

Approved: March 2, 2005
Date

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on February 9, 2005, in Room 514-S of the Capitol.

All members were present except:

Representative Newton- excused

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Amy VanHouse, Legislative Research Department
Reagan Cussimano, Legislative Research Department
Amy Deckard, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

- Attachment 1 Budget Committee Report for FY 2005 and FY 2006 on State Corporation Commission and Citizens' Utility Ratepayers Board
- Attachment 2 Budget Committee Report for FY 2005 and FY 2006 on Mental Health Institutions, including Larned State Hospital, Osawatomie State Hospital, Rainbow Mental Health Facility
- Attachment 3 Budget Committee Report for FY 2005 and FY 2006 on Developmental Disabilities Institutions, including Kansas Neurological Institute and Parsons State Hospital and Training Center

Representative Feuerborn moved to introduce legislation for three bills from the Joint Committee on State Building Construction relating to construction services for state public improvement contracts, engineering and land surveying, and architect and engineering services. The motion was seconded by Representative Gatewood. Motion carried.

Representative Powell moved to introduce legislation concerning Cedar Bluff Reservoir relating to the release of water. The motion was seconded by Representative Schwartz. Motion carried.

HB 2319 is referred to Social Services Budget Committee.

HB 2320 is referred to General Government and Commerce Budget Committee.

HB 2351 is referred to Education Budget Committee.

Representative Schwartz, Chair of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the State Corporation Commission for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Powell. Motion carried.

Representative Schwartz, Chair of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the State Corporation Commission for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 1). The motion was seconded by Representative Powell. Motion carried.

Responding to a question regarding the purchase of vehicles in the FY 2006 budget, the Budget Committee

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 9, 2005, in Room 514-S of the Capitol.

noted that the State Corporation Commission is a fee agency and State General Fund (SGF) would not be used in the vehicle purchase. The Committee stated that they felt a statewide policy on the future purchase of vehicles should be established and will plan to address the subject at a future committee meeting.

Representative Schwartz, Chair of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Citizens' Utility Ratepayer Board for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Powell. Motion carried.

Representative Schwartz, Chair of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Citizens' Utility Ratepayer Board for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 1). The motion was seconded by Representative Powell. Motion carried.

The Committee noted their concern with the growth of employees for the Citizens' Utility Ratepayer Board, possibly addressing issues which are beyond the original intent.

Representative Ballard, member of the Social Services Budget Committee, presented the Budget Committee report on the Mental Health Institutions, including Larned State Hospital, Osawatomie State Hospital and Rainbow Mental Health Facility for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 2). The motion was seconded by Representative Powell. Motion carried.

Representative Ballard, member of the Social Services Budget Committee, presented the Budget Committee report on the Mental Health Institutions, including Larned State Hospital, Osawatomie State Hospital and Rainbow Mental Health Facility, for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 2). The motion was seconded by Representative Powell. Motion carried. Representative Feuerborn and Representative Gatewood requested to be recorded as voting "no" on the motion.

The Committee expressed concern with Item No. 4 of the Budget Committee report with reference to the removal of enhanced funding for direct care staff salary increases. The Budget Committee noted that they were not opposed to the salary increase but chose to address all salary increases at the same time at a later date.

Representative Feuerborn moved to strike Item No. 4 from the Social Services Budget Committee report for the Mental Health Institutions for FY 2006. The motion was seconded by Representative Gatewood. Motion failed.

Chair Neufeld advised the Committee that all budget committee reports will use standard language in addressing global issues including pay increases, 27th payroll check and death & disability relating to Kansas Public Employees Retirement System (KPERs). These items will be discussed by the full Committee in conjunction with the Supreme Court ruling on funding for K-12 education and will be addressed in the final budget bill passed out of Committee.

With reference to the question concerning the sex-predator units, the Budget Committee stated that they are reviewing an audit of the program to determine if the three-year treatment program being used is effective in the way it was intended to treat and return the offenders to the community. It was noted that the severe sex offenders may have completed their incarceration with the Department of Corrections; however, cannot be released into society until their treatment program has been successful.

In regard to the new Security Hospital at Larned, the Budget Committee noted there is a 250-bed capacity for mental-illness treatment. In response to a question concerning who goes to the Security Hospital, Audrey Dunkel, Legislative Research Department, indicated that offenders are sent there for court-ordered evaluation and possible treatment. The Committee noted that there are a sizable number of inmates in the Department of Corrections with severe mental illness - a situation which could possibly put the state at risk of lawsuits if treatment is not provided. Gary Daniels, Acting Secretary of the Department of Social and Rehabilitation

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 9, 2005, in Room 514-S of the Capitol.

Services (SRS), responded to questions from the Committee, stating that Department of Corrections is using 15 beds at the Larned Security Hospital. There is continued discussions to secure more beds for treatment of mentally-ill inmates, indicating that the funding for the beds used by the Department of Corrections at the Larned Security Hospital is in SRS's budget.

Representative Henry, member of the Social Services Budget Committee, presented the Budget Committee report on the Developmental Disabilities Institutions, including Kansas Neurological Institute and Parsons State Hospital and Training Center, for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 3). The motion was seconded by Representative Bethell.

Representative Henry moved to amend the Budget Committee report by adding language to Item No. 2 to indicate that this item will be reviewed at Omnibus. The motion was seconded by Representative Bethell. Motion carried.

Representative Henry renewed the motion for adoption of the Budget Committee recommendation for FY 2005 as amended (Attachment 3). The motion was seconded by Representative Bethell. Motion carried.

Representative Henry, member of the Social Services Budget Committee, presented the Budget Committee report on the Developmental Disabilities Institutions, including Kansas Neurological Institute and Parsons State Hospital and Training Center, for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 3). The motion was seconded by Representative Bethell. Motion carried.

The next meeting of the Committee will be held at 9:00 a.m., February 10, 2005, with a budget committee report on Commission on Human Rights, hearings on **HB 2183** and **HB 2347** regarding state property sale in Ellis County, and an update on legal documents to do the bonding for last year's Memorial Union renovation at Fort Hays State University.

Representative Schwartz moved to approve, as written, the Committee minutes of January 26, 2005. The motion was seconded by Representative Bethell. Motion carried.

The meeting was adjourned at 10:20 a.m.



Melvin Neufeld, Chair

HOUSE APPROPRIATIONS COMMITTEE

Guest Roster

February 9, 2005

9:00 A.M.

NAME	REPRESENTING
Dorileyn Kelsel	Budget
Heather Morgan	Budget
Carolyn McClellan	KS St No Area
Mike Hammond	Assn. of Critics of KS
Sheli Swann	" " " "
Gene Dunge	OBSERVATION
Beth Rumbach	CURB
Steve Raderick	CURB
Janelle Moutfort Parje	KCC
Rde Anne Davis	SRS
Laura Howard	SRS
Jim Beckwith	NEKAAA, AARP

House Budget Committee Report

FY 2005-FY 2006

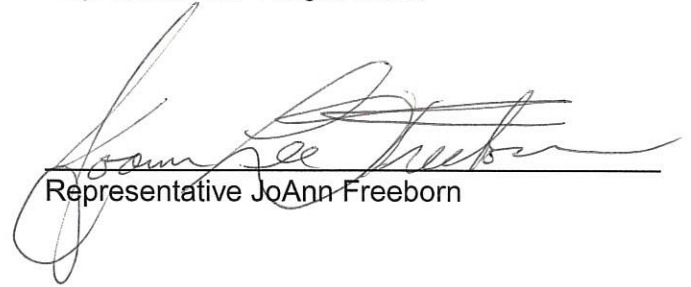
State Corporation Commission Citizens' Utility Ratepayers Board



Representative Sharon Schwartz, Chairperson



Representative Vaughn Flora



Representative JoAnn Freeborn

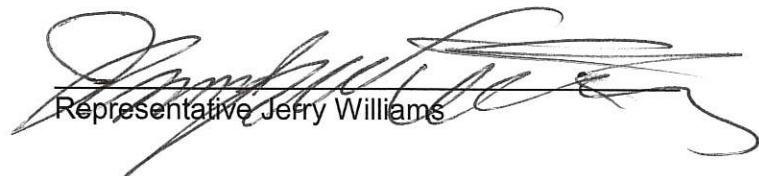
Representative Carl Holmes



Representative Larry Powell



Representative Tom Sloan



Representative Jerry Williams

HOUSE APPROPRIATIONS

DATE 2-09-2005

ATTACHMENT 1

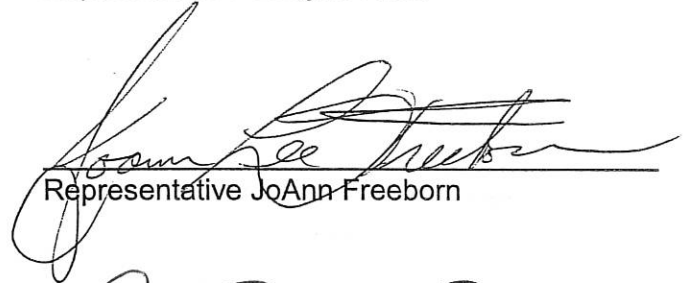
House Budget Committee Report

FY 2005-FY 2006


State Corporation Commission Citizens' Utility Ratepayers Board

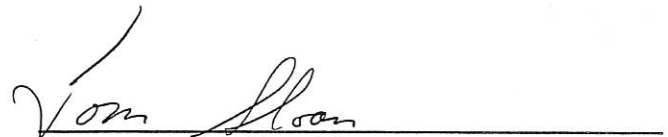

Representative Sharon Schwartz, Chairperson

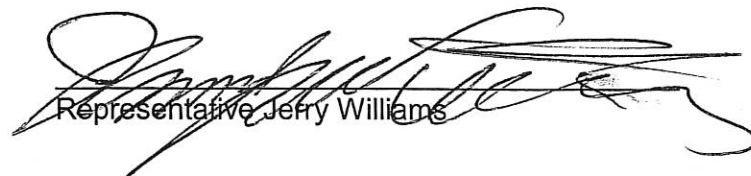

Representative Vaughn Flora


Representative JoAnn Freeborn


Representative Carl Holmes


Representative Larry Powell


Representative Tom Sloan


Representative Jerry Williams

House Budget Committee Report

Agency: State Corporation Commission **Bill No.**

Bill Sec.

Analyst: Deckard

Analysis Pg. No.

Budget Page No. 111

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Special Revenue Funds:			
State Operations	\$ 18,218,227	\$ 18,218,225	\$ 0
Aid to Local Units	669,227	669,227	0
Other Assistance	0	0	0
TOTAL	\$ 18,887,454	\$ 18,887,452	\$ 0
FTE Positions	212.0	212.0	0.0
Non FTE Uncl. Perm. Pos.	6.5	6.5	0.0
TOTAL	218.5	218.5	0.0

Agency Estimate/Governor's Recommendation

The **agency's** estimate for FY 2005 is \$18,887,454, a decrease of \$410,264 or 2.1 percent below the approved amount. The majority of the decrease is in the amount estimated to be expended on costs associated with plugging abandoned oil and gas wells. A decrease of \$11,183 in anticipated federal funds for the Underground Injection Control program, is partially offset by an anticipated increase in federal funds of \$46,658 for a grant for the Gas Pipeline Safety program.

The **Governor** recommends FY 2005 expenditures of \$18,887,452, a decrease of \$410,266 or 2.1 percent below the approved amount. The recommendation is a reduction of \$2 from the agency estimate in the area of salaries and wages.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: State Corporation Commission **Bill No.**

Bill Sec.

Analyst: Deckard

Analysis Pg. No.

Budget Page No. 111

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Special Revenue Funds:			
State Operations	\$ 18,601,134	\$ 18,969,459	\$ 0
Aid to Local Units	519,227	669,227	0
Other Assistance	0	0	0
TOTAL	\$ 19,120,361	\$ 19,638,686	\$ 0
FTE Positions			
FTE Positions	212.0	214.0	0.0
Non FTE Uncl. Perm. Pos.	6.5	6.5	0.0
TOTAL	218.5	220.5	0.0

Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 operating expenditure limitation of \$19,120,361, an increase of \$232,907 or 1.2 percent above the FY 2005 revised estimate. The increase from the FY 2005 estimate includes: an increase of \$49,015 or 0.4 percent in salaries and wages attributable to an increase in fringe benefit costs; an increase of \$205,175 or 3.6 percent in contractual services attributable to an increase in well plugging expenditures, increases in professional services and increases in travel and subsistence ; an increase of \$3,490 or 0.9 percent in commodities attributable to an increase in motor vehicle fuel and parts; and an increase of \$125,227 or 94.6 percent in capital outlay attributable to the \$132,000 enhancement package to replace nine of the agency's vehicles. The increases are partially offset by a reduction of \$150,000 in aid to local units. The request includes the statutory transfers from the State Water Plan Fund and the State General Fund of \$400,000 each into the Abandoned Oil and Gas Well Fund.

The **Governor** recommends FY 2006 expenditures of \$19,638,686, an increase of \$751,234 or 4.0 percent above the FY 2005 recommendation. The recommendation is an increase of \$518,325 or 2.7 percent above the agency request. The recommendation includes the addition of: \$733,486 for salary adjustments; \$150,000 for the continued funding of the Kansas Energy Council; and \$67,439 and 2.0 FTE positions to support programs transferred from the Kansas Department of Transportation. These additions are partially offset by not transferring \$400,000 from the State General Fund to the Abandoned Oil and Gas Well Fund, and decreasing the expenditure limitation by the same amount, and only recommending funding for seven of the nine vehicles to be replaced, a reduction of \$32,600 from the enhancement request.

Statutory Budget Submission

KSA 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report*

includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, there would be no reduction to the Governor's recommended FY 2006 budget.**

House Budget Committee Recommendation

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

1. The House Budget Committee notes the need for a continuation of the provisos contained in 2004 HB 2675, with the exception of two. The Committee is of the understanding that all the provisos are contained in the Governor's recommendation. The Committee recommends removing the following proviso for consideration at Omnibus:

(d) During the fiscal year ending June 30, 2006, the executive director of the state corporation commission, with the approval of the director of the budget, may transfer additional moneys from the conservation fee fund of the state corporation commission, which are in excess of \$400,000 prescribed by K.S.A. 2004 Supp 55-193 and amendments thereto, to the abandoned oil and gas well plugging fund of the state corporation commission: *Provided, however,* That the executive director of the state corporation commission shall certify each such transfer of additional moneys to the director of accounts and reports and shall transmit a copy of each such certification to the director of the legislative research department.

Additionally, the Committee notes that the following proviso included in 2004 HB 2675 is no longer required and is under the understanding that it is not contained in the Governor's recommendation:

(e) On July 1, 2004, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$40,000 from the facilities conservation improvement fund of the department of administration to the facility conservation improvement program fund of the state corporation commission.

The proviso was contained in last year's bill to transfer funding associated with the facility conservation program which was transferred from the Department of Administration to the State Corporation Commission.

2. The Budget Committee recommends reducing the funding for the Kansas Energy Council (KEC) from \$150,000 to \$100,000. The Governor's recommendation includes funding of \$75,000 each from the Conservation Fee Fund and the Public Service Regulation Fund. The Committee recommends reducing the transfer from the Conservation Fee Fund from \$75,000 to \$25,000. The Budget Committee recommends that the agency be instructed to expend the remaining \$50,000 on site remediation projects in order to leverage potential federal funds.
3. K.S.A. 55-192 was enacted in 1996. As a result of this statute, the Abandoned Oil and Gas Well / Remediation Fund was created for the sole purpose of providing funding to the KCC for the plugging of abandoned wells and the remediation of contamination sites related to oil and gas activities prior to July 1,

1996. The 2001 Legislature amended K.S.A. 55-193, which extended the quarterly fund transfers of \$100,000 each from the State Water Plan (SWP), State General Fund (SGF) and the Conservation Fee Fund (CFF) for seven additional years to July 1, 2009.

55-193. On July 15, 1996, and on the 15th day of each calendar quarter thereafter before July 1, 2009, the director of accounts and reports shall transfer \$100,000 from the state general fund, \$100,000 from the state water plan fund established by K.S.A. 82a-951 and amendments thereto and \$100,000 from the conservation fee fund established by K.S.A. 55-143 and amendments thereto to the abandoned oil and gas well fund established by K.S.A. 2003 Supp. 55-192 and amendments thereto, except that: (a) No transfers shall be made pursuant to this section from the state water plan fund to the abandoned oil and gas well fund during state fiscal year 2004, and (b) no transfers shall be made pursuant to this section from the state general fund to the abandoned oil and gas well fund during state fiscal year 2004.

The following shows the past and current recommendations regarding the statutory transfers of the SWP, SGF, and the CFF.

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Gov Rec FY 2006</u>
State Water Plan	\$ 0	\$ 0	\$ 667,000	\$ 400,000
State General Fund	400,000	0	0	0
Conservation Fee Fund	400,000	400,000	400,000	400,000

The Committee recommends the issue of not making the statutory transfer of \$400,000 from the State General Fund per K.S.A. 55-193 to be reviewed at Omnibus.

4. The Budget Committee notes the Governor's recommendation to add \$99,400 in fee funds to allow the agency to purchase seven vehicles. The Budget Committee concurs with the recommendation but recommends that the agency use the new vehicles to replace current arrangements including renting and reimbursement for private vehicles prior to replacing high mileage vehicles the agency already owns.
5. The Budget Committee strongly encourages the agency to review on-going energy grants to ensure reoccurring awards add value to the energy objectives. An example of a reoccurring award over the past several years is the KSU Kansas Energy Extension Service award, which provides energy education by a weekly column of *Ask Energenie* and a toll free number for citizens to ask energy questions.
6. The Budget Committee recommends that the agency engage in more public education to reduce violations on an agency-wide basis. The Budget Committee is interested in seeing a return on investment for training provided, especially in the Transportation Division.

The Budget Committee notes the following example of stated outcome measures from the agency's budget submission which raised the committee's concern.

Performance Measure	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate
Percentage of motor carrier audits that result in identification of safety violations	91%	95%	95%

House Budget Committee Report

Agency: Citizens' Utility Ratepayer Board **Bill No.**

Bill Sec.

Analyst: Deckard

Analysis Pg. No.

Budget Page No. 87

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Special Revenue Funds:			
State Operations	\$ 673,595	\$ 673,595	\$ 0
FTE Positions	5.0	5.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	5.0	5.0	0.0

Agency Estimate/Governor's Recommendation

The **agency** estimate for FY 2005 expenditures is \$673,595, an increase of \$35,904 or 5.6 percent above the approved amount. The increase is attributable to the unexpended balance in professional services that carried forward from FY 2004. The agency is allowed to "carry forward" any unused balances in the Utility Regulatory Fee Fund for consulting fees from the previous year.

The **Governor** recommends FY 2005 operating expenditures of \$673,595, the same amount as the agency estimate.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: Citizens' Utility Ratepayer Board **Bill No.**

Bill Sec.

Analyst: Deckard

Analysis Pg. No.

Budget Page No. 87

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Special Revenue Funds:			
State Operations	\$ 723,916	\$ 735,067	\$ 0
FTE Positions	5.0	6.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	0.0	0.0
TOTAL	6.0	6.0	0.0

Agency Request/Governor's Recommendation

The **agency** requests an FY 2006 expenditure limitation of \$723,916, an increase of \$50,321 or 7.5 percent above the FY 2005 revised estimate. The request includes two enhancement packages totaling \$86,336. Without the enhancements, the request is a decrease of \$36,015 from the FY 2005 revised request.

The **Governor** recommends FY 2006 operating expenditures of \$735,067, an increase of \$61,472 or 9.1 percent above the FY 2005 recommendation. The recommendation is an increase of \$11,151 or 1.5 percent above the agency's request. The recommendation includes one enhancement package of \$73,046 for the addition of a technical analyst FTE position and associated expenses. In addition, the recommendation includes \$24,441 for salary adjustments. The salary adjustments include the addition of: \$1,246 for KPERS death and disability payments; \$13,848 to fund the 27th payroll period; and \$9,347 for the 2.5 percent base salary adjustment for state employees.

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, there would be no reduction to the Governor's recommended FY 2006 budget.**

1-9

House Budget Committee Recommendation

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

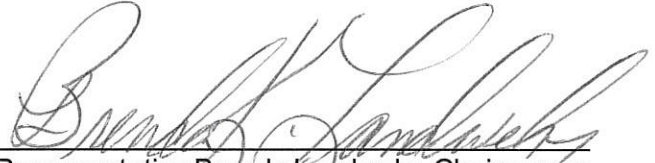
1. The House Budget Committee concurs with the Governor's recommendation to add 1.0 FTE position to this agency in FY 2006. The position is a technical analyst to assist the agency in accomplishing its mission by providing in-house technical expertise and to serve as an agency witness on smaller cases where the use of outside consultants is impractical.
2. The Budget Committee recommends that if the agency is able to accomplish both objectives of the submitted enhancement requests including: the addition of a technical analyst position and a salary upgrade for the attorney position to a Deputy Consumer Counsel, in the amount recommended by the Governor of \$73,046, the agency be allowed to do so.
3. The House Budget Committee notes the need for a continuation of the proviso contained in 2004 HB 2675 that allows the agency to carry forward any remaining balances for consulting fees from the previous year. The Committee is of the understanding that the proviso is contained in the Governor's recommendation.

SOCIAL SERVICES BUDGET COMMITTEE

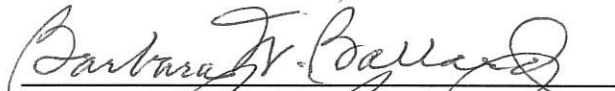
FY 2005 and FY 2006

on

**Larned State Hospital
Osawatomie State Hospital
Rainbow Mental Health Facility**



Representative Brenda Landwehr, Chairperson



Representative Barbara Ballard



Representative Bob Bethell



Representative Willa DeCastro



Representative John Edmonds



Representative Jerry Henry



Representative Peggy Mast



Representative Louis Ruiz



Representative Arlen Siegfried

HOUSE APPROPRIATIONS

DATE 2-09-2005
ATTACHMENT 2

HOUSE BUDGET COMMITTEE REPORT

Agency: Mental Health Institutions

Bill No.

Bill Sec.

Analyst: Dunkel

Analysis Pg. No.

Budget Page No.

Expenditure	Agency Req. FY 05	Governor Rec. FY 05	House Budget Committee Adjustments
Larned State Hospital			
State General Fund	\$ 29,997,749	\$ 29,682,749	\$ (270,149)
Other Funds	10,628,546	10,628,546	0
TOTAL	\$ 40,626,295	\$ 40,311,295	(270,149)
Capital Improvements			
SGF	\$ 0	\$ 0	\$ 0
Other Funds	190,526	190,526	0
TOTAL	\$ 190,526	\$ 190,526	\$ 0
FTE Positions	798.2	798.2	0.0
Non-FTE Other Unclass. Pos.	8.0	8.0	0.0
TOTAL	806.2	806.2	0.0
Osawatomie State Hospital			
State General Fund	\$ 8,035,978	\$ 8,035,978	\$ 0
Other Funds	12,733,382	12,713,382	0
TOTAL	\$ 20,769,360	\$ 20,749,360	\$ 0
Capital Improvements			
SGF	\$ 0	\$ 0	\$ 0
Other Funds	46,738	46,738	0
TOTAL	\$ 46,738	\$ 46,738	\$ 0
FTE Positions	398.6	398.6	0.0
Rainbow Mental Health Facility			
State General Fund	\$ 3,841,426	\$ 3,678,849	\$ 0
Other Funds	3,332,582	3,332,582	0
TOTAL	\$ 7,174,008	\$ 7,011,431	\$ 0
Capital Improvements			
SGF	\$ 0	\$ 0	\$ 0
Other Funds	7,237	7,237	0
TOTAL	\$ 7,237	\$ 7,237	\$ 0
FTE Positions	115.2	115.2	0.0

Larned State Hospital

Agency Estimate

The **agency** estimates \$40.6 million all funds and \$30.0 million State General Fund for FY 2005, an increase of \$896,348 or 2.3 percent all funds and \$585,149 or 2.0 percent State General Fund from the amount approved by the 2004 Legislature. The increase reflects a reappropriation of \$585,149 State General Fund for the move into the Isaac Ray building.

Governor's Recommendation

The **Governor** recommends FY 2005 expenditures of \$40.3 million all funds, \$29.7 million State General Fund for Larned State Hospital, an increase of \$581,348 or 1.4 percent all funds and \$270,149 or 1.0 percent State General Fund above the amount approved by the 2004 Legislature. The increase reflects reappropriations from FY 2004.

The **Governor's** recommendation is a decrease of \$315,000 or 1.1 percent State General Fund below the agency estimate for FY 2005. The reduction reflects a lapse of State General Fund that was transferred from the Sexual Predator Treatment Program to General Administration to be used to help open the State Security Hospital.

Osawatomie State Hospital

Agency Estimate

The **agency** estimates expenditures of \$20.8 million all funds and \$8.0 million State General Fund for FY 2005, an increase of \$818 or less than 0.1 percent all funds and no change in State General Fund from the amount approved by the 2004 Legislature.

Governor's Recommendation

The **Governor** recommends FY 2005 expenditures of \$20.7 million all funds, \$8.0 million State General Fund, a reduction of \$19,182 or 0.1 percent from the amount approved by the 2004 Legislature. The reduction reflects a technical adjustment shifting expenditures to the non-reportable budget.

The **Governor's** recommendation is a reduction of \$20,000 all funds or 0.1 percent from the agency estimate. The reduction is found in the Physical Plant/Central Services program for commodities. Again, the reduction reflects the shift of expenditures to the non-reportable budget.

Rainbow Mental Health Facility

Agency Estimate

The **agency** estimates FY 2005 expenditures of \$7.1 million all funds, \$3.8 million State General Fund, an increase of \$800 or 0.02 percent State General Fund, and no change in FTE positions. The increase reflects the reappropriation of State General Fund from FY 2004 actual expenditures.

Governor's Recommendation

The Governor recommends FY 2005 expenditures of \$7.0 million all funds, \$3.7 million State General Fund, an increase of \$46,662 or 0.6 percent all funds and a decrease of \$161,777 or 4.2 percent State General fund from the amount approved by the 2004 Legislature.

The Governor's recommendation is a reduction of \$162,577 or 4.2 percent State General Fund from the agency estimate. The decrease reflects a reduction of the agency average salary increase to 6.0 percent.

House Social Services Budget Committee Recommendation

The House Social Services Budget Committee concurs with the Governor's recommendation with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation for Larned State Hospital is a State General Fund increase of \$270,149 or 0.9 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.
2. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation for Osawatomie State Hospital is no change from the FY 2005 State General Fund amount approved by the 2004 Legislature.
3. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation for Rainbow Mental Health Facility is a State General Fund decrease of \$162,577 or 4.2 percent below the FY 2005 State General Fund amount approved by the 2004 Legislature.
4. The Budget Committee reduces \$270,149 State General Fund from the Larned State Hospital budget to reduce expenditures to the amount approved by the 2004 Legislature.
5. The Budget Committee notes that the Governor's recommendation increases the shrinkage rate at Rainbow Mental Health Facility from 2.77 percent to 2.85 percent. The increase reflects adjustments to reflect FY 2004 expenditures. The shrinkage rate at Osawatomie State Hospital remains at 2.77 percent, while the shrinkage rate at Larned State Hospital remains at 2.81 percent.

HOUSE BUDGET COMMITTEE REPORT

Agency: Mental Health Institutions

Bill No.

Bill Sec.

Analyst: Dunkel **Analysis Pg. No.**

Budget Page No.

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	House Budget Committee Adjustments
Larned State Hospital			
Operations:			
State General Fund	\$ 36,206,048	\$ 31,508,470	\$ (645,498)
Other Funds	10,666,649	11,786,792	(292,764)
TOTAL	\$ 46,872,697	\$ 43,295,262	\$ (938,262)
Capital Improvements			
SGF	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0
FTE Positions	798.2	798.2	0.0
Non-FTE Other Unclass. Pos.	8.0	8.0	0.0
TOTAL	806.2	806.2	0.0
Osawatomie State Hospital			
State General Fund	\$ 8,544,104	\$ 9,086,679	\$ (103,199)
Other Funds	12,873,499	13,019,518	(200,000)
TOTAL	\$ 21,417,603	\$ 22,106,197	\$ (303,199)
Capital Improvements			
SGF	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0
FTE Positions	403.6	398.6	0.0
Rainbow Mental Health Facility			
State General Fund	\$ 3,888,024	\$ 3,838,339	\$ 0
Other Funds	3,569,576	3,751,326	(45,473)
TOTAL	\$ 7,457,600	\$ 7,589,665	\$ (45,473)
Capital Improvements			
SGF	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0
FTE Positions	115.2	115.2	0.0

2-5

Larned State Hospital

Agency Request

The **agency** requests FY 2006 funding of \$46.9 million all funds, \$36.2 million State General Fund for operations, an increase of \$6.2 million or 15.4 percent all funds and \$6.2 million or 20.7 percent State General Fund from the FY 2005 estimate. The increases are primarily in salaries and wages and reflect enhancements totaling \$6.7 million State General Fund.

Governor's Recommendation

The Governor recommends FY 2006 expenditures of \$43.3 million all funds, \$31.5 million State General Fund, an increase of nearly \$3.0 million or 7.4 percent all funds and \$1.8 million or 6.2 percent State General Fund from the FY 2005 recommendation.

The Governor's FY 2006 recommendation is a decrease of nearly \$3.6 million or 7.6 percent all funds and \$4.7 million or 13.0 percent State General Fund from the agency's FY 2006 request. **The Governor** approves only the enhancement request for direct care worker salary upgrades, funding less than \$1.0 million of the \$6.7 million in requested enhancements. The reduction from the agency request is partially offset additional funding for the KPERS death and disability rate increase, 27th payroll period, and 2.5 percent base salary adjustment.

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires an 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$2,813,492.**

Osawatomie State Hospital

Agency Request

The **agency** requests FY 2006 expenditures of \$21.4 million all funds, \$8.5 million State General Fund for operations, an increase of \$648,243 or 3.1 percent all funds and \$508,126 or 6.3 percent State General Fund from the FY 2005 estimate. The increases are primarily in salaries and wages, and includes enhancement requests totaling \$634,803 all funds, \$624,759 State General Fund.

Governor's Recommendation

The Governor recommends FY 2006 expenditures of \$22.1 million all funds, \$9.1 million State General Fund, an increase of \$1.4 million or 6.5 percent all funds and \$1.0 million or 13.1 percent State General Fund from the FY 2005 recommendation.

The **Governor's** recommendation is an increase of \$688,594 or 3.2 percent all funds and \$542,275 or 6.4 percent State General Fund above the agency request.

The increase includes the following additions:

- KPERS death and disability rate increase - an addition of \$43,133 all funds, \$32,706 State General Fund;
- 27th payroll period - an addition of \$540,909 State General Fund;
- 2.5 percent base salary adjustment - an addition of \$332,918 all funds, \$237,942 State General Fund; and
- Direct care worker salary upgrade enhancement - add \$303,199 all funds, \$103,199 State General Fund.

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$811,378.**

Rainbow Mental Health Facility

Agency Request

The **agency** requests FY 2006 expenditures of \$7.5 million all funds, \$3.9 million State General Fund for operations, in increase of \$283,592 or 4.0 percent all funds and \$46,598 or 1.2 percent State General Fund from FY 2005 estimates. The largest portion of the increase is found in commodities expenditures. The request includes the enhancement request of \$45,961 all funds, \$39,560 State General Fund to increase pay ranges for direct care staff.

Governor's Recommendation

The **Governor** recommends FY 2006 expenditures of \$7.6 million all funds, \$3.8 million State General Fund, an increase of \$578,234 or 8.2 percent all funds and \$159,480 or 4.3 percent State General Fund from the FY 2005 estimate. The Governor makes the following adjustments to the agency request:

1. Adjust salary increase to 6.0 percent - reduce \$189,924 State General Fund;
2. KPERS death and disability rate increase - add \$16,447 all funds, \$13,645 State General Fund;
3. 27th payroll period - add \$182,011 all funds, \$152,392 State General Fund;
4. 2.5 percent base salary adjustment - add \$120,568 all funds, \$11,807 State General Fund; and
5. Direct care workers salary upgrades - \$45,473 all funds.

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$342,738.**

House Social Services Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for Larned State Hospital totals \$31.5 million, an increase of \$2.1 million above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$213,296), the 27th payroll period (\$1,141,974), and the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$98,889), the recommendation is an increase of \$641,711, or 2.2 percent above the approved amount.
2. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for Osawatomie State Hospital totals \$8.0 million, an increase of \$1.1 million above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$308,869), the 27th payroll period (\$582,831), and the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$42,362), the recommendation is an increase of \$116,639, or 1.5 percent above the approved amount.
3. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for Rainbow Mental Health Facility totals \$3.8 million, an decrease of \$3,087 below the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$11,774), the 27th payroll period (\$154,208), and the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$13,817), the recommendation is a decrease of \$182,886, or 4.8 percent below the approved amount.
4. The Budget Committee recommends the removal of the enhanced funding for direct care staff salary increases from the state mental health institutions as follows - Larned (\$938,262 all funds, \$336,946 State General Fund); Osawatomie (\$303,199 all funds, \$103,199 State General Fund); and Rainbow (\$45,473 all funds) for review at Omnibus. The Budget Committee expresses concern that while direct care staff whose wage rate falls below the Range 17 starting rate would receive an increase under the enhancement, those staff with pay rates above the Range 17 starting rate would receive no increase.

5. The Budget Committee recommends a reduction of \$308,552 State General Fund from the Larned State Hospital Budget to remove enhanced funding for the Sexual Predator Treatment Program and recommends review of the item at Omnibus when the Post Audit report, *Larned State Hospital: Reviewing the Growth in the Sexual Predator Program*, is available.
6. The Budget Committee notes that the Governor's recommendation for the Department of Corrections includes bonding authority for the construction of additional correctional facilities. The Committee encourages the Public Safety Budget Committee to instead consider opening the additional 140 beds at the new Larned State Security Hospital facility to address the growing prison population, given that an estimated 60 persons in the correctional system are currently waiting for inpatient mental health treatment.
7. The Budget Committee expresses concern about the 47.9 percent increase in psychiatric admission at the state mental health hospitals between FY 2001 and FY 2004. The Budget Committee notes that the Subcommittee on Service Delivery of the Governor's Mental Health Planning Council is studying possible improvements and enhancements within the entire mental health service delivery system, including state hospitals. The subcommittee will be making recommendations based on its review of the system. The Budget Committee recommends the Subcommittee on Service Delivery report its recommendations to the Legislative Budget Committee during the 2005 Interim and to the 2006 Legislature.
8. The Budget Committee notes that the Governor's recommendation increases the shrinkage rate at Larned State Hospital from 2.46 percent to 2.76 percent, at Osawatomie State Hospital from 2.68 percent to 2.69 percent, and at Rainbow Mental Health Facility from 2.75 percent to 2.79 percent. The increased shrinkage rate at Rainbow Mental Health Facility reflects adjustments to reflects FY 2004 actual expenditures.

SOCIAL SERVICES BUDGET COMMITTEE

FY 2005 and FY 2006

on


**Kansas Neurological Institute
Parsons State Hospital and Training Center**

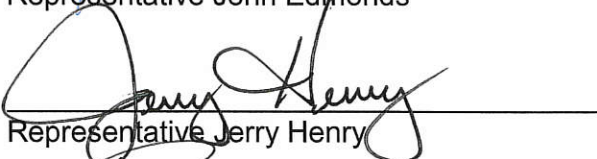

Representative Brenda Landwehr, Chairperson


Representative Barbara Ballard

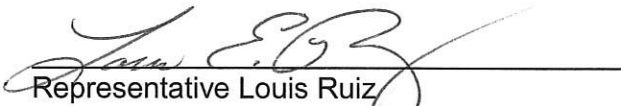

Representative Bob Bethell


Representative Willa DeCastro


Representative John Edmonds


Representative Jerry Henry


Representative Peggy Mast


Representative Louis Ruiz


Representative Arlen Siegfried

HOUSE APPROPRIATIONS

DATE 2-09-2005

ATTACHMENT 3

House Budget Committee Report

Agency: Developmental Disabilities
Institutions (DD Hospitals)

Bill No.

Bill Sec.

Analyst: Dunkel **Analysis Pg. No.**

Budget Page No. 279,325

Expenditure	Agency Req. FY 05	Governor Rec. FY 05	House Budget Committee Adjustments
Kansas Neurological Institute			
State General Fund	\$ 11,057,479	\$ 10,307,479	\$ 0
Other Funds	14,916,365	14,910,232	0
TOTAL	<u>\$ 25,973,844</u>	<u>\$ 25,217,711</u>	<u>\$ 0</u>
Capital Improvements			
SGF	\$ 0	\$ 0	\$ 0
Other Funds	55,668	55,668	0
TOTAL	<u>\$ 55,668</u>	<u>\$ 55,668</u>	<u>\$ 0</u>
FTE Positions	588.2	588.2	0.0
Parsons State Hospital and Training Center			
State General Fund	\$ 7,281,343	\$ 7,281,343	\$ (28,103)
Other Funds	14,244,998	14,244,998	0
TOTAL	<u>\$ 21,526,341</u>	<u>\$ 21,526,341</u>	<u>\$ (28,103)</u>
Capital Improvements			
SGF	\$ 0	\$ 0	\$ 0
Other Funds	129,413	129,413	0
TOTAL	<u>\$ 129,413</u>	<u>\$ 129,413</u>	<u>\$ 0</u>
FTE Positions	467.2	467.2	0.0

Kansas Neurological Institute (KNI)

Agency Estimate

The **agency** estimates FY 2005 expenditures of \$26.0 million all funds, \$11.1 million State General Fund, an increase of \$1.3 million or 5.3 percent all funds and \$1.0 million or 10.4 percent State General Fund above FY 2004 actual expenditures. The agency makes no supplemental requests. However, the request includes an increase of \$2.0 million all funds, \$3.5 million State General Fund for Salaries and Wages, which reflects the 3.0 percent COLA approved by the 2004 Legislature and a shrinkage rate of 2.77 percent. This increase is offset by reductions in other operating expenditures.

Change from approved:

The **agency** estimate is an increase of \$36,950 or 0.1 percent all funds and \$8,705 or 0.1 percent State General Fund from the amount approved by the 2004 Legislature. The increase reflects reappropriations from FY 2004.

Governor's Recommendation

The **Governor** recommends FY 2005 expenditures of \$25.2 million all funds, \$10.3 million State General fund, a reduction of \$750,000 or 6.8 percent State General Fund from the agency FY 2005 request. The decrease reflects a reduction to adjust the average salary increase in FY 2005 to 6.0 percent to reflect FY 2004 actual expenditures.

Change from approved:

The **Governor's** recommendation is a reduction of \$713,050 or 2.7 percent all funds and \$741,295 or 6.7 percent State General Fund from the amount approved by the 2004 Legislature. Again, the reduction occurs in salaries and wages, where the Governor adjusted the average salary increase to 6.0 percent to reflect FY 2004 actual expenditures.

Parsons State Hospital and Training Center (Parsons)

Agency Estimate

The **agency** estimates FY 2005 expenditures of \$21.5 million all funds and \$7.3 million State General Fund, an increase of \$29,103 or 0.1 percent all funds and \$28,103 or 0.4 percent State General Fund above FY 2004 actual expenditures. The agency requests no additional positions in FY 2005. The increase reflects reappropriations from FY 2004.

Governor's Recommendation

The **Governor** concurs with the agency estimate for FY 2005.

House Social Services Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendation with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation for Kansas Neurological Institute is a State General Fund decrease of \$741,295 or 6.7 percent below the FY 2005 State General Fund amount approved by the 2004 Legislature.
2. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation for Parsons State Hospital and Training Center is a State General Fund increase of \$28,103 or 0.4 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

3. The Budget Committee reduces State General Fund expenditures at Parsons State Hospital and Training Center by \$28,103 to reflect expenditures approved by the 2004 Legislature.
4. The Budget Committee notes that the Governor increases the shrinkage rate for Kansas Neurological Institute from 2.77 percent to 2.86 percent in FY 2005, while the shrinkage rate at Parsons State Hospital and Training Center remains at 2.77 percent.

40964~(2/8/5(2:58PM))

3-4

House Budget Committee Report

Agency: Developmental Disabilities
Institutions (DD Hospitals)

Bill No.

Bill Sec.

Analyst: Dunkel **Analysis Pg. No.**

Budget Page No. 279,325

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	House Budget Committee Adjustments
Kansas Neurological Institute			
State General Fund	\$ 11,359,534	\$ 12,311,455	\$ (486,635)
Other Funds	15,116,151	15,000,233	0
TOTAL	<u>\$ 26,475,685</u>	<u>\$ 27,311,688</u>	<u>\$ (486,635)</u>
Capital Improvements			
SGF	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FTE Positions	588.2	588.2	0.0
Parsons State Hospital and Training Center			
State General Fund	\$ 7,447,893	\$ 8,605,960	\$ (220,211)
Other Funds	14,400,752	14,354,998	(100,000)
TOTAL	<u>\$ 21,848,645</u>	<u>\$ 22,960,958</u>	<u>\$ (320,211)</u>
Capital Improvements			
SGF	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FTE Positions	467.2	467.2	0.0

Kansas Neurological Institute

Agency Request

The **agency** requests FY 2006 expenditures of \$26.5 million all funds, \$11.4 million State General Fund, an increase of \$507,973 or 2.0 percent all funds and \$302,055 or 2.7 percent State General Fund from the FY 2005 estimate. The increase reflects enhancements totaling \$486,970 all funds, \$281,052 State General Fund.

The **Governor** recommends FY 2006 expenditures of \$27.3 million all funds, \$12.3 million State General Fund, an increase of \$2.1 million or 8.3 percent all funds and \$2.0 million or 19.4 percent State General Fund from the FY 2005 recommendation.

3-5

The **Governor's** recommendation is an increase of \$776,003 or 2.9 percent all funds and \$951,921 or 8.4 percent State General Fund from the agency FY 2005 request. The increase does not include the enhancement request for \$140,000 State General Fund to replace vehicles. The **Governor's** adjustments are as follows:

- Reduce salaries and wages by \$429,167 State General Fund to adjust the average salary increase to 6.0 percent;
- Add \$57,894 all funds, \$55,194 State General Fund for the KPERS death and disability rate increase;
- Add \$700,876 all funds, \$696,592 State General Fund for the 27th payroll period;
- Add \$474,635 all funds, \$391,825 State General Fund for a 2.5 percent base salary adjustment;
- Add \$486,635 State General Fund for direct care worker salary upgrades.

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$1,099,329.**

Parsons State Hospital and Training Center

Agency Request

The **agency** requests FY 2006 expenditures of \$21.8 million all funds, \$7.4 million State General Fund, an increase of \$322,304 or 1.5 percent all funds and \$166,550 or 2.3 percent State General Fund from the FY 2005 estimate. The increase reflects enhancements for salaries and wages of \$265,092 all funds and \$64,000 all funds for a vehicle purchase.

Governor's Recommendation

The **Governor** concurs with the agency request for FY 2006, with the exception of the enhancement request for vehicle purchases, and adds the following:

- KPERS death and disability rate increase—\$56,473 State General Fund
- 27th payroll period—\$616,161 State General Fund
- 2.5 percent base salary adjustment—\$415,613 State General Fund
- direct care worker salary upgrades—\$330,211 all funds, \$220,211 State General Fund.

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$768,484.**

House Social Services Budget Committee Recommendation

The Social Services Budget Committee concurs with the Governor's recommendations with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for Kansas Neurological Institute totals \$12.3 million, an increase of \$1.3 million above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$402,552), the 27th payroll period (\$715,925), and the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$57,029), the recommendation is an increase of \$87,175, or 0.8 percent above the approved amount.
2. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for Parsons State Hospital and Training Center totals \$8.6 million, an increase of \$1.4 million above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$424,212), the 27th payroll period (\$629,262), and the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$57,720), the recommendation is an increase of \$241,526, or 3.3 percent above the approved amount.
3. The Budget Committee recommends the reduction of \$486,635 State General Fund from Kansas Neurological Institute and \$330,211 all funds, \$221,211 State General Fund from Parsons State Hospital and Training Center for the direct care staff salary increase enhancement for review at Omnibus. The Budget Committee expresses concern that while direct care staff whose wage rate falls below the Range 17 starting rate would receive an increase under the enhancement, those staff with pay rates above the Range 17 starting rate would receive no increase.
4. The Budget Committee notes that the Governor's recommendation increases the shrinkage rate at Kansas Neurological Institute from 2.77 percent to 2.81 percent in FY 2006 to bring expenditures in line with FY 2004 actual expenditures, while the shrinkage rate at Parsons State Hospital and Training Centers is remains at 2.77 percent.