

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on March 9, 2005 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes  
Alan Conroy, Director, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Michelle Alishahi, Kansas Legislative Research Department  
Audrey Dunkel, Kansas Legislative Research Department  
Julian Efir, Kansas Legislative Research Department  
Susan Kannarr, Kansas Legislative Research Department  
Matt Spurgin, Kansas Legislative Research Department  
Judy Bromich, Administrative Analyst  
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Shannon Jones, Executive Director, Statewide Independent Living Council of Kansas  
Kerrie Bacon, Legislative Liaison for the Kansas Commission on Disability Concerns (written)  
Tom Laing, Executive Director, InterHab (written)  
Jane Rhys, Executive Director, Kansas Council on Developmental Disabilities (written)  
Kathy Lobb, Legislative Liaison, Self Advocate Coalition of Kansas (written)

Others attending:

See attached list.

Chairman Umbarger welcomed Dennis D. Embry, Ph.D, and CEO/President of PAXIS Institute, Tucson, Arizona, back to the committee and he continued his briefing on Implications for Social and Fiscal Policy: Low Cost Strategies to Turn the Tide on Prevention and Treatment of Multi-Problem Behavior Affecting Kansas Health, Safety and Human Capital. Dr. Embry continued with questions and discussion with the information that was presented to the committee on the previous day (See Dr. Embry's written testimony of March 8, 2005.)

The Chairman called the Committee's attention to discussion of:

**Proposed Senate Substitute for SB 85--Social and rehabilitation services implement a program for breast reconstructive surgery from breast cancer for medicaid beneficiaries**

Senator Schodorf moved, with a second by Senator Kelly, to report Senate Substitute for SB 85 favorable for passage. Motion carried on a roll call vote.

Senator Schodorf moved, with a second by Senator Betts, to approve the minutes for the meetings of February 1, February 2, February 7, February 8, and February 9, 2005. Motion carried on a voice vote.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2005 and FY 2006 were available to the committee.

**Subcommittee budget reports on:**

**Kansas Public Employees Retirement System (KPERs) (Attachment 1)**

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on March 9, 2005 in Room 123-S of the Capitol.

Subcommittee Chairman Stephen Morris reported that the subcommittee on the Kansas Public Employees Retirement System (KPERs) concurs with the Governor's recommendation in FY 2005 with adjustments and observations and concurs with the Governor's FY 2006 recommendations with adjustments and observations.

Senator Morris moved, with a second by Senator Wysong, to adopt the subcommittee budget report on the Kansas Public Employees Retirement System (KPERs) in FY 2005 and FY 2006. Motion carried on a voice vote.

**Board of Indigents' Defense Services (Attachment 2)**

Subcommittee Chairman Jay Emler reported that the subcommittee on the Board of Indigents' Defense Services concurs with the Governor's recommendation in FY 2005 with adjustments and observations and concurs with the Governor's FY 2006 recommendations with adjustments and observations.

Senator Emler moved, with a second by Senator Barone, to adopt the subcommittee budget report on the Board of Indigents' Defense Services in FY 2005 and FY 2006. Motion carried on a voice vote.

**Kansas Department of Labor (Attachment 3)**

Subcommittee Chairman David Wysong reported that the subcommittee on the Kansas Department of Labor concurs with the Governor's recommendation in FY 2005 with adjustments and observations and concurs with the Governor's FY 2006 recommendations with adjustments and observations.

Subcommittee Chairman David Wysong presented an overview of the Kansas Department of Labor regarding Major Issues from the 2004 Session (Attachment 4).

Senator Wysong moved, with a second by Senator Barone, to adopt the subcommittee budget report on the Kansas Department of Labor in FY 2005 and FY 2006. Motion carried on a voice vote.

The Chairman continued the public hearing on:

**SB 218--Transfer of moneys to support the movement of individuals from nursing facilities to home and community-based services**

Staff provided an overview of the bill.

Shannon Jones, Executive Director, Statewide Independent Living Council of Kansas, provided data to support **SB 218** with amendment to remove the cap (Attachment 5).

Written testimony was submitted by:

Kerrie Bacon, Legislative Liaison, Kansas Commission on Disability Concerns (Attachment 6).

Tom Laing, Executive Director InterHab (Attachment 7).

Jane Rhys, Executive Director, Kansas Council on Developmental Disabilities (Attachment 8).

Kathy Lobb, Legislative Liaison, Self-Advocate Coalition of Kansas (Attachment 9).

Chairman Umbarger offered a proposed balloon that would raise the cap from 75 people to 100 people and next the process can be reviewed. He noted that he was concerned about taking services away from people.

There being no further conferees to come before the committee, the Chairman closed the public hearing on **SB 218**.

The Chairman called the Committee's attention to discussion of:

**SB 271--Real estate brokers and salespersons; fees**

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on March 9, 2005 in Room 123-S of the Capitol.

Staff provided an overview of the bill.

Senator Emler moved, with a second by Senator Barone, a balloon amendment (Attachment 10) to amend SB 271. Motion carried on a voice vote. Discussion followed, but no action was taken on the bill.

The meeting adjourned at 12:10 p.m. The next meeting is scheduled for March 10, 2005.

SENATE WAYS AND MEANS  
GUEST LIST

Date March 9, 2005

NAME	REPRESENTING
Jeff Apan	Budget
Tanya Dorf	KACIL
Shannon Jones	SILCK
Jessie Tenney	3ILCK
Richard Simonson	Money & Assoc.
Janine J. Schumway	KACIL
Craig C. Mc	Self
Donni D. Early	PAYTS / SRS
Kathy Beck	SRS
Andrey Philip	KACIL - Three Rivers
Hilwe Helm	Helm Law Firm
Clarity Kennedy	KDOA
Susan Grims	SRS
Barney Hubert	KNI
Gill Polk	SRS
Wendell Leach	Lenwood Community Library
Margot K. Wolf	City of Kinwood
Kyle Kenner	SRS
Deana Doolin	SRS
Annas Barnett	SRS
Keith Johnson	KNI
Jimmy Burr	PSATC
J. Dee Rye	PSATC



SENATE WAYS AND MEANS  
GUEST LIST

Date 3/9/05

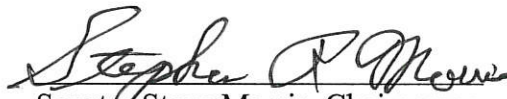
NAME	REPRESENTING
Kenie Bacon	KCDC, Kansas Commission on Disability Concerns
Carol Spiker	PARS Prevention & Recovery Svcs.
Jean Hotthaus	" " " "
Nancy Fort	Shawnee PARS (Prevention + Recovery Services)
Connie Pickering	solutions / pars
Glenn Deck	KPER S
Chris Hall	Friends of Recovery
Kathleen Thomas	Friends of Recovery / Oxford House
Kasey Sims	OXFORD HOUSE
Pamela Collins	Overland Park SRS
Rachel Katzin	SRS
Miane Britton	SRS
Claudia Larkin	KAAP
MIKE LARKIN	KAAP
D. Matthew Weller	KCASAP
Frank Schneider	KDOL
Bill Schaefer	KDOL
Patricia	BIDS
Heather Morgan	Budget

**SENATE SUBCOMMITTEE REPORT**

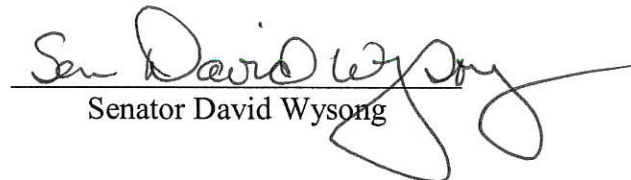
**Kansas Public Employees Retirement System (KPERs)**

**FY 2005 and FY 2006**

March 9, 2005

  
\_\_\_\_\_  
Senator Steve Morris, Chairperson

  
\_\_\_\_\_  
Senator Laura Kelly

  
\_\_\_\_\_  
Senator David Wysong

Senate Ways and means  
3-9-05  
Attachment 1

# House Budget Committee Report

**Agency:** Kansas Public Employees Retirement System

**Bill No.** 2480

**Bill Sec.** 15

**Analyst:** Efird

**Analysis Pg. No.** Vol. I I- 1321

**Budget Page No.** 281

Expenditure	Agency Est. FY 05	Governor Rec. FY 05	Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 3,212,624	\$ 3,212,624	\$ 0
Other Funds*	763,707,356	763,597,833	(385,547)
<b>TOTAL</b>	<u>\$ 766,919,980</u>	<u>\$ 766,810,457</u>	<u>\$ (385,547)</u>
 FTE Positions	 85.0	 85.2	 0.0

\* **Note:** Nonreportable benefit payments also included.

## Agency Estimate/Governor's Recommendation

The **agency's revised request** includes a net increase of \$16.9 million in expenditures approved by the 2004 Legislature. Reductions from approved amounts include \$2.1 million for investment expenses and \$106,128 for agency operations. These reductions are offset by increases requested for benefit payments of \$18.8 million and for Kansas Saving Incentive Program expenses of \$336,725 above the approved amounts. No change from the approved amount of \$3.2 million is estimated in the State General Fund bond payments that amortize the costs of principal and interest on the 13th check revenue bonds issuance authorized by the 2003 Legislature. As required by the bond covenants, KPERS shall request that the Legislature appropriate the annual amount for quarterly payments from the State General Fund, and then KPERS will repay the State General Fund as contributions are received throughout the year from participating employers who are required to pay an assessment dedicated for repaying the bonds. The agency requests continuation of staffing at 85.0 FTE positions.

The **Governor concurs** with the revised estimates and further recommends an additional shrinkage savings adjustment of \$109,523 in agency salaries and benefits for a net reduction of \$215,651 in agency operations from the approved amount. The Governor recommends recalculating the FTE positions with 85.2 recommended. No change is recommended in the approved State General Fund expenditures of \$3.2 million for bond payments.

## House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation does not change the FY 2005 State General Fund amount approved by the 2004 Legislature.

2. **Shift Technology Project Expenditures.** The Budget Committee recommends a decrease of \$385,547 in FY 2005 expenditures of \$1,783,707 recommended by the Governor and based on information provided by the agency that \$385,547 would carry over from FY 2005 to be expended in FY 2006.
3. **Change in Investment Management Expenditures.** KPERS provided information that due to higher than expected investment performance in CY 2004, expenses are expected to be 18.7 percent above the amount of the Governor's revised FY 2005 recommendations. The Budget Committee recommends this item be reviewed during Omnibus when later information will be available and that no adjustment be made at this time.

## House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

## Senate Subcommittee Report

**Agency:** Kansas Public Employees Retirement System      **Bill No.** 272      **Bill Sec.** 15  
**Analyst:** Efird      **Analysis Pg. No.** Vol. I I- 1321      **Budget Page No.** 281

Expenditure	Agency Est. FY 05	Governor Rec. FY 05	Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 3,212,624	\$ 3,212,624	\$ 0
Other Funds*	763,707,356	763,597,833	(385,547)
TOTAL	<u>\$ 766,919,980</u>	<u>\$ 766,810,457</u>	<u>\$ (385,547)</u>
 FTE Positions	 85.0	 85.2	 0.0

\* **Note:** Nonreportable benefit payments also included.

## Agency Estimate/Governor's Recommendation

The **agency's revised request** includes a net increase of \$16.9 million in expenditures approved by the 2004 Legislature. Reductions from approved amounts include \$2.1 million for investment expenses and \$106,128 for agency operations. These reductions are offset by increases requested for benefit payments of \$18.8 million and for Kansas Saving Incentive Program expenses of \$336,725 above the approved amounts. No change from the approved amount of \$3.2 million is estimated in the State General Fund bond payments that amortize the costs of principal and interest on the 13th check revenue bonds issuance authorized by the 2003 Legislature. As required by the bond covenants, KPERS shall request that the Legislature appropriate the annual amount for quarterly payments from the State General Fund, and then KPERS will repay the State General Fund as contributions are received throughout the year from participating employers who are required to pay an assessment dedicated for repaying the bonds. The agency requests continuation of staffing at 85.0 FTE positions.

The **Governor concurs** with the revised estimates and further recommends an additional shrinkage savings adjustment of \$109,523 in agency salaries and benefits for a net reduction of \$215,651 in agency operations from the approved amount. The Governor recommends recalculating the FTE positions with 85.2 recommended. No change is recommended in the approved State General Fund expenditures of \$3.2 million for bond payments.

### **Senate Subcommittee Recommendation**

The Subcommittee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation does not change the FY 2005 State General Fund amount approved by the 2004 Legislature.
2. **Shift Technology Project Expenditures.** The Subcommittee recommends a decrease of \$385,547 in FY 2005 expenditures of \$1,783,707 recommended by the Governor and based on information provided by the agency that \$385,547 would carry over from FY 2005 to be expended in FY 2006.
3. **Change in Investment Management Expenditures.** KPERS provided information that due to higher than expected investment performance in CY 2004, expenses are expected to be 18.7 percent above the amount of the Governor's revised FY 2005 recommendations. The Subcommittee recommends this item be reviewed during Omnibus when later information will be available and that no adjustment be made at this time.

## House Budget Committee Report

**Agency:** Kansas Public Employees Retirement System

**Bill No.** 2482

**Bill Sec.** 37

**Analyst:** Efird

**Analysis Pg. No.** Vol II -1321 **Budget Page No.** 281

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 3,211,692	\$ 3,211,692	\$ 0
Other Funds*	816,059,489	816,284,574	(868,971)
TOTAL	<u>\$ 819,271,181</u>	<u>\$ 819,496,266</u>	<u>\$ (868,971)</u>
 FTE Positions	 85.0	 85.2	 0.0

\* **Note:** Nonreportable benefit payments also included.

### Agency Request/Governor's Recommendation

The agency's request includes an increase of almost \$52.4 million in expenditures, including increases of \$49.6 million for benefit payments, \$179,678 for agency operations, \$1.2 million for a technology project and \$1.7 million for investment-related expenses. A recast technology project includes expenses of \$1,783,707. State General Fund financing of \$3.2 million is included for bond payments related to the 13th check funding that originally was authorized by the 2003 Legislature. As required by the bond covenants, KPERS shall request that the Legislature appropriate the annual amount for quarterly payments from the State General Fund, and then KPERS will repay the State General Fund as contributions are received throughout the year from participating employers who are required to pay an assessment dedicated for repaying the bonds. The agency requests continued staffing of 85.0 FTE positions.

The Governor concurs and makes additional adjustments for shrinkage savings, pay plan enhancements, the 27<sup>th</sup> payroll period, and death and disability insurance that would allow agency operations to increase \$506,962 in FY 2006. No adjustment is made in State General Fund expenditures of \$3.2 million. The Governor recalculates the FTE positions with 85.2 recommended.

### House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor, 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 the agency totals \$3,211,692, a decrease of \$932 below the FY 2005 State General Fund amount approved by the 2004 Legislature.
2. **Shift Technology Project Expenditures.** The Budget Committee recommends a net decrease of \$868,971 in FY 2006 expenditures of \$2,972,500 recommended by the Governor and based on information provided by the agency



that \$385,547 would carry over from FY 2005 and \$1,254,518 would carry over to FY 2007, with corresponding adjustments in expenditures for those fiscal years.

3. **Change in Investment Management Expenditures.** KPERS provided information that due to higher than expected investment performance in CY 2004, expenses are expected to be 18.7 percent above the amount of the Governor's revised FY 2005 recommendations. The Budget Committee recommends this item be reviewed during Omnibus when later information will be available and that an adjustment may be considered at that time relative to FY 2006 changes in estimated costs.

## House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

## Senate Subcommittee Report

**Agency:** Kansas Public Employees Retirement System      **Bill No.** 270      **Bill Sec.** 37

**Analyst:** Efirid      **Analysis Pg. No.** Vol II -1321 **Budget Page No.** 281

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	Subcommittee Adjustments**
<b>Operating Expenditures:</b>			
State General Fund	\$ 3,211,692	\$ 3,211,692	\$ 0
Other Funds*	816,059,489	816,284,574	(1,165,596)
TOTAL	<u>\$ 819,271,181</u>	<u>\$ 819,496,266</u>	<u>\$ (1,165,596)</u>
 FTE Positions	 85.0	 85.2	 0.0

\* **Note 1:** Nonreportable benefit payments also included.

\*\***Note 2:** The Subcommittee adjustments include a reduction of \$296,699, with none from the State General Fund, to delete amounts recommended by the Governor for the 2.5 percent base salary increase, the 27th payroll period, and the KPERS death and disability increase.

## Agency Request/Governor's Recommendation

The agency's request includes an increase of almost \$52.4 million in expenditures, including increases of \$49.6 million for benefit payments, \$179,678 for agency operations, \$1.2 million for a technology project and \$1.7 million for investment-related expenses. A recast technology project includes expenses of \$1,783,707. State General Fund financing of \$3.2 million is included for bond payments related to the 13th check funding that originally was authorized by the 2003 Legislature. As required by the bond covenants, KPERS shall request that the Legislature appropriate the annual

amount for quarterly payments from the State General Fund, and then KPERS will repay the State General Fund as contributions are received throughout the year from participating employers who are required to pay an assessment dedicated for repaying the bonds. The agency requests continued staffing of 85.0 FTE positions.

The Governor concurs and makes additional adjustments for shrinkage savings, pay plan enhancements, the 27<sup>th</sup> payroll period, and death and disability insurance that would allow agency operations to increase \$506,962 in FY 2006. No adjustment is made in State General Fund expenditures of \$3.2 million. The Governor recalculates the FTE positions with 85.2 recommended.

**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 \$286,782.**

### Senate Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. **Pay Plan Adjustment.** Delete \$113,485 (none from the State General Fund) to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$183,214 (none from the State General Fund) to remove funding recommended by the Governor for the 27<sup>th</sup> payroll period (\$168,101), and for the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$15,113) for later Committee consideration.
3. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals \$3,211,692, a decrease of \$932 below the FY 2005 State General Fund amount approved by the 2004 Legislature.
4. **Shift Technology Project Expenditures.** The Subcommittee recommends a net reduction of \$868,971 in FY 2006 technology project expenditures of \$2,972,500, based on information provided by the agency that \$385,547 will carry over from FY 2005 and \$1,254,518 would carry forward to FY 2007, with corresponding adjustments in expenditures for those fiscal years.
5. **Change in Investment Management Expenditures.** KPERS provided information that due to higher than expected investment performance in CY 2004, expenses are expected to be 18.7 percent above the amount of the Governor's revised FY 2005 recommendations. The Subcommittee recommends this item be reviewed during Omnibus when later information will be available and that an

adjustment may be considered at that time relative to FY 2006 changes in estimated costs.

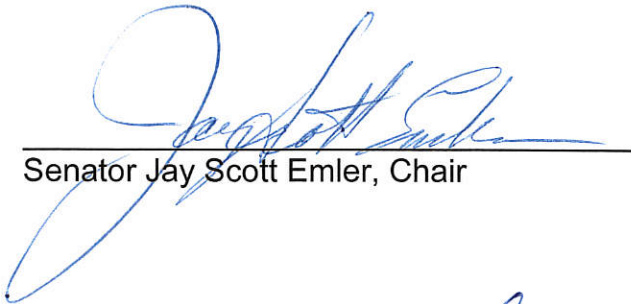
6. **Increased Benefits Payments.** The Subcommittee notes that since FY 1999 the KPERS operating expenditures have increased almost \$400.0 million, primarily due to additional payments to KPERS retirees and their beneficiaries. The FY 2006 increase in benefit payments from the current fiscal year is estimated to be \$48.8 million. The Subcommittee observes that the annual number of retirees is increasing as the baby-boomers retire in greater numbers each year, and that retirees are living longer, so there is a net increase in retirees and beneficiaries who receive KPERS payments each fiscal year.

**Senate Subcommittee Report**

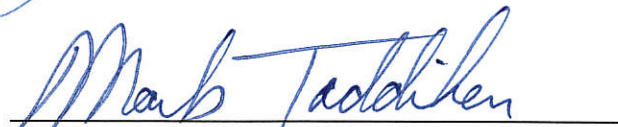
**FY 2005**

**FY 2006**

**Board of Indigents' Defense Services**



Senator Jay Scott Emler, Chair



Senator Mark Taddiken



Senator Jim Barone

## House Budget Committee Report

**Agency:** Board of Indigents' Defense Services    **Bill No.** HB 2481

**Bill Sec.** 14

**Analyst:** Spurgin

**Analysis Pg. No.** Vol. 2, 1268

**Budget Page No.** 208

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2005</u>	<u>Governor's Recommendation FY 2005</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 22,345,335	\$ 17,952,213	\$ 0
Other Funds	562,976	562,976	0
<b>TOTAL</b>	<b><u>\$ 22,908,311</u></b>	<b><u>\$ 18,515,189</u></b>	<b><u>\$ 0</u></b>
FTE Positions	171.0	170.0	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
<b>TOTAL</b>	<b><u>179.0</u></b>	<b><u>178.0</u></b>	<b><u>0.0</u></b>

### Agency Estimate/Governor's Recommendation

The **agency** estimates expenditures of \$22,908,311, an increase of \$4,552,969 (24.8 percent) above the approved budget. The agency estimate includes \$22,345,335 in State General Fund expenditures, an increase of \$4,499,993 (25.2 percent) above the approved amount. The amount includes a supplemental request of \$4,000,000 to fund an increase in the assigned counsel fees from \$50 per hour to \$80 per hour. The remaining increase of \$499,993 SGF results from increases in operating expenditures. The agency had a reappropriation of funding carry forward from FY 2004 in the amount of \$627,898, which the agency reported is associated with death penalty defense cases that were not complete in FY 2004.

The **Governor** recommends expenditures of \$18,515,189, an increase of \$159,847 (0.39 percent) above the approved amount. The Governor recommends \$17,952,213 in State General Fund expenditures, an increase of \$106,871 (0.6 percent) above the approved amount. This funding, above the FY 2005 approved, is funded through reappropriated money that carried forward from FY 2004. The Governor does not recommend the supplemental request. The governor recommends elimination of 1.0 FTE, an assistant director position, which has been vacant for three years. The Governor recommends increasing the shrinkage rate from 7.0 to 10.0 percent and also recommends reductions to the agency's other operating expenses.

### House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$106,871 or 0.6 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.
2. The Budget Committee notes that the increase in State General Fund Expenditures above the amount approved for FY 2005 by the 2004 Legislature is not new funding, but is from funds reappropriated from FY 2004.
3. The House Budget Committee recommends a review at Omnibus of the consensus caseload estimates for assigned counsel expenditures.
4. The House Budget Committee recognizes that the Governor has recommended reductions in the agency's operating expenditures and recommends a review at Omnibus of the agency's operating expenditures.
5. The House Budget Committee concurs with the Governor's recommendation to eliminate the 1.0 FTE assistant director position, reducing salaries and wages by \$84,713.
6. The House Budget Committee recommends a review at Omnibus of the shrinkage rate in the agency, which the Governor's recommendation increases from 7.0 to 10.0 percent, reducing salaries and wages by \$283,297.

### House Committee Recommendation

The House Committee concurs with the recommendations of the Budget Committee.

### House Committee of the Whole Recommendation

The House Committee of the Whole has not yet addressed this issue.

### Senate Subcommittee Report

**Agency:** Board of Indigents' Defense Service      **Bill No.** SB 272      **Bill Sec.** 14

**Analyst:** Spurgin      **Analysis Pg. No.** Vol. 2, 1268      **Budget Page No.** 208

Expenditure Summary	Agency Estimate FY 2005	Governor's Recommendation FY 2005	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 22,345,335	\$ 17,952,213	\$ 308,409
Other Funds	562,976	562,976	0
<b>TOTAL</b>	<b>\$ 22,908,311</b>	<b>\$ 18,515,189</b>	<b>\$ 308,409</b>
FTE Positions	171.0	170.0	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
<b>TOTAL</b>	<b>179.0</b>	<b>178.0</b>	<b>0.0</b>



## Agency Estimate/Governor's Recommendation

The **agency** estimates expenditures of \$22,908,311, an increase of \$4,552,969 (24.8 percent) above the approved budget. The agency estimate includes \$22,345,335 in State General Fund expenditures, an increase of \$4,499,993 (25.2 percent) above the approved amount. The amount includes a supplemental request of \$4,000,000 to fund an increase in the assigned counsel fees from \$50 per hour to \$80 per hour. The remaining increase of \$499,993 SGF results from increases in operating expenditures. The agency had a reappropriation of funding carry forward from FY 2004 in the amount of \$627,899, which the agency reported is associated with death penalty defense cases that were not complete in FY 2004.

The **Governor** recommends expenditures of \$18,515,189, an increase of \$159,847 (0.39 percent) above the approved amount. The Governor recommends \$17,952,213 in State General Fund expenditures, an increase of \$106,871 (0.6 percent) above the approved amount. The Governor does not recommend the supplemental request. The governor recommends elimination of 1.0 FTE, an assistant director position, which has been vacant for three years. The Governor recommends increasing the shrinkage rate from 7.0 to 10.0 percent and also recommends reductions to the agency's other operating expenses.

## Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$106,871 or 0.6 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.
2. Add \$25,112 SGF to restore the Governor's recommended reduction to operating expenditures.
3. Add \$283,297 to return the agency's shrinkage rate to 7.0 percent.
4. The Subcommittee recommends a review at Omnibus of the assigned counsel expenditures. The agency has requested to raise the fees paid to assigned counsel from \$50 to \$80 per hour.
5. The Subcommittee recommends SGF expenditures of \$18,260,622, which is an increase of \$415,280 or 2.3 percent from the \$17,845,342 SGF approved by the 2004 Legislature. The increase from the approved is less than the amount available to the agency with the reappropriated amount of money available to the agency for expenditures approved, but not spent in FY 2004.

## House Budget Committee Report

**Agency:** Board of Indigents' Defense Services    **Bill No.** HB 2482

**Bill Sec.** 35

**Analyst:** Spurgin

**Analysis Pg. No.** Vol. 2, 1268

**Budget Page No.** 208

<u>Expenditure Summary</u>	<u>Agency Request FY 2006</u>	<u>Governor's Recommendation FY 2006</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 17,964,517	\$ 18,077,347	\$ 0
Other Funds	580,000	580,001	0
TOTAL	<u>\$ 18,544,517</u>	<u>\$ 18,657,348</u>	<u>\$ 0</u>
FTE Positions	172.0	171.0	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
TOTAL	<u>180.0</u>	<u>179.0</u>	<u>0.0</u>

### Agency Request/Governor's Recommendation

The **agency's** estimate for FY 2006 operating expenditures of \$18,544,517 is an decrease of \$4,363,794 (19.0 percent) below the FY 2005 estimate. The request includes \$17,964,517 from the State General Fund, which is a decrease of \$4,380,818 (19.6 percent) below the FY 2005 estimate. The agency estimated decreased expenditures in the Death Penalty Defense Unit due to decreased expenses for assigned counsel on death penalty cases. The agency expects costs to decrease since conflict cases can now be handled by the satellite office in Sedgwick county and the agency now has public defenders who have become qualified to handle death penalty cases.

The request includes an enhancement request of \$91,000 to purchase replacement and additional vehicles. The agency requested 7 vehicles, which would provide two vehicles for the Independence office, that was opened while the new vehicle moratorium was in place; two additional vehicles to expand coverage of public defender operations; and three replacement vehicles to replace existing vehicles that are approaching 100,000 miles. The agency did not request an enhancement to fund an increase in assigned counsel fees as requested in supplemental funds for FY 2005. The agency's request continues shrinkage at 7.0 percent and requests an additional 1.0 FTE to expand coverage by public defenders. Excluding the FY 2005 supplemental request, the agency's FY 2006 request is a decrease of \$363,794 from the FY 2005 revised estimate.

The **Governor** recommends FY 2006 expenditures of \$18,657,348, an increase of \$142,159 (0.8 percent) from the FY 2005 recommendation. The Governor recommends an additional \$78,663 in State General Fund expenditures to the agency's request for assigned counsel, based upon the consensus caseload estimates for FY 2006 at the rate of \$50 per hour. The Governor's recommendations for FY 2006 recommend increasing shrinkage from 7.0 to 10.0 percent in addition to the 1.0 FTE position eliminated by the FY 2005 recommendation. The Governor's budget includes funding of \$540,360 from the State General Fund in salary and wage adjustments.

## Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provides 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 \$1,614,184.**

## House Budget Committee Recommendation

The **House Budget Committee** concurs with the recommendations of the Governor, 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 the agency totals \$18,077,347, an increase of \$232,005 above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$204,833), the 27<sup>th</sup> payroll period (\$305,313), and the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$30,214), the recommendation is a decrease of \$308,355 or 1.7 percent below the approved amount.
2. The House Budget Committee concurs with the Governor's recommendation that a separate fund be created for the assigned counsel program to keep assigned counsel expenditures separate from other agency expenditures.
3. The House Budget Committee recommends a review at Omnibus of the consensus caseload estimates for assigned counsel expenditures.
4. The House Budget Committee recommends a review at Omnibus of the shrinkage rate in the agency, which the Governor's recommendation increases from 7.0 to 10.0 percent, reducing salaries and wages by \$286,403.

## House Committee Recommendation

The House Committee concurs with the recommendations of the Budget Committee.

## House Committee of the Whole Recommendation

The House Committee of the Whole has not yet addressed this issue.

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## Senate Subcommittee Report

**Agency:** Board of Indigents' Defense Service **Bill No.** SB 270

**Bill Sec.** 35

**Analyst:** Spurgin

**Analysis Pg. No.** Vol. 2, 1268

**Budget Page No.** 208

Expenditure Summary	Agency Requests FY 2006	Governor's Recommendation FY 2006	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 17,964,517	\$ 18,077,347	\$ (210,210)
Other Funds	580,000	580,001	(1)
<b>TOTAL</b>	<b>\$ 18,544,517</b>	<b>\$ 18,657,348</b>	<b>\$ (210,211)</b>
FTE Positions	172.0	171.0	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
<b>TOTAL</b>	<b>180.0</b>	<b>179.0</b>	<b>0.0</b>

\*The Subcommittee adjustments include a reduction of \$540,361, including \$540,360 from the State General Fund, to delete amounts recommended by the Governor for the 2.5 percent base salary increase, the 27th payroll period, and the KPERS death and disability increase.

### Agency Requests/Governor's Recommendation

The **agency's** estimate for FY 2006 operating expenditures of \$18,544,517 is an decrease of \$4,363,794 (19.0 percent) below the FY 2005 estimate. The request includes \$17,964,517 from the State General Fund, which is a decrease of \$4,380,818 (19.6 percent) below the FY 2005 estimate. The agency estimated decreased expenditures in the Death Penalty Defense Unit due to decreased expenses for assigned counsel on death penalty cases. The agency expects costs to decrease since conflict cases can now be handled by the satellite office in Sedgwick county and the agency now has public defenders who have become qualified to handle death penalty cases.

The request includes an enhancement request of \$91,000 to purchase replacement and additional vehicles. The agency requested 7 vehicles, which would provide two vehicles for the Independence office, that was opened while the new vehicle moratorium was in place; two additional vehicles to expand coverage of public defender operations; and three replacement vehicles to replace existing vehicles that are approaching 100,000 miles. The agency did not request an enhancement to fund an increase in assigned counsel fees as requested in supplemental funds for FY 2005. The agency's request continues shrinkage at 7.0 percent and requests an additional 1.0 FTE to expand coverage by public defenders. Excluding the FY 2005 supplemental request, the agency's FY 2006 request is a decrease of \$363,794 from the FY 2005 revised estimate.

The **Governor** recommends FY 2006 expenditures of \$18,657,348, an increase of \$142,159 (0.8 percent) from the FY 2005 recommendation. The Governor recommends an additional \$78,663 in State General Fund expenditures to the agency's request for assigned counsel, based upon the

consensus caseload estimates for FY 2006 at the rate of \$50 per hour. The Governor's recommendations for FY 2006 recommend increasing shrinkage from 7.0 to 10.0 percent in addition to the 1.0 FTE position eliminated by the FY 2005 recommendation. The Governor's budget includes funding of \$540,360 from the State General Fund in salary and wage adjustments.

### **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 \$1,614,184.**

### **Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. **Pay Plan Adjustment.** Delete \$204,833 from the State General Fund, to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$335,528, including \$335,527 from the State General Fund, to remove funding recommended by the Governor for the 27th payroll period (\$305,313), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$30,215) for later Committee consideration.
3. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$232,005 or 1.3 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent the above pay plan and salary and wage adjustments, the recommendation is a decrease of \$308,445, or 1.7 percent below the approved amount.
4. Add \$286,403 SGF to return the shrinkage rate to 7.0 percent. The Subcommittee does not recommend increasing the shrinkage rate to 10.0 percent.
5. Add \$43,747 SGF to the agency's operating expenditures. The Subcommittee does not recommend the Governor's miscellaneous reductions to operating expenditures.
6. The Subcommittee commends the agency's efforts to reduce capital defense expenditures. The Subcommittee notes that the agency has made efforts to

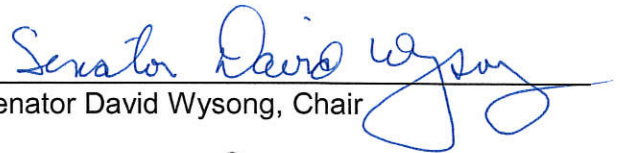
qualify more public defenders to defend death penalty cases. This will reduce the need to hire assigned counsel for death penalty cases.

7. The Subcommittee recommends a review at Omnibus of the agency's assigned counsel expenditures.



**SENATE WAYS AND MEANS SUBCOMMITTEE**  
**on**  
**The Kansas Department of Labor**

**FY 2005-FY 2006**  
**Subcommittee Report**

  
\_\_\_\_\_  
Senator David Wysong, Chair

  
\_\_\_\_\_  
Senator Mark W. Taddiken

  
\_\_\_\_\_  
Senator Jim Barone

Senate Ways and Means  
3-9-05  
Attachment 3

# HOUSE BUDGET COMMITTEE REPORT

**Agency:** Department of Labor

**Bill No.** HB 2480

**Bill Sec.** 23

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 2, 871

**Budget Page No.** 257

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 38,212,560	\$ 38,212,560	\$ 0
Aid to Local Units	0	0	0
Other Assistance	352,297,935	352,297,935	0
Subtotal-Operating	<u>\$ 390,510,495</u>	<u>\$ 390,510,495</u>	<u>\$ 0</u>
Capital Improvements	205,000	205,000	0
TOTAL	<u><u>\$ 390,715,495</u></u>	<u><u>\$ 390,715,495</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 563,763	\$ 563,763	\$ 0
Aid to Local Units	0	0	0
Other Assistance	27,935	27,935	0
Subtotal-Operating	<u>\$ 591,698</u>	<u>\$ 591,698</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 591,698</u></u>	<u><u>\$ 591,698</u></u>	<u><u>\$ 0</u></u>
FTE Positions	634.2	634.2	0.0
Non-FTE Unclass. Perm. Pos.	36.5	36.5	0.0
TOTAL	<u><u>670.7</u></u>	<u><u>670.7</u></u>	<u><u>0.0</u></u>

## Agency Estimate/Governor's Recommendation

The **agency** estimates a current year operating budget of \$390,510,495, a decrease of \$39,447,009 or 9.2 percent below the approved amount. The agency estimates FY 2005 State General Fund expenditures of \$591,698, an increase of \$269,271 or 83.5 percent above the approved amount. The estimate includes the elimination of 18.6 vacant FTE positions, and a shrinkage rate of 15.8 percent, an increase of 10.6 percent above the approved amount. The increase in shrinkage is mainly attributable to a \$2.6 million or 12.9 percent reduction in federal funds for Unemployment Insurance administration costs in federal FY 2005.

The **Governor** concurs with the agency's revised estimate.

## House Budget Committee Recommendation

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

1. **Agency Reorganization.** The Budget Committee notes that the agency's name and organizational structure changed on July 1, 2004, with the implementation of the Governor's 2004 Executive Reorganization Order (ERO) No. 31 and 2004 HB 2435.
  - **2004 ERO No. 31.** 2004 ERO No. 31 changed the name of the Kansas Department of Human Resources to the Kansas Department of Labor (KDOL); and transferred the Division of Employment and Training, the Kansas Commission on Disability Concerns, the Apprenticeship Program, and a portion of Support Services from KDOL to KDOC. The implementation of 2004 ERO No. 31 resulted in the transfer of \$39,212,786, including \$237,350 from the State General Fund and 280.6 FTE positions from KDOL to KDOC in FY 2005.
  - **2004 HB 2435.** The implementation of 2004 HB 2435 resulted in the transfer of \$501,591, including \$487,560 from the State General Fund, and 7.0 FTE positions from KDOL to the Governor's Office in FY 2005. HB 2435 created the Hispanic and Latin Affairs Commission, which is housed in the Governor's Office; repealed statutes concerning the Hispanic Affairs Advisory Committee, which was housed in KDOL; and moved the Advisory Committee on African-American Affairs and the Office of Native-American Affairs from KDOL to the Governor's Office.
2. **Unemployment Insurance Benefit (UIB) System Project Update.** The Budget Committee notes that the agency's Unemployment Insurance Benefit system project is moving forward. As directed by the 2004 Legislature, the Joint Committee on Information Technology (JCIT) reviewed the findings of a needs assessment and feasibility study on the UIB system in June 2004. In addition, the State Finance Council gave final approval for the agency to proceed with the project and granted \$21.0 million in bonding authority in June 2004. The Budget Committee notes that the Department of Labor issued a Request for Proposals (RFP) for the first phase of the project at the end of 2004. The agency's goal is to begin Phase I of the UIB system project by March 2005.

## House Committee Recommendation

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

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**Senate Subcommittee Report**

**Agency:** Department of Labor

**Bill No.** SB 272

**Bill Sec.** 23

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 2, 871

**Budget Page No.** 257

Expenditure Summary	Agency Estimate FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 38,212,560	\$ 38,212,560	\$ 0
Aid to Local Units	0	0	0
Other Assistance	352,297,935	352,297,935	0
Subtotal-Operating	390,510,495	390,510,495	0
Capital Improvements	205,000	205,000	0
<b>TOTAL</b>	<u><u>\$ 390,715,495</u></u>	<u><u>\$ 390,715,495</u></u>	<u><u>\$ 0</u></u>
<b>State General Fund:</b>			
State Operations	\$ 563,763	\$ 563,763	\$ 0
Aid to Local Units	0	0	0
Other Assistance	27,935	27,935	0
Subtotal-Operating	591,698	591,698	0
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 591,698</u></u>	<u><u>\$ 591,698</u></u>	<u><u>\$ 0</u></u>
FTE Positions	634.2	634.2	0.0
Non-FTE Unclass. Perm. Pos.	36.5	36.5	0.0
<b>TOTAL</b>	<u><u>670.7</u></u>	<u><u>670.7</u></u>	<u><u>0.0</u></u>

**Agency Estimate/Governor's Recommendation**

The **agency** estimates a current year operating budget of \$390,510,495, a decrease of \$39,447,009 or 9.2 percent below the approved amount. The agency estimates FY 2005 State General Fund expenditures of \$591,698, an increase of \$269,271 or 83.5 percent above the approved amount. The estimate includes the elimination of 18.6 vacant FTE positions, and a shrinkage rate of 15.8 percent, an increase of 10.6 percent above the approved amount. The increase in shrinkage is mainly attributable to a \$2.6 million or 12.9 percent reduction in federal funds for Unemployment Insurance administration costs in federal FY 2005.

The **Governor** concurs with the agency's revised estimate.

## Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$260,871 or 78.9 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

# HOUSE BUDGET COMMITTEE REPORT

**Agency:** Department of Labor

**Bill No.** HB 2482

**Bill Sec.** 49

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 2, 871

**Budget Page No.** 257

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 37,927,555	\$ 39,818,758	\$ 0
Aid to Local Units	0	0	0
Other Assistance	372,600,000	372,600,000	0
Subtotal-Operating	\$ 410,527,555	\$ 412,418,758	\$ 0
Capital Improvements	185,000	218,255	0
<b>TOTAL</b>	<b>\$ 410,712,555</b>	<b>\$ 412,637,013</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 416,702	\$ 345,330	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal-Operating	\$ 416,702	\$ 345,330	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 416,702</b>	<b>\$ 345,330</b>	<b>\$ 0</b>
FTE Positions	634.2	634.2	0.0
Non-FTE Unclass. Perm. Pos.	36.5	36.5	0.0
<b>TOTAL</b>	<b>670.7</b>	<b>670.7</b>	<b>0.0</b>

## Agency Request/Governor's Recommendation

The **agency** requests a FY 2006 operating budget of \$410,527,555, an increase of \$20,017,060 or 5.1 percent above the revised current year estimate. The agency requests budget year State General Fund expenditures of \$416,702, a decrease of \$174,996 or 29.6 percent below the revised FY 2005 estimate. The request includes a shrinkage rate of 18.3 percent, an increase of 2.5 percent above the current year estimate. The increase in the shrinkage rate is attributable to a \$2.6 million or 12.9 percent reduction in federal funds for Unemployment Insurance administration costs in federal FY 2005. The request also includes an enhancement totaling \$85,000 from the State General Fund for a 50.0 percent match for a U. S. Department of Labor/Bureau of Statistics grant.

The **Governor** recommends a FY 2006 operating budget of \$412,418,758, an increase of \$21,908,263 or 5.6 percent above the current year recommendation. The Governor recommends budget year State General Fund expenditures of \$345,330, a decrease of \$246,368 or 41.6 percent below the FY 2005 recommendation. The recommendation is \$1,891,203 or 0.5 percent more than the agency's request and includes:

- An additional \$1,729,674, including \$13,628 from the State General Fund, for the 2.5 percent salary increase, the 27<sup>th</sup> payroll period, and the increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate; and



- An additional \$161,529, including \$76,529 from the Workers Compensation Fee Fund, for the agency's enhancement request. The Governor does not recommend funding the enhancement request from the 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 \$30,836.**

### **House Budget Committee Recommendation**

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

### **House Committee Recommendation**

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

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**Senate Subcommittee Report**

**Agency:** Department of Labor

**Bill No.** SB 270

**Bill Sec.** 49

**Analyst:** Alishahi

**Analysis Pg. No.** Vol. 2, 871

**Budget Page No.** 257

Expenditure Summary	Agency Request FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments*
All Funds:			
State Operations	\$ 37,927,555	\$ 39,818,758	\$ (1,729,674)
Aid to Local Units	0	0	0
Other Assistance	372,600,000	372,600,000	0
Subtotal-Operating	410,527,555	412,418,758	0
Capital Improvements	185,000	218,255	0
<b>TOTAL</b>	<b>\$ 410,712,555</b>	<b>\$ 412,637,013</b>	<b>\$ (1,729,674)</b>
State General Fund:			
State Operations	\$ 416,702	\$ 345,330	\$ (13,628)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal-Operating	416,702	345,330	0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 416,702</b>	<b>\$ 345,330</b>	<b>\$ (13,628)</b>
FTE Positions	634.2	634.2	0.0
Non-FTE Unclass. Perm. Pos.	36.5	36.5	0.0
<b>TOTAL</b>	<b>670.7</b>	<b>670.7</b>	<b>0.0</b>

\* The entire adjustment reflects deletion of the Governor's recommended salary plan adjustment.

**Agency Request/Governor's Recommendation**

The **agency** requests an FY 2006 operating budget of \$410,527,555, an increase of \$20,017,060 or 5.1 percent above the revised current year estimate. The agency requests budget year State General Fund expenditures of \$416,702, a decrease of \$174,996 or 29.6 percent below the revised FY 2005 estimate. The request includes a shrinkage rate of 18.3 percent, an increase of 2.5 percent above the current year estimate. The increase in the shrinkage rate is attributable to a \$2.6 million or 12.9 percent reduction in federal funds for Unemployment Insurance administration costs in federal FY 2005. The request also includes an enhancement totaling \$85,000 from the State General Fund for a 50.0 percent match for a U. S. Department of Labor/Bureau of Statistics grant.

The **Governor** recommends an FY 2006 operating budget of \$412,418,758, an increase of \$21,908,263 or 5.6 percent above the current year recommendation. The Governor recommends budget year State General Fund expenditures of \$345,330, a decrease of \$246,368 or 41.6 percent below the FY 2005 recommendation. The recommendation is \$1,891,203 or 0.5 percent more than the agency's request and includes:

- An additional \$1,729,674, including \$13,628 from the State General Fund, for the 2.5 percent salary increase, the 27<sup>th</sup> payroll period, and the increase in the Kansas Public Employees Retirement System (KPERs) death and disability contribution rate; and
- An additional \$161,529, including \$76,529 from the Workers Compensation Fee Fund, for the agency's enhancement request. The Governor does not recommend funding the enhancement request from the 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 percent 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 be \$30,836.**

### **Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. **Pay Plan Adjustment.** Delete \$644,374, including \$5,172 from the State General Fund, to remove pay plan funding recommended by the Governor (a 2.5 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. **Other Salary and Wage Adjustments.** Delete \$1,085,300, including \$8,456 from the State General Fund, to remove funding recommended by the Governor for the 27<sup>th</sup> payroll period (\$982,046), and for the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$103,254) for later Committee consideration.
3. **Change from FY 2005 Approved.** The Subcommittee notes that the Governor's FY 2006 recommendation is a State General Fund increase of \$14,503 or 4.4 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent the above pay plan and salary and wage adjustments, the recommendation is an increase of \$875 above the approved amount.
4. The Subcommittee commends the Department of Labor and its Secretary for their foresight and initiatives on the Kansas Unemployment Insurance Benefits computer system project as well as the Enterprise Content Management Solutions project.

## Kansas Department of Labor: Major Issues from the 2004 Session

During the 2004 Session, there were two major issues that affected the Kansas Department of Labor (KDOL). They include:

1. **Agency Reorganization.** The Kansas Department of Labor's FY 2005 budget reflects a number of changes to the agency's organizational structure as a result of the implementation of the Governor's 2004 Executive Reorganization Order (ERO) No. 31 and 2004 HB 2435.
  - **ERO No. 31.** ERO No. 31 changed the name of the Kansas Department of Human Resources to the Kansas Department of Labor; and transferred the Division of Employment and Training, the Kansas Commission of Disability Concerns, the Apprenticeship Program, and a portion of Support Services from KDOL to the Kansas Department of Commerce (KDOC). The implementation of ERO No. 31 resulted in the transfer of \$39,212,786, including \$237,350, from the State General Fund, and 280.6 FTE positions from KDOL to KDOC in FY 2005.
  - **HB 2435.** The implementation of HB 2435 resulted in the transfer of \$501,591, including \$487,560 from the State General Fund, and 7.0 FTE positions from KDOL to the Governor's Office in FY 2005. HB 2435 created the Hispanic and Latin Affairs Commission, which is housed in the Governor's Office; repealed statutes concerning the Hispanic Affairs Advisory Committee, which was housed in KDOL; and moved the Advisory Committee on African-American Affairs and the Office of Native-American Affairs from KDOL to the Governor's Office.
2. **Unemployment Insurance Benefit (UIB) System Project.** The 2004 Legislature authorized the issuance of \$21.0 million in bonds to finance a comprehensive upgrade of the Kansas Unemployment Insurance Benefits (UIB) system. The Legislature directed KDOL to pay the principal and interest on the bonds with State General Fund moneys or appropriate special revenue funds, including federal Reed Act funds. The duration of the bonds would be for six years. As directed by the 2004 Legislature, the Joint Committee on Information Technology (JCIT) reviewed the findings of a needs assessment and feasibility study on the UIB system in June 2004. In addition, the State Finance Council gave the final approval for the agency to proceed with the project and granted \$21.0 million in bonding authority in June 2004.

To: Senate Ways & Means Committee  
From: Shannon Jones, SILCK  
Date: March 9, 2005  
RE: SB 218, with amendment

Data to support SB 218, with amendment to remove cap

Information from records for Time period of October 1, 2003 – September 30, 2004

Background: The RCIL started tracking individual information in October of 2003 and the following information is from the period of time from October 1, 2003 – September 30, 2004

<u>Total number of persons out of the nursing home</u>	<u>64 persons</u>
• Longest length of stay in the nursing home.	11 years
• Shortest length of stay of the persons assisted in leaving the nursing home.	81 days.
• Average length of stay of persons assisted in leaving the nursing home.	3 yrs and 5 mo
• Oldest person assisted in leaving the nursing home	87 yrs old
• Youngest person assisted in leaving the nursing home	31 yrs old
• Average age of those assisted in leaving the nursing home	64 yrs old.

Financial coverage while in the Nursing Home

13 – Private pay  
18 - Medicare/Medicaid  
33 - Medicaid

Receiving HCBS services since exiting the nursing home

- 4 – FE waiver
- 12 – PD waiver
- 1 – HI waiver
- **47 – No program needed**

Senate Ways and Means  
3-9-05  
Attachment 5



Average plan of care for those who did access the waiver services

**FE – Average Plan of care = \$1282.40/mo**

**PD - Average Plan of care = \$ 1,254.50/mo PCA and \$115/month Meals**

**HI - No longer receiving any services through RCIL**

Items used to assist people in living independently

- Consumer needed dialysis and was in the nursing home because they could provide transportation to Dialysis unit. Consumer now does home dialysis with assistance of significant other. No additional services needed at this time.
- Consumer needed a ramp built to only housing available that was financially affordable. Inside of the house was fine but we needed to put a ramp on front. Lumberyard donated materials; local Kiwanis group built the ramp as a community service effort. Total RCIL cost. (Bag of salt for the winter, as consumer was moving out in the wintertime. = \$11.27)
- Consumer needed clothing other than hospital gowns and had no family. Clothing was donated by a local thrift store. No cost.
- Consumer needed utilities turned on. Total utility cost = 565.00 + lifeline RCIL fundraised locally and got the money from the golf club. Consumer will answer phones there for three months to pay back for deposit.
- Consumer's still owned home but the wiring was such that it wouldn't support his chair battery being plugged in. Electrician repaired the wiring in the home in two rooms. Total cost \$613.00
- Widened a hallway in family members house for that is now informal support system = (one wall out and moved 14 inches and then reinstalled. Replaced carpet in hall = \$ 1,216.00.
- CMA from the NF agreed to stop by the consumer's apartment on the way to work and set up meds for the consumer one day per week. – No cost.
- Consumer needed assistance with cooking or a more accessible kitchen. Access was accomplished by placing power strips onto the front of the cabinets with Velcro so that the consumer could quickly turn on and off appliances and mounting for sink faucets was changed for easier access.  
Total cost =
  - 4.13 – Velcro
  - 31.26 - Outlet Strips
  - 112.00 – New tires for wheelchair
  - 36.18 - Grab bar

- Consumer has neighbors that will come and read mail to him every morning.
- Consumer needed assistance getting medication covered between the times the NF facility closed their plan and the consumer moved out of NF. NF wouldn't send medication home with the consumer. Fundraising money purchased 213.61 in medication until those fiscal changes could occur.
- Consumer becomes disoriented with morning medication. Volunteers from senior program call each morning to assure consumer is ok.
- Consumer needed someone to go out and turn the electricity on at the Pole.... No cost
- Consumer was given a trailer and has a little land. Needed a meter. Meter installed 712.00
- Repair front porch so consumer can access front door. \$1241.00. All other items donated.
- Garage sale for bed, kitchen table and two chairs, stove and refrigerator and all other items donated 613.22
- Purchase of cleaning supplies and volunteers cleaned a house that hadn't been lived in for three years. 113.00. Turned on Utilities and replaced water pipe under kitchen sink. 522.60

Average staff time for assisting persons in exiting the NF = Total Cost

51.2 hours at an average salary, benefits mileage of \$19.60/hr \$1,003.52

Average volunteer hours – 15.6 hours/consumer Free

Average funds needed to assist a consumer in relocating out  
Of a NF facility with access = 571.00 other than services of ILS \$ 571.00

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Total \$1,574.52



Plans of Care costs					
64 were in the last fiscal year					
47 did not require any waiver services					
17 Consumers are on a waiver through Medicaid					
Plans of care for those requiring services					
Person #	Month out of NF	Waiver they receive	Beginning POC for full month	Change in POC	Current POC
1	Oct-03	FE	\$2,179.40	None	\$2,179.40
2	Oct-03	PD	\$2,240.85	Jan-04	\$1,802.50
3	Dec-03	PD	\$3,016.28	Feb-04	\$2,724.80
4	Jan-04	FE	\$804.00	None	\$804.00
5	Jan-04	PD	\$816.52	Jun-04	\$850.31
6	Feb-04	HI	\$4,112.00	Jul-04	* changed Agencies
7	Mar-04	PD	\$2,061.13	Apr-04	\$1,842.13
8	Mar-04	FE	\$935.56	None	\$935.56
9	Apr-04	PD	\$1,942.86	Jun-04	\$1,651.86
10	May-04	PD	\$2,068.00	Aug-04	\$1,942.31
11	May-04	FE	\$1,715.08	None	\$1,715.08
12	Jun-04	PD	\$2,006.00	Aug-04	\$1,119.42
13	Jul-04	PD	\$1,762.00	Sep-04	\$1,216.13
14	Jul-04	PD	\$1,814.00	Sep-04	\$1,004.13
15	Aug-04	PD	\$1,799.02	Oct-04	\$862.71
16	Aug-04	PD	\$1,246.51	Nov-04	\$753.82
17	Sep-04	PD	\$836.91	Oct-04	\$663.88



Testimony to the Senate Ways and Means Committee  
SB 218 - providing for transfer of moneys to support the movement of individuals  
from nursing facilities to home and community-based services.  
March 9, 2005

Chairperson Umbarger and committee members, I am Kerrie Bacon, Legislative Liaison for the Kansas Commission on Disability Concerns (KCDC). We are charged with providing information to the Governor, the Legislature, and to State agencies about issues of concern to Kansans with disabilities (K.S.A. 74-6706).

We support this bill because there are people currently living in nursing homes who prefer to live in a home or apartment and could if community supports such as the Home and Community Based Service (HCBS) waivers were available. They are people with physical disabilities, and elderly who would rather live in their own home or apartment than in an institutional setting.

A pilot project is currently in place in Kansas called "Money follows the person" where 75 people per year, who want to move out of a nursing home and are using Medicaid funds, are allowed to do so and set up with HCBS services if needed. The cost to support one person in the community is less than in a nursing home and the individual has accomplished what they wanted, by having their own home (place to live, space, apartment).

Our society values independence and having our own place. These values don't change because someone has a disability or becomes elderly. If we, as Kansans, support the elderly and those with disabilities, we will support this common sense bill. In this time of tight budgets,

- if people prefer living in their own home or apartment instead of a nursing home, and it's less expensive, why not do it?
- And if it's less expensive to support them in doing what they would rather do, why would we want to limit the number who can do it per year?

KCDC fully supports SB 218 with an amendment to drop the cap. We encourage you to recommend the amended version favorably for passage to the full Senate.

Thank you for your time.

Kansas Commission on Disability Concerns  
1430 S.W. Topeka Boulevard, Topeka, Kansas 66612-1819  
Voice: (785) 296-1722 Fax: (785) 296-0466  
Toll-Free Voice: 1-800-295-5232 Toll-Free TTY 1-877-340-5874  
TTY: (785) 296-5044

Senate Ways and Means  
3-9-05  
Attachment 6



March 9, 2005

TO: Senate Ways and Means  
FR: Tom Laing, Executive Director,  
InterHab: The Resource Network for Kansans with Disabilities

RE: Senate Bill 218

On behalf of the membership of InterHab, I would like to offer written testimony in support of Senate Bill 218.

SB 218 contains principles which were first introduced into Kansas law in the Kansas Developmental Disabilities Reform Act (DDRA), enacted in 1995. The DDRA is considered to be one of the strongest State laws in the nation in promoting community integration of persons with disabilities.

One of the hallmarks of the DDRA is its insistence that funding follow the person when transitioning from institutional care to the community. It is a necessary mechanism in the law in order to ensure that funds are available for persons when they begin life, or return to life, in the community. The law has helped to ensure the successful transition of hundreds of Kansans with developmental disabilities into communities of their choice.

It is 'Common Sense' government at its best:  
Where the person is, so too should be the dollars needed for their care.

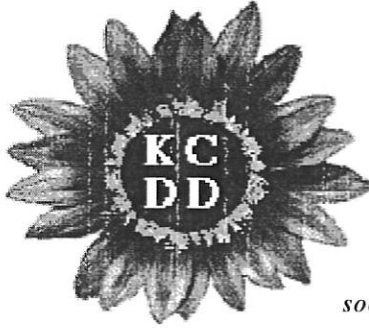
Persons with developmental disabilities are not unique in their transition from institutional care to the community, as many Kansans who require long-term care have the same needs. Therefore, we believe it is good public policy for the State to adopt a similar strategy to what is incorporated in the DDRA for all Kansans who need long-term care.

The language in Senate Bill 218 would serve as a 'safety net' to ensure that when there are persons waiting for services either under the Frail Elderly or Physical Disability waivers, funding is available that would allow them to transition out of institutional care and into the community.

We are confident that such language will afford other Kansans with special needs the same opportunity to succeed in the community that the DDRA has afforded Kansans with developmental disabilities for the past decade.

We respectfully encourage your support of Senate Bill 218.

Senate Ways and Means  
3-9-05  
Attachment 7



# ***Kansas Council on Developmental Disabilities***

KATHLEEN SEBELIUS, Governor  
DONNA BEAUCHAMP, Chairperson  
JANE RHYS, Ph. D., Executive Director  
kcdd@alltel.net

Docking State Off. Bldg., Room 141, 915 SW Harrison  
Topeka, KS 66612-1570  
Phone (785) 296-2608, FAX (785) 296-2861  
<http://nekesc.org/kcdd>

*"To ensure the opportunity to make choices regarding participation in society and quality of life for individuals with developmental disabilities"*

## **SENATE WAYS AND MEANS COMMITTEE**

**March 9, 2005**

**Room 123-S**

Mr. Chairperson, Members of the Committee, my name is Jane Rhys and I represent the Kansas Council on Developmental Disabilities. I am providing written testimony in support of Senate Bill 218, an act providing for transfer of moneys to support the movement of individuals from nursing facilities to home and community-based services.

The Kansas Council is federally mandated and federally funded under the Developmental Disabilities Assistance and Bill of Rights Act of 2000. We receive no state funds. The Council is composed of individuals appointed by the Governor, including representatives of the major agencies who provide services for individuals with developmental disabilities. At least 60% of the membership consists of individuals who are persons with developmental disabilities or their immediate relatives. Our mission is to advocate for individuals with developmental disabilities to receive adequate supports to make choices about where they live, work, and learn.

We support the bill and would recommend the lifting of the cap of 75 individuals.

As always, the opportunity to provide information to you is greatly appreciated and I would be happy to answer any questions. I can be reached at the following addresses:

Jane Rhys, Executive Director  
Kansas Council on Developmental Disabilities  
Docking State Office Building, Room 141  
915 SW Harrison  
Topeka, KS 66612-1570  
785 296-2608  
[jrhys@alltel.net](mailto:jrhys@alltel.net)

Senate Ways and Means  
3-9-05  
Attachment 8



Self-Advocate  
Coalition of Kansas

To: The Ways and Means Committee

From: Self Advocate Coalition of Kansas

For the past 10 years people with developmental disabilities have been able to move from state institutions into their local communities using the money that paid for their institutional care. The supports they receive in the community are based on their personal choices and needs. Self Advocate Coalition of Kansas strongly believes in this concept; it is right for people and right for the state of Kansas.

SACK has spoken about this many times. Money should follow the person; where someone lives should be decided by the person with adequate funding for the supports needed to be there. Right now this is true for people with developmental disabilities who live in institutions but not those who live in nursing homes or people with other disabilities. People's choices should be respected and followed through. People should have the choice to live in the community with the supports they need. The type of disability or the place one wants to leave should not make a difference.

SACK believes that the choice of where one lives with supports is a right shared by everyone. Using the money already promised for care to pay for supports in the community makes sense for everyone who wants it. SACK believes that there should not be a cap placed on the number of people who can move into the community. Rights are for all, not a few.

SACK supports SB 218 and strongly recommends that you act positively. This bill will help people live with choice and dignity.

If you have any questions about concerning the position of the Self Advocate Coalition of Kansas, please contact Kathy Lobb, Legislative Liaison. 785-749-5588.

Thank you for your time and consideration,

Sincerely,

Kathy Lobb



2518 Ridge Court,  
Room 236  
Lawrence, Kansas 66046

Phone: 1-888-354-7225 or  
785-749-0121  
Fax: 785-843-3728  
Email: kssack123@aol.com  
Web: kansassack.org

Senate Ways and Means  
3-9-05  
Attachment 9

**SENATE BILL No. 271**

By Committee on Ways and Means

2-17

Proposed amendment  
March 7, 2005

Senate Ways and Means  
3-9-05  
Attachment 10

9 AN ACT concerning real estate brokers and sales persons; relating to  
10 fees; amending K.S.A. 2004 Supp. 58-3035 and 58-3063 and repealing  
11 the existing sections.  
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 2004 Supp. 58-3035 is hereby amended to read as  
15 follows: 58-3035. As used in this act, unless the context otherwise  
16 requires:

17 (a) "Act" means the real estate brokers' and salespersons' license act.

18 (b) "Advance listing fee" means any fee charged for services related  
19 to promoting the sale or lease of real estate and paid in advance of the  
20 rendering of such services, including any fees charged for listing, adver-  
21 tising or offering for sale or lease any real estate, but excluding any fees  
22 paid solely for advertisement or for listing in a publication issued for the  
23 sole purpose of promoting the sale or lease of real estate wherein inquiries  
24 are directed to the owner of the real estate or to real estate brokers and  
25 not to unlicensed persons who publish the listing.

26 (c) "Associate broker" means an individual who has a broker's license  
27 and who is employed by another broker or is associated with another  
28 broker as an independent contractor and participates in any activity de-  
29 scribed in subsection (f).

30 (d) "Branch broker" means an individual who has a broker's license  
31 and who has been designated to supervise a branch office and the activ-  
32 ities of salespersons and associate brokers assigned to the branch office.

33 (e) "Branch office" means a place of business other than the principal  
34 place of business of a broker.

35 (f) "Broker" means an individual, other than a salesperson, who ad-  
36 vertises or represents that such individual engages in the business of buy-  
37 ing, selling, exchanging or leasing real estate or who, for compensation,  
38 engages in any of the following activities as an employee of, or on behalf  
39 of, the owner, purchaser, lessor or lessee of real estate:

- 40 (1) Sells, exchanges, purchases or leases real estate.
- 41 (2) Offers to sell, exchange, purchase or lease real estate.
- 42 (3) Negotiates or offers, attempts or agrees to negotiate the sale,  
43 exchange, purchase or leasing of real estate.

1 58-3046a and amendments thereto, an amount not less than \$10 nor more  
2 than \$20, as determined by the commission.

3 (15) For a temporary salesperson's license, an amount not exceeding  
4 ~~\$25~~ \$75.

5 (16) For each branch office opened or established after July 1, 2005,  
6 an amount not exceeding \$100.

7 (17) For each primary office of a company created or established by  
8 a supervising broker after July 1, 2005, an amount not exceeding \$100.

9 (18) For certification of a licensee's education history under K.S.A.  
10 58-3046a, and amendments thereto, an amount not exceeding \$25.

11 (19) For certification of licensure of a professional corporation, an  
12 amount not exceeding \$25.

13 (20) For each additional primary or branch office at which a sales-  
14 person or an associate, supervising or branch broker is associated or em-  
15 ployed, if such person is associated or employed by more than one primary  
16 or branch office, ~~an amount, to be paid by such salesperson or broker,~~ an  
17 amount not exceeding \$50

, to be paid by such salesperson or broker

18 (b) For each prorated fee, the commission shall establish a monthly  
19 amount, rounded off to the nearest dollar, and shall compute the fee from  
20 the last calendar day of the month in which the license is issued to the  
21 expiration date of the license.

22 (c) Subject to the limitations of this section, the commission shall fix  
23 the fees provided for by this section in the amounts necessary to admin-  
24 ister and enforce this act.

25 (d) The fees provided for by this section shall be applicable regardless  
26 of the type of license.

27 Sec. 3. K.S.A. 2004 Supp. 58-3035 and 58-3063 are hereby repealed.

28 Sec. 4. This act shall take effect and be in force from and after its  
29 publication in the statute book.