requests that the agency report at Omnibus on its progress toward opening the Medicaid medical card to mental health clinicians beyond the community mental health centers (CMHCs) and NFs/MH.

SRS has received public input regarding the proposal to open the medical card. The University of Kansas compiled the responses into a document that SRS staff has reviewed. This summary is contained in *Attachment B*. Feedback indicated a variety of pros and cons for both opening the card and not opening the card.

In follow-up to this feedback, SRS invited respondents to a meeting on April 15 to advise SRS on next steps. About 60 individuals participated in the meeting. Participants represented family members, consumers, advocates, Community Mental Health Centers (CMHCs), child welfare contractors and private practitioners. The meeting included a review of the summary report followed by facilitated discussions in small groups about next steps in the process. Each group produced a list of possible next steps. The list below outlines the similarity in the materials produced:

Some of the common recommendations include:

- Objective analysis of access and service choice based on quantified data
- Greater inclusion of consumers and family members to determine what issues these groups consider important
- A clear delineation of the problem
- A review of possible unintended consequences and an analysis of cost

As a result of this public policy discussion, a variety of positive stakeholder developments has emerged, including indications that parties with different opinions on the issues developed a greater understanding of broader concerns and some particular work between some CMHCs and private practitioners who agreed to immediately hold local discussions about collaborating to better meet the needs of consumers and family members.

In consideration of both the written feedback and the recommendations on next steps, SRS plans to address the following over the course of the next six to eight months:

- Collection and analysis of objective data on access and service choice
- Consumer and family member focus groups to determine issues of greatest importance to these groups
- Continued stakeholder input

In an independent session for this respondent meeting, the Governor's Mental Health Services Planning Council voted to recommend that any decision on opening the medical card be delayed until SRS and its stakeholders conduct further study and review the relevant data regarding the issue.

I. Temporary Assistance to Needy Families (TANF) Reauthorization
(SSBC: SRS Budget FY 2005 - Item 37)

The Social Services Budget Committee requests that the agency report at Omnibus on the reauthorization of the Temporary Assistance for Needy Families (TANF) block grant.

The Temporary Assistance to Needy Families (TANF) Program was first authorized in 1996. The program authorization expired in September 2002. It has been operating under a series of continuing resolutions since that time. The most recent continuing resolution was passed March 31, 2004, and expires June 30, 2004. In passing continuing resolutions, Congress has made no changes to the TANF program, except to discontinue funding for High Performance Bonuses, which ended in 2003. The House has indicated that if the Senate does not use the latest three month extension to pass a Senate bill and get it to Conference Committee, the House will not pass the bill without policy changes. SRS has learned the Senate is likely to link TANF reauthorization to Senator Kennedy's minimum wage legislation and will be debating the bill yet this Session. If the bill is not passed this Session, Congress will have to start over completely, as bills from this session cannot be carried over into the next Session.

In February 2003, the House passed a reauthorization bill, HR 4, which is based on the President's reauthorization proposal. HR 4 was amended by and passed out of the Senate Finance Committee in September 2003. Although the House and Senate are mostly in agreement on increasing the hours of work required of welfare recipients and increasing the work participation rate requirement of states from 50.0 percent to 70.0 percent, some issues remain in contention. These issues include limits on barrier reduction activities and vocational education, funding for child care, performance credits for the work participation rate, and calculation of work participation rates.

Of continuing concern is the impact of rising caseloads on flat funding of the TANF and Child Care block grants. Assuming continuation of the current level of TANF block grant and Child Care block grant funding, SRS projects a deficit to occur by FY 2006. Any shortfall will be addressed through the department's budget process. Options include a reduction in services, additional state funding, or a combination of reductions and increased funding.

J. Federal Child Welfare Flexible Funding
(SSBC: SRS Budget FY 2005 - Item 38)

The Social Services Budget Committee requests that the agency report at Omnibus on Flexible Child Welfare Funding.

Under the federal child welfare flexible funding proposal, states would gain flexibility to use federal foster care funds for a broad range of services to children and families. This would include services such as preventive programs and subsidized guardianship, which are not allowable under present regulations. States could use federal funds for all children in the foster care system, without regard to income. Presently, foster care funds are restricted to children who meet 1996 welfare income eligibility requirements. At a recent American Public Human Service Association (APHSA) meeting, SRS learned the Pew Report on this

proposal will not be complete until mid summer. No additional information is known at this time.

K. Pilot Project to Provide Residential Care to Seriously Ill Children
(SSBC: SRS Budget FY 2005 - Item 39)

The Social Services Budget Committee requests that the agency report at Omnibus on the pilot to provide residential care to seriously ill children.

SRS has finalized a process that assures community mental health services and other supports have been utilized to keep children with serious emotional disturbances (SED) living safely in their home and community, before psychiatric residential treatment in a Level VI is utilized. SRS staff and contractors are receiving detailed training about mental health services available to children without requiring a child coming into custody. In the event a child's mental health needs can not be met in the community with home and community-based services, and the child meets the medical necessity criteria to be admitted to a Level VI psychiatric treatment facility, SRS will pay for the Level VI service without the child being in the custody of SRS.

SRS is also working toward implementing a pilot project targeted to children with physical and/or mental disabilities. The pilot project will be implemented in FY 2005.

L. Acute Care Psychiatric Services for Children
(SSBC: SRS Budget FY 2005 - Item 40)

The Social Services Budget Committee requests that the agency report at Omnibus on possible amendments to the Medicaid State Plan to fund longer stays in patient acute care psychiatric services for children.

As a continuation of the work of the Future of State Mental Health Hospitals Steering Committee, the Governor's Mental Health Services Planning Council is looking at options to fund longer lengths of stay in community hospitals for children with psychiatric issues. They are exploring these options in concert with their overall study of how to meet the acute psychiatric care needs of Kansans with mental health issues.

A number of methods to allow longer lengths of stay in private community hospitals for children requiring acute psychiatric services could be employed, which could result in fewer admissions to the state hospitals. Following are some of the possibilities the Governor's Mental Health Services Planning Council is exploring:

- Furnishing private community hospitals, which provide inpatient psychiatric services for children, with an up-front payment to fund longer lengths of stay. As these longer stays are processed through the hospitals' cost reports, the diagnostic related grouping (DRG) payments would increase, allowing longer lengths of stay to be built into the DRG rates;

- Reducing the number of days a child must be in the hospital before the hospital qualifies for “outlier” payments;
- Providing a flat cost-based reimbursement for qualified admissions;
- Providing a flat per diem reimbursement rate; or
- Negotiating a percent of change payment for qualified admissions.

If SRS implements any of these changes, the agency will develop a reasonable, adequate utilization control process to ensure children do not remain hospitalized longer than necessary.

Concurrent with these efforts SRS will explore other related actions to better meet the needs of children and their families closer to their homes including:

- Ensuring families receive a choice of inpatient services as close to their home as possible.
- Developing a higher level of coordination and integration of community mental health center and hospital services.
- Expanding private community hospital services in unserved and underserved regions of Kansas.
- Determining what other local mental health service options would reduce the need for families to seek inpatient services.

M. Payroll Agents Reporting Fraud
(SSBC: SRS Budget FY 2005 - Item 41)

The Social Services Budget Committee requests that the agency investigate reports that payroll agents who discover and report fraud are penalized by reduced reimbursements. The Committee requests the agency to report back at Omnibus with procedures to address the issue.

Anyone, including payroll agents, should report suspected Medicaid fraud to the State Medicaid Agency, to the state’s Medicaid fiscal agent, or to the Attorney General’s Office. A toll-free telephone number is available to report such instances. The fiscal agent’s Surveillance and Utilization Review (SUR) unit follows up on these reports. In many cases, the outcome results in education of the provider to correct honest mistakes that resulted in overpayment. Sometimes cases are referred to the Medicaid Fraud Control Unit (MFCU) in the Attorney General’s Office, however, this unit decides which cases it will pursue.

Federal regulations require the State Medicaid Agency (SRS) to recoup overpayments from the enrolled provider – in these cases, the payroll agent. SRS has informed providers of this; additionally, SRS has informed providers that they have the ability and authority to collect the money SRS has recouped from the payroll agent by withholding payments to the attendant and, SRS will continue to work with payroll agents to help them understand their rights and responsibilities, as well as their options, in these situations.

N. New Child Welfare Contracts
(SSBC: SRS Budget FY 2005 - Item 42)

The Social Services Budget Committee requests the agency report back at Omnibus on the process that will be used during the transition to the new child welfare contracts that will be awarded for implementation beginning July 1, 2005.

Strategic Planning for the new Child Welfare contract design and for the overall process is underway. An SRS Child Welfare Contracts Steering Committee was formed to guide this important procurement. To augment the Steering Committee's perspective, the Child Welfare Contracts Advisory Committee was assembled to provide feedback on options being considered for inclusion in the contracts. The Advisory Committee included interested individuals who are knowledgeable about the child welfare system, but did not have a specific contracting role, and who will be precluded from developing bids in response to the RFP.

Based on information received from consumers, providers, legislators, and stakeholders during the Request for Information process conducted in July, August and September 2003, the changes that needed to be considered in the new Child Welfare Community Based Partnership were significant enough to warrant a one-year delay in the starting date of the new contracts to July 2005. As the agency moves toward developing a new set of RFPs, it will be reviewing lessons learned over the past eight years.

The new contracts are scheduled to be announced in January 2005, with transition to be completed by July 2005. SRS is currently working on developing a transition plan should a current contractor not receive a new contract. This transition plan will incorporate learnings from previous transitions and will be based upon the principles of:

- providing for the safety and well-being of the children
- avoiding disruptions of already established or planned services
- providing after care to all children eligible
- providing written notification of the contractor change to children, parents, foster parents, group home and residential facilities, judges, Guardians ad Litem, and County or District Attorneys
- written transition summaries on each case which will transfer
- transfer of the complete file on each child to the new contractor within 10 working days of the start of the new contract
- transfer of all computer files related to these contracts

In order to help insure a successful transition to the new contracts, a portion of each current contractor's payment for SFY 2005 is being withheld until successful transition has been accomplished.

O. Expanding the State Children's Health Insurance (SCHIP) Program
(SSBC: SRS Budget FY 2005 - Item 1 House Committee Recommendation)

The House Social Services Budget Committee requests that the agency report back at Omnibus with a better cost estimate on the expansion of the SCHIP to cover children from conception to birth.

It is difficult to estimate precisely the number of women who might seek coverage for prenatal care if the income eligibility for such coverage is raised to 200.0 percent of the federal poverty level. Currently, pregnant women are eligible for coverage under the Medicaid program if their income is at or below 150.0 percent of the federal poverty level. SRS originally estimated that 714 more women might seek such coverage. SRS based the estimate on the number of unduplicated children under one year of age who were covered in the States' Children's Health Insurance Program (SCHIP) portion of Healthwave. In its estimate, SRS noted that this was likely a low estimate.

Since that time, SRS has examined more closely poverty and fertility rates of Kansas women. Based on this examination, SRS now estimates that potentially 2,700 women could seek eligibility for such expanded coverage. However, it should not be assumed that everyone who is eligible for a program seeks coverage. Therefore, 2,700 represents a high estimate.

SRS estimates that 81.0 percent of the eligible pregnant women in Kansas are currently covered by Medicaid services at current eligibility levels. If 81.0 percent of the potentially eligible women were to access services if eligibility were increased to 200.0 percent of the Federal Poverty Level, then approximately 2,200 more women might enroll.

The Fall 2004 consensus estimate for the cost of serving pregnant women through Medicaid in FY 2005 was \$610 per woman per month. SRS used this cost for this revised estimate because it represents a large number of persons; the ages of the persons in the group are comparable in age with the proposed group; and there is extensive experience with the cost of serving persons in this group over time. In addition, for the same reasons, SRS used the average coverage period of 5.5 months for this group in this revised estimate.

If the Legislature makes a policy decision to expand eligibility for pregnant women, that could be done by providing for coverage under the State Children's Health Insurance program as allowed by federal law, or through expanding Medicaid eligibility. The table below details a low and high range for the projected costs of such an expansion, including the amount of state funding required.

Revised Estimate of the Cost of Covering Prenatal Care for Women Between 150.0 and 200.0 percent of the Federal Poverty Level		
	Lower Range Est.	Upper Range Est.
Estimated Number of Women	714	2,700
Average Cost Per Month	\$610	\$610
Average Number of Months of Coverage	5.5	5.5
Total Estimated Cost	\$2,395,470	\$9,058,500
State Funds for Coverage Under SCHIP – 27.33%	\$654,682	\$2,475,688
State Funds If Under Medicaid – 39.04%	\$935,191	\$3,536,438

In addition, SRS makes the following observations:

- Without either a reallocation of other states' SCHIP funds or an increase in Kansas' federal SCHIP allotment Kansas will exhaust federal matching funds for SCHIP during FY 2007 or shortly into FY 2008.
- Under the SCHIP, women who have even minimal health insurance cannot be covered.
- Under Medicaid, women who have minimal health insurance can be covered by Medicaid as the payer of last resort.

P. Developmental Disabilities State Hospital Capital Improvement Projects
(SWAM Capital Improvements Subcommittee)

The Senate Ways and Means Subcommittee on Capital Improvements requests detailed information about the projects scheduled for the DD State Hospitals.

The FY 2005 Governor's Budget Recommendation (GBR) for capital improvements for the Kansas Neurological Institute (KNI) and Parsons State Hospital and Training Center (PSH&TC) total \$6.8 million. Nearly all of the projects funded by the GBR are for maintenance repair, replacement or up-keep. Of the total amount, \$5.0 million is needed to address critical or urgent projects that will prevent imminent and costly building deterioration, keep vital mechanical systems operating, and meet Americans with Disabilities Act requirements. It would be prudent to complete these projects no matter how the facilities will be used. The remaining \$1.8 million is for projects that are needed so the facilities' physical plants are maintained to existing standards.

A list of all the critical, urgent and important capital improvement projects is contained in *Attachment C*.

Q. MediKan Program Hardship Criteria
(SWAM: SRS Budget FY 2005 - Omnibus Item 2)

The Senate Ways and Means Subcommittee requests the agency provide a draft of the hardship criteria to address the issues in the General Assistance/MediKan Program.

A 24 month lifetime limit for receipt of General Assistance (GA)/MediKan benefits was established by the 2002 Legislature. The original implementation date was set at July 1, 2002, but was accelerated to January 1, 2002, during the 2003 Legislative Session. SRS began closing cases first impacted by the time limit effective December 31, 2003. However, an ex parte restraining order was issued that same day and prevented SRS from moving forward with 24 month time limit closures. As a result, approximately 439 consumers were reinstated for cash and medical benefits on January 2, 2004. On February 2, a temporary injunction was put into effect continuing the hold on the 24 month time limit. SRS has taken no further efforts to close cases because of the restraining order and injunction.

The primary argument used in establishing both the restraining order and temporary injunction was that SRS had not established hardship criteria that would exempt certain recipients from the time limit. The 2002 Legislature had incorporated a proviso in the

appropriations bill that such criteria be developed as part of the time limit requirement. Because the agency had not done so, the court ruled in favor of the plaintiffs and placed a hold on actions related to the time limit.

The following draft hardship criteria has been developed for use in the GA/MediKan program effective July 1, 2004. Rules and regulations will be developed to implement the criteria. Consumers would be eligible to continue in the GA program, beyond the 24 month time limit, if they met these criteria:

- Consumers whose initial application for SSA/SSI disability benefits is still pending or in appeal status. Benefits would continue until an Appeals Council decision is rendered.
- Consumers who need a time limit extension to participate in a safety plan to overcome the effects of domestic violence/sexual assault.
- Consumers who have had involvement with the GA Reintegration program upon release from a state mental health hospital.
- Consumers who are age 60 and above. As these consumers are closer to retirement age and as the combination of age and disability creates further limitations to self-sufficiency, they should be allowed to continue to access benefits.
- Consumers who are assessed as having a high level of functional limitations such as communication skills, self-care, mobility, etc. This option would require referral for VR services and an assessment done by Rehabilitation Service counselors.
- Consumers who have reapplied for SSA/SSI disability benefits and the application is still pending. This would allow GA to continue until a decision is rendered at the reconsideration stage but not for any further appeals if unsuccessful.

Implementation of all of the above criteria would allow approximately 76.0 percent of the impacted clients in FY 2005 to retain eligibility.

Screening for Continued Stay Process for Nursing Facilities for Mental Health

Background:

The Nursing Facilities for Mental Health (NF/MH) program began in the early 1980s as an alternative to placing individuals with severe and persistent mental illness (SPMI) in traditional nursing facilities. NFs/MH provide a resource for individuals who are assessed as unable to live successfully in the community without access to intensive levels of assistance.

Intensive community-based resources have developed during the past 15 years, and as a result, community service providers now have the technology and service capacity to provide more intensive levels of care to people in their home communities.

The evolution of community mental health services gives cause to reassess individual need for institutional care. The effort to assess individuals residing in NFs/MH in order to determine continued need for that level of care began more than two years ago and is established in both federal and state law.

It is within the context of the Olmstead decision, the Kansas legislative proviso in July of 2001, and the Regulations Establishing Community Mental Health Centers, 30-10-7 (2) (d), that SRS moved forward with the Screening for Continued Stay process within the NFs/MH. This process involves a thorough, annual review of each resident's status through interviews with the resident, NF/MH staff, family, guardian and others as appropriate, and review of available documentation. CMHCs conduct the screening for the area in which the resident would like to reside. This allows CMHCs to match locally available services with individual need. The CMHCs provide and coordinate care for people screened with a disposition of community integration.

Policy:

SRS is in the process of implementing a procedure that discontinues payment for supporting individuals in Nursing Facilities for Mental Health (NFs/MH) when it has been determined that this level of care is no longer medically necessary through the SCS process. One hundred twenty (120) days from the date SRS approves the recommendation for discharge and the treatment plan, payment to the NF/MH will cease for that individual. Individuals will receive notice of this recommendation at the time of the screen, then again, in writing, of the disposition of the SCS, their discharge date, and their right to appeal. For those who appeal, the 120-day time line will cease to apply if it is determined that discharge is inappropriate at this time; if discharge is supported, the time line remains in place along the way. The clock is stopped during the appeal.

SRS will review individual situations in the rare instances when 120 days is not sufficient to accomplish community living. Mental Health Field Staff will monitor progress.

Description of the Process:

CMHCs complete the SCS for those individuals residing in an NF/MH for whom they are responsible according to the definition of "County of Responsibility" in the Mental Health Reform Act. A CMHC Screener and a Screening Facilitator conduct the SCS. Facilitators are individual consumers who provide peer support and knowledge based upon life experience and their own recovery. The screening tool retrieves as much information about an individual as possible to make well-founded decisions about disposition. The individual's preferences are addressed and treatment planning occurs in concert with each individual, NF/MH staff, family members, guardians and other service providers as appropriate.

The CMHC submits completed screens, including the treatment plan when the recommendation is for discharge, to SRS for review and approval. The approval occurs within a week to ten days from the date of receipt by SRS. A time period of 120 days allows for planning and coordinating services and supports for a person screened with a disposition of community integration, after which payment to the NF/MH will end for that individual. The 120 days will commence on the date SRS approves the SCS, including the treatment plan.

During this time period the CMHC works with the individual/guardian, family, NF/MH staff and any others identified by the resident to develop services and supports required to move to the community. In addition to mental health services, the CMHC will coordinate other resources to assist the person with housing, daily living skills, physical health, transportation, employment, education and other needs.

Occasionally, due to a medical emergency or other unforeseen circumstance, 120 days may be insufficient to accomplish community living. In the event a person is unable to move from the NF/MH in the 120-day period, the CMHC may request an extension. The CMHC will notify SRS in writing at least 30 days prior to discharge or at the earliest possible date in the event of an emergency. The CMHC will submit written documentation to support the need for extension. SRS will complete a case review. If SRS approves an extension, agency staff will establish a new time line to allow for the CMHC to achieve the goal of community living. In these instances the NF/MH will continue to receive payment for services until discharge occurs.

Advocacy agencies, including KAPS, Centers for Independent Living, and Advocates for Better Care, can provide assistance to individuals and their families in exercising their rights. NF/MH staff, families and guardians will receive education and information about the screening process and the services available in the community. Individuals residing in NFs/MH will receive educational materials and brochures explaining the screening process.

Appeal Opportunities:

SRS provides three opportunities for NF/MH residents to appeal a recommendation for discharge.

1. Appeal recommended disposition

On the day that SRS approves the recommendation for discharge on the SCS, SRS sends a letter to the resident and guardian, if applicable, and a copy to the NF/MH, CMHC, SRS Regional Office, and Kansas Department on Aging (KDOA) outlining the disposition of the screen, the 120 day transition period, and the person's right to appeal. CMHCs continue to work with the individual toward discharge while awaiting a decision, because if SRS upholds the discharge, the 120-day time period remains.

2. Appeal 120 day period

At mid-point during the 120 day transition period, SRS will send a letter to the resident, and guardian if applicable, and copies to the NF/MH, CMHC, SRS Regional Office, and KDOA reminding them of the end of the 120 day transition period and their right to appeal.

3. Appeal termination of payment

At the end of the 120 day transition period, SRS Central Office and the SRS Regional Office will send a letter to the resident and guardian, if applicable, and copies to the NF/MH, CMHC, and KDOA confirming the disposition of the screen, the end of the 120 day transition period and termination of state funding for continued stay, and their right to appeal. An appeal at this point is likely to be dismissed if an appeal was exercised in number one above and the disposition of discharge was upheld.

The right of appeal lies with the NF/MH resident/guardian. Several independent organizations can assist residents with the process. An informational brochure for families will contain information on helpful organizations as well, and will be available in the spring of 2004.

Residents can appeal through the Office of Administrative Hearings.

Monitoring the Process:

Two groups, consisting of representatives from SRS, NFs/MH, CMHCs, screening facilitators (consumers), screeners, and other interested entities, meet regularly to discuss the progress of the screening for continued stay process and any improvements needed:

SRS, NF/MH, CMHC Quarterly Meeting

SRS invites all NFs/MH and CMHCs to meetings conducted quarterly in Topeka. These meetings usually attract 35-40 participants. This arena provides opportunities to make formal announcements, educate, explore cooperation, address concerns and hear suggestions for improvement.

Feedback Committee

This consists of a smaller group of individuals and meets every two months. SRS relies on this group to provide feedback about successes and areas of concern. The group seeks to find solutions and then monitors the solutions for effectiveness. This committee consists of representatives from NFs/MH, CMHCs, screening facilitators (consumers), screeners and KU staff. SRS has reviewed this policy with the feedback committee.

Mental Health Field Staff:

Mental Health Field staff are also aware of each individual in their regions of responsibility who has been screened with a disposition of discharge. On a quarterly basis MH Field staff review the progress of these individuals. MH Field Staff document this progress through a quarterly report sent to the SRS central office for review.

Data Collection and Evaluation:

Several means of collecting information about the process and individual outcomes have been implemented:

Screening Data:

SRS collects all information from the SCS and documents the number of screens conducted, number of residents recommended for discharge or continued stay, reasons for continued stay, the number of screens and CMHCs conducting those screens, etc. The University of Kansas School of Social Welfare will assist SRS staff with data analysis to review availability of resources relative to individual needs.

Service Data:

SRS collects information regarding services provided to discharged individuals through the AIMS database (services reported) and through the MMIS (services billed).

Outcome Data:

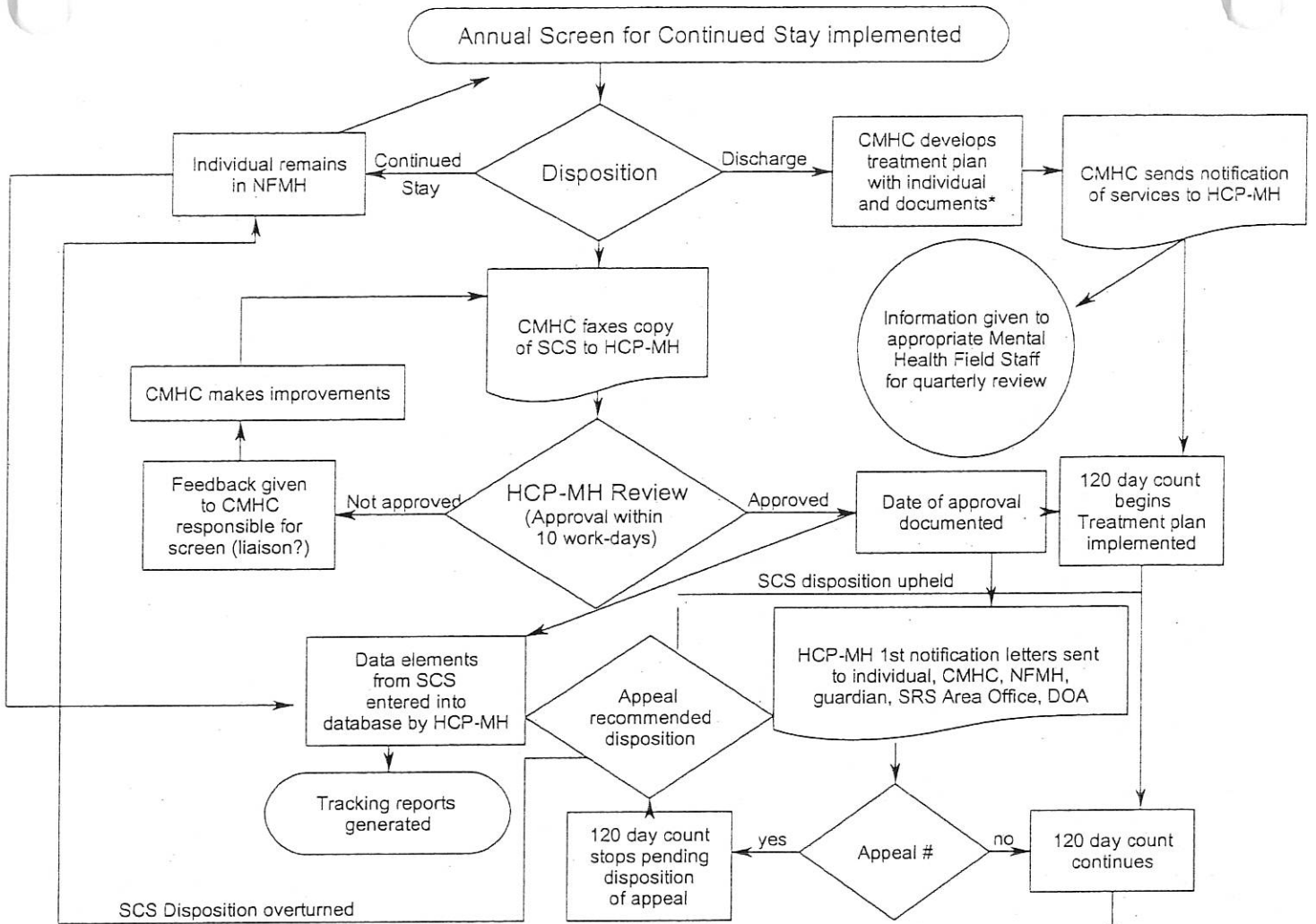
SRS collects client status data (i.e. living status, employment and education status). SRS can track people leaving an NF/MH and receiving CMHC Community Support Services through this mechanism.

Case Scenarios:

Case scenarios are prepared to help represent the process and augment other data. SRS solicits these from CMHCs and collects scenarios as challenging situations present arise.

Independent Analysis:

SRS anticipates contracting with KU or another entity to provide an independent evaluation of the NF/MH Project. The independent evaluation will include longitudinal data on consumer status. SRS will provide a preliminary report to the 2005 Legislature and a final report on the program's effectiveness to the 2006 Legislature, as recommended by the Senate Ways and Means Committee. Since KU is already involved in the Client Status Reporting, that university can consult with SRS throughout the development and implementation of the SCS process.



**NFMH
SCREENING for CONTINUED STAY
PROCESS**

CMHCs begin entering data into the AIMS database on individual NFMH residents as soon as service begins and as long as service is being provided after the individual moves into the community. Quarterly reports are generated from AIMS to monitor the status of those being served.

**A move out of the NFMH may occur any time after this point in the process.*

Appeal rights for the same issue(s)

Monitoring by MH Field Staff continues

Summary of Public (Written) Comments on the SRS Proposal:
Opening the Medicaid Eligible Provider Network

Compiled by:
Monika Eichler, LMSW
Taunia Locker, MS, LCP
Charles A. Rapp, PhD

The University of Kansas
School of Social Welfare
Office of Mental Health Research & Training

March, 2004

Summary

A total of 129 responses received with 59% in favor and 41 % opposed.

Constituency	OBJECT	SUPPORT	TOTAL # Respondents
Community Mental Health Centers	44	0	44
Providers	2	24	27*
Unified School Districts	0	19	19
Associations	3	9	12
Consumers, Family Members of Consumers	2	7	9
Unidentified, Out of State	1*	7	8
Universities	0	5	5
Child Welfare Contracts	1	3	4
Hospitals	0	2	2
TOTAL	53	76	129

*1 unclear

The most frequent arguments for the proposal are that it would increase choice and access to therapy. It is claimed that CMHC's have a limited number of therapists which produces long waits ("several months") for service and very limited selection. This was particularly prevalent by rural responses. Others argued that by opening the provider network would increase the range of specialists available to clients. Some noted that intensity and frequency of therapy currently provided is not always adequate for all people served by CMHC's.

The most prevalent opposition opinions center on reduced coordination/increased fragmentation, cost, and standards. For targeted populations, coordinated services are a must and this proposal does not include any mechanisms for insuring this. Most people pointed to the increased costs for operating the APO and for the increased therapy. The

third theme concerned the lack of standards in this proposal. The proposal suggests that a professional license is sufficient but people argued that standards for outcomes, coordination, and use of evidence-based practice, among others, should be included

Several comments transcended the support or objection. Primarily, the need for more detail concerning the problem; planning in solving the problem; financial analysis, mechanisms for coordination with other services and providers; and quality assurance processes. In other words, more detail was deemed necessary.

**FY 2005 CAPITAL IMPROVEMENTS PROJECTS
FOR PARSONS STATE HOSPITAL AND TRAINING CENTER
AND KANSAS NEUROLOGICAL INSTITUTE**

FACILITY	PROJECT TITLE	PROJECT BUDGET
<u>CRITICAL PROJECTS:</u> These projects are critical to prevent imminent and costly building deterioration and to keep vital mechanical systems working.		
PSH & TC	Re-roof Administration Building, Grounds Maintenance Barn, Paint Shop, and Bulter Building	450,127
PSH & TC	Tuckpoint Masonry Walls at Administration, Ash, Elm, Cafeteria, Laundry, UAF & Research	234,902
PSH & TC	Install Sewer Separator in 10" Main Sewer Line	94,572
PSH & TC	Upgrade Campus Wide Public Address System for Emergencies	143,000
PSH & TC	Replace three Air Handlers, Controls in residential buildings that are likely to fail due to age	392,136
KNI	Replace Existing Fan Coil System with a New VAV System in Flinthills Lodge	1,642,348
KNI	Clean, Tuckpoint, Waterproof All Brick & Limestone Facade on Power Plant	23,611
KNI	Replace Dry Bank Transformer in Cottonwood Lodge	123,585
	Total Critical Projects	\$3,104,281
<u>URGENT PROJECTS:</u> These projects are urgently needed to meet ADA requirements, prevent inevitable building deterioration, and to keep mechanical systems in working order.		
PSH & TC	Upgrade ADA in Research, UAF, Coordination Center, Music, Arbor Hall, Vocational Training, and Energy Center	571,647
PSH & TC	Repair Foundation at the EQ Building	82,448
PSH & TC	Replace Air Handlers, Controls & Clean Ductwork in Elm, Pine, Oak, Cedar, Birch, Ash, Maple, Holly, Willow, Hickory, and Spruce Cottages	1,045,695
KNI	Re-Roof Office Building At Cottonwood Lodge	37,400
KNI	Replace Deaerator Tank and Controls in Power Plant	171,500
	Total Urgent Projects	\$1,908,690
<u>IMPORTANT PROJECTS:</u> These projects are important to maintain the physical plant, buildings, and mechanical systems to current standards		
PSH & TC	Replace Ceiling and Lights in Administration Building	81,426
PSH & TC	Add Sidewalks Around Perimeter of Campus	294,518
PSH & TC	Provide a Covered Entrance/Exit for the Northwest Door of Holly Cottage to Provide All-weather Van Loading for Non-ambulatory Residents, Include Pave Access	108,788
PSH & TC	Asphalt Surface Road to Two South Staff House	99,551
PSH & TC	Improve Campus Building Identification for Emergency Response	134,775
PSH & TC	Improve The Exterior Lighting of Campus for Safety at Night for Staff and Residents	100,000
PSH & TC	Add Emergency Power Back Up System for Computer & Data Center in Administration Building	128,993
PSH & TC	Re-roof Elm Cottage	144,500
PSH & TC	Add Electrical Air Brake at Power Pole Near Birch Cottage	10,800
PSH & TC	Replace Hot Water Tank in Laundry	32,900
PSH & TC	Replace Condensate Receiver Tank at Energy Center	4,600
PSH & TC	Replace Sewer Lift Pumps at Education, Research & Spruce	57,300
PSH & TC	Replace Air Conditioning Tower and Compressors at Willow Cottage	113,200
PSH & TC	Staff House - 1 Northeast Replace Exterior Siding & Trim	16,600
PSH & TC	Staff House - 2 Southeast Replace Exterior Siding & Trim	16,000
PSH & TC	Garage for Staff House - 1 Northeast Replace Exterior Siding & Trim	5,100
KNI	Clean Interior Duct Work Turning Vanes and "Q" Coils in Wheatland Habilitation Center	26,100
KNI	Replace Key Locks in Wheatland	30,000
KNI	Upgrade Exterior Lighting of Campus	300,000
KNI	Replace Windows and Exterior Siding on Staff House and Garage	54,243
	Total Important Projects	\$1,759,394
	TOTAL PSH&TC and KNI	\$6,772,365

KANSAS

DEPARTMENT OF WILDLIFE & PARKS

KATHLEEN SEBELIUS, GOVERNOR

April 15, 2004

Senator Steve Morris, Chairperson
Senate Committee on Ways and Means
State Capitol Building
Topeka, Kansas 66612

Dear Senator Morris:

Pursuant to the request of the Senate Committee on Ways and Means, the Kansas Department of Wildlife and Parks (KDWP) has discussed with the Division of the Budget (DOB) the issue of a possible diversion from protected wildlife funds as a result of the BEST transfers for FY 2005 included in the FY 2005 Governor's Budget Report. The KDWP provided testimony to the Committee that a possible diversion of protected funds could occur if the recommended transfers from protected funds exceeded the amounts allowable for the Department's share of allocated statewide indirect central services cost.

The KDWP has met with DOB and discussed the possible allowable amount of indirect central services cost that could be financed from protected wildlife funds. For FY 2005, the KDWP is estimating that the agency share of the allocated statewide indirect central services cost will be \$200,000. Of this amount, approximately \$170,000 would be chargeable to protected wildlife funds. The FY 2005 BEST transfers from protected funds total \$372,952. The estimated difference of \$202,952 would be a diversion of protected wildlife funds to a use not allowable by State and Federal law.

At the meeting with DOB to discuss the issue of possible diversion from protected funds, the KDWP provided alternative sources of funding from non-protected funds to finance the possible diversion of \$202,952. The attached table provides a listing of the fund transfers as included in the FY 2005 GBR and the

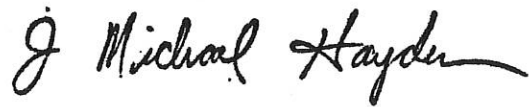
Office of the Secretary

1020 S Kansas Ave., Ste. 200, Topeka, KS 66612-1327
Phone 785-296-2281 Fax 785-296-6953 www.kdwp.state.ks.us

Senate Ways & Means
4/22-23/04
Attachment 29

proposed alternative sources of funding to finance the full amount of the estimated efficiencies that would occur from the BEST recommendations. The FY 2005 appropriation bill (HB 2675) provides for the Director of the Budget to consider factors and limitations applicable to particular special revenue funds and to adjust accordingly. If you or members of the Committee have any questions, please advise.

Sincerely,

A handwritten signature in cursive script that reads "J. Michael Hayden". The signature is written in black ink and is positioned above the typed name.

J. Michael Hayden, Secretary
Kansas Department of Wildlife and Parks

Attachment (1)

INFORMATION REGARDING BEST FY 2005 REDUCTIONS FOR KDWP

4/15/2004

Reductions to Protected Funds as included in FY 2005 GBR

Fund No.

2300	Wildlife Fee Fund	\$	332,692
2050	State Agricultural Production Fund	\$	8,446
2100	Wildlife Conservation Fund	\$	3,251
2670	Federally Licensed Wildlife Area Fund	\$	28,563
	Total Reductions	\$	372,952

Estimated Allowable Indirect Cost Transfers
From Protected Funds \$ 170,000

Possible Amount to be considered as Diversion \$ (202,952)

Alternative Fund Sources to Finance BEST
Transfers to Equal Possible Diversion Amount

2025	Prairie Spirit Rails to Trails Fee Fund	\$	2,952
2065	Wildlife and Parks Non-Restricted Fund	\$	30,000
2045	Bridge Maintenance Fund	\$	170,000
	Total Alternative Sources	\$	202,952

KANSAS

DEPARTMENT OF WILDLIFE & PARKS

KATHLEEN SEBELIUS, GOVERNOR

March 18, 2004

Senator Steve Morris, Chairman
Committee on Ways and Means
Room 123-S, State Capitol Building
Topeka, KS 66612

Dear Senator Morris:

The Senate Committee on Ways and Means has adopted the FY 2004 subcommittee on Capital Improvements report for the Kansas Department of Wildlife and Parks (KDWP). Included in the report is a request to provide information about expenditures of carryover funds as of February 29, 2004, for delayed projects. Attached is a table comparing the FY 2004 amounts included in the FY 2005 Governor's Budget Report with the amounts in the same categories as of 2/29/04. It should be noted that the amounts included in the Governor's Budget Report were as of July 1, 2003. That date is in the middle of the summer construction season and amounts indicated in the approved budget will be less as projects are completed.

The following is a brief explanation for the major categories:

Parks Maintenance and LWCF is contingent upon grant approval from the National Park Service prior to beginning construction of projects. This delays the start of approved projects;

Office of the Secretary

1020 S Kansas Ave., Ste. 200, Topeka, KS 66612-1327

Phone 785-296-2281

Fax 785-296-6953

www.kdwp.state.ks.us

*Senate Ways & Means
4/22-23/04
Attachment 30*

The Milford Hatchery Waterline project is delayed pending a response from the U.S. Army Corps of Engineers on their involvement, if any, in the proposed project;


The repair of the State Fishing Lake dams is a slow process due to design approvals, especially if federal grants are involved; permit acquisition; and actual construction;

The completion of motorboat access projects is slowed by weather, permit acquisition, and the need to obtain approval from the USFWS in order to receive federal aid;

The last two projects listed, Tuttle Creek campground and Cheyenne Bottoms Information Center, were included as supplemental items in the FY 2005 Governor's Budget Report submitted in January, 2004.

If you or members of the Committee require additional information, please advise. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "J. Michael Hayden".

J. Michael Hayden, Secretary
Kansas Department of Wildlife and Parks

Attachment

March 15,2004

Project Areas	Approved FY 04 Budget	Rollover Amt	as of 02/29/04
Parks Maintenance & LWCF	\$2,131,755.00	\$1,303,540.00	
Parks Roads and Bridges	\$2,784,862.00	\$812,349.00	
Waterline at Milford	\$1,282,110.00	\$1,242,955.00	
Cedar Bluff Park Office	\$256,000.00	\$0.00	
Public Land Acquisition	\$1,043,024.00	\$850,010.00	(Several appraisals pending)
Public Land Maintenance	\$498,264.00	\$473,876.00	(Wildlife ADA& Maj Maint WA-Bids are out in various stages)
Wetlands Acquisition/Maint.	\$737,488.00	\$0.00	
Crawford State Lake Sewer	\$34,872.00	\$34,872.00	(Waiting on Sewer District)
Other State Lake Projects	\$265,071.00	\$107,280.00	(BRSL, PTSB, STWD, Reg 5)
Dam Repair at State Lakes	\$1,333,936.00	\$1,105,161.00	
Cheney Shooting Range	\$80,000.00	\$0.00	
Other Misc. Projects	\$364,866.00	\$0.00	
River & Motor Boat Access	\$2,436,621.00	\$1,742,948.00	(Boating Access & River Access-Lewis & Clark included)
Tuttle Creek Campground	\$ 1,500,000.00	\$ 1,500,000.00	
Cheyenne Bottoms Info Ctr	\$ <u>1,999,264.00</u>	\$ <u>1,999,264.00</u>	
Totals	\$ 16,748,133.00	\$ 11,172,255.00	