

Approved: April 26, 2006

Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:35 A.M. on March 3, 2006, in Room 123-S of the Capitol.

All members were present except:

Senator Carolyn McGinn- excused
Senator Steve Morris- excused
Senator Chris Steineger- excused
Senator Ruth Teichman- excused

Committee staff present:

Jill Wolters, Revisor of Statutes Office
Michael Corrigan, Revisor of Statutes Office
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Judy Bromich, Chief of Staff
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

none

Others attending:

See attached list.

Bill Introduction

Senator Umbarger moved, with a second by Senator Emler, to introduce a bill concerning sales tax exemption for TLC for Children and Families (5rs1918). Motion carried on a voice vote.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2006 and FY 2007 were made available to the Committee.

Subcommittee budget reports on:

Kansas Department of Revenue (Attachment 1)

Subcommittee Chairwoman Jean Schodorf reported that the budget subcommittee on the Kansas Department of Revenue concurs with the Governor's recommendations in FY 2006 with notations and FY 2007 with comments.

Senator Emler moved, with a second, to amend the budget subcommittee report on the Kansas Department of Revenue in FY 2007, Item No. 4, Page 5, first sentence, to remove the word "that". Motion carried on a voice vote.

Senator Schodorf moved, with a second by Senator Schmidt, to adopt the budget subcommittee report on the Kansas Department of Revenue in FY 2006 and FY 2007 as amended, and to include the KDOR Compact Vehicle Cost Analysis report in the FY 2007 budget report (Attachment 2). Motion carried on a voice vote.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:35 A.M. on March 3, 2006, in Room 123-S of the Capitol.

Kansas Department of Health and Environment (Attachment 3)

Subcommittee Chairwoman Vicki Schmidt reported that the budget subcommittee on the Kansas Department of Health and Environment concurs with the Governor's recommendations in FY 2006 with notation and FY 2007 with adjustments and notations.

Senator Schmidt moved, with a second by Senator Kelly, to amend the budget subcommittee report on the Kansas Department of Health and Environment in FY 2006 to review rental charges of all agencies housed in state-owned buildings at Omnibus. Motion carried on a voice vote.

Senator Schmidt moved, with a second by Senator Kelly, to amend the budget subcommittee report on the Kansas Department of Health and Environment in FY 2007 to review rental charges of all agencies housed in state-owned buildings at Omnibus. Motion carried on a voice vote.

Senator Schmidt moved, with a second by Senator Emler, to adopt the budget subcommittee report on the Kansas Department of Health and Environment in FY 2006 and FY 2007 as amended. Motion carried on a voice vote.

Emergency Medical Services Board

Chairman Umbarger called the Committee's attention to reconsider the Emergency Medical Services Board budget subcommittee report:

Senator Schmidt moved, with a second by Senator Kelly, to reconsider and amend the budget subcommittee report on the Emergency Medical Services Board budget to consider at Omnibus the funding of \$200,000 from the Emergency Medical Services Operating Fund for a statewide data collection system in FY 2007 pending passage of SB 546. Motion carried on a voice vote.

Kansas Lottery

Kansas Racing and Gaming Commission (Attachment 4)

Subcommittee Chairwoman Jean Schodorf reported that the budget subcommittee on the Kansas Lottery concurs with the Governor's recommendations in FY 2006 with notation and FY 2007 with observations and recommendations.

Senator Schodorf moved, with a second by Senator Wysong, to adopt the budget subcommittee report on the Kansas Lottery in FY 2006 and FY 2007 with technical cleanup of the report in FY 2007. Motion carried on a voice vote.

Subcommittee Chairwoman Jean Schodorf reported that the budget subcommittee on the Kansas Racing and Gaming Commission concurs with the Governor's recommendations in FY 2006 with recommendation and comment and in FY 2007 with adjustment and recommendations.

Senator Schodorf moved, with a second by Senator Emler, to adopt the budget subcommittee report on the Kansas Racing and Gaming Commission in FY 2006 and FY 2007. Motion carried on a voice vote.

The meeting adjourned at 11:45 a.m. The next meeting was scheduled for March 6, 2006.

SENATE WAYS AND MEANS
GUEST LIST

Date March 3, 2006

| NAME | REPRESENTING |
|-----------------------------|-------------------------------|
| Idilyn | Budget |
| Dodie Wellshear | KCSOV |
| Mark Boranysky | CAPITOL STRATEGIES |
| KEVIN ROBERTSON | KANSAS RENTAL ASSN |
| Jim Conant | KDOR |
| LANNY McMAHAN | KDOR |
| KEITH KOCHER | KS LOTTERY |
| Carolyn Broed | KS Lottery |
| ED VAN PETTEN | KS LOTTERY |
| JOHN MIEIROY | KSGA |
| Carolyn Madsenborg | KSNs Assn |
| STEPHEN MARTINO | KS RACING & GAMING COMM. |
| Charles LaBey | K Racing & Gaming Comm. |
| Karla Finello | KAMU |
| Mike Huttles | KAMU |
| Doug Bowman | CCECDS |
| Aaron Dunkel | KDHE |
| Richard Hunsbuck | KDHE |
| Deane Belin | KDHE |
| Dick Morrissey | KDHE |
| Beth Oates | Huttles Government Relations |
| Lindsey Douglas | Hein Law Firm |
| Wan Morin | Kansas Medical Society |

FY 2006 and FY 2007
SENATE SUBCOMMITTEE REPORTS


Department of Revenue



Senator Jean Schodorf, Chair



Senator Donald Betts



Senator Vicki Schmidt



Senator Ruth Teichman

Senate Ways and Means
03-03-06
Attachment 1

House Budget Committee Report

Agency: Department of Revenue

Bill No. HB 2958

Bill Sec. 34

Analyst: Deckard

Analysis Pg. No. Vol. I-708

Budget Page No. 337

| Expenditure Summary | Agency Estimate FY 06 | Governor's Recommendation FY 06 | House Budget Committee Adjustments |
|--------------------------------|-----------------------------|---------------------------------------|--|
| Operating Expenditures: | | | |
| State Operations | \$ 78,320,150 | \$ 78,388,346 | \$ 0 |
| Aid to Local Units | 8,497,345 | 10,673,345 | 0 |
| Other Assistance | 3,500,000 | 3,500,000 | 0 |
| TOTAL | <u>\$ 90,317,495</u> | <u>\$ 92,561,691</u> | <u>\$ 0</u> |
| Financing: | | | |
| State General Fund | \$ 20,571,834 | \$ 20,571,834 | \$ 0 |
| Other Funds | 69,745,661 | 71,989,857 | 0 |
| TOTAL | <u>\$ 90,317,495</u> | <u>\$ 92,561,691</u> | <u>\$ 0</u> |
| FTE Positions | 1,146.0 | 1,146.0 | 0.0 |

Agency Estimate

The **Department** estimates FY 2006 operating expenditures at \$90,317,495, including \$20,571,834 from the State General Fund. This is an increase of \$1,727,805 or 2.0 percent above the amount approved by the 2005 Legislature. The increase includes a \$84,737 or 0.4 percent increase in funding from the State General Fund. The increase in State General Fund is due to a reappropriation from FY 2005. Of the other funds increase totaling \$1,643,068, \$1,045,045 is attributable to KSIP expenditures planned for the current year. The remaining \$598,023 of the increase is due to the following: \$293,849 for increases in postage and other communication expenditures; \$167,196 for increases in rent; \$18,720 for increases in freight; \$73,207 for increases in travel and subsistence; and \$45,051 for increases in fees to other state agencies.

Staff Note: *The agency inadvertently failed to include \$135,626 in grant funds from the Department of Transportation in its budget submission.*

Governor's Recommendation

The **Governor** recommends FY 2006 operating expenditures of \$92,561,691, including \$20,571,834 from the State General Fund. The recommendation is an increase of \$3,972,001 or 4.5 percent above the amount approved by the 2005 Legislature. The recommendation includes an increase of \$84,737 or 0.4 percent from the State General Fund. The recommendation includes increasing the transfer from the Sand Royalty Fund to the State Water Plan Fund by \$1,000, for a total transfer of \$211,000 in FY 2006. Additionally, the Governor added \$2,176,000 in expenditures from the Special County Mineral Production Fund and added \$68,195 for a grant received by the Alcoholic Beverage Control Program from the Department of Transportation for an Underage

Enforcement Project Agreement to use funds received by the Department of Transportation from the Federal Traffic Safety Grant Funds. In addition, the Governor shifted salaries and wages funding of \$67,431 from the Division of Vehicles Operating Fund to the Federal Commercial Motor Vehicle Safety Fund to reflect the remainder of the Department of Transportation grant funding.

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.

Senate Subcommittee Report

Agency: Department of Revenue **Bill No.** SB 570 **Bill Sec.** 34
Analyst: Deckard **Analysis Pg. No.** Vol. I-708 **Budget Page No.** 337

| Expenditure Summary | Agency Estimate FY 06 | Governor's Recommendation FY 06 | Senate Subcommittee Adjustments |
|--------------------------------|-----------------------------|---------------------------------------|---------------------------------------|
| Operating Expenditures: | | | |
| State Operations | \$ 78,320,150 | \$ 78,388,346 | \$ 0 |
| Aid to Local Units | 8,497,345 | 10,673,345 | 0 |
| Other Assistance | 3,500,000 | 3,500,000 | 0 |
| TOTAL | \$ 90,317,495 | \$ 92,561,691 | \$ 0 |
| Financing: | | | |
| State General Fund | \$ 20,571,834 | \$ 20,571,834 | \$ 0 |
| Other Funds | 69,745,661 | 71,989,857 | 0 |
| TOTAL | \$ 90,317,495 | \$ 92,561,691 | \$ 0 |
| FTE Positions | 1,146.0 | 1,146.0 | 0.0 |

Agency Estimate

The Department estimates FY 2006 operating expenditures at \$90,317,495, including \$20,571,834 from the State General Fund. This is an increase of \$1,727,805 or 2.0 percent above the amount approved by the 2005 Legislature. The increase includes a \$84,737 or 0.4 percent increase in funding from the State General Fund. The increase in State General Fund is due to a reappropriation from FY 2005. Of the other funds increase totaling \$1,643,068, \$1,045,045 is attributable to KSIP expenditures planned for the current year. The remaining \$598,023 of the increase is due to the following: \$293,849 for increases in postage and other communication

expenditures; \$167,196 for increases in rent; \$18,720 for increases in freight; \$73,207 for increases in travel and subsistence; and \$45,051 for increases in fees to other state agencies.

Staff Note: *The agency inadvertently failed to include \$135,626 in grant funds from the Department of Transportation in its budget submission.*

Governor's Recommendation

The Governor recommends FY 2006 operating expenditures of \$92,561,691, including \$20,571,834 from the State General Fund. The recommendation is an increase of \$3,972,001 or 4.5 percent above the amount approved by the 2005 Legislature. The recommendation includes an increase of \$84,737 or 0.4 percent from the State General Fund. The recommendation includes increasing the transfer from the Sand Royalty Fund to the State Water Plan Fund by \$1,000, for a total transfer of \$211,000 in FY 2006. Additionally, the Governor added \$2,176,000 in expenditures from the Special County Mineral Production Fund and added \$68,195 for a grant received by the Alcoholic Beverage Control Program from the Department of Transportation for an Underage Enforcement Project Agreement to use funds received by the Department of Transportation from the Federal Traffic Safety Grant Funds. In addition, the Governor shifted salaries and wages funding of \$67,431 from the Division of Vehicles Operating Fund to the Federal Commercial Motor Vehicle Safety Fund to reflect the remainder of the Department of Transportation grant funding.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following notations:

1. The Subcommittee notes that the results of the increased presence in the field for tax operations are encouraging. The 18 additional field positions have been filled and as of December 31, 2005 the positions were credited with collecting \$6,751,185 of the targeted \$12 million for FY 2006. Four additional audit positions have also been filled and as of December 31, 2005 the positions were credited with collecting \$590,871 of the targeted \$1 million for FY 2006.
2. The Subcommittee notes that the Department indicated that 60 percent of the total tax collections in FY 2005 were received electronically. The Department indicated that there are ongoing efforts being made to encourage individuals, corporations, and tax professionals to file electronically.

House Budget Committee Report

Agency: Department of Revenue

Bill No. HB 2968

Bill Sec. 21

Analyst: Deckard

Analysis Pg. No. Vol. I-708

Budget Page No. 337

| Expenditure Summary | Agency Request FY 07 | Governor's Recommendation FY 07 | House Budget Committee Adjustments |
|--------------------------------|-----------------------------|---------------------------------------|--|
| Operating Expenditures: | | | |
| State Operations | \$ 75,418,872 | \$ 75,969,519 | \$ (135,086) |
| Aid to Local Units | 8,035,345 | 9,220,345 | 0 |
| Other Assistance | 3,500,000 | 3,500,000 | 0 |
| TOTAL | <u>\$ 86,954,217</u> | <u>\$ 88,689,864</u> | <u>\$ (135,086)</u> |
| Financing: | | | |
| State General Fund | \$ 20,229,947 | \$ 20,154,916 | \$ (116,300) |
| Other Funds | 66,724,270 | 68,534,948 | (18,786) |
| TOTAL | <u>\$ 86,954,217</u> | <u>\$ 88,689,684</u> | <u>\$ (135,086)</u> |
| FTE Positions | 1,146.0 | 1,146.0 | 0.0 |

Agency Request

The **Department** requests FY 2007 operating expenditures of \$86,954,217, including \$20,229,947 from the State General Fund. The request is a decrease of \$3,363,278 or 3.7 percent below the FY 2006 estimate. The request includes a State General Fund decrease of \$341,887 or 1.7 percent below the FY 2006 estimate. The request includes an enhancement package of \$356,277, including \$116,300 from the State General Fund, for the replacement of vehicles. Without the enhancement package, the request would be \$86,597,940, a decrease of \$3,719,555 or 4.1 percent below the FY 2006 estimate. The Department estimated KSIP expenditures of \$1,045,045 in FY 2006 that will not be repeated in FY 2007. Additionally, the FY 2006 estimate contains \$1,661,640, including \$506,906 from the State General Fund to account for the fact that there were 27 payroll periods in FY 2006, while there are only 26 payroll periods in FY 2007. The Department's FY 2007 request includes a reduction of \$462,000 in aid to local units, a reduction of \$257,476 in temporary salaries in the Tax Operations Division, and reductions in contractual services, the majority of which are in communications and repairs and servicing.

Staff Note: *The agency inadvertently failed to include \$132,349 in grant funds from the Department of Transportation in its budget submission.*

Governor's Recommendation

The **Governor** recommends FY 2007 operating expenditures of \$88,689,864, including \$20,154,916 from the State General Fund. The recommendation is a decrease of \$3,871,827 or 4.2 percent below the FY 2006 recommendation. The FY 2007 recommendation includes a State General Fund decrease of \$416,918 or 2.0 percent below the FY 2006 recommendation. The Governor's FY 2007 recommendation is an increase of \$1,735,647 or 2.0 percent above the

agency's request. The recommendation includes a State General Fund decrease of \$75,031 or 0.4 percent below the agency's request. The recommendation includes: the reduction of \$11,000 in the amount transferred from the Sand Royalty Fund to the State Water Plan Fund, for a total transfer in FY 2007 of \$199,000; an increase in shrinkage of \$350,000 from the State General Fund to increase the shrinkage rate from 10.3 percent to 10.9 percent; the addition of \$135,086, including \$11,630 from the State General Fund, for the purchase of eight cars and two trucks. The agency had requested \$356,277, including \$116,300 from the State General Fund to replace 28 vehicles; the addition of \$62,895 for a grant received by the Alcoholic Beverage Control Program from the Department of Transportation for an Underage Enforcement Project Agreement to use funds received by the Department of Transportation from the Federal Traffic Safety Grant Funds; the shift salaries and wages funding of \$69,454 from the Division of Vehicles Operating Fund to the Federal Commercial Motor Vehicle Safety Fund to reflect the remainder of the Department of Transportation grant funding; the addition of \$1,185,000 in expenditures from the Special County Mineral Production Tax Fund; and the addition of \$1,058,943, including \$379,639 from the State General Fund for the 2.5 percent base salary adjustment for state employees.

House Budget Committee Recommendation

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

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERs) rates, KPERs death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$88,589,690, including \$20,487,097 from the State General Fund. The approved budget was reduced by a net total of \$979,922, including \$322,113 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$849,122 in salary adjustments and \$130,800 in one-time adjustments.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.** The table below reflects the difference between the Governor's recommendation and the baseline budget.

| | SGF | All Funds |
|---------------------------|-------------------|-------------------|
| Governor's Recommendation | 20,154,916 | 88,689,864 |
| Baseline Budget | <u>20,164,984</u> | <u>87,609,768</u> |
| Dollar Difference | <u>(10,068)</u> | <u>1,080,096</u> |
| <i>Percent Difference</i> | <i>0.0%</i> | <i>1.2%</i> |

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

| | SGF | All Funds |
|-----------------------------------|-----------------|------------------|
| Base Salary Adjustment | 379,639 | 1,058,943 |
| Vehicle Enhancement Package | 116,300 | 135,086 |
| Decrease Shrinkage | (251,973) | (833,442) |
| Special Co. Mineral Prod Transfer | 0 | 2,728,295 |
| KDOT Grant | 0 | 62,895 |
| Other Salary Adjustments | (139,296) | (2,082,453) |
| Net Other Adjustments | (10,068) | 10,772 |
| | <u>(10,068)</u> | <u>1,080,096</u> |

3. **Vehicle Purchase.** Delete \$135,086, including \$116,300 from the State General Fund, to remove funding recommended by the Governor to replace ten high mileage vehicles. The Budget Committee recommends the agency's purchase of vehicles be reviewed at Omnibus.

House Committee Recommendation

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

Senate Subcommittee Report

Agency: Department of Revenue **Bill No.** SB 573 **Bill Sec.** 21

Analyst: Deckard **Analysis Pg. No.** Vol. I-708 **Budget Page No.** 337

| Expenditure Summary | Agency Request FY 07 | Governor's Recommendation FY 07 | Senate Subcommittee Adjustments |
|--------------------------------|-------------------------|---------------------------------------|---------------------------------------|
| Operating Expenditures: | | | |
| State Operations | \$ 75,418,872 | \$ 75,969,519 | \$ 0 |
| Aid to Local Units | 8,035,345 | 9,220,345 | 0 |
| Other Assistance | 3,500,000 | 3,500,000 | 0 |
| TOTAL | <u>\$ 86,954,217</u> | <u>\$ 88,689,864</u> | <u>\$ 0</u> |
| Financing: | | | |
| State General Fund | \$ 20,229,947 | \$ 20,154,916 | \$ 0 |
| Other Funds | 66,724,270 | 68,534,948 | 0 |
| TOTAL | <u>\$ 86,954,217</u> | <u>\$ 88,689,864</u> | <u>\$ 0</u> |
| FTE Positions | 1,146.0 | 1,146.0 | 0.0 |

Agency Request

The **Department** requests FY 2007 operating expenditures of \$86,954,217, including \$20,229,947 from the State General Fund. The request is a decrease of \$3,363,278 or 3.7 percent below the FY 2006 estimate. The request includes a State General Fund decrease of \$341,887 or 1.7 percent below the FY 2006 estimate. The request includes an enhancement package of \$356,277, including \$116,300 from the State General Fund, for the replacement of vehicles. Without the enhancement package, the request would be \$86,597,940, a decrease of \$3,719,555 or 4.1 percent below the FY 2006 estimate. The Department estimated KSIP expenditures of \$1,045,045 in FY 2006 that will not be repeated in FY 2007. Additionally, the FY 2006 estimate contains \$1,661,640, including \$506,906 from the State General Fund to account for the fact that there were 27 payroll periods in FY 2006, while there are only 26 payroll periods in FY 2007. The Department's FY 2007 request includes a reduction of \$462,000 in aid to local units, a reduction of \$257,476 in temporary salaries in the Tax Operations Division, and reductions in contractual services, the majority of which are in communications and repairs and servicing.

Staff Note: *The agency inadvertently failed to include \$132,349 in grant funds from the Department of Transportation in its budget submission.*

Governor's Recommendation

The **Governor** recommends FY 2007 operating expenditures of \$88,689,864, including \$20,154,916 from the State General Fund. The recommendation is a decrease of \$3,871,827 or 4.2 percent below the FY 2006 recommendation. The FY 2007 recommendation includes a State General Fund decrease of \$416,918 or 2.0 percent below the FY 2006 recommendation. The Governor's FY 2007 recommendation is an increase of \$1,735,647 or 2.0 percent above the agency's request. The recommendation includes a State General Fund decrease of \$75,031 or 0.4 percent below the agency's request. The recommendation includes: the reduction of \$11,000 in the amount transferred from the Sand Royalty Fund to the State Water Plan Fund, for a total transfer in FY 2007 of \$199,000; an increase in shrinkage of \$350,000 from the State General Fund to increase the shrinkage rate from 10.3 percent to 10.9 percent; the addition of \$135,086, including \$11,630 from the State General Fund, for the purchase of eight cars and two trucks. The agency had requested \$356,277, including \$116,300 from the State General Fund to replace 28 vehicles; the addition of \$62,895 for a grant received by the Alcoholic Beverage Control Program from the Department of Transportation for an Underage Enforcement Project Agreement to use funds received by the Department of Transportation from the Federal Traffic Safety Grant Funds; the shift salaries and wages funding of \$69,454 from the Division of Vehicles Operating Fund to the Federal Commercial Motor Vehicle Safety Fund to reflect the remainder of the Department of Transportation grant funding; the addition of \$1,185,000 in expenditures from the Special County Mineral Production Tax Fund; and the addition of \$1,058,943, including \$379,639 from the State General Fund for the 2.5 percent base salary adjustment for state employees.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following comments:

1. The Subcommittee notes the near depletion of the agency's fee funds. The fee fund balances will be minimal at the end of FY 2007 and have the potential to create a funding issue for this agency in FY 2008.

2. The Subcommittee notes the beneficial vehicle cost analysis provided by the agency regarding the comparison of owning a vehicle, renting a vehicle and paying mileage. The Subcommittee notes the value of the information and that the agency indicated there were benefits of the Enterprise contract for occasional, limited travel.
3. The Subcommittee notes its review of the recently released performance audit by Legislative Post Audit, titled: "VIPS and CAMA: Reviewing Availability and Use of Funding Earmarked To Improve These Computer Systems."
4. The Subcommittee notes that the Department's concern regarding SB 545, which would increase vehicle registration fees received by the county treasurers and which would amend the VIPS/CAMA fund to be the VIPS Technology Fund, because of the potential revenue decrease for CAMA. If the bill in its current form were to become law, the CAMA replacement project would require supplemental funding, most likely from the State General Fund.

KDOR Compact Vehicle Cost Analysis - Topeka/Lawrence

Separate Ways and Means
 03-03-06
 Attachment 2

PURCHASING A COMPACT VEHICLE

RENTING A COMPACT VEHICLE IN TOPEKA AND LAWRENCE

PRIVATE VEHICLE

| COMPACT: FORD FOCUS SE PURCHASED | COMPACT: RENTED FROM ENTERPRISE IN TOPEKA AND LAWRENCE | ASSOCIATES REIMBURSED MILEAGE |
|--|--|---|
| FY06 BASE CONTRACT PRICE \$ 10,655.00 | Weekly Rental Rate for Compact in Topeka \$ 159.75 | Reimbursement per mile \$0.40 |
| Cruise Control Add on Option \$ 196.00 | 28 day rental Rate for Compact in Topeka \$ 639.00 | |
| Shipping \$ 62.00 | Long Term 28 day Rental Rate for Compact in Topeka First 3 mo. \$ 614.00 | |
| \$ 10,913.00 | Total Annual Long Term Rental Rate for Compact in Topeka & Lawrence \$ 7,593.00 | |
| | | |
| Average miles driven per month 1,258 | Average miles driven per month 1,258 | Ave. miles driven per mo. 1,258 |
| Estimated ave MPG city/highway 25 | Estimated ave MPG city/highway 25 | |
| Estimated gallons purchased mo. 50.32 | Estimated gallons purchased mo. 50.32 | |
| Estimated price per gallon \$2.52 | Estimated price per gallon \$ 2.52 | |
| Monthly Fuel Costs \$126.81 | Monthly Fuel Costs \$ 126.81 | Monthly reimburse. \$503.20 |
| Annual Fuel Costs \$ 1,521.67 | Annual Fuel Costs \$ 1,521.67 | Annual reimburse. \$6,038.40 |
| Annual Insurance Rate in Topeka \$ 131.00 | Total Annual Long Term Rental Rate for Compact in Topeka & Lawrence w/fuel \$ 9,114.67 | |
| Annual Registration Fee \$ 15.00 | | |
| Annual Repairs \$ 725.00 | | |
| | | |
| Average months for vehicle to Reach 100,000 miles 80 | | |
| | | |
| 80 month cost of agency-owned compact vehicles | 80 month cost of rented compact vehicles in Topeka and Lawrence | 80 month cost of private vehicles |
| | | |
| First 12 months 1/1/06 to 12/31/06 12 mo. Periods Cumulative \$ 13,305.67 \$ 13,305.67 | First 12 months 1/1/06 to 12/31/06 12 mo. Periods Cumulative \$ 9,114.67 \$ 9,114.67 | First 12 months 12 mo. Cumulative \$ 6,038.40 \$ 6,038.40 |
| Second 12 months 1/1/07 to 12/31/07 \$ 2,392.67 \$ 15,698.34 | Second 12 months 1/1/07 to 12/31/07 \$ 9,114.67 \$ 18,229.34 | Second 12 months \$ 6,038.40 \$ 12,076.80 |
| Third 12 months 1/1/08 to 12/31/08 \$ 2,392.67 \$ 18,091.01 | Third 12 months 1/1/08 to 12/31/08 \$ 9,114.67 \$ 27,344.01 | Third 12 months \$ 6,038.40 \$ 18,115.20 |
| Fourth 12 months 1/1/09 to 12/31/09 \$ 2,392.67 \$ 20,483.68 | Fourth 12 months 1/1/09 to 12/31/09 \$ 9,114.67 \$ 36,458.68 | Fourth 12 months \$ 6,038.40 \$ 24,153.60 |
| Fifth 12 months 1/1/10 to 12/31/10 \$ 2,392.67 \$ 22,876.35 | Fifth 12 months 1/1/10 to 12/31/10 \$ 9,114.67 \$ 45,573.35 | Fifth 12 months \$ 6,038.40 \$ 30,192.00 |
| Sixth 12 months 1/1/11 to 12/31/11 \$ 2,392.67 \$ 25,269.02 | Sixth 12 months 1/1/11 to 12/31/11 \$ 9,114.67 \$ 54,688.02 | Sixth 12 months \$ 6,038.40 \$ 36,230.40 |
| Last 8 months 1/1/12 to 8/31/12 \$ 1,595.11 \$ 26,864.13 | Last 8 months 1/1/12 to 8/31/12 \$ 6,076.40 \$ 60,764.42 | Last 8 months \$ 4,025.60 \$ 40,256.00 |
| Total 80 months costs of Purchasing \$ 26,864.13 | Total 80 months costs of Renting \$ 60,764.42 | Total 80 months costs of Reimbursements \$ 40,256.00 |

KDOR Mini-van Cost Analysis - Topeka/Lawrence

PURCHASING A MINI VAN

RENTING A MINI VAN IN TOPEKA AND LAWRENCE

PRIVATE VEHICLE

| MINI VAN: DODGE CARAVAN PURCHASED | | | | MINI VAN: RENTED FROM ENTERPRISE IN TOPEKA AND LAWRENCE | | | | ASSOCIATES REIMBURSED MILEAGE | | | |
|---|--------------------|---------------------|--------------|--|--------------------|---------------------|--------------|--|---------------------|--------------|--|
| FY06 BASE CONTRACT PRICE | \$ | 13,953.00 | | Weekly Rental Rate for Mini Vans in Topeka | \$ | 248.88 | | Reimbursement per mile | \$0.40 | | |
| Option Package: Tilt/power/cruise | \$ | 642.00 | | 28 day rental Rate for Mini vans in Topeka | \$ | 995.52 | | | | | |
| Rear window defogger | \$ | 172.00 | | Long Term 28 day Rental Rate for Mini Vans in Topeka First 3 mo. | \$ | 970.52 | | | | | |
| Shipping | \$ | 100.00 | | Total Annual Long Term Rental Rate for Mini vans in Topeka & Lawrence | \$ | 11,871.24 | | | | | |
| | \$ | <u>14,867.00</u> | | | | | | | | | |
| Average miles driven per month | 1,258 | | | Average miles driven per month | 1,258 | | | Ave. miles driven per mo. | 1,258 | | |
| Estimated ave MPG city/highway | 20 | | | Estimated ave MPG city/highway | 20 | | | | | | |
| Estimated gallons purchased mo. | 62.9 | | | Estimated gallons purchased mo. | 62.9 | | | | | | |
| Estimated price per gallon | \$2.52 | | | Estimated price per gallon | \$ | 2.52 | | | | | |
| Monthly Fuel Costs | \$158.51 | | | Monthly Fuel Costs | \$ | 158.51 | | Monthly reimburse. | \$503.20 | | |
| Annual Fuel Costs | \$ | 1,902.10 | | Annual Fuel Costs | \$ | 1,902.10 | | Annual reimburse. | \$6,038.40 | | |
| Annual Insurance Rate in Topeka | \$ | 138.00 | | Total Annual Long Term Rental Rate for Mini vans in Topeka & Lawrence w/fuel | \$ | 13,773.34 | | | | | |
| Annual Registration Fee | \$ | 15.00 | | | | | | | | | |
| Annual Repairs | \$ | 725.00 | | | | | | | | | |
| Average months for vehicle to Reach 100,000 miles | 80 | | | | | | | | | | |
| 80 month cost of agency-owned mini-vans | | | | 80 month cost of rented mini-vans in Topeka and Lawrence | | | | 80 month cost of private vehicles | | | |
| | | 12 mo. Periods | Cumulative | | | 12 mo. Periods | Cumulative | | 12 mo. | Cumulative | |
| First 12 months | 1/1/06 to 12/31/06 | \$ 17,647.10 | \$ 17,647.10 | First 12 months | 1/1/06 to 12/31/06 | \$ 13,773.34 | \$ 13,773.34 | First 12 months | \$ 6,038.40 | \$ 6,038.40 | |
| Second 12 months | 1/1/07 to 12/31/07 | \$ 2,780.10 | \$ 20,427.19 | Second 12 months | 1/1/07 to 12/31/07 | \$ 13,773.34 | \$ 27,546.68 | Second 12 months | \$ 6,038.40 | \$ 12,076.80 | |
| Third 12 months | 1/1/08 to 12/31/08 | \$ 2,780.10 | \$ 23,207.29 | Third 12 months | 1/1/08 to 12/31/08 | \$ 13,773.34 | \$ 41,320.02 | Third 12 months | \$ 6,038.40 | \$ 18,115.20 | |
| Fourth 12 months | 1/1/09 to 12/31/09 | \$ 2,780.10 | \$ 25,987.38 | Fourth 12 months | 1/1/09 to 12/31/09 | \$ 13,773.34 | \$ 55,093.36 | Fourth 12 months | \$ 6,038.40 | \$ 24,153.60 | |
| Fifth 12 months | 1/1/10 to 12/31/10 | \$ 2,780.10 | \$ 28,767.48 | Fifth 12 months | 1/1/10 to 12/31/10 | \$ 13,773.34 | \$ 68,866.70 | Fifth 12 months | \$ 6,038.40 | \$ 30,192.00 | |
| Sixth 12 months | 1/1/11 to 12/31/11 | \$ 2,780.10 | \$ 31,547.58 | Sixth 12 months | 1/1/11 to 12/31/11 | \$ 13,773.34 | \$ 82,640.04 | Sixth 12 months | \$ 6,038.40 | \$ 36,230.40 | |
| Last 8 months | 1/1/12 to 8/31/12 | \$ 1,853.40 | \$ 33,400.98 | Last 8 months | 1/1/12 to 8/31/12 | \$ 9,182.00 | \$ 91,822.04 | Last 8 months | \$ 4,025.60 | \$ 40,256.00 | |
| Total 80 months costs of Purchasing | | \$ 33,400.98 | | Total 80 months costs of Renting | | \$ 91,822.04 | | Total 80 months costs of Reimbursements | \$ 40,256.00 | | |

KDOR Compact Vehicle Cost Analysis - Outside Topeka/Lawrence

PURCHASING A COMPACT VEHICLE

RENTING A COMPACT VEHICLE OUTSIDE OF TOPEKA AND LAWRENCE

PRIVATE VEHICLE

| COMPACT: FORD FOCUS SE PURCHASED | | | | COMPACT: RENTED FROM ENTERPRISE IN TOPEKA AND LAWRENCE | | | | ASSOCIATES REIMBURSED MILEAGE | | | | | |
|---|--------------------|------------------|------------------|--|-----------|----------------|------------------|--|-----------|------------|------------------|----|-----------|
| FY06 BASE CONTRACT PRICE | \$ | 10,655.00 | | Weekly Rental Rate for Compact Outside of Topeka and Lawrence | \$ | 174.00 | | Reimbursement per mile | \$0.40 | | | | |
| Cruise Control Add on Option | \$ | 196.00 | | 28 day rental Rate for Compact Outside of Topeka Lawrence | \$ | 696.00 | | | | | | | |
| Shipping | \$ | 62.00 | | Long Term 28 day Rental Rate for Compact Outside Topeka First 3 mo. | \$ | 671.00 | | | | | | | |
| | \$ | <u>10,913.00</u> | | Total Annual Long Term Rental Rate for Compact Outside of Topeka & Lawrence | \$ | 8,277.00 | | | | | | | |
| Average miles driven per month | | 1,258 | | Average miles driven per month | | 1,258 | | Ave. miles driven per mo. | 1,258 | | | | |
| Estimated ave MPG city/highway | | 25 | | Estimated ave MPG city/highway | | 25 | | | | | | | |
| Estimated gallons purchased mo. | | 50.32 | | Estimated gallons purchased mo. | | 50.32 | | | | | | | |
| Estimated price per gallon | | \$2.52 | | Estimated price per gallon | \$ | 2.52 | | | | | | | |
| Monthly Fuel Costs | \$126.81 | | | Monthly Fuel Costs | \$ | 126.81 | | Monthly reimburse. | \$503.20 | | | | |
| Annual Fuel Costs | \$ | 1,521.67 | | Annual Fuel Costs | \$ | 1,521.67 | | Annual reimburse. | | \$6,038.40 | | | |
| Annual Insurance Rate in Topeka | \$ | 131.00 | | Total Annual Long Term Rental Rate for Compact Outside of Topeka & Lawrence w/fuel | \$ | 9,798.67 | | | | | | | |
| Annual Registration Fee | \$ | 15.00 | | | | | | | | | | | |
| Annual Repairs | \$ | 725.00 | | | | | | | | | | | |
| Average months for vehicle to Reach 100,000 miles | | 80 | | | | | | | | | | | |
| 80 month cost of agency-owned compact vehicles | | | | 80 month cost of rented compact vehicles outside Topeka and Lawrence | | | | 80 month cost of private vehicles | | | | | |
| | | 12 mo. Periods | Cumulative | | | 12 mo. Periods | Cumulative | | | 12 mo. | Cumulative | | |
| First 12 months | 1/1/06 to 12/31/06 | \$ | 13,305.67 | \$ | 13,305.67 | \$ | 9,798.67 | \$ | 9,798.67 | \$ | 6,038.40 | \$ | 6,038.40 |
| Second 12 months | 1/1/07 to 12/31/07 | \$ | 2,392.67 | \$ | 15,698.34 | \$ | 9,798.67 | \$ | 19,597.34 | \$ | 6,038.40 | \$ | 12,076.80 |
| Third 12 months | 1/1/08 to 12/31/08 | \$ | 2,392.67 | \$ | 18,091.01 | \$ | 9,798.67 | \$ | 29,396.01 | \$ | 6,038.40 | \$ | 18,115.20 |
| Fourth 12 months | 1/1/09 to 12/31/09 | \$ | 2,392.67 | \$ | 20,483.68 | \$ | 9,798.67 | \$ | 39,194.68 | \$ | 6,038.40 | \$ | 24,153.60 |
| Fifth 12 months | 1/1/10 to 12/31/10 | \$ | 2,392.67 | \$ | 22,876.35 | \$ | 9,798.67 | \$ | 48,993.35 | \$ | 6,038.40 | \$ | 30,192.00 |
| Sixth 12 months | 1/1/11 to 12/31/11 | \$ | 2,392.67 | \$ | 25,269.02 | \$ | 9,798.67 | \$ | 58,792.02 | \$ | 6,038.40 | \$ | 36,230.40 |
| Last 8 months | 1/1/12 to 8/31/12 | \$ | 1,595.11 | \$ | 26,864.13 | \$ | 6,532.44 | \$ | 65,324.46 | \$ | 4,025.60 | \$ | 40,256.00 |
| Total 80 months costs of Purchasing | | \$ | 26,864.13 | | | \$ | 65,324.46 | | | \$ | 40,256.00 | | |

KDOR Mini-van Cost Analysis - Outside Topeka/Lawrence

PURCHASING A MINI VAN

RENTING A MINI VAN OUTSIDE OF TOPEKA AND LAWRENCE

PRIVATE VEHICLE

| MINI VAN: DODGE CARAVAN PURCHASED | | | | MINI VAN: RENTED FROM ENTERPRISE OUTSIDE OF TOPEKA AND LAWRENCE | | | | ASSOCIATES REIMBURSED MILEAGE | | | | | |
|---|--------------------|------------------|------------------|--|-----------|----------------|-------------------|--|------------|--------------------------|------------------|----|-----------|
| FY06 BASE CONTRACT PRICE | \$ | 13,953.00 | | Weekly Rental Rate for Mini Vans Outside of Topeka and Lawrence | \$ | 302.50 | | Reimbursement per mile | \$0.40 | | | | |
| Option Package: Tilt/power/cruise | \$ | 642.00 | | 28 day rental Rate for Mini vans outside of Topeka and Lawrence | \$ | 1,210.08 | | | | | | | |
| Rear window defogger | \$ | 172.00 | | Long Term 28 day Rental Rate for Mini Vans outside of Topeka & Law F | \$ | 1,185.08 | | | | | | | |
| Shipping | \$ | 100.00 | | Total Annual Long Term Rental Rate for Mini vans outside of Topeka & L | \$ | 14,445.96 | | | | | | | |
| | \$ | <u>14,867.00</u> | | | | | | | | | | | |
| Average miles driven per month | 1,258 | | | Average miles driven per month | 1,258 | | | Ave. miles driven per mo. | 1,258 | | | | |
| Estimated ave MPG city/highway | 20 | | | Estimated ave MPG city/highway | 20 | | | | | | | | |
| Estimated gallons purchased mo. | 62.9 | | | Estimated gallons purchased mo. | 62.9 | | | | | | | | |
| Estimated price per gallon | \$2.52 | | | Estimated price per gallon | \$ | 2.52 | | | | | | | |
| Monthly Fuel Costs | \$158.51 | | | Monthly Fuel Costs | \$ | 158.51 | | Monthly reimburse. | \$503.20 | | | | |
| Annual Fuel Costs | \$ | 1,902.10 | | Annual Fuel Costs | \$ | 1,902.10 | | Annual reimburse. | \$6,038.40 | | | | |
| Annual Insurance Rate in Topeka | \$ | 138.00 | | Total Annual Long Term Rental Rate - Mini vans outside of Topeka & Lawrence w/fuel | \$ | 16,348.06 | | | | | | | |
| Annual Registration Fee | \$ | 15.00 | | | | | | | | | | | |
| Annual Repairs | \$ | 725.00 | | | | | | | | | | | |
| Average months for vehicle to Reach 100,000 miles | 80 | | | | | | | | | | | | |
| 80 month cost of agency-owned mini-vans | | | | 80 month cost of rented mini-vans outside Topeka and Lawrence | | | | 80 month cost of private vehicles | | | | | |
| | | 12 mo. Periods | Cumulative | | | 12 mo. Periods | Cumulative | | | 12 mo. | Cumulative | | |
| First 12 months | 1/1/06 to 12/31/06 | \$ | 17,647.10 | \$ | 17,647.10 | \$ | 16,348.06 | \$ | 16,348.06 | \$ | 6,038.40 | \$ | 6,038.40 |
| Second 12 months | 1/1/07 to 12/31/07 | \$ | 2,780.10 | \$ | 20,427.19 | \$ | 16,348.06 | \$ | 32,696.12 | \$ | 6,038.40 | \$ | 12,076.80 |
| Third 12 months | 1/1/08 to 12/31/08 | \$ | 2,780.10 | \$ | 23,207.29 | \$ | 16,348.06 | \$ | 49,044.18 | \$ | 6,038.40 | \$ | 18,115.20 |
| Fourth 12 months | 1/1/09 to 12/31/09 | \$ | 2,780.10 | \$ | 25,987.38 | \$ | 16,348.06 | \$ | 65,392.24 | \$ | 6,038.40 | \$ | 24,153.60 |
| Fifth 12 months | 1/1/10 to 12/31/10 | \$ | 2,780.10 | \$ | 28,767.48 | \$ | 16,348.06 | \$ | 81,740.30 | \$ | 6,038.40 | \$ | 30,192.00 |
| Sixth 12 months | 1/1/11 to 12/31/11 | \$ | 2,780.10 | \$ | 31,547.58 | \$ | 16,348.06 | \$ | 98,088.36 | \$ | 6,038.40 | \$ | 36,230.40 |
| Last 8 months | 1/1/12 to 8/31/12 | \$ | 1,853.40 | \$ | 33,400.98 | \$ | 10,898.70 | \$ | 108,987.06 | \$ | 4,025.60 | \$ | 40,256.00 |
| Total 80 months costs of Purchasing | | \$ | 33,400.98 | | | \$ | 108,987.06 | | | \$ | 40,256.00 | | |
| | | | | Total 80 months costs of Renting | | | | a Mini van outside of Topeka & Lawrence | | of Reimbursements | | | |

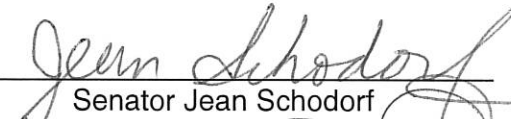
FY 2006 and FY 2007

SENATE DEPARTMENT OF HEALTH AND ENVIRONMENT COMMITTEE

Department of Health and Environment



Senator Vicki Schmidt, Chair



Senator Jean Schodorf



Senator Laura Kelly

Senate Ways and Means
03-03-06
Attachment 3

House Budget Committee Report

Agency: Kansas Department of Health and Environment

Bill No. HB 2958

Bill Sec. 40 and 41

Analyst: VanHouse

Analysis Pg. No. Vol. II-1177

Budget Page No. 175

| Expenditure Summary | Agency Estimate FY 06 | Gov. Rec. FY 06 | House Budget Committee Adjustments |
|--------------------------|------------------------------|------------------------------|--|
| All Funds: | | | |
| State Operations | \$ 117,272,691 | \$ 117,362,853 | \$ (500,000) |
| Aid to Local Units | 46,270,105 | 46,270,105 | 0 |
| Other Assistance | 38,720,000 | 38,720,000 | 0 |
| Subtotal - Operating | <u>\$ 202,262,796</u> | <u>\$ 202,352,958</u> | <u>\$ (500,000)</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 202,262,796</u></u> | <u><u>\$ 202,352,958</u></u> | <u><u>\$ (500,000)</u></u> |
| State General Fund | | | |
| State Operations | \$ 18,743,518 | \$ 18,833,680 | \$ (500,000) |
| Aid to Local Units | 10,505,492 | 10,505,492 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Subtotal - Operating | <u>\$ 29,249,010</u> | <u>\$ 29,339,172</u> | <u>\$ (500,000)</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 29,249,010</u></u> | <u><u>\$ 29,339,172</u></u> | <u><u>\$ (500,000)</u></u> |
| FTE Positions | 880.3 | 879.0 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 165.3 | 165.3 | 0.0 |
| TOTAL | <u><u>1,045.6</u></u> | <u><u>1,044.3</u></u> | <u><u>0.0</u></u> |

Agency Estimate

For FY 2006, the Kansas Department of Health and Environment (KDHE) requests operating expenditures of \$202,262,796. The request is an increase of \$4,576,983 or 2.3 percent above the amount approved by the 2005 Legislature. The request includes:

- **State General Fund** expenditures of \$29,249,010, which is an increase of \$924,162 or 3.3 percent above the approved amount. The revised request includes a supplemental package of \$500,000 from the State General Fund for increased rent at the KDHE Laboratories.
- **Children's Initiatives Fund** expenditures of \$2,050,000, which is consistent with the approved amount.
- **State Water Plan Fund** expenditures of \$4,480,220, which is a decrease of \$15,697 below the amount approved by the 2005 Legislature.

Governor's Recommendation

For FY 2006, the Governor recommends expenditures of \$202,352,958. The recommendation is an increase of \$4,666,307 or 2.4 percent above the amount approved by the 2005 Legislature. The recommendation includes:

- **State General Fund** expenditures of \$29,339,172, which is an increase of \$1,014,324 or 3.6 percent above the approved amount. The recommendation includes increased funding for rent at the KDHE Laboratories and \$90,000 for the Healthy Kansans Initiative.
- **Children's Initiatives Fund** expenditures of \$2,050,000, which is consistent with the agency request.
- **State Water Plan Fund** expenditures of \$4,480,220, which is consistent with the agency request.

House Budget Committee Report

Agency: Kansas Department of Health and Environment - Health

Bill No. HB 2958

Bill Sec. 40

Analyst: VanHouse

Analysis Pg. No. Vol. II-1177

Budget Page No. 175

| Expenditure Summary | Agency Estimate FY 06 | Gov. Rec. FY 06 | House Budget Committee Adjustments |
|--------------------------|------------------------------|------------------------------|--|
| All Funds: | | | |
| State Operations | \$ 60,454,191 | \$ 60,544,191 | \$ (500,000) |
| Aid to Local Units | 38,712,102 | 38,712,102 | 0 |
| Other Assistance | 38,720,000 | 38,720,000 | 0 |
| Subtotal - Operating | <u>\$ 137,886,293</u> | <u>\$ 137,976,293</u> | <u>\$ (500,000)</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 137,886,293</u></u> | <u><u>\$ 137,976,293</u></u> | <u><u>\$ (500,000)</u></u> |
| State General Fund | | | |
| State Operations | \$ 9,052,480 | \$ 9,142,480 | \$ (500,000) |
| Aid to Local Units | 10,505,492 | 10,505,492 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Subtotal - Operating | <u>\$ 19,557,972</u> | <u>\$ 19,647,972</u> | <u>\$ (500,000)</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 19,557,972</u></u> | <u><u>\$ 19,647,972</u></u> | <u><u>\$ (500,000)</u></u> |
| FTE Positions | 418.0 | 416.7 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 126.1 | 126.1 | 0.0 |
| TOTAL | <u><u>544.1</u></u> | <u><u>542.8</u></u> | <u><u>0.0</u></u> |

Agency Estimate

The agency estimates expenditures of \$137,886,293 for FY 2006, which is an increase of \$5,897,848 or 4.5 percent above the amount approved by the 2005 Legislature. The State General Fund estimate of \$19,557,972 is an increase of \$1,351,731 or 7.4 percent above the approved amount. The estimate supplemental funding of \$500,000 from the State General Fund for increased rent at the KDHE laboratories at Forbes Field.

Governor's Recommendation

The Governor recommends expenditures of \$137,976,293 for FY 2006, which is an increase of \$5,987,848 or 4.5 percent above the amount approved by the 2005 Legislature. The State General Fund recommendation of \$19,647,972 is an increase of \$1,441,731 or 7.9 percent above the approved amount. The Governor concurs with the supplemental funding of \$500,000 from the State General Fund for rent at the KDHE laboratories at Forbes Field. The Governor also

recommends funding of \$90,000 from the State General Fund in FY 2006 for the Healthy Kansans Initiative.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following adjustments and notations.

1. **Rent.** The Budget Committee notes that rent for the KDHE laboratories at Forbes Field has increased from \$437,390 in FY 2005 to \$1,285,743 in FY 2007. This equates to \$12 per square foot in FY 2005, \$24 per square foot in FY 2006 and \$32 per square foot in FY 2007. The agency reported that the agency did not receive the increase in rental rates until after the 2005 Legislative Session, resulting in a supplemental request of \$500,000 for FY 2006. The Budget Committee deleted the additional rent funding of \$500,000 from the State General Fund for review at Omnibus. The Budget Committee requests additional information on why rental costs for the building doubled in one year.
2. **Off-Budget FTE Positions.** The Budget Committee notes that 1.0 FTE position in the Division of Health and 16.36 FTE positions in the Division of Environment are funded from off-budget funds. The Budget Committee notes that agency funding for off-budget items includes \$91,058 in Vital Statistics and \$2,336,221 in the Bureau of Water.
3. **FY 2006 Funding Increases.** The following adjustments are included in the Governor's recommendation for FY 2006: State General Fund reappropriations of \$90,341 for vaccine purchases and \$333,618 for use attainability analyses; new funding of \$90,000 for the Healthy Kansans Initiative; and supplemental funding of \$500,000 for rent at the KDHE laboratories at Forbes Field.

House Committee Recommendation

The Committee concurs with the Budget Committee recommendation.

House Recommendation

The House has not yet considered this budget.

House Budget Committee Report

Agency: Kansas Department of Health and Environment - Environment

Bill No. HB 2958

Bill Sec. 41

Analyst: VanHouse

Analysis Pg. No. Vol. II-1177

Budget Page No. 175

| Expenditure Summary | Agency Estimate FY 06 | Gov. Rec. FY 06 | House Budget Committee Adjustments |
|---------------------------|-----------------------------|-----------------------------|--|
| All Funds: | | | |
| State Operations | \$ 56,818,500 | \$ 56,818,662 | \$ 0 |
| Aid to Local Units | 7,558,003 | 7,558,003 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Subtotal - Operating | <u>\$ 64,376,503</u> | <u>\$ 64,376,665</u> | <u>\$ 0</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 64,376,503</u></u> | <u><u>\$ 64,376,665</u></u> | <u><u>\$ 0</u></u> |
| State General Fund | | | |
| State Operations | \$ 9,691,038 | \$ 9,691,200 | \$ 0 |
| Aid to Local Units | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Subtotal - Operating | <u>\$ 9,691,038</u> | <u>\$ 9,691,200</u> | <u>\$ 0</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 9,691,038</u></u> | <u><u>\$ 9,691,200</u></u> | <u><u>\$ 0</u></u> |
| FTE Positions | 462.3 | 462.3 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 39.2 | 39.2 | 0.0 |
| TOTAL | <u><u>501.5</u></u> | <u><u>501.5</u></u> | <u><u>0.0</u></u> |

Agency Estimate

The agency estimates expenditures of \$64,376,503 for FY 2006 which is a decrease of \$1,321,703 or 2.0 percent below the amount approved by the 2005 Legislature. The State General Fund estimate for FY 2006 is \$9,691,038, which is a decrease of \$127,580 or 1.3 percent below the approved amount. The estimate includes adjustments in fee and federal funding.

Governor's Recommendation

The Governor recommends expenditure of \$64,376,465 for FY 2006, which is a decrease of \$1,321,541 or 2.0 percent below the amount approved by the 2005 Legislature. The State General Fund recommendation is a decrease of \$127,418 or 1.3 percent below the approved amount. The Governor concurs with the agency's estimate with a technical adjustment in the State General Fund.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following notation.

1. **Rent.** The Budget Committee notes that rent for the KDHE laboratories at Forbes Field has increased from \$437,390 in FY 2005 to \$1,285,743 in FY 2007. This equates to \$12 per square foot in FY 2005, \$24 per square foot in FY 2006 and \$32 per square foot in FY 2007. The agency reported that the agency did not receive the increase in rental rates until after the 2005 Legislative Session, resulting in a supplemental request of \$500,000 for FY 2006. The Budget Committee recommended review of the rental charges at the Forbes Field Laboratory at Omnibus.

House Committee Recommendation

The Committee concurs with the Budget Committee recommendation.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: Kansas Department of Health and Environment

Bill No. SB 570

Bill Sec. 40 and 41

Analyst: VanHouse

Analysis Pg. No. Vol. II-1177

Budget Page No. 175

| Expenditure Summary | Agency Estimate FY 06 | Gov. Rec. FY 06 | Senate Subcommittee Adjustments |
|--------------------------|------------------------------|------------------------------|------------------------------------|
| All Funds: | | | |
| State Operations | \$ 117,272,691 | \$ 117,362,853 | \$ 0 |
| Aid to Local Units | 46,270,105 | 46,270,105 | 0 |
| Other Assistance | 38,720,000 | 38,720,000 | 0 |
| Subtotal - Operating | <u>\$ 202,262,796</u> | <u>\$ 202,352,958</u> | <u>\$ 0</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 202,262,796</u></u> | <u><u>\$ 202,352,958</u></u> | <u><u>\$ 0</u></u> |
| State General Fund | | | |
| State Operations | \$ 18,743,518 | \$ 18,833,680 | \$ 0 |
| Aid to Local Units | 10,505,492 | 10,505,492 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Subtotal - Operating | <u>\$ 29,249,010</u> | <u>\$ 29,339,172</u> | <u>\$ 0</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 29,249,010</u></u> | <u><u>\$ 29,339,172</u></u> | <u><u>\$ 0</u></u> |
| FTE Positions | 880.3 | 879.0 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 165.3 | 165.3 | 0.0 |
| TOTAL | <u><u>1,045.6</u></u> | <u><u>1,044.3</u></u> | <u><u>0.0</u></u> |

Agency Estimate

For FY 2006, the Kansas Department of Health and Environment (KDHE) requests operating expenditures of \$202,262,796. The request is an increase of \$4,576,983 or 2.3 percent above the amount approved by the 2005 Legislature. The request includes:

- **State General Fund** expenditures of \$29,249,010, which is an increase of \$924,162 or 3.3 percent above the approved amount. The revised request includes a supplemental package of \$500,000 from the State General Fund for increased rent at the KDHE Laboratories.
- **Children's Initiatives Fund** expenditures of \$2,050,000, which is consistent with the approved amount.
- **State Water Plan Fund** expenditures of \$4,480,220, which is a decrease of \$15,697 below the amount approved by the 2005 Legislature.

Governor's Recommendation

For FY 2006, the Governor recommends expenditures of \$202,352,958. The recommendation is an increase of \$4,666,307 or 2.4 percent above the amount approved by the 2005 Legislature. The recommend includes:

- **State General Fund** expenditures of \$29,339,172, which is an increase of \$1,014,324 or 3.6 percent above the approved amount. The recommendation includes increased funding for rent at the KDHE Laboratories and \$90,000 for the Healthy Kansans Initiative.
- **Children's Initiatives Fund** expenditures of \$2,050,000, which is consistent with the agency request.
- **State Water Plan Fund** expenditures of \$4,480,220, which is consistent with the agency request.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following notation.

1. **Rent.** The Subcommittee notes that rent for the KDHE laboratories at Forbes Field has increased from \$437,390 in FY 2005 to \$1,285,743 in FY 2007. This equates to \$12 per square foot in FY 2005, \$24 per square foot in FY 2006 and \$32 per square foot in FY 2007. The agency reported that the agency was not informed of the increase in rental rates until after the 2005 Legislative Session, resulting in a supplemental request of \$500,000 for FY 2006. The Subcommittee notes that the amount of this increase seems excessive.

House Budget Committee Report

Agency: Kansas Department of Health and Environment

Bill No. HB 2968

Bill Sec. 29 and 30

Analyst: VanHouse

Analysis Pg. No. Vol. II-1177

Budget Page No. 175

| Expenditure Summary | Agency Request FY 07 | Gov. Rec. FY 07 | House Budget Committee Adjustments |
|---------------------------|------------------------------|------------------------------|--|
| All Funds: | | | |
| State Operations | \$ 124,920,785 | \$ 112,836,939 | \$ (795,600) |
| Aid to Local Units | 49,580,222 | 45,659,469 | 0 |
| Other Assistance | 40,320,000 | 47,803,333 | (7,483,333) |
| Subtotal - Operating | <u>\$ 214,821,007</u> | <u>\$ 206,299,741</u> | <u>\$ (8,278,933)</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 214,821,007</u></u> | <u><u>\$ 206,299,741</u></u> | <u><u>\$ (8,278,933)</u></u> |
| State General Fund | | | |
| State Operations | \$ 32,129,437 | \$ 19,373,065 | \$ (760,000) |
| Aid to Local Units | 15,626,245 | 11,505,492 | 0 |
| Other Assistance | 0 | 1,583,333 | (1,583,333) |
| Subtotal - Operating | <u>\$ 47,755,682</u> | <u>\$ 32,461,890</u> | <u>\$ (2,343,333)</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 47,755,682</u></u> | <u><u>\$ 32,461,890</u></u> | <u><u>\$ (2,343,333)</u></u> |
| FTE Positions | 880.3 | 879.0 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 162.3 | 162.3 | 0.0 |
| TOTAL | <u><u>1,042.6</u></u> | <u><u>1,041.3</u></u> | <u><u>0.0</u></u> |

Agency Request

For FY 2007, the Kansas Department of Health and Environment (KDHE) requests expenditures of \$214,821,007. The request is an increase of \$12,558,211 or 6.2 percent above the FY 2006 revised request. The request includes:

- **State General Fund** expenditures of \$47,755,682, which is an increase of \$18,506,672 or 63.3 percent above the FY 2006 revised request. The increase is primarily attributed to enhancement requests.
- **Children's Initiatives Fund** expenditures of \$2,250,000, which is an increase of \$200,000 above the FY 2006 revised request.
- **State Water Plan Fund** expenditures of \$4,022,377, which is a decrease of \$457,843 below the FY 2006 revised request.
- **Enhancements** of \$19,511,492, including \$19,127,904 from the State General Fund. Of this amount, the agency requests \$16,340,423 for the Health Function and \$3,171,069 for the Environment Function. Absent enhancements, the

request is a decrease of \$19,511,492 or 9.1 percent below the FY 2006 revised request.

Governor's Recommendation

For FY 2007, the Governor recommends expenditures of \$206,299,741. The recommendation is an increase of \$3,946,783 or 2.0 percent above the FY 2006 recommendation. The recommendation includes:

- **State General Fund** expenditures of \$32,461,890, which is an increase of \$3,122,718 or 10.6 percent above the FY 2006 recommendation. The Governor recommends increased State General Fund financing for aid to Primary Health Care Community-Based Services, Domestic Violence Prevention Grants, youth mentoring programs, PKU/Hemophilia funding, and for replacement vehicles. The Governor also recommends reductions in funding for salaries and wages shrinkage in the Administration Program and for reduced activities in the Meth Lab Clean-Up Program.
- **Children's Initiatives Fund** expenditures of \$2,450,000, which is an increase of \$400,000 above the FY 2006 recommendation. The Governor recommends increased funding from the Children's Initiatives Fund for the Infant and Toddlers Program.
- **State Water Plan Fund** expenditures of \$3,848,830 which is a decrease of \$631,390 or 14.1 percent below the FY 2006 recommendation. The Governor recommends that funding of \$526,693 be shifted from the State Water Plan Fund to the State General fund.
- The Governor recommends funding for a 2.5 percent pay plan adjustment and salaries and wages adjustments in FY 2007 for the 27th payroll period that occurs in FY 2006.

House Budget Committee Report

Agency: Kansas Department of Health and Environment - Health

Bill No. HB 2968

Bill Sec. 29

Analyst: VanHouse

Analysis Pg. No. Vol. II-1177

Budget Page No. 175

| Expenditure Summary | Agency Request FY 07 | Gov. Rec. FY 07 | House Budget Committee Adjustments |
|--------------------------|------------------------------|------------------------------|--|
| All Funds: | | | |
| State Operations | \$ 67,931,262 | \$ 58,099,200 | \$ (510,000) |
| Aid to Local Units | 43,422,342 | 39,501,589 | 0 |
| Other Assistance | 40,320,000 | 47,803,333 | (7,483,333) |
| Subtotal - Operating | <u>\$ 151,673,594</u> | <u>\$ 145,404,122</u> | <u>\$ (7,993,333)</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 151,673,594</u></u> | <u><u>\$ 145,404,122</u></u> | <u><u>\$ (7,993,333)</u></u> |
| State General Fund | | | |
| State Operations | \$ 19,941,636 | \$ 9,611,979 | \$ (760,000) |
| Aid to Local Units | 15,626,245 | 11,505,492 | 0 |
| Other Assistance | 0 | 1,583,333 | (1,583,333) |
| Subtotal - Operating | <u>\$ 35,567,881</u> | <u>\$ 22,700,804</u> | <u>\$ (2,343,333)</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 35,567,881</u></u> | <u><u>\$ 22,700,804</u></u> | <u><u>\$ (2,343,333)</u></u> |
| FTE Positions | 418.0 | 416.7 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 126.1 | 126.1 | 0.0 |
| TOTAL | <u><u>544.1</u></u> | <u><u>542.8</u></u> | <u><u>0.0</u></u> |

Agency Request

For FY 2007, the agency requests expenditures of \$151,673,594 for the Health Function, which is an increase of \$13,787,301 or 10.0 percent above the FY 2006 revised request. The request includes:

- Enhancements** of \$16,340,423, including \$16,140,423 from the State General Fund. The enhancement request includes the following items from the State General Fund: \$300,000 for laboratory rent, \$260,000 for replacement vehicles, \$1,099,679 to replace funding from the Preventative Health Block Grant, \$50,000 for a Newborn Hearing Loaner Program, \$14,076,744 for a Comprehensive Tobacco Program, \$250,000 for PKU/Hemophilia Funding, and \$104,000 for new vehicles. The request also includes \$200,000 from the Children's Initiatives Fund for the Infants and Toddlers Program. Absent enhancements, the agency request totals \$135,333,17, which is a decrease of \$2,553,122 or 1.9 percent below the FY 2006 revised request.

- **State General Fund** expenditures total \$32,567,881, which is an increase of \$16,009,909 or 81.9 percent above the FY 2006 revised request. Absent enhancements, the request totals \$19,427,458, which is a decrease of \$130,514 or 0.7 percent below the FY 2006 revised request.
- **Children's Initiatives Fund** expenditures total \$2,250,000, which is an increase of \$200,000 or 9.8 percent above the FY 2006 revised request. The request includes an enhancement of \$200,000 to fund the Infant and Toddlers Program directly through the agency, rather than with a grant from the Department of Social and Rehabilitation Services.
- **Aid to Local Units** expenditures total \$43,422,342, which is an increase of \$4,710,240 or 12.2 percent above the FY 2006 revised request.
- **Other Assistance** expenditures total \$40,320,000, which is an increase of \$1,600,000 or 4.1 percent above the FY 2006 revised request.

Governor's Recommendation

For FY 2007, the Governor recommends expenditures of \$145,404,122 for the Health Function, which is an increase of \$7,427,829 or 5.4 percent above the FY 2006 recommendation. The recommendation includes the following:

- **State General Fund** expenditures of \$22,700,804, which is an increase of \$3,052,832 or 15.5 percent above the FY 2006 recommendation.
- **Children's Initiatives Fund** expenditures of \$2,450,000, which is an increase of \$400,000 above the FY 2006 recommendation. The recommendation is an increase of \$200,000 above the agency request.
- **Enhancements** total \$910,000, including \$510,000 from the State General Fund. The Governor recommends funding from the State General Fund of \$260,000 for replacement vehicles and \$250,000 for PKU/Hemophilia Funding. The Governor also recommends expenditures of \$400,000 from the Children's Initiatives Fund for additional funding for the Infant and Toddlers Program.
- **Other Adjustments** include the following:
 - The Governor recommends expenditures of \$1,000,000 from the State General Fund for increased aid to Primary Health Care Community-Based Services.
 - The Governor recommends funding of \$7,483,333, including \$1,583,333 from the State General Fund, for Domestic Violence Prevention Grants.
 - The Governor recommends expenditures of \$250,000 from the State General Fund for youth mentoring programs.

- The Governor recommends expenditures of \$601,130, including \$103,525 from the State General Fund for a 2.5 percent pay plan adjustment. Salaries and wages are also adjusted due to funding of a 27th payroll period in FY 2006.
- The Governor recommends a reduction of \$173,512 from the State General Fund for increased shrinkage in the Administration program.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following adjustments and notations.

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$132,288,445, including \$18,506,241 from the State General Fund. The approved budget was reduced by a net total of \$734,245, including \$142,261 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$496,745 in salary adjustments, and \$237,500 in one-time adjustments.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.** The table below reflects the difference between the Governor's recommendation and the baseline budget.

| | SGF | All Funds |
|---------------------------|---------------|----------------|
| Governor's Recommendation | \$ 18,363,980 | \$ 131,554,200 |
| Baseline Budget | 22,700,804 | 145,404,122 |
| Dollar Difference | \$ 4,336,824 | \$ 13,849,922 |
| <i>Percent Difference</i> | 23.6% | 10.5% |

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

| | SGF | All Funds |
|------------------------------|---------------------|---------------------|
| Base Salary Adjustment | \$ 103,525 | \$ 601,130 |
| Replacement Vehicles | 260,000 | 260,000 |
| PKU/Hemophilia Funding | 250,000 | 250,000 |
| Infants and Toddlers Program | 0 | 400,000 |
| Laboratory Rental | 500,000 | 500,000 |
| Administration Shrinkage | (173,512) | (173,512) |
| Domestic Violence Grants | 1,583,333 | 7,483,333 |
| Primary Care Clinics | 1,000,000 | 1,000,000 |
| Youth Mentoring | 250,000 | 250,000 |
| Federal WIC Program | 0 | 1,600,000 |
| Other Net Adjustments | 563,478 | (2,657,853) |
| TOTAL | <u>\$ 4,336,824</u> | <u>\$ 9,513,098</u> |

The following table reflects new programmatic funding items included in the Governor's recommendation.

| | SGF | All Funds |
|------------------------------|---------------------|---------------------|
| PKU/Hemophilia Funding | 250,000 | 250,000 |
| Infants and Toddlers Program | 0 | 400,000 |
| Domestic Violence Grants | 1,583,333 | 7,483,333 |
| Primary Care Clinics | 1,000,000 | 1,000,000 |
| Youth Mentoring | 250,000 | 250,000 |
| TOTAL | <u>\$ 3,083,333</u> | <u>\$ 9,383,333</u> |

3. **Vehicle Purchases.** Delete \$260,000 from the State General Fund for vehicle purchases for consideration at Omnibus. The agency requested and the Governor recommended this funding to replace 20 vehicles in the Division of Health used for field work and inspections.
4. **Vehicle Use.** The Budget Committee notes that multiple agency personnel routinely visit locations around the state. The agency reported that when possible, efforts are made to coordinate visits and to incorporate car pooling. However, this is not always possible. The Budget Committee requested the agency report back at Omnibus with a review of agency vehicle use including the use of car pooling and other methods used to efficiently use vehicle miles.
5. **Office of Oral Health.** The Budget Committee notes that a Office of Oral Health has been established within the agency. The 2004 Legislature appropriated funding to hire a State Dental Director. The agency reported that a director has not yet been hired; however, the agency is actively working to fill the position. The mission of the office is to collaborate with and provide technical assistance to communities, schools, health professionals, local health departments,

professional groups, and various governmental agencies, both state and local, regarding the importance of oral health and to improve oral health status by providing education, consultation and training that focuses on health promotion and disease prevention. Funding for the office totals \$367,000, including \$50,000 from the State General Fund.

6. **PKU/Hemophilia Funding.** The Budget Committee shifts funding of \$250,000 from the State General Fund to the Children's Initiative Fund to meet statutory obligations to Kansas children with phenylketonuria (PKU) or hemophilia. The Budget Committee recommends a subsequent decrease of \$250,000 from the SmartStart program in the Department of Social and Rehabilitation Services when that budget is considered. The agency requested and the Governor recommended \$250,000 from the State General Fund for this program. PKU is an amino acid disorder in which either the enzyme that breaks down phenylalanine is completely or nearly completely deficient. Without this enzyme, phenylalanine and its breakdown chemicals accumulate in the body. High levels of this amino acid and its breakdown products can cause significant brain problems. Hemophilia is a disease in which the blood fails to clot. The agency's Children with Special Health Care Needs Program provides reimbursement funding for blood clotting products, low-protein food products, and PKU formula for children that meet income and medical guidelines adopted by the program. For FY 2005, the agency reports that expenditures exceeded appropriations by \$250,000 for this program. Excess costs were paid by the Maternal and Child Health Service Block Grant. The Budget Committee notes that a bill has been introduced in House Appropriations Committee concerning this program.
7. **Domestic Violence Funding.** The Budget Committee notes that \$225,000 was requested by the domestic violence support community to provide training for child welfare workers, law enforcement officers, advocates, criminal justice personnel, social workers, and others directly involved in domestic violence crisis work. It was reported that training was listed as a top need for individuals in these professions, and in many situations, no training is currently being provided. These professionals have direct contact with victims of domestic violence on a regular basis. Local programs currently received federal grant funding for much of the work they do; however, local programs are unable to conduct training due to a combination of restrictions on federal grant fund usage and lack of sufficient funding. The Budget Committee requests that this program and potential funding be reviewed at Omnibus.
8. **Domestic Violence Grants.** Delete \$7,483,333, including \$1,583,333 from the State General Fund, for domestic violence prevention grants. An error in the Governor's Budget Report placed approximately \$5.9 million in grants in the KDHE budget rather than the Governor's Office budget for these grants. In previous years, the match funding was provided by local entities. Since local entities are no longer responsible for the match portion of the grant, local dollars may be utilized for other purposes. For FY 2007, the Governor recommended \$1,583,333 for the match to be provided by state funds. The Budget Committee

notes that while it is supportive of the program, it feels the match funding should be budgeted with the federal grant funding. The Social Services Budget Committee encourages the Budget Committee considering the Governor's Office budget to recommend funding of \$1,583,333 from the State General Fund to provide matching funds for this grant program.

9. **Services for Children - Birth to Five Years Old.** The Budget Committee notes that for the past two years the Legislative Coordinating Council has approved an interim study for the Joint Committee on Children's Issues to examine all programs providing services of children birth to five years old. Due to time constraints, the review has not yet been completed. The Budget Committee recommends that a Legislative Post Audit be requested to complete this study. The Budget Committee plans to meet later in the session to develop a scope statement to submit to the Joint Committee on Post Audit.
10. **Infant and Toddler (Tiny-K) Program.** The Budget Committee believes that early childhood education and services, such as the Infant-Toddler (Tiny-K) are important for children. Under the Infant-Toddler (Tiny-K) program (Part C of the Individuals with Disabilities Education Act), the state is federally mandated to provide early intervention services to children aged birth to three years with or at risk of developmental disabilities/delays. Tiny-K is a comprehensive, statewide system of community-based, family-centered early intervention services for young children, ages 0-3, with disabilities and their families. Kansas delivers services through a public-private partnership with local networks as opposed to centralized administration at the state level. There are 36 Kansas community early intervention networks that coordinate services locally. Early intervention services provided include: child find/public awareness activities, referral, eligibility determination via evaluation, development of an Individualized Family Service Plan, ongoing assessment, family services coordination, and transition planning.

The Budget Committee notes that the Governor concurred with the agency's request to include Tiny-K funding of \$200,000 directly from the Children's Initiatives Fund, rather than funding of \$200,000 from the CIF through a discretionary grant from the SmartStart program. The Governor further recommended increased funding of \$200,000 from the Children's Initiatives Fund for Tiny-K. This results in totaling funding in the Governor's recommendation of \$1.2 million for Tiny-K.

The Budget Committee notes that the available funding for children changes once that child reaches his or her third birthday. Under the Infant and Toddler Program, per child funding is estimated at \$1,029 with only state funding, and \$2,034 including state and federal funding. After a child's third birthday, state funding is available of half the Base State Aid Per Pupil (BSAPP) amount, or \$2,128.50. The Budget Committee notes that some children under three years old may receive services funded through BSAPP funding. Approximately one-third of the Tiny-K networks are affiliated with a unified school district or education cooperative. In these situations, BSAPP funding is sometimes used to provide

services to children under the age of three. Attachment A reports funding for the Aid to Local Units funding for the Tiny-K network from FY 1999 to Governor's recommendation for FY 2007.

- 11. **Cerebral Palsy Posture Seating.** The Budget Committee heard testimony regarding a shortfall of funding of \$115,000 for the Posture Seating Program within the Services of Children with Special Health Care Needs program. It was reported that the funding shortfall is primarily the result of the inability of Medicaid to reimburse for evaluations and follow-up fittings for clients. The purpose of posture seating for children with severe disabilities that utilize a wheelchair is to facilitate mobility for the child and parents, provide optimal positioning for daily activities and classroom learning, and to prevent secondary medical conditions such as pressure sores, scoliosis, and pneumonia. A conferee reported that medical treatment for pressure sores, which is covered by Medicaid, costs about \$15,000 to \$60,000. A posture seating system has an average cost of \$4,000 with a five year life span. The Budget Committee encourages Medicaid to consider covering the cost of the evaluation and fitting of posture seating, as it is much more cost effective to provide adequate equipment to a client than to treat the pressure sores. The Budget Committee recommends that funding for this program be considering during budget deliberations for the Department of Social and Rehabilitation Services budget.

- 12. **Foster Home Licensing.** The Budget Committee notes that state law currently does not provide oversight for foster homes housing children over the age of 16. The Budget Committee requests introduction of a bill modifying foster home licensing to include children age 16 to 18.

- 13. **Foster Home Residency Restrictions.** The Budget Committee notes that state law does not allow adult with an felony conviction or juvenile felony adjudication to reside in a foster home. The Committee expressed concern that once a foster child with a juvenile felony adjudication passes his or her 18th birthday, that foster home may be in violation of the law if other foster children reside in the home. The Budget Committee requests introduction of a bill allowing children to remain the foster home beyond the child's 18th birthday.

The Budget Committee directed a three member group consisting of Rep. Bethell, Rep. DeCastro, and Rep. Ruiz to further consider items 12 and 13. The group has meet with the Revisors of Statutes office to have legislation drafted regarding foster homes.

- 14. **DISC Services.** The Budget Committee requested additional information regarding DISC expenditures in recent years.

| | Actual FY 2004 | Actual FY 2005 | Estimate FY 2006 | Estimate FY 2007 |
|--------------------|-------------------|-------------------|---------------------|---------------------|
| Total DISC charges | \$ 2,086,747 | \$ 1,821,468 | \$ 1,828,550 | \$ 1,813,550 |

15. **Hurricane Katrina Response.** The Budget Committee notes that personnel from the Department responded to Louisiana and Mississippi during the aftermath of Hurricane Katrina. The agency reported that the hurricane response did not cost anything to the state. Any expenses incurred are to be reported to the Division of Emergency Management in the Adjutant General's Department for reimbursement by the affected states.
16. **Primary Health Care Community-Based Services.** The Budget Committee notes that the Governor recommended additional expenditures of \$1,000,000 from the State General Fund for increased aid to Primary Health Care Community-Based Services. This item increases funding for this program to \$2,520,840 from the State General Fund for FY 2007. These clinics provide a health care safety net to the state. The Budget Committee requests that the agency work with the provider community to develop outcome measures for this program to report at Omnibus. The Budget Committee also directs the agency and provider community to report back at Omnibus with the amount of match funding for each clinic, as well as a map with clinic locations and a summary of increases proposed with the additional funding.
17. **Youth Mentoring Program.** Delete \$250,000 from the State General Fund for Youth Mentoring Programs and consider at Omnibus. The Governor recommended additional funding of \$250,000 from the State General Fund to provide support and coordination to existing youth mentoring programs. The agency reported that this funding would be used to provide evaluations, background checks, and additional mentors to these programs. The Budget Committee notes that it is supportive of the program. The Budget Committee directs the agency to report at omnibus additional information about the program including the organizations it will serve.
18. **Newborn Hearing Loaner Program.** The Budget Committee notes that the agency requested an enhancement of \$50,000 from the State General Fund to develop a newborn hearing loaner program. This program would provide funds for the purchase of hearing aids for a loaner bank. The agency would then lend hearing aids to the parents or legal guardians of eligible children under the age of three who have a hearing loss. The agency reports that this is a critical period of language learning, and it is missed by these children because they do not have timely access to the necessary auditory input such as hearing aids. The Budget Committee is interested in the development of this program, and directs the agency to provide additional information for consideration at Omnibus.
19. **Pregnancy Maintenance Initiative.** The Budget Committee recommends consideration at Omnibus of additional funding of \$200,000 for the Pregnancy Maintenance Initiative. This program provides services for women to help them carry their pregnancy to term. The program provides referrals for services such as medical care, housing, adoption guidance, drug and alcohol treatment and parenting education.
20. **Sudden Infant Death Syndrome.** The Budget Committee recommends consideration at Omnibus of additional funding of \$50,000 for Sudden Infant

Death Syndrome (SIDS). This program is currently funded at \$25,000 from the State General Fund.

21. **Family Planning Services Waiver.** The Budget Committee notes that the family planning services waiver needs to be reviewed during budget consideration of the Health Policy Authority budget. The waiver would expand Medicaid eligibility for family planning services. The Medicaid match rate for these services is 90/10. In order to receive funding the state would have receive a Medicaid 1115 waiver from the federal government.
22. **Kansas Mission of Mercy.** The Budget Committee notes the work of the Kansas Mission of Mercy (KMOM). KMOM is a mobile dental clinic that uses volunteer dental personnel and others to provide free dental care to Kansans in need. In February 2005, KMOM served 2,326 patients with an estimated value of service of \$1,100,437. KMOM was held in Wichita January 27 and 28, 2006, treating 1,813 patients with services valued at \$1,028,639. Over 10,600 patients have been served since February 2003 at KMOM clinics in Garden City, Kansas City, Pittsburg, Salina, and Wichita, providing services valued at over \$4.4 million.
23. **Federal Funding Rescission.** The agency reported that recent reports have indicated a 1.0 percent budget rescission in several federal programs administered through the agency, such as the Women, Infants, and Children (WIC) program and the Infant and Toddler Program. The Budget Committee directs the agency to provide a complete report of any federal program rescissions at Omnibus.
24. **Immunization.** The Budget Committee notes that the FY 2005 immunization rate for four doses of diphtheria, tetanus, pertussis/3 doses of polio/1 dose measles (4:3:1) was 84 percent. The FY 2002 baseline for the 4:3:1 vaccination series was 74 percent. The agency reported that public information and incentive programs such as "Kan Bee Done by 1" and "Immunize Win a Prize" have been implemented.

House Committee Recommendation

The Committee concurs with the Budget Committee recommendation with the following adjustments:

1. **Dental Director.** Amend item number five directing the agency to report back at Omnibus regarding the dental director. The Committee recommends that the agency explore the possibility of hiring a part-time dental director that is shared with the Medicaid Office.
2. **Patient Navigator.** The Committee Directs the agency to report at Omnibus regarding the Cancer Patient Navigator System.

House Recommendation

The House has not yet considered this budget.

House Budget Committee Report

Agency: Kansas Department of Health
and Environment - Environment

Bill No. HB 2968

Bill Sec. 30

Analyst: VanHouse

Analysis Pg. No. Vol. II-1177

Budget Page No. 175

| Expenditure Summary | Agency Request FY 07 | Gov. Rec. FY 07 | House Budget Committee Adjustments |
|--------------------------|-----------------------------|-----------------------------|--|
| All Funds: | | | |
| State Operations | \$ 56,989,533 | \$ 54,737,739 | \$ (285,600) |
| Aid to Local Units | 6,157,880 | 6,157,880 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Subtotal - Operating | <u>\$ 63,147,413</u> | <u>\$ 60,895,619</u> | <u>\$ (285,600)</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 63,147,413</u></u> | <u><u>\$ 60,895,619</u></u> | <u><u>\$ (285,600)</u></u> |
| State General Fund | | | |
| State Operations | \$ 12,187,801 | \$ 9,761,086 | \$ 0 |
| Aid to Local Units | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 |
| Subtotal - Operating | <u>\$ 12,187,801</u> | <u>\$ 9,761,086</u> | <u>\$ 0</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 12,187,801</u></u> | <u><u>\$ 9,761,086</u></u> | <u><u>\$ 0</u></u> |
| FTE Positions | 462.3 | 462.3 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 36.2 | 36.2 | 0.0 |
| TOTAL | <u><u>498.5</u></u> | <u><u>498.5</u></u> | <u><u>0.0</u></u> |

Agency Request

For FY 2007, the agency requests expenditures of \$63,147,413 for the Division of Environment and the Health and Environment Laboratories. The request is a decrease of \$1,229,090 or 1.9 percent below the FY 2006 revised request. The request includes:

- **State General Fund** expenditures of \$12,187,801, which is an increase of \$2,496,763 or 25.8 percent above the FY 2006 revised request. Within the two programs, 78.9 percent of expenditures for the Health and Environment Laboratories is budgeted from the State General Fund, while 15 percent of

Division of Environment expenditures are from the State General Fund. The request includes enhancements of \$2,987,481 from the State General Fund. Absent enhancements, the State General Fund request totals \$9,200,320, which is a decrease of \$490,718 or 5.1 percent below the revised FY 2006 request.

- **State Water Plan Fund** expenditures of \$4,022,377, which is a decrease of \$457,843 or 10.2 percent below the FY 2006 revised request. The request includes an enhancement package of \$526,693 to shift expenditures for agency operations from the State Water Plan Fund to the State General Fund.
- **Enhancement packages** total \$3,171,069, including \$2,987,481 from the State General Fund. Requested enhancements from the State General Fund include \$526,693 to shift agency operational expenditures from the State Water Plan Fund to the State General Fund, \$2,400,000 for a state sponsored remediation fund, and \$60,788 for the Environmental Protection Agency Pretreatment Program. The request also includes \$340,350 for replacement vehicles, which is financed from fee funds and federal funds.

Governor's Recommendation

For FY 2007, the Governor recommends expenditures of \$60,895,619 for the Environment Function, which is a decrease of \$3,481,046 or 5.4 percent below the FY 2006 recommendation. The recommendation includes:

- **State General Fund** expenditures of \$9,761,086, which is an increase of \$69,886 or 0.7 percent above the FY 2006 recommendation.
- **State Water Plan Fund** expenditures of \$3,848,830, which is a decrease of \$631,390 or 14.1 percent below the FY 2006 recommendation. The recommendation includes an enhancement of \$526,693 to shift expenditures for agency operations from the State Water Plan Fund to the State General Fund.
- The Governor recommends an enhancement of \$285,600 from fee funds and federal fund for vehicle replacement.
- The recommendation includes a reduction of \$135,922 from the State General Fund for the Meth Lab Clean-Up Program.
- The Governor recommends expenditures of \$582,888, including \$169,995 from the State General Fund, for a 2.5 percent pay plan adjustment. Salaries and wages are also adjusted due to funding of a 27th payroll period in FY 2006.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following adjustments and notations.

- FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERs) rates, KPERs death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$65,698,206, including \$9,818,618 from the State General Fund. The approved budget was reduced by a net total of \$991,054, including \$140,397 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$487,578 in salary adjustments, and \$503,476 in one-time adjustments.

- Comparison of FY 2007 Baseline Budget to Governor's Recommendation.**

The table below reflects the difference between the Governor's recommendation and the baseline budget.

| | SGF | All Funds |
|---------------------------|------------------|----------------------|
| Governor's Recommendation | \$ 9,678,221 | \$ 55,028,931 |
| Baseline Budget | 9,761,086 | 51,134,533 |
| Dollar Difference | <u>\$ 82,865</u> | <u>\$ -3,894,398</u> |
| <i>Percent Difference</i> | <i>0.9%</i> | <i>-7.1%</i> |

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

| | SGF | All Funds |
|------------------------|------------------|-----------------------|
| Base Salary Adjustment | \$ 169,995 | \$ 582,888 |
| Replacement Vehicles | 0 | 285,600 |
| SWPF Adjustments | 0 | 647,087 |
| Meth Lab Cleanup | (135,922) | (135,922) |
| Other Net Adjustments | 48,792 | (5,274,051) |
| TOTAL | <u>\$ 82,865</u> | <u>\$ (3,894,398)</u> |

3. **Vehicle Purchases.** Delete \$285,600 from agency fee funds and federal funds for vehicle purchases for consideration at Omnibus.
4. **Provisos.** The Budget Committee notes that the agency's budget contains provisos which have been included in the bill for several years. The Budget Committees requested that the agency work with the chair of the House Committee on Environment to determine if legislation is necessary to place the content of the provisos into law. The Environment Committee chair consulted with the agency, and no legislation is recommended at this time.
5. **Use Attainability Analyses.** The Budget Committee notes that the agency continues work to complete the Use Attainability Analyses (UAA) for classified stream segments across the state. The agency reported that all recreational use UAAs have been completed. UAAs to be completed include 420 aquatic life studies of stream segments with flow of less than 1 cubic foot per second (cfs), and 1,600 analyses involving irrigation, livestock watering, domestic water supply, industrial water supply, and groundwater recharge uses. Much of the fieldwork for this project will be completed in FY 2007, with the remainder of the project being completed prior to December 31, 2007. It was noted that additional employees were hired to help complete this work. The Budget Committee supports the funding of \$369,931 from the State General Fund recommended by the agency and the Governor to complete this project. The Budget Committee recommends that this funding be appropriated as a separate line item in the appropriations bill.
6. **Total Maximum Daily Loads.** The Budget Committee commends the agency for the work it has accomplished on completing the initial Total Maximum Daily Loads (TMDL). The agency reported that it will have met the obligations for TMDLs by the end of FY 2006. The agency also reported that Kansas has completed more TMDLs than any other state, which is attributed to Kansas' efficient approach. Kansas is anticipated to be among the first states to have completed the obligations for TMDLs. The Budget Committee noted that this is the initial work for this project and that TMDLs are an ongoing initiative.
7. **Waste Tire Program.** The Budget Committee adds a proviso allowing the agency to expand the current waste tire grant program. The program would be expanded to allow the agency to provide financial assistance for local governments to purchase recycled rubber material for use as a ground cover for playground equipment.

In addition, the Budget Committee adds a proviso allowing the agency to carry over funding in the waste tire grant program in the event that grants are not accepted at the level of funding available for a given fiscal year.

8. **Bill Introduction - Revolving Funds.** The Budget Committee moves the introduction of two bills regarding the Kansas Water Pollution Control Revolving Fund and the Kansas Public Water Supply Revolving Fund (Attachments B and C).
9. **Methamphetamine Program.** The Budget Committee notes that the Governor's recommendation contains a reduction of \$135,922 from the State General Fund for the methamphetamine program. This reduction would eliminate funding for the educational component of the program. The agency reported that, due to

changes in the law, the program is anticipated to continue to complete its mission with the reduced funding.

House Committee Recommendation

The Committee concurs with the Budget Committee recommendation with the following adjustment:

1. **Waste Tire Program.** Amend item number seven to modify language regarding the waste tire program.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: Kansas Department of Health and Environment

Bill No. SB 573

Bill Sec. 29 and 30

Analyst: VanHouse

Analysis Pg. No. Vol. II-1177

Budget Page No. 175

| Expenditure Summary | Agency Request FY 07 | Gov. Rec. FY 07 | Senate Subcommittee Adjustments |
|--------------------------|------------------------------|------------------------------|------------------------------------|
| All Funds: | | | |
| State Operations | \$ 124,920,785 | \$ 112,836,939 | \$ 104,000 |
| Aid to Local Units | 49,580,222 | 45,659,469 | 0 |
| Other Assistance | 40,320,000 | 47,803,333 | 525,000 |
| Subtotal - Operating | <u>\$ 214,821,007</u> | <u>\$ 206,299,741</u> | <u>\$ 629,000</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 214,821,007</u></u> | <u><u>\$ 206,299,741</u></u> | <u><u>\$ 629,000</u></u> |
| State General Fund | | | |
| State Operations | \$ 32,129,437 | \$ 19,373,065 | \$ 104,000 |
| Aid to Local Units | 15,626,245 | 11,505,492 | 0 |
| Other Assistance | 0 | 1,583,333 | 525,000 |
| Subtotal - Operating | <u>\$ 47,755,682</u> | <u>\$ 32,461,890</u> | <u>\$ 629,000</u> |
| Capital Improvements | 0 | 0 | 0 |
| TOTAL | <u><u>\$ 47,755,682</u></u> | <u><u>\$ 32,461,890</u></u> | <u><u>\$ 629,000</u></u> |
| FTE Positions | 880.3 | 879.0 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 162.3 | 162.3 | 0.0 |
| TOTAL | <u><u>1,042.6</u></u> | <u><u>1,041.3</u></u> | <u><u>0.0</u></u> |

Agency Request

For FY 2007, the Kansas Department of Health and Environment (KDHE) requests expenditures of \$214,821,007. The request is an increase of \$12,558,211 or 6.2 percent above the FY 2006 revised request. The request includes:

- **State General Fund** expenditures of \$47,755,682, which is an increase of \$18,506,672 or 63.3 percent above the FY 2006 revised request. The increase is primarily attributed to enhancement requests.
- **Children's Initiatives Fund** expenditures of \$2,250,000, which is an increase of \$200,000 above the FY 2006 revised request.
- **State Water Plan Fund** expenditures of \$4,022,377, which is a decrease of \$457,843 below the FY 2006 revised request.

- **Enhancements** of \$19,511,492, including \$19,127,904 from the State General Fund. Of this amount, the agency requests \$16,340,423 for the Health Function and \$3,171,069 for the Environment Function. Absent enhancements, the request is a decrease of \$19,511,492 or 9.1 percent below the FY 2006 revised request.

Governor's Recommendation

For FY 2007, the Governor recommends expenditures of \$206,299,741. The recommendation is an increase of \$3,946,783 or 2.0 percent above the FY 2006 recommendation. The recommendation includes:

- **State General Fund** expenditures of \$32,461,890, which is an increase of \$3,122,718 or 10.6 percent above the FY 2006 recommendation. The Governor recommends increased State General Fund financing for aid to Primary Health Care Community-Based Services, Domestic Violence Prevention Grants, youth mentoring programs, PKU/Hemophilia funding, and for replacement vehicles. The Governor also recommends reductions in funding for salaries and wages shrinkage in the Administration Program and for reduced activities in the Meth Lab Clean-Up Program.
- **Children's Initiatives Fund** expenditures of \$2,450,000, which is an increase of \$400,000 above the FY 2006 recommendation. The Governor recommends increased funding from the Children's Initiatives Fund for the Infant and Toddlers Program.
- **State Water Plan Fund** expenditures of \$3,848,830 which is a decrease of \$631,390 or 14.1 percent below the FY 2006 recommendation. The Governor recommends that funding of \$526,693 be shifted from the State Water Plan Fund to the State General fund.
- The Governor recommends funding for a 2.5 percent pay plan adjustment and salaries and wages adjustments in FY 2007 for the 27th payroll period that occurs in FY 2006.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustments and notations.

1. **Child Care/Foster Care Licensing Vehicles.** Add \$104,000 from the State General Fund for eight new vehicles for the Child Care/Foster Care Licensing Program. The 2005 Legislature approved 8.0 additional positions within this program. These positions are all inspectors who require vehicles. The agency reported that monthly rentals from Enterprise average around \$10,000 per year/per vehicle. This item allows the agency to purchase eight, mid-size sedans costing \$13,000 each for these inspectors.
2. **Cerebral Palsy Posture Seating.** Add \$110,000 from the State General Fund within the Services for Children with Special Health Care Needs program for the Posture Seating Program. The purpose of posture seating for children with severe disabilities that utilize a wheelchair is to facilitate mobility for the child and parents, provide optimal positioning for daily activities and classroom learning,

and to prevent secondary medical conditions such as pressure sores, scoliosis, and pneumonia. A conferee reported that medical treatment for pressure sores, which is covered by Medicaid, costs about \$15,000 to \$60,000. A posture seating system has an average cost of \$4,000 with a five year life span. It was reported that a funding shortfall exists in this program, primarily due to the inability of Medicaid to reimburse for evaluations and follow-up fittings for clients.

3. **Advanced Education General Dentistry Residency Program.** Add \$415,000 from the State General Fund for the Advanced Education General Dentistry Residency (AEGD) Program. The state of Kansas does not have a dental school. This program would be a one-year, post-doctoral training program for dental school graduates. The goal of the program is to provide a premier clinical training program for dental school graduates. In the short term, the residents will provide dental care at a community clinic located in Wichita. In the long term, the goal is to create opportunities for residents allowing them to develop relationships with other local practitioners and to experience community-based dentistry in rural and underserved areas. Four revenue sources have been identified for this program: income from clinical activities; Graduate Medical Education (GME) federal support; private grants; and appropriations from public sources. The first class of residents is anticipated to begin in August 2008.
4. **Rent.** The Subcommittee notes that rent for the KDHE laboratories at Forbes Field has increased from \$437,390 in FY 2005 to \$1,285,743 in FY 2007. This equates to \$12 per square foot in FY 2005, \$24 per square foot in FY 2006 and \$32 per square foot in FY 2007. The agency reported that the agency was not informed of the increase in rental rates until after the 2005 Legislative Session, resulting in a supplemental request of \$500,000 for FY 2006. The Subcommittee notes that the amount of this increase seems excessive.
5. **Infant and Toddler (Tiny-K) Program.** The Subcommittee notes that the Legislature needs to seriously review the funding for the Infant and Toddler (Tiny-K) program. Under the Infant-Toddler (Tiny-K) program (Part C of the Individuals with Disabilities Education Act), the state is federally mandated to provide early intervention services to children aged birth to three years with or at risk of developmental disabilities/delays. Tiny-K is a comprehensive, statewide system of community-based, family-centered early intervention services for young children, ages 0-3, with disabilities and their families. Kansas delivers services through a public-private partnership with local networks as opposed to centralized administration at the state level. There are 36 Kansas community early intervention networks that coordinate services locally. Early intervention services provided include: child find/public awareness activities, referral, eligibility determination via evaluation, development of an Individualized Family Service Plan, ongoing assessment, family services coordination, and transition planning.

The Subcommittee notes that under the Infant and Toddler Program, per child funding is estimated at \$1,029 with only state funding, and \$2,034 including state and federal funding, though funding is not distributed on a per child basis. Base State Aid Per Pupil (BSAPP) totals \$4,257 per child. After a child's third birthday and before he or she enters school, state funding is available at half the Base State Aid Per Pupil (BSAPP) amount, or \$2,128.50.

Attachment A

AID TO LOCAL *tiny-k* NETWORKS

| Year | state/federal funds | total funds | Dec. 1 st # of children | PER CHILD Funding | | |
|-------|--|-------------|---------------------------------------|-------------------|--------|----------|
| | | | | State \$ | Fed \$ | Combined |
| FY 99 | 1,992,000 (SGF) 2,167,609 (fed) | 4,159,609 | 1,649 | 1,208 | 1,314 | 2,522 |
| FY 00 | 2,492,000 (SGF + CIF) 2,764,859 (fed) | 5,256,859 | 1,884 | 1,322 | 1,468 | 2,790 |
| FY 01 | 2,492,000 (SGF + CIF) 3,042,831 (fed) | 5,534,831 | 2,187 | 1,139 | 1,391 | 2,530 |
| FY 02 | 2,492,000 (SGF + CIF) 3,414,224 (fed) | 5,906,224 | 2,485 | 1,003 | 1,374 | 2,377 |
| FY 03 | 2,371,305 (SGF + CIF) 3,499,633 (fed) | 5,870,938 | 2,738 | 866 | 1,278 | 2,144 |
| FY 04 | 2,792,000 (SGF + CIF) 3,199,639 (fed) | 5,991,639 | 2,828 | 987 | 1,131 | 2,118 |
| FY 05 | 2,871,305 (SGF + CIF) 3,113,206 (fed) | 5,984,511 | 2,749 | 1,045 | 1,132 | 2,177 |
| FY 06 | 2,871,305 (SGF + CIF) 3,113,207 (fed) | 5,984,512 | 2,947 | 974 | 1,056 | 2,030 |
| ----- | | | | | | |
| FY 07 | 3,071,305 (SGF + CIF) 3,000,000 (fed) estimated | 6,071,305 | 2,985 | 1,029 | 1,005 | 2,034 |

What if

... *tiny-k* networks received state funding for these infants and toddlers that was comparable to funds appropriated to serve similar children after their third birthday? The current state funding of \$3 million would double to \$6.3 M.

{ the Base State Aid Per Pupil is \$4,257 divided by 2 = \$ 2128.5 times our 2985 children = \$6.3 million }
 ... our local partners chose to quit subsidizing these vital services? Children and families would suffer.
 ALL children arrived at the schoolhouse door fully ready to achieve their maximum potential?

ATTACHMENT B

Gilmore & Bell, P.C.
01/12/2006

PROPOSED LEGISLATIVE AMENDMENTS RE: CROSS COLLATERALIZATION (KANSAS PUBLIC WATER SUPPLY REVOLVING FUND)

65-163e

Chapter 65.--PUBLIC HEALTH

Article 1.--SECRETARY OF HEALTH AND ENVIRONMENT, ACTIVITIES

65-163e. Same; public water supply loan fund established; sources of revenue; purposes for disbursements therefrom. (a) There is hereby established in the state treasury the public water supply loan fund.

(b) Moneys from the following sources shall be credited to the fund:

(1) Amounts received by the state from the federal government for the purposes of the fund;

(2) amounts appropriated or otherwise made available by the legislature for the purposes of the fund;

(3) proceeds derived from the sale of bonds issued under K.S.A. 65-163l through 65-163t, and amendments thereto;

(4) amounts of repayments of loans made under this act, together with payments of interest thereon, in accordance with agreements entered into by the borrower and the secretary;

(5) interest attributable to investment of moneys in the fund; and

(6) amounts received from any public or private entity for the purposes of the fund.

(c) Subject to the conditions and in accordance with requirements of this act, moneys credited to the fund shall be used only:

(1) To make loans to municipalities for payment of all or part of project costs;

(2) as a source of revenue or security for the payment of principal and interest on bonds issued under K.S.A. 65-163l through 65-163t, and amendments thereto, if, and to the extent that, the proceeds of the sale of such bonds are deposited in the fund;

(3) as a source of revenue or security for the payment of principal and interest on bonds issued by the Kansas development finance authority pursuant to the provisions of K.S.A. 65-3321 through 65-3329, and amendments thereto;

(4) to earn interest on moneys in the fund; and

(5) for the reasonable costs, as determined by the secretary, of administering the fund and conducting activities under this act. Such costs shall be identified annually in development of the intended use plan as described in K.S.A. 65-163h, and amendments thereto.

(d) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the public water supply loan fund interest earnings based on:

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(1) The average daily balance of moneys in the public water supply loan fund for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

(e) All payments and disbursements from the fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary or by a person or persons designated by the secretary. All payments and disbursements from the fund, and beginning and ending balances thereof, shall be subject each year to post audit in accordance with article 11 of chapter 46 of the Kansas Statutes Annotated.

History: L. 1994, ch. 349, § 2; L. 1996, ch. 253, § 12; May 23.

ATTACHMENT C

Gilmore & Bell, P.C.
01/12/2006

PROPOSED LEGISLATIVE AMENDMENTS RE: CROSS COLLATERALIZATION (KANSAS WATER POLLUTION CONTROL REVOLVING FUND)

65-3322

Chapter 65.--PUBLIC HEALTH

Article 33.--WATER POLLUTION CONTROL

65-3322. Kansas water pollution control revolving fund established; use of moneys credited to fund; interest earned transferred from general fund; fund subject to post audit. (a) There is hereby established in the state treasury a fund to be maintained in perpetuity and to be known as the Kansas water pollution control revolving fund. The fund shall consist of:

(1) Amounts awarded or otherwise made available to this state under the federal act for the purposes of the fund;

(2) amounts appropriated or otherwise made available by the legislature for the purposes of the fund;

(3) the proceeds, if any, derived from the sale of bonds issued by the Kansas development finance authority for the purposes of the fund to the extent provided in any agreement entered into by the secretary and the authority;

(4) amounts of repayments made by municipalities of loans received under K.S.A. 65-3321 through 65-3329, and amendments thereto, together with payments of interest thereon, in accordance with agreements entered into by such municipalities and the secretary;

(5) amounts earned on moneys in the fund; and

(6) amounts contributed or otherwise made available by any public or private entity for use in effectuating the purposes of the fund.

(b) Subject to the conditions and in accordance with requirements of the federal act and the provisions of K.S.A. 65-3321 through 65-3329, and amendments thereto, the fund may be used only:

(1) To make loans to municipalities for payment of all or a part of project costs;

(2) to carry out planning for wastewater treatments works;

(3) for implementation of nonpoint source pollution control programs;

(4) as a source of revenue or security for the payment of principal and interest on bonds issued by the Kansas development finance authority if, and to the extent that, the proceeds of the sale of such bonds are deposited in the fund;

(5) as a source of revenue or security for the payment of principal and interest on bonds issued by the Kansas development finance authority pursuant to the provisions of K.S.A. 65-165d through 65-163u, and amendments thereto;

~~(6) to earn interest on moneys in the fund;~~

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(7) to make grants to qualifying projects as authorized by the federal appropriation act of 1996 (P.L. 104-134), in accordance with the rural communities hardship grants program implementation guidelines (Federal Register, March 20, 1997);

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(8) to make grants to qualifying projects as authorized by the consolidated appropriations act of 2001 (P.L. 106-554), in accordance with the wet weather water quality act of 2000; and

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(9) for the reasonable costs, in amounts not to exceed 4% of all amounts awarded to the state for the fund under title VI of the federal act, of administering the fund and conducting activities under K.S.A. 65-3321 through 65-3329, and amendments thereto, and for reasonable costs after amounts cease to be awarded by the federal government under title VI of the federal act, as determined by the secretary, of administering the fund and conducting activities under K.S.A. 65-3321 through 65-3329, and amendments thereto. Such costs shall be identified annually in development of the intended use plan as described in K.S.A. 65-3325, and amendments thereto.

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(c) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the Kansas water pollution control revolving fund interest earnings based on:

(1) The average daily balance of moneys in the Kansas water pollution control revolving fund for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

(d) All payments and disbursements from the fund shall be made upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary or by a person or persons designated by the secretary. All payments and disbursements from the fund, and beginning and ending balances thereof, shall be subject each year to post audit in accordance with article 11 of chapter 46 of the Kansas Statutes Annotated.

History: L. 1988, ch. 320, § 2; L. 1992, ch. 272, § 6; L. 1996, ch. 253, § 14; L. 2001, ch. 70, § 1; July 1.

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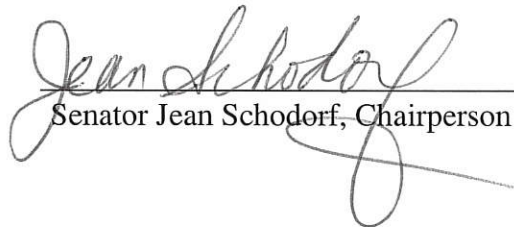
JLN401715/PROPOSED LEGISLATIVE AMENDMENTS X COLLATERALIZATION (01-12-06)

SENATE SUBCOMMITTEE REPORT

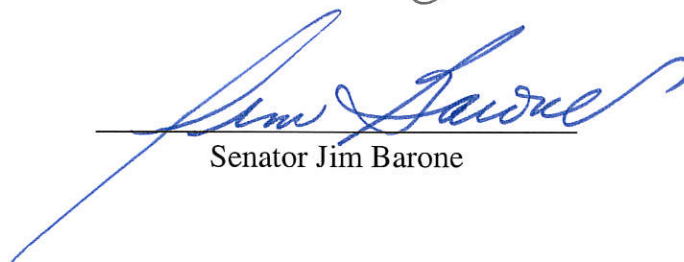
Kansas Lottery

Kansas Racing and Gaming Commission

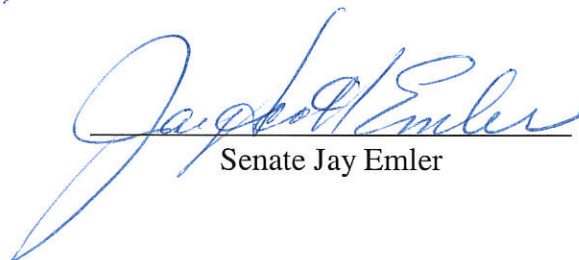
February 23, 2006



Senator Jean Schodorf, Chairperson



Senator Jim Barone



Senate Jay Emler

Senate Ways and Means
03-03-06
Attachment 4

House Budget Committee Report

Agency: Kansas Lottery

Bill No. 2958

Bill Sec. 35

Analyst: Efird

Analysis Pg. No. Vol. I-685

Budget Page No. 311

| Expenditure | Agency Est. FY 06 | Governor Rec. FY 06 | Budget Committee Adjustments |
|--------------------------------|----------------------|------------------------|------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 0 | \$ 0 | 0 |
| Other Funds | 55,391,215 | 55,391,215 | (5,451,828) |
| TOTAL | <u>\$ 55,391,215</u> | <u>\$ 55,391,215</u> | <u>\$ (5,451,828)</u> |
| FTE Positions | 87.0 | 87.0 | 0.0 |

Agency Estimate

Sales of lottery games totaling \$223.0 million are estimated by the agency, an increase of \$16.0 million from the actual FY 2005 amount. Administrative costs are requested at \$22.4 million, an increase of \$2.2 million from the actual FY 2005 amount. State paid prizes are estimated at \$33.0 million in FY 2006, an increase of \$2.4 million from \$30.6 million in FY 2005. Staffing is maintained at 87.0 FTE positions. State Gaming Revenues Fund (SGRF) transfers are estimated at \$66.712 million, an increase of \$712,000 from the approved FY 2006 amount.

Governor's Recommendation

The Governor concurs with sales of \$223.0 million, with the agency's request for FY 2006 expenditures, and with staffing of 87.0 FTE positions. The Governor recommends increasing the approved SGRF transfers by \$1.0 million in FY 2006, with total transfers of \$67.0 million recommended.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's FY 2006 recommendation and makes the following adjustment:

1. **Nonreportable Expenditure Adjustment.** The Budget Committee recommends a decrease of \$5,451,828 in the estimate for reportable state-paid prizes, which was the amount of taxes deducted from prize payments and treated as a nonreportable expenditure in FY 2005. The same estimated tax amount of \$5,451,828 may be treated as nonreportable in FY 2006 in order to more accurately reflect the agency's reportable expenditures. This is a technical change to the Governor's recommendation.

House Committee Recommendation

The Committee concurs.

Senate Subcommittee Report

Agency: Kansas Lottery

Bill No. 570

Bill Sec. 35

Analyst: Efird

Analysis Pg. No. Vol. I-685

Budget Page No. 311

| Expenditure | Agency Est. FY 06 | Governor Rec. FY 06 | Subcommittee Adjustments |
|--------------------------------|----------------------|------------------------|-----------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 55,391,215 | 55,391,215 | 0 |
| TOTAL | <u>\$ 55,391,215</u> | <u>\$ 55,391,215</u> | <u>\$ 0</u> |
| FTE Positions | 87.0 | 87.0 | 0.0 |

Agency Estimate

Sales of lottery games totaling \$223.0 million are estimated by the agency, an increase of \$16.0 million from the actual FY 2005 amount. Administrative costs are requested at \$22.4 million, an increase of \$2.2 million from the actual FY 2005 amount. State paid prizes are estimated at \$33.0 million in FY 2006, an increase of \$2.4 million from \$30.6 million in FY 2005. Staffing is maintained at 87.0 FTE positions. State Gaming Revenues Fund (SGRF) transfers are estimated at \$66.712 million, an increase of \$712,000 from the approved FY 2006 amount.

Governor's Recommendation

The Governor concurs with sales of \$223.0 million, with the agency's request for FY 2006 expenditures, and with staffing of 87.0 FTE positions. The Governor recommends increasing the approved State Gaming Revenues Fund transfers by \$1.0 million in FY 2006, with total transfers of \$67.0 million recommended.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 2006 recommendation.

House Budget Committee Report

Agency: Kansas Lottery

Bill No. 2968

Bill Sec. 22

Analyst: Efird

Analysis Pg. No. Vol. I-685

Budget Page No. 311

| Expenditure | Agency Req. FY 07 | Governor Rec. FY 07 | Budget Committee Adjustments |
|--------------------------------|----------------------|------------------------|------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 55,518,409 | 55,585,554 | (5,573,428) |
| TOTAL | <u>\$ 55,518,409</u> | <u>\$ 55,585,554</u> | <u>\$ (5,573,428)</u> |
| FTE Positions | 87.0 | 87.0 | 0.0 |

Agency Request

Sales of lottery games totaling \$224.5 million are estimated by the agency, an increase of \$1.5 million from the current fiscal year estimate. Administrative costs are requested at \$22.3 million, a decrease of \$0.1 million from the current fiscal year. Absent \$331,267 in expenditures for the Kansas Savings Incentive Program in FY 2006, there would be an increase of \$0.2 million in FY 2007. State paid prizes are estimated at \$33.3 million in FY 2007, an increase of almost \$0.3 million from FY 2006. Staffing is maintained at 87.0 FTE positions. The agency estimates SGRF transfers totaling \$66,712,000 in FY 2007.

Governor's Recommendation

The Governor concurs with estimated sales of \$224.5 million in FY 2007. The Governor concurs with the agency's request for FY 2007 expenditures, including enhancements of \$152,800, and adds funding for a 2.5 percent salary plan adjustment. The Governor recommends SGRF transfers of \$67.0 million in FY 2007.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's FY 2007 recommendation and makes the following adjustments and observations:

- FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERs) rates, KPERs death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$61,157,996, all from special revenue funds. The approved budget was decreased by a net total of \$303,279, all from special revenue funds to establish a baseline budget for FY 2007. The reductions included \$71,979 in salary adjustments and \$213,300 in one-time adjustments.

2. Comparison of FY 2007 Baseline Budget to Governor's Recommendation.

The table below reflects the difference between the Governor's recommendation and the baseline budget.

| | SGF | All Funds |
|---------------------------|-------------|-----------------------|
| Governor's Recommendation | \$ 0 | \$ 55,585,554 |
| Baseline Budget | 0 | 60,854,717 |
| Dollar Difference | <u>\$ 0</u> | <u>\$ (5,269,163)</u> |
| <i>Percent Difference</i> | <i>0.0%</i> | <i>(9.5)%</i> |

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

| | SGF | All Funds |
|------------------------|-------------|-----------------------|
| Base Salary Adjustment | \$ 0 | \$ 98,345 |
| State Paid Prizes* | 0 | (5,436,754) |
| New Vehicle Purchases | 0 | 121,600 |
| Other Net Adjustments | 0 | (52,354) |
| TOTAL | <u>\$ 0</u> | <u>\$ (5,269,163)</u> |

*Agency's revised and Governor's recommended FY 2006 budget shifts the prize payment estimate from state paid to local paid which are off-budget.

3. Vehicles Reduction. The Budget Committee recommends removing \$121,600 from the Lottery Operating Fund for the purchase of replacement vehicles in FY 2007 and for the issue to be considered during Omnibus.

4. Change in Ticket Distribution. The Budget Committee commends the Lottery for switching from agency distribution to commercial delivery distribution for instant lottery tickets. The new method allows the Lottery to maintain better point of sales supplies and contributes to the increased sales of instant tickets. The conversion also resulted in cost savings which the Lottery will calculate after the new method of distribution operates for a full year. The most notable change is the down-sizing of the agency's delivery vehicles to smaller vans which are less expensive and more fuel efficient.

5. Nonreportable Expenditure Adjustment. The Budget Committee recommends a decrease of \$5,451,828 in the estimate for reportable state-paid prizes, which was the amount of taxes deducted from prize payments and treated as a nonreportable expenditure in FY 2005. The same estimated tax amount of \$5,451,828 may be treated as nonreportable in FY 2007 in order to more accurately reflect the agency's reportable expenditures. This is a technical change to the Governor's recommendation.

6. **Rents.** The Budget Committee notes that the Lottery does not occupy state-owned space in either Topeka or Great Bend where it has offices. The agency's FY 2006 rents of \$446,238 increase to \$474,620 in FY 2007 due to an inflationary clause in the multiyear lease.
7. **No Limit Authority.** The Budget Committee recommends continuing in FY 2007 the no limit expenditures line item for agency operations. The 2005 Legislature added and the Governor approved the no limit authority in FY 2006 for the first time. With the Lottery operated more like a business than most other state agencies, this no limit flexibility allows expenditures to increase as sales increase, without having to wait for the Legislature or State Finance Council to increase expenditure authority. The most recent Legislative Post Audit Financial and Compliance Audit Report for FY 2005 had no negative findings for the Lottery.
8. **Oklahoma Lottery.** The Lottery's Executive Director indicates the new lottery in Oklahoma has not resulted in significant Kansas sales reductions and that the prize structure in Oklahoma for instant tickets, as mandated by their state legislature, is not generous as the Kansas prize payouts. Kansas offers a higher percentage of prize payouts than Oklahoma. Some reduction in Kansas sales occurred with the implementation of the online PowerBall game that competes head-to-head for customers since both states participate in that multistate lottery.
9. **Special Company Promotions.** The Budget Committee commends the Lottery's Executive Director for continuing to form partnerships with Kansas-based business, including the Kansas Speedway, Midwest Ford, Dodge City Steak Company, the Kansas State Fair, General Motors Corporation, Cobalt Boats, the Wichita River Festival, and Harley-Davidson. The Lottery plans to continue partnering with various Kansas based businesses in offering special games and second change drawings to create retailer and player sales promotions and incentives.

House Committee Recommendation

The Committee concurs.

Senate Subcommittee Report

Agency: Kansas Lottery

Bill No. 573

Bill Sec. 22

Analyst: Efird

Analysis Pg. No. Vol. I-685

Budget Page No. 311

| Expenditure | Agency Req. FY 07 | Governor Rec. FY 07 | Subcommittee Adjustments |
|--------------------------------|----------------------|------------------------|-----------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 0 | \$ 0 | 0 |
| Other Funds | 55,518,409 | 55,585,554 | 0 |
| TOTAL | <u>\$ 55,518,409</u> | <u>\$ 55,585,554</u> | <u>\$ 0</u> |
| FTE Positions | 87.0 | 87.0 | 0.0 |

Agency Request

Sales of lottery games totaling \$224.5 million are estimated by the agency, an increase of \$1.5 million from the current fiscal year estimate. Administrative costs are requested at \$22.3 million , a decrease of \$0.1 million from the current fiscal year. Absent \$331,267 in expenditures for the Kansas Savings Incentive Program in FY 2006, there would be an increase of \$0.2 million in FY 2007. State paid prizes are estimated at \$33.3 million in FY 2007, an increase of almost \$0.3 million from FY 2006. Staffing is maintained at 87.0 FTE positions. The agency estimates SGRF transfers totaling \$66,712,000 in FY 2007.

Governor's Recommendation

The Governor concurs with estimated sales of \$224.5 million in FY 2007. The Governor concurs with the agency's request for FY 2007 expenditures, including enhancements of \$152,800, and adds funding for a 2.5 percent salary plan adjustment. The Governor recommends SGRF transfers of \$67.0 million in FY 2007.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 2007 recommendation and makes the following observations and recommendation:

- 1. Change in Ticket Distribution.** The Subcommittee commends the Lottery's Executive Director for switching from agency distribution to commercial delivery distribution for instant lottery tickets. The new method allows the Lottery to maintain better point of sales supplies and contributes to the increased sales of instant tickets. The conversion also resulted in cost savings which the Lottery will calculate after the new method of distribution operates for a full year. The most notable change is the down-sizing of the agency's delivery vehicles to smaller vehicles which are less expensive and more fuel efficient.

2. **No Limit Authority.** The Subcommittee recommends continuing in FY 2007 the no limit expenditure line item for agency operations. The 2005 Legislature added and the Governor approved the no limit authority in FY 2006 for the first time. With the Lottery operated more like a business than most other state agencies, this no limit flexibility allows expenditures to increase as sales increase, without having to wait for the Legislature or State Finance Council to increase expenditure authority. The most recent Legislative Post Audit Financial and Compliance Audit Report for FY 2005 had no negative findings for the Lottery.
3. **Oklahoma Lottery.** The Lottery's Executive Director indicates the new lottery in Oklahoma has not resulted in significant Kansas sales reductions and that the prize structure in Oklahoma for instant tickets, as mandated by their state legislature, is not generous as the Kansas prize payouts. Kansas offers a higher percentage of prize payouts than Oklahoma. Some reduction in Kansas sales occurred with the implementation of the online PowerBall game that competes head-to-head for customers since both states participate in that multistate lottery.
4. **Special Company Promotions.** The Subcommittee commends the Lottery's Executive Director for continuing to form partnerships with Kansas-based business, including the Kansas Speedway, Midwest Ford, Dodge City Steak Company, the Kansas State Fair, General Motors Corporation, Cobalt Boats, the Wichita River Festival, and Harley-Davidson. The Lottery plans to continue partnering with various Kansas-based businesses in offering special games and second change drawings to create retailer and player sales promotions and incentives.

House Budget Committee Report

Agency: Kansas Racing and Gaming Commission **Bill No.** 2958 **Bill Sec.** 36
Analyst: Efird **Analysis Pg. No.** Vol. I – 696 **Budget Page No.** 323

| Expenditure | Agency Est. FY 06 | Governor Rec. FY 06 | Budget Committee Adjustments |
|--------------------------------|----------------------|------------------------|------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 200,000 | \$ 0 | \$ 250,000 |
| Other Funds | 6,003,334 | 6,203,334 | 0 |
| TOTAL | <u>\$ 6,203,334</u> | <u>\$ 6,203,334</u> | <u>\$ 250,000</u> |
| FTE Positions | 67.0 | 67.0 | 0.0 |

Agency Estimate

The agency estimates revised FY 2006 expenditures totaling \$6,203,334 all funds, including \$200,000 from the State General Fund. The agency requests a supplemental appropriation of \$200,000 from the State General Fund to maintain a cash balance in the State Racing Fund, to finance Racing Operations expenses during this fiscal year, and to provide a cash balance at the beginning of next fiscal year. In addition, the agency requests an expenditure increase of \$31,461 all other funds from the Trial Gaming Fund for the State Gaming Agency this fiscal year.

Governor's Recommendation

The Governor concurs with the revised FY 2006 expenditures of \$6,203,334 all funds and with an increase in expenditures of \$31,461 from the Tribal Gaming Fund. The Governor does not recommend a supplemental State General Fund appropriation in FY 2006. Instead, the Governor recommends increasing expenditures from the State Racing Fund by almost \$200,000.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's FY 2006 recommendation and also recommends the following:

1. Appropriate \$250,000 from the State General Fund, subject to release by the State Finance Council, for emergencies that may disrupt the flow of revenue to the State Racing Fund.
2. Introduce an emergency supplemental appropriations bill and include this single item in the legislation that should be passed as quickly as possible.

The Budget Committee is concerned about the decrease in the cash balance of the State Racing Fund. The Governor's recommendation would spend all available cash

in FY 2006 and in FY 2007, with no projected ending balance for either fiscal year. The Budget Committee also is concerned that the cash operating balance in the State Racing Fund is inadequate if revenues are disrupted and expenditures must be made without sufficient reserve resources. According to the agency's report, the lack of an adequate cash balance in the State Racing Fund during each fiscal year may cause serious problems, especially if a race track permanently closes or if a race track temporarily closes for a period of time due to a disease such as kennel cough that requires a quarantine of the animals.

Historically, the State Racing Fund was allowed to carry a \$300,000 cash operating balance. During FY 2005, that amount was reduced to \$200,000. In FY 2006, the 2005 Legislature approved a transfer of \$200,000 from the State General Fund to maintain a cash balance in the State Racing Fund. The Governor's FY 2006 budget recommendation expends this \$200,000 from the State Racing Fund and leaves no ending balance at the conclusion of this fiscal year. The Governor does not recommend supplemental financing of an additional \$200,000 from the State General Fund that was requested by the agency in its revised budget to maintain a cash operating balance in the State Racing Fund.

Without a cash reserve, the agency might not be able to perform its legal duties should there be an unexpected closing of a race track. The disposition of the animals is of critical concern if a closing takes place, and at least a three-month to four-month period of funding for agency operations is required to insure continued day-to-day activities are not disrupted by inadequate cash reserves.

Fee Fund Analysis

The agency includes in net receipts a transfer of \$200,000 from the State General Fund in FY 2006 that was appropriated by the 2005 Legislature and deposited in the State Racing Fund. The agency's revised estimate reflects a reduction in parimutuel related revenues of approximately 10.3 percent in FY 2006 but no further reduction is applied in FY 2007 according to its budget narrative. The Governor concurs with the agency's revenue estimates in FY 2006 and FY 2007. The Governor recommends increasing expenditures financed from the State Racing Fund in FY 2006 to \$2,948,156 which would appear to exceed by \$2.00 the amount of financing available in the current fiscal year. The Governor concurs with the agency's estimate of FY 2007 expenditures which would be equal to the revenues for the next fiscal year.

| State Racing Fund Resource Estimate | Actual FY 2005 | Agency Estimate FY 2006 | Gov. Rec. FY 2006 | Agency Request FY 2007 | Gov. Rec. FY 2007 |
|--|-------------------|-------------------------------|----------------------|------------------------------|----------------------|
| Beginning Balance | \$ 408,296 | \$ 338,415 | \$ 338,415 | \$ 199,998 | \$ (2) |
| Net Receipts | 2,652,917 | 2,646,877 | 2,646,877 | 2,446,877 | 2,446,877 |
| Total Funds Available | \$ 3,061,213 | \$ 2,985,292 | \$ 2,985,292 | \$ 2,646,875 | \$ 2,446,875 |
| Less: Expenditures | 2,711,826 | 2,748,156 | 2,948,156 | 2,446,877 | 2,446,877 |
| Less: Transfers | 10,972 | 37,138 | 37,138 | 0 | 0 |
| Ending Balance | <u>\$ 338,415</u> | <u>\$ 199,998</u> | <u>\$ (2)</u> | <u>\$ 199,998</u> | <u>\$ (2)</u> |
| Ending Balance as Percent of Expenditures | 12.5% | 7.3% | 0.0% | 8.2% | 0.0% |

House Committee Recommendation

The Committee concurs.

Senate Subcommittee Report

Agency: Kansas Racing and Gaming Commission **Bill No.** 570 **Bill Sec.** 36

Analyst: Efird **Analysis Pg. No.** Vol. I – 696 **Budget Page No.** 323

| Expenditure | Agency Est. FY 06 | Governor Rec. FY 06 | Subcommittee Adjustments |
|--------------------------------|----------------------|------------------------|-----------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 200,000 | \$ 0 | \$ 0 |
| Other Funds | 6,003,334 | 6,203,334 | 0 |
| TOTAL | <u>\$ 6,203,334</u> | <u>\$ 6,203,334</u> | <u>\$ 0</u> |
| FTE Positions | 67.0 | 67.0 | 0.0 |

Agency Estimate

The agency estimates revised FY 2006 expenditures totaling \$6,203,334 all funds, including \$200,000 from the State General Fund. The agency requests a supplemental appropriation of \$200,000 from the State General Fund to maintain a cash balance in the State Racing Fund, to finance Racing Operations expenses during this fiscal year, and to provide a cash balance at the beginning of next fiscal year. In addition, the agency requests an expenditure increase of \$31,461 all other funds from the Trial Gaming Fund for the State Gaming Agency this fiscal year.

Governor's Recommendation

The Governor concurs with the revised FY 2006 expenditures of \$6,203,334 all funds and with an increase in expenditures of \$31,461 from the Tribal Gaming Fund. The Governor does not recommend a supplemental State General Fund appropriation in FY 2006. Instead, the Governor recommends increasing expenditures from the State Racing Fund by almost \$200,000.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 2006 recommendation and also makes the following recommendation and comment:

1. Review a \$250,000 State General Fund supplemental FY 2006 appropriation at Omnibus along with FY 2007 funding issues addressed in that report. The Subcommittee notes that the House Budget Committee recommended introduction of 2006 HB 2950 to provide \$250,000 of emergency funding, subject

to State Finance Council approval, upon application by the Kansas Racing and Gaming Commission should the cash balance in the State Racing Fund be insufficient to meet operating costs if a race track should close either permanently or for a limited duration.

2. Review during Omnibus of the State Racing Fund projected revenues and expenditures. The Subcommittee notes that the available cash balance in the State Racing Fund is projected to be eliminate during FY 2006 under the Governor's expenditure recommendation for this fiscal year, and that no reserves will be available if a situation interrupts the receipt of revenue from the race tracks. Last year the Legislature recommended a transfer in FY 2006 of \$200,000 from the State General Fund to the State Racing Fund in order to maintain a cash reserve balance for emergencies. The Governor's FY 2006 recommendation for expenditures would reduce the cash balance in the State Racing Fund to \$0 by the end of this fiscal year if the agency spends the amount recommended by the Governor. The Subcommittee notes the House Budget Committee report presents the status of the State Racing Fund for FY 2006 and FY 2007.

Fee Fund Analysis

The agency includes in net receipts a transfer of \$200,000 from the State General Fund in FY 2006 that was appropriated by the 2005 Legislature and deposited in the State Racing Fund. The agency's revised estimate reflects a reduction in parimutuel related revenues of approximately 10.3 percent in FY 2006 but no further reduction is applied in FY 2007 according to its budget narrative. The Governor concurs with the agency's revenue estimates in FY 2006 and FY 2007. The Governor recommends increasing expenditures financed from the State Racing Fund in FY 2006 to \$2,948,156 which would appear to exceed by \$2.00 the amount of financing available in the current fiscal year. The Governor concurs with the agency's estimate of FY 2007 expenditures which would be equal to the revenues for the next fiscal year.

| State Racing Fund Resource Estimate | Actual FY 2005 | Agency Estimate FY 2006 | Gov. Rec. FY 2006 | Agency Request FY 2007 | Gov. Rec. FY 2007 |
|--|-------------------|-------------------------------|----------------------|------------------------------|----------------------|
| Beginning Balance | \$ 408,296 | \$ 338,415 | \$ 338,415 | \$ 199,998 | \$ (2) |
| Net Receipts | <u>2,652,917</u> | <u>2,646,877</u> | <u>2,646,877</u> | <u>2,446,877</u> | <u>2,446,877</u> |
| Total Funds Available | \$ 3,061,213 | \$ 2,985,292 | \$ 2,985,292 | \$ 2,646,875 | \$ 2,446,875 |
| Less: Expenditures | 2,711,826 | 2,748,156 | 2,948,156 | 2,446,877 | 2,446,877 |
| Less: Transfers | <u>10,972</u> | <u>37,138</u> | <u>37,138</u> | <u>0</u> | <u>0</u> |
| Ending Balance | <u>\$ 338,415</u> | <u>\$ 199,998</u> | <u>\$ (2)</u> | <u>\$ 199,998</u> | <u>\$ (2)</u> |
| Ending Balance as Percent of Expenditures | 12.5% | 7.3% | 0.0% | 8.2% | 0.0% |

House Budget Committee Report

Agency: Kansas Racing and Gaming Commission **Bill No.** 2968 **Bill Sec.** 23
Analyst: Efird **Analysis Pg. No.** Vol. I – 696 **Budget Page No.** 323

| Expenditure | Agency Req. FY 07 | Governor Rec. FY 07 | Budget Committee Adjustments |
|--------------------------------|----------------------|------------------------|------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 510,584 | \$ 0 | \$ 250,000 |
| Other Funds | 5,626,053 | 5,855,441 | (40,000) |
| TOTAL | <u>\$ 6,136,637</u> | <u>\$ 5,855,441</u> | <u>\$ 210,000</u> |
| FTE Positions | 67.0 | 67.0 | 0.0 |

Agency Request

For next fiscal year, the agency requests expenditures totaling \$6,136,637, including \$510,584 from the State General Fund. The agency's request for an appropriation of \$510,584 from the State General Fund is intended to maintain a \$200,000 cash balance in the State Racing Fund and to provide financing for expenses of Racing Operations in FY 2007.

Governor's Recommendation

The Governor recommends expenditures totaling \$5,888,441 in FY 2007, including funds for a 2.5 percent pay plan adjustment. The Governor does not recommend any State General Fund financing in FY 2007. Instead, the Governor recommends \$200,000 from the Economic Development Initiatives Fund for FY 2007 financing of Racing Operations. The Governor recommends a reduction in total agency expenditures in order to address the financing issues of Racing Operations in particular. The Governor's FY 2007 recommended financing for salaries and wages is \$220,746 less than the amount recommended in FY 2006 for the same number of FTE positions. The Governor's recommendation for contractual services is \$79,647 less than the amount recommended in FY 2006. The remaining \$47,500 net reduction is in other areas, primarily other assistance.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's FY 2007 recommendations and makes the following adjustments and recommendations:

- FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERs) rates, KPERs death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue

transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$6,099,744, all from special revenue funds. The approved budget was decreased by a net total of \$120,990, all from special revenue funds to establish a baseline budget for FY 2007. The reductions included \$60,990 in salary adjustments and \$60,000 in one-time adjustments.

2. Comparison of FY 2007 Baseline Budget to Governor's Recommendation.

The table below reflects the difference between the Governor's recommendation and the baseline budget.

| | <u>SGF</u> | <u>All Funds</u> |
|---------------------------|-------------|---------------------|
| Governor's Recommendation | \$ 0 | \$ 5,855,441 |
| Baseline Budget | 0 | 5,978,754 |
| Dollar Difference | <u>\$ 0</u> | <u>\$ (123,313)</u> |
| <i>Percent Difference</i> | <i>0.0%</i> | <i>(2.1)%</i> |

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

| | <u>SGF</u> | <u>All Funds</u> |
|------------------------|-------------|---------------------|
| Base Salary Adjustment | \$ 0 | \$ 69,217 |
| New Vehicle Purchases | 0 | 40,000 |
| Other Net Adjustments* | 0 | (232,530) |
| TOTAL | <u>\$ 0</u> | <u>\$ (123,313)</u> |

* primarily salaries and wages plus contractual services.

3. **Vehicles Reduction.** The Budget Committee recommends removing \$40,000 from the Tribal Gaming Fund for the purchase of replacement vehicles in FY 2007 and for the issue to be considered during Omnibus.

4. **Emergency Funding.** The Budget Committee recommends continuing the \$250,000 appropriation from the State General Fund, subject to release by the State Finance Council, if an emergency disrupts the flow of revenue to the State Racing Fund.

5. **Omnibus Review of Funding.** The Budget Committee recommends that a more comprehensive review of Racing Operations financing be undertaken during Omnibus. The Racing and Gaming Commission should consider raising fees for licenses and increasing the parimutuel tax as alternatives for FY 2007, with a

report back to the Budget Committee. In addition, the Budget Committee recommends review of the statutory distribution of the parimutuel taxes from simulcast racing, and for the Racing and Gaming Commission and other interested parties to respond as to whether more funding should be allocated for Racing Operations and operational costs and less for subsidies to county fairs and parimutuel racing at those locations.

The agency awarded grants from the Horse Fair Racing Benefit Fund of \$700,000 in FY 2004 and \$650,000 in FY 2005, with \$168,000 and \$162,500 paid to the Anthony county fair and \$532,000 and \$487,500 paid to the Eureka county fair in each respective fiscal year. The Governor recommends \$600,000 in FY 2006 and \$550,000 in FY 2007 for county fair grant awards. The Racing and Gaming Commission will determine the amounts awarded to applicants, based on requests and available funds. The funding for these grants is derived from the statutory distribution of one-third of the parimutuel tax from simulcast racing.

6. **State Gaming Agency.** The Budget Committee notes that cash flow is NOT a problem for Gaming Operations and the Tribal Gaming Fund. There are no current disputes with any of the four tribes and no pending arbitration this year. The four tribes are paying their assessments on time this fiscal year.

7. **Rents.** The Budget Committee notes that FY 2006 and FY 2007 rental expenditures for office space appear constant after increasing from FY 2005 when the agency relocated to the Eisenhower State Office Building. Previously, each entity was located in separate, non-state owned space. Racing Operations includes expenditures of \$158,000 both fiscal years and Gaming Operations includes expenditures of \$132,000 both fiscal years.

House Committee Recommendation

The Committee concurs.

Senate Subcommittee Report

Agency: Kansas Racing and Gaming Commission **Bill No.** 573 **Bill Sec.** 23

Analyst: Efird **Analysis Pg. No.** Vol. I – 696 **Budget Page No.** 323

| Expenditure | Agency Req. FY 07 | Governor Rec. FY 07 | Subcommittee Adjustments |
|--------------------------------|----------------------|------------------------|-----------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 510,584 | \$ 0 | \$ 0 |
| Other Funds | 5,626,053 | 5,855,441 | (200,000) |
| TOTAL | <u>\$ 6,136,637</u> | <u>\$ 5,855,441</u> | <u>\$ (200,000)</u> |
| FTE Positions | 67.0 | 67.0 | 0.0 |

Agency Request

For next fiscal year, the agency requests expenditures totaling \$6,136,637, including \$510,584 from the State General Fund. The agency's request for a State General Fund appropriation is intended to maintain a \$200,000 cash balance in the State Racing Fund and to provide financing for expenses of Racing Operations in FY 2007. A reduction in the revenues to the State Racing Fund in recent years is projected to continue and after spending down the cash balance, alternative financing is sought by the agency to maintain the current level of oversight and regulation of the parimutuel industry.

Governor's Recommendation

The Governor recommends expenditures totaling \$5,888,441 in FY 2007, including funds for a 2.5 percent pay plan adjustment. The Governor does not recommend any State General Fund financing in FY 2007. Instead, the Governor recommends \$200,000 from the Economic Development Initiatives Fund for FY 2007 financing of Racing Operations. The Governor also recommends a reduction in expenditures in order to address the financing issue of Racing Operations. The Governor's FY 2007 recommended financing for salaries and wages is \$220,746 less than the amount recommended in FY 2006 for the same number of FTE positions. The Governor's recommendation for contractual services is \$79,647 less than the amount recommended in FY 2006. The remaining \$47,500 net reduction is in other areas, primarily other assistance.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 2007 recommendation and makes the following adjustment and recommendation:

1. Delete \$200,000 in expenditures recommended by the Governor to be financed from the Economic Development Initiatives Fund.
2. Review the FY 2007 financing for the Racing Operations budget during Omnibus in order to address the issue of how to maintain the integrity of the racing industry and provide sufficient regulatory control over the parimutuel activities. The Subcommittee observes that revenues from the industry no longer appear to be sufficient to maintain the level of oversight and regulation historically financed by the parimutuel taxes and license fees generated by the industry.