

Approved: July 21, 2006  
Date

## MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 1:20 P.M. on April 19, 2006, and the Committee continued to meet on April 20 and 21, 2006, in Room 123-S of the Capitol.

All members were present except:

Senator Jim Barone - excused April 19, 2006  
Senator Donald Betts - excused April 19, 2006  
Senator Chris Steineger - excused April 19, 2006

Committee staff present:

Norman Furse, Revisor of Statutes  
Jill Wolters, Revisor of Statutes Office  
Alan Conroy, Director, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Leah Robinson, Kansas Legislative Research Department  
Michele Alishahi, 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  
Debra Hollon, Kansas Legislative Research Department  
Susan Kannarr, Kansas Legislative Research Department  
Becky Krahl, Kansas Legislative Research Department  
Carolyn Rampey, Kansas Legislative Research Department  
Matt Spurgin, Kansas Legislative Research Department  
Amy VanHouse, Kansas Legislative Research Department  
Judy Bromich, Chief of Staff  
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Senator Dennis Wilson

Others attending:

See attached list.

### Bill Introductions

Senator Barone moved, with a second by Senator Teichman, to introduce the trailer conflicts bill regarding cleanup language. Motion carried on a voice vote.

Senator Barone moved, with a second Senator Teichman, to introduce a bill regarding a nurse educator scholarship service program. Motion carried on a voice vote.

The following sets of minutes from the following meetings were distributed for review by the Committee on March 30, 2006.

February 1, 2006	February 7, 2006
February 9, 2006	February 14, 2006
February 16, 2006	February 17, 2006
February 20, 2006	February 21, 2006
February 28, 2006	March 2, 2006
March 6, 2006	March 7, 2006
March 9, 2006	

Senator Emler moved, with a second by Senator Barone, to approve the minutes of the meetings as listed above. Motion carried on a voice vote.

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MINUTES OF THE Senate Ways and Means Committee at 1:00 P.M. on April 19, 20 and 21, 2006 in Room 123-S of the Capitol.

For clarification, the "Items for Omnibus Consideration" memorandum, prepared by the Kansas Legislative Research Department, has been incorporated into this set of minutes. Committee recommendations and decisions are in **bold** and *italicized* type.

Staff distributed the following information to the Committee:

- Letter addressed to Governor Kathleen Sebelius and the Legislative Budget Committee, from the Kansas Legislative Research Department and the Kansas Division of the Budget, dated April 19, 2006, regarding State General Fund Receipts Revisions for FY 2006 and FY 2007 (Attachment 1)
- A State General Fund Profile reflecting April Consensus Revenue Estimates, FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment, State General Fund Receipts, Expenditures and Balances as Projected FY 2005 - FY 2009, in Millions, (Reflects the Estimates of the Consensus Revenue Estimating Group as of April 17, 2006), which was a request by Chairman Umbarger (Attachment 2)
- A State General Fund Profile reflecting April Consensus Revenue Estimates, \$480.4 million in New K-12 Funding FY 2007 - FY 2009 - **SB 584**, FY 2006 and FY 2007 Expenditures as Approved by Legislature at First Adjournment, State General Fund Receipts, Expenditures and Balances as Projected FY 2005 - FY 2009, in Millions, (Reflects the Estimates of the Consensus Revenue Estimating Group as of April 17, 2006), which was a request by Chairman Umbarger (Attachment 3)
- A State General Fund Profile reflecting Machinery and Equipment Only as Passed by the House, April Consensus Estimates, \$480.4 million in New K-12 Funding FY 2007 - FY 2009 - **SB 584**, FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment, State General Fund Receipts, Expenditures and Balances as Projected by FY 2005 - FY 2009, in Millions (Reflects the Estimates of the Consensus Revenue Estimating Group as of April 17, 2006), which was a request by Chairman Umbarger (Attachment 4)
- Economic Development Initiatives Fund, FY 2005 - FY 2007, as Approved by the 2006 Legislature (Attachment 5)
- Consensus Caseload Estimates, April 12, 2006 (Attachments 6)
- State Water Plan Fund: FY 2006 and FY 2007 (Attachment 7)
- Children's Initiatives Fund: FY 2006 and FY 2007 (Attachment 8)
- Memorandum dated April 17, 2006, addressed to the Honorable Dwayne Umbarger, Chairperson of the Senate Committee on Ways and Means Committee and the Honorable Melvin Neufeld, Chairperson, House Committee on Appropriations, from the Office of Governor Kathleen Sebelius, Governor, regarding the Governor's Budget Amendments (Attachment 9)
- Memorandum dated April 18, 2006, Items for Omnibus Consideration, prepared by the Kansas Legislative Research Department (Attachment 10)

April 18, 2006

### Items for Omnibus Consideration

#### Legislature

**A. Non-session Expense Allowance (Technical Adjustment).** **2006 SB 480** (Mega bill) contained language for FY 2007 that included legislative non-session expense allowance payments

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for a total of four biweekly pay periods after April 1, and the correct number should have been five biweekly pay periods. This correction was made in FY 2006 but not in FY 2007.

***The Committee concurred to add technical change language that corrects the number of non-session expense allowance payments from four biweekly pay periods after April 1 to five biweekly periods in FY 2007.***

**B. Legislative Computers and the Microsoft Office Suite (Senate Committee).** The Senate Committee noted its concern with the continued use of Groupwise and WordPerfect Office, and the inability of legislators to interact with their secretary's computer for e-mail and scheduling. The Committee requested information on the cost to accelerate the time line to include Microsoft Office suite within the Legislative Branch computer system. According to Legislative Administrative Services (LAS) the cost to convert to Microsoft Office and Outlook would total \$1,270,680, all from the State General Fund in FY 2007, and would take approximately nine months for full installation, conversion and training. Hardware and software costs are estimated at \$371,780, training costs are estimated at \$368,150, rewriting on-line help and conversion of existing information is estimated to cost \$474,500 and expenditures for an additional support staff FTE would total \$56,250. LAS did express concerns about changing software during the development of the Bill Drafting System, which may propose the implementation of yet another software package. Preliminary testing was just completed on the interoperability of Groupwise version 7, which allows the transfer of e-mail and scheduling between Groupwise and Outlook to occur seamlessly. It would allow those with Outlook to view a calendar in Groupwise without problems and access e-mails as well. After the proper approvals, the implementation of the new version of Groupwise is expected to be completed before the start of the 2007 Legislative session.

***The Committee took no action on this item. The Committee requested copies of the strategic plan from Legislative Computer Services. There was a meeting scheduled for certain Legislators and Legislative Computer Services Staff for April 24, 2006, to discuss this item.***

### Secretary of State

**A. Funding for Sale and Distribution of Certain Publications (Senate Committee).** The Senate Committee recommended that consideration be given during Omnibus to the inclusion of a proviso for FY 2007 which would reflect the provisions of **2005 Senate Bill No. 275**. The Committee noted that the bill was introduced and passed by the Senate during the 2005 Session of the Legislature, and had not passed the House. Subsequent to the Committee's review of the agency's budget, **SB 275** passed the House, and was signed into law on March 20, 2006. The bill allows the Secretary of State to deposit proceeds generated from the sale and shipment of *Session Laws of Kansas*, *Kansas Administrative Regulations (KARs)*, and supplements to the *KARs* into the agency's Information Services Fee Fund, rather than the State General Fund. In addition, the bill allows the Secretary of State to deposit the revenue collected from the shipment of *Kansas Statutes Annotated (KSAs)* and supplements to the *KSAs* into the agency's Information Services Fee Fund, rather than the State General Fund. Under the bill, an estimated \$151,718 would be deposited in the agency's Information Services Fee Fund, rather than the State General Fund.

***The Committee reviewed this item, but since SB 275 passed, the proviso is not needed.***

### Insurance Department

**A. Addition of Funding to Adjust the Approved Salary and Wage Shrinkage Rate (Senate Committee and House Committee).** Both the House and Senate Committees noted the Department's concern with the salary and wage shrinkage rate included in the Governor's recommended budget for the agency in both FY 2006 and FY 2007, and recommended that the

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issue be reviewed during Omnibus. For both FY 2006 and FY 2007, the agency requested a shrinkage rate of 3.5 percent. The currently approved budget for FY 2006 reflects a shrinkage rate of 5.4 percent, which reduces salary and wage expenditures estimated by the agency by \$156,406 (all from special revenue funds). For FY 2007, the currently approved budget reflects a shrinkage rate of 5.9 percent, generating a reduction of \$190,221 (all from special revenue funds) below the agency's request. The budgeted shrinkage rate for FY 2005 was 3.2 percent while the actual FY 2005 salary and wage shrinkage rate for the agency was 8.1 percent.

The Committee reviewed a copy of a memorandum addressed to the Honorable Melvin Neufeld, Chairman, Committee on House Appropriations and the Honorable Jo Ann Pottorff, Chairwoman, Budget Subcommittee, from Sandy Praeger, State Insurance Commissioner, regarding the Commissioner's request to abolish 3.7 FTE positions effective FY 2006, and withdrawing the request for additional funding to address the agency's shrinkage rate (Attachment 11)

***The Committee recommended to approve the FTE abolishment and noted the agency's withdrawal of the request to adjust the approved shrinkage rate.***

### School for the Blind

**A. Official Hospitality (House Committee and Conference Committee).** The House Committee recommended that \$2,000 from the State General Fund for official hospitality be deleted in FY 2007 and be reviewed during Omnibus. However, the Conference Committee on **SB 480** concurred with the Senate position and included the funding.

***This was an informational item.***

### School for the Deaf

**A. Tuck-Point and Sealing Repairs (Senate Committee).** The Senate Committee recommended that funding of \$140,000 from the State Institutions Building Fund for tuck-pointing and seal repairs of the Roth Complex in FY 2007 be reviewed during Omnibus. The School for the Deaf requested this project as part of its FY 2007 budget submission; however, the Governor did not recommend funding. The Joint Committee on State Building Construction reviewed the project as part of its review of the agency's capital improvements request for FY 2007, and concurred with the Governor's recommendation.

The agency indicated that the exterior of the Roth Complex has deteriorated to the point where moisture penetrates the inner structure causing internal damage during high moisture periods and hard freezing periods. According to the agency, the repair is critical to maintain the building's current use as a dormitory and administrative complex.

***The Committee added \$140,000 from the State Institutions Building Fund for tuck-point and seal repairs of the Roth Complex in FY 2007.***

### Board of Healing Arts

**A. Administrative Assistant Position (Technical Adjustment).** The Senate Committee recommended that \$33,958 from the Healing Arts Fund and 1.0 FTE position be added to the agency's FY 2007 budget for an Administrative Assistant position. The Conference Committee on **SB 480** concurred with the Senate position, but changed the FTE position to a non-FTE unclassified position. **SB 480** did increase the Board's expenditure limitation to fund the new position. However, it did not include language specifying that the Administrative Assistant position was to be a non-FTE unclassified position.

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The agency indicated that, according to KSA 65-2878, the only positions employed by the Board that may be in unclassified service are the Executive Director, the Executive Assistant, and any attorneys hired by the agency. All other positions are to be in the classified service. The agency reported that it cannot employ a non-FTE Administrative Assistant in the unclassified service unless there is language in an appropriation bill that would allow the agency to hire the additional unclassified employee.

***The Committee added language, as a technical adjustment, allowing the agency to hire a non-FTE unclassified Administrative Assistant employee in FY 2007.***

**B. GBA No. 1, Item 7, Page 5—Cashflow Problem Proviso.**

***The Committee concurred with GBA No. 1, Item 7 to add language allowing the agency to meet budgeted expenditures in FY 2007 through a temporary loan from the State General Fund.***

**Kansas State Fair Board**

**A. Sheep Barn Project (Senate Committee).** The Senate Committee recommended that the agency report during Omnibus with information regarding the possibility of the Kansas Development Finance Authority (KDFA) combining the funding needed to build a new Sheep Barn with funding for other state agency projects in a bond issue in FY 2007.

During the review of the agency's capital improvements request for FY 2007, the Kansas State Fair Board informed the Joint Committee on State Building Construction that the estimated cost of one of the Master Plan projects, the renovation and addition to the Sheep Barn, had increased from \$329,730 to almost \$1.0 million. The Division of Facilities Management and the Fire Marshal's Office requested some life safety modifications which significantly increased the estimated cost. The agency indicated that, rather than spend the \$1.0 million on the old Sheep Barn, they could build a new one that would meet all compliance code requirements for \$2.3 million. The agency informed the Committee that approximately \$1.9 million in bonding authority would be needed to complete the new facility.

The agency recently revised the estimated cost to build a new Sheep Barn to \$2.7 million. The increase is the result of architectural and engineering fees that were inadvertently omitted from the original estimate. Given the increase, the agency reported that approximately \$2.4 million will be required to complete the new facility, instead of the \$1.9 million originally projected. The agency also noted that the funding source to pay the bonds will need to come from the State General Fund. In addition, KDFA has indicated that the funding can be combined with two other state agency projects in a bond issue in FY 2007.

**Sheep Barn Estimate**

	<u>Original Estimate</u>	<u>Revised Estimate</u>
Estimated cost to replace Sheep Barn	\$2,272,000	\$2,705,457
Less Master Plan budgeted amount	329,730	329,730
Balance required to complete project	<u>\$1,942,270</u>	<u>\$2,375,727</u>

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The House Committee introduced and held a hearing on **HB 2991** which would exempt the Sheep Barn from the Kansas Fire Prevention Code. This code requires the installation of a sprinkler system when a fire alarm system, exits, and emergency lighting are installed. The Committee, so far, has taken no action on the bill.

***The Committee authorized the Kansas Development Finance Authority to combine \$2,375,727 needed to build a new Sheep Barn with funding for other state agency projects in a bond issue in FY 2007 with debt service to be paid from the State General Fund.***

**B. Recreational Vehicle (RV) Park Fees (House Committee).** The House Committee recommended that the agency report during Omnibus with information regarding the possibility of increasing fees by another \$120 for using the Recreational Vehicle (RV) park for a 12 night period. The agency currently plans to increase RV park fees during the 2006 State Fair from \$250 to \$300 for 12 nights. The House Committee recommended that the agency consider increasing fees to \$420 for 12 nights instead. The RV park fee includes the camping fee and gate admission for two people each day. The regular adult daily gate admission is \$7.00.

The Kansas State Fair Board is concerned about increasing the fees for using the RV park by an additional \$120. According to the agency, many of those who use the RV park also are required to pay other fees. At the 2005 State Fair, 41.0 percent of the total number of campers were commercial exhibitors who, in addition to the RV park fees, also were paying fees for commercial exhibit space and parking. In addition, the agency reported that those who were not commercial exhibitors also were likely to be spending considerable money during their stay. The State Fair Board indicated that should a camper choose to leave early, the fee is non-refundable and the agency is able to resell the vacated space. The agency also explained that the adequacy of its fees are re-evaluated each year.

***This was a House item and the Committee took no action.***

**C. Premium Parking (House Committee).** The House Committee recommended that the agency report during Omnibus with information regarding its plans for charging a premium parking fee during the State Fair.

The Kansas State Fair Board indicated that it plans to offer premium parking to the general public during the 2006 State Fair. According to the agency, there may be one or two lots, that are under-utilized and currently only available to exhibitors, that could be used as premium parking areas. The agency reported that the premium parking fee will be \$8.00 a day. In addition, there is no general public parking fee.

***This was a House item and the Committee took no action.***

### Kansas Department of Transportation

**A. GBA No. 1, Item 54, Page 27—Reappropriation Authority.**

***The Committee concurred with GBA No. 1, Item 54 to add language to allowing capital improvement funds to be carried forward and spent from FY 2006 to FY 2007. This was a technical correction.***

### Judicial Council

**A. House Substitute for SB 337—Commission on Judicial Performance (Conference Committee).** The portion of House Substitute for SB 337 which would affect the Judicial Council

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are the provisions amended from **HB 2612** which would establish the Commission on Judicial Performance. The Commission's 13 members would be appointed by the Judicial Council. Its budget would be included in the Judicial Council's budget, and the agency would provide administrative assistance. The Commission would create, distribute, collect, and tabulate surveys that evaluate the performance of judges.

**House Substitute for SB 337** would raise docket fees to finance the Commission. The moneys would be credited to the newly established Judicial Performance Fund. The fund would receive the proceeds from a \$2.00 increase in certain docket fees and generate an estimated \$800,907 in revenue in FY 2007. The Judicial Council estimates expenditures of \$784,843 and an additional 3.0 FTE positions in FY 2007 for the Commission on Judicial Performance. The agency's request is outlined in the table below.

**Commission on Judicial Performance—Estimated FY 2007 Budget**

Expenditures	FY 2007
Staff Attorney	\$59,691
2 Administrative Assistants	63,352
Commission meetings (\$1,500 per meeting)	30,000
Office furniture and computers	12,000
Office supplies, phone, internet, printing, etc.	6,000
Develop and maintain survey	60,000
Contracting costs (\$3,900 per evaluation)	553,800
<b>TOTAL</b>	<b><u>\$784,843</u></b>

Although not included in the FY 2007 estimate, the agency noted that moving expenses and rent may increase the requested budget. The Judicial Council's current office space cannot accommodate the additional 3.0 FTE positions. If there is no available space in the Judicial Center, the entire agency may have to move out of the building which would result in the moving expenditures. The agency also would be required to start paying rent.

The Conference Committee on **House Substitute for SB 337** has tentatively agreed to the inclusion of the Judicial Performance Commission provision. However, the Conference Committee report on the bill has not been signed.

***The Committee added \$784,843 from the newly established Judicial Performance Fund and 3.0 FTE positions in FY 2007 for House Substitute for SB 337 which establishes the Commission on Judicial Performance, assuming the bill passes.***

**Attorney General**

**A. Workers Compensation Fraud Investigations (House Committee).** The House Committee recommended that the contents of **2006 HB 2797** be reviewed during Omnibus. **HB 2797**, which is in first committee, would require the Attorney General to establish and maintain a statewide workers compensation fraud and abuse telephone hotline. The hotline would be a toll-free telephone connection that would be available for use by members of the general public to report instances of alleged fraud or abusive acts or practices. The bill also would establish the position of "Workers Compensation and Abuse Investigator" in the Attorney General's Office. The

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Attorney General estimates implementation of the legislation would require \$50,000 from the State General Fund in FY 2007, of which \$40,000 would be for salaries and \$10,000 would be for other operating expenditures.

***This was a House item and the Committee took no action.***

**B. Internet Training Education for Kansas Kids (Senate Committee and House Committee).** The House and Senate Committees recommended that "Internet Training for Kansas Kids" be considered during Omnibus. (The program formerly was called the "Young Kansans-Safe Kids Program" but has been renamed because of copyright restrictions.) The 2005 Legislature appropriated \$250,000 from the State General Fund for the program in FY 2006 to provide dollar-for-dollar matching grants to schools, Boys and Girls Clubs, and other agencies which serve youth to pay costs of programs intended to inform young people about the dangers and safety protocols on the Internet, how to ensure their personal safety and security in their communities, and to train young people in the skills to resist drugs, alcohol, tobacco, premature sexual activity, and delinquent behavior. Because the program got a late start, it is estimated that between \$150,000 and \$175,000 will carry forward to FY 2007. The Attorney General requested \$175,000 for the program in FY 2007, which, combined with reappropriated funds, will make between \$325,000 and \$350,000 available for grants in FY 2007.

***The Committee reviewed this item but took no action.***

**C. SB 418 – Personal and Family Protection Act (Law).** **SB 418** enacts the Personal and Family Protection Act, which imposes a number of duties on the Office of the Attorney General. Beginning in January 2007, the General is authorized to issue four-year licenses to qualified individuals who would be allowed to carry concealed handguns.

Under the act, the Attorney General is required to adopt rules and regulations; verify that applicants are qualified for licensure; develop licensure forms; issue licenses and license renewals; adopt rules and regulations establishing procedures and standards for an eight-hour weapons safety and training course; initiate a state and national criminal history records check to verify the identity of applicants and to determine whether applicants have been convicted of crimes that would disqualify them from holding a license; maintain an automated listing of license holders and pertinent information which would be available upon request to law enforcement agencies in Kansas, other states, and the District of Columbia; send expiration notices to licensees at least 90 days prior to the expiration of their licenses; and administer a program which makes equipment grants available to sheriffs' departments.

Once **SB 418** is fully implemented, it will be funded from license fees, which are capped at \$150 for initial licensure and at \$100 for renewals. The law provides that the fee and licensure application are to be submitted to the sheriff in the county where the applicant resides and split between the sheriff and the Attorney General. The sheriff must forward \$110 of the original license fee and \$50 of the renewal license fee to the Attorney General and keep the remainder.

The Division of the Budget and the Attorney General's Office disagree about the fiscal impact of the bill in FY 2007. Because no licenses would be issued until January 2007, the Division of the Budget maintains that funding is needed for only the last half of the year and has cut the Attorney General's estimate in half. The Attorney General estimates that 20,000 applications will be received the first year regardless of when the licenses will be issued and has estimated full-year funding on the grounds that new staff will need to be hired and trained in advance of the January 2007 starting date.

According to the Attorney General, 5.0 FTE new positions will be needed, at a cost of \$216,000. They are 1.0 FTE Attorney I (\$63,000), 1.0 FTE Administrative Assistant (\$33,000), 2.0 Investigators (\$40,000 each), and 1.0 FTE Accountant (\$40,000). In addition, \$20,000 is requested for equipment, furniture, and computers, \$15,000 for administrative expenses, \$10,000 for travel, \$31,860 for rent, \$35,000 for two vehicles, and \$1,080,000 for 20,000 finger print checks at \$54 each. The Attorney General's most recent estimate totals \$1,407,860. The Division of the Budget's



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estimate is \$670,500, which is half of the Attorney General's original estimate. (On April 10, the Attorney General submitted a revised estimate which included items not in the original estimate.)

Assuming 20,000 applications at \$110 each, revenues generated at the state level would total \$2,200,000. (The Division of the Budget cuts this estimate in half for FY 2007 and assumes revenues of \$1,100,000.) The bill provides that the Attorney General must certify to the Director of Accounts and Reports the amount of money the Attorney General needs to administer the act on a semi-annual basis. Of the amount remaining, 20 percent will be credited to the County Law Enforcement Equipment Fund to be used by the Attorney General to provide grants to sheriffs' departments for purchases of law enforcement equipment and 80 percent will be credited to a separate account in the Forensic Laboratory and Materials Fee Fund to be used to assist city and county law enforcement agencies to obtain laboratory services from the Kansas Bureau of Investigation.

Although administration of the Personal and Family Protection Act eventually will be funded through revenues received from application fees, the Attorney General is requesting an appropriation of \$260,000 from the State General Fund in FY 2007 to fund start-up costs. The Attorney General proposes that the State General Fund would be reimbursed when fee revenues become available.

***The Committee reviewed this item, but took no action.***

**D. Senate Substitute for HB 2105 – Abuse, Neglect and Exploitation of Persons with Disabilities Unit (Conference Committee) and GBA No. 1, Item 8, Page 5. Sen. Sub. for HB 2105** would create within the Office of the Attorney General the "Abuse, Neglect and Exploitation of Persons with Disabilities Unit," which would work in partnership with the agency which is designated under federal law and by the Governor as the state protection and advocacy agency. In Kansas, that agency is the Disability Rights Center of Kansas. The bill would provide that the Attorney General's Office and the state protection and advocacy agency would have a free exchange of information and that the unit in the Attorney General's Office would have access to all records of reports, investigation documents, and written reports of findings related to abuse, neglect, or exploitation of persons with disabilities received or generated by the Department of Social and Rehabilitation Services, the Department on Aging, the Department of Health and Environment, and the Long-Term Care Ombudsman.

The Attorney General estimates the fiscal impact to the State General Fund of passage of the legislation to be \$356,860 in FY 2007. The amount consists of \$193,000 for the salaries of 1.0 FTE Attorney I (\$60,000), 2.0 FTE Investigators (\$50,000 each), and 1.0 FTE support staff (\$33,000), \$14,500 for travel, office supplies, and equipment; \$31,860 for rent; \$100,000 for contractual services related to litigation; and \$17,500 for a vehicle.

**Staff Note:** On April 17, the Attorney General submitted a revised fiscal note totaling \$350,000 from the State General Fund. The main difference between the two impact statements is that the most recent estimate specifies that, of the total, \$227,500 would be paid to the Disability Rights Center of Kansas and the remaining \$122,500 would be used to finance operating expenses in the Attorney General's Office, consisting of \$113,000 for the salaries of 0.5 FTE Attorney, 1.0 FTE Investigator, and 1.0 FTE support staff and \$9,500 for other operating expenditures. Under the earlier fiscal note, only \$100,000 was earmarked for contractual services, presumably with the Disability Rights Center of Kansas.

***The Committee reviewed this item and concurred with GBA No. 1, Item 8, to add 3.0 FTE positions and \$122,000 from the State General Fund in FY 2007 to implement the Abuse Prevention Unit in the Attorney General's Office.***

**E. Revised Tobacco Payment Estimate.** On April 11, 2006, staff from the Office of the Attorney General, the Division of the Budget, and the Legislative Research Department met to consider estimated payments for FY 2006 and FY 2007 from tobacco manufacturers pursuant to the Master Settlement Agreement. Based on an audit of the tobacco industry's market shares for

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2003, a provision in the agreement has been triggered which allows for a downward adjustment of payments to the states if the market share of participating manufacturers declines. That downward adjustment, which was estimated to be between \$9,000,000 and \$10,400,000 in Kansas, will affect Kansas' FY 2006 payment, which is due April 17, 2006. The National Association of Attorneys General (NAAG), which has played a leadership role among the states with regard to the tobacco settlement, has taken the position that the tobacco companies owe the states the full payment until the industry can demonstrate that the states have failed to exercise due diligence in enforcing the tobacco settlement.

At this time, of the original participating manufacturers, Philip Morris Incorporated has said it will pay its full share of payments to the states, Lorillard Tobacco Company has said it will make a partial payment and withhold the disputed amount, and R.J. Reynolds Tobacco Company has said it will withhold all payments. Based on the decisions of these three manufacturers, the estimate of tobacco payments for FY 2006 has been revised downward from \$55,000,000 to \$49,400,000, a reduction of \$5,600,000.

The estimate of \$54,500,000 for FY 2007 has not been revised for several reasons. First, whether the downward adjustment will be triggered in FY 2007 will depend upon an audit of tobacco industry market shares in 2004, which will not be determined until next year. Second, there is considerable activity among the states and tobacco manufacturers as to how to respond to the 2003 downward adjustment, as evidenced by the different positions taken by the three tobacco companies and by the likelihood that, in the next few months, the states may seek legal remedies which would force tobacco companies to pay disputed amounts until it is determined what refunds, if any, the tobacco companies are owed. However, the fact that the downward adjustment was triggered in 2003 makes it likely that the adjustment will be triggered in subsequent years.

***This was an information item. The Committee reviewed the item, but took no action.***

### Department of Education

**A. Three-Year Phase-In of All-Day Kindergarten (Senate Committee).** The Senate Committee recommended reviewing during Omnibus whether all-day kindergarten could be phased in over a three-year period. It would require a statutory change in the school finance law. The plan reviewed by the Senate Subcommittee on the State Department of Education's budget is the following:

FY 2007 – For purposes of counting students for school finance purposes, increase the count for kindergarten students from .50 FTE pupil to .65 FTE pupil, at a cost of \$15,400,000 from the State General Fund.

FY 2008 – Increase the count for kindergarten students to .80 FTE pupil, at a cost of \$23,500,000 from the State General Fund; and

FY 2009 – Increase the count for kindergarten students to 1.0 FTE pupil, at a cost of \$30,800,000 from the State General Fund.

***This was an information item. The Committee reviewed the item, but took no action.***

**B. Revised School Finance Estimates and GBA No 1, Item 32, Page 17.** Staff from the State Department of Education, the Division of the Budget, and the Kansas Legislative Research Department met April 10, 2006, to consider revisions to the November 2005 school finance estimates. For the current year, it is estimated that there are State General Fund savings of \$5,845,000 in general state aid. (This is in addition to savings of \$21,280,313 in general and supplemental general state aid which already have been taken into consideration.) The primary reason for the savings is that assessed valuation is higher than expected and there are fewer students than anticipated. Based on action taken by the Conference Committee on **SB 480**, these savings would be reappropriated.

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For FY 2007, it is estimated that there are State General Fund savings of \$5,373,000 in general state aid and a shortfall of \$65,000 in supplemental general state aid, resulting in net savings in FY 2007 of \$5,308,000. Over the two-year period, these savings total \$11,153,000. It should be noted that the figures are based on current law and would have to be adjusted to reflect any action the 2006 Legislature might make to amend the school finance law. Based on actions taken by the Conference Committee earlier, FY 2007 State General Fund expenditures of \$11,218,000 in general state aid could be lapsed.

In addition, the FY 2007 estimate for the Capital Improvement State Aid revenue transfer from the State General Fund was increased from \$56,150,000 to \$58,000,000 in FY 2006 and from \$59,150,000 to \$61,000,000 in FY 2007.

***The Committee concurred with GBA No. 1, Item 33, to capture \$5,844,000 in school finance savings from the State General Fund in FY 2006, but recommended that the savings be re-appropriated in FY 2007.***

**C. Revised KPERS-School Estimates and GBA No. 1, Item 33, Page 18.** Staff from the Kansas Public Employees Retirement System (KPERS), the State Department of Education, the Division of the Budget, and the Legislative Research Department met April 7, 2006, to consider revisions to the KPERS-School estimates for FY 2006 and FY 2007. The revised estimate for the current year is \$161,716,496, which would require a supplemental appropriation of \$582,231 from the State General Fund in order to fully fund the contractual obligation. For FY 2007, the current law estimate is \$183,730,886, or \$925,383 less than the currently approved amount of \$184,656,269. Net savings to the State General Fund over the two-year period would be \$343,152. Amendments to the school finance law adopted by the 2006 Legislature likely would affect KPERS-School by increasing the covered payroll. Further adjustments to KPERS-School for FY 2007 could be made when the 2006 Legislature considers appropriations for any new school finance act or they could be considered by the 2007 Legislature.

***The Committee concurred with GBA No. 1, Item 33, to add \$632,231 State General Fund for KPERS-School in FY 2006.***

**D. Accountability Study (Technical Adjustment).** The Conference Committee on **SB 480** agreed to appropriate \$250,000 from the State General Fund for a school accountability study in FY 2007, but the appropriation was omitted from the bill.

***The Committee recommended not funding an accountability study with \$250,000 from the State General Fund in FY 2007 and instead recommended that \$265,000 from the State General Fund be used to fund Tutor.com in the State Library's budget. The action would involve deleting \$15,000 from the State General Fund in the State Department of Education's budget and adding a total of \$265,000 to the Library's budget.***

**E. Funding for Special Education from the Children's Initiatives Fund (Technical Adjustment).** The Governor recommended expenditures from the Children's Initiatives Fund of \$1,225,000 for special education in FY 2007, intending to fund the expenditure with a new appropriation of \$952,487 and a reappropriation of \$272,513. However, the appropriations bill was posted to show that the total expenditure would be new money. To accurately reflect the Governor's intent, the \$1,225,000 can be reduced to \$952,487 in order to make use of the \$272,513 in carry-forward funds.

***The Committee agreed to reduce expenditures from the Children's Initiatives Fund by \$272,513 in FY 2006 which would reflect savings carried forward to FY 2007.***

**F. GBA No. 1, Item 34, Page 18—School Finance Message.**

***The Committee concurred with GBA No. 1, Item 34, the Governor's School Finance Message.***

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MINUTES OF THE Senate Ways and Means Committee at 1:00 P.M. on April 19, 20 and 21, 2006 in Room 123-S of the Capitol.

**Judicial Branch**

**A. Additional Judges and Nonjudicial Positions (Senate Committee and House Committee).** The House and Senate Committees considering the Judicial Branch budget recommended that additional judges and nonjudicial personnel for FY 2007 be considered during Omnibus. The Judicial Branch has requested \$691,193 from the State General Fund in FY 2007 for three new district court judges and 6.0 FTE associated staff for the 3rd (Shawnee County), 6th (Miami County), and 10th (Johnson County) judicial districts and \$773,149 from the State General Fund for 22.0 FTE additional nonjudicial positions, consisting of 11.5 FTE Trial Court Clerks II, 6.0 FTE Court Services Officers I, 3.0 FTE Secretaries I, 0.5 FTE Secretary II, and 1.0 FTE Administrative Assistant I.

- Copies of a chart indicating New District Court Positions Requested were provided by the Judicial Branch (Attachment 12)

*The Committee added \$691,193 from the State General Fund in FY 2007 for salaries of 3.0 FTE district court judges and 6.0 FTE associated positions for the third (Shawnee County), sixth (Miami County), and tenth (Johnson County) judicial districts and \$773,149 from the State General Fund in FY 2007 for salaries for 22.0 FTE nonjudicial positions.*

**B. Additional Staff for the Court of Appeals (House Committee and Conference Committee).** The House Committee recommended that the request for 2.0 FTE positions for the Court of Appeals be considered during Omnibus. The Senate Committee added one of the positions (the Research Attorney II) but the Conference Committee on **SB 480** deleted it and recommended that it be considered during Omnibus. The request is for \$139,464 from the State General Fund in FY 2007 for salaries and associated operating expenses for 1.0 FTE Research Attorney I and 1.0 FTE Research Attorney II. Salaries are \$58,129 for the Research Attorney I and \$66,207 for the Research Attorney II, plus \$7,564 in associated costs for each. The attorneys would work primarily in the area of utility rate case appeals.

*The Committee added \$139,464 from the State General Fund in FY 2007 for 2.0 FTE positions for the Court of Appeals.*

**C. SB 180 – Docket Fee Increases and Authority to Establish Docket Fees Reserved for Legislature (Conference Committee).** **SB 180** provides that only the Legislature can establish docket fees and that no other fee can be assessed for certain court actions except by the Legislature. In addition, the bill would increase docket fees by \$9 for certain actions under the Uniform Act Regulating Traffic, Code of Civil Procedure, criminal proceedings, juvenile offender proceedings, the Probate Code, and the Small Claims Act. The docket fee increase is expected to generate an additional \$3,765,994 in FY 2007 which would be credited to the State General Fund. According to the Judicial Branch, action taken by the Legislature to reduce the Judicial Branch's budget by \$3,700,000 in **SB 480**, combined with the enactment of the policy contained in **SB 180**, would cause an operating budget shortfall in FY 2007. (If **SB 180** does not pass, it would be necessary to delete © of Section 71 in **SB 480** in order to maintain a fund for the emergency surcharge. In its present form, **SB 480** provides that remaining balances from the emergency surcharge be credited to the Judiciary Technology Fund.)

*The Committee added a proviso stipulating that if SB 180 is enacted, additional revenues generated by increased docket fees would be credited directly to the Judicial Branch and not State General Fund.*

**D. House Substitute for SB 337 –Judges' Salary Increase, Judges' Retirement, Delayed Expansion of the Court of Appeals, and Docket Fees (Conference Committee).** House Substitute for SB 337 contains the following policies relating to the Judicial Branch:

The salaries of district court and district magistrate judges would be increased by \$9,000 and salaries for judges of the Court of Appeals would be increased by \$2,000 in FY 2007, at a total cost

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of \$2,779,858 for salaries and benefits. Funding for the increases would be from the State General Fund. In addition, the bill would increase docket fees by a total of \$3,273,446. (These provisions were included in the original **SB 337**.)

Retired judges who perform temporary judicial duties would be eligible to receive health insurance benefits. Retired judges who work 40 percent of the year would be treated as full-time employees for health insurance benefit purposes and retired judges who work less than 40 percent would be treated as part-time employees. It is estimated that in FY 2007, 11 judges would qualify for full-time benefits and four for part-time benefits, for a total of \$79,361 from the State General Fund in FY 2007. (This provision originally was in **2005 SB 52**.)

At the request of the Judicial Branch, the addition of the 13th judge to the Court of Appeals, scheduled for January 2007, would be delayed by one year. The 14th and final judge in the statutory expansion of the Court would be added January 2008. The cost of adding the 13th judge (\$297,296 from the State General Fund in FY 2007) already has been deleted from the Judicial Branch's budget. (This provision originally was in **2006 SB 568**.)

Certain docket fees would be increased by \$10, with the increased revenues credited to the Attorney General's Child Exchange and Visitation Centers Fund. The Fund provides grants to centers which provide for court-ordered child exchange or visitation in a safe, neutral environment. The docket fee increase is estimated to generate an additional \$150,000 in FY 2007. (This provision originally was in **2006 SB 462**.)

The Conference Committee on **House Substitute for SB 337** has tentatively agreed to the bill. However, the Conference Committee report has not been signed.

***The Committee added \$2,779,858 from the State General Fund in FY 2007 for judges' salary increases and \$79,361 from the State General Fund in FY 2007 for health insurance benefits for retired judges, pursuant to SB 337.***

**E. Correct Posting Error (Technical Adjustment).** In order to accurately reflect the intentions of the Conference Committee on **SB 480**, \$430,089 from the State General Fund in FY 2007 should be deducted from the amount for the Judicial Branch salary plan.

***The Committee recommended corrections of the posting error in SB 480 by deleting \$430,089 from the State General Fund in FY 2007.***

### Department of Health and Environment – Health

**A. Laboratory Funding (House Committee and Conference Committee).** The Conference Committee on **SB 480** deleted \$500,000 from the State General Fund for rent at the Kansas Department of Health and Environment (KDHE) laboratory at Forbes Field in FY 2006. The agency reported that rent at the laboratory increased from \$437,390 in FY 2005 to \$1,285,743 in FY 2007. This equates to \$12 per square foot in FY 2005 and \$32 per square foot in FY 2007. The agency reported that it did not receive notice of the increase in rental rates until after the 2005 Session of the Legislature, resulting in a State General Fund supplemental request of \$500,000 for FY 2006. The House Committee requested additional information on why rental costs for the building doubled in one year. According to the Department of Administration, the rental rate increase will allow the Department to more fully recover the costs expended at the laboratory and to reduce the amount subsidized by other agencies for the laboratory.

***The Committee added \$500,000 State General Fund for rent at the laboratory in FY 2006.***

**B. Agency Rental Charges in State-Owned Buildings (Senate Committee).** The Senate Committee recommended the review of rental charges of all agencies housed in state-owned buildings in response to information in item A. It was reported to the Committee that other agencies

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housed in the Capitol Complex subsidized the operation of the laboratory through the rent structure. The Committee directed the Department of Administration to provide a matrix of all rent charges for agencies housed in state-owned buildings in FY 2006 and FY 2007. The information is included in the Department of Administration section of this memorandum.

***Staff mentioned that this item would be addressed under the Kansas Department of Administration budget.***

**C. Sudden Infant Death Syndrome (House Committee).** The House Committee recommended the consideration of additional funding of \$50,000 from the State General Fund for Sudden Infant Death Syndrome (SIDS) in FY 2007. This program is currently funded at \$25,000 from the State General Fund, as it has been in prior years.

***This was a House item and the Committee took no action.***

**D. Domestic Violence Support Personnel Training (House Committee).** The House Committee recommended the consideration of \$225,000 from the State General Fund for domestic violence support personnel training in FY 2007. This funding 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 receive 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 no specific training funds.

***The Committee added \$225,000 from the State General Fund for domestic violence support personnel training for FY 2007 and added \$300,000 from the State General Fund for rape crisis centers in FY 2007.***

**E. Domestic Violence Grants (House Committee).** The House Committee recommended the review of domestic violence prevention grants funding in FY 2007. The Governor recommended funding of \$7,483,333, including \$1,583,333 from the State General Fund, for domestic violence prevention grants. The House Committee noted that it was supportive of the program; however, the Committee felt the match funding should be budgeted with other federal grant funding in the Governor's Office. The Conference Committee on **SB 480** transferred the funding from the Kansas Department of Health and Environment to the Governor's Office for FY 2007.

***This was a House item and the Committee took no action.***

**F. Primary Health Care Community-Based Services (House Committee).** The House Committee noted 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 for total program funding of \$2,520,840 from the State General Fund for FY 2007. The funding was approved by the Legislature in **SB 480**. The House Committee requested that the agency work with the provider community to develop outcome measures for this program to report during Omnibus. The Committee also directed the agency and the provider community to report back during 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.

***This was a House item and the Committee took no action.***

**G. Youth Mentoring Program (House Committee).** The House Committee deleted FY 2007 additional funding of \$250,000 from the State General Fund recommended by the Governor to provide support and coordination to existing youth mentoring programs for consideration during Omnibus. The agency reported that this funding would be used to provide evaluations, background

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checks, and additional mentors to these programs. The House Committee noted that it was supportive of the program and directed the agency to provide additional information during Omnibus about the program and the organizations it will serve. The Conference Committee on **SB 480** concurred with the House Committee's recommendation.

***This was a House item and the Committee took no action.***

**H. Pregnancy Maintenance Initiative (House Committee).** The House Committee recommended consideration at Omnibus of additional funding of \$200,000 from the State General Fund in FY 2007 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.

***This was a House item and the Committee took no action.***

**I. Newborn Hearing Loaner Program (House Committee).** The House Committee recommended Omnibus consideration of \$50,000 from the State General Fund in FY 2007 to develop a newborn hearing loaner program. This program would provide funds for the purchase of hearing aids for a loaner bank. The Department of Health and Environment 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 necessary auditory inputs such as hearing aids. The House Committee is interested in the development of this program.

***This was a House item and the Committee took no action.***

**J. Child Care/Foster Care Licensing Vehicles (Conference Committee).** The Senate Committee recommended the addition of \$104,000 from the State General Fund in FY 2007 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 funding would allow the agency to purchase eight, mid-size sedans costing \$13,000 each for these inspectors. This item was not recommended by the Conference Committee on **SB 480** and was deferred for Omnibus consideration.

***The Committee added \$104,000 from the State General Fund for new vehicles in the Child Care/Foster Care Licensing Program in FY 2007.***

**K. Advanced Education General Dentistry Residency Program (Conference Committee).** The Senate Committee recommended the addition of \$415,000 from the State General Fund for the Advanced Education General Dentistry (AEGD) Residency Program in FY 2007. 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. The first class is anticipated to have six students, increasing to 12 students the next year, and 15 students in subsequent years. This funding was not recommended by the Conference Committee on **SB 480**, and was deferred for Omnibus consideration.

***The Committee added \$415,000 from the State General Fund for the next three fiscal years for the Advanced Education General Dentistry Residency Program with a proviso that the program report back to the Committee on the status of the program prior to February 1, 2007, February 1, 2008 and February 1, 2009.***

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**L. Vehicle Use (House Committee).** The House Committee recommended Omnibus review of agency vehicle usage. The Committee noted 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 Committee requested the agency report back during Omnibus with a review of agency vehicle usage including the use of car pooling and other methods used to efficiently use vehicle miles. The agency will provide additional information on this issue.

*This was a House item and the Committee concurred with the interim study.*

**M. Newborn Screening Panel (House Committee).** The House Committee recommended Omnibus review of the Newborn Screening Panel during deliberations on **HB 2971**, which was amended into **House Substitute for SB 579**. The Committee directed the Department of Health and Environment to continue discussions with interested parties in regard to adjustments to the newborn screening and to make recommendations to the Committee during Omnibus. Information will be presented by the agency on this topic.

*This was a House item. The Committee reviewed the item and added \$2,000,000 to run 29 tests as part of the Newborn Screening Panel in FY 2007.*

**N. HB 2752 – Trauma Program and Registry: Meningitis Vaccination (Law).** **HB 2752** amends the law that establishes the statewide Trauma Program and Registry. Specifically, the bill expands the rule and regulation authority of the Secretary of the Department of Health and Environment to include fixing, charging, and collecting fees from trauma facilities to recover all or part of the expenses incurred in the designation of such facilities. The bill also adds to the responsibilities of the Secretary the designation of trauma facilities by level of trauma care capabilities. Such designation is to be made after considering the standards of the American College of Surgeons Committee of Trauma and other states' standards, except that no designations can be based on criteria that place practice limitations on registered nurse anesthetists that are not required by the state.

The bill also amends the statute to remove the requirement that the Secretary consult with the Health Care Data Governing Board in the development and maintenance of the state Trauma Registry and in regard to information reported by the agency. Finally, the bill amends the statute to allow for disclosure of information obtained by the Registry, if necessary, to protect the public health and to support quality improvement as defined in current hospital peer review statutes.

The bill also enacts new law to require all Kansas colleges and universities to have policies and procedures in place that would require all incoming students who reside in student housing be vaccinated for meningitis. The policies also are to include waiver procedures for those who refuse to take the vaccine. Nothing in the bill requires any college or university to provide for or pay for any vaccination against meningitis. The requirements of the act commence with the first academic term starting after July 1, 2007.

The fiscal note prepared by the Division of the Budget indicates that ten surveys could be completed in FY 2007 at an average cost of \$8,500 per survey. The total cost would be \$85,000 from the agency's Trauma Fund.

*The Committee added \$85,000 from the Trauma Fund for implementation of **HB 2752** regarding the Trauma Program and Registry: Meningitis Vaccination in FY 2007.*

**O. House Substitute for SB 579 – Treatment Products for Individuals with Certain Genetic Diseases (Governor).** House Substitute for **SB 579** amends the law regarding the provision of treatment products for individuals with a disease detected by a newborn screening test. The bill adds language stating that treatment products provided by the Kansas Department of Health and Environment (KDHE) would be limited to available appropriations. State assistance is to be provided only after all other benefits from private third-party payers, Medicare, Medicaid, and other government assistance programs are exhausted. The Secretary of Health and Environment



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is required to adopt rules and regulations establishing income eligibility requirements for state assistance.

The bill provides for a method of payment for the necessary treatment product for individuals diagnosed with the diseases addressed in the bill as follows:

- Needs shall be covered by Medicaid for individuals meeting Medicaid eligibility;
- KDHE shall adopt rules and regulations establishing a reimbursement program between 50 percent and 100 percent of the product cost for facilities not eligible for Medicaid but below 300 percent of the Federal Poverty Level; and
- KDHE shall adopt rules and regulations establishing a reimbursement program not to exceed 50 percent of the product costs for families who exceed 300 percent of the Federal Poverty Level.

The bill also provides that the agency continue to receive orders for both the necessary treatment product and necessary food treatment product, purchase such products, and deliver the products to an address provided by the families. The Department is to bill the families in accordance with the adopted rules and regulations. The agency and the Health Policy Authority are directed to pool purchasing power and enter into a joint contract for the purchase of products for both Medicaid and non-Medicaid clients.

**SB 480** contains an appropriation in FY 2007 of \$250,000 from the Children's Initiatives Fund for this program. The agency reports that the most restrictive reimbursement formula would result in savings of \$100,000 and the least restrictive reimbursement formula would result in savings of \$42,000 from this amount.

***The Committee added \$250,000 from the State General Fund and delete \$250,000 from the Children's Initiatives Fund to fund treatment costs for individuals with certain genetic diseases.***

**P. SB 528 – Termination of Pregnancies (Conference Committee).** **SB 528** would amend the law concerning records and reports of lawfully terminated pregnancies required by medical care facilities and amends a statute that is a part of the Uniform Vital Statistics Act. The bill would create a new act setting out requirements to be met by any course, special event, seminar, or forum on pregnancy-related instruction. The bill includes increased reporting requirements for the medical care facilities. A vital records statute relating to birth certificates would be amended to require the Secretary of Health and Environment to design and promulgate a form for an attempted abortion resulting in a live birth showing the mother's state of residence; the mother's age; the baby's anomalies, if any; the number of children to whom the mother has given birth; and the health outcomes of previous children. The bill also sets out requirements to be met by any secondary school that receives public money regarding pregnancy-related instruction.

According to the agency, expenditures from the Civil Registration and Health Statistics Fee Fund would increase by \$30,000 in FY 2007 to change the web-based data entry forms and the Department of Health and Environment's database system.

***The Committee reviewed this item, but took no action.***

**Q. GBA No. 1, Item 26, Page 15 — Avian Flu Vaccine.**

***The Committee concurred with GBA No. 1, Item 26, to add a proviso regarding funding for Avian Flu Vaccine in FY 2007.***

**R. GBA No. 1, Item 27, Page 15 — PKU/Hemophilia.**

***The Committee concurred with GBA No. 1, Item 27, to add \$100,000 from the State General Fund and delete \$100,000 from the Maternal and Child Health Service Block Grant***

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**Fund for PKU/Hemophilia funding in FY 2006.**

**S. GBA No. 1, Item 28, Page 16 — Infant Toddler (Tiny-K) Program.**

***The Committee concurred with GBA No. 1, Item 28, to add \$250,000 from the State General Fund for the Infant Toddler Program in FY 2007.***

**Department of Health and Environment – Environment**

**A. HB 2756—Kansas Storage Tank Act (Law).** HB 2756 amends the Kansas Storage Tank Act to provide reimbursement to eligible owners of aboveground petroleum storage tanks or bulk plants for the cost of certain upgrade expenses or permanent closure expenses. Only those aboveground storage tanks or bulk plants that are used for the storage of petroleum products for resale are eligible.

Under the bill, moneys for reimbursement will come from the Environmental Assurance Fee, which is imposed at the rate of \$0.01 per gallon of petroleum products, other than aviation fuel, manufactured in or imported into this state. The bill would require that the fee money be diverted into a new fund called the Kansas Essential Fuels Supply Trust Fund on a periodic basis as outlined in the bill. No money will be credited to the new fund if the balance exceeds \$5,000,000. Moneys will be credited only if the balance of the fund is \$2,000,000 or less or if the above ground or underground storage tank funds do not require money. Interest from money in the Kansas Essential Fueling Supply Trust Fund will be retained by the Fund.

The agency reports that as a result of passage of the bill, a no-limit Kansas Essential Fuels Supply Trust Fund should be established. The agency also requests the addition of two new FTE positions including an Environmental Scientist II position and a Research Analyst II position. Expenditures from the Kansas Essential Fuels Supply Trust Fund would include \$147,124 for salaries, \$4,680 for contractual services, \$5,156 for office and professional supplies, \$5,000,000 for reimbursement to tank owners, and \$9,600 for capital outlay. The agency also requests the transfer of up to \$250,000 from the Aboveground Petroleum Storage Tank Release Trust Fund to the Kansas Essential Fuels Supply Trust Fund in FY 2007.

***The Committee added \$5,166,560 from the Kansas Essential Fuels Supply Trust Fund for the implementation of HB 2756 regarding the Kansas Storage Act, and added the transfer of \$250,000 from the Aboveground Petroleum Storage Tank Release Trust Fund to the Kansas Essential Fuels Supply Trust Fund in FY 2007.***

**B. SB 386 Air Quality (Law).** SB 386 amends two statutes that concern air quality. The amendments specifically are directed to air contaminants and emission sources. The bill creates new definitions for "regional haze" and "deciview" (visibility index), and adds to the definition of "air pollution." Other amendments authorize the Secretary of Health and Environment to: prepare and develop plans that address air pollution originating in Kansas that affects air quality in Kansas, other states, or both; expand the authority of the Secretary to enter into agreements with local governments, other states, and interstate agencies; conduct or participate in intrastate or interstate emissions trading programs that demonstrate equivalent air quality benefits for the prevention, abatement, and control of air pollution in Kansas, other states, or both; prepare and adopt a regional haze plan that is no more stringent than required by federal law as necessary to prevent, abate, and control air pollution originating in Kansas that affects Kansas, other states, or both; and participate in the activities of any visibility transport commission established under federal law. The Secretary of Health and Environment is required to report annually to the Governor and the Legislature on the activities of any visibility transport commission.

The agency indicates that the FY 2007 fiscal impact of this bill requires the addition of 1.0 Environmental Scientist IV FTE position to implement state plans. Funding from the Air Quality Fee Fund would include \$68,177 for salaries and wages, \$14,350 for communication equipment and travel, \$5,125 for professional and office supplies, and \$3,500 for one-time capital outlay for total

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expenditures of \$91,152.

***The Committee added \$91,152 from the Air Quality Fee Fund for the implementation of SB 386 in FY 2007.***

**Adjutant General**

**A. Forbes Field Positions (House Committee).** The House Committee recommended consideration during Omnibus of two FTE positions at Forbes Field, a Plumber position and a Fire Protection Systems Specialist position. These positions would be funded 75 percent from the federal government, with a 25 percent match from the State General Fund. For FY 2007, funding from the State General Fund would total \$20,067 for both positions. The agency reported that the addition of the two employees would allow the agency to complete over 300 hours of backlogged plumbing work at Forbes Field and complete the inspections required by the National Fire Protection Agency.

***The Committee added \$80,266 including \$20,067 from the State General Fund to fund both positions with 75 percent federal funds with a 25 percent match.***

**B. Armory Maintenance and Repair (House Committee).** The House Committee recommended consideration during Omnibus of \$601,000 in FY 2007, including \$376,000 from the State General Fund and \$225,000 from the federal Military Fee Fund, for maintenance and repair of National Guard infrastructure. The agency reported that funding would be used for maintenance needs of the armories and State Defense Building not met with the Armory Bonds and for maintenance and repair of facilities at Forbes Field in Topeka.

***The Committee added \$601,000 including \$376,000 from the State General Fund for maintenance and repair of the National Guard's infrastructure in FY 2007.***

**C. Disaster Funding (Senate Committee).** The Senate Committee recommended a review of disaster funding during Omnibus. The Committee received information on the match funding necessary for disaster response. This funding fluctuates from year-to-year depending on the number and size of disasters which require a response by the agency.

***This is an information item and the Committee took no action.***

**D. Utilities (Senate Committee).** The Senate Committee recommended consideration during Omnibus of utilities expenditures for the Armories and Air National Guard Bases for FY 2006 and FY 2007. The agency reported that utility bills for the Armories and Air National Guard Bases are 16 percent higher than last year's bills. If this continues, utility expenditures could be underfunded by up to \$65,000 for the Armories and \$69,000 for the Air National Guard Bases in FY 2006.

***The Committee added \$134,000 from the State General Fund for utilities at the National Guard armories and Air Force bases in FY 2006.***

**E. GBA No. 1, Item 47, Page 24—Disaster Relief.**

***The Committee concurred with GBA No. 1, Item 47, to add \$9,673,000 including \$1,138,000 from the State General Fund, for disaster assistance funding in FY 2006. It was noted that this does not include the storm damage on the University of Kansas campus from the March 2006 storm.***

**F. GBA No. 1, Item 48, Page 24—Homeland Security Funding Switch.**

***The Committee concurred with GBA No. 1, Item 48, to add \$128,973 from the State***

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**General Fund in FY 2007 for the last three months of salaries and wages and related operating expenditures for Homeland Security Coordinators.**

**Kansas Bureau of Investigation**

**A. IMA Building and Great Bend Laboratory (House Committee).** The House Committee recommended review of the possible purchase of the IMA Building in Topeka. The Committee also recommended the consideration of funding to finish the existing second floor of the Great Bend Laboratory. The Conference Committee on **SB 480** included authority to issue up to \$2,000,000 in bonds for the purchase of the IMA Building and to finish the second floor of the Great Bend Laboratory.

*This was a House item and the Committee took no action.*

**B. Agent Salary Increase (House Committee).** The House Committee recommended consideration at Omnibus of \$263,212 from the State General Fund for an additional 7.5 percent salary increase for agents for FY 2007. The agency reported that a 2002 Central States Survey reported that the pay of the Special Agent class was 26.0 percent below the average pay of their peers within the study group. The 2005 Legislature funded half, or 7.5 percent, of the total FY 2006 request. The agency reported that the completion of this plan is the agency's top priority. The Senate Committee recommended adding the funding for the 7.5 percent pay increase. The Conference Committee on **SB 480** instead added \$263,212 from the State General Fund to fill vacant FTE positions.

*This was a House item. The Committee added bonding authority of \$652,675 to the authority approved in **SB 480** to complete projects related to the purchase of the IMA building, laboratory expansion in the Headquarters building and to finish the second floor of the Great Bend laboratory in FY 2007. Also, the Committee allowed the agency discretion in the expenditure of \$263,212 appropriated in **SB 480** in FY 2007 for additional agents to be used either for additional agents or a salary increase for existing agents.*

**C. Funding Increase (House Committee).** The House Committee recommended Omnibus consideration of \$500,000 from the State General Fund in FY 2007 to enhance the agency's budget. The Committee suggested the funding could be used to finish the second floor of the Great Bend Laboratory or to provide the 7.5 percent agency salary increase. Funding for the Great Bend Laboratory was included in **SB 480**.

*This was a House item and the Committee took no action.*

**D. Automated Fingerprint Identification System (House Committee).** The House Committee recommended review of the funding for the Kansas Automated Fingerprint Identification System (AFIS). The agency's FY 2007 budget includes funding of \$752,070 from the State General Fund for the second of six payments on the AFIS. The first year payment was financed with federal Office of Domestic Preparedness (ODP) funds. The agency reported that it is seeking additional federal funding for the second year payment. The Committee directed the agency to report during Omnibus on the status of funding for this project. The agency will provide additional information on this issue.

*The Committee added a proviso lapsing the appropriated State General Fund for the Automated Fingerprint Identification System if federal funds are identified to fund the project in FY 2007.*

**E. Offender Registration Unit (Senate Committee).** The Senate Committee recommended consideration during Omnibus of \$166,151 from the State General Fund and three additional FTE positions in the existing Offender Registration Unit in FY 2007. The currently approved budget includes two of the five positions requested by the agency. The unit is

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responsible for implementing the Kansas Bureau of Investigation's (KBI) responsibilities regarding the Kansas Offender Registration Act. The agency reports that an internal staffing/process review was conducted in conjunction with an audit requested by the Attorney General. The review indicated that optimal unit staffing is nine, with the current staffing level at four.

***The Committee added \$166,151 and 3 FTE positions in FY 2007 for the Offender Registration Unit.***

**F. Special Agent Positions (Senate Committee).** The Senate Committee recommended Omnibus consideration of \$979,533 from the State General Fund for nine Special Agents in FY 2007. The agency reports that it has been short on criminal investigative staff for several years. The nine vacancies represent over ten percent of the KBI agent workforce. The Conference Committee on **SB 480** included additional funding of \$263,212 from the State General Fund for additional agent positions.

***The Committee reviewed this item but took no action.***

**G. HB 2554 – DNA Specimen Collections (Conference Committee).** **HB 2554** would amend current law regarding the State DNA database and who would be required to submit to DNA specimen collections. The bill would expand the requirements on DNA specimens to include an oral or other biological sample authorized by the KBI. On or after January 1, 2007 through June 30, 2008, any adult arrested or charged or juvenile placed in custody for or charged with the commission or attempted commission of any person felony or drug severity level 1 or 2 felony would be required to submit such specimen or sample at the same time such person is fingerprinted pursuant to the booking procedure. On or after July 1, 2008 any arrested or charged adult or juvenile placed in custody for the commission or attempted commission of any felony would be required to submit a specimen or sample in addition to fingerprints.

The fiscal note indicates that the bill would be implemented in two phases. Phase I would begin in FY 2007, and is projected to have an impact of \$517,885 from the State General Fund. Expenditures would include \$35,000 for a non-FTE Administrative Assistant position, \$2,600 for a computer and other equipment for the Administrative Assistant, \$19,365 for collection kits for oral swabbing, \$6,000 for sample collection and preservation training for law enforcement personnel, \$50,000 for a laboratory dried sample paper punch, \$154,920 for supplies for the analysis of samples, and \$250,000 for computer programming to expand the existing database for tracking submitted samples.

The bill establishes a \$100 court cost to be charged upon conviction as a KBI DNA database fee. The fee would be deposited into a DNA Database Fee Fund in the KBI. Revenue estimates for FY 2007 total \$272,000 for this fee.

Phase II would begin on July 1, 2008, or the start of FY 2009. Expenditures for Phase II are estimated at \$906,985.

***The Committee added \$517,885 from the State General Fund in FY 2007 for implementation of HB 2554 regarding DNA specimen collections pending passage of the bill.***

**H. SB 418 – Personal and Family Protection Act (Law).** **SB 418** enacts the Personal and Family Protection Act. This act authorizes the Attorney General to issue four-year licenses to certain persons to carry concealed handguns. The bill would require the KBI to perform criminal history record checks, including both national and state checks, for applicants. The KBI reports that the cost for both checks is \$54 per person, with \$30 for the KBI and \$24 for the Federal Bureau of Investigation.

The fiscal note states that assuming 10,000 record checks are conducted, cost for the checks would total \$54,000. This estimate is based on a half-year of funding for FY 2007. The fiscal note also states that the agency assumes the record check fee will be paid out of the \$110 application fee.

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The agency reports that due to the increased number of checks being conducted, the agency will need additional FTE personnel. The agency estimates that two additional Administrative Specialists and two additional Office Assistants will be needed for a total cost of \$120,568. Assuming the agency will retain the \$30 record check fee, the agency estimates this to be sufficient to cover the additional administrative costs.

***The Committee added \$120,568 from the Record Check Fee Fund and 4.0 FTE positions in FY 2007 for implementation of SB 418 regarding the Personal and Family Protection Act. The Committee also requested a yearly report to be presented to the House Committee on Appropriations and the Senate Committee on Ways and Means beginning in FY 2007.***

### Highway Patrol

**A. State Highway Fund Transfers (Technical Adjustment).** SB 480 includes transfers from the State Highway Fund to the State General Fund and the Kansas Highway Patrol Operations Fund equal to the amount budgeted from those funds. The transfers in SB 480 were not adjusted for the expenditure adjustments made by the Legislature. The transfers need to be adjusted to \$8,465,292.25 quarterly for the State General Fund and \$4,310,197.50 quarterly for the Kansas Highway Patrol Operations Fund to accurately reflect the FY 2007 budget approved in SB 480.

***The Committee concurred with this item which was a technical correction.***

**B. GBA No. 1, Item 49, Page 25—Additional Salaries & Wages Expenditures.**

***The Committee concurred with GBA No. 1, Item 49, to add \$545,061 from the State General Fund in FY 2007 for salaries and wages.***

**C. GBA No. 1, Item 50, Page 25—Homeland Security Funding Switch.**

***The Committee concurred with GBA No. 1, Item 50, to switch funding from the federal Office of Domestic Preparedness Grant Fund in FY 2007 to the State General for 4.0 positions that administer the Homeland Security Grant Program.***

The Committee discussed information provided on Fuel Cost Consideration regarding FY 2006 and FY 2007 from the Kansas Highway Patrol (Attachment 13).

### Emergency Medical Services Board

**A. Statewide Data Collection System (Senate Committee).** The Senate Committee deleted \$200,000 from the Emergency Medical Services Operating Fund in FY 2007 for the statewide data collection system pending the passage of SB 546. The bill, as amended by the Senate Committee of the Whole, passed the Senate on March 23, 2006. The bill, as amended by the House Committee on Appropriations, passed the House on March 31. The Conference Committee on SB 480 recommended funding of \$200,000 from the Emergency Medical Services Operating Fund for the data collection system.

***The Committee reviewed this item but took no action.***

### Sentencing Commission

**A. Johnson County Therapeutic Community (House Committee) and GBA No. 1, Item 51, Page 26—123 Payments for Johnson County.** The House Committee recommended Omnibus consideration of billings received by the Kansas Sentencing Commission from the

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Johnson County Therapeutic Community in FY 2006. The agency reported that Johnson County has submitted unanticipated billings from Therapeutic Community treatment services under **2003 SB 123**. These billings are not included in the current budget as this treatment was covered under a Byrne Grant in prior years and Johnson County did not provide any notification to the agency that it would be billed for these services. In the FY 2006 Byrne Grant award, a special provision was added excluding **2003 SB 123** treatment from the grant program. Johnson County began billing the agency for the treatment in December 2005. The Kansas Sentencing Commission estimates that an appropriation of \$87,426 from the State General Fund in FY 2006 would fund the additional billings from the Johnson County Therapeutic Community. The Governor's Budget Amendment includes funding of \$87,500 from the State General Fund in FY 2006 for this item.

***The Committee concurred with GBA No. 1, Item 51, to add \$87,500 from the State General Fund in FY 2006 for payments under the provisions of 2003 SB 123 to the Johnson County Therapeutic Community.***

**B. Program Consultant Position (House Committee).** The House Committee recommended consideration during Omnibus of \$53,456, including \$26,728 from the State General Fund for a non-FTE program consultant position. This position would complete the duties associated with the administration and payment process of the **2003 SB 123** substance abuse treatment program. The agency reports that there has been a steady increase in the volume of invoices received, and additional staff is needed to complete the payment process.

***The Committee added \$53,456 including \$26,728 from the State General Fund in FY 2007 for a non-FTE Program Consultant position to administer the 2003 SB 123 Substance Abuse Treatment Program.***

#### State Conservation Commission

**A. Water Rights Purchase Program (Senate Committee and House Committee).** The House and Senate Committees deleted \$786,268 from the State Water Plan Fund for the Water Rights Purchase Program pending the passage of **HB 2710**. The bill, as amended by the House Committee of the Whole, passed the House on February 23, 2006. The bill, as amended by the Senate Committee on Natural Resources, passed the Senate on March 23, 2006. The bill is currently in Conference Committee.

Copies of the Final Interim Report on the Regional Economic Impacts of Implementation of the Conservation Reserve Enhancement Program in the Kansas Upper Arkansas River Basin were distributed to the Committee (Attachment 14).

Copies of a chart regarding CRP Acres Expiring in 2007 and Acres Receiving Contract Extension Offers were distributed to the Committee (Attachment 15).

Information was distributed by Earl Lewis of the Kansas Water Office regarding the Middle Arkansas Sub-basin Groundwater Model, Conservation Reserve Enhancement Program Model Run (Attachment 16).

***The Committee added \$786,268 from the State Water Plan Fund for the implementation of HB 2710 regarding the Water Transition Assistance Program in FY 2007.***

**B. Conservation Reserve Enhancement Program (Senate Committee and House Committee).** The House and Senate Committees deleted \$4,000,000 from the State Water Plan Fund for the Conservation Reserve Enhancement Program (CREP) for consideration during Omnibus. The Kansas State University Department of Agricultural Economics has conducted an analysis of the economic impact of the proposed CREP. The agency will provide more information on this item.

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**The Committee added \$4,000,000 from the State Water Plan Fund for the Conservation Reserve Enhancement Program in FY 2007 and recommended revisiting the issue in FY 2007.**

**C. Conservation Easements (House Committee).** The House Committee deleted FY 2007 funding of \$311,500 from the Economic Development Initiatives Fund for conservation easements for Omnibus consideration. The Committee noted that **HB 2556** and **HB 2558** pertained to this program. **HB 2556** would establish the Kansas Farm and Ranch Land Protection Grant Program and **HB 2558** deals with encroachment restriction districts. **HB 2556** was stricken from the House calendar on February 24, 2006. **HB 2558** is currently in the House Committee on Environment.

**The Committee added \$311,500 from the State General Fund with language specifying that the funding be for the Army Compatible Use Program.**

**D. Quick Response Areas (House Committee).** The House Committee deleted \$450,000 from the State Water Plan Fund in FY 2007 for the Water Resources Cost Share - Quick Response Areas for Omnibus consideration. This program would provide additional incentive payments to encourage the use of the existing Environmental Quality Incentives Program (EQIP). The Conference Committee on **SB 480** concurred with the House to delete the funding.

**This was a House item. The Committee reviewed the item but took no action**

**Kansas Water Office**

**A. Water Conservation Projects Fund Feasibility Studies (Senate Committee).** The Senate Committee recommended Omnibus review of expenditures of \$552,000 from the Water Conservation Projects Fund in FY 2006 to begin feasibility studies on potential projects in the area affected by the water litigation between Kansas and Colorado.

The Kansas Water Office met with the Arkansas River Litigation Funds Committee (ARLFC) in March. The table below indicates the projects identified for feasibility studies. The agency plans to distribute a request for proposals (RFP) for all of the projects listed. The Water Office also indicates that the cost for the studies includes some preliminary design work. The ARLFC considers the Lining of the Southside Ditch and the Southern Alternative Delivery System as the top priorities. In addition, the agency reports that these two projects are related and need to be implemented together.

Water Conservation Projects Fund Feasibility Studies	FY 2006 Budgeted Amount
Lining of Southside Ditch	\$48,000
Southern Alternative Delivery System	90,000
Enhanced Aquifer Recharge	108,000
River Channel Modifications and Maintenance	108,000
Lake McKinney Storage	72,000
Lake McKinney Bypass	54,000
River Check Dams and Structures	72,000
<b>TOTAL</b>	<b>\$552,000</b>

**The Committee added \$11,978 from the Interstate Water Litigation Reserve account of the State General Fund to reimburse ditch companies in FY 2006 and added \$100,000 from the Interstate Water Litigation Reserve account of the State General Fund for a temporary**



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***engineer position in Garden City to oversee projects identified by the Arkansas River Litigation Funds Committee in FY 2007.***

**B. Water Conservation Projects Fund (Senate Committee and House Committee).** The House and Senate Committees deleted \$2,500,000 from the Water Conservation Projects Fund in FY 2007 for consideration during Omnibus. The Water Conservation Projects Fund was established in 1996 to receive funding resulting from the water litigation between Kansas and Colorado and is to be used on projects in the Upper Arkansas River Basin in areas directly impacted by the litigation.

***The Committee added \$2,500,000 from the Water Conservation Projects Fund for projects identified by the agency in the Upper Arkansas River Basin in FY 2007.***

**C. Conservation Reserve Enhancement Program (Senate Committee and House Committee).** The House and Senate Committees deleted \$1,000,000 from the Water Conservation Projects Fund in FY 2007 for the Conservation Reserve Enhancement Program (CREP) for consideration during Omnibus. The Kansas State University Department of Agricultural Economics has conducted an analysis of the economic impact of the proposed CREP. The agency will present information on this item.

***Staff explained that the Committee had concurred with this item earlier in the meeting.***

**D. Stream Gauges (House Committee).** The House Committee directed the agency to report during Omnibus regarding the number of new or replacement stream gauges the agency anticipates to purchase in coordination with the United States Geological Survey (USGS) in FY 2007. The agency reports that if additional stream gauges are purchased, USGS may not have additional funding available for their portion of the gauge expenses. In this situation, all additional expenses would be the responsibility of the state. The agency may have additional information on this topic.

Copies of information regarding the U. S. Army Corps of Engineers Cuts to the U. S. Geological Survey Gages for FY 2007 (Attachment 17).

***The Committee added \$47,160 from the State General Fund for stream gauges in FY 2007 (see memorandum).***

**E. SB 503 – Water Supply Storage Assurance Fund, Cedar Bluff Reservoir, and Dam Inspections (Conference Committee).** SB 503 would create the Water Supply Storage Assurance Fund. This fund was created in 1986; however, it was inadvertently abolished in 1998. Since that time, the Fund has been established by proviso.

House amendments to the bill would require the Kansas Water Office to place a stream gauge on the Smoky Hill River below the dam on Cedar Bluff Reservoir to monitor the amount of water leaking from the dam. The agency is to use the stream gauge measurements of water leakage from the dam to calculate the amount of water in the artificial recharge pool.

The bill also exempts from inspection the dam located on Lake Barton Country Club property.

The amendment requiring purchase of an additional stream gauge is projected to have a first-year cost of \$18,000 from the State General Fund. In addition, annual operation and maintenance costs of \$6,800 would be incurred in subsequent years.

Senator McGinn distributed some information regarding the foundations of the Kansas Water Appropriations Act and that some legislation may run counter to Kansas water law by circumventing established rights and will place the Kansas Water Office in the untenable position of attempting to serve two laws which are in conflict or violating an Agreement with the Federal Government and Municipality of the State (Attachment 18) and (Attachment 19).

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*The Committee reviewed this item, but took no action.*

**F. State Water Plan Fund Reappropriation (Technical Adjustment).** In **SB 480**, language reappropriating funds in the Stream Gauging, Water Planning Process, and Kansas Water Authority accounts of the State Water Plan Fund were inadvertently reappropriated for FY 2006. This language was intended to reappropriate the funds for FY 2007.

*The Committee concurred to add language reappropriating the Stream Gauging, Water Planning Process and the Kansas Water Authority accounts in FY 2007 which was a technical adjustment.*

### Board of Regents

**A. Technical College Funding (Conference Committee).** The Conference Committee on **SB 480** recommended that additional funding in FY 2007 for technical colleges totaling \$2.2 million from the State General Fund be considered during Omnibus. The Conference Committee added \$3.0 million from the State General Fund for postsecondary aid for vocational education and recommended that the additional funding be considered. The additional funding would fully fund the statutory formula and hold several institutions harmless while the Board of Regents changes the allocation process.

The statutory formula for postsecondary aid for vocational education sets the state portion at 85 percent of costs. This formula has not been fully funded in many years. It would require another \$1.5 million from the State General Fund to increase the state aid to the statutory level.

The Board of Regents recently approved a change in the allocation process for the technical colleges. Previously, state funds were distributed based upon the prior year's allocation. Under the new process, funds will be distributed based upon a three-year average of enrollment. As a result of the change, four institutions would have received less in FY 2007 than in FY 2006. The Conference Committee recommended consideration of an additional one-time appropriation of \$735,000 from the State General Fund to hold those institutions harmless during the change in the allocation process.

*The Committee added \$735,000 from the State General Fund in FY 2007 to hold several technical institutions harmless during a change in the allocation process.*

**B. Administrative Assistant Position (Conference Committee).** The Conference Committee deleted funding of \$46,478 from the State General Fund and 0.5 FTE position for an Administrative Assistant in the Academic Affairs area and recommended that the item be considered during Omnibus. The Governor had recommended the new position as a part of the FY 2007 Governor's Budget Report. According to the agency, the new position would allow professional staff to focus on non-clerical duties and would provide support related to the institution performance agreements.

*The Committee added the 1.0 FTE position in FY 2007 with funding to be paid within the agency's existing resources.*

**C. Systemwide Proposal to Increase Capacity in Masters-level Nursing Programs (Conference Committee).** The Conference Committee on **SB 480** recommended a review of a Board of Regents proposal to increase capacity in the Masters-level nursing programs. Many of the university presidents stated during budget hearings that the issue in nursing education is not a lack of qualified applicants, but a lack of instructors and physical space. The Conference Committee added \$150,000 from the State General Fund at Fort Hays State University to increase capacity in that program. This funding is contingent upon a dollar for dollar match by the university.

The House Committee had also recommended a shift of \$200,000 from the undergraduate Nursing Service Scholarship to systemwide capacity building with a similar match requirement. This

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amount was added to the scholarship program by the Governor for FY 2007. The Conference Committee on **SB 480** recommended consideration of this item during Omnibus as a part of a systemwide proposal.

The Senate Committee recommended an Omnibus review of a Board of Regents systemwide proposal for capacity building. The elements of this proposal and the estimated funding requirements from the State General Fund in FY 2007 are outlined below.

Item	Description	Additional First-year Funding Required
Nurse Educator Scholarship Program	Ten scholarships per year for individuals enrolling in a Masters or PhD program in nursing in Kansas. The program would have a service obligation of five years as a faculty member in a nursing program in Kansas.	\$150,000
Nursing Faculty and Supplies	Two grant programs to expand nursing faculty and increase funding for consumable laboratory supplies. One grant would be need-based and the other would require a two-for-one match by the institution.	2,420,000
Equipment and Facility Upgrades	Two grant programs to provide equipment (including simulators) and upgrade facilities. One grant would be need-based and the other would require a two-for-one match by the institution.	2,720,000
Statewide Nursing Consortium	Task force to address recommendations in the Board of Regents Nursing Shortage Report and implement solutions. Funding for support staff will be through federal funds.	0
		TOTAL
		\$5,290,000

Senator Barone distributed a copy of a letter regarding a Nursing Shortage Funding Proposal from Reginald L. Robinson, President and CEO, Kansas Board of Regents ([Attachment 20](#)).

**The Committee added \$4,000,000 from the State General Fund in FY 2007 to increase capacity in the system’s nursing programs. Also, a conceptual bill was introduced (see page one of the minutes). The Committee requested that a report be presented to the House Committee on Appropriations and the Senate Committee on Ways and Means by January 15 of each year.**

**D. SB 139 – Kansas Academy of Math and Science (Governor).** **SB 139** establishes the Kansas Academy of Math and Science for 11th and 12th grade students. The Board of Regents will determine if the two-year academy will be completely residential at one of the state universities, completely online, or a combination of residential and online. In addition, the bill outlines selection criteria for the 40 students to be admitted each year, but authorizes the Board of Regents to expand the number of students beyond that.

The Board is also authorized to charge a fee not to exceed Base State Aid Per Pupil to the

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school district sending the student. According to the agency, the fiscal impact of 40 students in a residential academy would be \$250,000. That amount would double in the second year. For an online academy, the fiscal impact would be less than that. If the Board of Regents charges the school districts a fee which equals the amount of Base State Aid Per Pupil (BSAPP), the total amount they would receive would be \$170,280 (based on the currently approved BSAPP of \$4,257).

***The Committee added \$80,000 State General Fund in FY 2007 for SB 139 which establishes the Kansas Academy of Math and Science and to give the Kansas Board of Regents flexibility regarding Base State Aid Per Pupil. The Committee concurred to refer this item to the Senate Education Committee for consideration.***

**E. HB 2578 – Special Education Teacher Scholarship Program and Teacher Education Scholarship Program (Conference Committee).** HB 2578 establishes the Special Education Teacher Service Scholarship Program for licensed teachers enrolled in a program leading to endorsement as a special education teacher. Up to 50 scholarships may be awarded each year. The awards are for \$3,000 for each semester or the equivalent if the individual is enrolled part-time. The service obligation associated with the scholarship is teaching special education children on a full-time basis in Kansas for three years or the equivalent if teaching part-time. The program sunsets in FY 2011. This portion of the bill does not contain "subject to appropriations" language. For the first year, the fiscal impact of the new program would be \$300,000 from the State General Fund.

The Senate version of the bill also includes the Teacher Education Scholarship Program. This program awards scholarships to individuals who have been employed in an accredited school for four years and who are: (1) licensed teachers enrolled in a program leading to a Masters degree in Education; or (2) persons with an Associates degree enrolled in a program leading to licensure as a teacher. Qualified students would receive up to 100 percent of tuition and fees if enrolled at a state university or an amount equal to 100 percent of the average tuition and fees at the state universities if enrolled at a Kansas institution other than the state universities. The service obligation associated with the program includes teaching on a full-time basis in Kansas for one year for each 15 credit hours of assistance received or the equivalent if teaching on a part-time basis. This program is subject to appropriations. The bill does not specify the dollar amount of the award or the number of scholarships to be awarded each year. The Board of Regents estimates the first year fiscal impact would be \$86,115 from the State General Fund. This estimate is based upon ten scholarships at each of the undergraduate and graduate levels, using a statewide average of tuition and fees.

The Conference Committee on HB 2578 has agreed to the inclusion of both scholarship programs. The Senate has passed the Conference Committee report. The House has not yet taken action on this item.

***The Committee added \$386,115 from the State General Fund in FY 2007 to establish the two scholarship programs - Special Education Teacher Scholarship Program and Teacher Education Scholarship Program.***

## State Universities

**A. Preliminary Planning Funds for Renovation Projects (Senate Committee and Conference Committee).** The Conference Committee on SB 480 deferred consideration of preliminary planning funds for capital improvements projects at several state universities until Omnibus. The projects were requested by the universities as a part of their FY 2007 budget submission, but funding was not recommended by the Governor. The projects have been reviewed by the Joint Committee on State Building Construction as a part of its review of FY 2007 agency capital improvement requests.

Two additional projects were recommended for Omnibus consideration by the Senate

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Committee. The Committee wanted additional information on the projects before including the preliminary planning funds in its recommendation.

The table below outlines the amounts of the preliminary planning funds and the estimated total for each project.

Institution	Project	Preliminary Planning Amount	Estimated Total Project Cost
University of Kansas	Utility Tunnel Improvements	\$450,000	\$10,965,000
KU Medical Center	Applegate Energy Center Upgrade	380,000	18,852,000
Kansas State University	Memorial Stadium Renovation	438,000	9,785,000
Wichita State University	Campus Energy Study	145,000	145,000
Emporia State University	William Allen White Library Addition and Renovation	238,000	7,379,100
Fort Hays State University	Picken Hall Renovation	120,000	4,300,000
Pittsburg State University	McCray Hall Renovation	350,000	3,437,280
			TOTAL
		\$2,121,000	\$54,863,380

Copies of information were distributed to the Committee regarding a response from Wichita State University concerning its requested campus-wide energy study and the Kansas Facility Conservation Improvement Program (FCIP) (Attachment 21). Copies of information were distributed to the Committee regarding the University of Kansas Medical Center - Applegate Energy Center Upgrade, Detailed Cost Breakdown, from Black Veatch October 2000 Study (Attachment 22)

Senator Morris suggested the Committee take a tour of the state universities regarding deferred maintenance and the buildings in need of repairs. Senator Barone added that it is necessary to look at a lot of state buildings that are also in need of repairs.

***The Committee added \$2.1 million from the State General Fund in FY 2007 to finance preliminary planning for capital improvement projects at each of the state universities.***

**KSU - Veterinary Medical Center**

**A. Plan for Increasing Number of Large Animal Veterinarians (House Committee).** The House Committee requested a report from the agency on its plan to increase the number of graduates focusing on large animal veterinary medicine in rural areas. The plan includes the scholarship included in **HB 3005**, the addition of production medicine rotations in the fourth year, the hiring of new faculty in food animal medicine, and formation of a bovine production working group.

***This was a House item and no action was necessary by the Committee on this item.***

**B. HB 3005 – Veterinary Training Program for Rural Kansas (Governor).** **HB 3005** establishes the Veterinary Training Program for Rural Kansas. Up to five first-year veterinary students each year will receive a loan in the amount of \$20,000 per year for not more than four years for expenses related to their education. The loan will be forgiven provided that the student:

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(1) completes the veterinary medicine degree; (2) completes advanced training in specific areas; (3) engages in full-time practice in a county with a population of less than 25,000; and (4) continues in that practice for four years. The program sunsets in ten years.

The agency indicates that the first year fiscal impact will be \$112,850 from the State General Fund plus 0.5 FTE position. Expenditures for the loans total \$100,000 and administrative responsibilities would require \$12,850 for 0.5 FTE position. The impact would increase by \$100,000 each year until the program reaches its capacity in the fourth year at \$400,000.

***The Committee added \$112,850 from the State General Fund and 5.0 FTE positions in FY 2007 for HB 3005 to establish the Kansas Veterinary Training Program for Rural Kansas.***

**Kansas State University**

**A. GBA No. 1, Item 36, Page 19 - Student Life Center Bond Authority.**

***The Committee concurred with GBA No. 1, Item 36, to provide bonding authority of \$2.0 million to construct the student life center at the Salina campus with the debt service to be paid by student fees.***

**University of Kansas Medical Center**

**A. GBA No. 1, Item 35, Page 18 - Provider Assessments.**

***The Committee concurred with GBA No. 1, Item 35, to add \$400,000 in FY 2006 and FY 2007 from assessments of medical providers to be used for the Medical Loan Program.***

**Midwest Higher Education Commission**

***The Committee added \$90,000 from the State General Fund in FY 2007 to pay the dues for the Midwest Higher Education Commission.***

**KAN-ED Funding**

Copies of information from the Kansas Board of Regents Staff regarding KAN-Ed were distributed to the Committee (Attachment 23).

**The Committee increased the transfer from the Kansas Universal Service Fund in FY 2007 by \$2.0 million to fund KAN-ED operations.**

**Juvenile Justice Authority**

**A. Multisystemic Therapy (House Committee).** The House Committee recommended consideration of the Multisystemic Therapy (MST) pilot project during Omnibus. MST is an intensive family- and community-based treatment that addresses the multiple causes of serious antisocial behavior in juvenile offenders. The program addresses the multiple factors known to be related to delinquency across key settings and strives to promote behavior change in the youth's natural environment, using the strengths of each system (e.g., family, peers, school, neighborhood) to facilitate change. The program is a home-based model of services delivery and the usual duration of MST treatment is approximately 60 hours of contact over four months. However, frequency and duration of sessions are determined by family need. The Juvenile Justice Authority requested \$570,662 from the State General Fund as an enhancement to implement a MST pilot

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project to serve youth in the 1<sup>st</sup>, 2<sup>nd</sup>, and 7<sup>th</sup> judicial districts. The Governor did not recommend the request and House Budget Committee did not add the funding.

***This was a House item and no action was taken by the Committee.***

**B. Costs Associated with DISC Services (House Committee).** The House Committee recommended a review of the cost of services provided by the Division of Information Systems and Communications (DISC). Currently, Kansas Juvenile Correctional Complex (KJCC) DISC expenditures are much higher than those services associated with the three other juvenile correctional facilities. The Committee requested a breakdown of costs associated with DISC services for each facility and the Juvenile Justice Authority. A recent increase in DISC fees was not included in the Larned Juvenile Correctional Facility and Beloit Juvenile Correctional Facility budgets. The result was the appearance of a significant difference between these two facilities and Kansas Juvenile Correctional Complex and Atchison Juvenile Correctional Facility. The agency will provide updated information on the cost of these services to the Committee during Omnibus.

***This was a House item and no action was taken by the Committee.***

**C. Parenting with Love and Limits (House Committee).** The House Committee recommended consideration of the Parenting with Love and Limits Model. The program provides intensive, practical skill-building sessions to parents and their court-involved youth over the course of six weeks. The purpose of the program is to encourage parental involvement in the probation process and influence the behavior of adolescents in the court system. The curriculum covers topics such as: elements of teenager misbehavior, communication skills, limit setting, behavior contract development, parent rights and community resources. The cost of the program would depend on the number of families to be served but would range from \$28,000 to \$41,000 per site with a recommendation of three sites in Kansas. The Savannah Family Institute provided information indicating savings to the state were possible due to reduced recidivism among youth and the ability to receive Medicaid reimbursement for service costs.

***This was a House item and no action was taken by the Committee.***

**D. Level V and VI Length of Stay (House Committee) and GBA No. 1, Item 44, Page 22—Purchase of Services.** The House Committee recommended a review of Level V and VI length of stay issues during Omnibus. The existing Medicaid state plan contains length of stay limits regarding how long Medicaid reimbursement can be utilized to pay for services in Level V and VI facilities and Therapeutic Foster Care. Youth placed in a Level V facility are eligible for Medicaid payment up to 140 days while youth placed in a Level VI facility or Therapeutic Foster Care are eligible up to 180 days. These limitations have been in place for a number of years but the Center for Medicaid and Medicare Services (CMS) has recently started enforcing them. In order to address the situation, the Juvenile Justice Authority (JJA) has implemented a system in which youth approaching their length of stay limit are identified and case managers are notified. Case managers then determine if the youth requires further services. If the case manager believes continued treatment is necessary, an extension form is submitted and must be presented to JJA prior to the youth's 100th day in Level V and 150th day in Level VI or Therapeutic Foster Care. JJA then has 10 days to consult with the case manager to approve or deny the extension. In addition, an appeal process has been implemented. Stays in excess of these limits are paid solely from the State General Fund. JJA has approved extensions totaling approximately \$440,000, but has not paid all of them due to billing issues. As of April 11th, JJA has expended approximately \$307,000 from the State General Fund for youth over the length of stay limit in Level V, VI and Therapeutic Foster Care. The remaining \$133,000 will be paid at a later time.

***The Committee concurred with GBA No. 1, Item 44, to add \$657,879 from the State General Fund in FY 2006 for Level V and Level VI residential services and to add \$2,490,132 from the State General Fund in FY 2007 for Level V and VI residential services and Targeted Case Management.***

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**E. Review Services at Larned Juvenile Correctional Facility and Placement at the Facility for Level V and VI Youth in Custody (House Committee).** The House Committee recommended a review of mental health services at Larned Juvenile Correctional Facility to explore the possibility of placing Level V and VI youth in the custody of the Commissioner of the Juvenile Justice Authority at the facility. Currently, a small number of youth are being removed from Level V and VI facilities prior to the completion of treatment in order to comply with the length of stay limitation. Upon review, the Juvenile Justice Authority has concluded that youth would be better served in their communities. While LJCF has mental health services that would meet the needs of these youth, the agency believes the environment is too restrictive and would be counterproductive to the treatment of the youth.

*This was a House item and no action was taken by the Committee.*

### Atchison Juvenile Correctional Facility

**A. Education Contract Expenditures (Senate Committee and Conference Committee).** The Senate Committee recommended the addition, and review during Omnibus, of \$56,931 from the State General Fund in FY 2006 and \$84,899 from the State General Fund in FY 2007 for additional education contract expenditures related to increased teacher salaries at Unified School District No. 409. During FY 2006 and FY 2007, teacher salaries increased approximately 6.0 percent, including health insurance costs. The Conference Committee on **SB 480** concurred with the Senate and added \$56,931 from the State General Fund in FY 2006 and \$84,899 from the State General Fund in FY 2007 along with review during Omnibus.

*The Committee deleted \$56,931 from the State General Fund for funding that was added in **SB 480** for education contract expenditures no longer needed in FY 2006 and to delete \$84,899 from the State General Fund in FY 2007 for funding that was added in **SB 480** for education contract expenditures no longer needed.*

### Beloit Juvenile Correctional Facility

**A. Funding for Vocational Instructors (Senate Committee).** The Senate Committee recommended the addition of \$78,801 from the State General Fund in FY 2007. Funding would provide for 2.0 contract vocational instructors to provide enhanced vocational education to females at the facility who have received their GED or completed their high school education. The Conference Committee on **SB 480** concurred with the House and deleted the \$78,801 for review during Omnibus.

*The Committee reviewed this item but took no action because the \$78,801 was deleted in **SB 480**.*

**B. GBA No. 1, Item 46, Page 23—Education Contract Savings.**

*The Committee concurred with GBA No. 1, Item 46, to decrease State General Fund expenditures by \$400,488 for the education contract in FY 2007.*

### Larned Juvenile Correctional Facility

**A. GBA No. 1, Item 45, Page 23—Medical Care.**

*The Committee concurred with GBA No. 1, Item 45, to add \$125,000 from the State General Fund for extraordinary medical and pharmaceutical costs in FY 2006 and to add \$125,000 the State General Fund for extraordinary medical and pharmaceutical costs in FY 2007.*



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**Juvenile Correctional Facilities**

**A. Virtual Schooling (House Committee).** The House Committee recommended consideration of the implementation of virtual schooling, accredited by the Kansas Department of Education, at Atchison, Beloit and Larned Juvenile Correctional Facilities and Kansas Juvenile Correctional Complex. The cost for education services at all four correctional facilities, for FY 2006 and FY 2007, is as follows:

**Education Costs per Facility**  
FY 2006 and FY 2007

	Amount Budgeted	Facility Population	Annual Cost/ Youth	Daily Cost/ Youth
<b>FY 2006</b>				
Atchison Juvenile Correctional Facility	\$1,396,059	39	\$35,796	\$159
Beloit Juvenile Correctional Facility	740,488	22	33,659	176
Kansas Juvenile Correctional Complex	2,652,492	223	11,895	53
Larned Juvenile Correctional Facility	1,218,673	100	12,187	58
<b>FY 2007</b>				
Atchison Juvenile Correctional Facility	\$1,472,842	39	\$37,765	\$168
Beloit Juvenile Correctional Facility	731,598	22	33,254	174
Kansas Juvenile Correctional Complex	2,726,751	223	12,228	54
Larned Juvenile Correctional Facility	1,238,494	100	12,385	59

\* The table reflects the number of days spent in school which varies between each facility.

*This was a House item and no action was taken by the Committee.*

**State Bank Commissioner**

**A. Program Vehicle Purchases (House Committee).** The House Committee recommended consideration of the purchase of program vehicles, in addition to vehicle purchases and leasing. The Committee noted that agencies do not have the option to purchase program vehicles when replacing or buying new vehicles. The agency will present material regarding the costs related to purchasing program vehicles in comparison to purchasing new replacement vehicles during Omnibus.

*The Committee reviewed this item but took no action.*

**B. Conversion of Classified Positions to Unclassified Positions (Senate Committee).** The Senate Committee noted the agency wishes to convert their classified FTE positions to unclassified FTE positions. The Committee requested the agency confer with the appropriate Committees to introduce a bill to accomplish this and report back on the status of their efforts during

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Omnibus. The agency will present material to indicate which method it prefers to accomplish the conversion of classified FTE positions to unclassified FTE positions during Omnibus.

***The Committee supported the agency's conversion of classified FTE positions to unclassified FTE positions.***

### Department of Credit Unions

**A. Kansas Savings Incentive Plan Expenditures (House Committee).** The House Committee recommended a review of Kansas Savings Incentive Plan (KSIP) expenditures within the Department of Credit Unions. The Committee requested the agency provide a detailed list of what the agency would purchase with KSIP funds. The agency reported back to the Committee in February that KSIP funds are planned for training and development for the agency.

***This was a House item and no action was taken by the Committee.***

### Division of Health Policy and Finance

**A. Enhanced Care Management Project (Conference Committee) and GBA No. 1, Item 12, Page 9.** The Conference Committee on **SB 480** deleted \$1.1 million from the State General Fund of the \$2.0 million recommended by the Governor for the Enhanced Care Management Project in FY 2006 and recommended Omnibus review for possible restoration. The Enhanced Care Management Project is a pilot project in Sedgwick County. The goal of the project is to improve health outcomes by managing health benefit utilization through education, access to community services, and balanced advocacy for chronically ill Medicaid clients. The project, which began on March 1, 2006, is administered by Central Plains Regional Health Care Foundation, an extension of the Sedgwick County Medical Society. Trajectory HealthCare LLC has been contracted to provide external evaluation of the project throughout its five-year term. The funding was deleted due to the late start of the program.

The agency is requesting a Governor's Budget Amendment (GBA) to shift the Enhanced Care Management Project from the Regular Medical program to the Administration program. The shift will change the federal match rate for the project from a 60/40 federal/state match to a 50/50 federal/state match. The agency's updated cost estimate for the program is \$1.1 million all funds, including \$554,000 from the State General Fund for FY 2006. The GBA will need to add this amount to the Administration program, because the reduction by the Conference Committee removed all State General Fund money for the program in FY 2006.

***The Committee concurred with GBA No. 1, Item 12, that fully funds the Enhanced Care Management Project in the Department of Administration program in FY 2006.***

Copies of information from Dr. Robert Day, Director, Division of Health Policy and Finance, regarding requests for information by Committee, were distributed to the Committee (Attachment 24)

**B. Dental Program Changes Under Title XIX (Medicaid) and Title XXI (SCHIP) (House Committee).** The House Committee requested the Division of Health Policy and Finance present information regarding the planned changes to the dental program under Title XIX and XXI and the impact those changes will have on the populations being served during Omnibus.

Currently, all dental claims are sent to Doral Dental and then separated into claims for Medicaid beneficiaries and claims for State Children's Health Insurance Program (SCHIP) beneficiaries. The Medicaid claims are then sent to the Medicaid Management Information System (MMIS) for processing. SCHIP claims are paid by Doral Dental as the managed care organization for all SCHIP beneficiaries. In the original system design, Doral Dental also served as an administrative services organization to provide clinical reviews, prior authorizations, and perform

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claims resolution and provider relations for Title XIX. According to the agency, claims payment has improved, but the contractual relationships have been difficult to manage and confusing to the providers.

On July 1, 2006, all dental claims for Medicaid and State Children's Health Insurance Program (SCHIP) eligible beneficiaries will be processed by the MMIS. This change is being made to provide a single point of contact for dental providers and to simplify the claims payment and reconciliation process, which has been a source of concern for providers. Dental providers have expressed concerns about slow payment, unclear reasons for payment decisions, and low reimbursement rates.

To simplify the claims payment system for providers, Electronic Data Systems (EDS), the contractor for the MMIS, will pay all claims on a fee for service basis. The change will not affect the amount of reimbursement dental providers receive. This is the practice for Title XIX Medicaid claims, and is allowed for SCHIP by KSA 38-2001(d) (8). At the same time, EDS will add provider representatives to work specifically with dental providers and claims representatives to work through billing and payment posting issues with dental practices. Payment policy changes have been implemented to simplify dental billing and to remove prior authorization paperwork for some procedures. The goal is to make the Medicaid payment methodologies consistent with the most current dental insurance practices. EDS is currently working with dental providers to start transitioning to the new billing system. EDS also is working with some dental practices to demonstrate the internet billing system, and how to use the online system to verify eligibility and adjust claims.

***This was a House item and no action was taken by the Committee.***

**C. Spring Consensus Caseload Estimates and GBA No. 1, Item 9, Page 6.** The FY 2006 Spring Consensus Caseload Estimate for the Regular Medical program is no change from the amount approved by the 2006 Legislature. This item is included in the Spring Consensus Caseload Item under the Department of Social and Rehabilitation Services.

***No action was taken by the Committee.***

**D. GBA No. 1, Item 11, Page 8—Presumptive Eligibility.**

***The Committee concurred with GBA No. 1, Item 11, that adds \$557,017 including \$97,699 from the State General Fund for Presumptive Eligibility system changes in FY 2006.***

### Health Policy Authority

**A. Business Health Partnership (Conference Committee).** The Conference Committee on **SB 480** deleted \$500,000 from the State General Fund in FY 2006 and \$1.5 million from the State General Fund in FY 2007 for the Business Health Partnership for review during Omnibus. The purpose of the not-for-profit Business Health Partnership is to develop and market a low cost health plan to small businesses. The Business Health Policy Committee was created by the Legislature with the intent of providing small businesses (2-50 employees) access to health coverage at an affordable rate. The committee is comprised of business leaders and legislators.

The Governor recommended \$500,000 from the State General Fund in FY 2006 and \$2.0 million from the State General Fund in FY 2007 for a pilot program in Sedgwick County to increase financial incentives for small businesses when they offer health insurance to their employees. The pilot is designed to provide employees with incomes below 200.0 percent of the Federal Poverty Level working for firms that employ between two and 25 persons with low cost health insurance. The pilot will work with the existing small business tax credit to reduce company contributions to 30.0 percent of the premium. Employee contributions would be reduced to 10.0 percent of the premium. The pilot will provide insurance from a single carrier and will be coordinated with the Community RX Kansas program and the State Children's Health Insurance Program (SCHIP). The

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agency will provide more information on this item.

According to the agency, the bidding to offer the plan closes on April 28<sup>th</sup>, 2006. The implementation date of the new program is dependent on negotiations with the winning bidder. The agency anticipates it will need \$2.0 million from the State General Fund to fund the program between the two fiscal years.

***The Committee added \$1.5 million from the State General Fund in FY 2007 to fully fund the Business Health Partnership.***

**B. Healthy Kansas First 5 (Conference Committee).** The Conference Committee on **SB 480** deleted \$3.5 million from the State General Fund for the Healthy Kansas First 5 program in FY 2007 and recommended a review during Omnibus for possible restoration. Healthy Kansas First 5 expands eligibility under both Medicaid and SCHIP:

- Medicaid eligibility for pregnant women and infants would be increased from 150 percent to 185 percent of the Federal Poverty Level (FPL).
- SCHIP eligibility would be increased from 200 percent to 235 percent of FPL.
- Families with children above 235 percent of FPL will be allowed to buy into the SCHIP benefit package if they meet the following criteria:
  1. they do not have access to any employer based insurance; and
  2. they have been without insurance for six months.

The Conference Committee noted that this program expands eligibility for both Medicaid and SCHIP that may not be sustainable if another economic downturn occurs. In addition, federal matching dollars for SCHIP are limited and Kansas already uses all of its SCHIP funding, as well as SCHIP dollars unused by other states that are redistributed periodically by the federal government. If the Kansas SCHIP program exceeds the federal funds available, the additional cost must be paid from state dollars. Given the reductions that became necessary in Missouri and Tennessee when program expansion became unsustainable, the Conference Committee recommended review of this item during Omnibus when more detailed cost estimates would be available from the agency. The agency will provide additional information on this item.

The agency anticipates that 2,000 children will participate in Health Kansas First 5 in FY 2007. According to the agency, expansion of coverage under the new program would only increase SCHIP spending by 2.6 percent in FY 2007. In the event that funding shortfalls occur in implementing Health Kansas First 5, the agency indicates that it would either adjust benefits or family contributions (co-pays and premiums) or replace all or part of SCHIP funds to Medicaid funds.

***The Committee added \$3.5 million from the State General Fund in FY 2007 to restore funding for Healthy Kansas First 5.***

**C. Enhanced Care Management Project (Conference Committee) and GBA No. 1, Item 12, Page 9.** The Conference Committee on **SB 480** deleted \$500,000 from the State General Fund of the \$2.0 million recommended by the Governor for the Enhanced Care Management Project in FY 2007 and recommended review during Omnibus for possible restoration. The Enhanced Care Management Project is a pilot project in Sedgwick County. The goal of the project is to improve health outcomes by managing health benefit utilization through education, access to community services, and balanced advocacy for chronically ill Medicaid clients. The project, which began on March 1, 2006, is administered by Central Plains Regional Health Care Foundation, an extension of the Sedgwick County Medical Society. Trajectory HealthCare LLC has been contracted to provide external evaluation of the project throughout its five-year term.

The agency is requesting a Governor's Budget Amendment (GBA) to shift the Enhanced

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Care Management Project from the Regular Medical program to the Administration program. The shift will change the federal match rate for the project from a 60/40 federal/state match to a 50/50 federal/state match. The agency's updated cost estimate for the program is \$2.0 million all funds, including \$1.0 million from the State General Fund, for FY 2007. The GBA will need to shift \$1.5 million, including \$292,806 from the State General Fund, from the Regular Medical program to the Administration program and add \$698,202 from the State General Fund and \$500,000 from all funding sources to fully fund the agency estimate for the project.

***The Committee non-concurred regarding with GBA No. 1, Item 12, in FY 2007.***

**D. Presumptive Eligibility (Conference Committee).** The Conference Committee on **SB 480** deleted \$250,000 from the State General Fund for the implementation of Presumptive Eligibility in FY 2007. The Governor recommended \$2.5 million from the State General Fund for the implementation of presumptive eligibility for children ages 0 - 19. This would allow them to go to a hospital or clinic for services, where they would be screened to determine if they meet presumptive eligibility criteria for Medicaid or State Children's Health Insurance Program. If they are presumed eligible for services, the health care provider can depend on payment for services while full eligibility is being determined (approximately one month).

The Conference Committee expressed concern regarding the burden this program will put on providers, who will have to implement the screening process after training from the agency, with no additional reimbursement. The Conference Committee asked that the agency report back during Omnibus with the number of other states that are using presumptive eligibility and whether or not providers are being reimbursed. The agency will provide additional information on this item.

According to the agency, there are 12 states with provisions that allow for presumptive eligibility determinations for Medicaid and/or SCHIP. Designated entities are not reimbursed for completing a screening tool in other states.

***The Committee added \$250,000 from the State General Fund to fully fund the Governor's recommendation for Presumptive Eligibility in FY 2007.***

**E. Short- and Long-Term Policies for Dental Programs in Title XIX (Medicaid) and Title XXI (SCHIP) (House Committee).** The House Committee recommended the Health Policy Authority review and report back to the Committee the short-term and long-term policies regarding the Title XIX and XXI dental programs during Omnibus.

Currently, all dental claims are sent to Doral Dental and then separated into claims for Medicaid beneficiaries and claims for State Children's Health Insurance Program (SCHIP) beneficiaries. The Medicaid claims are then sent to the Medicaid Management Information System (MMIS) for processing. SCHIP claims are paid by Doral Dental as the managed care organization for all SCHIP beneficiaries. In the original system design, Doral Dental also served as an administrative services organization to provide clinical reviews, prior authorizations, and perform claims resolution and provider relations for Title XIX. According to the agency, claims payment has improved, but the contractual relationships have been difficult to manage and confusing to the providers.

On July 1, 2006, all dental claims for Medicaid and SCHIP-eligible beneficiaries will be processed by the MMIS. This change is being made to provide a single point of contact for dental providers and to simplify the claims payment and reconciliation process, which has been a source of concern for providers. Dental providers have expressed concerns about slow payment, unclear reasons for payment decisions, and low reimbursement rates.

To simplify the claims payment system for providers, Electronic Data Systems (EDS), the contractor for the MMIS, will pay all claims on a fee for service basis. The change will not affect the amount of reimbursement dental providers receive. This is the practice for Title XIX Medicaid claims, and is allowed for SCHIP by KSA 38-2001(d) (8). At the same time, EDS will add provider representatives to work specifically with dental providers and claims representatives to work through

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billing and payment posting issues with dental practices. Payment policy changes have been implemented to simplify dental billing and to remove prior authorization paperwork for some procedures. The goal is to make the Medicaid payment methodologies consistent with the most current dental insurance practices. EDS is currently working with dental providers to start transitioning to the new billing system. EDS also is already working with some dental practices to demonstrate the internet billing system, and how to use the online system to verify eligibility and adjust claims.

***This was a House item and no action was taken by the Committee.***

**F. Effect of the Federal Deficit Reduction Act (House Committee).** The House Committee requested information during Omnibus on the anticipated impacts on the agency from the federal Deficit Reduction Act of 2005 enacted this year.

The Deficit Reduction Act (DRA) includes notable changes in federal requirements for Medicaid programs and some new program flexibility for states. The DRA provisions either require mandatory changes in state Medicaid programs or add to the options already available to states in the administration of their programs. The Division of Health Policy and Finance (DHPF) is in the process of evaluating many of the DRA provisions, with particular emphasis on the mandatory changes that have retroactive effective dates and those with effective dates before July 1, 2006.

DHPF is involved in discussions with partner agencies, including SRS and the Department on Aging, to review the impact of the DRA provisions and develop implementation strategies. Many of the provisions also require the Centers for Medicare and Medicaid Services (CMS) to issue regulatory guidance. CMS has begun issuing guidance, in the form of State Medicaid Director letters and State Plan Amendment templates, on several of the provisions. The agency expects additional Medicaid Directors letters to be issued between now and July 1. CMS also is developing regulations to implement other provisions. DHPF is participating in state-to-state conference calls to discuss the impact and clarify the intent of the CMS guidance.

The new flexibility included in the DRA, particularly on cost sharing, developing benchmarked benefit plans, and moving some Home and Community-Based Services into the State Plan, would have significant impact on Kansas Medicaid. According to the agency, understanding the impact of these options will take some time and will depend on how CMS interprets the provisions. DHPF is preparing a range of Medicaid reform options for presentation to the Kansas Health Policy Authority Board later this year, and these options will incorporate the new flexibility afforded by the DRA.

***This was a House item and no action was taken by the Committee.***

**G. Presumptive Disability (House Committee) and GBA No. 1, Item 10, Page 7.** The House Committee expressed concern about the implementation of Presumptive Disability for the MediKan program regarding applicants who would not meet presumptive disability criteria but would ultimately be considered disabled, the shift of persons with a mental health diagnosis from the MediKan program to the Community Mental Health Centers (CMHCs), jails or hospitals, and the possible fiscal impact if the Presumptive Disability standards set by the state do not meet federal requirements.

Currently, persons applying for Social security disability programs can receive a limited package of state-only funded medical benefits through MediKan. MediKan services are available for 24 months while the Social Security Administration (SSA) reviews the persons application. After 24 months, if the person does not meet SSA eligibility requirements and has exhausted their appeals, they are no longer eligible for services, except through limited hardship criteria.

Beginning July 1, 2006, the state will begin a process of making a preliminary determination of disability that will result in immediate Medicaid benefits for the eligible person. This will allow the state to draw down the federal matching rate of 60.0 percent to pay for these services. A determination of presumptive disability will be made within 45 days. If the applicant is presumed

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disabled, they will begin to receive the full package of Medicaid services. If the applicant is not presumed disabled, they will not receive services.

Once the determination of presumptive disability has been made, the applicant will submit a disability application to the SSA which will go through the usual process. Regardless of the final disability determination by the SSA, the state will not be required to return the federal matching funds for the services provided under this program, as long as the State's presumptive disability criteria result in 50 percent or greater of the applicants receiving an SSA disability determination.

Persons in the MediKan program as of July 1, 2006 will be screened for presumptive disability in the month of his or her annual review. If they are not presumed disabled and have exhausted all SSA appeals, they will no longer receive medical benefits. There are no hardship criteria under presumptive disability.

The agency indicates that DHPF and SRS staff have identified alternative services for people who are not presumed disabled. Those services include: food stamps, making referrals to local Community Mental Health Centers (CMHCs) for services and aid through the community medication prescription program, linking the individual with local workforce development centers for employment services, providing referrals to vocational rehabilitation, and connecting the individual with local assistance agencies. The agency found no data to indicate that persons denied MediKan services end up in state institutions or jails. In addition, the Centers for Medicare and Medicaid Services (CMS) have set no criteria for determining presumptive disability before federal funds can be accessed, or any penalties for not meeting those criteria.

***The Committee reviewed this item and took no action.***

**H. Spring Consensus Caseload Estimates and GBA No. 1, Item 9, Page 6.** The FY 2007 Spring Consensus Caseload Estimate for the Regular Medical program is no change from the amount approved by the 2006 Legislature. The estimate includes a \$20.7 million shift in funding from federal funds to the Medical Program Fee Fund (formerly the Social Welfare Fund) reflecting an adjustment to the Federal Medical Assistance Percentage (FMAP) rate from the Fall 2005 estimates.

This item is included in the Spring Consensus Caseload Item under the Department of Social and Rehabilitation Services.

***The Committee reviewed this item and took no action.***

**I. GBA No. 1, Item 1, Page 2 - Health Planning and Finance - Correction to Reportable Expenditures.**

***The Committee concurred with GBA No. 1, Item 1, to reduce reportable expenditures by \$781,218 other funds in FY 2007.***

**Conduct of a Survey by Kansas Health Policy Authority Regarding Cost of Dispensing Pharmaceutical Products and Services in Kansas**

Senator Vicki Schmidt presented language regarding a survey to be conducted by the Kansas Health Policy Authority of Retail Pharmacies in Kansas (Attachment 25). ***The Committee added proviso language requiring the Health Policy Authority to conduct the survey of the cost of dispensing pharmaceutical products and services within the Kansas Medicaid Program in FY 2007.***

**GBA No. 1, Item 21, Page 13 - Medicare Part D Co-Payments for Dual-Eligibles**

***The Committee concurred with GBA No. 1, Item 21, which adds \$4.3 million from the State General Fund in FY 2007 to cover the Medicare Part D co-payments paid by dual-***

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*eligible Kansans.*

**Department of Commerce**

**A. After School Grant Program (Conference Committee).** The Conference Committee on **SB 480** deleted FY 2007 funding of \$1.25 million, including \$750,000 from the State General Fund, for the After School Grant program and recommended a review during Omnibus for possible restoration. The program would provide grants to eligible entities for the purpose of establishing after-school programs that include pre-vocational employment skills and options, lifetime physical fitness activities, academic tutoring and academic enhancement and mentoring.

**The Committee added \$750,000 from the State General Fund for the After School Grant Program in FY 2007.**

**B. Additional Funding for the Older Kansans Employment Program (OKEP) (House Committee).** The House Committee recommended Omnibus review of the addition of \$190,000 from funds to be identified for the Older Kansans Employment Program (OKEP). OKEP is a state-funded program designed to provide older Kansans, 55 and over, with an employment placement service. Emphasis is placed on providing permanent full-time or part-time jobs in the private sector, including non-traditional patterns of employment. Although unemployed older Kansans who are most in need receive priority, OKEP participants are not required to spend down to poverty before receiving services. The Conference Committee on **SB 480** added \$100,000 from the Economic Development Initiatives Fund (EDIF) for OKEP in FY 2007.

**This was a House item and no action was taken by the Committee.**

**C. Agency Reduced Resource Packages (House Committee).** The House Committee recommended Omnibus review of the agency's FY 2007 reduced resource packages totaling \$798,621, including \$11,292 from the State General Fund.

The agency reduced resource packages are as follows:

<b>FY 2007 Reduced Resources Packages</b>						
	Agency Recommendation			Governor's Recommendation		
Item	SGF	All Funds	FTE	SGF	All Funds	FTE
Close China Office	\$0 .	\$(50,000)	0.0	\$0 .	\$0 .	0.0
Put Brand Image Marketing Activities on Hold	0 ..	(437,329)	0.0	0 ..	0 ..	0.0
Decrease Funding for the Center for Entrepreneurship	0 ..	(300,000)	0.0	0 ..	0 ..	0.0
Kansas Commission on Disability Concerns Reduction	(5,600)	(5,600)	0.0	0 ..	0 ..	0.0
Discontinue "List Serve" Program	(5,692)	(5,692)	0.0	0	0	0.0
<b>TOTAL</b>	<b>\$(11,292)</b>	<b>\$(798,621)</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>



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***This was a House item and no action was taken by the Committee.***

**D. Kansas Quick Careers (Senate Committee).** The Senate Committee recommended review of the Kansas Quick Careers (KQC) training program during Omnibus. KQC is designed to provide the healthcare, manufacturing technology, information technology/office occupations and construction industry with highly skilled workers through a collaborative partnership with industry representatives, local colleges and other community-based organizations in designing customized training that respond to market needs. The Urban League of the MidPlains, along with its partners, is requesting \$2.2 million over the next four years to fund the program, beginning in FY 2007.

The Senate Committee recommended the Department of Commerce work with the Urban League of the MidPlains and committee members to determine if there are funding sources for this program within existing workforce training dollars.

The agency met with the Urban League of the Midplains to review Kansas Quick Careers. The agency has noted that the program has proven results from another state, significant local buy-in and serves Workforce Investment Act (WIA) eligible youth. The agency believes it can cover the costs of the program, an estimated \$452,544 in FY 2007, through WIA set-aside dollars and local funds. The agency noted that the state board, the Workforce Network of Kansas, and the local workforce investment board would need to approve the program before the dollars could be committed to KQC. The agency anticipates approval of the program in late summer or early fall of this year.

***The Committee reviewed this item and recommended funding Quick Careers from existing resources in FY 2007.***

**E. House Substitute for SB 475 – State Affordable Airfare Fund (Governor). House Sub. for SB 475** creates the \$5,000,000 State Affordable Airfare Fund, administered by the Department of Commerce. Moneys will be transferred to the Fund from the State General Fund or special revenue funds subject to appropriations and will be used to fund the program to provide more air flight options, more competition for air travel and affordable air fares for Kansas, including a regional airport in western Kansas. To fund the program for FY 2007, an appropriation in the Omnibus bill would be needed.

Funds will be distributed through an annual grant by the Department of Commerce to the Regional Economic Area Partnership (REAP) based on a match of 25.0 percent from local units of government or private entities and 75.0 percent from the State Affordable Airfare Fund.

Starting in January 15, 2008, REAP is required to evaluate and present a report to the House Committee on Appropriations and the Senate Committee on Ways and Means at the beginning of each regular session of the Legislature. In addition, REAP is required to submit a report on the expenditures of the annual grant and local matching funds, as well as the results of such expenditures, to the Legislature.

Beginning during the 2006 Legislative Interim, the Legislative Budget Committee is directed to study and review the activities of REAP.

***The Committee reviewed this item but took no action.***

**F. GBA No. 1, Item 4, Page 3—Spirit Aerosystems.**

***The Committee concurred with GBA No. 1, Item 4, which makes a technical adjustment to reportable expenditures in FY 2006 and FY 2007.***

**Kansas, Inc.**

**A. Kansas Center for Entrepreneurship and Kansas Bioscience Authority Evaluations**

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**(Senate Committee and House Committee).** The House and Senate Committees recommended review of the agency enhancement request for \$25,000 from the Economic Development Initiatives Fund (EDIF) to complete statutorily required evaluations of the Kansas Center for Entrepreneurship and the Bioscience Authority during Omnibus. The Governor funded the enhancement request from the Kansas, Inc. Private Fund instead of the EDIF. The agency expressed concern about the funding precedent set by the recommendation.

***The Committee shifted expenditures of \$25,000 for statutorily required evaluations from special revenue funds to the State General Fund in FY 2007.***

### **Economic Development Initiatives Fund (EDIF)**

**A. SB 388—Biodiesel Fuel Producer Production Incentive (Governor).** **SB 388**, as amended, establishes a biodiesel fuel producer production incentive in the amount of \$.30 for each gallon of biodiesel fuel sold by a Kansas qualified biodiesel fuel producer, as defined by the bill. The incentive is payable to a producer from the Kansas Qualified Biodiesel Fuel Producer Incentive Fund (Incentive Fund) which will be created by the bill in the state treasury.

The bill requires the Director of Accounts and Reports to transfer \$437,500 on April 1, 2007 from the State Economic Development Initiatives Fund (EDIF) to the Incentive Fund. Also, on July 1, 2007, and every quarter thereafter, the Director of Accounts and Reports will transfer \$875,000 from the EDIF to the Incentive Fund. The Secretary of Revenue would make the payments to the producers upon a filing by the producer of a form furnished by the Department of Revenue. Moneys remaining in the Fund upon expiration of the act would be credited by the State Treasurer to the EDIF. In the event funds from the EDIF are insufficient, then funds would be transferred from the State General Fund.

The bill authorizes the Secretary of Revenue to adopt rules and regulations necessary to administer the provisions of the bill. Those rules and regulations will include the development of a procedure for the payment of the production incentive on a pro rata basis.

Finally, the bill provides for a sunset of the incentive program on July 1, 2016.

Under current law, all EDIF has been appropriated. The bill will reduce available EDIF appropriated to state agencies by \$437,500 on April 1, 2007. Agencies that have not expended or encumbered all of their appropriated funds by that date will face a shortfall.

***The Committee transferred \$437,500 from the State General Fund to the Kansas Qualified Biodiesel Fuel Producer Incentive Fund established in SB 388 - which concerns Qualified Biodiesel Fuel Producer Incentive in FY 2007.***

### **State Library**

**A. Tutor.Com (Conference Committee).** The Conference Committee on **SB 480** recommended a reduction of \$265,000 from the State General Fund for the Tutor.com enhancement in FY 2007 and recommended review of this item during Omnibus. The House Committee asked that the Department of Education study the enhancement to determine its suitability, as well as the appropriateness of funding the item in the State Library budget, as opposed to the Department of Education budget. The agency will provide additional information on this item.

***The Committee added \$265,000 from the State General Fund for Tutor.com in FY 2007.***

**B. Talking Books Service Program (Conference Committee).** The Conference Committee on **SB 480** recommended Omnibus review of an additional \$75,000 from the State General Fund in FY 2007 for the Talking Books Service. The Talking Books Service provides

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services to more than 7,000 Kansans who are unable to use standard print due to physical impairments, including vision loss, paralysis, or reading disabilities. This includes books and magazines in recorded and Braille formats. The recorded materials and playback equipment provided are delivered to the patron's home through the U.S. Postal Service. The enhancement was requested to maintain the current program. The current approved appropriation in FY 2006 and FY 2007 for the Talking Books Service is \$386,105 from the State General Fund.

**The Committee added \$75,000 from the State General Fund for the Talking Books Service Program in FY 2007.**

**Department of Agriculture**

**A. Vehicle for High Hazard Dam Inspections (House Committee).** The House Committee recommended a review the addition of \$20,000 from the State General Fund to purchase a vehicle for high hazard dam inspections in FY 2007. The Conference Committee on **SB 480** added \$255,000 from the State General Fund and 3.0 FTE positions for high hazard dam inspections in FY 2007.

**The Committee added \$20,000 from the State General Fund in FY 2007 to purchase a vehicle for high hazard dam inspections.**

**Social and Rehabilitation Services**

**A. Hourly Rates for Persons Providing Medicaid Waiver Services (House Committee).** The House Committee requested information during Omnibus on hourly rates for direct care staff who provide services to developmentally disabled persons living in the community. In particular, the Committee requested information about the amounts of funding added in the last five years and how that money was incorporated into the formula used to distribute funds.

In the early years of the Developmental Disability (DD) Waiver (1992-1995), tiered reimbursement rates were based on a formula that used the salary and benefits paid to the direct care staff times the number of direct care staff hours that were to be provided to each person served. The 1995 DD Reform Act required SRS to perform an independent, professional review of the (reimbursement) rate structures on a biennial basis. Once these reimbursement rate reviews were established, the use of the formula was discontinued. The agency indicates that the formula used 10 years ago can no longer be compared to current wages. In the 2005 Session of the Legislature additional funds for DD Waiver reimbursement rate increases were appropriated for FY 2006. These funds were distributed based on the recommendations contained in the Public Consulting Group rate study, not the formula previously used by the agency.

The following shows the direct care salary and wage findings from recent reimbursement rate studies compared with increased reimbursement rates for the DD Waiver:

<b>Comparison of Direct Care Salary Increases With DD Waiver Rate Increases</b>				
Fiscal Year	Reimbursement Rate Increases	Percent Increase	Average Direct Care Salary	Percent Increase
2001 <b>A</b>	\$0	0.00%	\$8.61	
2002	\$0	0.00%	-	
2003	\$0	0.00%	-	
2004 <b>B</b>	\$0	0.00%	\$8.71	1.13%
2005	\$0	0.00%	<b>C</b>	
2006	\$7,500,000	3.38%	-	

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Notes:

- A. Salary data from Myers and Stauffer Review of Rate Structure for Community Developmental Disabilities. The amount shown equals all amounts paid for day and residential services direct care salaries divided by hours worked.
- B. Salary data from Public Consulting Group Review of Rate Structure for Community Developmental Disability Services from the Executive Summary.
- C. Myers and Stauffer are currently completing the newest rate review due to be completed in the Fall 2006.

According to the agency, the DD Reimbursement Rate Study currently underway will be expanded to include gathering data on the salaries and benefits paid to direct care staff in community-based services for FY 2006. This will provide an assessment of the extent to which direct care salaries and benefits were increased as a result of the FY 2006 appropriation for that purpose.

***This was a House item and no action was taken by the Committee.***

**B. Issues Regarding Level V and Level VI Services (House Committee).** The House Committee recommended Omnibus review of recommendations and conclusions from the special Appropriations Subcommittee on Level V and Level VI services. The Subcommittee will be meeting when the Committees return for Omnibus and will make recommendations at that time.

***This was a House item and no action was taken by the Committee.***

**C. Temporary Assistance for Needy Families (TANF) Block Grant Funding Issues (House Committee).** The House Committee recommended Omnibus review of the Temporary Assistance for Needy Families (TANF) block grant. Specifically, the Committee requested an analysis of spending from this source over the last five years, the potential impact of federal budget activities and a forecast for spending in the future.

The following table details the TANF Block Grant revenue, transfers, expenditures, and balances. The estimates for fiscal years 2008 and 2009 assume no changes except an allowance for a two percent growth in administrative expenses reflecting fringe benefit and normal operating cost increases. The agency estimates that the Temporary Assistance for Families (TAF) caseload will decrease; however, the TAF cash assistance estimate is held constant, as the Spring 2006 consensus estimates had not occurred when this information was prepared. In addition, the anticipated federal regulations on work participation arising from the Deficit Reduction Act of 2005 will not be issued until June 2006, thus, no change is assumed in TAF Employment Services. Descriptions of the items are included in information provided separately.

**TANF Transfers and Expenditures  
State Fiscal Years 2001 - 2009  
(in millions)**

Item	FY 01 Actual	FY 02 Actual	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Approved	FY 07 Approved	FY 08 Est	FY 09 Est
<b>Beginning Balance</b>	\$5.6	\$13.1	\$18.3	\$16.2	\$17.2	\$7.2	\$5.3	(\$0.1)	(\$5.7)
<b>Revenue</b>									
Block Grant Award	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9
High Performance Award	--	--	--	10.2	--	--	--	--	--
Child Support Enforcement Penalty	--	--	--	(0.8)	--	--	--	--	--

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Subtotal - Revenue	\$101.9	\$101.9	\$111.3	\$101.9	\$101.9	\$101.9	\$101.9	\$101.9	\$101.9
		\$101.9	3						
<b>Transfers</b>									
Transfer to Child Care Development Fund (CCDF)	(\$8.6)	(\$15.6)	(\$14.6)	(\$20.0)	(\$15.7)	(\$19.9)	(\$21.3)	(\$21.3)	(\$21.3)
Transfer to Social Services Block Grant (SSBG)	(10.2)	(10.2)	(10.2)	(4.3)	(4.3)	(4.3)	(7.2)	(7.2)	(7.2)
Workforce Development	--	--	--	--	--	(0.5)	(0.5)	(0.5)	(0.5)
Subtotal - Transfers	(\$18.8)	(\$25.8)	(\$24.8)	(\$24.3)	(\$20.0)	(\$24.7)	(\$29.0)	(\$29.0)	(\$29.0)
Total Available	\$88.7	\$89.2	\$95.4	\$103.3	\$99.2	\$84.4	\$78.2	\$72.9	\$67.2
<b>Expenditures</b>									
Central Office Adm Information Technology	\$1.8	\$1.8	\$1.7	\$1.9	\$2.3	\$2.0	\$2.0	\$2.1	\$2.1
Field Operations	0.4	0.8	1.1	1.1	0.7	1.1	1.1	1.1	1.1
Teen Pregnancy	9.0	10.2	11.1	10.1	9.9	10.8	10.6	10.8	11.1
Domestic Violence Prev	0.2	0.2	--	--	--	--	--	--	--
Substance Abuse	0.7	0.6	1.2	1.0	1.4	1.4	1.4	1.4	1.4
TAF Cash Assistance	0.6	0.6	1.0	1.4	1.7	1.4	1.4	1.4	1.4
TAF Employment Services	14.2	18.7	23.8	29.7	35.1	37.7	39.2	39.2	39.2
Community Funding	7.6	8.0	9.8	12.5	11.1	12.4	12.4	12.4	12.4
Family Preservation	--	0.1	--	0.3	--	--	--	--	--
Permanent Guardianship	7.2	5.6	4.8	3.8	4.2	5.2	5.2	5.2	5.2
Foster Care	--	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Contracts	33.9	24.1	24.4	24.1	25.1	7.0	4.8	4.8	4.8
Subtotal - Expenditures	\$75.6	\$70.9	\$79.1	\$86.0	\$91.9	\$79.1	\$78.3	\$78.5	\$78.8
<b>Ending Balance</b>	\$13.1	\$18.3	\$16.2	\$17.2	\$7.2	\$5.3	(\$0.1)	(\$5.7)	(\$11.6)

*This was a House item and no action was taken by the Committee.*

**D. Child Welfare Services Funding (House Committee).** The House Committee recommended Omnibus review of funding for child welfare services to include potential impacts from federal budget activity, the structure of payments under new contracts effective July 1, 2005, and information on the potential impact of federal deferrals currently in process or being considered.

**Impacts of Federal Budget Decisions.** The Deficit Reduction Act of 2005 restricts federal Title IV-E Foster Care funds used for the case management of children living with relatives. Under the former law, states could claim federal foster care funds for the administration and case management costs of children placed in the home of an unlicensed relative, psychiatric or medical hospitals, and other health care institutions.

The budget reconciliation bill prevents states from claiming federal funds for managing cases

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pursing licensing beyond 12 months or the normal licensing period in a state, whichever is shorter. In addition, the bill limits federal administrative funds to one month to help children transition from institutional care. The effective date for this provision is retroactive to October 2005.

According to the agency, this change will result in a federal funds loss of \$8,850,000 in FY 2006, and \$11,800,000 in FY 2007. A Governor's Budget Amendment is being requested to address these issues.

**Payment Structure of new Child Welfare Contracts.** The payment structure for the Child Welfare, Community-Based Out-of-Home contracts was revised in July 2005. Reimbursement for out-of-home placement services is a monthly rate consisting of three tiers dependent on the length of time the child has been in an out-of-home placement. Tier 1 is paid for the first six months of placement, Tier 2 is paid for the second six months, and Tier 3 is paid for month 13 forward. The rates descend by tier, a feature designed to provide the contractors with an incentive to achieve the appropriate permanency for children as rapidly and safely as possible.

The payment structure for out-of-home placement services provided by the Family Preservation Contractors is similar to the above. The only differences are Tier 1 is paid for only the first three months and the rates vary based on contract negotiations.

**Impact of Federal Deferrals.** The Centers for Medicare and Medicaid Services (CMS) continues to defer child welfare behavior management services. Under the managed care agreement, SRS Medicaid claims were significantly reduced. The reductions were based on eligibility restrictions for behavior management services and the rates allowed for these services. SRS abandoned the managed care agreement in July 2005, coincident with the new child welfare contracts, and moved to a fee-for-service reimbursement authorized by the Kansas Medicaid State Plan. However, CMS continues to defer these Medicaid claims.

The following table outlines the outstanding deferral amounts for which a budget amendment will be requested. The deferral amounts decrease due to the enforcement of the time limits for Level V and Level VI services. The slight increase in FY 2007 reflects caseload growth.

Quarter Affecting SRS	Quarter of Deferral	Deferred Amount	Less: Budgeted Amounts	Deferral Shortfall
<b>FY 2006</b>				
Jul-Sep 2005	Jan-Mar 2005	\$3,992,611	(\$3,992,611)	\$0
Oct-Dec 2005	Apr-Jun 2005	4,827,410	(4,827,410)	0
Jan-Mar 2006 est	Jul-Sep 2005	1,500,000	--	1,500,000
Apr-Jun 2006 est	Oct-Dec 2005	1,500,000	--	1,500,000
Total		\$11,820,021	(\$8,820,021)	\$3,000,000
<b>FY 2007</b>				
Jul-Sep 2006 est	Jan-Mar 2006	\$1,089,663	--	\$1,089,663
Oct-Dec 2006 est	Apr-Jun 2006	1,111,149	--	1,111,149
Jan-Mar 2007 est	Jul-Sep 2006	1,189,627	--	1,189,627
Apr-Jun 2007 est	Oct-Dec 2006	1,258,347	--	1,258,347
Total		\$4,648,786		\$4,648,786

***This was a House item and no action was taken by the Committee.***

**E. Parenting Education Program Proposal (House Committee).** The House Committee recommended Omnibus consideration of a parenting education program proposed by the Savannah Family Institute for its potential to be used with the child welfare population to reinforce family relationships and assist with reintegration. According to information provided by the Institute, "Parenting with Love and Limits" is a parenting education program integrating principles of structural family therapy into a 6-week program for juvenile delinquent populations with oppositional defiant or conduct disorders. A Family Therapy Aftercare program is also available. The program is

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designed to provide parents with specific tools and techniques to reestablish the parents' rulemaking ability and restore nurturance to the parent-child relationship. The cost of the program would depend on the number of families to be served but would range from \$28,000 to \$41,000 per site with a recommendation of three sites in Kansas. The Institute provided information showing projected savings to the state due to reduced recidivism among youth and the ability to receive Medicaid reimbursement for service costs.

***This was a House item and no action was taken by the Committee.***

**F. Access to Mental Health Service Providers (House Committee).** The House Committee requested information on the agency's progress towards compliance with the federal requirement that Medicaid beneficiaries have access to any willing, qualified provider to receive mental health services. Concerns have been expressed that not all beneficiaries have appropriate access to services, particularly in some areas of the state, and that additional providers would help alleviate this situation. According to testimony, the agency is in negotiations with the community mental health system to allow access to providers outside the Community Mental Health Center (CMHC) system for youth in the child welfare system through the use of the youth's medical card. The agency believes progress made in this area will allow the agency to move to this concept in non-custody cases to improve access. One option to address past concerns about increasing costs to the Medicaid program and a loss of control over spending in the mental health system if additional providers are allowed to provide mental health services, is a requirement that providers must affiliate with CMHCs to be able to participate which would allow the CMHCs to manage the mental health system. Information to be provided includes an update on efforts made to resolve these issues, where the development process stands and suggestions on tools to reinforce the message to the community mental health system that progress on the issue of access is needed. The agency will provide information on this item in a separate memo during the Omnibus session.

***This was a House item and no action was taken by the Committee.***

**G. "Money Follows the Person" Proviso (House Committee).** The House Committee recommended an Omnibus review of issues concerning the "Money Follows the Person" proviso which redirects funding for nursing facilities into home and community based services waivers when a person with physical disabilities or a frail elderly person leaves a nursing facility and returns to the community. In particular, the Committee requested information regarding the limitation on the number of people for whom this shifting is required and the fiscal impact of this policy over the last several years. **SB 218**, which would place this provision into statute, is currently under consideration in the Senate Ways and Means Committee.

The appropriations bills for FY 2004 and 2005 contained a proviso that authorized the transfer of funds from nursing facility services to the physical disability (PD) waiver to fund community services for, at most, 75 persons who chose to return home. In FY 2004, twenty-five (25) persons moved from nursing homes to the community with services funded by the PD Waiver. The total amount transferred to SRS community based services for these individuals was \$151,168 from the State General Fund. In FY 2005, thirty-seven (37) persons took advantage of this proviso and \$284,817 from the State General Fund was transferred to the PD Waiver. The amount transferred was for the first fiscal year the person moved. On-going funding to support these persons in the next fiscal year was covered by the overall PD Waiver appropriation.

The FY 2006 proviso allows for the movement of eighty (80) individuals from nursing facilities to home and community-based services. As of March 2006, SRS has confirmed that 41 individuals have moved from a nursing facility to community based services funded with the PD waiver. It appears that 80 individuals may transition in FY 2006. The FY 2007 cost of serving the 41 persons transferred thus far in FY 2006 is about \$617,000, including \$243,335 from the State General Fund, which will be funded out of the approved PD waiver appropriation.

***This was a House item and no action was taken by the Committee.***

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**H. Use of Federal Reimbursements for General Assistance and Medikan Services (House Committee).** The House Committee requested information during Omnibus from SRS and the Division of Health Policy and Finance (DHPF) on the flow of federal reimbursements for services provided to MediKan and General Assistance clients and how the funding is being used. Concern was expressed about the effect of the split between SRS and DHPF and the presumptive eligibility process on the KLS contract.

The federal reimbursement for General Assistance and MediKan are deposited in the respective SRS and DHPF Fee Funds. These reimbursements are not budgeted directly to fund General Assistance cash assistance or MediKan services, rather, they are used as general purpose state funds to reduce the State General Fund need. The majority of the reimbursement is on behalf of medical services: annually, approximately \$6 million is reimbursed for medical assistance as compared with \$1.8 million for cash benefits. Under the assumption that the Presumptive Medicaid Disability Determination policy will commence as planned, SRS is submitting a requested Governor's Budget Amendment to shift the funding for the disability advocacy contract to the Health Policy Authority.

The basis for the requested shift lies in the Kansas Health Policy Authority's new responsibility to perform Presumptive Medicaid Disability Determination determinations. The first step in the Presumptive Medicaid Disability process will be an assessment by the Authority to evaluate the client's eligibility for Medicaid based on federal disability standards. The medical information gathered during the assessment will be critical in the sequential phase - developing the client's case for federal disability eligibility. Securing federal disability eligibility follows directly from the assessment; therefore, the agency believes it would be inefficient to shift this process to SRS after the Presumptive Medicaid Disability Determination. Under the requested budget amendment, the disability advocacy costs will be managed by the Authority as a natural extension of the Presumptive Medicaid Disability Determination.

*This was a House item and no action was taken by the Committee.*

**I. Effect of Implementation of Presumptive Disability on Persons with Mental Illness (House Committee).** The House Committee requested definitive answers during Omnibus regarding plans for implementation of a presumptive disability determination process at the Division of Health Policy and Finance (DHPF), particularly as it relates to addressing the needs of people with mental illness who are not presumed eligible under the new system. SRS and DHPF were directed to assess the impact of the presumptive disability process on the mentally ill, develop a plan to address the needs of this population, and report information on the impact of the initiative on the General Assistance program and the current process for receiving federal disability determinations.

One of the purposes of establishing the Presumptive Medicaid Disability Determination program is to align the General Assistance and MediKan programs with the intent of the 1993 Legislature, which sought to design a transitional program for those considered eligible for federal disability benefits. In addition, the new process will help provide more immediate access to Medicaid benefits for those who meet federal disability criteria. SRS will work with those customers not presumed disabled in accessing other services on a case-by-case basis depending on their needs. This may include determining eligibility for other available benefits such as food stamps, making referrals to the local community mental health center for services and for aid through the community medication prescription program, linking the individual with the local workforce development center for employment services, providing referrals to vocational rehabilitation (although services may be limited by waiting lists), and linking the individual with local helping agencies. Those who are not presumed disabled and who join the general population served by the public mental health system should need services to a lesser degree since the presumptive determination is accurate in identifying clients with the most severe disabilities. Maintaining the current level of health coverage to those not presumed disabled would be equivalent to reinstating the MediKan Program.



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The Presumptive Medicaid Disability Determination policy will impact the General Assistance Program in several ways:

1. The policy is expected to reduce the General Assistance caseload, as shown by the following table:

**General Assistance Caseload  
Current Policy vs Presumptive Medicaid Disability  
Determination Policy  
Average Monthly Persons**

Item	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate
Current Policy	4,750	4,750	4,750
Presumptive Medicaid Disability Determination	3,911	2,929	2,040
Cumulative Reduction	(839)	(1,821)	(2,710)
Percent Reduction	(17.7)%	(38.3)%	(57.1)%

2. A more comprehensive medical plan will be provided to those who are presumed disabled and remain eligible for General Assistance, since they will receive full Medicaid services.

3. Eligibility for General Assistance will depend on the applicant's medical status to a greater degree, and will be tested in a more accurate manner, than the current incomplete process.

4. The population to be assisted with securing federal disability will be reduced to those most likely to obtain federal disability benefits. This should improve the efficiency of the federal disability advocacy contractor who will pursue federal disability eligibility for a smaller group with medical documentation.

The retroactive federal reimbursement for cash assistance issued to clients determined eligible for federal disability benefits will not change. Currently, the Social Security Administration sends the agency a list of clients who obtain federal disability. General Assistance clients who have become eligible for federal disability benefits are matched against this list. SRS will continue to receive federal reimbursement for cash benefits issued to clients during their application for federal disability. This process will not change, nor should the reimbursement total change significantly.

***This was a House item and no action was taken by the Committee.***

**J. Effect of Federal Deficit Reduction Act of 2005 (House Committee).** The House Committee requested information during Omnibus on the anticipated impacts on the agency from the federal Deficit Reduction Act of 2005 enacted this year. The following tables detail the estimated fiscal impact of each of the Congressional actions over the next five fiscal years.

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Changes That Will Affect SRS	All Funds					5-Year Impact
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	
Repeal the Authority to Use Child Support Incentives as State Match	\$0	\$0	(\$5,830,000)	(\$5,830,000)	(\$5,830,000)	(\$17,490,000)
Reduced Match Rate for Child Support Paternity Testing	(\$45,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$285,000)
Restrict the Assignment of Child Support for TANF Families	\$0	\$0	\$0	\$0	(\$500,000)	(\$500,000)
Restrict Federal Foster Care (Title IV-E) Administration Funding for Children in Unlicensed Relative and Other Placements	(\$8,850,000)	(\$11,800,000)	(\$11,800,000)	(\$11,800,000)	(\$11,800,000)	(\$56,050,000)
Increase in Child Welfare (Title IV-B) Funding	\$163,000	\$217,000	\$217,000	\$217,000	\$217,000	\$1,031,000
Increase in Child Care Federal Funding	\$1,058,845	\$1,411,793	\$1,411,793	\$1,411,793	\$1,411,793	\$6,706,017
Total	(\$7,673,155)	(\$10,231,207)	(\$16,061,207)	(\$16,061,207)	(\$16,561,207)	(\$66,587,983)

The following table presents the maximum penalties and federal funding reductions that may result from Congressional legislation. All amounts are in millions of dollars.

Changes Potentially Affecting SRS	All Funds					5-Yr Impact
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2006	
TANF High Performance Bonus Eliminated	--	(\$5.0)	(\$5.0)	(\$5.0)	(\$5.0)	(\$20.0)
Maximum Penalty for failing TANF Work Participation Requirements:						TANF Block Grant Loss
	--	(\$5.1)	(\$7.1)	(\$9.2)	(\$11.2)	(\$32.6)
	--	--	(\$5.1)	(\$7.1)	(\$9.2)	(\$21.4)
Subtotal	--	(\$5.1)	(\$12.2)	(\$16.3)	(\$20.4)	(\$54.0)
Maximum Penalty for Failing to Comply with TANF Work Activity Verification Requirements:						TANF Block Grant Loss
	--	(\$5.1)	(\$5.1)	(\$5.1)	(\$5.1)	(\$20.4)
	--	--	(\$5.1)	(\$5.1)	(\$5.1)	(\$15.3)

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Subtotal	--	(\$5.1)	(\$10.2)	(\$10.2)	(\$10.2)	(\$35.7)
Vocational Rehabilitation Literacy Grant	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)
<b>Total</b>	<b>(\$0.2)</b>	<b>(\$15.4)</b>	<b>(\$27.6)</b>	<b>(\$31.7)</b>	<b>(\$35.8)</b>	<b>(\$110.7)</b>

***This was a House item and no action was taken by the Committee.***

**K. Community Support Medication Program Growth (House Committee).** The House Committee requested information about past and future growth in the Community Support Medication program. The 2006 Legislature added \$300,000 in FY 2006 and \$250,000 from the State General Fund in FY 2007 in **SB 480** which was passed earlier in the session. The Governor had recommended an additional \$250,000 in FY 2007 for the program. Total program funding with these additional appropriations is \$1.1 million in FY 2006 and \$1.3 million in FY 2007, all from the State General Fund.

According to the agency, Community Support Medication Program expenditures are expected to increase in the remainder of FY 2006 and for all of FY 2007 as a result of recent program expansions covering additional medications and extending the length of the enrollment period. The additional appropriation provided by the Legislature will create savings in FY 2006 which can be used to assist with the sustained program growth that is expected in FY 2007.

The agency anticipates additional utilization of the Community Support Medication Program with the implementation of Presumptive Medicaid Disability Determination at the Division of Health Policy and Finance. Under Presumptive Medicaid Disability Determination, persons who do not meet the presumptive disability criteria will not have coverage for their psychotropic medications. A preliminary estimate of the cost for all pharmaceuticals for persons with mental health needs who might not be found to be presumptively eligible is about \$700,000. The additional funds appropriated by the Legislature for the Community Support Medication Program may not be sufficient to support the anticipated psychotropic medication costs of these persons. However, a more reliable estimate of the impact is not possible until Presumptive Medicaid Disability Determinations are completed.

***This was a House item and no action was taken by the Committee.***

**L. Addressing Visitation Issues in Child Support Enforcement Cases (Conference Committee).** The House Committee of the Whole inserted a proviso into the appropriations bill for FY 2007 to require SRS to dedicate at least three phone lines at the proposed Child Support Enforcement Customer Service Center to addressing concerns regarding visitation issues. This provision was removed during conference negotiations with an agreement that the visitation issues could be addressed during Omnibus. Specifically, the Conference Committee on **SB 480** requested information on options to address visitation issues in the Child Support Enforcement process because visitation issues are often involved in efforts to collect support from non-custodial parents.

According to the agency, use of federal Title IV D Child Support funding for visitation services is prohibited. In the past, the federal government provided grants to states to provide a variety of visitation services. Several years ago, SRS worked with Kansas Legal Services (KLS) to write a grant to provide advice and legal services to non-custodial parents concerning visitation issues. SRS received the funds as required by federal regulations and passed the funds to KLS who provided services. Grant funding ended after one year and is no longer available.

Currently, grant funds for Access and Visitation are received and administered by the Governor's Office of Federal Grants Administration. Grant funds are to be used to establish and administer programs to support and facilitate non-custodial parent visitation of their children. Funds are distributed by the Governor's Office to groups like the YMCA to physically monitor visits between children and parents who may have a propensity toward violence, drug use, or some other potentially harmful behavior. SRS has no oversight of the award.

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***This was an information item and no action was taken by the Committee.***

**M. Spring Consensus Caseload Estimates and GBA No. 1, Item 9, Page 6.**

Representatives of the Division of the Budget, the Legislative Research Department, the Department of Social and Rehabilitation Services, the Division of Health Policy and Finance and the Department of Aging met on April 12, 2006, to revise the FY 2006 and FY 2007 Consensus Caseload estimates made in October 2005. The Spring Consensus Caseload Estimates for FY 2006 are a decrease of \$26.7 million from all funds, including \$4.4 million from the State General Fund, from the currently approved budget. Regular Medical services previously reported under SRS are now split between that agency and the Division of Health Policy and Finance at the Department of Administration under the provisions of **2005 SB 272**. The decrease in Nursing Facilities expenditures reflects a lower than anticipated number of individuals served. The reduction in the Temporary Assistance to Families program reflects fewer persons seeking assistance. All funds reductions in the Regular Medical budget at SRS largely reflect a re-estimation of services at Community Mental Health Centers based on more precise data. FY 2006 changes occur in the programs as follows:

**Spring Consensus Caseload Adjustments**

	FY 2006	
	All Funds	SGF
Nursing Facilities	\$(10,620,000)	\$(4,188,528)
Nursing Facilities - Mental Health	(500,000)	(395,000)
Temporary Assistance for Families	(2,500,000)	0
General Assistance	0	0
Regular Medical Assistance - Division of Health Policy and Finance	0	0
Regular Medical Assistance - Social and Rehabilitation Services	(15,092,761)	(734,517)
Reintegration/Foster Care	2,000,000	968,878
<b>TOTAL</b>	<b><u>\$(26,712,761)</u></b>	<b><u>\$(4,349,167)</u></b>

The Spring Consensus Caseload Estimates for FY 2007 are a decrease of \$27,253,552 from all funds, including \$8,210,323 from the State General Fund from the currently approved budget. As in FY 2006, the decrease in Nursing Facilities expenditures reflects lower than anticipated number of individuals served. The reduction in the Temporary Assistance to Families program reflects fewer persons seeking assistance. Also, all funds reductions in the Regular Medical budget at SRS reflect a re-estimation of services at Community Mental Health Centers based on more precise data and moderate adjustments to other regular medical services provided to individuals receiving SRS services. FY 2007 changes occur in the programs as follows:

	FY 2007	
	All Funds	SGF
Nursing Facilities	\$(3,600,000)	\$(1,429,560)
Nursing Facilities - Mental Health	(575,000)	(457,250)
Temporary Assistance for Families	(5,000,000)	0
General Assistance	(1,100,000)	(1,100,000)
Regular Medical Assistance - Division of Health Policy and Finance	0	0
Regular Medical Assistance - Social and Rehabilitation Services	(16,978,552)	(5,223,513)
Reintegration/Foster Care	0	0
<b>TOTAL</b>	<b><u>\$(27,253,552)</u></b>	<b><u>\$(8,210,323)</u></b>

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*The Committee concurred with GBA No. 1, Item 9, for the SRS caseloads for FY 2006 which reduces expenditures by \$16.1 million including \$160,639 from the State General Fund and deleted \$23.7 million including \$6.8 from the State General Fund to reflect adjusted caseloads for SRS programs in FY 2007.*

**N. GBA No. 1, Item 10, Page 7—Presumptive Disability.**

*The Committee concurred in part with GBA No. 1, Item 10, which transfers the Kansas Legal Services contract to the Health Policy Authority and transfer an additional \$150,000 to reflect additional funding for the contract in SB 480 in FY 2007.*

**O. GBA No. 1, Item 14, Page 9—Extended Stays in Level V and VI Facilities.**

*The Committee concurred with GBA No. 1, Item 14, to add \$799,188 from the State General Fund in FY 2006 for Level V and Level VI residential services and to add \$854,078 from the State General Fund in FY 2007 to address expenses associated with youth who remain in Level V and Level VI residential facilities beyond the day limit allowed under Medicaid.*

**P. GBA No. 1, Item 15, Page 10—Federal Title IV-E Shortfall.**

*The Committee concurred with GBA No. 1, Item 15, to add \$8.85 million from the State General Fund and reduce the same amount from special revenue funds in FY 2007 to reflect the loss of federal Title IV-E funds as a result of the federal Deficit Reduction Act of 2005.*

**Q. GBA No. 1, Item 16, Page 10—Medicaid Deferrals.**

*The Committee concurred with GBA No. 1, Item 16, to add \$3.0 million from the State General Fund to offset decreases in special revenue funds due to federal withholding of Medicaid funds for behavior management services in FY 2006 and add \$4.6 million from the State General Fund to address likely additional Medicaid reductions regarding child welfare in FY 2007.*

*The Committee recommended staff draft a letter to the Congressional Delegation to request that they write a letter to the Centers for Medicare and Medicaid Services on behalf of the Committee regarding Medicaid reductions.*

**R. GBA No. 1, Item 17, Page 11—Child Care Assistance.**

*The Committee concurred with GBA No. 1, Item 17, to add \$2.9 million from special revenue funds to address increased child care assistance costs in FY 2006 and to add \$5.1 million from special revenue funds to address increased child care costs in FY 2007.*

**S. GBA No. 1, Item 18, Page 11—Physically Disabled Waiver.**

*The Committee concurred with GBA No. 1, Item 18, to add \$3.0 million including \$1.2 million from the State General Fund to address the waiting list on the Home and Community Based Services waiver for the Physically Disabled in FY 2006 and to add \$6.8 million including \$2.7 million from the State General Fund in FY 2007 to the currently approved budget to address the waiting list for the Home and Community Based Services waiver for persons with physical disabilities.*

**T. GBA No. 1, Item 19, Page 12—Independent Living Center Support.**

*The Committee concurred with GBA No. 1, Item 19, to add \$250,000 from the State General Fund in FY 2007 to the currently approved amount for grants to Independent Living Centers.*

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### **U. GBA No. 1, Item 20, Page 12—Pre-K Pilot Initiative.**

*The Committee concurred with GBA No. 1, Item 20, to add \$1.0 million from the State General Fund in FY 2007 for the new Pre-K Pilot Initiative.*

### **V. GBA No. 1, Item 21, Page 13—Medicare Part D Co-payments for Dual-Eligibles.**

*This item was addressed under the Kansas Health Policy Authority Section.*

### **W. GBA No. 1, Item 22, Page 13—FTE Position Correction.**

*The Committee concurred with GBA No. 1, Item 22, to delete 193.01 FTE positions in the bill to make a technical correction to the agency position limitation in FY 2006.*

## **Autism - Request for Funding a Program**

Chairman Umbarger recognized Senator Dennis Wilson who explained that Autism is a developmental mental disease with impairments and noted that early diagnosis of the disease could improve outcomes. It would reduce the long term financial costs for the State of Kansas. Committee discussion followed. The Kansas Department of Social and Rehabilitation Services was asked to research ages 3 - 12 years old Medicaid match for autism and report back to the Committee. Copies of the information from the Kansas Department of Social and Rehabilitation Services about Services for Children ages 0 - 5 – Early Childhood Intervention for Children with Autism Spectrum Disorders (Attachment 26).

*The Committee agreed to refer this item to the Senate Education Committee for their consideration.*

Copies of a letter from Secretary Gary Daniels of the Kansas Department of Social and Rehabilitation Services responding to questions raised by Senate Ways and Means and House Appropriations committee members during the Omnibus Session were distributed to the Committee (Attachment 27).

## **SRS Hospitals**

**A. Enterprise Application Rate Issues (Conference Committee).** The House Committee included language in the Mega bill to restrict the state hospitals from paying fees associated with the Enterprise Application Rate (EAR) in FY 2006 and FY 2007. The Committee expressed concern about the ability of the hospitals to pay additional fees in light of their current budget situation. No additional money was recommended by the Governor to pay these increased fees in FY 2006 or FY 2007. The Conference Committee on **SB 480** removed the language from the bill and agreed to review the issue during Omnibus.

Beginning in FY 2006, the Division of Information Systems and Communications (DISC) began assessing an Enterprise Application fee to all state agencies. This fee is \$3.75 per employee per payroll period. The rate supports the statewide accounting system (STARS), human resource system (SHARP), Budget Management System (BMS), and Debt Set-Off applications. According to the agency, there are 2,500 employees in the five State Hospitals. This results in an increase of \$217,000 per year in administrative costs and represents a 84 percent increase in fees paid to DISC over FY 2005.

*The Committee reviewed this item but took no action.*

**B. Medicare Part D Impact (House Committee).** The Budget Committee requested additional information during Omnibus regarding the effect new Federal Medicare Part D provisions

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will have on the state hospitals. Under the federal provisions, Medicare Part D will pay for prescription drugs for low-income seniors and persons with disabilities who are dually eligible. The impact of the federal changes depends on the type of hospital.

The agency indicates that because the acute inpatient care provided by the state mental health hospitals is covered under Medicare Parts A and B, Medicare Part D has a negligible impact on mental health hospitals.

The number of dually eligible residents who are affected by Medicare Part D is more significant at Developmental Disability hospitals. Approximately 68 percent of the residents at Kansas Neurological Institute (KNI) and Parsons State Hospital and Training Center (PSH) qualify as dual eligibles. At this point in time, State Developmental Disabilities (DD) Hospitals have experienced a savings in pharmaceuticals due to Medicare Part D. According to agency information, KNI and PSH have estimated approximate savings of \$342,000 and \$290,000 respectively in FY 2007. These savings at the state DD hospitals are not subject to Part D's "clawback" provisions which requires states to share their related savings with the federal government.

***This was a House item and the Committee took no action.***

**C. Teacher Salaries.** The Department of Education estimates an average statewide salary increase for teachers of 5.6 percent in FY 2006 and 3.0 percent in FY 2007. The education contracts in the FY 2006 and FY 2007 hospital budgets reflect no teacher salary increases for Parsons State Hospital and Training Center and Larned State Hospital from FY 2005. The Kansas Neurological Institute and Rainbow Mental Health Facility also have education contracts, but due to the nature of the contracts, adjustments are not necessary. The following table illustrates the State General Fund adjustments necessary to provide uniform salary increases across the institutions:

Percent Increase	Larned State Hospital	Parsons State Hospital and Training Center	TOTAL
0.50%	\$2,729	\$2,750	\$5,479
0.75%	4,094	4,125	8,219
1.00%	5,459	5,500	10,959
1.25%	6,823	6,875	13,698
1.50%	8,188	8,250	16,438
1.75%	9,552	9,625	19,177
2.00%	10,917	11,000	21,917
2.25%	12,282	12,375	24,657
2.50%	13,646	13,750	27,396
2.75%	15,011	15,125	30,136
3.00%	16,376	16,500	32,876
3.25%	17,740	17,875	35,615
3.50%	19,105	19,250	38,355
3.75%	20,469	20,625	41,094
4.00%	21,834	21,999	43,833
4.25%	23,199	23,374	46,573
4.50%	24,563	24,749	49,312
4.75%	25,928	26,124	52,052
5.00%	27,293	27,499	54,792

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5.25%	28,657	28,874	57,531
5.50%	30,022	30,249	60,271
5.75%	31,386	31,624	63,010
6.00%	32,751	32,999	65,750
6.25%	34,116	34,374	68,490
6.50%	35,480	35,749	71,229
6.75%	36,845	37,124	73,969
7.00%	\$38,210	\$38,499	\$76,709

**The Committee concurred to add \$21,834 from the State General Fund to fund teacher salary increases of an additional 4.0 percent in FY 2006 and FY 2007 at Larned State Hospital and add \$29,561 from the State General Fund to provide funding for a 5.4 percent teacher salary increase in FY 2006 and FY 2007 for Parsons State Hospital.**

**D. Categorical Aid.** For FY 2006, the budgeted school contracts for the institutions include categorical aid based on a rate of \$18,300 for Parsons State Hospital and Training Center and \$19,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. KNI has no expenditures for Special Education due to an agreement with USD 609 that the school district would continue to provide education programs for the students who live at KNI in exchange for the use of classrooms in the Wheatland Building for the education programs that the district provides to other Shawnee County school districts. The current FY 2006 categorical aid rate per eligible teaching unit is estimated to be \$20,500. If this rate is maintained, the school contracts for FY 2006 at the institutions would need adjustments. The table below identifies the State General Fund adjustments required:

Institution	FY 2006 Change
Parsons State Hospital and Training Center	\$16,004
Larned State Hospital	8,852
	TOTAL
	\$24,856

The current FY 2007 categorical aid rate per eligible teaching unit is estimated to be \$22,994. This rate is based on current law which may change based on Legislative activity this session. If this rate is maintained, the school contracts for FY 2007 at the institutions would need adjustments. The table below identifies the State General Fund adjustments required:

Institution	FY 2007 Change
Parsons State Hospital and Training Center	\$34,147
Larned State Hospital	23,569
	TOTAL
	\$57,716

**The Committee concurred to add \$8,852 from the State General Fund to reflect**



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***adjustments in the categorical aid rates related to the Larned State Hospital's education program in FY 2006; add \$23,569 from the State General Fund to reflect adjustments in the categorical aid rates related to the hospital's education program in FY 2007; add \$16,004 from the State General Fund to reflect adjustments in categorical aid rates related to the Parsons State Hospital's education program in FY 2006; and add \$34,147 from the State General Fund to reflect adjustments in categorical aid rates related to the hospital's education program in FY 2007.***

**Children's Initiatives Fund**

**A. Adjustment of Tobacco Receipts.** On April 11, 2006, staff from the Office of the Attorney General, the Division of the Budget, and the Legislative Research Department met to consider estimated payments for FY 2006 and FY 2007 from tobacco manufacturers pursuant to the Master Settlement Agreement. A downward adjustment of payments to states based on declining market shares of participating manufacturers will result in a lower than anticipated payment to Kansas on April 17, 2006. Based on the decisions of tobacco manufacturers regarding payment amounts, the estimated tobacco payments for FY 2006 have been revised downward from \$55.0 million to \$49.9 million, a decrease of \$5.6 million. Based on Children's Initiatives Fund (CIF) expenditures approved by the 2006 Legislature, the decreased revenues will result in a negative ending balance in the CIF of \$4,848,802 in FY 2006 and a negative balance of \$5,100,000 in FY 2007. The FY 2007 balance assumes that receipts in FY 2007 are unchanged from the original estimate.

*This was an information item.*

**B. GBA No. 1, Item 13, Page 9—Children's Initiatives Fund/KEY Fund.**

Staff provided information regarding the Kansas Endowment for Youth (KEY) Fund Summary status ([Attachment 28](#)).

***Concurred with GBA No. 1, Item 13, which transfers \$4,405,845 in FY 2006 from the State General Fund to the Kansas Endowment for Youth (KEY) Fund to replace a shortfall in anticipated tobacco payments.***

**Larned State Hospital**

**A. Census Estimate for Combined Campus (House Committee).** The House Committee requested information during Omnibus regarding the anticipated total number of people living on the combined campus at Larned State Hospital including the corrections and juvenile justice facilities. The information was requested to allow the City of Larned to appropriately calculate the shared cost of a new wastewater treatment plant (WTP) being constructed. In planning its new waste water treatment plant, the City of Larned wanted to include provisions for the building capacity on the Larned State Facilities campus, including the number of day shift staff working in these facilities. The following is the last chart shared with the City of Larned showing the full patient/inmate capacity of all current buildings and the number of day shift staff budgeted for each.

**LARNED STATE FACILITIES FUTURE OCCUPANCY PROJECTIONS**  
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	Census Beginning of WTP Planning	Census Projection Provided to the City for WTP Planning	
Larned State Hospital			Patients
	345	573	Day Shift
			Staff
	465	713	Subtotal
			LSH
	<u>810</u>		<u>1,286</u>
Larned Juvenile Correctional Facility			Offenders
Day Shift Staff	122		152
Subtotal LJCF			
		110	86
		<u>232</u>	<u>238</u>
Larned Correctional Mental Health Facility			Inmates
	352	352	Day Shift
			Staff
	175	175	Subtotal
			LCMHF
	<u>527</u>		<u>527</u>
5 Percent Contingency	<u>0</u>		<u>103</u>
<b>GRAND TOTAL</b>	<b>1,569</b>		<b>2,154</b>

*This was a House item and the Committee took no action.*

**B. GBA No. 1, Item 23, Page 13—FTE Position Correction.**

*The Committee concurred with GBA No. 1, Item 23, to add 2.0 FTE positions and delete 2.0 non-FTE unclassified permanent positions to correct the agency's position limitation in the Governor's Budget Report in FY 2006.*

**Rainbow Mental Health Facility**

**A. Trades Incentive Funding (Technical Adjustment).** A technical adjustment is required to shift funding for the Trades Incentive recommended by the Legislature from State General Fund financing to the agency fee fund. The result is a State General Fund decrease of \$2,633 and a corresponding increase in the expenditure limitation for the fee fund with no overall change in expenditures.

*The Committee concurred with this item which was a technical adjustment to shift financing for the trades incentive from State General Fund to agency fee funds.*

**Osawatomie State Hospital**

**A. GBA No. 1, Item 24, Page 14—Pharmaceutical Costs.**

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**The Committee concurred with GBA No. 1, Item 24, to add \$297,220 from the State General Fund for pharmaceutical costs in FY 2006.**

**Health Care Stabilization Fund Board**

**A. Additional Legal Assistant Position (Senate Committee and House Committee).** The House and Senate Committees recommended Omnibus review of the agency’s request for \$33,342 from special revenue funds and 1.0 FTE for a new legal assistant position. Information provided by the agency indicated that the position is requested due to an increasing workload at the agency. The number of cases and claims handled by the office has increased approximately 63 percent since the beginning of FY 2001. No new positions have been added to the agency since its separation from the Insurance Department in 1995.

**The Committee added 1.0 FTE legal assistant position and increase special revenue fund expenditures by \$33,342 to support the position in FY 2007.**

**Department of Corrections**

**A. Correction Officers Compensation Package (House Committee and Conference Committee).** The House Committee recommended a review of the Correction Officers compensation package. The House Committee deleted \$3,174,296 from the State General Fund which was to combine the Correction Officer IA, IB, and II position classes into a single Corrections Officer class on Pay Grade 20 of the civil service pay matrix. The House pay plan, approved by the Conference Committee, increased the entry level salary for Correction Officers IA from Pay Grade 17, Step 4 (\$24,211) to Pay Grade 17, Step 6 (\$25,438); provided a 2.5 percent increase for all uniformed Correction Officers at the beginning of FY 2007; a 2.5 percent step movement increase effective September 10, 2006; and a 1.5 percent base salary adjustment for a total of 6.5 percent (once the step movement takes place) during FY 2007.

**Staff explained that this item was taken care of in SB 480.**

**B. Bonding Authority (Conference Committee) and GBA No. 1, Item 38, Page 20.** The Conference Committee on SB 480 recommended Omnibus review of the authorization up to \$20.5 million in bonding authority to expand capacity at an existing correctional facility in FY 2007. The current capacity is 9,347 plus an additional 100 contract beds available for use if the inmate population exceeds capacity. The inmate population as of April 14, 2006, is 9,025 inmates. The 2006 projections by the Kansas Sentencing Commission include:

**Total Prison Population**

Fiscal Year	Projection	Existing Capacity	Difference
FY 2006	9,166	9,347	181
FY 2008	9,323	9,347	24
FY 2010	9,450	9,347	(103)
FY 2012	9,591	9,347	(244)
FY 2014	9,732	9,347	(385)
FY 2015	9,749	9,347	(402)

The Department of Corrections indicates that the \$20.5 million in bonding authority would construct two cell houses with 256 medium security inmate beds each, for a total of 512 medium security beds at the El Dorado Correctional Facility. The bonding would also include start-up costs for one of the 256 medium security cell houses at El Dorado Correctional Facility.

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***The Committee reviewed this item but took no action.***

**C. HB 2555 – Criminal Justice Recodification, Rehabilitation and Restoration Project Committee (Conference Committee).** HB 2555 extends the Kansas Criminal Justice Recodification, Rehabilitation and Restoration (3 Rs) Project to July 1, 2007. The Senate version of the bill also contains provisions originally included in SB 213 to address the Kansas Court of Appeals ruling in *State v. Frazier* by amending the definition of drug paraphernalia to remove the word "products". This changes the sentencing guidelines for a person convicted of possession of drug products from a severity level 4 drug offense to a severity level 1 drug offense. The Conference Committee has tentatively agreed to change the sentencing guidelines' penalty for possession of drug products from a severity level 4 drug offense to a severity level 2 drug offense. The Conference Committee has also tentatively agreed to include the contents of SB 339 to repeal the sunset provision of the Joint Committee on Corrections and Juvenile Justice Oversight. The Kansas Sentencing Commission projects the following bed impact based on the tentative Conference Committee's agreement on the bill:

Fiscal Year	Prison Bed Impact
FY 2007	94
FY 2008	206
FY 2010	469
FY 2012	475
FY 2014	483
FY 2016	492

***The Committee reviewed this item and realizes that there will be a bed space impact if the bill passes.***

**D. HB 2122 – Increasing the Dollar Threshold for Certain Criminal Offenses (Conference Committee).** HB 2122 would raise the dollar threshold level from \$500 to \$1,000 for 20 different criminal offenses to distinguish a misdemeanor from a felony. In 2004, this same threshold level distinction was made for the crime of theft. The Senate version of the bill contains provisions originally included in SB 213 to address the Kansas Court of Appeals ruling in *State v. Frazier* by amending the definition of drug paraphernalia to remove the word "products". This changes the sentencing guidelines for a person convicted of possession of drug products from a severity level 4 drug offense to a severity level 1 drug offense. The Conference Committee has tentatively agreed to change the sentencing guidelines' penalty for possession of drug products from a severity level 4 drug offense to a severity level 2 drug offense. The Kansas Sentencing Commission projects the following bed impact based on the tentative Conference Committee's agreement on the bill:

Fiscal Year	Prison Bed Impact
FY 2007	80
FY 2008	190
FY 2010	454
FY 2012	460
FY 2014	472
FY 2016	476

***The Committee reviewed this item and realizes that there will be a bed space impact if the bill passes.***

**E. HB 2576 – Persistent Sex Offenders (Conference Committee).** HB 2576 would establish a mandatory minimum sentence of 25 years without parole on first-time sex offenders

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where the victim is a child; a minimum 40-year sentence for second-time sex offenders when the victim is a child; and life sentence without the possibility of parole for third-time and subsequent sex offenders regardless of the victim's age. **HB 2576** would also establish life-time supervision and electronic monitoring for sex offenders released by the Kansas Parole Board whose victims are children. The Senate version of the bill also contains provisions originally contained in **2005 SB 243** and **2006 HB 2688** (the Private Contract Prison Act) and 2005 SB 220 (limiting diversions for the crime of domestic battery). The Kansas Sentencing Commission projects the following bed impact for the Senate version of **HB 2576**:

Fiscal Year	Prison Bed Impact
FY 2007	74
FY 2008	155
FY 2010	338
FY 2012	524
FY 2014	752
FY 2016	1,013

**The Committee reviewed this item and realizes that there will be a bed space impact if the bill passes.**

**F. House Substitute for SB 431 – Inherently Dangerous Felonies (Conference Committee).** The bill as substituted by the House contains provisions included in a number of house bills, including penalties regarding use of bottle rockets (**HB 2699**), expanding the factors a court would consider to determine whether an object is drug paraphernalia (**HB 2701**), authorizing discretion to the court to decide whether a drug and alcohol assessment is included in the pre-sentence investigation for offenders who meet the qualifications of the nonprison drug abuse treatment program (**SB 351**), creation of a nonperson felony for a third or subsequent conviction for driving with a canceled, suspended, or revoked drivers' license (**HB 2938**), counterfeiting U.S. currency (**HB 2214**), registration for convicted felons using a deadly weapon (**HB 2754**), creating a grant program for communities with high incidents of crime (**HB 2885**), amendments to current law regarding battery and aggravated battery against a law enforcement officer (**HB 2414**) and the creation of a new crime of battery against a mental health employee (**HB 2891**). The original bill established a 12-year "decay" for driving under the influence (DUI) convictions and diversions, so that those convictions or diversions could no longer be counted for suspensions or revocations or as a prior conviction under the DUI law.

The Kansas Sentencing Commission projects the following bed impact for the substitute bill:

Fiscal Year	Prison Bed Impact
FY 2007	57
FY 2008	117
FY 2010	221
FY 2012	260
FY 2014	278
FY 2016	279

**The Committee reviewed this item and realizes that there will be a bed space impact if the bill passes.**

**G. GBA No.1, Item 39, Page 20—Contract Bed and RDU Debt Savings.**

**The Committee concurred with GBA No. 1, Item 39, to lapse \$728,000 in FY 2006 from**

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*the State General Fund for contract bed savings and to lapse \$559,000 from the State General Fund in FY 2007 for debt service savings from the Reception and Diagnostic Unit at El Dorado Correctional Facility.*

**H. GBA No. 1, Item 41, Page 21—Byrne Grants.**

*The Committee concurred with GBA No. 1, Item 41, to add \$170,120 from the State General Fund in FY 2007 to replace federal Byrne Grant funds to fund three non-FTE unclassified permanent positions in the Total Offender Activity Documentation System and the Kansas Adult Supervised Population Electronic Repository.*

**I. GBA No.1, Item 43, Page 22—DUI Treatment Services.**

*The Committee concurred with GBA. No. 1, Item 43, to add \$538,000 in FY 2006 and FY 2007 from the State General Fund for DUI treatment services and request the Joint Committee on Corrections and Juvenile Justice Oversight review the program.*

**El Dorado Correctional Facility**

**A. GBA No.1, Item 42, Page 21—Additional Corrections Counselors.**

*The Committee concurred with GBA No. 1, Item 42, to add \$136,460 from the State General Fund in FY 2007 to fund 3.0 currently unfunded Corrections Counselor II positions.*

**Ellsworth Correctional Facility**

**A. Review of Supplemental Request (Senate Committee and House Committee) and GBA No. 1, Item 40, Page 20.** Both the House and Senate Committees recommended a review of the Ellsworth Correctional Facility FY 2006 supplemental request. Ellsworth Correctional Facility requested \$51,000 from the State General Fund to fund the 1.25 percent base salary adjustment for the first 13 pay periods of FY 2006 approved by the Legislature. The Department of Corrections has indicated that it will internally reallocate resources to avoid the need for any new appropriations through transfers between accounts approved by the Director of the Budget.

*The Committee concurred with GBA No. 1, Item 40, to add \$277,000 from the State General Fund to fund the 1.25 percent base salary adjustment for FY 2006.*

**Lansing Correctional Facility**

**A. Review Supplemental Request. (Senate Committee and House Committee) and GBA No. 1, Item 40, Page 20.** Both the House and Senate Committees recommended a review of the Lansing Correctional Facility FY 2006 supplemental request. Lansing Correctional Facility requested \$161,000 from the State General Fund for FY 2006 for increased utility costs and to fund the 1.25 percent base salary adjustment for the first 13 pay periods of FY 2006. The Department of Corrections has indicated that it will internally reallocate resources to avoid the need for any new appropriations through transfers between accounts approved by the Director of the Budget.

*The Committee concurred with GBA No. 1, Item 40, to add \$161,000 from the State General Fund to fund the 1.25 percent base salary adjustment approved for FY 2006.*

**Larned Correctional Mental Health Facility**

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**A. GBA No. 1, Item 42, Page 21—Additional Corrections Counselors.**

*The Committee concurred with GBA No. 1, Item 42, to add \$45,727 from the State General Fund and 1.0 FTE position in FY 2007 for an additional Corrections Counselor II position.*

**Kansas Parole Board**

**A. Projected Expenditures of Continuing Education and Training (House Committee).**

The House Committee requested a review of the Parole Board's projected expenditures of continuing education and training needs for the Board members. The Parole Board estimates additional FY 2007 expenditures of: \$6,040 from the State General Fund for all the board members and one administrator to attend the national annual training conference; \$845 from the State General Fund for the annual Chairs training meeting; and \$400 from the State General Fund for hearing officer training in Kansas City, Missouri. The out-of-state travel expenditure estimates for FY 2006 totals \$7,000 from the State General Fund. The Parole Board's FY 2007 out-of-state travel expenditure request totals \$4,000 from the State General Fund.

*The Committee concurred to add \$3,265 from the State General Fund in FY 2007 for continuing education and training for the Parole Board members.*

**B. Projected Expenditures of Public Comment Sessions in Garden City (House Committee).**

The House Committee requested a review of the Parole Board's projected expenditures to hold public comment sessions in Garden City in FY 2007. Currently, the Parole Board holds public comment sessions in Wichita, Topeka and Kansas City requiring people from western Kansas to travel a great distance to attend and participate in the public comment sessions. The Parole Board estimates expenditures of \$562 for a monthly public comment session in Garden City. Quarterly expenditures are estimated at \$2,248 and the annual projected costs are estimated at \$6,744, all from the State General Fund.

*The Committee concurred to add \$6,744 from the State General Fund in FY 2007 for the Parole Board to hold monthly public comment sessions in Garden City.*

**Kansas Dental Board**

**A. GBA No. 1, Item 6, Page 4 —Operating Expenditure Shortfall.**

*The Committee concurred with GBA No. 1, Item 6, to increase the expenditure limitation of the Dental Board Fee Fund by \$8,000 to address increased expenditure needs in FY 2006.*

**Kansas Human Rights Commission**

**A. Projected Shortfall in Funding (House Committee).** The House Committee recommended the review of additional funding of \$92,586 in FY 2007 from the State General Fund. The agency reported that additional funding in this amount would be needed to maintain the current level of operations. The agency reported that without additional funding the number of open cases will increase and staff reductions could increase the backlog even more. Reduced staff and fewer case closures could in turn reduce payments of federal funds from the United States Equal Employment Opportunity Commission.

*This was a House item and the Committee took no action.*

**B. HB 2582 – Racially Restrictive Language in Homeowners' Restrictive Covenants**

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**(Governor).** **HB 2582** prohibits racially restrictive language in the restrictive covenants of homeowners' associations. The Human Rights Commission estimates expenses of \$1,000 from the State General Fund in FY 2007 associated with inquiries into the restrictive covenants, including postage, printing of information material, and traveling to file injunctions.

*The Committee concurred to add \$1,000 from the State General Fund in FY 2007 for expenditures related to **HB 2582** regarding racially restrictive language in homeowner's restrictive covenants.*

**State Treasurer**

**A. SB 332 – Learning Quest (Conference Committee).** The State Treasurer administers the Learning Quest Postsecondary Education Savings Program. The Conference Committee Report on **SB 332**, if adopted, would establish a program for low income persons to establish Learning Quest accounts, and provide for a state match for contributions to those accounts by the low income persons. The bill would limit appropriations for marketing and administration of the program established by **SB 332** to \$50,000. The bill would also provide a mechanism to transfer \$240,000 from the State General Fund to the Kansas Postsecondary Education Savings Program Trust Fund in FY 2007 to provide for the match to the individual contributions.

*The Committee concurred to add \$50,000 from the State General Fund for marketing and advertising expenditures provided that **SB 332** becomes law in FY 2007.*

**B. Service Reimbursement Fee (Technical Adjustment).** The Legislature approved funding for a portion of the State Treasurer's budget to come from a service reimbursement fee charged to other state agencies. Sec. 66(a) of **2006 SB 480** provided for the appropriation from the service reimbursement fund. Sec. 66(b) abolishes the service reimbursement fund and transfers remaining balances to the State General Fund on July 1, 2006. This section (b) should have been stricken from **SB 480**, and that language needs to be taken out in the Omnibus bill as a technical correction.

*The Committee concurred with this item which was a technical adjustment to add language to continue the service reimbursement fee fund in FY 2007.*

**Board of Pharmacy**

**A. Software and Maintenance on Licensing Software (House Committee).** The House Committee recommended review of \$17,500 in FY 2007 from special revenue funds requested by the agency for software and maintenance on the agency's licensing software. This funding was added by the Conference Committee on **SB 480**.

*This was a House item and the Committee took no action.*

**Board of Veterinary Examiners**

**A. Kansas Savings Incentive Program (KSIP) Expenditures (House Committee).** The House Committee recommended review of the agency's KSIP expenditures during Omnibus. The agency reported that it has spent \$4,541 from the KSIP account in FY 2006 for board member training. The agency projects an additional \$1,800 from the KSIP account to be spent in FY 2006 for two employee performance recognition bonuses of \$900 each.

*This was a House item and the Committee took no action.*

**B. Fiscal Impact of **HB 2833**, **HB 2834** and **HB 2835** Amending the Veterinary Practice**



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**Act (House Committee).** The House Committee specifically recommended review of the fiscal impact of **HB 2833**, **HB 2834** and **HB 2835** during Omnibus. These bills address clean up language to clarify the agency's authority and duties. The agency reported no fiscal impact from **HB 2835**, which has become law, or **HB 2833**, which has passed the second house. **HB 2834** is still in the House Agriculture Committee.

*This was a House item and the Committee took no action.*

**C. 27th Payroll Period Repayment (Technical Adjustment).** Due to an oversight, the language of **SB 480**, providing for the Board of Veterinary Examiners to repay the State General Fund the funds transferred to cover the 27th payroll period in FY 2006, was inadvertently deleted. To correct this, language should be added back into the Omnibus bill to provide for the agency to repay \$5,481 to the State General Fund in FY 2007.

*The Committee concurred to add language as a technical adjustment to provide for the repayment of \$5,481 from the Board of Veterinary Examiners Fee Fund to the State General Fund in FY 2007.*

#### Hearing Aid Board of Examiners

**A. 27th Payroll Period Repayment (Technical Adjustment).** Due to an oversight, the language of **SB 480**, providing for the Hearing Aid Board of Examiners to repay the State General Fund the funds transferred to cover the 27th payroll period in FY 2006, was inadvertently deleted. To correct this, language should be added back into the Omnibus bill to provide for the agency to repay \$658 to the State General Fund in FY 2007.

*The Committee concurred to add language as a technical adjustment to provide for the repayment of \$658 from the Hearing Aid Board of Examiners Fee Fund to the State General Fund in FY 2007.*

#### Board of Indigents' Defense Services

**A. Additional Funding for FY 2006 (Senate Committee).** The Senate Committee recommended a review of whether additional funding would be necessary for the agency in FY 2006 for operations. The agency will also have unplanned capital defense expenditures due the decision of the U.S. Supreme Court to rehear *State v. Marsh* regarding the Kansas death penalty. The agency estimates \$7,700 in unanticipated expenditures for sending the necessary staff to the U.S. Supreme Court, but the agency believes that this expense can be covered by existing resources for capital defense expenditures. The consensus caseload estimating figures are addressed in Item H below.

*The Committee reviewed this item and took no action.*

**B. Increased Compensation for Assigned Counsel (Conference Committee).** The Conference Committee on **SB 480** recommended reviewing funding of \$3,200,000 from the State General Fund in FY 2007 for increased assigned counsel expenses if the statutory rate of compensation is increased. The current rate of \$50 per hour would be increased to \$80 per hour in FY 2007 if **HB 2129**, as amended by the Senate Committee of the Whole, becomes law. The bill is currently in Conference Committee.

*The Committee concurred to add \$3,200,000 from the State General Fund in FY 2007 for assigned counsel with the proviso that the funding is contingent upon **HB 2129** which increases assigned counsel rates becoming law.*

**C. Additional Public Defender Offices (Senate Committee).** The Senate Committee

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recommended reviewing whether additional public defender offices should be opened. If **HB 2129** would become law, it would increase the hourly rate of compensation for assigned counsel attorneys by 60.0 percent, from \$50 to \$80 per hour.

According to the agency, several factors would influence whether additional public defender offices are cost effective. The agency currently has reached agreements with the courts and attorneys in Wyandotte County to handle cases at a reduced rate from the current \$50 per hour. Additionally, public defenders from other offices are handling high level cases in Lawrence and Emporia to save costs. The agency reports that offices would be opened in the locations shown below unless one of the following occurs: (1) The bench and bar enter into an agreement with the agency to maintain their hourly rate at a cost effective level; (2) Qualified attorneys do not apply for the positions; or (3) Public hearings demonstrate that the residents of the judicial district oppose opening a public defender office and the Board accedes.

As shown on the table below, if seven additional offices were opened, the first year cost would be \$3.2 million, and the recurring annual operating cost would be \$2.8 million. At \$80 per hour for assigned counsel, the agency estimates that the cases requiring assigned counsel in these areas would be approximately \$3.5 million per year.

**Assigned Counsel vs. Public Defender Cost Comparison**

Office Location	Assigned Counsel Cost at \$50/hour	Assigned Counsel Cost at \$80/hour	Public Defender Office Estimate		FTE Attorney Positions
			First Year	Future Years	
Dodge City	\$227,319	\$363,710	\$336,429	\$267,429	3.0
Newton*	295,160	472,256	408,135	369,135	3.0
Emporia*	174,317	278,907	408,135	369,135	3.0
Pittsburg/Girard	501,688	799,341	570,670	470,670	6.0
Lawrence	322,334	512,298	548,166	509,514	4.0
Kansas City	677,093	1,083,349	931,170	831,170	8.0
<b>Totals</b>	<b>\$2,197,911</b>	<b>\$3,509,861</b>	<b>\$3,202,705</b>	<b>\$2,817,053</b>	<b>27.0</b>

\* No Chief Attorney would be assigned to these offices. The Office would be managed by another public defender office.  
 The cost at the \$80/hour rate for assigned counsel in the Lawrence and Emporia offices assumes that public defenders continue to handle high level cases in these offices.

***The Committee concurred to add a proviso in FY 2007 directing the agency to open public defender offices where it is cost effective to do so provided that HB 2129, which increases assigned counsel rates, becomes law.***

**D. Funding Related to Mandatory Sentences for Sex Predators (Senate Committee).**  
 The Senate Committee recommended reviewing whether additional funding would be needed for the Board of Indigents' Defense Services should mandatory sentences for sex offenders become law. The agency reported that defendants in child sex crime cases usually enter a plea agreement, but that with mandatory sentences most cases would proceed to trial. The agency estimated increased expenditures of \$1,558,000 from the State General Fund in FY 2007 should these cases proceed to trial. The bulk of that expense would be related to expert witnesses who would be necessary for the defense. The agency also estimates 4.0 FTE attorneys would be necessary for these cases as well as additional training for the attorneys who would defend these cases. **HB 2576**, which establishes mandatory sentences for first time offenses is currently in Conference

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Committee.

***The Committee concurred to add \$1,558,000 from the State General Fund in FY 2007 with the proviso that the funding is contingent upon a bill establishing mandatory sentences for sex offenders becoming law.***

**E. Salary Increase for Legal Services for Prisoners (House Committee).** The House Committee recommended reviewing additional funding of \$16,687 from the State General Fund in FY 2007 for a 5.0 percent increase in salaries for the staff of Legal Services for Prisoners. A representative from Legal Services for Prisoners reported there has been no salary increase for their staff for several years. Legal Services for Prisoners receives funding as a pass through appropriation in the budget of the Board of Indigents' Defense Services.

***This was a House item and the Committee took no action.***

**F. Appellate Defender Database Funding (House Committee).** The House Committee recommended a review during Omnibus of \$25,000 from the State General Fund requested by the agency in FY 2007 for a new database for the Appellate Defender Office and other equipment upgrades. The Senate had recommended funding of \$40,000 from the State General Fund for the database, equipment and continuing legal education. The Conference Committee on **SB 480** agreed to the Senate position with funding at the \$25,000 level.

***This was a House item and the Committee took no action.***

**G. Additional FTE Attorney Positions (House Committee).** The House Committee recommended reviewing additional FTE positions requested by the agency. The agency requested 2.0 FTE positions for the Junction City office, 2.0 FTE for the Wichita office, and 1.0 FTE for the Hutchinson office funded by \$281,721 in FY 2007 from the State General Fund. The Conference Committee on **SB 480** recommended the addition of the positions and the funding.

***This was a House item and the Committee took no action.***

**H. Consensus Caseload Estimate.** At the April 2006 consensus caseload estimating meeting, no changes to the budgeted assigned counsel amounts were estimated for FY 2006 or FY 2007.

***This was an information item and the Committee took no action.***

## **Board of Tax Appeals**

**A. Funding for Case Management System (Senate Committee).** The agency had requested a total of \$225,000 in FY 2007 as an enhancement for a case management system. The Governor recommended and the Legislature approved \$75,000 from the State General Fund for a bar code reader. The Senate Committee recommended review of the remaining \$150,000 during Omnibus pending information from the agency on other possible funding sources. The agency reports that other funding is still being sought, and if it is not received, the remaining \$150,000 will be requested in the FY 2008 budget.

***The Committee reviewed this item but took no action.***

**B. House Substitute for SB 337– Judges' Salary Increase, Judges' Retirement, Delayed Expansion of the Court of Appeals, and Docket Fees (Conference Committee).** **SB 337**, currently in Conference Committee, would increase the salaries of Kansas District Court Judges by \$9,000 per year. The salaries for the members of the Board of Tax Appeals are based on the salaries of District Court Judges. The agency reports that additional expenditures of \$30,335 in FY 2007 would be necessary to fund the increased salaries and benefits for the three board members. The agency requested that the funding come from the State General Fund due to the

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heavy reliance on the Filing Fee Fund for other expenditures.

The Committee reviewed this item but took no action.

**Department of Labor**

**A. Vehicle Purchases (Conference Committee).** The Senate Committee recommended authorizing the purchase of six vehicles totaling \$79,746 from special revenue funds in FY 2007. The agency had requested 11 vehicles in FY 2007 and the Governor had recommended five vehicles. The Senate Committee noted that the agency reported that 12 vehicles are expected to have passed 100,000 miles by the time the vehicles are able to be replaced. The Conference Committee on **SB 480** did not include the funding pending review during Omnibus.

*The Committee concurred to add \$79,746 from special revenue funds to purchase six additional vehicles in FY 2007 and to continue to pursue the study.*

**B. House Substitute for SB 337—Judges' Salary Increase, Judges' Retirement, Delayed Expansion of the Court of Appeals, and Docket Fees (Conference Committee).** **SB 337**, currently in Conference Committee, would increase the salaries of Kansas District Court Judges by \$9,000 per year. The salaries for the members of the Workers Compensation Board are tied to judicial salaries. The agency estimates an additional \$51,750 from the Workers Compensation Fee Fund would be necessary to cover the increased salaries for the board members and related benefit increases.

*The Committee reviewed this item but took no action.*

**C. Impact of HB 2696 – Compensation for Worker's Compensation Administrative Law Judges (Law).** The bill would increase salaries for the administrative law judges to 75.0 percent of the salary of a district court judge. The bill has a fiscal impact of \$204,276 from the Workers Compensation Fee Fund in FY 2007 and authority for these additional expenditures would be necessary. This fiscal impact is based upon current judicial salaries. If **SB 337** becomes law, the fiscal impact of **HB 2696** would increase to \$282,380 from the Workers Compensation Fee Fund.

*The Committee concurred to add \$204,276 from the Workers compensation fee Fund in FY 2007 to fund the increase in salaries for the Workers Compensation Administrative Law Judges contained in HB 2696 which increases salaries to 75.0 percent of the salary of district court judges.*

**D. GBA No. 1, Item 29, Page 16 — Unemployment Insurance Modernization Debt.**

*The Committee concurred with GBA. No. 1, Item 29, to adjust expenditures to accurately reflect debt service payments in FY 2006 and FY 2007.*

**State Historical Society**

**A. State Historical Society Museum Maintenance (Senate Committee).** The Senate Committee recommendation noted that there are many items of repair that are anticipated to be needed within the next few years at the State Historical Society Museum. The Senate Committee recommended that the agency report on the status of the needed repairs. The agency has reported the following priority of repairs at the Museum and the costs associated with repair or replacement.

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**State Historical Society Museum Repair and Rehabilitation Project Priority**

Priority	Project	Repair Cost	Life Expectancy for Repair	Replacement Cost	Life Expectancy for Replacement
1	A/C Cooling Tower	\$15,000	2-3 years	\$143,000	30 years
2	HVAC Components	25,000	20 years	—	—
3	Roofing	35,000	5-10 years on patches, 1-year leaks	464,248	30 years
4	Humidification System	not recommended	-	464,750	30 years
<b>TOTALS</b>		<b>\$75,000</b>		<b>\$1,071,998</b>	

*The Committee concurred to add \$1,096,998 from the State General Fund for capital improvement projects to address repair and rehabilitation at the State Historical Society in Topeka in FY 2007.*

**B. GBA No. 1, Item 37, Page 19 — Capital Improvements.**

*The Committee concurred with the GBA No. 1, Item 37, which makes a technical adjustment to capital improvement expenditures to accurately reflect planned projects in FY 2007.*

**Animal Health Department**

**A. Livestock Commissioner Transportation (House Committee).** The House Committee recommended a review of the transportation of the Livestock Commissioner to meetings throughout the State. The Commissioner currently uses a truck that was purchased with federal Homeland Security funds. The House Committee recommended that the agency report on alternatives for transportation of the Livestock Commissioner and that the use of this truck be limited to 5,000 miles per year unless an emergency is declared by the Governor. The agency reported that due to the deployment of an agency employee to Afghanistan, the Livestock Commissioner will have access to a 1/2-ton pickup for travel to meetings and events.

*This was a House item and the Committee took no action.*

**B. Feral Swine Issues (Senate Committee and House Committee).** The Senate Committee and House Committee recommended Omnibus review of the feral swine problem and possible solutions by the agency. The agency reported that, through a memorandum of understanding with the United States Department of Agriculture (USDA), Animal and Plant Health Inspector Service and Wildlife Services, a program of control, blood sampling, mapping, risk assessment, aerial hunting and information coordination will be conducted. The agency reported expenditures of \$125,000 from the State General Fund would be needed in FY 2007 for this program. Wildlife Services would provide manpower, travel and subsistence, transportation and supplies, and aerial hunting. The agency would provide testing for disease, cooperate in informational meetings and prioritize action. If funding is not approved, the agency will still work with the USDA on the memorandum of understanding; however, the program would be operated at a reduced level.

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***The Committee concurred to add \$125,000 from the State General Fund to fund the memorandum of understanding regarding feral swine with the United States Department of Agriculture in FY 2007.***

**Department of Revenue**

**A. SB 418 – Family and Personal Protection Act (Law).** SB 418 would require the Department of Revenue to produce identification (ID) cards for those individuals authorized to carry concealed weapons or to allow the notations to be made directly on the individual's driver's license. The Department noted that the cost to implement placing a concealed carry indication on driver's license or ID cards will cost \$50,000 from the Vehicle Operating Fund for payments to the vendor to create the new format. In addition, the increase in expenditures would require an increase in the transfer into this fund from the State Highway Fund in FY 2007.

***The Committee reviewed this item but took no action.***

**B. SB 544 – E-85 Motor Fuel (Law).** SB 544 provides for a reduction in the motor vehicle fuel tax rate for E-85 fuels. The agency noted that the cost to implement the law includes \$45,564 in salary and wages to fill a vacant FTE position and \$5,390 in related operating expenditures, for a total of \$50,954 from the Division of Vehicles Operating Fund. The increase in expenditures would require an increase in the transfer into this fund from the State Highway Fund in FY 2007.

***The Committee reviewed this item but took no action.***

**C. SB 365 – Tax Refunds (Conference Committee).** SB 365 would create a stand alone Kansas estate tax for three years; provide a property tax exemption for certain machinery and equipment; and would expand the Homestead Property Tax Refund program. The Department has indicated the bill would require \$28,000 from the State General Fund in FY 2007 to allow temporary staff to be hired to process the additional Homestead Property Tax Returns for either version of the bill.

***The Committee reviewed this item but took no action.***

**D. SB 506 – Registered Offenders (Conference Committee).** SB 506 would require the Department to produce ID cards for those individuals designated as a registered offender and to allow the notations to be made directly on the individual's driver's license. The Department noted that the cost to implement placing the indication on driver's license or ID cards will cost \$100,000 from the Vehicle Operating Fund in FY 2007 for payments to the vendor to create the new format. In addition, the increase in expenditures would require an increase in the transfer into this fund from the State Highway Fund in FY 2007 for either version of the bill.

***The Committee added \$100,000 from the Division of Vehicles Operating Fund and increase the transfer from the State Highway Fund by a corresponding amount to implement the provisions of SB 418 and SB 506 in FY 2007.***

**E. GBA No. 1, Item 5, Page 5 — Ethanol Producer Incentives.**

***The Committee non-concurred with GBA No. 1, Item 5. The Committee recommended the transfer of \$1,000,000 from the State General Fund to the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund and created an incentive program within the Kansas Department of Revenue through the development of rules and regulations to allow for incentives not to exceed \$5,000 for stations which construct new E-85 tanks in FY 2007.***

Copies of a memorandum addressed to Tax Committee Leadership from Chris Courtwright, Principal Economist, Kansas Legislative Research Department, regarding Revised Conferenceable,

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Fiscal Note Lists, were distributed to the Committee ([Attachment 29](#)).

**Kansas Corporation Commission**

**A. Kansas Electric Transmission Authority Funding (House Committee).** The House Committee recommended review of the addition of \$40,000 from a non-specific funding source for the Kansas Electric Transmission Authority (KETA). The Conference Committee on **SB 480** concurred with the addition of \$30,000 from the Public Service Regulation Fund in FY 2007. The House Committee requested information regarding the potential other funding sources for the purpose including federal funds. The agency has indicated that there may be limited opportunities for KETA to apply for federal grant funding to support its designated functions; however, no federal funding has been received or applied for at this time. The agency indicated that its request would be for funding from the State General Fund.

*The Committee added \$40,000 from the State General Fund for the purpose of providing operating funds for the Kansas Electric Transmission Authority in FY 2007.*

**B. Additional Vehicle Replacements (House Committee).** The House Committee recommended review of the addition of \$46,500 from fee funds to fund the purchase of three additional replacement vehicles in addition to the seven recommended for purchase by the Governor. The House Committee had noted that the majority of vehicles used by this agency are taken off road, therefore the need for reliability is increased. The agency has indicated that these vehicles are trucks that are used in the field daily and which have met the established criteria for replacement.

*This was a House item and the Committee took no action.*

**C. Substitute for SB 449 – Video Competition Act (Law).** **Substitute for SB 449** creates statewide franchising for cable operators and other video service providers other than those using wireless technology. The agency indicates that the cost to enact the new legislation will be \$40,000 from the Public Service Regulation Fund in FY 2007 to pay the cost of administration and personnel for the new function. The agency indicated it will utilize an existing FTE position. The agency does expect an indeterminate increase in revenue, depending on the number of applications received.

*The Committee reviewed this item but took no action.*

**Department on Aging**

**A. Senior Care Act (House Committee).** The House Committee requested a review of the Senior Care Act (SCA) and its cost effectiveness as a program. The Department indicated that SCA provides for the development of a coordinated system of in-home services for people 60 years of age or older who face difficulties in self-care and independent living and have not yet exhausted their financial resources to prevent inappropriate or premature institutionalization. More than 6,000 seniors statewide received one of more services during FY 2005. The overall average age of SCA customers in FY 2005 was 80. Over 75 percent of the customers were women.

The SCA program has four funding sources, including Social Service Block Grant dollars, State General Funds, local match, and customer contributions. Total funding from all four sources in FY 2005 was \$7,424,665. The cost per person, per year, was approximately \$1,200, and according to the Department's Quality Assurance Review report, 58 percent of SCA customers reported that the services received allowed them to stay in their home. The approximate cost per person per year from state funds was \$1,080. There is not projected to be a waiting list for SCA services in FY 2007.

*This was a House item and the Committee took no action.*

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**B. Program of All Inclusive Care for the Elderly (PACE) (Senate Committee and House Committee) and GBA No. 1, Item 25, Page 14.** The Senate Committee and the House Committee requested a review of the Program of All Inclusive Care for the Elderly (PACE) including the existing PACE programs, the level of need for PACE programs, the potential expansion into Wyandotte County, and the approved expansion in Topeka. The Committees noted that funding for PACE was removed from the consensus caseload process starting in October 2005. Additionally, the Committees noted that the 2005 Legislature expanded the program by 150 slots, to be split between the existing program in Wichita and a new site to be established in Topeka. The expansion was not funded in the Governor’s FY 2007 recommendation. The House Committee noted that a commitment was made to provide funding for this purpose and that it received testimony indicating that private entities have already expended or contracted for over \$2 million in moneys related to the approved expansion. The Department indicated that Via Christi, in Wichita, is currently operating Healthcare Outreach Program for the Elderly (HOPE), the only PACE program in Kansas. The 2005 Legislature approved an additional 150 PACE slots with 75 allocated to HOPE and 75 for a new PACE program in Topeka. The PACE program in Topeka would be operated by Midland Hospice.

PACE is long-term managed care with a broad array of health services and supplies reimbursed by Medicare and Medicaid through capitated rates. The rates include a negotiated savings from what Medicare/Medicaid fee-for-service programs would typically reimburse. When Medicaid recipients enroll in PACE, the individuals give up their Medicaid card and choice of health care providers. HOPE in Wichita provides the health care needs of its participants either through the Via Christi service delivery network or through contracts with other providers.

According to the agency, the PACE option in Wichita has proven to be successful. HOPE began in September 2002 and by June 2003 had 62 participants enrolled. There were 116 enrolled by June 2004 and 162 enrolled by June 2005. The growth has slowed down due to the present adult day health center facility being at near capacity. HOPE plans to move into a new adult day health center facility in September 2006. It is anticipated that HOPE will be near the maximum of 275 enrollees by end of FY 2007.

Similar trends are expected at the new Topeka PACE site. It is projected Midland Hospice will average 35 participants a month over the course of the first year. The total enrolled by June 2007, with steady monthly growth, is expected to be closer to the 75 maximum enrollees. If approved, the 200 PACE slots in Wyandotte County would be slower to fill in FY 2007. The PACE application and Medicaid capitated rates would need to be developed and approved by the Division of Health Policy and Finance and the Centers for Medicare and Medicaid Services (CMS). The Medicare capitated rate would be determined by CMS.

The Governor's recommendation for FY 2007 included funding at the FY 2006 level for the Wichita program. The Department indicated it requested a Governor's Budget Amendment (GBA) for FY 2007 to fund the expansion for the Wichita program and the new program to be located in Topeka. The Kansas Department on Aging budget included an enhancement request for 200 PACE slots for Wyandotte County.

The following summary reflects the projected caseload and expenditures for the existing PACE project and the expansion:

	Estimated Monthly Caseload	GBA Request	Estimated Total Annual Cost	Estimated State General Fund
Governors Recommendation: Via Christi-HOPE	194		\$3,700,000	\$1,469,270
Requested GBA: Via Christi-HOPE Expansion	59	1,375,584		



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Midland Hospice (monthly avg.)	35	701,400		
Total GBA Request			2,076,984	824,770
Wyandotte County Expansion:	200		4,380,000	1,739,298
<b>Total Projected PACE Budget for FY 2007 with Expansion:</b>			<b>\$10,156,984</b>	<b>\$4,033,338</b>

*The Committee concurred with GBA No. 1, Item 25, to provide funding for 150 additional slots for the Program of All Inclusive Care for the Elderly in FY 2007 as approved by the 2005 Legislature.*

**C. Targeted Case Management (TCM) Provider Rate Increase (Senate Committee and House Committee).** The Senate Committee requested a review of the addition of \$396,216, including \$156,268 from the State General Fund, to increase Targeted Case Management (TCM) provider rates by six percent for FY 2007. The House Committee requested a review of information received during testimony that all Area Agencies on Aging (AAAs) are currently losing money by providing Targeted Case Management Services. The House Committee requested that the agency report back with its findings.

The Department has indicated that the current rate for TCM service is \$40 per hour. With a six percent increase, the rate would be \$42.40 per hour. The Department also indicated that the Medicaid rate paid to the 11 AAAs as Medicaid-enrolled providers of Targeted Case Management for the Home and Community Based Services/Frail Elderly waiver is a fee-for-service program. As such, the Department does not require an annual cost report to be submitted, specific to Targeted Case Management. The AAAs hire qualified employees or contract with qualified individuals to provide case management services. Historically, approximately 80 percent of the Frail Elderly monthly caseload receives 2.5 hours of case management per month.

*The Committee added \$396,216, including \$156,268 from the State General Fund, to increase targeted case management rate increase by six percent in FY 2007.*

**D. Home and Community-Based Services for the Frail Elderly (HCBS/FE) Provider Rate Increase (Senate Committee).** The Senate Committee requested a review of the addition of \$4,127,400, including \$1,627,847 from the State General Fund, to increase Home and Community-Based Services for the Frail Elderly (HCBS/FE) waiver provider rates by six percent. The Department provided the following information regarding the current rates per service and the rate with the six percent increase.

HCBS/FE Service Rates	Current	6% Increase
Attendant Care Level I	\$12.72 / hr	\$13.48 / hr
Attendant Care Level II	\$14.08 / hr	\$14.92 / hr
Attendant Care – Self Directed	\$11.96 / hr	\$12.68 / hr
Sleep Cycle Support	\$21.20 / night	\$22.47 / night
Personal Emergency Response – rental	\$25.00 / month	\$26.50 / month
Personal Emergency Response – install	\$53.00 / one time lifetime	\$56.18 / one time lifetime
Assistive Technology	\$7,500 / lifetime	\$7,500 / lifetime
Adult Day Care – (half day or full day)	\$20.67 or \$41.34	\$21.91 or \$43.82
Wellness Monitoring	\$37.10 / visit	\$39.33 / visit
Nursing Evaluation	\$37.10 / visit	\$39.33 / visit
Medication Reminder	\$15.00 / month	\$15.90 / month

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 1:00 P.M. on April 19, 20 and 21, 2006 in Room 123-S of the Capitol.

***The Committee added \$4,127,400, including \$1,627,847 from the State General Fund, to increase home and community based service provider rates by six percent in FY 2007.***

**E. Mental Health Pilot Project (House Committee).** The House Committee requested a review of the addition of \$85,000 from the State General Fund in FY 2007 for a mental health pilot project as requested in the Department's enhancement package submitted with its budget request. The House Committee requested that the agency engage in discussions with the AAAs and the community mental health centers (CMHCs) regarding the need and the potential benefits of the project. The agency is directed to report back during Omnibus. The Department indicated that the enhancement request was for a one-year mental health and aging pilot in Kansas. The proposal is to identify one rural and one urban area of the state and screen seniors over the age of 60 who need mental health services, with a focus on depression. The Department indicated that there is a growing recognition for the need to address the mental health needs of older adults as well as their physical health needs. Additional funding to support an aging specialist in each of the CMHCs has been proposed by the provider network and the Area Agencies on Aging. Funding constraints have not allowed a statewide approach, so a pilot program was instead requested. The Department indicates it will continue to discuss possible options with providers and other members of the aging network to address how best to meet the mental health needs of older adults.

***This was a House item and the Committee took no action.***

**F. Senior Health Insurance Counseling for Kansans (SHICK) Program (House Committee).** The House Committee requested that the Department report back regarding the potential to transfer the Senior Health Insurance Counseling for Kansans (SHICK) program back the Insurance Department. The House Committee noted that the program was moved from the Insurance Department to the Department on Aging in FY 2003 via a memorandum of understanding between the agencies. The House Committee requested a review of the placement of this program.

The Department indicated that Centers for Medicare and Medicaid Services (CMS) staff informed it that the federal enabling legislation, Section 4360 of OBRA 1990 (P.L.101-508) prescribes that the State Health Insurance Program (SHIP) grant should be administered by either the State Agency on Aging or the Office of the Insurance Commissioner. The Governor's Office decides which of these state agencies administer the SHIP grant. At present, 16 of 54 SHIPs nationwide are administered by the Office of the Insurance Commissioner.

***This was a House item and the Committee took no action.***

**G. Nutrition Program Funding (House Committee).** The House Committee requested a review of the nutrition funding for FY 2007. The Department indicated that Federal Fiscal Year (FFY) 2007 funding for the congregate and home delivered meal programs, which in turn, provide funding to nutrition programs such as Meals on Wheels, is not yet available. Based on past experience, the Department will receive the actual FFY 2007 Older Americans Act federal funding award in January or February of 2007.

The FFY 2006 Older Americans Act award for nutrition funding in Kansas resulted in a 0.41 percent decrease in the congregate and home delivered meal programs. The Department indicated that it is working closely with the Area Agencies on Aging to sustain current meal program activity.

***This was a House item and the Committee took no action.***

**H. Impact of Federal Deficit Reduction Act of 2005 (House Committee).** The House Committee requested a review of the potential impact of the Federal Deficit Reduction Act (DRA) of 2005. The Department indicated that a five-page report available on CMS's website titled "Roadmap for Medicaid Reform" states the DRA reflects a growing consensus on transforming the long-term supports provided under Medicaid, reforming State programs from being institutionally-based and provider-driven, to person-centered and consumer-controlled. It recognizes the role of Medicaid in supporting individuals in their desire to attain and retain independence and self-care in their own homes and communities. The Department indicated that

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MINUTES OF THE Senate Ways and Means Committee at 1:00 P.M. on April 19, 20 and 21, 2006 in Room 123-S of the Capitol.

the tools available as a result of the DRA of 2005 provide an opportunity for states to expand coverage for individuals with disabilities, increase access to community supports, and promote personal responsibility, independence and choice. A significant change, which would impact the Medicaid Home and Community Based Services Frail Elderly waiver and the Nursing Facility program, both administered by the Department, is the option for states to amend their State plan to offer home and community-based services without waivers. This option amends the eligibility requirement that an individual can receive community services only if he or she needs an institutional level of care. It appears states will be allowed to limit the number of people eligible for these services, and therefore, not create an entitlement.

***This was a House item and the Committee took no action.***

**I. Spring Consensus Caseload Estimates and GBA No. 1, Item 9, Page 6.** The FY 2006 Spring Consensus Caseload Estimate for Nursing Facilities is a decrease of \$10.6 million, including \$4.2 million from the State General Fund from the approved budget. The change reflects a lower than anticipated number of individuals served.

The FY 2007 Spring Consensus Caseload Estimate for Nursing Facilities is a decrease of \$3.6 million, including \$1.4 million from the State General Fund from the approved budget. The change reflects a continuation of a decreased number of individuals served.

These items are included in the Spring Consensus Caseload Items under the Department of Social and Rehabilitation Services.

***The Committee concurred with GBA No. 1, Item 9, to reflect revised nursing facility caseload estimates in FY 2006 and FY 2007.***

### **Kansas Guardianship Program**

**A. Increase Monthly Stipends (House Committee).** The House Committee recommended review of the addition of \$160,080 from the State General Fund in FY 2007 to increase monthly stipends to volunteers who serve as guardians or conservators by \$10 per month. The additional funds would be used to increase the stipends from the current \$20 to \$30 per month. The stipends are used to offset personal expenses incurred while serving as a volunteer.

***The Committee added \$160,080 from the State General Fund to increase monthly stipends to volunteers from \$20 to \$30 in FY 2007.***

### **Commission on Veterans Affairs**

**A. Cost to Reclassify Veteran Service Representatives (Conference Committee) and GBA No. 1, Item 30, Page 16.** The Conference Committee on **SB 480** recommended review of the costs to reclassify veteran service representatives. The agency has indicated that the cost to reclassify 25.0 Veteran Service Representative I positions (Range 20) to Human Service Specialist positions (Range 21) and 2.0 Veteran Service Representative II positions (Range 22) to Program Consultant I positions (Range 24) would cost \$48,478 from the State General Fund in FY 2007. The agency had initially requested additional funding for further reclassification of its employees but has since indicated that further review must be taken prior to any reclassification action.

***The Committee concurred with GBA No. 1, Item 30, to add \$40,000 from the State General Fund to increase salaries for veterans service representatives and add an additional \$8,478 from the State General Fund to fully fund the agency's request in FY 2007.***

**B. Persian Gulf War Initiative Board (Senate Committee).** The Senate Committee requested an update on the Persian Gulf War Initiative Board from the agency during Omnibus. The agency provided a response to the Subcommittee members in February 2006 regarding the

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 1:00 P.M. on April 19, 20 and 21, 2006 in Room 123-S of the Capitol.

categories of expenditures of the Board which include travel and conference calls. Additionally, the Board outlined its priorities for the upcoming year including monitoring and requesting federal funding and reviewing the possibility of funding for a needs analysis for issues of returning veterans.

*The Committee reviewed this item but took no action.*

**C. Additional Funding (Senate Committee).** The Senate Committee requested a review of the agency's request for additional funding for the Kansas Veterans' Home and the Kansas Soldiers' Home for FY 2006 and FY 2007. The Senate Committee requested the agency provide revised information regarding the need for additional funding for salaries and wages at the Kansas Veterans Home in FY 2006. Additionally, the Senate Committee requested a review of the need for additional funding in FY 2007 for utility costs at the Kansas Soldiers' Home and salaries and wages expenditures at the Kansas Veterans' Home.

The agency requested an enhancement package in its budget submission for \$81,076 from the State General Fund for increased utility costs at the Kansas Soldiers' Home in FY 2007. The agency indicated that the utility costs at the Soldiers' Home for November 2005 through February 2006 was an increase of \$52,986 from the same time period in FY 2005. This increase was lower than originally anticipated due to a relatively mild winter. The agency is concerned regarding the utility costs for FY 2007 and requests additional funding for this purpose.

The agency requested supplemental funding of \$512,780 from the State General Fund in FY 2006 for projected salaries and wages shortfalls at the Kansas Veterans Home. Additionally, the agency requested an enhancement package in its budget submission of \$684,134 from the State General Fund in FY 2007 for projected salaries and wages shortfalls at the Kansas Veterans Home. The agency indicated that it is concerned about the funding level for FY 2007, but will address the issue in the next budget cycle.

*The Committee reviewed this item but took no action.*

**D. SB 396 – Veterans Claims Assistance Grant Program (Governor) and GBA No. 1, Item 31, Page 17.** SB 396 creates a new Veterans Claims Assistance Grant Program which would provide funding, subject to appropriation, to various Veteran Service Organizations (VSO) who meet a series of requirements. The Kansas Commission on Veterans Affairs would be responsible to implement the new grant program. The agency has indicated that the administrative costs for the new program would total \$35,300 from the State General Fund in FY 2007. This amount includes \$30,000 for the development of a claims database, and \$5,300 for costs associated with the advisory board established by the bill. The agency indicated that its estimate for the amount to be distributed as grants to the VSOs is \$677,200 from the State General Fund in FY 2007.

*The Committee concurred with GBA No. 1, Item 31, to add funding for the provisions of House Substitute for SB 396 which would provide grants to veterans service organizations for the purpose of aiding veterans in filing federal claims in FY 2007.*

## Department of Administration

**A. Enhancement Funding for Public Broadcasting (Conference Committee).** The Conference Committee on SB 480 recommended review during Omnibus of enhancement funding requested for public broadcasting that was not recommended by the Governor. The Governor's FY 2007 recommendation included \$100,000 from the State General Fund for enhancement funding of operating grants. The Conference Committee agreed to add \$325,000 from the State General Fund for a tower project in Hutchinson that both the Senate and House had included. Other funding recommended by the Senate that was not added by the Conference Committee to SB 480 included \$25,000 from the State General Fund for operating grants and \$192,170 from the State General Fund for equipment at KPTS TV in Wichita. In addition, the agency's enhancement request also included \$602,125 from the State General Fund for equipment at KTWU TV in Topeka that neither chamber recommended during the regular Session.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 1:00 P.M. on April 19, 20 and 21, 2006 in Room 123-S of the Capitol.

***The Committee added State General Fund financing in FY 2007, including \$25,000 for operating grants; \$192,170 for KPTS Wichita equipment; and \$150,000 for KTWU Topeka equipment.***

**B. DISC Enterprise Application Rate Fee (Conference Committee).** The Conference Committee on **SB 480** suggested review of the Division of Information Systems and Communication's (DISC) Enterprise Application Rate (EAR) and possible refunds in FY 2006 to the SRS hospitals of these fees. The EAR was instituted in FY 2006 as a cost recovery method for funding the DISC costs for the State Human Resource and Payroll System (SHaRP), the State Accounting and Reporting System (STARS), and the State Budget Management System (BMS). The EAR rate is \$3.75 per employee per pay period for all state agencies, except the rate for Regents institutions is \$2.00 per employee per pay period. The EAR provided DISC with fee revenue to offset a \$2.7 million State General Fund reduction in funding.

***No Committee action was taken.***

**C. Medicare Part D Signup Reimbursements (Senate Committee and House Committee).** The House and Senate Committees asked for an update of the Medicare Part D signups and possible federal reimbursement of the \$500,000 from the State General Fund added to the Long Term Care Ombudsman's Office in FY 2006 to assist eligible Medicare beneficiaries with enrollment in Part D. The Secretary on Aging reports regarding Medicare Part D that efforts are underway to determine what documentation must be submitted in order to claim reimbursement for the \$500,000 from the State General Fund spent for administrative expenses in assisting persons in signing up for Part D benefits. The deadline for claiming reimbursement for administrative costs has been extended to May 5, 2006.

***The Committee took no action.***

**D. Comparison of Rental Rate Changes in Capitol Complex (Senate Committee).** The Senate Committee asked for comparative information about rental rate increases over the past three years in the Capitol Complex. The Division of Facilities Management prepared a spreadsheet for FY 2004 to FY 2007 showing the type of space and location occupied by agencies, the square footage assigned, the annual rental charges, and a comparison of the changes over the years. The listing by building and agency is provided separately.

***The Committee referred this item to the Joint Committee on State Building Construction.***

Copies of the Comparison of the State Rental Charges and Changes – FY 2004 to FY 2007 (Attachment 30).

**E. GBA No. 1, Item 2 — Capitol Area Master Plan.**

***The Committee concurred with GBA No. 1, Item 2, that adds \$100,000 from the State General Fund in FY 2007 to update the capitol area master plan.***

**F. GBA No. 1, Item 3 — Facility Construction Services.**

***The Committee concurred with GBA No. 1, Item 3, to include language authorizing the collection of fees in FY 2006 and FY 2007 from the Regents institutions for facility construction services provided at buildings constructed with non-state funds.***

## Kansas Racing and Gaming Commission

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 1:00 P.M. on April 19, 20 and 21, 2006 in Room 123-S of the Capitol.

**A. State Racing Fund Cash Flow and Emergency Funding (Conference Committee).**

The Conference Committee on **SB 480** requested Omnibus review of the FY 2006 and FY 2007 financing for the racing operations budget in the Kansas Racing and Gaming Commission. The Conference Committee recommended review of contingent State General Fund financing of \$250,000 from the State General Fund in FY 2006, subject to release by the State Finance Council, if a race track closing disrupted revenues to the State Racing Fund.

In addition, the Conference Committee deleted \$200,000 recommended by the Governor in FY 2007 from the Economic Development Initiatives Fund (EDIF) and recommended Omnibus review of alternative funding sources. The Conference Committee also recommended review of contingent State General Fund financing of \$250,000 from the State General Fund in FY 2007, subject to release by the State Finance Council, if a race track closing disrupted revenues to the State Racing Fund.

Revenues to the State Racing Fund continue to decrease in FY 2006, with an ending balance of \$182,295 on March 31, 2006. Parimutuel racing taxes deposited in the State Racing Fund through March 31, 2006, totaled \$1,663,542, compared with \$1,784,836 for the same period in FY 2005, reflecting decreases in both live and simulcast racing. Expenditures from the State Racing Fund for March 2006 totaled \$184,263 for racing operations, compared with parimutuel tax revenue of \$186,083 for March 2005.

FY 2007 cash flow projections for the State Racing Fund recommended by the Governor include no anticipated beginning cash balance, revenues of \$2.4 million, and expenditures of \$2.4 million. A \$200,000 transfer from the EDIF was recommended by the Governor in FY 2007 to supplement the State Racing Fund, with \$39,829 allocated to the Governor's 2.5 percent pay plan for employees in racing operations. The Conference Committee deleted this \$200,000 in EDIF financing.

***The Committee took no action.***

**B. Pay Plan Financing (Technical Adjustment).** The Conference Committee on **SB 480** agreed on two adjustments in financing for racing operations that resulted in an expenditure reduction of \$39,829 being counted twice, once as a salary plan adjustment and once as a consequence of deleting a \$200,000 transfer from the Economic Development Initiatives Fund. In addition to adding \$39,829 from special revenue funds to the approved expenditures to correct the double reduction, consideration needs to be given to alternative financing for racing operations pay plan adjustments.

***The Committee recommended making a technical adjustment in FY 2007 to avoid double counting a reduction of \$39,829 from the Economic Development Initiatives Fund and to offset the reduction by adding \$39,829 from the State General Fund in FY 2007.***

**Kansas Public Employees Retirement System**

**A. House Substitute for SB 270 – Kansas School Retirement System (KSRS) Benefit Enhancement (Governor).** **Substitute for SB 270**, the KPERS Omnibus bill, contains a number of provisions, including a benefit enhancement for a group of KSRS retirees. The bill raises the minimum monthly benefit for KSRS retirees with 20 or more years of credited service from \$500 to \$625 in FY 2007, and from \$625 to \$750 in FY 2008. The actuarial cost estimate for this benefit increase is \$300,000 from the State General Fund in order to make a one-time FY 2007 contribution to KPERS to offset the anticipated increase in unfunded liability. The one-time \$300,000 contribution would fund the enhanced benefit payments in FY 2007 and in subsequent fiscal years.

***The Committee added \$300,000 from the State General Fund in FY 2007 to pay the actuarial one-time cost of the multi-year benefit enhancements authorized by SB 270 for members of the Kansas School Retirement System who retired with 20 or more years of service credit.***

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 1:00 P.M. on April 19, 20 and 21, 2006 in Room 123-S of the Capitol.

**Department of Wildlife and Parks**

**A. Proviso Prohibiting Pumping of Groundwater (Conference Committee).** The Conference Committee on **SB 480** recommended review during Omnibus of a proviso concerning pumping of groundwater. As passed by the House, the proviso would have prohibited the agency from pumping groundwater to any playa or other wetlands property owned by the agency. The agency indicates that the proviso could impact the McPherson wetlands and two playa lakes in Ford County.

The Division of Water Resources in the Kansas Department of Agriculture designates "Intensive Groundwater Use Control Areas" known as IGUCAs in Kansas and those areas are defined statutorily in the Groundwater Management District Act. Currently, eight such IGUCAs have been established. Similar areas, which are not properly IGUCAs, have been established under regulations by the Chief Engineer, i.e., the Equus Beds and Lyons Special Water Quality Use Areas (SWQUA). A map of these areas is provided separately. Both playa lakes in Ford County and the McPherson wetlands appear to be in or near the areas designated as IGUCAs.

The Legislature, as recently as the 2001 Session, included a proviso restricting the use of groundwater by the Department of Wildlife and Parks. At that time, the Legislature prohibited the pumping of groundwater on any new lands acquired that were adjacent to playa lakes properties already owned by the agency, and other wetlands areas were not addressed in the provisos prior to the 2006 Session.

The 2001 proviso read: "For the fiscal year ending June 30, 2002, any expenditures by the above agency from any moneys appropriated for fiscal year 2002, for land acquisition related to the playa lakes project shall be for lands which are adjacent to playa lakes properties that are already owned by the state: *Provided*, That no expenditures shall be made by the above agency from any moneys appropriated from the state general fund or any special revenue fund for fiscal year 2002 for pumping of groundwater on any such newly-acquired properties."

Copies of a map showing Closed and Restricted Areas, Kansas Department of Agriculture, Division of Water Resources, were distributed to the Committee (Attachment 31).

***The Committee included language that would allow the agency to pump groundwater on any agency property as authorized by the Kansas Water Appropriations Act.***

**B. Additional Motor Vehicle Replacement Funding (Conference Committee).** The Conference Committee on **SB 480** recommended Omnibus review of \$97,000 from the State General Fund for FY 2007 replacement vehicles at State Parks (\$85,000 for 5 trucks) and central administration (\$12,000 for matching other special revenue funds for 4 trucks). The Governor's recommended FY 2007 budget did not include the \$97,000 from the State General Fund. The Senate Committee added the \$97,000 vehicle enhancement funding, the House Committee suggested Omnibus review of this item, and the Conference Committee agreed to review the requested funding during Omnibus.

***The Committee added \$151,700 including \$97,000 from the State General Fund in FY 2007 for nine replacement trucks that were not included in the Governor's recommended budget.***

**C. Reduction of Motor Vehicle Fleet (Senate Committee and House Committee).** The Department of Wildlife and Parks is being asked to reduce 25 motor vehicles from its fleet in order to help meet the goal to reduce the state's basic fleet by 200 vehicles before July 1, 2006. Some of these older vehicles are used by seasonal and temporary employees at the State Parks. The agency is reviewing the situation and how to provide alternative transportation for seasonal and temporary employees. A management meeting was held for April 10-11, 2006 to address this issue. A total of six vehicles at State Parks will be replaced and the other 19 reduced from the rest of the agency.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 1:00 P.M. on April 19, 20 and 21, 2006 in Room 123-S of the Capitol.

***The Committee took no action.***

**D. GBA No. 1, Item 52 — Program Omissions.**

***The Committee concurred with GBA No. 1, Item 52, to add enhancement expenditures of \$741,000 from two fee funds in FY 2007.***

**E. GBA No. 1, Item 53 — Open Access to the State Parks.**

***The Committee concurred with GBA No. 1, Item 53, to add \$1,250,000 from the State General Fund in FY 2007 to provide free access for Kansas residents to State Parks from January 1, 2007 to June 30, 2007. The Committee also added provisions from SB 583 to provide for transfers in FY 2007 of \$5.0 million from the State Gaming Revenues Fund in order to provide \$1.0 million for outdoor recreation grants and \$4.0 million for state parks operating expenditures.***

**Vehicle Purchases**

**A. State Motor Vehicle Replacement Policy, Purchases, and Reductions (Conference Committee).** The Conference Committee on SB 480 removed almost all funding for FY 2007 replacement vehicle purchases in most state agencies and asked for Omnibus review. A listing of FY 2007 motor vehicles by agency is provided separately.

The Director of the Budget reviews and approves all replacement vehicle purchases. The Governor's state vehicle policy for replacement passenger cars, light trucks, and vans, implemented in conjunction with a vehicle purchase moratorium that expired in November of 2005, states:

- (1) A new vehicle can be purchased only to replace another vehicle in the fleet.
- (2) The replacement vehicle must have reached 100,000 miles for cars and 140,000 miles for pickup trucks.
- (3) The vehicle purchased must be similar in type and size to its replacement.

Excluding Highway Patrol and Regents universities, the Governor's recommended FY 2007 vehicle replacement purchases from all funds totaled \$6,119,380, including \$864,621 from the State General Fund. The 2006 Legislature deleted \$5,947,784, including \$827,496 from the State General Fund, in FY 2007 for most state vehicle replacement purchases to be reviewed during Omnibus. An additional \$347,246, including \$221,000 from the State General Fund, for vehicle purchases was identified for review during Omnibus.

In addition, the Governor's FY 2007 Budget Report states the intent to reduce the basic state vehicle fleet (excluding the Highway Patrol and Regents universities) from 4,279 to 3,402 by July of 2006. A total of 677 vehicles were sold in February of 2004 and an additional 200 vehicles will be removed from the basic state fleet by July of 2006. The Budget Director indicates reductions are anticipated as follows in certain state agencies: Transportation, about 65; Corrections, about 50; SRS and state hospitals, about 60; Wildlife and Parks, about 25; and the Juvenile Justice Authority, from five to ten.

Copies of a table regarding FY 2007 Motor Vehicle Omnibus Review Items were distributed to the Committee (Attachment 32).

***The Committee added \$5.9 million including \$0.8 million from the State General Fund in FY 2007 to provide funding for replacement vehicles for selected state agencies.***



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MINUTES OF THE Senate Ways and Means Committee at 1:00 P.M. on April 19, 20 and 21, 2006 in Room 123-S of the Capitol.

**Docket Fees - Request for Information Response**

The Chairman recognized the Revisor, Jill Wolters, who provided information and explained the review of proposed docket fee increases for the 2006 Session (Attachment 33).

**Legislative Compensation Commission**

*The Committee added provisions of SB 513 into the Omnibus Appropriations Bill.*

Senator Emler moved, with a second by Senator Barone, to remove the contents of **HB 2968** and amend the contents of the Omnibus Appropriations Bill into **Senate Substitute for HB 2968**, allow Staff to make technical corrections and recommend **Senate Substitute for HB 2968** favorable for passage. Motion carried on a roll call vote.

Chairman Umbarger expressed his thanks to the Committee, staff and others for all their work during the Omnibus Session.

The meeting adjourned at 12:35 p.m. on April 21, 2006. The next meeting was scheduled for April 26, 2006.

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SENATE WAYS AND MEANS  
GUEST LIST

Date April 19, 2006

NAME	REPRESENTING
Cheri Froetscher	DoB
<del>Julie Fleury</del>	<del>DoB</del>
Pat Higgin	DoF A
Keith Bradshaw	JJA
Dennis Williams	KDOC
Joe Ford	KWO
Becky Lassiter	Commerce
Leslie Kaufman	Ks Coop Council
Michelle Ponce	SR3
Kyle Kessler	SPS
Jan Brant	KSC
Dan Korber	Kansas, Inc
Jerry Sloan	Judicial Branch
JOHN DOUGHERTY	ESU
Sabrina Wells	Insurance Department
Randy Baces	KSHS
Keith Keltke	KU
Lucas Bell	Kearney
Juni Rose	KACCT
Dorisey Douglas	Hein Law Firm
Mel Hein	Hein Law Firm
Bill Brady	Capitol Stelagriet
Bob Coxart	KDOA

SENATE WAYS AND MEANS  
GUEST LIST

Date April 19, 2006

NAME	REPRESENTING
Jim Conant	KDOR
Val DeFever	SQE
Dyanna Croftz	KS Board of Tax Appeals
Chasity Whit	Board of Tax Appeals
Randy M. Maxwell	Kansas Judicial Council
Luke Thompson	DHPF
Hal Gardner	Kan-ed, Board of Regents
Dick Carter	Results Technology Group
Nancy Jensen	Hauptman Swire
Bill Schup	KDOL
Robert Maile	KS Sch/ For the Dept

SENATE WAYS AND MEANS  
GUEST LIST

Date April 20, 2006

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Patrick Hurley	Econ Agencies et al.
Dorie J. Wellshoe	Patrick Hurley & Co.
Hal Gardner	kan-ed, Board of Regents
CV Cotso radis	KDA
Ken Seehun	Herr Law Firm
Lindsay Douglas	Herr Law Firm
Junie Rose	KACCT
Richard Smailey	Herr & Assoc.
Doug Bowman	CC ECLS
Tom Stratton	KS Legal Services
JOHN DOUGHERTY	ESU
Steve Solomon	TFI Family Services
Ruth Stone	Ks. Human Rights Com.
Dan Damm	Damm & Assoc.
Karl Brunner	TCG
Blue Vaird	K-State
SUE PETERSON	K-State
Tracy Strick	RWO
Joey Fund	RWO
Earl Lewis	RWO
Jaske Montfort Paige	KCC
Michelle Ponce	SRS
Jan Krast	KSC





SENATE WAYS AND MEANS  
GUEST LIST

Date April 21, 2006

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Julie Thomas	DOB
Marilyn Jacobson	DOH
Heather Morgan	SJA
Ang Salubang	DOB
Jane Montano-Paig	KCC
Michelle Ponce	SRS
MARK Bozanyak	Capitol Strategies
Doug Bowman	CCECS
Kim Fowler	Judicial Branch
Steve Solomon	TFI Family Services
Mike Huttles	Huttles Gov't. Relations
Tom Stratton	KS Legal Services
Andy Shaw	Kearney & Associates
Rob Wood	LLR
Josie Terley	SILCK
AM. A. [Signature]	DKIL
Chad Koh [Signature]	K4A
Ethel Erickson	KDOT
Becky Lassiter	Commerce
Mary Jane Stankiewicz	KGFH/KARA
RANDY BALES	KSHS
Terry Marmet	KSHS

SENATE WAYS AND MEANS  
GUEST LIST

Date April 21, 2006

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Mark Tallman	Ks Assoc. of School Boards
Tom Conant	KDOR
JANIS DEBOER	KDOA
Lindsey Douglas	Hein Law Firm
Kevin Brady	Student
Bill Brady	Capitol Strategists
Bugs Conant	KDOIT
JIM FREDERICK	KCLM
Dodie Wellshear	Patrick Hurley & Co.



# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

545N-Statehouse, 300 SW 10<sup>th</sup> Ave.  
Topeka, Kansas 66612-1504  
(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@kldr.state.ks.us

<http://www.kslegislature.org/kldr>

April 19, 2006

**To:** Governor Kathleen Sebelius and Legislative Budget Committee  
**From:** Kansas Legislative Research Department  
Kansas Division of the Budget  
**Re:** State General Fund Receipts Revisions for FY 2006 and FY 2007

Estimates for the State General Fund (SGF) are developed using a consensus process that involves the Legislative Research Department, Division of the Budget, Department of Revenue, and three consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. The Consensus Group met on April 17, 2006, and significantly increased the overall estimate for both fiscal years by a combined \$289.4 million relative to the previous estimate made in November. The revised FY 2006 estimate is \$5.309 billion, and the revised FY 2007 estimate is \$5.356 billion. The revised estimates incorporate the fiscal impact of all 2006 legislation signed into law thus far.

For FY 2006, the estimate was increased by \$151.6 million, or 2.9 percent, above the November estimate. The overall revised SGF estimate of \$5.309 billion represents a 9.7 percent growth forecast above final FY 2005 receipts.

The revised estimate for FY 2007 of \$5.356 billion was increased by \$137.8 million, or 2.6 percent above the November estimate. The revised FY 2007 estimate is \$47.4 million, or 0.9 percent, above the newly revised FY 2006 figure. Factors influencing the FY 2007 growth rate relate to legislation enacted in 2004 that reduces the amount of sales and use tax receipts deposited directly into the SGF; and a significant increase in transfers out of the SGF.

## **Economic Forecast for Kansas**

The Kansas economy is expected to continue to grow at a relatively healthy rate for the balance of FY 2006 and FY 2007. Estimates are now that nominal Kansas Personal Income (KPI) growth for 2006 and 2007 will be 5.3 and 5.1 percent, respectively. A healthy overall employment picture and a modest recovery in the stock market are expected in the short term to continue to cause income tax withholding and overall receipts to grow at levels not seen since before the recession. Although economic growth is expected to continue throughout FY 2007 and beyond, the rate of growth will be declining. Estimates are that Kansas Gross State Product, which grew by 5.8 percent in 2005, will grow by 5.2 percent in 2006 and 4.7 percent in 2007. Growth in Kansas therefore will be following the national trend, albeit at slightly lower rates. The Consensus estimates contained herein are based on a number of such assumptions regarding a moderating rate of growth in the state and national economies.

*Senate Ways and Means  
April 19, 20, 21, 2006  
Attachment 1*

## **Kansas Personal Income**

Kansas Personal Income (KPI) in 2005 grew by 6.1 percent over the 2004 level. The growth rate for KPI is expected to decelerate throughout the forecast period, with the estimates now set at 5.3 percent for 2006 and 5.1 percent for 2007. The estimates for 2006 and 2007 are virtually unchanged since the November Consensus forecast. Current estimates are that overall US Personal Income growth – 5.7 percent for 2006 and 5.5 percent for 2007 – will be greater than KPI growth.

## **Employment**

The employment outlook for Kansas remains healthy. The overall Kansas unemployment rate, which was 5.4 percent in FY 2005, is expected to be 5.0 percent in FY 2006 and 5.1 percent in FY 2007. The unemployment rate had been as high as 5.7 percent as recently as FY 2004 in the wake of the recession. The average annual number of Kansans employed in FY 2006 is expected to exceed 1.4 million for the first time in state history.

## **Agriculture**

The All Farm Products Index of Prices received by Kansas farmers was 110 in March, unchanged from a year earlier. The latest prospective plantings report indicates farmers expect to plant 19.6 million acres of the four major grain crops in 2006, up 2 percent from 2005. Wheat prices have been rising steadily since late last summer. Livestock receipts, especially from cattle, have remained strong thus far in 2006. But the lack of both topsoil and subsoil moisture in many areas of the state remains a significant concern, notwithstanding the much-needed precipitation in March. Higher energy costs also remain of major concern for the agricultural sector.

## **Oil and Gas**

The average price per taxable barrel of Kansas crude oil is now estimated to be \$55.00 for FY 2006 and \$53.00 for FY 2007. Significant political tensions in the Middle East, Africa, and South America have led recently to increased volatility in oil prices and added to the uncertainty about forecasting the price of this commodity. Gross oil production in Kansas, which generally had been declining steadily for more than a decade until FY 2000, appears to have stabilized since that time at around 33.5 million barrels per year. More than half of all Kansas oil produced is not subject to severance taxation because of various exemptions in that law.

The price of natural gas, which had been at historically high levels over the summer and fall because of hurricanes and other market forces, is expected to average \$6.85 per mcf for FY 2006 before declining to \$6.10 per mcf for FY 2007, based on an industry source's analysis of futures markets. Developments influencing the gas estimate include the unusually warm winter across the nation, which led to more gas being placed in storage than had been expected. Kansas natural gas production in FY 2005 of 394 million cubic feet represented a continuing decrease from the modern era peak of 730 million cubic feet in FY 1996. Production is expected to continue to decline for the foreseeable future as natural gas reserves, especially those in the Hugoton field, are depleted. The current forecast is for 370 million cubic feet for FY 2006 and 345 million cubic feet for FY 2007.

## Inflation Rate

The Consumer Price Index for all Urban consumers (CPI-U) increased by 3.4 percent in 2005. Energy price increases attributable to hurricanes caused the final 2005 figure to be about 1.0 percent higher than it otherwise would have been. The current national forecasts for both 2006 and 2007 are for inflation to continue at moderate levels, 2.8 percent and 2.6 percent, respectively. Although these figures represent the consensus estimate for inflation, other economic factors could cause higher levels of inflation, including the possibility that high levels of employment could lead to additional wage increases; factory utilization has exceeded the level at which production becomes more expensive (and price increases more likely); raw material prices are increasing; and many firms believe that they can raise prices, if necessary, without losing market share.

## Interest Rates

The Pooled Money Investment Board is authorized to make investments in US Treasury and Agency securities, highly rated commercial paper, repurchase agreements and certificates of deposit of Kansas banks. In FY 2005, the state earned 2.27 percent on its SGF portfolio. The average rate of return forecasted for FY 2006 is 4.22 percent. For FY 2007, the forecasted rate is 5.21 percent.

### Economic Forecasts

	<u>CY 05</u>	<u>CY 06*</u>	<u>CY 07*</u>
KPI Growth	6.1%	5.3%	5.1%
Inflation (CPI-U)	3.4%	2.8%	2.6%
	<u>FY 05</u>	<u>FY 06*</u>	<u>FY 07*</u>
SGF Interest	2.27%	4.22%	5.21%
Oil and Gas			
Oil Price per bbl	\$ 44.46 \$	55.00 \$	53.00
Gross Prod. (000)	33,485	33,500	33,500
Gas Price per mcf	\$ 5.13 \$	6.85 \$	6.10
Gas Taxable Value	1,863,574	2,350,749	1,941,401

\* Estimated

## Attached Tables

Table 1 compares the new FY 2006 and FY 2007 estimates by source with actual receipts from FY 2005. Tables 2 and 3 show the changes in the estimates by source for each fiscal year.

## State General Fund Receipts Estimates

**FY 2006.** The revised estimate of SGF receipts for FY 2006 is \$5.309 billion, an increase of \$151.6 million from the previous estimate made in November. Total SGF receipts thru March were running \$128.0 million ahead of the previous estimate. The revised estimate is \$467.4 million or 9.7 percent above actual FY 2005 receipts. Details of the revised estimate are reflected in Table 2.

Each individual SGF source was reevaluated independently and consideration was given to revised and updated economic forecasts, collection information from the Departments of Revenue and Insurance, and year-to-date receipts.

The estimate of total taxes was increased by \$172.7 million, while the estimate of "other revenue" was decreased by \$21.1 million. Four tax sources – individual income, corporation income, sales, and compensating use – accounted for \$165.0 million of the increase.

The estimate for individual income taxes was increased by \$80 million. KPI growth for calendar year 2005 ended up at 6.1 percent, compared with the 5.9 percent forecast in November. Stock market growth during the final months of 2005 also likely resulted in greater capital gains relative to tax year 2005 liability. Receipts through March were running \$59.5 million ahead of the prior fiscal-year-to-date estimate, and data from the Department of Revenue through mid-April confirm faster growth in withholding and balance due remittances than had been anticipated. The revised FY 2006 estimate now calls for growth of \$259.4 million, or 12.7 percent, in this source over FY 2005 receipts.

The estimate for corporation income taxes, which had been running almost \$58 million ahead of the prior fiscal-year-to-date estimate through March, was increased by \$70 million. Strong corporate profits for calendar year 2005, coupled with significant growth in estimated payments, are among the factors contributing to the recovery in receipts from this source – now estimated to be \$330 million for FY 2006. Corporation income tax receipts were less than \$94 million as recently as FY 2002.

The sales and use tax estimates were increased by \$10 million and \$5 million, respectively, based largely on fiscal-year-to-date receipts through March. The Department of Revenue reported that more than 553 retailers have voluntarily registered to collect use taxes since October 1, a development that will further increase receipts once the Certified Service Provider certification process has been completed. Although overall consumption has remained strong, sales tax receipts have been somewhat suppressed because of energy price increases and the fact that purchases of motor fuel and residential utility services are exempt from the tax. Nationwide consumption expenditures on energy goods and services was 4.8 percent in FY 2003 and had jumped to an estimated 6.2 percent during the first half of FY 2006.

The financial institutions privilege tax estimate also was increased by \$3 million. Receipts from this source through March were running \$1.5 million ahead of the previous estimate, and profit margins of financial institutions remain high.

The forecast for estate tax receipts was increased by \$2 million, largely due to the fact that taxes from this source were running ahead of the prior estimate through March.

The overall severance tax estimate remained unchanged, although the individual source estimate for natural gas was increased by \$1.3 million, while the oil estimate was decreased by the same amount.

On the negative side, the estimate for agency earnings was decreased by \$4.0 million; and the estimate for the cigarette tax was decreased by \$2.0 million. The forecast for interest credited to the SGF also was reduced by \$2.5 million. The estimate for net transfers out of the SGF was increased by \$14.6 million, with \$12.7 million attributable to an increase in the estimated transfer to the Biosciences Authority.

**FY 2007.** SGF receipts are estimated to be \$5.356 billion in FY 2007, an increase of \$137.8 million relative to the November estimate. The new FY 2007 figure is \$47.4 million or 0.9 percent above the newly revised FY 2006 estimate. The growth would have been \$52.3 million more if not for legislation enacted in 2004 that reduced the share of sales and use taxes earmarked for the SGF. Loan repayments to KDOT and other agencies also accounted for \$35.5 million of the increase in transfers out of the SGF. In fact, the reduced growth rate in overall SGF receipts from FY 2006 to FY 2007 is heavily influenced by the more than \$96.9 million negative change in the net transfers forecast. Severance tax receipts also are expected to decline by almost \$18 million because of slightly lower prices of both oil and gas and decreased production of gas.

The individual income tax forecast takes into consideration more modest growth in the economy and in KPI. Although corporation income tax receipts are expected to remain at historically high levels, the 2006 corporate profits forecast is significantly weaker than the same 2005 figure, and the rate of growth in corporate estimated payments likely will be decelerating from FY 2006. Details of the FY 2007 revisions are shown in Table 3.

Of the \$137.8 million overall increase in the FY 2007 estimate, individual (\$85 million) and corporation (\$50 million) income taxes accounted for \$135 million.

Other significant adjustments of note include increases in the sales and use tax estimates of \$11 million and \$5 million, respectively. The estimate for net transfers out of the SGF was increased by \$11.3 million, with \$7.8 million attributable to the forecasted transfer to the Biosciences Authority.

**FY 2008 and thereafter.** Although the Consensus Group will not make its initial estimate for FY 2008 until next fall, worthy of note is the fact that a number of provisions in previously enacted legislation will reduce SGF receipts beginning in FY 2008:

- Legislation enacted in 2004 relating to the amount of sales and use taxes deposited in the SGF versus the State Highway Fund is expected to reduce FY 2008 SGF receipts from these sources by a combined \$43.9 million below FY 2007 receipts. Given a 3.5 percent growth assumption, FY 2008 SGF receipts will be \$169.4 million less than they would have been if the 2004 legislation had not been enacted.
- Legislation enacted in 2002 that conforms the Kansas estate tax exemption threshold with the federal exemption threshold and eliminates the Kansas tax altogether in 2010 is expected to reduce receipts by \$9 million in FY 2008; \$20 million in FY 2009; \$37 million in FY 2010; \$47 million in FY 2011; and \$52 million in FY 2012.
- Legislation enacted in 2002 that also increased the tax credit for property taxes paid on commercial and industrial machinery and equipment is expected to reduce receipts by \$5.0 million in FY 2008; \$5.8 million in FY 2009; and \$6.7 million in FY 2010.

- Legislation enacted in 2005 will reduce the amount of water tax receipts deposited in the SGF by \$3.0 million per year beginning in FY 2008.
- Additional legislation enacted in 2005 will reduce severance tax receipts to the SGF by \$5.5 million in FY 2009; \$7.8 million in FY 2010; \$9.9 million in FY 2011; and \$11.8 million in FY 2012.

### **Accuracy of Consensus Revenue Estimates**

For 31 years, SGF revenue estimates for Kansas have been developed using the consensus revenue estimating process. Besides the three state agencies identified on the first page, the economists currently involved in the process are Joe Sicilian from the University of Kansas, Ed Olson from Kansas State University, and John Wong from Wichita State University. Each of the entities and individuals involved in the process prepared independent estimates and met on April 17, 2006, to discuss estimates and come to a consensus for each fiscal year.

STATE GENERAL FUND ESTIMATES

Fiscal Year	Adjusted Original Estimate*	Adjusted Final Estimate**	Actual Receipts	Difference from Original Estimate*		Difference from Final Estimate**	
				Amount	Percent	Amount	Percent
1975	--	\$614.9	\$627.6	--	--	\$12.7	2.1%
1976	\$676.3	699.7	701.2	\$24.9	3.7%	1.4	0.2
1977	760.2	760.7	776.5	16.3	2.1	15.8	2.1
1978	830.1	861.2	854.6	24.5	3.0	(6.5)	(0.8)
1979	945.2	1,019.3	1,006.8	61.6	6.5	(12.5)	(1.2)
1980	1,019.3	1,095.9	1,097.8	78.5	7.7	1.9	0.2
1981	1,197.1	1,226.4	1,226.5	29.4	2.5	0.1	0.0
1982	1,351.3	1,320.0	1,273.0	(78.3)	(5.8)	(47.0)	(3.6)
1983	1,599.2	1,366.9	1,363.6	(235.6)	(14.7)	(3.2)	(0.2)
1984	1,596.7	1,539.0	1,546.9	(49.8)	(3.1)	7.9	0.5
1985	1,697.7	1,679.7	1,658.5	(39.2)	(2.3)	(21.3)	(1.3)
1986	1,731.2	1,666.4	1,641.4	(89.8)	(5.2)	(25.0)	(1.5)
1987	1,903.1	1,764.7	1,778.5	(124.6)	(6.5)	13.8	0.8
1988	1,960.0	2,031.5	2,113.1	153.1	7.8	81.6	4.0
1989	2,007.8	2,206.9	2,228.3	220.5	11.0	21.4	1.0
1990	2,241.2	2,283.3	2,300.5	59.3	2.6	17.2	0.8
1991	2,338.8	2,360.6	2,382.3	43.5	1.9	21.7	0.9
1992	2,478.7	2,454.5	2,465.8	(12.9)	(0.5)	11.3	0.5
1993	2,913.4	2,929.6	2,932.0	18.6	0.6	2.4	0.1
1994	3,040.1	3,126.8	3,175.7	135.6	4.5	48.9	1.6
1995	3,174.4	3,243.9	3,218.8	44.4	1.4	(25.1)	(0.8)
1996	3,428.0	3,409.2	3,448.3	20.3	0.6	39.0	1.1
1997	3,524.8	3,642.4	3,683.8	159.0	4.5	41.4	1.1
1998	3,714.4	3,971.0	4,023.7	309.3	8.3	52.7	1.3
1999	3,844.7	4,051.9	3,978.4	133.7	3.5	(73.4)	(1.8)
2000	4,204.1	4,161.0	4,203.1	(1.0)	0.0	42.1	1.0
2001	4,420.7	4,408.7	4,415.0	(5.7)	(0.1)	6.4	0.1
2002	4,674.5	4,320.6	4,108.9	(565.6)	(12.1)	(211.7)	(4.9)
2003	4,641.0	4,235.6	4,245.6	(395.4)	(9.3)	9.9	0.2
2004	4,605.5	4,450.5	4,518.7	(86.8)	(1.9)	68.2	1.5
2005	4,490.5	4,793.8	4,841.3	350.8	7.8	47.5	1.0

\* The adjusted original estimate is the estimate made in November or December prior to the start of the next fiscal year in July and adjusted to account for legislation enacted, if any, which affected receipts to the SGF.

\*\* The final estimate made in March, April, or June is the adjusted original estimate plus or minus changes subsequently made by the Consensus Estimating Group. It also includes the estimated impact of legislation on receipts.

The table (above) presents estimates compared to actual receipts since FY 1975, the fiscal year for which the current process was initiated. First, the adjusted original estimate is compared to actual collections and then the final estimate is compared to actual receipts.

As might be expected, there has usually been a smaller difference between actual receipts and the final estimate because only three months remained in the fiscal year when the final estimate was made. In the last 15 fiscal years, the most significant shortfall in receipts relative to the final estimate was FY 2002 (4.9 percent); while the largest percentage underestimate occurred in FY1994 (1.6 percent).

### **Concluding Comments**

Consensus revenue estimates are based on current federal and state laws and their current interpretation. These estimates will be adjusted at the conclusion of the 2006 Legislative Session to reflect all legislation enacted after April 17 which affects SGF receipts.



**Table 1**  
**Consensus Revenue Estimate for Fiscal Years 2006 and 2007**  
**and FY 2005 Actual Receipts**  
*(Dollars in Thousands)*

	FY 2005 (Actual)		FY 2006 (Revised)		FY 2007 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
<b>Property Tax:</b>						
Motor Carrier	\$20,454	4.9 %	\$22,000	7.6 %	\$23,000	4.5 %
General Property	538		50		--	
Motor Vehicle	1,801		1,450		--	
<b>Total</b>	<b>\$22,793</b>	<b>(34.8) %</b>	<b>\$23,500</b>	<b>3.1 %</b>	<b>\$23,000</b>	<b>(2.1) %</b>
<b>Income Taxes:</b>						
Individual	\$2,050,562	8.6 %	\$2,310,000	12.7 %	\$2,445,000	5.8 %
Corporation	226,072	60.1	330,000	46.0	310,000	(6.1)
Financial Inst.	22,063	(13.3)	26,000	17.8	27,000	3.8
<b>Total</b>	<b>\$2,298,697</b>	<b>11.9 %</b>	<b>\$2,666,000</b>	<b>16.0 %</b>	<b>\$2,782,000</b>	<b>4.4 %</b>
Estate Tax	\$51,853	7.9 %	\$53,000	2.2 %	\$52,000	(1.9) %
<b>Excise Taxes:</b>						
Retail Sales	\$1,647,663	2.2 %	\$1,725,000	4.7 %	\$1,740,000	0.9 %
Compensating Use	244,755	14.1	270,000	10.3	273,000	1.1
Cigarette	118,979	(0.7)	116,000	(2.5)	115,000	(0.9)
Tobacco Products	5,039	5.1	5,000	(0.8)	5,000	--
Cereal Malt Bev.	2,077	(4.1)	2,000	(3.7)	2,000	--
Liquor Gallonage	15,736	(0.7)	16,000	1.7	16,100	0.6
Liquor Enforcement	41,904	4.1	44,500	6.2	46,000	3.4
Liquor Drink	7,444	4.1	7,900	6.1	8,100	2.5
Corp. Franchise	47,095	28.0	46,000	(2.3)	47,000	2.2
Severance	103,390	22.2	131,100	26.8	113,200	(13.7)
Gas	75,415	14.2	94,700	25.6	78,200	(17.4)
Oil	27,975	50.5	36,400	30.1	35,000	(3.8)
<b>Total</b>	<b>\$2,234,082</b>	<b>4.5 %</b>	<b>\$2,363,500</b>	<b>5.8 %</b>	<b>\$2,365,400</b>	<b>0.1 %</b>
<b>Other Taxes:</b>						
Insurance Prem.	\$106,828	(0.7) %	\$111,000	3.9 %	\$113,000	1.8 %
Miscellaneous	4,291	17.7	4,800	11.9	4,800	--
<b>Total</b>	<b>\$111,119</b>	<b>(0.1) %</b>	<b>\$115,800</b>	<b>4.2 %</b>	<b>\$117,800</b>	<b>1.7 %</b>
<b>Total Taxes</b>	<b>\$4,718,544</b>	<b>7.5 %</b>	<b>\$5,221,800</b>	<b>10.7 %</b>	<b>\$5,340,200</b>	<b>2.3 %</b>
<b>Other Revenues:</b>						
Interest	\$23,257	67.7 %	\$60,300	159.3 %	\$84,200	39.6 %
Net Transfers	23,562	40.9	(29,400)	(224.8)	(126,300)	329.6
Agency Earnings	75,908	37.3	56,000	(26.2)	58,000	3.6
<b>Total</b>	<b>\$122,727</b>	<b>(6.7) %</b>	<b>\$86,900</b>	<b>(29.2) %</b>	<b>\$15,900</b>	<b>42.0 %</b>
<b>Total Receipts</b>	<b>\$4,841,271</b>	<b>7.1 %</b>	<b>\$5,308,700</b>	<b>9.7 %</b>	<b>\$5,356,100</b>	<b>0.9 %</b>

**Table 2**  
**State General Fund Receipts**  
**FY 2006 Revised**  
**Comparison of November 2005 Estimate to April 2006 Estimate**  
*(Dollars in Thousands)*

	FY 2006 CRE Est. Revised 11/03/05	FY 2006 CRE Est. Revised 04/17/06	Difference	
			Amount	Pct. Chg.
<b>Property Tax:</b>				
Motor Carrier	\$22,000	\$22,000	\$ --	-- %
General Property	25	50	25	
Motor Vehicle	775	1,450	675	
<b>Total</b>	<b>\$22,800</b>	<b>\$23,500</b>	<b>\$700</b>	<b>3.1 %</b>
<b>Income Taxes:</b>				
Individual	\$2,230,000	\$2,310,000	\$80,000	3.6 %
Corporation	260,000	330,000	70,000	26.9
Financial Inst.	23,000	26,000	3,000	13.0
<b>Total</b>	<b>\$2,513,000</b>	<b>\$2,666,000</b>	<b>\$153,000</b>	<b>6.1 %</b>
Estate Tax	\$51,000	\$53,000	\$2,000	3.9 %
<b>Excise Taxes:</b>				
Retail Sales	\$1,715,000	\$1,725,000	\$10,000	0.6 %
Compensating Use	265,000	270,000	5,000	1.9
Cigarette	118,000	116,000	(2,000)	(1.7)
Tobacco Product	5,000	5,000	--	--
Cereal Malt Beverage	2,000	2,000	--	--
Liquor Gallonage	16,000	16,000	--	--
Liquor Enforcement	44,000	44,500	500	1.1
Liquor Drink	7,700	7,900	200	2.6
Corporate Franchise	45,000	46,000	1,000	2.2
Severance	131,100	131,100	--	--
Gas	93,400	94,700	1,300	1.4
Oil	37,700	36,400	(1,300)	(3.4)
<b>Total</b>	<b>\$2,348,800</b>	<b>\$2,363,500</b>	<b>\$14,700</b>	<b>0.6 %</b>
<b>Other Taxes:</b>				
Insurance Premiums	\$110,000	\$111,000	\$1,000	0.9 %
Miscellaneous	4,300	4,800	500	11.6
<b>Total</b>	<b>\$114,300</b>	<b>\$115,800</b>	<b>1,500</b>	<b>1.3 %</b>
<b>Total Taxes</b>	<b>\$5,049,100</b>	<b>\$5,221,800</b>	<b>\$172,700</b>	<b>3.4 %</b>
<b>Other Revenues:</b>				
Interest	\$62,800	\$60,300	(\$2,500)	(4.0) %
Net Transfers	(14,800)	(29,400)	(14,600)	98.6
Agency Earnings	60,000	56,000	(4,000)	(6.7)
<b>Total Other Revenue</b>	<b>\$108,000</b>	<b>\$86,900</b>	<b>(\$21,100)</b>	<b>(19.5) %</b>
<b>Total Receipts</b>	<b>\$5,157,100</b>	<b>\$5,308,700</b>	<b>\$151,600</b>	<b>2.9 %</b>

**Table 3**  
**State General Fund Receipts**  
**FY 2007 Revised**  
**Comparison of November 2005 Estimate to April 2006 Estimate**  
*(Dollars in Thousands)*

	FY 2007 CRE Est.	FY 2007 CRE Est.	Difference	
	Revised 11/03/05	Revised 04/17/06	Amount	Pct. Chg.
<b>Property Tax:</b>				
Motor Carrier	\$23,000	\$23,000	\$ --	-- %
General Property	--	--	--	
Motor Vehicle	--	--	--	
<b>Total</b>	<b>\$23,000</b>	<b>\$23,000</b>	<b>\$ --</b>	<b>-- %</b>
<b>Income Taxes:</b>				
Individual	\$2,360,000	\$2,445,000	\$85,000	3.6 %
Corporation	260,000	310,000	50,000	19.2
Financial Inst.	24,000	27,000	3,000	12.5
<b>Total</b>	<b>\$2,644,000</b>	<b>\$2,782,000</b>	<b>\$138,000</b>	<b>5.2 %</b>
Estate Tax	\$52,000	\$52,000	\$ --	-- %
<b>Excise Taxes:</b>				
Retail Sales	\$1,729,000	\$1,740,000	\$11,000	0.6 %
Compensating Use	268,000	273,000	5,000	1.9
Cigarette	117,000	115,000	(2,000)	(1.7)
Tobacco Product	5,000	5,000	--	--
Cereal Malt Beverage	2,000	2,000	--	--
Liquor Gallonage	16,000	16,100	100	0.6
Liquor Enforcement	45,500	46,000	500	1.1
Liquor Drink	7,900	8,100	200	2.5
Corporate Franchise	46,000	47,000	1,000	2.2
Severance	111,800	113,200	1,400	1.3
Gas	77,600	78,200	600	0.8
Oil	34,200	35,000	800	2.3
<b>Total</b>	<b>\$2,348,200</b>	<b>\$2,365,400</b>	<b>\$17,200</b>	<b>0.7 %</b>
<b>Other Taxes:</b>				
Insurance Premiums	\$112,000	\$113,000	\$1,000	0.9 %
Miscellaneous	4,300	4,800	500	11.6
<b>Total</b>	<b>\$116,300</b>	<b>\$117,800</b>	<b>\$1,500</b>	<b>1.3 %</b>
<b>Total Taxes</b>	<b>\$5,183,500</b>	<b>\$5,340,200</b>	<b>\$156,700</b>	<b>3.0 %</b>
<b>Other Revenues:</b>				
Interest	\$87,300	\$84,200	(\$3,100)	(3.6) %
Net Transfers	(115,000)	(126,300)	(11,300)	9.8
Agency Earnings	62,500	58,000	(4,500)	(7.2)
<b>Total Other Revenue</b>	<b>\$34,800</b>	<b>\$15,900</b>	<b>(\$18,900)</b>	<b>(54.3) %</b>
<b>Total Receipts</b>	<b>\$5,218,300</b>	<b>\$5,356,100</b>	<b>\$137,800</b>	<b>2.6 %</b>

**April Consensus Revenue Estimates  
FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment**

**STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES  
AS PROJECTED FY 2005-FY 2009  
In Millions  
(Reflects the Estimates of the Consensus Revenue Estimating Group as of April 17,2006)**

Senate Ways and Means  
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	Actual FY 2005	Revised FY 2006	Projected FY 2007	Projected FY 2008	Projected FY 2009
Beginning Balance	\$ 327.4	\$ 481.0	\$ 626.4	\$ 675.4	\$ 626.2
	0.0	0.0	0.0	0.0	0.0
Receipts (April 2005 Consensus)	4,843.7	5,308.7	5,356.1	5,407.5	5,611.4
Adjusted Receipts	4,843.7	5,308.7	5,356.1	5,407.5	5,611.4
Total Available	\$ 5,171.1	\$ 5,789.7	\$ 5,982.5	\$ 6,082.9	\$ 6,237.6
	-	-	-	-	-
Less All Other Expenditures	4,690.1	5,163.3	5,307.1	5,456.7	5,593.8
Total Expenditures	4,690.1	5,163.3	5,307.1	5,456.7	5,593.8
Ending Balance	\$ 481.0	\$ 626.4	\$ 675.4	\$ 626.2	\$ 643.8
Ending Balance as a Percentage of Expenditures	10.3%	12.1%	12.7%	11.5%	11.5%

- 1) FY 2006 and FY 2007 expenditures are as approved by the 2006 Legislature after first adjournment.
- 2) FY 2006 revised receipts and FY 2007 projected receipts reflect the estimates of the Consensus Revenue Estimating Group as of April 17, 2006.
- 3) FY 2008 base receipts assume a four percent growth; and expenditures include out-year significant obligations (i.e., SRS and Aging caseloads, KPERS contributions and bonds, KDOT bonds).

Senate Ways and Means  
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Attachment 3

**April Consensus Revenue Estimates**  
**\$480.4 million in New K-12 Funding FY 2007 - FY 2009 - SB 584**  
**FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment**

**STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES**  
**AS PROJECTED FY 2005-FY 2009**  
**In Millions**  
**(Reflects the Estimates of the Consensus Revenue Estimating Group as of April 17,2006)**

	Actual FY 2005	Revised FY 2006	Projected FY 2007	Projected FY 2008	Projected FY 2009
Beginning Balance	\$ 327.4	\$ 481.0	\$ 626.4	\$ 545.3	\$ 266.4
	0.0	0.0	0.0	0.0	0.0
Receipts (April 2005 Consensus)	4,843.7	5,308.7	5,356.1	5,407.5	5,611.4
Adjusted Receipts	4,843.7	5,308.7	5,356.1	5,407.5	5,611.4
Total Available	\$ 5,171.1	\$ 5,789.7	\$ 5,982.5	\$ 5,952.8	\$ 5,877.8
<b>K-12 Additional Funding - SB 584</b>	-	-	<b>180.4</b>	<b>150.0</b>	<b>150.0</b>
Less All Other Expenditures	4,690.1	5,163.3	5,256.8	5,536.4	5,773.5
Total Expenditures	4,690.1	5,163.3	5,437.2	5,686.4	5,923.5
Ending Balance	\$ 481.0	\$ 626.4	\$ 545.3	\$ 266.4	\$ (45.7)
Ending Balance as a Percentage of Expenditures	10.3%	12.1%	10.0%	4.7%	-0.8%

- 1) FY 2006 and FY 2007 expenditures are as approved by the 2006 Legislature after first adjournment.
- 2) FY 2006 revised receipts and FY 2007 projected receipts reflect the estimates of the Consensus Revenue Estimating Group as of April 17, 2006.
- 3) FY 2008 base receipts assume a four percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS and Aging caseloads, KPERS contributions and bonds, KDOT bonds).
- 4) \$480.4 million in new K-12 Funding FY 2007 - FY 2009 - SB 584, excluding KPERS School.

Prepared at the Request and Direction of Senator Dwayne Umbarger

**Machinery and Equipment Only as Passed by the House**  
**April Consensus Revenue Estimates**  
**\$480.4 million in New K-12 Funding FY 2007 - FY 2009 - SB 584**  
**FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment**

**STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES**  
**AS PROJECTED FY 2005-FY 2009**  
**In Millions**  
**(Reflects the Estimates of the Consensus Revenue Estimating Group as of April 17,2006)**

	Actual FY 2005	Revised FY 2006	Projected FY 2007	Projected FY 2008	Projected FY 2009
Beginning Balance	\$ 327.4	\$ 481.0	\$ 626.4	\$ 545.3	\$ 219.0
<b>Machinery and Equipment Tax Reductions as Passed by the House</b>	0.0	0.0	0.0	(47.4)	(65.2)
Receipts (April 2005 Consensus)	4,843.7	5,308.7	5,356.1	5,407.5	5,611.4
Adjusted Receipts	4,843.7	5,308.7	5,356.1	5,360.1	5,546.2
Total Available	\$ 5,171.1	\$ 5,789.7	\$ 5,982.5	\$ 5,905.4	\$ 5,765.2
<b>K-12 Additional Funding - SB 584</b>	-	-	180.4	150.0	150.0
Less All Other Expenditures	4,690.1	5,163.3	5,256.8	5,536.4	5,773.5
Total Expenditures	4,690.1	5,163.3	5,437.2	5,686.4	5,923.5
Ending Balance	\$ 481.0	\$ 626.4	\$ 545.3	\$ 219.0	\$ (158.3)
Ending Balance as a Percentage of Expenditures	10.3%	12.1%	10.0%	3.9%	-2.7%

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- 1) FY 2006 and FY 2007 expenditures are as approved by the 2006 Legislature after first adjournment.
- 2) FY 2006 revised receipts and FY 2007 projected receipts reflect the estimates of the Consensus Revenue Estimating Group as of April 17, 2006.
- 3) FY 2008 base receipts assume a four percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS and Aging caseloads, KPERS contributions and bonds, KDOT bonds).
- 4) \$480.4 million in new K-12 Funding FY 2007 - FY 2009 - SB 584, excluding KPERS School.
- 5) Machinery and equipment only tax reduction, as passed by the House - HB 2619 and HB 2525.

Prepared at the Request and Direction of Senator Dwayne Umbarger

**ECONOMIC DEVELOPMENT INITIATIVES FUND**

**FY 2005 - FY 2007**

As Approved by the 2006 Legislature

Agency/Program	Actual FY 2005	Governor's * Recommendation FY 2006	Legislative Approved FY 2006	Governor's Recommendation FY 2007	Legislative Approved FY 2007
<b>Department of Commerce</b>					
Operating Grant	\$ 14,789,751	\$ 16,164,976	\$ 16,164,976	\$ 15,701,164	\$ 15,556,090
Older Kansans Employment Program	239,430	239,430	239,430	230,481	330,481
Kansas Economic Opportunity Initiative Fund	3,225,000	3,000,000	3,000,000	3,160,000	3,160,000
Kansas Existing Industry Expansion Program	300,000	-	-	-	-
State Affordable Airfare Fund	-	-	-	-	-
Subtotal - Commerce	\$ 18,554,181	\$ 19,404,406	\$ 19,404,406	\$ 19,091,645	\$ 19,046,571
<b>Kansas Technology Enterprise Corporation</b>					
Operations	\$ 1,618,422	\$ 1,732,543	\$ 1,732,543	\$ 1,698,695	\$ 1,652,669
University & Strategic Research	5,677,796	5,449,891	5,449,891	5,345,205	5,345,205
Commercialization	1,379,494	2,116,334	2,116,334	1,790,249	1,790,249
Mid-America Manuf. Tech. Center (MAMTC)	1,474,359	1,528,152	1,528,152	1,547,788	1,547,788
Product Development	1,214,951	1,519,030	1,519,030	1,519,030	1,519,030
Subtotal - KTEC	\$ 11,365,022	\$ 12,345,950	\$ 12,345,950	\$ 11,900,967	\$ 11,854,941
<b>Kansas, Inc.</b>					
Operations	\$ 315,894	\$ 379,671	\$ 379,671	\$ 382,085	\$ 525,483
<b>Kansas Racing and Gaming Commission</b>					
Racing Operations	\$ -	\$ -	\$ -	\$ 200,000 <sup>2</sup>	\$ -
<b>Social and Rehabilitation Services</b>					
Child Support Enforcement Call Center	\$ -	\$ -	\$ -	\$ 340,000 <sup>3</sup>	\$ 340,000
<b>Board of Regents</b>					
Tech. Innovation & Internship Prog. - AVTS	\$ 183,696	\$ 180,749	\$ 180,749	\$ 180,500	\$ 180,500
Post-secondary Aid - AVTS	6,957,162	6,957,162	6,957,162	6,957,162	6,957,162
Capital Outlay - AVTS	2,565,000	2,565,000	2,565,000	2,565,000	2,565,000
KSU - ESARP	300,000	300,000	300,000	- <sup>4</sup>	300,000
Wichita State University - Aviation Research	1,828,778	292,058	292,058	- <sup>4</sup>	-
Subtotal - Regents & Universities	\$ 11,834,636	\$ 10,294,969	\$ 10,294,969	\$ 9,702,662	\$ 10,002,662
<b>Kansas Arts Commission</b>					
Local Arts Grants	\$ 35,000	\$ -	\$ -	\$ -	\$ 14,000
<b>Kansas Water Office</b>					
Water Education for Teachers Project	\$ 10,000	\$ -	\$ -	\$ -	\$ -
<b>State Conservation Commission</b>					
Conservation Easement Matching Funds	\$ -	\$ 31,250	\$ 31,250	\$ 311,500 <sup>5</sup>	\$ -
Multipurpose Small Lakes (Horsethief Reservoir)	-	50,000	50,000	- <sup>8</sup>	-
Subtotal - State Conservation Commission	\$ -	\$ 81,250	\$ 81,250	\$ 311,500	\$ -
<b>State Fair</b>					
Largest Classroom	\$ -	\$ -	\$ -	\$ 19,960 <sup>6</sup>	\$ 19,960
Ticket Marketing	-	-	-	50,000 <sup>7</sup>	50,000
Premiums for competitive exhibitors	-	-	-	-	20,000
Subtotal - State Fair	\$ -	\$ -	\$ -	\$ 69,960	\$ 89,960
<b>State Water Plan Fund Transfer</b>	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
<b>Budget Efficiency and Savings Team Transfers</b>	\$ 106,760	\$ -	\$ -	\$ -	\$ -
<b>Pay Plan and KPERS Death and Disability Rate Increase Transfer</b>	\$ -	\$ 92,279 <sup>1</sup>	\$ 92,279	\$ -	\$ 175,202
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 44,221,493</b>	<b>\$ 44,598,525</b>	<b>\$ 44,598,525</b>	<b>\$ 43,998,819</b>	<b>\$ 44,048,819</b>

EDIF Resource Estimate	Actual FY 2005	Governor's Recommendation FY 2006	Legislative Approved FY 2006	Governor's Recommendation FY 2007	Legislative Approved FY 2007
Beginning Balance	\$ 2,974,689	\$ 2,519,677	\$ 2,519,677	\$ 1,082,692	\$ 1,082,692
Gaming Revenues	42,432,000	42,432,000	42,432,000	42,432,000	42,432,000
Other Income**	1,334,481	729,540	729,540	500,000	500,000
Total Available	\$ 46,741,170	\$ 45,681,217	\$ 45,681,217	\$ 44,014,692	\$ 44,014,692
Less: Expenditures and Transfers	44,221,493	44,598,525	44,598,525	43,998,819	44,048,819
<b>ENDING BALANCE</b>	<b>\$ 2,519,677</b>	<b>\$ 1,082,692</b>	<b>\$ 1,082,692</b>	<b>\$ 15,873</b>	<b>\$ (34,127)</b>

\* Unless otherwise noted, increases in agency total in the Governor's recommendation reflect reappropriations.

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

- This amount is transferred to the State General Fund as part of a transfer of special revenue funds from amounts not required for the pay plan and KPERS death and disability rates increase due to adjustments by the Legislature.
- The Governor recommends this funding for agency operations.
- The Governor recommends this item as a one-time expenditure to establish a Child Support Enforcement Customer Service Center. The funding will be matched with \$1.32 million from the federal Child Support Enforcement Administration Fund, for total FY 2007 expenditures of \$2.0 million.
- These expenditures have been shifted to the State General Fund.
- The Governor's recommendation reflects a full year of funding for multiple projects in FY 2007. The FY 2006 funding covered only one project.
- The Governor recommends this item to assist teachers in planning and organizing educational Field Trips to the Kansas State Fair for children from preschool to college level, with the majority if the students being elementary school age.
- The Governor recommends this item to enhance outreach ticket marketing by providing upgrades to the agency's website, multi-cultural day at the State Fair featuring entertainment from various ethnic groups, as well as increased radio, television, and print advertising.
- Expenditures for this project are now completely funded from the State Water Plan Fund.
- Reflects SB 475 as passed by the 2006 Legislature.
- The total expenditures do not include SB 388, the Biodiesel Fuel Producer Production Incentives, which increases expenditures from the EDIF in FY 2007 by \$437,500.

**Consensus Caseload Estimates\***  
April 12, 2006

	FY 2006 Approved		FY 2006 April Estimate		Difference from Approved	
	All Funds	SGF	All Funds	SGF	All Funds	SGF
Nursing Facilities	\$ 333,620,000	\$ 131,579,728	\$ 323,000,000	\$ 127,391,200	\$ (10,620,000)	\$ (4,188,528)
Nursing Facilities - Mental Health	12,500,000	10,475,000	12,000,000	10,080,000	(500,000)	(395,000)
Temporary Assistance for Families	67,500,000	29,821,028	65,000,000	29,821,028	(2,500,000)	-
General Assistance	8,800,000	8,800,000	8,800,000	8,800,000	-	-
Regular Medical Assistance - DHPF	1,238,933,333	391,811,695	1,238,933,333	391,811,695	-	-
Regular Medical Assistance - SRS	218,158,799	51,961,775	203,066,038	51,227,258	(15,092,761)	(734,517)
<i>Subtotal Regular Medical</i>	<i>1,457,092,132</i>	<i>443,773,470</i>	<i>1,441,999,371</i>	<i>443,038,953</i>	<i>(15,092,761)</i>	<i>(734,517)</i>
Reintegration/Foster Care	119,000,000	73,931,122	121,000,000	74,900,000	2,000,000	968,878
<b>TOTAL</b>	<b>\$ 1,998,512,132</b>	<b>\$ 698,380,348</b>	<b>\$ 1,971,799,371</b>	<b>\$ 694,031,181</b>	<b>\$ (26,712,761)</b>	<b>\$ (4,349,167)</b>

	FY 2007 Approved		FY 2007 April Estimate		Difference from Approved	
	All Funds	SGF	All Funds	SGF	All Funds	SGF
Nursing Facilities	\$ 343,600,000	\$ 136,443,560	\$ 340,000,000	\$ 135,014,000	\$ (3,600,000)	\$ (1,429,560)
Nursing Facilities - Mental Health	12,875,000	10,789,250	12,300,000	10,332,000	(575,000)	(457,250)
Temporary Assistance for Families	69,000,000	29,821,028	64,000,000	29,821,028	(5,000,000)	-
General Assistance	9,100,000	9,100,000	8,000,000	8,000,000	(1,100,000)	(1,100,000)
Regular Medical Assistance - DHPF	1,225,075,000	375,899,071	1,225,075,000	375,899,071	-	-
Regular Medical Assistance - SRS	224,036,948	53,860,223	207,058,396	48,636,710	(16,978,552)	(5,223,513)
<i>Subtotal Regular Medical</i>	<i>1,449,111,948</i>	<i>429,759,294</i>	<i>1,432,133,396</i>	<i>424,535,781</i>	<i>(16,978,552)</i>	<i>(5,223,513)</i>
Reintegration/Foster Care	132,000,000	87,141,415	132,000,000	87,141,415	-	-
<b>TOTAL</b>	<b>\$ 2,015,686,948</b>	<b>\$ 703,054,547</b>	<b>\$ 1,988,433,396</b>	<b>\$ 694,844,224</b>	<b>\$ (27,253,552)</b>	<b>\$ (8,210,323)</b>

\* Estimates for entitlement programs at the Division of Health Policy and Finance, Department of Social and Rehabilitation Services and Department on Aging

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**State Water Plan Fund: FY 2006**

<b>Agency/Program</b>	<b>Governor's Recommendation FY 2006</b>	<b>Conf. Cmte. Adjustments FY 2006</b>	<b>Legislative Approved FY 2006</b>
Department of Health and Environment			
Contamination Remediation	1,183,818	0	1,183,818
TMDL Initiatives	323,338	0	323,338
Local Environmental Protection Program	1,502,850	0	1,502,850
Nonpoint Source Program	370,214	0	370,214
Watershed Restoration and Protection Strategy	800,000	0	800,000
Use Attainability Analysis	300,000	0	300,000
<b>Total--Department of Health and Environment</b>	<b>4,480,220</b>	<b>0</b>	<b>4,480,220</b>
University of Kansas--Geological Survey	40,856	0	40,856
Department of Agriculture			
Floodplain Management	68,773	0	68,773
Interstate Water Issues	254,986	0	254,986
Subbasin Water Resources Management	554,369	0	554,369
Water Appropriations Subprogram	187,925	0	187,925
Water Use	60,018	0	60,018
<b>Total--Department of Agriculture</b>	<b>1,126,071</b>	<b>0</b>	<b>1,126,071</b>
State Conservation Commission			
Water Resources Cost Share	4,238,308	0	4,238,308
Nonpoint Source Pollution Asst.	3,081,317	0	3,081,317
Aid to Conservation Districts	1,044,000	0	1,044,000
Watershed Dam Construction	1,102,499	0	1,102,499
Water Quality Buffer Initiative	307,157	0	307,157
Riparian and Wetland Program	258,236	0	258,236
Multipurpose Small Lakes	236,333	0	236,333
<b>Total--Conservation Commission</b>	<b>10,267,850</b>	<b>0</b>	<b>10,267,850</b>
Kansas Water Office			
Assessment and Evaluation	744,704	0	744,704
GIS Data Base Development	247,405	0	247,405
MOU - Storage Operations and Maintenance	411,712	0	411,712
PMIB Loan Payment for Storage	237,945	0	237,945
Stream Gauging Program	412,668	0	412,668
Technical Assistance to Water Users	246,150	0	246,150
Water Planning Process	313,205	0	313,205
Water Resource Education	60,000	0	60,000
Weather Modification	120,000	0	120,000
Kansas Water Authority	37,384	0	37,384
<b>Total--Kansas Water Office</b>	<b>2,831,173</b>	<b>0</b>	<b>2,831,173</b>
Department of Wildlife and Parks			
Stream (Biological) Monitoring	40,000	0	40,000
<b>Total--Department of Wildlife and Parks</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>
<b>Total Water Plan Expenditures</b>	<b>18,786,170</b>	<b>0</b>	<b>18,786,170</b>

<b>State Water Plan Resource Estimate</b>	<b>Governor's Recommendation FY 2006</b>	<b>Conf. Cmte. Adjustments FY 2006</b>	<b>Legislative Approved FY 2006</b>
Beginning Balance	7,682,094	0	7,682,094
Adjustments			
Transfer to State General Fund	0	0	0
Transfer to Kansas Corporation Commission	(400,000)	0	(400,000)
Revenues			
State General Fund Transfer	6,000,000	0	6,000,000
Economic Development Fund Transfer	2,000,000	0	2,000,000
Municipal Water Fees	3,334,000	0	3,334,000
Industrial Water Fees	1,100,000	0	1,100,000
Stock Water Fees	357,000	0	357,000
Pesticide Registration Fees	901,000	0	901,000
Fertilizer Registration Fees	2,856,000	0	2,856,000
Pollution Fines and Penalties	45,000	0	45,000
Sand Royalty Receipts	211,000	0	211,000
<b>Total Receipts</b>	<b>17,640,879</b>	<b>0</b>	<b>17,640,879</b>
<b>Total Available</b>	<b>25,322,973</b>	<b>0</b>	<b>25,322,973</b>
<b>Less: Expenditures</b>	<b>18,786,170</b>	<b>0</b>	<b>18,786,170</b>
<b>Ending Balance</b>	<b>6,536,803</b>	<b>0</b>	<b>6,536,803</b>

**State Water Plan Fund: FY 2007**

<b>Agency/Program</b>	<b>Governor's Recommendation FY 2007</b>	<b>Conf. Cmte. Adjustments FY 2007</b>	<b>Legislative Approved FY 2007</b>
<b>Department of Health and Environment</b>			
Contamination Remediation	955,567	(2,544)	953,023
TMDL Initiatives	299,269	(528)	298,741
Local Environmental Protection Program	1,502,737	0	1,502,737
Nonpoint Source Program	291,257	(6,603)	284,654
Watershed Restoration and Protection Strategy	800,000	0	800,000
<b>Total--Department of Health and Environment</b>	<b>3,848,830</b>	<b>(9,675)</b>	<b>3,839,155</b>
University of Kansas--Geological Survey	40,000	0	40,000
 <b>Department of Agriculture</b>			
Subbasin Water Resources Management	674,552	(7,078)	667,474
Water Use	71,121	0	71,121
Kansas v. Colorado Compliance	1,027,764	204,375	1,232,139
<b>Total--Department of Agriculture</b>	<b>1,773,437</b>	<b>197,297</b>	<b>1,970,734</b>
 <b>State Conservation Commission</b>			
Water Resources Cost Share	3,415,778	(3,560)	3,412,218
Nonpoint Source Pollution Asst.	2,757,520	0	2,757,520
Aid to Conservation Districts	1,048,000	0	1,048,000
Watershed Dam Construction	601,499	0	601,499
Water Quality Buffer Initiative	307,157	0	307,157
Riparian and Wetland Program	186,782	0	186,782
Multipurpose Small Lakes	1,100,000	0	1,100,000
Irrigation Transition/Water Rights Purchase	398,120	0	398,120
Salt Cedar Control Demonstrations	0	65,000	65,000
Conservation Reserve Enhancement Program	4,000,000	(4,000,000)	0
Lake Restoration/Management	400,000	(65,000)	335,000
Quick Response Incentive Grants	450,000	(450,000)	0
Kansas v. Colorado Irrigation Program	786,268	(786,268)	0
<b>Total--Conservation Commission</b>	<b>15,451,124</b>	<b>(5,239,828)</b>	<b>10,211,296</b>
 <b>Kansas Water Office</b>			
Assessment and Evaluation	884,011	0	884,011
GIS Data Base Development	247,405	0	247,405
MOU - Storage Operations and Maintenance	409,132	0	409,132
PMIB Loan Payment for Storage	237,945	0	237,945
Technical Assistance to Water Users	266,150	0	266,150
Weather Stations	60,000	0	60,000
Water Resource Education	84,000	0	84,000
Weather Modification	120,000	0	120,000
<b>Total--Kansas Water Office</b>	<b>2,308,643</b>	<b>0</b>	<b>2,308,643</b>
 <b>Department of Wildlife and Parks</b>			
Almena Irrigation District	120,000	0	120,000
Stream (Biological) Monitoring	40,000	0	40,000
<b>Total--Department of Wildlife and Parks</b>	<b>160,000</b>	<b>0</b>	<b>160,000</b>
<b>Total Water Plan Expenditures</b>	<b>23,582,034</b>	<b>(5,052,206)</b>	<b>18,529,828</b>

<b>State Water Plan Resource Estimate</b>	<b>Governor's Recommendation FY 2007</b>	<b>Conf. Cmte. Adjustments FY 2007</b>	<b>Legislative Approved FY 2007</b>
Beginning Balance	6,536,803	0	6,536,803
Adjustments			
Transfer to State General Fund	0	0	0
Released Encumbrances	700,000	0	700,000
Transfer to Kansas Corporation Commission	(400,000)	0	(400,000)
 <b>Revenues</b>			
State General Fund Transfer	6,000,000	0	6,000,000
Economic Development Fund Transfer	2,000,000	0	2,000,000
Municipal Water Fees	3,520,000	0	3,520,000
Industrial Water Fees	1,051,000	0	1,051,000
Stock Water Fees	399,000	0	399,000
Pesticide Registration Fees	950,000	0	950,000
Fertilizer Registration Fees	2,917,600	0	2,917,600
Pollution Fines and Penalties	70,000	0	70,000
Sand Royalty Receipts	199,000	0	199,000
<b>Total Receipts</b>	<b>17,106,600</b>	<b>0</b>	<b>17,106,600</b>
<b>Total Available</b>	<b>23,943,403</b>	<b>0</b>	<b>23,943,403</b>
Less: Expenditures	23,582,034	(5,052,206)	18,529,828
<b>Ending Balance</b>	<b>361,369</b>	<b>5,052,206</b>	<b>5,413,575</b>

# Children's Initiatives Fund

## FY 2006

	Gov. Rec. FY 2006	Legislative Adjustments FY 2006	Legislative Approved FY 2006
<b>Department of Commerce</b>			
After-School Program	\$ -	\$ -	\$ -
<b>Department of Health and Environment</b>			
Healthy Start/Home Visitor	\$ 250,000	\$ -	\$ 250,000
Infants and Toddlers Program (Tiny K)	800,000 <sup>(1)</sup>	-	800,000
Smoking Cessation/Prevention Program Grants	1,000,000	-	1,000,000
Subtotal - KDHE	\$ 2,050,000	\$ -	\$ 2,050,000
<b>Juvenile Justice Authority</b>			
Juvenile Prevention Program Grants	\$ 5,414,487	\$ -	\$ 5,414,487
Juvenile Graduated Sanctions Grants	3,585,513	-	3,585,513
Subtotal - JJA	\$ 9,000,000	\$ -	\$ 9,000,000
<b>Department of Social and Rehabilitation Services</b>			
Children's Cabinet Accountability Fund	\$ 658,622	\$ -	\$ 658,622
Children's Mental Health Initiative	3,800,000	-	3,800,000
Family Centered System of Care	5,000,000	-	5,000,000
Therapeutic Preschool	1,000,000	-	1,000,000
Child Care Services	1,400,000	-	1,400,000
Community Services - Child Welfare	3,492,101	-	3,492,101
HealthWave (SCHIP portion) <sup>(2)</sup>	-	-	-
Smart Start Kansas - Children's Cabinet	9,753,728	-	9,753,728
Children's Medicaid Increases <sup>(2)</sup>	-	-	-
Immunization outreach <sup>(2)</sup>	-	-	-
Family Preservation	2,957,899	-	2,957,899
School Violence Prevention	228,000	-	228,000
Attendant Care for Independent Living (ACIL)	50,000	-	50,000
Pre-K Pilot	-	-	-
Subtotal - SRS	\$ 28,340,350	\$ -	\$ 28,340,350
<b>Division of Health Policy and Finance</b>			
HealthWave	\$ 2,000,000	\$ -	\$ 2,000,000
Medical Assistance	3,000,000	-	3,000,000
Immunization Outreach	500,000	-	500,000
Subtotal - DHPF	\$ 5,500,000	\$ -	\$ 5,500,000
<b>Kansas Health Policy Authority</b>			
HealthWave	\$ -	\$ -	\$ -
Medical Assistance	-	-	-
Immunization Outreach	-	-	-
Subtotal - KHPA	\$ -	\$ -	\$ -
<b>Department of Education</b>			
Reading and Vision Research	\$ 300,000	\$ -	\$ 300,000
Parent Education	2,541,456	-	2,541,456
Four-Year -Old At-Risk Programs	5,304,045	-	5,304,045
Special Education	1,225,000	-	1,225,000
Subtotal - Dept. of Ed.	\$ 9,370,501	\$ -	\$ 9,370,501
<b>University of Kansas Medical Center</b>			
Tele-Kid Health Care Link	\$ 255,007	\$ -	\$ 255,007
<b>TOTAL</b>	<b>\$ 54,515,858</b>	<b>\$ -</b>	<b>\$ 54,515,858</b>

	Gov. Rec. FY 2006	Legislative Approved FY 2006	Legis. Appvd. with Revised Receipts FY 2006
Beginning Balance	\$ 3,147,150	\$ 3,147,150	\$ 3,147,150
Plus: Other Income			
State General Fund Transfer	375,000	375,000	375,000
KEY Fund Transfer In	51,747,118	51,747,118	46,147,118 <sup>(3)</sup>
Total Available	\$ 55,269,268	\$ 55,269,268	\$ 49,669,268
Less: Expenditures	(54,515,858)	(54,515,858)	(54,515,858)
Transfer Out to State General Fund	(2,212)	(2,212)	(2,212)
<b>ENDING BALANCE</b>	<b>\$ 751,198</b>	<b>\$ 751,198</b>	<b>\$ (4,848,802)</b>

\* Other Income includes released encumbrances, recoveries and reimbursements.

1) In addition to this amount, the Legislature directed that \$200,000 from Smart Start be granted to the Infants and Toddlers program (Tiny K), for total funding of \$1,000,000 in FY 2005 and FY 2006.

2) These programs were transferred to the Division of Health Policy and Finance in FY 2006 under the provisions of 2005 SB 272.

3) Due to lower than anticipated tobacco revenues in April 2006, receipts were decreased by \$5.6 million from \$51,747,118 to \$46,147,118 in FY 2006.

## Children's Initiatives Fund FY 2007

	Gov. Rec. FY 2007	Legislative Adjustments FY 2007	Legislative Approved FY 2007
<b>Department of Commerce</b>			
After-School Program	\$ 500,000	\$ (500,000)	\$ -
<b>Department of Health and Environment</b>			
Healthy Start/Home Visitor	\$ 250,000	\$ -	\$ 250,000
PKU and Hemophilia Services	-	250,000	250,000
Infants and Toddlers Program (Tiny K)	1,200,000	-	1,200,000
Smoking Cessation/Prevention Program Grants	1,000,000	-	1,000,000
Subtotal - KDHE	\$ 2,450,000	\$ 250,000	\$ 2,700,000
<b>Juvenile Justice Authority</b>			
Juvenile Prevention Program Grants	\$ 5,414,487	\$ -	\$ 5,414,487
Juvenile Graduated Sanctions Grants	3,585,513	-	3,585,513
Subtotal - JJA	\$ 9,000,000	\$ -	\$ 9,000,000
<b>Department of Social and Rehabilitation Services</b>			
Children's Cabinet Accountability Fund	\$ 541,802	\$ -	\$ 541,802
Children's Mental Health Initiative	3,800,000	-	3,800,000
Family Centered System of Care	5,000,000	-	5,000,000
Therapeutic Preschool	1,000,000	-	1,000,000
Child Care Services	1,400,000	-	1,400,000
Community Services - Child Welfare	3,492,101	-	3,492,101
HealthWave (SCHIP portion) <sup>(2)</sup>	-	-	-
Smart Start Kansas - Children's Cabinet	8,693,279	(250,000)	8,443,279
Children's Medicaid Increases <sup>(2)</sup>	-	-	-
Immunization outreach <sup>(2)</sup>	-	-	-
Family Preservation	2,957,899	-	2,957,899
School Violence Prevention	228,000	-	228,000
Attendant Care for Independent Living (ACIL)	50,000	-	50,000
Pre-K Pilot	2,000,000	-	2,000,000
Subtotal - SRS	\$ 29,163,081	\$ (250,000)	\$ 28,913,081
<b>Division of Health Policy and Finance</b>			
HealthWave	\$ 2,000,000 <sup>(1)</sup>	\$ (2,000,000)	\$ -
Medical Assistance	3,000,000 <sup>(1)</sup>	(3,000,000)	-
Immunization Outreach	500,000 <sup>(1)</sup>	(500,000)	-
Subtotal - DHPF	\$ 5,500,000	\$ (5,500,000)	\$ -
<b>Kansas Health Policy Authority</b>			
HealthWave	\$ -	\$ 2,000,000	\$ 2,000,000
Medical Assistance	-	3,000,000	3,000,000
Immunization Outreach	-	500,000	500,000
Subtotal - KHPA	\$ -	\$ 5,500,000	\$ 5,500,000
<b>Department of Education</b>			
Reading and Vision Research	\$ 300,000	\$ -	\$ 300,000
Parent Education	2,500,000	-	2,500,000
Four-Year -Old At-Risk Programs	5,304,045	-	5,304,045
Special Education	1,225,000	-	1,225,000
Subtotal - Dept. of Ed.	\$ 9,329,045	\$ -	\$ 9,329,045
<b>University of Kansas Medical Center</b>			
Tele-Kid Health Care Link	\$ 250,000	\$ -	\$ 250,000
<b>TOTAL</b>	<b>\$ 56,192,126</b>	<b>\$ (500,000)</b>	<b>\$ 55,692,126</b>

	Gov. Rec. FY 2007	Legislative Approved FY 2007	Legis. Appvd. with Revised Receipts FY 2007
Beginning Balance	\$ 751,198	\$ 751,198	\$ (4,848,802)
Plus: Other Income	-	-	-
State General Fund Transfer	-	-	-
KEY Fund Transfer In	55,440,928	55,440,928	55,440,928 <sup>(2)</sup>
Total Available	\$ 56,192,126	\$ 56,192,126	\$ 50,592,126
Less: Expenditures	(56,192,126)	(55,692,126)	(55,692,126)
Transfer Out to State General Fund	-	-	-
<b>ENDING BALANCE</b>	<b>\$ -</b>	<b>\$ 500,000</b>	<b>\$ (5,100,000)</b>

\* Other Income includes released encumbrances, recoveries and reimbursements.

1) These programs were transferred to the Division of Health Policy and Finance (DHPF) in FY 2006 under the provisions of 2005 SB 272. The bill provided that the programs would transfer to the Kansas Health Policy Authority (KHPA) beginning in FY 2007. The Governor recommends the programs remain at DHPF for FY 2007. The House and Senate recommend the programs be shifted to the KHPA as directed by the legislation.

2) FY 2006 Tobacco receipts were revised downward by \$5.6 million in April 2006. The FY 2007 number was not changed so balances on this table for FY 2007 assume that receipts will be equal to the estimate included in the Governor's budget and do not account for possible downward revisions of receipts in FY 2007.



April 17, 2006

The Honorable Dwayne Umbarger, Chairperson  
Senate Committee on Ways and Means  
Room 120-S, Statehouse

and

The Honorable Melvin Neufeld, Chairperson  
House Committee on Appropriations  
Room 514-S, Statehouse

Dear Senator Umbarger:

The 54 items contained in this memo amend the revised FY 2006 and new FY 2007 budget that I submitted to you in January 2006. Some items correct errors made in posting the detailed budgets or in publishing *The FY 2007 Governor's Budget Report*. The other items reflect new issues that have arisen, caseload adjustments, or changes that can be made based on new information. Total adjustments to expenditures and positions are shown below.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ (1,273,250)	\$ 11,898,260
All Other Funds	<u>(10,040,818)</u>	<u>(15,852,177)</u>
All Funds	\$ (11,314,068)	\$ (3,953,917)
FTE Positions	(190.51)	22.00
Non-FTE Unclassified Permanent	<u>(2.00)</u>	<u>(2.00)</u>
Total Positions	(192.51)	20.00

## Department of Administration

### 1. Health Planning & Finance—Correction to Reportable Expenditures

The Governor's original budget recommendation overstated the reportable expenditures for the Employee Benefits section of the Division of Health Policy and Finance in FY 2007. The net effect of the error is that reportable expenditures are overstated by \$800,218. However, there are two components to this item. In the first place, expenditures of \$956,971 from the Preventive Health Care Program Fund were incorrectly reflected as reportable. Second, expenditures of \$156,753 from the Public School Districts Benefit Fund were incorrectly reflected as non-reportable. The Preventive Health Care Program Fund is capitalized through payroll contributions from state agencies. Those state agencies include contributions to this fund as a reportable payroll expense. Therefore, the same dollars cannot be included as reportable expenditures in the Division of Health Policy and Finance. On the other hand, the Public School Districts Benefit Fund is capitalized through contributions from outside of the state budget. Therefore, the expenditures from that fund must be reportable in the state budget. No action needs to be taken in the omnibus bill for this item. It simply corrects the Governor's official recommendation with respect to reportable expenditures.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	--	( 800,218)
All Funds	<u>\$ --</u>	<u>(\$ 800,218)</u>

### 2. Capitol Area Master Plan

By statute, the Capitol Area Plaza Authority is charged with creating and maintaining a Capitol Area Master Plan. However, the current plan has not been updated for many years. Therefore, on behalf of the Authority, I amend my budget to recommend that \$100,000 from the State General Fund be added to the budget of the Department of Administration for FY 2007 to update the plan. The update will involve a review of previous master plans as compared to current circumstances; establishment of design conditions both for the present and for the future; development of concepts and plans for facilities in the Capitol Complex; development of plan implementation; and calculation of budget costs.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 100,000
All Other Funds	--	--
All Funds	<u>\$ --</u>	<u>\$ 100,000</u>

### 3. Facility Construction Services

I recommend the following proviso in support of a cooperative arrangement between the Department of Administration and the Board of Regents:

(a) During the fiscal years ending June 30, 2006, and June 30, 2007, in addition to the other purposes for which expenditures may be made by the above agency from moneys appropriated from the state general fund or any special revenue fund for the above agency for fiscal year 2006 or fiscal year 2007 by 2006 Senate Bill No. 480 or by this or other appropriation act of the 2006 regular session of the legislature, expenditures may be made by the above agency from the state general fund or from any special revenue fund for fiscal year 2006 or fiscal year 2007, for the secretary of administration to fix, charge and collect fees for architectural, engineering and management services provided for capital improvement projects of the state board of regents or any state educational institution, as defined by K.S.A. 76-711 and amendments thereto, for which the department of administration provides such services and which are financed in whole or in part by gifts, bequests or donations made by one or more private individuals or other private entities: *Provided*, That such fees for such services are hereby authorized to be fixed, charged and collected in accordance with the provisions of K.S.A. 2005 Supp. 75-1269, and amendments thereto, notwithstanding any provisions of K.S.A. 2005 Supp. 75-1269 and amendments thereto to the contrary: *Provided further*, That all such fees received shall be deposited in the state treasury in accordance with the provisions of K.S.A. 75-4215 and amendments thereto and shall be credited to the architectural services recovery fund.

The proviso will allow the Department of Administration to charge fees for work to be undertaken on Regents' facilities that are financed through private sources. The proceeds will be deposited in the existing Architectural Services Recovery Fund. The Board of Regents believes its universities can gain additional value from the Department of Administration's expertise in reviewing building codes and conducting construction inspections on university projects funded with endowment monies. The suggested proviso will provide a mechanism for the Regents to compensate the Department of Administration for these services. The proviso will allow these two state agencies to partner in making available a cost-effective alternative to the use of local code authorities.

## **Department of Commerce**

### **4. Spirit Aerosystems**

Expenditures totaling \$1.4 million for FY 2006 and \$2.8 million for FY 2007 need to be reduced from the budget of the Department of Commerce to reflect accurately the budget recommendation that was submitted to the Legislature at the beginning of the Legislative Session. In the course of working out the mechanical details that were incorporated in the appropriation bill after the budget numbers were released, it was discovered that repayment of the Spirit Aerosystems bonds will be made through the State Treasurer. The Governor's original recommendation treated these expenditures in the other assistance, grants, and benefits expenditure category in the Department of Commerce. No action needs to be taken in the omnibus bill for this item. It simply corrects the Governor's official recommendation with respect to reportable expenditures.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>( 1,400,000)</u>	<u>( 2,800,000)</u>
All Funds	(\$ 1,400,000)	(\$ 2,800,000)

### Department of Revenue

#### 5. Ethanol Producer Incentives

There are three private organizations that currently qualify for the ethanol producer incentives offered by Kansas under current law. It is anticipated that a fourth producer will qualify in FY 2007. If all four producers reach the maximum incentive allowed, then there will be a \$1.0 million shortfall in funding for this program. In order to ensure that this program is fully funded, I amend my budget to transfer \$1.0 million in FY 2007 from the State General Fund to the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund. This fund already has no-limit expenditure authority in the regular appropriation bill (SB 480).

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,000,000</u>
All Funds	\$ --	\$ 1,000,000

### Kansas Dental Board

#### 6. Operating Expenditure Shortfall

I amend my budget to increase expenditure authority from the Kansas Dental Board Fee Fund in FY 2006, from \$297,121 to \$305,121. This \$8,000 increase is mostly attributable to contract legal services. The approved budget for FY 2006 was predicated on the assumption that the agency would reduce the level of contract legal services and make greater use of legal services available through the Attorney General's Office. However, contract legal services have not been reduced to the extent anticipated because of long-term contractual obligations. Therefore, it has become necessary to approve additional expenditure authority to meet this obligation.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>8,000</u>	<u>--</u>
All Funds	\$ 8,000	\$ --



## Board of Healing Arts

### 7. Cashflow Problem Proviso

The Board of Healing Arts has recently experienced some cashflow difficulties. Through the end of the current fiscal year, the agency will be able to resolve the cashflow issues by carefully managing its expenses and receipts to the fee fund. In FY 2007, however, the revenue situation should improve. But there is still the potential for cashflow problems, most likely in March and April. In case the agency does experience problems again in FY 2007, I amend my budget to include a proviso that would allow the Board of Healing Arts to meet budgeted expenditures through a temporary loan from the State General Fund with the approval of the Director of the Budget after consulting with the Director of Legislative Research.

(a) During the fiscal year ending June 30, 2007, the director of the budget and the director of the legislative research department shall consult periodically and review the balance credited to and the estimated receipts to be credited to the healing arts fee fund during the fiscal year 2007, and, upon a finding by the director of the budget in consultation with the director of the legislative research department that the total of the unencumbered balance and estimated receipts to be credited to the healing arts fee fund during fiscal year 2007 are insufficient to finance the budgeted expenditures for fiscal year 2007 in accordance with the provisions of appropriation acts, the director of the budget shall certify such finding to the director of accounts and reports. Upon receipt of any such certification, the director of accounts and reports shall transfer the amount of money as certified from the state general fund to the healing arts fee fund that is required, in accordance with the certification by the director of the budget under this subsection, to fund the budgeted expenditures for fiscal year 2007 in accordance with the provisions of appropriation acts, as specified by the director of the budget pursuant to such certification. On or before June 30, 2007, the director of accounts and reports shall transfer from the healing arts fee fund to the state general fund to reimburse the state general fund the amount of money equal to the aggregate of all amounts transferred during fiscal year 2007 pursuant to this section.

## Attorney General

### 8. Abuse Prevention Unit

I amend my budget to provide funding for a new Abuse Prevention Unit in the Office of the Attorney General. Specifically, my amendment will add \$122,000 from the State General Fund for FY 2007 to finance 3.00 new FTE positions: an attorney, an investigator, and a clerical position. Recent events, including convictions resulting from the abuse of disabled residents at the Kaufman House, have demonstrated the need for more intensive efforts on the part of the state to prevent or prosecute cases of abuse, neglect, and exploitation of people with disabilities. Legislation jointly proposed by the Attorney General and the Disability Rights Center of Kansas is pending before the Legislature. In the meantime, I propose to move ahead with the creation of the new Abuse Prevention Unit.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 122,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 122,000
FTE Positions	--	3.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	3.00

**Department of Social & Rehabilitation Services, Department on Aging, and Division of Health Policy & Finance/Kansas Health Policy Authority**

**9. Caseload Adjustments**

I amend my FY 2006 and FY 2007 budget to reflect changes in caseloads and the cost of assistance programs. These adjustments are the result of consensus caseload estimates that involved the staff of the Division of Health Policy and Finance, the Department of Social and Rehabilitation Services, the Legislative Research Department, the Department on Aging, and the Division of the Budget. The consensus estimates included Regular Medical Assistance, Nursing Facilities, Nursing Facilities for Mental Health, Temporary Assistance to Families, General Assistance, and Reintegration/Foster Care. The estimating group used the budget as approved in 2006 SB 480 as the starting point for the current estimate.

For FY 2006, this amendment includes a decrease from all funding sources of \$26.7 million, including a decrease of \$4.3 million from the State General Fund. This change in the funding mix is partially the result of changes in the populations that are served and the funding sources that are available for each population. The reduction in caseload expenditures is the result of a decrease in the caseload for Temporary Assistance to Families, lower Medicaid expenditures in community mental health centers, and slower than expected growth in the number of residents in nursing facilities and nursing facilities for mental health. The estimate also includes a slight cost increase attributable to an increase in the number of children in foster care.

For FY 2007, this amendment includes a decrease of \$27.3 million from all funding sources, including \$8.2 million from the State General Fund. These adjustments include decreases from all funding sources of \$5.0 million for Temporary Assistance to Families, \$3.6 million for Nursing Facilities, \$575,000 for Nursing Facilities for Mental Health, \$17.0 million for Regular Medical Assistance in the Department of Social and Rehabilitation Services, and \$1.1 million for General Assistance. The estimates for Reintegration/Foster Care and Regular Medical Assistance in the Division of Health Policy and Finance are unchanged from the approved amounts. Although the total estimate for Regular Medical Assistance and the State General Fund portion of that estimate remain unchanged, a \$20.7 million shift in funding from federal Medicaid funds to the Medical Programs Fee Fund is included to reflect an adjustment in the federal medical assistance percentage rate.

Dept. of SRS:	<u>FY 2005</u>	<u>FY 2006</u>
State General Fund	(\$ 160,639)	(\$ 6,780,763)
All Other Funds	<u>( 15,932,122)</u>	<u>(16,872,789)</u>
All Funds	(\$16,092,761)	\$ (23,653,552)
Dept. on Aging:	<u>FY 2005</u>	<u>FY 2006</u>
State General Fund	(\$ 4,188,528)	(\$ 1,429,560)
All Other Funds	<u>( 6,431,472)</u>	<u>( 2,170,440)</u>
All Funds	(\$10,620,000)	(\$ 3,600,000)

### **Division of Health Policy and Finance/Kansas Health Policy Authority**

#### **10. Presumptive Disability**

The Division of Health Policy and Finance (DHPF) will implement Presumptive Medicaid Disability Determination (PMDD), effective July 1, 2006, to replace the MediKan Program. At the same time, the Department of Social and Rehabilitation Services (SRS) will use the PMDD process to determine eligibility for the General Assistance (GA) Program. Effective with the implementation date, new applicants for disability benefits will be screened. Those who meet the PMDD criteria will not be placed in the MediKan Program but will be immediately eligible for Medicaid. Those presumed disabled will also be eligible for General Assistance benefits until federal disability payments begin.

I amend my budget to fund the administrative costs associated with implementing this initiative. The additional funding totals \$2,212,517, including \$1,106,258 from the State General Fund. 2.00 additional FTE positions are included in this amendment. These new positions and six contracted staff will form a Case Development Team (CDT) within the Authority. Activities of the CDT will include collecting the medical records needed for the determination process, setting up medical exams for people without a recent medical record, and documenting other information that is pertinent to the claim. DHPF will contract with Disability Determinations Services of SRS to make the presumptive determination based on the medical records collected by the CDT. DHPF will also contract with Kansas Legal Services to perform case management for the people who are determined presumptively disabled to ensure they are successful in pursuing their disability claims with the federal Social Security Administration. The monies for this contract are presently included in the SRS budget. Therefore, I also amend my budget to reduce SRS expenditures from all funding sources in FY 2007 by \$823,000, including \$325,215 from the State General Fund.

## Kansas Health Policy Authority:

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 1,106,258
All Other Funds	<u>--</u>	<u>1,106,259</u>
All Funds	\$ --	\$ 2,212,517
FTE Positions	--	2.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	2.00

## Dept. of SRS:

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	(\$ 325,215)
All Other Funds	<u>--</u>	<u>( 497,785)</u>
All Funds	\$ --	(\$ 823,000)

**11. Presumptive Eligibility**

As part of the Governor's Healthy Kansas initiative, the Division of Health Policy and Finance (DHPPF) is developing a presumptive eligibility (PE) process for Kansas children under age 19. In partnership with Medicaid providers, PE identifies and assists children who are eligible for medical coverage to enroll for services. By implementing PE through local hospitals and clinics, many children can begin receiving regular health care. Through this initiative, each health care provider can count on receiving payment for services provided to a presumptively eligible child. I amend my budget to add funding for the administrative costs of implementing presumptive eligibility. The MMIS system requires modifications to accept eligibility information for this group of children and process claims based on the temporary eligibility. The cost for MMIS system changes will be \$452,023, including \$45,202 from the State General Fund. The HealthWave Administration contract will have to be amended to allow Maximus to process the additional applications that will be submitted by families identified through PE. The cost for changes to Maximus systems will be \$104,994, including \$52,497 from the State General Fund. Therefore, in order to have the systems ready at the beginning of FY 2007, I recommend \$557,017, including \$97,699 from the State General Fund, for FY 2006.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 97,699	\$ --
All Other Funds	<u>459,318</u>	<u>--</u>
All Funds	\$ 557,017	\$ --

## 12. Care Management

The Division of Health Policy and Finance (DHPF) is engaged in a care management pilot for high cost Medicaid beneficiaries in Sedgwick County. The pilot began on August 1, 2005. Through care management, the net effect to the Medicaid Program is expected to be at least neutral or possibly generate savings. Since the project involves services provided under the Regular Medical Program, it has been reflected as a part of the budget for that program. However, since the contract is for administration services, it would be more accurately reported in the Medical Policy Administration Program. Therefore, I amend my budget to transfer the expenditures for this pilot from the Regular Medical Program to the Medical Policy Administration Program in both FY 2006 and FY 2007. The legislative conference committee removed all funding for the program in FY 2006 and \$500,000 in FY 2007 and will review it in the omnibus session. This amendment will add \$1.1 million, including \$554,000 from the State General Fund, to fund the program in FY 2006 in the Medical Policy Administration Program. For FY 2007, \$1.5 million, including \$292,806 from the State General Fund, will be moved from the Regular Medical Program to the Medical Policy Administration Program. Funding of \$698,202 from the State General Fund will be added to the Medical Policy Administration Program to fund the program fully and correct the federal matching rate.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 554,000	\$ 698,202
All Other Funds	<u>554,000</u>	<u>(198,202)</u>
All Funds	\$ 1,108,000	\$ 500,000

## Department of Social & Rehabilitation Services

### 13. Children's Initiatives Fund/KEY Fund

I amend my budget to transfer \$4,405,845 from the State General Fund to the Kansas Endowment for Youth Fund in FY 2006. The estimate of tobacco payments for FY 2006 has been revised downward from \$55.0 million to \$49.4 million, a reduction of \$5.6 million. This transfer will allow expenditures from the Children's Initiatives Fund to remain at the level that was included in my original budget recommendation. The estimate of tobacco payments of \$54.5 million for FY 2007 has not been revised.

### 14. Extended Stays in Level V and VI Facilities

The Medicaid State plan covers stays in Level V facilities for 140 days and Level VI facilities for 180 days. Federal Medicaid funds cannot be claimed for days a youth is in these facilities in excess of these limits. However, Medicaid claims have been submitted to the Centers for Medicare and Medicaid (CMS) for days in excess of the limits for the time period before January 1, 2006. Since January 1, 2006, SRS has not allowed Medicaid claims for days in excess of the Medicaid stay limits for these services. Instead, SRS has agreed to pay state funds for extended stays for youths in these facilities, because the agency has determined such stays are necessary to meet the youths' needs. All requests for extended stays are thoroughly reviewed to

determine whether extended stays are truly necessary. I amend my budget to add \$799,188 from the State General Fund in FY 2006 and \$854,078 from the State General Fund in FY 2007 to provide the portion of estimated additional funds for extended stays that must be paid entirely from state funds.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 799,188	\$ 854,078
All Other Funds	<u>          --</u>	<u>          --</u>
All Funds	\$ 799,188	\$ 854,078

#### 15. Federal Title IV-E Shortfall

I amend my budget to provide additional funding of \$8,850,000 from the State General Fund in FY 2007. Under the former law, states could claim federal foster care funds for the administration and case management costs of children placed in the home of an unlicensed relative, a psychiatric or medical hospital, and other health care institutions. The federal Deficit Reduction Act of 2005 restricts federal Title IV-E Foster Care funds used for the case management of children living with relatives. The new federal law also limits the claiming of federal funds for case management to 12 months or the normal licensing period in a state, whichever is shorter, when the relative or other placement is pursuing licensing. In addition, the bill limits the claiming of federal administrative funds to one month in cases where a child needs help transitioning from institutional care. The effective date for these provisions is retroactive to October 2005, thus the additional funding covers the nine months of the annual federal funds reduction that occurred in FY 2006.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 8,850,000
All Other Funds	<u>          --</u>	<u>( 8,850,000)</u>
All Funds	\$ --	\$ --

#### 16. Medicaid Deferrals

I amend my budget to provide additional funding of \$3.0 million from the State General Fund in FY 2006. The Center for Medicare and Medicaid (CMS) has unofficially notified SRS of its intent to defer approximately \$1.5 million of federal Medicaid funds from claims made for behavior management services for the quarter ending September 30, 2005. Behavior management services consist primarily of Level V and VI inpatient psychiatric treatment facilities and therapeutic foster care. Prior to July 2005, CMS had informed SRS that it did not meet all of the federal managed care requirements and could not claim Medicaid funds through its managed care contract with child welfare providers. As a result, SRS changed to a fee-for-service payment process for behavior management services beginning July 1, 2005. Just prior to this change, CMS approved the managed care contracts with the child welfare providers.

CMS now believes SRS does not have the authority to make these payments through a fee for service. Medicaid providers continue to be paid for these services on a fee-for-service

basis. SRS has not yet received any formal notice or justification for the deferral. However, CMS has taken funds back for the quarter ending September 30, 2005. Until the official notice is received, SRS has no basis for questioning and appealing the determination. The lag time associated with receiving official notification from CMS will further delay SRS' opportunity to question the deferral and resolve any disagreements that may exist. While this process is occurring, CMS will retain the federal Medicaid funds, causing a shortfall in the SRS Medicaid Fund. SRS expects that CMS will defer each quarter for the foreseeable future. Since CMS reduces the state's grant award two quarters later, the FY 2006 funding is for the quarters ending September 30, 2005, and December 31, 2005.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 3,000,000	\$ --
All Other Funds	<u>( 3,000,000)</u>	<u>--</u>
All Funds	\$ --	\$ --

### 17. Child Care Assistance

I amend my budget to fund additional child care assistance. The increase over my original budget recommendation is explained by two factors: an increase in the monthly cost per child and a higher than expected first-month conversion cost to prospective child care payments. Under the former payment system, assistance payments were based on actual hours of care and were routinely less than the authorized amounts. With the change to prospective payments, more of the authorized benefits have been spent. Under prospective payments, families may use their authorized benefit to obtain higher quality care and additional hours of care to align with their work hours. The second factor in the overall increase involves the one-time cost of moving from retrospective payments to prospective payments. Under the new payment arrangement, families receive an authorized benefit at the start of the month. In the first month of implementation, September 2005, the last retrospective payment and the first prospective payment were made simultaneously. The Department's initial estimate for the conversion month was too low.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>2,870,217</u>	<u>5,147,754</u>
All Funds	\$ 2,870,217	\$ 5,147,754

### 18. PD Waiver

I amend my budget to provide additional funding for the Home and Community-Based Services for the Physically Disabled Waiver in FY 2006 and FY 2007. The additional funding for FY 2006 totals \$3.0 million, including \$1,183,200 from the State General Fund. This funding will allow continued services for the number of people currently on the PD Waiver and allow the rolling waiting list replacement strategy to continue and not require persons to be removed from services to remain within the approved budget. The additional funding for FY 2007 totals \$8,757,308, including \$3,477,527 from the State General Fund. Of this amount, \$2,063,138, including \$819,272 from the State General Fund, will fund the number of persons

currently served on the PD Waiver in FY 2006. Another \$3,268,020, including \$1,297,731 from the State General Fund, will clear the waiting list, which is expected to be at 246 persons at the end of June 2006. Finally, \$3,426,150, including \$1,360,524 from the State General Fund, will maintain the PD wait list at or near zero for all of FY 2007. This will support approximately 35 additional persons per month.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 1,183,200	\$ 3,477,527
All Other Funds	<u>1,816,800</u>	<u>5,279,781</u>
All Funds	\$ 3,000,000	\$ 8,757,308

### 19. Independent Living Center Support

I amend my budget to add \$500,000 from the State General Fund in FY 2007 for operating grants to centers for independent living. Centers provide services to people with disabilities of all ages. Centers for independent living also provide assistance to businesses and all other organizations in the community to assist them in offering services to people with disabilities.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 500,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 500,000

### 20. Pre-K Pilot Initiative

I amend my budget to add \$1.0 million from the State General Fund in FY 2007 for the Pre-K Pilot initiative administered through the Children's Cabinet. With the \$2.0 million from the Children's Initiatives Fund that was included in my original budget recommendation, total funding for the program will now be \$3.0 million. This program will prepare four-year-olds for success in school. All classrooms in the pilot will be required to meet teacher qualification requirements, implement a researched-based curriculum, maintain low teacher-child ratios, complete at least 15 hours of teacher training annually, and provide referrals to additional community services for families that need them. The pilot will be implemented in a mix of school and community-based early childhood programs.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 1,000,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 1,000,000



## 21. Medicare Part D Co-payments for Dual-Eligibles

I amend my budget to add from the State General Fund \$4,256,600 in FY 2007 to cover the Medicare Part D co-payments paid by dual-eligible Kansans. With the implementation of Part D, certain people who are dually eligible for Medicare and Medicaid who were previously not liable for co-payments on prescription drugs are now required to make co-payments. These co-payments can create a substantial financial hardship. Therefore, I amend my budget to cover these costs for these Kansans.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 4,256,600
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 4,256,600

## 22. FTE Position Correction

I amend my budget to reduce FTE positions by 192.51 in FY 2006. The recommendation acknowledges the elimination of vacant positions and reduces the agency's shrinkage percentage accordingly. These adjustments will correct *The FY 2007 Governor's Budget Report*. The reduction in the total FTE count for FY 2006 was not incorporated into the regular appropriation bill. Therefore, action needs to be taken in the omnibus bill to make this adjustment.

	<u>FY 2006</u>	<u>FY 2007</u>
FTE Positions	(192.51)	--
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	(192.51)	--

### Larned State Hospital

## 23. FTE Position Correction

Larned State Hospital, in its budget submission, inadvertently understated its FTE position limitation for FY 2006 and FY 2007 by 2.00 positions and overstated its non-FTE unclassified permanent positions by 2.00 positions compared to the approved amount. In addition, the intent of the Governor's recommendation was to add 14.00 FTE positions in FY 2007 to replace staff currently shared by the State Security Hospital and the Sexual Predator Treatment Program. The shared positions will stay at the State Security Hospital when the Sexual Predator Treatment Program reoccupies the Dillon Building, leaving the Sexual Predator Treatment Program short 14.00 FTE positions. This amendment to *The FY 2007 Governor's Budget Report* would correct the reported number of FTE positions. However, no change in the omnibus bill is necessary. The correct amounts have been included in the main appropriations bill during the regular portion of the Legislative Session.

	<u>FY 2006</u>	<u>FY 2007</u>
FTE Positions	2.00	16.00
Non-FTE Unclassified Permanent	<u>(2.00)</u>	<u>(2.00)</u>
Total Positions	--	14.00

### Osawatomie State Hospital

#### 24. Pharmaceutical Costs

I amend my budget to finance additional operating expenditures at Osawatomie State Hospital in FY 2006. Funding is needed to offset the rising costs associated with increased admissions and the rising cost of pharmaceuticals. Between FY 2004 and FY 2005, drug costs per patient, per day increased 12.6 percent, and admissions increased 23.0 percent. Both items are expected to maintain at least this rate of increase in FY 2006. In order to help the hospital keep pace with these costs, I recommend additional funding of \$297,220 from the State General Fund.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 297,220	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 297,220	\$ --

### Department on Aging

#### 25. PACE Expansion

I amend my budget to include funding for the expansion of the Program for All-Inclusive Care for the Elderly (PACE) in Wichita and Topeka. Of the 150 clients that will be added to the PACE program, 75 will be added to the Wichita PACE site and 75 will establish the Topeka PACE site. Additional expenditures of \$2,076,984 will be necessary to fund this expansion. Of this amount, \$824,770 is from the State General Fund and \$1,252,214 is from federal funds. It is anticipated that the Wichita site will be prepared to add 75 clients to the program in July 2006, while the Topeka site will begin adding clients in October 2006. The cost per person, per month is estimated to be \$1,670 at both sites.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 824,770
All Other Funds	<u>--</u>	<u>1,252,214</u>
All Funds	\$ --	\$ 2,076,984

## Department of Health and Environment

### 26. Avian Flu Vaccine

Health officials of the Department of Health and Environment have been closely monitoring the potential threat posed by the spread of Avian Flu in various parts of the world. At this time there is not enough information with which to formulate a specific budget proposal to purchase vaccine or to provide treatment for an Avian Flu outbreak. However, the state needs to have a mechanism in place to provide financing if the need arises after the Legislature has adjourned, which could include the ability to match federal funds. Therefore, I amend my budget to recommend inclusion of the following proviso in the omnibus appropriation bill. The proviso will delegate authority to the State Finance Council, upon a unanimous vote, to approve funding for prevention and treatment of Avian Flu. Patterned after the mechanism used to pay tort claims and to make emergency repairs to state buildings from natural disasters, the Director of the Budget would certify a transfer in the amount approved by the Finance Council from the State General Fund to a newly-created fund in the Department of Health and Environment entitled the State Avian Flu Vaccine Fund. I also recommend the creation of a new Avian Flu Vaccine—Federal Fund to provide expenditure authority for any federal monies that might be received for this program.

( ) Upon certification by the director of the budget to the director of accounts and reports that the unencumbered balance in the state avian flu vaccine fund is insufficient to pay an amount that is necessary to finance an action approved by unanimous vote of the state finance council pursuant to state efforts for the prevention and treatment of avian flu, the director of accounts and reports shall transfer an amount equal to the insufficient amount from the state general fund to the state avian flu vaccine fund, except that the total of all amounts transferred pursuant to this section during fiscal year 2007 shall not exceed \$10,000,000.

### 27. PKU/Hemophilia

PKU is an amino acid disorder in which the enzyme that breaks down phenylalanine is deficient. Chronically high levels of phenylalanine can cause significant brain problems. I amend my budget to increase State General Fund expenditures by \$100,000 in FY 2006 for the Children with Special Needs Program because of a reduction in federal Maternal and Child Health Service Block Grant Fund. This shortfall was not anticipated in the agency's September budget submission because information about the declining federal funds was not known until January 2006. The \$100,000 from the State General Fund is needed to reimburse families who must purchase treatment products to maintain the health of persons with PKU and hemophilia. The FY 2007 budget, as approved by the Legislature during the regular part of the session, already includes \$250,000 from the Children's Initiatives Fund for this program.

	FY 2006	FY 2007
State General Fund	\$ 100,000	\$ --
All Other Funds	(100,000)	--
All Funds	\$ --	\$ --

## 28. Infant Toddler (Tiny-K) Program

I amend my budget to increase State General Fund expenditures by \$250,000 in FY 2007 for local Tiny-K networks that provide services to infants and toddlers with developmental disabilities. Half of the state's 36 Tiny-K networks are operating at a deficit, and four networks may soon be without a provider of services. In addition, federal requirements for the program have increased, as have the number of children eligible for services. Funding already budgeted for the program in FY 2007 includes \$1.9 million from the State General Fund, \$1.2 million from the Children's Initiatives Fund, \$3.1 million in federal funds, and some local funding. An increase in state funding is necessary to ensure that local networks can provide services to these children.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 250,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 250,000

### Department of Labor

## 29. Unemployment Insurance Modernization Debt

A total of \$2,259,950 in FY 2006 and \$761,583 in FY 2007 from the Employment Security Administration Fund should be added to the Department of Labor's budget to reflect accurately the updated debt service payments for the Unemployment Insurance Modernization Project. Of the total amount added in FY 2006, \$1,495,000 is principal and \$764,950 is interest. In FY 2007, the amounts are \$250,000 for principal and \$511,583 for interest. The debt service amount in this amendment represents the total payment for FY 2006. For FY 2007, the total payment is \$2,639,058, of which \$1,877,475 is already included in the budget and the remaining \$761,583 is added by this amendment. No action needs to be taken in the omnibus bill for FY 2007; however, expenditure authority does need to be included for FY 2006 to correct the Governor's official recommendation with respect to reportable expenditures.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>2,259,950</u>	<u>761,583</u>
All Funds	\$ 2,259,950	\$ 761,583

### Kansas Commission on Veterans Affairs

## 30. Veteran Services Representative Salary Increase

I amend my budget for FY 2007 to add \$40,000 from the State General Fund to the Veteran Services Program of the Kansas Commission on Veterans Affairs. At the Commission's

request, the Division of Personnel Services reviewed the Veteran Services Representative position classifications and recommended reclassification in order to bring the positions more closely in alignment with other state employees performing similar tasks. This funding will allow the agency to move 20 Veteran Services Representative I positions from pay grade 20 to pay grade 21 and one Veteran Services Representative II position from pay grade 22 to pay grade 24.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 40,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 40,000

### 31. Veterans Organization Grants

I amend my FY 2007 budget to authorize \$500,000 from the State General Fund to fund the first year of a new Veterans Claim Assistance Program. SB 396, which has been enacted by the 2006 Legislature, will establish this program, which is intended to improve coordination of veteran benefits counseling by providing service grants to veterans service organizations. These organizations will use the grants for operating expenses related to aiding veterans in obtaining federal benefits.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 500,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 500,000

## Department of Education

### 32. School Finance Consensus Adjustments

I amend my budget to adjust state funding for school finance in FY 2006 and FY 2007. Current estimates for the amount of supplemental general state aid and general state aid to school districts are based on the recently released final assessment valuation data, enrollment changes, and the anticipated effect of local option budget usage. Continued increases in property valuation outpaced estimates, and slightly fewer students were enrolled. These factors, combined with slightly greater amounts projected from the federal government for districts near military bases, lower the state's costs by \$5,844,000 in FY 2006 and by \$5,372,000 in FY 2007. Districts' usage of local option budgets is held essentially flat from previous estimates, but it was determined that an additional \$65,000 is needed for FY 2007. These factors were agreed to by staff from the Legislative Research Department, Department of Education and Division of the Budget on April 10, 2006, and are based on current law. The estimates do not factor in any new school finance plan.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	(\$ 5,844,000)	(\$ 5,307,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	(\$ 5,844,000)	(\$ 5,307,000)

### 33. KPERS—School Retirement

The state is responsible for the KPERS employer contributions paid on behalf of school district employees. Staff from the Legislative Research Department, Department of Education, KPERS, and Division of the Budget met on April 7, 2006, to review recent actual contributions and compare them to the previous estimates for the employer contributions to the KPERS Fund. Based on current year actual demands, it was determined that additional monies totaling \$632,231 must be appropriated for FY 2006 so that the unfunded liability does not increase. Using these updated figures for FY 2006, it was determined that the budgeted amount for FY 2007 is slightly overstated, and \$925,383 of the \$184.6 million appropriation can be lapsed. Therefore, I amend my budget to adopt these new estimates. But I also would note that when the Legislature enacts a school finance plan to add monies to state aid for schools, demands on the KPERS Fund will subsequently increase correspondingly, and additional monies for KPERS—School will need to be a part of the plan.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 632,231	\$ (925,383)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 632,231	\$ (925,383)

### 34. School Finance Message

The two budget items listed above ensure that legislation enacted in 2005 is fully funded. However, I anticipate that additional monies will need to be appropriated for general state aid, supplemental general state aid, and KPERS—School once the Legislature enacts a new plan for our schools in response to the Supreme Court's findings and the Post Audit cost study. I am ready to work with the Legislature to find the necessary resources to support additional expenditures in the budget.

## University of Kansas Medical Center

### 35. Provider Assessments

Funding for the Health Care Access Improvement Program is derived through an annual provider assessment on hospitals and health maintenance organizations. The guidelines for the distribution of assessment revenues include a provision that not more than 3.2 percent of hospital provider assessment revenues can be used to fund healthcare access improvement programs in undergraduate, graduate, or continuing medical education, including the Medical Student Loan Act. The Health Care Access Improvement Panel, which is charged with overseeing those

distributions, has approved a transfer of \$400,000 in assessment revenues to the Kansas University Medical Center for the Medical Student Loan Program. Therefore, I amend my FY 2006 and FY 2007 budget to reflect expenditures from a new special revenue fund entitled the Medical Student Loan Program Provider Assessment Fund. The new fund will have no-limit expenditure authority.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>400,000</u>	<u>400,000</u>
All Funds	\$ 400,000	\$ 400,000

### Kansas State University

#### 36. Student Life Center Bond Authority

I amend my budget to include bonding authority in FY 2007 for Kansas State University in the amount of \$2.0 million for construction of the Student Life Center at the KSU—Salina campus. Debt service will be paid with student fees starting in FY 2008. The University will also use \$5.0 million from private gifts for the construction of the facility. These private funds are outside of the state budget but are included here for completeness. The Center will be 26,630 square feet and include a gymnasium, equipment room, running track, administration offices, and multipurpose meeting rooms.

### State Historical Society

#### 37. Capital Improvements

I amend my budget to adjust expenditures in the Historical Society's capital improvements program to reflect planned projects accurately. For FY 2006, expenditures for capital improvements from special revenue funds are reduced by \$80,509 to account for adjustments to the cost projections for planned projects for the fiscal year. For FY 2007 expenditures for capital improvement projects from special revenue funds will be increased by \$394,400. Of this amount, \$200,000 is from private gifts for projects at the Shawnee Indian Mission and \$194,400 is from federal grants for projects at Fort Hays.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>( 80,509)</u>	<u>394,400</u>
All Funds	(\$ 80,509)	\$ 394,400

## Department of Corrections

### 38. Bonding Authority for Prisons

I amend my budget to provide up to \$20.5 million in bonding authority to the Department of Corrections to expand prison capacity. Actions taken by the Legislature in response to my recommendation to increase the penalties for certain sex offenders and to strengthen the laws regarding the production and use of methamphetamine, which I supported, will result in a need to add prison capacity. That effort must begin in FY 2007 in order to meet the projected demands. Upon review and consultation with the staff of the Kansas Sentencing Commission to determine the effect of legislation enacted by the 2006 Legislature, the Secretary of Corrections will identify the most cost effective capacity expansion proposals by custody and gender that will enhance the safety and security of the staff, the inmate population, and the citizens of Kansas. In addition, the Secretary will inform the Joint Committee on State Building Construction of the options that will be selected. This recommendation will provide only the amount of funds necessary to meet the final projection based on whatever version of the legislation is ultimately adopted.

### 39. Contract Bed & RDU Debt Savings

Included in my original FY 2006 recommendation is funding of \$728,000 from the State General Fund for the prison bed space contract. The contract gives the Secretary of Corrections flexibility in managing the inmate population in the event that the number of inmates exceeds available bedspace at the correctional facilities. However, the Department has been able to manage the inmate population within the existing facility capacity. As a result, \$728,000 can be lapsed from the State General Fund appropriation in FY 2006.

After releasing my recommendations for the FY 2007 budget, the Kansas Development Finance Authority completed a partial refunding of the 1999 bond issue that financed costs associated with the relocation of the Reception and Diagnostic Unit to the El Dorado Correctional Facility. Because of the advanced refunding of the outstanding debt for maturities 2011 and later, the debt service reserve required for the original bond issue was no longer required and was released. In accordance with the bond covenants, \$559,000 of the reserve can be utilized to pay the principal portion of the FY 2007 debt service payment for the RDU relocation bond issue. As a result, a corresponding amount from the State General Fund appropriation for the bond issue can be reduced.

	FY 2006	FY 2007
State General Fund	(\$ 728,000)	(\$ 559,000)
All Other Funds	--	--
All Funds	(\$ 728,000)	(\$ 559,000)

### 40. Salary Shortfall

I amend my budget to add \$438,000 from the State General Fund in FY 2006 for salaries and wages shortfalls at the Ellsworth Correctional Facility (ECF) and the Lansing Correctional



Facility (LCF). ECF is experiencing a funding deficit resulting from significantly lower than anticipated shrinkage savings, which in turn results from filling more vacancies. Based on the most current information, it is estimated that the shortfall will total \$317,000. The problem arises to the extent of \$51,000 because of the unfunded pay plan for the first part of FY 2006. However, the facility estimates that by restricting expenditures in other areas, available funds of \$40,000 can be utilized to offset a portion of the deficit. Consequently, net additional funding of \$277,000 is requested. Likewise, the Lansing Correctional Facility is experiencing a similar problem with salaries. To meet its budgeted shrinkage rate of 7.0 percent in FY 2006, it has kept positions vacant intentionally. In addition, the facility had to absorb \$161,000 to fund the 1.25 percent salary increase that was authorized for the first half of the current fiscal year.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 438,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 438,000	\$ --

#### 41. **Byrne Grants**

The Department of Corrections has made use of federal Byrne grants to support the Total Offender Activity Documentation System and the Kansas Adult Supervised Population Electronic Repository. However, it was uncertain whether these grants would continue to be available after FY 2006. Accordingly, my original budget made no provision for the replacement of these funds. Now it is clear that the federal funds will not be available, and the Total Offender Activity Documentation System and the Kansas Adult Supervised Population Electronic Repository will be compromised without a new source of funding. Therefore, I amend my budget to add \$170,120 from the State General Fund in FY 2007 to replace funding for projects utilizing expiring federal Byrne Grants. This amount will fund three non-FTE unclassified permanent positions who manage the Department's offender databases.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 170,120
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 170,120

#### 42. **Additional Corrections Counselors**

I amend my budget to add an additional Corrections Counselor II position in the amount of \$45,727 in FY 2007. As approved by the 2005 Legislature, the Department is moving an additional 90 mentally ill offenders at the Larned State Hospital into housing at the Isaac Ray Building. While the offenders will not be housed or supervised by the Larned Correctional Mental Health Facility (LCMHF), the correctional facility will be responsible for many of the case management duties associated with incarceration. In addition, release planning will remain the responsibility of the LCMHF. I believe it is important that the employee in this position know the offenders well enough to guide the offender's decisionmaking process.

I also amend my budget to include \$136,460 from the State General Fund in FY 2007 to finance 3.00 currently unfunded Corrections Counselor II positions at the El Dorado Correctional Facility. These positions will assist in managing the segregation population. By funding these positions, the caseloads for current counselors will be reduced to more manageable levels and will allow for increase preparation and planning to the segregation inmates for transition into a less restrictive environment. According to the Department, current caseloads for these counselors are more than double what American Correctional Association standards recommend.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 182,187
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 182,187
FTE Positions	--	1.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	1.00

#### 43. DUI Treatment Services

The 2001 Legislature created a new program to treat offenders with a fourth or subsequent DUI conviction. Under the program, 2.01 percent of the fines, penalties, and forfeitures from the clerk of the district courts are transferred to the Department of Corrections to pay treatment providers each year. However, the funding from this source has become insufficient to cover the increasing costs of the program, because the number of offenders has been consistently greater than the original estimate that was used to determine the funding formula for the program. Based on updated information provided by the Department of Social and Rehabilitation Services and the Department of Corrections, it is estimated that the funding deficit for these costs will total \$538,000 in FY 2006 and FY 2007. In order to continue treatment services that are required by statute, I amend my budget to add \$538,000 for FY 2006 and another \$538,000 for FY 2007, both from the State General Fund.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 538,000	\$ 538,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 538,000	\$ 538,000

### Juvenile Justice Authority

#### 44. Purchase of Services

I amend by budget to add \$657,879 from the State General Fund for FY 2006 and \$2,490,132 in FY 2007 to fund Level V and VI facility extensions and Targeted Case Management. The two factors driving this request are the loss of Medicaid funding for extended stays at Level V and VI facilities and the loss of federal Title XIX—Targeted Case Management

reimbursements. The need for additional funds has been partially offset by fewer overall bed days in Level V and VI facilities, an increase in other federal funding, and the shifting of other JJA resources.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 657,879	\$ 2,490,132
All Other Funds	<u>    --</u>	<u>    --</u>
All Funds	\$ 657,879	\$ 2,490,132

#### 45. Medical Care

I amend my budget to increase State General Fund expenditures by \$125,000 for extraordinary medical and pharmaceutical costs at Larned Juvenile Correctional Facility (LJCF) in both FY 2006 and FY 2007. Prior to FY 2006, extraordinary medical and pharmaceutical costs incurred by Larned Juvenile Correctional Facility were paid by Larned State Hospital (LSH). In FY 2006, however, LJCF was given responsibility for paying its own extraordinary medical and pharmaceutical costs. During the transition from LSH to LJCF, estimates of the funding needed to cover LJCF's extraordinary medical and pharmaceutical costs were unreliable because of the uncertainties associated with the transition. Based on actual expenditures for the first eight months of the current fiscal year, LJCF will need an additional \$125,000 to fund these costs in each of FY 2006 and FY 2007.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 125,000	\$ 125,000
All Other Funds	<u>    -</u>	<u>    --</u>
All Funds	\$ 125,000	\$ 125,000

#### 46. Education Contract Savings

I amend my budget to decrease State General Fund expenditures by \$400,488 for the educational contract at Beloit Juvenile Correctional Facility (BJCF) for FY 2007. My original budget recommendations included \$824,629 for educational services, including \$740,488 for the contract with USD 273. Based on an average daily population of 25 juveniles, the annual cost to educate one girl is \$32,985. BJCF has decided to undertake a pilot project to experiment with the use of "virtual" education. The facility has not entered into a contract with a provider at this time; however, BJCF has the potential for reducing its educational contract by at least \$400,488. This amendment will capture the savings.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	(\$ 400,488)
All Other Funds	<u>    --</u>	<u>    --</u>
All Funds	\$ --	(\$ 400,488)

### Adjutant General

#### 47. Disaster Relief

I amend my budget to finance the state and federal portions of the total disaster relief effort. My original budget recommendation did not include three federally-declared disasters, because the agency's original estimate did not include them. The agency has had to use funds that were appropriated for previous disasters to pay expenditures for the three new disasters. Because of these circumstances, the agency estimates that the state's portion of monies appropriated for disaster matching will be depleted before the end of FY 2006. Therefore, I amend my FY 2006 budget to add \$9,673,000, including \$1,138,000 from the State General Fund to finance the disaster relief effort. In addition, \$1,707,000 will be provided by various local governments. These are mentioned here only to provide a complete picture of the projected financing for damage repair. This amendment does not include the University of Kansas storm disaster funding, because the analysis of this situation has not been completed. However, this disaster could be considered later as a request to the State Finance Council for State Emergency Fund money.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 1,138,000	\$ --
All Other Funds	<u>8,535,000</u>	<u>--</u>
All Funds	\$ 9,673,000	\$ --

#### 48. Homeland Security Funding Switch

I amend my budget to add \$128,973 from the State General Fund in FY 2007 for the last three months of salaries and wages and related operating expenditures for Homeland Security Coordinators. This amendment will shift expenditures from federal funds to the State General Fund. These 7.00 non-FTE unclassified permanent positions currently are being funded from the Office of Domestic Preparedness (ODP) Grant Program in the U.S. Department of Homeland Security. The agency believes that the funds awarded from ODP will decrease in federal FY 2006 by 50.0 percent from the federal FY 2005 award. These positions are critical to the coordination of preparedness activities and act as a liaison between the state and its partners at the local, regional, and federal levels.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 128,973
All Other Funds	<u>--</u>	<u>( 128,973)</u>
All Funds	\$ --	\$ --

## Kansas Highway Patrol

### 49. Additional Salaries & Wages Expenditures

I amend my budget to add \$545,061, including \$111,938 from the State General Fund, for FY 2007 to finance an increase in expenditures for salaries and wages. The agency has experienced several adjustments that affect salary and wage expenditures. First, in early FY 2006, the agency reclassified 21.00 FTE positions from Communication Specialist II positions and Motor Carrier Inspector III positions to Trooper Trainee positions. The cost to implement this change for FY 2007 is \$251,779 from the KHP Operations Fund. Second, also in early FY 2006, the agency entered into a Memorandum of Agreement with the Kansas Association of Public Employees that increased base salaries and shift differential pay for eligible Capitol Area Security Police positions. The cost to implement this agreement for FY 2007 is \$111,938 from the State General Fund. Furthermore, after my recommendation was presented, the Patrol entered into a Memorandum of Agreement with the Kansas State Troopers Association that required all Motor Carrier Inspector III positions to receive new titles and changes in pay grades. The cost to implement this agreement for FY 2007 will be \$181,344 from the KHP Operations Fund.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 111,938
All Other Funds	<u>--</u>	<u>433,123</u>
All Funds	\$ --	\$ 545,061

### 50. Homeland Security Funding Switch

I amend my budget to add \$49,884 in expenditure authority to the KHP Operations Fund in FY 2007 to finance three months of the salaries and wages of 4.00 non-FTE unclassified permanent positions that administer the Homeland Security Grant Program. This amendment will shift the expenditures from federal funds to the KHP Operations Fund. These 4.00 non-FTE unclassified permanent positions currently are funded from the Office of Domestic Preparedness (ODP) Grant Program of the U.S. Department of Homeland Security. The agency believes that the funds awarded from ODP will decrease in federal FY 2006 by 50.0 percent from the federal FY 2005 award. These positions are critical to administration of the Homeland Security Grant Program.

	<u>FY 2006</u>	<u>FY 2007</u>
KHP Operations Fund	\$ --	\$ 49,884
Federal Homeland Security	<u>--</u>	<u>( 49,884)</u>
All Funds	\$ --	\$ --

### Sentencing Commission

#### 51. 123 Payments for Johnson County

Expenditures of \$8,466,291 from the State General Fund were budgeted for FY 2006 to finance drug treatment under 2003 SB 123. After reexamining program expenditures through March 2006, the 2003 SB 123 Drug Treatment Program will experience a funding shortfall of approximately \$87,500 in FY 2006. This is a result of unforeseen billings from the Johnson County Therapeutic Community, which were not previously factored into the costs of the program. As a result, I amend my budget to include expenditures of \$87,500 from the State General Fund for 2003 SB 123 drug treatment.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 87,500	\$ --
All Other Funds	<u>    --</u>	<u>    --</u>
All Funds	\$ 87,500	\$ --

### Department of Wildlife and Parks

#### 52. Program Omissions

A total of \$741,000 was omitted from the FY 2007 Governor's budget recommendation for the Department of Wildlife and Parks. This amount is composed of the following enhancement items requested by the Department:

Replacement backhoe	\$ 220,000
Statewide buoy plan implementation	46,000
Fisheries programs	95,000
Expansion of the Walk-In Hunting Access Program	300,000
Archery-in-Schools Program	20,000
Fisheries genetic management equipment	<u>60,000</u>
Total	\$ 741,000

This correction to *The FY 2007 Governor's Budget Report* would increase the expenditures recommended to the Department of Wildlife and Parks' budget for FY 2007 from the Wildlife Fee Fund by \$675,000 and for the Boating Fee Fund by \$66,000. It corrects the Governor's official recommendation with respect to reportable expenditures. Action does need to be taken in the omnibus bill to correct this item.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>    --</u>	<u>741,000</u>
All Funds	\$ --	\$ 741,000

### 53. Open Access to the State Parks

I amend my budget for FY 2007 to add \$1.25 million from the State General Fund to provide a trial period of open access to the state parks for all Kansas residents, beginning January 1, 2007. This would accomplish the same goal as 2005 SB 87, which I supported during the last session of the Legislature. This amendment is intended as a complement to SB 583, as amended by the Senate Committee on Ways and Means. SB 583 proposes increasing the maximum amount credited to the State Gaming Revenues Fund from \$50.0 million to \$55.0 million. Of this additional \$5.0 million, \$4.0 million will provide a permanent funding source to solve the long-standing problem of adequate funding for state park operations, and \$1.0 million will restore the Local Government Outdoor Recreation Grant Program Fund, which provides grants to local governments to create and maintain city and county parks and recreation areas. By providing a dedicated funding source for the parks, the Legislature reduces the agency's dependency on fees as the main source of support for parks operations.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 1,250,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 1,250,000

### Kansas Department of Transportation

### 54. Reappropriation Authority

Historically, the Kansas Department of Transportation has had a single line item account in the appropriations bill for capital improvements to its own facilities. That appropriation also granted authority to reappropriate unspent capital improvement monies from one fiscal year to the next. During the 2005 Legislative Session, the single line item account was eliminated and multiple accounts were created based on a line item for each capital improvement project involving the Department's own buildings. Because the new appropriation structure involved only new monies last year, reappropriation authority was not necessary. However, reappropriation authority should have been included this session but was unintentionally left out of the FY 2007 appropriations bill. Therefore, this amendment will add the language necessary to allow funds to be carried forward and spent in the next fiscal year.

Sincerely,



Kathleen Sebelius  
Governor of the State of Kansas

# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

545N-Statehouse, 300 SW 10<sup>th</sup> Ave.  
Topeka, Kansas 66612-1504  
(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.state.ks.us

<http://www.kslegislature.org/klrd>

April 18, 2006

## Items for Omnibus Consideration

### Legislature

**A. Non-session Expense Allowance (Technical Adjustment).** 2006 SB 480 (Mega bill) contained language for FY 2007 that included legislative non-session expense allowance payments for a total of four biweekly pay periods after April 1, and the correct number should have been five biweekly pay periods. This correction was made in FY 2006 but not in FY 2007.

**B. Legislative Computers and the Microsoft Office Suite (Senate Committee).** The Senate Committee noted its concern with the continued use of Groupwise and WordPerfect Office, and the inability of legislators to interact with their secretary's computer for e-mail and scheduling. The Committee requested information on the cost to accelerate the time line to include Microsoft Office suite within the Legislative Branch computer system. According to Legislative Administrative Services (LAS) the cost to convert to Microsoft Office and Outlook would total \$1,270,680, all from the State General Fund in FY 2007, and would take approximately nine months for full installation, conversion and training. Hardware and software costs are estimated at \$371,780, training costs are estimated at \$368,150, rewriting on-line help and conversion of existing information is estimated to cost \$474,500 and expenditures for an additional support staff FTE would total \$56,250. LAS did express concerns about changing software during the development of the Bill Drafting System, which may propose the implementation of yet another software package. Preliminary testing was just completed on the interoperability of Groupwise version 7, which allows the transfer of e-mail and scheduling between Groupwise and Outlook to occur seamlessly. It would allow those with Outlook to view a calendar in Groupwise without problems and access e-mails as well. After the proper approvals, the implementation of the new version of Groupwise is expected to be completed before the start of the 2007 Legislative session.

### Secretary of State

**A. Funding for Production and Distribution of Certain Publications (Senate Committee).** The Senate Committee recommended that consideration be given during Omnibus to the inclusion of a proviso for FY 2007 which would reflect the provisions of 2005 Senate Bill No. 275. The Committee noted that the bill was introduced and passed by the Senate during the 2005 Session of the Legislature, and had not passed the House. Subsequent to the Committee's review of the agency's budget, SB 275 passed the House, and was signed into law on March 20, 2006. The bill allows the Secretary of State to deposit proceeds generated from the sale and shipment of *Session Laws of Kansas*, *Kansas Administrative Regulations (KARs)*, and supplements to the *KARs* into the agency's Information Services Fee Fund, rather than the State General Fund. In addition, the bill allows the Secretary of State to deposit the revenue collected from the shipment of *Kansas Statutes Annotated (KSAs)* and supplements to the *KSAs* into the agency's Information Services Fee Fund, rather than the State General Fund. Under the bill, an estimated \$151,718 would be deposited in the agency's Information Services Fee Fund, rather than the State General Fund.

Senate Ways and Means  
April 19, 20, 21, 2006  
Attachment 10



## Insurance Department

**A. Addition of Funding to Adjust the Approved Salary and Wage Shrinkage Rate (Senate Committee and House Committee).** Both the House and Senate Committees noted the Department's concern with the salary and wage shrinkage rate included in the Governor's recommended budget for the agency in both FY 2006 and FY 2007, and recommended that the issue be reviewed during Omnibus. For both FY 2006 and FY 2007, the agency requested a shrinkage rate of 3.5 percent. The currently approved budget for FY 2006 reflects a shrinkage rate of 5.4 percent, which reduces salary and wage expenditures estimated by the agency by \$156,406 (all from special revenue funds). For FY 2007, the currently approved budget reflects a shrinkage rate of 5.9 percent, generating a reduction of \$190,221 (all from special revenue funds) below the agency's request. The budgeted shrinkage rate for FY 2005 was 3.2 percent while the actual FY 2005 salary and wage shrinkage rate for the agency was 8.1 percent.

## School for the Blind

**A. Official Hospitality (House Committee and Conference Committee).** The House Committee recommended that \$2,000 from the State General Fund for official hospitality be deleted in FY 2007 and be reviewed during Omnibus. However, the Conference Committee on SB 480 concurred with the Senate position and included the funding.

## School for the Deaf

**A. Tuck-Point and Sealing Repairs (Senate Committee).** The Senate Committee recommended that funding of \$140,000 from the State Institutions Building Fund for tuck-pointing and seal repairs of the Roth Complex in FY 2007 be reviewed during Omnibus. The School for the Deaf requested this project as part of its FY 2007 budget submission; however, the Governor did not recommend funding. The Joint Committee on State Building Construction reviewed the project as part of its review of the agency's capital improvements request for FY 2007, and concurred with the Governor's recommendation.

The agency indicated that the exterior of the Roth Complex has deteriorated to the point where moisture penetrates the inner structure causing internal damage during high moisture periods and hard freezing periods. According to the agency, the repair is critical to maintain the building's current use as a dormitory and administrative complex.

## Board of Healing Arts

**A. Administrative Assistant Position (Technical Adjustment).** The Senate Committee recommended that \$33,958 from the Healing Arts Fund and 1.0 FTE position be added to the agency's FY 2007 budget for an Administrative Assistant position. The Conference Committee on SB 480 concurred with the Senate position, but changed the FTE position to a non-FTE unclassified position. SB 480 did increase the Board's expenditure limitation to fund the new position. However, it did not include language specifying that the Administrative Assistant position was to be a non-FTE unclassified position.

The agency indicated that, according to KSA 65-2878, the only positions employed by the Board that may be in unclassified service are the Executive Director, the Executive Assistant, and any attorneys hired by the agency. All other positions are to be in the classified service. The agency reported that it cannot employ a non-FTE Administrative Assistant in the unclassified service unless

there is language in an appropriation bill that would allow the agency to hire the additional unclassified employee.

**B. GBA No. 1, Item 7, Page 5—Cashflow Problem Proviso.**

**Kansas State Fair Board**

**A. Sheep Barn Project (Senate Committee).** The Senate Committee recommended that the agency report during Omnibus with information regarding the possibility of the Kansas Development Finance Authority (KDFFA) combining the funding needed to build a new Sheep Barn with funding for other state agency projects in a bond issue in FY 2007.

During the review of the agency’s capital improvements request for FY 2007, the Kansas State Fair Board informed the Joint Committee on State Building Construction that the estimated cost of one of the Master Plan projects, the renovation and addition to the Sheep Barn, had increased from \$329,730 to almost \$1.0 million. The Division of Facilities Management and the Fire Marshal’s Office requested some life safety modifications which significantly increased the estimated cost. The agency indicated that, rather than spend the \$1.0 million on the old Sheep Barn, they could build a new one that would meet all compliance code requirements for \$2.3 million. The agency informed the Committee that approximately \$1.9 million in bonding authority would be needed to complete the new facility.

The agency recently revised the estimated cost to build a new Sheep Barn to \$2.7 million. The increase is the result of architectural and engineering fees that were inadvertently omitted from the original estimate. Given the increase, the agency reported that approximately \$2.4 million will be required to complete the new facility, instead of the \$1.9 million originally projected. The agency also noted that the funding source to pay the bonds will need to come from the State General Fund. In addition, KDFFA has indicated that the funding can be combined with two other state agency projects in a bond issue in FY 2007.

**Sheep Barn Estimate**

	<u>Original Estimate</u>	<u>Revised Estimate</u>
Estimated cost to replace Sheep Barn	\$ 2,272,000	\$ 2,705,457
Less Master Plan budgeted amount	329,730	329,730
Balance required to complete project	<u>\$ 1,942,270</u>	<u>\$ 2,375,727</u>

The House Committee introduced and held a hearing on HB 2991 which would exempt the Sheep Barn from the Kansas Fire Prevention Code. This code requires the installation of a sprinkler system when a fire alarm system, exits, and emergency lighting are installed. The Committee, so far, has taken no action on the bill.

**B. Recreational Vehicle (RV) Park Fees (House Committee).** The House Committee recommended that the agency report during Omnibus with information regarding the possibility of increasing fees by another \$120 for using the Recreational Vehicle (RV) park for a 12 night period. The agency currently plans to increase RV park fees during the 2006 State Fair from \$250 to \$300 for 12 nights. The House Committee recommended that the agency consider increasing fees to

\$420 for 12 nights instead. The RV park fee includes the camping fee and gate admission for two people each day. The regular adult daily gate admission is \$7.00.

The Kansas State Fair Board is concerned about increasing the fees for using the RV park by an additional \$120. According to the agency, many of those who use the RV park also are required to pay other fees. At the 2005 State Fair, 41.0 percent of the total number of campers were commercial exhibitors who, in addition to the RV park fees, also were paying fees for commercial exhibit space and parking. In addition, the agency reported that those who were not commercial exhibitors also were likely to be spending considerable money during their stay. The State Fair Board indicated that should a camper choose to leave early, the fee is non-refundable and the agency is able to resell the vacated space. The agency also explained that the adequacy of its fees are re-evaluated each year.

**C. Premium Parking (House Committee).** The House Committee recommended that the agency report during Omnibus with information regarding its plans for charging a premium parking fee during the State Fair.

The Kansas State Fair Board indicated that it plans to offer premium parking to the general public during the 2006 State Fair. According to the agency, there may be one or two lots, that are under-utilized and currently only available to exhibitors, that could be used as premium parking areas. The agency reported that the premium parking fee will be \$8.00 a day. In addition, there is no general public parking fee.

## **Kansas Department of Transportation**

### **A. GBA No. 1, Item 54, Page 27—Reappropriation Authority.**

## **Judicial Council**

**A. House Substitute for SB 337—Commission on Judicial Performance (Conference Committee).** The portion of House Substitute for SB 337 which would affect the Judicial Council are the provisions amended from HB 2612 which would establish the Commission on Judicial Performance. The Commission's 13 members would be appointed by the Judicial Council. Its budget would be included in the Judicial Council's budget, and the agency would provide administrative assistance. The Commission would create, distribute, collect, and tabulate surveys that evaluate the performance of judges.

House Substitute for SB 337 would raise docket fees to finance the Commission. The moneys would be credited to the newly established Judicial Performance Fund. The fund would receive the proceeds from a \$2.00 increase in certain docket fees and generate an estimated \$800,907 in revenue in FY 2007. The Judicial Council estimates expenditures of \$784,843 and an additional 3.0 FTE positions in FY 2007 for the Commission on Judicial Performance. The agency's request is outlined in the table below.

**Commission on Judicial Performance—Estimated FY 2007 Budget**

Expenditures	FY 2007
Staff Attorney	\$ 59,691
2 Administrative Assistants	63,352
Commission meetings (\$1,500 per meeting)	30,000
Office furniture and computers	12,000
Office supplies, phone, internet, printing, etc.	6,000
Develop and maintain survey	60,000
Contracting costs (\$3,900 per evaluation)	553,800
<b>TOTAL</b>	<b><u>\$ 784,843</u></b>

Although not included in the FY 2007 estimate, the agency noted that moving expenses and rent may increase the requested budget. The Judicial Council's current office space cannot accommodate the additional 3.0 FTE positions. If there is no available space in the Judicial Center, the entire agency may have to move out of the building which would result in the moving expenditures. The agency also would be required to start paying rent.

The Conference Committee on House Substitute for SB 337 has tentatively agreed to the inclusion of the Judicial Performance Commission provision. However, the Conference Committee report on the bill has not been signed.

**Attorney General**

**A. Workers Compensation Fraud Investigations (House Committee).** The House Committee recommended that the contents of 2006 HB 2797 be reviewed during Omnibus. HB 2797, which is in first committee, would require the Attorney General to establish and maintain a statewide workers compensation fraud and abuse telephone hotline. The hotline would be a toll-free telephone connection that would be available for use by members of the general public to report instances of alleged fraud or abusive acts or practices. The bill also would establish the position of "Workers Compensation and Abuse Investigator" in the Attorney General's Office. The Attorney General estimates implementation of the legislation would require \$50,000 from the State General Fund in FY 2007, of which \$40,000 would be for salaries and \$10,000 would be for other operating expenditures.

**B. Internet Training Education for Kansas Kids (Senate Committee and House Committee).** The House and Senate Committees recommended that "Internet Training for Kansas Kids" be considered during Omnibus. (The program formerly was called the "Young Kansans-Safe Kids Program" but has been renamed because of copyright restrictions.) The 2005 Legislature appropriated \$250,000 from the State General Fund for the program in FY 2006 to provide dollar-for-dollar matching grants to schools, Boys and Girls Clubs, and other agencies which serve youth to pay costs of programs intended to inform young people about the dangers and safety protocols on the Internet, how to ensure their personal safety and security in their communities, and to train young people in the skills to resist drugs, alcohol, tobacco, premature sexual activity, and delinquent behavior. Because the program got a late start, it is estimated that between \$150,000 and \$175,000 will carry forward to FY 2007. The Attorney General requested \$175,000 for the program in FY 2007, which, combined with reappropriated funds, will make between \$325,000 and \$350,000 available for grants in FY 2007.

**C. SB 418 – Personal and Family Protection Act (Law).** SB 418 enacts the Personal and Family Protection Act, which imposes a number of duties on the Office of the Attorney General. Beginning in January 2007, the General is authorized to issue four-year licenses to qualified individuals who would be allowed to carry concealed handguns.

Under the act, the Attorney General is required to adopt rules and regulations; verify that applicants are qualified for licensure; develop licensure forms; issue licenses and license renewals; adopt rules and regulations establishing procedures and standards for an eight-hour weapons safety and training course; initiate a state and national criminal history records check to verify the identity of applicants and to determine whether applicants have been convicted of crimes that would disqualify them from holding a license; maintain an automated listing of license holders and pertinent information which would be available upon request to law enforcement agencies in Kansas, other states, and the District of Columbia; send expiration notices to licensees at least 90 days prior to the expiration of their licenses; and administer a program which makes equipment grants available to sheriffs' departments.

Once SB 418 is fully implemented, it will be funded from license fees, which are capped at \$150 for initial licensure and at \$100 for renewals. The law provides that the fee and licensure application are to be submitted to the sheriff in the county where the applicant resides and split between the sheriff and the Attorney General. The sheriff must forward \$110 of the original license fee and \$50 of the renewal license fee to the Attorney General and keep the remainder.

The Division of the Budget and the Attorney General's Office disagree about the fiscal impact of the bill in FY 2007. Because no licenses would be issued until January 2007, the Division of the Budget maintains that funding is needed for only the last half of the year and has cut the Attorney General's estimate in half. The Attorney General estimates that 20,000 applications will be received the first year regardless of when the licenses will be issued and has estimated full-year funding on the grounds that new staff will need to be hired and trained in advance of the January 2007 starting date.

According to the Attorney General, 5.0 FTE new positions will be needed, at a cost of \$216,000. They are 1.0 FTE Attorney I (\$63,000), 1.0 FTE Administrative Assistant (\$33,000), 2.0 Investigators (\$40,000 each), and 1.0 FTE Accountant (\$40,000). In addition, \$20,000 is requested for equipment, furniture, and computers, \$15,000 for administrative expenses, \$10,000 for travel, \$31,860 for rent, \$35,000 for two vehicles, and \$1,080,000 for 20,000 finger print checks at \$54 each. The Attorney General's most recent estimate totals \$1,407,860. The Division of the Budget's estimate is \$670,500, which is half of the Attorney General's original estimate. (On April 10, the Attorney General submitted a revised estimate which included items not in the original estimate.)

Assuming 20,000 applications at \$110 each, revenues generated at the state level would total \$2,200,000. (The Division of the Budget cuts this estimate in half for FY 2007 and assumes revenues of \$1,100,000.) The bill provides that the Attorney General must certify to the Director of Accounts and Reports the amount of money the Attorney General needs to administer the act on a semi-annual basis. Of the amount remaining, 20 percent will be credited to the County Law Enforcement Equipment Fund to be used by the Attorney General to provide grants to sheriffs' departments for purchases of law enforcement equipment and 80 percent will be credited to a separate account in the Forensic Laboratory and Materials Fee Fund to be used to assist city and county law enforcement agencies to obtain laboratory services from the Kansas Bureau of Investigation.

Although administration of the Personal and Family Protection Act eventually will be funded through revenues received from application fees, the Attorney General is requesting an appropriation of \$260,000 from the State General Fund in FY 2007 to fund start-up costs. The Attorney General proposes that the State General Fund would be reimbursed when fee revenues become available.

**D. Senate Substitute for HB 2105 – Abuse, Neglect and Exploitation of Persons with Disabilities Unit (Conference Committee) and GBA No. 1, Item 8, Page 5.** Sen. Sub. for HB 2105 would create within the Office of the Attorney General the "Abuse, Neglect and Exploitation of Persons with Disabilities Unit," which would work in partnership with the agency which is designated under federal law and by the Governor as the state protection and advocacy agency. In Kansas, that agency is the Disability Rights Center of Kansas. The bill would provide that the Attorney General's Office and the state protection and advocacy agency would have a free exchange of information and that the unit in the Attorney General's Office would have access to all records of reports, investigation documents, and written reports of findings related to abuse, neglect, or exploitation of persons with disabilities received or generated by the Department of Social and Rehabilitation Services, the Department on Aging, the Department of Health and Environment, and the Long-Term Care Ombudsman.

The Attorney General estimates the fiscal impact to the State General Fund of passage of the legislation to be \$356,860 in FY 2007. The amount consists of \$193,000 for the salaries of 1.0 FTE Attorney I (\$60,000), 2.0 FTE Investigators (\$50,000 each), and 1.0 FTE support staff (\$33,000), \$14,500 for travel, office supplies, and equipment; \$31,860 for rent; \$100,000 for contractual services related to litigation; and \$17,500 for a vehicle.

**Staff Note:** On April 17, the Attorney General submitted a revised fiscal note totaling \$350,000 from the State General Fund. The main difference between the two impact statements is that the most recent estimate specifies that, of the total, \$227,500 would be paid to the Disability Rights Center of Kansas and the remaining \$122,500 would be used to finance operating expenses in the Attorney General's Office, consisting of \$113,000 for the salaries of 0.5 FTE Attorney, 1.0 FTE Investigator, and 1.0 FTE support staff and \$9,500 for other operating expenditures. Under the earlier fiscal note, only \$100,000 was earmarked for contractual services, presumably with the Disability Rights Center of Kansas.

**E. Revised Tobacco Payment Estimate.** On April 11, 2006, staff from the Office of the Attorney General, the Division of the Budget, and the Legislative Research Department met to consider estimated payments for FY 2006 and FY 2007 from tobacco manufacturers pursuant to the Master Settlement Agreement. Based on an audit of the tobacco industry's market shares for 2003, a provision in the agreement has been triggered which allows for a downward adjustment of payments to the states if the market share of participating manufacturers declines. That downward adjustment, which was estimated to be between \$9,000,000 and \$10,400,000 in Kansas, will affect Kansas' FY 2006 payment, which is due April 17, 2006. The National Association of Attorneys General (NAAG), which has played a leadership role among the states with regard to the tobacco settlement, has taken the position that the tobacco companies owe the states the full payment until the industry can demonstrate that the states have failed to exercise due diligence in enforcing the tobacco settlement.

At this time, of the original participating manufacturers, Philip Morris Incorporated has said it will pay its full share of payments to the states, Lorillard Tobacco Company has said it will make a partial payment and withhold the disputed amount, and R.J. Reynolds Tobacco Company has said it will withhold all payments. Based on the decisions of these three manufacturers, the estimate of tobacco payments for FY 2006 has been revised downward from \$55,000,000 to \$49,400,000, a reduction of \$5,600,000.

The estimate of \$54,500,000 for FY 2007 has not been revised for several reasons. First, whether the downward adjustment will be triggered in FY 2007 will depend upon an audit of tobacco industry market shares in 2004, which will not be determined until next year. Second, there is considerable activity among the states and tobacco manufacturers as to how to respond to the 2003 downward adjustment, as evidenced by the different positions taken by the three tobacco companies and by the likelihood that, in the next few months, the states may seek legal remedies which would

force tobacco companies to pay disputed amounts until it is determined what refunds, if any, the tobacco companies are owed. However, the fact that the downward adjustment was triggered in 2003 makes it likely that the adjustment will be triggered in subsequent years.

## Department of Education

**A. Three-Year Phase-In of All-Day Kindergarten (Senate Committee).** The Senate Committee recommended reviewing during Omnibus whether all-day kindergarten could be phased in over a three-year period. It would require a statutory change in the school finance law. The plan reviewed by the Senate Subcommittee on the State Department of Education's budget is the following:

FY 2007 – For purposes of counting students for school finance purposes, increase the count for kindergarten students from .50 FTE pupil to .65 FTE pupil, at a cost of \$15,400,000 from the State General Fund.

FY 2008 – Increase the count for kindergarten students to .80 FTE pupil, at a cost of \$23,500,000 from the State General Fund; and

FY 2009 – Increase the count for kindergarten students to 1.0 FTE pupil, at a cost of \$30,800,000 from the State General Fund.

**B. Revised School Finance Estimates and GBA No 1, Item 32, Page 17.** Staff from the State Department of Education, the Division of the Budget, and the Kansas Legislative Research Department met April 10, 2006, to consider revisions to the November 2005 school finance estimates. For the current year, it is estimated that there are State General Fund savings of \$5,845,000 in general state aid. (This is in addition to savings of \$21,280,313 in general and supplemental general state aid which already have been taken into consideration.) The primary reason for the savings is that assessed valuation is higher than expected and there are fewer students than anticipated. Based on action taken by the Conference Committee on SB 480, these savings would be reappropriated.

For FY 2007, it is estimated that there are State General Fund savings of \$5,373,000 in general state aid and a shortfall of \$65,000 in supplemental general state aid, resulting in net savings in FY 2007 of \$5,308,000. Over the two-year period, these savings total \$11,153,000. It should be noted that the figures are based on current law and would have to be adjusted to reflect any action the 2006 Legislature might make to amend the school finance law. Based on actions taken by the Conference Committee earlier, FY 2007 State General Fund expenditures of \$11,218,000 in general state aid could be lapsed.

In addition, the FY 2007 estimate for the Capital Improvement State Aid revenue transfer from the State General Fund was increased from \$56,150,000 to \$58,000,000 in FY 2006 and from \$59,150,000 to \$61,000,000 in FY 2007.

**C. Revised KPERS-School Estimates and GBA No. 1, Item 33, Page 18.** Staff from the Kansas Public Employees Retirement System (KPERS), the State Department of Education, the Division of the Budget, and the Legislative Research Department met April 7, 2006, to consider revisions to the KPERS-School estimates for FY 2006 and FY 2007. The revised estimate for the current year is \$161,716,496, which would require a supplemental appropriation of \$582,231 from the State General Fund in order to fully fund the contractual obligation. For FY 2007, the current law estimate is \$183,730,886, or \$925,383 less than the currently approved amount of \$184,656,269. Net savings to the State General Fund over the two-year period would be \$343,152. Amendments

to the school finance law adopted by the 2006 Legislature likely would affect KPERS-School by increasing the covered payroll. Further adjustments to KPERS-School for FY 2007 could be made when the 2006 Legislature considers appropriations for any new school finance act or they could be considered by the 2007 Legislature.

**D. Accountability Study (Technical Adjustment).** The Conference Committee on SB 480 agreed to appropriate \$250,000 from the State General Fund for a school accountability study in FY 2007, but the appropriation was omitted from the bill.

**E. Funding for Special Education from the Children's Initiatives Fund (Technical Adjustment).** The Governor recommended expenditures from the Children's Initiatives Fund of \$1,225,000 for special education in FY 2007, intending to fund the expenditure with a new appropriation of \$952,487 and a reappropriation of \$272,513. However, the appropriations bill was posted to show that the total expenditure would be new money. To accurately reflect the Governor's intent, the \$1,225,000 can be reduced to \$952,487 in order to make use of the \$272,513 in carry-forward funds.

**F. GBA No. 1, Item 34, Page 18—School Finance Message.**

## **Judicial Branch**

**A. Additional Judges and Nonjudicial Positions (Senate Committee and House Committee).** The House and Senate Committees considering the Judicial Branch budget recommended that additional judges and nonjudicial personnel for FY 2007 be considered during Omnibus. The Judicial Branch has requested \$691,193 from the State General Fund in FY 2007 for three new district court judges and 6.0 FTE associated staff for the 3rd (Shawnee County), 6th (Miami County), and 10th (Johnson County) judicial districts and \$773,149 from the State General Fund for 22.0 FTE additional nonjudicial positions, consisting of 11.5 FTE Trial Court Clerks II, 6.0 FTE Court Services Officers I, 3.0 FTE Secretaries I, 0.5 FTE Secretary II, and 1.0 FTE Administrative Assistant I.

**B. Additional Staff for the Court of Appeals (House Committee and Conference Committee).** The House Committee recommended that the request for 2.0 FTE positions for the Court of Appeals be considered during Omnibus. The Senate Committee added one of the positions (the Research Attorney II) but the Conference Committee on SB 480 deleted it and recommended that it be considered during Omnibus. The request is for \$139,464 from the State General Fund in FY 2007 for salaries and associated operating expenses for 1.0 FTE Research Attorney I and 1.0 FTE Research Attorney II. Salaries are \$58,129 for the Research Attorney I and \$66,207 for the Research Attorney II, plus \$7,564 in associated costs for each. The attorneys would work primarily in the area of utility rate case appeals.

**C. SB 180 – Docket Fee Increases and Authority to Establish Docket Fees Reserved for Legislature (Conference Committee).** SB 180 provides that only the Legislature can establish docket fees and that no other fee can be assessed for certain court actions except by the Legislature. In addition, the bill would increase docket fees by \$9 for certain actions under the Uniform Act Regulating Traffic, Code of Civil Procedure, criminal proceedings, juvenile offender proceedings, the Probate Code, and the Small Claims Act. The docket fee increase is expected to generate an additional \$3,765,994 in FY 2007 which would be credited to the State General Fund. According to the Judicial Branch, action taken by the Legislature to reduce the Judicial Branch's budget by \$3,700,000 in SB 480, combined with the enactment of the policy contained in SB 180, would cause an operating budget shortfall in FY 2007. (If SB 180 does not pass, it would be necessary to delete (c) of Section 71 in SB 480 in order to maintain a fund for the emergency



surcharge. In its present form, SB 480 provides that remaining balances from the emergency surcharge be credited to the Judiciary Technology Fund.)

**D. House Substitute for SB 337 –Judges' Salary Increase, Judges' Retirement, Delayed Expansion of the Court of Appeals, and Docket Fees (Conference Committee).** House Substitute for SB 337 contains the following policies relating to the Judicial Branch:

The salaries of district court and district magistrate judges would be increased by \$9,000 and salaries for judges of the Court of Appeals would be increased by \$2,000 in FY 2007, at a total cost of \$2,779,858 for salaries and benefits. Funding for the increases would be from the State General Fund. In addition, the bill would increase docket fees by a total of \$3,273,446. (These provisions were included in the original SB 337.)

Retired judges who perform temporary judicial duties would be eligible to receive health insurance benefits. Retired judges who work 40 percent of the year would be treated as full-time employees for health insurance benefit purposes and retired judges who work less than 40 percent would be treated as part-time employees. It is estimated that in FY 2007, 11 judges would qualify for full-time benefits and four for part-time benefits, for a total of \$79,361 from the State General Fund in FY 2007. (This provision originally was in 2005 SB 52.)

At the request of the Judicial Branch, the addition of the 13th judge to the Court of Appeals, scheduled for January 2007, would be delayed by one year. The 14th and final judge in the statutory expansion of the Court would be added January 2008. The cost of adding the 13th judge (\$297,296 from the State General Fund in FY 2007) already has been deleted from the Judicial Branch's budget. (This provision originally was in 2006 SB 568.)

Certain docket fees would be increased by \$10, with the increased revenues credited to the Attorney General's Child Exchange and Visitation Centers Fund. The Fund provides grants to centers which provide for court-ordered child exchange or visitation in a safe, neutral environment. The docket fee increase is estimated to generate an additional \$150,000 in FY 2007. (This provision originally was in 2006 SB 462.)

The Conference Committee on House Substitute for SB 337 has tentatively agreed to the bill. However, the Conference Committee report has not been signed.

**E. Correct Posting Error (Technical Adjustment).** In order to accurately reflect the intentions of the Conference Committee on SB 480, \$430,089 from the State General Fund in FY 2007 should be deducted from the amount for the Judicial Branch salary plan.

## **Department of Health and Environment – Health**

**A. Laboratory Funding (House Committee and Conference Committee).** The Conference Committee on SB 480 deleted \$500,000 from the State General Fund for rent at the Kansas Department of Health and Environment (KDHE) laboratory at Forbes Field in FY 2006. The agency reported that rent at the laboratory increased from \$437,390 in FY 2005 to \$1,285,743 in FY 2007. This equates to \$12 per square foot in FY 2005 and \$32 per square foot in FY 2007. The agency reported that it did not receive notice of the increase in rental rates until after the 2005 Session of the Legislature, resulting in a State General Fund supplemental request of \$500,000 for FY 2006. The House Committee requested additional information on why rental costs for the building doubled in one year. According to the Department of Administration, the rental rate increase will allow the Department to more fully recover the costs expended at the laboratory and to reduce the amount subsidized by other agencies for the laboratory.

**B. Agency Rental Charges in State-Owned Buildings (Senate Committee).** The Senate Committee recommended the review of rental charges of all agencies housed in state-owned buildings in response to information in item A. It was reported to the Committee that other agencies housed in the Capitol Complex subsidized the operation of the laboratory through the rent structure. The Committee directed the Department of Administration to provide a matrix of all rent charges for agencies housed in state-owned buildings in FY 2006 and FY 2007. The information is included in the Department of Administration section of this memorandum.

**C. Sudden Infant Death Syndrome (House Committee).** The House Committee recommended the consideration of additional funding of \$50,000 from the State General Fund for Sudden Infant Death Syndrome (SIDS) in FY 2007. This program is currently funded at \$25,000 from the State General Fund, as it has been in prior years.

**D. Domestic Violence Support Personnel Training (House Committee).** The House Committee recommended the consideration of \$225,000 from the State General Fund for domestic violence support personnel training in FY 2007. This funding 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 receive 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 no specific training funds.

**E. Domestic Violence Grants (House Committee).** The House Committee recommended the review of domestic violence prevention grants funding in FY 2007. The Governor recommended funding of \$7,483,333, including \$1,583,333 from the State General Fund, for domestic violence prevention grants. The House Committee noted that it was supportive of the program; however, the Committee felt the match funding should be budgeted with other federal grant funding in the Governor's Office. The Conference Committee on SB 480 transferred the funding from the Kansas Department of Health and Environment to the Governor's Office for FY 2007.

**F. Primary Health Care Community-Based Services (House Committee).** The House Committee noted 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 for total program funding of \$2,520,840 from the State General Fund for FY 2007. The funding was approved by the Legislature in SB 480. The House Committee requested that the agency work with the provider community to develop outcome measures for this program to report during Omnibus. The Committee also directed the agency and the provider community to report back during 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.

**G. Youth Mentoring Program (House Committee).** The House Committee deleted FY 2007 additional funding of \$250,000 from the State General Fund recommended by the Governor to provide support and coordination to existing youth mentoring programs for consideration during Omnibus. The agency reported that this funding would be used to provide evaluations, background checks, and additional mentors to these programs. The House Committee noted that it was supportive of the program and directed the agency to provide additional information during Omnibus about the program and the organizations it will serve. The Conference Committee on SB 480 concurred with the House Committee's recommendation.

**H. Pregnancy Maintenance Initiative (House Committee).** The House Committee recommended consideration at Omnibus of additional funding of \$200,000 from the State General

Fund in FY 2007 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.

**I. Newborn Hearing Loaner Program (House Committee).** The House Committee recommended Omnibus consideration of \$50,000 from the State General Fund in FY 2007 to develop a newborn hearing loaner program. This program would provide funds for the purchase of hearing aids for a loaner bank. The Department of Health and Environment 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 necessary auditory inputs such as hearing aids. The House Committee is interested in the development of this program.

**J. Child Care/Foster Care Licensing Vehicles (Conference Committee).** The Senate Committee recommended the addition of \$104,000 from the State General Fund in FY 2007 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 funding would allow the agency to purchase eight, mid-size sedans costing \$13,000 each for these inspectors. This item was not recommended by the Conference Committee on SB 480 and was deferred for Omnibus consideration.

**K. Advanced Education General Dentistry Residency Program (Conference Committee).** The Senate Committee recommended the addition of \$415,000 from the State General Fund for the Advanced Education General Dentistry (AEGD) Residency Program in FY 2007. 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. The first class is anticipated to have six students, increasing to 12 students the next year, and 15 students in subsequent years. This funding was not recommended by the Conference Committee on SB 480, and was deferred for Omnibus consideration.

**L. Vehicle Use (House Committee).** The House Committee recommended Omnibus review of agency vehicle usage. The Committee noted 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 Committee requested the agency report back during Omnibus with a review of agency vehicle usage including the use of car pooling and other methods used to efficiently use vehicle miles. The agency will provide additional information on this issue.

**M. Newborn Screening Panel (House Committee).** The House Committee recommended Omnibus review of the Newborn Screening Panel during deliberations on HB 2971, which was amended into House Substitute for SB 579. The Committee directed the Department of Health and Environment to continue discussions with interested parties in regard to adjustments to the newborn screening and to make recommendations to the Committee during Omnibus. Information will be presented by the agency on this topic.

**N. HB 2752 – Trauma Program and Registry: Meningitis Vaccination (Law).** HB 2752 amends the law that establishes the statewide Trauma Program and Registry. Specifically, the bill

expands the rule and regulation authority of the Secretary of the Department of Health and Environment to include fixing, charging, and collecting fees from trauma facilities to recover all or part of the expenses incurred in the designation of such facilities. The bill also adds to the responsibilities of the Secretary the designation of trauma facilities by level of trauma care capabilities. Such designation is to be made after considering the standards of the American College of Surgeons Committee of Trauma and other states' standards, except that no designations can be based on criteria that place practice limitations on registered nurse anesthetists that are not required by the state.

The bill also amends the statute to remove the requirement that the Secretary consult with the Health Care Data Governing Board in the development and maintenance of the state Trauma Registry and in regard to information reported by the agency. Finally, the bill amends the statute to allow for disclosure of information obtained by the Registry, if necessary, to protect the public health and to support quality improvement as defined in current hospital peer review statutes.

The bill also enacts new law to require all Kansas colleges and universities to have policies and procedures in place that would require all incoming students who reside in student housing be vaccinated for meningitis. The policies also are to include waiver procedures for those who refuse to take the vaccine. Nothing in the bill requires any college or university to provide for or pay for any vaccination against meningitis. The requirements of the act commence with the first academic term starting after July 1, 2007.

The fiscal note prepared by the Division of the Budget indicates that ten surveys could be completed in FY 2007 at an average cost of \$8,500 per survey. The total cost would be \$85,000 from the agency's Trauma Fund.

**O. House Substitute for SB 579 – Treatment Products for Individuals with Certain Genetic Diseases (Governor).** House Substitute for SB 579 amends the law regarding the provision of treatment products for individuals with a disease detected by a newborn screening test. The bill adds language stating that treatment products provided by the Kansas Department of Health and Environment (KDHE) would be limited to available appropriations. State assistance is to be provided only after all other benefits from private third-party payers, Medicare, Medicaid, and other government assistance programs are exhausted. The Secretary of Health and Environment is required to adopt rules and regulations establishing income eligibility requirements for state assistance.

The bill provides for a method of payment for the necessary treatment product for individuals diagnosed with the diseases addressed in the bill as follows:

- Needs shall be covered by Medicaid for individuals meeting Medicaid eligibility;
- KDHE shall adopt rules and regulations establishing a reimbursement program between 50 percent and 100 percent of the product cost for facilities not eligible for Medicaid but below 300 percent of the Federal Poverty Level; and
- KDHE shall adopt rules and regulations establishing a reimbursement program not to exceed 50 percent of the product costs for families who exceed 300 percent of the Federal Poverty Level.

The bill also provides that the agency continue to receive orders for both the necessary treatment product and necessary food treatment product, purchase such products, and deliver the products to an address provided by the families. The Department is to bill the families in accordance with the adopted rules and regulations. The agency and the Health Policy Authority are directed to

pool purchasing power and enter into a joint contract for the purchase of products for both Medicaid and non-Medicaid clients.

SB 480 contains an appropriation in FY 2007 of \$250,000 from the Children's Initiatives Fund for this program. The agency reports that the most restrictive reimbursement formula would result in savings of \$100,000 and the least restrictive reimbursement formula would result in savings of \$42,000 from this amount.

**P. SB 528 – Termination of Pregnancies (Conference Committee).** SB 528 would amend the law concerning records and reports of lawfully terminated pregnancies required by medical care facilities and amends a statute that is a part of the Uniform Vital Statistics Act. The bill would create a new act setting out requirements to be met by any course, special event, seminar, or forum on pregnancy-related instruction. The bill includes increased reporting requirements for the medical care facilities. A vital records statute relating to birth certificates would be amended to require the Secretary of Health and Environment to design and promulgate a form for an attempted abortion resulting in a live birth showing the mother's state of residence; the mother's age; the baby's anomalies, if any; the number of children to whom the mother has given birth; and the health outcomes of previous children. The bill also sets out requirements to be met by any secondary school that receives public money regarding pregnancy-related instruction.

According to the agency, expenditures from the Civil Registration and Health Statistics Fee Fund would increase by \$30,000 in FY 2007 to change the web-based data entry forms and the Department of Health and Environment's database system.

**Q. GBA No. 1, Item 26, Page 15 — Avian Flu Vaccine.**

**R. GBA No. 1, Item 27, Page 15 — PKU/Hemophilia.**

**S. GBA No. 1, Item 28, Page 16 — Infant Toddler (Tiny-K) Program.**

## **Department of Health and Environment – Environment**

**A. HB 2756–Kansas Storage Tank Act (Law).** HB 2756 amends the Kansas Storage Tank Act to provide reimbursement to eligible owners of aboveground petroleum storage tanks or bulk plants for the cost of certain upgrade expenses or permanent closure expenses. Only those aboveground storage tanks or bulk plants that are used for the storage of petroleum products for resale are eligible.

Under the bill, moneys for reimbursement will come from the Environmental Assurance Fee, which is imposed at the rate of \$0.01 per gallon of petroleum products, other than aviation fuel, manufactured in or imported into this state. The bill would require that the fee money be diverted into a new fund called the Kansas Essential Fuels Supply Trust Fund on a periodic basis as outlined in the bill. No money will be credited to the new fund if the balance exceeds \$5,000,000. Moneys will be credited only if the balance of the fund is \$2,000,000 or less or if the above ground or underground storage tank funds do not require money. Interest from money in the Kansas Essential Fueling Supply Trust Fund will be retained by the Fund.

The agency reports that as a result of passage of the bill, a no-limit Kansas Essential Fuels Supply Trust Fund should be established. The agency also requests the addition of two new FTE positions including an Environmental Scientist II position and a Research Analyst II position. Expenditures from the Kansas Essential Fuels Supply Trust Fund would include \$147,124 for salaries, \$4,680 for contractual services, \$5,156 for office and professional supplies, \$5,000,000 for reimbursement to tank owners, and \$9,600 for capital outlay. The agency also requests the transfer

of up to \$250,000 from the Aboveground Petroleum Storage Tank Release Trust Fund to the Kansas Essential Fuels Supply Trust Fund in FY 2007.

**B. SB 386 Air Quality (Law).** SB 386 amends two statutes that concern air quality. The amendments specifically are directed to air contaminants and emission sources. The bill creates new definitions for "regional haze" and "deciview" (visibility index), and adds to the definition of "air pollution." Other amendments authorize the Secretary of Health and Environment to: prepare and develop plans that address air pollution originating in Kansas that affects air quality in Kansas, other states, or both; expand the authority of the Secretary to enter into agreements with local governments, other states, and interstate agencies; conduct or participate in intrastate or interstate emissions trading programs that demonstrate equivalent air quality benefits for the prevention, abatement, and control of air pollution in Kansas, other states, or both; prepare and adopt a regional haze plan that is no more stringent than required by federal law as necessary to prevent, abate, and control air pollution originating in Kansas that affects Kansas, other states, or both; and participate in the activities of any visibility transport commission established under federal law. The Secretary of Health and Environment is required to report annually to the Governor and the Legislature on the activities of any visibility transport commission.

The agency indicates that the FY 2007 fiscal impact of this bill requires the addition of 1.0 Environmental Scientist IV FTE position to implement state plans. Funding from the Air Quality Fee Fund would include \$68,177 for salaries and wages, \$14,350 for communication equipment and travel, \$5,125 for professional and office supplies, and \$3,500 for one-time capital outlay for total expenditures of \$91,152.

## **Adjutant General**

**A. Forbes Field Positions (House Committee).** The House Committee recommended consideration during Omnibus of two FTE positions at Forbes Field, a Plumber position and a Fire Protection Systems Specialist position. These positions would be funded 75 percent from the federal government, with a 25 percent match from the State General Fund. For FY 2007, funding from the State General Fund would total \$20,067 for both positions. The agency reported that the addition of the two employees would allow the agency to complete over 300 hours of backlogged plumbing work at Forbes Field and complete the inspections required by the National Fire Protection Agency.

**B. Armory Maintenance and Repair (House Committee).** The House Committee recommended consideration during Omnibus of \$601,000 in FY 2007, including \$376,000 from the State General Fund and \$225,000 from the federal Military Fee Fund, for maintenance and repair of National Guard infrastructure. The agency reported that funding would be used for maintenance needs of the armories and State Defense Building not met with the Armory Bonds and for maintenance and repair of facilities at Forbes Field in Topeka.

**C. Disaster Funding (Senate Committee).** The Senate Committee recommended a review of disaster funding during Omnibus. The Committee received information on the match funding necessary for disaster response. This funding fluctuates from year-to-year depending on the number and size of disasters which require a response by the agency.

**D. Utilities (Senate Committee).** The Senate Committee recommended consideration during Omnibus of utilities expenditures for the Armories and Air National Guard Bases for FY 2006 and FY 2007. The agency reported that utility bills for the Armories and Air National Guard Bases are 16 percent higher than last year's bills. If this continues, utility expenditures could be underfunded by up to \$65,000 for the Armories and \$69,000 for the Air National Guard Bases in FY 2006.

**E. GBA No. 1, Item 47, Page 24—Disaster Relief.**

**F. GBA No. 1, Item 48, Page 24—Homeland Security Funding Switch.**

## **Kansas Bureau of Investigation**

**A. IMA Building and Great Bend Laboratory (House Committee).** The House Committee recommended review of the possible purchase of the IMA Building in Topeka. The Committee also recommended the consideration of funding to finish the existing second floor of the Great Bend Laboratory. The Conference Committee on SB 480 included authority to issue up to \$2,000,000 in bonds for the purchase of the IMA Building and to finish the second floor of the Great Bend Laboratory.

**B. Agent Salary Increase (House Committee).** The House Committee recommended consideration at Omnibus of \$263,212 from the State General Fund for an additional 7.5 percent salary increase for agents for FY 2007. The agency reported that a 2002 Central States Survey reported that the pay of the Special Agent class was 26.0 percent below the average pay of their peers within the study group. The 2005 Legislature funded half, or 7.5 percent, of the total FY 2006 request. The agency reported that the completion of this plan is the agency's top priority. The Senate Committee recommended adding the funding for the 7.5 percent pay increase. The Conference Committee on SB 480 instead added \$263,212 from the State General Fund to fill vacant FTE positions.

**C. Funding Increase (House Committee).** The House Committee recommended Omnibus consideration of \$500,000 from the State General Fund in FY 2007 to enhance the agency's budget. The Committee suggested the funding could be used to finish the second floor of the Great Bend Laboratory or to provide the 7.5 percent agency salary increase. Funding for the Great Bend Laboratory was included in SB 480.

**D. Automated Fingerprint Identification System (House Committee).** The House Committee recommended review of the funding for the Kansas Automated Fingerprint Identification System (AFIS). The agency's FY 2007 budget includes funding of \$752,070 from the State General Fund for the second of six payments on the AFIS. The first year payment was financed with federal Office of Domestic Preparedness (ODP) funds. The agency reported that it is seeking additional federal funding for the second year payment. The Committee directed the agency to report during Omnibus on the status of funding for this project. The agency will provide additional information on this issue.

**E. Offender Registration Unit (Senate Committee).** The Senate Committee recommended consideration during Omnibus of \$166,151 from the State General Fund and three additional FTE positions in the existing Offender Registration Unit in FY 2007. The currently approved budget includes two of the five positions requested by the agency. The unit is responsible for implementing the Kansas Bureau of Investigation's (KBI) responsibilities regarding the Kansas Offender Registration Act. The agency reports that an internal staffing/process review was conducted in conjunction with an audit requested by the Attorney General. The review indicated that optimal unit staffing is nine, with the current staffing level at four.

**F. Special Agent Positions (Senate Committee).** The Senate Committee recommended Omnibus consideration of \$979,533 from the State General Fund for nine Special Agents in FY 2007. The agency reports that it has been short on criminal investigative staff for several years. The nine vacancies represent over ten percent of the KBI agent workforce. The Conference Committee on SB 480 included additional funding of \$263,212 from the State General Fund for additional agent positions.

**G. HB 2554 – DNA Specimen Collections (Conference Committee).** HB 2554 would amend current law regarding the State DNA database and who would be required to submit to DNA specimen collections. The bill would expand the requirements on DNA specimens to include an oral or other biological sample authorized by the KBI. On or after January 1, 2007 through June 30, 2008, any adult arrested or charged or juvenile placed in custody for or charged with the commission or attempted commission of any person felony or drug severity level 1 or 2 felony would be required to submit such specimen or sample at the same time such person is fingerprinted pursuant to the booking procedure. On or after July 1, 2008 any arrested or charged adult or juvenile placed in custody for the commission or attempted commission of any felony would be required to submit a specimen or sample in addition to fingerprints.

The fiscal note indicates that the bill would be implemented in two phases. Phase I would begin in FY 2007, and is projected to have an impact of \$517,885 from the State General Fund. Expenditures would include \$35,000 for a non-FTE Administrative Assistant position, \$2,600 for a computer and other equipment for the Administrative Assistant, \$19,365 for collection kits for oral swabbing, \$6,000 for sample collection and preservation training for law enforcement personnel, \$50,000 for a laboratory dried sample paper punch, \$154,920 for supplies for the analysis of samples, and \$250,000 for computer programming to expand the existing database for tracking submitted samples.

The bill establishes a \$100 court cost to be charged upon conviction as a KBI DNA database fee. The fee would be deposited into a DNA Database Fee Fund in the KBI. Revenue estimates for FY 2007 total \$272,000 for this fee.

Phase II would begin on July 1, 2008, or the start of FY 2009. Expenditures for Phase II are estimated at \$906,985.

**H. SB 418 – Personal and Family Protection Act (Law).** SB 418 enacts the Personal and Family Protection Act. This act authorizes the Attorney General to issue four-year licenses to certain persons to carry concealed handguns. The bill would require the KBI to perform criminal history record checks, including both national and state checks, for applicants. The KBI reports that the cost for both checks is \$54 per person, with \$30 for the KBI and \$24 for the Federal Bureau of Investigation.

The fiscal note states that assuming 10,000 record checks are conducted, cost for the checks would total \$54,000. This estimate is based on a half-year of funding for FY 2007. The fiscal note also states that the agency assumes the record check fee will be paid out of the \$110 application fee.

The agency reports that due to the increased number of checks being conducted, the agency will need additional FTE personnel. The agency estimates that two additional Administrative Specialists and two additional Office Assistants will be needed for a total cost of \$120,568. Assuming the agency will retain the \$30 record check fee, the agency estimates this to be sufficient to cover the additional administrative costs.

## Highway Patrol

**A. State Highway Fund Transfers (Technical Adjustment).** SB 480 includes transfers from the State Highway Fund to the State General Fund and the Kansas Highway Patrol Operations Fund equal to the amount budgeted from those funds. The transfers in SB 480 were not adjusted for the expenditure adjustments made by the Legislature. The transfers need to be adjusted to \$8,465,292.25 quarterly for the State General Fund and \$4,310,197.50 quarterly for the Kansas Highway Patrol Operations Fund to accurately reflect the FY 2007 budget approved in SB 480.



**B. GBA No. 1, Item 49, Page 25—Additional Salaries & Wages Expenditures.**

**C. GBA No. 1, Item 50, Page 25—Homeland Security Funding Switch.**

### **Emergency Medical Services Board**

**A. Statewide Data Collection System (Senate Committee).** The Senate Committee deleted \$200,000 from the Emergency Medical Services Operating Fund in FY 2007 for the statewide data collection system pending the passage of SB 546. The bill, as amended by the Senate Committee of the Whole, passed the Senate on March 23, 2006. The bill, as amended by the House Committee on Appropriations, passed the House on March 31. The Conference Committee on SB 480 recommended funding of \$200,000 from the Emergency Medical Services Operating Fund for the data collection system.

### **Sentencing Commission**

**A. Johnson County Therapeutic Community (House Committee) and GBA No. 1, Item 51, Page 26—123 Payments for Johnson County.** The House Committee recommended Omnibus consideration of billings received by the Kansas Sentencing Commission from the Johnson County Therapeutic Community in FY 2006. The agency reported that Johnson County has submitted unanticipated billings from Therapeutic Community treatment services under 2003 SB 123. These billings are not included in the current budget as this treatment was covered under a Byrne Grant in prior years and Johnson County did not provide any notification to the agency that it would be billed for these services. In the FY 2006 Byrne Grant award, a special provision was added excluding 2003 SB 123 treatment from the grant program. Johnson County began billing the agency for the treatment in December 2005. The Kansas Sentencing Commission estimates that an appropriation of \$87,426 from the State General Fund in FY 2006 would fund the additional billings from the Johnson County Therapeutic Community. The Governor's Budget Amendment includes funding of \$87,500 from the State General Fund in FY 2006 for this item.

**B. Program Consultant Position (House Committee).** The House Committee recommended consideration during Omnibus of \$53,456, including \$26,728 from the State General Fund for a non-FTE program consultant position. This position would complete the duties associated with the administration and payment process of the 2003 SB 123 substance abuse treatment program. The agency reports that there has been a steady increase in the volume of invoices received, and additional staff is needed to complete the payment process.

### **State Conservation Commission**

**A. Water Rights Purchase Program (Senate Committee and House Committee).** The House and Senate Committees deleted \$786,268 from the State Water Plan Fund for the Water Rights Purchase Program pending the passage of HB 2710. The bill, as amended by the House Committee of the Whole, passed the House on February 23, 2006. The bill, as amended by the Senate Committee on Natural Resources, passed the Senate on March 23, 2006. The bill is currently in Conference Committee.

**B. Conservation Reserve Enhancement Program (Senate Committee and House Committee).** The House and Senate Committees deleted \$4,000,000 from the State Water Plan Fund for the Conservation Reserve Enhancement Program (CREP) for consideration during Omnibus. The Kansas State University Department of Agricultural Economics has conducted an

analysis of the economic impact of the proposed CREP. The agency will provide more information on this item.

**C. Conservation Easements (House Committee).** The House Committee deleted FY 2007 funding of \$311,500 from the Economic Development Initiatives Fund for conservation easements for Omnibus consideration. The Committee noted that HB 2556 and HB 2558 pertained to this program. HB 2556 would establish the Kansas Farm and Ranch Land Protection Grant Program and HB 2558 deals with encroachment restriction districts. HB 2556 was stricken from the House calendar on February 24, 2006. HB 2558 is currently in the House Committee on Environment.

**D. Quick Response Areas (House Committee).** The House Committee deleted \$450,000 from the State Water Plan Fund in FY 2007 for the Water Resources Cost Share - Quick Response Areas for Omnibus consideration. This program would provide additional incentive payments to encourage the use of the existing Environmental Quality Incentives Program (EQIP). The Conference Committee on SB 480 concurred with the House to delete the funding.

## Kansas Water Office

**A. Water Conservation Projects Fund Feasibility Studies (Senate Committee).** The Senate Committee recommended Omnibus review of expenditures of \$552,000 from the Water Conservation Projects Fund in FY 2006 to begin feasibility studies on potential projects in the area affected by the water litigation between Kansas and Colorado.

The Kansas Water Office met with the Arkansas River Litigation Funds Committee (ARLFC) in March. The table below indicates the projects identified for feasibility studies. The agency plans to distribute a request for proposals (RFP) for all of the projects listed. The Water Office also indicates that the cost for the studies includes some preliminary design work. The ARLFC considers the Lining of the Southside Ditch and the Southern Alternative Delivery System as the top priorities. In addition, the agency reports that these two projects are related and need to be implemented together.

Water Conservation Projects Fund Feasibility Studies	FY 2006 Budgeted Amount
Lining of Southside Ditch	\$ 48,000
Southern Alternative Delivery System	90,000
Enhanced Aquifer Recharge	108,000
River Channel Modifications and Maintenance	108,000
Lake McKinney Storage	72,000
Lake McKinney Bypass	54,000
River Check Dams and Structures	72,000
TOTAL	<u>\$ 552,000</u>

**B. Water Conservation Projects Fund (Senate Committee and House Committee).** The House and Senate Committees deleted \$2,500,000 from the Water Conservation Projects Fund in FY 2007 for consideration during Omnibus. The Water Conservation Projects Fund was established in 1996 to receive funding resulting from the water litigation between Kansas and Colorado and is to be used on projects in the Upper Arkansas River Basin in areas directly impacted by the litigation.

**C. Conservation Reserve Enhancement Program (Senate Committee and House Committee).** The House and Senate Committees deleted \$1,000,000 from the Water Conservation

Projects Fund in FY 2007 for the Conservation Reserve Enhancement Program (CREP) for consideration during Omnibus. The Kansas State University Department of Agricultural Economics has conducted an analysis of the economic impact of the proposed CREP. The agency will present information on this item.

**D. Stream Gauges (House Committee).** The House Committee directed the agency to report during Omnibus regarding the number of new or replacement stream gauges the agency anticipates to purchase in coordination with the United States Geological Survey (USGS) in FY 2007. The agency reports that if additional stream gauges are purchased, USGS may not have additional funding available for their portion of the gauge expenses. In this situation, all additional expenses would be the responsibility of the state. The agency may have additional information on this topic.

**E. SB 503 – Water Supply Storage Assurance Fund, Cedar Bluff Reservoir, and Dam Inspections (Conference Committee).** SB 503 would create the Water Supply Storage Assurance Fund. This fund was created in 1986; however, it was inadvertently abolished in 1998. Since that time, the Fund has been established by proviso.

House amendments to the bill would require the Kansas Water Office to place a stream gauge on the Smoky Hill River below the dam on Cedar Bluff Reservoir to monitor the amount of water leaking from the dam. The agency is to use the stream gauge measurements of water leakage from the dam to calculate the amount of water in the artificial recharge pool.

The bill also exempts from inspection the dam located on Lake Barton Country Club property.

The amendment requiring purchase of an additional stream gauge is projected to have a first-year cost of \$18,000 from the State General Fund. In addition, annual operation and maintenance costs of \$6,800 would be incurred in subsequent years.

**F. State Water Plan Fund Reappropriation (Technical Adjustment).** In SB 480, language reappropriating funds in the Stream Gauging, Water Planning Process, and Kansas Water Authority accounts of the State Water Plan Fund were inadvertently reappropriated for FY 2006. This language was intended to reappropriate the funds for FY 2007.

## **Board of Regents**

**A. Technical College Funding (Conference Committee).** The Conference Committee on SB 480 recommended that additional funding in FY 2007 for technical colleges totaling \$2.2 million from the State General Fund be considered during Omnibus. The Conference Committee added \$3.0 million from the State General Fund for postsecondary aid for vocational education and recommended that the additional funding be considered. The additional funding would fully fund the statutory formula and hold several institutions harmless while the Board of Regents changes the allocation process.

The statutory formula for postsecondary aid for vocational education sets the state portion at 85 percent of costs. This formula has not been fully funded in many years. It would require another \$1.5 million from the State General Fund to increase the state aid to the statutory level.

The Board of Regents recently approved a change in the allocation process for the technical colleges. Previously, state funds were distributed based upon the prior year's allocation. Under the new process, funds will be distributed based upon a three-year average of enrollment. As a result of the change, four institutions would have received less in FY 2007 than in FY 2006. The Conference Committee recommended consideration of an additional one-time appropriation of

\$735,000 from the State General Fund to hold those institutions harmless during the change in the allocation process.

**B. Administrative Assistant Position (Conference Committee).** The Conference Committee deleted funding of \$46,478 from the State General Fund and 0.5 FTE position for an Administrative Assistant in the Academic Affairs area and recommended that the item be considered during Omnibus. The Governor had recommended the new position as a part of the FY 2007 Governor's Budget Report. According to the agency, the new position would allow professional staff to focus on non-clerical duties and would provide support related to the institution performance agreements.

**C. Systemwide Proposal to Increase Capacity in Masters-level Nursing Programs (Conference Committee).** The Conference Committee on SB 480 recommended a review of a Board of Regents proposal to increase capacity in the Masters-level nursing programs. Many of the university presidents stated during budget hearings that the issue in nursing education is not a lack of qualified applicants, but a lack of instructors and physical space. The Conference Committee added \$150,000 from the State General Fund at Fort Hays State University to increase capacity in that program. This funding is contingent upon a dollar for dollar match by the university.

The House Committee had also recommended a shift of \$200,000 from the undergraduate Nursing Service Scholarship to systemwide capacity building with a similar match requirement. This amount was added to the scholarship program by the Governor for FY 2007. The Conference Committee on SB 480 recommended consideration of this item during Omnibus as a part of a systemwide proposal.

The Senate Committee recommended an Omnibus review of a Board of Regents systemwide proposal for capacity building. The elements of this proposal and the estimated funding requirements from the State General Fund in FY 2007 are outlined below.

<u>Item</u>	<u>Description</u>	<u>Additional First-year Funding Required</u>
Nurse Educator Scholarship Program	Ten scholarships per year for individuals enrolling in a Masters or PhD program in nursing in Kansas. The program would have a service obligation of five years as a faculty member in a nursing program in Kansas.	\$ 150,000
Nursing Faculty and Supplies	Two grant programs to expand nursing faculty and increase funding for consumable laboratory supplies. One grant would be need-based and the other would require a two-for-one match by the institution.	2,420,000
Equipment and Facility Upgrades	Two grant programs to provide equipment (including simulators) and upgrade facilities. One grant would be need-based and the other would require a two-for-one match by the institution.	2,720,000
Statewide Nursing Consortium	Task force to address recommendations in the Board of Regents Nursing Shortage Report and implement solutions. Funding for support staff will be through federal funds.	0
<b>TOTAL</b>		<u>\$ 5,290,000</u>

**D. SB 139 – Kansas Academy of Math and Science (Governor).** SB 139 establishes the Kansas Academy of Math and Science for 11th and 12th grade students. The Board of Regents will determine if the two-year academy will be completely residential at one of the state universities, completely online, or a combination of residential and online. In addition, the bill outlines selection criteria for the 40 students to be admitted each year, but authorizes the Board of Regents to expand the number of students beyond that.

The Board is also authorized to charge a fee not to exceed Base State Aid Per Pupil to the school district sending the student. According to the agency, the fiscal impact of 40 students in a residential academy would be \$250,000. That amount would double in the second year. For an online academy, the fiscal impact would be less than that. If the Board of Regents charges the school districts a fee which equals the amount of Base State Aid Per Pupil (BSAPP), the total amount they would receive would be \$170,280 (based on the currently approved BSAPP of \$4,257).

**E. HB 2578 – Special Education Teacher Scholarship Program and Teacher Education Scholarship Program (Conference Committee).** HB 2578 establishes the Special Education Teacher Service Scholarship Program for licensed teachers enrolled in a program leading to endorsement as a special education teacher. Up to 50 scholarships may be awarded each year. The awards are for \$3,000 for each semester or the equivalent if the individual is enrolled part-time. The service obligation associated with the scholarship is teaching special education children on a full-time basis in Kansas for three years or the equivalent if teaching part-time. The program sunsets in FY 2011. This portion of the bill does not contain "subject to appropriations" language. For the first year, the fiscal impact of the new program would be \$300,000 from the State General Fund.

The Senate version of the bill also includes the Teacher Education Scholarship Program. This program awards scholarships to individuals who have been employed in an accredited school for four years and who are: (1) licensed teachers enrolled in a program leading to a Masters degree in Education; or (2) persons with an Associates degree enrolled in a program leading to licensure as a teacher. Qualified students would receive up to 100 percent of tuition and fees if enrolled at a state university or an amount equal to 100 percent of the average tuition and fees at the state universities if enrolled at a Kansas institution other than the state universities. The service obligation associated with the program includes teaching on a full-time basis in Kansas for one year for each 15 credit hours of assistance received or the equivalent if teaching on a part-time basis. This program is subject to appropriations. The bill does not specify the dollar amount of the award or the number of scholarships to be awarded each year. The Board of Regents estimates the first year fiscal impact would be \$86,115 from the State General Fund. This estimate is based upon ten scholarships at each of the undergraduate and graduate levels, using a statewide average of tuition and fees.

The Conference Committee on HB 2578 has agreed to the inclusion of both scholarship programs. The Senate has passed the Conference Committee report. The House has not yet taken action on this item.

## **State Universities**

**A. Preliminary Planning Funds for Renovation Projects (Senate Committee and Conference Committee).** The Conference Committee on SB 480 deferred consideration of preliminary planning funds for capital improvements projects at several state universities until Omnibus. The projects were requested by the universities as a part of their FY 2007 budget submission, but funding was not recommended by the Governor. The projects have been reviewed by the Joint Committee on State Building Construction as a part of its review of FY 2007 agency capital improvement requests.

Two additional projects were recommended for Omnibus consideration by the Senate Committee. The Committee wanted additional information on the projects before including the preliminary planning funds in its recommendation.

The table below outlines the amounts of the preliminary planning funds and the estimated total for each project.

Institution	Project	Preliminary Planning Amount	Estimated Total Project Cost
University of Kansas	Utility Tunnel Improvements	\$ 450,000	\$ 10,965,000
KU Medical Center	Applegate Energy Center Upgrade	380,000	18,852,000
Kansas State University	Memorial Stadium Renovation	438,000	9,785,000
Wichita State University	Campus Energy Study	145,000	145,000
Emporia State University	William Allen White Library Addition and Renovation	238,000	7,379,100
Fort Hays State University	Picken Hall Renovation	120,000	4,300,000
Pittsburg State University	McCray Hall Renovation	350,000	3,437,280
TOTAL		<u>\$ 2,121,000</u>	<u>\$ 54,863,380</u>

### **KSU - Veterinary Medical Center**

**A. Plan for Increasing Number of Large Animal Veterinarians (House Committee).** The House Committee requested a report from the agency on its plan to increase the number of graduates focusing on large animal veterinary medicine in rural areas. The plan includes the scholarship included in HB 3005, the addition of production medicine rotations in the fourth year, the hiring of new faculty in food animal medicine, and formation of a bovine production working group.

**B. HB 3005 – Veterinary Training Program for Rural Kansas (Governor).** HB 3005 establishes the Veterinary Training Program for Rural Kansas. Up to five first-year veterinary students each year will receive a loan in the amount of \$20,000 per year for not more than four years for expenses related to their education. The loan will be forgiven provided that the student: (1) completes the veterinary medicine degree; (2) completes advanced training in specific areas; (3) engages in full-time practice in a county with a population of less than 25,000; and (4) continues in that practice for four years. The program sunsets in ten years.

The agency indicates that the first year fiscal impact will be \$112,850 from the State General Fund plus 0.5 FTE position. Expenditures for the loans total \$100,000 and administrative responsibilities would require \$12,850 for 0.5 FTE position. The impact would increase by \$100,000 each year until the program reaches its capacity in the fourth year at \$400,000.

### **Kansas State University**

**A. GBA No. 1, Item 36, Page 19 - Student Life Center Bond Authority.**

### **University of Kansas Medical Center**

**A. GBA No. 1, Item 35, Page 18 - Provider Assessments.**

## Juvenile Justice Authority

**A. Multisystemic Therapy (House Committee).** The House Committee recommended consideration of the Multisystemic Therapy (MST) pilot project during Omnibus. MST is an intensive family- and community-based treatment that addresses the multiple causes of serious antisocial behavior in juvenile offenders. The program addresses the multiple factors known to be related to delinquency across key settings and strives to promote behavior change in the youth's natural environment, using the strengths of each system (*e.g.*, family, peers, school, neighborhood) to facilitate change. The program is a home-based model of services delivery and the usual duration of MST treatment is approximately 60 hours of contact over four months. However, frequency and duration of sessions are determined by family need. The Juvenile Justice Authority requested \$570,662 from the State General Fund as an enhancement to implement a MST pilot project to serve youth in the 1<sup>st</sup>, 2<sup>nd</sup>, and 7<sup>th</sup> judicial districts. The Governor did not recommend the request and House Budget Committee did not add the funding.

**B. Costs Associated with DISC Services (House Committee).** The House Committee recommended a review of the cost of services provided by the Division of Information Systems and Communications (DISC). Currently, Kansas Juvenile Correctional Complex (KJCC) DISC expenditures are much higher than those services associated with the three other juvenile correctional facilities. The Committee requested a breakdown of costs associated with DISC services for each facility and the Juvenile Justice Authority. A recent increase in DISC fees was not included in the Larned Juvenile Correctional Facility and Beloit Juvenile Correctional Facility budgets. The result was the appearance of a significant difference between these two facilities and Kansas Juvenile Correctional Complex and Atchison Juvenile Correctional Facility. The agency will provide updated information on the cost of these services to the Committee during Omnibus.

**C. Parenting with Love and Limits (House Committee).** The House Committee recommended consideration of the Parenting with Love and Limits Model. The program provides intensive, practical skill-building sessions to parents and their court-involved youth over the course of six weeks. The purpose of the program is to encourage parental involvement in the probation process and influence the behavior of adolescents in the court system. The curriculum covers topics such as: elements of teenager misbehavior, communication skills, limit setting, behavior contract development, parent rights and community resources. The cost of the program would depend on the number of families to be served but would range from \$28,000 to \$41,000 per site with a recommendation of three sites in Kansas. The Savannah Family Institute provided information indicating savings to the state were possible due to reduced recidivism among youth and the ability to receive Medicaid reimbursement for service costs.

**D. Level V and VI Length of Stay (House Committee) and GBA No. 1, Item 44, Page 22—Purchase of Services.** The House Committee recommended a review of Level V and VI length of stay issues during Omnibus. The existing Medicaid state plan contains length of stay limits regarding how long Medicaid reimbursement can be utilized to pay for services in Level V and VI facilities and Therapeutic Foster Care. Youth placed in a Level V facility are eligible for Medicaid payment up to 140 days while youth placed in a Level VI facility or Therapeutic Foster Care are eligible up to 180 days. These limitations have been in place for a number of years but the Center for Medicaid and Medicare Services (CMS) has recently started enforcing them. In order to address the situation, the Juvenile Justice Authority (JJA) has implemented a system in which youth approaching their length of stay limit are identified and case managers are notified. Case managers then determine if the youth requires further services. If the case manager believes continued treatment is necessary, an extension form is submitted and must be presented to JJA prior to the youth's 100th day in Level V and 150th day in Level VI or Therapeutic Foster Care. JJA then has 10 days to consult with the case manager to approve or deny the extension. In addition, an appeal process has been implemented. Stays in excess of these limits are paid solely from the State General Fund. JJA has approved extensions totaling approximately \$440,000, but has not paid all

of them due to billing issues. As of April 11th, JJA has expended approximately \$307,000 from the State General Fund for youth over the length of stay limit in Level V, VI and Therapeutic Foster Care. The remaining \$133,000 will be paid at a later time.

**E. Review Services at Larned Juvenile Correctional Facility and Placement at the Facility for Level V and VI Youth in Custody (House Committee).** The House Committee recommended a review of mental health services at Larned Juvenile Correctional Facility to explore the possibility of placing Level V and VI youth in the custody of the Commissioner of the Juvenile Justice Authority at the facility. Currently, a small number of youth are being removed from Level V and VI facilities prior to the completion of treatment in order to comply with the length of stay limitation. Upon review, the Juvenile Justice Authority has concluded that youth would be better served in their communities. While LJCF has mental health services that would meet the needs of these youth, the agency believes the environment is too restrictive and would be counterproductive to the treatment of the youth.

### **Atchison Juvenile Correctional Facility**

**A. Education Contract Expenditures (Senate Committee and Conference Committee).** The Senate Committee recommended the addition, and review during Omnibus, of \$56,931 from the State General Fund in FY 2006 and \$84,899 from the State General Fund in FY 2007 for additional education contract expenditures related to increased teacher salaries at Unified School District No. 409. During FY 2006 and FY 2007, teacher salaries increased approximately 6.0 percent, including health insurance costs. The Conference Committee on SB 480 concurred with the Senate and added \$56,931 from the State General Fund in FY 2006 and \$84,899 from the State General Fund in FY 2007 along with review during Omnibus.

### **Beloit Juvenile Correctional Facility**

**A. Funding for Vocational Instructors (Senate Committee).** The Senate Committee recommended the addition of \$78,801 from the State General Fund in FY 2007. Funding would provide for 2.0 contract vocational instructors to provide enhanced vocational education to females at the facility who have received their GED or completed their high school education. The Conference Committee on SB 480 concurred with the House and deleted the \$78,801 for review during Omnibus.

**B. GBA No. 1, Item 46, Page 23—Education Contract Savings.**

### **Larned Juvenile Correctional Facility**

**A. GBA No. 1, Item 45, Page 23—Medical Care.**

### **Juvenile Correctional Facilities**

**A. Virtual Schooling (House Committee).** The House Committee recommended consideration of the implementation of virtual schooling, accredited by the Kansas Department of Education, at Atchison, Beloit and Larned Juvenile Correctional Facilities and Kansas Juvenile Correctional Complex. The cost for education services at all four correctional facilities, for FY 2006 and FY 2007, is as follows:



**Education Costs per Facility**  
FY 2006 and FY 2007

	<u>Amount Budgeted</u>	<u>Facility Population</u>	<u>Annual Cost/ Youth</u>	<u>Daily Cost/ Youth</u>
<b>FY 2006</b>				
Atchison Juvenile Correctional Facility	\$ 1,396,059	39	\$ 35,796	\$ 159
Beloit Juvenile Correctional Facility	740,488	22	33,659	176
Kansas Juvenile Correctional Complex	2,652,492	223	11,895	53
Larned Juvenile Correctional Facility	1,218,673	100	12,187	58
<b>FY 2007</b>				
Atchison Juvenile Correctional Facility	\$ 1,472,842	39	\$ 37,765	\$ 168
Beloit Juvenile Correctional Facility	731,598	22	33,254	174
Kansas Juvenile Correctional Complex	2,726,751	223	12,228	54
Larned Juvenile Correctional Facility	1,238,494	100	12,385	59

\* The table reflects the number of days spent in school which varies between each facility.

**State Bank Commissioner**

**A. Program Vehicle Purchases (House Committee).** The House Committee recommended consideration of the purchase of program vehicles, in addition to vehicle purchases and leasing. The Committee noted that agencies do not have the option to purchase program vehicles when replacing or buying new vehicles. The agency will present material regarding the costs related to purchasing program vehicles in comparison to purchasing new replacement vehicles during Omnibus.

**B. Conversion of Classified Positions to Unclassified Positions (Senate Committee).** The Senate Committee noted the agency wishes to convert their classified FTE positions to unclassified FTE positions. The Committee requested the agency confer with the appropriate Committees to introduce a bill to accomplish this and report back on the status of their efforts during Omnibus. The agency will present material to indicate which method it prefers to accomplish the conversion of classified FTE positions to unclassified FTE positions during Omnibus.

**Department of Credit Unions**

**A. Kansas Savings Incentive Plan Expenditures (House Committee).** The House Committee recommended a review of Kansas Savings Incentive Plan (KSIP) expenditures within the Department of Credit Unions. The Committee requested the agency provide a detailed list of what the agency would purchase with KSIP funds. The agency reported back to the Committee in February that KSIP funds are planned for training and development for the agency.

**Division of Health Policy and Finance**

**A. Enhanced Care Management Project (Conference Committee) and GBA No. 1, Item 12, Page 9.** The Conference Committee on SB 480 deleted \$1.1 million from the State General Fund of the \$2.0 million recommended by the Governor for the Enhanced Care Management Project in FY 2006 and recommended Omnibus review for possible restoration. The Enhanced Care Management Project is a pilot project in Sedgwick County. The goal of the project is to improve health outcomes by managing health benefit utilization through education, access to community services, and balanced advocacy for chronically ill Medicaid clients. The project, which began on

March 1, 2006, is administered by Central Plains Regional Health Care Foundation, an extension of the Sedgwick County Medical Society. Trajectory HealthCare LLC has been contracted to provide external evaluation of the project throughout its five-year term. The funding was deleted due to the late start of the program.

The agency is requesting a Governor's Budget Amendment (GBA) to shift the Enhanced Care Management Project from the Regular Medical program to the Administration program. The shift will change the federal match rate for the project from a 60/40 federal/state match to a 50/50 federal/state match. The agency's updated cost estimate for the program is \$1.1 million all funds, including \$554,000 from the State General Fund for FY 2006. The GBA will need to add this amount to the Administration program, because the reduction by the Conference Committee removed all State General Fund money for the program in FY 2006.

**B. Dental Program Changes Under Title XIX (Medicaid) and Title XXI (SCHIP) (House Committee).** The House Committee requested the Division of Health Policy and Finance present information regarding the planned changes to the dental program under Title XIX and XXI and the impact those changes will have on the populations being served during Omnibus.

Currently, all dental claims are sent to Doral Dental and then separated into claims for Medicaid beneficiaries and claims for State Children's Health Insurance Program (SCHIP) beneficiaries. The Medicaid claims are then sent to the Medicaid Management Information System (MMIS) for processing. SCHIP claims are paid by Doral Dental as the managed care organization for all SCHIP beneficiaries. In the original system design, Doral Dental also served as an administrative services organization to provide clinical reviews, prior authorizations, and perform claims resolution and provider relations for Title XIX. According to the agency, claims payment has improved, but the contractual relationships have been difficult to manage and confusing to the providers.

On July 1, 2006, all dental claims for Medicaid and State Children's Health Insurance Program (SCHIP) eligible beneficiaries will be processed by the MMIS. This change is being made to provide a single point of contact for dental providers and to simplify the claims payment and reconciliation process, which has been a source of concern for providers. Dental providers have expressed concerns about slow payment, unclear reasons for payment decisions, and low reimbursement rates.

To simplify the claims payment system for providers, Electronic Data Systems (EDS), the contractor for the MMIS, will pay all claims on a fee for service basis. The change will not affect the amount of reimbursement dental providers receive. This is the practice for Title XIX Medicaid claims, and is allowed for SCHIP by KSA 38-2001(d) (8). At the same time, EDS will add provider representatives to work specifically with dental providers and claims representatives to work through billing and payment posting issues with dental practices. Payment policy changes have been implemented to simplify dental billing and to remove prior authorization paperwork for some procedures. The goal is to make the Medicaid payment methodologies consistent with the most current dental insurance practices. EDS is currently working with dental providers to start transitioning to the new billing system. EDS also is working with some dental practices to demonstrate the internet billing system, and how to use the online system to verify eligibility and adjust claims.

**C. Spring Consensus Caseload Estimates and GBA No. 1, Item 9, Pate 6.** The FY 2006 Spring Consensus Caseload Estimate for the Regular Medical program is no change from the amount approved by the 2006 Legislature. This item is included in the Spring Consensus Caseload Item under the Department of Social and Rehabilitation Services.

**D. GBA No. 1, Item 11, Page 8—Presumptive Eligibility.**

## Health Policy Authority

**A. Business Health Partnership (Conference Committee).** The Conference Committee on SB 480 deleted \$500,000 from the State General Fund in FY 2006 and \$1.5 million from the State General Fund in FY 2007 for the Business Health Partnership for review during Omnibus. The purpose of the not-for-profit Business Health Partnership is to develop and market a low cost health plan to small businesses. The Business Health Policy Committee was created by the Legislature with the intent of providing small businesses (2-50 employees) access to health coverage at an affordable rate. The committee is comprised of business leaders and legislators.

The Governor recommended \$500,000 from the State General Fund in FY 2006 and \$2.0 million from the State General Fund in FY 2007 for a pilot program in Sedgwick County to increase financial incentives for small businesses when they offer health insurance to their employees. The pilot is designed to provide employees with incomes below 200.0 percent of the Federal Poverty Level working for firms that employ between two and 25 persons with low cost health insurance. The pilot will work with the existing small business tax credit to reduce company contributions to 30.0 percent of the premium. Employee contributions would be reduced to 10.0 percent of the premium. The pilot will provide insurance from a single carrier and will be coordinated with the Community RX Kansas program and the State Children's Health Insurance Program (SCHIP). The agency will provide more information on this item.

According to the agency, the bidding to offer the plan closes on April 28<sup>th</sup>, 2006. The implementation date of the new program is dependent on negotiations with the winning bidder. The agency anticipates it will need \$2.0 million from the State General Fund to fund the program between the two fiscal years.

**B. Healthy Kansas First 5 (Conference Committee).** The Conference Committee on SB 480 deleted \$3.5 million from the State General Fund for the Healthy Kansas First 5 program in FY 2007 and recommended a review during Omnibus for possible restoration. Healthy Kansas First 5 expands eligibility under both Medicaid and SCHIP:

- Medicaid eligibility for pregnant women and infants would be increased from 150 percent to 185 percent of the Federal Poverty Level (FPL).
- SCHIP eligibility would be increased from 200 percent to 235 percent of FPL.
- Families with children above 235 percent of FPL will be allowed to buy into the SCHIP benefit package if they meet the following criteria:
  - they do not have access to any employer based insurance; and
  - they have been without insurance for six months.

The Conference Committee noted that this program expands eligibility for both Medicaid and SCHIP that may not be sustainable if another economic downturn occurs. In addition, federal matching dollars for SCHIP are limited and Kansas already uses all of its SCHIP funding, as well as SCHIP dollars unused by other states that are redistributed periodically by the federal government. If the Kansas SCHIP program exceeds the federal funds available, the additional cost must be paid from state dollars. Given the reductions that became necessary in Missouri and Tennessee when program expansion became unsustainable, the Conference Committee recommended review of this item during Omnibus when more detailed cost estimates would be available from the agency. The agency will provide additional information on this item.

The agency anticipates that 2,000 children will participate in Health Kansas First 5 in FY 2007. According to the agency, expansion of coverage under the new program would only increase SCHIP spending by 2.6 percent in FY 2007. In the event that funding shortfalls occur in implementing Health Kansas First 5, the agency indicates that it would either adjust benefits or family contributions (co-pays and premiums) or replace all or part of SCHIP funds to Medicaid funds.

**C. Enhanced Care Management Project (Conference Committee) and GBA No. 1, Item 12, Page 9.** The Conference Committee on SB 480 deleted \$500,000 from the State General Fund of the \$2.0 million recommended by the Governor for the Enhanced Care Management Project in FY 2007 and recommended review during Omnibus for possible restoration. The Enhanced Care Management Project is a pilot project in Sedgwick County. The goal of the project is to improve health outcomes by managing health benefit utilization through education, access to community services, and balanced advocacy for chronically ill Medicaid clients. The project, which began on March 1, 2006, is administered by Central Plains Regional Health Care Foundation, an extension of the Sedgwick County Medical Society. Trajectory HealthCare LLC has been contracted to provide external evaluation of the project throughout its five-year term.

The agency is requesting a Governor's Budget Amendment (GBA) to shift the Enhanced Care Management Project from the Regular Medical program to the Administration program. The shift will change the federal match rate for the project from a 60/40 federal/state match to a 50/50 federal/state match. The agency's updated cost estimate for the program is \$2.0 million all funds, including \$1.0 million from the State General Fund, for FY 2007. The GBA will need to shift \$1.5 million, including \$292,806 from the State General Fund, from the Regular Medical program to the Administration program and add \$698,202 from the State General Fund and \$500,000 from all funding sources to fully fund the agency estimate for the project.

**D. Presumptive Eligibility (Conference Committee).** The Conference Committee on SB 480 deleted \$250,000 from the State General Fund for the implementation of Presumptive Eligibility in FY 2007. The Governor recommended \$2.5 million from the State General Fund for the implementation of presumptive eligibility for children ages 0 - 19. This would allow them to go to a hospital or clinic for services, where they would be screened to determine if they meet presumptive eligibility criteria for Medicaid or State Children's Health Insurance Program. If they are presumed eligible for services, the health care provider can depend on payment for services while full eligibility is being determined (approximately one month).

The Conference Committee expressed concern regarding the burden this program will put on providers, who will have to implement the screening process after training from the agency, with no additional reimbursement. The Conference Committee asked that the agency report back during Omnibus with the number of other states that are using presumptive eligibility and whether or not providers are being reimbursed. The agency will provide additional information on this item.

According to the agency, there are 12 states with provisions that allow for presumptive eligibility determinations for Medicaid and/or SCHIP. Designated entities are not reimbursed for completing a screening tool in other states.

**E. Short- and Long-Term Policies for Dental Programs in Title XIX (Medicaid) and Title XXI (SCHIP) (House Committee).** The House Committee recommended the Health Policy Authority review and report back to the Committee the short-term and long-term policies regarding the Title XIX and XXI dental programs during Omnibus.

Currently, all dental claims are sent to Doral Dental and then separated into claims for Medicaid beneficiaries and claims for State Children's Health Insurance Program (SCHIP) beneficiaries. The Medicaid claims are then sent to the Medicaid Management Information System (MMIS) for processing. SCHIP claims are paid by Doral Dental as the managed care organization

for all SCHIP beneficiaries. In the original system design, Doral Dental also served as an administrative services organization to provide clinical reviews, prior authorizations, and perform claims resolution and provider relations for Title XIX. According to the agency, claims payment has improved, but the contractual relationships have been difficult to manage and confusing to the providers.

On July 1, 2006, all dental claims for Medicaid and SCHIP-eligible beneficiaries will be processed by the MMIS. This change is being made to provide a single point of contact for dental providers and to simplify the claims payment and reconciliation process, which has been a source of concern for providers. Dental providers have expressed concerns about slow payment, unclear reasons for payment decisions, and low reimbursement rates.

To simplify the claims payment system for providers, Electronic Data Systems (EDS), the contractor for the MMIS, will pay all claims on a fee for service basis. The change will not affect the amount of reimbursement dental providers receive. This is the practice for Title XIX Medicaid claims, and is allowed for SCHIP by KSA 38-2001(d) (8). At the same time, EDS will add provider representatives to work specifically with dental providers and claims representatives to work through billing and payment posting issues with dental practices. Payment policy changes have been implemented to simplify dental billing and to remove prior authorization paperwork for some procedures. The goal is to make the Medicaid payment methodologies consistent with the most current dental insurance practices. EDS is currently working with dental providers to start transitioning to the new billing system. EDS also is already working with some dental practices to demonstrate the internet billing system, and how to use the online system to verify eligibility and adjust claims.

**F. Effect of the Federal Deficit Reduction Act (House Committee).** The House Committee requested information during Omnibus on the anticipated impacts on the agency from the federal Deficit Reduction Act of 2005 enacted this year.

The Deficit Reduction Act (DRA) includes notable changes in federal requirements for Medicaid programs and some new program flexibility for states. The DRA provisions either require mandatory changes in state Medicaid programs or add to the options already available to states in the administration of their programs. The Division of Health Policy and Finance (DHPF) is in the process of evaluating many of the DRA provisions, with particular emphasis on the mandatory changes that have retroactive effective dates and those with effective dates before July 1, 2006.

DHPF is involved in discussions with partner agencies, including SRS and the Department on Aging, to review the impact of the DRA provisions and develop implementation strategies. Many of the provisions also require the Centers for Medicare and Medicaid Services (CMS) to issue regulatory guidance. CMS has begun issuing guidance, in the form of State Medicaid Director letters and State Plan Amendment templates, on several of the provisions. The agency expects additional Medicaid Directors letters to be issued between now and July 1. CMS also is developing regulations to implement other provisions. DHPF is participating in state-to-state conference calls to discuss the impact and clarify the intent of the CMS guidance.

The new flexibility included in the DRA, particularly on cost sharing, developing benchmarked benefit plans, and moving some Home and Community-Based Services into the State Plan, would have significant impact on Kansas Medicaid. According to the agency, understanding the impact of these options will take some time and will depend on how CMS interprets the provisions. DHPF is preparing a range of Medicaid reform options for presentation to the Kansas Health Policy Authority Board later this year, and these options will incorporate the new flexibility afforded by the DRA.

**G. Presumptive Disability (House Committee) and GBA No. 1, Item 10, Page 7.** The House Committee expressed concern about the implementation of Presumptive Disability for the

MediKan program regarding applicants who would not meet presumptive disability criteria but would ultimately be considered disabled, the shift of persons with a mental health diagnosis from the MediKan program to the Community Mental Health Centers (CMHCs), jails or hospitals, and the possible fiscal impact if the Presumptive Disability standards set by the state do not meet federal requirements.

Currently, persons applying for Social security disability programs can receive a limited package of state-only funded medical benefits through MediKan. MediKan services are available for 24 months while the Social Security Administration (SSA) reviews the persons application. After 24 months, if the person does not meet SSA eligibility requirements and has exhausted their appeals, they are no longer eligible for services, except through limited hardship criteria.

Beginning July 1, 2006, the state will begin a process of making a preliminary determination of disability that will result in immediate Medicaid benefits for the eligible person. This will allow the state to draw down the federal matching rate of 60.0 percent to pay for these services. A determination of presumptive disability will be made within 45 days. If the applicant is presumed disabled, they will begin to receive the full package of Medicaid services. If the applicant is not presumed disabled, they will not receive services.

Once the determination of presumptive disability has been made, the applicant will submit a disability application to the SSA which will go through the usual process. Regardless of the final disability determination by the SSA, the state will not be required to return the federal matching funds for the services provided under this program, as long as the State's presumptive disability criteria result in 50 percent or greater of the applicants receiving an SSA disability determination.

Persons in the MediKan program as of July 1, 2006 will be screened for presumptive disability in the month of his or her annual review. If they are not presumed disabled and have exhausted all SSA appeals, they will no longer receive medical benefits. There are no hardship criteria under presumptive disability.

The agency indicates that DHPF and SRS staff have identified alternative services for people who are not presumed disabled. Those services include: food stamps, making referrals to local Community Mental Health Centers (CMHCs) for services and aid through the community medication prescription program, linking the individual with local workforce development centers for employment services, providing referrals to vocational rehabilitation, and connecting the individual with local assistance agencies. The agency found no data to indicate that persons denied MediKan services end up in state institutions or jails. In addition, the Centers for Medicare and Medicaid Services (CMS) have set no criteria for determining presumptive disability before federal funds can be accessed, or any penalties for not meeting those criteria.

**H. Spring Consensus Caseload Estimates and GBA No. 1, Item 9, Page 6.** The FY 2007 Spring Consensus Caseload Estimate for the Regular Medical program is no change from the amount approved by the 2006 Legislature. The estimate includes a \$20.7 million shift in funding from federal funds to the Medical Program Fee Fund (formerly the Social Welfare Fund) reflecting an adjustment to the Federal Medical Assistance Percentage (FMAP) rate from the Fall 2005 estimates.

This item is included in the Spring Consensus Caseload Item under the Department of Social and Rehabilitation Services.

**I. GBA No. 1, Item 1, Page 2 - Health Planning and Finance - Correction to Reportable Expenditures.**

**Department of Commerce**

**A. After School Grant Program (Conference Committee).** The Conference Committee on SB 480 deleted FY 2007 funding of \$1.25 million, including \$750,000 from the State General Fund, for the After School Grant program and recommended a review during Omnibus for possible restoration. The program would provide grants to eligible entities for the purpose of establishing after-school programs that include pre-vocational employment skills and options, lifetime physical fitness activities, academic tutoring and academic enhancement and mentoring.

**B. Additional Funding for the Older Kansans Employment Program (OKEP) (House Committee).** The House Committee recommended Omnibus review of the addition of \$190,000 from funds to be identified for the Older Kansans Employment Program (OKEP). OKEP is a state-funded program designed to provide older Kansans, 55 and over, with an employment placement service. Emphasis is placed on providing permanent full-time or part-time jobs in the private sector, including non-traditional patterns of employment. Although unemployed older Kansans who are most in need receive priority, OKEP participants are not required to spend down to poverty before receiving services. The Conference Committee on SB 480 added \$100,000 from the Economic Development Initiatives Fund (EDIF) for OKEP in FY 2007.

**C. Agency Reduced Resource Packages (House Committee).** The House Committee recommended Omnibus review of the agency's FY 2007 reduced resource packages totaling \$798,621, including \$11,292 from the State General Fund.

The agency reduced resource packages are as follows:

FY 2007 Reduced Resources Packages						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Close China Office	\$ 0	\$ (50,000)	0.0	\$ 0	\$ 0	0.0
Put Brand Image Marketing Activities on Hold	0	(437,329)	0.0	0	0	0.0
Decrease Funding for the Center for Entrepreneurship	0	(300,000)	0.0	0	0	0.0
Kansas Commission on Disability Concerns Reduction	(5,600)	(5,600)	0.0	0	0	0.0
Discontinue "List Serve" Program	(5,692)	(5,692)	0.0	0	0	0.0
<b>TOTAL</b>	<b>\$ (11,292)</b>	<b>\$ (798,621)</b>	<b>0.0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0.0</b>

**D. Kansas Quick Careers (Senate Committee).** The Senate Committee recommended review of the Kansas Quick Careers (KQC) training program during Omnibus. KQC is designed to provide the healthcare, manufacturing technology, information technology/office occupations and construction industry with highly skilled workers through a collaborative partnership with industry representatives, local colleges and other community-based organizations in designing customized training that respond to market needs. The Urban League of the MidPlains, along with its partners, is requesting \$2.2 million over the next four years to fund the program, beginning in FY 2007.

The Senate Committee recommended the Department of Commerce work with the Urban League of the MidPlains and committee members to determine if there are funding sources for this program within existing workforce training dollars.

The agency met with the Urban League of the Midplains to review Kansas Quick Careers. The agency has noted that the program has proven results from another state, significant local buy-in and serves Workforce Investment Act (WIA) eligible youth. The agency believes it can cover the costs of the program, an estimated \$452,544 in FY 2007, through WIA set-aside dollars and local funds. The agency noted that the state board, the Workforce Network of Kansas, and the local workforce investment board would need to approve the program before the dollars could be committed to KQC. The agency anticipates approval of the program in late summer or early fall of this year.

**E. House Substitute for SB 475 – State Affordable Airfare Fund (Governor).** House Sub. for SB 475 creates the \$5,000,000 State Affordable Airfare Fund, administered by the Department of Commerce. Moneys will be transferred to the Fund from the State General Fund or special revenue funds subject to appropriations and will be used to fund the program to provide more air flight options, more competition for air travel and affordable air fares for Kansas, including a regional airport in western Kansas. To fund the program for FY 2007, an appropriation in the Omnibus bill would be needed.

Funds will be distributed through an annual grant by the Department of Commerce to the Regional Economic Area Partnership (REAP) based on a match of 25.0 percent from local units of government or private entities and 75.0 percent from the State Affordable Airfare Fund.

Starting in January 15, 2008, REAP is required to evaluate and present a report to the House Committee on Appropriations and the Senate Committee on Ways and Means at the beginning of each regular session of the Legislature. In addition, REAP is required to submit a report on the expenditures of the annual grant and local matching funds, as well as the results of such expenditures, to the Legislature.

Beginning during the 2006 Legislative Interim, the Legislative Budget Committee is directed to study and review the activities of REAP.

**F. GBA No. 1, Item 4, Page 3—Spirit Aerosystems.**

**Kansas, Inc.**

**A. Kansas Center for Entrepreneurship and Kansas Bioscience Authority Evaluations (Senate Committee and House Committee).** The House and Senate Committees recommended review of the agency enhancement request for \$25,000 from the Economic Development Initiatives Fund (EDIF) to complete statutorily required evaluations of the Kansas Center for Entrepreneurship and the Bioscience Authority during Omnibus. The Governor funded the enhancement request from the Kansas, Inc. Private Fund instead of the EDIF. The agency expressed concern about the funding precedent set by the recommendation.

**Economic Development Initiatives Fund (EDIF)**

**A. SB 388—Biodiesel Fuel Producer Production Incentive (Governor).** SB 388, as amended, establishes a biodiesel fuel producer production incentive in the amount of \$.30 for each gallon of biodiesel fuel sold by a Kansas qualified biodiesel fuel producer, as defined by the bill. The



incentive is payable to a producer from the Kansas Qualified Biodiesel Fuel Producer Incentive Fund (Incentive Fund) which will be created by the bill in the state treasury.

The bill requires the Director of Accounts and Reports to transfer \$437,500 on April 1, 2007 from the State Economic Development Initiatives Fund (EDIF) to the Incentive Fund. Also, on July 1, 2007, and every quarter thereafter, the Director of Accounts and Reports will transfer \$875,000 from the EDIF to the Incentive Fund. The Secretary of Revenue would make the payments to the producers upon a filing by the producer of a form furnished by the Department of Revenue. Moneys remaining in the Fund upon expiration of the act would be credited by the State Treasurer to the EDIF. In the event funds from the EDIF are insufficient, then funds would be transferred from the State General Fund.

The bill authorizes the Secretary of Revenue to adopt rules and regulations necessary to administer the provisions of the bill. Those rules and regulations will include the development of a procedure for the payment of the production incentive on a pro rata basis.

Finally, the bill provides for a sunset of the incentive program on July 1, 2016.

Under current law, all EDIF has been appropriated. The bill will reduce available EDIF appropriated to state agencies by \$437,500 on April 1, 2007. Agencies that have not expended or encumbered all of their appropriated funds by that date will face a shortfall.

## State Library

**A. Tutor.Com (Conference Committee).** The Conference Committee on SB 480 recommended a reduction of \$265,000 from the State General Fund for the Tutor.com enhancement in FY 2007 and recommended review of this item during Omnibus. The House Committee asked that the Department of Education study the enhancement to determine its suitability, as well as the appropriateness of funding the item in the State Library budget, as opposed to the Department of Education budget. The agency will provide additional information on this item.

**B. Talking Books Service Program (Conference Committee).** The Conference Committee on SB 480 recommended Omnibus review of an additional \$75,000 from the State General Fund in FY 2007 for the Talking Books Service. The Talking Books Service provides services to more than 7,000 Kansans who are unable to use standard print due to physical impairments, including vision loss, paralysis, or reading disabilities. This includes books and magazines in recorded and Braille formats. The recorded materials and playback equipment provided are delivered to the patron's home through the U.S. Postal Service. The enhancement was requested to maintain the current program. The current approved appropriation in FY 2006 and FY 2007 for the Talking Books Service is \$386,105 from the State General Fund.

## Department of Agriculture

**A. Vehicle for High Hazard Dam Inspections (House Committee).** The House Committee recommended a review the addition of \$20,000 from the State General Fund to purchase a vehicle for high hazard dam inspections in FY 2007. The Conference Committee on SB 480 added \$255,000 from the State General Fund and 3.0 FTE positions for high hazard dam inspections in FY 2007.

## Social and Rehabilitation Services

### A. Hourly Rates for Persons Providing Medicaid Waiver Services (House Committee).

The House Committee requested information during Omnibus on hourly rates for direct care staff who provide services to developmentally disabled persons living in the community. In particular, the Committee requested information about the amounts of funding added in the last five years and how that money was incorporated into the formula used to distribute funds.

In the early years of the Developmental Disability (DD) Waiver (1992-1995), tiered reimbursement rates were based on a formula that used the salary and benefits paid to the direct care staff times the number of direct care staff hours that were to be provided to each person served. The 1995 DD Reform Act required SRS to perform an independent, professional review of the (reimbursement) rate structures on a biennial basis. Once these reimbursement rate reviews were established, the use of the formula was discontinued. The agency indicates that the formula used 10 years ago can no longer be compared to current wages. In the 2005 Session of the Legislature additional funds for DD Waiver reimbursement rate increases were appropriated for FY 2006. These funds were distributed based on the recommendations contained in the Public Consulting Group rate study, not the formula previously used by the agency.

The following shows the direct care salary and wage findings from recent reimbursement rate studies compared with increased reimbursement rates for the DD Waiver:

Comparison of Direct Care Salary Increases With DD Waiver Rate Increases				
Fiscal Year	Reimbursement Rate Increases	Percent Increase	Average Direct Care Salary	Percent Increase
2001 <sup>A</sup>	\$0	0.00%	\$8.61	
2002	\$0	0.00%	-	
2003	\$0	0.00%	-	
2004 <sup>B</sup>	\$0	0.00%	\$8.71	1.13%
2005	\$0	0.00%	<sup>C</sup>	
2006	\$7,500,000	3.38%	-	

Notes:

- A. Salary data from Myers and Stauffer Review of Rate Structure for Community Developmental Disabilities. The amount shown equals all amounts paid for day and residential services direct care salaries divided by hours worked.
- B. Salary data from Public Consulting Group Review of Rate Structure for Community Developmental Disability Services from the Executive Summary.
- C. Myers and Stauffer are currently completing the newest rate review due to be completed in the Fall 2006.

According to the agency, the DD Reimbursement Rate Study currently underway will be expanded to include gathering data on the salaries and benefits paid to direct care staff in community-based services for FY 2006. This will provide an assessment of the extent to which direct care salaries and benefits were increased as a result of the FY 2006 appropriation for that purpose.

**B. Issues Regarding Level V and Level VI Services (House Committee).** The House Committee recommended Omnibus review of recommendations and conclusions from the special Appropriations Subcommittee on Level V and Level VI services. The Subcommittee will be meeting when the Committees return for Omnibus and will make recommendations at that time.

**C. Temporary Assistance for Needy Families (TANF) Block Grant Funding Issues (House Committee).** The House Committee recommended Omnibus review of the Temporary Assistance for Needy Families (TANF) block grant. Specifically, the Committee requested an analysis of spending from this source over the last five years, the potential impact of federal budget activities and a forecast for spending in the future.

The following table details the TANF Block Grant revenue, transfers, expenditures, and balances. The estimates for fiscal years 2008 and 2009 assume no changes except an allowance for a two percent growth in administrative expenses reflecting fringe benefit and normal operating cost increases. The agency estimates that the Temporary Assistance for Families (TAF) caseload will decrease; however, the TAF cash assistance estimate is held constant, as the Spring 2006 consensus estimates had not occurred when this information was prepared. In addition, the anticipated federal regulations on work participation arising from the Deficit Reduction Act of 2005 will not be issued until June 2006, thus, no change is assumed in TAF Employment Services. Descriptions of the items are included in information provided separately.

**TANF Transfers and Expenditures**  
**State Fiscal Years 2001 - 2009**  
(in millions)

Item	FY 01 Actual	FY 02 Actual	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Approved	FY 07 Approved	FY 08 Est	FY 09 Est
<b>Beginning Balance</b>	\$5.6	\$13.1	\$18.3	\$16.2	\$17.2	\$7.2	\$5.3	(\$0.1)	(\$5.7)
<b>Revenue</b>									
Block Grant Award	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9
High Performance Award	--	--	--	10.2	--	--	--	--	--
Child Support Enforcement Paternity Penalty	--	--	--	(0.8)	--	--	--	--	--
<b>Subtotal - Revenue</b>	<b>\$101.9</b>	<b>\$101.9</b>	<b>\$101.9</b>	<b>\$111.3</b>	<b>\$101.9</b>	<b>\$101.9</b>	<b>\$101.9</b>	<b>\$101.9</b>	<b>\$101.9</b>
<b>Transfers</b>									
Transfer to Child Care Development Fund (CCDF)	(\$8.6)	(\$15.6)	(\$14.6)	(\$20.0)	(\$15.7)	(\$19.9)	(\$21.3)	(\$21.3)	(\$21.3)
Transfer to Social Services Block Grant (SSBG)	(10.2)	(10.2)	(10.2)	(4.3)	(4.3)	(4.3)	(7.2)	(7.2)	(7.2)
Workforce Development	--	--	--	--	--	(0.5)	(0.5)	(0.5)	(0.5)
<b>Subtotal - Transfers</b>	<b>(\$18.8)</b>	<b>(\$25.8)</b>	<b>(\$24.8)</b>	<b>(\$24.3)</b>	<b>(\$20.0)</b>	<b>(\$24.7)</b>	<b>(\$29.0)</b>	<b>(\$29.0)</b>	<b>(\$29.0)</b>
<b>Total Available</b>	<b>\$88.7</b>	<b>\$89.2</b>	<b>\$95.4</b>	<b>\$103.3</b>	<b>\$99.2</b>	<b>\$84.4</b>	<b>\$78.2</b>	<b>\$72.9</b>	<b>\$67.2</b>
<b>Expenditures</b>									
Central Office Adm	\$1.8	\$1.8	\$1.7	\$1.9	\$2.3	\$2.0	\$2.0	\$2.1	\$2.1
Information Technology	0.4	0.8	1.1	1.1	0.7	1.1	1.1	1.1	1.1
Field Operations	9.0	10.2	11.1	10.1	9.9	10.8	10.6	10.8	11.1
Teen Pregnancy	0.2	0.2	--	--	--	--	--	--	--
Domestic Violence Prev	0.7	0.6	1.2	1.0	1.4	1.4	1.4	1.4	1.4
Substance Abuse	0.6	0.6	1.0	1.4	1.7	1.4	1.4	1.4	1.4
TAF Cash Assistance	14.2	18.7	23.8	29.7	35.1	37.7	39.2	39.2	39.2
TAF Employment Services	7.6	8.0	9.8	12.5	11.1	12.4	12.4	12.4	12.4
Community Funding	--	0.1	--	0.3	--	--	--	--	--
Family Preservation	7.2	5.6	4.8	3.8	4.2	5.2	5.2	5.2	5.2
Permanent Guardianship	--	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Foster Care Contracts	33.9	24.1	24.4	24.1	25.1	7.0	4.8	4.8	4.8
<b>Subtotal - Expenditures</b>	<b>\$75.6</b>	<b>\$70.9</b>	<b>\$79.1</b>	<b>\$86.0</b>	<b>\$91.9</b>	<b>\$79.1</b>	<b>\$78.3</b>	<b>\$78.5</b>	<b>\$78.8</b>
<b>Ending Balance</b>	<b>\$13.1</b>	<b>\$18.3</b>	<b>\$16.2</b>	<b>\$17.2</b>	<b>\$7.2</b>	<b>\$5.3</b>	<b>(\$0.1)</b>	<b>(\$5.7)</b>	<b>(\$11.6)</b>

**D. Child Welfare Services Funding (House Committee).** The House Committee recommended Omnibus review of funding for child welfare services to include potential impacts from federal budget activity, the structure of payments under new contracts effective July 1, 2005, and information on the potential impact of federal deferrals currently in process or being considered.

**Impacts of Federal Budget Decisions.** The Deficit Reduction Act of 2005 restricts federal Title IV-E Foster Care funds used for the case management of children living with relatives. Under the former law, states could claim federal foster care funds for the administration and case management costs of children placed in the home of an unlicensed relative, psychiatric or medical hospitals, and other health care institutions.

The budget reconciliation bill prevents states from claiming federal funds for managing cases pursuing licensing beyond 12 months or the normal licensing period in a state, whichever is shorter.

In addition, the bill limits federal administrative funds to one month to help children transition from institutional care. The effective date for this provision is retroactive to October 2005.

According to the agency, this change will result in a federal funds loss of \$8,850,000 in FY 2006, and \$11,800,000 in FY 2007. A Governor's Budget Amendment is being requested to address these issues.

**Payment Structure of new Child Welfare Contracts.** The payment structure for the Child Welfare, Community-Based Out-of-Home contracts was revised in July 2005. Reimbursement for out-of-home placement services is a monthly rate consisting of three tiers dependent on the length of time the child has been in an out-of-home placement. Tier 1 is paid for the first six months of placement, Tier 2 is paid for the second six months, and Tier 3 is paid for month 13 forward. The rates descend by tier, a feature designed to provide the contractors with an incentive to achieve the appropriate permanency for children as rapidly and safely as possible.

The payment structure for out-of-home placement services provided by the Family Preservation Contractors is similar to the above. The only differences are Tier 1 is paid for only the first three months and the rates vary based on contract negotiations.

**Impact of Federal Deferrals.** The Centers for Medicare and Medicaid Services (CMS) continues to defer child welfare behavior management services. Under the managed care agreement, SRS Medicaid claims were significantly reduced. The reductions were based on eligibility restrictions for behavior management services and the rates allowed for these services. SRS abandoned the managed care agreement in July 2005, coincident with the new child welfare contracts, and moved to a fee-for-service reimbursement authorized by the Kansas Medicaid State Plan. However, CMS continues to defer these Medicaid claims.

The following table outlines the outstanding deferral amounts for which a budget amendment will be requested. The deferral amounts decrease due to the enforcement of the time limits for Level V and Level VI services. The slight increase in FY 2007 reflects caseload growth.

Quarter Affecting SRS	Quarter of Deferral	Deferred Amount	Less: Budgeted Amounts	Deferral Shortfall
<b>FY 2006</b>				
Jul-Sep 2005	Jan-Mar 2005	\$3,992,611	(\$3,992,611)	\$0
Oct-Dec 2005	Apr-Jun 2005	4,827,410	(4,827,410)	0
Jan-Mar 2006 est	Jul-Sep 2005	1,500,000	--	1,500,000
Apr-Jun 2006 est	Oct-Dec 2005	1,500,000	--	1,500,000
Total		\$11,820,021	(\$8,820,021)	\$3,000,000
<b>FY 2007</b>				
Jul-Sep 2006 est	Jan-Mar 2006	\$1,089,663	--	\$1,089,663
Oct-Dec 2006 est	Apr-Jun 2006	1,111,149	--	1,111,149
Jan-Mar 2007 est	Jul-Sep 2006	1,189,627	--	1,189,627
Apr-Jun 2007 est	Oct-Dec 2006	1,258,347	--	1,258,347
Total		\$4,648,786		\$4,648,786

**E. Parenting Education Program Proposal (House Committee).** The House Committee recommended Omnibus consideration of a parenting education program proposed by the Savannah Family Institute for its potential to be used with the child welfare population to reinforce family relationships and assist with reintegration. According to information provided by the Institute,

"Parenting with Love and Limits" is a parenting education program integrating principles of structural family therapy into a 6-week program for juvenile delinquent populations with oppositional defiant or conduct disorders. A Family Therapy Aftercare program is also available. The program is designed to provide parents with specific tools and techniques to reestablish the parents' rulemaking ability and restore nurturance to the parent-child relationship. The cost of the program would depend on the number of families to be served but would range from \$28,000 to \$41,000 per site with a recommendation of three sites in Kansas. The Institute provided information showing projected savings to the state due to reduced recidivism among youth and the ability to receive Medicaid reimbursement for service costs.

**F. Access to Mental Health Service Providers (House Committee).** The House Committee requested information on the agency's progress towards compliance with the federal requirement that Medicaid beneficiaries have access to any willing, qualified provider to receive mental health services. Concerns have been expressed that not all beneficiaries have appropriate access to services, particularly in some areas of the state, and that additional providers would help alleviate this situation. According to testimony, the agency is in negotiations with the community mental health system to allow access to providers outside the Community Mental Health Center (CMHC) system for youth in the child welfare system through the use of the youth's medical card. The agency believes progress made in this area will allow the agency to move to this concept in non-custody cases to improve access. One option to address past concerns about increasing costs to the Medicaid program and a loss of control over spending in the mental health system if additional providers are allowed to provide mental health services, is a requirement that providers must affiliate with CMHCs to be able to participate which would allow the CMHCs to manage the mental health system. Information to be provided includes an update on efforts made to resolve these issues, where the development process stands and suggestions on tools to reinforce the message to the community mental health system that progress on the issue of access is needed. The agency will provide information on this item in a separate memo during the Omnibus session.

**G. "Money Follows the Person" Proviso (House Committee).** The House Committee recommended an Omnibus review of issues concerning the "Money Follows the Person" proviso which redirects funding for nursing facilities into home and community based services waivers when a person with physical disabilities or a frail elderly person leaves a nursing facility and returns to the community. In particular, the Committee requested information regarding the limitation on the number of people for whom this shifting is required and the fiscal impact of this policy over the last several years. SB 218, which would place this provision into statute, is currently under consideration in the Senate Ways and Means Committee.

The appropriations bills for FY 2004 and 2005 contained a proviso that authorized the transfer of funds from nursing facility services to the physical disability (PD) waiver to fund community services for, at most, 75 persons who chose to return home. In FY 2004, twenty-five (25) persons moved from nursing homes to the community with services funded by the PD Waiver. The total amount transferred to SRS community based services for these individuals was \$151,168 from the State General Fund. In FY 2005, thirty-seven (37) persons took advantage of this proviso and \$284,817 from the State General Fund was transferred to the PD Waiver. The amount transferred was for the first fiscal year the person moved. On-going funding to support these persons in the next fiscal year was covered by the overall PD Waiver appropriation.

The FY 2006 proviso allows for the movement of eighty (80) individuals from nursing facilities to home and community-based services. As of March 2006, SRS has confirmed that 41 individuals have moved from a nursing facility to community based services funded with the PD waiver. It appears that 80 individuals may transition in FY 2006. The FY 2007 cost of serving the 41 persons transferred thus far in FY 2006 is about \$617,000, including \$243,335 from the State General Fund, which will be funded out of the approved PD waiver appropriation.

**H. Use of Federal Reimbursements for General Assistance and MediKan Services (House Committee).** The House Committee requested information during Omnibus from SRS and the Division of Health Policy and Finance (DHPF) on the flow of federal reimbursements for services provided to MediKan and General Assistance clients and how the funding is being used. Concern was expressed about the effect of the split between SRS and DHPF and the presumptive eligibility process on the KLS contract.

The federal reimbursement for General Assistance and MediKan are deposited in the respective SRS and DHPF Fee Funds. These reimbursements are not budgeted directly to fund General Assistance cash assistance or MediKan services, rather, they are used as general purpose state funds to reduce the State General Fund need. The majority of the reimbursement is on behalf of medical services: annually, approximately \$6 million is reimbursed for medical assistance as compared with \$1.8 million for cash benefits. Under the assumption that the Presumptive Medicaid Disability Determination policy will commence as planned, SRS is submitting a requested Governor's Budget Amendment to shift the funding for the disability advocacy contract to the Health Policy Authority.

The basis for the requested shift lies in the Kansas Health Policy Authority's new responsibility to perform Presumptive Medicaid Disability Determination determinations. The first step in the Presumptive Medicaid Disability process will be an assessment by the Authority to evaluate the client's eligibility for Medicaid based on federal disability standards. The medical information gathered during the assessment will be critical in the sequential phase - developing the client's case for federal disability eligibility. Securing federal disability eligibility follows directly from the assessment; therefore, the agency believes it would be inefficient to shift this process to SRS after the Presumptive Medicaid Disability Determination. Under the requested budget amendment, the disability advocacy costs will be managed by the Authority as a natural extension of the Presumptive Medicaid Disability Determination.

**I. Effect of Implementation of Presumptive Disability on Persons with Mental Illness (House Committee).** The House Committee requested definitive answers during Omnibus regarding plans for implementation of a presumptive disability determination process at the Division of Health Policy and Finance (DHPF), particularly as it relates to addressing the needs of people with mental illness who are not presumed eligible under the new system. SRS and DHPF were directed to assess the impact of the presumptive disability process on the mentally ill, develop a plan to address the needs of this population, and report information on the impact of the initiative on the General Assistance program and the current process for receiving federal disability determinations.

One of the purposes of establishing the Presumptive Medicaid Disability Determination program is to align the General Assistance and MediKan programs with the intent of the 1993 Legislature, which sought to design a transitional program for those considered eligible for federal disability benefits. In addition, the new process will help provide more immediate access to Medicaid benefits for those who meet federal disability criteria. SRS will work with those customers not presumed disabled in accessing other services on a case-by-case basis depending on their needs. This may include determining eligibility for other available benefits such as food stamps, making referrals to the local community mental health center for services and for aid through the community medication prescription program, linking the individual with the local workforce development center for employment services, providing referrals to vocational rehabilitation (although services may be limited by waiting lists), and linking the individual with local helping agencies. Those who are not presumed disabled and who join the general population served by the public mental health system should need services to a lesser degree since the presumptive determination is accurate in identifying clients with the most severe disabilities. Maintaining the current level of health coverage to those not presumed disabled would be equivalent to reinstating the MediKan Program.

The Presumptive Medicaid Disability Determination policy will impact the General Assistance Program in several ways:

1. The policy is expected to reduce the General Assistance caseload, as shown by the following table:

**General Assistance Caseload  
Current Policy vs Presumptive Medicaid Disability Determination Policy  
Average Monthly Persons**

Item	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate
Current Policy	4,750	4,750	4,750
Presumptive Medicaid Disability Determination	3,911	2,929	2,040
Cumulative Reduction	(839)	(1,821)	(2,710)
Percent Reduction	(17.7)%	(38.3)%	(57.1)%

2. A more comprehensive medical plan will be provided to those who are presumed disabled and remain eligible for General Assistance, since they will receive full Medicaid services.
3. Eligibility for General Assistance will depend on the applicant's medical status to a greater degree, and will be tested in a more accurate manner, than the current incomplete process.
4. The population to be assisted with securing federal disability will be reduced to those most likely to obtain federal disability benefits. This should improve the efficiency of the federal disability advocacy contractor who will pursue federal disability eligibility for a smaller group with medical documentation.

The retroactive federal reimbursement for cash assistance issued to clients determined eligible for federal disability benefits will not change. Currently, the Social Security Administration sends the agency a list of clients who obtain federal disability. General Assistance clients who have become eligible for federal disability benefits are matched against this list. SRS will continue to receive federal reimbursement for cash benefits issued to clients during their application for federal disability. This process will not change, nor should the reimbursement total change significantly.

**J. Effect of Federal Deficit Reduction Act of 2005 (House Committee).** The House Committee requested information during Omnibus on the anticipated impacts on the agency from the federal Deficit Reduction Act of 2005 enacted this year. The following tables detail the estimated fiscal impact of each of the Congressional actions over the next five fiscal years.



Changes That Will Affect SRS	All Funds					
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	5-Year Impact
Repeal the Authority to Use Child Support Incentives as State Match	\$0	\$0	(\$5,830,000)	(\$5,830,000)	(\$5,830,000)	(\$17,490,000)
Reduced Match Rate for Child Support Paternity Testing	(\$45,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$285,000)
Restrict the Assignment of Child Support for TANF Families	\$0	\$0	\$0	\$0	(\$500,000)	(\$500,000)
Restrict Federal Foster Care (Title IV-E) Administration Funding for Children in Unlicensed Relative and Other Placements	(\$8,850,000)	(\$11,800,000)	(\$11,800,000)	(\$11,800,000)	(\$11,800,000)	(\$56,050,000)
Increase in Child Welfare (Title IV-B) Funding	\$163,000	\$217,000	\$217,000	\$217,000	\$217,000	\$1,031,000
Increase in Child Care Federal Funding	\$1,058,845	\$1,411,793	\$1,411,793	\$1,411,793	\$1,411,793	\$6,706,017
<b>Total</b>	<b>(\$7,673,155)</b>	<b>(\$10,231,207)</b>	<b>(\$16,061,207)</b>	<b>(\$16,061,207)</b>	<b>(\$16,561,207)</b>	<b>(\$66,587,983)</b>

The following table presents the maximum penalties and federal funding reductions that may result from Congressional legislation. All amounts are in millions of dollars.

Changes Potentially Affecting SRS	All Funds					
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2006	5-Yr Impact
TANF High Performance Bonus Eliminated	--	(\$5.0)	(\$5.0)	(\$5.0)	(\$5.0)	(\$20.0)
Maximum Penalty for failing TANF Work Participation Requirements:	--					
TANF Block Grant Loss	--	(\$5.1)	(\$7.1)	(\$9.2)	(\$11.2)	(\$32.6)
State Fund Replacement	--	--	(\$5.1)	(\$7.1)	(\$9.2)	(\$21.4)
Subtotal	--	(\$5.1)	(\$12.2)	(\$16.3)	(\$20.4)	(\$54.0)
Maximum Penalty for Failing to Comply with TANF Work Activity Verification Requirements:	--					
TANF Block Grant Loss	--	(\$5.1)	(\$5.1)	(\$5.1)	(\$5.1)	(\$20.4)
State Fund Replacement	--	--	(\$5.1)	(\$5.1)	(\$5.1)	(\$15.3)
Subtotal	--	(\$5.1)	(\$10.2)	(\$10.2)	(\$10.2)	(\$35.7)
Vocational Rehabilitation Literacy Grant	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)
<b>Total</b>	<b>(\$0.2)</b>	<b>(\$15.4)</b>	<b>(\$27.6)</b>	<b>(\$31.7)</b>	<b>(\$35.8)</b>	<b>(\$110.7)</b>

**K. Community Support Medication Program Growth (House Committee).** The House Committee requested information about past and future growth in the Community Support Medication program. The 2006 Legislature added \$300,000 in FY 2006 and \$250,000 from the State General Fund in FY 2007 in SB 480 which was passed earlier in the session. The Governor had recommended an additional \$250,000 in FY 2007 for the program. Total program funding with these additional appropriations is \$1.1 million in FY 2006 and \$1.3 million in FY 2007, all from the State General Fund.

According to the agency, Community Support Medication Program expenditures are expected to increase in the remainder of FY 2006 and for all of FY 2007 as a result of recent program expansions covering additional medications and extending the length of the enrollment period. The additional appropriation provided by the Legislature will create savings in FY 2006 which can be used to assist with the sustained program growth that is expected in FY 2007.

The agency anticipates additional utilization of the Community Support Medication Program with the implementation of Presumptive Medicaid Disability Determination at the Division of Health Policy and Finance. Under Presumptive Medicaid Disability Determination, persons who do not meet the presumptive disability criteria will not have coverage for their psychotropic medications. A preliminary estimate of the cost for all pharmaceuticals for persons with mental health needs who might not be found to be presumptively eligible is about \$700,000. The additional funds appropriated by the Legislature for the Community Support Medication Program may not be sufficient to support the anticipated psychotropic medication costs of these persons. However, a more reliable estimate of the impact is not possible until Presumptive Medicaid Disability Determinations are completed.

**L. Addressing Visitation Issues in Child Support Enforcement Cases (Conference Committee).** The House Committee of the Whole inserted a proviso into the appropriations bill for FY 2007 to require SRS to dedicate at least three phone lines at the proposed Child Support Enforcement Customer Service Center to addressing concerns regarding visitation issues. This provision was removed during conference negotiations with an agreement that the visitation issues could be addressed during Omnibus. Specifically, the Conference Committee on SB 480 requested information on options to address visitation issues in the Child Support Enforcement process because visitation issues are often involved in efforts to collect support from non-custodial parents.

According to the agency, use of federal Title IV D Child Support funding for visitation services is prohibited. In the past, the federal government provided grants to states to provide a variety of visitation services. Several years ago, SRS worked with Kansas Legal Services (KLS) to write a grant to provide advice and legal services to non-custodial parents concerning visitation issues. SRS received the funds as required by federal regulations and passed the funds to KLS who provided services. Grant funding ended after one year and is no longer available.

Currently, grant funds for Access and Visitation are received and administered by the Governor's Office of Federal Grants Administration. Grant funds are to be used to establish and administer programs to support and facilitate non-custodial parent visitation of their children. Funds are distributed by the Governor's Office to groups like the YMCA to physically monitor visits between children and parents who may have a propensity toward violence, drug use, or some other potentially harmful behavior. SRS has no oversight of the award.

**M. Spring Consensus Caseload Estimates and GBA No. 1, Item 9, Page 6.** Representatives of the Division of the Budget, the Legislative Research Department, the Department of Social and Rehabilitation Services, the Division of Health Policy and Finance and the Department of Aging met on April 12, 2006, to revise the FY 2006 and FY 2007 Consensus Caseload estimates made in October 2005. The Spring Consensus Caseload Estimates for FY 2006 are a decrease of \$26.7 million from all funds, including \$4.4 million from the State General Fund, from the currently approved budget. Regular Medical services previously reported under SRS are now split between that agency and the Division of Health Policy and Finance at the Department of Administration under the provisions of 2005 SB 272. The decrease in Nursing Facilities expenditures reflects a lower than anticipated number of individuals served. The reduction in the Temporary Assistance to Families program reflects fewer persons seeking assistance. All funds reductions in the Regular Medical budget at SRS largely reflect a re-estimation of services at Community Mental Health Centers based on more precise data. FY 2006 changes occur in the programs as follows:

**Spring Consensus Caseload Adjustments**

	FY 2006	
	All Funds	SGF
Nursing Facilities	\$ (10,620,000)	\$ (4,188,528)
Nursing Facilities - Mental Health	(500,000)	(395,000)
Temporary Assistance for Families	(2,500,000)	0
General Assistance	0	0
Regular Medical Assistance - Division of Health Policy and Finance	0	0
Regular Medical Assistance - Social and Rehabilitation Services	(15,092,761)	(734,517)
Reintegration/Foster Care	2,000,000	968,878
<b>TOTAL</b>	<b>\$ (26,712,761)</b>	<b>\$ (4,349,167)</b>

The Spring Consensus Caseload Estimates for FY 2007 are a decrease of \$27,253,552 from all funds, including \$8,210,323 from the State General Fund from the currently approved budget. As in FY 2006, the decrease in Nursing Facilities expenditures reflects lower than anticipated number of individuals served. The reduction in the Temporary Assistance to Families program reflects fewer persons seeking assistance. Also, all funds reductions in the Regular Medical budget at SRS reflect a re-estimation of services at Community Mental Health Centers based on more precise data and moderate adjustments to other regular medical services provided to individuals receiving SRS services. FY 2007 changes occur in the programs as follows:

	FY 2007	
	All Funds	SGF
Nursing Facilities	\$ (3,600,000)	\$ (1,429,560)
Nursing Facilities - Mental Health	(575,000)	(457,250)
Temporary Assistance for Families	(5,000,000)	0
General Assistance	(1,100,000)	(1,100,000)
Regular Medical Assistance - Division of Health Policy and Finance	0	0
Regular Medical Assistance - Social and Rehabilitation Services	(16,978,552)	(5,223,513)
Reintegration/Foster Care	0	0
<b>TOTAL</b>	<b>\$ (27,253,552)</b>	<b>\$ (8,210,323)</b>

- N. GBA No. 1, Item 10, Page 7—Presumptive Disability.**
- O. GBA No. 1, Item 14, Page 9—Extended Stays in Level V and VI Facilities.**
- P. GBA No. 1, Item 15, Page 10—Federal Title IV-E Shortfall.**
- Q. GBA No. 1, Item 16, Page 10—Medicaid Deferrals.**
- R. GBA No. 1, Item 17, Page 11—Child Care Assistance.**
- S. GBA No. 1, Item 18, Page 11—Physically Disabled Waiver.**
- T. GBA No. 1, Item 19, Page 12—Independent Living Center Support.**

U. GBA No. 1, Item 20, Page 12—Pre-K Pilot Initiative.

V. GBA No. 1, Item 21, Page 13—Medicare Part D Co-payments for Dual-Eligibles.

W. GBA No. 1, Item 22, Page 13—FTE Position Correction.

## SRS Hospitals

**A. Enterprise Application Rate Issues (Conference Committee).** The House Committee included language in the Mega bill to restrict the state hospitals from paying fees associated with the Enterprise Application Rate (EAR) in FY 2006 and FY 2007. The Committee expressed concern about the ability of the hospitals to pay additional fees in light of their current budget situation. No additional money was recommended by the Governor to pay these increased fees in FY 2006 or FY 2007. The Conference Committee on SB 480 removed the language from the bill and agreed to review the issue during Omnibus.

Beginning in FY 2006, the Division of Information Systems and Communications (DISC) began assessing an Enterprise Application fee to all state agencies. This fee is \$3.75 per employee per payroll period. The rate supports the statewide accounting system (STARS), human resource system (SHARP), Budget Management System (BMS), and Debt Set-Off applications. According to the agency, there are 2,500 employees in the five State Hospitals. This results in an increase of \$217,000 per year in administrative costs and represents a 84 percent increase in fees paid to DISC over FY 2005.

**B. Medicare Part D Impact (House Committee).** The Budget Committee requested additional information during Omnibus regarding the effect new Federal Medicare Part D provisions will have on the state hospitals. Under the federal provisions, Medicare Part D will pay for prescription drugs for low-income seniors and persons with disabilities who are dually eligible. The impact of the federal changes depends on the type of hospital.

The agency indicates that because the acute inpatient care provided by the state mental health hospitals is covered under Medicare Parts A and B, Medicare Part D has a negligible impact on mental health hospitals.

The number of dually eligible residents who are affected by Medicare Part D is more significant at Developmental Disability hospitals. Approximately 68 percent of the residents at Kansas Neurological Institute (KNI) and Parsons State Hospital and Training Center (PSH) qualify as dual eligibles. At this point in time, State Developmental Disabilities (DD) Hospitals have experienced a savings in pharmaceuticals due to Medicare Part D. According to agency information, KNI and PSH have estimated approximate savings of \$342,000 and \$290,000 respectively in FY 2007. These savings at the state DD hospitals are not subject to Part D's "clawback" provisions which requires states to share their related savings with the federal government.

**C. Teacher Salaries.** The Department of Education estimates an average statewide salary increase for teachers of 5.6 percent in FY 2006 and 3.0 percent in FY 2007. The education contracts in the FY 2006 and FY 2007 hospital budgets reflect no teacher salary increases for Parsons State Hospital and Training Center and Larned State Hospital from FY 2005. The Kansas Neurological Institute and Rainbow Mental Health Facility also have education contracts, but due to the nature of the contracts, adjustments are not necessary. The following table illustrates the State General Fund adjustments necessary to provide uniform salary increases across the institutions:

Percent Increase	Larned State Hospital	Parsons State Hospital and Training Center	TOTAL
0.50%	\$ 2,729	\$ 2,750	\$ 5,479
0.75%	4,094	4,125	8,219
1.00%	5,459	5,500	10,959
1.25%	6,823	6,875	13,698
1.50%	8,188	8,250	16,438
1.75%	9,552	9,625	19,177
2.00%	10,917	11,000	21,917
2.25%	12,282	12,375	24,657
2.50%	13,646	13,750	27,396
2.75%	15,011	15,125	30,136
3.00%	16,376	16,500	32,876
3.25%	17,740	17,875	35,615
3.50%	19,105	19,250	38,355
3.75%	20,469	20,625	41,094
4.00%	21,834	21,999	43,833
4.25%	23,199	23,374	46,573
4.50%	24,563	24,749	49,312
4.75%	25,928	26,124	52,052
5.00%	27,293	27,499	54,792
5.25%	28,657	28,874	57,531
5.50%	30,022	30,249	60,271
5.75%	31,386	31,624	63,010
6.00%	32,751	32,999	65,750
6.25%	34,116	34,374	68,490
6.50%	35,480	35,749	71,229
6.75%	36,845	37,124	73,969
7.00%	\$ 38,210	\$ 38,499	\$ 76,709

**D. Categorical Aid.** For FY 2006, the budgeted school contracts for the institutions include categorical aid based on a rate of \$18,300 for Parsons State Hospital and Training Center and \$19,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. KNI has no expenditures for Special Education due to an agreement with USD 609 that the school district would continue to provide education programs for the students who live at KNI in exchange for the use of classrooms in the Wheatland Building for the education programs that the district provides to other Shawnee County school districts. The current FY 2006 categorical aid rate per eligible teaching unit is estimated to be \$20,500. If this rate is maintained, the school contracts for FY 2006 at the institutions would need adjustments. The table below identifies the State General Fund adjustments required:

Institution	FY 2006 Change
Parsons State Hospital and Training Center	\$ 16,004
Larned State Hospital	8,852
<b>TOTAL</b>	<b>\$ 24,856</b>

The current FY 2007 categorical aid rate per eligible teaching unit is estimated to be \$22,994. This rate is based on current law which may change based on Legislative activity this session. If this

rate is maintained, the school contracts for FY 2007 at the institutions would need adjustments. The table below identifies the State General Fund adjustments required:

<u>Institution</u>	<u>FY 2007 Change</u>
Parsons State Hospital and Training Center	\$ 34,147
Larned State Hospital	23,569
TOTAL	<u>\$ 57,716</u>

### Children's Initiatives Fund

**A. Adjustment of Tobacco Receipts.** On April 11, 2006, staff from the Office of the Attorney General, the Division of the Budget, and the Legislative Research Department met to consider estimated payments for FY 2006 and FY 2007 from tobacco manufacturers pursuant to the Master Settlement Agreement. A downward adjustment of payments to states based on declining market shares of participating manufacturers will result in a lower than anticipated payment to Kansas on April 17, 2006. Based on the decisions of tobacco manufacturers regarding payment amounts, the estimated tobacco payments for FY 2006 have been revised downward from \$55.0 million to \$49.9 million, a decrease of \$5.6 million. Based on Children's Initiatives Fund (CIF) expenditures approved by the 2006 Legislature, the decreased revenues will result in a negative ending balance in the CIF of \$4,848,802 in FY 2006 and a negative balance of \$5,100,000 in FY 2007. The FY 2007 balance assumes that receipts in FY 2007 are unchanged from the original estimate.

**B. GBA No. 1, Item 13, Page 9—Children's Initiatives Fund/KEY Fund.**

### Larned State Hospital

**A. Census Estimate for Combined Campus (House Committee).** The House Committee requested information during Omnibus regarding the anticipated total number of people living on the combined campus at Larned State Hospital including the corrections and juvenile justice facilities. The information was requested to allow the City of Larned to appropriately calculate the shared cost of a new wastewater treatment plant (WTP) being constructed. In planning its new waste water treatment plant, the City of Larned wanted to include provisions for the building capacity on the Larned State Facilities campus, including the number of day shift staff working in these facilities. The following is the last chart shared with the City of Larned showing the full patient/inmate capacity of all current buildings and the number of day shift staff budgeted for each.

## LARNED STATE FACILITIES FUTURE OCCUPANCY PROJECTIONS

December 7, 2005

	Census Beginning of WTP Planning	Census Projection Provided to the City for WTP Planning
Larned State Hospital		
Patients	345	573
Day Shift Staff	465	713
Subtotal LSH	810	1,286
Larned Juvenile Correctional Facility		
Offenders	122	152
Day Shift Staff	110	86
Subtotal LJCF	232	238
Larned Correctional Mental Health Facility		
Inmates	352	352
Day Shift Staff	175	175
Subtotal LCMHF	527	527
5 Percent Contingency	0	103
<b>GRAND TOTAL</b>	<b>1,569</b>	<b>2,154</b>

### B. GBA No. 1, Item 23, Page 13—FTE Position Correction.

#### Rainbow Mental Health Facility

**A. Trades Incentive Funding (Technical Adjustment).** A technical adjustment is required to shift funding for the Trades Incentive recommended by the Legislature from State General Fund financing to the agency fee fund. The result is a State General Fund decrease of \$2,633 and a corresponding increase in the expenditure limitation for the fee fund with no overall change in expenditures.

#### Osawatomie State Hospital

### A. GBA No. 1, Item 24, Page 14—Pharmaceutical Costs.

#### Health Care Stabilization Fund Board

**A. Additional Legal Assistant Position (Senate Committee and House Committee).** The House and Senate Committees recommended Omnibus review of the agency's request for \$33,342 from special revenue funds and 1.0 FTE for a new legal assistant position. Information provided by the agency indicated that the position is requested due to an increasing workload at the agency. The number of cases and claims handled by the office has increased approximately 63 percent since the beginning of FY 2001. No new positions have been added to the agency since its separation from the Insurance Department in 1995.

## Department of Corrections

**A. Correction Officers Compensation Package (House Committee and Conference Committee).** The House Committee recommended a review of the Correction Officers compensation package. The House Committee deleted \$3,174,296 from the State General Fund which was to combine the Correction Officer IA, IB, and II position classes into a single Corrections Officer class on Pay Grade 20 of the civil service pay matrix. The House pay plan, approved by the Conference Committee, increased the entry level salary for Correction Officers IA from Pay Grade 17, Step 4 (\$24,211) to Pay Grade 17, Step 6 (\$25,438); provided a 2.5 percent increase for all uniformed Correction Officers at the beginning of FY 2007; a 2.5 percent step movement increase effective September 10, 2006; and a 1.5 percent base salary adjustment for a total of 6.5 percent (once the step movement takes place) during FY 2007.

**B. Bonding Authority (Conference Committee) and GBA No. 1, Item 38, Page 20.** The Conference Committee on SB 480 recommended Omnibus review of the authorization up to \$20.5 million in bonding authority to expand capacity at an existing correctional facility in FY 2007. The current capacity is 9,347 plus an additional 100 contract beds available for use if the inmate population exceeds capacity. The inmate population as of April 14, 2006, is 9,025 inmates. The 2006 projections by the Kansas Sentencing Commission include:

Total Prison Population			
<u>Fiscal Year</u>	<u>Projection</u>	<u>Existing Capacity</u>	<u>Difference</u>
FY 2006	9,166	9,347	181
FY 2008	9,323	9,347	24
FY 2010	9,450	9,347	(103)
FY 2012	9,591	9,347	(244)
FY 2014	9,732	9,347	(385)
FY 2015	9,749	9,347	(402)

The Department of Corrections indicates that the \$20.5 million in bonding authority would construct two cell houses with 256 medium security inmate beds each, for a total of 512 medium security beds at the El Dorado Correctional Facility. The bonding would also include start-up costs for one of the 256 medium security cell houses at El Dorado Correctional Facility.

**C. HB 2555 – Criminal Justice Recodification, Rehabilitation and Restoration Project Committee (Conference Committee).** HB 2555 extends the Kansas Criminal Justice Recodification, Rehabilitation and Restoration (3 Rs) Project to July 1, 2007. The Senate version of the bill also contains provisions originally included in SB 213 to address the Kansas Court of Appeals ruling in *State v. Frazier* by amending the definition of drug paraphernalia to remove the word "products". This changes the sentencing guidelines for a person convicted of possession of drug products from a severity level 4 drug offense to a severity level 1 drug offense. The Conference Committee has tentatively agreed to change the sentencing guidelines' penalty for possession of drug products from a severity level 4 drug offense to a severity level 2 drug offense. The Conference Committee has also tentatively agreed to include the contents of SB 339 to repeal the sunset provision of the Joint Committee on Corrections and Juvenile Justice Oversight. The Kansas Sentencing Commission projects the following bed impact based on the tentative Conference Committee's agreement on the bill:



<u>Fiscal Year</u>	<u>Prison Bed Impact</u>
FY 2007	94
FY 2008	206
FY 2010	469
FY 2012	475
FY 2014	483
FY 2016	492

**D. HB 2122 – Increasing the Dollar Threshold for Certain Criminal Offenses (Conference Committee).** HB 2122 would raise the dollar threshold level from \$500 to \$1,000 for 20 different criminal offenses to distinguish a misdemeanor from a felony. In 2004, this same threshold level distinction was made for the crime of theft. The Senate version of the bill contains provisions originally included in SB 213 to address the Kansas Court of Appeals ruling in *State v. Frazier* by amending the definition of drug paraphernalia to remove the word “products”. This changes the sentencing guidelines for a person convicted of possession of drug products from a severity level 4 drug offense to a severity level 1 drug offense. The Conference Committee has tentatively agreed to change the sentencing guidelines' penalty for possession of drug products from a severity level 4 drug offense to a severity level 2 drug offense. The Kansas Sentencing Commission projects the following bed impact based on the tentative Conference Committee's agreement on the bill:

<u>Fiscal Year</u>	<u>Prison Bed Impact</u>
FY 2007	80
FY 2008	190
FY 2010	454
FY 2012	460
FY 2014	472
FY 2016	476

**E. HB 2576 – Persistent Sex Offenders (Conference Committee).** HB 2576 would establish a mandatory minimum sentence of 25 years without parole on first-time sex offenders where the victim is a child; a minimum 40-year sentence for second-time sex offenders when the victim is a child; and life sentence without the possibility of parole for third-time and subsequent sex offenders regardless of the victim's age. HB 2576 would also establish life-time supervision and electronic monitoring for sex offenders released by the Kansas Parole Board whose victims are children. The Senate version of the bill also contains provisions originally contained in 2005 SB 243 and 2006 HB 2688 (the Private Contract Prison Act) and 2005 SB 220 (limiting diversions for the crime of domestic battery). The Kansas Sentencing Commission projects the following bed impact for the Senate version of HB 2576:

<u>Fiscal Year</u>	<u>Prison Bed Impact</u>
FY 2007	74
FY 2008	155
FY 2010	338
FY 2012	524
FY 2014	752
FY 2016	1,013

**F. House Substitute for SB 431 – Inherently Dangerous Felonies (Conference Committee).** The bill as substituted by the House contains provisions included in a number of house bills, including penalties regarding use of bottle rockets (HB 2699), expanding the factors a court would consider to determine whether an object is drug paraphernalia (HB 2701), authorizing discretion to the court to decide whether a drug and alcohol assessment is included in the pre-sentence investigation for offenders who meet the qualifications of the nonprison drug abuse treatment program (SB 351), creation of a nonperson felony for a third or subsequent conviction for driving with a canceled, suspended, or revoked drivers' license (HB 2938), counterfeiting U.S. currency (HB 2214), registration for convicted felons using a deadly weapon (HB 2754), creating a grant program for communities with high incidents of crime (HB 2885), amendments to current law regarding battery and aggravated battery against a law enforcement officer (HB 2414) and the creation of a new crime of battery against a mental health employee (HB 2891). The original bill established a 12-year "decay" for driving under the influence (DUI) convictions and diversions, so that those convictions or diversions could no longer be counted for suspensions or revocations or as a prior conviction under the DUI law.

The Kansas Sentencing Commission projects the following bed impact for the substitute bill:

<u>Fiscal Year</u>	<u>Prison Bed Impact</u>
FY 2007	57
FY 2008	117
FY 2010	221
FY 2012	260
FY 2014	278
FY 2016	279

**G. GBA No.1, Item 39, Page 20—Contract Bed and RDU Debt Savings.**

**H. GBA No. 1, Item 41, Page 21—Byrne Grants.**

**I. GBA No.1, Item 43, Page 22—DUI Treatment Services.**

### **El Dorado Correctional Facility**

**A. GBA No.1, Item 42, Page 21—Additional Corrections Counselors.**

## **Ellsworth Correctional Facility**

**A. Review of Supplemental Request (Senate Committee and House Committee) and GBA No. 1, Item 40, Page 20.** Both the House and Senate Committees recommended a review of the Ellsworth Correctional Facility FY 2006 supplemental request. Ellsworth Correctional Facility requested \$51,000 from the State General Fund to fund the 1.25 percent base salary adjustment for the first 13 pay periods of FY 2006 approved by the Legislature. The Department of Corrections has indicated that it will internally reallocate resources to avoid the need for any new appropriations through transfers between accounts approved by the Director of the Budget.

## **Lansing Correctional Facility**

**A. Review Supplemental Request. (Senate Committee and House Committee) and GBA No. 1, Item 40, Page 20.** Both the House and Senate Committees recommended a review of the Lansing Correctional Facility FY 2006 supplemental request. Lansing Correctional Facility requested \$161,000 from the State General Fund for FY 2006 for increased utility costs and to fund the 1.25 percent base salary adjustment for the first 13 pay periods of FY 2006. The Department of Corrections has indicated that it will internally reallocate resources to avoid the need for any new appropriations through transfers between accounts approved by the Director of the Budget.

## **Larned Correctional Mental Health Facility**

**A. GBA No. 1, Item 42, Page 21—Additional Corrections Counselors.**

## **Kansas Parole Board**

**A. Projected Expenditures of Continuing Education and Training (House Committee).** The House Committee requested a review of the Parole Board's projected expenditures of continuing education and training needs for the Board members. The Parole Board estimates additional FY 2007 expenditures of: \$6,040 from the State General Fund for all the board members and one administrator to attend the national annual training conference; \$845 from the State General Fund for the annual Chairs training meeting; and \$400 from the State General Fund for hearing officer training in Kansas City, Missouri. The out-of-state travel expenditure estimates for FY 2006 totals \$7,000 from the State General Fund. The Parole Board's FY 2007 out-of-state travel expenditure request totals \$4,000 from the State General Fund.

**B. Projected Expenditures of Public Comment Sessions in Garden City (House Committee).** The House Committee requested a review of the Parole Board's projected expenditures to hold public comment sessions in Garden City in FY 2007. Currently, the Parole Board holds public comment sessions in Wichita, Topeka and Kansas City requiring people from western Kansas to travel a great distance to attend and participate in the public comment sessions. The Parole Board estimates expenditures of \$562 for a monthly public comment session in Garden City. Quarterly expenditures are estimated at \$2,248 and the annual projected costs are estimated at \$6,744, all from the State General Fund.

## **Kansas Dental Board**

**A. GBA No. 1, Item 6, Page 4 —Operating Expenditure Shortfall.**

## Kansas Human Rights Commission

**A. Projected Shortfall in Funding (House Committee).** The House Committee recommended the review of additional funding of \$92,586 in FY 2007 from the State General Fund. The agency reported that additional funding in this amount would be needed to maintain the current level of operations. The agency reported that without additional funding the number of open cases will increase and staff reductions could increase the backlog even more. Reduced staff and fewer case closures could in turn reduce payments of federal funds from the United States Equal Employment Opportunity Commission.

**B. HB 2582 – Racially Restrictive Language in Homeowners' Restrictive Covenants (Governor).** HB 2582 prohibits racially restrictive language in the restrictive covenants of homeowners' associations. The Human Rights Commission estimates expenses of \$1,000 from the State General Fund in FY 2007 associated with inquiries into the restrictive covenants, including postage, printing of information material, and traveling to file injunctions.

## State Treasurer

**A. SB 332 – Learning Quest (Conference Committee).** The State Treasurer administers the Learning Quest Postsecondary Education Savings Program. The Conference Committee Report on SB 332, if adopted, would establish a program for low income persons to establish Learning Quest accounts, and provide for a state match for contributions to those accounts by the low income persons. The bill would limit appropriations for marketing and administration of the program established by SB 332 to \$50,000. The bill would also provide a mechanism to transfer \$240,000 from the State General Fund to the Kansas Postsecondary Education Savings Program Trust Fund in FY 2007 to provide for the match to the individual contributions.

**B. Service Reimbursement Fee (Technical Adjustment).** The Legislature approved funding for a portion of the State Treasurer's budget to come from a service reimbursement fee charged to other state agencies. Sec. 66(a) of 2006 SB 480 provided for the appropriation from the service reimbursement fund. Sec. 66(b) abolishes the service reimbursement fund and transfers remaining balances to the State General Fund on July 1, 2006. This section (b) should have been stricken from SB 480, and that language needs to be taken out in the Omnibus bill as a technical correction.

## Board of Pharmacy

**A. Software and Maintenance on Licensing Software (House Committee).** The House Committee recommended review of \$17,500 in FY 2007 from special revenue funds requested by the agency for software and maintenance on the agency's licensing software. This funding was added by the Conference Committee on SB 480.

## Board of Veterinary Examiners

**A. Kansas Savings Incentive Program (KSIP) Expenditures (House Committee).** The House Committee recommended review of the agency's KSIP expenditures during Omnibus. The agency reported that it has spent \$4,541 from the KSIP account in FY 2006 for board member training. The agency projects an additional \$1,800 from the KSIP account to be spent in FY 2006 for two employee performance recognition bonuses of \$900 each.

**B. Fiscal Impact of HB 2833, HB 2834 and HB 2835 Amending the Veterinary Practice Act (House Committee).** The House Committee specifically recommended review of the fiscal impact of HB 2833, HB 2834 and HB 2835 during Omnibus. These bills address clean up language to clarify the agency's authority and duties. The agency reported no fiscal impact from HB 2835, which has become law, or HB 2833, which has passed the second house. HB 2834 is still in the House Agriculture Committee.

**C. 27th Payroll Period Repayment (Technical Adjustment).** Due to an oversight, the language of SB 480, providing for the Board of Veterinary Examiners to repay the State General Fund the funds transferred to cover the 27th payroll period in FY 2006, was inadvertently deleted. To correct this, language should be added back into the Omnibus bill to provide for the agency to repay \$5,481 to the State General Fund in FY 2007.

### Hearing Aid Board of Examiners

**A. 27th Payroll Period Repayment (Technical Adjustment).** Due to an oversight, the language of SB 480, providing for the Hearing Aid Board of Examiners to repay the State General Fund the funds transferred to cover the 27th payroll period in FY 2006, was inadvertently deleted. To correct this, language should be added back into the Omnibus bill to provide for the agency to repay \$658 to the State General Fund in FY 2007.

### Board of Indigents' Defense Services

**A. Additional Funding for FY 2006 (Senate Committee).** The Senate Committee recommended a review of whether additional funding would be necessary for the agency in FY 2006 for operations. The agency will also have unplanned capital defense expenditures due the decision of the U.S. Supreme Court to rehear *State v. Marsh* regarding the Kansas death penalty. The agency estimates \$7,700 in unanticipated expenditures for sending the necessary staff to the U.S. Supreme Court, but the agency believes that this expense can be covered by existing resources for capital defense expenditures. The consensus caseload estimating figures are addressed in Item H below.

**B. Increased Compensation for Assigned Counsel (Conference Committee).** The Conference Committee on SB 480 recommended reviewing funding of \$3,200,000 from the State General Fund in FY 2007 for increased assigned counsel expenses if the statutory rate of compensation is increased. The current rate of \$50 per hour would be increased to \$80 per hour in FY 2007 if HB 2129, as amended by the Senate Committee of the Whole, becomes law. The bill is currently in Conference Committee.

**C. Additional Public Defender Offices (Senate Committee).** The Senate Committee recommended reviewing whether additional public defender offices should be opened. If HB 2129 would become law, it would increase the hourly rate of compensation for assigned counsel attorneys by 60.0 percent, from \$50 to \$80 per hour.

According to the agency, several factors would influence whether additional public defender offices are cost effective. The agency currently has reached agreements with the courts and attorneys in Wyandotte County to handle cases at a reduced rate from the current \$50 per hour. Additionally, public defenders from other offices are handling high level cases in Lawrence and Emporia to save costs. The agency reports that offices would be opened in the locations shown below unless one of the following occurs: (1) The bench and bar enter into an agreement with the agency to maintain their hourly rate at a cost effective level; (2) Qualified attorneys do not apply for

the positions; or (3) Public hearings demonstrate that the residents of the judicial district oppose opening a public defender office and the Board accedes.

As shown on the table below, if seven additional offices were opened, the first year cost would be \$3.2 million, and the recurring annual operating cost would be \$2.8 million. At \$80 per hour for assigned counsel, the agency estimates that the cases requiring assigned counsel in these areas would be approximately \$3.5 million per year.

**Assigned Counsel vs. Public Defender Cost Comparison**

Office Location	Assigned Counsel Cost at \$50/hour	Assigned Counsel Cost at \$80/hour	Public Defender Office Estimate		FTE Attorney Positions
			First Year	Future Years	
Dodge City	\$ 227,319	\$ 363,710	\$ 336,429	\$ 267,429	3.0
Newton*	295,160	472,256	408,135	369,135	3.0
Emporia*	174,317	278,907	408,135	369,135	3.0
Pittsburg/Girard	501,688	799,341	570,670	470,670	6.0
Lawrence	322,334	512,298	548,166	509,514	4.0
Kansas City	677,093	1,083,349	931,170	831,170	8.0
<b>Totals</b>	<b>\$ 2,197,911</b>	<b>\$ 3,509,861</b>	<b>\$ 3,202,705</b>	<b>\$ 2,817,053</b>	<b>27.0</b>

\* No Chief Attorney would be assigned to these offices. The Office would be managed by another public defender office.  
The cost at the \$80/hour rate for assigned counsel in the Lawrence and Emporia offices assumes that public defenders continue to handle high level cases in these offices.

**D. Funding Related to Mandatory Sentences for Sex Predators (Senate Committee).**

The Senate Committee recommended reviewing whether additional funding would be needed for the Board of Indigents' Defense Services should mandatory sentences for sex offenders become law. The agency reported that defendants in child sex crime cases usually enter a plea agreement, but that with mandatory sentences most cases would proceed to trial. The agency estimated increased expenditures of \$1,558,000 from the State General Fund in FY 2007 should these cases proceed to trial. The bulk of that expense would be related to expert witnesses who would be necessary for the defense. The agency also estimates 4.0 FTE attorneys would be necessary for these cases as well as additional training for the attorneys who would defend these cases. HB 2576, which establishes mandatory sentences for first time offenses is currently in Conference Committee.

**E. Salary Increase for Legal Services for Prisoners (House Committee).**

The House Committee recommended reviewing additional funding of \$16,687 from the State General Fund in FY 2007 for a 5.0 percent increase in salaries for the staff of Legal Services for Prisoners. A representative from Legal Services for Prisoners reported there has been no salary increase for their staff for several years. Legal Services for Prisoners receives funding as a pass through appropriation in the budget of the Board of Indigents' Defense Services.

**F. Appellate Defender Database Funding (House Committee).**

The House Committee recommended a review during Omnibus of \$25,000 from the State General Fund requested by the agency in FY 2007 for a new database for the Appellate Defender Office and other equipment upgrades. The Senate had recommended funding of \$40,000 from the State General Fund for the database, equipment and continuing legal education. The Conference Committee on SB 480 agreed to the Senate position with funding at the \$25,000 level.

**G. Additional FTE Attorney Positions (House Committee).** The House Committee recommended reviewing additional FTE positions requested by the agency. The agency requested 2.0 FTE positions for the Junction City office, 2.0 FTE for the Wichita office, and 1.0 FTE for the Hutchinson office funded by \$281,721 in FY 2007 from the State General Fund. The Conference Committee on SB 480 recommended the addition of the positions and the funding.

**H. Consensus Caseload Estimate.** At the April 2006 consensus caseload estimating meeting, no changes to the budgeted assigned counsel amounts were estimated for FY 2006 or FY 2007.

## **Board of Tax Appeals**

**A. Funding for Case Management System (Senate Committee).** The agency had requested a total of \$225,000 in FY 2007 as an enhancement for a case management system. The Governor recommended and the Legislature approved \$75,000 from the State General Fund for a bar code reader. The Senate Committee recommended review of the remaining \$150,000 during Omnibus pending information from the agency on other possible funding sources. The agency reports that other funding is still being sought, and if it is not received, the remaining \$150,000 will be requested in the FY 2008 budget.

**B. House Substitute for SB 337—Judges' Salary Increase, Judges' Retirement, Delayed Expansion of the Court of Appeals, and Docket Fees (Conference Committee).** SB 337, currently in Conference Committee, would increase the salaries of Kansas District Court Judges by \$9,000 per year. The salaries for the members of the Board of Tax Appeals are based on the salaries of District Court Judges. The agency reports that additional expenditures of \$30,335 in FY 2007 would be necessary to fund the increased salaries and benefits for the three board members. The agency requested that the funding come from the State General Fund due to the heavy reliance on the Filing Fee Fund for other expenditures.

## **Department of Labor**

**A. Vehicle Purchases (Conference Committee).** The Senate Committee recommended authorizing the purchase of six vehicles totaling \$79,746 from special revenue funds in FY 2007. The agency had requested 11 vehicles in FY 2007 and the Governor had recommended five vehicles. The Senate Committee noted that the agency reported that 12 vehicles are expected to have passed 100,000 miles by the time the vehicles are able to be replaced. The Conference Committee on SB 480 did not include the funding pending review during Omnibus.

**B. House Substitute for SB 337—Judges' Salary Increase, Judges' Retirement, Delayed Expansion of the Court of Appeals, and Docket Fees (Conference Committee).** SB 337, currently in Conference Committee, would increase the salaries of Kansas District Court Judges by \$9,000 per year. The salaries for the members of the Workers Compensation Board are tied to judicial salaries. The agency estimates an additional \$51,750 from the Workers Compensation Fee Fund would be necessary to cover the increased salaries for the board members and related benefit increases.

**C. Impact of HB 2696 – Compensation for Worker's Compensation Administrative Law Judges (Law).** The bill would increase salaries for the administrative law judges to 75.0 percent of the salary of a district court judge. The bill has a fiscal impact of \$204,276 from the Workers Compensation Fee Fund in FY 2007 and authority for these additional expenditures would be

necessary. This fiscal impact is based upon current judicial salaries. If SB 337 becomes law, the fiscal impact of HB 2696 would increase to \$282,380 from the Workers Compensation Fee Fund.

**D. GBA No. 1, Item 29, Page 16 — Unemployment Insurance Modernization Debt.**

**State Historical Society**

**A. State Historical Society Museum Maintenance (Senate Committee).** The Senate Committee recommendation noted that there are many items of repair that are anticipated to be needed within the next few years at the State Historical Society Museum. The Senate Committee recommended that the agency report on the status of the needed repairs. The agency has reported the following priority of repairs at the Museum and the costs associated with repair or replacement.

**State Historical Society Museum Repair and Rehabilitation Project Priority**

Priority	Project	Repair Cost	Life Expectancy for Repair	Replacement Cost	Life Expectancy for Replacement
1	A/C Cooling Tower	\$ 15,000	2-3 years	\$ 143,000	30 years
2	HVAC Components	25,000	20 years	-	-
3	Roofing	35,000	5-10 years on patches, 1-year leaks	464,248	30 years
4	Humidification System	not recommended	-	464,750	30 years
<b>TOTALS</b>		<b>\$ 75,000</b>		<b>\$ 1,071,998</b>	

**B. GBA No. 1, Item 37, Page 19 — Capital Improvements.**

**Animal Health Department**

**A. Livestock Commissioner Transportation (House Committee).** The House Committee recommended a review of the transportation of the Livestock Commissioner to meetings throughout the State. The Commissioner currently uses a truck that was purchased with federal Homeland Security funds. The House Committee recommended that the agency report on alternatives for transportation of the Livestock Commissioner and that the use of this truck be limited to 5,000 miles per year unless an emergency is declared by the Governor. The agency reported that due to the deployment of an agency employee to Afghanistan, the Livestock Commissioner will have access to a 1/2-ton pickup for travel to meetings and events.

**B. Feral Swine Issues (Senate Committee and House Committee).** The Senate Committee and House Committee recommended Omnibus review of the feral swine problem and possible solutions by the agency. The agency reported that, through a memorandum of understanding with the United States Department of Agriculture (USDA), Animal and Plant Health Inspector Service and Wildlife Services, a program of control, blood sampling, mapping, risk assessment, aerial hunting and information coordination will be conducted. The agency reported expenditures of \$125,000 from the State General Fund would be needed in FY 2007 for this



program. Wildlife Services would provide manpower, travel and subsistence, transportation and supplies, and aerial hunting. The agency would provide testing for disease, cooperate in informational meetings and prioritize action. If funding is not approved, the agency will still work with the USDA on the memorandum of understanding; however, the program would be operated at a reduced level.

## Department of Revenue

**A. SB 418 – Family and Personal Protection Act (Law).** SB 418 would require the Department of Revenue to produce identification (ID) cards for those individuals authorized to carry concealed weapons or to allow the notations to be made directly on the individual's driver's license. The Department noted that the cost to implement placing a concealed carry indication on driver's license or ID cards will cost \$50,000 from the Vehicle Operating Fund for payments to the vendor to create the new format. In addition, the increase in expenditures would require an increase in the transfer into this fund from the State Highway Fund in FY 2007.

**B. SB 544 – E-85 Motor Fuel (Law).** SB 544 provides for a reduction in the motor vehicle fuel tax rate for E-85 fuels. The agency noted that the cost to implement the law includes \$45,564 in salary and wages to fill a vacant FTE position and \$5,390 in related operating expenditures, for a total of \$50,954 from the Division of Vehicles Operating Fund. The increase in expenditures would require an increase in the transfer into this fund from the State Highway Fund in FY 2007.

**C. SB 365 – Tax Refunds (Conference Committee).** SB 365 would create a stand alone Kansas estate tax for three years; provide a property tax exemption for certain machinery and equipment; and would expand the Homestead Property Tax Refund program. The Department has indicated the bill would require \$28,000 from the State General Fund in FY 2007 to allow temporary staff to be hired to process the additional Homestead Property Tax Returns for either version of the bill.

**D. SB 506 – Registered Offenders (Conference Committee).** SB 506 would require the Department to produce ID cards for those individuals designated as a registered offender and to allow the notations to be made directly on the individual's driver's license. The Department noted that the cost to implement placing the indication on driver's license or ID cards will cost \$100,000 from the Vehicle Operating Fund in FY 2007 for payments to the vendor to create the new format. In addition, the increase in expenditures would require an increase in the transfer into this fund from the State Highway Fund in FY 2007 for either version of the bill.

**E. GBA No. 1, Item 5, Page 5 — Ethanol Producer Incentives.**

## Kansas Corporation Commission

**A. Kansas Electric Transmission Authority Funding (House Committee).** The House Committee recommended review of the addition of \$40,000 from a non-specific funding source for the Kansas Electric Transmission Authority (KETA). The Conference Committee on SB 480 concurred with the addition of \$30,000 from the Public Service Regulation Fund in FY 2007. The House Committee requested information regarding the potential other funding sources for the purpose including federal funds. The agency has indicated that there may be limited opportunities for KETA to apply for federal grant funding to support its designated functions; however, no federal funding has been received or applied for at this time. The agency indicated that its request would be for funding from the State General Fund.

**B. Additional Vehicle Replacements (House Committee).** The House Committee recommended review of the addition of \$46,500 from fee funds to fund the purchase of three additional replacement vehicles in addition to the seven recommended for purchase by the Governor. The House Committee had noted that the majority of vehicles used by this agency are taken off road, therefore the need for reliability is increased. The agency has indicated that these vehicles are trucks that are used in the field daily and which have met the established criteria for replacement.

**C. Substitute for SB 449 – Video Competition Act (Law).** Substitute for SB 449 creates statewide franchising for cable operators and other video service providers other than those using wireless technology. The agency indicates that the cost to enact the new legislation will be \$40,000 from the Public Service Regulation Fund in FY 2007 to pay the cost of administration and personnel for the new function. The agency indicated it will utilize an existing FTE position. The agency does expect an indeterminate increase in revenue, depending on the number of applications received.

## Department on Aging

**A. Senior Care Act (House Committee).** The House Committee requested a review of the Senior Care Act (SCA) and its cost effectiveness as a program. The Department indicated that SCA provides for the development of a coordinated system of in-home services for people 60 years of age or older who face difficulties in self-care and independent living and have not yet exhausted their financial resources to prevent inappropriate or premature institutionalization. More than 6,000 seniors statewide received one of more services during FY 2005. The overall average age of SCA customers in FY 2005 was 80. Over 75 percent of the customers were women.

The SCA program has four funding sources, including Social Service Block Grant dollars, State General Funds, local match, and customer contributions. Total funding from all four sources in FY 2005 was \$7,424,665. The cost per person, per year, was approximately \$1,200, and according to the Department's Quality Assurance Review report, 58 percent of SCA customers reported that the services received allowed them to stay in their home. The approximate cost per person per year from state funds was \$1,080. There is not projected to be a waiting list for SCA services in FY 2007.

**B. Program of All Inclusive Care for the Elderly (PACE) (Senate Committee and House Committee) and GBA No. 1, Item 25, Page 14.** The Senate Committee and the House Committee requested a review of the Program of All Inclusive Care for the Elderly (PACE) including the existing PACE programs, the level of need for PACE programs, the potential expansion into Wyandotte County, and the approved expansion in Topeka. The Committees noted that funding for PACE was removed from the consensus caseload process starting in October 2005. Additionally, the Committees noted that the 2005 Legislature expanded the program by 150 slots, to be split between the existing program in Wichita and a new site to be established in Topeka. The expansion was not funded in the Governor's FY 2007 recommendation. The House Committee noted that a commitment was made to provide funding for this purpose and that it received testimony indicating that private entities have already expended or contracted for over \$2 million in moneys related to the approved expansion. The Department indicated that Via Christi, in Wichita, is currently operating Healthcare Outreach Program for the Elderly (HOPE), the only PACE program in Kansas. The 2005 Legislature approved an additional 150 PACE slots with 75 allocated to HOPE and 75 for a new PACE program in Topeka. The PACE program in Topeka would be operated by Midland Hospice.

PACE is long-term managed care with a broad array of health services and supplies reimbursed by Medicare and Medicaid through capitated rates. The rates include a negotiated savings from what Medicare/Medicaid fee-for-service programs would typically reimburse. When Medicaid recipients enroll in PACE, the individuals give up their Medicaid card and choice of health

care providers. HOPE in Wichita provides the health care needs of its participants either through the Via Christi service delivery network or through contracts with other providers.

According to the agency, the PACE option in Wichita has proven to be successful. HOPE began in September 2002 and by June 2003 had 62 participants enrolled. There were 116 enrolled by June 2004 and 162 enrolled by June 2005. The growth has slowed down due to the present adult day health center facility being at near capacity. HOPE plans to move into a new adult day health center facility in September 2006. It is anticipated that HOPE will be near the maximum of 275 enrollees by end of FY 2007.

Similar trends are expected at the new Topeka PACE site. It is projected Midland Hospice will average 35 participants a month over the course of the first year. The total enrolled by June 2007, with steady monthly growth, is expected to be closer to the 75 maximum enrollees. If approved, the 200 PACE slots in Wyandotte County would be slower to fill in FY 2007. The PACE application and Medicaid capitated rates would need to be developed and approved by the Division of Health Policy and Finance and the Centers for Medicare and Medicaid Services (CMS). The Medicare capitated rate would be determined by CMS.

The Governor's recommendation for FY 2007 included funding at the FY 2006 level for the Wichita program. The Department indicated it requested a Governor's Budget Amendment (GBA) for FY 2007 to fund the expansion for the Wichita program and the new program to be located in Topeka. The Kansas Department on Aging budget included an enhancement request for 200 PACE slots for Wyandotte County.

The following summary reflects the projected caseload and expenditures for the existing PACE project and the expansion:

	Estimated Monthly Caseload	GBA Request	Estimated Total Annual Cost	Estimated State General Fund
Governors Recommendation: Via Christi-HOPE	194		\$3,700,000	\$1,469,270
Requested GBA:				
Via Christi-HOPE Expansion	59	1,375,584		
Midland Hospice (monthly avg.)	35	<u>701,400</u>		
Total GBA Request			2,076,984	824,770
Wyandotte County Expansion:	200		<u>4,380,000</u>	<u>1,739,298</u>
<b>Total Projected PACE Budget for FY 2007 with Expansion:</b>			<b>\$10,156,984</b>	<b>\$4,033,338</b>

**C. Targeted Case Management (TCM) Provider Rate Increase (Senate Committee and House Committee).** The Senate Committee requested a review of the addition of \$396,216, including \$156,268 from the State General Fund, to increase Targeted Case Management (TCM) provider rates by six percent for FY 2007. The House Committee requested a review of information received during testimony that all Area Agencies on Aging (AAAs) are currently losing money by providing Targeted Case Management Services. The House Committee requested that the agency report back with its findings.

The Department has indicated that the current rate for TCM service is \$40 per hour. With a six percent increase, the rate would be \$42.40 per hour. The Department also indicated that the Medicaid rate paid to the 11 AAAs as Medicaid-enrolled providers of Targeted Case Management for the Home and Community Based Services/Frail Elderly waiver is a fee-for-service program. As

such, the Department does not require an annual cost report to be submitted, specific to Targeted Case Management. The AAAs hire qualified employees or contract with qualified individuals to provide case management services. Historically, approximately 80 percent of the Frail Elderly monthly caseload receives 2.5 hours of case management per month.

**D. Home and Community-Based Services for the Frail Elderly (HCBS/FE) Provider Rate Increase (Senate Committee).** The Senate Committee requested a review of the addition of \$4,127,400, including \$1,627,847 from the State General Fund, to increase Home and Community-Based Services for the Frail Elderly (HCBS/FE) waiver provider rates by six percent. The Department provided the following information regarding the current rates per service and the rate with the six percent increase.

HCBS/FE Service Rates	Current	6% Increase
Attendant Care Level I	\$12.72 / hr	\$13.48 / hr
Attendant Care Level II	\$14.08 / hr	\$14.92 / hr
Attendant Care – Self Directed	\$11.96 / hr	\$12.68 / hr
Sleep Cycle Support	\$21.20 / night	\$22.47 / night
Personal Emergency Response – rental	\$25.00 / month	\$26.50 / month
Personal Emergency Response – install	\$53.00 / one time lifetime	\$56.18 / one time lifetime
Assistive Technology	\$7,500 / lifetime	\$7,500 / lifetime
Adult Day Care – (half day or full day)	\$20.67 or \$41.34	\$21.91 or \$43.82
Wellness Monitoring	\$37.10 / visit	\$39.33 / visit
Nursing Evaluation	\$37.10 / visit	\$39.33 / visit
Medication Reminder	\$15.00 / month	\$15.90 / month

**E. Mental Health Pilot Project (House Committee).** The House Committee requested a review of the addition of \$85,000 from the State General Fund in FY 2007 for a mental health pilot project as requested in the Department's enhancement package submitted with its budget request. The House Committee requested that the agency engage in discussions with the AAAs and the community mental health centers (CMHCs) regarding the need and the potential benefits of the project. The agency is directed to report back during Omnibus. The Department indicated that the enhancement request was for a one-year mental health and aging pilot in Kansas. The proposal is to identify one rural and one urban area of the state and screen seniors over the age of 60 who need mental health services, with a focus on depression. The Department indicated that there is a growing recognition for the need to address the mental health needs of older adults as well as their physical health needs. Additional funding to support an aging specialist in each of the CMHCs has been proposed by the provider network and the Area Agencies on Aging. Funding constraints have not allowed a statewide approach, so a pilot program was instead requested. The Department indicates it will continue to discuss possible options with providers and other members of the aging network to address how best to meet the mental health needs of older adults.

**F. Senior Health Insurance Counseling for Kansans (SHICK) Program (House Committee).** The House Committee requested that the Department report back regarding the potential to transfer the Senior Health Insurance Counseling for Kansans (SHICK) program back the Insurance Department. The House Committee noted that the program was moved from the Insurance Department to the Department on Aging in FY 2003 via a memorandum of understanding between the agencies. The House Committee requested a review of the placement of this program.

The Department indicated that Centers for Medicare and Medicaid Services (CMS) staff informed it that the federal enabling legislation, Section 4360 of OBRA 1990 (P.L.101-508) prescribes that the State Health Insurance Program (SHIP) grant should be administered by either the State Agency on Aging or the Office of the Insurance Commissioner. The Governor's Office decides which of these state agencies administer the SHIP grant. At present, 16 of 54 SHIPs nationwide are administered by the Office of the Insurance Commissioner.

**G. Nutrition Program Funding (House Committee).** The House Committee requested a review of the nutrition funding for FY 2007. The Department indicated that Federal Fiscal Year (FFY) 2007 funding for the congregate and home delivered meal programs, which in turn, provide funding to nutrition programs such as Meals on Wheels, is not yet available. Based on past experience, the Department will receive the actual FFY 2007 Older Americans Act federal funding award in January or February of 2007.

The FFY 2006 Older Americans Act award for nutrition funding in Kansas resulted in a 0.41 percent decrease in the congregate and home delivered meal programs. The Department indicated that it is working closely with the Area Agencies on Aging to sustain current meal program activity.

**H. Impact of Federal Deficit Reduction Act of 2005 (House Committee).** The House Committee requested a review of the potential impact of the Federal Deficit Reduction Act (DRA) of 2005. The Department indicated that a five-page report available on CMS's website titled "Roadmap for Medicaid Reform" states the DRA reflects a growing consensus on transforming the long-term supports provided under Medicaid, reforming State programs from being institutionally-based and provider-driven, to person-centered and consumer-controlled. It recognizes the role of Medicaid in supporting individuals in their desire to attain and retain independence and self-care in their own homes and communities. The Department indicated that the tools available as a result of the DRA of 2005 provide an opportunity for states to expand coverage for individuals with disabilities, increase access to community supports, and promote personal responsibility, independence and choice. A significant change, which would impact the Medicaid Home and Community Based Services Frail Elderly waiver and the Nursing Facility program, both administered by the Department, is the option for states to amend their State plan to offer home and community-based services without waivers. This option amends the eligibility requirement that an individual can receive community services only if he or she needs an institutional level of care. It appears states will be allowed to limit the number of people eligible for these services, and therefore, not create an entitlement.

**I. Spring Consensus Caseload Estimates and GBA No. 1, Item 9, Page 6.** The FY 2006 Spring Consensus Caseload Estimate for Nursing Facilities is a decrease of \$10.6 million, including \$4.2 million from the State General Fund from the approved budget. The change reflects a lower than anticipated number of individuals served.

The FY 2007 Spring Consensus Caseload Estimate for Nursing Facilities is a decrease of \$3.6 million, including \$1.4 million from the State General Fund from the approved budget. The change reflects a continuation of a decreased number of individuals served.

These items are included in the Spring Consensus Caseload Items under the Department of Social and Rehabilitation Services.

## **Kansas Guardianship Program**

**A. Increase Monthly Stipends (House Committee).** The House Committee recommended review of the addition of \$160,080 from the State General Fund in FY 2007 to increase monthly stipends to volunteers who serve as guardians or conservators by \$10 per month. The additional

funds would be used to increase the stipends from the current \$20 to \$30 per month. The stipends are used to offset personal expenses incurred while serving as a volunteer.

## **Commission on Veterans Affairs**

**A. Cost to Reclassify Veteran Service Representatives (Conference Committee) and GBA No. 1, Item 30, Page 16.** The Conference Committee on SB 480 recommended review of the costs to reclassify veteran service representatives. The agency has indicated that the cost to reclassify 25.0 Veteran Service Representative I positions (Range 20) to Human Service Specialist positions (Range 21) and 2.0 Veteran Service Representative II positions (Range 22) to Program Consultant I positions (Range 24) would cost \$48,478 from the State General Fund in FY 2007. The agency had initially requested additional funding for further reclassification of its employees but has since indicated that further review must be taken prior to any reclassification action.

**B. Persian Gulf War Initiative Board (Senate Committee).** The Senate Committee requested an update on the Persian Gulf War Initiative Board from the agency during Omnibus. The agency provided a response to the Subcommittee members in February 2006 regarding the categories of expenditures of the Board which include travel and conference calls. Additionally, the Board outlined its priorities for the upcoming year including monitoring and requesting federal funding and reviewing the possibility of funding for a needs analysis for issues of returning veterans.

**C. Additional Funding (Senate Committee).** The Senate Committee requested a review of the agency's request for additional funding for the Kansas Veterans' Home and the Kansas Soldiers' Home for FY 2006 and FY 2007. The Senate Committee requested the agency provide revised information regarding the need for additional funding for salaries and wages at the Kansas Veterans Home in FY 2006. Additionally, the Senate Committee requested a review of the need for additional funding in FY 2007 for utility costs at the Kansas Soldiers' Home and salaries and wages expenditures at the Kansas Veterans' Home.

The agency requested an enhancement package in its budget submission for \$81,076 from the State General Fund for increased utility costs at the Kansas Soldiers' Home in FY 2007. The agency indicated that the utility costs at the Soldiers' Home for November 2005 through February 2006 was an increase of \$52,986 from the same time period in FY 2005. This increase was lower than originally anticipated due to a relatively mild winter. The agency is concerned regarding the utility costs for FY 2007 and requests additional funding for this purpose.

The agency requested supplemental funding of \$512,780 from the State General Fund in FY 2006 for projected salaries and wages shortfalls at the Kansas Veterans Home. Additionally, the agency requested an enhancement package in its budget submission of \$684,134 from the State General Fund in FY 2007 for projected salaries and wages shortfalls at the Kansas Veterans Home. The agency indicated that it is concerned about the funding level for FY 2007, but will address the issue in the next budget cycle.

**D. SB 396 – Veterans Claims Assistance Grant Program (Governor) and GBA No. 1, Item 31, Page 17.** SB 396 creates a new Veterans Claims Assistance Grant Program which would provide funding, subject to appropriation, to various Veteran Service Organizations (VSO) who meet a series of requirements. The Kansas Commission on Veterans Affairs would be responsible to implement the new grant program. The agency has indicated that the administrative costs for the new program would total \$35,300 from the State General Fund in FY 2007. This amount includes \$30,000 for the development of a claims database, and \$5,300 for costs associated with the advisory board established by the bill. The agency indicated that its estimate for the amount to be distributed as grants to the VSOs is \$677,200 from the State General Fund in FY 2007.

## Department of Administration

**A. Enhancement Funding for Public Broadcasting (Conference Committee).** The Conference Committee on SB 480 recommended review during Omnibus of enhancement funding requested for public broadcasting that was not recommended by the Governor. The Governor's FY 2007 recommendation included \$100,000 from the State General Fund for enhancement funding of operating grants. The Conference Committee agreed to add \$325,000 from the State General Fund for a tower project in Hutchinson that both the Senate and House had included. Other funding recommended by the Senate that was not added by the Conference Committee to SB 480 included \$25,000 from the State General Fund for operating grants and \$192,170 from the State General Fund for equipment at KPTS TV in Wichita. In addition, the agency's enhancement request also included \$602,125 from the State General Fund for equipment at KTWU TV in Topeka that neither chamber recommended during the regular Session.

**B. DISC Enterprise Application Rate Fee (Conference Committee).** The Conference Committee on SB 480 suggested review of the Division of Information Systems and Communication's (DISC) Enterprise Application Rate (EAR) and possible refunds in FY 2006 to the SRS hospitals of these fees. The EAR was instituted in FY 2006 as a cost recovery method for funding the DISC costs for the State Human Resource and Payroll System (SHaRP), the State Accounting and Reporting System (STARS), and the State Budget Management System (BMS). The EAR rate is \$3.75 per employee per pay period for all state agencies, except the rate for Regents institutions is \$2.00 per employee per pay period. The EAR provided DISC with fee revenue to offset a \$2.7 million State General Fund reduction in funding.

**C. Medicare Part D Signup Reimbursements (Senate Committee and House Committee).** The House and Senate Committees asked for an update of the Medicare Part D signups and possible federal reimbursement of the \$500,000 from the State General Fund added to the Long Term Care Ombudsman's Office in FY 2006 to assist eligible Medicare beneficiaries with enrollment in Part D. The Secretary on Aging reports regarding Medicare Part D that efforts are underway to determine what documentation must be submitted in order to claim reimbursement for the \$500,000 from the State General Fund spent for administrative expenses in assisting persons in signing up for Part D benefits. The deadline for claiming reimbursement for administrative costs has been extended to May 5, 2006.

**D. Comparison of Rental Rate Changes in Capitol Complex (Senate Committee).** The Senate Committee asked for comparative information about rental rate increases over the past three years in the Capitol Complex. The Division of Facilities Management prepared a spreadsheet for FY 2004 to FY 2007 showing the type of space and location occupied by agencies, the square footage assigned, the annual rental charges, and a comparison of the changes over the years. The listing by building and agency is provided separately.

**E. GBA No. 1, Item 2 — Capitol Area Master Plan.**

**F. GBA No. 1, Item 3 — Facility Construction Services.**

## Kansas Racing and Gaming Commission

**A. State Racing Fund Cash Flow and Emergency Funding (Conference Committee).** The Conference Committee on SB 480 requested Omnibus review of the FY 2006 and FY 2007 financing for the racing operations budget in the Kansas Racing and Gaming Commission. The Conference Committee recommended review of contingent State General Fund financing of

\$250,000 from the State General Fund in FY 2006, subject to release by the State Finance Council, if a race track closing disrupted revenues to the State Racing Fund.

In addition, the Conference Committee deleted \$200,000 recommended by the Governor in FY 2007 from the Economic Development Initiatives Fund (EDIF) and recommended Omnibus review of alternative funding sources. The Conference Committee also recommended review of contingent State General Fund financing of \$250,000 from the State General Fund in FY 2007, subject to release by the State Finance Council, if a race track closing disrupted revenues to the State Racing Fund.

Revenues to the State Racing Fund continue to decrease in FY 2006, with an ending balance of \$182,295 on March 31, 2006. Parimutuel racing taxes deposited in the State Racing Fund through March 31, 2006, totaled \$1,663,542, compared with \$1,784,836 for the same period in FY 2005, reflecting decreases in both live and simulcast racing. Expenditures from the State Racing Fund for March 2006 totaled \$184,263 for racing operations, compared with parimutuel tax revenue of \$186,083 for March 2005.

FY 2007 cash flow projections for the State Racing Fund recommended by the Governor include no anticipated beginning cash balance, revenues of \$2.4 million, and expenditures of \$2.4 million. A \$200,000 transfer from the EDIF was recommended by the Governor in FY 2007 to supplement the State Racing Fund, with \$39,829 allocated to the Governor's 2.5 percent pay plan for employees in racing operations. The Conference Committee deleted this \$200,000 in EDIF financing.

The agency submitted revised cash flow estimates for FY 2006 and FY 2007 based on the budget as requested. The cash flow estimates are provided separately.

**B. Pay Plan Financing (Technical Adjustment).** The Conference Committee on SB 480 agreed on two adjustments in financing for racing operations that resulted in an expenditure reduction of \$39,829 being counted twice, once as a salary plan adjustment and once as a consequence of deleting a \$200,000 transfer from the Economic Development Initiatives Fund. In addition to adding \$39,829 from special revenue funds to the approved expenditures to correct the double reduction, consideration needs to be given to alternative financing for racing operations pay plan adjustments.

## **Kansas Public Employees Retirement System**

**A. House Substitute for SB 270 – Kansas School Retirement System (KSRS) Benefit Enhancement (Governor).** Substitute for SB 270, the KPERS Omnibus bill, contains a number of provisions, including a benefit enhancement for a group of KSRS retirees. The bill raises the minimum monthly benefit for KSRS retirees with 20 or more years of credited service from \$500 to \$625 in FY 2007, and from \$625 to \$750 in FY 2008. The actuarial cost estimate for this benefit increase is \$300,000 from the State General Fund in order to make a one-time FY 2007 contribution to KPERS to offset the anticipated increase in unfunded liability. The one-time \$300,000 contribution would fund the enhanced benefit payments in FY 2007 and in subsequent fiscal years.

## **Department of Wildlife and Parks**

**A. Proviso Prohibiting Pumping of Groundwater (Conference Committee).** The Conference Committee on SB 480 recommended review during Omnibus of a proviso concerning pumping of groundwater. As passed by the House, the proviso would have prohibited the agency from pumping groundwater to any playa or other wetlands property owned by the agency. The



agency indicates that the proviso could impact the McPherson wetlands and two playa lakes in Ford County.

The Division of Water Resources in the Kansas Department of Agriculture designates "Intensive Groundwater Use Control Areas" known as IGUCAs in Kansas and those areas are defined statutorily in the Groundwater Management District Act. Currently, eight such IGUCAs have been established. Similar areas, which are not properly IGUCAs, have been established under regulations by the Chief Engineer, i.e., the Equus Beds and Lyons Special Water Quality Use Areas (SWQUA). A map of these areas is provided separately. Both playa lakes in Ford County and the McPherson wetlands appear to be in or near the areas designated as IGUCAs.

The Legislature, as recently as the 2001 Session, included a proviso restricting the use of groundwater by the Department of Wildlife and Parks. At that time, the Legislature prohibited the pumping of groundwater on any new lands acquired that were adjacent to playa lakes properties already owned by the agency, and other wetlands areas were not addressed in the provisos prior to the 2006 Session.

The 2001 proviso read: "For the fiscal year ending June 30, 2002, any expenditures by the above agency from any moneys appropriated for fiscal year 2002, for land acquisition related to the playa lakes project shall be for lands which are adjacent to playa lakes properties that are already owned by the state: *Provided*, That no expenditures shall be made by the above agency from any moneys appropriated from the state general fund or any special revenue fund for fiscal year 2002 for pumping of groundwater on any such newly-acquired properties."

**B. Additional Motor Vehicle Replacement Funding (Conference Committee).** The Conference Committee on SB 480 recommended Omnibus review of \$97,000 from the State General Fund for FY 2007 replacement vehicles at State Parks (\$85,000 for 5 trucks) and central administration (\$12,000 for matching other special revenue funds for 4 trucks). The Governor's recommended FY 2007 budget did not include the \$97,000 from the State General Fund. The Senate Committee added the \$97,000 vehicle enhancement funding, the House Committee suggested Omnibus review of this item, and the Conference Committee agreed to review the requested funding during Omnibus.

**C. Reduction of Motor Vehicle Fleet (Senate Committee and House Committee).** The Department of Wildlife and Parks is being asked to reduce 25 motor vehicles from its fleet in order to help meet the goal to reduce the state's basic fleet by 200 vehicles before July 1, 2006. Some of these older vehicles are used by seasonal and temporary employees at the State Parks. The agency is reviewing the situation and how to provide alternative transportation for seasonal and temporary employees. A management meeting was held for April 10-11, 2006 to address this issue. A total of six vehicles at State Parks will be replaced and the other 19 reduced from the rest of the agency.

**D. GBA No. 1, Item 52 — Program Omissions.**

**E. GBA No. 1, Item 53 — Open Access to the State Parks.**

## **Vehicle Purchases**

**A. State Motor Vehicle Replacement Policy, Purchases, and Reductions (Conference Committee).** The Conference Committee on SB 480 removed almost all funding for FY 2007 replacement vehicle purchases in most state agencies and asked for Omnibus review. A listing of FY 2007 motor vehicles by agency is provided separately.

The Director of the Budget reviews and approves all replacement vehicle purchases. The Governor's state vehicle policy for replacement passenger cars, light trucks, and vans, implemented in conjunction with a vehicle purchase moratorium that expired in November of 2005, states:

- (1) A new vehicle can be purchased only to replace another vehicle in the fleet.
- (2) The replacement vehicle must have reached 100,000 miles for cars and 140,000 miles for pickup trucks.
- (3) The vehicle purchased must be similar in type and size to its replacement.

Excluding Highway Patrol and Regents universities, the Governor's recommended FY 2007 vehicle replacement purchases from all funds totaled \$6,119,380, including \$864,621 from the State General Fund. The 2006 Legislature deleted \$5,947,784, including \$827,496 from the State General Fund, in FY 2007 for most state vehicle replacement purchases to be reviewed during Omnibus. An additional \$347,246, including \$221,000 from the State General Fund, for vehicle purchases was identified for review during Omnibus.

In addition, the Governor's FY 2007 Budget Report states the intent to reduce the basic state vehicle fleet (excluding the Highway Patrol and Regents universities) from 4,279 to 3,402 by July of 2006. A total of 677 vehicles were sold in February of 2004 and an additional 200 vehicles will be removed from the basic state fleet by July of 2006. The Budget Director indicates reductions are anticipated as follows in certain state agencies: Transportation, about 65; Corrections, about 50; SRS and state hospitals, about 60; Wildlife and Parks, about 25; and the Juvenile Justice Authority, from five to ten.



# K a n s a s I n s u r a n c e D e p a r t m e n t

Sandy Praeger COMMISSIONER OF INSURANCE

TO: The Honorable Melvin Neufeld, Chairman  
Committee on House Appropriations

The Honorable Jo Ann Pottorff, Chairwoman  
Budget Subcommittee

CC: Leah Robinson, Fiscal Analyst  
Legislative Research Department

FROM: Sandy Praeger, Insurance Commissioner

DATE: April 17, 2006

SUBJECT: Omnibus Request to abolish 3.7 FTE positions,  
Effective FY 2006

**Abolish 3.7 Vacant Positions:** I'm respectfully requesting the elimination of 3.7 FTE positions that are currently vacant within the Insurance Department, effective in FY 2006. These positions have been vacant for a number of years and were not funded in this year's budget request. This would effectively reduce the Department's current FTE count from 146.7 to 143.0.

**Absorb Current Shrinkage Recommendations:** Additionally, I appreciate that your committee deferred action until omnibus, to again review the increased shrinkage that was recommended. This additional time gave staff a chance to better assess the proposed reductions. We feel that we can absorb the impact of these cuts at this time.

If you have any questions, don't hesitate to contact me. I'd be happy to provide you with additional information.

Thank you for your consideration of our requests. As always, I have sincerely appreciated your support of and assistance with the Insurance Department's budget.

**Kansas Insurance Department**

<b>POSITION #</b>	<b>JOB TITLE</b>	<b>CLASSIFICATION</b>	<b>FULL/PART-TIME</b>	<b>REG/TEMP</b>	<b>FTE</b>
K0183873	Accountant II	Classified	Full-Time	Regular	1.0
K0061396	Senior Administrative Assistant	Classified	Full-Time	Regular	1.0
K0052853	Administrative Assistant	Classified	Full-Time	Regular	1.0
K0070069	Administrative Specialist	Classified	Part-Time	Regular	0.7
					<b>3.7</b>

By abolishing these 3.7 FTE positions, the FTE count for the Kansas Insurance Department will be reduced from 146.7 to 143.0.

**New District Court Positions Requested**

Judicial District	Classification	Salary, Including Fringe Benefits
New Judges and Associated Positions		
<b>3<sup>rd</sup>-Shawnee County</b>	1.0 FTE District Court Judge	\$143,186
3 <sup>rd</sup> -Shawnee County	1.0 FTE Official Court Reporter (for new District Court Judge)	51,195
3 <sup>rd</sup> -Shawnee County	1.0 FTE Administrative Assistant (for new District Court Judge)	36,945
3 <sup>rd</sup> -Shawnee County	1.0 FTE District Magistrate Judge	71,450
6 <sup>th</sup> -Miami County	1.0 FTE District Court Judge	143,186
6 <sup>th</sup> -Miami County	1.0 FTE Official Court Reporter (for new District Court Judge)	51,195
6 <sup>th</sup> -Miami County	1.0 FTE Secretary II	34,160
10 <sup>th</sup> -Johnson County	1.0 FTE District Court Judge	143,186
10 <sup>th</sup> --Johnson County	1.0 FTE Official Court Reporter (for new District Court Judge)	51,195
10 <sup>th</sup> -Johnson County	1.0 FTE Administrative Assistant (for new District Court Judge)	36,945
Additional Nonjudicial Personnel		
2 <sup>nd</sup> -Jackson	1.0 FTE Trial Court Clerk II	31,652
4 <sup>th</sup> -Franklin County	1.0 FTE Secretary I	31,652
7 <sup>th</sup> -Douglas	0.5 FTE Secretary II	19,155
7 <sup>th</sup> -Douglas	1.0 FTE Trial Court Clerk II	31,652
7 <sup>th</sup> -Douglas	1.0 FTE Court Services Officer I	45,221
8 <sup>th</sup> -Geary	1.0 FTE Trial Court Clerk II	31,652
9 <sup>th</sup> -Harvey	1.0 FTE Trial Court Clerk II	31,652
10 <sup>th</sup> -Johnson	1.0 FTE Trial Court Clerk II	31,652
10 <sup>th</sup> -Johnson	1.0 FTE Trial Court Clerk II	31,652
11 <sup>th</sup> -Crawford	1.0 FTE Trial Court Clerk II	31,652
18 <sup>th</sup> -Sedgwick	1.0 FTE Administrative Assistant	36,945
19 <sup>th</sup> -Cowley	1.0 FTE Trial Court Clerk II	31,652
22 <sup>nd</sup> -Brown	1.0 FTE Secretary I	31,652
23 <sup>rd</sup> -Ellis	1.0 FTE Secretary I	31,652
25 <sup>th</sup> -Finney	1.0 FTE Court Services Officer I	45,221
25 <sup>th</sup> -Finney	1.0 FTE Trial Court Clerk II	31,652
26 <sup>th</sup> -Seward	1.0 FTE Trial Court Clerk II	31,652
27 <sup>th</sup> -Reno	1.0 FTE Trial Court Clerk II	31,652
28 <sup>th</sup> -Saline	1.0 FTE Court Services Officer I	45,221
30 <sup>th</sup> -Kingman	1.0 FTE Court Services Officer I	45,221
30 <sup>th</sup> -Sumner	0.5 FTE Trial Court Clerk II	17,902
31 <sup>st</sup> -Allen	1.0 FTE Court Services Officer I	45,221
31 <sup>st</sup> -Allen	1.0 FTE Court Services Officer I	45,221

*request withdrawn*

**Note:** The salary figures in this table have not been adjusted to reflect turnover savings and are therefore slightly different from totals for new positions reflected elsewhere in this report.

**Kansas Highway Patrol  
Fuel Cost Considerations  
2006 Legislative Omnibus Session**

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While the KHP cannot predict the exact destination of fuel price averages in the long term, we have all seen the cost trends over the past several years. From January 2002 to January 2006, the average price of gasoline has increased by \$1.50 per gallon, from \$0.80 per gallon to \$2.30 per gallon. Your committee has stood beside the Highway Patrol and made it possible to ensure we are able to maintain our presence on the Highways by being able to acquire the fuels we need.

In the past few months gas prices have continued to escalate. In February, we exceeded \$2.40 per gallon. In April, we are seeing pump prices in the \$2.70+ range. The predictions are for fuel prices in excess of \$3.00 per gallon by this summer. The Highway Patrol uses 1.0 million gallons each year. Thus, for each \$0.10 rise in the average price of fuel, our costs rise \$100,000, over a year's time.

**FY 2006**

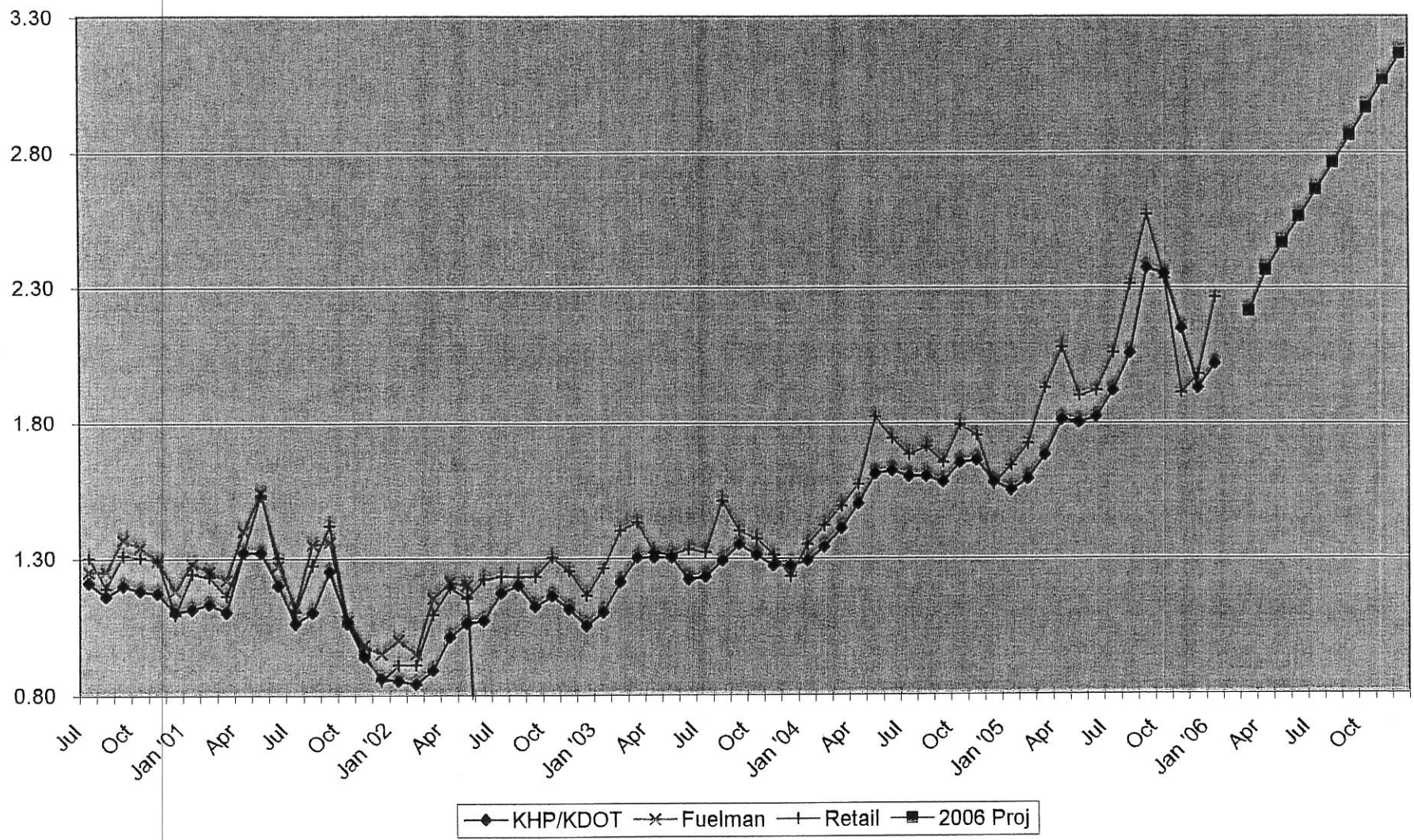
If we accept the premise that fuel prices will hit close to \$3.00 per gallon by the end of the fiscal year, our cost to acquire that fuel will increase by \$146,587.

**FY 2007**

While we don't know how close to the predicted \$4.00 per gallon price we will get, if the average price per gallon only reaches \$3.30 per gallon, our costs will increase by \$1.0 million in the next fiscal year. An increase that would average half way between the \$3.00 predicted by summer and the \$4.00 predicted by the following summer (\$3.50) would increase our costs \$1.20 per gallon or \$1.2 million.

*Senate Ways and Means  
April 19, 20, 21, 2006  
Attachment 13*

### Fuel Cost Per Gallon Comparison by Type



Regional Economic Impacts of Implementation  
of the  
Conservation Reserve Enhancement Program  
in the  
Kansas Upper Arkansas River Basin

John Leatherman, Ph.D.  
Associate Professor

Bill Golden, Ph.D.  
Consultant

Allen Featherstone, Ph.D.  
Professor

Terry Kastens, Ph.D.  
Professor

Kevin Dhuyvetter, Ph.D.  
Professor

Department of Agricultural Economics  
Kansas State University  
331 Waters Hall  
Manhattan, KS 66506

785-532-4492  
jleather@agecon.ksu.edu

April 2006

## FINAL INTERIM REPORT

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Funding for this project was provided by the Kansas Water Office

Senate Ways and Means  
April 19, 20, 21, 2006  
Attachment 14



# Final Interim Report

## Regional Economic Impacts of Implementation of the Conservation Reserve Enhancement Program in the Kansas Upper Arkansas River Basin

### Executive Summary

This study estimated the potential economic impacts associated with implementation of the Conservation Reserve Enhancement Program (CREP) in the Kansas Upper Arkansas River Basin. The analysis assumed approximately 85,000 acres of irrigated land and 15,000 acres of dryland were enrolled. Following 15 years of program participation, the CREP acreage was assumed to return to combined dryland agricultural production/pasture land with irrigation water rights permanently retired.

Acreage enrollment in the CREP was projected based on land productivity and hydrologic characteristics. Associated production values were estimated using an eight-year average value of production by crop type. CRP payment schedules were then used to calculate estimates of new household income associated with CREP payments. Finally, values were calculated to estimate an amount of new recreation spending for lease hunting on fallowed lands.

Under the CREP program, it was estimated that the annual value of agricultural production would decline by about \$15.6 million (2003\$), regional household income would increase by about \$6.5 million each year, and recreation-related businesses would annually capture an additional \$285,000. This makes the total direct impact of the CREP program an annual reduction of about \$8.7 million (2003\$) annually for the 15 years of the program. For perspective, the output reduction represents about 3.0 percent of the total value of all agricultural crops production in the 10-county region.

Following the term of the CREP it was assumed the land would return to a combination of dryland agricultural production and pasture and generate approximately \$2.5 million in productive value to the region. The net annual value of agricultural production, however, was assumed to decline by about \$13.4 million (2003\$). The relatively greater impact post-CREP is due to the loss of the CREP household income payments, and is measured against the irrigated agriculture production values of the 2003 base year. The output reduction represents about 2.6 percent of the total value of all agricultural crops production in the 10-county region.

These direct economic impacts were applied to an economic model of the 10-county regional economy called a Social Accounting Matrix (SAM). The SAM can be used to estimate the indirect economic effects of an event or policy.

Under the scenario of CREP implementation, the combined direct and indirect impact to regional economic output were estimated to be a decline by about \$14.8 million (2003\$) annually. That value of activity is closely tied to about 119 jobs. Using a very broad measure of household income associated with regional productive activity, household economic welfare was projected to decline by about \$7.7 million (2003\$) annually.

Under the post-CREP scenario of the permanent conversion of irrigated cropland to dryland/pasture, regional economic output would decline by about \$17.4 million (2003\$) annually. That value of activity is closely tied to about 165 jobs. Regional household income was projected to decline by about \$9.3 million (2003\$) annually. For perspective, these are in a range of about 0.1 percent to 0.2 percent of total regional activity, depending on the impact indicator considered.

If the changes in regional economic activity into perpetuity are amortized over the 15-year period of the CREP, the overall impact of the program from its inception into perpetuity can be characterized as a single estimate of the change in regional economic output. The annualized reduction in output equals \$24,922,029 (the impact of the CREP plus production reductions into perpetuity) to be paid in 15 annual installments, or a one-time equivalent payment of \$258,682,139 (2003\$).

Applying the assumption that the economy will adjust to changes over time requires a dynamic perspective to overlay the static model output. Absent any directly applicable guidelines to be found in the

## Final Interim Report

empirical literature, a consensus forecast was generated by the research team. Application of the economic adjustment assumption resulted in a 36 percent overall reduction to \$164,717,276 from \$258,682,139. Also, if the total cost of the program were to be amortized over the 15 years of its existence, the annual cost would be \$24,922,029 with no economic adjustment and only \$15,869,239 if economic adjustments occur like those suggested as plausible.

It should be acknowledged that these long-term impact estimates are associated with a degree of uncertainty. While properly calculated and appropriately reported, there is nonetheless reason to believe that they may overestimate the long-term economic response within the regional economy by some amount. There is anecdotal evidence that the regional economy adjusts in response to CRP enrollment such that the negative impact is lessened by some degree over time. At present, however, no research-based guidelines have been identified that would permit the application of a "decay function" to the impacts. Thus, the estimates of long-term impact reported here should be considered tentative and subject to change should additional information be identified.

Further, it should be acknowledged that these impacts could further be mitigated by the fact that more than 300,000 acres in the 10-county region currently enrolled in the CRP program will be coming out of contract in the next five years. Uncertainty regarding the future of the CRP program and the ultimate disposition of these acres preclude incorporating consideration of them in this analysis. But, any of this acreage returning to agricultural production would represent a positive economic stimulus.

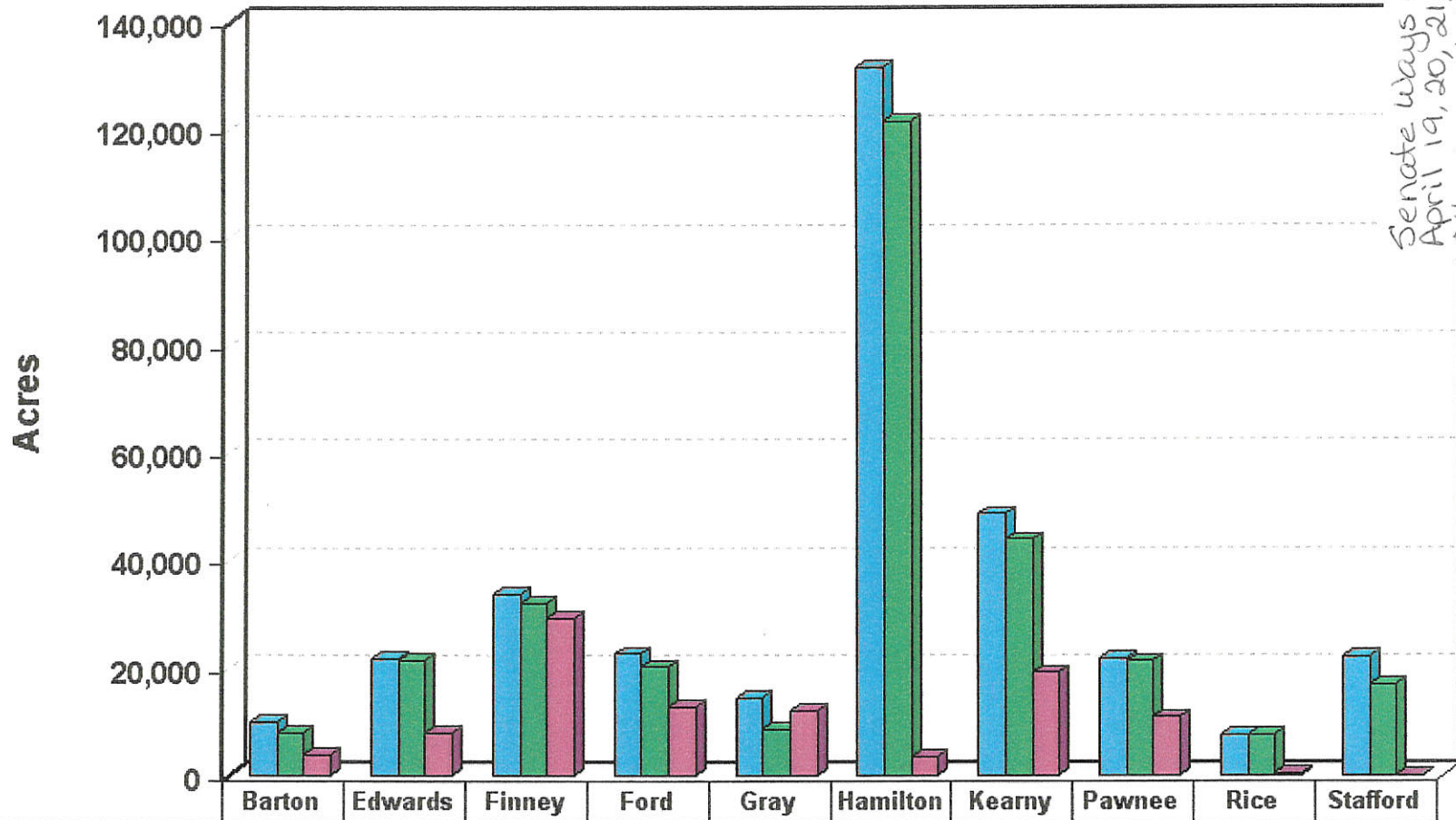
The analysis of changes in county property tax revenue associated with the adjustments to assessed valuation under dryland conditions suggested that total regional county property tax revenue would decline by about \$400,000 (2003\$) in perpetuity. Pawnee County would experience the largest property tax loss. A more general tax impact analysis based on the published data use to construct the regional social accounts estimated that combined federal, state, and local revenue collections would decline by about \$900,000 (2003\$) annually.

A simple sensitivity analysis was incorporated in the research to acknowledge that general trends in irrigated agriculture in Western Kansas are trending lower due to a declining water supply. While a specific estimate of the decline due to diminishing water supplies in the CREP region was beyond the scope of this analysis, it is underway there as it is elsewhere. As such, for each one percent decline in irrigated agriculture, whether due to water availability, energy costs, land retirement, or other reason, regional output declines by about \$2 million and total income declines by about \$1 million. This level of activity is closely linked to about 20 jobs.

Finally, there have been questions about the potential impact of near- and long-term increases in energy prices. For example, K-State economists estimate that in 2004 and 2005, escalating fuel prices have increased costs for irrigated production in western Kansas in excess of \$110 million dollars in all of western Kansas. A review of available research provided general indications of producer responses to energy prices. The review concluded that producers are forced by economic conditions to generally continue with current management schemes and accept lower profits in response to higher energy costs. In general, irrigated acreage, crop choice, and water usage patterns will change for only producers on marginal land or those with credit constraints. In this environment, CREP may represent an expected positive net present value alternative that would enhance participation. In the long-run, if energy costs remain high, producers will make management decisions to lower this cost (e.g., negotiate lower rents, adopt technology and farming systems that reduce fuel usage).

An investigation of the notion of altering the size of the program, e.g. 35 or 50 percent of the presumed total acres enrolled, suggested that the production response curve becomes almost linear after about 35,000 acres. Therefore, the direct economic impacts could be proportioned between 35 and 100 percent. The SAM model used to estimate the indirect economic impacts does incorporate an assumption of linearity. Therefore, it would be appropriate to scale the overall impacts of the CREP program between 35,000 and 100,000 acres. Below 35,000 acres, the impact would be less than the relative percentage change and new direct economic impact estimates would need to be estimated.

## CRP Acres Expiring in 2007 and Acres Receiving Contract Extension Offers



	Barton	Edwards	Finney	Ford	Gray	Hamilton	Kearny	Pawnee	Rice	Stafford
■ CRP Acres Expiring (2007)	10,083	21,565	33,632	22,474	14,555	131,283	48,602	21,528	7,570	22,109
■ Acres Eligible for Reenrollment up to 5 Years	7,803	21,236	31,951	20,128	8,590	121,308	43,770	21,143	7,517	16,928
■ Proportional CREP Acres 1	3,824	8,065	29,231	12,689	12,058	3,607	19,057	10,881	431	156

<sup>1</sup> Kansas seeks to enroll up to 100,000 acres in the CREP program. Note: There are no county quotas; each county limited to 25% cropland enrolled in a CRP or CREP.



# K A N S A S

TRACY STREETER, DIRECTOR

KANSAS WATER OFFICE

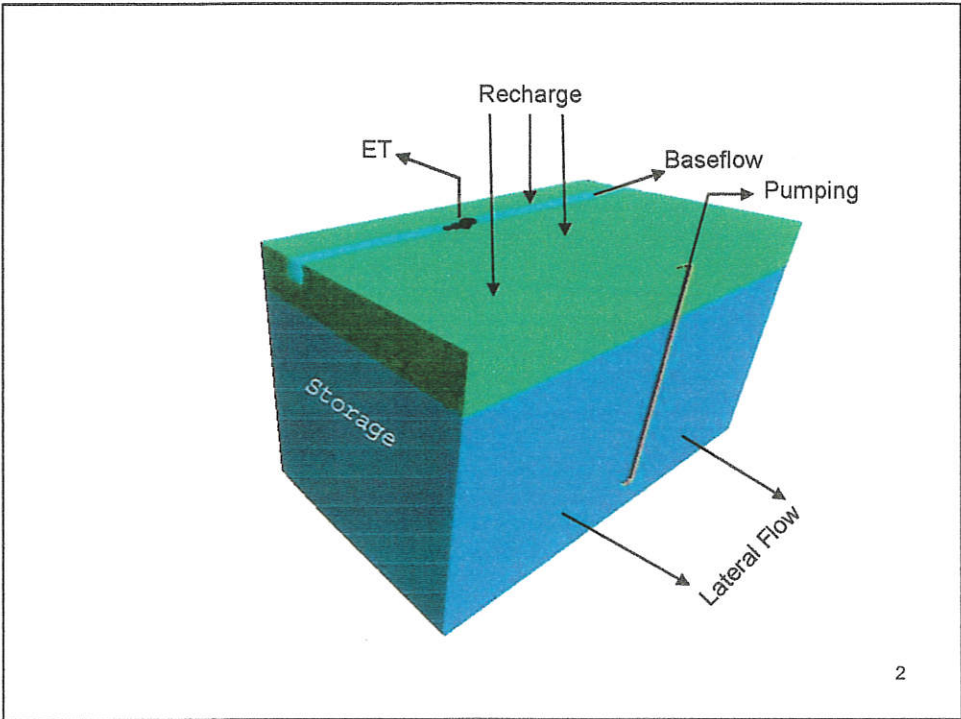
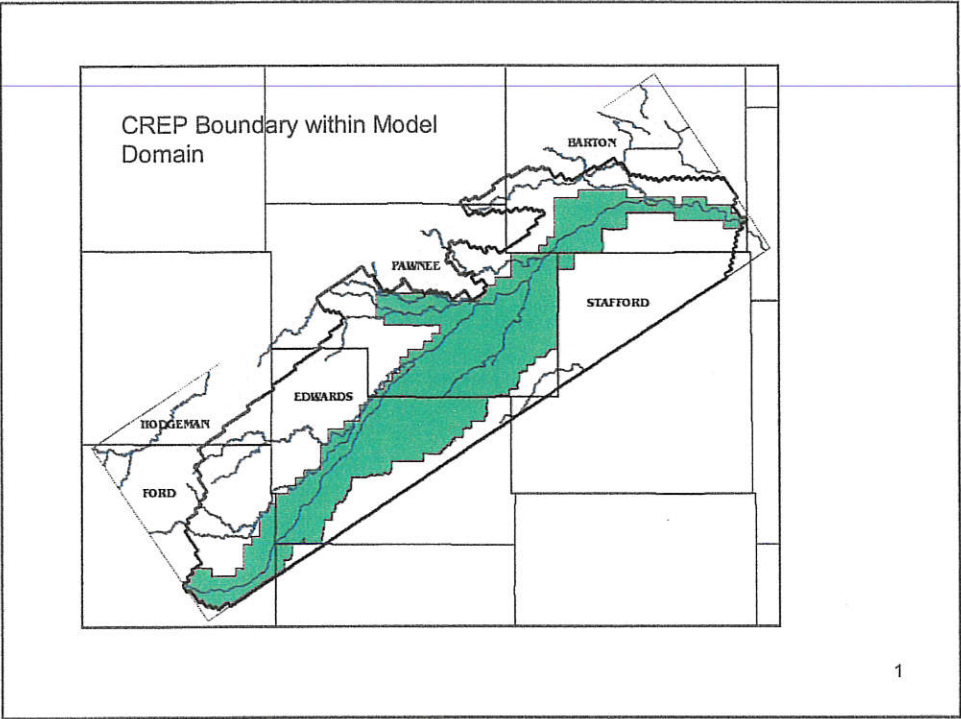
KATHLEEN SEBELIUS, GOVERNOR

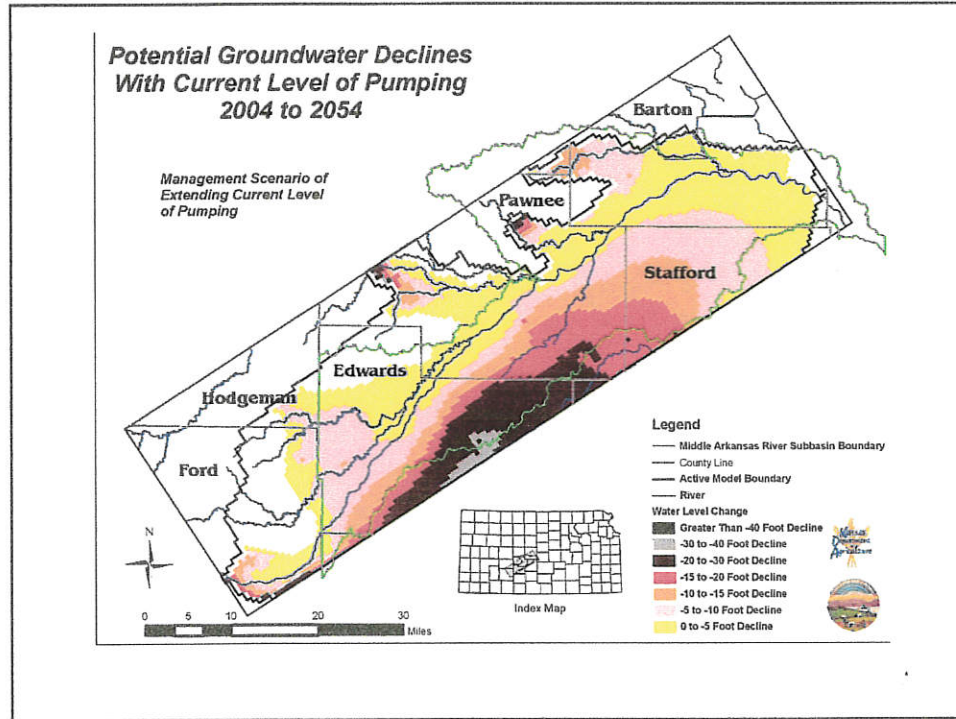
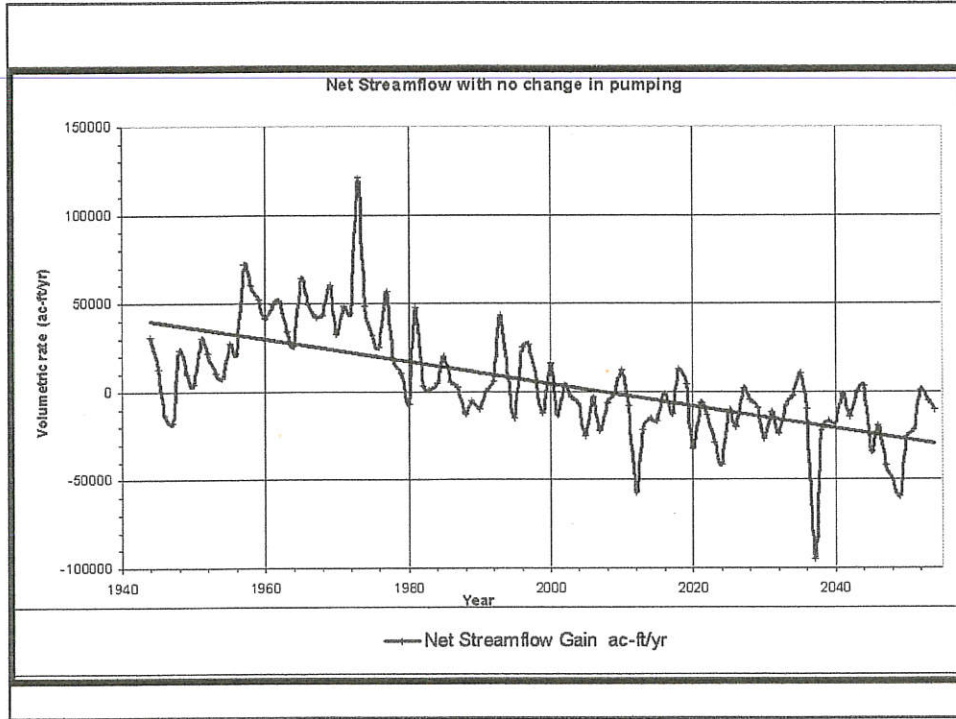
## Middle Arkansas Sub-Basin Groundwater Model Conservation Reserve Enhancement Program Model Run

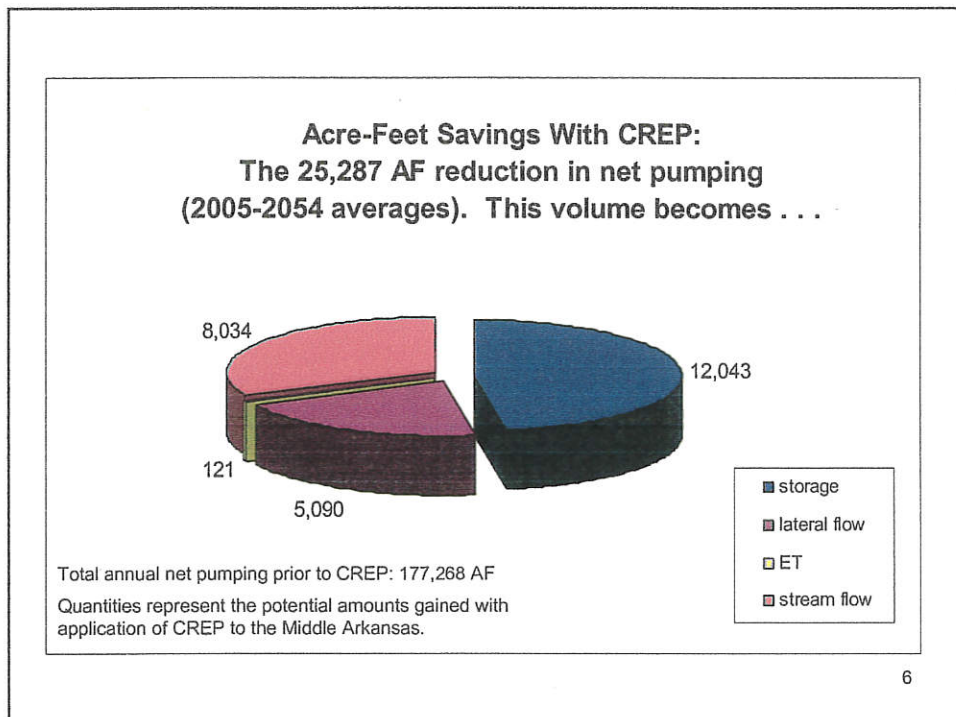
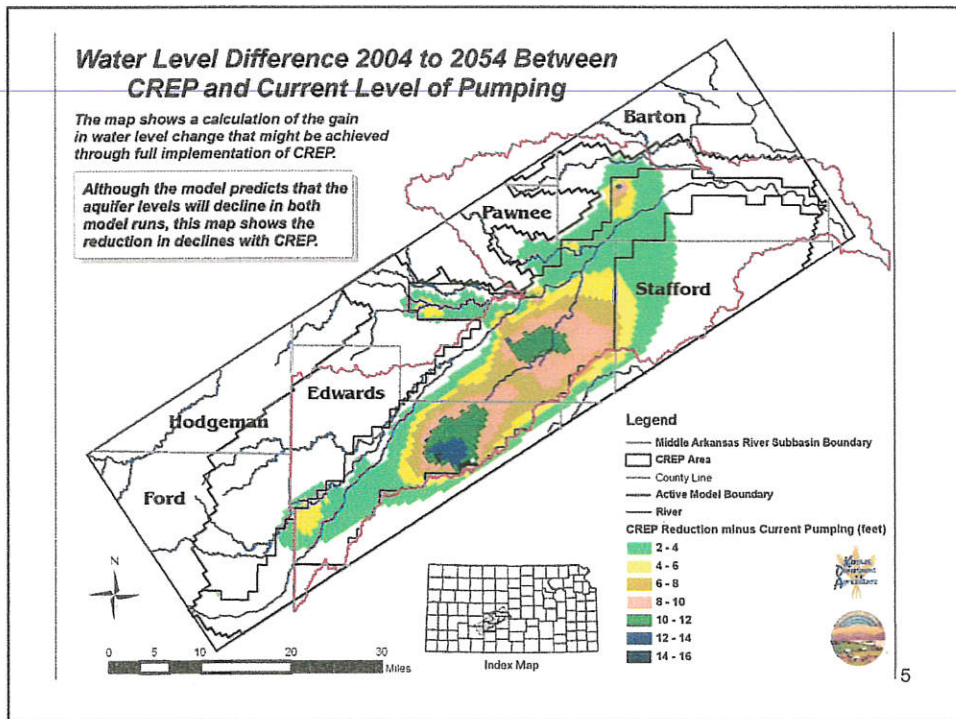
Senate Ways and Means Committee

Earl Lewis  
Kansas Water Office  
April 20, 2006

- Model Development
  - Developed over last 18 months
  - Primary development by Kansas Geological Survey
  - Oversight and review by KDA-DWR, KWO, GMD 5, and outside consultants
  - Utilizing Modflow ground water modeling software developed by USGS
  - Covers all major aspects of groundwater system: Recharge, Pumping, Lateral Flow to adjacent basins, Baseflow to or from stream, Evapotranspiration of Phreatophytes, and Storage change
- Historic Period (1980 – 2004)
  - Used in all future projection scenarios
  - 1980-2004 most closely matched entire period of record
  - Significant amount of data available for period
  - Most water right development completed prior to 1980
- Assumptions for CREP model run
  - Total of 100,000 acres of CREP enrollment in Upper Arkansas Basin
  - 24,000 acres of CREP in model area based on proportionate share of CREP area
  - 25,286 acre feet of reduced net pumping per year within model / CREP area
  - Remaining water use from historic period unchanged









# K A N S A S

TRACY STREETER, DIRECTOR

KANSAS WATER OFFICE

KATHLEEN SEBELIUS, GOVERNOR

## U.S. Army Corps of Engineers Cuts to U.S. Geological Survey Gages for FY 2007

The House Agriculture and Natural Resources Budget Committee

Earl Lewis  
Kansas Water Office  
April 17, 2006

In March of this year, the Kansas City District Corps of Engineers informed us and other cooperators that their contribution to stream gages in Kansas for the upcoming fiscal year would be reduced. Congress has reduced the Army Corps of Engineers operation and maintenance budget by 10 percent across the board. As a result, the Kansas City District has identified five gages that are of low priority for their operation and will not support funding. Those gages identified for cuts by the Corps of Engineers are in the following table.

STATION NAME	Station Cost			
	Corps	USGS	KWO	Total
Smoky Hill R. nr Arnold	\$3,910	\$4,023	\$4,917	\$12,850
Soldier Cr. At Topeka	\$12,850			\$12,850
Delaware R. bl Perry Dam	\$12,850			\$12,850
Stranger Cr. nr Tonganoxie	\$12,850			\$12,850
Marmaton R. nr Marmaton	\$4,700	\$3,667	\$4,483	\$12,850
	<b>\$47,160</b>	<b>\$7,690</b>	<b>\$9,400</b>	<b>\$64,250</b>



# KANSAS WATER AUTHORITY

901 South Kansas Avenue, Topeka, KS 66612-1249 (785) 296-3185



**Steve Irsik, Chairman**

5405 Six Road, Ingalls, KS 67853

(620) 335-5363 - [steve@ucom.net](mailto:steve@ucom.net)

April 17, 2006

Senate Ways and Means Committee Members  
House Appropriations Committee Members

Dear Senators and Representatives:

The Kansas Water Authority took action last week expressing strong concerns and urging caution about legislative proposals that have potential indirect impact to the foundations of the Kansas Water Appropriations Act. Water management in Kansas has been based on the first in time, first in right principal since 1945. Legislative action that could directly or indirectly begin the process of selective property right restriction is a dangerous precedent to establish.

As an example, Senate Bill 503 (which passed the Senate 40-0, to establish the Water Supply Storage Assurance Fund) was amended in the House of Representatives to include provisions that conflict with the storage accounting and operations for Cedar Bluff Reservoir, and therefore, limit water right holders' ability to access and/or manage their water appropriation.

We believe that components in Section 2 of this legislation run counter to Kansas water law by circumventing established rights and will place the Kansas Water Office in the untenable position of attempting to serve two laws which are in conflict or violating an Agreement with the Federal Government and Municipality of the State.

As a result, the downstream users would be placed in a position of relying solely on a call for administration of water rights during times of limited supply. Administration of water rights could extend far upstream and have more severe consequences than the existing operations. Additionally, the changes could be viewed as a taking of that property right from those downstream water rights holders.

There are other examples of legislative actions that have restricted an agency's ability to exercise a water right. While this may primarily seem only to affect that agency, it is still inconsistent with the Water Appropriation Act and can often adversely impact other water right holders. The KWA recommends the legislature be cautious in consideration of such matters.

Specifically, HB2968; pages 189, line 41 through page 190 line 6, we have concerns about the following language:

*(d) During the fiscal year ending June 30, 2007, notwithstanding the provisions of any other statute, no expenditures shall be made by the department of wildlife and parks from any moneys appropriated for the department of wildlife and parks from the state general fund or any special revenue fund for fiscal year 2007, as authorized by this or other appropriation act of the 2006 regular session of the legislature for pumping or transportation of groundwater to any playa lake or other wetland properties of the department of wildlife and parks.*

There are significant policy implications to this language that are the basis for our concern. First, these are water rights that were legally obtained and lawfully held by the State of Kansas. This

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option.

- Conversations are ongoing to have the National Guard demolish the dam after 2007.
- We have referred them to the SCC to discuss funding.
- Although we oppose the amendment, if it does stay on we would like the language to be specific to the identification number of this dam only.
- Senate conferees named (Umbarger, Emler and Barone)
- If passed it would put the state in conflict with the federal government on several fronts, including our operations and accounting agreements with the Bureau of Reclamation.
- It would affect the rights of other water users in the area, both municipalities and irrigators.
- It would inevitably lead to lawsuits.
- The stream gauging called for in the bill does not accomplish what its framers intended, to measure "water leakage" from the reservoir. The reality is that the gauge will measure any releases from the reservoir that flow to the location of the gauge. Any water measured would then be deducted from the artificial recharge pool account in the Cedar Bluff Reservoir. This method of accounting for and deducting the measured amount from the artificial recharge pool is contrary to the agreed upon accounting procedures in the Cedar Bluff Accounting Agreement. The Cedar Bluff Accounting Agreement requires that all release from a particular pool be deducted from the previous accounting for that pool.
- It sets dangerous precedents for the Kansas Water Appropriation Act, Kansas water structures law, and the powers of the chief engineer.
- Below is a statement from our legal counsel for the Cedar Bluff lawsuit explaining the implications of the Cedar Bluff language contained in the bill:

*As you requested here is a brief explanation of the reasons why Section 2 of Senate Bill 503 would violate or run contrary to the Contract Administration Memorandum between the United States, represented by the Department of the Interior Bureau of Reclamation, the State of Kansas, and the City of Russell regarding Reservoir Accounting Procedures for Cedar Bluff Reservoir in November of 2003 (the "Cedar Bluff Accounting Agreement") :*

*Section 2 of Senate Bill 503 would require the Kansas Water Office to place a gauge downstream of the Cedar Bluff Dam to measure "water leakage" from the reservoir. The reality is that the gauge will measure any releases from the reservoir that flow to the location of the gauge. Any water measured would then be deducted from the artificial recharge pool account in the Cedar Bluff Reservoir. This method of accounting for and deducting the measured amount from the artificial recharge pool is **directly** contrary to the agreed upon accounting procedures in the Cedar Bluff Accounting Agreement. The Cedar Bluff Accounting Agreement requires that all release from a particular pool be deducted from the previous accounting for that pool. For example, if the City of Russell called for a release from the Russell Pool the amount released would then be deducted from the previous accounting for that pool. The same is true for all pools in the reservoir. However, pursuant to Senate Bill 503, **any** release measured by the gauge will be deducted from the the artificial pool account, regardless of what pool the release was made from. Consequently, if the City of Russell calls for a release from the Russell pool, the gauge will measure the release and the Bill, if passed, would require that amount to be charged against the artificial recharge pool and not the Russell pool. This, however, would be a clear violation of the Cedar Bluff Accounting Agreement. Other potential releases from the Fish and Wildlife pool to support their goose rearing operations, or releases from the reservoir for flood control purposes would also be deducted from the artificial recharge pool account. Again, this would violate accounting procedures set forth the Cedar Bluff Accounting Agreement. In sum, if this bill is passed it will place the Kansas Water Office in the untenable position of violating a Law of the State of Kansas or violating an Agreement with the Federal Government and Municipality of the State.*

*In addition to violating the Cedar Bluff Accounting Agreement, charging any measured release*

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against the amount in the artificial recharge pool creates other potential problems. The artificial recharge pool is subject to an operations agreement that allows releases from that pool under certain conditions to senior alluvial water right holders. If measured releases from the reservoir from other pools are arbitrarily charged to the artificial recharge pool it will reduce the amount of water that could be available to those established water right holders. As a result, the Kansas Water Office and the State of Kansas could be vulnerable to a claim for administration of water rights or a claim for a taking of that property right by those downstream water rights holders.

## HB 2710

- Creates the Water Transition Assistance Program. This program provides payment for the voluntary conversion of irrigated land to dry land farming or other non-irrigated use. The water rights associated with the land would be permanently dismissed by the Chief Engineer.
- Bill introduced in House Environment by the Kansas Water Congress this year after failed attempts by SCC over the past two years to pass similar legislation.
- The KWA and Governor recommended \$1.175 million in FY '07 Water Plan Funds.
- House and Senate versions varied significantly. The conference committee compromised on all issues but one.
- The Senate version included language requiring any funds expended by a state agency to purchase or lease of water rights to be in accordance to a program authorized by the legislature. The intent of the language was to prevent the Arkansas River CREP from being implemented without approval of the Legislature. However, the language potentially could apply to any number of state expenditures involving water rights.
- Several attempts were made to find language suitable to the conference committee, ag stakeholder groups and the administration.
- Just prior to adjournment, the following language was distributed by Representative Freeborn to replace the section approved by the Senate:

*(a) During the fiscal year ending June 30, 2007, no expenditure shall be made for the conservation reserve enhancement program unless authorized by the 2007 regular session of the legislature; and (b) the state conservation commission shall prepare a program for the purchase of water rights under the conservation reserve enhancement program to be submitted to the senate committee on natural resources and the house committee on environment during the 2007 regular session of the legislature prior to appropriation of any funds for such program.*

- The administration agrees that the CREP agreement or program for the Ark River should be provided to the Legislature for their review. However, the state needs to some level of commitment to cause USDA to commence negotiations with the state to complete the agreement. The preferred method to accomplish this is to appropriate the funding, as recommended by the Governor with a proviso that prohibits any expenditures until the CREP agreement is approved by the Legislature.
- \$5 million recommended in the Governor's budget for CREP has been deferred to Omnibus consideration.
- KWO is currently awaiting word from USDA regarding the level of state commitment necessary for them to begin work on the federal aspects of a Kansas CREP proposal.
- We also plan to propose some minor changes to House suggested language above and share with the Ag stakeholder group prior to communicating with the chairs of the conference committee prior to Omnibus.



# KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

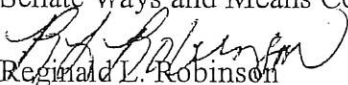
TELEPHONE – 785-296-3421

FAX – 785-296-0983

www.kansasregents.org

## MEMORANDUM

To: Senator Jim Barone  
Senate Ways and Means Committee

From:   
Reginald L. Robinson  
President and CEO

Date: April 17, 2006

Subject: Nursing Shortage Funding Proposal

Thank you for your interest in and commitment to ameliorating the nursing shortage in Kansas. The 2005 Legislature asked the Kansas Board of Regents (KBOR) to prepare for the Legislature and the Governor a Nursing Shortage Report (Shortage Report) describing the resources needed to increase by 25 percent the capacity of the system to educate Registered Nurses (RN). The Legislature also wanted a timeline for rebuilding infrastructure to accommodate up to 250 more nursing student admissions annually. The Shortage Report provides a 10-year timeline. Utilizing the Shortage Report, a survey of self-reported current nursing data from Nursing Departments at the universities, and your concept of a matching grant funding model, Board of Regents staff has developed the following proposal in response to your request.

We truly appreciate the interest the Kansas House of Representatives has demonstrated by enacting a proposal earlier this session that seeks to address some of the state's nursing issues. However, because the proposal presented in this memorandum represents an opportunity to approach the nursing issues from a system-wide perspective, we clearly prefer this approach over the single-institution initiative passed by the House earlier in the session.

## Nursing Funding Proposal

### Background

The investments required to increase capacity of Kansas Nursing Programs by 25 percent include nurse educator scholarships, salaries, supplies, equipment, and facilities. We propose that whatever initiative is developed to provide the necessary investments be structured for implementation on a system-wide basis that potentially includes all 22 public nursing programs in Kansas (16 at the Associate degree level and 6 at the Baccalaureate degree level, including Master of Science in Nursing degree programs and the Ph.D. in Nursing at Kansas University).

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## Proposal

Based on our assessment of what are the most critical investments required to address this issue, we have developed a ten-year, three-part, **\$30 million proposal** that identifies Nurse Educator Scholarships, Nursing Faculty and Supplies, and Nursing Equipment and Facility Upgrades. We seek **state appropriations to address \$22 million of the costs** associated with this initiative. Further, we propose the use of matching dollars from **participating institutions to cover the remaining \$8 million**. A spreadsheet outlining the cost aspects of the proposal is attached.

### 1. Nurse Educator Scholarships (20 per year)

A shortage in the availability of qualified nursing faculty is a key barrier to increasing student capacity in nursing programs. To address this shortage, we propose a 5-year service forgivable loan program to provide 20 nursing scholarships per year or a total of 200 scholarships over a ten-year period. (The precise number of scholarships awarded over the life of the initiative could be affected by shifts in tuition/fee rates.) The **first-year cost of the program is \$300,000** with built-in increases over the 10-year life of the effort. We are seeking **\$200,000 in state appropriations**, to be **matched with \$100,000 from participating institutions**. The total cost of this investment is \$3,000,000, \$1,000,000 of which will be institutional match.

Candidates for these funds would be Registered Nurses currently holding a Baccalaureate Degree enrolling in a Master of Science in Nursing programs at Fort Hays State University, Kansas University, Pittsburg State University, Washburn University, or Wichita State University. In addition, there is a shortage of doctoral-level faculty to teach at the graduate level. Therefore, candidates for these funds would be Registered Nurses currently holding a Master of Science in Nursing enrolling in a Ph.D. degree in Nursing at Kansas University.

These loans would be forgiven for graduates serving five years as a faculty member in a Kansas nursing program (public or private). KBOR would administer this program; the dollar amount requested represents the 10-year cost of the scholarship program. We have not yet developed an approach for administering the matching requirement.

### 2. Nursing Faculty and Supplies

Nursing programs require concentrated faculty resources and consumable supplies. The Kansas Board of Nursing requires a maximum student-to-faculty ratio of 10 students to each clinical faculty. The Shortage Report identified the need for a minimum of 31 additional nursing program faculty. Increased student enrollments will also create a need for

additional consumable supplies required for laboratory instruction. These costs represent a one-year total and will be ongoing.

We propose a **legislative appropriation of \$1,800,000 on an annual basis** to the Kansas Board of Regents, which will be **augmented by \$600,000 of institutional match**. KBOR would distribute this funding through a two-pronged grant program; one prong would be devoted to nursing faculty salaries, the other to laboratory supplies. Grants made in this area will be awarded based on institutional commitments to increase their production of RNs and/or nursing faculty.

### **3. Equipment (including simulators) and Facility Upgrades**

The Shortage Report identified pressing needs for facility space and a variety of equipment, including simulators, to support increased student populations. Simulators can be used as a component of clinical instruction and, therefore, reduce the impact on scarce clinical resources such as hospital sites. We propose the development of a **one-year, one-time \$3 million initiative to address those issues, \$2 million of which would come from legislative appropriation; institutional match would provide the remaining \$1 million.**

Grants would be awarded to institutions to enhance existing nursing programs, while at the same time increasing the production of RNs. This initiative could also include a need-based component through which some grants would be made available to institutions without a matching requirement. These institutions would be required to demonstrate acute need, and would also have to demonstrate that their production of nurses would increase as a result of the grant funding. At this time, we have not fully determined whether or how we would structure the need-based grant component.

Finally, we propose to create a Statewide Nursing Consortium. The purpose of the Consortium is to serve as a task force to address recommendations and implement the solutions within the designated timeline as articulated in the Shortage Report. KBOR would use an estimated \$25,000 per year of Carl D. Perkins funds to provide support staff to the Consortium.

We look forward to discussing this proposal with you and other legislative leaders. Thank you very much for your interest and your consideration.

**Nursing Spreadsheet**

<b>Nurse Educator Scholarships</b>					
	Tuition/Fees	Scholarships	Total Awards	State	Regents
Year 1	15,000	20	300,000	200,000	100,000
Year 2	15,000	20	300,000	200,000	100,000
Year 3	15,000	20	300,000	200,000	100,000
Year 4	15,000	20	300,000	200,000	100,000
Year 5	15,000	20	300,000	200,000	100,000
Year 6	15,000	20	300,000	200,000	100,000
Year 7	15,000	20	300,000	200,000	100,000
Year 8	15,000	20	300,000	200,000	100,000
Year 9	15,000	20	300,000	200,000	100,000
Year 10	15,000	20	300,000	200,000	100,000
<b>Total</b>	<b>\$150,000</b>	<b>200*</b>	<b>\$3,000,000</b>	<b>\$2,000,000</b>	<b>\$1,000,000</b>

<b>State Cost Per Year</b>	
Year 1	4,000,000
Year 2	2,000,000
Year 3	2,000,000
Year 4	2,000,000
Year 5	2,000,000
Year 6	2,000,000
Year 7	2,000,000
Year 8	2,000,000
Year 9	2,000,000
Year 10	2,000,000
<b>Total</b>	<b>\$22,000,000</b>

<b>Nurse Salaries and Supplies</b>					
	Faculty Salaries	Supplies	Total Awards	State	Regents
Year 1	1,800,000	600,000	2,400,000	1,800,000	600,000
Year 2	1,800,000	600,000	2,400,000	1,800,000	600,000
Year 3	1,800,000	600,000	2,400,000	1,800,000	600,000
Year 4	1,800,000	600,000	2,400,000	1,800,000	600,000
Year 5	1,800,000	600,000	2,400,000	1,800,000	600,000
Year 6	1,800,000	600,000	2,400,000	1,800,000	600,000
Year 7	1,800,000	600,000	2,400,000	1,800,000	600,000
Year 8	1,800,000	600,000	2,400,000	1,800,000	600,000
Year 9	1,800,000	600,000	2,400,000	1,800,000	600,000
Year 10	1,800,000	600,000	2,400,000	1,800,000	600,000
<b>Total</b>	<b>\$18,000,000</b>	<b>\$6,000,000</b>	<b>\$24,000,000</b>	<b>18,000,000</b>	<b>6,000,000</b>

<b>Equipment and Facility Upgrades</b>					
	Equipment	Facilities	Total Awards	State	Regents
Year 1	2,000,000	1,000,000	3,000,000	2,000,000	1,000,000
Year 2	0	0	0	0	0
Year 3	0	0	0	0	0
Year 4	0	0	0	0	0
Year 5	0	0	0	0	0
Year 6	0	0	0	0	0
Year 7	0	0	0	0	0
Year 8	0	0	0	0	0
Year 9	0	0	0	0	0
Year 10	0	0	0	0	0
<b>Total</b>	<b>\$2,000,000</b>	<b>\$1,000,000</b>	<b>\$3,000,000</b>	<b>2,000,000</b>	<b>1,000,000</b>

<b>TOTAL:</b>	<b>\$30,000,000</b>	<b>\$22,000,000</b>	<b>\$8,000,000</b>
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\*Total number of scholarships awarded will be impacted by tuition/fee rates.

Response from Wichita State University concerning its requested campuswide energy study and the Kansas Facility Conservation Improvement Program (FCIP)

Through the FCIP program the University has worked with Custom Energy Services, L.L.C., to conduct a Preliminary Energy Analysis to identify significant equipment replacement needs, and potential energy conservation measures (ECMs), to our existing facilities and infrastructure. This analysis paved the way for an Investment Grade Audit, which was a more in-depth study to define specific energy efficiencies and facility improvement measures which could justify a sufficient pay back savings for a Energy Performance Contract. Accordingly, the University entered into an Energy Performance Contract with Custom Energy Services to implement the approved ECMs, wherein energy savings are being guaranteed in sufficient amount to pay for the ECM improvements over a period of 15 years.

In comparison of the Energy Performance Contract to the study, the University has also been in need to conduct a Campus Utility / Central Energy Plant Study to evaluate needs for future growth of the University. This study will assess the Central Energy Plant's existing capacity for steam and chilled water generation, and how these systems can best be expanded to increase supply to serve future growth. This study will also look at the present campus distribution system of steam and chilled water, at electrical service and distribution, at water distribution, and at wastewater collection. The consultants will then provide recommended alternatives on how best to plan for expanded central plant and distribution systems, taking into account the University's long range general development plan.

The real distinction here is the FCIP program through KCC is involving improvements to existing facilities with pay back in energy savings, and the study is a utility master plan for future growth and development of the University.

Senate Ways and Means  
April 19, 20, 21, 2006  
Attachment 21



**Detailed Cost Breakdown**

From Black Veatch 10/2000 Study

Note: Phase costs have contingency, fees and development costs factored into each item

**Phase 1 (Phases 1-3 bid in 2008)**

Upgrade Cooling Tower Cells, Replace Condenser Pumps, Replace CHW Distribution Pumps. Replace one chiller and auxiliaries and upgrade Refrigeration Safety to Code Requirements	\$1,947,112
Replace Boiler Feed Pumps, Condensate Receiver, Condensate Pumps, Replace one Boiler, Replace one boiler with a summer boiler, Replace corroding Steam/Condensate Piping and expansion joints, Replace HW Heater and distribution piping	\$2,110,379
Rebuild water softener system, Replace piping, Replace one domestic water pump	\$297,318
Provide Sprinklers and Fire Alarm in Utility Tunnels	\$30,319
Replace aging MCC, Transformers, Switchboards and Cables in AEC	<u>\$535,954</u>
Total for Phase 1	<u>\$4,921,083</u>
Inflation @ 3% annually from 2000 to 2005	\$5,705,011
Inflation @ *15% from 2005 to 2006	\$6,560,763
Inflation @ 5% from 2006 to 2008	\$7,233,241
<b>Phase 1 Total, Say</b>	<b>\$7,233,000</b>

**Phase 2 (For Construction in 2009)**

Upgrade Cooling Tower Cells, Replace Condenser Pumps, Replace CHW Distribution Pumps. Replace one chiller and associated auxiliaries	\$1,425,307
Replace Boiler Feed Pumps, Condensate Receiver, Condensate Pumps, One Boiler Replace Corroding Steam/Condensate Piping and expansion joints	\$1,270,239
Rebuild water softener system, Replace piping, Replace one domestic water pump	\$297,318
Provide a dedicated Fire Pump	\$175,282
Replace aging MCC, Transformers, Switchboards and Cables in AEC	<u>\$535,954</u>
Total for Phase 2	<u>\$3,704,100</u>
Inflation @ 3% annually from 2000 to 2005	\$4,423,065
Inflation @ *15% from 2005 to 2006	\$5,086,525
Inflation @ 5% from 2006 to 2008	\$5,607,894
<b>Phase 2 Total, Say</b>	<b>\$5,608,000</b>

**Phase 3 (For Construction in 2010)**

Replace one Chiller and associated auxiliaries	\$672,592
Replace one Boiler and Deaerator	\$1,221,611
Replace one domestic water pump	\$92,245
Build addition on first floor to house new replacement emergency generators	<u>\$3,815,138</u>
Total for Phase 3	<u>\$5,801,586</u>
Inflation @ 3% annually from 2000 to 2005	\$7,135,951
Inflation @ *15% from 2005 to 2006	\$8,206,344
Inflation @ 5% from 2006 to 2008	\$9,047,494
<b>Phase 3 Total, Say</b>	<b>\$9,047,000</b>

Total all Phases	\$21,888,629
<b>Total All Phases, Say</b>	<b>\$21,888,000</b>

\*Adjustment to account for increased construction costs in 2004 due to global competition per Engineering News Record

*Senate Ways and Means  
April 19, 20, 21, 2006  
Attachment 22*



# KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421

FAX – 785-296-0983

www.kansasregents.org

April 14, 2006

The Honorable Mark Taddiken  
Kansas State Senator  
2614 Hackberry Road  
Clifton, KS 66937

Dear Senator Taddiken:

The 2005 Legislature passed HB 2026, which began an incremental funding shift for Kan-ed from the Kansas Universal Service Fund (KUSF), to the State General Fund (SGF), starting in FY 2007. That shift continues through FY 2009 at which point authorization for use of KUSF monies for Kan-ed expire. As Kan-ed financing is shifted to the SGF, the bill also requires that funding of the program to be the highest priority along with education.

The Board of Regents submitted, as part of its FY 2007 budget request to the Governor, an amount of \$2 million as directed by HB 2026. That request, however, was not included as part of the Governor's Budget Recommendations. Subsequently, a Governor's Budget Amendment has been requested in the same amount, and is pending review at the time of the writing of this memo.

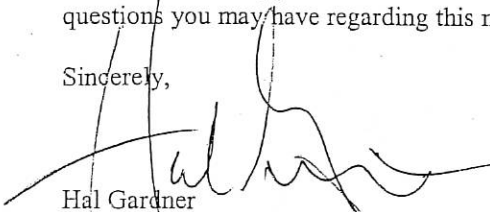
The Kan-ed network currently serves the K-12, higher education, library and hospital constituencies in Kansas. Attached you will find examples of services that the Kan-ed network provides to these entities, and the likely outcomes if funding were not made whole in FY 2007.

Please see the attached memorandums/documents:

- Kansas Board of Regents re: Governor's Budget Amendment request
- Kansas Association of School Boards (KASB)
- Kansas Library Association (KLA)
- Kansas Hospital Association (KHA)
- Kansas State Board of Education (KSBE)
- South Central Kansas Distance Learning Network
- Technology Excellence in Education Network (TEEN)
- Interactive Consortium Academic Network (I-CAN)

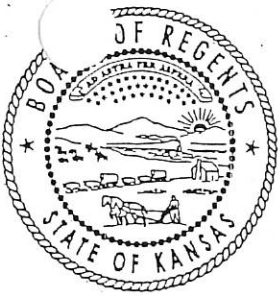
We respectfully request that you consider adding this \$2 million request to the FY 2007 Omnibus discussion. The maintenance of, and planned implementation of future programs are dependent upon a fully funded Kan-ed network. Your continued support for the Kansas Board of Regents Kan-ed program is appreciated. I would welcome any questions you may have regarding this matter.

Sincerely,

  
Hal Gardner  
Executive Director, Kan-ed

C: Reginald L. Robinson, President and CEO, Kansas Board of Regents

Senate Ways and Means  
April 19, 20, 21, 2006  
Attachment 23



# KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421

FAX – 785-296-0983

[www.kansasregents.org](http://www.kansasregents.org)

March 29, 2006

Duane Goossen, Director  
Division of Budget  
900 SW Jackson, Suite 504  
Topeka, KS 66612

Dear Mr. Goossen:

The Kansas Board of Regents in its original budget request to the Governor for FY07, requested \$2 million from the State General Fund for the Kan-ed program. That request was not included in the Governor's budget recommendations. Kan-ed had carry over funds from FY05 to FY06 that caused the Governor's office to ask that those funds be used to meet the FY07 \$10 million dollar Kan-ed budget.

Carry over from FY05 to FY06 was a total of \$3.6 million. In FY05 \$1.0 million was reserved for the Higher Education Strategic Connectivity Initiative. An additional \$700,000 was budgeted for this initiative in FY06. As this program is deployed in FY06 we expect a total of \$1.7 million to be spent for this project.

\$1.3 million for network leases, and \$600,000 from the access parity program were reserved in FY05 but not spent due to slower than expected program development. The present Hospital and Higher Education Initiative will have approximately 100 new entities that will become connected to Kan-ed in FY06. The \$1.9 million carried forward from FY05 will be used in connecting all these new colleges and hospital's to the Kan-ed network. Not considered in the \$1.9 million expenditure, is our continued growth in the number of connections of K-12 schools to the Kan-ed network.

The remaining amount of the carryover was predominantly a result of receiving funds from federal E-rate program discounts which are budgeted for FY06 program needs.

In summary, the \$3.6 million carryover is currently allocated for use in FY06. Attached you will find a document that explains the severe consequences of not receiving \$2 million from the state general fund in FY07 for the Kan-ed program.

We respectfully request that the Governor amend the budget to allocate \$2 million from the state general fund for Kan-ed operations and programs for FY07.

Sincerely,

Mel Klinkner  
Vice-President for Finance and Administration  
Kansas Board of Regents

## Request for \$2 million appropriation from the State General Fund

The Kansas Board of Regents (Kan-ed) requests a \$2 million appropriation from the State General Fund (SGF) for FY 2007. Lack of this funding will negatively impact Kansans in nearly 800 Kan-ed member organizations. Critical services will have to be cut entirely or funded at a substantially lower level. Detail as follows:

**Empowered Desktop:** The Empowered Desktop, developed by LearningStation for Kan-ed, is available free of charge to all Kan-ed members. The Empowered Desktop serves as a portal that consolidates a variety of teaching and learning applications in one location for easy access. Applications provided include the KSDE formative test builder, netTrekker academic search engine, research and educational databases, Territorial Kansas, and Kansas Digital Library. Members can also customize the desktop to include resources they have purchased independent of Kan-ed. **Without the requested appropriation, this resource will no longer be cost-effective to Kan-ed members.**

- K-12 Districts will have to do without or fund the resource at the local level. Either option will impact teachers and students.
- Individual K-12 Districts will have to invest millions to have what is currently provided through the cumulative state-wide investment that Kan-ed makes at a substantially reduced rate. Kan-ed provides K-12 districts and taxpayers a savings of over \$6 million in aggregated purchasing.

**Educational and Research Databases:** Kan-ed sponsors five Educational and Research databases: 1) HeritageQuest; 2) Thomson Gale Literature Resource; 3) Thomson Gale Custom Newspapers; 4) ProQuest Nursing Journals; and 5) WorldBook Online. The availability of these databases allows members to access critical research tools with a single login. Kansans may access the Kan-ed sponsored databases through the Empowered Desktop or the Kansas State Library Blue Skyways. **Without the requested appropriation, Kansas organizations will have to individually purchase these databases, costing \$35,375,000, far more than the approximately \$.8 million currently negotiated through the Kan-ed purchase of these resources.**

*"This is a very vital program for all of our small communities. We are fighting for our lives in these small communities. Without ways of providing information to our young people especially we will have even more of a struggle to survive in these small communities." (Library member)*

*"Without the databases, our students would not have access to reliable resources. They would be using any old thing they find on Google, Yahoo, etc.! The databases are awesome and provide current information for all areas of our curriculum. Our students in the rural remote areas with VERY small libraries would be left behind educationally without these resources of information." (Library member)*

**EMSystem:** This Web-based program provides real-time information on hospital emergency department status, hospital patient capacity, availability of staffed beds and available specialized treatment capabilities. Currently all hospitals in Kansas are updating their emergency department capacity on a daily basis. Six regional/statewide dispatch centers and six flight transportation services also update their status on the EMSystem screen. Kansas has 84 critical access hospitals that must coordinate and communicate important health care information. **Without the requested appropriation, efficient trauma care, emergency preparedness and state-wide communication will not be available to all Kansas hospitals.**

*"[Our] ER uses the EMSystem every day and as a part of our workday routine...Just being able to open the EMSystem screen up and at one glance, be able to ascertain who is on diversion, who is at full census, who has no CCU beds, etc. is a great help. I hope that we will be able to continue to use EMSystem and believe that it is worth supporting as a service."* (Hospital Member)

**Broadband Subsidies:** Kan-ed provides member institutions with Broadband Connectivity Subsidies to support high-speed Internet connections. Since the beginning of the subsidy program, 599 Kan-ed members (76%) have received this funding. High speed Internet access allows organizations to utilize desktop videoconferencing (attend on-line meetings, collaborate with colleagues, etc.) and get faster access to on-line resources. **Denial of the requested appropriation will impact school, library and hospital Internet connectivity in Kansas.**

- Members will have to reduce speed to lower their Internet bill, go back to dial-up or eliminate Internet access entirely.
- Other impacted budget items include travel, professional development, capital improvement, books and materials and staff or staff hours.

**Technology & Equipment Grant Program:** The Technology and Equipment (TE) grant program assists members in purchasing technology and equipment to connect to the Kan-ed network and/or the commercial Internet. This program enables members to facilitate videoconferencing and distance learning, including the provision of professional development, expanded curriculum, and participation in virtual meetings. **Without the requested appropriation, Kansas schools, hospitals and libraries will be unable to take advantage of advances in technology.** The impact is summarized in the quotes below.

*"Without this funding source we would have never been able to secure the funds to provide the hospitals in the network with this type of equipment. KAN-ED is a key element in keeping rural Kansas connected with the services needed by its people. The quality of life in these rural towns would be diminished without the KAN-ED [program] - plain and simple."*  
(Hospital member)

*"Instructors can access class material from a variety of sources such as streaming video forums, lectures, workshops and one-on-one meetings. For example, local high school sports instructors participated in a broadcast from Topeka to eliminate the 5+ hours of driving time. Colby Community College outreach classes have also been transmitted via the Polycom equipment...The Polycom equipment is a critical component for outreach class delivery for our Associate Degree program."* (Higher Education member)

*"This enhancement made an immediate and direct impact of those who we serve by allowing us to provide services and training opportunities that in the past we had very limited capability of providing. Our system members can now attend training sessions and state library related meetings without traveling great distances through the use of video-conferencing."* (Library member)

**Recommendation:** The Kansas Board of Regents (Kan-ed) requests a \$2,000,000 appropriation for FY07 in order to provide for the continuation of these programs in tact. Hospitals, libraries, higher education institutions and K-12 public and private schools rely on these programs. Alternate funding outside the Kan-ed program will reduce efficiency and increase state expenditures. No funding will result in a declining level of services available to Kansans. The playing field of opportunity for all Kansas communities is becoming level. Don't reverse the process now.



Thomas L. Bell  
President

To: Senate Committee on Ways and Means  
From: Tom Bell, President  
Date: April 10, 2006  
Re: Kan-ed Network and Hospitals

We appreciate the opportunity to provide comments in support of the programs that Kan-ed has funded for hospital members. We are representing more than 100 hospitals currently participating in Kan-ed and the patients and communities they serve.

**Kan-ed is a cost effective use of technology for hospitals and the patients and communities they serve. We urge you to authorize Kan-ed's request for \$2 million from the State General Fund for FY07. A large part of Kan-ed's continued success will lie in its ability to receive adequate and stable funding. Many of the critical services related to hospitals are only successful if there is long-term usage. We are very concerned about any disruption to those services which may be caused by a lack of adequate funding.**

Hospitals of all sizes have effectively utilized many benefits from their participation in Kan-ed including:

- Financial and technical assistance in acquisition of broadband services which allows for increased employee and patient education;
- Grants to hospitals for upgrading video conferencing equipment to allow operation on the Kan-ed network which allows hospital employees to participate in education and other meetings without leaving the hospital;
- Educational and reference resources for hospital employees;
- Grants to hospital members to develop continuing education programs that will be provided over the Kan-ed network;
- Opportunities for collaboration among Kan-ed constituents which allows hospitals to share best practices with others; and
- Access to a state-wide hospital emergency communication system.

There are a few programs that we would like to highlight in more detail below.

**EMSystem®**

The benefits provided to hospitals from the funding provided to support the state-wide license to EMSystem have been tremendous. EMSystem is a trauma diversion and resource tracking system that

has been used in Kansas to address trauma care, emergency preparedness, and state-wide communication. Hospitals can view in real-time information on hospital emergency department status, hospital patient capacity, availability of staffed beds, and specialized treatment capabilities. Currently there are 120 hospitals updating their emergency department capacity on a daily basis. Of those 120 hospitals, 23 hospitals provide daily status updates on their psychiatric bed availability. In addition, we have six regional/statewide dispatch centers/communication centers and six flight transportation services that update their status on a daily basis.

EMSystem has provided many benefits to hospitals. In fact, EMSystem played a very pivotal role in disseminating information related to Hurricane Katrina and Rita. Both the Kansas Department of Health and Environment and the Kansas Division of Emergency Management had access to EMSystem in their Emergency Operations Centers. The Kansas Division of Emergency Management asked hospitals to enter information regarding their bed capacity on EMSystem during the aftermath of both Hurricane Rita and Katrina to help aid in the possible influx of evacuees to the state. Moreover, the U.S. Department of Health and Human Services and the Centers for Disease Control requested all states/jurisdictions using EMSystem to poll hospitals on resource availability and surveillance data. Kansas Hospitals were second to the state of Texas in providing the Department of Health and Human Services daily updated status information related to Hurricane Katrina and Rita. Continued funding for this program is critical to assuring that efficient trauma care, emergency preparedness and state-wide communication is available for all hospitals.

### Telemedicine

The rural nature of our state coupled with the anticipated health care workforce shortages in future years make expanding telemedicine programs in Kansas imperative. Telemedicine allows patients in rural communities to access specialized physicians without time consuming and costly travel. Kan-ed has jump started expansion of telemedicine by enabling a significant number of hospitals to take advantage of the benefits provided by using video conferencing equipment. Through a special program this year, Kan-ed has provided funds to hospitals wanting to connect to the Kan-ed network. For each hospital a router and funds to help pay for their last mile connection to the network is provided. The hospital is responsible for purchasing the video conferencing equipment.

We currently have 28 hospitals connected and 45 in various stages of connecting. For many of the hospitals participating in this program, the start-up funds provided by Kan-ed enabled them to do something they would not have been able to afford to do. These connections can be used for a variety of things including telemedicine, education of hospital employees and reducing travel time to participate in meetings. KHA has also been connected to the network and have been testing the equipment with hospitals across the state. We are just beginning to learn all the benefits that these connections can provide and I am confident by this time next year, we will have many stories to share with you regarding the difference this program has made.

While we are just beginning to see the tangible benefits from the "network", we are very concerned about what would happen if funding for the technical backbone of the network were to be significantly cut or worse eliminated. The results of these cuts would have immediate impacts on hospitals.

- *Increased line charges*  
We have seen first hand the significant impact that Kan-ed has had on reducing line usage charges for rural parts of the state. It is highly likely that without the forced competition provided by Kan-ed, these charges would go up.
- *Decreased security*  
Kan-ed provides hospitals with a secure, private network for the transmission of telemedicine activities. Protecting the privacy of a patient is paramount. If forced to look to the commercial



Internet for transmission of these activities, hospitals would be operating in a less secure environment.

- *Decreased reliability/quality of service*  
The reliability and quality of service provided by the robust Kan-ed network is superior to the commercial Internet. In emergency situations hospitals can not afford to find their bandwidth has been decreased or even worse, is out of service.
- *Decreased access to all hospitals*  
By having all hospitals use the Kan-ed network for telemedicine activities, they are provided the ability to "talk" to any other hospital on the network. If the network were to be eliminated, hospitals would have to develop their own private networks or use dedicated lines to hospitals which would significantly reduce the collaborative opportunities available now. It would be far too expensive for hospitals to build a state-wide network like the one currently provided by Kan-ed.

#### Health Information Technology/Electronic Health Records

The Kan-ed network backbone is important not just for what it has already provided to Kansas hospitals, but equally important for the potential that exists for future services. The Medicare Modernization Act, the Governor's Healthy Kansas Initiative, the Leapfrog Initiative and many others have all focused on increased use of technology as a key factor to decreasing health care costs and increasing the quality and safety of the health care delivery system.

We are currently at the brink of several comprehensive health information technology initiatives. For example last year, President Bush set a goal for most Americans to have interoperable electronic health records within 10 years. Hospitals along with others have begun to work on making this a reality in Kansas. Kan-ed has been an active participant in those discussions and can provide the private network needed to make this endeavor successful. Having Kansas hospitals connected to a statewide network that allows communication and data transfer to be easy, reliable and secure will make implementation of these kinds of programs easier and more effective. We believe Kan-ed can be that network for hospitals and for that reason are very concerned about potential cuts to the technical backbone of Kan-ed.

#### Request

As demonstrated above, Kan-ed is a cost effective use of technology for hospitals and the patients and communities they serve. We urge you to authorize Kan-ed's request for \$2 million from the State General Fund for FY07.

Thank you for consideration of our comments. Please feel free to contact us if you need any additional information.



# KANSAS

State Library of Kansas  
150 Years of Outstanding Service

Kathleen Sebelius, Governor  
Christie P. Brandau, State Librarian

April 10, 2006

Dear Legislators,

As a representative of the State Library of Kansas, I support the Kan-ed request for funding and urge passage of their request.

The Kan-ed funding for online databases has enabled school, public and academic libraries to provide Kansas students and residents with high quality reference and research information.

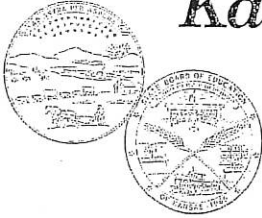
At a recent library conference in Wichita, a school librarian from western Kansas told me that without the Kan-ed funded resources, her students would not have access to quality and up-to-date reference information. She said that the databases are "essential to the education our kids receive." A medical librarian at that same conference described how nurses in training are able to access the educational information they need by using the databases remotely from their homes. And public librarians all over the state say that genealogists in every community have come to rely on the genealogy database provided through this funding.

Funding these educational and research databases has touched Kansans in all walks of life and enriched their education and their lives. Please support the funding request of Kan-ed.

Sincerely,



Christie P. Brandau  
State Librarian



# Kansas State Board of Education

Kansas State Education Building

(785) 296-3203

120 S.E. 10th Ave.

FAX (785) 291-3791

Topeka, Kansas 66612-1182

www.ksde.org

Dr. Steve E. Abrams

Home phone: (620) 442-7960

6964 252nd Road

Fax: (620) 442-8803

Arkansas City, KS 67005

sabrams@hit.net

April 5, 2006

Dear Legislator,

As you are aware, the Kansas Board of Regents has requested \$2 million appropriation from the State General Fund (SGF) for FY 2007 for Kan-Ed. These funds will be used to continue to provide services to hospitals, libraries, K-12 and post secondary institutions.

Speaking from a K-12 perspective, and as Chair of the Kansas State Board of Education, this is a critical time for schools. Because of the rapid changes in society and the work place, the demands for higher achievement are constantly growing. The world is changing and our schools must also. A major force driving the changes in the world is the ubiquitous presence of technology. The use of technology is no longer an option. Every aspect of our lives is impacted by new and constantly emerging technologies.

Schools are not immune to these pressures. We must leverage technology to increase the learning opportunities for kids across Kansas. Kan-ed has been a leader in helping schools advance technologically. Additionally, Kan-ed is helping us get better at what we currently do while also leading the way in showing us new possibilities and solutions.

A goal established by the KSBE in February 2005 was the redesign of schools. We know that the redesign of schools and the delivery of learning services is at least partially dependent on using technology in new and unique ways. Kan-ed has become a driving force for the use of technology in that redesign. If Kan-ed is forced to reduce products and services, it will undoubtedly have an adverse effect on our efforts to redesign schools and in turn, slow down increases in student achievement. And we believe this is true for all Kansas schools, not just the small rural schools.

I sincerely hope that the legislature sees fit to continue funding of Kan-ed at current levels. It is absolutely essential that we continue to advance technologically in K-12 institutions if we hope to improve the education levels of our kids, and to meet the expectations of their parents, the legislature and the citizens of this state.

Sincerely,

Steve E. Abrams,  
Chairman, Kansas State Board of Education

KANSAS  
ASSOCIATION



OF  
SCHOOL  
BOARDS

1420 SW Arrowhead Road • Topeka, Kansas 66604-4024  
785-273-3600

TO: House Appropriations Committee Members  
Senate Ways and Means Committee Members  
FROM: Jim Edwards  
Governmental Relations Specialist, KASB Advocacy Department

KASB adds its support to Kan-ed's request to the Governor's Office for a Governor's Budget Amendment of \$2 million.

KASB has been supportive of Kan-ed since its inception. We viewed it as a means of providing students and teachers access to education's most comprehensive suite of instructional programs, software content, and professional development programs. In addition, we saw it as a means to provide access to thousands of citations and many full-text articles in scholarly journals, business and trade journals, and other news sources. And last, but certainly not least, we knew that it would help in providing the technological infrastructure to assist in the education of children that suffer from a chronic illness.

Mentioned above are highlights of what Kan-ed has done for K-12 education in Kansas. However, Kan-ed has done so much more for the state. Whether it be providing collaborative capabilities of Kansas' higher education institutions, libraries or hospitals through providing a statewide private network, Kan-ed has built a strong foundation for the future.

If this appropriation is not made, Kansas school districts will have to do without or fund the resource at the local level. Either one of these options will impact teachers and students. Also, districts will have to invest millions to have what is currently provided through the cumulative state-wide investment that Kan-ed makes at a substantially reduced rate. Kan-ed provides Kansas school districts and taxpayers a savings of over \$6 million in aggregated purchasing.

We urge your approval of this request.

# South Central KS Distance Learning Network

301 West 4<sup>th</sup>  
Voice: 782-3011  
Web Site: [www.sckesc.org](http://www.sckesc.org)  
Ann Lundy, Director

Udall, Kansas 67146  
E-mail: [scken@wheatstate.com](mailto:scken@wheatstate.com)  
Dr. Julie Dolley, Chairperson

Dear Kansas Legislator,

Speaking on behalf of the South Central Kansas Distance Learning Network, Kan-Ed made IDL affordable. I work with six Telco's servicing communities within our consortium; AT&T, Sprint, KanOkla, Wheatstate, Haviland, and Southern KS Telephone. In 1991, the five USD's and Cowley County Community College, located in Arkansas City connected through SBC and shared a common billing. The need to upgrade from analog to H.323 required each school negotiate directly with their own Telco. Non-SBC sites faced second loop charges; the first from their local Telco, the second charge to connect to the existing KAN-Win backbone by way of SBC. The charges were cost prohibitive; KAN-ED stepped up and subsidized these districts their second loop charges. This was the beginning of a strong KAN-ED relationship in the South Central IDL Network; connectivity at that time was our main focus; from the original five USD's, the network has grown to fourteen.

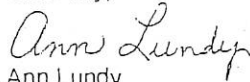
A second important role is the availability of the Network Operations Center (NOC) located in Lawrence; they provide both human and technical support to the network. The MCU located on their premise bridges connectivity with other H.323 networks, and those supporting ISDN connections. Students in the network connect for special programs with providers within the state, and with providers such as the Mote Marine Laboratory in Florida to learn why coral reefs are important; the Lake County Solid Waste Management District in Indiana to learn about environmental careers, and with NASA to interact with experts in the field of space.

Teachers are excited as they explore the Kan-Ed Portal; access to the formative test builder was critical, during the time the state department formative test was not accessible; another feature providing valuable information and insight is the P.E.T. Learning Style Solution. Backpack provides access for students from their school computer to their home computers; the resources are too numerous to comment on each one.

Marratech, desktop video-conferencing running over the Kan-Ed backbone is finding uses in the IDL classroom. The KAIDE conference, again funded through Kan-Ed will feature a session on integrating the white board component from Marratech into the IDL classroom. Providing additional interactivity amongst student in different sites; closing the gap on distance learning.

Kan-Ed provides the statewide backbone for connecting schools across the state providing classes required for the Kansas Regent Curriculum. Students earn college credit at the same time as they earn high school credit; community colleges and universities recognize the need to support IDL in Kansas. Community patrons participate in lifetime learning opportunities through the local county extension offices; police departments receive home land security updates from K-State through the IDL networks. Teachers remain in their home districts, and receive professional development opportunities at the end of the regular school day through IDL; eliminating travel and substitute pay for districts.

Sincerely,



Ann Lundy

Director South Central KS IDL Network

# Interactive Consortium Academic Network



Cynthia Beisner, I-CAN Director

802 Baum

P.O. Box 156

Natoma, KS 67651-0156

785-885-4860

(Fax) 785-885-4846

e-mail: [ican@ruraltel.net](mailto:ican@ruraltel.net)

web address: <http://www.ican-ks.org>

April 5, 2006

Dear Senate Ways & Means Committee Members:

Kan-ed has significantly helped our school districts within the I-CAN Consortium with the Empowered Desktop applications and by creating the backbone for the expansion of sending and receiving classes from outside our network. As everyone knows, school finances are extremely tight and with Kan-ed providing access and applications on the Empowered Desktop for teachers and students to use, schools are extremely grateful.

There are schools within our consortium that use several of the applications on the Empowered Desktop daily and are as they say "hooked on it". Some of the districts have students using different applications for on-line resources for term papers as well as the educational backpack. Grade school students are even using the applications. The Formative Test Builder is one application that most schools are using now. At the first of the year many of the schools were not using the Empowered Desktop due to not knowing how to use the applications, but with several trainings this year, most of them are now using it and would not know what to do without it.

In regards to Kan-ed having fees for services, the question of additional fees associated with connecting to the backbone has resulted in a negative response from the I-CAN member schools. In original correspondence in 2002, it stated that there would be no direct user fees to participate in Kan-ed. There would be fees for training and special services, but those would be discretionary expenses made by the local school districts. To start charging user fees now might have a negative impact, due to school finances being extremely tight.

Currently we are sending nine classes over the backbone, involving 39 students outside of our consortium. We are receiving three classes over the backbone involving 21 students from I-CAN. Within our own network we have a total enrollment of 212 students using IDL throughout the course of a day and 24 enrolled in night classes. The school districts are starting to use enrichment programs which are going over the backbone which they have never done before. We are developing our class schedule for next fall and are looking at receiving 9 classes from other KAIDE networks and sending 8 or more classes to other schools outside our network using the Kan-ed backbone. The backbone has significantly increased our ability to send and receive classes that otherwise our schools and others would not have been able to receive.

I-CAN consists of ten school districts, USD 238 West Smith County/Kensington, USD 269 Palco, USD 281 Hill City, USD 292 Wheatland/Grainfield, USD 293 Quinter, USD 324 Eastern Heights/Agra, USD 325 Phillipsburg, USD 326 Logan, USD 392 Osborne and USD 399 Paradise/Natoma.

Sincerely,

Cynthia L. Beisner  
I-CAN Director, KAIDE Member

USD 238 Kensington  
USD 269 Palco  
USD 292 Wheatland

USD 293 Quinter  
USD 281 Hill City  
USD 324 Agra

USD 325 Phillipsburg  
USD 326 Logan  
USD 392 Osborne  
USD 399 Natoma



## Technology Excellence in Education Network - TEEN

Interlocal #632  
812 East A Street  
Hillsboro, KS 67063

Chris Moddelmog  
Executive Director

Phone: (620) 947-3184  
Fax: (620) 947-3263

Centre USD #397 \* Herington USD #487 \* Hillsboro USD #410 \* Marion USD #408 \* Peabody USD #398

Kansas Legislator  
State Capitol Building  
10<sup>th</sup> and Jackson  
Topeka, KS 66612

April 5, 2006

Dear Kansas Legislator:

The purpose of this letter is to provide several brief examples of how being a member of Kan-ed has impacted the Technology Excellence in Education Network (T.E.E.N.).

T.E.E.N. is an educational technology consortium made up of five school districts in Marion and Dickinson Counties. Since 1993, it has offered distance learning opportunities for its member schools, and it joined the Kan-ed network in 2004.

The high-quality, high-speed, Kan-ed network allows our Interactive Distance Learning (IDL) network to connect with other IDL networks around the state. For the last two years, T.E.E.N. teachers have offered high school courses to students in Wellington and Ulysses even though these schools are not members of our network. Without the Kan-ed network this would not have been possible, and students in other districts would not have been able to take these classes.

The second way that Kan-ed has affected students is by supplying funding for technological equipment. Kan-ed grant funds have purchased equipment that is used to conduct interactive learning projects for students from elementary grades to high school in all thirteen member schools. In the past few months, T.E.E.N. students have interacted with a Holocaust survivor, a volcanologist from the Pacific Northwest, and numerous other participants from institutions within Kansas. Next month, high school history students studying the Civil Rights Movement will connect with the Rosa Parks Museum in Montgomery, Alabama. Each of these unique events has an impact on students by providing them with learning experiences they would never receive using traditional educational methods. However, without technology and Kan-ed none of these opportunities would have occurred.

Finally, Kan-ed impacts teachers and students in more subtle ways by improving instruction. Last fall, T.E.E.N. members participated in a training session hosted by the Kansas Association for Interactive Distance Education (KAIDE) and funded by a Kan-ed grant. Through this opportunity, teachers learned new instructional strategies, acquired knowledge of available resources, and shared teaching ideas used in various classes. Participants remarked that the session was different than other professional development activities, that it was very beneficial, and that it would influence their teaching in a positive way.

I strongly encourage you to continue to support and fund Kan-ed as it carries out its mission of expanding the collaboration capabilities of member institutions.

Sincerely,  
*Chris Moddelmog*  
Chris Moddelmog



ROBERT M. DAY, Ph.D, Director

K A N S A S

KATHLEEN SEBELIUS, GOVERNOR

DIVISION OF HEALTH POLICY AND FINANCE

April 14, 2006

Legislative Committee Member  
Kansas Statehouse  
Topeka, KS 66612


Dear Honorable Committee Member:

I write today to provide you with program information pertinent to your return to the Statehouse next week.

Attached is an informational document corresponding to requests for information made by the Senate Ways and Means, House Appropriations, and House Social Services Budget Committees. It is intended to facilitate in the review of programs outlined for further budget consideration during Omnibus.

I believe the information is sufficient, but please feel free to contact Luke Thompson at 296-7762 prior to the hearing with further questions. Thank you.

Sincerely,

  
Robert Day, PhD  
Division of Health Policy and Finance, Director  
Kansas Health Policy Authority, Interim Director

Enclosure (1)

CC: Senate Ways and Means Committee  
House Appropriations Committee  
House Social Services Budget Committee  
Kansas Legislative Research Department

Landon State Office Building, 900 SW Jackson, Room 900-N, Topeka, KS 66612.

Phone 785-296-3512 Fax 785-296-3468

*Senate Ways and Means  
April 19, 20, 21, 2006  
Attachment 24*





**Kansas Division of Health Policy and Finance  
Robert M. Day, Director**

**Omnibus Budget Review Information**

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**1. The Budget Committee recognizes the importance of supporting health insurance for small business employees, but feels more information about the Business Health Policy Committee pilot project is necessary before it can approve funding.**

**Business Health Partnership Rationale**

The majority of the uninsured live in households where at least one person is employed. The working uninsured are overwhelmingly employed by small businesses of 2 to 50 employees at low-wage jobs with compensation under 200% FPL. Research indicates that in order to assist people in getting employer based insurance in these markets it is necessary to provide an incentive to both the employee to take the insurance that is offered, and also to the employer to offer the insurance. This program will take advantage of both an existing tax credit that passed last year that was designed to encourage small businesses to offer health insurance, and a sliding scale subsidy to encourage employees to take-up the insurance that is offered. The program is limited to small businesses employing 2 to 25 where the bulk of the uninsured currently exist. It will serve those businesses and their employees if they are under 200% FPL and have not had insurance offerings in the last two years.

Sedgwick County was picked as the pilot site in order to assess the impact and viability of this product. The program that is being offered was approved unanimously by all Committee members, four of whom are Legislators.

The plan design and offering was developed with the cooperation of Mercer Consulting. Employees will enroll and then undergo a process to determine if they are eligible for the subsidy. The Department of Revenue will help to assess whether they are eligible for the tax credit, and the premium will likely be paid by the Authority. It is also likely that the premium will be collected by the Authority.

The plan is designed with a \$500 deductible and co-payments that encourage appropriate utilization. In addition, the plan is designed to provide first dollar coverage for preventative care.

The bidding to offer the plan closes on April 28th. There are currently two bidders likely to participate. The date of implementation of the new plan will be part of negotiations with the bidders or winning bidder. It is likely, the winner will be pricing a plan that they already offer, rather than creating a new plan.

**2. The Budget Committee notes with concern that this program expands eligibility for both Medicaid and SCHIP that may not be sustainable if another economic downturn occurs. In addition, federal matching dollars for SCHIP are limited and Kansas already uses all of its SCHIP, as well as SCHIP dollars unused by other states that are redistributed periodically by the federal government. If the Kansas SCHIP program exceeds the federal funds available, the additional cost must be paid from state dollars. Given the cut-backs that became necessary in Missouri and Tennessee when program expansion became unsustainable, the Budget Committee recommends review of this item during Omnibus when more detailed cost estimates will be available from the agency.**

### Healthy Kansas First Five:

#### Why First Five?

Healthy Kansas First Five is part of the Governor's strategy to address the health insurance needs of low income, working families.

- The emphasis on pregnant women, infants, and young children stems from the documented need to provide a healthy start in life through prenatal care and early detection and screening. First Five is a measured approach to expanding health insurance coverage to Kansans that need it most.
- The Governor's First Five proposal is designed to protect children that have traditionally had access to affordable private health insurance coverage. In the past few years, private health insurance coverage has been in decline across the country. Fewer employers are offering insurance, and the rapid rise of health insurance premiums has led an increasing number of families to reject job-based insurance even when they have access to it.

### Omnibus Budget Review Information

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In the midst of this decline in private coverage, the Medicaid and SCHIP programs have been widely credited with protecting children from the ranks of the uninsured. Nevertheless, the job is not complete.

- We estimate that approximately 15,000 Kansas children five years old and younger are uninsured. Of these, 10,000 live in families with incomes under 200 percent of the federal poverty level (FPL) and would otherwise be eligible for HealthWave. DHPF estimates that the Governor's initiative would provide coverage to approximately one-quarter of uninsured children age 0-5 in the first full year of operation.

The Governor has recommended two initiatives to help provide health insurance coverage for these children: presumptive eligibility and a coverage expansion designed to ensure that every child age zero to five has access to affordable health insurance.

#### Coverage expansion and buy-in

The Governor recommended \$3.5 million from the State General Fund to provide access to affordable health insurance for all Kansas children from birth through age five.

- This initiative would raise the Medicaid eligibility level for pregnant mothers and infants from the current level of 150 percent to 185 percent of the federal Poverty Level (FPL) and increase the SCHIP eligibility level for children one year to five years of age to 235 percent of FPL.
- Families with children above 235 percent of poverty who do not have access to any employer based insurance and who have been without insurance for six months will be allowed to buy into the HealthWave benefit package through a premium based on household income. Above 300% of poverty, families would pay the full actuarial cost to enroll their children in HealthWave.
- DHPF estimates that approximately 2,000 children will participate in this new program in FY 2007.

*Impact on private coverage.* At higher income levels, families often have access to private insurance. First Five will incorporate two mechanisms to prevent the crowd out of private insurance:

- families would have to provide evidence that the children do not have access to employer based health insurance; and
- to enroll, children must have been uninsured for at least six months prior to becoming eligible for the HealthWave buy in.

*Impact on federal SCHIP funding.* The First Five initiative would have only a modest impact on federal SCHIP funding in Kansas.

- Based on current policy and spending the state faces a shortfall of about 10 percent of the total SCHIP federal spending in federal fiscal year 2007. DHPF estimates that the First Five coverage expansion would result in only a 2.6 percent increase in SCHIP spending.
- The more important question is whether Congress will continue to fully fund state SCHIP programs as it has to date (FY 2006). Kansas finds itself among a number of politically powerful states – representing

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a majority of SCHIP enrollment nationally -- with uncertainty about the sufficiency of federal SCHIP funding in FFY 2007 and beyond.

- In federal fiscal year (FFY) 2004, Kansas joined 35 other states in outspending their federal SCHIP allotment for the year; even in FFY 2004 some states spent double or even triple their allotment. Some of the largest and most influential states are faced with the largest SCHIP funding shortfalls, including New York, New Jersey, and Florida.
- Despite these shortfalls, states have been able to fully fund their programs by using (i) federal funds left over from SCHIP's first years when the program had not yet matured and (ii) supplemental appropriations such as the \$283 million included in the Deficit Reduction Act of 2006.
- If Congress follows precedent, they are likely to make additional funds available to states in FY 2007, although there is no way to predict how much will be made available. Beyond FFY 2007 the uncertainty grows: the SCHIP program was only authorized for ten years, through FFY 2007, so there are no SCHIP allotments on the books going forward.
- It is highly unlikely that Congress would fail to fund SCHIP at all given the immediate impact on the 4 million children that the program covers. However, any prediction of the nature of federal funding going beyond FFY 2007 is speculative.

*Possible funding shortfalls.* Should Kansas face either federal funding shortfalls or the need to pare back state spending, it has two powerful mechanisms to curtail costs associated with the First Five initiative:

- Adjust benefits or family contributions to increase personal responsibility. Co-payments and family premiums in Kansas' existing SCHIP program are very modest in comparison with prevailing levels in the private insurance market and could be raised under current law or with flexibility typically available under a federal waiver. The Governor's First Five initiative includes more significant premiums for children above 235 percent of the poverty level. Should program funding become an issue, the state could increase contributions for the SCHIP population, which would serve as both a source of additional revenue and increase deterrent to enrollment; and/or
- Replace limited federal SCHIP funds with open-ended federal Medicaid funds. Through its matching payments the federal government funds 72 percent of state SCHIP expenditures, compared to a 60 percent share for Medicaid expenditures. The cost to the state for folding (all or a portion of) the SCHIP program back into Medicaid is an increase in the state's contribution from 28 percent of the full cost to 40 percent of the full cost -- a difference of just 12 percent of total SCHIP program costs. Converting the entire SCHIP program would cost only a few million dollars -- the worst-case scenario should federal SCHIP funding end altogether. More likely, the state might need to take a middle road, using all available SCHIP funding at the higher match rate and filling in with Medicaid funds to ensure that the state does not have to turn away uninsured children.

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3. The Budget Committee expresses concern regarding the burden the presumptive eligibility program will put on providers, who will have to implement the screening process after training from the agency, with no additional reimbursement. The Budget Committee asks that the agency report back during Omnibus with the number of other states that are using presumptive eligibility and whether or not providers are being reimbursed.

#### Presumptive Eligibility:

##### Number of States/Payment

There are 12 states with provisions that allow for presumptive eligibility determinations for Medicaid and/or SCHIP. Designated entities are not reimbursed for completing a screening tool in other states.

By Federal regulation, certain entities may be selected by States as designated entities to perform presumptive eligibility determinations. Entities so designated voluntarily participate, complete training, and are the only entities authorized by the single state Medicaid agency to complete presumptive eligibility determinations.

By Federal law, designated entities are not allowed to conduct formal eligibility determinations for Medicaid. Rather, they complete a brief screening tool comparing household size, income and age of children to determine presumptively if the child is likely to meet the criteria for Medicaid or SCHIP eligibility. The electronic tool developed by Kansas calculates income and household numbers automatically for the providers to determine presumptive eligibility. Designated entities selected in Kansas are Medicaid providing hospitals and safety net clinics. The Division of Health Policy and Finance staff will provide training sessions approximately 3 hours in length to designated entities at negotiated times and locations. After training, designated entities complete the screening tool which determines uninsured children presumptively eligible. Then, they may seek reimbursement by billing Medicaid for any services the presumptively eligible child receives. Payment for services is provided even if the child is later determined ineligible, or fails to complete the formal application process.

##### Annual PE Determination

Families may request presumptive eligibility determination for one or all children in the family. Each child may only be determined presumptively eligible once during a twelve month time period. If a family with two children has one child that is screened by the designated entity, that child's sibling may be screened then also, or at a later date, pursuant to the family's wishes.

##### Provider Perception

This initiative was discussed with the Kansas Hospital Association and the Kansas Association for the Medically Underserved. The proposed project was well received during the discussion. The two Associations responded favorably to using the process as an outreach tool to enroll children who already qualify for Medicaid or SCHIP. Both Associations cited the potential to reduce the burden of unreimbursed care at member facilities for children who are otherwise Medicaid eligible, but remain unenrolled.

### **Omnibus Budget Review Information**

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4. The Budget Committee recommended a reduction in FY 2006 and FY 2007 funding for Enhanced Care Management pending Omnibus consideration of the item to give it an opportunity to review actual expenditures in FY 2006.

### Enhanced Care Management:

#### Program Background

Enhanced Care Management is a pilot project designed to improve health outcomes and investigate the potential for program savings by addressing Medicaid utilization by chronically ill patients. The project has a 5-year term and is estimated to cost \$2 million per year. Participants for this project are identified through the primary care case management program, Health Connect. Data for the participants including claims, demographic information, and diagnostic information is processed through modeling software to provide a risk score reflecting a person's likelihood to have high health care resource needs in the future.

The goals of this project are to improve health outcomes by managing health benefit utilization through education, access to community services, and balanced advocacy.

The organization contracted to administer this project is Central Plains Regional Health Care Foundation. Central Plains is an extension of the not-for-profit Sedgwick County Medical Society. Central Plains has provided services to the uninsured population over the last six years using appropriate utilization management strategies. Central Plains has demonstrated the ability to build and maintain relationships within the professional community and its service population.

Enhanced Care Management was implemented in Sedgwick County and service delivery began March 1, 2006. The implementation in a single county allows for the opportunity to evaluate the project against a reference population to measure its impact over time.

External evaluation of this project has been contracted to Trajectory HealthCare LLC. Project evaluation will be conducted throughout the term of the project to ensure that opportunities to adjust the design are recognized early and implemented quickly.

#### Budget Recommendations

The Final Report presented to the 2003 Legislature by the President's Task Force on Medicaid Reform was the primary driver behind the creation of the Enhanced Care Management project. The Task Force developed strategies to achieve optimal benefit for the health of chronically ill Kansans, and to reduce the costs of these Kansans' overutilization of high cost services such as Emergency Room Care. Target Care management was the methodology determined most appropriate. The Task Force recommended investment for the purposes of "learning from mistakes" and ultimately expanding the program. The premise was stated that care management is a long-term commitment for which the Legislature must be a "trustworthy partner."

In 2004, SRS reported to the Senate Federal and State Affairs Committee on plans in accordance with recommendations of the Task Force for the pilot care management program. At that time the chronic illnesses of focus were outlined, and Sedgwick County had been identified as a county capable of providing the

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alized services. At no time did the Legislature communicate a response.

The reduction in the FY 2006 approved budget was \$1,066,667 SGF and \$500,000 SGF in FY 2007. However, this program is federally matchable given that it provides services to Medicaid beneficiaries. Therefore, the reduction in funding is substantially greater than the amount that has been reported.

[All Figures below are in terms of SGF unless marked otherwise]

#### **FY 2006**

- The FY 2006 approved budget included \$792,806 SGF.
- The approved supplemental budget for FY 2006 reduced the amount by \$1,066,667 SGF, leaving a net appropriation of \$ -273,861 SGF.
- DHPF's revised projection of actual expenditures for FY 2006 is \$443,200 SGF since the project started in April. Money was spent in November for startup costs, and two monthly payments have already been made.
- The FY 2006 shortfall is \$717,061 SGF.
- \$717,061 SGF needs to be restored, so that it can be federally matched, and we can continue to meet our contractual obligations.

#### **FY 2007**

- The FY 2007 Governor's Budget included \$800,000 SGF, but that was reduced by \$500,000 SGF leaving \$300,000 SGF.
- The estimated impact of the FY 2007 budget reduction would be to reduce the number of participants by more than half.

#### **Overview**

- The pilot project is designed to serve 500 Kansans each month, a number deemed sufficient to validate the program's impact on health outcomes and costs.
- Given the minimum resource requirements to provide enhanced care management services to each participant, the reduction in funding in FY 2006 and FY 2007 will reduce the number of Kansans served by the program.
- This reduction would limit the value of the pilot project in identifying the impact of this innovative service on health outcomes and costs.

**5. A proviso was added by the Committee in FY 2007 requiring the state employees' health benefits plan for prescription drugs to allow beneficiaries to purchase prescriptions from local pharmacies at the same or a lesser price than the mail-order pharmacy used by the state for the maximum number of days allowed by the provider they have selected.**

#### **Proviso – Prescription Drug Rates:**

The House Social Services Budget Committee has attached a proviso to the Kansas Health Policy Authority (KHPA) budget for Fiscal Year 2007 which requires specific changes in the pharmacy component of the state employees' health benefits plan. We are concerned that this proviso:

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imposes on the longstanding independence of the State Employees' Health Care Commission.

- increases the cost of health benefits for employees and the state.

We discern in the language of the proviso one distinct mandate. Beneficiary prices for mail-order pharmacies be no lower than retail pharmacy prices despite the mail-order cost advantage.

The proviso would dictate specific changes in the design, cost, and financial structure of the state employees' health benefits plan, all of which have historically been determined by the State Employees' Health Care Commission. While the legislature has stipulated from time to time that certain health benefits be included or excluded from the plan, there has been no interference with the Commission's decisions regarding premiums, plan design, cost-sharing, or provider reimbursement. The Commission regularly meets and has statutory responsibility for all aspects of health plan design. This is a five-member Commission made up of the Secretary of Administration, the Commissioner of Insurance, and three members serving at the pleasure of the Governor. These three members are one current state employee in classified service, a retired person from a position in classified service, and one member of the public who cannot be a state officer or employee.

The existing plan provides a price advantage to beneficiaries that fill prescriptions using a mail-order pharmacy. The mail order pharmacy is able to provide prescription drugs at a lower cost, because of the savings associated with their distribution and shipping costs. The proviso is expected to increase beneficiary and state costs for prescription drug benefits by diverting business away from low-cost mail-order refills to local pharmacies.

#### Current Plan Details

The State Employee Health Plan offers prescription drug coverage through a contracted Pharmacy Benefit Manager (PBM). The PBM maintains a network of local retail pharmacies and a mail-order pharmacy. Pharmacy reimbursement rates are contracted through the PBM and differ for retail and mail-order. Reimbursement rates are dependent upon a given drug's average wholesale price (AWP), and include a dispensing fee for retail prescriptions. Covered employees pay a coinsurance for prescriptions that is a percentage of the allowed amount. There are three tiers for employee coinsurance: 20 percent for generics, 35 percent for preferred brand name drugs, and 60 percent for non-preferred brand name drugs.

Currently the **retail** pharmacy reimbursement rate is:

$$\text{AWP} - 15\% + \$1.85 \text{ dispensing fee} = \text{Ex. } \$100 - \$15.00 + \$1.85 = \$86.85$$

\*The employee pays a percentage (20%, 35%, or 60%) of \$86.85.

Currently the **mail-order** pharmacy reimbursement rate is:

$$\text{AWP} - 22.5\% + \text{no dispensing fee} = \text{Ex. } \$100 - \$22.50 = \$77.50$$

\*The employee pays a percentage (20%, 35%, or 60%) of \$77.50.

The proviso requires the Health Care Commission to equalize reimbursement rates for retail and mail-order pharmacy for plan year (calendar year) 2007. The current mail-order rate of AWP less 22.5 percent and no dispensing fee is below the average pharmacies' cost for prescription drugs, which is estimated to be AWP less 18 percent. Lowering the retail rate to the mail-order rate could disrupt the pharmacy network and result in reduced access for members. Therefore, the most likely consequence of this proviso is to increase the mail-

#### Omnibus Budget Review Information

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reimbursement rate to the same level as retail; currently AWP less 15 percent plus a \$1.85 dispensing fee. The proviso results in higher reimbursement to the state's PBM not community pharmacies. e.

## **6. PRESUMPTIVE MEDICAID DISABILITY:**

**The Budget Committee is concerned there is no process in place to address people who may not qualify for presumptive disability, but may ultimately qualify as disabled under SSA requirements. The Budget Committee recommends the Division of Health Policy and Finance (DHPF), the Health Policy Authority (HPA), and the Department of Social and Rehabilitation Services work together to address this issue and report to the Committee during Omnibus.**

In order for a person to receive Social Security Administration (SSA) disability benefits, comprehensive medical evidence must be provided to validate that the person is incapable of "substantial gainful activity by reason of any medically determinable physical or mental impairment(s) which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months."<sup>1</sup> If a person is denied benefits, they do have the right to appeal. Re-evaluations may also be considered if the person's condition worsens or they develop a new condition that warrants further assessment. While some people who have been denied benefits may ultimately qualify, it is the severity of their disability at a given point of time that is critical to the decision making process.

The scope of the MediKan program, as currently implemented, is designed to provide coverage from the point the federal disability claim is made and to serve as a bridge program during the application process. It is not designed to provide benefits for an indefinite period. If the person's disability does not meet the listing of impairments as defined by federal law, the person's claim is denied.

One of the purposes for establishing the presumptive Medicaid disability determination program is to help identify people with illnesses or conditions who are likely to meet the severity levels required by the SSA – the people MediKan was originally designed to serve. This new process will allow more immediate access to Medicaid benefits to those who qualify. Additionally, it will aid in the identification of alternative services that will provide increased treatment continuity for people who do not qualify. To help insure accuracy of the determinations, the presumptive Medicaid disability determination process will incorporate the same basic standards used by SSA. This includes obtaining and reviewing medical records to support the disability claim. In contrast, current General Assistance (GA)/MediKan beneficiaries are determined eligible when a physician, using a pre-printed checklist, indicates an impairment exists; medical evidence is not required currently to substantiate the disability.

DHPF and SRS staff have been involved in discussions centering on alternative services for people who are not presumed eligible for Medicaid via the presumptive Medicaid disability process for well over a year. Services that have been identified thus far include the availability of food stamps, making referrals to the local Community Mental Health Centers (CMHCs) for services and for aid through the community medication prescription program, linking the individual with the local workforce development center for employment services, providing referrals to vocational rehabilitation, and linking the individual with local helping agencies.

**Only 25.0 percent of persons on MediKan ultimately qualify for SSA disability. Over 60.0 percent of persons currently on the MediKan program have a mental health diagnosis-resulting in mental health drugs being the largest cost driver for MediKan. Presumptive disability may shift people from MediKan**

<sup>1</sup> Social Security Disability Evaluation Under Social Security, January 2005.

aces to the community mental health system, state hospitals, and jails. No additional funding provisions were made to address this possibility. The Budget Committee recommends the agency work with stakeholders to address this issue and report to the Committee during Omnibus.

Community Mental Health Centers (CMHCs) are required to ensure adequate mental health services are available to all inhabitants of Kansas, including adults with severe persistent mental illness, severely emotionally disturbed children and adolescents, and other individuals at risk of requiring institutional care (see K.S.A. 65-4433, K.S.A. 39-1602, and K.S.A. 39-1603). People who do not qualify for Medicaid through the presumptive Medicaid disability determination process, but who have mental illness, should be able to access mental health services at CMHCs. The CMHCs are already prepared, and receive State Aid to serve this population along with any other Kansans in need of mental health services.

Additionally, only 33% of people who apply for GA/MediKan are approved presently. We have no evidence that the 67% who are denied are entering state institutions or jails. The CMHC system is designated and funded to serve all Kansans with mental illness, not just those for whom Medicaid or MediKan pays. The presumptive Medicaid disability determination process will give those who apply for GA a better opportunity to obtain Medicaid coverage and a better chance to meet SSA disability requirements, because of the work DHPF will do in collecting medical documentation of the disability.

Finally, the Legislature reduced the medical assistance budget based on anticipated MediKan savings from SRS last fiscal year for the implementation of the presumptive Medicaid disability determination process. However, given the complexity of program start-up it proved to be too difficult to implement in the timeframe available. DHPF is now trying to implement the process that was approved last legislative session.

**The Governor's recommendation includes a savings of \$7.0 million from the State General Fund for presumptive disability which may have to be restored if the presumptive disability criteria set by the state results in less than half of the persons presumed disabled qualifying for SSA disability.**

As of this date, DHPF has not received any indication from CMS that a certain threshold of applicants must meet the State's presumptive Medicaid disability criteria to claim federal matching funds. Furthermore, there has been no suggestion from CMS that a specific error rate would prompt an audit or financial review of the program.

**7. The Committee requests that SRS, Department on Aging, Division of Health Policy and Finance, Kansas Health Policy Authority, and the Department of Health and Environment report at Omnibus on the anticipated impacts on each agency from the Federal Deficit Reduction Act of 2005 enacted this year.**

#### **DEFICIT REDUCTION ACT:**

The Deficit Reduction Act (DRA) includes notable changes in federal requirements for Medicaid programs and some new program flexibility for states. The DRA provisions either require mandatory changes in state Medicaid programs or add to the myriad of options already available to states in the administration of their programs. DHPF is in the process of evaluating many of the DRA provisions, with particular emphasis on the mandatory changes that have retroactive effective dates and those with effective dates before July 1, 2006.

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Kansas Division of Health Policy and Finance ♦ Presented on: 04/17/06

DHPF is involved in discussions with partner agencies, including SRS and the Department on Aging, to evaluate the impact of the DRA provisions and develop implementation strategies. Many of the provisions also require the Centers for Medicare and Medicaid Services to issue regulatory guidance. CMS has begun issuing guidance, in the form of State Medicaid Director letters and State Plan Amendment templates, on several of the provisions. We expect additional Medicaid Director letters to be issued between now and July 1. CMS also is developing regulations to implement other provisions. DHPF is participating in state-to-state conference calls to discuss the impacts and clarify the intent of the CMS guidance.

The new flexibility included in the DRA, particularly on cost sharing, developing benchmarked benefit plans, and moving some Home and Community Based Services into the State Plan, would have significant impacts on the character of Kansas Medicaid. Understanding the impact of these options will take some time and will depend on how CMS interprets the provisions. DHPF is preparing a range of Medicaid reform options for presentation to the Kansas Health Policy Authority Board later this year, and these options will incorporate the new flexibility afforded by the DRA.

**[Information Table Displayed on next page]**

Provision	Description	Effective Date	(Mandatory, State Option, Demonstration Program)
Non-Emergency Medical Transportation Program	Allows states to contract with transportation brokers without obtaining a selective contracting waiver.	Upon enactment	State Option
Prohibition Against Covering Non-Adults with SCHIP Funds pregnant, Childless	Only states that have approved 1115 Waivers can use Title XXI money for single, childless adults.	Upon enactment	Mandatory
Enhancing Third Party Identification and Payment	It strikes the term "health maintenance organization" and substitutes it with "managed care organizations, pharmacy benefit managers, other parties that are, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service." States must require parties legally responsible for payment of a claim to provide, upon request of the state, information to determine during what period an individual or their spouse and dependents may be covered by an insurer, and the nature of the coverage.	January 1, 2006	Mandatory
Targeted Case Management	Prohibits certain foster care activities from being claimed as medical targeted case management.	January 1, 2006	Mandatory
Prohibition on Restocking and Double Billing of Prescription Drugs	Pharmacies could not be paid to repackage drugs that were dispensed and returned to the pharmacy	The first day of the fiscal year quarter that begins after the date of enactment	Mandatory
Documentation Requirements	Requires proof of citizenship with specific types of documents that can be used for eligibility determination.	Applies to determinations of initial eligibility made on or after July 1, 2006	Mandatory
Disqualification for Long-Term Care Assistance for Individuals with Substantial Home Equity	Increases the home equity limit from \$500,000, and allows states to set the limit up to \$750,000.	Applies to individuals who are determined eligible for medical assistance with respect to nursing facility services or other long-term care services based on an application filed on or after January 1, 2006	Mandatory
Requirement to Impose Partial Months of Ineligibility	Eligibility penalty periods can be for partial months.	Applies to payments for calendar quarters beginning on or after the date of enactment*	Mandatory
Authority for States to Accumulate Multiple Transfers into One Penalty Period		Applies to payments for calendar quarters beginning on or after the date of enactment*	State Option
Inclusion of Transfer of Certain Notes and Loans Assets		Applies to payments for calendar quarters beginning on or after the date of enactment*	Mandatory
Inclusion of Transfers to Purchase Life Estates		Applies to payments for calendar quarters beginning on or after the date of enactment*	Mandatory
Disclosure and Treatment of Annuities	All applicants would have to declare interest in annuities and name the state as the remainder beneficiary.	Applies to transactions on or after the date of enactment	Mandatory
Application of Income-First Rule		Applies to transfers and allocations made on or after the date of enactment	Mandatory
Lengthening the Look Back Period from 3 to 5 Years		Applies to transfers made on or after the date of enactment	Mandatory
Change in Beginning Date for Period of Ineligibility		Applies to transfers made on or after the date of enactment	Mandatory

### Omnibus Budget Review Information

Kansas Division of Health Policy and Finance ♦ Presented on: 04/17/06

Provision	Description	Effective Date	(Mandatory / State Option / Demonstration Program)
Availability of Hardship Waivers		Applies to transfers made on or after the date of enactment	State Option
Premiums and Cost Sharing	Allows states to raise co-payments or premiums for Medicaid beneficiaries and would allow the co-payments to be enforceable as a condition of receiving the service	March 31, 2006	State Option
Federal Upper Payment Limit for Multiple Source Drugs	Statute creates a Federal Upper Limit (FUL) at 250% of average manufacturer price (AMP) for multisource drugs and creates a Retail Survey Price (RSP) for single source drugs. States currently use Average Wholesale Price (AWP) or Maximum Allowable Cost (MAC) pricing.	January 1, 2007	Mandatory
Collection and Submission of Utilization Data for Certain Physician Administered Drugs	Requires National Drug Code (NDC) to be provided on claims forms for drugs administered in physician offices and outpatient hospital services	January 1, 2007	Mandatory
Improved Regulation of Drugs Sold Under a New Drug Application (Generics)	Replaces "authorized generic" terminology with manufacturer drug sold under a new drug application (NDA) approved by the FDA. All NDA drugs would be included in best price requirements such as the FUL.	January 1, 2007	Mandatory
Expanded Access to Home and Community-based Services (HCBS) for the Elderly and Disabled	States may provide HCBS through state plan amendments. States could develop needs based criteria for determining eligibility for HCBS services for those 150% of the Federal poverty limit. Nursing facility level of care can be more stringent than that required for HCBS eligibility.	January 1, 2007	State Option
Cash and Counseling	Allows states to permit self direction of personal care services within a fixed individual budget.	January 1, 2007	State Option
Enactment of State False Claims Acts	States with false claims acts that meet criteria would be able to retain an additional 10% of recovered funds.	January 1, 2007	Mandatory
Employee Education About False Claims Recovery	The state must ensure that providers receiving at least \$5.0 million in payments provide staff training and have written policies about the false claims act and preventing fraud.	January 1, 2007	Mandatory
Emergency Room Co-Pays for Non-Emergency Care	Hospitals could collect co-payment for emergency services when a non-emergent provider is available and the condition is not an emergency. Beneficiaries under 150% FPL or those exempt from copays would not be subject to emergency room copays.	January 1, 2007	State Option
Use of Benchmark Packages	States could provide services equivalent to a benchmark plan under Medicaid without regard to comparability, state wideness, or freedom of choice. This option would primarily be available to full benefit Medicaid eligibles in the TAF and poverty level eligible groups. Children under 19 would have to have access to all EPSDT services through the benchmark plan or a state wrap around.	January 1, 2007	State Option
Family Opportunity Act	Families with disabled children would be allowed to purchase Medicaid coverage. Children would have to be disabled based on SSI criteria and the families can not exceed 300% FPL.	January 1, 2007	State Option
Money Follows the Person	States selected for the demonstration of money following the person from institutional to community settings would receive enhanced federal Medicaid funding.	January 1, 2007	Demonstration Program
Health Opportunity Accounts	States could create Health Savings Accounts for Medicaid beneficiaries to incentivize preventative care and reduce inappropriate use of services. The state contributions to the accounts would be eligible for Medicaid matching funds	January 1, 2007	Demonstration Program
Emergency Services in Managed Care	Non contracted providers must accept the fee for service rate for emergency services provided to Medicaid beneficiaries enrolled in a managed care plan.	January 1, 2007	Mandatory
Additional Federal Payments Under Section 1115 Demonstrations		10 month FMAP adjustment	
Recalculation of Alaska's FMAP and Katrina FMAP calculation		Alaska - FY 2006 and 2007 FMAPS Katrina - 10 month FMAP adjustment	
Authority for Qualifying States to Use Certain Funds for Medicaid Expenditures	States can apply to use SCHIP funds to cover additional Title XIX eligible children.	Applies to expenditures made on or after October 1, 2005	State Option
Additional Funding Allotments for SCHIP	FY 2006 \$283.0 million	Applies to items and services furnished on or after October 1, 2005 through October 1, 2006	

### Omnibus Budget Review Information

Kansas Division of Health Policy and Finance ♦ Presented on: 04/17/06

Provision	Description	Effective Date	Type (Mandatory, State Option, Demonstration Program)
Medicaid Integrity Program	Health and Human Services is appropriated \$5 million in FFY 2006, and \$50 million in FFY 2007 and 2008 to create a Medicaid Integrity Program. The additional funding would add 100 positions dedicated to detecting fraud and abuse and expand states participating in Medicaid and Medicare data matching	As state legislation is required in order to meet the requirements of the program, the state plan will not be regarded as failing to comply should these requirements not be met before the first day of the first calendar quarter beginning after the close of the first regular session of the state legislature that begins after the date of enactment. In the case of states with 2 year legislative sessions, each year of the session is considered to be a separate regular session of the state legislature	Mandatory
Transitional Medical Assistance Education Program and Abstinence	Transitional Medical Assistance continues Medicaid eligibility for individuals moving from cash assistance to work.	Extends TMA and appropriates funds for Abstinence Education through December 31, 2006	TMA – Mandatory Abstinence Education –State Option
State High Risk Health Insurance Pool Funding		Funds appropriated for FY 2006	
Increase in Payments to Insular Areas		Funds appropriated for FY 2006 and FY 2007	
Medicaid Transformation Grants	Provides \$100 million in grants to states for innovations in effectiveness and efficiency by reducing patient error, enhanced estate recovery, and reducing fraud and abuse.	Funds appropriated for FY 2007 and FY 2008	State Option
Home and Community-based Alternatives to Psychiatric Residential Facilities for Children	Allows states to apply for demonstration authority to show cost effectiveness of providing community based treatment as an alternative to residential treatment.	Funds appropriated for FY 2007 through FY 2011	Demonstration Program
Family-to-Family Health Information Centers	Provides funding to 25 states to establish information centers to provide information to families of children with disabilities on choices of treatment.	Funds appropriated for FY2007 through FY 2011	State Option
Restoration of Medicaid Eligibility for Certain SSI Beneficiaries	Extends Medicaid eligibility to individuals under age 21 at the latter of the date of application for Social Security Income (SSI) or date of SSI eligibility.	One year after the date of enactment	Mandatory
Enforceability of Continuing Care Retirement Communities and Life Care Community Admission Contracts	Clarifies that Continuing Care Retirement Communities and Life Care Community Contracts are countable resources for Medicaid eligibility.		State Option
Expansion of State Long-Term Care Partnership Program	States can disregard assets or resources from Medicaid eligibility determination in an amount equal to the benefit payment of a long term care insurance product. The Insurance Department would certify that the long term care insurance policies meet minimum requirements. Regulations will be issued to develop required data elements that could be shared across states.		State Option
Managed Care Organization Provider Tax	Provider tax plans that assess managed care organizations (MCO) must uniformly tax all MCO's that operate in a state, whether they provide services to Medicaid beneficiaries or not.	Existing taxes are disallowed as of October 1, 2009, provided that the taxes were enacted in the state by December 8, 2005. Otherwise, effective upon enactment	Mandatory

**Omnibus Budget Review Information**

Kansas Division of Health Policy and Finance ♦ Presented on: 04/17/06

Dental progress:

On July 1, 2006, all dental claims for Medicaid and State Children's Health Insurance Program (SCHIP) eligible beneficiaries will be processed by the Medicaid Management Information System (MMIS). This change was made to provide a single point of contact for dental providers and to simplify the claims payment and reconciliation process, which has been a source of concern for providers. Most of the complaints we hear from dental providers are about slow payment, unclear reasons for payment decisions, and low reimbursement rates.

Currently, all dental claims are sent to Doral Dental and then separated into claims for Medicaid beneficiaries and claims for SCHIP beneficiaries. The Medicaid claims are then sent to the MMIS system for processing. SCHIP claims are paid by Doral Dental as the managed care organization for all SCHIP. In the original system design, Doral Dental also served as an administrative services organization to provide clinical reviews, prior authorizations, and perform claims resolution and provider relations. While claims payment has improved, these contractual relationships have been difficult to manage and confusing to the providers.

To simplify the claims payment system for providers, EDS will pay all claims on a fee for service basis. The change will not affect the amount of reimbursement dental providers receive. This is the practice for Title XIX Medicaid claims, and is allowed for SCHIP by KSA 38-2001 (d) (8). At the same time, EDS will add provider representatives to work specifically with dental providers and claims representatives to work through billing and payment posting issues with dental practices. Payment policy changes have been implemented to simplify dental billing and to remove prior authorization paperwork for some procedures. The goal is to make the Medicaid payment methodologies consistent with the most current dental insurance practices. EDS is currently working with dental providers to start transitioning to the new billing system. EDS also is already working with some dental practices to demonstrate the internet billing system, and how to use the online system to verify eligibility and adjust claims.

Our plan is to make the claims payment process more transparent to dental providers. This change fully realizes the objective of having a single point of contact for dental providers for Medicaid and SCHIP. Our data shows that more dental providers are enrolled in Medicaid and that more dental services are being provided with each additional year. Expenditures for dental services through Medicaid have grown from \$17.5 million in FY 2003 to \$24.8 million in FY 2005. DHPF will continue to evaluate access to dental care and management tools available for dental services. At some point in the future, we may reintroduce capitated managed care to the SCHIP population and possibly expand into the traditional Medicaid population. We hope that focusing our attention on a single payer and emphasizing building relationships with providers will improve access to dental care.

Require Kansas Health Policy Authority To Conduct Cost of Dispensing Survey  
of Kansas Retail Community Pharmacies

Based on the federal Deficit Reduction Act of 2005, P.L. 109-171, the Kansas Health Policy Authority (KHPA) shall conduct a survey of Kansas retail community pharmacies (or utilize a recently conducted national survey of a statistically relevant sample of pharmacies) to determine the cost of dispensing pharmaceutical products and services within the Kansas Medicaid program. This study is to be conducted on or before September 30, 2006. The KHPA shall present the cost of dispensing survey, analysis and recommendations to the Jt. Committee on Legislative Health Policy Oversight no later than November 30, 2006.

Senate Ways and Means  
April 19, 20, 21, 2006  
Attachment 25



## Information for Senate Ways and Means – April 20, 2006

### Services for Children ages 0-5 – Early Childhood Intervention for Children with Autism Spectrum Disorders

Research has shown early intervention can significantly improve outcomes for children with autism, and reduce the long term financial cost for the State of Kansas. Diagnosis and treatment of autism has been show to be most effect when responded to in the early developmental years, allowing a child to become as independent as possible and transition to adulthood being self-sufficient.

Primary services that are needed to meting the needs of these children would include;

- Case Management to coordinate the necessary services for the child and assist the family in caring for their child;
- Respite Care to give the primary care givers (parents) a short time away to take care of necessary business and to care for themselves.
- Expanded speech therapy and physical therapy; and
- Social skills training.

SRS estimates that to begin a program to serve this group of children the fiscal impact would be;

- \$600,000 SGF, \$1,521,298AF for FY 2007 to serve 100 children. This would be for a 6 month period. The earliest that a program could be implemented would be January 1, 2007;
- For a full year the cost would be \$1,200,000 SGF, \$3,042,596 AF
- This would be an average monthly cost of \$2,535.00 per child, or \$30,426.00 per year per child.

Other services that are necessary would be accessed through the Medicaid State Plan, i.e. positive behavior supports and mental health services.

To provide services to children ages 0-5 with Autism or other significant behavioral challenges, a Home and Community Based Services Waiver could be developed that would provide the intensive, targeted services to meet the early learning and developmental needs of these children.

Many children with autism in this age group are not Medicaid eligible due to the level of parental income; thereby do not have access to the level of service needed. With a waiver, parental income could be waived, and the child would then be eligible for Medicaid and waiver services.

There is also the possibility of using state plan services that would be offered through the Deficit Reduction to use a buy-in program for families.

At age 3, children with autism have access to services through the educational system. Services provided through education would include therapies as well as developmental educational services. Services through the schools would not include the level of case management that is needed or respite care that assists a family to cope with the everyday needs of a child with autism.

Senate Ways and Means  
April 19, 20, 21, 2006  
Attachment 26



# K A N S A S

GARY J. DANIELS, ACTING SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

## SOCIAL AND REHABILITATION SERVICES

April 18, 2006

The Honorable Dwayne Umbarger, Chair  
Senate Ways and Means Committee  
Statehouse, Room 120-S  
Topeka, Kansas 66612

The Honorable Melvin Neufeld, Chair  
House Appropriations Committee  
Statehouse, Room 517-S  
Topeka, Kansas 66612

The Honorable Brenda Landwehr, Chair  
House Social Services Budget Committee  
Statehouse, Room 115-S  
Topeka, Kansas 66612

Dear Senator Umbarger, Representative Neufeld and Representative Landwehr:

The attached document provides information requested by the Legislature for the 2006 Omnibus Session related to the Department of Social and Rehabilitation Services.

Let me know if additional information or clarification to these responses is needed.

Sincerely,

Gary J. Daniels  
Secretary

Attachment

cc: Committee Members  
Susan Kannar, KLRD  
Julie Thomas, Division of the Budget

Kansas Department of Social and Rehabilitation Services  
Information Requested for the 2006 Omnibus Session  
April 18, 2006

**A. House Social Service Budget Committee Recommendations for SRS:**

**1. Community Support Medication Program:**

**Information about potential program growth of the Community Support Medication Program. (Item Number 6)**

Community Support Medication Program expenditures are expected to increase in the remainder of FY06 and for all of FY07. This growth results from the recent program expansions covering additional medications and extending the length of the enrollment period. Given the added appropriation provided by the legislature, there will be savings in FY06 which can be used to assist with the sustained program growth that is expected in FY07 as a result of these program changes.

Additional utilization of the Community Support Medication Program is anticipated with the implementation of Presumptive Medicaid Disability Determination. Under Presumptive Medicaid Disability Determination, persons who do not meet the presumptive disability criteria will not have coverage for their psychotropic medications. A preliminary estimate of the cost for all pharmaceuticals for persons with mental health needs who might not be found to be presumptively eligible is about \$700,000. The additional funds appropriated by the legislature for the Community Support Medication Program may not be sufficient to support the anticipated psychotropic medication costs of these persons. However, a more reliable estimate of the impact is not possible until Presumptive Medicaid Disability Determinations are completed.

**2. Money Following the Person:**

**The Committee recommends a review of issues concerning the "Money Follows the Person" proviso which redirects funding for nursing facilities into home and community based services waivers when a person with physical disabilities or a frail elderly person leaves a nursing facility and returns to the community. This proviso has been included in the appropriations bill for several years. In particular, the Committee wants to look at issues regarding limitation on the number of people from whom this shifting is required and the fiscal impact of this policy over the last several years. The Committee notes that the budget bill for FY 2007 submitted by the Governor includes a proviso identical to the one approved by the 2005 Legislature. The Committee also notes that SB 218, which would place this provision into statute, is currently under consideration in the Senate Ways and Means Committee. (Item Number 10)**

The appropriations bills for FY 2004 and 2005 contained a proviso that authorized the transfer of funds from nursing facility services to the physical disability (PD) waiver to fund community

services for, at most, 75 persons who chose to return home. In FY 2004, twenty-five (25) persons moved from nursing homes to the community with services funded by the PD Waiver. The total amount transferred to SRS community based services for these individuals was \$151,168 SGF. In FY 2005, thirty-seven (37) persons took advantage of this proviso and \$284,817 SGF was transferred to the PD Waiver.

The amount transferred was for the first fiscal year the person moved. On-going funding to support these persons in the next fiscal year was covered by the overall PD Waiver appropriation.

The FY 2006 proviso allows for the movement of eighty (80) individuals from nursing facilities to home and community-based services. As of March, 2006, SRS has confirmed that forty-one (41) individuals have moved from a nursing facility to community based services funded with the PD waiver. It appears that eighty (80) individuals may transition in FY 2006. The FY 2007 cost of serving the 41 persons transferred thus far in FY 2006 is about \$617,000 AF (\$243,335 SGF).

### **3. Qualified provider of Mental Health services:**

**Information on the agency's progress towards compliance with the federal requirement that Medicaid beneficiaries have access to any willing, qualified provider to receive mental health services. The Committee is concerned that not all beneficiaries have appropriate access to services, particularly in some areas of the state, and that additional providers would help alleviate this situation. The agency indicated during testimony that a system is now being developed that can resolve access issues if all parties are willing to negotiate. According to testimony, the agency is in negotiations with the community mental health system to allow access to providers outside the Community Mental Health Center (CMHC) system for youth in the child welfare system through the use of the youth's medical card. The agency believes progress made in this area will allow the agency to move to this concept in non-custody cases. It was noted that the CMHC system which was previously resistant is now involved in the development process but there is still negotiation that needs to occur around reimbursement and other issues. In addition, the Committee was informed that masters level social workers are not included as providers at this point. Finally, the Committee notes that a past concern with opening up the medical card to additional types of providers has been about costs to the Medicaid program and a loss of control over spending in the mental health system. One option to address this issue is a requirement that providers must affiliate with CMHCs to be able to participate which would allow the CMHCs to manage the mental health system. According to the agency, current thinking is that this may require a federal Medicaid waiver. Information provided at Omnibus should include an update on what efforts have been made to resolve these issues and where the development process stands. In addition, the information should contain suggestions from the agency on what tools the Legislature or the agency needs to re-enforce the message to the community mental health system that the Legislature wants to see progress on the issue of access to services which has been under discussion for a number of years. Finally, the Committee recommends that this issue be addressed early in the FY 2007 Legislative session by the Social Services Budget Committee and recommends**

**that a proviso be added to the appropriations bill directing SRS to report progress to the Joint Committee on Children's Issues during the 2006 interim. (Item Number 11)**

As previously discussed, extensive Medicaid State Plan revisions and related supporting materials are being developed by SRS and the Division of Health Policy and Finance (DHPPF). Before anything is submitted to CMS, it will be discussed with providers and other stakeholders. We are expecting to have a draft submitted to CMS by June 30, 2006.

A key focus will be increasing the public mental health system's ability to support customers' access to qualified mental health providers that are willing and able to meet specified mental health treatment needs, including child welfare service providers and independently licensed practitioners.

Meanwhile, SRS is working with both CMHCs and child welfare contractors to develop interim measures to enhance collaboration between those systems and address service access barriers where they may exist. A template for an agreement between those system providers is being discussed and revised to serve as one tool toward future improvements. In addition, SRS and Juvenile Justice Authority are building a comprehensive vision for the preferred future for residential placements and residential services for Kansas children and families who need those supports, also designed to support access to a range of service options for youth with the most intensive needs.

#### **4. Hourly rates for DD direct care staff:**

**Information on hourly rates for direct care staff who provide services to developmentally disabled persons living in the community. In particular, the information provided should include amounts of funding added in the last five years and how that money was incorporated into the formula used to distribute funds. The Committee notes that funding is recommended by the Governor for FY 2007 to fund the second half of the most recent rate study performed in 2004, as required by the Developmental Disability Reform Act. Additionally, the Committee notes that community providers may pay direct care workers hourly rates above what is in this formula calculated by the agency. Consequently, the dollar amount used in the formula does not directly correlate to the wages received by direct care workers in the community. (Item Number 16)**

In the early years of the Developmental Disability (DD) Waiver (1992 - 1995), tiered reimbursement rates were based on a formula that used the salary and benefits paid to the direct care staff times the number of direct care staff hours that were to be provided to each person served. The 1995 DD Reform Act required SRS to perform "an independent, professional review of the (reimbursement) rate structures on a biennial basis...." Once these reimbursement rate reviews were established the use of the formula was discontinued. The formula used 10 years ago can no longer be compared to current wages. In FY 2006, for the first time in many years, the Governor budgeted and the legislature appropriated additional funds for DD Waiver reimbursement rate increases. These funds were distributed based on the recommendations

contained in the Public Consulting Group rate study, not the formula previously used by the agency.

The following shows the direct care salary and wage findings from recent reimbursement rate studies compared with increased reimbursement rates for the DD Waiver.

Comparison of Direct Care Salary Increases With DD Waiver Rate Increases				
Fiscal Year	Reimbursement Rate Increases	Per Cent Increase	Average Direct Care Salary	Per Cent Increase
2001 <sup>A</sup>	\$0	0.00%	\$8.61	
2002	\$0	0.00%	-	
2003	\$0	0.00%	-	
2004 <sup>B</sup>	\$0	0.00%	\$8.71	1.13%
2005	\$0	0.00%	(C)	
2006	\$7,500,000	3.38%	-	

Notes:

A. Salary data from Myers and Stauffer *Review of Rate Structure for Community Developmental Disabilities*. The amount shown equals all amounts paid for day and residential services direct care salaries divided by hours worked.

B. Salary data from Public Consulting Group *Review of Rate Structure for Community Developmental Disability Services* from the Executive Summary

C. Myers and Stauffer are currently completing the newest rate review due to be completed in the Fall 2006.

The DD Reimbursement Rate Study currently underway will be expanded to include gathering data on the salaries and benefits paid to direct care staff in community-based services for FY 2006. This will provide an assessment of the extent to which direct care salaries and benefits were increased as a result of the FY 2006 appropriation for that purpose.

#### 5. Presumptive Medicaid Disability Determination:

**The committee directs SRS and DHPF to assess the impact of the Presumptive Medicaid Disability Determination process on the mentally ill and develop a plan to address the needs of this population. The Omnibus response should also include information on the impact of the initiative on the General Assistance Program and the current process for receiving federal disability determinations. (Item Number 8)**

One of the purposes of establishing the Presumptive Medicaid Disability Determination program is to align the General Assistance and MediKan programs with the intent of the 1993 Legislature, which sought to design a transitional

program for those considered eligible for federal disability benefits. In addition, the new process will help provide more immediate access to Medicaid benefits for those who meet federal disability criteria. SRS will work with those customers not presumed disabled in accessing other services on a case-by-case basis depending on their needs. This may include determining eligibility for other available benefits such as food stamps, making referrals to the local community mental health center for services and for aid through the community medication prescription program, linking the individual with the local workforce development center for employment services, providing referrals to vocational rehabilitation (although services may be limited by waiting lists), and linking the individual with local helping agencies. Those who are not presumed disabled and who join the general population served by the public mental health system should need services to a lesser degree since the presumptive determination is accurate in identifying clients with the most severe disabilities. Maintaining the current level of health coverage to those not presumed disabled would be equivalent to reinstating the MediKan Program.

The Presumptive Medicaid Disability Determination policy will impact the General Assistance Program in several ways.

1. The policy is expected to reduce the General Assistance caseload, as shown by the following table:

**General Assistance Caseload  
Current Policy vs Presumptive Medicaid Disability Determination Policy  
Average Monthly Persons**

Item	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate
Current Policy	4,750	4,750	4,750
Presumptive Medicaid Disability Determination	3,911	2,929	2,040
Cumulative Reduction	(839)	(1,821)	(2,710)
Percent Reduction	-17.7%	-38.3%	-57.1%

2. A more comprehensive medical plan will be provided to those who are presumed disabled and remain eligible for General Assistance, since they will receive full Medicaid services.
3. Eligibility for General Assistance will depend on the applicant's medical status to a greater degree, and will be tested in a more accurate manner, than the current incomplete process.
4. The population to be assisted with securing federal disability will be reduced to those most likely to obtain federal disability benefits. This should improve the efficiency of the federal disability advocacy contractor who will pursue federal disability eligibility for a smaller group with medical documentation.

The retroactive federal reimbursement for cash assistance issued to clients determined eligible for federal disability benefits will not change. Currently, the Social Security Administration sends the agency a list of clients who obtain federal disability. General Assistance clients who have become eligible for federal disability benefits are matched against this list. SRS will continue to receive federal reimbursement for cash benefits issued to clients during their application for federal disability. This process will not change, nor should the reimbursement total change significantly.

#### **6. Federal Reimbursement for General Assistance and MediKan:**

**The committee requests information at Omnibus from SRS and DHPF on the flow of federal reimbursements for services provided to MediKan and General Assistance clients and how the funding is used. The Committee is concerned about the effect of the reduced receipts in the SRS budget and the overall impact of the Presumptive Medicaid Disability Determination process on the KLS contract. (Item Number 9)**

The federal reimbursement for General Assistance and MediKan are deposited in the respective SRS and DHPF Fee Fund. These reimbursements are not budgeted directly to fund General Assistance cash assistance or MediKan services, rather, they are used as general purpose state funds to reduce the State General Fund need. The majority of the reimbursement is on behalf of medical services: annually, approximately \$6 million is reimbursed for medical assistance vs \$1.8 million for cash benefits. Under the assumption that the Presumptive Medicaid Disability Determination policy will commence as planned, SRS is submitting a requested budget amendment to shift the funding for the disability advocacy contract to the Department of Health Policy and Finance.

The basis for this shift lies in the Kansas Health Policy Authority's new responsibility to perform Presumptive Medicaid Disability Determination determinations. The first step in the Presumptive Medicaid Disability process will be an assessment by the Kansas Health Policy Authority to evaluate the client's eligibility for Medicaid based on federal disability standards. The medical information gathered during the assessment will be critical in the sequential phase - developing the client's case for federal disability eligibility. Securing federal disability eligibility follows directly from the assessment, therefore it would be inefficient to shift this process to SRS after the Presumptive Medicaid Disability Determination. Under the budget amendment, the disability advocacy costs will be managed by the Department of Health Policy and Finance as a natural extension of the Presumptive Medicaid Disability Determination.

#### **7. Child Welfare Services:**

**The committee recommends Omnibus review of funding for child welfare services. This review would include the potential impacts from federal budget activity, the structure of payments under the new contracts effective July 1, 2005, and the potential impact of federal deferrals in process or being considered. (Item Number 13)**

**Impacts of Federal Budget Decisions.** The Deficit Reduction Act of 2005 restricts federal Title IV-E Foster Care funds used for the case management of children living with relatives. Under the former law, states could claim federal foster care funds for the administration and case management



costs of children placed in the home of an unlicensed relative, psychiatric or medical hospitals, and other health care institutions.

The budget reconciliation bill prevents states from claiming federal funds for managing cases pursuing licensing beyond 12 months or the normal licensing period in a state, whichever is shorter. In addition, the bill limits federal administrative funds to one month to help children transition from institutional care. The effective date for this provision is retroactive to October 2005.

This change will result in a federal funds loss of \$8,850,000 in FY 2006, and \$11,800,000 in FY 2007. A budget amendment is being requested.

**Payment Structure of new Child Welfare Contracts.** The payment structure for the Child Welfare, Community-Based Out-of-Home contracts was revised July 2005. Reimbursement for out-of-home placement services is a monthly rate consisting of three tiers dependent on the length of time the child has been in an out-of-home placement. Tier 1 is paid for the first six months of placement, Tier 2 is paid for the second six months, and Tier 3 is paid for month 13 forward. The rates descend by tier, a feature designed to provide the contractors with an incentive to achieve the appropriate permanency for children as rapidly and safely as possible.

The payment structure for out-of-home placement services provided by the Family Preservation Contractors is similar to the above. The only differences are Tier 1 is paid for only the first three months and the rates vary based on contract negotiations.

**Impact of Federal Deferrals.** The Centers for Medicare and Medicaid Services (CMS) continues to defer child welfare behavior management services. Under the managed care agreement, SRS Medicaid claims were significantly reduced. The reductions were based on eligibility restrictions for behavior management services and the rates allowed for these services. SRS abandoned the managed care agreement in July 2006, coincident with the new child welfare contracts, and moved to a fee-for-service reimbursement authorized by the Kansas Medicaid State Plan. However, CMS continues to defer these Medicaid claims.

The following table outlines the outstanding deferral amounts for which a budget amendment will be requested. The deferral amounts decrease due to the enforcement of the time limits for Level V and Level VI services. The slight increase in Fiscal Year 2007 reflects caseload growth.

Quarter Affecting SRS	Quarter of Deferral	Deferred Amount	Less: Budgeted Amounts	Deferral Shortfall
<b>FY 2006</b>				
Jul-Sep 2005	Jan-Mar 2005	\$3,992,611	(\$3,992,611)	\$0
Oct-Dec 2005	Apr-Jun 2005	4,827,410	(4,827,410)	0
Jan-Mar 2006 est	Jul-Sep 2005	1,500,000	--	1,500,000

Apr-Jun 2006 est	Oct-Dec 2005	1,500,000	--	1,500,000
Total		\$11,820,021	(\$8,820,021)	\$3,000,000
<b>FY 2007</b>				
Jul-Sep 2006 est	Jan-Mar 2006	\$1,089,663	--	\$1,089,663
Oct-Dec 2006 est	Apr-Jun 2006	1,111,149	--	1,111,149
Jan-Mar 2007 est	Jul-Sep 2006	1,189,627	--	1,189,627
Apr-Jun 2007 est	Oct-Dec 2006	1,258,347	--	1,258,347
Total		\$4,648,786		\$4,648,786

### 8. TANF Block Grant:

The committee recommends Omnibus review of the TANF block grant. Specifically, the review is to include an analysis of spending from this source over the last five years, the potential impact of federal budget activities and a forecast for spending in the future. (Item Number 14)

#### TANF Transfers and Expenditures State Fiscal Years 2001 - 2009 (in \$millions)

The following table details the TANF Block Grant revenue, transfers, expenditures, and balances. The estimates for fiscal years 2008 and 2009 assume no changes except an allowance for a two percent growth in administrative expenses reflecting fringe benefit and normal operating cost increases. Internal estimates indicate that the Temporary Assistance for Families caseload will decrease; however, the TAF cash assistance estimate is held constant, as the Spring 2006 consensus estimates have not been held at this writing. In addition, the anticipated federal regulations on work participation arising from the Deficit Reduction Act of 2005 will not be issued until June 2006, thus, no change is assumed in TAF Employment Services. A brief description of each item follows the table.

Item	FY 01 Actual	FY 02 Actual	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 GBR	FY 07 GBR	FY 08 Est	FY 09 Est
<b>Beginning Balance</b>	\$5.6	\$13.1	\$18.3	\$16.2	\$17.2	\$7.2	\$5.3	(\$0.1)	(\$5.7)
<b>Revenue</b>									
Block Grant Award	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9	101.9
High Performance Award	--	--	--	10.2	--	--	--	--	--
CSE Paternity Penalty	--	--	--	(0.8)	--	--	--	--	--
<b>Subtotal - Revenue</b>	<b>\$101.9</b>	<b>\$101.9</b>	<b>\$101.9</b>	<b>\$111.3</b>	<b>\$101.9</b>	<b>\$101.9</b>	<b>\$101.9</b>	<b>\$101.9</b>	<b>\$101.9</b>
<b>Transfers</b>									
Transfer to CCDF	(\$8.6)	(\$15.6)	(\$14.6)	(\$20.0)	(\$15.7)	(\$19.9)	(\$21.3)	(\$21.3)	(\$21.3)
Transfer to SSBG	(10.2)	(10.2)	(10.2)	(4.3)	(4.3)	(4.3)	(7.2)	(7.2)	(7.2)
Workforce Development	--	--	--	--	--	(0.5)	(0.5)	(0.5)	(0.5)

Subtotal - Transfers	(\$18.8)	(\$25.8)	(\$24.8)	(\$24.3)	(\$20.0)	(\$24.7)	(\$29.0)	(\$29.0)	(\$29.0)
Total Available	\$88.7	\$89.2	\$95.4	\$103.3	\$99.2	\$84.4	\$78.2	\$72.9	\$67.2
<b>Expenditures</b>									
Central Office Adm	\$1.8	\$1.8	\$1.7	\$1.9	\$2.3	\$2.0	\$2.0	\$2.1	\$2.1
Information Technology	0.4	0.8	1.1	1.1	0.7	1.1	1.1	1.1	1.1
Field Operations	9.0	10.2	11.1	10.1	9.9	10.8	10.6	10.8	11.1
Teen Pregnancy	0.2	0.2	--	--	--	--	--	--	--
Domestic Violence Prev	0.7	0.6	1.2	1.0	1.4	1.4	1.4	1.4	1.4
Substance Abuse	0.6	0.6	1.0	1.4	1.7	1.4	1.4	1.4	1.4
TAF Cash Assistance	14.2	18.7	23.8	29.7	35.1	37.7	39.2	39.2	39.2
TAF Employment Services	7.6	8.0	9.8	12.5	11.1	12.4	12.4	12.4	12.4
Community Funding	--	0.1	--	0.3	--	--	--	--	--
Family Preservation	7.2	5.6	4.8	3.8	4.2	5.2	5.2	5.2	5.2
Permanent Guardianship	--	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Foster Care Contracts	33.9	24.1	24.4	24.1	25.1	7.0	4.8	4.8	4.8
Subtotal - Expenditures	\$75.6	\$70.9	\$79.1	\$86.0	\$91.9	\$79.1	\$78.3	\$78.5	\$78.8
<b>Ending Balance</b>	\$13.1	\$18.3	\$16.2	\$17.2	\$7.2	\$5.3	(\$0.1)	(\$5.7)	(\$11.6)

**TANF Block Grant.** The Kansas TANF Block Grant is constant at \$101,931,061 per year. The block grant was based on the state's expenditures of federal funds in Federal FY 1994.

**Transfers to Child Care and Social Services Block Grant.** Up to 30 percent of the TANF Block Grant may be transferred to Child Care and the Social Services Block Grant. However, up to 1/3 of the total transferred may go to the Social Services Block Grant. The respective transfers in the Governor's Budget Recommendation represent 24 percent of the TANF Block Grant in FY 2006 and 28 percent in FY 2007.

**Transfers to the Workforce Development Loan Program.** These school related expenses reflect post-secondary education loans for Temporary Assistance for Families (TAF) cash recipients. These payments are treated as transfers in the state budget because the expenditures are made by the Regents.

**Central Office Administration, Information Technology, and Field Staff.** These expenditures represent management, policy, planning, automation, legal, and regional costs for the TANF program.

**TAF Cash Assistance.** Cash assistance is provided to very low-income families with dependent children. Generally, TAF families have incomes below 30 percent of the federal poverty guidelines. The expenditures in the table above represent the portion of cash assistance benefits financed by the TANF Block Grant. The balance, or \$29,821,028, of the benefits are financed by state general funds.

**TAF Employment Services.** The TAF Employment Services Program is the work program required under the Temporary Assistance for Needy Families law. TAF Employment Services identify and resolve barriers to employment to enable adults to obtain and keep employment as a means of achieving self-sufficiency. All adult TAF recipients, except those with a child under age one, those age sixty or over, and those needed in the home to care for a disabled household member, must work or participate in work activities. The federal work participation rates require 50 percent of all TAF adults whose youngest child is over the age of one to be engaged in a work activity for 30 hours each week. For two-parent families, who represent approximately seven percent of all cases, the work participation rate is 90 percent with a combined 55 hours per week requirement.

**Domestic Violence Prevention.** Services to prevent domestic violence are especially relevant to the TANF population, where it is estimated that almost 50 percent have experienced domestic violence at some time in their life. Although domestic violence strikes in all economic classes, women of low income experience domestic violence at significantly higher rates. Victims of domestic violence have greater barriers to employment due to safety concerns. The agency contracts with the Kansas Coalition Against Sexual and Domestic Violence for this service.

**Substance Abuse.** Another prominent roadblock that Temporary Assistance for Needy Families (TANF) clients face to a successful transition to employment is substance abuse. Estimates of welfare recipients who abuse alcohol or drugs range from 8 to 35 percent, compared to 4 to 12 percent for the general population. This funding supports positions in the Regional Alcohol and Drug Abuse Centers and four Regional Prevention Centers. Screening, evaluation, education, and case management is provided to TANF clients whose substance abuse problems present an impediment to successful employment.

**Child Welfare Services.** The TANF law allows certain child welfare services to be financed by the TANF Block Grant. Foster Care expenditures reflect services for children not eligible for Federal Title IV-E Foster Care funding, as authorized under the precursor to TANF. The continuation of this funding was grand-fathered by the TANF Act. TANF use in foster care has declined over time due to the limited availability of TANF funds and a concern that federal auditors may challenge the agency's use of funds in this area. TANF support for permanent guardianship represents 78 percent of the funding for the Permanent Guardianship Program. TANF funding for family preservation represents 46 percent of the funding for the Family Preservation Program. The use of TANF in Permanent Guardianship and Family Preservation is authorized by the first purpose of TANF, which is to assist needy families so that children may live in their homes or those of relatives.

#### **9. Deficit Reduction Act of 2005:**

**The Committee requests that SRS, Department on Aging, Division of Health Policy and Finance, Kansas Health Policy Authority, and the Department of Health and Environment report at Omnibus on the anticipated impacts on each agency from the Federal Deficit Reduction Act of 2005 enacted this year. (Item Number 7)**

The following tables detail the estimated fiscal impact of each of the Congressional actions over the next 5 fiscal years.

All Funds						
Changes That Will Affect SRS	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	5-Year Impact
Repeal the Authority to Use Child Support Incentives as State Match	\$0	\$0	(\$5,830,000)	(\$5,830,000)	(\$5,830,000)	(\$17,490,000)
Reduced Match Rate for Child Support Paternity Testing	(\$45,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$285,000)
Restrict the Assignment of Child Support for TANF Families	\$0	\$0	\$0	\$0	(\$500,000)	(\$500,000)
Restrict Federal Foster Care (Title IV-E) Administration Funding for Children in Unlicensed Relative and Other Placements	(\$8,850,000)	(\$11,800,000)	(\$11,800,000)	(\$11,800,000)	(\$11,800,000)	(\$56,050,000)
Increase in Child Welfare (Title IV-B) Funding	\$163,000	\$217,000	\$217,000	\$217,000	\$217,000	\$1,031,000
Increase in Child Care Federal Funding	\$1,058,845	\$1,411,793	\$1,411,793	\$1,411,793	\$1,411,793	\$6,706,017
<b>Total</b>	<b>(\$7,673,155)</b>	<b>(\$10,231,207)</b>	<b>(\$16,061,207)</b>	<b>(\$16,061,207)</b>	<b>(\$16,561,207)</b>	<b>(\$66,587,983)</b>

The following table presents the maximum penalties and federal funding reductions that may result from Congressional legislation. All amounts are in millions of dollars.

All Funds						
Changes Potentially Affecting SRS	FY 2006	FY 2007	FY 2008	FY 2009	FY 2006	5-Yr Impact
TANF High Performance Bonus Eliminated	--	(\$5.0)	(\$5.0)	(\$5.0)	(\$5.0)	(\$20.0)
Maximum Penalty for failing TANF Work Participation Requirements:	--					
TANF Block Grant Loss	--	(\$5.1)	(\$7.1)	(\$9.2)	(\$11.2)	(\$32.6)
State Fund Replacement	--	--	(\$5.1)	(\$7.1)	(\$9.2)	(\$21.4)
<b>Subtotal</b>	<b>--</b>	<b>(\$5.1)</b>	<b>(\$12.2)</b>	<b>(\$16.3)</b>	<b>(\$20.4)</b>	<b>(\$54.0)</b>
Maximum Penalty for Failing to Comply with TANF Work Activity Verification Requirements:	--					
TANF Block Grant Loss	--	(\$5.1)	(\$5.1)	(\$5.1)	(\$5.1)	(\$20.4)
State Fund Replacement	--	--	(\$5.1)	(\$5.1)	(\$5.1)	(\$15.3)
<b>Subtotal</b>	<b>--</b>	<b>(\$5.1)</b>	<b>(\$10.2)</b>	<b>(\$10.2)</b>	<b>(\$10.2)</b>	<b>(\$35.7)</b>
<b>Total</b>	<b>(\$0.2)</b>	<b>(\$15.4)</b>	<b>(\$27.6)</b>	<b>(\$31.7)</b>	<b>(\$35.8)</b>	<b>(\$110.7)</b>

## B. State Hospital Information for Review at Omnibus

### House Social Service Budget Committee

1. **Medicare Part D - Mental Health Hospitals: Information on the anticipated effect of the federal program changes.** The committee expressed concern regarding the effect new Federal Medicare Part D provisions will have on the state hospitals. Under the federal provisions, Medicare Part D will pay for prescription drugs for low-income seniors and persons with disabilities who are dually eligible (for both Medicaid and Medicare). According to testimony, the impact on these residents and the hospital budgets is uncertain at this time particularly with regard to the Mental Health hospitals because of the fluid nature of the patient census and the varying number of patients who are dually eligible and the fact that the hospitals operate their own pharmacies. (House Social Services Budget Committee Report on Mental Health Hospitals - Item Number 4)

Because the acute inpatient care provided by the state mental health hospitals is covered under Medicare Parts A and B, Medicare Part D has a negligible impact on MH Hospitals.

2. **Medicare Part D - Developmental Disability Hospitals: Information on the anticipated effect of the federal program changes.** The committee expressed concern regarding the effect new Federal Medicare Part D provisions will have on the state hospitals. The impact is of particular concern at the Developmental Disability hospitals where approximately 68 percent of the residents are dual eligibles, meaning that they are eligible for Medicaid and Medicare. Under the federal provisions, Medicare Part D will pay for prescription drugs for low-income seniors and persons with disabilities who are dually eligible. According to testimony, the impact on these residents and the hospital budgets is uncertain at this time. Both of the hospitals contract for pharmaceutical services. These pharmacies will need to contract with the various drug plans for direct payment for the dual eligibles. (House Social Service Budget Committee Report on Developmental Disability Hospitals - Item Number 3)

Approximately 68% of the residents at Kansas Neurological Institute (KNI) and Parsons State Hospital and Training Center (PSH) qualify as dual eligibles. State Developmental Disabilities (DD) Hospitals have experienced a savings in pharmaceuticals due to Medicare Part D. KNI and PSH have estimated approximate savings of \$342,000 and \$290,000 respectively in FY 2007. These savings at the state DD hospitals are not subject to Part D's "clawback" provisions which requires states to share their related savings with the federal government.

3. **Combined campus at LSH: The committee requests information regarding the anticipated total number of people living on the combined campus at LSH including the corrections and juvenile justice facilities.** This information is requested to allow the City of Larned to appropriately calculate the shared cost of the new wastewater treatment facility being constructed. According to information received by the Budget Committee, previous numbers shared with the city on separate occasions have varied widely making it difficult to

calculate cost sharing. (House Social Services Budget Committee Report on Mental Health Hospitals - Item Number 5)

In planning its new waste water treatment plant, the City of Larned wanted to include provisions for the building capacity on the Larned State Facilities campus, including the number of day shift staff working in these facilities. The follow is the last chart shared with the City of Larned showing the full patient/in-mate capacity of all current buildings and the number of day shift staff budgeted for each.

**LARNED STATE FACILITIES FUTURE OCCUPANCY PROJECTIONS**

December 7, 2005

	Census Beginning of WWTP Planning	Census Projection Provided to the City for WWTP Planning
<b>Larned State Hospital</b>		
Dillion	123	119
Jung	93	62
ATC	90	90
Hospital	39	19
Isaac Ray	0	250
Meyer	0	33
Subtotal Patients	345	573
Day Shift Staff	465	713
Subtotal LSH	810	1,286
<b>Larned Juvenile Correctional Facility</b>		
Offenders	122	152
Day Shift Staff	110	86
Subtotal LJCF	232	238
<b>Larned Correctional Mental Health Facility</b>		
Maximum Security Facility	150	150
Minimum Security Facility	202	202
SubTotal In-mates	352	352
Day Shift Staff	175	175
Subtotal LCMHF	527	527
5% Contingency	0	103
<b>GRAND TOTAL</b>		
Patients, Offenders, In-mates, Day Shift Staff	1,569	2,154

**C. The House Social Services Budget Committee also asked for additional information regarding the state hospitals. The responses to those requests are below:**

**1. Question: How many drugs do the hospitals dispose of because drugs exceed their expiration date?**

Generally, when drugs expire they can be returned to the vendor for full or partial credit. Rarely, do State Hospitals dispose of drugs exceeding their expiration date. PSH and KNI have no pharmacists and contract with a vendor for individual unit doses.

<b>Drugs Returned to Vendor Due to Expiration Date Fiscal Year to Date FY 2006</b>	
<b>Hospital</b>	<b>Total Dollar Lost from Expired Drugs</b>
LSH	\$3,371
OSH	\$4,267
RMHF	\$3,184
PSH	\$0
KNI	\$0
<b>Total</b>	<b>\$10,822</b>

Total amount budgeted in FY 2006 for pharmaceuticals in state hospitals: \$5,244,725

**2. Question: How many youth admissions at RMHF in the last year were from: Level V or Level VI facilities, or from jails or JJA type court order specifically identify those from Wyandotte County courts or jails.**

Response: The following number of youth were admitted from Level V or Level VI facilities in the last calendar year. The additional information regarding admissions from jails, JJA and/or Wyandotte courts will take longer to determine.

**Data Time Frame: January 1 and December 31, 2005**

**Children Services (Total Admissions: 70)**

<b>Agency</b>	<b>Total</b>
Kaw Valley Center	1
New Directions Group Home	1



## **D. Additional Questions from Conference Committees**

### **1. What is the effect of the required Enterprise Application Rate payments on hospital budgets?**

Beginning in FY 2006, Division of Information Systems & Communications (DISC) began assessing an Enterprise Application fee to all state agencies. This fee is \$3.75 per employee per payroll period. The rate supports the statewide accounting system (STARS), human resource system (SHARP), Budget Management System (BMS), and Debt Set-Off applications. Since there are 2,500 employees in the five State Hospitals, this amounts to an increase of \$217,000 per year in administrative costs. It also represents a 84% increase in fees paid to DISC over FY 05.

### **2. Review options to assist parents receiving Child Support Enforcement services with resolving visitation issues.**

Use of federal Title IV D Child Support funding for visitation services is prohibited. In the past, the federal government provided grants to states to provide a variety of visitation services. Several years ago, SRS worked with Kansas Legal Services (KLS) to write a grant to provide advice and legal services to non custodial parents concerning visitation issues. SRS received the funds as required by federal regulations and passed the funds to KLS who provided services. Grant funding ended after one year.

Currently, grant funds for Access and Visitation are received and administered by the Governor's Office of Federal Grants Administration. Grant funds are to be used to establish and administer programs to support and facilitate non custodial parent visitation of their children. Funds are distributed by the Governor's office to groups like the YMCA to physically monitor visits between children and parents who may have a propensity toward violence, drug use, or some other potentially harmful behavior. SRS has no oversight of the award.

There are two key issues with SRS providing visitation services: 1) Federal funds can not be used and 2) A conflict of interest exists with SRS providing advice to both parties to a potential legal action when their interests may be different. For this reason, if a visitation program is funded, SRS recommends an entity other than SRS provide the services.

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### Kansas Endowment for Youth (KEY) Fund Summary

	Actual FY 2005	Gov. Rec. FY 2006	Revised Revenue FY 2006	GBA No. 1	Gov. Rec. FY 2007	FY 2007 Legis. Appvd. with 2006 Rev. Revenue	FY 2007 Legis. Appvd. with 2006 GBA
<b>Beginning Balance</b>	\$ 42,981	\$ 512,837	\$ 512,837	\$ 512,837	\$ 1,191,468	\$ (4,480,697)	\$ (74,852)
Tobacco Receipts	\$ 53,453,764	\$ 55,000,000	\$ 48,774,918 *	48,774,918 *	\$ 54,500,000 *	\$ 54,500,000 *	54,500,000
GBA Transfer from State General Fund			-	4,405,845		-	-
Interest (April 2006)			552,917	552,917		-	-
Transfer to Children's Initiatives Fund	(51,135,585)	(51,747,118)	(51,747,118)	(51,747,118)	(55,440,928)	(55,440,928)	(55,440,928)
Transfer to State General Fund	(1,654,514)	(2,323,711)	(2,323,711)	(2,323,711)	-	-	-
<b>Total Available</b>	<u>\$ 706,646</u>	<u>\$ 1,442,008</u>	<u>\$ (4,230,157)</u>	<u>\$ 175,688</u>	<u>\$ 250,540</u>	<u>\$ (5,421,625)</u>	<u>(1,015,780)</u>
Children's Cabinet Administration	(193,809)	(250,540)	(250,540)	(250,540)	(250,540)	(250,540)	(250,540)
<b>Ending Balance</b>	<u><u>\$ 512,837</u></u>	<u><u>\$ 1,191,468</u></u>	<u><u>\$ (4,480,697)</u></u>	<u><u>\$ (74,852)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,672,165)</u></u>	<u><u>\$ (1,266,320)</u></u>

\* On April 11, 2006 legislative and executive branch staff re-estimated payments for FY 2006 and FY 2007 from tobacco manufacturers pursuant to the Master Settlement Agreement. The group made a downward adjustment of payments to states based on declining market shares of participating manufacturers resulting in a lower than anticipated payment to Kansas on April 17, 2006. Actual receipts for FY 2006, as of April 19, 2006, are \$48.8 million. FY 2007 receipts were not adjusted and the table above assumes receipts in the amount estimated in the Governor's recommendation.

## MEMORANDUM

April 19, 2006

To: Tax Committee Leadership  
 From: Chris W. Courtwright, Principal Economist  
 Re: Revised Conferenceable, Fiscal Note Lists

The House on March 31 approved on final action H Sub SB 303, H Sub SB 70, and HB 2618. The attached table updates the list of "conferenceable" tax issues and their whereabouts.

H Sub SB 76, which contains a new sales tax exemption for certain work site utility vehicles, has now been approved by the Legislature and signed into law by the Governor.

The fiscal impact of the franchise tax phase out also has been updated to reflect the revised (April 17) consensus estimates.

I have again updated the oft-requested table regarding the total amount of tax cuts passed by the House. In preparing those estimates, I have tried to avoid double counting things that have passed in multiple bills like the car rebate sales tax exemption; and the business machinery and equipment property tax exemption and slider provisions.

(\$ in millions)		status	FY 07	FY 08	FY 09	FY 10	FY 11	5-yr total
HB 2619	m and e	Sen A&T	---	-\$45.185	-\$63.813	-\$67.511	-\$60.411	-\$236.920
HB 2525	m and e	Sen A&T	---	-\$2.349	-\$1.813	-\$2.048	-\$1.046	-\$7.256
HB 2548	franchise	Sen A&T	---	-\$14.300	-\$29.100	-\$44.600	-\$45.500	-\$133.500
HB 2573	lnr quest	Sen A&T	---	-\$1.200	-\$1.200	-\$1.200	-\$1.200	-\$4.800
HB 2972	f s rebate	Sen A&T	-\$4.200	-\$5.600	-\$7.000	-\$8.400	-\$9.800	-\$35.000
HB 2640	car rebate	Sen A&T	-\$9.900	-\$11.178	-\$11.569	-\$11.974	-\$12.393	-\$57.015
SB 404	other exmpts	conference	-\$9.562	-\$10.796	-\$11.174	-\$11.565	-\$11.970	-\$55.068
SB 365	estate	conference	\$0.000	-\$7.000	-\$4.000	-\$2.000	\$0.000	-\$13.000
add'l f note for hstead in 2619,365			-\$15.800	-\$12.200	-\$12.600	-\$13.000	-\$13.400	-\$67.000
HB 3017	mil, eth rsrch	Sen A&T	-\$2.400	-\$2.400	-\$2.400	-\$2.400	-\$2.400	-\$12.000
HB 2880	law enf cred	Sen Judic	-\$0.500	-\$0.500	-\$0.500	-\$0.500	-\$0.500	-\$2.500
SB 303	en tx incent	confnrce?	\$0.000	-\$3.020	-\$4.650	-\$4.500	-\$7.670	-\$19.840
SB 70	en tx incent	confnrce?	-\$2.500	-\$2.500	-\$2.500	\$0.000	\$0.000	-\$7.500
HB 2618	digital tv	to be ref	---	-\$0.048	-\$0.060	-\$0.074	-\$0.090	-\$0.272
SB 76	work site veh	gov signed	-\$0.437	-\$0.494	-\$0.511	-\$0.529	-\$0.547	-\$0.567
add' f note for franchise phaseout			---	-\$0.483	-\$1.281	-\$2.417	-\$2.935	-\$7.116
Total These Bills			-\$45.299	-\$119.253	-\$154.171	-\$172.718	-\$169.863	-\$659.353

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Comparison of State Rental Charges and Changes -- FY 2004 to FY 2007

Agency	Building	Type	Sq Ft	Annual Rent	Sq Ft	Annual Rent	Difference	Difference	Sq Ft	Annual Rent	Difference	Difference	Estimated	Estimated	Difference	Difference
			FY 2004	FY 2004	FY 2005	FY 2005	FY04 to FY05	FY04 to FY05	FY 2006	FY 2006	FY05 to FY06	FY05 to FY06	FY 2007	FY 2007	FY06 to FY07	FY06 to FY07
Board of Accountancy	Landon	Office	1,302	15,155.28	1,302	14,439.18	-	(716.10)	1,778	20,589.24	476	6,150.06	1,272	20,262.96	(506)	(326.28)
Board of Accountancy	Landon	Storage	70	245.00	70	280.00	-	35.00	70	314.30	-	34.30	50	250.00	(20)	(64.30)
Human Rights Commission	Landon	Office	8,936	104,015.04	8,936	99,100.24	-	(4,914.80)	8,936	103,478.88	-	4,378.64	6,394	101,856.42	(2,542)	(1,622.46)
Human Rights Commission	Landon	Storage	147	514.50	147	588.00	-	73.50	147	660.03	-	72.03	105	525.00	(42)	(135.03)
Dental Board	Landon	Office	1,249	14,538.36	1,249	13,851.41	-	(686.95)	1,249	14,463.42	-	612.01	895	14,257.35	(354)	(206.07)
Health Planning & Finance (moved in 11/05)	Landon	Office	-	-	-	-	-	-	41,138	377,490.73	41,138	377,490.73	29,490	469,775.70	(11,648)	92,284.97
Health Planning & Finance (moved in 11/05)	Landon	Storage	-	-	-	-	-	-	2,829	9,524.97	2,829	9,524.97	42	210.00	(2,787)	(9,314.97)
Department of Administration	Landon	Office	177,188	1,973,579	175,782	1,949,794	(1,406)	(23,786)	158,447	1,862,770	(17,335)	(87,023)	108,914	1,735,000	(49,533)	(127,770)
Department of Administration	Landon	Storage	13,520	46,237.62	15,242	59,357.74	1,722	13,120.12	10,439	50,109.36	(4,803)	(9,248.38)	10,803	54,015.00	364	3,905.64
Department of Administration	Landon	Computer II	14,538	475,553.77	14,538	479,754.00	-	4,200.23	14,538	486,877.62	-	7,123.62	14,538	654,210.00	-	167,332.38
Board of Emergency Medical Service	Landon	Office	4,364	50,796.96	4,364	48,396.76	-	(2,400.20)	4,364	50,535.12	-	2,138.36	3,126	49,797.18	(1,238)	(737.94)
Board of Emergency Medical Service	Landon	Storage	296	1,036.00	296	1,184.00	-	148.00	296	1,329.04	-	145.04	212	1,060.00	(84)	(269.04)
Kansas Housing Resources Corporation	Landon	Office	5,612	65,323.68	-	-	(5,612)	(65,323.68)	-	-	-	-	-	-	-	-
Governor's Policy Office	Landon	Office	-	-	-	-	-	-	1,073	12,425.34	1,073	12,425.34	768	12,234.24	(305)	(191.10)
Governor's Grant Office	Landon	Office	3,219	31,395.98	3,219	32,672.85	-	1,276.87	3,219	37,276.02	-	4,603.17	2,306	36,734.58	(913)	(541.44)
Governor's Minority Affairs Office	Landon	Office	-	-	2,257	25,030.11	2,257	25,030.11	2,257	26,136.06	-	1,105.95	1,615	25,726.95	(642)	(409.11)
Commerce - (USDOL Vets)	Landon	Office	-	-	1,463	1,276.81	1,463	1,276.81	1,463	16,941.54	-	15,664.73	1,047	16,678.71	(416)	(262.83)
Commerce - (temp use only)	Landon	Office - Oct-Di	-	1,725.63	-	-	-	(1,725.63)	-	-	-	-	-	-	-	-
Board of Nursing	Landon	Office	10,376	120,776.64	10,376	115,069.84	-	(5,706.80)	10,376	120,154.08	-	5,084.24	-	-	(10,376)	(120,154.08)
Department of Corrections	Landon	Office	31,503	366,694.92	31,503	349,368.27	-	(17,326.65)	31,503	364,804.74	-	15,436.47	22,427	357,262.11	(9,076)	(7,542.63)
Department of Corrections - Victims Services	Landon	Office	-	-	2,089	14,818.81	2,089	14,818.81	2,089	18,142.97	-	3,324.16	1,495	17,861.51	(594)	(281.46)
Department of Corrections	Landon	Storage	2,264	7,924.00	2,264	9,056.00	-	1,132.00	2,264	10,165.36	-	1,109.36	1,620	8,100.00	(644)	(2,065.36)
Department of Corrections	Landon	Computer II	415	13,267.55	415	13,695.00	-	427.45	415	13,898.35	-	203.35	415	18,675.00	-	4,776.65
Parole Board	Landon	Office	2,403	27,970.92	2,403	26,649.27	-	(1,321.65)	2,403	27,826.74	-	1,177.47	1,720	27,399.60	(683)	(427.14)
Board of Pharmacy	Landon	Office	2,160	25,142.40	2,160	23,954.40	-	(1,188.00)	2,160	25,012.80	-	1,058.40	1,587	25,280.91	(573)	268.11
Department of Revenue	Landon	Office	9,275	107,961.00	9,275	97,357.26	-	(10,603.74)	-	-	(9,275)	(97,357.26)	-	-	-	-
SRS - Children's Cabinet	Landon	Office	1,874	18,596.14	1,874	20,782.66	-	2,186.52	1,874	21,700.92	-	918.26	1,341	21,362.13	(533)	(338.79)
Board of Technical Professions	Landon	Office	2,977	34,652.28	2,977	33,014.93	-	(1,637.35)	2,977	34,473.68	-	1,458.75	2,130	33,930.90	(847)	(542.78)
Board of Technical Professions	Landon	Storage	150	525.00	150	600.00	-	75.00	150	673.50	-	73.50	108	540.00	(42)	(133.50)
State Treasurer	Landon	Office & Comp	16,562	192,781.68	16,562	183,672.58	-	(9,109.10)	16,562	191,787.96	-	8,115.38	11,502	183,226.86	(5,060)	(8,561.10)
State Treasurer	Landon	Storage	2,444	8,554.00	2,444	9,776.00	-	1,222.00	2,444	10,973.56	-	1,197.56	1,749	8,745.00	(695)	(2,228.56)
State Treasurer	Landon	Computer II	1,233	39,419.02	1,233	40,689.00	-	1,269.98	1,233	41,293.17	-	604.17	1,233	55,485.00	-	14,191.83
Pooled Money Investment Board	Landon	Office	2,522	29,356.08	2,522	27,968.98	-	(1,387.10)	2,522	29,204.76	-	1,235.78	1,805	28,753.65	(717)	(451.11)
Pooled Money Investment Board	Landon	Storage	185	536.97	185	740.00	-	203.03	185	830.65	-	90.65	65	325.00	(120)	(505.65)
Department of Administration	Docking	Office	8,551	96,626.30	8,142	90,294.80	(409)	(6,331.50)	7,687	89,015.46	(455)	(1,279.34)	5,072	80,796.96	(2,615)	(8,218.50)
Department of Administration	Docking	Storage	-	-	1,752	2,660	1,752	2,660	808	3,628	(944)	968	549	2,745	(259)	(883)
Department of Administration	Docking	Computer II	479	14,710.08	479	15,806.99	-	1,096.91	479	16,041.71	-	234.72	479	21,555.00	-	5,513.29
Department of Transportation (moved out 9/04)	Docking	Office & Comp	147,205	1,663,416.49	147,205	141,803.03	-	(1,521,613.46)	-	-	(147,205)	(141,803.03)	-	-	-	-
Department of Transportation (moved out 9/04)	Docking	Storage	4,406	15,156.63	4,406	1,908.76	-	(13,247.87)	-	-	(4,406)	(1,908.76)	-	-	-	-
Department of Transportation (moved out 9/04)	Docking	Computer II	2,115	64,951.65	2,115	8,240.27	-	(56,711.38)	-	-	(2,115)	(8,240.27)	-	-	-	-
Kansas Highway Patrol	Docking	Office	3,723	16,827.96	3,723	14,415.46	-	(2,412.50)	3,723	17,244.94	-	2,829.48	2,531	16,127.53	(1,192)	(1,117.41)
Kansas Highway Patrol	Docking	Storage	334	1,148.96	334	1,336.00	-	187.04	334	1,499.66	-	163.66	227	1,135.00	(107)	(364.66)
KPERS	Docking	Storage	57	196.08	57	228.00	-	31.92	57	255.93	-	27.93	39	195.00	(18)	(60.93)
Board of Tax Appeals	Docking	Office	18,685	211,140.50	15,949	176,874.41	(2,736)	(34,266.09)	15,949	184,689.42	-	7,815.01	10,841	172,697.13	(5,108)	(11,992.29)
Department of Revenue	Docking	Office	224,281	2,534,375.30	227,017	2,523,717.79	2,736	(10,657.51)	243,433	2,818,954.14	16,416	295,236.35	163,130	2,598,660.90	(80,303)	(220,293.24)
Department of Revenue	Docking	Storage	7,768	26,721.92	7,768	43,081.97	-	16,360.05	30,123	135,252.27	22,355	92,170.30	13,110	65,550.00	(17,013)	(69,702.27)
Department of Revenue	Docking	Computer II	2,627	80,675.17	2,627	86,690.99	-	6,015.82	2,627	87,978.23	-	1,287.24	2,627	118,215.00	-	30,236.77
SRS	Docking	Office	123,477	1,395,290.10	128,307	1,397,851.99	4,830	2,561.89	128,307	1,485,795.06	-	87,943.07	86,296	1,374,695.28	(42,011)	(111,099.78)
SRS	Docking	Storage	437	1,503.28	1,033	2,284.81	596	781.53	1,033	4,638.17	-	2,353.36	405	2,025.00	(628)	(2,613.17)
SRS	Docking	Computer II	2,113	64,890.23	2,113	69,729.00	-	4,838.77	2,113	70,764.37	-	1,035.37	2,113	95,085.00	-	24,320.63
Legislative Services (moved in 1/06)	Docking	Office	-	-	-	-	-	-	27,813	161,037.72	27,813	161,037.72	19,030	303,147.90	(8,783)	142,110.18

Senate Ways and Means  
April 19, 2008, 2008  
Attachment 30

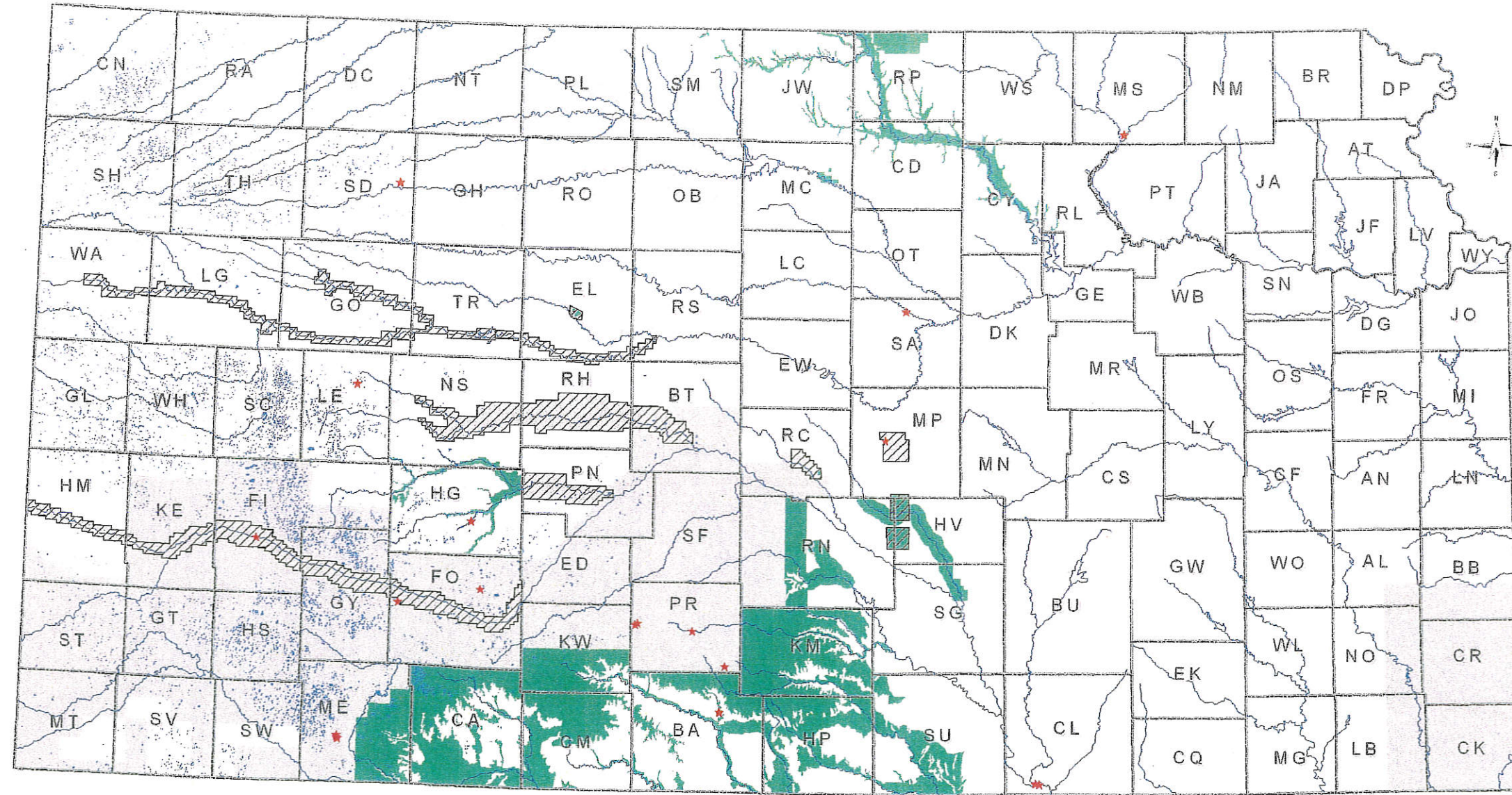
Comparison of State Rental Charges and Changes -- FY 2004 to FY 2007

Agency	Building	Type	FY 2004		FY 2005		Difference	Difference	FY 2006		Difference	Difference	Estimated	Estimated	Difference	Difference
			Sq Ft	Annual Rent	Sq Ft	Annual Rent	Sq Ft	Annual Rent	Sq Ft	Annual Rent	Sq Ft	Annual Rent	Sq Ft	Annual Rent	Sq Ft	Annual Rent
Department of Administration	Curtis	Office	10,248	154,744.80	6,836	85,203.66	(3,412)	(69,541.14)	6,836	79,160.88	-	(6,042.78)	5,837	92,983.41	(999)	13,822.53
Housing	Curtis	Office	4,330	65,383.00	4,330	8,952.28	-	(56,430.72)	-	-	(4,330)	(8,952.28)	-	-	-	-
Kansas Department of Health & Environment	Curtis	Office	241,141	3,641,229.10	241,141	2,675,456.69	-	(965,772.41)	241,241	2,793,570.80	100	118,114.11	204,334	3,255,040.62	(36,907)	461,469.82
Kansas Department of Health & Environment	Curtis	Storage	12,193	58,160.61	3,926	19,107.23	(8,267)	(39,053.38)	3,926	17,627.74	-	(1,479.49)	3,428	17,140.00	(498)	(487.74)
Kansas Department of Health & Environment	Curtis	Computer II	1,634	69,673.76	1,634	53,922.00	-	(15,751.76)	1,634	54,722.66	-	800.66	1,634	73,530.00	-	18,807.34
Commerce	Curtis	Office	23,016	347,541.60	35,613	357,062.70	12,597	9,521.10	35,613	412,398.54	-	55,335.84	30,199	481,070.07	(5,414)	68,671.53
Commerce	Curtis	Storage	1,452	6,926.04	1,452	5,808.00	-	(1,118.04)	1,452	6,519.48	-	711.48	1,231	6,155.00	(221)	(364.48)
Board of Regents	Curtis	Office	21,180	319,818.00	24,303	260,127.84	3,123	(59,690.16)	24,303	281,428.74	-	21,300.90	20,567	327,632.31	(3,736)	46,203.57
Department of Administration	Memorial	Office	1,237	12,110.23	1,208	13,745.60	(29)	1,635.37	1,208	13,977.06	-	231.46	775	12,345.75	(433)	(1,631.31)
Secretary of State	Memorial	Office	24,723	242,038.17	24,141	267,723.69	(582)	25,685.52	24,141	279,552.78	-	11,829.09	15,482	246,628.26	(8,659)	(32,924.52)
Secretary of State	Memorial	Storage	6,041	21,143.50	5,899	23,596.00	(142)	2,452.50	5,899	26,486.51	-	2,890.51	3,783	18,915.00	(2,116)	(7,571.51)
Attorney General	Memorial	General	49,223	481,893.17	48,063	533,018.68	(1,160)	51,125.51	48,063	556,569.54	-	23,550.86	30,824	491,026.32	(17,239)	(65,543.22)
Attorney General	Memorial	Storage	2,186	7,651.00	2,135	8,540.03	(51)	889.03	2,135	9,586.15	-	1,046.12	1,369	6,845.00	(766)	(2,741.15)
Department of Aging	Wichita	Office	1,992	17,788.56	3,227	37,920.91	1,235	20,132.35	3,227	37,368.66	-	(552.25)	2,143	34,137.99	(1,084)	(3,230.67)
Human Rights Commission	Wichita	Office	3,590	32,058.70	3,590	39,813.10	-	7,754.40	3,590	41,572.20	-	1,759.10	2,384	37,977.12	(1,206)	(3,595.08)
KBI	Wichita	Office	4,244	37,898.92	4,244	47,065.96	-	9,167.04	4,244	49,145.52	-	2,079.56	2,818	44,890.74	(1,426)	(4,254.78)
Kansas Corporation Commission	Wichita	Office	22,817	203,755.81	22,313	249,314.29	(504)	45,558.48	22,313	258,384.54	-	9,070.25	14,804	235,827.72	(7,509)	(22,556.82)
Kansas Corporation Commission	Wichita	Storage	1,736	8,680.00	1,736	6,944.00	-	(1,736.00)	1,736	7,794.64	-	850.64	1,153	5,765.00	(583)	(2,029.64)
Department of Administration	Wichita	Office	2,637	23,548.40	4,877	54,086	2,240	30,538	4,877	56,476	-	2,390	3,266	52,027	(1,611)	(4,448)
Kansas Department of Health & Environment	Wichita	Office	20,334	181,582.62	17,348	192,389.32	(2,986)	10,806.70	17,892	203,075.36	544	10,686.04	11,520	183,513.60	(6,372)	(19,561.76)
Insurance	Wichita	Office	2,013	17,976.10	-	-	(2,013)	(17,976.10)	-	-	-	-	-	-	-	-
Department of Revenue	Wichita	Office	4,826	43,096.18	7,208	58,658.87	2,382	15,562.69	7,208	83,468.64	-	24,809.77	4,787	76,256.91	(2,421)	(7,211.73)
Securities Commission	Wichita	Office	3,665	32,728.45	3,665	40,644.85	-	7,916.40	3,665	42,440.70	-	1,795.85	2,434	38,773.62	(1,231)	(3,667.08)
SRS	Wichita	Office	199,538	1,781,874.33	199,538	2,212,876.42	-	431,002.09	199,538	2,310,650.02	-	97,773.60	132,504	2,110,788.72	(67,034)	(199,861.30)
SRS	Wichita	Office	-	-	-	-	-	-	2,450	26,006.75	2,450	26,006.75	1,627	25,918.11	(823)	(88.64)
Bank Commissioner	Wichita	Office	-	-	1,842	19,229.33	1,842	19,229.33	1,842	21,330.36	-	2,101.03	1,223	19,482.39	(619)	(1,847.97)
Bank Commissioner	Wichita	Storage	-	-	480	1,807.34	480	1,807.34	480	2,155.20	-	347.86	319	1,595.00	(161)	(560.20)
Department of Administration	1020 Kansas	Office	5,973	90,431.22	5,973	66,240.57	-	(24,190.65)	5,973	69,167.34	-	2,926.77	5,057	80,558.01	-	(916.00)
Department of Administration	1020 Kansas	Storage	1,619	24,511.66	1,619	-	-	(24,511.66)	1,619	-	-	-	1,371	6,855.00	(248)	6,855.00
Wildlife & Parks	1020 Kansas	Office	9,068	137,289.52	9,068	100,564.12	-	(36,725.40)	9,068	105,007.44	-	4,443.32	7,677	122,294.61	(1,391)	17,287.17
Wildlife & Parks	1020 Kansas	Storage	422	6,389.08	422	4,679.98	-	(1,709.10)	422	4,886.76	-	206.78	357	1,785.00	(65)	(3,101.76)
Department of Transportation (moved in 9/04)	Eisenhower	Office	-	-	135,935	2,499,855.31	135,935	2,499,855.31	257,150	2,977,797.00	121,215	477,941.69	178,413	2,842,119.09	(78,737)	(135,677.91)
Department of Transportation (moved in 9/04)	Eisenhower	Computer II	-	-	3,441	113,792.99	3,441	113,792.99	3,441	115,239.09	-	1,446.10	3,441	154,845.00	-	39,605.91
Department of Transportation (moved in 9/04)	Eisenhower	Storage	-	-	6,047	19,584.32	6,047	19,584.32	6,047	27,151.03	-	7,566.71	4,220	21,100.00	(1,827)	(6,051.03)
Department of Administration	Eisenhower	Office	-	-	3,443	33,977.87	3,443	33,977.87	3,443	39,869.94	-	5,892.07	2,403	38,279.79	(1,040)	(1,590.15)
Gaming - (partial year FY 05)	Eisenhower	Office	-	-	9,407	30,398.38	9,407	30,398.38	9,407	108,716.40	-	78,318.02	6,565	104,580.45	(2,842)	(4,135.95)
Racing - (partial year FY 05)	Eisenhower	Office	-	-	11,123	20,172.38	11,123	20,172.38	11,123	128,804.34	-	108,631.96	7,762	123,648.66	(3,361)	(5,155.68)
Totals			1,546,120	18,029,828.88	1,727,551	18,432,142.34	181,431	402,313.46	1,773,092	20,306,768.81	45,541	1,874,626.47	1,254,934	20,224,504.13	(518,158)	(82,264.67)
Kansas Department of Health & Environment	Forbes	Labs/Office	39,440	773,024.00	39,440	478,712.83	-	(294,311.17)	39,440	947,348.80	-	468,635.97	39,440	1,285,744.00	-	338,395.20


Source: Division of Facilities Management, Department of Administration


# Closed and Restricted Areas

Kansas Department of Agriculture, Division of Water Resources




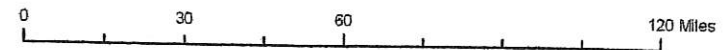
 IGUCA or SWQA

 Area subject to Special Restrictions. See regulation for requirements.

 Closed Area, generally excluding temporary and other small uses in some cases. See regulation for details.

 Playas (NRCS)

 KDWP Groundwater Recreation Points of Diversion (24 Water Rights, 21 Points of Diversion)



Senate ways and Means  
April 19, 20, 21, 2006  
Attachment 31

**FY 2007 Motor Vehicle Omnibus Review Items**

	Governor's Replacement Recommendation				Legislative Adjustments				Other Legislative Recommended Review			
	SGF FY 07	AF FY 07	Vans & Cars Trucks		SGF FY 07	AF FY 07	Vans & Cars Trucks		SGF FY 07	AF FY 07	Vans & Cars Trucks	
State Bank Commissioner	0	32,800	0	2	0	(32,800)	0	2	--	--	--	--
Board of Cosmetology	0	12,000	1	0	0	(12,000)	1	0	--	--	--	--
Board of Mortuary Arts	0	12,500	1	0	0	(12,500)	1	0	--	--	--	--
Board of Pharmacy	0	20,000	1	0	0	(20,000)	1	0	--	--	--	--
Judicial Branch	16,400	16,400	0	1	(16,400)	(16,400)	0	1	--	--	--	--
Corporation Commission	1) 0	105,500	1	6	0	(105,500)	1	6	0	46,500	--	3
Department of Administration	11,731	32,731	5	0	(11,731)	(32,731)	5	0	--	--	--	--
Department of Revenue	11,630	135,086	8	2	(11,630)	(135,086)	8	2	--	--	--	--
Kansas Lottery	0	121,600	1	7	0	(121,600)	1	7	--	--	--	--
Racing and Gaming Commission	0	40,000	2	0	0	(40,000)	2	0	--	--	--	--
Department of Commerce	0	37,500	3	0	0	(37,500)	3	0	--	--	--	--
Department of Labor	2) 0	66,454	5	0	0	(66,454)	5	0	0	79,746	6	0
Commission on Veterans Affairs	32,800	32,800	0	2	(32,800)	(32,800)	0	2	--	--	--	--
Department of Health and Environment	3) 260,000	545,600	35	0	(260,000)	(545,600)	35	0	104,000	104,000	8	0
Department on Aging	101,214	202,428	18	0	(101,214)	(202,428)	18	0	--	--	--	--
Social and Rehabilitation Services	183,830	292,488	20	0	(183,830)	(292,488)	20	0	--	--	--	--
Department of Education	17,300	65,100	0	4	(17,300)	(65,100)	0	4	--	--	--	--
School for the Deaf	32,800	32,800	0	2	(32,800)	(32,800)	0	2	--	--	--	--
School for the Blind	4) 32,800	32,800	0	1	(32,800)	(32,800)	0	1	--	--	--	--
Department of Corrections	0	80,000	6	0	0	(80,000)	6	0	--	--	--	--
Juvenile Correctional Complex	19,000	19,000	0	1	(19,000)	(19,000)	0	1	--	--	--	--
Kansas Bureau of Investigation	5) 0	129,500	7	0	0	0	0	0	--	--	--	--
Adjutant General	6) 4,325	48,174	0	3	0	0	0	0	--	--	--	--
State Fire Marshall	0	158,715	0	8	0	(158,715)	0	8	--	--	--	--
Department of Agriculture	121,791	346,679	11	12	(121,791)	(385,607)	11	14	--	--	--	--
Animal Health Department	7) 19,000	19,000	0	1	(19,000)	(19,000)	0	1	--	--	--	--
Department of Wildlife and Parks	8) 0	781,725	0	42	0	(781,725)	0	42	97,000	97,000	0	9
Department of Transportation	0	2,700,000	31	100	0	(2,700,000)	31	100	--	--	--	--
<b>Totals</b>	<b>\$ 864,621</b>	<b>\$ 6,119,380</b>	<b>156</b>	<b>194</b>	<b>\$ (860,296)</b>	<b>\$ (5,980,634)</b>	<b>149</b>	<b>193</b>	<b>\$ 201,000</b>	<b>\$ 327,246</b>	<b>14</b>	<b>12</b>

**Notes:**

- 1) Corporation Commission -- House Committee recommended review of \$46,500 for 3 additional trucks.
- 2) Department of Labor -- Conference Committee recommended to review additional funding of \$79,746 from special revenue funds for 6 cars.
- 3) Department of Health and Environment -- Conference Committee recommended to review additional funding of \$104,000 from SGF for 8 cars in Child Care/Foster Care Licensing.
- 4) School for the Blind -- Legislature approved shifting \$32,800 from SGF to FY 2006 for 1 van.
- 5) Kansas Bureau of Investigation -- Funding of \$129,500 from special revenue funds for 7 cars left in approved budget.
- 6) Adjutant General -- Funding of \$48,174, including \$4,325 from SGF, for 3 trucks left in approved budget.
- 7) Department of Agriculture -- Additional funding of \$38,928 from special revenue funds for 2 new (not replacement) trucks.
- 8) Department of Wildlife and Parks -- Conference Committee recommended to review additional funding of \$97,000 from SGF, with 5 trucks in State Parks and 4 trucks in Administration with a \$12,000 match.

Senate Ways and Means  
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Attachment 32

**Review of proposed docket fee increases for the 2006 Session**

<b>Docket fee proposed to be increased</b>	<b>Current statutory docket fee</b>	<b>Judicial Branch emergency surcharge</b>	<b>SB 180 Prohibits Judicial Branch emergency surcharge</b>	<b>SB 337 Judicial Performance Commission; Salaries-Dist. &amp; Dist. Magis.- \$9,000 &amp; Ct. of Appeals-\$2,000; Child Visitation Centers</b>	<b>HB 2122 Law Enforcement Training Center</b>	<b>Net docket fee if all three bills become law</b>
<b>CIVIL</b>						
Chapter 60, K.S.A. 60-2001	\$106	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years; \$39 salaries	-	\$156
Limited actions K.S.A. 61-4001 <=\$500 >\$500 or <=\$5,000 >\$5,000 or <=\$25,000	\$26 \$46 \$76	\$5 \$5 \$5	\$9 \$9 \$9	\$2 for Judicial Performance Commission, sunset in 4 years; \$0 salaries for <=\$5,000, \$16 salaries for >\$5,000	-	\$37 \$57 \$103

Senate Ways and Means  
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Attachment 33



Docket fee proposed to be increased	Current statutory docket fee	Judicial Branch emergency surcharge	SB 180 Prohibits Judicial Branch emergency surcharge	SB 337 Judicial Performance Commission; Salaries-Dist. & Dist. Magis.-\$9,000 & Ct. of Appeals-\$2,000; Child Visitation Centers	HB 2122 Law Enforcement Training Center	Net docket fee if all three bills become law
Small claims K.S.A. 61-2704 <=\$500 >\$500 or <=\$4,000	\$26 \$46	\$5 \$5	\$9 \$9	\$2 for Judicial Performance Commission, sunset in 4 years; \$2 for salaries	-	\$39 \$59
Domestic Relations post decree motions; K.S.A. 60-1621	\$21	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years; \$10 child visitation centers	-	\$42
Hearings in Aid of Execution & Alias Orders for Hearings pursuant to K.S.A. 61-3604	no fee	\$5	-	-	-	no fee

Docket fee proposed to be increased	Current statutory docket fee	Judicial Branch emergency surcharge	SB 180 Prohibits Judicial Branch emergency surcharge	SB 337 Judicial Performance Commission; Salaries-Dist. & Dist. Magis.- \$9,000 & Ct. of Appeals-\$2,000; Child Visitation Centers	HB 2122 Law Enforcement Training Center	Net docket fee if all three bills become law
Writs /Orders of Sale or Execution & Alias Orders or Writs, pursuant to K.S.A. 60-2401, 60-2419, 61-3602	no fee	\$5	-	-	-	no fee
Elevating a Chapter 61 Judgment	no fee	\$5	-	-	-	no fee
Attachments pursuant to K.S.A. 60-703 or 61-3501	no fee	\$5	-	-	-	no fee
Garnishments pursuant to K.S.A. 61-3503 or 61-3504	no fee	\$5	-	-	-	no fee
<b>CRIMINAL</b>						
Murder/Manslaughter, K.S.A. 28-172a	\$164.50	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	\$6	\$181.50

Docket fee proposed to be increased	Current statutory docket fee	Judicial Branch emergency surcharge	SB 180 Prohibits Judicial Branch emergency surcharge	SB 337 Judicial Performance Commission; Salaries-Dist. & Dist. Magis.-\$9,000 & Ct. of Appeals-\$2,000; Child Visitation Centers	HB 2122 Law Enforcement Training Center	Net docket fee if all three bills become law
Other Criminal Felony, K.S.A. 28-172a	\$147	\$5	\$9	\$10 for Judicial Performance Commission, sunset in 4 years	\$6	\$172
Misdemeanor, K.S.A. 28-172a	\$112	\$5	\$9	\$10 for Judicial Performance Commission, sunset in 4 years	\$6	\$137
Bond Forfeiture	\$62.50	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$73.50
Criminal Expungement K.S.A. 21-4619 & 22-2410	no fee	\$50	-	\$100 for salaries	-	\$100
Municipal K.S.A. 12-4117	\$9	-	-	-	\$10	\$19

Docket fee proposed to be increased	Current statutory docket fee	Judicial Branch emergency surcharge	SB 180 Prohibits Judicial Branch emergency surcharge	SB 337 Judicial Performance Commission; Salaries-Dist. & Dist. Magis.- \$9,000 & Ct. of Appeals-\$2,000; Child Visitation Centers	HB 2122 Law Enforcement Training Center	Net docket fee if all three bills become law
<b>PROBATE K.S.A. 59-104</b>						
Treatment of Mentally Ill	\$25.50	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$36.50
Treatment of alcoholism or drug abuse	\$25.50	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$36.50
Determination of Descent	\$40.50	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$51.50

<b>Docket fee proposed to be increased</b>	<b>Current statutory docket fee</b>	<b>Judicial Branch emergency surcharge</b>	<b>SB 180 Prohibits Judicial Branch emergency surcharge</b>	<b>SB 337 Judicial Performance Commission; Salaries-Dist. &amp; Dist. Magis.- \$9,000 &amp; Ct. of Appeals-\$2,000; Child Visitation Centers</b>	<b>HB 2122 Law Enforcement Training Center</b>	<b>Net docket fee if all three bills become law</b>
Refusal to Grant Letters	\$39.50	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$50.50
Filing Will and Affidavit	\$39.50	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$50.50
Guardianship or Conservatorship or combined Guardianship and Conservatorship	\$60.50	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$71.50
Annual reports and accountings	no fee	\$5	-	-	-	no fee
Closing Conservatorship or Guardianship	no fee	\$5	-	-	-	no fee

<b>Docket fee proposed to be increased</b>	<b>Current statutory docket fee</b>	<b>Judicial Branch emergency surcharge</b>	<b>SB 180 Prohibits Judicial Branch emergency surcharge</b>	<b>SB 337 Judicial Performance Commission; Salaries-Dist. &amp; Dist. Magis.-\$9,000 &amp; Ct. of Appeals-\$2,000; Child Visitation Centers</b>	<b>HB 2122 Law Enforcement Training Center</b>	<b>Net docket fee if all three bills become law</b>
Termination of Joint Tenancy or Life Estate	\$39.50	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$50.50
Trusteeship	\$60.50	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$71.50
Closing Trusteeship	no fee	\$5	-	-	-	no fee
Probate of an Estate or a Will	\$100.50	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$111.50
Decrees in Probate from Another State	\$99.50	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$110.50

<b>Docket fee proposed to be increased</b>	<b>Current statutory docket fee</b>	<b>Judicial Branch emergency surcharge</b>	<b>SB 180 Prohibits Judicial Branch emergency surcharge</b>	<b>SB 337 Judicial Performance Commission; Salaries-Dist. &amp; Dist. Magis.- \$9,000 &amp; Ct. of Appeals-\$2,000; Child Visitation Centers</b>	<b>HB 2122 Law Enforcement Training Center</b>	<b>Net docket fee if all three bills become law</b>
Filing a probate proceeding from another county	\$14.50	-	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$25.50
Adoption	\$39.50	-	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$50.50
Civil commitment of a sexually violent predator	\$24.50	-	\$9	\$2 for Judicial Performance Commission, sunset in 4 years	-	\$35.50
Marriage License, K.S.A. 23-108a	\$50	\$25	-	-	-	no fee increase
<b>CHILDREN</b>						
Juvenile Expungement	no fee	\$50	-	-	-	no fee

Docket fee proposed to be increased	Current statutory docket fee	Judicial Branch emergency surcharge	SB 180 Prohibits Judicial Branch emergency surcharge	SB 337 Judicial Performance Commission; Salaries-Dist. & Dist. Magis.- \$9,000 & Ct. of Appeals-\$2,000; Child Visitation Centers	HB 2122 Law Enforcement Training Center	Net docket fee if all three bills become law
Child in Need of Care	\$25	\$5	\$9	-	-	\$34
Juvenile Offender	\$25	\$5	\$9	-	-	\$34
Juvenile Tobacco Infractions	\$55	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years; \$3 salaries	\$6	\$75
<b>OTHER COSTS &amp; FEES</b>						
Personal Property Tax judgment	\$5	\$5	\$9	-	-	\$14
Any judgment on which execution process cannot be issued	\$5	\$5	\$9	-	-	\$14
Filing, entering and releasing a bond	\$5	\$5	\$9	-	-	\$14
Intent to Perform	\$5	\$5	\$9	-	-	\$14



Docket fee proposed to be increased	Current statutory docket fee	Judicial Branch emergency surcharge	SB 180 Prohibits Judicial Branch emergency surcharge	SB 337 Judicial Performance Commission; Salaries-Dist. & Dist. Magis.- \$9,000 & Ct. of Appeals-\$2,000; Child Visitation Centers	HB 2122 Law Enforcement Training Center	Net docket fee if all three bills become law
Mechanic's Lien	\$5	\$5	\$9	-	-	\$14
Pending action lien K.S.A. 60-2203a	\$5	\$5	\$9	-	-	\$14
<b>TRAFFIC</b>						
Traffic infractions	\$54 or \$55	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years; \$3 salaries	\$6	\$74 or \$75
Driver's License Reinstatement, K.S.A. 8-2110	\$50	\$5	\$9	-	-	\$59

Docket fee proposed to be increased	Current statutory docket fee	Judicial Branch emergency surcharge	SB 180 Prohibits Judicial Branch emergency surcharge	SB 337 Judicial Performance Commission; Salaries-Dist. & Dist. Magis.- \$9,000 & Ct. of Appeals-\$2,000; Child Visitation Centers	HB 2122 Law Enforcement Training Center	Net docket fee if all three bills become law
Fish and Game	\$55	\$5	\$9	\$2 for Judicial Performance Commission, sunset in 4 years; \$3 salaries	\$6	\$75

Prepared by the Office of Revisor of Statutes  
April 21, 2006