

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Sharon Schwartz at 9:00 A.M. on April 17-18, 2007, in Room 514-S of the Capitol.

All members were present except:

Representative Tom Sawyer - excused (April 17th)

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Becky Krahl, Legislative Research Department
Matt Spurgin, Legislative Research Department
Michele Alishahi, Legislative Research Department
Reagan Cussimano, Legislative Research Department
Amy Deckard, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Julian Efird, Legislative Research Department
Susan Kannarr, Legislative Research Department
Leah Robinson, Legislative Research Department
Aaron Klaassen, Legislative Research Department
Heather O'Hara, Legislative Research Department
Michael Steiner, Legislative Research Department
Amy VanHouse, Legislative Research Department
Jim Wilson, Office of Revisor of Statutes
Nobuko Folmsbee, Office of Revisor of Statutes
Nikki Feuerborn, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Others attending:

See attached list.

- Attachment 1 Governor's Budget Amendment (GBA) No. 2
- Attachment 2 Consensus Caseload Estimates for FY 2007 and FY 2008
- Attachment 3 Children's Initiatives Fund, FY 2007 and FY 2008
- Attachment 4 State Water Plan Fund: FY 2007 and FY 2008
- Attachment 5 Economic Development Initiatives Fund, FY 2006 - FY 2008
- Attachment 6 Initial State General Fund (SGF) Memo for Revised FY 2007 and FY 2008 Estimates
- Attachment 7 State General Fund Receipts, Expenditures and Balances, FY 2006-FY 2010
- Attachment 8 State General Fund Receipts, Expenditures and Balances, FY 2006-FY 2010 with Additional Discretionary Spending in FY 2008 of \$75.0 million
- Attachment 9 Legislative Branch Budget Committee Report
- Attachment 10 Agriculture and Natural Resources Budget Committee Report
- Attachment 11 Education Budget Committee Report
- Attachment 12 General Government Budget Committee Report
- Attachment 13 Transportation and Public Safety Budget Committee Report
- Attachment 14 Social Services Budget Committee Report
- Attachment 15 Vehicle Report - All Agencies
- Attachment 16 Proviso to Attorney General budget regarding Water Litigation Fund
- Attachment 17 Proviso to Kansas Corporation Commission regarding Off Road Construction Equipment

April 17, 2007 - 9:00 a.m.

J. G. Scott, Legislative Research Department, reviewed and explained the "Items for Omnibus Consideration" document. (This document is incorporated into these minutes, starting on Page 2.)

Mr. Scott indicated that this document includes:

- Items that were addressed by the Budget Committees and identified for consideration during the Omnibus process.
- Recommendations from the Joint Committee on State Building Construction and the Joint Committee on Information Technology.
- Fiscal impact of legislation passed by the 2007 Legislature, including bills already signed by the Governor and bills currently before the Governor. It also includes bills that are being addressed in

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conference committees.

- Listing of vehicles requested by the State agencies to be addressed during Omnibus.

Mr. Scott reviewed the Governor's Budget Amendment No. 2 (GBA No. 2) ([Attachment 1](#)). It was noted that an additional GBA is anticipated during the legislative wrap-up session to address needs concerning gaming legislation.

Susan Kannarr, Legislative Research Department, reviewed and explained;

- Consensus Caseload Estimates for FY 2007 and FY 2008 ([Attachment 2](#)).
- Children's Initiatives Fund, FY 2007 and FY 2008 ([Attachment 3](#)).

Becky Krahl, Legislative Research Department, reviewed:

- State Water Plan Fund for FY 2007 and FY 2008 ([Attachment 4](#)).

Michele Alishahi, Legislative Research Department, reviewed several items from the Omnibus Consideration document:

- Revised School Finance Consensus Estimates, Page 56, Item L and GBA No. 2, Page 4, Item No. 17;
- Special Education Excess Costs (Senate Committee and House Committee), Page 51, Item No. B and GBA No. 2, Page 15, Item No. 28;
- Effects of **SB 95** - Page 54, Item I.

Amy Deckard, Legislative Research Department, reviewed:

- Economic Development Initiatives Fund (EDIF) for FY 2006 thru FY 2008 ([Attachment 5](#)).

Alan Conroy, Legislative Research Department, reviewed:

- Initial SGF Memo for Revised FY 2007 and FY 2008 Estimates ([Attachment 6](#));
- State General Fund Receipts, Expenditures and Balances, FY 2006 - FY 2010 ([Attachment 7](#));
- State General Fund Receipts, Expenditures and Balances, FY 2006 - FY 2010 with Additional Discretionary Spending in FY 2008 of \$75.0 million ([Attachment 8](#)).

Mr. Conroy stated that the State's economy remains relatively strong for the balance of FY 2007 and FY 2008. The Consensus Revenue Estimating Group estimates that personal income will continue to grow at a rate of 5 percent over this time span. Overall, it appears that there remains a healthy employment picture. It is projected that the economical growth will continue to grow; however, at a somewhat slower rate. Mr. Conroy noted that it is unknown at this time what impact the recent weather related events will have on the agricultural outlook for the State. Tax reductions legislation, as passed by the 2007 Legislature and at this time, not signed by the Governor, will also have an impact on the state's revenues.

Chair Schwartz recessed the meeting at 10:15 a.m. for caucuses and work by the Budget Committees. The full Committee will reconvene at 3:00 p.m.

April 17, 2007, 3:00 p.m.

Chair Schwartz requested information from the Budget Committee chairs as to the progress with the work before their committees. It was then determined that the full Appropriations Committee would return at 11:30 a.m. on April 18, 2007. The meeting was recessed.

April 18, 2007, 11:30 a.m.

Chair Schwartz announced that the current total additional dollars that have been recommended for approval for FY 2007 and FY 2008 by the Budget Committees is \$ 204,897,000 State General Fund (SGF) and \$319,342,000 All Funds.

(For purposes of clarity, the "Items for Omnibus Consideration" report, prepared by Legislative Research Department, has been transposed into these minutes to which are added the recommendations of the Budget Committees and actions taken by the full Appropriations Committee. The discussion and action taken by the full Committee is entered after each state agency in the report.)

Items for Omnibus Consideration

Legislative Coordinating Council

A. Legislative Branch Computerization Update (House Committee). The House Committee

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requested an update from Legislative Administrative Services on the progress of the Kansas Legislative Information System Strategy (KLISS) and the ability to open Microsoft products attached to e-mails. According to Legislative Administrative Services, KLISS was approved by the Legislative Coordinating Council (LCC) in October 2004. The budget for KLISS in FY 2007 is approved at \$1.8 million and in FY 2008 at \$1.3 million, all from the State General Fund. The plan has projects grouped into two categories. The first category would include information technology (IT) infrastructure projects such as telecom wiring, servers, and laptops, and the second category would be applications projects including bill drafting, bill history, calendars, journals, and fiscal note reporting.

Since the plan was adopted, five IT infrastructure projects with three-year IT costs of at least \$250,000 have been completed. Approximately \$3.2 million from the State General Fund has been dedicated to leasing computers and printers for legislators and staff, wiring for the East wing (part of the building renovation), wireless connections for the general public, and a secure wireless connection for legislators and staff.

The application project is divided into five phases. Approximately \$825,000 from the State General Fund has been spent to complete the first two phases of the project which include phase one – architecture re-engineering, data model, and technical/functional requirements, and phase two – architecture fit analysis. The remaining three phases, including estimated time to complete, are phase three – detailed design architecture (18 months), phase four – system coding and implementation plan (two months), and phase five – building and coding the application (24 to 36 months).

Legislative Services reported that the ability to open Microsoft Products could be extended to a couple of offices within existing resources, but an additional \$90,700, all from the State General Fund, would be needed for training and the purchase of additional Microsoft software for legislators and staff. According to services, the most opportune time to add the software is October 2007 (FY 2008) when the lease for new computers is scheduled to take effect.

The Legislative Branch Budget Committee recommendation (Attachment 9):

FY 2008

- A. **Recommends the addition of \$90,700, all from the State General Fund (SGF) in FY 2008, to provide training and Microsoft products on all Legislative computers starting in October 2007.**

Representative Schwartz moved for the adoption of the Budget Committee recommendation for the Legislative Branch for FY 2008. The motion was seconded by Representative Feuerborn. Motion carried.

Legislative Research Department

A. Department Staffing Needs (Senate Committee and House Committee). Both the House and Senate Committees asked for a report from the department concerning the agency's current or possible future staffing needs in FY 2008. After a review of current staffing needs and services, the agency has identified the addition of two Research Analyst positions that would assist in meeting increased staffing demands. The FY 2008 salaries and wages for each position would be \$60,862, for a total of \$121,724, all from the State General Fund. The additional positions will help address staffing for:

- Standing committees that have only one Research analyst assigned to them;
- Subcommittees of standing committees;
- Special task forces during the legislative session;
- Select committees during the legislative session;
- Joint committees during the interim;
- Interim committees;
- Commissions or other organizations that have substantial legislative membership; and
- Additional in-depth research topics and activities.

The agency indicated that the staffing demands have continued to increase in recent years through the addition of joint committees, special task forces, select committees, interim committees and commissions. The agency also indicated that the additional positions will assist in meeting the expected level of staffing service.

The Legislative Branch Budget Committee recommendation (Attachment 9):

FY 2008

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- A. **Recommends the addition of \$121,724, all from the SGF, and 2.0 FTE positions for two additional Research Analyst positions to help staff the standing committees, special task forces, select committees, interim committees and other entities to meet the level of service expected by the Legislature.**

Representative Schwartz moved for the adoption of the Budget Committee recommendation for the Legislative Branch for FY 2008. The motion was seconded by Representative Feuerborn. Motion carried.

Revisor of Statutes

A. Staffing Needs (Senate Committee and House Committee). Both the House and Senate Committees asked for a report from the Office of the Revisor of Statutes concerning the agency's current or possible future staffing needs in FY 2008. The office is reporting that there is a need for two additional Assistant Revisor FTE positions in FY 2008. The office also has identified a Secretary II position that could be upgraded to an Assistant Revisor position. This would bring the total new Assistant Revisor positions to three above the amount included in the submitted budget. The total amount of funding needed for salary and wages to accomplish these changes is \$150,000, all from the State General Fund, with \$120,000 for the two new positions and \$30,000 for upgrading the existing position. According to the office, the request is based on the need to: give more timely response to legislative requests; support the Senate Committee on Ways and Means and its Subcommittees, the House Committee on Appropriations and the House Budget Committees; relieve current Senate Committee on Ways and Means and House Committee on Appropriations staff from other staffing responsibilities; increase staff for committees where only one staff member is currently assigned or able to attend. The office also notes that it is out of office space and has temporary offices in space designated as storage/expansion space.

B. Report on Contract with Westlaw (House Committee). The House Committee requested a report from the office concerning the possible changes to the office contract to provide information to Westlaw that could include availability for legislators and staff to statutes in FY 2008. The Office of the Revisor has set a meeting with representatives of Westlaw for May 8, 2007, to discuss possible changes to the contract. The Revisor has indicated that a report on the outcome of the contract will be given to the LCC.

The Legislative Branch Budget Committee recommendation (Attachment 9): FY 2008

- A. **Recommends the addition of \$150,000, all from the SGF, and 2.0 FTE positions in FY 2008 for two additional Assistant Revisor positions and upgrade a vacant Secretary position to an Assistant Revisor position. Staffing will allow for a more timely response to legislative requests, support the Senate Committee on Ways and Means and its Subcommittees, the house Committee on Appropriations and the House Budget Committees, and increase staff for committees where only one staff member is currently assigned or able to attend.**

Representative Schwartz moved for the adoption of the Budget Committee recommendation for the Legislative Branch for FY 2008. The motion was seconded by Representative Feuerborn. Motion carried.

Office of the Governor

A. Funding for Grants to Rape Crisis Centers (House Committee). The House Committee deleted \$300,000, all from the State General Fund, in FY 2008 for grants to rape crisis centers, which the Governor had recommended be transferred from the Kansas Department of Health and Environment (KDHE) to the Office of the Governor, for review at Omnibus. Subsequently, the House Committee added the funding to the KDHE budget. The Conference Committee on **HB 2368** concurred with the House and left the funding in the KDHE budget.

B. Funding for Domestic Violence Training (House Committee). The House Committee deleted \$225,000, all from the State General Fund, in FY 2008 for the training component of the domestic violence grants program, which the Governor had recommended be transferred from KDHE to the Office of the Governor, for review at Omnibus. Subsequently, the House Committee added the funding to the KDHE budget. The Conference Committee on **HB 2368** concurred with the House and left the funding in the KDHE budget.

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C. Additional Operating Expenditures (House Committee and Conference Committee). The Governor's FY 2008 recommendation for the agency included \$147,370, all from the State General Fund, for additional operating expenditures in the administration program, primarily for salaries and wages. The House Committee deleted this funding for review at Omnibus. The Conference Committee on **HB 2368** restored \$100,000 of the funding, leaving a deletion of \$47,370 for Omnibus review. The agency indicated that there had been no substantial increase in expenditures for the program in a number of years.

The General Government Budget Committee recommendation (Attachment 12):
FY 2008

- A. Did not take action on this item.
- B. Did not take action on this item.
- C. Did not take action on this item.

Secretary of State

A. Senate Substitute for House Bill No. 2081 (Law). **Senate Sub. for HB 2081** makes a number of changes in campaign finance and election statutes. As it relates to this item, the bill clarifies that the Kansas Governmental Ethics Commission is required to prescribe and provide forms for all reports required to be filed under the Campaign Finance Act. The bill allows any information filed in accordance with this requirement after January 10, 2008 to be filed electronically with the Secretary of State. To implement an electronic filing system for campaign finance reports, the Secretary of State estimates that one-time costs of \$100,000, all from the State General Fund, would be required in FY 2008. Of the funding, approximately \$30,000 would be used to acquire software from another jurisdiction, approximately \$15,000 would be used to acquire hardware, and the remaining \$55,000 would be used to configure, design, modify, test, and implement the system.

The General Government Budget Committee recommendation (Attachment 12):
FY 2008

- A. Recommends the addition of \$100,000, including \$50,000 from the State General Fund, in FY 2008 to allow the Secretary of State to implement an electronic filing system for campaign finance reports.
- B. New Item - Presidential Preference Primary - Recommends the addition of \$1.6 million, all from the State General Fund, in FY 2008 to provide funding for the 2008 Presidential Preference Primary. In addition, the Budget Committee recommends a proviso that makes a primary contingent on two factors: that the primary be held no later than February 15, 2008; and that all additional direct costs to counties over the \$1.6 million be reimbursed.

Representative Yoder moved to adopt the Budget Committee report. The motion was seconded by Representative Lane.

Representative Kelsey made a substitute motion to delete "Item B" from the recommendation. The motion was seconded by Representative George. Motion carried.

Representative Yoder moved to adopt the Budget Committee report as amended. The motion was seconded by Representative Lane. Motion carried.

Attorney General

- A. GBA No. 2, Item 9, Page 6 – Water Litigation.

The General Government Budget Committee recommendation (Attachment 12):
FY 2007

- A. Concurs in part with the GBA to fund Kansas v. Nebraska water litigation. Instead of a SGF appropriation, however, the Budget Committee recommends a transfer of \$100,000 from the Interstate Water Litigation Reserve account within the SGF to the Attorney General's Interstate Water Litigation Fund in FY 2007 to cover the expenditures.
- B. New Item - Disposition of Settlement Proceeds - Recommends that the Attorney General be authorized to retain approximately \$30,000 in funds received in a lawsuit concerning the BTK case in Wichita and be authorized to distribute those funds to families of the victims in FY 2007. The proceeds would normally be deposited in the SGF.

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FY 2008

- A. **Concurs in part with the GBA to fund Kansas v. Nebraska water litigation. Instead of a SGF appropriation; however, the Budget Committee recommends a transfer of \$1.0 million from the Interstate Water Litigation Reserve account of the SGF to the Attorney General's Interstate Water Litigation Fund in FY 2008 to cover the expenditures.**
- B. **New Item - Technical Adjustment - Recommends language be included in the bill to transfer \$560,000 from the Interstate Water Litigation Reserve account within the SGF to the Attorney General's Interstate Water Litigation Fund in FY 2008 to provide funding for expenditures recommended in the Kansas v. Nebraska water litigation. The funding is included in the agency's budget but the transfer was inadvertently omitted from HB 2368.**

Representative Yoder moved for the adoption of the Budget Committee report. The motion was seconded by Representative Lane.

Representative Powell made a substitute motion to add a proviso to allow a limited liability company to borrow \$1 million from the Attorney General's Water litigation Fund for water litigation issues (Attachment 16). The motion was seconded by Representative Bethell. Motion carried.

Representative Powell moved to amend the proviso, concerning water litigation, to allow for a technical correction which would authorize the disbursement of the loan up to \$1 million from the Interstate Water Litigation Reserve account within the State General Fund (SGF). The motion was seconded by Representative Bethell. Motion carried.

Representative Yoder moved for the adoption of the Budget Committee report as amended. The motion was seconded by Representative Lane. Motion carried.

Kansas Public Employees Retirement System

A. Increased KPERS Benefits Payment (Conference Committee). The conference committee on 2007 **SB 362** (law) recommended reviewing the status of the State General Fund balance in FY 2008 and considering an increase in the one-time KPERS bonus payment to \$500 on October 1, 2007. **SB 362** provided for a one-time KPERS bonus payment of \$300 to retired members who had at least ten years of service and had been retired ten years.

For the FY 2008 approved \$300 payments, **SB 362** includes an appropriation of \$7.0 million, all from the State General Fund, to pay the state and school share of this cost. The local units of government cost share is estimated at \$2.1 million to be paid over 10 years as increased employer contributions. Payments for disabled members are estimated at \$249,000, all from the Group Insurance Reserve Fund.

For an additional \$200 payment (bringing the total to \$500) to the eligible recipients, the State General Fund cost would be an additional \$4.7 million in FY 2008. The local units of governments cost would be an additional \$1.4 million, and the disability fund share would be an additional \$166,000.

B. HB 2385 – Transfer of the Deferred Compensation Plan to KPERS (Law). KPERS will begin to administer the state's section 457 savings plan on January 1, 2008, after a transfer of the program from the Department of Administration authorized in 2007 **HB 2385**. The Deferred Compensation Fees Fund needs to be appropriated to KPERS in FY 2008. Six months of expenditures are estimated at \$129,000, all from the Deferred Compensation Fees Fund, in FY 2008.

The General Government Budget Committee recommendation (Attachment 12):

FY 2008

- A. **Did not take action on this item.**
- B. **Recommends adding \$129,000, all from special revenue funds, in FY 2008 from the Deferred Compensation Plan that is transferred to KPERS on January 1, 2008.**

Representative Yoder moved for the adoption of the Budget Committee report. The motion was seconded by Representative Lane. Motion carried.

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Department of Administration

A. Funding for the Division of Accounts and Reports (Senate Committee and House Committee). Several years ago when the State General Fund experienced cash flow problems, 53.5 FTE positions in the Division of Accounts and Reports were shifted to special revenue fund financing due to large balances in those funding sources. By FY 2007, the balances have been reduced, and in FY 2008, the Governor recommended shifting those staff and related expenditures back to financing from the State General Fund, with \$3,000,000 recommended. The FY 2008 financing was deleted by the 2007 Legislature and Omnibus review was recommended for this item.

The financing from the Accounting Services Recovery Fund in FY 2007 is reflected in the nonreportable budget. In addition to the staff being shifted in FY 2008, the FY 2007 budget reflects other staff that will continue to be paid from this funding source in FY 2008. The net FY 2007 and FY 2008 difference in expenditures recommended by the Governor from the Accounting Service Recovery Fund is a reduction of \$2,937,376 in the next fiscal year after the shift.

The ending balance of the Accounting Services Recovery Fund as recommended by the Governor would decrease from \$2,536,465 in FY 2006 to \$964,770 in FY 2007. After the Governor's recommended shift in FY 2008, the ending balance would increase to \$1,947,045 by the end of the fiscal year. As of March 31, 2007, the ending balance was \$1,442,186, with expenditures of \$3.7 million and receipts of \$2.6 million to date. The Accounting Services Recovery Fund finances part of the Secretary's Office and a substantial part of the Legal Division in the Department of Administration, as well as the Division of Accounts and Reports.

B. Enhancements for the Long-term Care Ombudsman's Office (Senate Committee and House Committee). The Governor's recommendation in FY 2008 included enhancement funding to add 3.0 FTE positions and financing of \$150,939, all from the State General Fund, to increase the number of field staff for the Long- Term Care Ombudsman's Office in FY 2008. Funding was deleted and consideration of this enhancement was recommended at Omnibus.

C. Enhancement Funding for the Public Broadcasting Council (House Committee and Conference Committee). The Governor's FY 2008 recommendation included an enhancement of \$250,000, all from the State General Fund, for public broadcasting grant funding to be distributed among all radio and television stations. Funding of \$1,999,447, all from the State General Fund, was approved for Public Broadcasting Council grants in FY 2008. The enhancement funding was deleted and recommended for review at Omnibus.

D. Additional Funding for Public Broadcasting Grants (House Committee). The Public Broadcasting Council presented a revised list of individual station grant requests for equipment and other items that was adopted at a January 2007 Council meeting after the Governor submitted budget recommendations for FY 2008. The House Committee initially recommended funding one of the projects for \$218,628, all from the State General Fund, for KMUW–Wichita. That project, along with two others requested by the Council, were eventually approved for FY 2008 funding by the 2007 Legislature. The other two grants, all from the State General Fund, included \$218,620 for KPTS–Wichita and \$132,840 for KCPT–Kansas City. The only project on the January 2007 Public Broadcasting Council list that remains unfunded is KTWU–Topeka (\$387,500, all from the State General Fund).

E. Additional Funding for KTWU–Topeka (Senate Committee). This was the only grant on the January 2007 Public Broadcasting Council list that was not recommended by the Senate Committee. Instead, the recommendation was to review at Omnibus the \$387,500, all from the State General Fund, for KTWU–Topeka in FY 2008 for equipment.

F. Additional Funding for Radio Kansas–Hutchinson (Senate Committee). Information was received in March 2007 from Radio Kansas–Hutchinson that additional funding of \$201,479, all from the State General Fund, would be required for its new replacement tower project. Previously, the 2006 Legislature authorized Radio Kansas–Hutchinson a grant of \$325,000, all from the State General Fund, in FY 2007 for a new tower. Because of the timing of the request, Omnibus review was recommended.

G. Monumental Buildings Surcharge (Senate Committee and Conference Committee). The Governor's recommendation for an increase in the approved FY 2007 rate from \$1.75 to \$2.07 per square foot was approved by the 2007 Legislature in order to provide funding for operating expenses of the Capitol Complex parking lots. The 2007 Legislature approved a provision that freezes the rate in FY 2008 at \$2.07 per square foot, pending review at Omnibus.

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The Monumental Buildings Surcharge applies to all agencies located in Shawnee County and is assessed on the square footage of rentable space in state buildings or leased space in private buildings. Federal funds cannot be used to pay the assessment. The Monumental Buildings surcharge is used to support the maintenance and operation of the Statehouse, Judicial Center, Cedar Crest, and Capitol Complex parking lots.

In addition to parking lot expenses, the Governor's recommended rate increase will help fund pay plan adjustments, higher utility costs, and enhanced staffing as parts of the Statehouse are remodeled and open to the public. The Governor's recommended FY 2008 rate is \$2.19 per square foot. The estimated FY 2008 surcharge will increase by \$235,823, from \$4,089,109 to \$4,324,932 in FY 2008 if the rate freeze were lifted.

H. Financing for the Statewide Financial Management System (House Committee). The 2007 Legislature approved State General Fund expenditures of \$2,448,422 in FY 2007 and \$2,000,000 in FY 2008 for a new Statewide Financial Management System. The House Committee originally recommended a shift of the FY 2007 financing to a special revenue fund into which the \$2.4 million from the State General Fund would be deposited. In FY 2008, the House Committee originally recommended shifting the State General Fund financing of \$2.0 million to \$1,988,553 generated as a fee increase for a special revenue fund (see Item I, below).

I. Division of Information Systems and Communications (DISC) Fee Increase (Senate Committee and House Committee). Both House and Senate Committees allowed an FY 2008 DISC fee increase, but the Conference Committee recommendation prohibits expenditures of the additional special revenue funding of \$1,988,553 from the Information Technology Fund for the original intended purpose to acquire a new technology known as voice-over-internet-provider for communications. The Conference Committee recommended a review at Omnibus to determine if the fee revenue should be expended in FY 2008 and how the enhanced special revenue funds should be spent.

J. Statewide Maintenance and Disaster Relief Fund (Conference Committee). The House originally passed a provision establishing a State Debt Reduction Fund in FY 2008 and transferred \$80.0 million from the State General Fund to the new fund. The Conference Committee agreed to change the account title to the Statewide Maintenance and Disaster Relief Fund with a \$0 limitation in FY 2008 and FY 2009. The \$80.0 million transfer, all from the State General Fund, takes place in two installments of \$40.0 million each in FY 2008. Omnibus review was recommended by the Conference Committee.

K. HB 2385 – Transfer of the Deferred Compensation Plan to KPERS (Law). Administration of the state's section 457 savings plan will move from the Department of Administration to KPERS on January 1, 2008. Six months of expenditures that will be shifted to KPERS are estimated at \$129,000, all from the Deferred Compensation Fees Fund, in FY 2008, and would be reflected as a reduction of this agency's expenditures in FY 2008.

L. GBA No. 2, Item 1, Page 2 – Simplex Fire Safety Contract.

M. GBA No. 2, Item 2, Page 2 – MacVicar Avenue Assessment.

N. GBA No. 2, Item 3, Page 3 – Landon State Office Building Repairs.

The General Government Budget Committee recommendation (Attachment 12):

FY 2008

- A. Recommends adding \$2.0 million, all from the SGF, in FY 2008 for partial financing of 53.5 FTE positions in the Division of Accounts and Reports.
- B. Did not take action on this item.
- C. Did not take action on this item.
- D. Did not take action on this item.
- E. Recommends adding \$100,000, all from the SGF, in FY 2008 for partial financing of an equipment grant request.
- F. Recommends adding \$201,479, all from the SGF, in FY 2008 for financing a portion of a broadcast tower.
- G. Recommends removing the cap on the FY 2008 rate increase and allowing an increase to not less than \$2.19 per square foot, estimated to add \$235,823 to revenue in FY 2008.
- H. Recommends deleting \$2.0 million, all from SGF, in FY 2008 and using \$1,988,553, all from special revenue funds, for the Financial Management System development costs in FY 2008.
- I. Recommends shifting the special revenue fund fee increase of \$1,988,553 into the Financial

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- Management System Development Fund in FY 2008 as identified in the previous Item H.
- J. Did not take action on this item.
- K. Recommends reducing expenditures by \$129,000 in FY 2008, all from special revenue funds, to reflect a shift to KPERS of the Deferred Compensation Plan on January 1, 2008.
- L. Recommends adopting the GBA to add \$68,000, all from the SGF, in FY 2008 for a simplex fire safety contract.
- M. Recommends adopting the GBA to add \$1,285,749, all from the State General Fund, in FY 2008 for a special assessment for road work on MacVicar Avenue in Topeka.
- N. Did not adopt the GBA No. 2, Item 3.

Representative Yoder moved for the adoption of the Budget Committee report. The motion was seconded by Representative Lane.

Representative Yoder made a substitute motion to amend the report by requesting that the Department of Administration develop a proposal for state-wide agency car pooling and report back to the Legislature during the 2008 Legislature. The motion was seconded by Representative Pottorff. Motion carried.

Representative Yoder moved for the adoption of the Budget Committee report as amended. The motion was seconded by Representative Lane. Motion carried.

Kansas Lottery

A. State Gaming Revenue Fund Transfers (Senate Committee and House Committee). The 2007 Legislature approved FY 2007 and FY 2008 estimates of transfers from the State Gaming Revenues Fund to the State General Fund consistent with the November 2006 consensus revenue estimates. The FY 2007 estimate is based on \$71.0 million of transfers to the State Gaming Revenues Fund from the Lottery Operating Fund and the FY 2008 estimate is based on transfers of \$73.0 million. The consensus revenue estimates were revised on April 16, 2007.

Lottery sales through March 31, 2007, totaled \$184.3 million and the FY 2007 approved estimate of total sales is \$247.5 million through June 30, 2007, a difference of \$63.2 million. Sales will need to average \$21.1 million per month over the last three months of this fiscal year to reach the total estimate. The nine-month average has been \$20.5 million through March 31, 2007, but June sales tend to be the lowest of any month, averaging only \$15.8 million over the past three years. Unless there is a major PowerBall jackpot, sales this year appear on track to beat last year's record year of \$234.96 million, but short of the approved estimate of \$247.5 million.

The FY 2008 approved estimated of sales is \$255.5 million. With the enactment of 2007 **SB 66** (expanded lottery), this estimated total may be overstated depending upon how quickly slot machines begin operating at the parimutuel race track locations in FY 2008.

B. Problem Gambling Grant Fund Transfer (Senate Committee). The Senate Subcommittee heard testimony requesting an increase in the annual statutory transfer of \$80,000 from the Lottery Operating Fund to the Problem Gambling Grant Fund and recommended Omnibus review to consider increasing the amount to at least \$190,000 in FY 2008. 2007 **SB 66** enacts the Kansas Expanded Lottery Act and modifies the Problem Gambling Grant Fund. First, the fund name is changed to the Problem Gambling and Addictions Grant Fund. Second, the uses of moneys in the fund are expanded to include treatment of alcoholism, drug abuse and other addictive behaviors. Third, 2.0 percent of revenues from lottery and racetrack gaming facilities and machine income is designed for transfer to the new fund. Fourth, the current fund is abolished when **SB 66** is published in the *Kansas Register*.

Transfers from the State Gaming Revenues Fund to the Problem Gambling Grant Fund will continue. On July 1 of each year or as soon thereafter as sufficient moneys are available, \$80,000 in the State Gaming Revenues Fund shall be transferred and credited to the Problem Gambling Grant Fund, as provided by KSA 2006 Supp. 79-4804, which was not amended by **SB 66** to correct the fund title.

C. SB 66 – Kansas Expanded Lottery Act (Law) and GBA No. 2, Item 7, Page 4 – Message on Revenue. **SB 66** adds statutory duties for the Kansas Lottery Commission and the Executive Director in conjunction with implementation of expanded gambling in casinos and racetracks. The Kansas Lottery shall retain ultimate ownership and operational control of the gaming operation in the each lottery gaming facility and full control over all decisions concerning lottery gaming facility games. For each racetrack gaming

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facility and lottery gaming facility that operate electronic gaming machines, the gaming machines shall be linked to the Kansas Lottery by a central lottery communications system using a central lottery computer to monitor, audit and gather other information. The Executive Director is responsible for negotiating management contracts and the Lottery Commission must review and approve all contracts. The Executive Director also is responsible for certifying net income, conducting audits, having agents at sites, and administering provisions of **SB 66**.

Several funds created by **SB 66** need to be appropriated in FY 2007 and FY 2008, including the Lottery Gaming Facility Manager Fund to receive privilege fees (deposits from lottery facility managers selected as contractors), the Expanded Lottery Act Revenues Fund to receive privilege fees (deposits from racetrack facility managers selected as contractors), and the Expanded Lottery Act Receipts Fund to facilitate transfers and expenditures for payments authorized in **SB 66**.

Consideration should be given to appropriating a clearing fund to facilitate other transfers and expenditures associated with the startup costs before gaming revenue anticipated by **SB 66** is received. In addition to the privilege fees, **SB 66** permits lottery gaming facility manager payments for the costs of oversight and regulation, expenses to be paid by a prospective lottery gaming facility manager, racetrack gaming facility manager payments for the costs of oversight and regulation, and electronic gaming machine examination costs to be paid by contractors. Since none of these revenue streams is directed to a particular fund by **SB 66**, a generic account such as the Expanded Lottery Act Expense Reimbursement Fund would facilitate the collection of such revenue for the purpose of reimbursing expenditures.

In FY 2007, the Kansas Lottery estimates expenditures of \$100,000 related to implementing **SB 66**. Funds will be used primarily for a consultant to assist with the drafting of rules and regulations that must be expedited under the deadlines imposed by the legislation.

In FY 2008, the Kansas Lottery estimates expenditures of \$936,040 and 12.0 new FTE positions would be required for implementing **SB 66**. In addition to installing a central computer and communications network during the first half of FY 2008, the request anticipates the opening of three racetrack gaming facilities and operating of electronic gaming machines at these locations during the second half of the fiscal year. The FY 2008 request does not include the estimated cost of the computer system and communications network or related hardware and software. The agency anticipates that the cost will be included as a contractual obligation for the racetrack facility managers. A subsequent Governor's Budget Amendment on financing the gaming activities is indicated by the Governor.

Startup costs for implementing the original Lottery Act in 1987 were authorized in the enacting legislation which provided for a State General Fund loan that will be repaid with interest after revenue from the sale of lottery tickets produced a cash flow. **SB 66** does not provide a specific loan and repayment mechanism but such authorizations could be placed in the Omnibus appropriations bill if the Legislature approves such a financing method. A nonstatutory fund, such as the Expanded Lottery Act Startup Cost Fund, could be appropriated.

Alternatively, KSA 74-8713 provides that "Any appropriations or transfer of State General Fund moneys for the operation of the Kansas Lottery and other expenses incurred with the conduct of lotteries pursuant to this act shall be considered a loan and shall be repaid with interest to the State General Fund not later than 24 months from the effective date of the appropriation or transfer of such General Fund moneys."

The General Government Budget Committee recommendation (Attachment 12):

FY 2008

- A. Did not take action on this item.
- B. Recommends adding clarifying language that the \$80,000 transfer from the State Gaming Revenues Fund shall be to the new Problem Gambling and Addictions Grant Fund in FY 2008 after the old Problem Gambling Grant Fund is abolished in FY 2007 **SB 66**.
- C. Did not take action on this item.

Representative Yoder moved for the adoption of the Budget Committee recommendation. The motion was seconded by Representative Lane. Motion carried.

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Kansas Racing and Gaming Commission

A. State Racing Fund Cashflow (Senate Committee and House Committee) and GBA No. 2, Item 7, Page 5 – Camptown Racetrack. Based on the passage of 2007 **SB 66**, the Kansas Racing and Gaming Commission reduced the FY 2008 estimated expenditures for the State Racing Fund from \$2,849,186, approved by the 2007 Legislature, to \$2,287,033, a reduction of \$562,121. The rationale for the net reduction involves a prorating of administrative costs to be shared by racing and gaming (expanded lottery activities authorized by **SB 66**) and shifting some other racing expenses back to the racing tracks. The Kansas Racing and Gaming Commission staff believes this shift of funding addresses most of the cash flow issues for the State Racing Fund in FY 2008, except that the Commission requests a \$200,000 State General Fund loan in the early months of Fiscal Year 2008. Repayment of the \$200,000 loan is anticipated by the end of FY 2008, according to the Commission staff. The following table reflects the status of the State Racing Fund:

State Racing Fund Resource Estimate	Gov. Rec. FY 2007	Leg. Approved FY 2007	Gov. Rec. FY 2008	Leg. Approved FY 2008	Agency* Rev. Req. FY 2008
Beginning Balance	\$ 102,568	\$ 102,568	\$ 49,143	\$ 49,143	\$ 49,143
Net Receipts	2,646,575	2,646,575	2,181,366	2,181,366	2,981,366
Total Funds Available	\$ 2,749,143	\$ 2,749,143	\$ 2,230,509	\$ 2,230,509	\$ 3,030,509
Less: Expenditures	2,700,000	2,700,000	2,220,234	2,849,154	2,287,033
Less: Transfers	0	0	0	0	200,000
Ending Balance	<u>\$ 49,143</u>	<u>\$ 49,143</u>	<u>\$ 10,275</u>	<u>\$ (618,645)</u>	<u>\$ 543,476</u>
Ending Balance as Percent of Expenditures	1.8%	1.8%	0.5%	(21.7)%	23.8%

Note: On November 14, 2007, the Budget Director approved transfers of \$200,000 into the State Racing Fund in order to address a cash flow problem due to a shortfall in parimutuel receipts. Pursuant to Section 61 of Chapter 216 of the 2006 Session Laws of Kansas and in consultation with the Director of Legislative Research, transfers of \$100,000 from the Horse Fair Racing Benefit Fund and \$100,000 from the Racing and Gaming Reserve Fund were made to the State Racing Fund. Subsequent adjustments were authorized in February 2007 and April 2007. In a February 12, 2007, letter to the Director of Accounts and Reports, the Director of the Budget reversed the \$100,000 transfer from the Horse Fair Racing Benefit Fund and transferred \$350,000 from the Racing and Gaming Reserve Fund to the State Racing Fund for cash flow purposes. The transfers are not reflected in the net receipts estimates for FY 2007.

* Agency **SB 66** Adjustments:

- (1) New track revenue \$600,000 for third track;
- (2) Shift allocated expenses (\$757,580) to gaming;
- (3) Add new parimutuel regulation expenses \$1,410,308 for third track;
- (4) Shift parimutuel regulation expenses (\$533,583) to industry;
- (5) Shift parimutuel regulation expenses (\$681,266) to industry; and
- (6) SGF cash advance of \$200,000 and repayment by transfer of \$200,000 for cashflow.

B. Financing for Racing Operations (Senate Committee and Conference Committee). The Governor's recommendation included \$700,000, all from the Economic Development Initiatives Fund, in FY 2008 as a financing source due to a shortfall in projected State Racing Fund receipts. The Kansas Racing and Gaming Commission staff believes that a reduction of \$562,121 in expenditures (noted in Item A above) financed from the State Racing Fund in FY 2008 addresses this issue and resolves most of the FY 2008 funding problem. The Commission requests a \$200,000 State General Fund loan in the early months of FY 2008. Repayment of the \$200,000 loan is anticipated by the end of FY 2008, according to the Commission staff.

C. Compensation of Racing and Gaming Commissioners (House Committee). The current compensation of \$2,000 per month per Commissioner requires expenditures of \$120,000 per year from the State Racing Fund. By statute, the Governor sets the rate of compensation. The House Committee requested review of this rate of compensation at Omnibus. The Kansas Racing and Gaming Commission staff point out that due to prorating of administrative costs to be shared by racing and gaming, the amount financed from the State Racing Fund will be reduced by 75.0 percent to \$30,000 as the Commissioners

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begin to perform the additional duties required by 2007 **SB 66** relative to gaming in FY 2008.

D. SB 66 – Kansas Expanded Lottery Act (Law) and GBA No. 2, Item 7, Page 5 – Gaming Regulation and Camptown Racetrack. **SB 66** adds statutory duties for the Kansas Racing and Gaming Commission, the Executive Director of the Racing and Gaming Commission, and a new entity, the Lottery Gaming Facility Review Board, which is attached to the Commission for budgeting, purchasing and management support. The Kansas Racing and Gaming Commission is assigned responsibility for the day-to-day oversight of gaming operations in casinos and racetrack facilities. **SB 66** authorizes the Commission to employ staff to administer and enforce the provisions of the act and to hire not more than 25 employees in the unclassified service. The Commission also participates in the selection process of facility managers and must approve all contracts, determine qualifications and certification or licensing of key race track gaming persons, and regulate racetrack gaming facilities and games.

The Executive Director of Kansas Racing and Gaming Commission is authorized to inspect all electronic gaming machines, lottery facility games, lottery gaming facilities, racetrack gaming facilities and all related equipment and facilities operated by facility managers at lottery and racetrack locations. Additional enforcement authority also is granted to the Executive Director of the Kansas Racing and Gaming Commission to examine, investigate, audit, seek court intervention, review security measures, and take any other action to enforce provisions of **SB 66**.

Several funds created by **SB 66** should be appropriated in FY 2007 and FY 2008, including the Expanded Lottery Act Revenues Fund to receive privilege fees (deposits from racetrack facility managers selected as contractors) and the Expanded Lottery Act Receipts Fund to facilitate transfers and expenditures for payments authorized in **SB 66**.

Consideration could be given to appropriating several other nonstatutory funds to facilitate transfers and expenditures associated with the startup costs before gaming revenue anticipated by **SB 66** is received. In addition to the privilege fees, **SB 66** permits lottery gaming facility manager payments for the costs of oversight and regulation, expenses to be paid by a prospective lottery gaming facility manager, racetrack gaming facility manager payments for the costs of oversight and regulation, and electronic gaming machine examination costs to be paid by contractors. Since none of these revenue streams is directed to a particular fund by **SB 66**, the Kansas Racing and Gaming Commission requests two accounts, the Expanded Lottery Regulation Fund and the Expanded Lottery Investigative Expense Fund, which would facilitate the collection of such revenue for the purpose of reimbursing expenditures.

SB 66 authorizes an increase in staffing for the Kansas Racing and Gaming Commission, including up to 25 employees in the unclassified service. Since background investigations are to be conducted by the Kansas Racing and Gaming Commission staff, addition of such personnel is a high priority to the Commission.

In addition, **SB 66** establishes the Lottery Gaming Facility Review Board and makes the Kansas Racing and Gaming Commission responsible for financial and staff support. Some provision to finance expenditures and staff for the Board would need to be authorized by the Legislature. A nonstatutory fund might be established as the Lottery Gaming Facility Review Board Expense Fund.

SB 66 also authorizes racetrack gaming facilities at licensed parimutuel locations. The reopening of the Southeast Kansas dog track would require additional expenditures and staff for the Kansas Racing and Gaming Commission. Funding from increased parimutuel revenue would not be available to the Commission for the startup costs in advance of actual racing. According to the agency, some provision to finance expenditures and staff for that location would need to be authorized by the Legislature.

In FY 2008, the Kansas Racing and Gaming Commission provided a preliminary early estimate for expenditures of \$7,728,005 and 63.0 FTE positions that would be required for implementing **SB 66** relative to gaming activities, including \$3,605,090 for information technology expenditures and \$2,210,023 for salaries and benefits. For racing activities, the Commission estimates expenditures of \$1,410,308 and 10.0 FTE positions in FY 2008 for the reopening of the Southeast Kansas race track at Frontenac, upgrades in racing salaries, and funds for vacant authorized staff positions. To provide startup financing in FY 2008, the Kansas Racing and Gaming Commission requests a State General Fund loan in FY 2008 of \$200,000 for racing activities. Financing other gaming activity will be addressed in a subsequent Governor's Budget Amendment.

Startup funding for implementing the original Parimutuel Act in 1987 was authorized in the enacting legislation which provided for a State General Fund loan that was repaid with interest after revenue from the parimutuel tax produced a cash flow. **SB 66** does not provide a specific loan and repayment mechanism

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for gaming, but such authorizations could be handled in the Omnibus appropriations bill if the Legislature approves such a financing method.

Alternatively, KSA 74-8826(d) provides that "Any appropriations or transfer of State General Fund moneys for the operation of the commission or the Office of Executive Director and other expenses incurred with the administration and enforcement of this act shall be considered a loan and shall be repaid with interest to the State General Fund in accordance with appropriation acts."

A number of other funds created by **SB 66** need to be appropriated in FY 2008: the Live Horse Racing Purse Supplement Fund; the Live Greyhound Racing Purse Supplement Fund; and the Greyhound Promotion and Development Fund.

The General Government Budget Committee recommendation (Attachment 12):
FY 2008

- A. **Recommends adopting the GBA, which includes adding \$1.4 million, all from the State Racing Fund in FY 2008, adding 10.0 FTE positions for reopening Camptown race track, and including language to collect additional fees from the race tracks to partially finance racing operations in FY 2008.**
- B. **Did not take action on this item.**
- C. **Did not take action on this item.**
- D. **Did not take action on this item.**

Representative Yoder moved for the adoption of the Budget Committee report. The motion was seconded by Representative Lane. Motion carried.

Department of Wildlife and Parks

A. Long-term Lease of Water Rights (Senate Committee and House Committee). The 2007 Legislature deleted this item and recommended review at Omnibus of the Governor's recommendation for \$1.0 million, all from the State Water Plan Fund, to pay a long-term lease of water rights at Sebelius Reservoir in FY 2008. Because no lease had been finalized at the time of initial legislative review, the funding decision was postponed until the agency presented further information.

In a letter dated March 26, 2007, the Secretary of Wildlife and Parks indicated that a tentative agreement for water storage in Sebelius Reservoir has been reached with the Almena Irrigation District with the following terms: (1) a one-time payment of \$1,000,000 and a 10-year contract with payment by July 10, 2007, if approved by the Legislature; (2) no releases for irrigation until an elevation of 2,290.5 msl is reached; (3) no releases for any purpose at an elevation of 2,288.5 msl or below; (4) agreement is subject to approval by vote of Almena Irrigation District members; and (5) the District would be responsible for compliance with any provisions or orders related to the Republican River Compact.

B. State Park No. 24 (Kaw River State Park) Operating Costs (Conference Committee). The 2007 Legislature deleted all funding and 1.0 FTE position for operating State Park No. 24 in FY 2008 pending Omnibus review. The Governor's recommendation included \$220,000, all from the State General Fund, and 1.0 FTE position in FY 2008. The operating budget includes \$58,000 for 1.0 new FTE position and \$162,000 for other operating expenses.

C. State Park No. 24 (Kaw River State Park) Capital Improvements (House Committee and Conference Committee). The 2007 Legislature deleted all funding for capital improvements at State Park No. 24 in FY 2008 pending Omnibus review. The Governor's recommendation included \$745,000, including \$320,000 from the State General Fund, \$325,000 from the Department Road Access Fund, and \$100,000 from the Boating Fee Fund. Each source of funding was allocated to a particular project: \$320,000 for a railroad crossing and planning, \$325,000 for road improvements, and \$100,000 for a riverfront dock and parking area.

D. Parks Fee Fund Cashflow (House Committee and Conference Committee). After the Conference Committee agreed with the House position to shift \$119,000 from the State General Fund to the Parks Fee Fund in FY 2008, the Conference Committee recommended review at Omnibus on the status of the fee fund balances in FY 2007 and FY 2008 to determine if a shift could be financed from the special revenue fund in FY 2008.

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The agency provided data concerning the impact of one-half price admissions through March 31, 2007, in order to make adjustments in the estimates for revenues to the Parks Fee Fund. A technical adjustment is reflected in the expenditures for FY 2008.

Parks Fee Fund Resource Estimate	Gov. Rec. FY 2007	Leg. Approved FY 2007	Rev. Est.* FY 2007	Leg. Approved FY 2008	Rev. Est.* FY 2008
Beginning Balance	\$ 454,033	\$ 454,053	\$ 454,053	\$ 232,819	\$ 309,282
Net Receipts	4,487,197	4,487,197	4,673,343	3,198,915	4,359,489
Total Funds Available	\$ 4,941,230	\$ 4,941,250	\$ 5,127,396	\$ 3,431,734	\$ 4,668,771
Less: Expenditures	4,818,114	4,818,114	4,818,114	3,304,860	3,889,063
Ending Balance	\$ 123,116	\$ 123,136	\$ 309,282	\$ 126,874	\$ 779,708
Ending Balance as Percent of Expenditures	2.6%	2.6%	6.4%	3.8%	20.0%

* Note: FY 2007 reflects revised agency receipts estimate based on one-half price admissions. FY 2008 includes revised agency receipts estimate for 12 months of one-half price admissions. FY 2008 does include a technical adjustment increasing expenditures by \$584,203 in FY 2008 but does not include salary plan financing of \$215,797 deleted in **HB 2368**.

E. Additional Funding for Capital Improvements at State Parks (Senate Committee). The Senate Committee adopted the Subcommittee on Capital Improvements recommendation for Omnibus review to add \$950,000, all from the State General Fund, for capital improvements at state parks in FY 2008. The Governor's recommendation in FY 2008 shifted \$800,000, all from the State General Fund, from capital improvements, requested by the agency, to operating expenditures in support of free admission to state parks. Additionally, the Governor did not recommend funding \$150,000 in other special revenue funded capital improvement projects requested by the agency in FY 2008.

F. Acquisition of Campground at Cedar Bluff (House Committee). The House Committee recommended Omnibus review of a proposal for the agency to purchase an abandoned church campground at Cedar Bluff Reservoir in the area of Cedar Bluff State Park.

G. Shooting Range Grants (Senate Committee). The Shooting Range Enhancement Grant program was funded from FY 1998 to FY 2002 to assist municipalities and private shooting ranges either to build new, or enhance existing, facilities provided the shooting ranges are open to the public. In FY 2008, requests for funding assistance have been received from the Oberlin Gun Club, Colby Gun Club, City of Marysville, City of Stockton, and the Kansas Trapshooters Association of Sedgwick County. The 2007 Legislature approved \$270,000, all from the Wildlife Fee Fund, for this program. The Senate Committee recommended review at Omnibus for this item.

H. Increase in Parks Fee Fund Expenditures (Technical Adjustment). The House and Senate committees in recommending one-half price admission to state parks made adjustments in the financing recommended by the Governor for free state parks admissions in FY 2008. Reductions of \$1.6 million, all from the State General Fund, were offset partially by increasing expenditures from the Parks Fee Fund by \$800,000 in FY 2008. There should have been an additional increase of \$584,203 in FY 2008 expenditures from the Parks Fee Fund (net of the salary plan adjustment of \$215,797) and an increase of \$800,000 in revenue in FY 2008 to account for 12 months rather than six months of admissions at the reduced rate.

I. State General Fund Adjustment (Technical Adjustment). In posting the Conference Committee report, a reduction of \$119,000, all from the State General Fund, was inadvertently posted to the state parks operating expenditures account in addition to the general operating expenditures account for the agency. An amount of \$119,000, all from the State General Fund, needs to be added back to the state parks operating expenditures account to correct the mistake.

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**The Agriculture and Natural Resources Budget Committee recommendation (Attachment 10):
FY 2008**

- A. Recommends adding \$1.0 million, all from the State Water Plan Fund in FY 2008, for a multi-year contract and including a proviso that no expenditures shall be made until a contract is executed by all parties involved and that such contract shall include a requirement that the Almena Irrigation District shall be responsible for compliance with any orders related to the Republican River Compact.
- B. Recommends adding \$205,500, all from the SGF, for operating the park and hiring 1.0 FTE position as Park Manager for part of FY 2008.
- C. Recommends adding \$745,000, including \$320,000 from the SGF in FY 2008, for capital improvements at the park. The Budget Committee recommends SGF expenditures of \$12,500 without limitation and the remaining balance of \$307,500 shall be subject to release by the State Finance council provided that an agreement is reached with the Union Pacific railroad concerning a crossing located within the park.
- D. Did not take action on this item.
- E. Did not take action on this item.
- F. Did not take action on this item.
- G. Did not take action on this item.
- H. Recommends adopting this technical adjustment to increase the expenditure limitation for the Parks Fee Fund by \$584,203 in FY 2008.
- I. Recommends adopting this technical adjustment to restore \$119,000, all from the SGF, to the line item account for state parks operating expenditures in FY 2008.

Representative Powell moved for the adoption of the Budget Committee report. The motion was seconded by Representative Gatewood. Motion carried.

Health Policy Authority

A. Presumptive Medical Disability (Senate Committee and House Committee). The House and Senate Committees both expressed concern about the effect the new Presumptive Medical Disability process is having on vulnerable Kansans served by the MediKan program and recommended the program be reviewed at Omnibus. Both Committees received testimony regarding the significant number of persons who left the MediKan program after the implementation of Presumptive Disability.

The House Committee recommended that MediKan benefits be continued pending further discussion to determine the appropriate actions to take to address the needs of persons who are encountering difficulties completing the current screening and eligibility process.

The Senate Committee recommended the MediKan program be funded at FY 2007 levels to ensure adequate funding to continue serving Kansans eligible for MediKan through FY 2008. In addition, the Committee recommended the agency expedite the Presumptive Disability determination process with a goal of determination within 30 days. Furthermore, the agency should identify what resources are needed to meet this goal and report to the Committee at Omnibus. The report should include suggested policy changes, developed in partnership with stakeholders, for those Kansans currently served by the MediKan program.

In order to address concerns expressed about the Presumptive Medical Disability process, staff from the Kansas Health Policy Authority (KHPA) and the Department of Social and Rehabilitation Services (SRS) worked to understand the changes in caseload and to propose options for addressing the decline.

The Presumptive Medical Disability process is modeled after the process for establishing federal disability claims and services as the gateway to the General Assistance/MediKan program. Individuals who appear to have a disability that will eventually qualify them for federal disability are enrolled in the General Assistance program and awarded the cash grant. In addition, they are also now enrolled in the Kansas Medicaid program which qualifies beneficiaries for an enhanced package of benefits and allows the State to draw a 60 percent federal match for those expenditures. Those who are confirmed to have an impediment to work, but who do not appear to meet the federal disability guidelines, are enrolled into the General Assistance/MediKan program while they pursue their disability claim through the Social Security Administration. Those who are found to have no impediment to work are denied General Assistance/MediKan. However, those who have been on General Assistance/MediKan continuously since Presumptive Medical Disability was started (September 2006), have cooperated with the process,

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and are continuing to pursue their claim with the Social Security Administration are not disenrolled from the program if they are not found to be disabled through the Presumptive Medical Disability process.

The agency indicates that the Presumptive Medical Disability was anticipated to take longer than the previous General Assistance/MediKan process. However, staffing shortfalls exacerbated the issue, creating a backlog of applications. Currently the backlog is approximately 1,500 people out of the roughly 6,000 people who have been referred to the Presumptive Medical Disability team since September 2006.

Through the data collected during the Presumptive Medical Disability process, KHPA has gathered additional information about the population that the General Assistance/MediKan program serves. From the information gathered about the population, the agency states that the Presumptive Medical Disability process is meeting its intended goal of getting disabled individuals into Medicaid sooner and helping to achieve disability approval through the federal Social Security Administration. However, half of those applying for General Assistance are being placed in the MediKan population, meaning they have an impairment that prevents work but they do not meet the federal Social Security Administration criteria. According to the agency, this population will remain vulnerable without programmatic changes. Data collected indicates that approximately 43 percent of these people appear to have some type of mental health issue that is an impairment but does not prevent work. The agency indicates that it intends to work with SRS to facilitate a discussion between state agencies and community partners to study and develop recommendations for this population prior to the 2008 Session of the Legislature.

Outside of the policy concerns about the nature of the population being denied federal Social Security Administration disability and the need to address those concerns through a policy discussion, are other concerns related to the Presumptive Medical Disability process itself. The agency indicates that the option that most directly addresses these concerns is to expand KHPA's Presumptive Medical Disability staff to accelerate reviews and eliminate the backlog of applications. New case developers will reduce delays in scheduling interviews with applicants, which is the initial contact the Presumptive Medical Disability team has with the individual. People applying today will be scheduled for an interview five weeks from now. The goal stated by the agency is to give the applicant sufficient time to gather the necessary medical records, but to complete the interview within 15 calendar days.

Upon approval of additional contract funding by the Legislature, the agency states that additional temporary staff would be hired and the plan initiated as follows:

- Additional case developers would begin by completing applicant interviews scheduled more than three weeks in the future, thereby clearing the backlog within two months.
- Additional administrative assistants would be used to request medical records and follow up on requests. Currently approximately 20 percent of medical records take more than 30 days to receive, which causes delays in the process.
- Additional examiners will then be brought into place to handle the increased volume of cases ready for a determination.
- Most of the added staff would be temporary. After six months, the additional case developers and administrative assistants will be reduced. After nine months, the additional examiners will be reduced.

The agency indicates that within two months of implementing this plan, it expects to:

- Catch up on backlogged interviews.
- Schedule new interviews within 15 calendar days of the referral to Presumptive Medical Disability.
- Complete determinations within 45 to 60 days of the date of application.
- See an increase in the percentage of completed interviews since interviews will be completed in two weeks instead of five weeks.

Anticipated additional costs for this new process are \$300,000 in FY 2008, including \$150,000 from the State General Fund. According to the agency, if this plan is not implemented, the backlog will not be fully adjudicated until May of 2008 or later. Projected enrollment will stabilize, but probably not until the first part of FY 2009. The agency estimates that in mid to late FY 2009, combined enrollment

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between MediKan and Presumptive Medical Disability/Medicaid will begin to exceed enrollment prior to implementation of Presumptive Medical Disability. If this plan is implemented, enrollment is expected to stabilize in the next few months. By the end of FY 2008, the agency predicts that combined MediKan and Medicaid enrollment will exceed MediKan enrollment prior to starting the Presumptive Medical Disability process.

B. Healthy Kansas First Five Program Funding (Senate Committee and House Committee).

The House and Senate Committees deleted FY 2008 recommended funding of \$10.0 million, including \$4.0 million from the State General Fund, to remove funding for the Healthy Kansas First Five Initiative and recommended the funding be reviewed at Omnibus.

Healthy Kansas First Five is the Governor's proposal to expand the upper income limit for the HealthWave program from the current level of 200 percent of the poverty level (yearly income of approximately \$32,000 for a family of three) to 235 percent of the poverty level and to create a state-only HealthWave option for young children in families up to 300 percent of the poverty level. Both components require families to pay a premium related to their level of income. Above 300 percent of poverty, families would be allowed to enroll their children by paying the full actuarial cost. To remain within Federal spending limits for the State Children's Health Insurance Program (SCHIP), this proposal may require that some families with incomes between 133 percent and 200 percent of poverty be transferred from Title XXI HealthWave (SCHIP funded) to Title XIX HealthWave (Medicaid funded) coverage. Finally, Medicaid eligibility for pregnant women would also be increased from 150 percent to approximately 185 percent of poverty to increase expectant mothers' access to prenatal care. The agency estimates that 2,000 children would be served in the first year of the program if funding is approved.

C. Funding for Adult Dental Coverage in Medicaid (Senate Committee and House Committee). The Senate Committee recommended that requested funding of \$8.8 million in FY 2008, including \$3.5 million from the State General Fund, to expand dental coverage to all adults in Medicaid which was not recommended by the Governor, be reviewed in Omnibus. In addition, the House Committee recommended a review of oral health issues at Omnibus.

The agency request would provide coverage for dental services for all adults in Medicaid, including those being served by the Home and Community Based Services (HCBS) waivers operated by the Department of Social and Rehabilitation Services (SRS) and the Department on Aging (KDOA). The 2006 Legislature approved dental services for adults in the HCBS waivers operated by SRS for FY 2007. In addition, the Governor recommended funding for dental services, including dentures, for persons on the HCBS frail elderly waiver operated by the KDOA for FY 2008. If dental services for all Medicaid adults is funded at KHPA, adjustments will need to be made to the SRS and KDOA budgets to reflect the overlapping populations and services. A table illustrating these overlaps is included in the KDOA section of the memorandum under Item J. The 2007 Legislature approved the funding at KDOA for dental services in FY 2008.

Currently, for adults in Kansas Medicaid, only emergency dental services are covered. This includes extractions for infected teeth, excision of tumors, and the diagnostic work related to these services. Based on fiscal year 2006 data, the agency estimates approximately 152,800 individuals would be eligible for adult dental services. In order to control costs, the agency indicates that some cost containment could be implemented through limiting services, such as capping the amount of services per year. The agency believes there may be some offset savings in a decreased use of emergency rooms to address dental issues and increased use of preventive dental services.

D. Health Care Reserve Fund (Conference Committee). The House Committee created a Health Care Reserve Fund with an expenditure limit of \$0. A proviso attached to the fund directed that all funds received from the national Strategic Contribution Fund under the tobacco Master Settlement Agreement be deposited in the new fund. It is estimated that \$15.0 million in extra tobacco settlement funds may be received in April, 2008 based on the Kansas share of the Strategic Contribution Fund. However, the Attorney General has indicated that it is unclear how these payments may be affected by manufacturers actions to withhold payments under the settlement while they are disputing the basis of the payments. The Conference Committee on **HB 2368** agreed to not create the fund and review the issue at Omnibus.

E. Citizenship Verification Requirement Impacts (House Committee). The House Committee recommended Omnibus review regarding the number of persons who have left Medicaid because of new federal citizenship and identification rules implemented July 1, 2006. Testimony was received that the implementation of the new rules resulted in the loss of approximately 18,000 Medicaid beneficiaries due to difficulties with providing and processing the required documentation. At the time, the agency

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indicated that it believed the vast majority of these persons would be determined to be Medicaid eligible once documentation was provided and the application was processed. Beneficiary information, as of February 2007 appears to indicate that the number of beneficiaries continue to decline in the Medicaid program. In July 2006, there were 269,162 Medicaid beneficiaries. After a steady decline in subsequent months the number of beneficiaries was 248,603 in February 2007, a decrease of over 20,000 individuals. The decreases are almost entirely in the populations of families and children whose eligibility is determined at the HealthWave Clearinghouse.

In response to the significant delays in the determination of eligibility for families and children, the agency began sending letters to persons who apply for benefits explaining the current time lags in determining eligibility and providing them with a list of member clinics of the Kansas Association for the Medically Underserved where they may access needed services while they are awaiting HealthWave eligibility determination.

F. Impact of President's FY 2008 Federal Budget (House Committee). The House Committee requested information be provided at Omnibus on the effects of the President's FY 2008 federal budget on the state's health care program. According to the agency, the total cost to the State of Kansas for Medicaid and State Children's Health Insurance Program (SCHIP) funding as a result of the President's budget proposals is at least \$25 million annually. This impact is comprised of both increased state expenditures and foregone federal matching funds. In addition, the proposals could have an impact on the state's ability to work with the federal Centers for Medicare and Medicaid Services (CMS) to identify opportunities to draw down new federal funds for use in expanding coverage to adults and parents, as may be done under Medicaid reform efforts. Potential impacts include reductions in administrative funding; reductions in Targeted Case Management funding; elimination of funding Medicaid Graduate Medical Education (GME); restrictions on Disproportionate Share Hospital (DSH) payments; SCHIP reauthorization with limitations on the use of funds; revised payment policies for government providers; phase out of Medicaid reimbursement for some school based services; reduced federal upper limit reimbursements on certain pharmaceuticals; changes to the Medicaid drug rebate formula; and the elimination of federal payments for Medicare Part B premiums for Qualified Individuals.

G. Enhanced Care Management Program Funding (House Committee and Conference Committee). The House Committee deleted FY 2008 funding of \$1.0 million, including \$500,000 from the State General Fund, for the Enhanced Care Management program and recommended that the funding be reviewed at Omnibus. In addition, the Conference Committee on **HB 2368** agreed to delete the funding and review it at Omnibus. This funding represents the entire budget for this program in FY 2008.

The Enhanced Care Management (ECM) pilot project in Sedgwick County works with community resources to improve the quality of care and appropriate health care utilization by adult Medicaid beneficiaries with chronic illness. The project was originally developed in response to a Senate President's Medicaid Task Force recommendation. According to the agency, the requested FY 2008 funds are needed to finish the pilot program, including an evaluation and analysis of the effectiveness and feasibility of expanding a disease management model throughout the state. The goal of such a program would be to increase the health of those with chronic illnesses and decrease overall health care costs in the long term.

H. Health Information Exchange Initiatives Funding (House Committee). The House Committee deleted \$1.0 million, including \$750,000 from the State General Fund in FY 2008, for Health Information Exchange initiatives recommended by the Governor and recommended the funding be reviewed at Omnibus. These initiatives are designed to improve efficiency, quality of care, and patient safety, as well as help inform health care consumers. Subsequently, the Conference Committee on **HB 2368** agreed to include the funding but added a proviso directing the agency to engage in certain Health Information Exchange initiatives, including infrastructure, planning privacy and security collaboration, the advanced identification card project, and the community health record project.

I. Data Management Funding (House Committee). The House Committee deleted \$478,984 in FY 2008, including \$192,538 from the State General Fund, to remove additional funding for data management activities recommended by the Governor for review at Omnibus. These activities are intended to develop a common data analytic interface to consolidate multiple data sets and help the agency analyze data to support decision making regarding health programs. Subsequently, the Conference Committee on **HB 2368** agreed to add \$1.5 million, including \$192,538 from the State General Fund, to the Governor's recommendation, resulting in total funding of \$2.0 million, including \$385,076 from the State General Fund. This is equal to the agency request for this purpose in FY 2008.

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J. Childhood Obesity Initiative Funding (House Committee and Conference Committee).

The House Committee deleted FY 2008 funding of \$737,483, including \$294,993 from the State General Fund, for the Governors' Childhood Obesity initiative and recommended the funding be reviewed at Omnibus. In addition, the Committee noted that the agency requested \$1,474,965, including \$589,986 from the State General Fund, for this initiative and believes the full amount should be considered in the review. Subsequently, the Conference Committee on **HB 2368** agreed to delete the entire funding and review the issue at Omnibus.

The KHPA proposes creating incentives for primary care providers to monitor body mass index, diet and physical activity for Medicaid eligible children. Medicaid providers completing a KanBeHealthy screening of a child are required to weigh and measure the child, as well as calculate the child's body mass index. Kansas Medical Assistance Programs currently cover dietary and nutritional counseling for the child as needed. According to the agency, the proposal would open up these services to a wider range of practitioners and increasing the incentives would help combat obesity in children served by the medical assistance programs. The agency request for funding assumes 30 percent of the children served by the medical assistance programs would be seen for a medical therapy nutrition visit once a year at \$30 per visit.

K. HealthWave Clearinghouse Staffing (House Committee). The House Committee deleted \$86,545, including \$40,553 from the State General Fund, and 1.0 FTE position in FY 2008 to remove additional staff recommended by the Governor to address workload issues at the HealthWave Clearinghouse and recommended the issue of staffing be reviewed at Omnibus. Subsequently, the Conference Committee on **HB 2368** agreed to add \$492,169, including \$250,000 from the State General Fund, and 1.0 FTE position to the Governor's recommendation. Total additional funding in FY 2008 is \$751,055, including \$371,658 from the State General Fund, and 3.0 FTE positions. This amount includes funding to support the additional state staff positions and funding for additional contract staff.

According to the agency, the implementation of the citizenship documentation requirement caused an increase in the amount of time it takes to process applications and exacerbated delays already present due to the normal increase in workload at the Clearinghouse. The agency reports that the volume of documents routinely received by the Clearinghouse has more than doubled since the implementation of this requirement. Since June, the number of customer service calls to the Clearinghouse per month has doubled from 23,000 to 49,000, the number of voicemails has increased by ten from 1,200 to 11,000, and the number of faxes has doubled to 6,000. The agency reports that staff have re-engineered enrollment and utilized electronic verifications where possible, but the backlog of applications cannot be addressed without additional resources.

The agency indicates that after the initial spike in the backlog of applications at the HealthWave Clearinghouse, the backlog of family applications has stabilized at 14,000. The original agency request reflected a timetable of a six to nine months to eliminate the backlog discussed in Item E above. According to the agency, it is likely that three to six months will be added to the amount of time required to work through the backlog at the current level of funding approved by the Legislature. Additional resources needed in FY 2007 to fully fund the agency request for state and contract staff are \$538,681, including \$414,211 from the State General Fund, and 2.0 FTE positions. Additional resources needed in FY 2008 are \$424,719, including \$200,658 from the State General Fund, and 1.0 FTE. Staff to be added would include state eligibility determination workers and contract eligibility staff.

L. Funding for Inspector General (Senate Committee). The Senate Committee recommended Omnibus consideration of funding and positions required by the establishment of an Office of the Inspector General at the agency should legislation creating such an office be passed by the 2007 Legislature. **SB 11**, which is currently in Conference Committee, creates the Office of the Inspector General within the Kansas Health Policy Authority. More information is contained in Item M below.

M. Substitute for SB 11 – Health Reform (Conference Committee). Substitute for SB 11, as agreed to by the Conference Committee on April 3, enacts the Foundations of Health Reform Act of 2007. Additionally, the bill contains provisions relating to the following: the use of confidential data in the cancer registry; establishment of the Umbilical Cord Donation Information Act; creation of a dispute resolution process for the State Fire Marshal; reciprocal licenses for adult care home administrators; the practice of physical therapy; the newborn screening program; and the Kansas Pharmacy Act, relating to wholesale drug registrants and vaccine administration.

As it relates to the Kansas Health Policy Authority, **SB 11** would have the following fiscal impacts:

- Premium Assistance –The agency estimates that additional expenditures of \$500,000

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from the State General Fund, and 2.0 FTE positions would be needed in FY 2008 for planning and implementation of the program. Activities in FY 2008 would include making changes to the Medicaid payment system, developing contracts for the health insurance plans, developing eligibility criteria and procedures, contracting to estimate the actuarial value of the benefit package, and beginning the marketing of the plan. Assistance payments for the purchase of insurance coverage would not begin until FY 2009.

- Inspector General – The agency estimates that additional expenditures of \$349,673 from the State General Fund and 4.0 additional FTE would be required to begin operation of the Office of the Inspector General. The bill requires appropriations to be made in a separate line item for the Inspector General requiring the establishment of an additional State General Fund account.

N. Spring Consensus Caseload Estimates and GBA No. 2, Item 12, Page 10. The FY 2007 Spring Consensus Caseload Estimate for the Regular Medical program is an all funds decrease of \$26.0 million and a State General Fund increase of \$4.3 million. The FY 2008 estimate is an all funds decrease of \$27.0 million and a State General Fund increase of \$5.0 million. More information on this item is included in the Spring Consensus Caseload Item X under the Department of Social and Rehabilitation Services.

O. GBA No. 2, Item 10, Page 6 – Centers for Medicare and Medicaid Services (CMS) Issues.

P. GBA No. 2, Item 13, Page 12 – Citizenship Verification.

The Social Services Budget Committee recommendation (Attachment 14):

FY 2007

- N. Adopts the GBA to delete \$26.0 million from all funding sources and add \$4.3 million from the SGF in FY 2007 to reflect revised estimates for medical assistance expenditures.
- O. Concurs with the GBA to increase SGF expenditures FY \$37.5 million and decrease federal funds by the same amount in FY 2007 to replace federal dollars required to be returned to the federal Centers for Medicare and Medicaid Services regarding Medicaid payments to Local Education Agencies.

FY 2008

- A. Recommends the addition of \$300,000, including \$150,000 from the SGF in FY 2008, to address backlog issues with the Presumptive Medical Disability process.
- B. Did not take action on this item.
- C. Recommends the agency provide information during the 2008 Session on the costs and policy considerations for providing dental coverage to adults in Medicaid.
- D. Recommends the creation of the Health Care Reserve Fund with an expenditure limitation of \$0. In addition, the Budget Committee recommends a proviso directing that all funds received from the national Strategic Contribution Fund under the tobacco Master Settlement Agreement be deposited in the new fund.
- E. Did not take action on this item.
- F. Did not take action on this item.
- G. Recommends the addition of \$1.0 million, including \$500,000 from the SGF in FY 2008, for the Enhanced Care Management project.
- H. Did not take action on this item.
- I. Did not take action on this item.
- J. Did not take action on this item.
- K. Did not take action on this item.
- L. Did not take action on this item.
- M. Recommends a total of \$849,673, all from the State General Fund, and 6.0 FTE positions in FY 2008, to address the fiscal impact of Sub for SB 11 as it relates to this agency contingent upon passage of the bill. Included in the above amount is \$349,673, all from the SGF, and 4.0 FTE positions to create the Office of the Inspector General and \$500,000, all from the SGF, and 2.0 FTE positions to create a Premium Assistance program in FY 2008.
- N. Adopts the GBA to delete \$27.0 million from all funding sources and add \$5.0 million from the SGF for FY 2008, to reflect revised consensus caseload estimates for medical assistance expenditures.
- P. Adopts GBA No. 2 to add \$1,004,145, including \$502,073 from the SGF in FY 2008, to address backlogs at the HealthWave Clearinghouse due to increased federal citizenship verification requirements.
- Q. New Item - Attendant Care for Independent Living (ACIL) Funding. Recommends deleting

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\$5.0 million, including \$2.0 million from the SGF, for inpatient hospitalization expenditures to reflect utilization of those services by medically fragile children. The same amount is added to the SRS budget to increase reimbursement rates for case managers and nursing providers in the Attendant Care for Independent Living program.

- R. New Item - Pharmaceutical Pricing Proviso. Recommends language be put in the appropriations bill for FY 2008 requiring the agency to work with pharmacy representatives to assess the impact of new federal changes regarding the pricing of pharmaceuticals.**

Representative Bethell moved for the adoption of the Budget Committee report. The motion was seconded by Representative Ballard. Motion carried.

Social and Rehabilitation Services

A. Funding for Home and Community Based Services (HCBS) Waiver for Persons with Developmental Disabilities (Senate Committee and House Committee). The House and Senate Committees deleted \$9,881,250, including \$3,988,073 from the State General Fund, to remove funding recommended in FY 2008 to reduce the waiting list for the HCBS waiver for persons with developmental disabilities and recommended that the funding be reviewed at Omnibus. According to the agency, the funding would serve an additional 280 persons currently on the waiting list. The waiting list in January 2007 was approximately 1,373 persons.

B. Funding for Home and Community Based Services (HCBS) Waiver for Persons with Physical Disabilities (Senate Committee and House Committee). The House and Senate Committees deleted \$9,910,805, including \$4,000,000 from the State General Fund, to remove funding recommended for FY 2008 to address the waiting list for the HCBS waiver for persons with physical disabilities (PD) and recommended the funding be reviewed at Omnibus. As of January 2007, there was no waiting list for services. To maintain no waiting list for the PD waiver in FY 2007, SRS estimates the need to add 600 persons to PD waiver services through FY 2007. The recommended funding would cover the annualized cost of serving the 600 persons added in FY 2007 plus an additional 185 persons added through September 2007.

C. Funding for Home and Community Based Services (HCBS) Waiver for Children with Autism (Conference Committee). The Conference Committee on **HB 2368** deleted FY 2008 funding of \$744,417, including \$300,000 from the State General Fund, to remove half of the funding recommended to initiate a Medicaid Home and Community Based Services waiver for children with autism in FY 2008 and recommended the funding be reviewed at Omnibus.

The Governor recommended \$1,486,621, including \$600,000 from the State General Fund, to fund services for young children with autism spectrum disorders who cannot receive needed services from other existing programs, including the regular Medicaid program. Services provided by the waiver would include respite care, parent support and training, attendant care, social skills development, therapeutic day care and case management. The agency requested \$3,021,909, including \$1.2 million from the State General Fund, for this item to provide services to 100 children in FY 2008.

D. Funding to Decrease Shrinkage Rate in Regional Areas (Senate Committee and House Committee). The Senate and House Committees deleted \$6,409,508, including \$6,200,000 from the State General Fund, to remove funding recommended in FY 2008 to decrease the shrinkage rate in regional management areas and recommended the funding be reviewed at Omnibus.

The Governor recommended \$7,960,195, including \$7,700,000 from the State General Fund, in FY 2008 to decrease shrinkage in the regional offices from 10.2 percent to 5.7 percent to allow the agency to hire additional staff to address increased federal reporting requirements. This was an increase of \$6.4 million, including \$6.2 million from the State General Fund, above the amount recommended for this purpose in FY 2007. Additional information requested by the House Committee regarding caseloads of work in the regional service areas is included in Item P below.

E. Funding for Early Head Start Expansion (Senate Committee and House Committee). The Senate and House Committees deleted \$2,193,960, including \$593,960 from the State General Fund and \$1.6 million from the Children's Initiatives Fund, recommended by the Governor to expand the Early Head Start program in FY 2008 and recommended the funding be reviewed at Omnibus. Subsequently, Committee of the Whole action in both the House and the Senate added back the \$1.6 million from the

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Children's Initiatives Fund leaving a deletion of \$593,960, all from the State General Fund, to be considered.

Kansas Early Head Start (KEHS) provides early education and home visitation services to families. Children, ages birth through age four, receive child screening and assessments to measure overall health, developmental milestones and school readiness. Pregnant women are assessed to measure prenatal health for successful birth outcomes. The Governor's recommendation was expected to serve an additional 287 children, raising the total children served to 1,304.

F. Funding for Job Retention Initiative (Senate Committee and House Committee). The House and Senate Committees deleted \$4,448,680, all from the State General Fund, to remove funding recommended by the Governor to improve job retention in the Temporary Assistance for Families (TAF) program in FY 2008 and recommended the funding be reviewed at Omnibus.

The Governor's recommendation would continue partial cash assistance payments to persons who become employed for an additional three months in order to improve job retention. The agency indicates that receiving the extended assistance will help persons leaving cash assistance keep their jobs as they enter the workforce. In addition, the federal Deficit Reduction Act requires states to increase the number of TAF recipients participating in work-related activities and the agency indicates that this enhancement would help the state meet that goal to avoid potential penalties.

G. Funding for Independent Living Center Grants (Conference Committee). The Conference Committee on **HB 2368** agreed to delete \$600,000, all from the State General Fund, from the amount recommended to increase grants to Independent Living Centers in FY 2008 and to review the funding at Omnibus.

The Governor recommended \$800,000 from the State General Fund to increase funding for grants to the 12 Centers for Independent Living which provide core services to persons with disabilities. The recommended funding would bring all centers to a base funding of at least \$250,000 each. If this funding is restored, total funding for these grants would be \$2.6 million, including \$1.5 million from the State General Fund. The 12 Centers for Independent Living provided services to approximately 18,700 individuals with disabilities in 2006.

H. Funding to Expand the Pre-K Pilot Program (Senate Committee and House Committee). The Senate and House Committees deleted \$3.5 million, all from the Children's Initiatives Fund, recommended by the Governor to expand the Pre-K pilot program in FY 2008 and recommended that the funding be reviewed at Omnibus.

The Governor's recommendation would allow a limited expansion of the program in the five counties already participating and allow participation by 12 additional counties. Total funding for this program in FY 2008 was recommended at \$5.5 million.

I. Funding for Child Care Quality Initiative (Senate Committee and House Committee). The Senate and House Committees deleted \$1.0 million, all from the Children's Initiatives Fund, recommended for a new Child Care Quality initiative in FY 2008 and recommended that the funding be reviewed at Omnibus. The new initiative, administered by the Children's Cabinet, is designed to use targeted initiatives to improve quality and increase the availability of care for children ages zero to three.

J. Funding for Funeral Assistance Program (Senate Committee and House Committee). The Senate and House Committees recommended that additional funding for the Funeral Assistance program be considered at Omnibus. During testimony, an additional \$156,000, all from the State General Fund, was requested for FY 2008 to increase the rate paid to funeral homes from \$550 to \$680, which represents the inflationary increase from 1998 to 2006. In addition, \$134,000, all from the State General Fund, was requested to address increases in the number of funerals covered by the program.

K. Funding to Increase Reimbursement Rates (Conference Committee). The Conference Committee on **HB 2368** deleted \$5,152,757, including \$3,042,838 from the State General Fund, recommended by the Governor to increase reimbursement rates in six different assistance programs in FY 2008 and recommended that additional funding of \$1.2 million, all from the State General Fund, for Addiction and Prevention Services grants be reviewed at Omnibus.

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The following table reflects the programs and amount for each program for review:

	Deletions for Review	
	SGF	All Funds
HCBS waiver for persons with traumatic brain injury	\$ 89,441	\$ 221,607
HCBS waiver for persons with physical disabilities	1,118,005	2,770,083
HCBS waiver for technology assisted children	2,852	7,067
Intermediate Care Facilities for the Mentally Retarded	217,540	539,000
Developmental disabilities grants	415,000	415,000
Addiction and Prevention Services	1,200,000	1,200,000
TOTAL	\$ 3,042,838	\$ 5,152,757

L. Expansion of the Home and Community Based Services (HCBS) Waiver for Persons with Traumatic Brain Injuries (Senate Committee and House Committee). The House Committee requested additional information from the agency at Omnibus regarding the HCBS waiver for persons with traumatic brain injury relating to case management hours, fiscal information and the potential for expanding the waiver. The Senate Committee also requested information about the expansion of the waiver.

Case Management Hours and Reimbursement Rates

The Committee requested an examination of the number of hours allowed for case management; the adequacy of the hours allowed to rehabilitate individuals; a cost estimate for increasing those hours; and the reason behind limiting the hours in the original waiver.

According to the agency, individuals who receive services through the HCBS Medicaid Traumatic Brain Injury waiver also receive Targeted Case Management services, a non-waivered, state plan service. Currently, there is an annual limit of 160 hours of targeted case management services which was estimated based on information provided by service providers and advocates who helped develop the waiver. Because Kansas had the first waiver for persons with traumatic brain injury, no comparable data existed at that time. The agency indicates that since that time, this limit has been proven as adequate for a majority of the persons being served. For example, in FY 2006, the average number of targeted case management hours per consumer was approximately 36. This number, however, distorts the reality for some persons and hours received can greatly fluctuate from the time waiver services begin, when the need is greatest, to the time of transition from the program. In addition, it has been demonstrated that a small percentage of "high-end" users exists who are more severely disabled, often persons with behavior issues, who require more case management hours for a longer period of time.

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The following provides the fiscal impact of each of the various proposed reimbursement rate and program changes:

Recommendation	All Funds	State General Fund
Raise Targeted Case Management (TCM) Rates from \$30 per hour to \$42.40*	\$117,191	\$47,298
Increase TCM hours by 20/year (from 160 to 180) at \$30 per hour (current rate)	\$159,600	\$64,415
Increase TCM hours by 20/year (from 160 to 180) at \$42.40* per hour (proposed rate)	\$225,568	\$91,039
Raise Therapies funded through the Traumatic Brain Injury Waiver from \$50 per hour to \$105 per hour	\$2,200,000	\$881,863

*The final rate would need to fit into the rate setting paradigm now being developed in cooperation with Kansas Health Policy Authority.

Should these recommendations be approved, the agency estimates the cost could be covered if 29 fewer persons were placed in Head Injury Rehabilitation Facilities (HIRFs). However, the agency indicates it would be unlikely that 29 fewer persons would be served in HIRFs even with an expansion of community services, especially in the first year. In addition, HIRFs are included in the consensus caseload estimating process and the Traumatic brain injury Waiver is not.

Fiscal Information

The Committee also requested fiscal information about the waiver including: carryover balances in previous years, the ability to expand the waiver under current resources; a five-year history of expenditures; the number of people served; and the reasons for the increases in the number of people using the waiver.

The following chart provides information from FY 2002 through FY 2006 (and projections for FY 2007) regarding the number of persons served, expenditures, and carryover:

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Fiscal Year	Average Number Consumers Billed Per Month	Base Budget All Funds	Carry Over All Funds	Base Budget Plus Carry Over All Funds	Actual Expenditures All Funds	Difference All Funds	Difference State Funds
FY 2002	96	\$7,462,500		\$7,462,500	\$3,883,033	\$3,579,467	\$1,413,889
FY 2003 ¹	115	\$5,870,506		\$5,870,506	\$4,593,045	\$1,277,461	\$494,633
FY 2004	123	\$5,962,500		\$5,962,500	\$5,455,886	\$506,614	\$184,306
FY 2005 ²	152	\$7,290,607		\$7,290,607	\$5,703,934	\$1,586,673	\$619,437
FY 2006 ²	168	\$7,262,607	\$305,761	\$7,568,368	\$5,614,856	\$1,953,512	\$770,465
FY 2007 ^{3,4}	182	\$6,055,741	\$145,211	\$6,200,952	\$7,177,761 _{5,6}	(\$976,809)	(\$407,568)

Notes:

1. November 2002 Budget Allotment reduced Traumatic Brain Injury Waiver by \$1.5 million all funds.
2. Traumatic Brain Injury Waiver increase funded with \$500,000 Other State Fees Fund. Other State Fee Funds did not have a sufficient balance to support this program so it did not reappropriate.
3. Other State Fees Fund removed from the Traumatic Brain Injury Waiver.
4. FY 2007 Consumers Billed and Actuals are projections based on actual data through February 2007.
5. SRS is managing all HCBS waivers as a whole to address this shortfall for FY 2007.
6. The increased cost for the Traumatic Brain Injury Waiver in FY 2007 is attributable to an increase in the number of consumers with very complex needs requiring more hours of support including more intense cognitive and behavior therapies.

The agency indicates that most years, unspent Traumatic Brain Injury Waiver Program dollars have been returned to the State General Fund, except in fiscal years 2006 and 2007, when unspent dollars were carried over into the following year's budget. No carryover dollars are projected for the current year that might be used to expand the waiver. The agency is unsure of the reasons for the increase in the number of individuals who use Traumatic Brain Injury Waiver services. However, much of the increase may be due to a growing awareness of, and ability to identify, traumatic brain injury by professionals and the general public and a growing awareness of the availability of waiver services. In addition, although no data is available that might show an increase in the number of injuries over time, it is reasonable to assume that as the overall population has increased, so has the number of persons who experience a traumatic brain injury.

Expanding the Waiver

Both the House and Senate Committees requested additional information on the original reason for limiting eligibility to those with traumatic brain injuries and the potential effects of expanding the definition to include all "acquired" brain injuries including the increased number of persons and costs.

According to the agency, the original decision to limit waiver program eligibility to persons with traumatically-acquired brain injuries and exclude what are considered non-traumatic injuries was largely based on available funding and the lack of data needed to accurately project the impact of serving persons with all types of brain injury. Today, there is still a lack of adequate information on the incidence of all acquired brain injuries. However, some information on the incidence of stroke, probably the most common cause of non-traumatic brain injuries, is available.

- In 2002, the Kansas Department of Health and Environment reported there were 6,614 inpatient hospital discharges for stroke.
- Data indicates 30 percent of those hospitalized for stroke required outpatient rehabilitation, meaning 1,984 people would need outpatient rehabilitation.
- A survey showed 62 percent of people who had their first stroke were younger than 65, which would mean 1,230 people would need outpatient rehabilitation services and meet

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the age requirement of the waiver.

- It is estimated that 10 percent of the 1,230 people would then qualify for the waiver, based on Medicaid eligibility and functional needs assessment, which would add 123 people per year to the waiver.

Estimated Cost to Add Persons Experiencing Strokes to the Traumatic Brain Injury Waiver Through FY 2010

Fiscal Year	Persons on Waiver at Start of FY	New Persons Added in FY	New Eligible Strokes Only	Persons Leaving Waiver	Persons on Waiver End of FY	New Persons Added to Waiting List	Expend. Budgeted	Avg. Annual Cost per Person	Cumulative Waiting List	Cost to Eliminate Waiting List (All Funds)
FY 06	167	129	0	114	182		\$6,205,163	\$34,094		
FY 07*	182	129	0	114	180	17	\$6,151,400	\$34,094	17	\$565,178
FY 08**	180	129	123	114	213	105	\$7,271,199	\$34,094	122	\$4,150,392
FY 09*	213	129	123	114	213	138	\$7,271,199	\$34,094	260	\$8,855,406
FY 10*	213	129	123	114	213	138	\$7,271,199	\$34,094	398	\$13,560,420

* Projected

** Includes Governor's Budget Recommendation plus additional \$400,000 SGF included in House Appropriations Committee Recommendation. This number was subsequently decreased to \$250,000 by the Conference Committee on **HB 2368**.

The agency indicates that during the first couple of years of an expanded waiver, few, if any, individuals would be likely to terminate services and the waiting list could continue to grow. The agency notes that the above are conservative estimates in that the numbers used reflect an estimate based only on people who have experienced a stroke. This information does not take into account, because of lack of available data, persons who experience brain injury due to other non-traumatic means. In addition, these estimates do not take into account the additional persons with traumatic brain injuries who will continue to seek services.

M. Funding for Grandparents as Caregivers Program (House Committee and Conference Committee). The House Committee deleted \$2,003,640 from the State General Fund in FY 2008 to remove funding recommended to annualize the Grandparents as Caregivers program and recommended the funding be reviewed at Omnibus. The Conference Committee on **HB 2368** concurred with the House position and also recommended Omnibus review.

As of April 2007, there are 91 families, including 79 children, enrolled in the program. Based on the demand for services to date, savings of \$1.0 million are projected for FY 2007, which will be carried forward to FY 2008 under current law. The agency has re-estimated the amount needed to operate the program based on slower than previously anticipated growth. The new estimate is that \$3,092,740 will be needed for the FY 2008 budget to fund the program for the entire year. **HB 2368** contains funding of \$2,003,640, all from the State General Fund, leaving approximately \$89,100 in program needs unfunded.

N. General Assistance Program Status (House Committee). The House Committee recommended Omnibus review of additional information regarding the effect of the new Presumptive Medical Disability process on people receiving General Assistance.

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

According to the agency, the Presumptive Medical Disability process originally resulted in a backlog of applications awaiting eligibility determination due in part to a shortage of resources and staff. Applicants whose cases are in this backlog are not receiving cash or medical benefits pending an eligibility determination. Applicants are receiving other services, such as Food Stamps, if appropriate. Persons who are ongoing recipients are continuing to receive both cash and medical benefits while they wait for the determination. Cases that have been successfully processed and identified as Medicaid eligible are benefitting from the enhanced medical benefits available to meet their ongoing needs. The agency indicates that there is an ongoing effort by both SRS and the Kansas Health Policy Authority to identify opportunities to resolve issues contributing to this case backlog and resolve the related impact. According to the agency, a final assessment of the impact of the Presumptive Medical Disability process cannot be made until the backlog issue is addressed. For more information on the Presumptive Disability Program, see Item A under the Kansas Health Policy Authority.

O. Implementation of Dental Services in Home and Community Based Services (HCBS) Waivers (House Committee). The House Committee requested Omnibus review of additional information regarding the implementation of dental services for adults on the HCBS waivers. In addition, information was requested on planning efforts regarding the provision of dental services now that the state has a dental director at the Kansas Department of Health and Environment.

According to the agency, dental services for adults were included in the HCBS amendments recently approved by the federal Centers for Medicare and Medicaid Services (CMS) for the Traumatic Brain Injury, Physical Disability, and Developmental Disability waivers. The agency reports that it worked with the Kansas Health Policy Authority to develop and implement a policy with the Medicaid fiscal agent to make the appropriate modifications to the payment system. Effective April 2, 2007, the system was fully operational with the ability to pay for the dental services identified for the HCBS. The agency indicates that one dentist in the Kansas City area has notified SRS that he has scheduled 80 consultations with patients specifically to serve this population.

In addition, the agency reports that it has coordinated with the Kansas Department of Health and Environment, Oral Health Bureau, the Kansas Dental Association, the Kansas Association for the Medically Underserved, and a variety of other organizations and associations during the development and continuing through the implementation phase of the new dental services. An effort has been made to distribute information statewide to dentists and other oral health providers, clinics, dental associations, Centers for Independent Living, Home Health Agencies and Community Developmental Disability Organizations to ensure that dental providers and HCBS providers are taking advantage of this opportunity. Additionally, all Targeted Case Managers and Independent Living Counselors are being individually contacted to urge them to share the dental coverage information, and refer persons with high needs to qualified dental providers during the last quarter of this fiscal year.

P. Caseloads of Workers in Region Service Centers (House Committee). The House Committee requested additional information at Omnibus on the manageability of caseloads carried by workers in the regional areas. The Committee noted that if caseloads are unmanageable, additional resources need to be made available to decrease worker caseloads. The Governor's recommendation included funding to reduce the shrinkage rate to allow the agency to fill some of these vacant positions in lieu of adding additional FTE positions as the agency had requested. For FY 2007, the Governor recommended \$1,550,687, including \$1.5 million from the State General Fund. For FY 2008, the Governor recommended \$7,960,195, including \$7.7 million from the State General Fund. The Legislature deleted \$6,409,508, including \$6.2 million from the State General Fund, in FY 2008 which represents the additional funding recommended in FY 2008 as compared to FY 2007.

The agency reports that the most pressing workload demands are in the Temporary Assistance for Needy Families Program, child welfare protection services, and adult protective services.

The agency indicates that the re-authorized TANF program (under the federal Deficit Reduction Act of 2005) imposed a new mandate to fully document and verify each adult's work activities and narrowed the scope of permitted work activities. The combination of these mandates will cause regional staff to spend additional time locating appropriate work activities and documenting client hours.

According to the agency, the additional staffing demands in child welfare center on enhancements to child protective services and increasing numbers of abuse and neglect reports. Revisions have been instituted to assure a thorough and complete assessment for every report of abuse and neglect, which the agency expects to place significant demands on staff time. In addition, the number of abuse and neglect reports increased 23 percent in the past three years.

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The agency indicates that the volume and complexity of adult protection investigations has increased. Investigations rose 24 percent in the last fiscal year. In addition to performing more in-depth investigations and placing a greater focus on investigations among aging and vulnerable adults in community settings, an increase has occurred in the more complex investigative area of fiduciary abuse and exploitation. Concurrently, coordination with the Office of the Attorney General has increased. Finally, recommendations of the Kansas Interagency Council on Abuse, Neglect, and Exploitation will pose more demands on regional staff.

The agency also reports that in addition to the new requirements described above, the ongoing caseload managed by regions has increased. The change in the region’s workload for the six recent years is presented in the table below.

(1) State Fiscal Year	(2) Cases	(3) Case- Carrying Positions	(4) Cases per Position	(5) Percent Increase	(6) Cumulative Increase
2001	288,332	1,264	228.1		
2002	285,228	1,241	229.8	0.8%	0.8%
2003	280,303	1,223	229.2	(0.3)	0.5
2004	280,976	1,203	233.5	1.9	2.4
2005	286,835	1,202	238.6	2.2	4.6
2006	297,243	1,210	245.7	3.0	7.7

- | | |
|--------|---|
| Column | Description |
| (2) | Unduplicated count of cases; each case may receive services from one or more program. |
| (3) | Number of regional staff performing direct case services. |
| (4) | Divides the cases in Column 2 by case-carrying positions in Column 3 to arrive at an average caseload per position. |
| (5) | Year-to-year increase in the caseload per position. |
| (6) | Cumulative increase in the caseload per position (from FY 2001). |

Based on the above information, the agency indicates that the additional workers who could be hired under the Governor's proposal are needed to provide effective services to Kansans.

Q. Implementation of Prepaid Ambulatory Health Plan (PAHP) Services (House Committee).

Both the House and Senate Committees recommended Omnibus review of the implementation of the Prepaid Ambulatory Health Plan (PAHP) for public mental health services including an examination of the effect on the funding of Community Mental Health Centers (CMHCs). Concerns were expressed to both Committees that in fully funding the Medicaid system for mental health services, there needs to be adequate funding remaining in the system to serve people who are not Medicaid eligible. The following information compares the current system with the new system to be implemented July 1, 2007.

Current System

Community Mental Health Centers receive funding from four major sources: state grants, county funding, third party payments, and Medicaid. State grants are made up of three primary sources of funds shown below:

Grant Type	All Funds	State Funds	Federal Block Grant Funds
State Aid	\$ 10,233,297	\$ 10,233,297	\$ 0
Consolidated (Special Purpose) Grants	33,474,882	31,009,081	2,465,801
Children’s Initiative Funds	6,000,000	6,000,000	0
TOTAL	\$ 49,708,179	\$ 47,242,378	\$ 2,465,801

State Aid is a formula grant provided to CMHCs to fund the CMHCs’ basic services. Consolidated Grants include funds provided through mental health reform, special purpose grants, funds related to closure

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of Topeka State Hospital and two Nursing Facilities for Mental Health, and bed reductions at Osawatomie State Hospital. Children's Initiative Funds are used for Therapeutic Preschool and Family Centered System of Care projects.

In addition, CMHCs receive about \$21.5 million in local county funding. CMHCs also bill third party payors such as insurance companies, Medicare, and private pay recipients. The agency does not track CMHC third party payments.

CMHCs are paid Medicaid funds when they provide covered services to Medicaid eligible recipients. The CMHCs are paid both the state and federal share of Medicaid for persons served through the Waiver for Children with Serious Emotional Disturbance (SED Waiver) and for youth in SRS custody. All other Medicaid payments are made using a certified match approach whereby CMHCs are paid the federal share of Medicaid and about 36 percent of the state share. The remaining required state share, approximately \$26.6 million, is certified from the CMHCs' state grant funds listed above. The use of certified match has recently become a major concern of the Centers for Medicare and Medicaid Services (CMS) which has proposed new rules that will prohibit CMHCs from certifying match in the future.

Prepaid Ambulatory Health Plan System

Starting July 1, 2007 Medicaid payments to CMHCs will be made through a Prepaid Ambulatory Health Care Plan. The agency indicates that this change should satisfy CMS' concerns about how Kansas is utilizing Medicaid funds; preserve Medicaid funding for these services; support key aspects of the established public mental health system; and allow persons a wider array of choices of mental health providers. Through this CMS approved plan, SRS will pay the PAHP an interim lump sum per member per month payment. The CMHCs and all private mental health providers will bill the PAHP for covered Medicaid services provided to eligible recipients and will be paid based on the Medicaid fee schedule. The amount paid to the CMHCs and private providers will include the full federal and state share of Medicaid and certified match will no longer be used. Paying the full federal and state share of Medicaid will require additional state funds be placed in Medicaid to cover the amount currently certified as match from the CMHC grants.

According to the agency, when many of the CMHC consolidated grants were first awarded, it was unclear how many persons needing CMHC services would be eligible for Medicaid. The CMHCs recently reported that as many as 48 percent of those they serve are Medicaid recipients and nearly 70 percent of all CMHC service hours are provided to Medicaid recipients. In addition, Medicaid reimbursement rates have substantially increased for CMHC services since the origination of many of the consolidated grants, especially in FY 2001. As a result, CMHCs recently documented that they actually use their grant funds to pay for Medicaid services. Using this information, when certified match is eliminated, the agency believes it is appropriate to move some amount of CMHC grants, up to \$26.6 million, to serve as the match for Medicaid funding under the Prepaid Ambulatory Health Plan. The goal, according to the agency, is to do this in a way that does not negatively impact CMHC income, provided the CMHC continues to provide the same level of Medicaid services as it has in the recent past. The exact amount of CMHC grant funds that will be moved to Medicaid funding has yet to be determined.

Once grant funds have been moved to Medicaid, the remaining amounts will be awarded to CMHCs in much the same manner as it currently occurs. CMHCs will also continue to receive local funds from counties and bill third party payors.

R. Funding for Support Services for Adults with Mental Illness (House Committee). The House Committee recommended the issue of funding for support services for individuals with mental illness be reviewed at Omnibus. Support services, offered by organizations such as Keys for Networking and the National Alliance for the Mentally Ill (NAMI), could include case management, respite care, education, peer support, housing, and transportation. The Conference Committee on **HB 2368** agreed to appropriate FY 2008 funding for both NAMI and Keys for Networking in the amount of \$150,000 from the State General Fund each for this purpose.

S. Mental Health Service Resources (House Committee). The House Committee recommended a review of information regarding the need for additional mental health resources in the community and inpatient services at Omnibus. Testimony was presented that Kansas is facing a crisis in the number of inpatient beds available, both at state mental health hospitals and acute care beds in local hospitals, to serve people who are the most sick. The Legislative Budget Committee, during the 2006 interim, recommended additional funding to allow SRS to enter into contracts with private providers to provide acute inpatient services to supplement state hospital beds and allow persons to receive treatment closer to home. The Conference Committee on **HB 2368** agreed to included funding of \$1.9 million, all from the State General Fund, for this purpose in FY 2008.

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In its December 2006 report, the Legislative Budget Committee requested that the Department of Social and Rehabilitation Services (SRS) provide testimony regarding what supplemental funding was needed to allow SRS to enter into contractual arrangements with local hospitals who could provide acute inpatient services for persons who would otherwise be served in state mental health hospitals. According to the agency, it has begun discussions with private providers regarding this possibility. These discussions appear to be promising, especially for youth. Some existing inpatient and residential treatment providers indicate they may be willing to enter into agreements to serve youth who would otherwise be served by the state mental health hospitals. Based on reaching agreements with providers, youth who have been screened by a community mental health center (CMHC) and are determined to need inpatient services would be served by private inpatient or residential treatment providers instead of being placed in a state mental health hospital. This would free up space at the state mental health hospitals to serve more adults, effectively increasing the number of available treatment beds.

The agency indicates that with the \$1.9 million approved during this legislative session, it will reallocate beds used at Rainbow Mental Health Facility for youth. Most of Rainbow Mental Health Facility youth would be served by private providers, but a few in Rainbow Mental Health Facility's western catchments area would be served by Larned State Hospital. This would allow Rainbow Mental Health Facility to serve 20 more adults thus reducing the census strain at Osawatomie State Hospital. Based on information from private providers, SRS has estimated the ongoing supplemental funding needed for the cost of this plan is \$1,826,503 from the State General Fund per year, based on certain assumptions about the Medicaid eligibility of the youth, the rates paid, the average length of stay, education costs, and the federal Medicaid revenue to Rainbow Mental Health Facility that would have to be made up with state funds.

In addition, SRS has entered into a funding agreement with ComCare that allows ComCare to work with Via Christi in Wichita to ensure Via Christi continues to provide care to civilly committed individuals and to provide an overflow capability when Osawatomie State Hospital and Larned State Hospital are both at capacity. The agency indicates that it has agreed to pay ComCare for the cost of holding persons in Via Christi's emergency room, if needed, while their inpatient screening is completed. Persons who are determined in need of involuntary inpatient placement and who have no source to pay for such services will be referred to Osawatomie State Hospital. If Osawatomie State Hospital is at capacity, these persons will be diverted to Larned State Hospital. If Larned State Hospital is also at capacity, SRS has contracted with ComCare to provide funding for Via Christi to serve them, providing both an overflow capacity in the local community and a method to pay for these services where none previously existed. The agency notes that additional funding will be needed for this project, but indicates that it wants experience with the program before estimating the cost and will seek a supplemental request next year.

T. Implementation of Psychiatric Residential Treatment Facility System (House Committee).

The House Committee recommended Omnibus review of additional information regarding the additional resources needed as a result of the implementation of the Psychiatric Residential Treatment Facilities. Specifically, the Committee was informed that additional funding will be needed address the change in inpatient services and for other services required outside of these facilities for children who are determined not to need that level of service but who may need intensive services.

SRS and JJA both utilize Level V and VI facilities to provide residential mental health treatment services to youth. Currently, these facilities' reimbursement is paid through Medicaid funds included in each agency's respective budget. The federal Centers for Medicare and Medicaid Services has stated that Level V and VI facilities are not eligible for Medicaid unless they are changed to meet the federal requirements of psychiatric residential treatment facilities. SRS and JJA, in cooperation with all Level V and VI providers, have begun the process to change most Level V and VI facilities to psychiatric residential treatment facilities effective July 1, 2007.

Making this change requires Level V and VI facilities to provide a higher level of treatment than they currently provide. It also requires reimbursement for these facilities be determined using an institutional cost based model approved by CMS. Both of these requirements will significantly raise the reimbursement for these facilities, especially Level V facilities. The Level V and VI facilities have submitted their cost reports and SRS is currently determining what the final reimbursement rates will be. Reimbursements for previous Level V facilities are estimated to increase from \$123.90 per day to an average of \$239.64 per day. Level VI facility rates are estimated to increase from \$210.00 per day to an average of \$268.06 per day. While this is an increase of approximately \$8 million from all funding sources, no additional state funds are being requested. All psychiatric residential treatment facilities costs will be Medicaid eligible whereas extended stays in Level V and Level VI facilities are all state funded. This shift in funding eliminates the need for additional State General Fund amount. SRS' estimate for FY 2008 for psychiatric residential treatment facilities is \$28,963,741, including \$11,689,766 from the State General Fund.

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Some youth with mental health concerns may not meet the criteria for admission to a psychiatric residential treatment facility. These youth will obtain needed mental health services from community mental health providers. Nearly all of these youth will be Medicaid eligible and the cost of their community mental health services will be provided through Medicaid through the Prepaid Ambulatory Health Plan (PAHP) system.

U. Funding for Program to Reduce Tobacco Sales to Minors (House Committee and Conference Committee). The House Committee deleted \$400,000, all from the State General Fund in FY 2008, to remove funding recommended for a program to reduce tobacco sales to minors and prevent the loss of federal funding and recommended the funding be reviewed at Omnibus. The Conference Committee on **HB 2368** concurred with the House recommendation and also recommended Omnibus review of the funding. The amount under consideration would be the only funding to support this program in FY 2008.

V. Child Care Assistance Caseloads (House Committee). The House Committee recommended that the need for additional funding for the Child Care Assistance program be reviewed at Omnibus. The agency indicated in its budget submission that the program, which provides payments to child care providers for eligible families, is facing a funding shortfall due to increased demand for services.

For FY 2007, the agency requested \$2,930,489, all from the State General Fund, to provide child care assistance to an additional 144 families and 594 children. The Governor recommended \$2,565,929 from federal funding sources for this item which the 2007 Legislature approved in **HB 2368**. The difference is an anticipated shortfall of \$364,560 in the current year.

For FY 2008, the agency requested \$8,652,329, all from the State General Fund, to provide assistance to an additional 732 families and 1,719 children. The Governor recommended \$4,000,000 from federal funds which the 2007 Legislature approved, leaving a potential shortfall of \$4,652,329 from the agency's request in this program.

W. SB 66 – Kansas Expanded Lottery Act (Law). **SB 66** establishes the Kansas Expanded Lottery Act under which revenues from the casino contracts are directed at addressing problem gambling. The bill establishes the Problem Gambling and Addictions Grant Fund at the Department of Social and Rehabilitation Services to replace the current Gambling Grant Fund. Under the provisions of the bill, 2.0 percent of revenues under the casino contracts and racetrack gaming facilities are to be directed to the new fund which may be used by the agency to treat alcoholism, drug abuse and other addictive behaviors.

X. Spring Consensus Caseload Estimates and GBA No. 2, Item 12, Page 10. Representatives of the Division of the Budget, Legislative Research Department, Department of Social and Rehabilitation Services, Kansas Health Policy Authority (KHPA), and Department on Aging met on April 12, 2007 to revise the estimates on caseload expenditures for FY 2007 and FY 2008. The estimating group used the budget as approved in 2007 **HB 2368** as the starting point for the current estimate. A chart summarizing the estimates for FY 2007 and FY 2008 is included at the end of this item.

For FY 2007, the new estimate is a decrease from all funding sources of \$30.7 million, but an increase of \$5.9 million from the State General Fund. This change in the funding mix is the result of changes in the populations that are served and the funding sources that are available 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 Regular Medical Assistance Program and community supports and services, and slower than expected growth in the number of residents in Nursing Facilities. Nursing Facility expenditures were reduced by \$1.9 million from the State General Fund to reflect a lower number of persons served. The KHPA Regular Medical reduction of \$26.0 million from all funding sources is generally tied to reduced estimates of beneficiaries. As a result of new federal citizenship verification requirements implemented July 1, an estimated 18,000 beneficiaries have lost benefits and the increased requirements are expected to reduce the number of people applying for services as compared to past years.

One issue that is not included in the FY 2007 caseload estimate is KHPA's need for \$37,487,770 from the State General Fund in FY 2007 to replace federal Medicaid funds that were taken by the federal Centers for Medicare and Medicaid Services (CMS) for audit findings in the school based services program. There were three audits conducted on the bundled rate development, application, and claiming processes by the Health and Human Services Office of Inspector General (OIG). These audits reviewed documentation at a sample of school districts and determined that federal Medicaid funds were claimed inappropriately. For those sampled districts, the OIG calculated the amounts that should be returned to CMS. The funds that were returned were actually federal funds that are needed to make current payments to providers. The Governor will recommend an amendment to her budget recommendation to replace the lost federal funding with state funds. Without the addition of this state funding in FY 2007, KHPA will not be able to fund the

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consensus caseload expenditures.

The FY 2007 estimate also includes a cost increase attributable to an increase in the number of children in foster care and slight increases in the General Assistance Program, Nursing Facilities for Mental Health and community mental health services.

	FY 2007 Adjustments	
	All Funds	SGF
Nursing Facilities	\$ (4,700,000)	\$ (1,900,000)
Nursing Facilities - Mental Health	900,000	700,000
Temporary Assistance for Families	(4,000,000)	0
General Assistance	200,000	200,000
Regular Medical Assistance - Health Policy Authority	(26,000,000)	4,300,000
Regular Medical Assistance - SRS	(2,105,817)	1,965,196
Reintegration/Foster Care	5,000,000	700,000
TOTAL	\$ (30,705,817)	\$ 5,965,196

For FY 2008, the estimate is a decrease of \$7.0 million from all funding sources, but an increase of \$21.3 million from the State General Fund. These adjustments include decreases from all funding sources of \$9.0 million for Temporary Assistance to Families, \$2.0 million for Medicaid community supports and services, and \$27.0 million for Regular Medical Assistance in KHPA. The KHPA Regular Medical reduction of \$27.0 million from all funding sources is again tied to reduced estimates of beneficiaries. Continued effects of the loss of beneficiaries and the increased requirements due to the federal citizenship verification requirements are expected to reduce the number of people applying for services as compared to past years. The increase in the required amount of State General Fund is largely due to decreases in estimates of available fee funds and the provider assessment revenue, and an increase in the match requirements for disproportionate share payments to hospitals. The estimate for Nursing Facility expenditures is unchanged from the approved amounts. Increases in the remaining programs can be attributed to increases in the number of persons served and increases in the cost of services. In addition, beginning in FY 2008 SRS will change the way services are delivered in the Addiction and Prevention Services Program and for community mental health. Addiction and prevention services will be provided through a new managed care plan, the Prepaid Inpatient Health Plan (PIHP). Most community mental health services will be provided through a new managed care plan, the Prepaid Ambulatory Health Plan (PAHP).

	FY 2008 Adjustments	
	All Funds	SGF
Nursing Facilities	\$ 0	\$ 0
Nursing Facilities - Mental Health	700,000	500,000
Temporary Assistance for Families	(9,000,000)	0
General Assistance	1,000,000	1,000,000
Regular Medical Assistance - Health Policy Authority	(27,000,000)	5,000,000
Regular Medical Assistance - SRS	15,257,363	4,820,810
Reintegration/Foster Care	12,000,000	10,000,000
TOTAL	\$ (7,042,637)	\$ 21,320,810

Y. GBA No. 2, Item 10, Page 6 – Centers for Medicare and Medicaid Services (CMS) Issues.

Z. GBA No. 2, Item 11, Page 10 – Child Care Assistance.

The Social Services Budget Committee recommendation (Attachment 14):

FY 2007

- X. Adopts the GBA to decrease all funds expenditures by \$5,817 and increase SGF expenditures by \$3.6 million in FY 2007 to reflect revised consensus caseload estimates for assistance programs.**
- Y. Adopts the GBA to increase expenditures from the SGF by \$8.1 million in FY 2007 to replace**

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federal funds denied by the federal CMS for mental health services for children in SRS custody.

FY 2008

- A. Recommends adding \$9,881,250, including \$3,988,073 from the SGF, to reduce the waiting list for services in this waiver in FY 2008.
- AA. New Item - Attendant Care for Independent Living (ACIL) Funding. Recommends adding \$5.0 million, including \$2.0 million from the SGF in FY 2008, to increase reimbursement rates for case managers and nursing providers in the ACIL program. In addition, the Budget Committee reduces inpatient hospitalization expenditures at the Kansas Health Policy Authority by the same amount to reflect lower utilization of those services by medically fragile children.
- B. Recommends adding \$9,910,805, including \$4.0 million from the SGF, to address waiting list issues for this waiver in FY 2008.
- C. Recommends adding \$744,417, including \$300,000 from the SGF in FY 2008, to restore funding for this waiver to the amount recommended by the Governor.
- D. Did not take action on this item.
- E. Did not take action on this item.
- F. Did not take action on this item.
- G. Recommends adding \$600,000, all from the SGF in FY 2008, to restore funding for grants to Independent Living Centers to the level recommended by the Governor.
- H. Did not take action on this item.
- I. Did not take action on this item.
- J. Recommends the addition of \$290,000, all from the SGF in FY 2008, to increase rates paid to funeral homes (\$156,000) and increase the number of funerals covered by the program (\$134,000).
- K. Recommends the addition of \$5,152,757, including \$3,042,838 from the SGF, to increase reimbursement rates in six different assistance programs in FY 2008.
- L. Did not take action on this item.
- M. Did not take action on this item.
- N. Did not take action on this item.
- O. Did not take action on this item.
- P. Did not take action on this item.
- Q. Did not take action on this item.
- R. Did not take action on this item.
- S. Did not take action on this item.
- T. Did not take action on this item.
- U. Recommends the addition of \$800,000, all from the Children's Initiative Fund in FY 2008, to continue the existing program (\$400,000) and to implement the BARS Program (\$400,000).
- V. Did not take action on this item.
- W. Recommends the appropriation of the Problem Gambling and Addictions Grant Fund with a no limit expenditure limitation.
- X. Adopts the GBA to increase expenditures by \$20.0 million, including \$16.3 million from the SGF, to reflect revised consensus caseload estimates for assistance programs.
- Y. Adopts the GBA to increase all funds expenditures by \$27.3 million and increase SGF expenditures by \$28.4 million to allow the agency to meet CMS requirements related to Medicaid expenditures.
- Z. Adopts the GBA to increase federal funds expenditures by \$3.6 million in FY 2008, to address anticipated increases in child care assistance caseloads.

Representative Bethell moved for the adoption of the Budget Committee report. The motion was seconded by Representative Ballard.

Representative Feuerborn made a substitute motion to add \$7.0 million for the community mental health centers in Item Y. The motion was seconded by Representative Carlin. Motion carried.

Representative Bethell moved for the adoption of the Budget Committee report as amended. The motion was seconded by Representative Ballard. Motion carried.

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

SRS Hospitals

A. Teacher Salary Increases. The Department of Education estimates an average statewide salary increase for teachers of 4.0 percent for FY 2008. The education contracts in FY 2008 reflect no teacher salary increases for Larned State Hospital and Parsons State Hospital and Training Center. 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 adjustment which would be necessary to provide uniform salary increases across the two institutions:

Percent Increase	Larned State Hospital	Parsons State Hospital & Training Center	Total
0.5%	\$ 2,298	\$ 2,901	\$ 5,199
1.0%	4,596	5,802	10,398
1.5%	6,894	8,703	15,597
2.0%	9,192	11,605	20,797
2.5%	11,490	14,506	25,996
3.0%	13,788	17,407	31,195
3.5%	16,086	20,308	36,394
4.0%*	18,384	23,209	41,593
4.5%	20,682	26,110	46,792
5.0%	22,980	29,012	51,992
5.5%	25,278	31,913	57,191
6.0%	27,576	34,814	62,390

* The estimated statewide salary increase for teachers is 4.0 percent.

B. Categorical Aid Adjustment. For FY 2007, the budgeted school contracts for the institutions include categorical aid based on a rate of \$23,000 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. The Kansas Neurological Institute (KNI) has no expenditures for special education due to an agreement that the local 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 2007 categorical aid rate per eligible teaching unit is estimated to be \$23,000. If this rate is maintained, the school contract for FY 2007 at the institutions would need adjustments. The table below identifies the State General Fund adjustment required:

Institution	FY 2007
Parsons State Hospital and Training Center	\$ 0
Larned State Hospital	25,172
TOTAL	\$ 25,172

The current FY 2008 categorical aid rate per eligible teaching unit is estimated to be \$24,500 based on current law. If this rate is maintained, the school contract for FY 2008 at the institutions would need adjustments. The table below identifies the State General Fund adjustments required:

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Institution	FY 2008
Parsons State Hospital and Training Center	\$ 17,458
Larned State Hospital	34,611
TOTAL	\$ 52,069

The Social Services Budget Committee recommendation (Attachment 14):

FY 2007

B. Recommends the addition of \$25,172, all from the SGF, to adjust the Larned State Hospital budget due to changes in the categorical aid rate for special education services in FY 2007.

FY 2008

A. Recommends the addition of \$41,593, all from the SGF in FY 2008, to provide salary increases of 4.0 percent to teachers at Larned State Hospital (\$18,384) and Parsons State Hospital and Training Center (\$23,209).

B. Recommends the addition of \$52,069, all from the SGF, including \$17,458 for Parsons State Hospital and Training Center and \$34,611 for Larned State Hospital to adjust state hospital budgets due to changes in the categorical aid rate for special education services in FY 2008.

Representative Bethell moved for the adoption of the Budget Committee report. The motion was seconded by Representative Ballard. Motion carried.

Larned State Hospital

A. Sexual Predator Treatment Program Staffing (Senate Committee). The Senate Committee deleted \$190,113, all from the State General Fund, recommended to support twelve staff positions in the Sexual Predator Treatment Program in FY 2008 and directed that the funding be reconsidered at Omnibus. Subsequently, the Conference Committee on **HB 2368** agreed to not delete the funding from the agency's budget.

B. Licensed Practical Nurse Salary Increase (House Committee). The House Committee recommended that funding of \$230,420, all from the State General Fund, to support salary increases for Licensed Practical Nurses (LPNs) in FY 2008 be considered at Omnibus. The funding was requested as an enhancement for FY 2008 by the agency but was not recommended by the Governor.

The agency requested the funding in order to improve recruitment and retention. According to the agency's budget information, the agency has experienced difficulty in hiring LPNs and at the time, only 59 percent of the LPN positions were filled. The requested funding would increase the starting pay from the current \$13.68 per hour to \$15.84 per hour.

The Social Services Budget Committee recommendation (Attachment 14):

FY 2008

A. Did not take action on this item.

B. Recommends the addition of \$230,420, all from the SGF in FY 2008, to increase salaries for Licensed Practical Nurses at the hospital.

Representative Bethell moved for the adoption of the Budget Committee report. The motion was seconded by Representative Ballard. Motion carried.

Osawatomie State Hospital

A. Overtime and Holiday Pay (Senate Committee and House Committee). The House and Senate Committees deleted \$85,053, all from the State General Fund, recommended to fund the costs of anticipated overtime and holiday pay in FY 2008 and recommended the funding be considered at Omnibus. According to the agency, overtime and holiday pay are generated due to the need to provide coverage in the event of staff absences and vacancies. The Governor recommended a total of \$170,105 from the State General Fund for this item, an increase of \$85,053 above the amount recommended in FY 2007. The agency request for this item was \$340,209. The Conference Committee on **HB 2368** agreed to add \$255,000 in FY 2007 to cover costs in the current year. This addition resulted in full funding of the agency's FY 2007 request of

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

\$340,209 for this item.

B. Hospital Staffing (Senate Committee). The Senate Committee deleted \$388,135, all from the State General Fund, and 6.0 FTE positions recommended to address hospital staffing needs in FY 2008. Subsequently, the Conference Committee on **HB 2368** agreed to retain the funding and positions.

C. Cost of Opening a 30-Bed Unit (Joint Committee on State Building Construction). The Joint Committee on State Building Construction recommended Omnibus review of funding needed to open an additional 30 bed unit at the hospital originally recommended by the 2006 Legislative Budget Committee. The agency's estimate to open a unit within existing available plant physical space includes annual operating costs of \$3.2 million and an additional \$2.7 million to remodel and furnish existing space to meet necessary treatment standards. However, the agency indicates that due to current remodeling, space needed to expand would not be available until early FY 2009.

The Social Services Budget Committee recommendation (Attachment 14):

FY 2008

- A. Did not take action on this item.
- B. Did not take action on this item.
- C. Recommends the addition of \$2.7 million, all from the State Institutions Building Fund in FY 2008, to begin remodeling of an existing building to allow a 30-bed unit to be opened in FY 2009.

Representative Bethell moved for the adoption of the Budget Committee report. The motion was seconded by Representative Ballard. Motion carried.

Rainbow Mental Health Facility

A. Overtime and Holiday Pay (Senate Committee and House Committee). The House and Senate Committees deleted \$67,543, all from the State General Fund, recommended to cover the costs of overtime and holiday pay in FY 2008 and recommended the funding be considered at Omnibus. According to the agency, overtime and holiday pay are generated due to the need to provide coverage in the event of staff absences and vacancies. The Governor recommended a total of \$135,086 from the State General Fund for this item in FY 2008, an increase of \$67,543 above the amount recommended in FY 2007. The agency request for this item was \$135,086.

B. Hospital Staffing (Senate Committee). The Senate Committee deleted \$86,963, all from the State General Fund, and 2.0 FTE positions recommended to address staffing issues in FY 2008 and recommended the issue be reconsidered at Omnibus. Subsequently, the Conference Committee on **HB 2368** agreed to concur with the Governor's recommendation and did not delete the funding or positions.

The Social Services Budget Committee recommendation (Attachment 14):

FY 2008

- A. Did not take action on this item.
- B. Did not take action on this item.

Board of Cosmetology

A. Attorney Fees (Senate Committee). The Senate Committee recommended a review at Omnibus of the attorney fees the agency is incurring for contracted attorneys to handle enforcement cases. The agency had testified that under the prior Attorney General's administration, the agency was receiving minimal legal support and needed to rely upon outside counsel. The agency was to meet with the current Attorney General to determine the amount of support the agency would receive from the Attorney General's Office in the future. The agency reported that they still do not have information as to the level of support from the current Attorney General's Office to the Board of Cosmetology.

The General Government Budget Committee recommendation (Attachment 12):

FY 2008

- A. Did not take action on this item.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Judicial Council

A. Moving and Remodeling Expenditures (Senate Committee and Conference Committee). The Senate Committee and Conference Committee on **HB 2368** recommended a review at Omnibus of the expenses for the Judicial Council to relocate within the Judicial Center. The agency's latest estimate was \$140,000 to remodel a portion of the back of the law library into office space. The Senate Committee recommended adding \$140,000 from the State General Fund, and to further review the expenses at Omnibus. The Conference Committee on **HB 2368** agreed to the Senate position, but at a reduced amount of \$70,000 from the State General Fund in FY 2008.

The Office of Judicial Administration would like the Judicial Council to vacate their current office space at the first of FY 2008. The Judicial Council has stated that they could have work started on the new office space and arrange to delay billing until after the first of FY 2008 on as many expenditures as possible. The Judicial Council has prepared a cost estimate after consulting with the State's architect and engineer, and the architect contracted by the state. The total estimate for this project at this point is \$141,316.

The General Government Budget Committee recommendation (Attachment 12): **FY 2008**

A. Recommends adding \$71,316, all from the SGF, in FY 2008 with a proviso that prior to making expenditures for remodeling office space, the agency should submit a report to the chairperson of the House Appropriations Committee and the House General Government Budget Committee explaining their long term plans for the location of the agency.

Representative Yoder moved for the adoption of the Budget Committee report. The motion was seconded by Representative Lane.

Representative Lane made a substitute motion to deleting the funding of \$71,316 in Item A. The motion was seconded by Representative Yoder. Motion carried.

Representative Yoder moved for the adoption of the Budget Committee report as amended. The motion was seconded by Representative Lane. Motion carried.

Board of Indigents' Defense Services

A. Review of Jessica's Law Funding, FY 2007 and FY 2008. (Senate Committee). The Senate Committee recommended a review at Omnibus of costs associated with defending cases under Jessica's Law. The Conference Committee on **HB 2368** added \$75,000, all from the State General Fund, and 3.0 FTE in FY 2007 and \$500,000, all from the State General Fund, and 5.0 FTE for FY 2008 to address these expenditures. The agency reported that at the present time the most important issue will be additional attorneys. The agency believes that the funding added by the Legislature in **HB 2368** is sufficient for FY 2007 and FY 2008.

B. Review Enhancement for Expert Witness and Transcript Costs (House Committee). The House Committee deleted \$885,000, including \$485,000 from the State General Fund, recommended by the Governor for FY 2008 as an enhancement for additional expenditures for expert witness and transcript costs, to be reviewed at Omnibus. The Conference Committee on **HB 2368** restored funding in the amount of \$800,000, including \$400,000 from the State General Fund, resulting in a deletion of \$85,000 from the State General Fund originally recommended by the Governor for this enhancement.

The agency uses all docket fee funds to pay these expenditures and has reported that there will probably not be funds in the account to carry forward from FY 2007 to FY 2008, so the FY 2008 figure should be reviewed next fall. Expenditures not covered by docket fee funds are paid out of State General Fund operating expenditures.

C. Review Indigency Screener Position (Senate Committee). The Senate Committee recommended that a position to screen applicants' eligibility for services be reviewed at Omnibus to determine whether such a position would be cost effective for FY 2008. The agency provided testimony that persons who were initially ruled "indigent" were acquiring funds to pay for private counsel in certain cases. The Senate Committee directed the agency to discuss the matter with the Office of Judicial Administration (OJA) and to review this position at Omnibus. The agency reported that OJA will address the matter with judges this summer at the annual district judge conference. The agency also reported that those indigent persons hiring private counsel have the money coming from a third person such as a relative. Public Defenders and

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

appointed counsel are supposed to withdraw from representing clients who have hidden assets when it is discovered they are not indigent. OJA has forwarded a request to the judges on behalf of the Board of Indigents' Defense Services reminding judges that finding someone partially indigent is an option. The agency also reported that at least one judge has started using the indigency screening forms that the agency provides. The agency is not seeking to add an indigency screener position at this time.

D. Consensus Caseload Estimate and GBA No. 2, Item 8, Page 5. Representatives of the Board of Indigents' Defense Services, the Division of the Budget, and the Legislative Research Department met on April 5, 2007, to review assigned counsel caseloads. The consensus estimate is a reduction of \$1.8 million from the State General Fund in assigned counsel expenditures for FY 2007, due to lower than projected caseloads. The current estimate for caseloads does not reflect any change in the appropriation approved in **HB 2368** for FY 2008 assigned counsel expenditures.

**The Transportation and Public Safety Budget Committee recommendation (Attachment 13):
FY 2007**

- A. Did not take action on this item.
- D. Adopts the GBA to delete \$1,800,000, all from the SGF, for assigned counsel expenditures in FY 2007.

FY 2008

- A. Did not take action on this item.
- B. Did not take action on this item.
- C. Did not take action on this item.

Representative Tfanelli moved to adopt the Budget Committee report. The motion was seconded by Representative Holmes. Motion carried.

Judicial Branch

A. Appellate Judge Salary Increases (House Committee). The House Committee recommended a review at Omnibus of \$192,525 from the State General Fund in FY 2008 for an increase in salary for appellate court judges. The 2006 Legislature approved a \$9,000 per year increase for district court judges, and \$2,000 per year for judges on the Court of Appeals, but no increase for Supreme Court Justices. Due to this legislative action, the Chief Judge of the Court of Appeals earns more than a Supreme Court Justice. The agency has cited the small increase in salary from a Chief Judge of a District Court to an Appellate Court Judge as a possible reason for a lack of applicants from the district court for a vacancy on the Court of Appeals. The agency estimates that increasing the salaries for the Court of Appeals by \$7,000 and the Supreme Court by \$9,000 would total \$192,525 from the State General Fund.

Appellate Court Salaries			
	Current Salary	Proposed Salary	
Court of Appeals Judge	\$ 121,310	\$ 128,310	
Chief Judge, Court of Appeals	124,463	131,463	
Supreme Court Justice	123,590	132,590	
Chief Justice, Supreme Court	126,912	135,912	

B. New Non-Judicial Personnel (House Committee). The House Committee recommended review of the enhancement request from the Judicial Branch to add 30.5 FTE at a cost of \$1,025,955 from the State General Fund in FY 2008 for new non-judicial personnel. The various positions would be located throughout the state to address needs of the court system.

The Conference Committee on **HB 2368** agreed to the addition of 5.0 FTE positions and \$170,000 from the State General Fund in FY 2008 to cover the expenses of adding new non-judicial personnel in the court system. The Judicial Branch will select the type of positions and the location of the positions.

C. Capital Improvements (House Committee). The House Committee recommended Omnibus review of \$167,919 from the State General Fund for capital improvements in FY 2008. This funding is to remodel office space for the 13th judge of the Court of Appeals, who is scheduled to start in January 2008. The Judicial Branch reported that while it has had an architect reviewing the rooms to be remodeled into a

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judicial suite, no work for office space for this judge has been completed yet, but will be done in FY 2008. Remodeling for a judicial suite was last done when the 12th judge was added to the Court of Appeals in FY 2006.

D. Review Docket Fees (House Committee). The House Committee recommended a review, prior to Omnibus, of the distribution of docket fees related to the percentage of fees allocated to each specific fund receiving receipts from docket fees. The House Committee took note that **SB 17** also addressed docket fees and could potentially affect the distribution of court docket fees. The current version of the bill would require agencies with non-judicial functions who receive docket fee revenue to provide a report to the Senate Ways and Means and House Appropriations Committees detailing expenditures of those docket fee revenues. The bill was amended by the Senate Judiciary Committee and passed the Senate. It is currently assigned to the House Judiciary Committee.

The General Government Budget Committee recommendation (Attachment 12): FY 2008

- A. **Recommends adding \$192,525 from the SGF in FY 2008 and increasing salaries for appellate court judges by \$7,000 and Supreme Court Justices by \$9,000.**
- B. **Did not take action on this item.**
- C. **Recommends adding a proviso that before the Judicial Branch begins any remodeling of space for an office for the 13th judge of the Court of Appeals, that the agency should submit a report to the chairperson of the House Appropriations Committee and the House General Government Budget Committee explaining their long term plans for the location of the Judicial Council and future office space for the scheduled expansion of the Court of Appeals to 14 judges in FY 2009.**
- D. **Did not take action on this item.**

Representative Yoder moved for the adoption of the Budget Committee report. The motion was seconded by Representative Lane.

Representative George made a substitute motion to delete "Item A". The motion was seconded by Representative Kelsey. Motion withdrawn with approval of the second.

Representative Lane made a substitute motion to add language to "Item A" stating that judges will be excluded from the 2 percent pay raise in FY 2008 as passed in the pay plan legislation. The motion was seconded by Representative Watkins. Motion carried.

Representative Yoder moved for the adoption of the Budget Committee report as amended. The motion was seconded by Representative Lane. Motion carried.

Kansas Corporation Commission

A. Motor Carrier Fee Fund Status (Senate Committee). The Senate Committee recommended review of the Motor Carrier Fee Fund. The agency is awaiting federal action in implementing the United Carrier Registration program, which replaces the Single State Registration System (SSRS) that expired December 2006. This program gives the Kansas Corporation Commission (KCC) authority to send and collect renewals from interstate motor carriers for calendar year 2007. If the federal United Carrier Registration Program is not implemented by December 31, 2007, the KCC may not have sufficient financial resources available to carry out the Transportation Division programs. Language has been included in **HB 2368** which would allow borrowing with payback stipulations from other funds as a short-term solution to pay Transportation Division expenses. Language was also included to delay any transfer to the State Highway Fund when funds are not available. Currently, on July 2 and January 2 of each year, unencumbered balances in excess of \$400,000 are transferred to the Kansas Highway Patrol and the State Highway Fund. 2007 **HB 2491** (currently in the Senate Ways and Means Committee) would change the transfer of balances to in excess of \$700,000 and move the transfer dates to the end of July and January each year. The balance in the Motor Carrier Fee Fund is a negative \$51,095 as of April 11, 2007.

B. HB 2419 – Carbon Dioxide Reduction Act (Law). This bill creates the Carbon Dioxide Reduction Act. The Act would provide incentives for the sequestration of carbon dioxide through underground storage. The Act also would provide for regulation of underground carbon dioxide facilities. The Kansas Corporation Commission (KCC) would be responsible for administering the regulatory aspects of the Act and is required to establish on or before July 1, 2008 in rules and regulation requirements, procedures and standards for the safe and secure injection and maintenance of underground storage of carbon dioxide. To establish these

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

rules and regulations, the KCC requests an increase of \$125,000 in the Conservation Fee Fund. The KCC indicates it does not have the expertise to write these rules and regulations and will have to hire consultants to assist in the development of rules and regulations required under the act.

C. Senate Sub for HB 2145 – Wind Generation Education Projects (Conference Committee).

This bill would authorize Cloud County Community College to establish a wind generation education pilot project. Funding for the project would be provided through the Wind Generation Education Pilot Project Fund to be administered by the Kansas Corporation Commission (KCC). A provision of the law governing the Petroleum Inspection Fee Fund would be amended so that during the period of July 1, 2007 through June 30, 2021, the first \$50,000 collected would be credited to the Wind Generation Education Pilot Project Fund. Of the balance collected each year, two-thirds, to a maximum of \$200,000, would be credited to the State General Fund (SGF) with the remainder credited to the Petroleum Inspection Fee Fund. After the repayment of any bonded indebtedness for the pilot project is completed, moneys from the sale of electricity credited to the newly created fund would be used for an educational programs related to renewable energy. If no moneys in the Wind Generation Education Pilot Project Fund have been used by July 1, 2011, the balance in that Fund would be transferred to the SGF and thus no additional transfers to the Project Fund would occur. The agency is requesting that this be a no-limit fund.

The Agriculture and Natural Resources Budget Committee recommendation (Attachment 10): FY 2008

- A. Did not take action on this item.
- B. Recommends the addition of \$125,000, all from the Conservation Fee Fund, in FY 2008 for the agency to hire consultants to assist in the development of rules and regulations and to appropriate the Carbon Dioxide Injection Well and Underground Storage fund with a no-limit expenditure limitation.
- C. Did not take action on this item.
- D. New item - Exemptions For Off Road Construction Equipment - Recommends the addition of a proviso (Attachment 17) concerning exemptions for off road construction equipment from interpretations which deems them to be motor carriers subject to certain regulation of the State Corporation Commission.

Representative Powell moved for the adoption of the Budget Committee recommendation. The motion was seconded by Representative Gatewood. Motion carried.

Department of Agriculture

A. Conversion of FTE Positions (Senate Committee). The Senate Committee recommended the review of the agency's enhancement request to convert non-FTE unclassified permanent positions to classified FTE positions. The 2006 Legislature approved the shift of operational expenses from the State Water Plan Fund to the State General Fund and to conform to that request, the agency is requesting that 6.0 non-FTE unclassified permanent positions be converted to classified FTE positions. Those positions include: two interstate water positions in the Water Management Services Program; one floodplain management position in the Water Structures Program and three positions in the State Water Plan Basin Management Team. Currently, these positions are special project officers whose positions would become environmental scientist positions in the Water Resources Division. The request will not increase the agency's overall authorized number of employees. The fiscal impact would include \$275 per employee for salaries, longevity (for those eligible) and fringe benefits for a total of \$1,645 from the State General Fund.

The Agriculture and Natural Resources Budget Committee recommendation (Attachment 10): FY 2008

- A. Did not take action on this item.

Animal Health Department

A. Various Office Equipment (Senate Committee and Conference Committee). The Senate Committee and the Conference Committee recommended the review of \$20,000, all from the State General Fund in FY 2008, for the replacement of various office equipment. The agency requested enhancements of \$44,778, all from the State General Fund, for the replacement of office equipment, computers, printers and a copy machine. The Governor recommended \$20,000, all from the State General Fund, for the enhancement and the Senate Committee and the Conference Committee deleted for Omnibus review.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

B. Feral Swine Management (House Committee and Conference Committee). The House Committee recommended consideration at Omnibus of the need for feral swine management including the addition of \$94,127 in FY 2008. The Senate Committee added \$94,127, all from the State General Fund, to contract with the United State Department of Agriculture (USDA) Wildlife Services for an additional position based in Southeast Kansas for the continuing program to control and eradicate feral swine. The Conference Committee concurred with the House position to not add the funding and to review at Omnibus.

The Agriculture and Natural Resources Budget Committee recommendation (Attachment 10):
FY 2008

- A. Recommends the addition of \$20,000, all from the SGF, for the replacement of office equipment, computers and printers.
- B. Recommends the addition of \$94,127, all from the SGF, to contract with the United State Department of Agriculture Wildlife Services for an additional position based in Southeast Kansas for the continuing program to control and eradicate feral swine.
- C. New Item - Animal Health Protection Fund - recommends the addition of the Animal Health Protection Fund and proviso to allow the agency to receive grants, donations or gifts to assist in the protection of the health of domestic animals.

Representative Powell moved for the adoption of the Budget Committee recommendation. The motion was seconded by Representative Gatewood. Motion carried.

Kansas State Fair Board

A. Economic Impact and Demographic Study (Senate Committee and House Committee). The Senate and House Committees deleted \$40,000, all from the Economic Development Initiatives Fund in FY 2008, and recommended consideration at Omnibus for an economic impact and demographic study of the State Fair and non-fair activities. The most recent comprehensive study was completed in 1996. The State Fair uses the study to solicit corporate sponsors, commercial exhibitors, and other partners for the Fair. The agency indicates that an updated study would be beneficial to showcase the Fair's attendance, exhibits, and fairground renovations. In addition to the annual State Fair, the fairgrounds hosts over 230 non-fair events throughout the year, which attracts additional visitors to Hutchinson, Reno County, and the State.

B. Alternative Energy Enhancements (House Committee and Conference Committee). The House Committee and the Conference Committee recommended consideration of \$111,525, all from the Economic Development Initiatives Fund (EDIF), for alternative energy enhancements to the Fairgrounds in FY 2008. The agency requested an enhancement of \$579,190, all from the EDIF, for alternative energy projects. Of this enhancement request, \$443,970 is for two 50 kilowatt (kW) wind turbines that should produce over 300,000 kW hours per year, which is approximately 10 percent of the fairgrounds' energy use; \$110,220 for the installation of a Solar Thermal Heat System for the Administration Building; and \$25,000 for the addition of electrical sub-metering equipment that will enable more efficient use of electricity in each building. Currently, there is one master meter for the grounds and there is no way of reading energy use or monitoring consumption on a per-building basis. For the \$579,190 enhancement, the Governor recommended the total amount be financed through the Department of Administration's Master Lease Program. For FY 2008, the Governor recommends \$111,525 from the EDIF for the first payment of a six-year plan for the debt service. Of this amount, \$24,836 would be for interest and \$86,689 for principal. Once the payments are complete, the equipment purchased remains the property of the State and will continue to be utilized at the fairgrounds. The House Committee and the Conference Committee deleted the \$111,525 for Omnibus review.

C. Utility Costs for FY 2007 (House Committee). The House Committee deleted \$95,384, all from the Economic Development Initiatives Fund, for FY 2007 for increased utility costs for review at Omnibus. The Conference Committee on **HB 2368** restored all the funding.

The Agriculture and Natural Resources Budget Committee recommendation (Attachment 10):
FY 2007

- C. Did not take any action on this item.

FY 2008

- A. Recommends the addition of \$40,000, all from the Economic Development Initiatives Fund (EDIF) for an economic impact and demographic study of the State Fair.
- B. Did not take any action on this item.

Representative Powell moved for the adoption of the Budget Committee recommendation. The motion

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

was seconded by Representative Gatewood. Motion carried.

State Conservation Commission

A. HB 2048 – Conservation Districts (Law). **HB 2048** raises the limit of authorized state assistance to conservation districts from \$10,000 per district to a maximum of \$25,000 per district beginning in FY 2008. The bill also makes this limitation subject to appropriations for fiscal years thereafter. The State Conservation Commission indicated that increasing the cap from \$10,000 to \$25,000 to the 105 local conservation districts, based on what each district is currently receiving, would result in an increase of \$1,086,154 in state matching funds and that the program is currently financed through the State Water Plan Fund. The current match for contributions for aid to conservation districts is \$1,050,000, all from the State Water Plan Fund.

B. Salt Cedar Eradication Projects (House Committee and Conference Committee). The House Committee deleted \$195,000, all from the State Water Plan Fund in FY 2008, which had been recommended for salt cedar eradication projects for review at Omnibus. The Senate Committee deleted \$95,000, all from the State Water Plan Fund. The Conference Committee on **HB 2368** agreed with the House position, deleting \$195,000, all from the State Water Plan Fund, for review at Omnibus. The \$195,000 for salt cedar control demonstration projects are for an additional two to three southwest Kansas counties with large areas of salt cedar infestation. The current projects are focused on the Pawnee County Watershed in Finney County with estimated expenditures of \$65,000 in FY 2007.

C. Lake Restoration Projects (House Committee and Conference Committee). The House Committee and Conference Committee on **HB 2368** deleted \$2,719,713, all from the State Water Plan Fund for FY 2008, and recommended a review at Omnibus. The Conservation Commission indicates that the City of Horton has requested approximately \$2.0 million of state funding toward its renovation of Mission Lake to provide additional water supply and recreation. This includes \$335,000 in FY 2007 for Mission Lake which was selected as the pilot project for water supply lake restoration. The remaining funding is for new water supply restoration projects.

D. Army Compatible Use Buffer (ACUB) Conservation Easements (House Committee). The House Committee deleted \$200,000, all from the State General Fund, in FY 2008 recommended for the Army Compatible Use Buffer (ACUB) program and the United States Department of Agriculture (USDA), Natural Resources Conservation Service (NRCS) Farm and Ranchlands Protection Program and recommended a review at Omnibus. The Senate Committee also deleted the funding. The agency requested \$311,500, all from the State General Fund, for FY 2008 and the Governor recommended \$511,500 for FY 2008. ACUBs establish buffer areas around Army installations to limit effects of non-military encroachment and maximize land inside the installation that can be used to support the installation's mission.

E. Conservation Reserve Enhancement Program Well Plugging (House Committee). The House and Senate Committees deleted \$120,000, all from the State Water Plan Fund, for Conservation Reserve Enhancement Program (CREP) well plugging in FY 2008. This would provide cost share funds to landowners to permanently plug irrigation wells that were used to irrigate the land enrolled in CREP. The House Committee recommended Omnibus review of the funding

F. Watershed Dam Construction Program (Senate Committee). The Senate Committee deleted \$453,501, all from the State Water Plan Fund, for the Watershed Dam Construction program in FY 2008. The Conference Committee on **HB 2368** restored the funding.

G. Watershed Restoration and Protection Program (WRAPS) (Senate Committee). The Senate Committee recommended the review of an additional \$250,000, all from the State Water Plan Fund, for the Water Restoration and Protection Program (WRAPS) in FY 2008. The Conference Committee on **HB 2368** restored all of the funding.

H. Conservation Reserve Enhancement Program (House Committee). The House Committee deleted \$5.0 million, all from the State Water Plan Fund, in FY 2007 for the Conservation Reserve Enhancement Program (CREP) for consideration at Omnibus. The Conference Committee on **HB 2368** agreed to include \$1.0 million, all from the State Water Plan Fund, to enroll 20,000 acres in FY 2007 and an additional \$1.0 million from the State Water Plan Fund to enroll an additional 20,000 acres in FY 2008. Language was added which sets guidelines for CREP and requires the agency to report back on implementation of the CREP program.

The Agriculture and Natural Resources Budget Committee recommendation (Attachment 10): FY 2008

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

- A. Recommends the addition of \$1,086,154, all from the State Water Plan Fund, in FY 2008. **HB 2048** raises the limit of authorized state assistance to conservation districts from \$10,000 per district to a maximum of \$25,000 per district beginning in FY 2008.
- B. Recommends the addition of \$50,000, all from the State Water Plan Fund, in FY 2008, for salt cedar eradication projects.
- C. Recommends the addition of \$2,719,713, all from the State Water Plan Fund, for lake restoration projects in FY 2008, including Mission Lake and the Washington County Rural Water District No. 1 Low Head Dam and included a proviso for the project.
- D. Did not take any action on this item.
- E. Recommends the addition of \$120,000, all from the State Water Plan Fund, for CREP well plugging in FY 2008.
- F. Did not take any action on this item.
- G. Did not take any action on this item.
- H. Did not take any action on this item.

Representative Powell moved for the adoption of the Budget Committee recommendation. The motion was seconded by Representative Gatewood. Motion carried.

Kansas Water Office

A. Technical Assistance to Water Users Program (House Committee). The House Committee asked for additional information of the funding for the Technical Assistance to Water Users program, including justification for the increase in FY 2008 funding and progress of the program. The Water Office estimates FY 2007 expenditures from the State Water Plan Fund of \$266,150 and requests FY 2008 expenditures of \$624,949, an increase of \$358,799, or 134.8 percent above the FY 2007 estimate. The increase is due to additional receipts from the Clean Drinking Water Fees which are available for the first time in FY 2008 (the funds had previously been deposited in the State General Fund). The Water Office estimates for FY 2007, 20-25 water conservation plans will be approved with 25 entities being provided on-site assistance due to high unaccounted for water loss. For FY 2008, the Water Office estimates an additional 35, for a total of 60, updated conservation plans using new guidelines and an additional 25 systems, or 50 total, for on-site assistance with high unaccounted for water loss. Assistance with regional public water supply planning will continue with some expansion in FY 2008. Mediation and dispute resolution in issues involving boundary and interconnection disputes would be a new area of technical assistance for water suppliers in FY 2008 that is not currently covered in FY 2007.

B. Neosho River Basin Issues (Senate Committee). The Senate Committee deleted \$500,000, all from the State Water Plan Fund, for Neosho River Basin issues for review at Omnibus. The Conference Committee on **HB 2368** agreed to restore the funding.

C. Weather Modification Program (Senate Committee). The Senate Committee recommended the review of the weather modification program and deleted \$120,000 from the State Water Plan Fund in FY 2008. The Conference Committee on **HB 2368** agreed to restore the funding.

**The Agriculture and Natural Resources Budget Committee recommendation (Attachment 10):
FY 2008**

- A. Did not take action on this item.
- B. Did not take action on this item.
- C. Did not take action on this item.
- D. New Item - Line Item Expenditures - Recommends language to line item any expenditure greater than \$10,000 in the Water conservation Projects Fund in FY 2008.

Representative Powell moved to adopt the Budget Committee recommendation. The motion was seconded by Representative Gatewood. Motion carried.

Board of Regents

A. Funding for the Technical Innovations and Internships Program (House Committee and Conference Committee). The House and Conference Committee on **HB 2368** recommended Omnibus review of the addition of \$180,500, all from the Economic Development Initiatives Fund (EDIF), in FY 2008 for the Technical Innovations and Internships Program. The Governor's recommendation included \$180,500, all from the State General Fund, for the program which provides funding through a competitive grant process

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for additional equipment and internships. Kansas technical schools, technical colleges, and community colleges may participate in this program. Both the House and Senate Committee shifted funding for the program to EDIF. The House Committee also deleted the funding for Omnibus review and the Conference Committee on **HB 2368** agreed with the House position.

B. Postsecondary Aid for Technical Education (Senate Committee and Conference Committee).

The Senate Committee and Conference Committee on **HB 2368** recommended Omnibus review of Postsecondary Aid for Vocational Education. The Governor's recommendation included \$39,283,520, including \$32,895,997 from the State General Fund, in FY 2008. The House and Senate shifted \$6,957,162 from the State General Fund to the Economic Development Initiatives Fund (EDIF). The House subsequently removed all of the Postsecondary Aid funding for review during Omnibus. The Conference Committee restored the funding, and recommended Omnibus review.

Postsecondary Aid for Vocational Education is the primary source of funding for technical schools and colleges in Kansas. The other sources are tuition and federal and private funds.

C. Technical Education Capital Outlay (Conference Committee).

The Conference Committee on **HB 2368** recommended Omnibus review of the addition of \$102,600, all from the State General Fund, for Technical Education Capital Outlay in FY 2008. The Governor's recommendation included \$2,667,600, all from the State General Fund, for Technical Education Capital Outlay. Both the House and the Senate Committee shifted \$2,565,000 from the State General Fund to the Economic Development Initiatives Fund (EDIF). The House subsequently deleted all of the funding. The Conference Committee restored the EDIF portion of the funding, and left the State General Fund portion for review at Omnibus. The funds are used for equipment and building maintenance at the technical schools and colleges.

D. Technical Education Hold Harmless (Conference Committee).

The Conference Committee on **HB 2368** recommended Omnibus review of \$764,400, all from the State General Fund, recommended for the technical college hold harmless funding in FY 2008. The House removed the funding, for review at Omnibus. The Conference Committee did not remove the funding, but recommended Omnibus review.

KSA 72-4431 sets postsecondary aid for vocational education at 85.0 percent of the product of local cost per enrollment hour and total postsecondary enrollment. In the event that the appropriation for aid is not sufficient to fund this formula, the funds are distributed by the Board of Regents on a prorated basis. In FY 2006, the Board of Regents began using a new formula based on a three year rolling average of credit hours taught to determine the proration of funds. This change in formula would have resulted in a significant decrease in funding at several schools. The hold-harmless funding was added to insulate the institutions from large budget reductions.

E. Community College Operating Grant Increase (House Committee and Conference Committee).

The House Committee and the Conference Committee on **HB 2368** recommended Omnibus review of the community college operating grant increase in FY 2008. The Governor's recommendation included an increase of \$3,848,656, all from the State General Fund, for the operating grant, for a total grant of \$100,065,068, all from the State General Fund. The House Committee deleted the funding for review at Omnibus and the Conference Committee on **HB 2368** agreed with the House Committee.

F. Shift of Technical Education Funding to the Economic Development Initiatives Fund (House Committee).

The House Committee recommended Omnibus review of the shift of \$9,702,662 for technical education from the State General Fund to the Economic Development Initiatives Fund in FY 2008. Both the House and the Senate Committees shifted the funding. The shift included \$2.6 million for vocational education capital outlay, \$7.0 million for postsecondary aid for vocational education, and \$180,500 for technology innovation and internships. The \$180,500 was subsequently deleted for Omnibus review (see Item A, above).

G. Funding for KAN-ED (Conference Committee).

The Conference Committee on **HB 2368** recommended Omnibus review of funding for KAN-ED. The Governor recommended \$10.0 million, including \$2.0 million from the State General Fund and \$8.0 million from the Kansas Universal Service Fund, for KAN-ED. The House Committee reduced the funding for KAN-ED to the statutory amount allowed from the Kansas Universal Service Fund in KSA 66-2010 of \$6.0 million in FY 2008. The Senate Committee and the Conference Committee on **HB 2368** did not reduce the funding for KAN-ED below the \$10.0 million amount.

H. Funding Shift for Online Databases (Conference Committee).

The Conference Committee on **HB 2368** recommended Omnibus review of the possible shift of \$809,680, all from the KAN-ED fund, from the Board of Regents to the State Library for the purchase of online database resources in FY 2008. The Governor's FY 2008 recommendation for the Board of Regents included funding for this item under the KAN-

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ED program. This is the amount currently paid through KAN-ED to purchase a majority of the online database resources for use by libraries and schools across the state. The House Committee recommended shifting the funding, but the Conference Committee on **HB 2368** agreed to leave the funding in place for Omnibus review.

I. Funding Shift for the Learning Station Portal (Conference Committee). The Conference Committee on **HB 2368** recommended Omnibus review of the possible shift of \$1.5 million from the KAN-ED fund from the Board of Regents to the State Library in FY 2008. The Governor's FY 2008 recommendation for the Board of Regents included funding for this item under the KAN-ED program. The Learning Station Portal is a single point of entry to tools which help schools engage students in learning through innovative applications and web-based learning tools. The House Committee recommended shifting the funding but the Conference Committee on **HB 2368** agreed to leave the funding in place for Omnibus review.

J. Funding for the Comprehensive Grant Program (Senate Committee and Conference Committee). The Senate Committee and Conference Committee on **HB 2368** recommended Omnibus review of the addition of \$1.5 million, all from the State General Fund, for the Comprehensive Grant Program in FY 2008. The Governor recommended \$17,189,878, all from the State General Fund, for the program in FY 2008, an increase of \$3.0 million from the previous year. The House Committee reduced this amount by \$2.0 million, to the amount requested by the agency. The Senate Committee reduced the Governor's recommendation by \$1.5 million and recommended Omnibus review, which was agreed to by the Conference Committee on **HB 2368**. The currently approved amount for FY 2008 is \$15.7 million or \$1.5 million above the FY 2007 level.

The Comprehensive Grant Program provides need-based grants to full-time (12 hours) undergraduate students who are Kansas residents enrolled in accredited Kansas colleges and universities. The program is intended to provide up to half of the average tuition and fees of state educational institutions. The Governor's recommended funding for the program would serve approximately 16,387 students in FY 2008.

K. Funding for the Teacher Service Scholarship Program (Senate Committee and Conference Committee). The Senate Committee and Conference Committee on **HB 2368** recommended Omnibus review of the addition of \$500,000, all from the State General Fund, for the Teacher Service Scholarship Program in FY 2008. The Governor's recommendation for the program of \$1,326,744, all from the State General Fund, is an increase of \$1.0 million from the previous year. The Senate and the Conference Committee on **HB 2368** funded a \$500,000 increase above the FY 2007 level.

The Kansas Teacher Scholarship Program, established in 1990, provides financial assistance to students who plan to teach in a discipline or an underserved geographic area in which there is a critical shortage of teachers, as determined by the State Board of Education. Up to 80 percent of the scholarships are typically awarded to students majoring in special education. Recipients of the awards must teach in the hard-to-fill discipline or underserved geographic area for one year for each year they receive a scholarship, or repay the scholarship with interest. Students must be Kansas residents and priority goes to upper class students, followed by high school students who demonstrate high achievement on the ACT, with high grade point average and class rank.

The program would serve 274 students under the Governor's recommendation.

2007 **SB 23**, which has been amended into 2007 **HB 2185**, consolidated four existing teacher service scholarship programs by amending the Teacher Service Scholarship, which is discussed in Item O, below.

L. Funding for the Teacher Education Competitive Grant Program (Senate Committee and Conference Committee). The Senate Committee and Conference Committee on **HB 2368** recommended Omnibus review of the addition of \$500,000, all from the State General Fund, for the Teacher Education Competitive Grant Program. The Governor recommended \$1.0 million, all from the State General Fund, for the program. The Senate Committee and the Conference Committee on **HB 2368** recommended \$500,000 for the program in FY 2008.

The Teacher Education Competitive Grant Program is a new program which would allow public postsecondary institutions to develop proposals targeted at increasing the supply of teachers, especially in both geographical and subject areas with shortages. The program would require a one-to-one-match with institutional funds.

2007 **SB 22**, which has been amended into 2007 **HB 2185**, creates the program in statute, which is discussed in Item O, below.

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M. Board Office Support Staff (House Committee and Conference Committee). The House Committee recommended Omnibus review of the addition of \$30,875, all from the State General Fund, and 1.0 FTE position to increase the Board Office support staff. The Governor recommended the funding in response to the agency's request for \$371,956, all from the State General Fund, and 6.0 FTE positions, for increases in support staff. According to the agency, state funding for support staff for the Board office has not kept pace with new programs and initiatives that have been added and moved to the agency. The six positions requested are as follows: Senior Administrative Assistant for Academic Affairs (\$30,771); Associate Director of Academic Affairs (\$82,189); Communications and Web Page Specialist (\$66,714); Technology Support Consultant III (\$56,101); Administrative Specialist for Student Financial Assistance (\$34,836); and Human Resources Manager (\$70,285).

The House Committee deleted the recommended funding and the position for review at Omnibus, and the Conference Committee on **HB 2368** adopted the House position.

The agency indicates that the Governor's recommended funding would provide resources for an administrative assistant position.

N. Board Office Operating Expenditures (House Committee and Conference Committee). The House Committee deleted \$47,000, all from the State General Fund, for increased operating expenditures at the Board office for review at Omnibus. The agency requested \$27,000, all from the State General Fund, for a 3.0 percent increase to address inflationary costs of the office. The Governor recommended \$47,000, all from the State General Fund, to include additional funding for the Board to attend conferences. The House Committee retained the funding, but the Conference Committee on **HB 2368** retained the \$47,000 for review at Omnibus.

O. House Bill 2185 – State Resident Tuition Requirements (Conference Committee). **HB 2185** currently includes the original provisions of **HB 2185** and **SBs 22, 23, 24, and 25**. **HB 2185** would amend current law by increasing the number of months Kansas residents who move out of the state and then return are allowed to be gone and still be considered state residents for tuition purposes at any of the state educational institutions under the control and supervision of the Kansas Board of Regents from 12 months to 60 months.

The bill does not apply to certain persons without lawful immigration status, as defined by KSA 2006 Supp. 76-731a and amendments thereto.

The bill also would increase the stipend for students participating in the Medical Student Loan agreement from a maximum of \$1,500 per month to a maximum of \$2,000 per month. The bill also would allow loans to be awarded retroactively for any academic year that a student has completed successfully, but for which a loan had not previously been awarded. Retroactive loans would be equal to the amount of tuition paid, plus a stipend in an amount not to exceed the maximum for such academic year.

The bill would require the University of Kansas School of Medicine to report to the 2008 Legislature by January 14, 2008, on its evaluation of criteria for identifying underserved areas to be served by recipients of Medical Student Loans.

In addition, the bill would create the Nurse Educator Service Scholarship Program Act, which was created by proviso in the 2006 omnibus appropriations bill and will expire at the end of FY 2007. The Nurse Educator Service Scholarship Program would provide funding for registered nurses who are accepted to or enrolled in graduate level degree-granting programs leading to a Master of Science in Nursing or a doctorate degree in nursing, and who plan to teach nursing.

Conditions for receiving funding under the act would include:

- Completion of the required course of instruction;
- Begin teaching full-time within six months of finishing the program;
- Teach nursing in the State of Kansas for one year for each year the scholarship was awarded; and
- Documentation provided to the Board of Regents that the obligations of the scholarship agreement are being met.

Scholarship recipients who do not fulfill these obligations would be required to re-pay the scholarship amount awarded with interest. The bill specifies conditions under which postponement of repayment or settlement of the debt would be allowed. Applicants for this scholarship would qualify on the basis of

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scholastic ability and would remain qualified by making satisfactory progress and remaining in good standing in their academic programs.

The act would require that for every \$2 appropriated by the Legislature for the program, universities must provide a \$1 match.

The bill also would consolidate the four existing teacher service scholarship programs into a single program by amending the Teacher Service Scholarship Program to include provisions from the programs eliminated by the bill. The State Board of Regents would administer the program. Under the Teacher Service Scholarship Program, students who would qualify for a scholarship are those students who have been accepted or enrolled in courses leading to teacher licensure, leading to a teacher endorsement which is different from one currently held, or leading to a Master's Degree in Education.

Students attending school on a part-time basis also would qualify under the program. The scholarship amount would not exceed \$2,500 per semester for academic year 2007-2008. In academic years thereafter, the maximum award would be increased by an amount equal to the urban Consumer Price Index (CPI-U) during the preceding fiscal year.

The bill would eliminate the following scholarship programs: Mathematics and Science Teacher Service Scholarship, Special Education Teacher Service Scholarship, and Teacher Education Scholarship.

The bill also would establish the Teacher Education Competitive Grant Program as a part of the Teacher Service Scholarship Program for state universities and Washburn University. The program's intent is to increase the number of students in courses of study leading to licensure to teach in a hard-to-fill teaching discipline or who agree to teach in an underserved area.

Institutions wishing to establish or expand a teacher education program apply to the Kansas Board of Regents for a competitive grant to pay the costs of the program. Grants would be matched on the basis of two dollars from the Teacher Education Grant Program for every one dollar from the institution receiving the grant.

The bill would require the Kansas Board of Regents submit a report to the Legislature by January 14, 2009, describing program activity between July 1, 2007 and October 1, 2008.

The bill also would require that at least 70 percent of appropriations to the State Board of Regents for the Teacher Service Scholarship Program be expended for the scholarships.

Several provisions of **HB 2185** would have a fiscal impact on the Board of Regents budget. The bill eliminates the Mathematics and Science Teacher Service Scholarship Program, Special Education Teacher Service Scholarship Program, and the Teacher Education Scholarship Program. The fiscal note for the bill indicates that the elimination of these programs would reduce expenditures by \$636,115, all from the State General Fund, in FY 2008. However, the bill broadens the qualifications of the Teacher Service Scholarship program to consolidate all of the teacher service programs into one, as recommended by the Legislative Educational Planning Commission (LEPC). By eliminating the funding for the programs consolidated into the Teacher Service Scholarship program, the pool of funding is decreased for the same group of applicants. The currently approved budget for FY 2008 includes funding for the Mathematics and Science Teacher Service Scholarship Program, Special Education Teacher Service Scholarship Program, and the Teacher Education Scholarship Program.

In addition, the bill creates the Teacher Education Competitive Grant Program within the Teacher Service Scholarship Program, and requires that not more than 30.0 percent of the total funding for the Teacher Service Scholarship Program be dedicated to the grant program. The Governor recommended \$1.0 million, all from the State General Fund, for the grant program in FY 2008. The Conference Committee on **HB 2368** deleted \$500,000, all from the State General Fund, from the program in FY 2008 for Omnibus review, which is discussed in Item L, above.

P. House Bill 2014 – Establishing the Technical College and Vocational School Commission (Conference Committee). **HB 2014**, in its current form, would establish the Kansas Technical College and Technical School Commission. The Commission would have ten voting members and one ex-officio member. The bill details requirements for appointment of the Commission. The Commission would meet on call of the chairperson or on the request of six or more members. The Commission would study and conduct hearings on the governance, funding, and mission of Kansas technical colleges and technical schools. The Commission would be staffed by the Revisor of Statutes Office, Legislative Research Department, and the Division of Legislative Administrative Services.

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The bill would require the Commission to submit reports of its activities and recommendations to the Legislative Educational Planning Committee (LEPC) with a preliminary report by November 15, 2007, and a final report by November 15, 2008. The Commission would expire on December 31, 2008.

The fiscal note for the bill in its current form indicated that \$36,928, all from the State General Fund, would be needed in FY 2008 to finance approximately six Commission meetings.

Q. Senate Substitute for HB 2556 – Creating the Postsecondary Technical Education Authority (Conference Committee). Senate Substitute for **HB 2556** would establish the Postsecondary Technical Education Authority (Authority), which would be composed of 12 members as follows:

- Four members appointed by the State Board of Regents: Two shall be members of the State Board of Regents; one shall represent community colleges; and one shall represent technical colleges.
- Five members appointed by the Governor, three representing Kansas business and industry and two representing the general public.
- Three ex-officio members: the Commissioner of Education, the Secretary of Commerce, and the Secretary of Labor.

There are several qualifications and limitations on the membership of the Authority:

- No more than two members shall be from any one specific technical career cluster;
- Of the members appointed from business and industry and the general public, at least one shall come from each congressional district;
- No more than five members of the authority shall be of the same political party.

Under delegated authority from the Board of Regents, the Authority would:

- Coordinate statewide planning for existing and new postsecondary technical education programs and contract training;
- Review existing and proposed postsecondary technical education programs;
- Review requests of state funding for postsecondary technical education and make recommendations to the State Board of Regents for funding amounts and distribution;
- Develop benchmarks and accountability indicators for the programs;
- Develop and advocate annually a policy agenda for postsecondary technical education; and
- Conduct studies of ways to maximize resources to best meet the needs of business and industry, making recommendations to the State Board of Regents.

Recommendations adopted by the Authority would be considered and acted on by the State Board of Regents. Disapproval of a recommendation would require a majority vote of all members of the State Board of Regents.

The bill would require the governing bodies of the following institutions to submit a plan to merge or affiliate with a postsecondary education institution, or become an accredited technical college with an independent governing board by July 1, 2008.

- Northeast Kansas Technical College;
- Kansas City Area Technical School;
- Kaw Area Technical School;
- Salina Area Technical School; and
- Southwest Kansas Technical School.

Subject to the approval of the Kansas Association of Technical Schools and Colleges (KATSC) and the Kansas Association of Community College Trustees (KACCT), or their successor organizations, the State Board of Regents and the Postsecondary Technical Education Authority would appoint a Vice-President of Workforce Development to serve as the Executive Director of the Postsecondary Technical Education Authority in the unclassified service. The procedure for such approval would be adopted by the KATSC or the KACCT.

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The Vice-President would serve at the pleasure of the State Board of Regents.

The bill would sunset on June 30, 2014.

The fiscal impact of the bill, as substituted by the Senate Committee on Ways and Means, would be \$817,687, all from the State General Fund. This assumes that the Authority will meet for 11 two-day meetings at a cost of \$67,687. In addition, 5.0 FTE positions would be required to staff the Authority, at a cost of \$475,00 annually - \$130,000 for the Executive Director, \$80,000 for a senior professional position, \$65,000 each for 2.00 professional positions, and \$35,000 for an administrative position. In addition, \$25,000 would be needed for operating expenses to support the positions, as well as \$250,000 for start-up costs for consultants, furniture, and computers.

R. Postsecondary Aid for Technical Education (Technical Adjustment). The EDIF portion of the funding for technical education was inadvertently omitted from the Conference Committee report on **HB 2368**. In order to correctly reflect the Conference Committee recommendation, \$6,957,162, all from the EDIF, must be appropriated for postsecondary aid to technical education. The omission occurred only in the Conference Committee report. The expenditures are included in all other summaries of expenditures approved by the Legislature to this point.

S. Technical Education Capital Outlay (Technical Adjustment). The Conference Committee on **HB 2368** restored \$2,565,000, all from the EDIF, for technical education capital outlay. However, the appropriation was inadvertently omitted from the Conference Committee report. In order to correctly reflect the Conference Committee recommendation, \$2,565,000, all from the EDIF, must be appropriated for technical education capital outlay. The omission occurred only in the Conference Committee report. The expenditures are included in all other summaries of expenditures approved by the Legislature to this point.

T. Funding for KAN-ED (Technical Adjustment). The Conference Committee on **HB 2368** concurred with the Governor's recommendation of funding KAN-ED at \$10.0 million, including \$2.0 million from the State General Fund. The \$2.0 million from the State General Fund was inadvertently omitted in the Conference Committee report, and must be added to correctly reflect the Conference Committee recommendation. The omission occurred only in the Conference Committee report. The expenditures are included in all other summaries of expenditures approved by the Legislature to this point.

The Education Budget Committee recommendation (Attachment 11):

FY 2008

- A. Recommends the addition of \$180,500, all from EDIF, for the Technical Innovations and Internships Program.
- B. Did not take action on this item.
- C. Did not take action on this item.
- D. Recommends the addition of \$350,000, all from the SGF, for technical education hold harmless funding in FY 2008.
- E. Recommends the addition of \$3,848,656, all from the SGF, for the community colleges operating grant in FY 2008.
- F. Did not take action on this item.
- G. Recommends the addition of \$2.0 million from the State General Fund and a reduction of \$2.0 million from the Kansas Universal Service Fund, to fund Kan-Ed at \$4.0 million from the State General Fund and \$6.0 million from the Kansas Universal Service Fund in FY 2008.
- H. Recommends the deletion of \$809,680, all from the KAN-ED fund, for on-line databases in FY 2008 and recommends shifting of the funding to the State Library.
- I. Recommends the deletion of \$1.5 million, all from the KAN-ED fund, for the Learning Station Portal in FY 2008 and recommends shifting the funding to the State Library.
- J. Did not take action on this item.
- K. Did not take action on this item.
- L. Did not take action on this item.
- M. Did not take action on this item.
- N. Did not take action on this item.
- O. Recommends the transfer of funds from the Special Education Teacher Service Scholarship, Mathematics and Science Teacher Service Scholarship, and the Teacher Education Service Scholarship to the Teacher Service Scholarship in FY 2008.
- P. Recommends the addition of \$36,928, all from the SGF, for the Commission in FY 2008.
- Q. Recommends the addition of \$817,687, all from the SGF, and 5.0 FTE positions in FY 2008 for the Authority.
- R. Concurs with the technical adjustment.

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- T. Did not take action on this item.
- U. New Item - Recommends the addition of \$8.0 million, all from the SGF, for technology and equipment funding for the technical schools and colleges and community colleges in FY 2008. A two to one match will be required from the institutions and no institution may receive more than 20.0 percent of the funding available in any fiscal year.
- V. New Item - Recommends adding language directing the Postsecondary Technical Education Authority to propose to the 2008 Legislature a new credit hour funding formula for postsecondary technical training programs based on rates established by the authority. In addition, the formula should be tiered to recognize and support cost differential in providing high demand, high tech training. This formula should target industries that are critical to the Kansas economy and should be responsive to program growth opportunities.

Representative McLeland moved for the adoption of the Budget Committee recommendation. The motion was seconded by Representative Masterson.

Representative McLeland made a substitute motion to add a proviso to "Item U" to indicate that if HB 2566 is not enacted into law, the funds appropriated will be lapsed. The motion was seconded Representative Feuerborn. Motion carried.

Representative McLeland moved to amend the proviso added to "Item U" by adding language to indicate that if HB 2566 is not enacted into law, the authority will be given to the Board of Regents to establish policy for the distribution of the \$8.0 million funding. The motion was seconded by Representative Masterson. Motion failed on a 7-10 vote.

Representative McLeland moved for the adoption of the Budget Committee recommendation as amended. The motion was seconded by Representative Masterson. Motion carried.

Regents Crumbling Classrooms

A. Funding for Regents Crumbling Classrooms Debt Service (Conference Committee). The Conference Committee on **HB 2368** recommended Omnibus review of the transfer \$76.6 million from the State General Fund to the Regents Crumbling Classroom Debt Payment Fund in FY 2007. This amount represents the remaining debt service on the Regents' Crumbling Classroom bonds. Funds would then be transferred from the new fund to the Comprehensive Rehabilitation and Repair Fund (Regents' Crumbling Classroom debt service fund) and expenditures would be authorized to pay the debt service through FY 2012. The payments are shown in the table below:

Crumbling Classrooms Debt Service Payments

FY 2007 - FY 2012

FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
\$1,630,130	\$14,996,123	\$14,997,210	\$14,999,473	\$14,994,968	\$13,745,075

This would free up an additional \$15.0 million from the Educational Building Fund that is currently used to pay for debt service on the Crumbling Classrooms bonds for rehabilitation and repair projects at the state universities in FY 2008 through FY 2012.

The Education Budget Committee recommendation (Attachment 11):

FY 2008

- A. Did not take action on this item.

State Universities

A. Capital Improvements (Senate Committee). The Senate Committee recommended Omnibus review of capital improvements for Regents' institutions. The Governor recommended capital improvements expenditures of \$75.1 million, including \$2.8 million from the State General Fund, for the Regents in FY 2008. The Legislature has concurred with the Governor's capital improvements recommendation for FY 2008.

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B. GBA No. 2, Item 19, Page 15—Deferred Maintenance.

The Education Budget Committee recommendation (Attachment 11):

FY 2008

- A. Did not take action on this item.
- B. Did not take action on this item.

Fort Hays State University

A. Information Assurance Program (Senate Committee and House Committee). The Senate and House Committee recommended review of the addition of \$500,000, all from the State General Fund, in FY 2008 for the implementation of a new Information Assurance Program at Fort Hays State University. Information Assurance is the science of managing the risks to information assets. The new program, which has already been approved by the Board of Regents, would offer undergraduate students and graduate students the opportunity to earn a certificate, undergraduate degree emphasis or graduate concentration in Information Assurance as part of existing degree programs. Many Kansas institutions, including FHSU, currently offer limited coursework in Information Assurance; however, there are no programs that are National Security Administration (NSA) certified. Kansas is one of only 15 states without a NSA Center of Academic Excellence in Information Assurance Education (NCAEIAE). Missouri and Arkansas are among the states lacking a center. Colorado's only center is at the Air Force Academy and is not accessible to business or the public. According to the University, the NSA Center for Excellence designation will allow FHSU to establish degrees and a network for outreach and information distribution through network security training, workshops, and conferences reaching throughout Kansas and beyond - offering certificates and non-credit activities. The agency requests an additional \$500,000, all from the State General Fund in FY 2008, to implement the new program. The University has already received \$800,000 in federal funds for the program.

B. Wetlands Education Center at Cheyenne Bottoms (Senate Committee) and GBA No. 2, Item 20, Page 16. The Senate Committee recommended Omnibus review of the agency's request for \$308,000, all from the State General Fund, and 4.0 FTE positions in FY 2008 for the Kansas Wetlands Education Center (KWEC) at Cheyenne Bottoms. The Kansas Board of Regents has granted Fort Hays State University permission to own and operate the KWEC located on land owned by the Kansas Department of Wildlife and Parks (KDWP). The KWEC will be a branch of the Fort Hays State University Sternberg Museum of Natural History. The agency believes the affiliation will result in increased educational opportunities, scientific preservation, increased awareness of the Cheyenne Bottoms and Quivira National Wildlife Refuge state and federal scenic byway designations, and promotion of nature tourism throughout southcentral Kansas and beyond. The University has a lease/operating agreement in effect with KDWP for leasing of the land, ownership of the building, and operation of the facility. The University indicates that the funding would allow it to hire the following staff: Director (\$70,160); Educator (\$43,950); Administrative Assistant (\$30,774); Custodial Crew Leader (\$26,004); and graduate assistants at \$7,500 plus benefits (\$48,051). The remainder of the funding, \$89,060, would fund operating expenses for the Wetlands Center.

The Education Budget Committee recommendation (Attachment 11):

FY 2008

- A. Recommends the addition of \$500,000, all from the SGF, for the Information Assurance Program.
- B. Did not take action on this item.

Representative McLeland moved for the adoption of the Budget Committee recommendation. The Motion was seconded by Representative Masterson. Motion carried.

KSU – Extension Systems and Agricultural Research Program

A. Economic Development Initiatives Funding for Kansas State University Extension Systems and Agricultural Research Program (House Committee). The House Committee recommended Omnibus review of the shift of \$300,000 from the State General Fund to the Economic Development Initiatives Fund in FY 2008. The funds are used for research at the Agricultural Experiment Stations. The Conference Committee on **HB 2368** recommended the shift in funding, but did not recommend Omnibus review.

The Education Budget Committee recommendation (Attachment 11):

FY 2008

- A. Did not take any action.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Wichita State University

A. Funding for Aviation Research (Senate Committee and Conference Committee). The Senate Committee and the Conference Committee recommended Omnibus review of the addition of \$2.5 million, all from the Economic Development Initiatives Fund (EDIF), in FY 2008. **HB 2368** included \$2.5 million from the EDIF in FY 2008, half of the \$5.0 million request from the aviation industry, which is part of a multi-year need identified by the industry.

The Education Budget Committee recommendation (Attachment 11):
FY 2008

A. Recommends the addition of \$2.5 million, all from the EDIF, for aviation research in FY 2008.

Representative McLeland moved for the adoption of the Budget Committee report. The motion was seconded by Representative Masterson. Motion carried.

Department of Education

A. Funding to Phase-In All-Day Kindergarten (Senate Committee and House Committee). Both the House and Senate Committees recommended that the \$15.0 million, all from the State General Fund, recommended by the Governor to begin a five-year phase-in of all-day kindergarten in FY 2008 be deleted and considered during Omnibus, pending the passage of 2007 **SB 345**.

The \$15.0 million in additional funding would increase the current full-time equivalent (FTE) enrollment weight for all-day kindergarten students from 0.5 FTE to 0.6 FTE in FY 2008. **SB 345** would amend the school finance formula to statutorily increase the current funding weight for students attending all-day kindergarten by 0.1 FTE a year over the next five years. The bill provides that by FY 2012 and thereafter, all-day kindergarten students would be counted as a 1.0 FTE for funding purposes. **SB 345** is estimated to require an additional \$15.0 million, all from the State General Fund, per year for the next five years, for a total cost of \$75.0 million once the weighting reaches 1.0 FTE. The bill would not mandate kindergarten attendance, but would phase-in state financial aid for all-day kindergarten programs. **SB 345** was referred to the Senate Education Committee. There is no hearing scheduled for this bill as of April 3, 2007.

B. Special Education Excess Costs (Senate Committee and House Committee) and GBA No. 2, Item 18, Page 15. Both the House and Senate Committees recommended that the additional \$21.5 million, all from the State General Fund, that is required to fund special education excess costs at the 92.0 percent level in FY 2008, based on the November 2006 consensus estimate, be considered during Omnibus. During the regular Session, the State Department of Education had indicated that the federal Centers for Medicare and Medicaid Services (CMS) would likely make a decision on how school districts file claims for Medicaid reimbursements in April 2007.

Staff from the State Department of Education, the Division of the Budget, and the Kansas Legislative Research Department met with a representative of the Kansas Health Policy Authority on April 13, 2007 to review the estimate for Medicaid reimbursements. It was determined that, beginning in FY 2008, CMS will no longer allow bundled rates for reimbursements. Instead, CMS will require school districts to request reimbursements on a service-by-service basis. For FY 2008, it is estimated that Medicaid reimbursements will total \$17.5 million. This amount is an increase of \$5.8 million (or 50.0 percent) above the November 2006 consensus estimate of \$11.7 million. It is also a decrease of \$17.5 million (or 50.0 percent) below the \$35.0 million in estimated Medicaid reimbursements included in the Governor's FY 2008 recommendation.

Although, in November 2006, CMS had not yet made a decision on how school districts would file reimbursements, the consensus estimate for FY 2008 Medicaid reimbursements was based on the assumption that CMS would begin requiring school districts to request reimbursements on a service-by-service basis. It was believed that because the fee-based system is too time consuming and potentially costly to administer some school districts may discontinue making claims.

The Governor's recommendation reflected the assumption that there would be no change in Medicaid reimbursements for FY 2008. The Governor recommended an additional \$7.9 million, all from the State General Fund, which would fund special education excess costs at the 92.0 percent level if Medicaid reimbursements remained at \$35.0 million. The recommendation was \$21.5 million below the November 2006 consensus estimates.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

While it is still believed that some school districts may discontinue making claims for reimbursement, the April 2007 consensus estimate increased the estimated amount for Medicaid reimbursements by an additional \$5.8 million. As a result, a supplemental appropriation of \$16.1 million, all from the State General Fund, is required to fund special education excess costs at the 92.0 percent level in FY 2008.

The table below outlines the differences in Medicaid reimbursements and special education excess costs between the November 2006 consensus estimate, the Governor's FY 2008 recommendation, and the April 2007 consensus estimate.

Special Education Excess Costs (in thousands)

	November 2006		April 2007		Difference
	Consensus FY 2008	Governor's Est. FY 2008	Consensus FY 2008	Gov. Rec. & April Consensus	
Estimated Expenditures	\$ 700,497	\$ 700,497	\$ 700,497	\$	0
Excess Cost Computation:					
Regular Education Costs	(180,657)	(180,657)	(180,657)		0
Federal Aid	(96,400)	(96,400)	(96,400)		0
Medicaid Reimbursement	(11,667)	(35,000)	(17,500)		(17,500)
SRS Administration Costs	(1,500)	(1,500)	(1,500)		0
Total Excess Costs	<u>\$ 410,273</u>	<u>\$ 386,940</u>	<u>\$ 404,440</u>	<u>\$</u>	<u>(17,500)</u>
Excess Costs Required by Law	92.0%	92.0%	92.0%		0.0%
State Appropriations	\$ 377,451	\$ 355,984	\$ 372,084	\$	(16,100)

C. Leadership Commission (Senate Committee and House Committee). Both the House and Senate Committees recommended that the \$100,000, all from the State General Fund, recommended by the Governor for the creation of a Leadership Commission in FY 2008 be deleted and considered during Omnibus.

The purpose of the Leadership Commission is to promote increased student and staff performance and create a cohesive and comprehensive education leadership plan for the state. The plan is to encompass issues of teacher preparation and licensure, continuing education, and practice in the classroom. The Commission will serve as a statewide leadership oversight and steering committee with approximately 18 to 21 members. The recommended makeup of the Commission includes superintendents; building-level administrators; business partners; and representatives of professional organizations, foundations, the Legislature, the Governor's Office, the State Department or Board of Education, and colleges and universities.

D. Additional Funding for Professional Development (Senate Committee). The Senate Committee recommended that an additional \$2,250,000, all from the State General Fund, for professional development in FY 2008 be considered during Omnibus. In its report to the 2007 Legislature, the 2010 Commission recommended the additional funding to increase state aid for professional development from \$1,750,000 to a total of \$4,000,000, all from the State General Fund, in FY 2008. The State Department of Education's recently approved FY 2008 budget includes \$1,750,000, all from the State General Fund, for professional development, the same as the FY 2007 approved amount.

School districts are mandated by statute to offer programs and workshops providing professional development for teachers and administrators. School districts may use local money and may receive matching state aid to fund professional development. State aid is limited to the lesser of one-half of 1.0 percent of a school district's general fund budget or 50.0 percent of actual approved program costs. The total amount of funding needed to fully fund state aid for professional development under the statute in FY 2008 is \$6,200,000, all from the State General Fund.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

E. Mentor Teacher Program Grants (Senate Committee). The Senate Committee recommended that an additional \$1,000,000, all from the State General Fund, for the Mentor Teacher Program in FY 2008 to fund the second year of mentoring 1,000 probationary teachers be considered during Omnibus. In its report to the 2007 Legislature, the 2010 Commission recommended the additional funding to extend mentoring support through the second year of a new teacher's three-year probationary period.

The Mentor Teacher Program was created statutorily in 2000, but until FY 2006, was funded only in FY 2002. The program provides stipends of \$1,000 to experienced teachers who mentor teachers in their probationary period. Because of limited funding, the program has been limited to beginning teachers who are in their first year of teaching. The State Department of Education's recently approved budget includes \$1,100,000, all from the State General Fund, in FY 2007 to provide grants to mentor 1,100 first year teachers; and \$1,150,000, all from the State General Fund, in FY 2008 to provide grants to mentor 1,150 first-year teachers.

F. Local Option Budget Authority Increase (Senate Committee). The Senate Committee recommended that the language recommended by the Governor to increase the local option budget (LOB) authority from 31.0 percent to 33.0 percent in FY 2008 and thereafter be deleted and considered during Omnibus. The House Committee recommended that the increase in the LOB authority be reduced from 33.0 percent to 32.0 percent. The Conference Committee on **HB 2368** concurred with the House position to increase the LOB authority to 32.0 percent in FY 2008 and thereafter with the understanding that the mandatory election requirement in the school finance formula remains unchanged.

The State Department of Education estimates that the fiscal impact of the LOB authority increase is \$1,000,000, all from the State General Fund, in FY 2008 for supplemental general state aid. This amount is not included in the agency's recently approved FY 2008 budget; however, it is reflected in the April 2007 revised school finance estimates.

G. Kansas Career Pipeline (Senate Committee). The Senate Committee recommended that additional program and funding information on the Kansas Career Pipeline (KCP) in FY 2008 be considered during Omnibus.

The KCP is a career development program that matches the aptitude and interests of students and adults with Kansas career options. It helps students and adults find the educational programs that will prepare them for jobs in the state. It also helps them locate and apply for jobs anywhere in Kansas. The non-profit KCP is currently working with Kansas companies, secondary and post-secondary educational institutions, the State Department of Education, and the Kansas Board of Regents to field test its program with 3,000 students in 17 cities and 27 schools. By the fall of 2007, the KCP will be able to provide no-cost assessment, job preparation, and job placement services to every Kansas middle school, high school, community college, technical school, and university student, as well as every adult job seeker.

The FY 2008 estimated budget for the KCP is \$840,240. Working with the State Department of Education, the Executive Officer of the KCP requests that funding for the program be added to the State Department's FY 2008 budget. However, the amount of state funding needed for FY 2009 and FY 2010 would be reduced by one-third each year as state funding is replaced by the support of business and industry. The KCP will be privately funded by FY 2011. Currently, the program is funded by partnerships with Local Workforce Investment boards, community colleges in kind support, and state agency contracts with outside providers.

H. Parents as Teachers Program (Senate Committee). The Senate Committee recommended that an additional \$881,800, all from the State General Fund, for the Parents as Teachers Program in FY 2008 be considered during Omnibus.

During the budget hearing process, the agency reported to the Senate Committee that an additional \$1,381,800 (at \$420 per student) in state aid would be necessary to serve all 3,290 students that are on the program's waiting list as of December 31, 2006. The Senate Committee recommended the addition of \$500,000, all from the State General Fund, in FY 2008 to fund the state aid to serve approximately 1,190 students on the waiting list. Also the Senate Committee recommended that the additional \$881,800 in state aid needed to serve the remaining 2,100 students on the waiting list be reviewed during Omnibus. The Conference Committee on **HB 2368** reduced the additional amount recommended by the Senate Committee from \$500,000 to \$250,000, all from the State General Fund.

The State Department of Education's recently approved budget for FY 2008 includes funding of \$7,539,500, all from the State General Fund, for the Parents as Teachers Program. The program provides aid to school districts that offer programs for expectant parents and parents of children less than three-years

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

old. School districts are required to provide a 65.0 percent match for the state aid. The agency estimates that approximately 18,000 children will be served by the program in FY 2008.

I. SB 95 – Treatment Facilities for Mentally-Ill Youth (Law). **SB 95** amends the definition of juvenile detention facilities to include those facilities that are classified as psychiatric residential treatment facilities. The bill also removes references to individually-named treatment centers in state law. These changes were made at the recommendation of the federal Centers for Medicare and Medicaid Services to ensure continued federal funding for the psychiatric residential treatment facilities.

Currently, local school districts that provide educational services to students housed in juvenile detention facilities receive state aid equal to twice the rate of base state aid per pupil or actual expenses, whichever is less. **SB 95** expands the same level of funding to school districts providing educational services to students housed at psychiatric residential treatment facilities.

According to the Kansas Juvenile Justice Authority, there are a minimum of five psychiatric residential treatment facilities in the state with a total of 177 beds that could house patients that would generate the two-for-one educational funding. The State Department of Education estimates that the fiscal impact of **SB 95** would be \$774,198, all from the State General Fund, in FY 2008, assuming that half of the 177 beds are filled during the 2007-08 school year with students receiving educational services from local school districts.

J. HB 2123 – Second Enrollment Count Date for All School Districts; Transportation of Students (Conference Committee). The Senate version of **HB 2123** would allow all school districts to conduct a second count of students on February 20 of each school year. In cases where the second count exceeds the September 20 count, a school district would receive additional funding in the amount of 50.0 percent of the general state aid for the increased enrollment.

The State Department of Education estimates that approximately 30 school districts would be affected by the second enrollment count date in FY 2008. The fiscal impact of **HB 2123** would be an additional \$3.3 million, all from the State General Fund, for general state aid in FY 2008. In addition, the State Department would be required to recalculate the various weightings for general state aid and audit the enrollment figures for an additional 95,000 students in those school districts that experienced an increase in enrollment between September 20 and February 20. The State Department estimates that a 1.0 FTE Auditor position will be needed to carry out the responsibilities provided for in **HB 2123**. The total cost for the salary, travel, and other operating expenditures related to the new Auditor position would be \$64,310, all from the State General Fund, in FY 2008.

The House version of **HB 2123** would permit students living more than ten miles from their school to attend a school in an adjoining district, if the receiving district agrees to accept and provide transportation for the student. The fiscal note, on this version of **HB 2123**, indicates the bill would have no fiscal impact.

The House and Senate members of the Conference Committee on **HB 2123** have been appointed; however, the Conference Committee has not yet met on the bill.

K. SB 68 – Policies Prohibiting Bullying; Character Development Programs; and Removal of Sunset Date for Nonproficient Weighting (Conference Committee). **SB 68** contains two provisions that have a fiscal impact on the State Department of Education.

The bill would require the following: (1) school district boards to adopt policies prohibiting bullying on school property, in a school vehicle, or at a school-sponsored activity; and (2) each school district to adopt and implement a strategic plan to address bullying which include provisions for training and education for staff and students. (This provision was originally in Substitute for 2007 **HB 2310**).

The bill would also require the State Department of Education to assist any school district deciding to offer grade-appropriate curriculum for character development programs. Offering such programs would be voluntary for school districts. (This provision was added by the Conference Committee.)

For the implementation of these provisions, the State Department of Education estimates that a 0.5 FTE Education Program Consultant position will be needed. The total cost for the salary and other operating expenditures related to the position would be \$40,558, all from the State General Fund, in FY 2008. This position would be responsible for assisting school districts in developing policies and designing and implementing bullying prevention and character development programs. The position would also administer two after school programs. The Legislature provided funding of \$375,000, all from the State General Fund, for the first after school program beginning in FY 2006. The Conference Committee on **HB 2368** also approved an additional \$400,000, all from the State General Fund, for the second after school program for

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

middle school students in FY 2008.

In addition, **SB 68** would remove the sunset date on the nonproficient weighting. In the 2006 school finance bill (2006 **SB 549**), the Legislature appropriated \$10.0 million, all from the State General Fund, in FY 2007 for a new weighting category for students who are not proficient on the basis of state assessments but who are not eligible for free lunch. The provisions for the new weighting would expire on June 30, 2007. In November 2006, when staff from the State Department of Education, the Division of the Budget, and the Kansas Legislative Research Department met to consider revisions to the school finance estimates, no specific adjustment was made to remove funding for this weighting in FY 2008. Therefore, approximately \$10.0 million, all from the State General Fund, was included in the FY 2008 *Governor's Budget Report* to finance the weighting in the base general state aid appropriation. With the removal of the sunset date, no additional funding would be needed for the continuation of the nonproficient weighting in FY 2008.

The Conference Committee report on **SB 68** has been signed; however, neither house has yet to take action on this bill.

L. Revised School Finance Consensus Estimates and GBA No. 2, Item 17, Page 14. Staff from the Kansas State Department of Education, the Division of the Budget, and the Kansas Legislative Research Department met on April 13, 2007 to consider revisions to the November 2006 school finance consensus estimates.

For FY 2007, it is estimated that there are State General Fund savings of \$3,197,000 for general state aid and a shortfall of \$764,000 for supplemental general state aid, resulting in net savings of \$2,433,000. (This is in addition to net savings of \$5,220,000 in general state aid and supplemental general state aid which have already been taken into consideration.) The reason for the savings in general state aid is higher than expected school district local effort. Based on action taken by the Conference Committee on **HB 2368**, the general state aid savings would be reappropriated. While LOB expenditures did not increase, the shortfall in supplemental general state aid is attributable to a 0.1 percent increase in the state aid ratio.

For FY 2008, it is estimated that there is a shortfall of \$1,318,000, for general state aid and \$14,933,000 for supplemental general state aid, for a total shortfall of \$16,251,000, all from the State General Fund. The shortfall in general state aid is attributable to an anticipated increase in enrollment in FY 2008 as a result of the passage of 2007 **HB 2159** and is partially offset by slightly higher than expected school district local effort. The shortfall for supplemental general state aid is the result of the passage of **HB 2159**, the LOB authority increase in **HB 2368**, and a 1.55 percent increase in the state aid ratio (from 35.10 percent to 36.65 percent) that resulted from an increase in assessed valuations.

HB 2159, which has been signed into law, allows all school districts to conduct a second count of students on February 20, 2008 and February 20, 2009. This second count is permitted for students who are dependents of full-time active members of the military service or dependents of the military reserve who have been ordered to active duty for at least 30 consecutive days. The second count enrollments are to be used in calculating a district's state aid, in cases where the number of students has increased by at least 25 students or by a number equal to 1.0 percent or more of the district's enrollment between September 20 (the required annual enrollment count date) and February 20. The State Department of Education estimates that approximately 832 additional students would qualify for the second enrollment count date in FY 2008. The fiscal impact of these additional students total \$4,021,200, all from the State General Fund in FY 2008. This amount includes \$3,639,200 for general state aid and \$382,000 for supplemental general state aid.

M. Keeping Education Promises Trust Fund (Technical Adjustment). The Conference Committee on **HB 2368** agreed to add the language in the Senate version of 2007 **SB 30** to the Mega bill. The language provides that: (1) in FY 2008, \$122.7 million will be transferred from the State General Fund to a newly established Keeping Education Promises Trust Fund to set aside the third year of increased funding approved in the 2006 school finance bill; and (2) in FY 2009, \$122.7 million will be transferred back from the Keeping Education Promises Trust Fund to the State General Fund for the third year of increased funding. Due to an oversight, the language in the Mega bill provides that, in FY 2009, \$122.7 million will be transferred from the State General Fund to the Keeping Education Promises Trust Fund. A technical adjustment is needed to carry out the Legislature's intent in **SB 30**.

The Education Budget Committee recommendation (Attachment 11):

FY 2007

L. Adopts the GBA to capture SGF net savings of \$2,433,000 for general and supplemental general state aid in FY 2007.

FY 2008

A. Did not take action on this item.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

- B. Adopts the GBA to add \$16.1 million, all from the State General Fund, to fund special education excess costs at the 92.0 percent level in FY 2008, based on the April 2007 consensus estimate.
- C. Did not take action on this item.
- D. Did not take action on this item.
- E. Did not take action on this item.
- F. Did not take action on this item.
- G. Recommends \$420,120, all from the SGF, for one-half of the funding requested for the Kansas Career Pipeline in FY 2008. The recommendation includes a dollar-for-dollar match by business and industry.
- H. Did not take action on this item.
- I. Recommends an additional \$400,000, all from the SGF, in state aid in FY 2008 to fund a portion of the estimated 177 beds in the psychiatric residential treatment facilities added in SB 95.
- J. Recommends waiting until action is taken by the Conference Committee on HB 2123 before making a recommendation.
- K. Recommends an additional \$40,558, all from the SGF, and a 0.5 FTE in FY 2008 for a part-time Education Program Consultant position, for only one year, to implement two provisions in SB 68 and to administer the agency's two after school programs. The Budget Committee also recommends that, if the Conference Committee report on SB 68 does not pass the 2007 Legislature, the \$10.0 million in the agency's recently approved FY 2008 budget for the nonproficient weighting is to be deleted from general state aid and lapsed back to the State General Fund.
- L. Adopts the GBA to add \$16,251,000, all from the State General Fund, to fund shortfalls in general and supplemental general state aid in FY 2008.

Representative McLeland moved for the adoption of the Budget Committee recommendation (Attachment 11). The motion was seconded by Representative Masterson.

Representative Tafanelli made a substitute motion to add a proviso to "Item K" to indicate that if SB 68 is not passed by both chambers and becomes law, the funding will lapse and be returned to the SGF. The motion was seconded by Representative Powell. Motion carried.

Representative McLeland moved to adopt the Budget Committee report as amended. The motion was seconded by Representative Masterson. Motion carried.

School for the Blind

A. Increase Teacher Salaries (Senate Committee and House Committee). Both the House and Senate Committees recommended that an increase in teacher salaries at the Kansas State School for the Blind (KSSB) for FY 2008 be considered during Omnibus.

The House Committee recommended that an increase in teacher salaries be reviewed to ensure that they keep up with those of the Olathe School District, if the 2007 Legislature does not pass HB 2422 or SB 338. HB 2422 would require that, beginning on July 1, 2007, teachers, or other professional service providers, at the KSSB are to be paid a rate of compensation that is not less than the rate of compensation paid to teachers, or other professional service providers, at the Olathe School District as of September 1 of the previous school year. The provisions of SB 338 are nearly identical to those of HB 2422. However, SB 338 would require that teachers, or other professional service providers, at the KSSB be paid a rate of compensation that is not less than that of the Olathe School District as of September 1 of the current school year. HB 2422 passed the House on March 19, 2007 and was referred to the Senate Ways and Means Committee. SB 338 passed the Senate on March 22, 2007 and was referred to the House Appropriations Committee. Neither Committee has yet to take action on the specific bill that was referred to that Committee.

The agency estimates that the fiscal impact of HB 2422 or SB 338 for FY 2008 would be an additional \$84,597, all from the State General Fund, for a 4.0 percent difference in the rate of compensation for the 2006-07 school year. For the 2007-08 school year, the Olathe School District will not complete contract negotiations until after the end of the legislative session when the KSSB budget is approved. The estimated fiscal impact would be based on the difference between the Olathe School District teacher salary plan and the State of Kansas salary plan.

Prior to the introduction to HB 2422 and SB 338, the Senate Committee recommended that an increase in teacher salaries be reviewed to ensure that KSSB teachers receive a 4.0 percent pay increase in FY 2008, if the 2007 Legislature approved a reduction in the Governor's recommended 4.0 percent merit

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

pool for unclassified employees. The Conference Committee on **HB 2368** recommended an unclassified merit pool of 2.0 percent and a one-time bonus of \$860. For the average unclassified employee, the flat dollar bonus translates into a percentage increase of 1.6 percent. Therefore, with the bonus, the pay increase for the average unclassified employee in FY 2008 would equal 3.6 percent.

The agency estimates that, given the recently approved 3.6 percent increase, an additional \$8,460, all from the State General Fund, would be needed for KSSB teachers to receive a 4.0 percent pay increase in FY 2008. The 4.0 percent increase would cover the difference in the rate of compensation for the 2006-07 school year. However, it does not take into account a possible pay raise by the Olathe School Board for the 2007-08 school year.

The Education Budget Committee recommendation (Attachment 11):

FY 2008

A. Recommends an additional \$84,597, all from the SGF, for an increase in teacher salaries in FY 2008, whether or not HB 2422 or SB 338 pass the 2007 Legislature. The Budget Committee also recommends that the Senate pass HB 2422 since it focuses on the difference in the rate of compensation with the Olathe School District for the preceding school year and not the current school year.

Representative McLeland moved for the adoption of the Budget Committee report. The motion was seconded by Representative Masterson. Motion carried.

School for the Deaf

A. Increase Teacher Salaries (Senate Committee and House Committee). Both the House and Senate Committees recommended that an increase in teacher salaries at the Kansas State School for the Deaf (KSSD) for FY 2008 be considered during Omnibus.

The House Committee recommended that an increase in teacher salaries be reviewed to ensure that they keep up with those of the Olathe School District, if the 2007 Legislature does not pass **HB 2422** or **SB 338**. **HB 2422** would require that, beginning on July 1, 2007, teachers, or other professional service providers, at the KSSD are to be paid a rate of compensation that is not less than the rate of compensation paid to teachers, or other professional service providers, at the Olathe School District as of September 1 of the previous school year. The provisions of **SB 338** are nearly identical to those of **HB 2422**. However, **SB 338** would require that teachers, or other professional service providers, at the KSSD be paid a rate of compensation that is not less than that of the Olathe School District as of September 1 of the current school year. **HB 2422** passed the House on March 19, 2007 and was referred to the Senate Ways and Means Committee. **SB 338** passed the Senate on March 22, 2007 and was referred to the House Appropriations Committee. Neither Committee has yet to take action on the specific bill that was referred to that Committee.

The agency estimates that the fiscal impact of **HB 2422** or **SB 338** for FY 2008 would be an additional \$116,435, all from the State General Fund, for a 3.0 percent difference in the rate of compensation for the 2006-07 school year. For the 2007-08 school year, the Olathe School District will not complete contract negotiations until after the end of the legislative session when the KSSD budget is approved. The estimated fiscal impact would be based on the difference between the Olathe School District teacher salary plan and the State of Kansas salary plan.

Prior to the introduction to **HB 2422** and **SB 338**, the Senate Committee recommended that an increase in teacher salaries be reviewed to ensure that KSSD teachers receive a 4.0 percent pay increase in FY 2008, if the 2007 Legislature approves a reduction in the Governor's recommended 4.0 percent merit pool for unclassified employees. The Conference Committee on **HB 2368** recommended an unclassified merit pool of 2.0 percent and a one-time bonus payment of \$860. For the average unclassified employee, the flat dollar bonus translates into a percentage increase of 1.6 percent. Therefore, with the bonus, the pay increase for the average unclassified employee in FY 2008 would equal 3.6 percent.

The agency estimates that, given the recently approved 3.6 percent increase, an additional \$15,525, all from the State General Fund, would be needed for KSSD teachers to receive a 4.0 percent pay increase in FY 2008. The 4.0 percent pay increase would cover the difference in the rate of compensation for the 2006-07 school year and provide a 1.0 percent increase in teacher pay for the 2007-08 school year.

B. Funding Sound START of Kansas (Senate Committee). The Senate Committee recommended that the agency's request for an additional \$398,200, all from the State General Fund, to fund Sound START

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

of Kansas in FY 2008 be considered during Omnibus. The KSSD requested the funding as part of its FY 2008 budget submission; however, the Governor did not recommend it. Also during the 2006 Interim, the Joint Committee on Children’s Issues reviewed this item. In its report to the 2007 Legislature, the Joint Committee recommended funding for this program.

Sound START is a collaborative program with the Kansas Department of Health and Environment (KDHE) that would provide services to deaf children ages 0-3 and their parents through regional consultation within the local KDHE Infant and Toddler Services (Tiny-K) networks. The program would consist of the following components: (1) eight regional consultants with the experience and the specialized training on hearing loss; (2) training for Tiny-K network service providers; (3) contracted services such as deaf mentors, sign language teachers, and auditory/oral specialists; (4) parent to parent support; and (5) a statewide director to ensure program consistency throughout the state.

Estimated expenditures for Sound START are summarized below.

Sound START - FY 2008 Estimated Expenditures

Expenditure	Agency Req. FY 2008
Salaries:	
One Director	\$ 60,000
Four Full-Time Consultants @ \$40,000 each	160,000
Four Part-Time Consultants @ \$20,000 each	80,000
One Program Administrator	35,000
Benefits	40,200
Subtotal - Salaries and Benefits	\$ 375,200
Contracted Services	68,000
Training	28,600
Curriculums/Assessments	20,000
TOTAL	\$ 491,800
Less Funding Provided by Participating Agencies:	
KSSD	(70,000)
KDHE Sound Beginnings	(23,600)
NET TOTAL - Appropriations Requested	\$ 398,200

C. Funding Shortfall in Operating Expenditures (House Committee). The House Committee recommended that the agency’s request for an additional \$330,000, all from the State General Fund, to cover a shortfall in funding for operating expenditures in FY 2008 be considered during Omnibus. The Senate Committee recommended the increased funding. The Conference Committee on **HB 2368** modified the Senate position by reducing the amount of increased funding to cover the shortfall by one-half, from \$330,000 to \$165,000, all from the State General Fund.

The Education Budget Committee recommendation (Attachment 11):

FY 2008

- A. Recommends an additional \$116,435, all from the SGF, for an increase in teacher salaries in FY 2008, whether or not **HB 2422** or **SB 338** pass the 2007 Legislature. The Budget Committee also recommends that the Senate pass **HB 2422** since it focuses on the difference in the rate of compensation with the Olathe School District for the preceding school year and not the current school year.
- B. Did not take action on this item.
- C. Did not take action on this item.

Representative McLeland moved for the adoption of the Budget Committee report. The motion was

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

seconded by Representative Masterson. Motion carried.

Board of Tax Appeals

A. Operating Expenditures (Senate Committee and House Committee). The Senate and House Committee deleted \$55,417 from the State General Fund in FY 2008 for expenditures that were added by the Governor to the agency's base. The expenditures include the following:

- \$47,775 for increased compensation for small claims hearing officers;
- \$4,864 for legal research tools; and
- \$3,778 for capital outlay expenditures, including ergonomically correct chairs.

Additionally, the Senate Committee deleted \$3,139 in other expenditures.

The Conference Committee concurred with the House and deleted \$55,417 for review at Omnibus.

B. Information Technology Expenditures (Senate Committee). The Senate Committee noted that the Governor included \$40,000 from the Filing Fee Fund for information technology replacement. The agency requested the funding for hardware and software according to their replacement plan. The Senate concurred with the recommendation, but wanted to review the issue at Omnibus. The agency had originally requested that the funding come from the State General Fund.

C. Funding for Attorney (Senate Committee). The Senate Committee deleted \$71,265, including \$35,000 from the State General Fund, that the Governor recommended to hire an additional attorney in FY 2008. The agency indicated that this attorney would be responsible for helping to implement the new pre-hearing process and managing the commercial docket.

The Senate Committee recommended that the issue be reviewed at Omnibus, and that the agency be allowed to fund this position from existing resources if necessary.

The Conference Committee on **HB 2368** concurred with the House recommendation and did not delete the funding.

D. GBA No. 2, Item 6, Page 4—Small Claims Hearings.

The General Government Budget Committee recommendation (Attachment 12):
FY 2008

- A. Did not take action on this item.
- B. Did not take action on this item.
- C. Did not take action on this item.
- D. Did not adopt the GBA.

Representative Yoder moved for the adoption of the Budget Committee report. The motion was seconded by Representative Lane.

Representative Feuerborn made a substitute motion to adopt "Item D"; GBA No. 2, Item 6, Page 4 (Attachment 1). The motion was seconded by Representative Lane. Motion carried.

Representative Yoder moved for the adoption of the Budget Committee report as amended. The motion was seconded by Representative Lane. Motion carried.

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Department of Revenue

A. Family and Personal Protection Act Expenditures (Senate Committee)

The Senate Committee requested that expenditures made for the implementation of 2006 **SB 418**, the Family and Personal Protection Act, in FY 2007 be reviewed at Omnibus.

Concealed Carry Process Flow

The following steps are currently taken to implement the law according to the Department of Revenue:

1. The Office of the Attorney General (AG) sends the Department of Revenue (KDOR) a data file of people who have applied for a concealed carry license and passed the background check.

2. KDOR verifies the name, date of birth, and drivers license number against the drivers license file.

3. KDOR sends to the AG's office an indicator that everything was verified and the AG's office can send the applicant a letter that they can purchase their concealed carry license. Or, KDOR sends an indicator that the information did not match the drivers license file. During the verification process, the drivers license files are updated with an indicator to show the concealed carry license is ready to issue.

4. When the applicant comes to the office, they have the choice of getting the concealed carry issued on their driver's license, or identification card or, on a stand alone card.

5. Once this license is issued, the drivers license file is updated with the issue status, issue indicator and issue date. This information is sent back to the AG's office to allow the AG's files to be updated.

6. When the AG's office revokes, suspends or receives a surrendered concealed carry license they will send KDOR the information and the drivers license files are updated accordingly.

7. KDOR sends back a file indicating the information has been updated in the drivers license files. This issue, revocation, or suspension information is available to law enforcement.

The following is the expenditure information from the Department of Revenue, the Kansas Bureau of Investigations, and the Office of the Attorney General:

Department of Revenue (information as of March 23, 2007)

Payments of \$72,672 to the drivers license vendor for the design/implementation of 3 new card types (concealed carry indicator on the drivers license, concealed carry indicator on ID card, stand-alone concealed carry permit) have been made as of March 23, 2007. The 2006 Legislature appropriated \$50,000 from the Division of Vehicles Operating Fund in FY 2007 for this purpose.

Additionally, payment of \$27,990 from the Division of Vehicles Operating Fund in contract programmer costs for changes to drivers license system software have been made in FY 2007.

The Department of revenue indicated that 5,613 concealed carry permits at \$12 per card have been issued resulting in \$67,356 in revenue. Of this amount \$22,452 has been deposited into the Photo Fee Fund for the production and mailing of the cards. The remaining \$44,904 was deposited into the Division of Vehicles Operating Fund to cover operating expenditures.

The Attorney General has approved an additional 596 permits which have not yet been picked up by the applicants.

Kansas Bureau of Investigation (information as of April 2, 2007)

The Kansas Bureau of Investigation (KBI) conducts a record check on each concealed carry applicant. They reported on April 2, 2007 that 6,486 record checks have been conducted. The Attorney General's Office transfers \$24 to the KBI for each record check; however, the KBI is required to transfer \$22 of that to the Federal Bureau of Investigation (FBI). The KBI reports that \$142,692 has been transferred to the FBI, and they have retained \$12,972, or \$2 per check, to cover the agency's expenses.

The agency reports that the standard fee for a record check is \$54. In order for the concealed carry record checks to produce revenue equal to other record checks, the Attorney General would need to transfer

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an additional \$30 per record check, or \$194,580, to the KBI.

Office of the Attorney General (information as of March 31, 2007)

The Office of the Attorney General reports that year-to-date expenditures for concealed carry, through March 31, were \$417,398. Year-to-date receipts are \$887,231. The total number of applications received are 7,746.

The breakdown of these expenditures for procession applications by category are as follows:

- Salaries and Wages: \$163,939
- Contractual Services: \$230,981
- Commodities: \$12,701

B. Kansas Advisory Council on Intergovernmental Relations (Senate Committee and House Committee).

Both Committees deleted funding for the Kansas Advisory Council on Intergovernmental Relations for review at Omnibus. A total of \$47,892 from the State General Fund was deleted in FY 2007 and \$48,187 from the State General Fund was deleted in FY 2008.

The Kansas Advisory Council on Intergovernmental Relations is a 15-member council established by the 2002 Legislature to engage in a continuous study of the services provided by the various types and levels of government within the state, the division of responsibility for providing and financing government services, possibilities of improving the organizational structure and operational structure and operational efficiency of the various governmental units serving the citizens of the state; and the state and local tax structure and revenue requirements and fiscal policies of the state and its local units of government.

- The Governor appoints 11 of the 15 members:
 - Two county officials including one member of a board of county commissions;
 - Two city officials;
 - One election township official;
 - One elected school board member;
 - Two executive branch officials;
 - Three private citizens.

The remaining four members are as follows:

- Two members of the Kansas Senate, one appointed by the President of the Senate and one by the Senate Minority Leader.
- Two members of the Kansas House of Representatives, one appointed by the Speaker of the House and one appointed by the House Minority Leader.

No more than seven members may be from the same political party. Members serve without compensation, but may be reimbursed for expenses.

The current chair of the council is the Secretary of Revenue. The Department of Revenue indicated that there has historically been no money appropriated for the Council and requested both a supplemental and enhancement request.

The supplemental request in FY 2007 was for \$47,892, all from the State General Fund. This includes funding of \$27,192 for salaries and wages for a 0.5 FTE administrative position and \$20,700 in operating expenditures including travel.

The enhancement request in FY 2008 was for \$48,187, all from the State General Fund. This includes funding of \$27,487 for salaries and wages for a 0.5 FTE administrative position and \$20,700 in operating expenditures including travel.

C. Funding for the Biodiesel Fuel Producer Incentive and the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentives (House Committee) and GBA No. 2, Item 4, Page 3—Ethanol Producers Incentives. The House Committee noted that 2006 **SB 388** established the Biodiesel Fuel Producer Incentive. This incentive, in conjunction with the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive, established in law account for \$7.0 million of incentives in FY 2008. The House

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Committee recommended that the funding for these incentives be reviewed closely at Omnibus. The Committee expressed particular concern regarding the transfer from the Economic Development Initiatives Fund to the Biodiesel Fuel Producer Incentive Fund in the amount of \$3.5 million in FY 2008.

The law establishes the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund and sets the amount to be transferred from receipts from motor fuel taxes into this fund for FY 2008 of \$3.5 million. The statute specifies that a transfer of \$875,000 will occur quarterly. KSA 79-34,163 specifies that the incentive, paid to Kansas qualified agricultural ethyl alcohol producers, be \$0.075 per gallon produced up to 15.0 million gallons, with a minimum production of 5.0 million gallons. If the aggregate claims for incentives exceeds the amount in the fund, the incentives will be paid on a pro rata basis.

KSA 79-34,156 establishes the Kansas Qualified Biodiesel Fuel Producer Incentive Fund and sets the amount to be transferred from the Economic Development Fund for FY 2008 of \$3.5 million. The statute specifies that a transfer of \$875,000 occur quarterly. The statute also specifies that if money is not available on the date of the transfer the funds shall be transferred from the State General Fund. KSA 79-34,158 specifies that the incentive, paid to Kansas qualified biodiesel fuel producers, be \$0.30 for each gallon of biodiesel fuel sold by the producer.

D. HB 2373 – One Lien on Vehicle Titles (Law). **HB 2373** provides that on and after July 1, 2007, only one lien will be taken or accepted for vehicles with a gross vehicle weight rating of 26,000 pounds or less for an obligation to be secured on a certificate of title. However, this does not apply when a loan is refinanced. Finally, the bill ensures that a second lien cannot be perfected upon a motor vehicle title.

The Department of Revenue indicates that implementation of this bill will require filling two additional FTE positions. These positions would be Senior Administrative Assistants with an estimate of \$82,818, all from the State General Fund, in FY 2008 for salaries and wages and operational expenditures.

E. HB 2038 – Energy Related Tax Incentives (Law). **HB 2038** creates a property tax exemption for certain new nuclear generation facilities and exempts those facilities from various siting requirements; provides income tax incentives for qualified investments in fuel storage and blending equipment used for biofuels; and provides tax incentives for renewable electric cogeneration facilities and certain waste heat utilization systems.

The Department of Revenue indicated that implementation of this bill would require 2,314 hours of programming which would cost \$185,120, all from the State General Fund, in FY 2008.

F. Senate Substitute for HB 2476 – Homestead Refund Program Expansion (Governor). Senate Substitute for **HB 2476** makes a number of changes in the Homestead Property Tax Refund Act, effective for tax year 2007, the cumulative impact of which will result in a significant expansion of the program. The maximum refund available under the program is increased from the current \$600 to \$700. The statutory assumption that renters' effective property tax burden is equivalent to 20 percent of their total rent is reduced to 15 percent. Additional language requires the Department of Revenue to deny claims from renters reporting household income of 150 percent or less of the homestead rental amount who also fail to provide certain supporting information.

Another provision allows 50 percent of Social Security benefits to be excluded from the definition of income for the purposes of qualifying for the program.

A new residential valuation ceiling also will prohibit any homeowner with a residence valued at \$350,000 or more from participating in the program.

A prohibition against persons with delinquent homestead property taxes participating in the program is repealed and replaced with language that will automatically pay any refunds for such persons to county treasurers for application first to any such delinquent taxes; and subsequently to any other homestead taxes currently due.

The Department indicated that the cost of implementation of this bill would total \$321,675, all from the State General Fund, in FY 2008. This includes funding for 2,200 programming hours at a cost of \$176,000 and funding for 3.0 FTE positions, Customer Service Representatives, at a cost of \$145,675.

G. HB 2145 – Incentives for Renewable Fuels (Conference Committee). In part, this bill would create a monetary incentive for licensed retail motor fuel dealers selling renewable fuels and for licensed retail dealers of biodiesel beginning in FY 2009 and ending in FY 2026.

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The Department indicated that the cost of implementation of this bill would total \$140,800 from the Division of Vehicles Operating Fund in FY 2008. This includes funding for 1,760 programming hours in FY 2008.

Additionally, the Department notes that funding for 3.0 FTE positions, Customer Service Representatives, will be required in FY 2009.

H. GBA No. 2, Item 5, Page 4—New Intra-Governmental Service Fund.

The General Government Budget Committee recommendation (Attachment 12):

FY 2007

H. Adopts the GBA to create the new fund (technical).

FY 2008

- A. Did not take action on this item.**
- B. Did not take action on this item.**
- C. Adopts the GBA to add \$1.0 million, all from special revenue funds, for increased incentives and transfer \$1.0 million from the SGF for the incentive in FY 2008.**
- D. Did not take action on this item.**
- E. Recommends the addition of \$185,120, all from the SGF, for programming costs in FY 2008.**
- F. Did not take action on this item.**
- G. Recommends the addition of \$140,800, all from the Division of Vehicles Operating Fund, for programming costs and funding for 3.0 FTE positions in FY 2008.**
- I. New Item - Bingo Regulation Fund - Recommends the inclusion of language requiring the Department to submit a report regarding how the \$20,000 from the State Bingo Regulation Fund for problem gamblers is funded and spent.**

Representative Yoder moved for the adoption of the Budget Committee report. The motion was seconded by Representative Lane.

Representative Holmes made a substitute motion to delete funding of \$3.5 million from EDIF in FY 2008 and \$437,000 from SGF in FY 2007 in the Department of Revenue budget for biodiesel and return the funding to the respective funding sources. The motion was seconded by Representative Kelsey. Motion carried.

Representative Yoder moved for the adoption of the Budget Committee report as amended. The motion was seconded by Representative Lane. Motion carried.

Department of Commerce

A. Rural Opportunity Program (House Committee). The Governor included funding of \$2.1 million from the Economic Development Initiatives Fund for a Rural Opportunity Program in FY 2008. The House Budget Committee recommended that \$900,000 of the funding be deleted. The House Committee restored the funding and recommended a review of the entire program at Omnibus.

The following initiatives are included in the program:

- \$300,000 for the creation and staffing of the Office for Rural Opportunity which would be located in rural areas to assist communities and regions with strategic planning resources and programs and act as a liaison with other state and federal agencies;
- \$100,000 for capacity building and strategic planning grants;
- \$500,000 for a pilot state funded Kansas Small Town Environment Program (KAN-STEP). The current KAN-STEP, which addresses water, sewer, and public building needs, is only federally funded. This expansion would create a state funded program whose eligibility requirements could be adjusted;
- \$200,000 for the Main Street Program, which is a program for downtown redevelopment and historic preservation; and
- \$1.0 million for the Kansas Small Business Development Centers which work

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with small businesses, start-up and entrepreneurs to help them compete and grow.

B. SB 164 – Qualified Industrial Manufacturer Act (Law). **SB 164**, the Qualified Industrial Manufacturer Act, would provide up to \$2.0 million in Kansas income tax withholding if the following conditions are met: be a person, corporation, partnership, or other entity engaged in the manufacturing of hydraulics in Reno County, Kansas, and is a company that anticipates paying at least \$12.5 million in annual gross compensation to employees in Kansas.

The \$2.0 million would be payable over up to a ten year time period. The estimated decrease in State General Fund revenue in FY 2008 is \$625,000.

The Department of Commerce estimates it will require an additional \$35,575, all from the State General Fund, and a 0.5 FTE position to administer the program. This amount includes \$28,680 for salaries and wages, \$2,895 for a workstation, and \$4,000 for training and travel.

C. House Substitute for SB 11 – Health Reform (Conference Committee). House Substitute for **SB 11**, as agreed to by the Conference Committee on April 3, enacts the Foundations of Health Reform Act of 2007. Additionally, the bill contains provisions relating to the following: the use of confidential data in the cancer registry; establishment of the Umbilical Cord Donation Information Act; creation of a dispute resolution process for the State Fire Marshal; reciprocal licenses for adult care home administrators; the practice of physical therapy; the newborn screening program; and the Kansas Pharmacy Act relating to wholesale drug registrants and vaccine administration.

As it pertains to this agency, **SB 11** would create the Small Employer Cafeteria Plan Development program to encourage and expand the use of cafeteria benefit plans authorized by 26 USC 125 (Section 125 plans) by small employers. Small employers are defined in the bill as those who employ fifty or fewer people. The bill would authorize the Secretary of Commerce to provide grants to small employers, who do not already offer cafeteria plans, for the purpose of establishing Section 125 plans. The bill would direct the Secretary to market the program and allow contracts with third parties to operate the program. The Small Employer Cafeteria Plan Development Program Fund is established to provide grants. Under the provisions of the bill, the development program would expire July 1, 2009.

The bill would authorize the Secretary of Commerce to make grants or no interest loans for the purpose of financing the initial costs associated with the formation and organization of associations to assist members of the association with obtaining access to health care plans. As defined in the bill, an association would mean a small business or an organization of persons having a common interest. A small business would be defined as an employer with fifty or fewer employees. The bill would specify the use of the funds, including authorization to use the funds to pay for actuarial or feasibility studies. The loans would be required to be interest free and the association would be required to provide a two for one match for the grant or loan. The Association Assistance Plan Fund would be established to provide grants and loans and \$500,000 would be transferred from the State General Fund to the Fund on July 1, 2007.

The Department on Commerce indicated that the cost to implement the provisions of this bill would be 1.5 FTE positions and \$150,000 from the Economic Development Initiatives Fund in FY 2008. The funding would include salaries and wages for the 1.5 FTE positions and other operating costs to administer the programs.

The Agriculture and Natural Resources Budget Committee recommendation (Attachment 10): FY 2008

- A. Did not take action on this item.**
- B. Did not take action on this item.**
- C. Recommends the addition of \$150,000, all from the Economic Development Initiatives Fund (EDIF), and 1.5 FTE positions in FY 2008, to implement provisions relating to the Small Employer Cafeteria Plan and the Association Assistance Plan Fund.**
- D. New Item - Ethanol Plant Economic Impact Study - Recommends the addition of \$17,500, from the Economic Development Initiatives Fund, in FY 2008 to conduct an Ethanol Plant Economic Impact Analysis.**

Representative Powell moved for the adoption of the Budget Committee recommendation. The motion was seconded by Representative Gatewood. Motion carried.

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Kansas Technology Enterprise Corporation

A. Experimental Program to Stimulate Competitive Research (EPSCoR) Funding (Senate Committee). The Senate Committee recommended consideration of the addition of \$125,000 from the Economic Development Initiatives Fund (EDIF) for Experimental Program to Stimulate Competitive Research (EPSCoR) at Omnibus.

This program is aimed at improving the competitiveness of academic research in states that have not traditionally fared well in attracting federal research funds. Kansas qualifies as an EPSCoR state by virtue of its universities historically receiving low per capita research dollars. EPSCoR attempts to normalize the inequity through a competitive research funding process restricted to the 25 designated EPSCoR states.

The agency indicated it would anticipate receiving an additional \$1.5 million in federal funds if it receives the \$125,000 from EDIF to use as matching funds. This would result in a 12:1 match rate for these funds.

The agency requested \$125,000 as an enhancement request to its budget. The Governor did not recommend the enhancement request. The amount approved for this program for FY 2008 by the Conference Committee on **HB 2368** is \$1.95 million.

B. Entrepreneur-in-Residence Program Funding (Senate Committee). The Senate Committee recommended consideration of the addition of \$150,000 in FY 2008 from the Economic Development Initiatives Fund for the Entrepreneur-in-Residence program at Omnibus.

The Entrepreneur-in-Residence program attempts to stimulate results in strategic industries through contracts with individuals.

The activities of these professionals include developing strategies for key industries, modeling university research for direct commercialization, locating substantial out-of-state venture capital, and increasing pools of local private capital.

The agency requested \$150,000 in FY 2008 as an enhancement request to its budget. The Governor did not recommend the enhancement request. The amount approved for this program for FY 2008 by the Conference Committee on **HB 2368** is \$270,000.

The Agriculture and Natural Resources Budget Committee recommendation (Attachment 10): FY 2008

- A. Recommends the addition of \$125,000, all from the Economic Development Initiatives Fund in FY 2008, for EPSCoR.**
- B. Did not take action on this item.**

Representative Powell moved for the adoption of the Budget Committee recommendation. The motion was seconded by Representative Gatewood. Motion carried.

Department on Aging

A. Health Facility Surveyors (House Committee and Conference Committee). The House Committee deleted \$255,673, all from the State General Fund, and 3.0 FTE positions in FY 2008 for the addition of three new health facility surveyors for review at Omnibus. The Conference Committee on **HB 2368** concurred with the House position and deleted the funds for review at Omnibus.

The Governor's budget included the addition of 3.0 FTE positions for surveying nursing facilities and enforcing state and federal rules and regulations. The Kansas Department on Aging indicated it requested funding for these positions due to an increase in the number of licensed nursing facility beds combined with a substantial increase in the number of state-licensed facilities such as assisted living facilities and adult day care programs.

The Department noted that the number of licensed beds within certified facilities has increased by about 1,300 during the past eight years. While the number of FTE positions dedicated to this activity has been constant, the number of filled positions has declined slightly as federal funding has not kept pace with the demands of the program. Currently about 20 percent of the 70 federal surveyors positions

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are vacant.

Concurrently, the number of state-licensed facilities has grown by 116 facilities. The number of surveyors has remained constant at four although the number of facilities has increased by 74 percent. Currently, one of those positions is vacant due to budget constraints.

The Department indicated that the lack of adequate resources in the state facility survey program has had a serious impact on the Department's ability to conduct surveys and complaint investigations in assisted living facilities and other state-licensed adult care homes. The program is behind in both annual surveys and complaint investigations, which potentially could lead to serious outcomes for Kansas seniors.

B. Home and Community Based Services for the Frail Elderly (HCBS/FE) Waiver Rate Increase (House Committee and Conference Committee). The House Committee deleted \$3,695,066, including \$874,969 from the State General Fund in FY 2008, for increases in reimbursement rates for the Home and Community Based Services for the Frail Elderly waiver and to meet the projected increases in caseload in the waiver for review at Omnibus. The Conference Committee concurred with the House position and deleted the funding.

This would be an increase of 5.9 percent over the FY 2007 approved amount and would allow for an increase in the average cost per person and increases in caseloads.

Governor's Recommended HCBS/FE Waiver Increase Enhancement

	<u>SGF</u>	<u>Other State Funds</u>	<u>Federal</u>	<u>All Funds</u>
Federal Matching rate change	\$ 339,638	\$ --	\$ (339,638)	\$ --
Increase Waiver				
Senior Services Fund	\$ --	\$ 508,037	\$ --	\$ 508,037
Long Term Care Loan and Grant Fund	--	439,831	--	439,831
State General Fund	535,331			535,331
Federal Funds	--	--	2,211,867	2,211,867
TOTAL	<u>\$ 874,969</u>	<u>\$ 947,868</u>	<u>\$ 1,872,229</u>	<u>\$ 3,695,066</u>

C. Other Expenditures from HCBS/FE Waiver (House Committee). The House Committee recommended review at Omnibus of the other enhancement items that the agency requested for the HCBS/FE waiver in FY 2008. These include:

- \$581,758, including \$230,318 from the State General Fund, for 24 hour service delivery for individuals receiving waiver services;
- \$5,321,011, including \$2,106,588 from the State General Fund, to provide companion services to individuals receiving waiver services; and
- an additional \$5,503,285, including \$2,766,658 from the State General Fund, to increase reimbursement rates for the waiver and to meet the projected increases in caseload.

The Governor did not recommend these enhancements and the Legislature did not included funding for these items in **HB 2368**.

D. Rapid Referral (Senate Committee and House Committee). The Senate and House Committees recommended review of the addition of \$1,081,200, including \$645,764 from the State General Fund, for a new rapid referral and early intervention system for hospital discharge planners and community new care managers in FY 2008.

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According to the Department, early intervention at hospitals by case managers proved beneficial in being able to set up services before the customers went home and made for smoother transitions between settings. In the pilot project, the early intervention was also effective in preventing some customers from going directly into a nursing facility from the hospital.

E. Senior Care Act (House Committee). The House Budget Committee deleted \$500,000 all from the State General Fund, for the Senior Care Act in FY 2008 for review at Omnibus. The Senior Care Act is a state only funded program which provides home and community based services for those individuals over the age of 60 who have not yet exhausted their financial resources. The House Committee subsequently restored the \$500,000 from the State General Fund for the Senior Care Act.

The House Committee recommended review at Omnibus of the other enhancement items that the agency requested for the Senior Care Act. These include:

- \$200,000 from the State General Fund for expedited services for individuals who would otherwise have to wait for eligibility determination; and
- \$278,800 from the State General Fund to provide services for additional individuals on the Senior Care Act.

The Conference Committee on **HB 2368** included \$500,000, all from the State General Fund, in FY 2008 for increased Senior Care Act funding.

The Department indicated that the waiting list for Senior Care Act services was 178 persons as of December 31, 2006. The waiting list, as of March 30, 2007, has grown to 238 due primarily to demands for services and unavailability of local funds.

F. Topeka PACE (Senate Committee and House Committee). The House and Senate Committees noted that the Program of All Inclusive Care for the Elderly (PACE) is a proven program that saves the state money through the payment of a capitated rate for services. The Committees noted that a commitment was made to expand the program in Topeka, which is operated by Midland Care Connection. The program is currently authorized for 75 slots and is requesting another 75 slots for the program for FY 2008. The Committees recommended a review at Omnibus of the addition of \$1.15 million, including \$455,285 from the State General Fund, in FY 2008 for this expansion.

G. Wyandotte County PACE (House Committee and Conference Committee). The Department on Aging is requesting an additional location for the PACE program to be located in Wyandotte County. The House Committee noted that significant private funds are being committed to this development, up to a potential of \$1.0 million each from the Sisters of Charity, SWOPE Healthcare Services, and Via Christi. Testimony indicated that within five years, the program in Wyandotte County could grow to provide services to 500 individuals. The House Committee recommended a review at Omnibus, as this type of program typically takes at minimum 18 months to begin operation, as it requires federal approval. The House Committee recommended that the Committee consider approval of 80 slots starting in FY 2009 with the goal of adding 80 additional slots each fiscal year for up to seven years, for a total of 500 slots. The House Committee notes that approval would be needed this legislative session for the project to move forward for implementation in FY 2009. Additionally, the House Committee noted the commitment by the private sector, and the need for the public sector to commit to the project. The Department requested an enhancement of \$795,000, including \$314,741 from the State General Fund, for 50 slots for this location in FY 2008.

The Senate Committee recommended the approval of 80 slots at the Wyandotte County location starting in FY 2009. The Senate Committee noted that approval would be needed this legislative session for the project to move forward for implementation in FY 2009.

The Conference Committee on **HB 2368** concurred with the House position to review the approval at Omnibus.

H. Grant Programs (House Committee). The House Committee recommended a review at Omnibus of the proposal from the Kansas Foundation for Medical Care, Inc., to establish two grant programs at the Department on Aging to be operated by the Foundation in FY 2008:

- \$204,218, all from the State General Fund, for Community Collaborative/Coalition which would develop and facilitate community collaborative/coalitions focused on healthcare

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quality improvement through increased continuity and coordination of care; and

- \$152,126, all from the State General Fund, for individualized nursing home technical assistance program to operate in nine nursing facilities on a voluntary basis to improve the quality of care.

The House Committee subsequently added \$356,344, all from the State General Fund, for these grants. The Conference Committee on **HB 2368** concurred with the House position and added the funding.

I. Nutrition Funding (Senate Committee and House Committee). The Senate Committee recommended a review at Omnibus of additional funding for the nutrition program. The House Committee recommended that the addition of \$250,000, all from the State General Fund, in FY 2008 for the nutrition program be considered at Omnibus. The House Committee recommended the addition of \$750,000, all from the State General Fund, in FY 2008, including \$500,000 to replace commodities and \$250,000 to increase the amount of funding for meals provided. The Conference Committee on **HB 2368** concurred with the House position and added \$750,000, all from the State General Fund, in FY 2008 for the nutrition program.

The request included \$500,000 to replace food previously received via the commodities program operated by the United States Department of Agriculture (USDA), in both the entitlement and bonus commodities. Under the current federal language, which was approved this fall, the state nutrition providers will have lost access to donated commodities previously available from the USDA. In place of these commodities, the providers will have additional cash passed through to them by the Department on Aging, but will have to buy the food on the commercial market, which will be at a significantly increased rate. The House Committee recommended that these funds, if approved, be distributed according to the number of meals served instead of using the current funding formula.

The remaining \$500,000 would be used to increase the amount of funding for the meals provided by these entities. The House Committee received testimony that nutrition is the backbone of all services being provided to individuals and helps keep people in their homes for as long as is feasible. Additionally, the increase in the cost of gas is creating challenges for the Meals on Wheels program, and the Budget Committee received testimony that in the future some programs may have to pay for the delivery, as volunteers become harder to recruit. Additionally, the House Committee noted that for many of those individuals receiving meal service, it is the only personal contact they have during the day, which provides both companionship and a daily security check. The additional funds could be used for food costs, labor costs or delivery costs. The House Committee recommended that these funds, if approved be distributed according to the number of meals served instead of using the current funding formula.

The Senate Committee noted testimony it received that Kansas and seven other states were particularly affected by this policy decision.

The Senate Committee also noted that the proposed increase in federal minimum wage has the potential to significantly increase the costs incurred by the nutrition providers as they traditionally have employed many individuals at this level.

Additionally, the Senate Committee received testimony from the nutrition providers indicating that without additional funding, several providers will have cease operation. The testimony specifically cited the provider in Hutchinson, who serves 10 counties, and the provider who serves Atchison and Washington counties.

J. Long Term Care Loan and Grant Fund (House Committee). The House Committee noted its concern that the Governor's recommendation included using the interest obtained from repayments into the Partnership Grant Program of \$214,068 as state matching funds for the HCBS/FE waiver in FY 2008. The Budget Committee expressed concern that the use of this funding in areas other than the Partnership Grant Program limits the agency's ability to innovate. The House Committee recommended that in the future the interest remain in the program for use as grants and recommended a review at Omnibus of the use of these funds in FY 2008.

The Department indicated that the Partnership Loan Program has provided funding to ten projects. These ten loan commitments are for housing alternatives such as senior apartments or assisted living apartments in primarily small communities in rural Kansas.

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The Partnership Loan Program loan payments include principal and interest. The interest dollars are deposited into a grant account. On average, the amount of interest received, based on the past five years, is approximately \$158,000 per year.

The Department has provided two grants from this account - the first grant provided funding for a "Nursing Facility Deep Culture Change Tool Chest", and is currently providing funding for a Home Telehealth project for HCBS/FE waiver customers.

K. Statewide Oral Health Initiatives (Senate Committee). The Senate Committee noted that the Kansas Health Policy Authority (KHPA) requested funding for oral health services in its budget submission. The Senate Committee requested clarification regarding the issue of oral health services, including the benefits implemented by the Department of Social and Rehabilitation Services (SRS) for the home and community based services waivers administered by that Department in FY 2007.

The Senate Committee noted that if the enhancement requested by KHPA is approved, only a portion of the enhancement request by the Department on Aging would still be required. The Conference Committee on **HB 2368** did not include funding for this enhancement by KHPA. It was the understanding of the Senate Committee that the portion of the Department on Aging enhancement request for the purchase of dentures for individuals on the waiver is unique.

The following table contains information on dental services requested for SRS, KDOA, and KHPA.

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Medicaid Adult Dental Expansion					
<u>Agency</u>	<u>Population Served</u>	<u>Services Provided</u>	<u>Estimated Cost</u>		
			<u>All Funds</u>	<u>State General Fund</u>	
SRS	Waivers*	Preventative Services Restorative Services			
		<i>TOTAL</i>	\$ 5,000,000	\$ 2,000,000	\$500 annual per person limit
* Waivers include physically disabled, developmentally disabled, and traumatic brain injury					
Aging	FE Waiver	Preventative Services	\$ 1,896,500	\$ 750,824	3,793, people \$500 annual services
		Dentures	<u>1,422,000</u>	<u>562,970</u>	948 people, \$1,500 limit
		<i>TOTAL</i>	\$ 3,318,500	\$ 1,313,794	
KHPA	Medicaid Adults	Preventative Services	\$ 4,921,000	\$ 1,968,500	
		Restorative Services	<u>3,866,000</u>	<u>1,546,500</u>	
		<i>TOTAL</i>	\$ 8,787,000	\$ 3,515,000	
Preventative services include exams, x-rays, teeth cleaning, and fluoride application.					
Restorative services include fillings, extractions, root canals, crowns, periodontal services, orthodontia, dentures, and oral surgeries.					
Funds included for the Department on Aging and KHPA are in budget enhancements for FY 2008. The FY 2008 <i>Governor's Budget Report</i> and HB 2368 include funding for the Department on Aging enhancement.					

L. Oral Health Initiatives (House Committee). The House Committee directed the Department to confer with the Dental Association and the state dental officer regarding capacity issues and any other implementation issues, especially the current payment system. The House Committee directed the Department to report back at Omnibus regarding capacity issues and the result of the conversations. Further, the House Committee noted that it appeared that SRS and the Kansas Health Policy Authority (KHPA) are still experiencing issues with dental billing and payment rates, and that more investigation into the issue may be needed by all concerned parties. The House Committee encouraged the Department to involve the state dental officer at the Department of Health and Environment (KDHE) for their perspective. Additionally, the House Committee requests that the Department review the estimate for expenditures for this benefit, as it would not be implemented for the entire fiscal year due to the above mentioned items.

The Department indicated that the Secretary met on April 4th with the State Dental Officer, the executive director of the Kansas Dental Association (KDA), and a representative from the Kansas Health Policy Authority (KHPA) and others. The group considered a recent report that studied the impact of the recent move from managed care to a fee-for-service system for Medicaid and State Children's Health Insurance Program (SCHIP) dental services. Because of this system change, according to the

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representative of the KHPA, dentists are being reimbursed faster and as a consequence, more dentists are participating in these programs. KHPA will make another concerted effort this fall to enroll additional dentists in the Medicaid program.

The agency indicated that it was clear from the discussion, however, that many Kansans experience difficulty gaining access to a dentist regardless of their payer source. To address the unique problems of Kansas seniors on Medicaid, KHPA, KDOA, KDHE and the KDA agreed to make a collective effort to educate seniors on Medicaid about the program and the dentists who provide routine dental care and denture services. The group agreed to continue to discuss implementation issues including reimbursement rates for preventative and restorative services as well as determining prices for dentures.

The Department noted that the \$3.3 million requested by the Department and recommended by the Governor in FY 2008 was based on a beginning service date of October 1, 2007, not July 1. The October 1 implementation date is premised on approval by the federal Centers for Medicare and Medicaid Services (CMS). KDOA will seek a plan amendment from CMS to add oral health coverage under HCBS/FE waiver as soon as the budget is finalized by the Legislature. Funding of \$3,318,500, including \$1,313,794 from the State General Fund, was included by the Conference Committee on **HB 2368** for FY 2008.

M. HB 2535 Adult Care Home Licensure Fee Fund (Law). HB 2535 amends existing law relating to the deposit of license fees for the operation of adult care homes. The bill directs that the funds will be deposited into a newly created State Licensure Fee Fund, instead of into the State General Fund. The fund will be administered by the Kansas Department on Aging. All moneys deposited into this Fund would be subject to appropriation. The estimated decrease in State General Fund revenues in FY 2008 are \$570,000.

The Senate Committee wanted to review appropriating the funds at Omnibus if this bill is signed into law.

N. Spring Consensus Caseload Estimates and GBA No. 2, Item 12, Page 10. The FY 2007 Spring Consensus Caseload Estimate for Nursing Facilities is a decrease of \$4.7 million, including \$1.9 million from the State General Fund from the approved budget. The change reflects a lower than anticipated number of individuals served.

The FY 2008 Spring Consensus Caseload Estimate for Nursing Facilities is the same as the approved budget.

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

The Social Services Budget Committee recommendation (Attachment 14):

FY 2007

- M. Recommends \$285,000 be appropriated for the Adult Care Home Licensure Fee Fund in FY 2007.**
- N. Adopts the GBA to delete \$4.7 million, including \$1.9 million from the State General Fund in FY 2007, for nursing facility caseloads.**

FY 2008

- A. Did not take action on this item.**
- B. Recommends the addition of \$3,695,066, including \$874,969 from the SGF, for HCBS/FE waiver expenditures in FY 2008.**
- C. Did not take action on this item.**
- D. Did not take action on this item.**
- E. Recommends the addition of \$478,800, all from the SGF, in FY 2008 for the Senior Care Act. This includes \$200,000 for expedited services and \$278,800 for services for additional individuals on the waiver.**
- F. Did not take action on this item.**
- G. Recommends approval of a PACE program in Wyandotte County to start operations in FY 2009. The recommendation will allow the agency to start seeking federal approval during FY 2008.**
- H. Did not take action on this item.**
- I. Did not take action on this item.**
- J. Did not take action on this item.**
- K. Did not take action on this item.**

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

L. Did not take action on this item.

M. Recommends \$570,000 be appropriated for the Adult Care Home Licensure Fee Fund in FY 2008.

Representative Bethell moved for the adoption of the Budget Committee report. The motion was seconded by Representative Ballard. Motion carried.

Board of Healing Arts

A. SB 81—Finger Printing and Criminal History Record Checks (Senate Committee). The Senate Committee recommended further review of the Board of Healing Arts funding needs should **SB 81** become law. **SB 81**, as amended by the Senate Committee on Judiciary, would authorize the State Board of Healing Arts to require new licensees to be fingerprinted and to submit the fingerprints to the Kansas Bureau of Investigation (KBI) and the Federal Bureau of Investigation (FBI) for a national criminal history record check for the purpose of determining initial qualifications and suitability to obtain a license. The fiscal note from the Division of the Budget states that the KBI charges \$54 for a KBI and FBI fingerprinting and national record check. The Board indicates that it expects to process approximately 1,600 applications for licenses, registrations, permits, or certificates each fiscal year at an estimated cost of \$86,400 in each fiscal year. However, **SB 81** would allow the Board of Healing Arts to charge and collect a fee from the applicant or license holder for the cost of the fingerprinting and background checks which would offset the additional expenditures. The agency states that it expects to charge a portion of the expense to the applicant to defray some of the cost, but not the full amount. This would require an additional expenditure from the Healing Arts Fee Fund. The House Health and Human Services Committee held a hearing on this bill on February 27, and it remains in Committee.

B. Additional FTE Positions for FY 2008 and FY 2009 (House Committee). The House Committee deleted and recommended Omnibus consideration of the Board of Healing Arts' FY 2008 enhancement request for \$208,000, all from special revenue funds, and 7.0 FTE positions. This would include 5.0 new FTE positions and funding, as well as the conversion of 2.0 existing non-FTE positions to FTE positions. The House Committee also deleted and recommended further consideration of the Board of Healing Arts FY 2009 continuation of its request at \$208,486 to maintain the new FTE positions.

The Conference Committee on **HB 2368** recommended the addition of the new FTE positions, the conversion of the non-FTEs to FTEs, and the funding for the positions, for FY 2008 and FY 2009. The Conference Committee also added language requiring that the Board of Healing Arts prepare a report that addressed how the Board has utilized the 7.0 FTE positions to address concerns raised in the October 2006 Legislative Post Audit regarding issues related to complaint investigations, background investigations, and composition of the board, and report to the House Appropriations Committee and the Senate Ways and Means Committee on or before February 1, 2008.

The Education Budget Committee recommendation (Attachment 11):

FY 2008

A. Did not take action on this item.

B. Did not take action on this item.

FY 2009

B. Did not take action on this item.

State Library

A. Interlibrary Loan Delivery Service (House Committee and Conference Committee). The House Committee deleted \$125,000, all from the State General Fund, for the creation of an interlibrary loan delivery service in FY 2008 for consideration at Omnibus. The Conference Committee on **HB 2368** concurred with the House position to delete the funding for review at Omnibus.

The agency states that, if this particular amount was appropriated, it could initiate and provide a courier service for approximately 60 public libraries including academic libraries. The agency's original request for \$250,000, which would be matched by the Kansas library community to allow \$500,000 for the service, was to serve 120 libraries and academic libraries. The agency states that there are 326 public libraries in Kansas, not including academic libraries.

B. State Data Center Expansion (Senate Committee and House Committee). The House

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Committee and Senate Committee recommended review of the addition of \$70,937, all from the State General Fund, for the expansion of the state data center census information coordination and promotion enhancement request in FY 2008. The State Library is the official State Data Center for Kansas, making it the receiving point for federal census information in the state and responsible for coordination of census promotion in Kansas. The agency already has an FTE position available for the expansion, but needs funding for the position. This position would coordinate data received from the Census Bureau and promote the census, talk to businesses and civic groups about the information available, and be responsible for planning and partnering with agencies to promote a high level of participation in Kansas.

C. Online Periodical Databases Funding (Conference Committee). The House Committee recommended the transfer of \$809,680, all from special revenue funds, for the coordination and funding of online database resources currently funded through KAN-ED in FY 2008. The Conference Committee on **HB 2368** did not recommend the transfer of the funds, but requested that this item be further reviewed at Omnibus.

D. Learning Station Portal (Conference Committee). The House Committee recommended the transfer of \$1,500,000, all from special revenue funds, for the funding of the Learning Station portal, and the transfer of the custodianship of the portal to the State Library in FY 2008. The Conference Committee on **HB 2368** did not recommend the transfer of the funds, but requested that this item be further reviewed at Omnibus. The Learning Station Portal is currently maintained by KAN-ED, and provides access to a variety of online databases.

E. Talking Books Service Promotion (House Committee). The House Committee deleted \$50,000, that the Governor recommended, all from the State General Fund, for the Talking Books service promotion in FY 2008 for review at Omnibus. The Conference Committee on **HB 2368** recommended the addition of \$76,500, all from the State General Fund, to provide for the promotion. This is the amount that the agency originally requested. The agency states that this program 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.

In 2007 **HB 2368** there is appropriated for Talking Books services \$538,847, all from the State General Fund, which includes the \$76,500 added by the Conference Committee on **HB 2368** for the promotion of the Talking Books service.

The Education Budget Committee recommendation (Attachment 11):
FY 2008

- A. Did not take action on this item.
- B. Recommends the addition of \$70,937, all from the SGF, for the State Data Center information coordination and promotion enhancement in FY 2008.
- C. Recommends the transfer of \$809,680, all from special revenue funds, for the coordination and funding of online database resources currently funded through KAN-ED in FY 2008.
- D. Recommends the transfer of \$1,500,000, all from special revenue funds, for the funding of the Learning State Portal and the transfer of the custodianship of the portal to the State Library in FY 2008.
- E. Did not take action on this item.

Representative McLeland moved for the adoption of the Budget Committee report. The motion was seconded by Representative Masterson. Motion carried.

Kansas Arts Commission

A. Additional Funding for Arts Grants for FY 2008 (House Committee). The House Committee deleted \$100,000, all from the State General Fund, for additional arts grants in FY 2008 for review at Omnibus. The Conference Committee on **HB 2368** recommended the restoration of the \$100,000 for the additional arts grants in FY 2008.

In 2007 **HB 2368** there is appropriated for Arts programming grants and challenge grants \$1,299,196, all from the State General Fund, which includes the \$100,000 added by the Conference Committee on **HB 2368** for additional arts grants in FY 2008. The FY 2007 approved amount for Arts programming grants and challenge grants was \$1,199,196 from the State General Fund.

The Education Budget Committee recommendation (Attachment 11):

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

FY 2008

A. Did not take action on this item.

State Historical Society

A. Kansas Humanities Council: Prime Time Family Reading Program (House Committee and Conference Committee). The House Committee deleted \$50,000, all from the State General Fund, for the Kansas Humanities Council's request for the creation of new Prime Time Family Reading programs in FY 2008. The Conference Committee on **HB 2368** concurred with the House to delete the funding and review at Omnibus. The Humanities Council is planning to develop ten Prime Time family reading programs and one "Read to Me" program. According to the Humanities Council, Prime Time Family Reading and "Read to Me" programs strengthen low income, low literate families with reading and discussion programs centered around values such as honesty, responsibility, and fairness. The Humanities Council also states that the reading and discussion programs foster reading in both children and parents; provide insights into daily life problems; encourage thoughtful personal and family decision-making; advance academic success; and contribute to healthier parent-child relationships.

B. Information Technology Replacement (House Committee). The House Committee recommended further review of the agency's request for \$75,000, all from the State General Fund, for the replacement of dated information technology in FY 2008. This money would be used for the replacement of out-dated computers, servers, and printers.

C. Goodnow House Exterior Restoration (House Committee and Conference Committee). The House Committee deleted \$111,000, that the Governor recommended, all from the State General Fund, for the exterior restoration of the Goodnow House in Manhattan in FY 2008. The Building Committee concurred with the Governor's recommendation to add the funding. The Conference Committee on **HB 2368** concurred with the House Committee to delete the funding and review at Omnibus.

Testimony and pictures were presented in Committee as to the disrepair of the sites exterior and structure. The agency states that the Goodnow House was the home of Isaac Goodnow, a leader in the free-state movement and one of the founders of the town of Manhattan. He later established the college which became Kansas State University.

D. Senate Substitute for HB 2405 – Expansion of Income Tax Credit Program (Governor). Senate Substitute for **HB 2405** would expand an existing income tax credit program for certain expenditures associated with qualified historic structures; enact an alternative tax credit program for certain contributions to state-owned historic sites or not-for-profit organizations owning and operating such sites; authorize the State Historical Society to develop a program of competitive grants for partnership historic sites; and authorize appointment of a partnership historic grant committee to recommend awarding of the grants.

The bill would authorize the State Historical Society to develop a competitive grant program to award to partnership historic sites. To be eligible for any such grants, partnership historic sites would be required to be listed on the national or state register of historic places; be owned or operated by a not-for-profit organization; not receive any other state funding for operations; develop and submit a business plan; be open to the public or have the potential to be open to the public for at least 500 hours per year; be owned and operated for the purpose of educating the public about a specific historical aspect; provide a 50 percent match for funds which are not state or federal moneys; and abide by all federal, state, and local laws. Funding for the grant program would be subject to appropriations. Any grants awarded would be required to be used to develop historic preservation plans that meet the federal Secretary of the Interior's standards in cooperation with the Kansas State Historical Society or to cover basic operations costs, or both. Sites receiving grants also would be required to submit reports at the end of the grant period.

The actual implementation of the program is subject to appropriation. The bill establishes the "Partnership Historic Sites Grant Fund," and stipulates that no more than 12 percent of the appropriated funds be used for the administration of the fund. The agency states the complexity of administering the fund and competitiveness of the grant program would depend on the amount appropriated for the grant program to the fund. The agency states that a grant program based on an appropriation of \$200,000 to \$300,000 from the State General Fund would provide for the hiring of a part time position to administer the fund. If a larger amount were appropriated the agency would request a full time position estimated around \$35,000 plus fringe benefits. The agency would not require additional FTE positions.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

The Education Budget Committee recommendation (Attachment 11):

FY 2008

- A. Did not take action on this item.
- B. Recommends the addition of \$75,000, all from the SGF, for the replacement of dated information technology in FY 2008.
- C. Did not take action on this item.
- D. Did not take action on this item.

Representative McLeland moved for the adoption of the Budget Committee report. The motion was seconded by Representative Masterson. Motion carried.

Board of Nursing

A. Additional Examiner Position and an Additional Assistant Attorney General Position (House Committee). The House Committee directed the agency to report back on how the possible addition of an examiner position and special Assistant Attorney General position would aid the agency in reducing the time for case processing and closure in FY 2008.

The Board of Nursing provided the following information:

The Board of Nursing's current strategic plan states:

- Investigations should be completed within 9 months; and
- Cases should go to hearing 90 days after an Assistant Attorney General receives them.

In 2004, with 906 investigative cases opened, the investigators had 81 percent of the investigations complete within nine months. The average case load per investigator was 226. The current case load per investigator is 275. The average caseload based on 1,100 complaints with six investigators would be 183.

The Board of Nursing indicated that it takes six months for a new investigator to become orientated to procedures, process, and writing summaries. It takes investigators about one year to be handling a full case load. The Board of Nursing also sends new investigators to a national class to become a certified investigator. An audit of open cases done on April 3, 2007 showed 51 percent of cases were open longer than nine months. With five investigators it is estimated that there would be a decline in open cases at the end of FY 2008, and at the end of FY 2009, 80 percent of open cases would be completed within nine months. With six investigators it is estimated that 80 percent can be completed in six months by the end of FY 2009. This estimate is made with the expectation that there is not an increase in the number of complaints opened and no vacant investigator positions. The fiscal impact of an additional investigator in FY 2008 is \$65,095, all from the Board of Nursing fee fund. The estimate includes \$64,423 for salaries and wages and \$672 for operating support.

In 2005 and 2006, 143 and 197 respectively cases were referred to the Assistant Attorney General. There are currently 80 cases that are more than 90 days old. The present Assistant Attorney General is currently monitoring 74 cases from 2005 and 2006. Ten of these cases have been re-opened due to non-compliance. There are currently 11 cases from 2005 and 69 cases from 2006 that are active but have not received any action or hearing date. Nine cases in 2005 and 28 cases in 2006 are being worked and have been given a hearing date or are in negotiation for a diversion agreement or stipulation agreement. As of March 14, 2007, 11 cases had been referred to the Assistant Attorney General and five are pending and could be called to hearing and two are being monitored via a diversion agreement or stipulation. If there is not another Assistant Attorney General hired, it is expected that there will continue to be a backlog of cases with five and possibly six investigators. It is anticipated that if a Second Assistant Attorney General were hired the 80 cases from 2005 and 2006 will be worked and called to hearing, and by the end of FY 2009, new cases will be worked within 90 days after they are received by the Assistant Attorney General. This estimate is made with the expectation that there is not an increase in the number of cases referred to the Assistant Attorney General and there is no vacant Assistant Attorney General positions.

The fiscal impact on an additional Assistant Attorney General position in FY 2008 is \$67,787, all from the Board of Nursing fee fund. The estimate includes \$63,615 for salaries and wages and \$4,172 for operating support.

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Fiscal Impact—Board of Nursing

Fiscal Year	Est. Revenue	Approved Expenditure Limit	Est. Fee Fund Balance	2 nd AAG Hearings Phone, Computer Connection	Est. Fee Fund Balance	6 th Investigator Phone, Computer Connection	Est. Fee Fund Balance
FY 2008	\$1,687,691	\$1,678,666	\$424,244	\$67,787	\$356,457	\$65,095	\$291,362
FY 2009	\$1,705,514	\$1,695,014	\$291,362	\$67,787	\$223,575	\$65,095	\$168,980

The Social Services Budget Committee recommendation (Attachment 14):

FY 2008

- A. Recommends the addition of \$67,787, all from special revenue funds, and 1.0 FTE for an additional Assistant Attorney General position in FY 2008.

Representative Bethell moved for the adoption of the Budget Committee report. The motion was seconded by Representative Ballard. Motion carried.

Emergency Medical Services Board

A. **SB 8 – Provisions Related to the Board of Emergency Medical Services (Governor).** As it relates to this agency, **SB 8**, would authorize the issuance of non-transferable emergency medical services license plates. The plates would be available on and after January 1, 2008, to any resident owner or lessee of one or more passenger vehicles, motorcycles, or trucks of a gross weight of 20,000 pounds or less. The bill would require that an applicant provide proof to the Director of Vehicles that he or she is an emergency medical services attendant. Renewals of the plate would be made annually. The fiscal note attached to this portion of the bill notes that the Board of Emergency Medical Services will be required to pay a \$10,000 fee for the creation of this distinctive license plate. The Board of Emergency Medical Services requests \$10,000 additional expenditure authority from the Emergency Medical Services Operating Fund for this fee.

SB 8, as amended, would also direct 2.5 percent of the increased fines imposed on individuals not wearing seatbelts to be deposited into an EMS revolving fund which is to be used to enhance the quality of emergency medical services in the state. Since the agency is unable to estimate how many individuals will be fined and therefore cannot anticipate the amount of money that will be available in the new fund for use, the agency would request that this new fund be appropriated as a no limit fund.

The Transportation and Public Safety Budget Committee recommendation (Attachment 13):

FY 2008

- A. Recommends the addition of \$10,000, all from special revenue funds, to pay for the fee required for the creation of a distinctive emergency medical service provider license plate in **SB 8**.
- B. Recommends the appropriation of the Emergency Medical Services Revolving Fund created in **SB 8**, as a no-limit fund.
- C. Recommends that language be added to the Bill stating that if an agency or entity agrees to receive grant money coming from the Emergency Medical Services Revolving fund of the Board of Emergency Medical Services (created in **SB 8**) by receiving such grant money the agency or entity has agreed to report back to the Board of Emergency Medical Services detailing all expenditures, uses, and receipts derived from that money.
- D. New Item - Provisions Related to the Board of Emergency Medical Services (Report of Expenditures from the Emergency Medical Services Revolving Fund). The Budget Committee requests that the Board of Emergency Medical Services prepare a detailed report of how the Board has utilized the funds generated by **SB 8** and that were deposited into the Emergency Medical Services Revolving Fund. This report will be presented to the Legislature on or before February 1, 2008.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Representative Tafanelli moved for the adoption of the Budget Committee report. The motion was seconded by Representative Holmes. Motion carried.

Board of Pharmacy

A. Pharmacy Inspector Position (House Committee). The House Committee recommended that the addition of \$66,692, all from special revenue funds, and 1.0 FTE pharmacy inspector position in FY 2008, and \$67,232, all from special revenue funds, for the continuation of the 1.0 FTE pharmacy inspector position in FY 2009 be deleted and considered during Omnibus. The funding and position were requested by the agency which cited an increase in conducting inspections of distribution, background checks, and compliance checks due to an increase in the level of complaints and an increase in both state and federal regulations. The Conference Committee on **HB 2368** restored the funding and the pharmacy inspector position in FY 2008 and FY 2009.

B. Substitute for SB 11 – Health Reform (Conference Committee). **Substitute for SB 11**, as agreed to by the Conference Committee on April 3, enacts the Foundations of Health Reform Act of 2007. Additionally, the bill contains provisions relating to the following: the use of confidential data in the cancer registry; establishment of the Umbilical Cord Donation Information Act; creation of a dispute resolution process for the State Fire Marshal; reciprocal licenses for adult care home administrators; the practice of physical therapy; the newborn screening program; and the Kansas Pharmacy Act relating to wholesale drug registrants and vaccine administration.

Because the bill would require the Board of Pharmacy to collect registration information from and to inspect facilities of wholesale distributors, the Board indicates it would need an additional 2.0 FTE positions to implement its portion of the bill. The Board estimates \$140,223, all from special revenue funds, for two positions, 1.0 FTE registration position (\$56,941 salary and wages) and 1.0 FTE inspector position (\$64,465 salary and wages), along with \$18,817 other non-personnel costs in FY 2008.

The General Government Budget Committee recommendation (Attachment 12):

FY 2008

- A. Did not take action on this item.**
- B. Did not take action on this item.**

FY 2009

- A. Did not take action on this item.**

Insurance Department

A. SB 351 – Kansas Administrative Procedure Act Hearings (Conference Committee). **SB 351**, as amended by the House, would require all agencies, boards, and commissions to utilize the Office of Administrative Hearings (OAH) for hearings held in accordance with the Kansas Administrative Procedure Act (KAPA) on and after July 1, 2009. The House Committee amended the bill to clarify that the presiding officer of an agency could not be the hearing officer for administrative hearings.

The Kansas Insurance Department estimates the agency would need \$250,000, all from special revenue funds, and 2.0 FTE positions, a 1.0 FTE attorney position and a 1.0 FTE clerical position, to implement the provisions of the bill, as amended by the House, in FY 2008. The agency estimates the cost of quasi-litigation discovery expenses would increase, along with the required attorney and staff time for discovery and an anticipated increase of the detail required in the agency record for reviews in accordance with K.S.A. 77-527.

The House acceded to the Senate's request for a conference committee. The Conference Committee on **SB 351** has yet to meet.

The General Government Budget Committee recommendation (Attachment 12):

FY 2008

- A. Did not take action on this item.**

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Department of Labor

A. Investigator/Auditor Positions (House Committee). The House Committee recommended that the request for two investigator/auditor positions for the Department of Labor Unemployment Insurance Program in FY 2007 and FY 2008 be deleted and considered during Omnibus. The agency requested \$226,876 for four investigator/auditor positions in FY 2008 in response to the enactment of 2006 **HB 2772** and the resulting increase in reported cases of misclassification of workers. The Governor recommended \$113,438, all from the State General Fund, for two positions in FY 2007. The Governor also recommended \$107,438, all from the State General Fund, to continue the two positions in FY 2008. The decrease between FY 2007 and FY 2008 is the result of one-time information technology costs for the two positions. The agency stated that the two positions will be reclassified from existing positions and thus, no new FTE positions were requested. The agency reports that currently there is a 0.5 FTE position dedicated solely to the investigation of misclassification of workers and that to conduct proper investigations, auditors must be diverted from other responsibilities. The House subsequently added funding for the two positions in FY 2007 and FY 2008 from special revenue funds. The Conference Committee on **HB 2368** concurred with the use of special revenue funding for the positions.

B. Public Employees' Relations Board. (House Committee). The House Committee recommended that \$175,000, all from the State General Fund, and 2.0 FTE positions in FY 2008 recommended for the expansion of the Public Employees' Relations Board (PERB) be deleted and considered during Omnibus. The agency did not request the funding and positions for PERB in its budget; however, the Governor recommended the item based upon an assessment of the backlog of cases before PERB. Currently, PERB has two employees, including one attorney and one administrative position, and the agency states the current staff is unable to meet directory standards under state law suggesting case orders be issued within 30 days of full submission. The recommended funding and 2.0 FTE positions would allow the agency to hire two additional attorneys to assist with cases and research. The Senate Committee did not recommend removing the funding. The Conference Committee on **HB 2368** restored \$87,500, all from the State General Fund, and 1.0 FTE position for PERB in FY 2008.

C. GBA No. 2, Item 16, Page 14—Unemployment Insurance Modernization Project.

The General Government Budget Committee recommendation (Attachment 12):

FY 2007

- A. Did not take action on this item.
- C. Adopts the GBA to add \$26,000,000, all from Federal Reed Act funds in FY 2007, for modernization of the unemployment insurance benefits system.

FY 2008

- A. Did not take action on this item.
- B. Did not take action on this item.

Representative Yoder moved for the adoption of the Budget Committee report. The motion was seconded by Representative Lane. Motion carried.

Commission on Veterans Affairs

A. Enhancement Funding (Senate Committee and House Committee). The Senate and House Committees recommended that the recommended addition of \$413,989, all from the State General Fund, for FY 2008 operating expenditures be deleted and considered during Omnibus. The funding was unspent from salaries and wages in the veterans' services program due to staff turnover as a result of the implementation of the Veterans' Claim Assistance Program (VCAP). The Governor recommended transferring the funding from the veterans' services program to the administration program, and recommended its use for various enhancement requests, in accordance with a plan subject to approval by the Division of the Budget. During the House Budget Committee and Senate Subcommittee hearings, agency officials presented a list of priorities that would determine where the funding would be spent. The list included: hiring an administrative information officer; purchasing vehicles for the Kansas Soldiers' Home and Kansas Veterans' Home; paying for employee parking and increases in contractual services, including rents, postage, meals and lodging, and mileage reimbursement; replacing equipment; acquiring legal services; information technology equipment, software, and training; additional resident worker positions; and health coverage increases for Veterans' Services Organizations (VSOs).

B. Federal Funds Replacement (Senate Committee). The Senate Committee recommended the review of the addition of \$42,446, all from the State General Fund, to fund a portion of the FY 2008

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

pay plan, instead of federal funds. During the budget submission process, federal funds in the veterans cemetery program were apportioned for the Governor's FY 2008 pay plan. However, the agency believes the federal funding cannot be used for this purpose. The agency requested that the \$42,446 from the federal funds be retained by the agency for operating expenditures that have already been budgeted for other projects and that funding for this portion of the Legislature's pay plan consist of State General Fund money. Pay plan funding was deleted from individual agency budgets pursuant to the approved FY 2008 pay plan.

C. Substitute for HB 2067 – Employee Criminal History Records Check (Law). **Substitute for HB 2067** would authorize a criminal history records check for candidates and current employees with less than five years' tenure at the Kansas Commission on Veterans' Affairs (KCVA). From the effective date of this act, the criminal history records check would be limited to those candidates or employees who are deemed to be in a sensitive position by the Executive Director of the KCVA or who interview claimants and provide information, advice and counseling to veterans, surviving spouses, and their dependents. KCVA would be required to submit the candidate or employee's fingerprints to the Kansas Bureau of Investigation (KBI) and the Federal Bureau of Investigation (FBI) for the purpose of determining whether or not a criminal record exists.

The fiscal note estimates the total cost of the implementation of this bill for the KCVA in FY 2008 would be \$1,004, all from the State General Fund. The cost for FY 2009 and following years is expected to be less than \$150 per year. In FY 2008, the agency would run background checks on the 50 existing employees of the administration, veterans cemeteries, and veterans services programs, in addition to new and potential employees. Thus, the funding for FY 2008 reflects the one-time background check upon existing employees that the agency will not require in FY 2009.

D. House Substitute for SB 144 – Veterans' Claim Assistance Program (Governor). House Substitute for **SB 144** amends the law regarding the Veterans' Claim Assistance Program (VCAP) by adding additional eligibility criteria for Veterans Services' Organizations (VSOs) to receive a service grant. The bill would also prohibit employees of the KCVA from acting as an agent with power of attorney for any claimant. Additionally, the bill would request the Legislative Post Audit Committee to authorize a performance audit of the VCAP three years after the effective date of the Act to evaluate the program's effectiveness in increasing services to veterans through the Veterans Service Representatives at the three United States Department of Veterans Affairs (USDVA) medical centers in Leavenworth, Topeka, and Wichita.

The fiscal note states the passage of the bill would require the VCAP Board to spend approximately 60 hours developing and approving additional rules and regulations. The agency estimates that the total cost in FY 2008 would be \$1,710, all from the State General Fund.

The Social Services Budget Committee recommendation (Attachment 14): **FY 2008**

- A. Did not take action on this item.
- B. Did not take action on this item.
- C. Did not take action on this item.
- D. Did not take action on this item.

Department of Health and Environment - Health

A. Healthy Kansans 2010 (Senate Committee and House Committee). The Senate Committee recommended Omnibus consideration of \$1,000,000, all from the State General Fund, and 2.0 FTE positions for Healthy Kansans 2010 in FY 2008. This item includes the addition of a Public Health Nurse Specialist to provide technical assistance to local health departments and regions focusing on health disparities; funding to support internal contact management, liaison, and monitoring functions through the Secretary's Office of Minority Health; the presence of a Community Health Worker through a grant to the Hunter Health Clinic in Wichita; and funding awarded on a competitive basis to local health department regional coalitions and tribal nations based on efforts to meet the goals of Healthy Kansans 2010. The Hunter Health Clinic is the only Federally Designated Service Center for homeless and Native American populations in Kansas.

B. Kansas Mentors Program (Senate Committee and House Committee). The Senate Committee recommended Omnibus consideration of \$250,000, all from the State General Fund, and 2.0 FTE positions for the Kansas Mentors Program. This item would increase state funding for the program to \$500,000 from the State General Fund in FY 2008. This program supports mentoring programs which

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

select and train adults to serve as positive role models to school-aged children. Expenditures would include background checks for mentors conducted by the Kansas Bureau of Investigation, salary and wage expenditures for a Director and Administrative Assistant, grants to mentoring organizations, and technical assistance and training.

C. Infant-Toddler Services (Senate Committee). The Senate Committee recommended Omnibus consideration of \$250,000, all from the State General Fund, for administrative expenses for the Infant-Toddler Services (Tiny-K) program. This funding was approved by the Legislature in **HB 2368**.

D. Community Based Primary Health Care Clinics (Senate Committee and House Committee). The Senate Committee recommended Omnibus consideration of \$2,500,000, all from the State General Fund, to increase funding for the Community Based Primary Health Care Clinics in FY 2008. The Legislature approved funding of \$2,520,840 from the State General Fund for the program. The clinics provide health care in underserved areas. The funding was requested by the clinics to grow medical capacity; create dental hubs; and support a health care provider recruitment program, including primary care physicians, advanced practitioners, dentists, and dental hygienists.

E. Domestic Violence and Sexual Assault Outreach and Shelter Services. (Senate Committee and House Committee). The Senate Committee recommended Omnibus consideration of \$2,000,000, all from the State General Fund, for domestic violence and sexual assault outreach and shelter services in FY 2008. This funding was approved by the Legislature in **HB 2368**.

F. Immunization (House Committee). The House Committee recommended Omnibus consideration of \$584,000, all from the State General Fund, and 1.0 FTE position to expand immunization program funding in FY 2008. The agency reports that the funding would be awarded to local health departments to expand childhood immunization rates. Specific items funded would be two items recommended by the 2004 Governor's Blue Ribbon Task Force on Immunization including: expansion of the Women, Infants, and Children (WIC) and KDHE partnership and continued development and deployment of an electronic immunization registry. The Legislature approved additional funding of \$200,000, all from the State General Fund, and 0.5 FTE positions in FY 2008 for this program in **HB 2368**.

G. Community Based Primary Care Position (House Committee). The House Committee recommended Omnibus consideration of \$83,289, all from the State General Fund, and 1.0 FTE position to oversee the Community Based Primary Care Grant Program which partially funds clinics which provide health care in underserved areas in FY 2008. According to the agency, in the last ten years, this program has gained responsibilities without additional staff. This position would also be used to administer the proposed Safety Net Capital Loan Guarantee Act in Item L below.

H. Pilot Comprehensive Workplace Wellness Program (House Committee). The House Committee recommended Omnibus consideration of \$75,000, all from the State General Fund, to implement a pilot comprehensive workplace wellness program for agency employees in FY 2008. The proposal is for a three-year program, with a total cost of \$300,000. The agency reports that the intent of the project is to prove the benefits of investing in a comprehensive workplace wellness program. The proposed pilot fits within the goals of the Governor's Healthy Kansans Initiative.

I. SB 51 – List of Deceased Residents (Law). **SB 51** requires the State Registrar of the Department of Health and Environment to furnish the clerk of the district court of each county, without charge, a list of deceased residents of the county who were at least 18 years of age and whom death certificates have been filed. The information would be used to update or correct juror records.

The fiscal note indicated that the bill would require a one-time expenditure of \$30,000 from the State General Fund in FY 2008 for a programming change to the Vital Statistics System database.

J. HB 2303 – Kansas National Bio and Agro Defense Facility Interagency Working Group Act (Law). **HB 2303** creates the Kansas National Bio and Agro Defense Facility Interagency Working Group Act. The bill creates an interagency working group to support and assist the United States Department of Homeland Security in the National Environmental Policy Act process to conduct an environmental impact statement on any site in Kansas selected by the Department of Homeland Security for the location of a National Bio and Agro Defense Facility.

The agency reports that implementation of the bill will require expenditures of \$996,055, all from the State General Fund, and 8.0 FTE positions in FY 2008. This would include 1.0 Public Service Executive III, 5.0 Public Service Executive II, and 2.0 Senior Administrative Assistant positions, including

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

travel, equipment, and other expenditures for the 8.0 FTE positions in FY 2008.

K. SB 178 – Cancer Registry and the Umbilical Cord Donation Information Act (Conference Committee). The House Committee of the Whole amended the provisions of HB 2266 into SB 178, which would implement the Umbilical Cord Donation Information Act. The bill would require health care providers who deliver services to pregnant women in their last trimester to advise those women on the options available to donate an umbilical cord following the delivery of their child. The agency reports that SB 178, as amended by the House Committee of the Whole, would increase State General Fund expenditures by \$48,000 in FY 2008. Costs would include 40,000 brochures at \$1 each, and shipping and handling of \$0.20 per brochure, totaling \$8,000.

The Conference Committee on SB 11 also amended the Umbilical Cord Donation Information Act into the bill. The recommendation of the Conference Committee on SB 11 requires the agency to publish the information on the agency's website. The agency reports that the SB 11 version of the Act does not increase agency expenditures.

L. Substitute for SB 11 – Health Reform (Conference Committee). Substitute for SB 11, as agreed to by the Conference Committee on April 3, enacts the Foundations of Health Reform Act of 2007. Additionally, the bill contains provisions relating to the following: the use of confidential data in the cancer registry; establishment of the Umbilical Cord Donation Information Act; creation of a dispute resolution process for the State Fire Marshal; reciprocal licenses for adult care home administrators; the practice of physical therapy; the newborn screening program; and the Kansas Pharmacy Act relating to wholesale drug registrants and vaccine administration.

The Safety Net Capital Loan Guarantee Act, would authorize the Department of Health and Environment to provide capital loan guarantees against the risk of default for eligible primary care safety net clinics in Kansas. The Kansas Department of Health and Environment reports that the bill would require additional expenditures of \$108,289, all from the State General Fund, and 1.0 FTE position for the agency in FY 2008. The position requested in item G above could be utilized to administer the program, which would reduce the fiscal note to \$25,000 for meeting and training costs.

M. GBA No. 2, Item 14, Page 12—Youth Programs Division Transfer, Kansas Fire Injury Prevention Program.

The Social Services Budget Committee recommendation (Attachment 14):

FY 2008

- A. Did not take action on this item.
- B. Recommends the addition of \$100,000, all from the State General Fund (SGF) in FY 2008, for the Kansas Mentors Programs for background checks for mentors.
- C. Did not take action on this item.
- D. Recommends the addition of \$2,500,000, all from the SGF in FY 2008, for the Community Based Primary Health Care (Safety Net) Clinics to grow medical capacity, create dental hubs, and support a health care provider recruitment program.
- E. Did not take action on this item.
- F. Did not take action on this item.
- G. This position was considered in Item L below.
- H. Did not take action on this item.
- I. Did not take action on this item.
- J. The agency reported that funding from the Kansas Bioscience Authority has been requested for this bill.
- K. Did not take action on this item.
- L. Recommends the addition of \$108,289, all from the SGF, and 1.0 FTE position to implement the Safety Net Capital Loan Guarantee Act portion of the bill in FY 2008.
- M. Did not adopt the KDHE portion of GBA No. 2, Item 14.
- N. New Item - Lodging Inspections. Recommends the addition of \$246,616, all from the SGF, and 4.0 FTE positions for lodging establishment inspections in FY 2008.
- O. New Item - Early Detection Works Program Received information on the Early Detection Works Program for breast and cervical cancer screening and detection and requests a report on the program during the 2008 session.
- P. New Item - Special Childcare Licensure Oversight Committee. Recommends a proviso creating a Special Childcare Licensure Oversight Committee to report to the Legislature by January 1, 2008.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Representative Bethell moved for the adoption of the Budget Committee report. The motion was seconded by Representative Ballard.

Representative Bethell made a substitute motion to add a proviso to request the Department of Health and Environment-Health (KDHE) to report to the 2008 Legislature on the comparison of reports on speciality and general hospitals of the Kansas Health Policy Authority and the Department of Health and Environment-Health. The motion was seconded by Representative George. Motion carried.

Representative McLeland moved to add \$100,000 for the pregnancy maintenance program. The motion was seconded by Representative Watkins. Motion failed.

Representative Powell moved to delete "Item N". The motion was seconded by Representative Wolf. Motion failed on a 7-11 vote.

Representative Bethell moved for the adoption of the Budget Committee report as amended. The motion was seconded by Representative Ballard. Motion carried.

Department of Health and Environment - Environment

A. SB 190 – Underground Petroleum Storage Tanks (Law). SB 190 requires operators of underground storage tanks to complete training commensurate with their responsibilities for operation of the tanks. The bill permits funds in the Underground Petroleum Storage Tank Release Trust Fund to be used for administrative, technical and legal costs; for additional enforcement; and reporting and operator training as required by the federal Energy Policy Act of 2005.

The fiscal note indicates that the bill would increase expenditures from the Underground Storage Tank Release Trust Fund by \$538,643, and would require an additional 4.0 FTE positions, including 3.0 Environmental Technician positions and 1.0 Environmental Scientist I position in FY 2008. The agency reports that any additional staffing requirements for the bill could be managed within existing position limitations.

B. HB 2526 – Mercury Deposition (Governor). HB 2526 would require the Secretary of Health and Environment to establish a statewide network to measure mercury deposition in the state. The network would contain at least six sites where samples and related data would be collected on a weekly basis. The Secretary would be required to contract with a laboratory to analyze the samples and provide reports to the Secretary. Once analyzed, the data would be reported to the public through a website and via a national database designated by the Secretary.

The fiscal note on the bill indicates additional expenditures of \$228,205 from the Air Quality Fee Fund and the addition of 1.0 FTE position. The FTE position would be for an Environmental Technician III. The agency would need to develop three new monitoring sites and purchase equipment for the three existing sites. In addition, the six sites would require monitoring by the agency.

C. GBA No. 2, Item 15, Page 13—Laboratory Security Contract Transfer.

The Agriculture and Natural Resources Budget Committee recommendation (Attachment 10): FY 2008

- A. Recommends the addition of \$538,643, all from the Underground Petroleum Storage Tank Release Trust Fund, in FY 2008 for the implementation of SB 190.**
- B. Recommends the addition of \$228,205, all from the Air Quality Fee fund, and 1.0 FTE position in FY 2008 to implement HB 2526 regarding establishment of a statewide network to measure mercury deposition in the state.**
- C. Adopts GBA to add \$102,000, all from the SGF, in FY 2008 for the security contract at the KDHE laboratory. The Governor recommends the funding for this item be deleted from the Highway Patrol which was considered by the Transportation and Public Safety Budget Committee.**

Representative Powell moved to adopt the Budget Committee recommendation. The motion was seconded by Representative Gatewood. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Adjutant General

A. Civil Air Patrol (Senate Committee and House Committee). The House Committee recommended Omnibus consideration of \$2,500 in FY 2008, all from the State General Fund, for the Civil Air Patrol. The Senate Committee recommended Omnibus consideration of \$1,100 in FY 2007 and \$2,060 in FY 2008, all from the State General Fund, for the Civil Air Patrol. Funding of \$1,500 in FY 2007 and \$2,500 in FY 2008, all from the State General Fund, was requested by the agency to cover inflation for the program's administrative costs, including \$400 in FY 2007 and \$440 in FY 2008, for the longevity payment for the part-time Administrative Assistant. The Senate Committee recommended the funding of for the longevity payment, which was included in **HB 2368**.

B. Disaster Relief Funding (Senate Committee and House Committee) and GBA No. 2, Item 23, Page 18—Disaster Relief. The Senate and House Committees recommended Omnibus consideration of disaster relief funding for FY 2007 and FY 2008. Funding of \$20,876,323, including \$2,456,038 from the State Emergency Fund, for FY 2007 was included in **HB 2368** to meet the state's obligation for public assistance for nine federally declared disasters. Funding for FY 2008 approved in **HB 2368** totaled \$16,400,000, including \$2,000,000 from the State General Fund. Preliminary estimates for the Western Kansas winter storm indicate that federal disaster relief funding may be increased to 90 percent, leaving 10 percent for the non-federal match. The following table summarizes the current estimate of disaster funding for the storm.

Estimated State Matching Funds for Disasters in Kansas			
Nonfederal portion calculated at 25 percent for all disasters			
	State General Fund	Federal Funds	All Funds
FY 2007	\$ 8,357,240	\$ 62,319,996	\$ 70,677,236
FY 2008	11,627,346	87,205,095	98,832,441
Nonfederal portion for Western Kansas Winter Storm calculated at 10 percent, all others calculated at 25 percent			
	State General Fund	Federal Funds	All Funds
FY 2007	\$ 3,342,896	\$ 74,783,998	\$ 78,126,894
FY 2008	6,491,432	100,044,881	106,536,313

HB 2368 includes \$80.0 million, all from the State General Fund, in the Statewide Maintenance and Disaster Relief Fund with a \$0 limitation in FY 2008 and FY 2009, which the Conference Committee on **HB 2368** recommended for Omnibus review.

C. Homeland Security Regional Coordinators (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of the shift of \$264,509 from federal funds to the State General Fund for the Homeland Security Regional Coordinators in FY 2008. The mission of the seven regional coordinators is to assist local officials in coordinating homeland security preparedness and serving as a liaison linking activities at local, regional, state, and federal levels. The funding shift was recommended by the Governor due to declining federal Homeland Security funds.

D. Attorney Position (House Committee). The House Committee recommended Omnibus consideration of \$64,079, all from the State General Fund, and 1.0 FTE position for a full-time attorney in the Judge Advocate General's Office in FY 2008. The agency reports that the work load has substantially increased since September 11, 2001, and that additional legal issues have surfaced following Hurricane Katrina in 2005.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

E. Monumental Building Surcharge (House Committee). The House Committee recommended Omnibus consideration of \$58,035, all from the State General Fund for the Monumental Building Surcharge on the Kansas National Guard Recruiting Office and space for the Division of Emergency Management Vulnerability Assessment Team in FY 2008. The Monumental Building Surcharge is a maintenance surcharge on all agencies that lease space in private or state owned buildings in Shawnee County. When the fee was first assessed in FY 2005, the agency did not lease space in Shawnee County. The agency reports that the lease for the Vulnerability Assessment Team has recently been terminated, which accounted for \$48,180 of the surcharge. The surcharge on the recruiting office is \$9,855. The office is solely federally funded. However, the surcharge cannot be paid with federal funds. The agency reports that reductions in other areas of the budget need to be made to meet this payment.

F. HB 2152 – Commission on Emergency Planning and Response (Law). HB 2152 expands the membership of the Commission on Emergency Planning and Response to 25 members.

The fiscal note indicates that the bill will increase agency expenditures by \$10,240, all from federal funds, for reimbursement for the additional members in FY 2008.

G. HB 2068 – Adjutant General Law Enforcement Officers (Law). HB 2068 would allow the Adjutant General to appoint security and law enforcement officers to protect all National Guard property and equipment, and for the protection of persons and property associated with the National Guard.

The fiscal note indicates that the Adjutant General would change the job title of security guards, which would require a pay increase for 19.0 positions. The increase is estimated to total \$57,386, all from federal funds in FY 2008.

H. GBA No. 2, Item 24, Page 18—Training Centers Bonding Authority.

I. GBA No. 2, Item 25, Page 19—Incident Management Team.

**The Transportation and Public Safety Budget Committee recommendation (Attachment 13):
FY 2007**

B. Adopts the GBA to add \$70,677,236, including \$8,357,240 from the SGF in FY 2007, for disaster relief.

FY 2008

A. Did not take action on this item.

B. Adopts the GBA to add \$82,432,441, including \$9,627,346 from the SGF in FY 2008, for disaster relief.

C. Recommends the shift of \$99,190 from federal funds to the SGF in FY 2008, for salaries and wages for the Homeland Security Regional Coordinators.

D. Did not take action on this item.

E. Did not take action on this item.

F. Recommends the addition of \$10,240, all from federal funds in FY 2008, for reimbursement for additional members to the Commission as contained in HB 2152.

G. Recommends the addition of \$57,386, all from federal funds in FY 2008, for a pay increase for National Guard Security Guards as contained in HB 2068.

H. Does not adopt the GBA and recommends the addition of \$12.6 million, all from the Statewide Maintenance and Disaster Relief Fund in FY 2008, for the creation of the Great Plains Regional Training Center in Salina and one additional Regional Training Center with the location to be determined by the agency.

I. Does not adopt the GBA and recommends a proviso authorizing the State Finance Council to approve funding from the State Emergency Fund for the Incident Management Teams as the need arises.

J. New Item - Hazard Mitigation Grant Program. Recommends the addition of \$6,576,000, all from the Statewide Maintenance and Disaster Relief Fund in FY 2008, for hazard mitigation, including a proviso making the expenditures of \$1.6 million for a Fusion Center subject to review and approval by the Joint Committee on Kansas Security.

Representative Tafanelli moved for the adoption of the Budget Committee report. The motion was seconded by Representative Holmes.

Representative George made a substitute motion to amend the Budget Committee report by adding a special allocation of \$30,000 to cover investigative expenses of the Arkansas City Police

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Department with funding from the Statewide Maintenance and Disaster Relief Fund. The motion was seconded by Representative Henry. Motion failed on a 7-12 vote.

Representative Tfanelli moved to amend the Budget Committee report with a technical correction to change the funding source in "Item B, FY 2007 and FY 2008" from the SGF to the Statewide Maintenance and Disaster Relief Fund. The motion was seconded by Representative Carlin. Motion carried.

Representative Tfanelli moved for the adoption of the Budget Committee report as amended. The motion was seconded by Representative Holmes. Motion carried.

State Fire Marshal

A. Investigator Salaries (Senate Committee). The Senate Committee recommended Omnibus consideration of \$17,472 in FY 2007 and \$56,303 in FY 2008, all from the Fire Marshal Fee Fund, for a five percent increase in investigator salaries. The agency reports that investigators are part of a collective bargaining unit which began new negotiations during FY 2006. An agreement was reached with the Department of Administration regarding the salary increases. The salary increases began in December 2006.

B. HB 2475 – Kansas Fireworks Act (Law). **HB 2475** establishes the Kansas Fireworks Act, administered by the State Fire Marshal. The bill requires any person who intends to sell, offer for sale, possess with intent to sell, any consumer fireworks, display fireworks, or articles pyrotechnic or discharge, use, display fireworks or articles pyrotechnic to first obtain the appropriate license from the State Fire Marshal.

The fiscal note on the bill indicates that the Act would generate an additional \$36,700 in revenue to the Fire Marshal Fee Fund from the sale of licenses and permits, and create additional expenditures of \$4,000, all from the Fire Marshal Fee Fund, in FY 2008 for office supplies and a vehicle to conduct inspections.

C. Substitute for SB 11 – Health Reform (Conference Committee). Substitute for **SB 11**, as agreed to by the Conference Committee on April 3, enacts the Foundations of Health Reform Act of 2007. Additionally, the bill contains provisions relating to the following: the use of confidential data in the cancer registry; establishment of the Umbilical Cord Donation Information Act; creation of a dispute resolution process for the State Fire Marshal; reciprocal licenses for adult care home administrators; the practice of physical therapy; the newborn screening program; and the Kansas Pharmacy Act relating to wholesale drug registrants and vaccine administration.

The bill would establish a two-tiered informal dispute resolution process for deficiencies cited in a medical care facility, adult care home, assisted living facility, or special hospital by an officer of the State Fire Marshal during an inspection for compliance with federal law pursuant to oversight by the Centers for Medicaid and Medicare Services.

The State Fire Marshal estimates additional expenditures of \$142,773, all from the Fire Marshal Fee Fund, and 2.0 FTE positions to implement the bill in FY 2008. Expenditures would include \$89,047 for the salaries and benefits of 1.0 new Public Service Executive I and 1.0 Administrative Specialist. The amount also includes \$53,726 for travel and subsistence in connection with the new positions, court reporting services, and other expenses related to holding the independent review panel.

D. GBA No. 2, Item 14, Page 12—Youth Programs Division Transfer.

The Transportation and Public Safety Budget Committee recommendation (Attachment 13): FY 2008

- A. Did not take action on this item.**
- B. Recommends the addition of \$4,000, all from the Fire Marshal Fee fund, for office supplies and travel to implement HB 2475 in FY 2008.**
- C. Recommends the addition of \$142,773, all from the Fire Marshal Fee Fund, and 2.0 FTE positions in FY 2008 to implement portions of the bill establishing a informal dispute resolution process, contingent upon passage of Substitute for SB 11.**
- D. Adopts the GBA to delete \$99,237, all from the Fire Marshal Fee Fund, and 1.0 FTE positions for youth fire safety programs. The Governor recommends that the program be**

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

transferred to the Department of Health and Environment, which was considered by the Social Services Budget Committee.

Representative Tafanelli moved for the adoption of the Budget Committee report. The motion was seconded by Representative Holmes. Motion carried.

Highway Patrol

A. Capitol Complex Security (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of \$66,000, all from the State General Fund, and 2.0 FTE positions for monitoring surveillance equipment in the Capitol Complex, Forbes Field, and Cedar Crest in FY 2008. The agency upgraded the security system in the Capitol Complex and Cedar Crest, including the addition of 83 cameras. When the Statehouse renovation is complete, approximately 200 cameras will be part of the system.

B. Kansas Criminal Justice Information System (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of \$103,910, all from the State General Fund, and 2.0 FTE positions for technical audits for the Kansas Criminal Justice Information System in FY 2008. These audits are required to comply with federal guidelines.

C. Homeland Security Funding (Senate Committee). The Senate Committee recommended Omnibus consideration of the shift of \$232,000 from federal Homeland Security funds to the State General Fund for salaries of 4.0 Homeland Security Program positions in FY 2008. The funding shift was recommended due to decreasing federal funds.

D. Digital Video Cameras (House Committee). The House Committee recommended Omnibus consideration of \$825,000, all from the Kansas Highway Patrol Operations Fund, for digital video cameras in the trooper patrol cars in FY 2008. This funding was approved by the Legislature in **HB 2368**.

E. GBA No. 2, Item 1, Page 2—Simplex Fire Safety Contract.

F. GBA No. 2, Item 15, Page 13—Kansas Department of Health and Environment, Laboratory Security Contract Transfer.

G. GBA No. 2, Item 26, Page 19—Operating Expenditure Correction.

H. GBA No. 2, Item 27, Page 20—Uniform Carrier Registration.

**The Transportation and Public Safety Budget Committee recommendation (Attachment 13):
FY 2007**

G. Adopts the GBA to add \$241,966, all from the Highway Patrol Operations Fund in FY 2007, for a technical correction.

FY 2008

A. Did not take action on this item.

B. Recommends the addition of \$103,910, all from the SGF, and 2.0 FTE positions in FY 2008 for technical audits for the Kansas Criminal Justice Information System.

C. Did not take action on this item.

D. Did not take action on this item.

E. Adopts the GBA to delete \$68,000, all from the SGF, for the Simplex Fire Safety Contract. The Governor recommends the funding be transferred to the Department of Administration, which was considered by the General Government Budget Committee.

F. Adopts the GBA to delete \$102,000, all from the SGF in FY 2008, for the KDHE Laboratory security contract. The Governor recommends the funding be transferred to KDHE which was considered by the Agriculture and Natural Resources Budget Committee.

H. Adopts the GBA to add \$391,749, all from the Motor Carrier Safety Assistance Program State Fund in FY 2008, for the Uniform Carrier Registration Program.

I. New Item - Federal Grant for 800 MHZ Project. Recommends the addition of \$2 million, all from the SGF, for matching funds for a federal homeland security interoperability grant contingent upon the receipts of the grant in FY 2008.

Representative Tafanelli moved for the adoption of the Budget Committee report. The motion was seconded by Representative Holmes. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Kansas Bureau of Investigation

A. Kansas Criminal Justice Information System (Senate Committee and House Committee).

The Senate and House Committees recommended Omnibus consideration of \$148,750, all from the State General Fund, for the Kansas Criminal Justice Information System in FY 2008. The agency requested \$297,500, all from the State General Fund, including \$196,000 for software maintenance and \$101,500 for two employees to provide technical support and training to law enforcement agencies who submit crime incident reports electronically to the KBI. The Legislature approved \$148,750, all from the State General Fund, for the project in **HB 2368** and recommended that the remaining funding be considered during Omnibus.

B. DNA Analysis (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of \$237,418, all from the State General Fund, to expand DNA analysis. The 2006 Legislature passed legislation increasing the number of DNA samples required to be analyzed by the agency's laboratory. The agency requested \$474,835 for this item. The Legislature approved \$237,418, all from the State General Fund, in FY 2008 for DNA analysis in **HB 2368**, and recommended that the remaining \$237,418 be considered during Omnibus.

C. Southeast Kansas Drug Enforcement Task Force (House Committee). The House Committee recommended Omnibus consideration of \$332,500, all from the State General Fund, for the Southeast Kansas Drug Enforcement Task Force in FY 2008. This funding was approved by the Legislature in 2007 **HB 2368**.

D. Land Purchase (House Committee). The House Committee recommended Omnibus consideration of \$184,590, all from the State General Fund, to purchase property north of the Topeka Headquarters building in FY 2008. The remainder of the block containing the Headquarters building includes vacant lots and residential property with a total tax valuation of \$124,590. The agency's long term strategy is to purchase the remaining parcels on the block, so that property will be available to build a new forensic laboratory in the future. The Legislature approved funding of \$124,000, all from the State General Fund, for this item in **HB 2368**.

E. Law Enforcement Commissioned Employees Salaries (Senate Committee). The Senate Committee recommended Omnibus consideration of \$472,933, including \$450,432 from the State General Fund, for a 7.5 percent salary increase for law enforcement commissioned personnel in FY 2008. Kansas Bureau of Investigation agents are represented by the Law Enforcement Unit (LEU) of the Kansas Association of Public Employees. The LEU and the Division of Personnel Services reached a compensation agreement that provided that the KBI submit an enhancement request in the FY 2008 budget for a 7.5 percent salary increase for commissioned employees of the KBI.

F. Senior Forensic Scientists and Forensic Supervisors Compensation (Senate Committee). The Senate Committee recommended Omnibus consideration of \$169,535, including \$155,217 from the State General Fund, for a 7.5 percent salary increase for senior forensic scientist and forensic scientist supervisors in FY 2008. The agency provides forensic science services to local and state law enforcement agencies. The agency reports that providing competitive salaries to its scientists is necessary to recruit and retain scientists in these positions.

G. Information Technology Staffing (Senate Committee). The Senate Committee recommended Omnibus consideration of \$239,250, all from the State General Fund, and 2.0 FTE positions in FY 2008 for two additional information technology support personnel. The agency reports that additional information technology resources are necessary to implement the DNA legislation passed by the 2006 Legislature and that the loss of federal funding has resulted in the need of increased state support for information technology.

H. Special Agent Positions (Senate Committee). The Senate Committee recommended Omnibus consideration of \$1,199,000, all from the State General Fund, to fill eleven vacant special agent positions in FY 2008. The agency reports that these vacancies represent 13 percent of the KBI agent workforce. As of December 31, 2006, 17 percent of the current special agents were retirement eligible along with 44 percent of the agent supervisors. The cost to hire and equip one agent totals \$109,000.

I. Information Technology Hardware (Senate Committee). The Senate Committee recommended Omnibus consideration of \$90,000, all from the State General Fund, in FY 2008 to replace agency information technology hardware. The agency reports that this funding is requested to be included in the base budget in order to initiate a program to replace and maintain all desktop personal computers

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

and network infrastructure components to version levels that minimally meet Kansas information technology standards.

J. Investigation Equipment (Senate Committee). The Senate Committee recommended Omnibus consideration of \$318,250, all from the State General Fund, in FY 2008 to begin systemically replacing the inventory of agency investigative and safety equipment. This funding is requested to be included in the base budget in subsequent fiscal years. According to the agency, the FY 2008 funding would be used primarily to replace outdated body armor used by the majority of the agents.

K. Laboratory Instrumentation (Senate Committee). The Senate Committee recommended Omnibus consideration of \$505,000, all from the State General Fund, in FY 2008 to replace forensic laboratory equipment. The agency requests \$515,605 for FY 2009 and \$526,433 in FY 2010 to systemically update this equipment.

L. Secured Parking Garage (Senate Committee). The Senate Committee recommended Omnibus consideration of \$60,000, all from the State General Fund, in FY 2008 for an architectural study for a secured parking garage and storage. The agency reports that it currently leases storage, off site, for specialized KBI vehicles, seized vehicles, investigative equipment and evidence. The agency's long-term plan includes the construction of a new forensic laboratory in the next five to ten years, with the parking garage possibly serving as the foundation for the new facility.

M. Topeka Headquarters Rehabilitation and Repair (Senate Committee). The Senate Committee recommended Omnibus consideration of \$123,350, all from the State General Fund, in FY 2008 for rehabilitation and repair at the Topeka Headquarters building. Requested items include: ventilate the sub-basement; carpet, tile, exterior door, window caulking, window, and laboratory fume hood replacement; electrical upgrades; additional outside lighting; roof repairs; upgrade HALON fire suppression protection system; enhance security systems; and upgrade heating and cooling systems.

N. Great Bend Rehabilitation and Repair (Senate Committee). The Senate Committee recommended Omnibus consideration of \$29,517, all from the State General Fund, in FY 2008 for rehabilitation and repair for the Great Bend facility. Requested items include: parking lot paving; replacement of humidifiers, carpet, wallpaper or paint, linoleum, exterior doors, and lawn sprinkler system water valves; purchase of a backup emergency generator system; roof repairs; and addition of exterior security lighting.

**The Transportation and Public Safety Budget Committee recommendations (Attachment 13):
FY 2008**

- A. Did not take action on this item.
- B. Recommends the addition of \$60,000, all from the SGF in FY 2008, for DNA Analysis.
- C. Did not take action on this item.
- D. Did not take action on this item.
- E. Did not take action on this item.
- F. Did not take action on this item.
- G. Did not take action on this item.
- H. Did not take action on this item.
- I. Did not take action on this item.
- J. Did not take action on this item.
- K. Did not take action on this item.
- L. Did not take action on this item.
- M. Did not take action on this item.
- N. Did not take action on this item.

Representative Tfanelli moved for the adoption of the Budget Committee report. The motion was seconded by Representative Holmes. Motion carried.

Representative Burroughs made a substitute motion to amend the report by adding \$318,250 from the SGF for investigative equipment in "Item J". The motion was seconded by Representative Feuerborn. Motion failed.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Kansas Commission on Peace Officers' Standards and Training

A. Funds Transfer from the University of Kansas (Technical Adjustment). The Legislature appropriated funding of \$715,516, all from special revenue funds, in 2007 **HB 2368** for the Kansas Commission on Peace Officers' Standards and Training. Previously, funds for the Commission were maintained by the University of Kansas. At the end of FY 2007, any remaining Commission funds need to be transferred from the University of Kansas to the Commission.

The Transportation and Public Safety Budget Committee recommendation (Attachment 13): FY 2008

A. Recommends transferring any remaining balances for the Commission maintained by the University of Kansas to the Commission at the end of FY 2007. This is a technical correction.

Representative Tafanelli moved for the adoption of the Budget Committee report. The motion was seconded by Representative Holmes. Motion carried.

Kansas Department of Transportation

A. Federal Grant for 800 MHZ Project (Senate Committee). The Senate Committee requested additional information on the Public Safety Interoperable Communications (PSIC) federal grant for the 800 MHZ interoperable project. The agency reports that it is working with the Kansas Highway Patrol as well as the Adjutant General's Department regarding the grant. The guidelines for this grant are still being developed by the federal government and will not be released until July, 2007.

The agency reports that, at this time, it is unknown how much money may be awarded to the state through this grant. In addition, the Department of Transportation notes that the grant is intended for public safety agencies, which would not include KDOT.

B. SB 108 – Deputy Todd Widman Memorial Highway (Law). **SB 108** designates a portion of US Highway 73 as the Deputy Todd Widman Memorial Highway Last Call 3-1-2000.

The fiscal note indicates that the bill increases agency expenditures by \$2,240 to place the signs. The signs will not be placed until the agency receives sufficient gifts and donations, or \$3,360, to cover the cost of placing the signs and an additional 50.0 percent of that amount to cover future sign maintenance or replacement.

C. HB 2041 – 95th Division, the Iron Men of Metz Highway (Law). **HB 2041** renames portions of US Highway 24, US Highway 59, and K-92 Highway as the 95th Division, the Iron Men of Metz Highway.

The fiscal note indicates that the bill increases agency expenditures by \$3,500 to place the signs. The signs will not be placed until the agency receives sufficient gifts and donations, or \$5,250, to cover the cost of placing the signs and an additional 50.0 percent of that amount to cover future sign maintenance or replacement.

D. SB 8 – Traffic Records Enhancement Fund (Governor). **SB 8**, as agreed to by the Conference Committee, creates the Traffic Records Enhancement Fund in the Department of Transportation to enhance and upgrade the traffic records systems in the state. Expenditure authority needs to be granted for the agency to expend any moneys in the fund.

The Transportation and Public Safety Budget Committee recommendation (Attachment 13): FY 2008

A. Item considered in the budget of the Kansas Highway Patrol.

B. Recommends the addition of \$2,240, all from special revenue funds, in FY 2008 to place signs designating a portion of US Highway 73 as the Deputy Todd Widman Memorial Highway.

C. Recommends the addition of \$3,500, all from special revenue funds, in FY 2008 to place signs designating portions of US Highways 24 and 59, and a portion of K-92 Highway as the 95th Division, the Iron Men of Metz Highway.

D. Recommends granting no-limit expenditure authority to the agency for the Traffic Records Enhancement Fund in FY 2008, including a proviso directing the agency to report to the

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

House Appropriations and Senate Ways and Means Committees on expenditures from the fund by February 1, 2008.

Representative Tafanelli moved for the adoption of the Budget Committee report. The motion was seconded by Representative Holmes. Motion carried.

State Bank Commissioner

A. Additional Consumer and Mortgage Lending Examiners (House Committee). The House Committee recommended that 2.0 FTE positions and \$78,333, all from special revenue funds, be deleted in FY 2009 and reviewed during Omnibus. The Senate Committee did not recommend these deletions. During the Conference Committee on **HB 2368**, the Committee restored the 2.0 FTE positions and the funding.

The 2.0 FTE positions are part of the Office of the State Bank Commissioner's strategic growth plan. The FTE positions will be used for Financial Examiners in the Consumer & Mortgage Lending Division. According to the agency, the division has undergone systematic growth and the new FTE positions allow for adequate training of new personnel prior to deployment into the regulation and examination function.

No Action Taken.

Department of Corrections

A. Additional Corrections Counselor Positions. (Senate Committee and House Committee). The Senate and House Committees deleted \$333,947, all from the State General Fund, and 7.0 FTE positions in FY 2008, for additional corrections counselor positions and recommended further consideration at Omnibus. Corrections counselors perform case management duties at the facilities throughout the state. The positions would be allocated among the state correctional facilities at the discretion of the Secretary of the Department of Corrections.

B. Parole Officer Positions (Senate Committee and House Committee). The Senate and House Committees deleted \$237,000, all from the State General Fund, in FY 2008 to fill 5.0 parole positions and recommended further consideration at Omnibus. According to the agency, specialized training, supervision, and caseloads have been addressed for the mentally ill within re-entry efforts but the Northern Parole Region, where there is a high risk violent offender and gang population, has not yet been addressed. The positions would be placed throughout the state and would be utilized to reduce the increasing caseloads in order to better focus supervision on high risk offenders living in the community. The agency anticipates these populations will require increased supervision time and efforts coordinated with local law enforcement. As of June 30, 2006, the parole services section was supervising 5,519 offenders. This represents a population increase of 469 offenders since June 30, 2005. As of March 2007, that number has continued to increase to a total of 5,640. As of June 30, 2006, 97 parole officers were carrying a caseload and supervising an average of 57 offenders.

C. Adult Intensive Supervision (Senate Committee). The Senate Committee recommended review of the Department of Corrections request for \$2,217,207, all from the State General Fund, in FY 2008 for adult intensive supervision funding. This funding was not recommended by the Governor. Funding would be directed toward personnel expenditures, increased travel costs, training and facility costs. In addition, some offender programming will be added or reinstated. The Department of Corrections identified the following areas for programming: substance abuse and mental health treatment and services; surveillance; enhanced or restored drug testing; absconder locator programs; job success programming; cognitive groups; resource coordinators; and a technical violators group. According to the Department of Corrections, nearly 85.0 percent of grant expenditures in community corrections are directed toward salaries and benefits for personnel. The percentage has gradually risen which has resulted in the reduction or elimination of programs and ancillary services at the local level.

D. House Substitute for SB 14 (Conference Committee). **House Substitute for SB 14** would enact a new grant program to be administered by the Department of Corrections to encourage community corrections programs to reduce revocation rates by at least 20.0 percent. Another major provision of the bill would provide for good-time credits of inmates to be raised from the current 15.0 percent to 20.0 percent. In addition, there would be program credits available to inmates for successful completion of certain programs, such as completion of a general education diploma, technical or vocational training,

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

substance abuse treatment, or any other designated program. Eligible inmates would be able to earn 60 days of good-time credit on a one-time basis upon program completion. The bill also would allow for the Department to grant financial aid to counties to defray all or part of the expenses of Corrections Advisory Board members in carrying out official duties. Likewise, the Department would be required to award grants for community correction services. The original contents of **SB 14** were deleted and provisions of 2007 **HB 2141** and 2007 **HB 2142**, as well as other measures were inserted. The estimated fiscal impact of the bill is \$4,491,763, all from the State General Fund, and 7.0 FTE positions in FY 2008. Passage of the bill would require additional administrative expenditures for the grant program during the first year in the amount of \$491,763, all from the State General Fund, which includes \$360,520 for the 7.0 additional FTE positions. Also included in the estimate is \$19,393 for travel and subsistence expenditures; \$36,570 for ongoing operating costs of rent, telephone, and supplies; and \$75,280 for one-time computer equipment and technical support expenditures. The grants to community corrections agencies are subject to annual appropriations by the Legislature. However, it is estimated that the scope of the program would require approximately \$4.0 million in grants each year, all from the State General Fund. The 7.0 additional FTE positions would evaluate grant applications, submitted community corrections agency budgets, and the monthly and quarterly performance reports from the agencies.

E. Corrections Counselor Positions (Technical Adjustment). The Senate and House Committees recommended deleting \$333,947, all from the State General Fund, and 7.0 FTE corrections counselor positions in FY 2008 for further consideration at Omnibus. Due to a posting error, a technical adjustment is needed to correctly reflect the deletion of the 7.0 FTE positions.

F. Funding Adjustment (Technical Adjustment). 2007 **HB 2368** includes the deletion of pay plan funding for redistribution by the State Finance Council as well as a deletion for a claim against the state. The claim should not have been deleted from this section of the bill. The amount in the Department of Corrections central administration operations and parole and post-release supervision operations needs to be adjusted to \$18,706,259 in order to accurately reflect the FY 2008 budget approved in **HB 2368**.

G. Offender Management Information System (OMIS) (House Committee). The House Committee deleted \$916,799, all from the State General Fund, for the Offender Management Information System (OMIS) and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed not to delete the funding. The Department of Corrections plans to use \$450,000 in Justice, Equality, Human Dignity and Tolerance (JEHT) Foundation funds, \$900,000 from the State General Fund and \$450,000 from an undetermined source to finance the replacement of the program. Funding will enable the implementation of a new standards based system resulting in enhanced functionality and end user productivity.

H. Contract Bed Space (House and Senate Committees). The House Committee deleted \$430,883, all from the State General Fund, and the Senate Committee deleted \$1,292,647, all from the State General Fund, for contract bed space in FY 2008 and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed to delete \$1,292,647, all from the State General Fund, for the bed space contract. According to the agency, the funding is no longer necessary. The Conference Committee appropriated the deleted funds in following manner: \$160,573 to the Labette County male and female conservation camps and \$1,132,074 for reentry programs.

I. Offender Programming (Senate Committee). The Senate Committee deleted \$2,381,770, all from the State General Fund, for offender programming in FY 2008 and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed not to delete the funding.

J. GBA No. 2, Item 21, Page 17—Reappropriation Authority.

The Transportation and Public Safety Budget Committee recommendation (Attachment 13): **FY 2007**

J. Adopts the GBA to allow any unspent funds in the Central Operations and Parole and Post-Release Supervision Operations account of the SGF in FY 2007 to carry forward to FY 2008.

FY 2008

A. Did not take action on this item.

B. Recommends the addition of \$237,000, all from the SGF, to fund 5.0 parole officer positions in FY 2008.

C. Did not take action on this item.

D. Recommends the addition of 7.0 FTE positions and \$4,491,763, all from the SGF in FY 2008,

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

pending passage of the bill in both houses. The bill enacts a new grant program administered by the Department of Corrections to encourage community corrections programs to reduce revocation rates by at least 20.0 percent, allow for good-time credit for successful completion of certain programs and allow for the Department to grant financial aid to counties to defray expenses of Corrections Advisory Board members in carrying out official duties.

- E. Concurs with the technical adjustment.
- F. Concurs with the technical adjustment.
- G. Did not take action on this item.
- H. Did not take action on this item.
- I. Did not take action on this item.

Representative Tafanelli moved for the adoption of the Budget Committee report. The motion was seconded by Representative Holmes.

Representative Feuerborn made a substitute motion to amend the Budget Committee report by adding language to reduce the bonding authority of the Department of Corrections to the \$21 million level. The motion was seconded by Representative Burroughs. Motion carried.

Representative Tafanelli moved for the adoption of the Budget Committee report as amended. The motion was seconded by Representative Holmes. Motion carried.

El Dorado Correctional Facility

A. Salaries and Wages Shrinkage Rate (House Committee and Conference Committee). The House Committee deleted \$42,000, all from the State General Fund, in FY 2008, for a reduction in the salaries and wages shrinkage rate and recommended further consideration at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$100,691, all from the State General Fund, from the Kansas Department of Corrections' central office in order to reduce the salaries and wages shrinkage rate from 6.0 percent to 5.5 percent at the facility. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$48,000, all from the State General Fund. The Governor also recommended \$42,000, all from the State General Fund, in FY 2008 for this purpose .

The Transportation and Public Safety Budget Committee recommendation (Attachment 13):
FY 2008

- A. Did not take action on this item.

Ellsworth Correctional Facility

A. Utilities Shortage and Salaries and Wages Shrinkage (House Committee and Conference Committee). The House Committee deleted \$150,000, all from the State General Fund, in FY 2008 for a reduction in the salaries and wages shrinkage rate and a utilities shortfall and recommended further consideration at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$362,776, all from the State General Fund, from the Kansas Department of Corrections' central office in order to reduce the salaries and wages shrinkage rate from 5.5 percent to 3.5 percent and fund a utilities shortfall of \$111,306. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$171,000, all from the State General Fund. The Governor also recommended \$150,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

The Transportation and Public Safety Budget Committee recommendation (Attachment 13):
FY 2008

- A. Did not take action on this item.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Hutchinson Correctional Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$188,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further consideration at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$373,360, all from the State General Fund, from the Kansas Department of Corrections' central office in order to reduce the salaries and wages shrinkage rate from 6.0 percent to 5.5 percent. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$176,000, all from the State General Fund. The Governor also recommended \$188,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

**The Transportation and Public Safety Budget Committee recommendation (Attachment 13):
FY 2008**

A. Did not take action on this item.

Lansing Correctional Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$209,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further consideration at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency transferred \$425,822, all from the State General Fund, from the Kansas Department of Corrections' central office in order to fund a utilities shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$200,000, all from the State General Fund. The Governor also recommended \$209,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

**The Transportation and Public Safety Budget Committee recommendation (Attachment 13):
FY 2008**

A. Did not take action on this item.

Larned Correctional Mental Health Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$25,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further consideration at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$60,269, all from the State General Fund, from the Kansas Department of Corrections' central office to fund a utilities shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$28,000, all from the State General Fund. The Governor also recommended \$25,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

**The Transportation and Public Safety Budget Committee recommendation (Attachment 13):
FY 2008**

A. Did not take action on this item.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Norton Correctional Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$42,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$101,477, all from the State General Fund, from the Kansas Department of Corrections' central office to fund a utilities shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$48,000, all from the State General Fund. The Governor also recommended \$42,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

The Transportation and Public Safety Budget Committee recommendation (Attachment 13): FY 2008

A. Did not take action on this item.

Topeka Correctional Facility

A. Per Diem Rate Shortfall (House Committee and Conference Committee). The House Committee deleted \$12,000, all from the State General Fund, in FY 2008 for a shortfall in the per diem rate for housing federal inmates and a concurrent reduction in the number of federal inmates housed at Topeka Correctional Facility and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$195,210, all from the State General Fund, from the Kansas Department of Corrections' central office to fund a per diem rate shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$92,000, all from the State General Fund. The Governor also recommended \$12,000, all from the State General Fund, in FY 2008 for the same purpose.

The Transportation and Public Safety Budget Committee recommendation (Attachment 13): FY 2008

A. Did not take action on this item.

Winfield Correctional Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$32,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$78,238, all from the State General Fund, from the Kansas Department of Corrections' central office to fund a utilities shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$37,000, all from the State General Fund. The Governor also recommended \$32,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

The Transportation and Public Safety Budget Committee recommendation (Attachment 13): FY 2008

A. Did not take action on this item.

Sentencing Commission

A. Positions to Track Sexually Violent Predators (Senate Committee and House Committee). The Senate and House Committees deleted \$117,107, all from the State General Fund, and 2.0 FTE positions in FY 2008 to track sexually violent predators under 2006 **HB 2576** and recommended further review at Omnibus. The duties of the Kansas Sentencing Commission were

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

amended under 2006 **HB 2576** to add a new responsibility to develop information relating to the number of offenders on post-release supervision and subject to electronic monitoring for the duration of the person's natural life and to determine the effect the mandatory sentencing established under the bill has on the number of offenders civilly committed to a treatment facility as a sexually violent predator. According to the agency, current staffing is available to assume this responsibility during FY 2008.

B. Substance Abuse Treatment Shortfall in Offender Reimbursement (House Committee).

The House Committee deleted \$50,000, all from the State General Fund, recommended by the Governor for a shortfall in offender reimbursement for 2003 **SB 123** Treatment and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed not to delete the funding.

C. Substance Abuse Treatment (House Committee). The House Committee deleted \$460,000, all from the State General Fund, for substance abuse treatment under 2003 **SB 123** and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed not to delete the funding.

The Transportation and Public Safety Budget Committee recommendation (Attachment 13): FY 2008

- A. Did not take action on this item.
- B. Did not take action on this item.
- C. Did not take action on this item.

Real Estate Commission

A. Position Reclassification and Salary Enhancement (House Committee). The House Committee recommended the review of the addition of \$10,310, all from special revenue funds, to reclassify 2.0 FTE positions. The Real Estate Commission requested an enhancement of \$10,310, all from special revenue funds, to reclassify its Public Service Administrator II position to a Public Service Executive I position and its Senior Administrative Assistant position to an Administrative Specialist position in FY 2008. The reclassification of these positions was requested according to the agency due to the increased responsibilities and duties placed on these individuals.

B. Senate Substitute for HB 2295—Criminal History Background and Real Estate License Qualifications (Law). **Senate Substitute for HB 2295** would allow the Kansas Real Estate Commission to require a person applying for a new real estate license to be fingerprinted and to submit to a criminal history record check. The bill would require state law enforcement officers and agencies to assist the Commission in collecting and processing fingerprints. The Commission would be authorized to submit fingerprints to the Kansas Bureau of Investigation (KBI) and the Federal Bureau of Investigation (FBI) for the criminal history record check. The Commission would charge and collect in advance a fee of \$54 to conduct the fingerprinting and national record check. The agency expects to process 1,700 new applications for licenses in FY 2008. The agency indicates the costs associated with conducting the fingerprint and national record check to be \$91,800, all from special revenue funds.

The agency indicated the need to hire 1.0 FTE position, an administrative assistant, to process the background check applications and fees. The agency indicates the costs associated with hiring an administrative position would be \$35,000 and would be funded through the agency's fee fund. In order to perform the fingerprint and national record check, the agency's expenditure limitation would need to be increased from \$923,397 to \$1,050,197 for FY 2008 and from \$946,679 to \$1,074,435 for FY 2009.

House Bill 2295 also contains the original contents of **HB 2561**. The Conference Committee agreed to include the provisions of **HB 2561** as amended by the House Committee on Commerce and Labor. The bill would change the qualifications for obtaining a real estate salesperson's license. The bill would eliminate the six-month temporary salesperson license and the 30-hour post-license course. The bill would require that an applicant for a salesperson's license take a 30-hour pre-license course, a 30-hour practice course, and pass the licensure examination before applying for licensure. The agency indicates that the bill would require a one-time expenditure of approximately \$25,000 for computer consulting services to program the licensing database for changes. The agency has indicated that KSIP expenditures will be used for this one-time change and therefore, the expenditure limitation for the agency does not need to be adjusted.

The General Government Budget Committee recommendation (Attachment 12): FY 2008

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

- A. Did not take action on this item.
- B. Recommends the addition of \$126,800, all from special revenue funds, to allow the agency to fingerprint a person applying for a new real estate license, conduct a background check of the applicant, and hire 1.0 FTE position to process the background check applications and fees.

FY 2009

- B. Recommends the addition of \$127,756, all from special revenue funds, to allow the agency to fingerprint a person applying for a new real estate license, conduct a background check of the applicant, and hire 1.0 FTE position to process the Background check applications and fees.

Representative Yoder moved for the adoption of the Budget Committee report. The motion was seconded by Representative Lane. Motion carried.

Juvenile Justice Authority

A. Psychiatric Residential Treatment Facilities (House Committee). The House Committee deleted FY 2007 funding of \$1,120,100, all from State General Fund, and recommended Omnibus consideration of funding for the establishment of psychiatric residential treatment facilities. The Conference Committee on **HB 2368** agreed with the House position. In 2004, federal Centers for Medicare and Medicaid Services (CMS) notified the State of Kansas that current Level V and VI facilities are considered psychiatric residential treatment facilities and must follow federal guidelines. The State of Kansas must convert all Level V and VI facilities in order to ensure continued federal funding and after the State's restructuring, all Level V and VI facilities will become psychiatric residential treatment facilities. Current Level V and VI facilities must be accredited by July 1, 2007 in order to maximize federal funding. Currently, the Juvenile Justice Authority (JJA) is working with the Kansas Department of Social and Rehabilitation Services (SRS) and the Kansas Health Policy Authority to determine a new daily rate for psychiatric residential treatment facilities. JJA has indicated that the recommended FY 2007 supplemental funding of \$1,120,100, all from the State General Fund, is no longer needed due to the fact that the conversion deadline is currently July 1, which is the beginning of FY 2008. For FY 2008, the agency had requested and the Governor approved an enhancement request of \$11,101,855, including \$5,000,000 from the State General Fund, for conversion costs. The Legislature did not approve the enhancement due to the fact that the final conversion costs would not be known until Omnibus.

B. Graduated Sanctions Programs (Senate Committee). The Senate Committee recommended Omnibus review of the formula regarding graduated sanctions. The Juvenile Justice Authority (JJA) requested \$2,200,000, all from the State General Fund, to increase funding for graduated sanctions programming in FY 2008. Graduated sanctions include juvenile intake and assessment, juvenile intensive supervision, and community case management. These three programs are often referred to as the "core" programs and are administered at the local level. It was recommended that the funding formula currently being used be examined during Omnibus to ensure equitable distribution of funds. The \$2,200,000 enhancement request was not recommended by the Governor and JJA is no longer seeking the funding at this time. The House Committee has requested the Joint Committee on Corrections and Juvenile Justice Oversight further examine the funding needs for "core" programs during the interim.

C. GBA, No. 2, Item 22, Page 17-Psychiatric Residential Treatment Facilities.

The Transportation and Public Safety Budget Committee recommendation (Attachment 13): FY 2008

- A. Recommends the addition of \$5 million, all from the SGF, for psychiatric residential treatment facilities.
- B. Did not take action on this item.
- C. Adopts the GBA to add \$1,150,260, all from the SGF, for psychiatric residential treatment facilities. The House Budget Committee adopts the GBA to delete \$8,342,313, all from special revenue funds. The House Budget Committee adopted the FY 2007 portion of GBA No. 2, Item 22, Page 17, to delete \$1,120,100 from the SGF and \$4,094,149 from other funds for a total of \$5,214,249 for psychiatric residential treatment facilities.

Representative Tafanelli moved for the adoption of the Budget Committee report. The motion was seconded by Representative Holmes. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

All Agencies

A. Vehicle Purchases (Senate Committee, House Committee, and Conference Committee).

During the 2007 regular session, the House deleted a total of \$7.0 million, including \$2.0 million from the State General Fund, in FY 2008 for recommended vehicle purchases. In addition, the House deleted vehicle purchases in FY 2007 (\$10,700, all from special revenue funds), and FY 2009 (\$13,367, all from special revenue funds). These vehicle purchases were recommended for Omnibus review. The Senate deleted funding totaling \$1.9 million, including \$1.3 million from the State General Fund, in FY 2008 vehicle purchases for review at Omnibus. The Conference Committee on **HB 2368** adopted the House position, deleting the funding for consideration at Omnibus. Attachment A reflects the deletions originally made by the House and Senate.

The General Government Budget Committee recommendation (Attachment 15):

FY 2007

A. Recommends the addition of \$10,700, all from special revenue funds for vehicle purchases.

FY 2008

A. Recommends the addition of \$7.3 million, including \$2.0 million from the State General Fund, in FY 2008 for vehicle purchases. The Adjutant General withdrew a request for a new vehicle.

FY 2009

A. Recommends the addition of \$13,367, all from special revenue funds, in FY 2009 for vehicle purchases.

Representative Yoder moved to adopt the Budget Committee recommendation. The motion was seconded by Representative Pottorff. Motion carried.

Additional Budgets Considered:

University of Kansas Medical Center (Attachment 11)

FY 2008

A. New Item - The Education Budget Committee recommends the addition of language requiring the University of Kansas Medical Center to report to the House Appropriations and Senate Ways and Means Committee on or before February 1, 2008, on a plan to add 25 residents at KU affiliated hospitals in Wichita.

Representative McLeland moved for the adoption of the Budget Committee report (Attachment 11). The motion was seconded by Representative Masterson. Motion carried.

Legislature (Attachment 9)

FY 2008

A. New Item - Sale of Desks. The Legislative Branch Budget Committee recommends adding language in FY 2007 and FY 2008 to allow for the sale of the free standing desks on the House floor to those assigned to the desk.

Representative Schwartz moved for the adoption of the Legislative Branch Budget Committee report (Attachment 9). The motion was seconded by Representative Feuerborn.

Representative Bethell made a substitute motion to remove the language "free standing" and allow for the sale of all desks on the House floor to those assigned to the desk. The motion was seconded by Representative Watkins. Motion carried.

Representative Masterson moved to remove the proposed 2 percent salary raise for legislators in the pay plan and replace with language to tie legislator's salary to the federal poverty guidelines. The motion was seconded by Representative Sawyer. Motion carried on a 10-6 vote.

Legislators requesting to be recorded as voting "no" were:

Representative Powell, Representative Beamer, Representative Schwartz, Representative Tapanelli and Representative Williams.

Representative Feuerborn moved to add language to the Legislature budget report to indicate that if the Legislature is in session on the floor of the House longer than six hours, the Sargent-at-

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2007, in Room 514-S of the Capitol.

Arms will receive double-time pay with the extra expense funded from the Legislature budget. The motion was seconded by Representative Burroughs. Motion carried.

Representative Schwartz moved for the adoption of the Legislative Branch Budget Committee report as amended. The motion was seconded by Representative Feuerborn. Motion carried.

Other actions taken by the Committee:

Representative Tapanelli moved to remove the contents of SB 357, insert the language of the Budget Committee reports as amended and approved by the Appropriations Committee into House Substitute for SB 357. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Feuerborn moved to allow for technical corrections as necessary to House Substitute for SB 357. The motion was seconded by Representative Powell. Motion carried.

Representative Tapanelli moved to recommend House Substitute for SB 357 favorable for passage as amended. Motion withdrawn.

Representative Feuerborn moved to add language to House Substitute for SB 357 to suspend the 7.5 percent ending balance requirement in the State General Fund (SGF). The motion was seconded by Representative Powell. Motion carried.

Representative Tapanelli moved to recommend House Substitute for SB 357 favorable for passage as amended. The motion was seconded by Representative Bethell. Motion carried.

Chair Schwartz thanked the Staff for their diligence and hard work in assisting the Committee with the work on the Omnibus bill. The meeting was adjourned at 5:30 p.m. The next meeting of the Committee will be held at 8:00 a.m. on April 25, 2007.


Sharon Schwartz, Chair

House Appropriations Committee

April 17, 2007

9:00 A.M.

NAME	REPRESENTING
DINA FISK	VZW
Dick Keenan	KDW P
Marty Kennedy	KISOA
MURPHY	K-STATE

AD ASTRA PER ASPERA
KANSAS

OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

April 16, 2007

The Honorable Sharon Schwartz, Chairperson
 House Committee on Appropriations
 Room 517-S, Statehouse

and

The Honorable Dwayne Umbarger, Chairperson
 Senate Committee on Ways and Means
 Room 120-S, Statehouse

Dear Representative Schwartz:

The items contained in this memo, Governor's Budget Amendment No. 2, amend the revised FY 2007 and new FY 2008 budget that I submitted to you in January 2007. These 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 2007</u>	<u>FY 2008</u>
State General Fund	\$ 54,701,649	\$ 146,263,876
All Other Funds	<u>2,181,367</u>	<u>56,762,835</u>
All Funds	\$ 56,883,016	\$ 203,026,711
FTE Positions	--	14.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	14.00

HOUSE APPROPRIATIONS

DATE 4-17/18-2007
 ATTACHMENT 1

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

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Department of Administration

1. Simplex Fire Safety Contract

I amend my budget to lapse \$68,000 from the State General Fund in FY 2008 from the Kansas Highway Patrol and appropriate the same amount to the Department of Administration. This action will facilitate the transfer of administering the Simplex fire safety contract back to Administration from the Highway Patrol. Two years ago, the Highway Patrol took over administering the Simplex contract, because the agency was better suited to handle the security of state buildings. However, these agencies have determined that Administration is better able to manage the fire safety component of the contract, because staff of the Division of Facilities Management currently performs maintenance on state buildings that are protected with the Simplex fire safety contract, including basic maintenance on the Simplex equipment. The Highway Patrol will continue to administer the security card access component of the Simplex system.

Department of Administration:

	FY 2007	FY 2008
State General Fund	\$ --	\$ 68,000
All Other Funds	--	--
All Funds	\$ --	\$ 68,000

Highway Patrol:

	FY 2007	FY 2008
State General Fund	\$ --	(\$ 68,000)
All Other Funds	--	--
All Funds	\$ --	(\$ 68,000)

2. MacVicar Avenue Assessment

I amend my budget to add \$1,285,749 from the State General Fund for a special assessment by the City of Topeka in connection with the old Topeka State Hospital grounds. The agency was notified of the assessment in mid-March. The amount is only an estimate based on costs calculated by the city. The final assessment will not be known until the improvements are complete. The funds generated by the assessment will be utilized by the city for traffic improvements on MacVicar Avenue along the east side of the grounds. The improvements are anticipated to be completed in the fall of 2007. Without this appropriation, the Department of Administration would have to increase office space rental rates for agencies occupying state facilities in order to pay the assessment.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 1,285,749
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 1,285,749

3. Landon State Office Building Repairs

Subsequent to the submission of my original recommendations, the Department of Administration received the results of an exterior façade study on the Landon State Office Building (LSOB) that was conducted by AMAI Architects. The terracotta and brick façade of the LSOB is almost 100 years old and very fragile, with cracked window headers and facing tile. In order to address immediate concerns regarding pedestrian safety from the potential for falling debris, a chain-link fence has been erected along the west and north sides of the LSOB, as well as a canopy over the northwest entrance. At the same time, the southwest entrance has been closed, except for use as an emergency exit. In order to repair the problems identified in the study, I amend my budget to add \$2,530,000 from the State General Fund in FY 2008. The work will include repair and replacement of defective tiles.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 2,530,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 2,530,000

Department of Revenue

4. Ethanol Producer Incentives

I amend my budget to transfer \$1.0 million from the State General Fund to the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund in FY 2008. By statute, this fund receives \$3.5 million annually from motor fuel tax revenues. Expenditures from this fund provide incentives to ethanol producers at a rate of \$0.075 per gallon. A transfer in the same amount was made last year for FY 2007 in order to fund this incentive fully for all producers who qualify. It appears at this time that the full \$4.5 million available in FY 2007 for these incentives will be expended. Therefore, in order to make the same \$4.5 million available for expenditure in FY 2008, I recommend continuing this transfer.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,000,000</u>
All Funds	\$ --	\$ 1,000,000

5. New Intra-Governmental Service Fund

The Department of Social and Rehabilitation Services (SRS) reimburses the Department of Revenue for certain tobacco enforcement expenditures. In the budget, SRS treats its expenditures as reportable, while the Department of Revenue treats them as non-reportable to avoid counting the same dollars twice. However, the Department of Revenue needs an Intra-Governmental Service Fund so this arrangement will work correctly for all budgeting and accounting purposes. This fund was included in the FY 2008 appropriations bill, which has now been approved by the Legislature, but it was inadvertently left out of the FY 2007 supplemental bill. This item is a technical correction to rectify the omission in FY 2007.

Board of Tax Appeals

6. Small Claims Hearings

I amend my budget to provide additional funding from the State General Fund of \$16,880 in FY 2007 and \$33,760 in FY 2008. The additional funding will allow the Board of Tax Appeals to contract with attorneys to conduct small claims hearings because of Sedgwick County's decision to eliminate its Hearing Officer Panel on January 1, 2007. Counties with a Hearing Officer Panel are required to conduct hearings on property valuation appeals for property located within their county, while the Board of Tax Appeals is required to conduct hearings in all other counties. The Sedgwick County Hearing Officer Panel heard approximately 1,300 property valuation appeals each year, for which the Board will now have to assume responsibility.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 16,880	\$ 33,760
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 16,880	\$ 33,760

Kansas Racing and Gaming Commission

7. Kansas Expanded Lottery Act (SB 66)

Message on Revenue. The Kansas Expanded Lottery Act (SB 66) reauthorizes the Kansas Lottery and authorizes four destination casinos in Kansas and slot machines at Kansas race tracks. Implementation of the act will bring the state new revenues, which are to be deposited in a newly created Expanded Lottery Act Revenues Fund. Since none of the revenue is currently available and local votes and potential court challenges must occur before revenue is received, these expected revenues should not be appropriated until the 2008 Legislative Session. That approach would allow the state to estimate the amount of revenue as well as provide time to consider the best use of the expected revenue.

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Gaming Regulation. However, appropriations do need to be made during the wrap-up session to allow for the new costs of regulating gaming operations. A budget amendment dealing with racetrack regulation is outlined below. Another amendment that proposes further regulatory activity for gaming will be delivered to the Legislature at the beginning of the wrap-up session.

Racing Operations—Camptown Racetrack. I amend my budget to recommend increased expenditure authority of \$1,410,308 from the State Racing Fund in FY 2008, including 10.00 new FTE positions, for the Racing Operations Program. The additional expenditure authority will allow the Commission to provide regulatory oversight of the reopened Camptown Racetrack in Crawford County and enhance its regulatory efforts at the two other pari-mutuel racetrack facilities. In recent years, the Commission has experienced cashflow problems with the decline in pari-mutuel tax receipts that are used to pay for the cost of regulating this industry. The Commission has not had the financial resources to fill key positions, update its computer system, or purchase new equipment. Because the pari-mutuel tax is currently unable to support the full cost of regulating this industry, I recommend allowing the Kansas Racing and Gaming Commission to assess the cost of regulation, above what is generated from the pari-mutuel tax, directly to the pari-mutuel facility licensees.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	--	1,410,308
All Funds	<u>\$ --</u>	<u>\$ 1,410,308</u>
FTE Positions	--	10.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	10.00

Board of Indigents Defense Services

8. Assigned Counsel Caseload Savings

I amend my budget to reduce assigned counsel expenditures for the Board of Indigents Defense Services in FY 2007 by \$1.8 million from the State General Fund. After taking the reduction into account, the revised total for assigned counsel will be \$8.0 million. This reduction was arrived at through a consensus caseload process involving the Division of the Budget, the Kansas Legislative Research Department, and the agency. The revised estimate accounts for a declining caseload, payments still being made for work done in FY 2006 at the old rate of \$50 per hour, and certain judicial districts that have agreed to accept a rate lower than the current \$80 per hour.

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	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ (1,800,000)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (1,800,000)	\$ --

Attorney General

9. Water Litigation

I amend my budget to fund the *Kansas v. Nebraska* water litigation. The first compliance report regarding the settlement of disputed water claims will be received in April 2007. The report is anticipated to show that Nebraska is out of compliance with the settlement. The settlement sets out dispute resolution procedures, and Kansas will use those procedures to remedy compliance issues. Therefore, I amend my budget to add \$100,000 in FY 2007 and \$1.0 million in FY 2008, all of which will be from the State General Fund. These funds will be used to pay for outside counsel, witnesses, experts, exhibits, and water analysis costs.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 100,000	\$ 1,000,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 100,000	\$ 1,000,000

Department of Social and Rehabilitation Services and Kansas Health Policy Authority

10. Centers for Medicare and Medicaid Services (CMS) Issues

Over the past two years, Kansas has experienced a high volume of Centers for Medicare and Medicaid Services (CMS) financial management reviews and Office of the Inspector General (OIG) audits. The targets of these audits and reviews are past practices in three main areas: local education agencies (LEAs), mental health and child welfare, and targeted case management (TCM). Kansas has made a concerted effort in each of these target areas to develop a comprehensive solution to resolve the underlying issues and bring the state into full compliance with all federal regulations and state plan provisions. The items listed in this budget amendment represent the final steps that need to be taken in this effort.

The first and second items provide one-time state funding in FY 2007 to make up for the loss of federal funds. The remaining items propose FY 2008 appropriations that will allow Kansas policy to change in order to meet CMS requirements. In addition, a separate budget amendment (Item No. 19), which deals with school finance consensus estimates for special education, is directly related to these issues.

Local Education Agency Medicaid Deferral. I amend my budget to substitute \$37,487,770 from the State General Fund in FY 2007 in the Kansas Health Policy Authority to replace federal Medicaid funds that were repaid to the Centers for Medicare and Medicaid Services (CMS) for audit findings in the school-based services program. There were three audits conducted on the bundled rate development, application, and claiming processes by the federal Health and Human Services Office of Inspector General (OIG). These audits reviewed documentation at a sampling of school districts and determined that federal Medicaid funds were claimed inappropriately. For those sampled districts, the OIG calculated the amounts that should be returned to CMS. The funds were returned in June 2006, November 2006, and the final amount will be repaid by June 2007. The additional State General Fund monies will help defray shortfalls in federal funds that are used to make current payments to providers.

Kansas Health Policy Authority:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 37,487,770	\$ --
All Other Funds	<u>(37,487,770)</u>	<u>--</u>
All Funds	\$ --	\$ --

Child Welfare Medicaid Deferrals. I amend my budget to substitute \$8,127,663 from the State General Fund for federal dollars for FY 2007 in the Department of Social and Rehabilitation Services. The Centers for Medicare and Medicaid Services (CMS) continue to defer all mental health services claimed for children in SRS custody. The requested amount would replace Medicaid funding for the quarters ending September 30, 2006, and December 31, 2006. Since CMS reduces the state's grant award, two quarters after the funds are deferred, any deferrals for quarters ending March 31, 2007, and June 30, 2007, will not affect cashflow until FY 2008. Last year, \$1.5 million per quarter was added to cover deferrals in FY 2007. However, CMS continues to defer approximately twice that amount per quarter because of data management issues that have to be manually reconciled. These additional amounts that are being deferred are causing cashflow problems in the current year.

Social & Rehabilitation Services:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 8,127,663	\$ --
All Other Funds	<u>(8,127,663)</u>	<u>--</u>
All Funds	\$ --	\$ --

Prepaid Ambulatory Health Managed Care Plan. I amend my FY 2008 SRS budget to add \$15,468,000, including \$7,644,500 from the State General Fund, for administration of its Prepaid Ambulatory Health Managed Care Plan for Community Mental Health Services Program. To satisfy CMS requirements and to maintain critical aspects of the community mental health system, Kansas has received approval for a non-risk managed care plan. Non-risk plans pay for the administrative costs of the plan separately, based on actual costs. SRS used a contractor to assist in developing the administrative cost report and negotiating with the managed

care provider to establish the base price to administer the plan. The current estimate of the plan administration cost is 9.1 percent of the total service costs, or \$15.5 million from all funding sources.

Social & Rehabilitation Services:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 7,644,500
All Other Funds	<u>--</u>	<u>7,823,500</u>
All Funds	\$ --	\$ 15,468,000

Community Mental Health Centers Certified Match Replacement. I amend my budget to add \$10.0 million from the State General Fund in FY 2008. Currently, SRS pays the federal share and only a portion of the Medicaid funding to the community mental health centers (CMHCs). The CMHCs certify the remaining required state share from other non-federal funds. These grant payments include \$10.2 million in State General Fund State Aid, \$31.0 million in State General Fund Mental Health Consolidated Grants, and \$6.0 million from the Children's Initiatives Fund. Of this \$47.2 million, \$26.5 million is certified as the state match. The Centers for Medicare and Medicaid Services (CMS) have proposed new regulations that more stringently define which "government entities" can certify the state share of Medicaid funding. If these regulations are adopted, CMHCs will not be allowed to certify the state share any longer.

In addition, the new managed care program for Medicaid community mental health services that SRS will start on July 1, 2007, makes eliminating the certified match process necessary. In order to meet the requirement for state matching dollars, Mental Health Consolidated Grants will be reduced from \$31.0 million to \$14.5 million. This amount will ensure that the CMHC system, as a whole, will have enough state funding to provide state match dollars for federal Medicaid funding. The net result of this item is increased funding in the mental health system; however, the distribution of funding will change according to which centers are serving Medicaid patients.

Social & Rehabilitation Services:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 10,000,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 10,000,000

Developmental Disabilities Targeted Case Management Match Replacement. I amend my budget to substitute \$8,975,141 from the State General Fund for federal funds in FY 2008. Currently, SRS pays the federal share and only a small portion of the required state share for Medicaid Targeted Case Management (TCM) provided by Community Developmental Disabilities Organizations (CDDOs). The CDDOs certify the remaining state share using SRS grant funds and county property tax mill levy funds. The federal share totals \$24.8 million; the

SRS share totals \$1.5 million; and CDDOs certify \$14.9 million from SRS grants and county funds.

The Centers for Medicare and Medicaid Services (CMS) found in a financial management review that CDDOs are not expending the entire \$41.2 million on TCM services. Proposed CMS regulations, if adopted, will prohibit paying more than it costs to provide these services and will prohibit CDDOs from certifying any matching state funds. SRS must address these issues to avoid Medicaid findings, disallowances, and deferrals that will result in the loss funding. The addition of \$8,975,141 from the State General Fund will allow SRS to stop the certified match process in the provision of TCM services for the developmentally disabled (DD). This is the minimum amount that will keep the DD system whole. However, because of differences in service levels across regions, providers cannot be assured that they will receive the same amount of funding under the new plan.

Social & Rehabilitation Services:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 8,975,141
All Other Funds	<u>--</u>	<u>(8,975,141)</u>
All Funds	\$ --	\$ --

CDDO Administrative Certified Match Replacement. I amend my budget to add \$1,792,000 from the State General Fund in FY 2008. The Developmental Disabilities Reform Act requires the Community Developmental Disabilities Organizations (CDDOs) to carry out certain administrative functions related to local service delivery of developmental disabilities services. A portion of these services is reimbursable through Medicaid administrative payments. SRS provides all of the federal Medicaid funds and some of the required state matching funds for the cost of these services. The CDDOs certify the remaining portion of the required state matching funds from their local county funds. The Centers for Medicare and Medicaid Services (CMS) have proposed new regulations that more stringently define which "government entities" can certify the state share of Medicaid funding. If these regulations are adopted, CDDOs will not be allowed to certify the state share any longer. Therefore, I recommend the addition of \$1,792,000 from the State General Fund to replace the county funds.

Social & Rehabilitation Services:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 1,792,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 1,792,000

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Department of Social and Rehabilitation Services

11. Child Care Assistance

I amend my budget to increase expenditures for child care assistance by \$3.6 million from the Temporary Assistance for Families (TAF) Fund in FY 2008. Child care assistance is a crucial employment support to low-income, working families but especially single parents who face a greater financial hardship in their effort to combine work and care for their children. Without this enhancement, many low-income families will be unable to keep their jobs, and some may resort to welfare assistance. Although my original budget increased funding for this program to \$79.0 million, the current projection for the program is \$82.6 million. However, it should be noted that TAF is a federal block grant. And if the Temporary Assistance for Families caseload increases in future years, TAF funding will have to be replaced.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>3,610,249</u>
All Funds	\$ --	\$ 3,610,249

**Kansas Health Policy Authority,
Social & Rehabilitation Services, and Aging**

12. Caseload Adjustments

I amend my FY 2007 and FY 2008 budgets 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 Kansas Health Policy Authority, 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, Temporary Assistance to Families, General Assistance, and Reintegration/Foster Care. The estimating group used the budget as approved in 2007 HB 2368 as the starting point for the current estimate.

For FY 2007, this amendment includes a decrease from all funding sources of \$30.7 million, but an increase of \$5.9 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 the Regular Medical Assistance Program and community supports and services, and slower than expected growth in the number of residents in Nursing Facilities. Nursing Facility expenditures were reduced by \$1.9 million from the State General Fund to reflect a lower number of persons served. The KHPA Regular Medical reduction of \$26.0 million from all funding sources is generally tied to reduced estimates of beneficiaries. As a result of new federal citizenship verification requirements implemented July 1, 2006, an estimated 18,000 beneficiaries have lost benefits, and the increased requirements are expected to dampen the number of people applying

for services as compared to past years. The FY 2007 estimate also includes a cost increase attributable to an increase in the number of children in foster care and slight increases in the General Assistance Program, Nursing Facilities for Mental Health, and community mental health services.

For FY 2008, the estimate is a decrease of \$7.0 million from all funding sources, but an increase of \$21.3 million from the State General Fund. These adjustments include decreases from all funding sources of \$9.0 million for Temporary Assistance to Families, \$2.0 million for Medicaid community supports and services, and \$27.0 million for Regular Medical Assistance in KHPA. The KHPA Regular Medical reduction of \$27.0 million from all funding sources is again tied to reduced estimates of beneficiaries. The new federal citizenship verification requirements are expected to dampen the number of people applying for services in FY 2008 as well. The increase in the required amount of State General Fund dollars is largely due to decreases in estimates of available fee funds and the provider assessment revenue as well as an increase in the match requirements for disproportionate share payments to hospitals. The estimate for Nursing Facility expenditures is unchanged from the approved amounts. Increases in the remaining programs can be attributed to increases in the number of persons served and increases in the cost of services. In addition, beginning in FY 2008, SRS will change the way services are delivered in the Addiction and Prevention Services Program and for community mental health. Addiction and prevention services will be provided through a new managed care plan, the Prepaid Inpatient Health Plan. Most community mental health services will be provided through a new managed care plan, the Prepaid Ambulatory Health Plan.

Kansas Health Policy Authority:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 4,300,000	\$ 5,000,000
All Other Funds	<u>(30,300,000)</u>	<u>(32,000,000)</u>
All Funds	\$(26,000,000)	\$ (27,000,000)

Social & Rehabilitation Services:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 3,565,196	\$ 16,320,810
All Other Funds	<u>(3,571,013)</u>	<u>3,636,553</u>
All Funds	\$ (5,817)	\$ 19,957,363

Department on Aging:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ (1,900,000)	\$ --
All Other Funds	<u>(2,800,000)</u>	<u>--</u>
All Funds	\$ (4,700,000)	\$ --

Kansas Health Policy Authority**13. Citizenship Verification**

I amend my budget to add \$1,004,145 in FY 2008 to increase the contract with the Medicaid Clearinghouse for issues related to citizenship verification. The State General Fund portion of the amendment is \$502,073. The federal Deficit Reduction Act of 2005 requires individuals to provide satisfactory documentary evidence of citizenship or nationality when applying for Medicaid. The law went into effect July 1, 2006. The requirement of additional documentation has significantly altered the application process. Each applicant is now required to submit either one primary document verifying citizenship and identity, such as a passport or certificate of naturalization, or two secondary documents, one verifying citizenship, such as a birth certificate, and one verifying identity, such as a driver's license or school ID card.

All these documents must be submitted in hard copy and be verified, processed, and stored for future reference. These new requirements have caused confusion for applicants. As a result, monthly calls for customer service have doubled from 23,000 to 49,000; voicemails have increased from 1,200 to 11,000; and faxes have doubled to 6,000. While the workload has increased significantly, the amount of staff has remained the same. As a result, the amount of unfinished eligibility determinations has been increasing rapidly. The backlog increased from 8,000 cases in November 2006 to 14,000 in March 2007. This amendment includes costs KHPA needs to respond to the backlog of applications and to address the need to verify citizenship in a creative way.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 502,073
All Other Funds	<u>--</u>	<u>502,072</u>
All Funds	\$ --	\$ 1,004,145

Department of Health and Environment**14. Youth Programs Division Transfer**

I amend my budget to transfer the Youth Programs Division of the Office of the State Fire Marshal to the Kansas Fire Injury Prevention Program of the Department of Health and Environment (KDHE) for FY 2008. This transfer was not anticipated in either agency's

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September budget submission because an agreement between them was not yet finalized. This item will require an increase of \$99,237 from the State General Fund in the KDHE budget, and a corresponding decrease from the Fire Marshal Fee Fund in the Fire Marshal's budget. The amendment will also require the transfer of 1.00 FTE position from the Office of the State Fire Marshal to KDHE. The objectives of the combined program will be to provide resource materials for parents, teachers, childcare providers, and fire service personnel statewide to increase the number of homes with smoke alarms, increase knowledge related to the prevention of fire-related injuries, and prevent children from starting fires.

Health & Environment:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 99,237
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 99,237

FTE Positions	--	1.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	1.00

Fire Marshal:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>(99,237)</u>
All Funds	\$ --	\$ (99,237)

FTE Positions	--	(1.00)
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	(1.00)

15. Laboratory Security Contract Transfer

I amend my budget to increase FY 2008 State General Fund expenditures by \$102,000 for the Kansas Department of Health and Environment (KDHE) and reduce State General Fund expenditures by the same amount for the Kansas Highway Patrol (KHP). Currently, the KHP is paying for a contract with a private company to provide security services for the KDHE laboratory facility at Forbes Field in south Topeka. The two agencies have determined that there is no need for the KHP to serve as an intermediary in the contract process. My amendment will allow KDHE to deal directly with the vendor who provides laboratory security services.

Health & Environment:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 102,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 102,000

Kansas Highway Patrol:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ (102,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (102,000)

Department of Labor**16. Unemployment Insurance Modernization Project**

The Department of Labor has been working to modernize its unemployment insurance (UI) benefits system. In order to complete an overhaul of the information technology systems involved in the UI Program, it has been determined that a second phase to the project is necessary. To finish this project, I amend my budget to authorize the agency to spend \$26.0 million in federal Reed Act funds to finance the system improvements. By law, such a large project requires approval by the Executive Branch CITO, who is monitoring the project. The agency has also contracted for independent validation and verification to oversee project completion.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>26,000,000</u>	<u>--</u>
All Funds	\$ 26,000,000	\$ --

Department of Education**17. School Finance Consensus Adjustments**

I amend my budget to adjust state funding for school finance in FY 2007 and FY 2008. 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 state aid requirements for local option budgets. Property values have increased by a slight amount, reducing the state's obligation under the school finance

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formula by \$5.8 million in FY 2007 and \$2.3 million in FY 2008. The consensus of the group is to leave enrollment at the same level for FY 2007, but 832 weighted FTE students must be added for FY 2008 for the second enrollment count authorized by 2007 HB 2159, which I signed into law on April 10, 2007, requiring the addition of \$4.0 million. Local option budget state aid must be increased in FY 2008 as well to account for an increased state aid ratio from 35.0 to 36.65 percent. Valuation per pupil levels for districts near the 81st percentile have increased considerably, increasing the state's cost to equalize to that level. All of these factors were agreed to by staff from the Legislative Research Department, Department of Education, and Division of the Budget on April 13, 2007.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	(\$2,433,000)	\$ 16,251,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	(\$2,433,000)	\$ 16,251,000

18. Special Education

The state's school finance law now provides for a specific ratio of state aid for districts' spending on special education services. Within that formula is a deduction for federal Medicaid reimbursements, which are now projected to decrease in FY 2008 as a result of the decision not to allow for a bundled rate any longer and for other audit exceptions. Districts will have to begin billing for each individual service for Medicaid-eligible students. Staff from the Kansas Health Policy Authority, Department of Education, Legislative Research Department, and Division of the Budget met on April 13, 2007, to review this issue. It is now anticipated that federal Medicaid reimbursements will be only \$17.5 million in FY 2008 compared to \$35.0 million in FY 2007. To maintain state aid at the required 92.0 percent, I amend my budget to add \$16.1 million in FY 2008.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 16,100,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ 16,100,000

Board of Regents

19. Deferred Maintenance

I amend my budget to include \$62,692,000 for FY 2008 to assist with the deferred maintenance problems with state university buildings. Of that amount, \$15.0 million will be provided by a transfer from the State General Fund to the Educational Building Fund (EBF) so that a full \$30.0 million is available from the EBF for university building projects even after the Crumbling Classroom debt service payment is made. Currently, half of the \$30.0 million revenue stream to the EBF is for debt service, leaving the other \$15.0 million for repair projects.

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Both the State General Fund transfer and the expenditure from the EBF are recommended to occur from FY 2008 through FY 2012.

The remaining \$47,692,000 is recommended as a one-time appropriation from the State General Fund to the Board of Regents to address the universities' seven highest priority maintenance projects. The seven projects include utility tunnel improvements for \$8.8 million at the University of Kansas; Applegate Energy Center improvements for \$7,907,000 at the University of Kansas Medical Center; utilities, infrastructure, and power plant improvements (Phase I) for \$18.4 million at Kansas State University; Duerksen Fine Arts Center improvements for \$3,240,000 at Wichita State University; William Allen White Library improvements for \$3.6 million at Emporia State University; McCray Hall improvements for \$1.9 million at Pittsburg State University; and Picken Hall improvements for \$3,845,000 at Fort Hays State University.

Earlier in this legislative session, I proposed a more comprehensive plan for dealing with university deferred maintenance. However, neither my plan, nor any other, has been enacted. \$47,692,000 in FY 2008 will provide at least short-term progress in dealing with this issue.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 47,692,000
All Other Funds	<u>--</u>	<u>15,000,000</u>
All Funds	\$ --	\$ 62,692,000

Fort Hays State University

20. Cheyenne Bottoms Staffing

I amend my budget to include \$200,000 from the State General Fund and 4.00 new FTE positions for FY 2008 for first year operating costs at the Kansas Wetlands Educational Center at Cheyenne Bottoms. Approximately \$142,000 of this total will finance the salaries of the 4.00 FTE positions and four graduate assistants. The remaining expenditures will be for operations. The Center is expected to be open to the public in late 2007.

This new Educational Center will be an extension of Fort Hays State University's Sternberg Museum of Natural History. The staff will offer visitors the opportunity to explore the wetlands and to receive detailed information on habitat and wildlife. The attraction of visitors to the Center will help create long-term sustainable economic revitalization for communities in central Kansas. The Center will also provide the opportunity for enhanced on-site research, which will take advantage of the affiliation between the Center and Fort Hays State University to allow the University to provide diversified educational opportunities for its students.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 200,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 200,000
FTE Positions	--	4.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	4.00

Department of Corrections

21. Reappropriation Authority

Included in my budget is an appropriation of \$400,000 in FY 2007 for replacement of the Total Offender Activity Documentation System. This appropriation was made to the Central Administration Operations and Parole and Post-Release Supervision Operations account of the State General Fund. Currently, any unspent funds remaining at the end of FY 2007 cannot be spent without approval of the State Finance Council. Although the total cost of the project has not changed, the schedule has. As a result, I amend my budget to recommend allowing any unspent funds in the Central Administration Operations and Parole and Post-Release Supervision Operations account to carry forward and be available to spend in FY 2008.

Juvenile Justice Authority

22. Psychiatric Residential Treatment Facilities

The Juvenile Justice Authority had planned for Level V and Level VI facilities to be converted into psychiatric residential treatment facilities on April 1, 2007. That date has now been delayed to July 1, 2007. Because of the scheduling change and based on new estimates provided by the agency, I amend my budget to reduce expenditures by \$1,120,100 from the State General Fund and \$4,094,149 from federal Title XIX funds in FY 2007. For FY 2008, I amend my budget to add \$1,150,260 from the State General Fund and reduce \$8,342,313 from federal Title XIX funds. Total State General Fund expenditures, including my original recommendation and this amendment, for the psychiatric residential treatment facilities will be \$6,150,260.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ (1,120,100)	\$ 1,150,260
All Other Funds	<u>(4,094,149)</u>	<u>(8,342,313)</u>
All Funds	\$ (5,214,249)	\$ (7,192,053)

Adjutant General

23. 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 the federally-declared winter weather disaster in western Kansas, because the storm had not yet occurred. This storm occurred in late December 2006 and caused roads to be closed, power outages, and downed power poles. Snow depths from this storm ranged from four to 30 inches. The agency has had to delay paying the state portion of this disaster because less than \$150,000 of state funds remains available for FY 2007, and these dollars have been obligated to pay expenses related to other disasters. However, the agency has been paying the federal portion of the disaster in western Kansas.

Because of these circumstances, the agency will need additional monies. Therefore, I amend my budget to add \$70,677,236, including \$8,357,240 from the State General Fund, for FY 2007 and \$82,432,441, including \$9,627,346 from the State General Fund, for FY 2008 to finance the disaster relief effort. In addition, \$12,416,094 in FY 2007 and \$14,441,019 in FY 2008 will be provided by various local governments. Additional funding is expected to be needed in FY 2009. These local amounts are mentioned here only to provide a complete picture of the projected financing for damage repair.

	FY 2007	FY 2008
State General Fund	\$ 8,357,240	\$ 9,627,346
All Other Funds	62,319,996	72,805,095
All Funds	\$ 70,677,236	\$ 82,432,441

24. Training Centers Bonding Authority

I amend my budget to include total bonding authority of \$32.0 million over three years to finance the construction of five regional training centers that will support the Kansas National Guard, first responders, and public safety organizations throughout the state. These training centers will assist our state in meeting training requirements and improve the proficiency and capabilities of all first responders and public safety organizations as well as the National Guard. Currently, many public safety personnel in the state do not have access to realistic multi-agency training because of limited funds and geographic location. Furthermore, these centers will increase the opportunity for the National Guard to train with first responders and public safety organizations, as they do in "real" emergency situations. These training centers are essential to achieving the highest degree of readiness to protect life and property in Kansas in the event of natural and human-made disasters.

In addition, recent changes in the military training requirements have placed the burden of pre-combat training for the National Guard on the Adjutant General of each state. This training was previously completed out of state and was the responsibility of the federal government. Given this change and the need to increase inter-agency communication and operational capabilities, I propose these training centers to ensure the continuation of training for the National Guard, first responders, and public safety organizations. The regional training

center hub will be in Salina, but the locations of the other four centers have not been determined. The project will include land acquisitions, environmental survey and assessments, and construction of the training complexes (i.e., simulated disaster cities or settings).

The bonding schedule will be as follows: \$16.0 million in FY 2008 and \$10.0 million in FY 2009. The remaining \$6.0 million will be issued in FY 2009 or in a future year and be subject to State Finance Council approval in order to review the progress and performance of the project before the last issuance. The Adjutant General is researching options that could make the total project less than the estimated \$32.0 million. The debt service will not start until FY 2009 for the bonds issued in FY 2008. Operating expenditures for the new facilities are estimated to be \$1,751,000 annually for all five training centers. Of this amount, \$320,000 will be paid with fees collected to use the facilities and state funds, and the remaining \$1,431,000 will be paid with federal funds.

25. Incident Management Team

I amend my budget to include \$60,000 for FY 2008 from the State General Fund for Incident Management Teams (IMTs). It is the responsibility of the Division of Emergency Management (KDEM) to implement an incident management system to be used during emergency situations by all state, county, city, and interjurisdictional disaster agencies that respond to such situations. The IMT will be highly trained individuals who can adapt to any situation, depending on the needs required. The type of assistance the team will provide includes emergency management, fiscal support, resource management, and other assistance, as needed. KDEM has begun assessing the requirements and has started the process of setting up the IMT. The teams are anticipated to be finalized before the end of FY 2007.

The agency estimates that there will be six IMTs, which will consist of up to 20 members per IMT. All the members of the team will be volunteers. Therefore, KDEM will need to reimburse these members for their travel costs. The Adjutant General estimates that \$150 per day would cover lodging, mileage, and meals. The agency will have a three-day training session for the six IMTs in FY 2008 and estimates it will need \$18,000 for this session to reimburse the team members. Also, the agency estimates that 20 members will be deployed for 14 days in FY 2008 for disaster assistance. To finance the assistance, the agency will need \$42,000.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 60,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 60,000

Kansas Highway Patrol

26. Operating Expenditure Correction

The Kansas Highway Patrol Operations Fund is one of the main sources of funding for operation of the Kansas Highway Patrol. This fund is capitalized by a quarterly transfer from the

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State Highway Fund. A year ago, for FY 2007, the transfer and expenditure authority were established at the level approved by the 2006 Legislature. However, this year the revised estimate of expenditures for the fund was inadvertently reduced by \$241,966, which also reduced the transfer accordingly. I amend my budget as a technical correction to restore the funding, both the transfer and reportable expenditures, to ensure agency operations can continue to function as originally approved.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>241,966</u>	<u>--</u>
All Funds	\$ 241,966	\$ --

27. Uniform Carrier Registration

Under the Single State Registration System (SSRS), each state was allowed to set up its own motor carrier registration fee schedule. However, SSRS expired on December 31, 2006, and to date there has been no system to replace the previous one. The Kansas Corporation Commission (KCC) now believes the replacement Uniform Carrier Registration (UCR) Program will begin by the fall of 2007. UCR will create a universal fee schedule for motor carriers in all states. Previously, two federal transfers through the KCC to the Highway Patrol supported this program. In my original recommendations, one of the transfers was reduced because of the uncertainty about federal funding. This item will restore that second transfer to the full amount. Therefore, I recommend an increase in the transfer from the Motor Carrier License Fees Fund in the KCC to the Motor Carrier Safety Assistance Program State Fund of the Kansas Highway Patrol by \$391,749 for FY 2008, and expenditures from this no-limit fund will increase accordingly.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>391,749</u>
All Funds	\$ --	\$ 391,749

Sincerely,



Kathleen Sebelius
Governor of the State of Kansas

MEMORANDUM

TO: Governor Kathleen Sebelius and Legislative Budget Committee

FROM: Kansas Division of the Budget and Kansas Legislative Research Department

DATE: April 12, 2007

SUBJECT: Consensus Caseload Estimates for FY 2007 and FY 2008

The Division of the Budget, Legislative Research Department, Department of Social and Rehabilitation Services, Kansas Health Policy Authority, and Department on Aging met on April 12, 2007 to revise the estimates on caseload expenditures for FY 2007 and FY 2008. The consensus estimates include expenditures for Regular Medical Assistance, Nursing Facilities, Temporary Assistance to Families, General Assistance, and the Reintegration/Foster Care contracts. The estimating group used the budget as approved in 2007 House Bill No. 2368 as the starting point for the current estimate. A chart summarizing the estimates for FY 2007 and FY 2008 is included at the end of this memorandum.

The estimates include Regular Medical Assistance expenditures by both the Kansas Health Policy Authority (KHPA) and the Department of Social and Rehabilitation Services (SRS). Most health care services for persons who qualify for Medicaid, MediKan and other state health insurance programs were transferred to the KHPA from the Division of Health Policy and Finance on July 1, 2006, as directed in 2005 Senate Bill 272. Certain mental health services, addiction treatment services, and services for persons with disabilities that are a part of the Regular Medical Assistance Program remained a part of the budget of SRS.

FY 2007

For FY 2007, the new estimate is a decrease from all funding sources of \$30.7 million, but an increase of \$5.9 million from the State General Fund. This change in the funding mix is the result of changes in the populations that are served and the funding sources that are available 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 the Regular Medical Assistance Program and community supports and services, and a more rapid decline in the number of residents in Nursing Facilities than expected. Nursing Facility expenditures were reduced by \$1.9 million from the State General Fund to reflect a lower number of persons served. The KHPA Regular Medical reduction of \$20.0 million is a result of a decrease in the caseload for Regular Medical Assistance, a decrease in the caseload for Temporary Assistance to Families, and a decrease in the caseload for General Assistance.

funding sources is generally tied to reduced estimates of beneficiaries. As a result of new federal citizenship verification requirements implemented July 1, an estimated 18,000 beneficiaries have lost benefits and the increased requirements are expected to dampen the number of people applying for services as compared to past years.

The FY 2007 estimate also includes a cost increase attributable to an increase in the number of children in foster care and slight increases in the General Assistance Program, Nursing Facilities for Mental Health and community mental health services.

An issue that is not included in the caseload estimate is KHPA's need for \$37,487,770 from the State General Fund in FY 2007 to replace federal Medicaid funds that were taken by the federal Centers for Medicare and Medicaid Services (CMS) for audit findings in the school based services program. There were three audits conducted on the bundled rate development, application, and claiming processes by the Health and Human Services Office of Inspector General (OIG). These audits reviewed documentation at a sample of school districts and determined that federal Medicaid funds were claimed inappropriately. For those sampled districts, the OIG calculated the amounts that should be returned to CMS. The funds that were returned were actually federal funds that are needed to make current payments to providers. The Governor will recommend a budget amendment to replace the lost federal funding with state funds. Without the addition of this state funding in FY 2007, KHPA will not be able to fund the consensus caseload expenditures.

FY 2008

For FY 2008, the estimate is a decrease of \$7.0 million from all funding sources, but an increase of \$21.3 million from the State General Fund. These adjustments include decreases from all funding sources of \$9.0 million for Temporary Assistance to Families, \$2.0 million for Medicaid community supports and services, and \$27.0 million for Regular Medical Assistance in KHPA. The KHPA Regular Medical reduction of \$27.0 million from all funding sources is again tied to reduced estimates of beneficiaries. As a result of new federal citizenship verification requirements implemented July 1, an estimated 18,000 beneficiaries have lost benefits and the increased requirements are expected to dampen the number of people applying for services as compared to past years. The increase in the required amount of State General Fund is largely due to decreases in estimates of available fee funds and the provider assessment revenue, and an increase in the match requirements for disproportionate share payments to hospitals. The estimate for Nursing Facility expenditures is unchanged from the approved amounts. Increases in the remaining programs can be attributed to increases in the number of person served and increases in the cost of services. In addition, beginning in FY 2008 SRS will change the way services are delivered in the Addiction and Prevention Services Program and for community mental health. Addiction and prevention services will be provided through a new managed care plan, the Prepaid Inpatient Health Plan (PIHP). Most community mental health services will be provided through a new managed care plan, the Prepaid Ambulatory Health Plan (PAHP).

April 2007 Consensus Caseload Estimates

		FY 2007 Approved	April Revised FY 2007	Difference from Approved	FY 2008 Approved	April Revised FY 2008	Difference from Approved
	SGF	\$ 405,000,000	\$ 409,300,000	\$ 4,300,000	\$ 440,000,000	\$ 445,000,000	\$ 5,000,000
Regular Medical	AF	1,182,000,000	1,156,000,000	(26,000,000)	1,245,000,000	1,218,000,000	(27,000,000)
	SGF	138,900,000	137,000,000	(1,900,000)	142,300,000	142,300,000	--
Nursing Facilities	AF	349,700,000	345,000,000	(4,700,000)	352,500,000	352,500,000	--
	SGF	29,821,028	29,821,028	--	29,821,028	29,821,028	--
Temporary Assistance to Families	AF	61,000,000	57,000,000	(4,000,000)	60,000,000	51,000,000	(9,000,000)
	SGF	8,500,000	8,700,000	200,000	8,000,000	9,000,000	1,000,000
General Assistance	AF	8,500,000	8,700,000	200,000	8,000,000	9,000,000	1,000,000
	SGF	81,000,000	81,700,000	700,000	95,000,000	105,000,000	10,000,000
Reintegration/Foster Care Contract	AF	133,000,000	138,000,000	5,000,000	136,000,000	148,000,000	12,000,000
	SGF	46,000,000	49,000,000	3,000,000	74,575,205	75,500,000	924,795
Mental Health	AF	157,000,000	158,000,000	1,000,000	178,575,205	187,000,000	8,424,795
	SGF	10,600,000	11,300,000	700,000	10,800,000	11,300,000	500,000
NFMH	AF	12,300,000	13,200,000	900,000	12,600,000	13,300,000	700,000
	SGF	12,234,804	11,600,000	(634,804)	11,003,985	11,400,000	396,015
Community Supports & Services	AF	57,785,817	55,500,000	(2,285,817)	52,467,432	50,500,000	(1,967,432)
	SGF	6,600,000	6,200,000	(400,000)	6,700,000	10,200,000	3,500,000
AAPS	AF	16,620,000	15,800,000	(820,000)	16,600,000	25,400,000	8,800,000
Total SGF		\$ 738,655,832	\$ 744,621,028	\$ 5,965,196	\$ 818,200,218	\$ 839,521,028	\$ 21,320,810
Total AF		\$ 1,977,905,817	\$ 1,947,200,000	\$ (30,705,817)	\$ 2,061,742,637	\$ 2,054,700,000	\$ (7,042,637)

Children's Initiatives Fund

FY 2007

	Legislative Approved FY 2007	Gov. Rec. FY 2007	Legislative Changes FY 2007	Legislative Approved (HB 2368) FY 2007
Department of Health and Environment				
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Infants and Toddlers Program (Tiny K)	1,200,000	1,200,000	-	1,200,000
Smoking Cessation/Prevention Program Grants	1,000,000	1,000,000	-	1,000,000
PKU/Hemophilia	208,000	208,000	-	208,000
Subtotal - KDHE	<u>\$ 2,658,000</u>	<u>\$ 2,658,000</u>	<u>\$ -</u>	<u>\$ 2,658,000</u>
Juvenile Justice Authority				
Juvenile Prevention Program Grants	\$ 5,414,487	\$ 5,414,487	\$ -	\$ 5,414,487
Juvenile Graduated Sanctions Grants	3,585,513	3,585,513	-	3,585,513
Subtotal - JJA	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ -</u>	<u>\$ 9,000,000</u>
Department of Social and Rehabilitation Services				
Children's Cabinet Accountability Fund	\$ 546,126	\$ 546,126	\$ -	\$ 546,126
Children's Mental Health Initiative	3,800,000	3,800,000	-	3,800,000
Family Centered System of Care	5,000,000	5,000,000	-	5,000,000
Therapeutic Preschool	1,000,000	1,000,000	-	1,000,000
Child Care Services	1,400,000	1,400,000	-	1,400,000
Community Services - Child Welfare	3,492,101	3,492,101	-	3,492,101
Smart Start Kansas - Children's Cabinet	9,273,019	9,273,019	-	9,273,019
Family Preservation	2,957,899	2,957,899	-	2,957,899
School Violence Prevention	228,000	228,000	-	228,000
Attendant Care for Independent Living (ACIL)	50,000	50,000	-	50,000
Pre-K Pilot	2,000,000	2,000,000	-	2,000,000
Early Head Start	-	-	-	-
Child Care Quality Initiative	-	-	-	-
Subtotal - SRS	<u>\$ 29,747,145</u>	<u>\$ 29,747,145</u>	<u>\$ -</u>	<u>\$ 29,747,145</u>
Division of Health Policy and Finance				
HealthWave	\$ -	\$ -	\$ -	\$ -
Medical Assistance	-	-	-	-
Immunization Outreach	-	-	-	-
Subtotal - DHPF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Kansas Health Policy Authority				
HealthWave	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000
Medical Assistance	3,000,000	3,000,000	-	3,000,000
Immunization Outreach	500,000	500,000	-	500,000
Subtotal - KHPA	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ -</u>	<u>\$ 5,500,000</u>
Department of Education				
Reading and Vision Research	\$ 300,000	\$ 300,000	\$ -	\$ 300,000
Parent Education	-	-	-	-
Four-Year-Old At-Risk Programs	-	-	-	-
Special Education	-	-	-	-
Subtotal - DOE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University of Kansas Medical Center				
Tele-Kid Health Care Link	\$ 268,509	\$ 268,509	\$ -	\$ 268,509
TOTAL EXPENDITURES	<u><u>\$ 47,473,654</u></u>	<u><u>\$ 47,473,654</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 47,473,654</u></u>

	Actual FY 2006	Gov. Rec. FY 2007	Legislative Approved (HB 2368) FY 2007
Beginning Balance	\$ 3,147,150	\$ 3,708,488	\$ 3,708,488
Plus: Other Income*	348,546	114,000	114,000
Transfers from SGF and KEY Fund	49,889,213	43,651,166	43,651,166
Total Available	<u>\$ 53,384,909</u>	<u>\$ 47,473,654</u>	<u>\$ 47,473,654</u>
Less: Expenditures	(49,374,209)	(47,473,654)	(47,473,654)
Transfers to KEY Fund and SGF	(302,212)	-	-
ENDING BALANCE	<u><u>\$ 3,708,488</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

* Other income includes released encumbrances, recoveries and reimbursements.

HOUSE APPROPRIATIONS

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ATTACHMENT 3

Children's Initiatives Fund

FY 2008

	Gov. Rec. FY 2007	Gov. Rec. FY 2008	Legislative Changes FY 2008	Legislative Approved (HB 2368) FY 2008
Department of Health and Environment				
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Infants and Toddlers Program (Tiny K)	1,200,000	1,200,000	-	1,200,000
Smoking Cessation/Prevention Program Grants	1,000,000	1,000,000	-	1,000,000
PKU/Hemophilia	208,000	208,000	-	208,000
Subtotal - KDHE	<u>\$ 2,658,000</u>	<u>\$ 2,658,000</u>	<u>\$ -</u>	<u>\$ 2,658,000</u>
Juvenile Justice Authority				
Juvenile Prevention Program Grants	\$ 5,414,487	\$ 5,414,487	\$ -	\$ 5,414,487
Juvenile Graduated Sanctions Grants	3,585,513	3,585,513	-	3,585,513
Subtotal - JJA	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ -</u>	<u>\$ 9,000,000</u>
Department of Social and Rehabilitation Services				
Children's Cabinet Accountability Fund	\$ 546,126	\$ 541,802	\$ -	\$ 541,802
Children's Mental Health Initiative	3,800,000	3,800,000	-	3,800,000
Family Centered System of Care	5,000,000	5,000,000	-	5,000,000
Therapeutic Preschool	1,000,000	1,000,000	-	1,000,000
Child Care Services	1,400,000	1,400,000	-	1,400,000
Community Services - Child Welfare	3,492,101	3,492,101	-	3,492,101
Smart Start Kansas - Children's Cabinet	9,273,019	8,443,279	-	8,443,279
Family Preservation	2,957,899	2,957,899	-	2,957,899
School Violence Prevention	228,000	228,000	-	228,000
Attendant Care for Independent Living (ACIL)	50,000	50,000	-	50,000
Pre-K Pilot	2,000,000	5,500,000	(3,500,000)	2,000,000
Early Head Start	-	1,600,000	-	1,600,000
Child Care Quality Initiative	-	1,000,000	(1,000,000)	-
Subtotal - SRS	<u>\$ 29,747,145</u>	<u>\$ 35,013,081</u>	<u>\$ (4,500,000)</u>	<u>\$ 30,513,081</u>
Kansas Health Policy Authority				
HealthWave	\$ 2,000,000	-	\$ 2,000,000	\$ 2,000,000
Medical Assistance	3,000,000	-	3,000,000	3,000,000
Immunization Outreach	500,000	500,000	-	500,000
Subtotal - KHPA	<u>\$ 5,500,000</u>	<u>\$ 500,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,500,000</u>
Department of Education				
Reading and Vision Research	\$ 300,000	\$ 300,000	\$ -	\$ 300,000
University of Kansas Medical Center				
Tele-Kid Health Care Link	\$ 268,509	\$ 250,000	\$ -	\$ 250,000
TOTAL EXPENDITURES	<u><u>\$ 47,473,654</u></u>	<u><u>\$ 47,721,081</u></u>	<u><u>\$ 500,000</u></u>	<u><u>\$ 48,221,081</u></u>

	Gov. Rec. FY 2007	Gov. Rec. FY 2008	Legislative Approved (HB 2368) FY 2008
Beginning Balance	\$ 3,708,488	\$ -	\$ -
Plus: Other Income*	114,000	-	-
Transfers from SGF and KEY Fund	43,651,166	47,721,081	47,721,081
Total Available	<u>\$ 47,473,654</u>	<u>\$ 47,721,081</u>	<u>\$ 47,721,081</u>
Less: Expenditures	(47,473,654)	(47,721,081)	(48,221,081)
ENDING BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (500,000)</u></u>

* Other income includes released encumbrances, recoveries and reimbursements.

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State Water Plan Fund: FY 2007

Agency/Program	Actual FY 2006	Governor's Recommendation FY 2007	Conf. Cmte. Adjustments FY 2007	Legislative Approved FY 2007
Department of Health and Environment				
Contamination Remediation	\$ 1,183,815	\$ 954,525	\$ -	\$ 954,525
TMDL Initiatives	316,744	299,274	-	299,274
Local Environmental Protection Program	1,502,735	1,502,852	-	1,502,852
Nonpoint Source Program	324,885	290,665	-	290,665
Watershed Restoration and Protection Strategy	774,240	800,000	-	800,000
Use Attinability Analysis	130,880	169,120	-	169,120
Total--Department of Health and Environment	\$ 4,233,299	\$ 4,016,436	\$ -	\$ 4,016,436
University of Kansas--Geological Survey	40,856	40,000	-	40,000
Department of Agriculture				
Floodplain Management	\$ 68,245	\$ -	\$ -	\$ -
Interstate Water Issues	251,059	-	-	-
Subbasin Water Resources Management	548,048	687,586	-	687,586
Water Appropriations Subprogram	187,925	-	-	-
Water Use	60,000	60,018	-	60,018
Kansas v. Colorado Compliance	-	1,271,017	-	1,271,017
Total--Department of Agriculture	\$ 1,115,277	\$ 2,018,621	\$ -	\$ 2,018,621
State Conservation Commission				
Water Resources Cost Share	\$ 3,371,761	\$ 3,414,359	\$ -	\$ 3,414,359
Nonpoint Source Pollution Asst.	2,601,213	2,757,520	-	2,757,520
Aid to Conservation Districts	1,043,966	1,048,000	-	1,048,000
Watershed Dam Construction	352,499	1,351,499	-	1,351,499
Water Quality Buffer Initiative	247,600	307,157	-	307,157
Riparian and Wetland Program	244,310	251,782	-	251,782
Multipurpose Small Lakes	536,333	1,100,000	-	1,100,000
Water Transition Assistance Program	-	1,184,388	-	1,184,388
Salt Cedar Control Demonstrations	-	65,000	-	65,000
Conservation Reserve Enhancement Program	-	5,000,000	(4,000,000)	1,000,000
Lake Restoration/Management	-	335,000	-	335,000
Total--Conservation Commission	\$ 8,397,682	\$ 16,814,705	\$ (4,000,000)	\$ 12,814,705
Kansas Water Office				
Assessment and Evaluation	\$ 545,055	\$ 1,083,660	\$ -	\$ 1,083,660
GIS Data Base Development	247,405	247,405	-	247,405
MOU - Storage Operations and Maintenance	364,954	455,890	-	455,890
PMIB Loan Payment for Storage	234,150	237,945	-	237,945
Stream Gauging Program	412,668	-	-	-
Technical Assistance to Water Users	210,004	266,150	-	266,150
Weather Stations	-	60,000	-	60,000
Water Planning Process	276,464	-	33,734	33,734
Water Resource Education	54,000	84,000	-	84,000
Weather Modification	120,000	120,000	-	120,000
Kansas Water Authority	40,374	-	-	-
Total--Kansas Water Office	\$ 2,505,074	\$ 2,555,050	\$ 33,734	\$ 2,588,784
Department of Wildlife and Parks				
Almena Irrigation District	\$ -	\$ 120,000	\$ -	\$ 120,000
Stream (Biological) Monitoring	40,000	40,000	-	40,000
Total--Department of Wildlife and Parks	40,000	160,000	-	160,000
Total Water Plan Expenditures	\$ 16,332,188	\$ 25,604,812	\$ (3,966,266)	\$ 21,638,546

State Water Plan Resource Estimate	Actual FY 2006	Governor's Recommendation FY 2007	Conf. Cmte. Adjustments FY 2007	Legislative Approved FY 2007
Beginning Balance	\$ 7,682,094	\$ 9,591,892	\$ -	\$ 9,591,892
Adjustments				
Transfer to State General Fund	\$ -	\$ -	\$ -	\$ -
Released Encumbrances	1,333,653	2,173,022	-	2,173,022
Transfer to Kansas Corporation Commission	(400,000)	(400,000)	-	(400,000)
Revenues				
State General Fund Transfer	\$ 6,000,000	\$ 6,000,000	\$ -	\$ 6,000,000
Economic Development Fund Transfer	2,000,000	2,000,000	-	2,000,000
Municipal Water Fees	3,454,401	3,520,000	-	3,520,000
Industrial Water Fees	1,104,837	1,051,000	-	1,051,000
Stock Water Fees	359,112	399,000	-	399,000
Pesticide Registration Fees	989,800	950,000	-	950,000
Fertilizer Registration Fees	3,034,328	2,917,600	-	2,917,600
Pollution Fines and Penalties	140,395	70,000	-	70,000
Sand Royalty Receipts	225,460	199,000	-	199,000
Total Receipts	\$ 17,308,333	\$ 17,106,600	\$ -	\$ 17,106,600
Total Available	\$ 25,924,080	\$ 28,471,514	\$ -	\$ 28,471,514
Less: Expenditures	16,332,188	25,604,812	-	-
Ending Balance	\$ 9,591,892	\$ 2,866,702	\$ -	\$ -

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ATTACHMENT 4

State Water Plan Fund: FY 2008

Agency/Program	Governor's Recommendation FY 2008	Conf. Cmte. Adjustments FY 2008	Legislative Approved FY 2008
Department of Health and Environment			
Contamination Remediation	\$ -	\$ 978,833	\$ 978,833
TMDL Initiatives	299,928	(2,544)	297,384
Local Environmental Protection Program	-	1,502,737	1,502,737
Nonpoint Source Program	301,821	(9,253)	292,568
Watershed Restoration and Protection Strategy	800,000	-	800,000
Southeast Kansas Soil Treatment Study	-	120,361	120,361
Total--Department of Health and Environment	\$ 1,401,749	\$ 2,590,134	\$ 3,991,883
University of Kansas--Geological Survey	\$ 40,000	\$ -	\$ 40,000
Department of Agriculture			
Interstate Water Issues	\$ 584,217	\$ -	\$ 584,217
Subbasin Water Resources Management	678,595	(11,121)	667,474
Ozark Plateau/Spring Water Initiative	-	92,340	92,340
Water Use	60,000	-	60,000
Total--Department of Agriculture	\$ 1,322,812	\$ 81,219	\$ 1,404,031
State Conservation Commission			
Water Resources Cost Share	\$ 3,418,063	\$ (5,845)	\$ 3,412,218
Nonpoint Source Pollution Asst.	3,683,854	(120,000)	3,563,854
Aid to Conservation Districts	1,050,000	-	1,050,000
Watershed Dam Construction	1,055,000	-	1,055,000
Water Quality Buffer Initiative	350,000	-	350,000
Riparian and Wetland Program	251,782	-	251,782
Multipurpose Small Lakes	1,250,000	-	1,250,000
Water Transition Assistance Program	1,414,416	83,584	1,498,000
Salt Cedar Control Demonstrations	195,000	(195,000)	-
Conservation Reserve Enhancement Program	-	1,000,000	1,000,000
Lake Restoration/Management	2,719,713	(2,719,713)	-
Total--Conservation Commission	\$ 15,387,828	\$ (1,956,974)	\$ 13,430,854
Kansas Water Office			
Assessment and Evaluation	\$ 857,605	\$ -	\$ 857,605
GIS Data Base Development	250,000	-	250,000
MOU - Storage Operations and Maintenance	733,384	-	733,384
PMIB Loan Payment for Storage	-	-	-
Stream Gauging Program	-	17,972	17,972
Technical Assistance to Water Users	624,949	-	624,949
Weather Stations	100,000	-	100,000
Water Resource Education	84,000	-	84,000
Weather Modification	240,000	-	240,000
Neosho River Basin Issues	500,000	-	500,000
Total--Kansas Water Office	\$ 3,389,938	\$ 17,972	\$ 3,407,910
Department of Wildlife and Parks			
Almena Irrigation District	\$ 1,000,000	\$ (1,000,000)	\$ -
Stream (Biological) Monitoring	40,000	-	40,000
Total--Department of Wildlife and Parks	\$ 1,040,000	\$ (1,000,000)	\$ 40,000
Pay Plan Adjustments	\$ -	\$ 20,673	\$ 20,673
Total Water Plan Expenditures	\$ 22,582,327	\$ (246,976)	\$ 22,335,351

State Water Plan Resource Estimate	Governor's Recommendation FY 2008	Conf. Cmte. Adjustments FY 2008	Legislative Approved FY 2008
Beginning Balance	\$ 2,866,702	\$ -	\$ 6,832,968
Adjustments			
Transfer from Water Litigation Suspense Fund	\$ -	\$ 584,217	\$ 584,217
Transfer to State General Fund	-	-	-
Released Encumbrances	-	-	-
Transfer to Kansas Corporation Commission	(400,000)	-	(400,000)
Revenues			
State General Fund Transfer	\$ 6,000,000	\$ -	\$ 6,000,000
Economic Development Fund Transfer	2,000,000	-	2,000,000
Municipal Water Fees	3,485,184	-	3,485,184
Industrial Water Fees	1,129,437	-	1,129,437
Stock Water Fees	366,454	-	366,454
Pesticide Registration Fees	965,000	-	965,000
Fertilizer Registration Fees	2,940,000	-	2,940,000
Pollution Fines and Penalties	70,000	-	70,000
Sand Royalty Receipts	192,867	-	192,867
Clean Drinking Water Fees	3,199,662	-	3,199,662
Total Receipts	\$ 20,348,604	\$ -	\$ 20,348,604
Total Available	\$ 22,815,306	\$ 584,217	\$ 27,365,789
Less: Expenditures	22,582,327	(246,976)	22,335,351
Ending Balance	\$ 232,979	\$ 831,193	\$ 5,030,438

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ECONOMIC DEVELOPMENT INITIATIVES FUND

FY 2006 - FY 2008

As of April 3, 2007

Agency/Program	Actual FY 2006	Legislative Approved (1st Adjournment) FY 2007	Legislative Approved (1st Adjournment) FY 2008
Department of Commerce			
Operating Grant	\$ 15,893,435	\$ 15,982,311	\$ 15,744,808
Older Kansans Employment Program	239,430	330,481	330,481
Rural Opportunity Program	-	-	2,100,000
Kansas Economic Opportunity Initiative Fund	3,000,000	3,160,000	3,000,000
Subtotal - Commerce	\$ 19,132,865	\$ 19,472,792	\$ 21,175,289
Kansas Technology Enterprise Corporation			
Operations	\$ 1,663,866	\$ 1,855,163	\$ 1,762,025
University & Strategic Research	5,413,659	5,345,205	5,111,287
Commercialization	2,060,130	1,790,249	2,684,122
Mid-America Manuf. Tech. Center (MAMTC)	1,528,152	1,528,152	1,380,621
Product Development	1,519,030	1,519,030	1,519,030
Subtotal - KTEC	\$ 12,184,837	\$ 12,037,799	\$ 12,457,085
Kansas, Inc.			
Operations	\$ 379,671	\$ 527,999	\$ 497,999
Social and Rehabilitation Services			
Child Support Enforcement Call Center	\$ -	\$ 340,000 ²	\$ -
Board of Regents			
Tech. Innovation & Internship Prog. - AVTS	\$ 175,909	\$ 185,340	\$ -
Post-secondary Aid - AVTS	6,957,162	6,957,162	6,957,162
Capital Outlay - AVTS	2,565,000	2,565,000	2,565,000
KSU - ESARP	299,999	300,000	300,000
Wichita State University - Aviation Research	245,748	-	2,500,000
Subtotal - Regents & Universities	\$ 10,243,818	\$ 10,007,502	\$ 12,322,162
Kansas Arts Commission			
Economic Impact Study of the Arts	\$ -	\$ 14,000	\$ -
State Conservation Commission			
Conservation Easement Matching Funds	\$ 31,250	\$ -	\$ -
Multipurpose Small Lakes (Horse Thief Reservoir)	50,000	-	-
Subtotal - State Conservation Commission	\$ 81,250	-	-
State Fair			
Largest Classroom	\$ -	\$ 19,960	\$ -
Alternative Energy Systems and Utilities	-	95,384	-
Ticket Marketing & Premiums	-	70,000	70,000
Subtotal - State Fair	\$ -	\$ 185,344	\$ 70,000
KS Qualified Biodiesel Fuel Producer Incentive Fund Transfer		\$ -	\$ 3,500,000
State Water Plan Fund Transfer	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Pay Plan and KPERS Death and Disability Rate Increase	\$ 92,279 ¹	\$ -	\$ 249,496 ⁴
TOTAL TRANSFERS AND EXPENDITURES	\$ 44,114,720	\$ 44,585,436	\$ 52,272,031

EDIF Resource Estimate	Actual FY 2006	Legislative Approved (1st Adjournment) FY 2007	Legislative Approved (1st Adjournment) FY 2008
Beginning Balance	\$ 2,519,677	3,136,491	2,233,055
Gaming Revenues	42,432,000	42,432,000	42,432,000
Other Income**	2,299,534	1,250,000	750,000
Total Available	\$ 47,251,211	\$ 46,818,491	\$ 45,415,055
Less: Expenditures and Transfers	44,114,720	44,585,436	52,272,031
ENDING BALANCE	\$ 3,136,491	\$ 2,233,055	\$ (6,856,976)

* Unless otherwise noted, increases in agency total in the Governor's recommendation reflect reappropriations.

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

1. 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.
2. This item is 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.
3. Expenditures for this project are now completely funded from the State Water Plan Fund.
4. This is the amount included in the Governor's recommendation for the pay plan, subject to change by the State Fir

HOUSE APPROPRIATIONS

DATE 4-17-18-2007
ATTACHMENT 5

Economic Development Initiatives Fund (EDIF) Overview

The statutes governing the EDIF provide that it shall be used to finance programs "... supporting and enhancing the existing economic foundation of the state and fostering growth ... to the state's economic foundation." With the exception of a statutory \$2.0 million transfer from the EDIF to the State Water Plan Fund, the Legislature annually appropriates the EDIF for individual projects and programs deemed to support and enhance the state's economic foundation.

The EDIF is funded through the State Gaming Revenues Fund (SGRF). A portion of state revenue from both the Lottery and parimutuel wagering is transferred to the SGRF. That fund is used essentially as a holding fund from which further transfers are made on a monthly basis. No more than \$50.0 million may be credited to the SGRF in any fiscal year. Amounts in excess of \$50.0 million are credited to the State General Fund.

The initial transfers from the State Gaming Revenue Fund, which began in 1986, were as follows:

1. County Reappraisal Fund (until June 30, 1989) - 30.0%
2. Split between Juvenile Detention Facilities Fund and Correctional Institutions Building Fund (Actual amount to be determined by appropriations act) - 10.0%
3. Economic Development Initiatives Fund (to be increased to 90.0% as of July 1, 1989) - 60.0%

During the 1988 Session, the Legislature delayed the increase in the transfer to the EDIF until July 1, 1990.

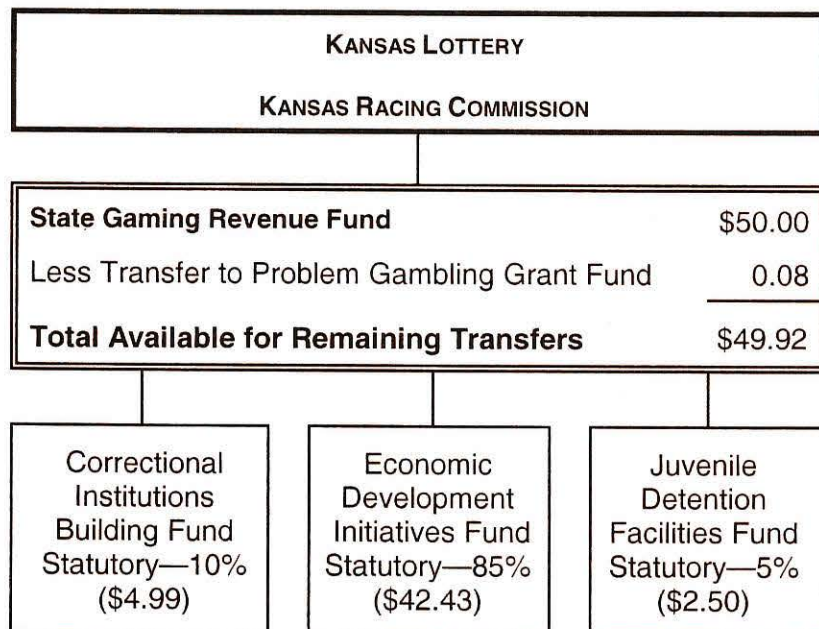
During the 1994 Session, the Legislature changed the transfers as of July 1, 1995 to the following:

1. Correctional Institutions Building Fund - 10.0%
2. Juvenile Detention Facilities Fund - 5.0%
3. Economic Development Initiatives Fund - 85.0%

During the 2000 Session, the Legislature changed the transfers to the following:

1. Economic Development Initiatives Fund—\$42,432,000;
2. Correctional Institutions Building Fund—\$4,992,000;
3. Juvenile Detention Facilities Fund—\$2,496,000; and
4. Problem Gambling Grant Fund—\$80,000.

**ECONOMIC DEVELOPMENT INITIATIVES FUND
Revenue Flow
(In Millions)**



KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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April 16, 2007

To: Governor Kathleen Sebelius and Legislative Budget Committee
From: Kansas Legislative Research Department
Kansas Division of the Budget
Re: Initial SGF Memo for Revised FY 2007 and FY 2008 Estimates

The Consensus Revenue Estimating Group met today to revise the November 3 estimates for FY 2007 and FY 2008. The revised estimates incorporate the fiscal impact of all 2007 legislation signed into law and expected to be signed into law.

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

The overall estimate for both fiscal years was decreased by a combined \$13.5 million. The revised FY 2007 estimate is \$5.732 billion and the revised FY 2008 estimate is \$5.547 billion.

For FY 2007, the estimate was increased by \$140.1 million, or 2.5 percent, above the November estimate. The overall revised SGF estimate of \$5.732 billion represents a 6.3 percent growth forecast above final FY 2006 receipts.

The revised estimate for FY 2008 of \$5.547 billion was decreased by \$153.6 million, or 2.7 percent below the November estimate. The revised FY 2008 estimate is \$185.6 million, or 3.2 percent, below the newly revised FY 2007 figure. Factors influencing the FY 2008 growth rate relate to: legislation enacted in 2004 for the Comprehensive Transportation Program reducing the amount of sales and use tax receipts deposited directly into the SGF; new legislation increasing net transfers from the SGF by over \$200.0 million (\$122.7 million for FY 2009 school finance and \$80.0 million for statewide maintenance and disaster relief); and \$36.0 million in various tax cuts.

Table 1 compares the new FY 2007 and FY 2008 estimates with actual receipts from FY 2006. Tables 2 and 3 show the changes in the estimates for each fiscal year.

Table 1
Consensus Revenue Estimate for Fiscal Years 2007 and 2008
and FY 2006 Actual Receipts
(Dollars in Thousands)

	FY 2006 (Actual)		FY 2007 (Revised)		FY 2008 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$22,056	7.8 %	\$25,000	13.3 %	\$25,500	2.0 %
Income Taxes:						
Individual	\$2,371,253	15.6 %	\$2,650,000	11.8 %	\$2,785,000	5.1 %
Corporation	350,201	54.9	420,000	19.9	375,000	(10.7)
Financial Inst.	31,058	40.8	33,000	6.3	35,000	6.1
Total	\$2,752,511	19.7 %	\$3,103,000	12.7 %	\$3,195,000	3.0 %
Estate Tax	\$51,806	(0.1) %	\$55,000	6.2 %	\$46,000	(16.4) %
Excise Taxes:						
Retail Sales*	\$1,736,048	5.4 %	\$1,767,000	1.8 %	\$1,732,000	(2.0) %
Compensating Use*	269,250	10.0	286,000	6.2	290,000	1.4
Cigarette	117,899	(0.9)	112,000	(5.0)	111,000	(0.9)
Tobacco Products	5,093	1.1	5,200	2.1	5,400	3.8
Cereal Malt Bev.	2,090	0.6	2,000	(4.3)	2,100	5.0
Liquor Gallonage	16,676	6.0	17,000	1.9	17,500	2.9
Liquor Enforcement	44,234	5.6	46,700	5.6	48,000	2.8
Liquor Drink	8,009	7.6	8,500	6.1	8,700	2.4
Corp. Franchise	46,898	(0.4)	47,000	0.2	41,000	(12.8)
Severance	133,432	29.1	111,300	(16.6)	120,300	8.1
Gas	96,539	28.0	73,900	(23.5)	81,500	10.3
Oil	36,893	31.9	37,400	1.4	38,800	3.7
Total	\$2,379,629	6.5 %	\$2,402,700	1.0 %	\$2,376,000	(1.1) %
Other Taxes:						
Insurance Prem.	\$112,207	5.0 %	\$114,000	1.6 %	\$115,000	0.9 %
Miscellaneous	7,048	64.3	5,000	(29.1)	2,000	(60.0)
Total	\$119,255	7.3 %	\$119,000	(0.2) %	\$117,000	(1.7) %
Total Taxes	\$5,325,257	12.9 %	\$5,704,700	7.1 %	\$5,759,500	1.0 %
Other Revenues:						
Interest	\$54,335	133.6 %	\$91,200	67.8 %	\$104,000	14.0 %
Net Transfers	(42,243)	(279.3)	(128,000)	203.0	(380,700)	197.4
Agency Earnings	57,018	(24.9)	64,500	13.1	64,000	(0.8)
Total	\$69,110	(47.9) %	\$27,700	(59.9) %	(\$212,700)	(867.9) %
Total Receipts	\$5,394,367	11.3 %	\$5,732,400	6.3 %	\$5,546,800	(3.2) %

* 2004 legislation reduces FY 2008 anticipated receipts

Table 2
State General Fund Receipts
FY 2007 Revised
Comparison of November 2006 Estimate to April 2007 Estimate
(Dollars in Thousands)

	FY 2007 CRE Est.	FY 2007 CRE Est.	Difference	
	Revised 11/03/06	Revised 04/16/07	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$23,500	\$25,000	\$1,500	6.4 %
Income Taxes:				
Individual	\$2,585,000	\$2,650,000	65,000	2.5 %
Corporation	375,000	\$420,000	45,000	12.0
Financial Inst.	31,000	\$33,000	2,000	6.5
Total	2,991,000	\$3,103,000	112,000	3.7 %
Estate Tax	\$55,000	\$55,000	--	-- %
Excise Taxes:				
Retail Sales	\$1,775,000	\$1,767,000	(\$8,000)	(0.5) %
Compensating Use	290,000	\$286,000	(4,000)	(1.4)
Cigarette	115,000	\$112,000	(3,000)	(2.6)
Tobacco Product	5,200	\$5,200	--	--
Cereal Malt Beverage	2,000	\$2,000	--	--
Liquor Gallonage	17,000	\$17,000	--	--
Liquor Enforcement	46,500	\$46,700	200	0.4
Liquor Drink	8,500	\$8,500	--	--
Corporate Franchise	47,000	\$47,000	--	--
Severance	111,100	\$111,300	200	0.2
Gas	72,300	\$73,900	1,600	2.2
Oil	38,800	\$37,400	(1,400)	(3.6)
Total	\$2,417,300	\$2,402,700	(\$14,600)	(0.6) %
Other Taxes:				
Insurance Premiums	\$113,000	\$114,000	1,000	0.9 %
Miscellaneous	5,000	\$5,000	--	--
Total	\$118,000	\$119,000	1,000	0.8 %
Total Taxes	\$5,604,800	\$5,704,700	\$99,900	1.8 %
Other Revenues:				
Interest	\$89,000	\$91,200	\$2,200	2.5 %
Net Transfers	(161,096)	(\$128,000)	33,096	(20.5)
Agency Earnings	59,554	\$64,500	4,946	8.3
Total Other Revenue	(\$12,542)	\$27,700	\$40,242	(320.9) %
Total Receipts	\$5,592,258	\$5,732,400	\$140,142	2.5 %

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Table 3
State General Fund Receipts
FY 2008 Revised
Comparison of November 2006 Estimate to April 2007 Estimate
(Dollars in Thousands)

	FY 2008 CRE Est.	FY 2008 CRE Est.	Difference	
	Revised 11/03/06	Revised 04/16/07	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$24,000	\$25,500	\$1,500	6.3 %
Income Taxes:				
Individual	\$2,750,000	\$2,785,000	35,000	1.3 %
Corporation	355,000	\$375,000	20,000	5.6
Financial Inst.	31,000	\$35,000	4,000	12.9
Total	3,136,000	\$3,195,000	59,000	1.9 %
Estate Tax	\$46,000	\$46,000	--	-- %
Excise Taxes:				
Retail Sales	\$1,745,000	\$1,732,000	(\$13,000)	(0.7) %
Compensating Use	290,000	\$290,000	--	--
Cigarette	115,000	\$111,000	(4,000)	(3.5)
Tobacco Product	5,400	\$5,400	--	--
Cereal Malt Beverage	2,100	\$2,100	--	--
Liquor Gallonage	17,500	\$17,500	--	--
Liquor Enforcement	47,500	\$48,000	500	1.1
Liquor Drink	8,700	\$8,700	--	0.0
Corporate Franchise	48,000	\$41,000	(7,000)	(14.6)
Severance	113,500	\$120,300	6,800	6.0
Gas	74,700	\$81,500	6,800	9.1
Oil	38,800	\$38,800	--	--
Total	\$2,392,700	\$2,376,000	(\$16,700)	(0.7) %
Other Taxes:				
Insurance Premiums	\$115,000	\$115,000	--	-- %
Miscellaneous	2,000	\$2,000	--	--
Total	\$117,000	\$117,000	--	-- %
Total Taxes	\$5,715,700	\$5,759,500	\$43,800	0.8 %
Other Revenues:				
Interest	\$104,000	\$104,000	--	-- %
Net Transfers	(181,308)	(\$380,700)	(199,392)	110.0
Agency Earnings	62,000	\$64,000	2,000	3.2
Total Other Revenue	(\$15,308)	(\$212,700)	(\$197,392)	1,289.5 %
Total Receipts	\$5,700,392	\$5,546,800	(\$153,592)	(2.7) %

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HOUSE APPROPRIATIONS
 DATE 4-17/18-2007
 ATTACHMENT 7

April, 2007 Consensus Revenue Estimates for FY 2007 and FY 2008; 4.0 Percent Growth in FY 2009 and FY 2010
\$466.2 million in New K-12 Funding FY 2007 - FY 2009 - SB 549
Keeping Education Promises Trust Fund (As Approved in the Legislature)
Statewide Maintenance and Disaster Relief Fund - \$80 million (As Approved by the Legislature)
Expenditures as Approved by the Legislature at First Adjournment

STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
FY 2006 - FY 2010
 In Millions

	Actual FY 2006	Revised FY 2007	Projected FY 2008	Projected FY 2009	Projected FY 2010
Beginning Balance	\$ 478.8	\$ 733.7	\$ 880.6	\$ 493.8	\$ 359.7
Receipts (April 2007 Consensus) - 4.0 Percent Growth	5,394.4	5,732.4	5,749.5	5,938.1	6,171.7
Keeping Promises Education Trust Fund	0.0	0.0	(122.7)	122.7	0.0
Statewide Maintenance and Disaster Relief Fund	0.0	0.0	(80.0)	0.0	0.0
Adjusted Receipts	5,394.4	5,732.4	5,546.8	6,060.8	6,171.7
Total Available	\$ 5,873.2	\$ 6,466.1	\$ 6,427.4	\$ 6,554.6	\$ 6,531.4
K-12 Additional Funding - \$466.2 Million Over Three Years - SB 549	-	194.5	149.0	122.7	-
Less All Other Expenditures	5,139.4	5,391.0	5,784.6	6,072.2	6,307.7
Total Expenditures	5,139.4	5,585.5	5,933.6	6,194.9	6,307.7
Ending Balance	\$ 733.7	\$ 880.6	\$ 493.8	\$ 359.7	\$ 223.7
Ending Balance as a Percentage of Expenditures	14.3%	15.8%	8.3%	5.8%	3.5%
Receipts Above Expenditures	255.0	146.9	(386.8)	(134.1)	(136.0)

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- 1) Actual FY 2006 expenditures and FY 2007 and FY 2008 expenditures are as approved by the 2007 Legislature at first adjournment.
- 2) FY 2007 and FY 2008 receipts reflect the estimates of the Consensus Revenue Estimating Group as of April 16, 2007, which includes tax reductions of \$36.0 million as approved by the 2007 Legislature.
- 3) FY 2009 and FY 2010 base receipts assume a 4.0 percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS and Aging caseloads, KPERS and KDOT bonds, etc.)
- 4) \$466.2 million in new K-12 Funding FY 2007 - FY 2009 - SB 549.
- 5) FY 2010 expenditures would include on-going obligations such as social services caseloads, KPERS and school finance, and partial restoration of the LAVTRF.
- 6) Keeping Promises Education Trust Fund transfer of \$122.7 million out of the State General Fund in FY 2008 and returned to the State General Fund in FY 2009 for the FY 2009 school finance increase amount as provided in the 2006 school finance bill.
- 7) Statewide Maintenance and Disaster Relief Fund of \$80.0 million is transferred out of the State General Fund in FY 2008. However, no expenditures are currently authorized from the State Maintenance and Disaster Relief Fund.

Kansas Legislative Research Department
April 16, 2007

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April, 2007 Consensus Revenue Estimates for FY 2007 and FY 2008; 4.0 Percent Growth in FY 2009 and FY 2010
 \$466.2 million in New K-12 Funding FY 2007 - FY 2009 - SB 549
 Keeping Education Promises Trust Fund (As Approved in the Legislature)
 Statewide Maintenance and Disaster Relief Fund - \$80 million (As Approved by the Legislature)
 Expenditures as Approved by the Legislature at First Adjournment
 Additional Discretionary Spending of of \$75.0 million in FY 2008

STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
 FY 2006 - FY 2010
 In Millions

	Actual FY 2006	Revised FY 2007	Projected FY 2008	Projected FY 2009	Projected FY 2010
Beginning Balance	\$ 478.8	\$ 733.7	\$ 880.6	\$ 418.8	\$ 209.7
Receipts (April 2007 Consensus) - 4.0 Percent Growth	5,394.4	5,732.4	5,749.5	5,938.1	6,171.7
Keeping Promises Education Trust Fund	0.0	0.0	(122.7)	122.7	0.0
Statewide Maintenance and Disaster Relief Fund	0.0	0.0	(80.0)	0.0	0.0
Adjusted Receipts	5,394.4	5,732.4	5,546.8	6,060.8	6,171.7
Total Available	\$ 5,873.2	\$ 6,466.1	\$ 6,427.4	\$ 6,479.6	\$ 6,381.4
K-12 Additional Funding - \$466.2 Million Over Three Years - St	-	194.5	149.0	122.7	-
Additional Discretionary Spending in FY 2008	-	-	75.0	75.0	75.0
Less All Other Expenditures	5,139.4	5,391.0	5,784.6	6,072.2	6,307.7
Total Expenditures	5,139.4	5,585.5	6,008.6	6,269.9	6,382.7
Ending Balance	\$ 733.7	\$ 880.6	\$ 418.8	\$ 209.7	\$ (1.3)
Ending Balance as a Percentage of Expenditures	14.3%	15.8%	7.1%	3.4%	0.0%
Receipts Above Expenditures	255.0	146.9	(461.8)	(209.1)	(211.0)

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8-2

- 1) Actual FY 2006 expenditures and FY 2007 and FY 2008 expenditures are as approved by the 2007 Legislature at first adjournment.
- 2) FY 2007 and FY 2008 receipts reflect the estimates of the Consensus Revenue Estimating Group as of April 16, 2007, which includes tax reductions of \$36.0 million as approved by the 2007 Legislature.
- 3) FY 2009 and FY 2010 base receipts assume a 4.0 percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS and Aging caseloads, KPERS and KDOT bonds, etc.)
- 4) \$466.2 million in new K-12 Funding FY 2007 - FY 2009 - SB 549.
- 5) FY 2010 expenditures would include on-going obligations such as social services caseloads, KPERS and school finance, and partial restoration of the LAVTRF.
- 6) Keeping Promises Education Trust Fund transfer of \$122.7 million out of the State General Fund in FY 2008 and returned to the State General Fund in FY 2009 for the FY 2009 school finance increase amount as provided in the 2006 school finance bill.
- 7) Statewide Maintenance and Disaster Relief Fund of \$80.0 million is transferred out of the State General Fund in FY 2008. However, no expenditures are currently authorized from the State Maintenance and Disaster Relief Fund.
- 8) Additional discretionary spending of \$75.0 million in FY 2008.

Prepared at the Request and Direction of Representative Sharon Schwartz
 Kansas Legislative Research Department
 April 16, 2007

SS041607

House Budget Committee Recommendations

Legislative Branch

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>Legislative Coordinating Council</u>				
FY 2008				
A. Legislative Branch Computerization Update - Page 1, Item A. The Budget Committee recommends the addition of \$90,700, all from the State General Fund, in FY 2008 to provide training and Microsoft products on all Legislative computers starting in October 2007 (FY 2008).	90,700	0	90,700	0.0

<i>Agency Subtotal</i>	<i>\$90,700</i>	<i>\$0</i>	<i>\$90,700</i>	<i>0.0</i>
<u>Legislative Research Department</u>				
FY 2008				
A. Department Staffing Needs - Page 1, Item A. The Budget Committee recommends the addition of \$121,724, all from the State General Fund, and 2.0 FTE positions in FY 2008 for two additional Research Analyst positions to help staff the standing committees, joint committees, special task forces, select committees, interim committees and other entities to meet the level of service expected by the Legislature.	121,724	0	121,724	2.0

<i>Agency Subtotal</i>	<i>\$121,724</i>	<i>\$0</i>	<i>\$121,724</i>	<i>2.0</i>
<u>Revisor of Statutes</u>				
FY 2008				
A. Office Staffing Needs - Page 2, Item A. The Budget Committee recommends the addition of \$150,000, all from the State General Fund, and 2.0 FTE positions in FY 2008 for two additional Assistant Revisor positions and to upgrade a vacant Secretary position to an Assistant Revisor position. Staffing will allow for a more timely response to legislative requests, support the Senate Committee on Ways and Means and its Subcommittees, the House Committee on Appropriations and the House Budget Committees, and increase staff for committees where only one staff member is currently assigned or able to attend.	150,000	0	150,000	2.0
B. Report on Contract with Westlaw - Page 2, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0

<i>Agency Subtotal</i>	<i>\$150,000</i>	<i>\$0</i>	<i>\$150,000</i>	<i>2.0</i>
<u>Legislature</u>				
FY 2008				
A. New Item - Sale of desks. The Budget Committee recommends adding language in FY 2007 and FY 2008 to allow for the sale of the free standing desks on the House floor to those assigned to the desk.	0	0	0	0.0

<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

HOUSE APPROPRIATIONS

DATE 4-17/18-2007
ATTACHMENT 9

House Budget Committee Recommendations

Agriculture and Natural Resources

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Kansas Corporation Commission</u>				
FY 2008				
A. Motor Carrier Fee Fund Status - Page 38, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. HB 2419 - Carbon Dioxide Reduction Act - Page 38, Item B. The Budget Committee recommends the addition of \$125,000, all from the Conservation Fee Fund, in FY 2008 for the agency to hire consultants to assist in the development of rules and regulations and to appropriate the Carbon Dioxide Injection Well and Underground Storage Fund with a no-limit expenditure limitation.	0	125,000	125,000	0.0
C. Senate Sub for HB 2145 - Wind Generation Education Projects - Page 38, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. New Item - Exemptions For Off Road Construction Equipment. The Budget Committee recommends the addition of a proviso concerning exemptions for off road construction equipment from interpretations which deems them to be motor carriers subject to certain regulation of the State Corporation Commission.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$125,000	\$125,000	0.0
<u>Department of Commerce</u>				
FY 2008				
A. Rural Opportunity Program - Page 64, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. SB 164 - Qualified Industrial Manufacturer Act - Page 65, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. House Substitute for SB 11 - Health Reform - Page 65, Item C. The Budget Committee recommends the addition of \$150,000, all from the Economic Development Initiatives Fund, and 1.5 FTE positions in FY 2008 to implement provisions relating to the Small Employer Cafeteria Plan and the Association Assistance Plan Fund.	0	150,000	150,000	1.5
D. New Item - Ethanol Plant Economic Impact Study. The Budget Committee recommends the addition of \$17,500, from the Economic Development Initiatives Fund, in FY 2008 to conduct an Ethanol Plant Economic Impact Analysis.	0	17,500	17,500	0.0
<i>Agency Subtotal</i>	\$0	\$167,500	\$167,500	1.5
<u>Kansas Technology Enterprise Corp.</u>				
FY 2008				
A. Experimental Program to Stimulate Competitive Research (EPSCoR) Funding - Page 66, Item A. The Budget Committee recommends the addition of \$125,000, all from the Economic Development Initiatives Fund, in FY 2008 for EPSCoR.	0	125,000	125,000	0.0
B. Entrepreneur-in-Residence Program Funding - Page 66, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$125,000	\$125,000	0.0
<u>Dept. of Health and Environment - Environment</u>				
FY 2008				
A. SB 190 - Underground Petroleum Storage Tanks - Page 83, Item A. The Budget Committee recommends the addition of \$538,643, all from the Underground Petroleum Storage Tank Release Trust Fund, in FY 2008 for the implementation of SB 190.	0	538,643	538,643	0.0
B. HB 2526 - Mercury Deposition - Page 84, Item B. The Budget Committee recommends the addition of \$228,205, all from the Air Quality Fee Fund, and 1.0 FTE position in FY 2008 to implement HB 2526 regarding establishment of a statewide network to measure mercury deposition in the state.	0	228,205	228,205	1.0
C. Laboratory Security Contract Transfer Page 84, Item C - GBA No. 2, Item 15, Page 13. The Budget Committee adopts the GBA to add \$102,000, all from the State General Fund, in FY 2008 for the security contract at the KDHE laboratory. The Governor recommends the funding for this item be deleted from the Highway Patrol which was considered by the Transportation and Public Safety Budget Committee.	102,000	0	102,000	0.0

HOUSE APPROPRIATIONS

DATE 4-17/18-2009
ATTACHMENT 10

House Budget Committee Recommendations

Agriculture and Natural Resources

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<hr/>				
<i>Agency Subtotal</i>	\$102,000	\$766,848	\$868,848	1.0
<hr/>				
<u>Department of Agriculture</u>				
FY 2008				
A. Conversion of FTE Positions - Page 28, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<hr/>				
<u>Animal Health Department</u>				
FY 2008				
A. Various Office Equipment,- Page 39, Item A. The Budget Committee recommends the addition of \$20,000, all from the State General Fund, in FY 2008 for the replacement of office equipment, computers, and printers.	20,000	0	20,000	0.0
B. Feral Swine Management - Page 38, Item B. The Budget Committee recommends the addition of \$94,127, all from the State General Fund, in FY 2008, to contract with the United States Department of Agriculture Wildlife Services for an additional position based in Southeast Kansas for the continuing program to control and eradicate feral swine.	94,127	0	94,127	0.0
C. New Item - Animal Health Protection Fund. The Budget Committee recommends the addition of the Animal Health Protection Fund and proviso to allow the agency to receive grants, donations or gifts to assist in the protection of of the health of domestic animals,	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	\$114,127	\$0	\$114,127	0.0
<hr/>				
<u>Kansas State Fair Board</u>				
FY 2007				
C. Utility Costs for FY 2007 - Page 40, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
<hr/>				
FY 2008				
A. Economic Impact and Demographic Study - Page 39, Item A. The Budget Committee recommends the addition of \$40,000, all from the Economic Development Initiatives Fund, in FY 2008, for an economic impact and demographic study of the State Fair.	0	40,000	40,000	0.0
B. Alternative Energy Enhancements - Page 39, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	\$0	\$40,000	\$40,000	0.0
<hr/>				
<u>State Conservation Commission</u>				
FY 2008				
A. HB 2048 - Conservation Districts - Page 40, Item A. The Budget Committee recommends the addition of \$1,086,154, all from the State Water Plan Fund, in FY 2008. HB 2048 raises the limit of authorized state assistance to conservation districts from \$10,000 per district to a maximum of \$25,000 per district beginning in FY 2008.	0	1,086,154	1,086,154	0.0
B. Salt Cedar Eradication Projects - Page 40, Item B. The Budget Committee recommends the addition of \$50,000, all from the State Water Plan Fund, in FY 2008, for salt cedar eradication projects.	0	50,000	50,000	0.0
C. Lake Restoration Project - Page 40, Item C. The Budget Committee recommends the addition of \$2,719,713, all from the State Water Plan Fund, for lake restoration projects in FY 2008, including Mission Lake and the Washington County Rural Water District No. 1 Low Head Dam and included a proviso for the project.	0	2,719,713	2,719,713	0.0
D. Army Compatible Use Buffer (ACUB) Conservation Easements - Page 40, Item D. The Budget Committee did not take any action on this item.	0	0	0	0.0
E. Conservation Reserve Enhancement Program (CREP) Well Plugging - Page 40, Item E. The Budget Committee recommends the addition of \$120,000, all from the State Water Plan Fund, for the CREP well plugging in FY 2008.	0	120,000	120,000	0.0
F. Watershed Dam Construction Program - Page 41, Item F. The Budget Committee did not take any action on this item.	0	0	0	0.0

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House Budget Committee Recommendations

Agriculture and Natural Resources

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
G. Watershed Restoration and Protection Program - Page 41, Item G. The Budget Committee did not take any action on this item.	0	0	0	0.0
H. Conservation Reserve Enhancement Program - Page 41, Item H. The Budget Committee did not take any action on this item.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$3,975,867</i>	<i>\$3,975,867</i>	<i>0.0</i>
<u>Kansas Water Office</u>				
FY 2008				
A. Technical Assistance to Water Users Program - Page 41, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Neosho River Basin Issues - Page 41, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Weather Modification Program - Page 41, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. New Item - Line Item Expenditures. The Budget Committee recommends language to line item any expenditure greater than \$10,000 in the Water Conservation Projects Fund in FY 2008.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Department of Wildlife and Parks</u>				
FY 2008				
A. Long-term Lease of Water Rights - Page 10, Item A - The Budget Committee recommends adding \$1.0 million, all from the State Water Plan Fund, in FY 2008 for a multiyear contract and including a proviso that no expenditures shall be made until a contract is executed by all parties involved and that such contract shall include a requirement that the Almena Irrigation District shall be responsible for compliance with any orders related to the Republican River Compact.	0	1,000,000	1,000,000	0.0
B. State Park No. 24 Operating Costs - Page 11, Item B - The Budget Committee recommends adding \$205,500, all from the State General Fund, for operating the park and hiring 1.0 FTE position as Park Manager for part of FY 2008.	205,500	0	205,500	1.0
C. State Park No. 24 Capital Improvements - Page 11, Item C - The Budget Committee recommends adding \$745,000, including \$320,000 from the State General Fund, in FY 2008 for capital improvements at the park. The Budget Committee recommends State General Fund expenditures of \$10,500 without limitation and the remaining balance of \$309,500 shall be subject to release by the State Finance Council provided that an agreement is reached with the Union Pacific railroad concerning a crossing located within the park.	320,000	425,000	745,000	0.0
D. Parks Fee Fund Cashflow - Page 11, Item D - The Budget Committee did not take any action on this item.	0	0	0	0.0
E. Additional Funding for Capital Improvements at State Parks - Page 12, Item E - The Budget Committee did not take any action on this item.	0	0	0	0.0
F. Acquisition of Campground at Cedar Bluff - Page 12, Item F - The Budget Committee did not take any action on this item.	0	0	0	0.0
G. Shooting Range Grants - Page 12, Item G - The Budget Committee did not take any action on this item.	0	0	0	0.0
H. Increase in Parks Fee Fund Expenditures - Page 12, Item H - The Budget Committee recommends adopting this technical adjustment to increase the expenditure limitation for the Parks Fee Fund by \$584,203 in FY 2008.	0	584,203	584,203	0.0
I. State General Fund Adjustment - Page 12, Item I - The Budget Committee recommends adopting this technical adjustment to restore \$119,000, all from the State General Fund, to the line item account for state parks operating expenditures in FY 2008.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$525,500</i>	<i>\$2,009,203</i>	<i>\$2,534,703</i>	<i>1.0</i>

10-3

Section 1.

STATE CORPORATION COMMISSION

(a) On and after the effective date of this act, no expenditures shall be made during the fiscal year 2007 or during the fiscal year ending June 30, 2008, from any moneys appropriated for the state corporation commission from the state general fund or any special revenue fund for fiscal year 2007 or fiscal year 2008 by chapter 142 or chapter 216 of the 2006 Session Laws of Kansas, by 2007 House Bill No. 2368, or by this or other appropriation act of the 2007 regular session of the legislature for employees of the state corporation commission to conduct any proceedings relating to interpretation of laws or any rules and regulations of the state corporation commission concerning whether self propelled cranes and off road construction equipment constitute a motor carrier pursuant to K.S.A. 66-1,108, and amendments thereto, and that any such proceedings that are not disposed of on or before the effective date of this act shall be stayed, until:

(1) The state corporation commission has adopted rules and regulations including a new definition of commercial motor vehicle consistent with, and not more stringent than, the definition of commercial motor vehicle as defined in title 49, chapter 3, part 390.5 of the code of federal regulations; and

(2) the state corporation commission has adopted rules and regulations establishing exemptions from the commercial motor vehicle definition for off road construction equipment including specific descriptive language establishing which equipment qualifies for the exemption.

(b) In addition to the other purposes for which expenditures may be made by the state corporation commission from moneys appropriated from the state general fund or from any special

revenue fund for the state corporation commission for fiscal year 2007 or fiscal year 2008, as authorized by chapter 142 or chapter 216 of the 2006 Session Laws of Kansas, by 2007 House Bill No. 2368, or by this or other appropriation act of the 2007 regular session of the legislature, expenditures shall be made by the state corporation commission from moneys appropriated from the state general fund or any special revenue fund for fiscal year 2007 and fiscal year 2008 to provide for and accomplish the following:

(1) in the case where the state corporation commission finds that any equipment which is exempt from registration and licensure pursuant to K.S.A. 8-128, and amendments thereto, or meets the requirements of special motorized equipment under K.S.A. 8-1467, and amendments thereto, but would not qualify for the exemption as off road construction equipment, the state corporation commission has made specific written findings as to the reason such equipment does not qualify for such exemption: *Provided*, That such findings shall be submitted to the legislature on the first day of the regular session of the legislature in 2008: *Provided further*, That such findings shall also be provided to equipment manufacturers and companies operating such equipment in the state; and

(2) in the case of equipment which qualifies as special motorized equipment, but does not qualify as off road construction equipment, the state corporation commission shall adopt rules and regulations establishing the requirements for compliance with hours of service, safety, equipment requirements and operation of such equipment on the highways and on private property.

House Budget Committee Recommendations

Education

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Board of Healing Arts</u>				
FY 2008				
A. SB 81 - Fingerprinting and Criminal History Record Checks - Page 73, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Additional FTE Positions for FY 2008 and FY 2009 - Page 74, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
FY 2009				
B. Additional FTE positions for FY 2008 and FY 2009 - Page 74, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0

<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Department of Education</u>				
FY 2007				
L. Revised School Finance Consensus Estimates - Page 56, Item L, and GBA No. 2, Page 14, Item 17. The Budget Committee adopts the GBA to capture State General Fund net savings of \$2,433,000 for general and supplemental general state aid in FY 2007.	(2,433,000)	0	(2,433,000)	0.0
FY 2008				
A. Funding to Phase-In All-Day Kindergarten - Page 51, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Special Education Excess Costs - Page 51, Item B, and GBA No. 2, Page 15, Item 18. The Budget Committee adopts the GBA to add \$16.1 million, all from the State General Fund, to fund special education excess costs at the 92.0 percent level in FY 2008, based on the April 2007 consensus estimate.	16,100,000	0	16,100,000	0.0
C. Leadership Commission - Page 52, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. Additional Funding for Professional Development - Page 53, Item D. The Budget Committee did not take any action on this item.	0	0	0	0.0
E. Mentor Teacher Program Grants - Page 53, Item E. The Budget Committee did not take any action on this item.	0	0	0	0.0
F. Local Option Budget Authority Increase - Page 53, Item F. The Budget Committee did not take any action on this item.	0	0	0	0.0
G. Kansas Career Pipeline - Page 53, Item G. The Budget Committee recommends \$420,120, all from the State General Fund, for one-half of the funding requested for the Kansas Career Pipeline in FY 2008. The Budget Committee's recommendation includes a dollar-for-dollar match by business and industry.	420,120	0	420,120	0.0
H. Parent as Teachers Program - Page 54, Item H. The Budget Committee did not take any action on this item.	0	0	0	0.0
I. SB 95 - Treatment Facilities for Mentally-Ill Youth - Page 54, Item I. The Budget Committee recommends an additional \$400,000, all from the State General Fund, in state aid in FY 2008 to fund a portion of the estimated 177 beds in the psychiatric residential treatment facilities added in SB 95.	400,000	0	400,000	0.0
J. HB 2123 - Second Enrollment Count Date for All School Districts; Transportation of Students - Page 55, Item J. The Budget Committee decided to wait until action is taken by the Conference Committee on HB 2123 before making a recommendation on this item.	0	0	0	0.0

HOUSE APPROPRIATIONS

DATE 4-17/18-2007
ATTACHMENT 11

House Budget Committee Recommendations

Education

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
K. SB 68 - Policies Prohibiting Bullying; Character Development Programs; and Removal of Sunset Date for Nonproficient Weighting - Page 55, Item K. The Budget Committee recommends an additional \$40,558, all from the State General Fund, and a 0.5 FTE in FY 2008 for a part-time Education Program Consultant position, for only one year, to implement two provisions in SB 68 and to administer the agency's two after school programs. The Budget Committee also recommends that, if the Conference Committee report on SB 68 does not pass the 2007 Legislature, the \$10.0 million in the agency's recently approved FY 2008 budget for the nonproficient weighting is to be deleted from general state aid and lapsed back to the State General Fund.	40,558	0	40,558	.5
L. Revised School Finance Consensus Estimates - Page 56, Item L, and GBA No. 2, Page 14, Item 17. The Budget Committee adopts the GBA to add \$16,251,000, all from the State General Fund, to fund shortfalls in general and supplemental general state aid in FY 2008.	16,251,000	0	16,251,000	0.0

FY 2009

M. Keeping Education Promises Trust Fund - Page 57, Item M. The Budget Committee recommends the technical adjustment to correct the language in HB 2368 to carry out the Legislature's intent to transfer \$122.7 million from the Keeping Education Promises Trust Fund to the State General Fund in FY 2009.	0	0	0	0.0
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<i>Agency Subtotal</i>	\$30,778,678	\$0	\$30,778,678	.5
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State Library

FY 2008

A. Interlibrary Loan Delivery Service - Page 74, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. State Data Center Expansion - Page 74, Item B. The Budget Committee recommends the addition of \$70,937, all from the State General Fund, for the State Data Center information coordination and promotion enhancement in FY 2008.	70,937	0	70,937	0.0
C. Online Periodical Databases Funding - Page 75, Item C. The Budget Committee recommends the transfer of \$809,680, all from special revenue funds, for the coordination and funding of online database resources currently funded through KAN-ED in FY 2008.	0	809,680	809,680	0.0
D. Learning Station Portal - Page 75, Item D. The Budget Committee recommends the transfer of \$1,500,000, all from special revenue funds, for the funding of the Learning Station Portal and the transfer of the custodianship of the portal to the State Library in FY 2008.	0	1,500,000	1,500,000	0.0
E. Talking Books Service Promotion - Page 75, Item E. The Budget Committee did not take any action on this item.	0	0	0	0.0

<i>Agency Subtotal</i>	\$70,937	\$2,309,680	\$2,380,617	0.0
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Kansas Arts Commission

FY 2008

A. Additional Funding for Arts Grants for FY 2008 - Page 75, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
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<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
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School for the Blind

FY 2008

A. Increase Teacher Salaries - Page 57, Item A. The Budget Committee recommends an additional \$84,597, all from the State General Fund, for an increase in teacher salaries in FY 2008, whether or not HB 2422 or SB 338 pass the 2007 Legislature. The Budget Committee also recommends that the Senate pass HB 2422 since it focuses on the difference in the rate of compensation with the Olathe School District for the preceding school year and not the current school year.	84,597	0	84,597	0.0
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<i>Agency Subtotal</i>	\$84,597	\$0	\$84,597	0.0
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House Budget Committee Recommendations

Education

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>School for the Deaf</u>				
FY 2008				
A. Increase Teacher Salaries - Page 58, Item A. The Budget Committee recommends an additional \$116,435, all from the State General Fund, for an increase in teacher salaries in FY 2008, whether or not HB 2422 or SB 338 pass the 2007 Legislature. The Budget Committee also recommends that the Senate pass HB 2422 since it focuses on the difference in the rate of compensation with the Olathe School District for the preceding school year and not the current school year.	116,435	0	116,435	0.0
B. Funding Sound START of Kansas - Page 58, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Funding Shortfall in Operating Expenditures - Page 59, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$116,435</i>	<i>\$0</i>	<i>\$116,435</i>	<i>0.0</i>
<u>State Historical Society</u>				
FY 2008				
A. Kansas Humanities Council: Prime Time Family Reading Program - Page 75, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Information Technology Replacement - Page 76, Item B. The Budget Committee recommends the addition of \$75,000, all from the State General Fund, for the replacement of dated information technology in FY 2008.	75,000	0	75,000	0.0
C. Goodnow House Exterior Restoration - Page 76, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. Senate Substitute for HB 2405 - Expansion of Income Tax Credit Program - Page 76, Item D. The Budget Committee did not take any action on this item.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$75,000</i>	<i>\$0</i>	<i>\$75,000</i>	<i>0.0</i>
<u>Board of Regents</u>				
FY 2008				
A. Funding for the Technical Innovations and Internships Program - Page 42, Item A. The Budget Committee recommends the addition \$180,500, all from the Economic Development Initiatives Fund, for the Technical Innovations and Internships Program in FY 2008.	0	180,500	180,500	0.0
B. Postsecondary Aid for Technical Education - Page 42, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Technical Education Capital Outlay - Page 42, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. Technical Education Hold Harmless - Page 42, Item D. The Budget Committee recommends the addition of \$350,000, all from the State General Fund, for technical education hold harmless funding in FY 2008.	350,000	0	350,000	0.0
E. Community College Operating Grant Increase - Page 42, Item E. The Budget Committee recommends the addition of \$3,848,656, all from the State General Fund, for the community college operating grant in FY 2008.	3,848,656	0	3,848,656	0.0
F. Shift of Technical Education Funding to the Economic Development Initiatives Fund - Page 43, Item F. The Budget Committee did not take any action on this item.	0	0	0	0.0
G. Funding for KAN-ED - Page 43, Item G. The Budget Committee recommends the addition of \$10.0 million, including \$4.0 million from the State General Fund and \$6.0 million from the Kansas Universal Service Fund, for KAN-ED in FY 2008.	4,000,000	6,000,000	10,000,000	0.0
H. Funding Shift for Online Databases - Page 43, Item H. The Budget Committee recommends the deletion of \$809,680, all from the KAN-ED fund, for on-line databases in FY 2008 and recommends shifting of the funding to the State Library.	0	(809,680)	(809,680)	0.0
I. Funding Shift for the Learning Station Portal - Page 43, Item I. The Budget Committee recommends the deletion of \$1.5 million, all from the KAN-ED fund, for the Learning Station Portal in FY 2008 and recommends shifting the funding to the State Library.	0	(1,500,000)	(1,500,000)	0.0

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House Budget Committee Recommendations

Education

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
J. Funding for the Comprehensive Grant Program - Page 43, Item J. The Budget Committee did not take any action on this item.	0	0	0	0.0
K. Funding for the Teacher Service Scholarship Program - Page 44, Item K. The Budget Committee did not take any action on this item.	0	0	0	0.0
L. Funding for the Teacher Education Competitive Grant Program - Page 44, Item L. The Budget Committee did not take any action on this item.	0	0	0	0.0
M. Board Office Support Staff - Page 44, Item M. The Budget Committee did not take any action on this item.	0	0	0	0.0
N. Board Office Operating Expenditures - Page 45, Item N. The Budget Committee did not take any action on this item.	0	0	0	0.0
O. House Bill 2185 - State Resident Tuition Requirements - Page 45, Item O. The Budget Committee recommends the transfer of funds from the Special Education Teacher Service Scholarship, Mathematics and Science Teacher Service Scholarship, and the Teacher Education Service Scholarship to the Teacher Service Scholarship in FY 2008.	0	0	0	0.0
P. House Bill 2014 - Establishing the Technical College and Vocational School Commission - Page 47, Item P. The Budget Committee recommends the addition of \$36,928, all from the State General Fund, for the Commission in FY 2008.	36,928	0	36,928	0.0
Q. Senate Substitute for HB 2556 - Creating the Postsecondary Technical Education Authority - Page 47, Item Q. The Budget Committee recommends the addition of \$817,687, all from the State General Fund, and 5.0 FTE positions in FY 2008 for the Authority.	817,687	0	817,687	5.0
R. Postsecondary Aid for Technical Education - Page 48, Item R. The Budget Committee concurs with the technical adjustment.	0	0	0	0.0
S. Technical Education Capital Outlay - Page 49, Item S. The Budget Committee concurs with the technical adjustment.	0	0	0	0.0
T. Funding for KAN-ED - Page 49, Item T. The Budget Committee did not take any action on this item.	0	0	0	0.0
U. New Item - The Budget Committee recommends the addition of \$8.0 million, all from the State General Fund, for technology and equipment funding for the technical schools and colleges and community colleges in FY 2008. A one to one match will be required from the institutions and no institution may receive more than 20.0 percent of the funding available in any fiscal year.	8,000,000	0	8,000,000	0.0
V. New Item - Postsecondary Technical Education Authority. The Budget Committee recommends the adding language directing the Postsecondary Technical Education Authority to propose to the 2008 Legislature a new credit hour funding formula for postsecondary technical training programs based on rates established by the authority. In addition, the formula should be tiered to recognize and support cost differential in providing high demand, high tech training. This formula should target industries that are critical to the Kansas economy and should be responsive to program growth opportunities.	0	0	0	0.0

<i>Agency Subtotal</i>	\$17,053,271	\$3,870,820	\$20,924,091	5.0
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Regents Crumbling Classrooms

FY 2008

A. Funding for Regents Crumbling Classrooms Debt Service - Page 49, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0

State Universities

FY 2008

A. Capital Improvements - Page 49, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Deferred Maintenance - GBA No. 2, Item 19, Page 15 - Page 50, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0

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House Budget Committee Recommendations

Education

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<hr/>				
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
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<u>Fort Hays State University</u>				
FY 2008				
A. Information Assurance Program - Page 50, Item A. The Budget Committee recommends the addition of \$500,000, all from the State General Fund, for the Information Assurance Program in FY 2008.	500,000	0	500,000	0.0
B. Wetlands Education Center at Cheyenne Bottoms - Page 50, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
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<i>Agency Subtotal</i>	\$500,000	\$0	\$500,000	0.0
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<u>KSU - Extension Systems and Agricultural Research Program</u>				
FY 2008				
A. Economic Development Initiatives Funding for Kansas State University Extension Systems and Agricultural Research Program - Page 50, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
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<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
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<u>University of Kansas Medical Center</u>				
FY 2008				
A. New Item - Residents - The Budget Committee recommends the addition of language requiring the University of Kansas Medical Center to report to the House Appropriations and Senate Ways and Means Committee on February 1, 2008, on a plan to add 25 residents at KU affiliated hospitals in Wichita.	0	0	0	0.0
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<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
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<u>Wichita State University</u>				
FY 2008				
A. Funding for Aviation Research - Page 51, Item A. The Budget Committee recommends the addition of \$2.5 million, all from the Economic Development Initiatives Fund, for aviation research in FY 2008.	0	2,500,000	2,500,000	0.0
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<i>Agency Subtotal</i>	\$0	\$2,500,000	\$2,500,000	0.0

11-5

House Budget Committee Recommendations

General Government

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Board of Cosmetology</u>				
FY 2008				
A. Attorney Fees - Page 35, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0

<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Board of Pharmacy</u>				
FY 2008				
A. Pharmacy Inspector Position - Page 78, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Substitute for SB 11 - Health Reform - Page 78, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
FY 2009				
A. Pharmacy Inspector Position - Page 78, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0

<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Real Estate Commission</u>				
FY 2008				
A. Position Reclassification and Salary Enhancement - Page 95, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Senate Substitute for HB 2295 - Criminal History Background and Real Estate License Qualifications-Page 96, Item B. The House Committee recommends the addition of \$126,800, all from special revenue funds, to allow the agency to fingerprint a person applying for a new real estate license, conduct a background check of the applicant, and hire 1.0 FTE position to process the background check applications and fees.	0	126,800	126,800	1.0
FY 2009				
B. Senate Substitute for HB 2295 - Criminal History Background and Real Estate License Qualifications-Page 96, Item B. The House Committee recommends the addition of \$127,756, all from special revenue funds, to allow the agency to fingerprint a person applying for a new real estate license, conduct a background check of the applicant, and hire 1.0 FTE position to process the background check applications and fees.	0	127,756	127,756	1.0

<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$254,556</i>	<i>\$254,556</i>	<i>2.0</i>
<u>Office of the Governor</u>				
FY 2008				
A. Funding for Grants to Rape Crisis Centers - Page 2, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Funding for Domestic Violence Training - Page 3, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Additional Operating Expenditures - Page 3, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0

<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Attorney General</u>				
FY 2007				
A. Water Litigation - Page 3, Item A, and GBA No. 2, Page 6, Item 9. The Budget Committee concurs in part with the GBA to fund Kansas v. Nebraska water litigation. Instead of a State General Fund appropriation, however, the Budget Committee recommends a transfer of \$100,000 from the Interstate Water Litigation Reserve account of the State General Fund to the Attorney General's Interstate Water Litigation Fund in FY 2007 to cover the expenditures.	0	100,000	100,000	0.0

HOUSE APPROPRIATIONS

DATE 4-17/18-2007
ATTACHMENT 12

House Budget Committee Recommendations

General Government

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
B. New Item - Disposition of Settlement Proceeds. The Budget Committee recommends that the Attorney General be authorized to retain approximately \$30,000 in funds received in a lawsuit concerning the BTK case in Wichita and be authorized to distribute those funds to families of the victims in FY 2007. The proceeds would normally be deposited in the State General Fund.	0	30,000	30,000	0.0

FY 2008

A. Water Litigation - Page 3, Item A, and GBA No. 2, Page 6, Item 9. The Budget Committee concurs in part with the GBA to fund Kansas v. Nebraska water litigation. Instead of a State General Fund appropriation, however, the Budget Committee recommends a transfer of \$1.0 million from the Interstate Water Litigation Reserve account of the State General Fund to the Attorney General's Interstate Water Litigation Fund in FY 2008 to cover the expenditures.	0	1,000,000	1,000,000	0.0
B. New Item - Technical Adjustment. The Budget Committee recommends language be included in the bill to transfer \$560,000 from the Interstate Water Litigation Reserve account of the State General Fund to the Attorney General's Interstate Water Litigation Fund in FY 2008 to provide funding for expenditures recommended in the Kansas v. Nebraska water litigation. The funding is included in the agency's budget, but the transfer was inadvertently omitted from HB 2368.	0	0	0	0.0

<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,130,000</i>	<i>\$1,130,000</i>	<i>0.0</i>
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Secretary of State

FY 2008

A. Senate Substitute for HB No. 2081 - Campaign Finance - Page 3, Item A. The Budget Committee recommends the addition of \$100,000, including \$50,000 from the State General Fund, in FY 2008 to allow the Secretary of State to implement an electronic filing system for campaign finance reports.	50,000	50,000	100,000	0.0
B. New Item - Presidential Preference Primary. The Budget Committee recommends the addition of \$1.6 million, all from the State General Fund, in FY 2008 to provide funding for the 2008 Presidential Preference Primary. In addition, the Budget Committee recommends a proviso that makes the primary contingent on two factors: that the primary be held no later than February 15, 2008; and that any additional direct costs to counties over the \$1.6 million be reimbursed.	1,600,000	0	1,600,000	0.0

<i>Agency Subtotal</i>	<i>\$1,650,000</i>	<i>\$50,000</i>	<i>\$1,700,000</i>	<i>0.0</i>
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Insurance Department

FY 2008

A. SB 351 - Kansas Administrative Procedure Act Hearings - Page 79, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
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<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
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Judicial Council

FY 2008

A. Moving and Remodeling Expenditures - Page 35, Item A. The Budget Committee recommends adding \$71,316, all from the State General Fund, in FY 2008 with a proviso that prior to making expenditures for remodeling office space, the agency should submit a report to the chairperson of the House Appropriations Committee and the House General Government Budget Committee explaining their long term plans for the location of the agency.	71,316	0	71,316	0.0
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<i>Agency Subtotal</i>	<i>\$71,316</i>	<i>\$0</i>	<i>\$71,316</i>	<i>0.0</i>
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Judicial Branch

FY 2008

A. Appellate Judge Salary Increases - Page 37, Item A. The Budget Committee recommends adding \$192,525 from the State General Fund in FY 2008 and increasing salaries for appellate court judges by \$7,000 and Supreme Court Justices by \$9,000.	192,525	0	192,525	0.0
B. New Non-Judicial Personnel - Page 37, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0

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House Budget Committee Recommendations

General Government

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
C. Capital Improvements - Page 37, Item C. The Budget Committee recommends adding a proviso that before the Judicial Branch begins any remodeling of space for an office for the 13th judge of the Court of Appeals, that the agency should submit a report to the chairperson of the House Appropriations Committee and the House General Government Budget Committee explaining their long term plans for the location of the Judicial Council and future office space for the scheduled expansion of the Court of Appeals to 14 judges in FY 2009.	0	0	0	0.0
D. Review Docket Fees - Page 37, Item D. The Budget Committee did not take any action on this item.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$192,525</i>	<i>\$0</i>	<i>\$192,525</i>	<i>0.0</i>

Kansas Public Employees Retirement System

FY 2008

A. Increased KPERS Benefits Payment - Page 3, Item A - The Budget Committee did not take any action on this item.	0	0	0	0.0
B. HB 2385 - Transfer of the Deferred Compensation Plan - page 4, Item B - The Budget Committee recommends adding \$129,000, all from special revenue funds, in FY 2008 for the Deferred Compensation Plan that is transferred to KPERS on January 1, 2008.	0	129,000	129,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$129,000</i>	<i>\$129,000</i>	<i>0.0</i>

Department of Administration

FY 2008

A. Funding for the Division of Accounts and Reports - Page 4, Item A - The Budget Committee recommends adding \$2.0 million, all from the State General Fund, in FY 2008 for partial financing of 53.5 FTE positions in the Division of Accounts and Reports.	2,000,000	0	2,000,000	0.0
B. Enhancements for the Long-term Care Ombudsman's Office - Page 4, Item B - The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Enhancement Funding for the Public Broadcasting Council - Page 4, Item C - The Budget Committee did not take any action on this item.	0	0	0	0.0
D. Additional Funding for Public Broadcasting Grants - Page 4, Item D - The Budget Committee did not take any action on this item.	0	0	0	0.0
E. Additional Funding for KTWU - Topeka, page 5, Item E - The Budget Committee recommends adding \$100,000, all from the State General Fund, in FY 2008 for partial financing of an equipment grant request.	100,000	0	100,000	0.0
F. Additional Funding for Radio Kansas - Hutchinson, Page 5, Item F - The Budget Committee recommends adding \$201,479, all from the State General Fund, in FY 2008 for financing a portion of a broadcast tower.	201,479	0	201,479	0.0
G. Monumental Buildings Surcharge - Page 5, Item G - The Budget Committee recommends removing the cap on the FY 2008 rate increase and allowing an increase to \$2.19 per square foot, estimated to add \$235,823 to revenue in Y 2008.	0	0	0	0.0
H. Financing for the Statewide Financial Management System - Page 5, Item H - The Budget Committee recommends deleting \$2.0 million, all from the State General Fund, in FY 2008 and using \$1,988,553, all from special revenue funds, for the Financial Management System development costs in FY 2008.	(2,000,000)	1,988,553	(11,447)	0.0
I. Division of Information Systems and Communications Fee Increase - Page 5, Item I - The Budget Committee recommends shifting the special revenue fund fee increase of \$1,988,553 into the Financial Management System Development Fund in FY 2008 as identified in the previous Item H.	0	0	0	0.0
J. Statewide Maintenance and Disaster Relief Fund - Page 6, Item J - The Budget Committee did not take any action on this item.	0	0	0	0.0
K. HB 2385 - Transfer of the Deferred Compensation Plan to KPERS - Page 6, Item K - The Budget Committee recommends reducing expenditures by \$129,000 in FY 2008, all from special revenue funds, to reflect a shift to KPERS of the Deferred Compensation Plan on January 1, 2008.	0	(129,000)	(129,000)	0.0

12-3

House Budget Committee Recommendations

General Government

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
L. Simplex Fire Safety Contract - Page 6, Item L, and GBA No. 2, Item 1, Page 2 - The Budget Committee recommends adopting the GBA to add \$68,000, all from the State General Fund, in FY 2008 for a Simplex fire safety contract.	68,000	0	68,000	0.0
M. MacVicar Avenue Assessment - Page 6, Item M, and GBA No. 2, Item 2, Page 2 - The Budget Committee recommends adopting the GBA to add \$1,285,749, all from the State General Fund, in FY 2008 for a special assessment for road work on MacVicar Avenue in Topeka.	1,285,749	0	1,285,749	0.0
M. Landon State Office Building Repairs - Page 6, Item N, and GBA No. 2, Item 3, Page 3 - The Budget Committee does not adopt the GBA.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$1,655,228</i>	<i>\$1,859,553</i>	<i>\$3,514,781</i>	<i>0.0</i>

Board of Tax Appeals

FY 2008

A. Operating Expenditures - Page 60, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Information Technology Expenditures - Page 60, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Funding for Attorney - Page 60, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. Small Claims Hearings - Page 60, Item C and GBA No. 2, Item 6, Page 4 . The Budget Committee does not adopt the GBA.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

Department of Revenue

FY 2007

H. GBA No. 2, Item 5, Page 4 - New Intra-Governmental Service Fund - Page 64, Item H. The Budget Committee adopts the GBA to create the new fund (technical).	0	0	0	0.0
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FY 2008

A. Family and Personal Protection Act Expenditures - Page 60, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Kansas Advisory Council on Intergovernmental Relations - Page 62, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Funding for the Biodiesel Fuel Producer Incentive and the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentives - Page 63, Item C, and GBA No. 2, Item 4, Page 3 - Ethanol Producer Incentives. The Budget Committee adopts the GBA to add \$1.0 million , all from special revenue funds, for increased incentives and transfer \$1.0 million from the State General Fund for the incentive in FY 2008.	0	1,000,000	1,000,000	0.0
D. HB 2373 - One Lien on Vehicle Title - Page 63, Item D. The Budget Committee did not take any action on this item.	0	0	0	0.0
E. HB 2038 - Energy Related Tax Incentives - Page 63, Item E. The Budget Committee recommends the addition of \$185,120, all from the State General Fund, for programming costs in FY 2008.	185,120	0	185,120	0.0
F. Senate Substitute for HB 2476 - Homestead Refund Program Expansion - Page 64, Item F. The Budget Committee did not take any action on this item.	0	0	0	0.0
G. HB 2145 - Incentives for Renewable Fuels - Page 64, Item G. The Budget Committee recommends the addition of \$140,800, all from the Division of Vehicles Operating Fund, for programming costs and funding for 3.0 FTE positions in FY 2008.	0	140,800	140,800	0.0
I. New Item - Bingo Regulation Fund. The Budget Committee recommends the inclusion of language requiring the Department to submit a report regarding how the \$20,000 from the State Bingo Regulation Fund for problem gamblers is funded and spent.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$185,120</i>	<i>\$1,140,800</i>	<i>\$1,325,920</i>	<i>0.0</i>

12-4

House Budget Committee Recommendations
General Government

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>Kansas Lottery</u>				
FY 2008				
A. State Gaming Revenues Fund Transfers - Page 6, Item A - The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Problem Gambling Grant Fund - Page 6, Item B - The Budget Committee recommends adding clarifying language that the \$80,000 transfer from the State Gaming Revenues Fund shall be to the new Problem Gambling and Addictions Grant Fund in FY 2008 after the old Problem Gambling Grant Fund is abolished by 2007 SB 66.	0	0	0	0.0
C. SB 66 - Kansas Expanded Lottery Act - Page 7, Item C, and GBA No. 2, Item 7, Page 4 - Message on Revenue and Gaming Regulation - The Budget Committee did not take any action on this item.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Racing and Gaming Commission</u>				
FY 2008				
A. State Racing Fund Cashflow - Page 8, Item A, and GBA No. 2, Item 7, Page 5 - Camptown Racetrack - The Budget Committee recommends adopting the GBA, which includes adding \$1.4 million, all from the State Racing Fund, in FY 2008, adding 10.0 FTE positions for reopening Camptown race track, and including language to collect additional fees from the race tracks to partially finance racing operations in FY 2008.	0	1,400,000	1,400,000	10.0
B. Financing for Racing Operations - Page 9, Item B - The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Compensation of Racing Commissioners - Page 9, Item C - The Budget Committee did not take any action on this item.	0	0	0	0.0
D. SB 66 - Kansas Expanded Lottery Act - Page 9, Item D, and GBA No. 2, Item 7, Page 5 - Gaming Regulation - The Budget Committee did not take any action on this item and did not adopt the GBA.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,400,000</i>	<i>\$1,400,000</i>	<i>10.0</i>
<u>Department of Labor</u>				
FY 2007				
A. Investigator/Auditor Positions - Page 79, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Unemployment Insurance Modernization Project - GBA No. 2, Page 14, Item 16. The Budget Committee adopts the GBA to add \$26,000,000, all from federal Reed Act funds, in FY 2007 for modernization of the unemployment insurance benefits system.	0	26,000,000	26,000,000	0.0
FY 2008				
A. Investigator/Auditor Positions - Page 79, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Public Employees' Relations Board - Page 80, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$26,000,000</i>	<i>\$26,000,000</i>	<i>0.0</i>

12-5

House Budget Committee Recommendations

Transportation and Public Safety

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Board of Indigents' Defense Services</u>				
FY 2007				
A. Review of Jessica's Law Funding for FY 2007 and FY 2008 - Page 36, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. Consensus Caseload Estimate and GBA No. 2, Item 8, Page 5 - Page 36, Item D. The Budget Committee adopts the GBA to delete \$1,800,000, all from the State General Fund, for assigned counsel expenditures in FY 2007.	(1,800,000)	0	(1,800,000)	0.0
FY 2008				
A. Review of Jessica's Law Funding for FY 2007 and FY 2008 - Page 36, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Review Enhancement for Expert Witness and Transcript Costs - Page 36, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Review Indigency Screener Position - Page 36, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
<i>Agency Subtotal</i>	(\$1,800,000)	\$0	(\$1,800,000)	0.0
<u>El Dorado Correctional Facility</u>				
FY 2008				
A. Salaries and Wages Shrinkage Rate - Page 92, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Department of Corrections</u>				
FY 2007				
J. Reappropriation Authority - Page 92, Item J, and GBA No. 2, Item 21, Page 17. The Budget Committee adopts the GBA to allow any unspent funds in the Central Operations and Parole and Post-Release Supervision Operations account of the State General Fund in FY 2007 to carry forward to FY 2008.	0	0	0	0.0
FY 2008				
A. Additional Corrections Counselor Positions - Page 91, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Parole Officer Positions - Page 91, Item B. The Budget Committee recommends the addition of \$237,000, all from the State General Fund, to fund 5.0 parole officer positions in FY 2008.	237,000	0	237,000	0.0
C. Adult Intensive Supervision - Page 91, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. House Substitute for SB 14 - Page 91, Item D. The Budget Committee recommends the addition of 7.0 FTE positions and \$4,491,763, all from the State General Fund, in FY 2008 pending passage of the bill in both houses. The bill enacts a new grant program administered by the Department of Corrections to encourage community corrections programs to reduce revocation rates by at least 20.0 percent, allow for good-time credit for successful completion of certain programs and allow for the Department to grant financial aid to counties to defray expenses of Corrections Advisory Board members in carrying out official duties.	4,491,763	0	4,491,763	7.0
E. Corrections Counselor Positions - Page 92, Item E. The Budget Committee concurs with the technical adjustment.	0	0	0	(7.0)
F. Funding Adjustment - Page 92, Item F. The Budget Committee concurs with the technical adjustment.	48,123	0	48,123	0.0
G. Offender Management Information System (OMIS) - Page 92, Item G. The Budget Committee did not take any action on this item.	0	0	0	0.0
H. Contract Bed Space - Page 92, Item H. The Budget Committee did not take any action on this item.	0	0	0	0.0
I. Offender Programming - Page 92, Item I. The Budget Committee did not take any action on this item.	0	0	0	0.0

House Budget Committee Recommendations
Transportation and Public Safety

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<hr/>				
<i>Agency Subtotal</i>	\$4,776,886	\$0	\$4,776,886	0.0
<hr/>				
<u>Ellsworth Correctional Facility</u>				
FY 2008				
A. Utilities Shortage and Salaries and Wages Shrinkage - Page 93, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<hr/>				
<u>Hutchinson Correctional Facility</u>				
FY 2008				
A. Utilities Shortfall - Page 93, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<hr/>				
<u>Lansing Correctional Facility</u>				
FY 2008				
A. Utilities Shortfall - Page 93, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<hr/>				
<u>Larned Correctional Mental Health Facility</u>				
FY 2008				
A. Utilities Shortfall - Page 94, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<hr/>				
<u>Norton Correctional Facility</u>				
FY 2008				
A. Utilities Shortfall - Page 94, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<hr/>				
<u>Topeka Correctional Facility</u>				
FY 2008				
A. Per Diem Rate Shortfall - Page 94, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<hr/>				
<u>Winfield Correctional Facility</u>				
FY 2008				
A. Utilities Shortfall - Page 95, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<hr/>				
<u>Juvenile Justice Authority</u>				
FY 2008				
A. Psychiatric Residential Treatment Facilities - Page 96, Item A. The House Committee recommends the addition of \$5,000,000, all from the State General Funding, for psychiatric residential treatment facilities.	5,000,000	0	5,000,000	0.0
B. Graduated Sanctions Programs - Page 97, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Psychiatric Residential Treatment Facilities. GBA, No. 2, Page 97, Item C. The Budget Committee adopts the GBA to add \$1,150,260, all from the State General Fund, for psychiatric residential treatment facilities. The House Budget Committee adopts the GBA to delete \$8,342,313, all from special revenue funds.	1,150,260	(8,342,313)	(7,192,053)	0.0
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<i>Agency Subtotal</i>	\$6,150,260	(\$8,342,313)	(\$2,192,053)	0.0

13-2

House Budget Committee Recommendations

Transportation and Public Safety

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Adjutant General</u>				
FY 2007				
B. Disaster Relief Funding - Page 84, Item B and GBA No. 2, Item 23, Page 18. The Budget Committee adopts the GBA to add \$70,677,236, including \$8,357,240 from the State General Fund, in FY 2007 for disaster relief.	8,357,240	62,319,996	70,677,236	0.0
FY 2008				
A. Civil Air Patrol - Page 84, Item A. The Budget Committee did not take any action on the item.	0	0	0	0.0
B. Disaster Relief Funding - Page 84, Item B and GBA No. 2, Item 23, Page 18. The Budget Committee adopts the GBA to add \$82,432,441, including \$9,627,346 from the State General Fund, in FY 2008 for disaster relief.	9,627,346	72,805,095	82,432,441	0.0
C. Homeland Security Regional Coordinators - Page 85, Item C. The Budget Committee recommends the shift of \$99,190 from federal funds to the State General Fund in FY 2008 for salaries and wages for the Homeland Security Regional Coordinators.	99,190	(99,190)	0	0.0
D. Attorney Position - Page 85, Item D. The Budget Committee did not take any action on the item.	0	0	0	0.0
E. Monumental Building Surcharge - Page 85, Item E. The Budget Committee did not take any action on the item.	0	0	0	0.0
F. HB 2152 - Commission on Emergency Planning and Response - Page 86, Item F. The Budget Committee recommends the addition of \$10,240, all from federal funds, in FY 2008 for reimbursement for additional members to the Commission as contained in HB 2152.	0	10,240	10,240	0.0
G. HB 2068 - Adjutant General Law Enforcement Officers - Page 86, Item G. The Budget Committee recommends the addition of \$57,386, all from federal funds, in FY 2008 for a pay increase for National Guard security guards as contained in HB 2068	0	57,386	57,386	0.0
H. Training Centers Bonding Authority - GBA No. 2, Item 24, Page 18. The Budget Committee does not adopt the GBA and recommends the addition of \$12.6 million, all from the Statewide Maintenance and Disaster Relief Fund, in FY 2008 for the creation of the Great Plains Regional Training Center in Salina and one additional Regional Training Center with the location to be determined by the agency.	0	12,600,000	12,600,000	0.0
I. Incident Management Team - GBA No. 2, Item 25, Page 19. The Budget Committee does not adopt the GBA and recommends a proviso authorizing the State Finance Council to approve funding from the State Emergency Fund for the Incident Management Teams as the need arises.	0	0	0	0.0
J. New Item - Hazard Mitigation Grant Program. The Budget Committee recommends the addition of \$6,576,000, all from the Statewide Maintenance and Disaster Relief Fund, in FY 2008 for hazard mitigation, including a proviso making the expenditure of \$1.6 million for a Fusion Center subject to review and approval by the Joint Committee on Kansas Security	0	6,576,000	6,576,000	0.0
<i>Agency Subtotal</i>	<i>\$18,083,776</i>	<i>\$154,269,527</i>	<i>\$172,353,303</i>	<i>0.0</i>
<u>State Fire Marshal</u>				
FY 2008				
A. Investigator Salaries - Page 86, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. HB 2475 - Kansas Fireworks Act - Page 86, Item B. The Budget Committee recommends the addition of \$4,000, all from the Fire Marshal Fee Fund, for office supplies and travel to implement HB 2475 in FY 2008.	0	4,000	4,000	0.0
C. Substitute for SB 11 - Health Reform - Page 86, Item C. The Budget Committee recommends the addition of \$142,773, all from the Fire Marshal Fee Fund, and 2.0 FTE positions in FY 2008 to implement portions of the bill establishing a informal dispute resolution process, contingent upon passage of Substitute for SB 11.	0	142,773	142,773	2.0

13-3

House Budget Committee Recommendations
Transportation and Public Safety

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
D. Youth Programs Division Transfer - GBA No. 2, Item 14, Page 12. The Budget Committee adopts the GBA to delete \$99,237, all from the Fire Marshal Fee Fund, and 1.0 FTE positions for youth fire safety programs. The Governor recommends that the program be transferred to the Department of Health and Environment, which was considered by the Social Services Budget Committee.	0	(99,237)	(99,237)	(1.0)

<i>Agency Subtotal</i>	\$0	\$47,536	\$47,536	1.0
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Highway Patrol

FY 2007

G. Operating Expenditure Correction - GBA No. 2, Item 26, Page 19. The Budget Committee adopts the GBA to add \$241,966, all from the Highway Patrol Operations Fund, in FY 2007 for a technical correction.	0	241,966	241,966	0.0
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FY 2008

A. Capitol Complex Security - Page 87, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Kansas Criminal Justice Information System - Page 87, item B. The Budget Committee recommends the addition of \$103,910, all from the State General Fund, and 2.0 FTE positions in FY 2008 for technical audits for the Kansas Criminal Justice Information System.	103,910	0	103,910	2.0
C. Homeland Security Funding - Page 87, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. Digital Video Cameras - Page 87, Item D. The Budget Committee did not take any action on this item.	0	0	0	0.0
E. Simplex Fire Safety Contract - GBA No. 2, Item 1, Page 2. The Budget Committee adopts the GBA to delete \$68,000, all from the State General Fund, for the Simplex Fire Safety Contract. The Governor recommends the funding be transferred to the Department of Administration, which was considered by the General Government Budget Committee.	(68,000)	0	(68,000)	0.0
F. Laboratory Security Contract Transfer - GBA No. 2, Item 15, Page 13. The Budget Committee adopts the GBA to delete \$102,000, all from the State General Fund, in FY 2008 for the KDHE Laboratory security contract. The Governor recommends the funding be transferred to the Department of Health and Environment which was considered by the Agriculture and Natural Resources Budget Committee.	(102,000)	0	(102,000)	0.0
H. Uniform Carrier Registration - GBA No. 2, Item 27, Page 20. The Budget Committee adopts the GBA to add \$391,749, all from the Motor Carrier Safety Assistance Program State Fund, in FY 2008 for the Uniform Carrier Registration Program.	0	391,749	391,749	0.0
I. New Item - Federal Grant for 800 MHz Project. The Budget Committee recommends the addition of \$2,000,000, all from the State General Fund, for matching funds for a federal homeland security interoperability grant contingent upon the receipt of the grant in FY 2008.	2,000,000	0	2,000,000	0.0

<i>Agency Subtotal</i>	\$1,933,910	\$633,715	\$2,567,625	2.0
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Kansas Bureau of Investigation

FY 2008

A. Kansas Criminal Justice Information System - Page 87, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. DNA Analysis - Page 88, Item B. The Budget Committee recommends the addition of \$60,000, all from the State General Fund, in FY 2008 for DNA Analysis.	60,000	0	60,000	0.0
C. Southeast Kansas Drug Enforcement Task Force - Page 88, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. Land Purchase - Page 88, Item D. The Budget Committee did not take any action on this item.	0	0	0	0.0
E. Law Enforcement Commissioned Employees Salaries - Page 88, Item E. The Budget Committee did not take any action on this item.	0	0	0	0.0

13-4

House Budget Committee Recommendations
Transportation and Public Safety

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
F. Senior Forensic Scientists and Forensic Supervisors Compensation - Page 88, Item F. The Budget Committee did not take any action on this item.	0	0	0	0.0
G. Information Technology Staffing - Page 88, Item G. The Budget Committee did not take any action on this item.	0	0	0	0.0
H. Special Agent Positions - Page 88, Item H. The Budget Committee did not take any action on this item.	0	0	0	0.0
I. Information Technology Hardware - Page 89, Item I. The Budget Committee did not take any action on this item.	0	0	0	0.0
J. Investigation Equipment - Page 89, Item J. The Budget Committee did not take any action on this item.	0	0	0	0.0
K. Laboratory Instrumentation - Page 89, Item K. The Budget Committee did not take any action on this item.	0	0	0	0.0
L. Secured Parking Garage - Page 89, Item L. The Budget Committee did not take any action on this item.	0	0	0	0.0
M. Topeka Headquarters Rehabilitation and Repair - Page 89, Item M. The Budget Committee did not take any action on this item.	0	0	0	0.0
N. Great Bend Rehabilitation and Repair - Page 89, Item N. The Budget Committee did not take any action on this item.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$60,000</i>	<i>\$0</i>	<i>\$60,000</i>	<i>0.0</i>

Emergency Medical Services Board

FY 2008

A. SB 8 - Provisions Related to the Board of Emergency Medical Services - Page 78, Item A. (Distinctive License Plate) The Budget Committee recommends the addition of \$10,000, all from special revenue funds, to pay for the fee required for the creation of a distinctive emergency medical service provider license plate in SB 8.	0	10,000	10,000	0.0
B. SB 8 - Provisions Related to the Board of Emergency Medical Services (Emergency Medical Services Revolving Fund). The Budget Committee recommends the appropriation of the Emergency Medical Services Revolving Fund created in SB 8, as a no-limit fund.	0	0	0	0.0
C. New Item - SB 8 - Provisions Related to the Board of Emergency Medical Services (Regulation of funds distributed from the Emergency Medical Services Revolving Fund) The Budget Committee recommends that language be added to the bill stating that if an agency or entity agrees to receive grant money coming from the Emergency Medical Services Revolving fund of the Board of Emergency Medical Services (created in SB 8) by receiving such grant money the agency or entity has agreed to report back to the Board of Emergency Medical Services detailing all expenditures, uses, and receipts derived from that money.	0	0	0	0.0
D. New Item - SB 8 - Provisions Related to the Board of Emergency Medical Services (Report of Expenditures from the Emergency Medical Services Revolving Fund) The Budget Committee requests that the Board of Emergency Medical Services prepare a detailed report of how the Board has utilized the funds generated by SB 8 and that were deposited into the Emergency Medical Services Revolving Fund. This report will be presented to the Legislature on or before February 1, 2008.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$10,000</i>	<i>\$10,000</i>	<i>0.0</i>

Sentencing Commission

FY 2008

A. Positions to Track Sexually Violent Predators - Page 95, Item A. The agency provided testimony that the 2.0 FTE positions are not needed and the workload for this project will not reach a level where it will need more staffing until FY 2009. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Substance Abuse Treatment Shortfall in Offender Reimbursement- Page 95, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0

13-5

House Budget Committee Recommendations

Transportation and Public Safety

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
C. Substance Abuse Treatment - Page 95, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
<i>Agency Subtotal</i>				
	\$0	\$0	\$0	0.0
<u>Kansas Commission on Peace Officers' Standards and Training</u>				
FY 2008				
A. Funds Transfer from the University of Kansas - Page 89, Item A. The Budget Committee recommends transferring any remaining balances for the Commission maintained by the University of Kansas to the Commission at the end of FY 2007. This is a technical correction.	0	0	0	0.0
<i>Agency Subtotal</i>				
	\$0	\$0	\$0	0.0
<u>Kansas Department of Transportation</u>				
FY 2008				
A. Federal Grant for 800 MHz Project - Page 90, Item A. The Budget Committee considered this item in the budget of the Kansas Highway Patrol.	0	0	0	0.0
B. SB 108 - Deputy Todd Widman Memorial Highway - Page 90, Item B. The Budget Committee recommends the addition of \$2,240, all from special revenue funds, in FY 2008 to place signs designating a portion of US Highway 73 as the Deputy Todd Widman Memorial Highway.	0	2,240	2,240	0.0
C. HB 2041 - 95th Division, the Iron Men of Metz Highway - Page 90, Item C. The Budget Committee recommends the addition of \$3,500, all from special revenue funds, in FY 2008 to place signs designating portions of US Highways 24 and 59, and a portion of K-92 Highway as the 95th Division, the Iron Men of Metz Highway.	0	3,500	3,500	0.0
D. SB 8 - Traffic Records Enhancement Fund - Page 90, Item D. The Budget Committee recommends granting no-limit expenditure authority to the agency for the Traffic Records Enhancement Fund in FY 2008, including a proviso directing the agency to report to the House Appropriations and Senate Ways and Means Committee on expenditures from the fund by February 1, 2008.	0	0	0	0.0
<i>Agency Subtotal</i>				
	\$0	\$5,740	\$5,740	0.0

13-6

House Budget Committee Recommendations

Social Services

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Board of Nursing</u>				
FY 2008				
A. Additional Examiner position and an additional Assistant Attorney General position - Page 77, Item A. The Budget Committee recommends the addition of \$67,787, all from special revenue funds, and 1.0 FTE for an additional Assistant Attorney General position in FY 2008.	0	67,787	67,787	1.0

<i>Agency Subtotal</i>	\$0	\$67,787	\$67,787	1.0
<u>Commission on Veterans Affairs</u>				
FY 2008				
A. Enhancement Funding - Page 80, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Federal Funds Replacement - Page 80, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Substitute for HB 2067 - Employee Criminal History Records Check - Page 80, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. House Substitute for SB 144 - Veterans' Claim Assistance Program - Page 81, Item D. The Budget Committee did not take any action on this item.	0	0	0	0.0

<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Dept. of Health and Environment - Health</u>				
FY 2008				
A. Healthy Kansans 2010 - Page 81, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Kansas Mentors Program - Page 81, Item B. The Budget Committee recommends the addition of \$100,000, all from the State General Fund, in FY 2008 for the Kansas Mentors Programs for background checks for mentors.	100,000	0	100,000	0.0
C. Infant - Toddler Services - Page 81, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. Community Based Primary Health Care Clinics - Page 82, Item D. The Budget Committee recommends the addition of \$2,500,000, all from the State General Fund, in FY 2008 for the Community Based Primary Health Care (Safety Net) Clinics to grow medical capacity, create dental hubs, and support a health care provider recruitment program.	2,500,000	0	2,500,000	0.0
E. Domestic Violence and Sexual Assault Outreach and Shelter Services - Page 82, Item E. The Budget Committee did not take any action on this item.	0	0	0	0.0
F. Immunization - Page 82, Item F. The Budget Committee did not take any action on this item.	0	0	0	0.0
G. Community Based Primary Care Position - Page 82, Item G. This position was considered in Item L below.	0	0	0	0.0
H. Pilot Comprehensive Workplace Wellness Program - Page 82, Item H. The Budget Committee did not take any action on this item.	0	0	0	0.0
I. SB 51 - List of Deceased Residents - Page 82, Item I. The Budget Committee did not take any action on this item.	0	0	0	0.0
J. HB 2303 - Kansas National Bio and Agro Defense Facility Interagency Working Group Act - Page 82, Item J. The agency reported that funding from the Kansas Bioscience Authority has been requested for this bill.	0	0	0	0.0
K. SB 178 - Cancer Registry and the Umbilical Cord Donation Information Act - Page 83, Item K. The Budget Committee did not take any action on this item.	0	0	0	0.0
L. Substitute for SB 11 - Health Reform - Page 83, Item L. The Budget Committee recommends the addition of \$108,289, all from the State General Fund, and 1.0 FTE position to implement the Safety Net Capital Loan Guarantee Act portion of the bill in FY 2008.	108,289	0	108,289	1.0

HOUSE APPROPRIATIONS

DATE 4-17/18-2007
ATTACHMENT 14

House Budget Committee Recommendations

Social Services

M. Youth Programs Division Transfer - GBA No. 2, Item 14, Page 12. The Budget Committee did not adopt the GBA to transfer the Youth Programs Division from the State Fire Marshal to the agency. The State Fire Marshal portion of the GBA was considered by the Transportation and Public Safety Budget Committee.	0	0	0	0.0
N. New Item - Lodging Inspections. The Budget Committee recommends the addition of \$246,616, all from the State General Fund, and 4.0 FTE positions for lodging establishment inspections in FY 2008.	246,616	0	246,616	4.0
O. New Item - Early Detection Works Program. The Budget Committee received information on the Early Detection Works Program for breast and cervical cancer screening and detection and requests a report on the program during the 2008 Session.	0	0	0	0.0
P. New Item - Special Childcare Licensure Oversight Committee. The Budget Committee recommends a proviso creating a Special Childcare Licensure Oversight Committee to report to the Legislature by January 1, 2008.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$2,954,905</i>	<i>\$0</i>	<i>\$2,954,905</i>	<i>5.0</i>

Department on Aging

FY 2007

M. HB 2535 - Adult Care Home Licensure Fee Fund - Page 73, Item M. The Budget Committee recommends \$285,000 be appropriated for the Adult Care Home Licensure Fee Fund in FY 2007.	0	285,000	285,000	0.0
N. Spring Consensus Caseload Estimates - Page 73, Item N, and GBA No. 2, Item 12, Page 10. The Budget Committee adopts the GBA to delete \$4.7 million, included \$1.9 million from the State General Fund, in FY 2007 for nursing facility caseloads.	(1,900,000)	(2,800,000)	(4,700,000)	0.0

FY 2008

A. Health Facility Surveyors - Page 67, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Home and Community Based Services for the Frail Elderly (HCBS/FE) Waiver Rate Increase - Page 67, Item B. The Budget Committee recommends the addition of \$3,695,066, including \$874,969 from the State General Fund, for HCBS/FE waiver expenditures in FY 2008.	874,969	2,820,097	3,695,066	0.0
C. Other Expenditures from the HCBS/FE Waiver - Page 68, Item C. The Budget Committee did not take any action on this item.	0	0	0	0.0
D. Rapid Referral - Page 68, Item D. The Budget Committee did not take any action on this item.	0	0	0	0.0
E. Senior Care Act - Page 68, Item E. The Budget Committee recommends the addition of \$478,800, all from the State General Fund, in FY 2008 for the Senior Care Act. This includes \$200,000 for expedited services and \$278,800 for services for additional individuals on the waiver.	478,800	0	478,800	0.0
F. Topeka PACE - Page 69, Item F. The Budget Committee did not take any action on this item.	0	0	0	0.0
G. Wyandotte County PACE - Page 69, Item G. The Budget Committee recommends approval of a PACE program in Wyandotte County to start operations in FY 2009. The recommendation will allow the agency to start seeking federal approval during FY 2008.	0	0	0	0.0
H. Grant Programs - Page 69, Item H. The Budget Committee did not take any action on this item.	0	0	0	0.0
I. Nutrition Funding - Page 70, Item I. The Budget Committee did not take any action on this item.	0	0	0	0.0
J. Long Term Care Loan and Grant Fund - Page 71, Item J. The Budget Committee did not take any action on this item.	0	0	0	0.0
K. Statewide Oral Health Initiatives - Page 71, Item K. The Budget Committee did not take any action on this item.	0	0	0	0.0

14-2

House Budget Committee Recommendations

Social Services

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
L. Oral Health Initiatives - Page 72, Item L. The Budget Committee did not take any action on this item.	0	0	0	0.0
M. HB 2535 - Adult Care Home Licensure Fee Fund - Page 73, Item M. The Budget Committee recommends \$570,000 be appropriated for the Adult Care Home Licensure Fee Fund in FY 2008.	0	570,000	570,000	0.0

<i>Agency Subtotal</i>	(\$546,231)	\$875,097	\$328,866	0.0
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Health Policy Authority

FY 2007

N. Spring Consensus Caseloads FY 2007 - Page 18, Item N and GBA No. 2, Item 12, Page 10. The Budget Committee adopts the GBA to delete \$26.0 million from all funding sources and add \$4.3 million from the State General Fund in FY 2007 to reflect revised estimates for medical assistance expenditures.	4,300,000	(30,300,000)	(26,000,000)	0.0
O. Centers for Medicare and Medicaid Services (CMS) Issues - Page 19, Item O, and GBA No. 2, Item 10, Page 6. The Budget Committee concurs with the GBA to increase State General Fund expenditures by \$37.5 million and decrease federal funds by the same amount in FY 2007 to replace federal dollars required to be returned to the federal Centers for Medicare and Medicaid Services regarding Medicaid payments to Local Education Agencies.	37,487,770	(37,487,770)	0	0.0

FY 2008

A. Presumptive Medical Disability - Page 12, Item A. The Budget Committee recommends the addition of \$300,000, including \$150,000 from the State General Fund, in FY 2008 to address backlog issues with the Presumptive Medical Disability process.	150,000	150,000	300,000	0.0
B. Healthy Kansas First Five - Page 14, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Medicaid Adult Dental Coverage - Page 15, Item C. The Budget Committee recommends the agency provide information during the 2008 Session on the costs and policy considerations for providing dental coverage to adults in Medicaid.	0	0	0	0.0
D. Health care Reserve Fund - Page 15, Item D. The Budget Committee recommends the creation of the Health Care Reserve Fund with an expenditure limitation of \$0. In addition, The Budget Committee recommends a proviso directing that all funds received from the national Strategic Contribution Fund under the tobacco Master Settlement Agreement be deposited in the new fund.	0	0	0	0.0
E. Impact of Citizen Verification Requirements - Page 15, Item E. The Budget Committee did not take any action on this item.	0	0	0	0.0
F. Impact of President's FY 2008 Federal Budget Recommendation - Page 16, Item F. The Budget Committee did not take any action on this item.	0	0	0	0.0
G. Enhanced Care Management Program - Page 16, Item G. The Budget Committee recommends the addition of \$1.0 million, including \$500,000 from the State General Fund, in FY 2008 for the Enhanced Care Management project.	500,000	500,000	1,000,000	0.0
H. Health Information Exchange Initiatives - Page 16, Item H. The Budget Committee did not take any action on this item.	0	0	0	0.0
I. Data Management Funding - Page 17, Item I. The Budget Committee did not take any action on this item.	0	0	0	0.0
J. Childhood Obesity Initiative Funding - Page 17, Item J. The Budget Committee did not take any action on this item.	0	0	0	0.0
K. HealthWave Clearinghouse Staffing - Page 17, Item K. The Budget Committee did not take any action on this item.	0	0	0	0.0
L. Funding for Inspector General - Page 18, Item L. The Budget Committee did not take any action on this item.	0	0	0	0.0

14-3

House Budget Committee Recommendations

Social Services

<p>M. Substitute for SB 11 - Health Reform - Page 18, Item M. The Budget Committee recommends a total of \$849,673, all from the State General Fund, and 6.0 FTE positions in FY 2008 to address the fiscal impact of Substitute for SB 11 as it relates to this agency contingent upon passage of the bill. Included in the above amount is \$349,673, all from the State General Fund, and 4.0 FTE positions to create the Office of the Inspector General and \$500,000, all from the State General Fund, and 2.0 FTE positions to create a Premium Assistance program in FY 2008.</p>	849,073	0	849,073	0.0
<p>N. Spring Consensus Caseloads FY 2008 - Page 18, Item N and GBA No. 2, Item 12, Page 10. The Budget Committee adopts the GBA to delete \$27.0 million from all funding sources and adds \$5.0 million from the State General Fund for FY 2008 to reflect revised estimates for medical assistance expenditures</p>	5,000,000	(32,000,000)	(27,000,000)	0.0
<p>P. Citizenship Verification - Page 19, Item P, and GBA No. 2, Item 13, Page 12. The Budget Committee recommends the addition of \$1,004,145, including \$502,073 from the State General Fund, in FY 2008 to address backlogs at the HealthWave Clearinghouse due to increased federal citizenship verification requirements.</p>	502,073	502,072	1,004,145	0.0
<p>Q. New Item - Attendant Care for Independent Living (ACIL) Funding. The Budget Committee recommends deleting \$5.0 million, including \$2.0 million from the State General Fund, for inpatient hospitalization expenditures to reflect utilization of those services by medically fragile children. The same amount is added to the SRS budget to increase reimbursement rates for case managers and nursing providers in the Attendant Care for Independent Living program.</p>	(2,000,000)	(3,000,000)	(5,000,000)	0.0
<p>R. New Item - Pharmaceutical Pricing Proviso. The Budget Committee recommends language be put in the appropriations bill for FY 2008 requiring the agency to work with pharmacy representatives to assess the impact of new federal changes regarding the pricing of pharmaceuticals.</p>	0	0	0	0.0

<i>Agency Subtotal</i>	\$46,789,516	(\$101,635,698)	(\$54,846,182)	6.0
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Social and Rehabilitation Services

FY 2007

<p>X. Spring Consensus Caseload Estimates FY 2007 - Page 31, Item X, and GBA No. 2, Item 12, Page 10. The Budget Committee adopts the GBA to decrease all funds expenditures by \$5,817 and increase State General Fund expenditures by \$3.6 million in FY 2007 to reflect revised consensus caseload estimates for assistance programs.</p>	3,565,196	(3,571,013)	(5,817)	0.0
<p>Y. Centers for Medicare and Medicaid Services (CMS) Issues FY 2007 - Page 32, Item Y, and GBA No. 2, Item 10, Page 6. The Budget Committee adopts the GBA to increase expenditures from the State General Fund by \$8.1 million in FY 2007 to replace federal funds denied by the federal CMS for mental health services for children in SRS custody.</p>	8,127,663	(8,127,663)	0	0.0

FY 2008

<p>A. Home and Community Based Services Waiver for Persons with Developmental Disabilities - Page 19, Item A. The Budget Committee recommends adding \$9,881,250, including \$3,988,073 from the State General Fund, to reduce the waiting list for services in this waiver in FY 2008.</p>	3,988,073	5,893,177	9,881,250	0.0
<p>AA. New Item - Attendant Care for Independent Living (ACIL) Funding. The Budget Committee recommends adding \$5.0 million, including \$2.0 million from the State General Fund, in FY 2008 to increase reimbursement rates for case managers and nursing providers in the ACIL program. In addition, the Budget Committee reduces inpatient hospitalization expenditures at the Kansas Health Policy Authority by the same amount to reflect lower utilization of those services by medically fragile children.</p>	2,000,000	3,000,000	5,000,000	0.0
<p>B. Home and Community Based Services Waiver for Persons with Physical Disabilities - Page 19, Item B. The Budget Committee recommends adding \$9,910,805, including \$4.0 million from the State General Fund, to address waiting list issues for this waiver in FY 2008.</p>	4,000,000	5,910,805	9,910,805	0.0
<p>C. Home and Community Based Services Waiver for Children with Autism - Page 19, Item C. The Budget Committee recommends adding \$744,417, including \$300,000 from the State General Fund, in FY 2008 to restore funding for this waiver to the amount recommended by the Governor.</p>	300,000	444,417	744,417	0.0

14-4

House Budget Committee Recommendations

Social Services

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
D. Shrinkage Rate in Regional Service Areas - Page 19, Item D. The Budget Committee did not take any action on this item.	0	0	0	0.0
E. Early Head Start Expansion - Page 20, Item E. The Budget Committee did not take any action on this item.	0	0	0	0.0
F. Job Retention Initiative - Page 20, Item F. The Budget Committee did not take any action on this item.	0	0	0	0.0
G. Independent Living Center Grants - Page 20, Item G. The Budget Committee recommends adding \$600,000, all from the State General Fund, in FY 2008 to restore funding for grants to Independent Living Centers to the level recommended by the Governor.	600,000	0	600,000	0.0
H. Pre-K Pilot Expansion - Page 20, Item H. The Budget Committee did not take any action on this item.	0	0	0	0.0
I. Child Care Quality Initiative - Page 21, Item I. The Budget Committee did not take any action on this item.	0	0	0	0.0
J. Funeral Assistance Program - Page 21, Item J. The Budget Committee recommends the addition of \$290,000, all from the State General Fund, in FY 2008 to increase rates paid to funeral homes (\$156,000) and increase the number of funerals covered by the program (\$134,000).	290,000	0	290,000	0.0
K. Reimbursement Rates for Various Assistance Programs - Page 21, Item K. The Budget Committee recommends the addition of \$5,152,757, including \$3,042,838 from the State General Fund, to increase reimbursement rates in six different assistance programs in FY 2008.	3,042,838	2,109,919	5,152,757	0.0
L. Home and Community Based Services Waiver for Persons with Traumatic Brain Injuries - Page 21, Item L. The Budget Committee did not take any action on this item.	0	0	0	0.0
M. Grandparents as Caregivers - Page 24, Item M. The Budget Committee did not take any action on this item.	0	0	0	0.0
N. General Assistance Program Status - Page 25, Item N. The Budget Committee did not take any action on this item.	0	0	0	0.0
O. Dental Services in the Home and Community Based Services Waivers - Page 25, Item O. The Budget Committee did not take any action on this item.	0	0	0	0.0
P. Caseloads of Workers in Regional Areas - Page 25, Item P. The Budget Committee did not take any action on this item.	0	0	0	0.0
Q. Implementation of Prepaid Ambulatory Health Plan Services - Page 27, Item Q. The Budget Committee did not take any action on this item.	0	0	0	0.0
R. Support Services for Adults with Mental Illness - Page 28, Item R. The Budget Committee did not take any action on this item.	0	0	0	0.0
S. Mental Health Services Resources - Page 28, Item S. The Budget Committee did not take any action on this item.	0	0	0	0.0
T. Implementation of Psychiatric Residential Treatment Facilities - Page 29, Item T. The Budget Committee did not take any action on this item.	0	0	0	0.0
U. Program to Reduce Tobacco Sales to Minors - Page 30, Item U. The Budget Committee recommends the addition of \$800,000, all from the Children's Initiative Fund, in FY 2008 to continue the existing program (\$400,000) and to implement the BARS Program (\$400,000).	0	800,000	800,000	0.0
V. Child Care Assistance Caseloads - Page 30, Item V. The Budget Committee did not take any action on this item.	0	0	0	0.0
W. SB 66 - Kansas Expanded Lottery Act, Page 30, Item W. The Budget Committee recommends the appropriation of the Problem Gambling and Addictions Grant Fund with a no limit expenditure limitation.	0	0	0	0.0

14-5

House Budget Committee Recommendations

Social Services

X. Spring Consensus Caseload Estimates FY 2008 - Page 31, Item A, and GBA No. 2, Item 12, Page 10. The Budget Committee adopts the GBA to increase expenditures by \$20.0 million, including \$16.3 million from the State General Fund, to reflect revised consensus caseload estimates for assistance programs.	10,220,000	3,000,000	13,220,000	0.0
Y. Centers for Medicare and Medicaid Services (CMS) Issues FY 2008 - Page 32, Item Y, and GBA No. 2, Item 10, Page 6. The Budget Committee adopts the GBA to increase all funds expenditures by \$27.3 million and increase State General Fund expenditures \$28.4 million to allow the agency to meet CMS requirements related to Medicaid expenditures.	28,411,641	(1,151,641)	27,260,000	0.0
Z. Child Care Assistance - GBA No. 2, Item 11, Pg. 10. The Budget Committee adopts the GBA to increase federal funds expenditures by \$3.6 million in FY 2008 to address anticipated increases in child care assistance caseloads.	0	3,610,249	3,610,249	0.0

<i>Agency Subtotal</i>	\$70,646,221	\$12,554,803	\$83,201,024	0.0
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SRS Hospitals

FY 2007

B. Categorical Aid Adjustment FY 2007 - Page 33, Item B. The Budget Committee recommends the addition of \$25,172, all from the State General Fund, to adjust the Larned State Hospital budget due to changes in the categorical aid rate for special education services in FY 2007.	25,172	0	25,172	0.0
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FY 2008

A. Teacher Salary Increases - Page 32, Item A. The Budget Committee recommends the addition of \$41,593, all from the State General Fund, in FY 2008 to provide salary increases of 4.0 percent to teachers at Larned State Hospital (\$18,384) and Parsons State Hospital and Training Center (\$23,209).	41,593	0	41,593	0.0
B. Categorical Aid Adjustment FY 2008 - Page 33, Item B. The Budget Committee recommends the addition of \$52,069, all from the State General Fund, including \$17,458 for Parsons State Hospital and Training Center and \$34,611 for Larned State Hospital to adjust state hospital budgets due to changes in the categorical aid rate for special education services in FY 2008.	52,069	0	52,069	0.0

<i>Agency Subtotal</i>	\$118,834	\$0	\$118,834	0.0
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Larned State Hospital

FY 2008

A. Sexual Predator Treatment Program Staffing - Page 34, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Licensed Practical Nurse Salary Increase - Page 34, Item B. The Budget Committee recommends the addition of \$230,420, all from the State General Fund, in FY 2008 to increase salaries for Licensed Practical Nurses at the hospital.	230,420	0	230,420	0.0

<i>Agency Subtotal</i>	\$230,420	\$0	\$230,420	0.0
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Osawatomie State Hospital

FY 2008

A. Overtime and Holiday Pay - Page 34, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
B. Hospital Staffing - Page 34, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
C. Opening of 30-Bed Treatment Unit - Page 35, Item C. The Budget Committee recommends the addition of \$2.7 million, all from the State Institutions Building Fund, in FY 2008 to begin remodeling of an existing building to allow a 30-bed unit to be opened in FY 2009.	0	2,700,000	2,700,000	0.0

<i>Agency Subtotal</i>	\$0	\$2,700,000	\$2,700,000	0.0
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Rainbow Mental Health Facility

FY 2008

A. Overtime and Holiday Pay - Page 35, Item A. The Budget Committee did not take any action on this item.	0	0	0	0.0
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14-6

House Budget Committee Recommendations

Social Services

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
B. Hospital Staffing - Page 35, Item B. The Budget Committee did not take any action on this item.	0	0	0	0.0
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<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

14-7

House Budget Committee Recommendations

All Agencies

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>All Agencies</u>				
FY 2007				
A. Vehicle Purchases - Page 97, Item A. The Budget Committee recommends the addition of \$10,700, all from special revenue funds, in FY 2007 for vehicle purchases.	0	10,700	10,700	0.0
FY 2008				
A. Vehicle Purchases - Page 97, Item A. The Budget Committee recommends the addition of \$7.3 million, including \$2.0 million from the State General Fund, in FY 2008 for vehicle purchases. The Adjutant General withdrew a request for a new vehicle.	1,961,559	5,380,891	7,342,450	0.0
FY 2009				
A. Vehicle Purchases - Page 97, Item A. The Budget Committee recommends the addition of \$13,367, all from special revenue funds, in FY 2009 for vehicle purchases.	0	13,367	13,367	0.0
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<i>Agency Subtotal</i>	\$1,961,559	\$5,404,958	\$7,366,517	0.0

HOUSE APPROPRIATIONS

DATE 4-17-18-2009

ATTACHMENT 15

Sec. 1.

ATTORNEY GENERAL

(d) (1) There is appropriated for the attorney general from the interstate water litigation reserve account of the state general fund, which was established by section 79(f) of chapter 206 of the 2005 Session Laws of Kansas, for the fiscal year ending June 30, 2007, the amount authorized by subsection (d)(2) for the loan to groundwater management district #3 as specified in the loan agreement entered into by the attorney general therefor pursuant to subsection (d)(2): *Provided*, That, upon entering into the loan agreement pursuant to subsection (d)(2), the loan amount specified in the loan agreement shall be paid by the attorney general to groundwater management district #3 from the interstate water litigation reserve account of the state general fund: *Provided further*, That, if the loan agreement authorized by subsection (d)(2) has not been entered into and moneys disbursed to groundwater management district #3 pursuant thereto on or before June 30, 2007, then any unencumbered balance in the account created for the appropriation from the interstate water litigation reserve account of the state general fund made by this subsection (d)(1) in excess of \$100 as of June 30, 2007, is hereby reappropriated for fiscal year 2008.

(2) In addition to the other purposes for which expenditures may be made by the attorney general from the moneys appropriated from the state general fund or from any special revenue fund for fiscal year 2007 or fiscal year 2008 as authorized by chapter 142 or chapter 216 of the 2006 Session Laws of Kansas, by 2007 House Bill No. 2368, or by this or other appropriation act of the 2007 regular session of the legislature, expenditures shall be made by the attorney general from moneys appropriated from the state general fund or from any special revenue fund for fiscal year

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2007 and fiscal year 2008 to negotiate and enter into a loan agreement with ground water management district #3 for purposes of a loan of moneys credited to the interstate water litigation reserve account of the state general fund, which loan agreement is hereby authorized to be entered into by the attorney general, notwithstanding the provisions of section 76(e) of chapter 206 of the 2005 Session Laws of Kansas, K.S.A. 82a-1801, and amendments thereto, or any other statute: *Provided*, That such loan agreement shall be entered into to provide financing to groundwater management district #3 for purposes related to water rights: *Provided further*, That the amount of the loan shall be specified by the loan agreement and shall not be more than \$1,000,000: *And provided further*, That the loan shall bear interest and the principal and interest of the loan authorized by this subsection shall be repaid in payments payable at least annually to the attorney general for a period as specified in the loan agreement: *And provided further*, That, upon entering into the loan agreement authorized by this subsection, the attorney general shall provide a certified copy of the loan agreement to the director of the budget and the director of legislative research: *And provided further*, That all amounts received by the attorney general in repayment of the loan authorized by this subsection (d)(2) shall be deposited in the state treasury and shall be credited to the interstate water litigation reserve account of the state general fund.