

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:40 A.M. on January 31, 2007, in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes  
Alan Conroy, Director, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Reagan Cussimano, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Julian Efrid, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Melinda Gaul, Chief of Staff, Senate Ways & Means  
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Steve Martino, Executive Director, Kansas Racing and Gaming Commission  
John McElroy, Executive Director, Kansas State Gaming Commission  
Ed VanPetten, Executive Director, Kansas Lottery  
Stuart Little, Kansas Community Corrections Assembly  
Annie Grevas, 22<sup>nd</sup> Judicial District  
Keith Clark, Franklin County Community Corrections  
Antonio Booker, Johnson County Department of Corrections, Interim Director of Adult Services  
Michael Kearns, Chairman, Riley County Board of Commissioners  
Clancy Holeman, County Counselor, Riley County  
Mark Masterson, Corrections Director, Sedgwick County

Others attending:

See attached list.

**Bill Introduction**

Senator Schodorf moved, with a second by Senator Teichman, to introduce a conceptual bill concerning mandating ethanol use in fuel. Motion carried on a voice vote.

The Chairman welcomed the following conferees who gave overviews of various state agencies:

Steve Martino, Executive Director, Kansas Racing and Gaming Commission (Attachment 1). Mr. Martino explained that there are pressures on the agency. Information was presented in detail regarding parimutuel handle, the FY 2007 and FY 2008 budget receipts and expenditures.

John McElroy, Executive Director, Kansas State Gaming Agency (Attachment 2). Mr. McElroy mentioned that the agency uses no tax dollars and the agency begins each year with a zero balance. He noted that the agency is entirely funded by contributions from the four recognized Kansas tribes.

Ed Van Petten, Executive Director, Kansas Lottery (Attachment 3). Mr. Van Petten addressed legislative issues, sales, transfers, operations, partnerships, Veterans' benefit games, 20<sup>th</sup> Anniversary of sales of lottery tickets, new games in 2007 and current requests for proposals.

Staff presented an update on the Economic Development Initiatives Fund (EDIF) FY 2006 - FY 2008 (Attachment 4).

The Chairman welcomed the following conferees who addressed community corrections existing and recommended expansion of programs; reimbursement to counties:

## CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:40 A.M. on January 31, 2007, in Room 123-S of the Capitol.

Staff briefed the Committee on Community Corrections Dollars in Millions, FY 2003 - FY 2008 and provided copies of KSA 75-52,111 ([Attachment 5](#)).

Stuart Little, Kansas Community Corrections Assembly ([Attachment 6](#)). Mr. Little distributed information regarding Community Corrections Programs in Kansas ([Attachment 7](#)). He addressed the public safety issue of adult and juvenile community correction. It was noted that for years, both adult and juvenile community corrections agencies have continued to perform the important public safety role as they are statutorily charged with little or no new funding. They requested that the Committee add the funding requests as a needed contribution to ensuring the critical part of the public safety system.

Annie Grevas, on behalf of the 28th Judicial District Community Corrections and President, Kansas Community Association (KCCA) ([Attachment 8](#)). Ms. Grevas urged funding of the \$2.6 million requested in the Kansas Department of Corrections budget that the Governor did not recommend. She noted that this funding would buffer some of the years of funding cuts to allow community corrections to support public safety and work toward increasing successful completions.

Keith Clark, Franklin County Community Corrections ([Attachment 9](#)). Mr. Clark addressed the ramifications of flat funding. Also, he noted other concerns regarding increased administration requirements to ensure compliance, inability to provide staff training and development, and inability to pursue collaborative efforts with local stakeholders.

Antonio Booker, Johnson County Department of Corrections, Interim Director of Adult Services ([Attachment 10](#)). Mr. Booker addressed the needs of offenders and funding is a vital key in providing quality, cost-effective correctional services. He noted that by providing these services, they can get closer to achieving goals of enhancing public safety and developing productive citizens.

Michael Kearns, Chairman, Riley County Board of Commissioners ([Attachment 11](#)). Mr. Kearns provided information regarding ramifications of the Kansas Department of Corrections's long-term under funding of Riley County Community Corrections. He noted that the net results of the funding cuts have been to reduce the acceptable level of supervision of convicted felons and put the public safety in jeopardy. In closing Mr. Kearns mentioned that the untenable funding crises for Community Corrections created by the Kansas Department of Corrections left Riley County no other option to file a lawsuit to obtain adequate funding.

Clancy Holeman, County Counselor, Riley County, Kansas ([Attachment 12](#)). Mr. Holeman addressed the Kansas Department of Corrections unauthorized deviation from the statutory methodology for fiscal years 2000 through 2007 and Riley County Community Corrections has been underfunded.

Written testimony was submitted by Mark Masterson, Corrections Director, Sedgwick County ([Attachment 13](#)).

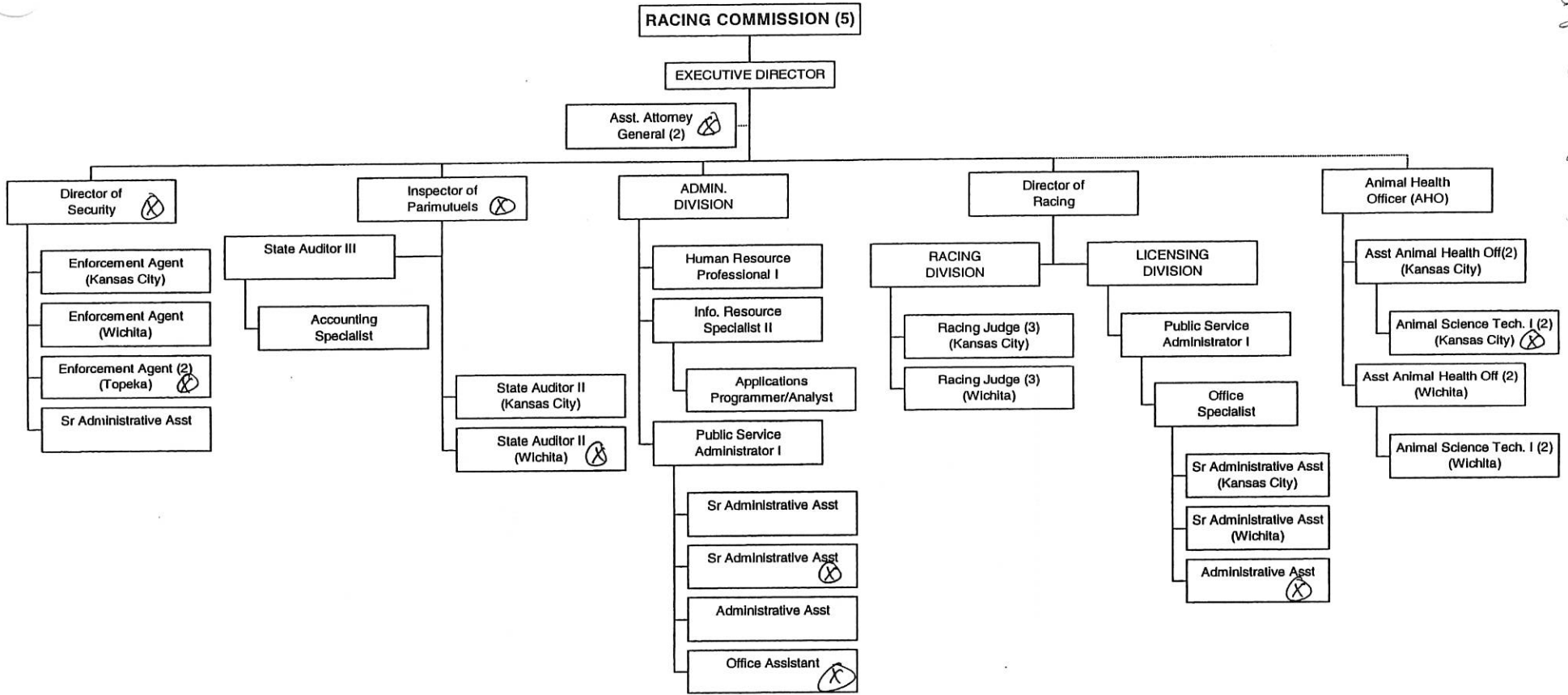
The meeting adjourned at 12:20 p.m. The next meeting is scheduled for February 5, 2007.

**SENATE WAYS AND MEANS COMMITTEE  
GUEST LIST**

Date January 31, 2007

Name	Representing
Sean Tomb	Division of the Budget
<del>Michael Thomas</del>	<del>DOB</del>
Stuart Little	Ks Community Corrections Assoc.
Tim Maddam	KDOC
Roger Werholtz	KDOC
Kevin Pellant	KDOC
Will Lawrence	Capitol Consulting Group
ANTONIS BOOKER	Kansas Community Corrections, Johnson Co.
Michael Hooper	Keowney & Assoc.
Doug Smith	PSA
Derek Helm	Helm Law Firm
<del>Barry Coon</del>	<del>PBPN</del>
Keith Clark	KS Community Corrections Ass
Frank McCoy	Riley County Comm. Corr.
Shelly Williams	Riley County Comm. Corr. / KCCA
Ed Gray	KDOC
Dina Pennington	SN CO COMMUNITY CORRECTIONS
Tom Stegall	DE CO CE
Mikel Lavin	LV Co. Comm Corr

KANSAS RACING AND GAMING COMMISSION



Senate Ways and Means  
1-31-07  
Attachment 1

- \* The Assistant Attorney General positions report to the Attorney General's Office but are counted in the Racing Commission's FTE allotment. The Executive Director supervises the day-to-day legal operation duties.
  - \*\* The Animal Health Officers are under the direction of the Racing Commission and supervised by the Executive Director.
- Note: Camptown Greyhound Park in Frontenac, Kansas, ceased operations in November 2000.

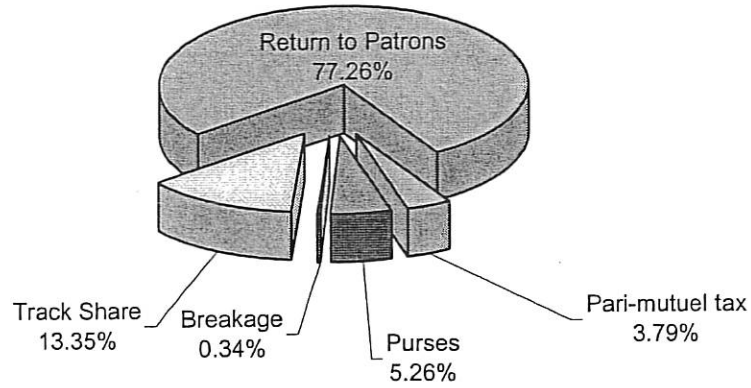




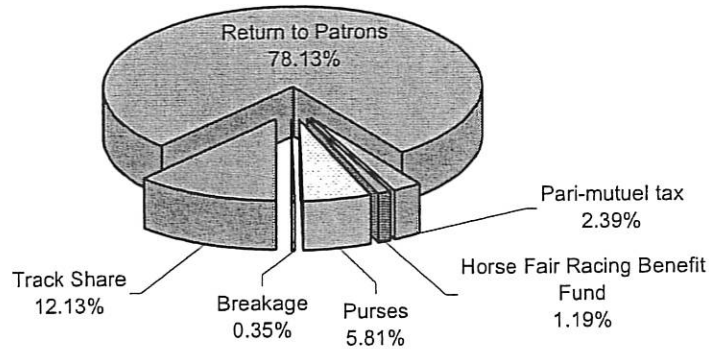
# The Wagering Dollar



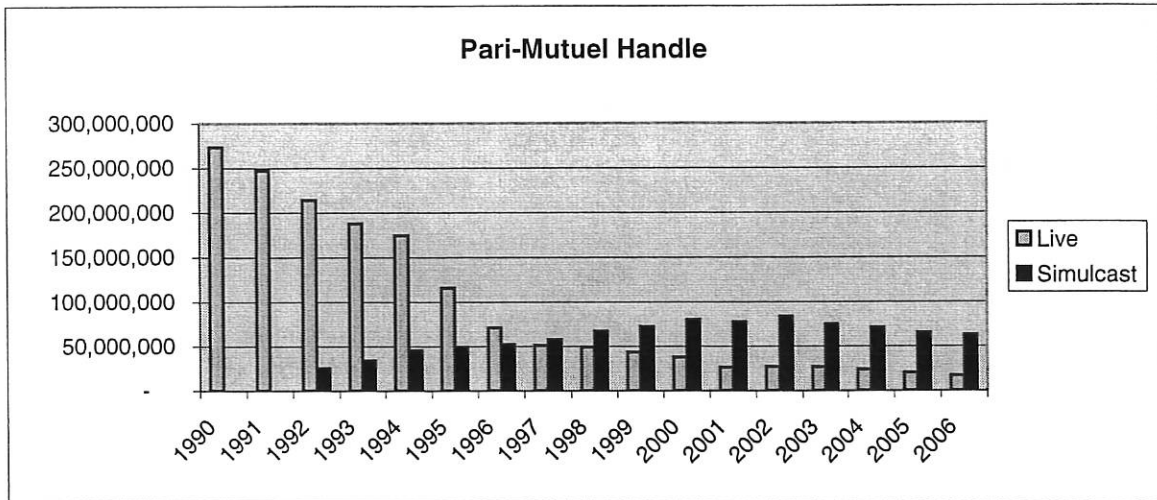
## Live Racing - 2005



## Simulcast Racing - 2005

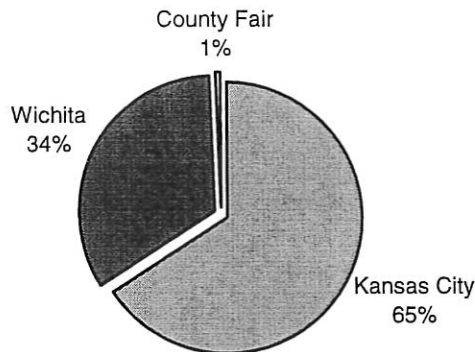


**Kansas Racing and Gaming Commission  
Parimutuel Handle  
Calendar Years 1990-2006**

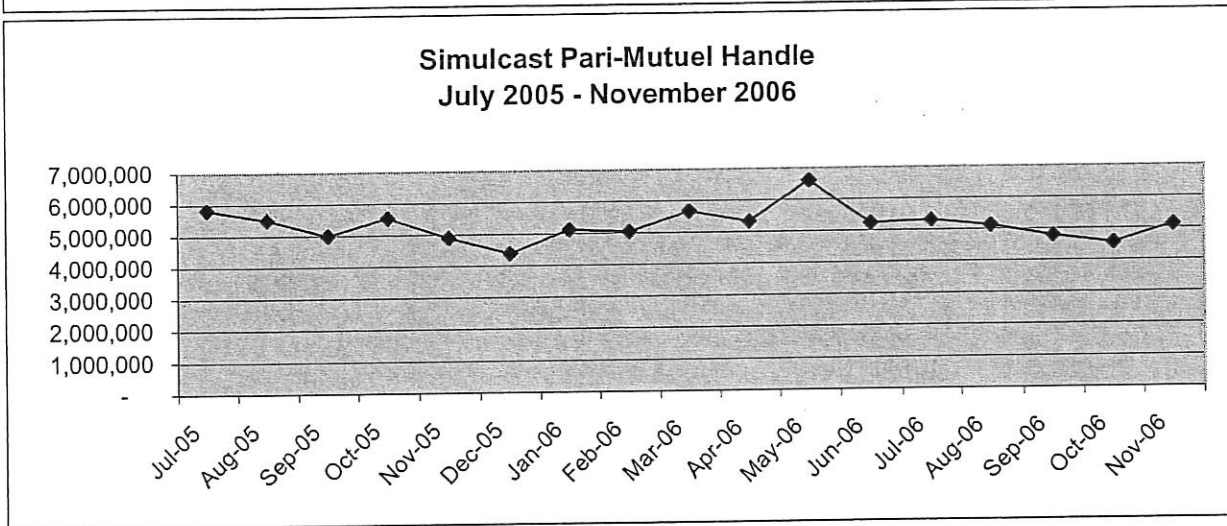
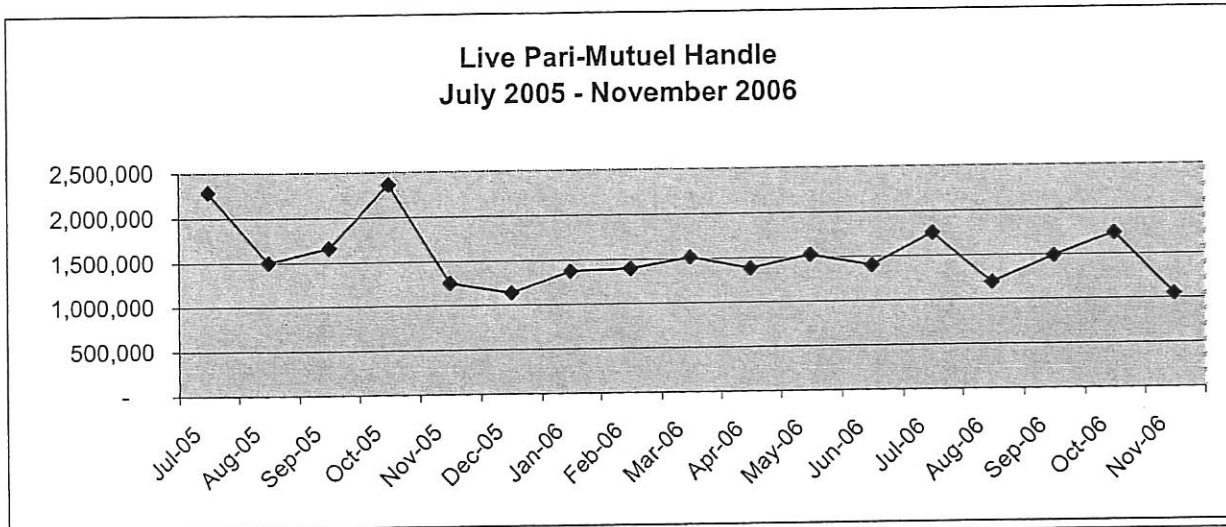


Calendar Year	Live	Simulcast	Total	
1990	273,355,638	-	273,355,638	
1991	246,971,572	-	246,971,572	-9.65%
1992	214,235,214	25,469,929	239,705,143	-2.94%
1993	187,974,813	34,362,423	222,337,236	-7.25%
1994	174,344,451	45,944,187	220,288,638	-0.92%
1995	115,686,926	49,348,652	165,035,578	-25.08%
1996	70,859,045	52,315,297	123,174,342	-25.36%
1997	51,241,024	57,849,781	109,090,805	-11.43%
1998	49,521,893	66,918,833	116,440,726	6.74%
1999	43,743,621	72,112,135	115,855,756	-0.50%
2000	37,698,365	80,089,374	117,787,739	1.67%
2001	26,440,891	77,568,818	104,009,709	-11.70%
2002	27,151,949	83,680,054	110,832,003	6.56%
2003	26,654,689	75,020,803	101,675,492	-8.26%
2004	23,809,254	71,077,462	94,886,716	-6.68%
2005	20,305,725	65,272,302	85,578,027	-9.81%
2006	16,880,717	62,850,127	79,730,844	-6.83%

**2006 Handle By Location**



## Kansas Racing and Gaming Commission



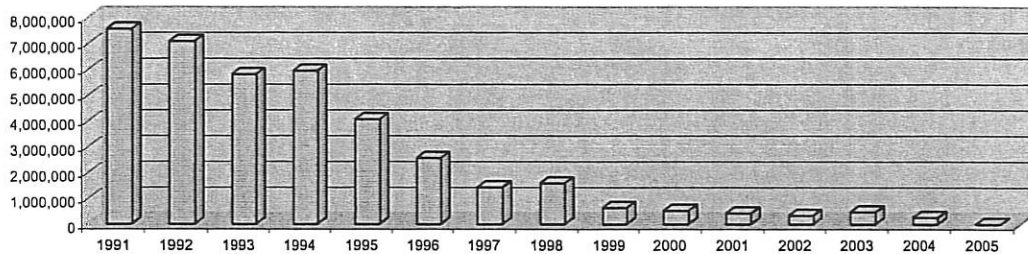
Handle	Live	Simulcast	Total
Jul-05	2,284,240	5,817,913	8,102,153
Aug-05	1,499,446	5,504,869	7,004,315
Sep-05	1,657,486	4,989,018	6,646,504
Oct-05	2,361,764	5,531,487	7,893,251
Nov-05	1,253,398	4,897,736	6,151,134
Dec-05	1,134,781	4,386,351	5,521,131
Jan-06	1,370,634	5,121,602	6,492,236
Feb-06	1,393,298	5,044,713	6,438,011
Mar-06	1,512,857	5,662,827	7,175,683
Apr-06	1,383,452	5,327,959	6,711,411
May-06	1,522,752	6,601,225	8,123,977
Jun-06	1,400,028	5,231,010	6,631,038
Jul-06	1,752,054	5,309,747	7,061,801
Aug-06	1,195,264	5,117,505	6,312,769
Sep-06	1,487,401	4,781,752	6,269,154
Oct-06	1,734,575	4,542,642	6,277,217
Nov-06	1,046,989	5,107,430	6,154,419



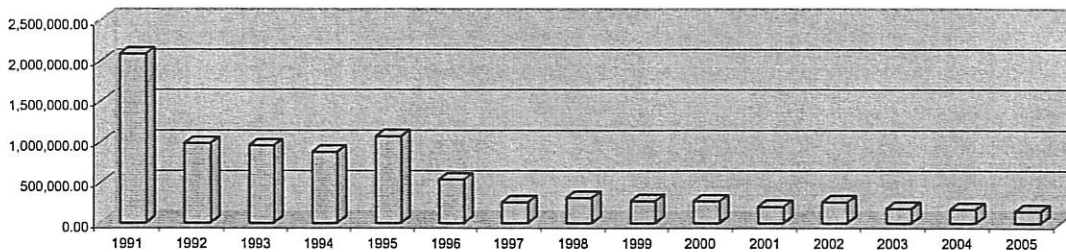
# Benefits of Parimutuel Racing



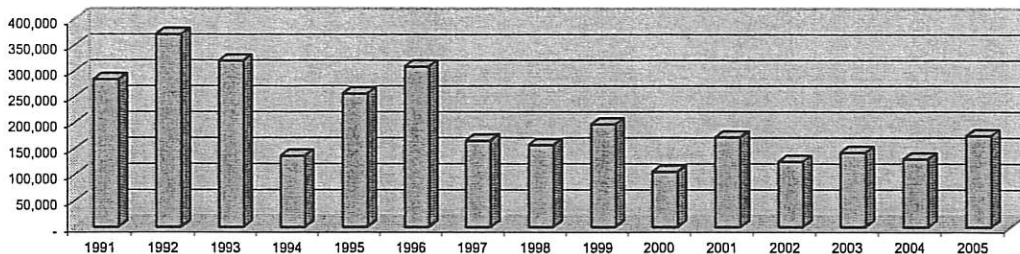
### Transfers to State Gaming Revenue Fund



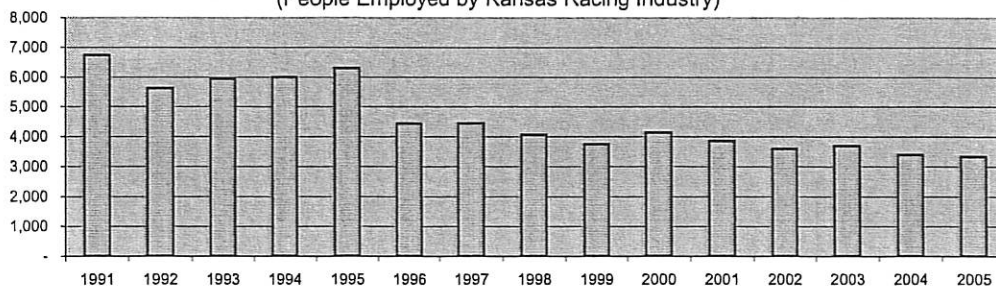
### Charitable Contributions



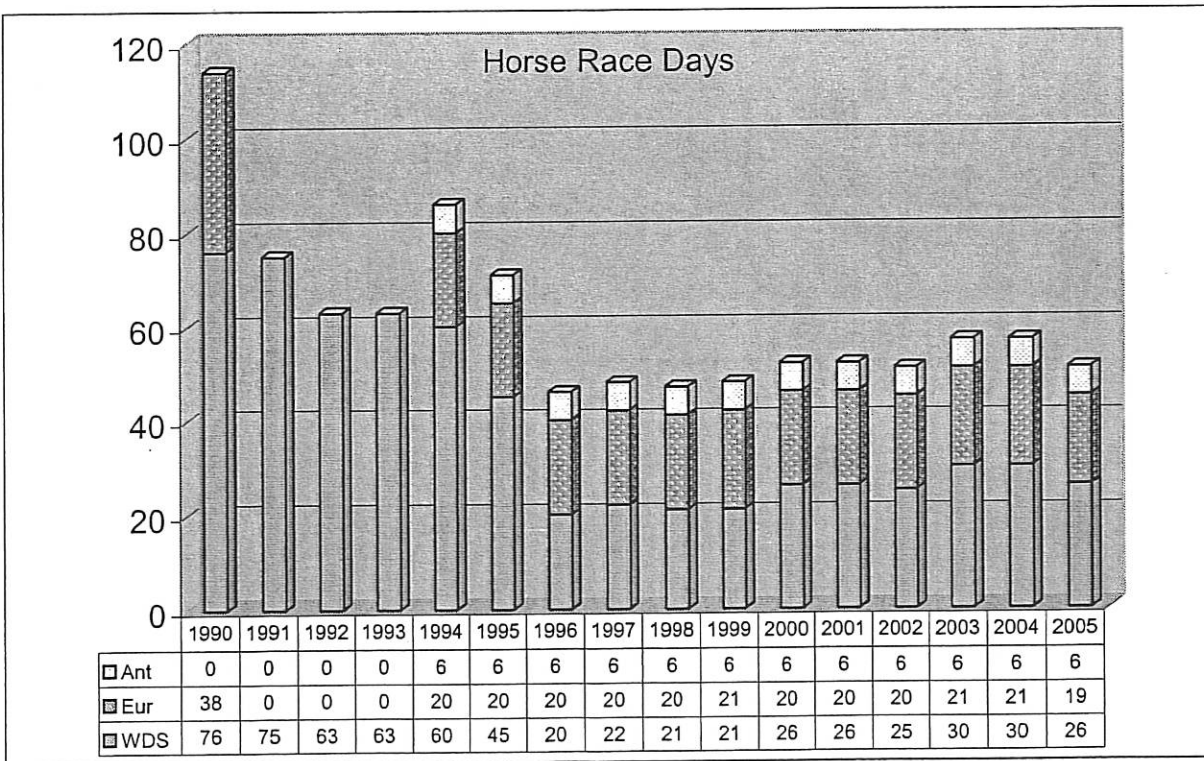
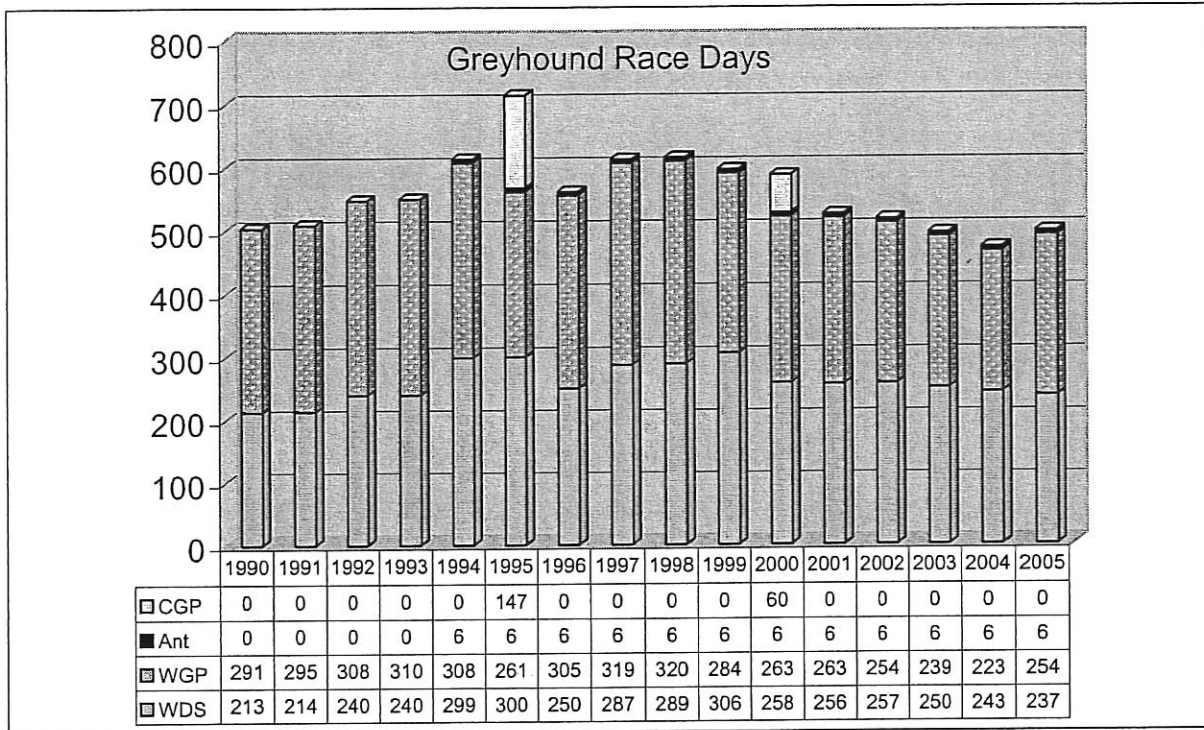
### Research Grants Funded



### Occupational Licenses Issued (People Employed by Kansas Racing Industry)

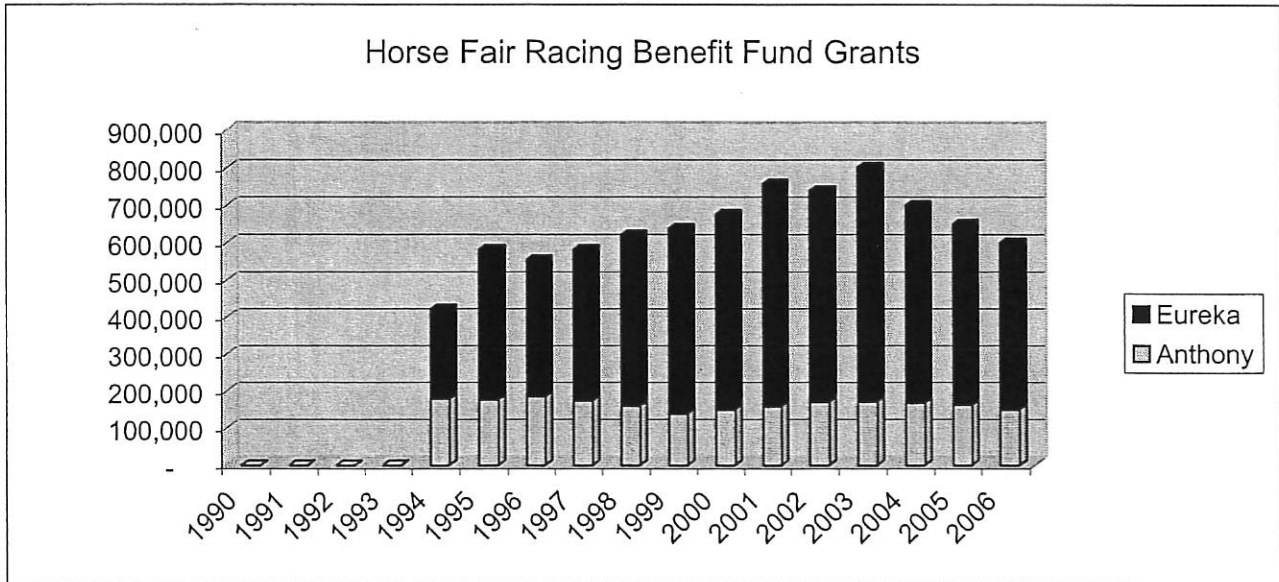


## Kansas Racing and Gaming Commission Race Days 1990 - 2005





**Kansas Racing and Gaming Commission  
Horse Fair Racing Benefit Fund Grant Awards**



	Anthony	Eureka	Total
1990	-	-	-
1991	-	-	-
1992	-	-	-
1993	-	-	-
1994	179,345	242,333	421,678
1995	176,746	405,635	582,381
1996	185,000	370,060	555,060
1997	174,300	407,652	581,952
1998	160,000	461,600	621,600
1999	138,480	500,000	638,480
2000	150,000	526,000	676,000
2001	158,000	600,000	758,000
2002	170,517	568,390	738,907
2003	171,778	630,000	801,778
2004	168,000	532,000	700,000
2005	162,500	487,500	650,000
2006	150,000	450,000	600,000

Kansas Racing and Gaming Commission  
 Budget Worksheet - Receipts  
 FY 2007 & 2008

5131 - State Racing Fund

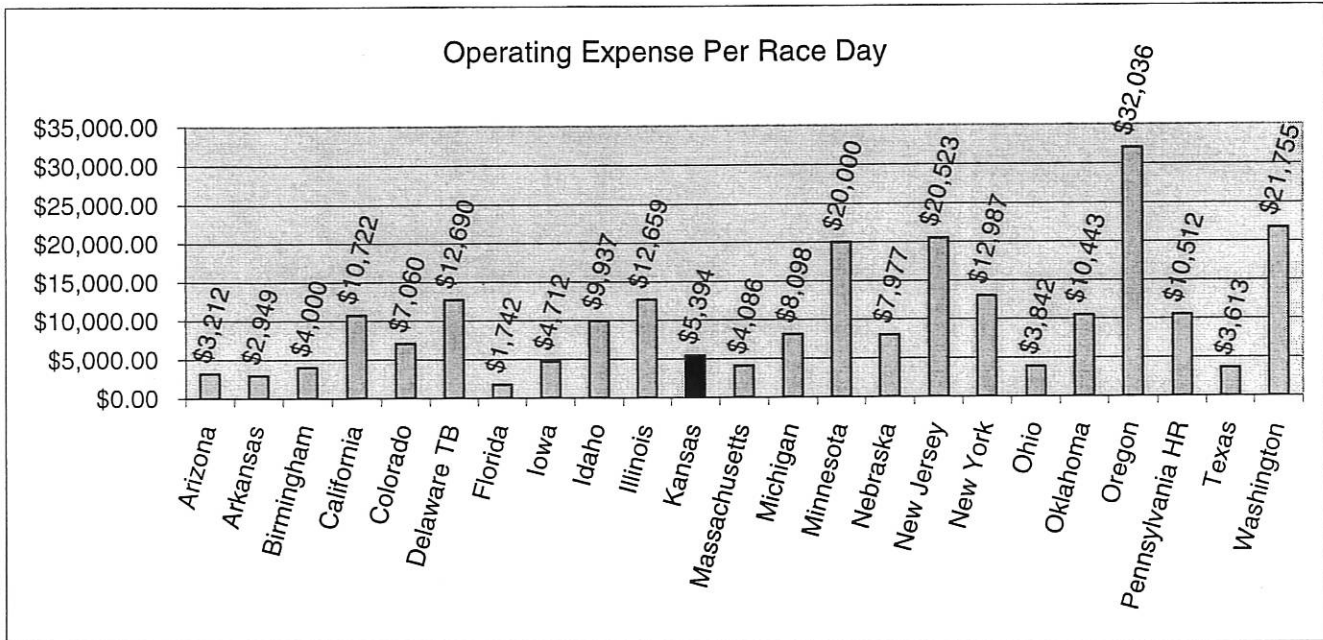
	A	B	C	D	E	F	G	H	I	J	K	L	M	N					
	FY 2006 Actual	FY 2006 Budget	Difference	FY 2007 Approved Budget	FY 2007 Adjustments	Revised FY 2007 Budget	Changes During Budget Process	FY 2007 Final Budget	Change from FY 2007 to FY 2008	FY 2008 Budget	Enhancement FY 2008 Budget	Submitted FY 2008 Budget	Changes During Budget Process	FY 2008 Final Budget					
<b>Receipts</b>																			
Parimutuel tax - live	708,622	721,002	(12,380)	721,002	(85,272)	635,730	-10%	(85,831)	549,899	-22%	(60,079)	575,651	-19%	-	575,651	(147,525)	428,126	-40%	
Parimutuel tax - simulcast	1,528,975	1,483,975	45,000	1,483,975	(28,507)	1,455,468	-5%	(66,849)	1,388,619	-9%	(68,585)	1,386,883	-9%	-	1,386,883	(125,965)	1,260,918	-18%	
Admissions tax	2,015	3,000	(985)	3,000	(1,000)	2,000	-1%	-	2,000	-	-	2,000	-1%	-	2,000	-	2,000	-1%	
License fee - individual	57,566	66,000	(8,434)	66,000	(9,000)	57,000	-1%	-	57,000	-	-	57,000	-1%	-	57,000	-	57,000	-1%	
License fee - business	1,741	2,500	(759)	2,500	(800)	1,700	-2%	-	1,700	-	-	1,700	-2%	-	1,700	-	1,700	-2%	
License fee - daily	137,752	137,400	352	137,400	-	137,400	0%	-	137,400	-	-	137,400	0%	-	137,400	-	137,400	0%	
Fines	19,819	30,000	(10,181)	30,000	(10,000)	20,000	1%	-	20,000	-	-	20,000	1%	-	20,000	-	20,000	1%	
Miscellaneous revenues	545	3,000	(2,455)	3,000	(2,400)	600	10%	-	600	-	-	600	10%	-	600	-	600	10%	
KSIP transfer out	(10,275)	-	(10,275)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer In/SGF Loan	200,000	200,000	-	-	397,468	397,468	-	152,680	550,148	-	280,118	677,586	-	11,738	689,324	273,490	962,814	-	
Transfer Out	(26,863)	-	(26,863)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Receipts</b>	<b>2,619,897</b>	<b>2,646,877</b>	<b>(26,980)</b>	<b>2,446,877</b>	<b>260,489</b>	<b>2,707,366</b>		<b>-</b>	<b>2,707,366</b>		<b>151,454</b>	<b>2,858,820</b>		<b>11,738</b>	<b>2,870,558</b>	<b>-</b>	<b>2,870,558</b>		
<b>Total Expenses</b>	<b>2,876,094</b>	<b>2,948,155</b>	<b>(72,061)</b>	<b>2,700,000</b>	<b>99,659</b>	<b>2,799,659</b>		<b>-</b>	<b>2,799,659</b>		<b>2,858,820</b>	<b>-</b>		<b>2,870,558</b>	<b>-</b>	<b>2,870,558</b>	<b>-</b>	<b>2,870,558</b>	
Beginning Cash Balance	348,489					92,292			92,292		(0)			(0)			(0)		
Change in Net Assets	(256,197)	(301,278)	45,081	(253,123)	160,830	(92,293)			(92,293)		151,454	0	11,738	0			0		
Ending Cash Balance	92,292					(0)			(0)		(0)			(0)			(0)		

Kansas Racing and Gaming Commission  
 Budget Worksheet - Expenditures  
 FY 2007 & 2008

5131 - State Racing Fund

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
	FY 2006 Actual	FY 2006 Budget	Difference	FY 2007 Approved Budget	Suggested Change in FY 2007	Submitted FY 2007 Budget	Changes During Budget Process	FY 2007 Final Budget	Changes from Submitted FY 2007 to FY 2008	FY 2008 Base Budget	Enhancement FY 2008 Budget	Submitted FY 2008 Budget	Changes During Budget Process	Approved FY 2008 Budget
Salaries	2,245,207	2,304,135	(58,928)	2,133,126	10,127	2,143,253	-	2,143,253	54,161	2,197,414	11,738	2,209,152	-	2,209,152
<b>Contractual Services</b>														
Communication	58,480	70,000	(11,520)	67,494	(7,488)	60,006	-	60,006	-	60,006	-	60,006	-	60,006
Freight & express	189	1,300	(1,111)	1,267	(1,067)	200	-	200	-	200	-	200	-	200
Printing & advertising	560	1,000	(440)	571	29	600	-	600	-	600	-	600	-	600
Rents	144,094	158,000	(13,906)	158,000	5,500	163,500	-	163,500	2,500	166,000	-	166,000	-	166,000
Repairing & servicing	10,931	14,000	(3,069)	17,768	(3,768)	14,000	-	14,000	-	14,000	-	14,000	-	14,000
Travel & subsistence	63,723	55,000	8,722	46,160	18,840	65,000	-	65,000	-	65,000	-	65,000	-	65,000
Fees-other services	303,332	290,000	13,332	218,735	76,265	295,000	-	295,000	5,000	300,000	-	300,000	-	300,000
Fees-professional services	8,008	5,700	2,308	5,655	345	6,000	-	6,000	-	6,000	-	6,000	-	6,000
Other contractual services	12,435	14,000	(1,565)	13,704	296	14,000	-	14,000	-	14,000	-	14,000	-	14,000
<b>Total contractual services</b>	<b>601,752</b>	<b>609,000</b>	<b>(7,248)</b>	<b>529,354</b>	<b>88,952</b>	<b>618,306</b>	<b>-</b>	<b>618,306</b>	<b>7,500</b>	<b>625,806</b>	<b>-</b>	<b>625,806</b>	<b>-</b>	<b>625,806</b>
<b>Commodities</b>														
Clothing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance materials, suppli	219	181	38	181	19	200	-	200	-	200	-	200	-	200
Motor vehicle parts, supplies	7,328	6,000	1,328	6,000	2,000	8,000	-	8,000	-	8,000	-	8,000	-	8,000
Professional & scientific suppli	10,914	15,000	(4,086)	15,000	(1,000)	14,000	-	14,000	-	14,000	-	14,000	-	14,000
Stationery & office supplies	10,226	12,439	(2,213)	12,439	(439)	12,000	-	12,000	-	12,000	-	12,000	-	12,000
Other supplies, materials, part	448	1,400	(952)	1,400	-	1,400	-	1,400	-	1,400	-	1,400	-	1,400
<b>Total commodities</b>	<b>29,135</b>	<b>35,020</b>	<b>(5,885)</b>	<b>35,020</b>	<b>580</b>	<b>35,600</b>	<b>-</b>	<b>35,600</b>	<b>-</b>	<b>35,600</b>	<b>-</b>	<b>35,600</b>	<b>-</b>	<b>35,600</b>
Capital outlay	-	-	-	2,500	-	2,500	-	2,500	(2,500)	-	-	-	-	-
<b>Total Expenditures</b>	<b>2,876,094</b>	<b>2,948,155</b>	<b>(72,061)</b>	<b>2,700,000</b>	<b>99,659</b>	<b>2,799,659</b>	<b>-</b>	<b>2,799,659</b>	<b>59,161</b>	<b>2,858,820</b>	<b>11,738</b>	<b>2,870,558</b>	<b>-</b>	<b>2,870,558</b>

## Kansas Racing and Gaming Commission Pari-Mutuel Industry Budget Comparison



	Commissioner Pay	Director Pay	Operating Budget	Race Days	FTE	Laboratory Testing	Stewards/Judges	Enforcement Agents	Auditing Staff	Attorneys/Assistant AG's
Arizona	\$30 per meeting	\$95,672	\$2,996,800	933	46.5	2 state, 1 track				XX
Arkansas	\$85 + exp/diem	\$72,000	\$1,070,417	363	14			XX		
Birmingham	\$25,000	\$75,000	\$1,200,000	300	11			XX		XX
California	\$100/month	\$108,000	\$10,100,000	942	76					
Colorado	Expenses	\$105,588	\$2,019,113	286	18.5	2 state, 1 track				
Delaware TB	\$150-\$250/meeting	\$81,000 + vehicle	\$1,725,800	136	6			XX		
Florida	N/A	91,187	\$8,698,688	4993	62	1 state, 2 track				XX
Iowa	\$10,000 + exp	\$95,055-\$145,430	\$2,671,520	567	27.53					
Idaho	\$50 + exp/diem	\$60,000	\$814,800	82	3					
Illinois	\$300/meeting	\$103,000	\$7,836,000	619	65					
Kansas	\$24000 + exp	\$78,831	\$2,961,136	549	35					
Massachusetts	\$24,648	\$92,925	\$3,178,591	778	33	2 state, 1 track				
Michigan	N/A	\$88,400	\$3,644,100	450	11	XX		XX		XX
Minnesota	\$55/diem	\$88,000	\$1,360,000	68	8					
Nebraska	Expenses	\$86,264	\$853,579	107	8.5					
New Jersey	No pay	\$113,000	\$9,769,000	476	89					
New York	\$101,600-\$121,000	\$128,000	\$14,052,000	1082	135					
Ohio	\$35.17/hour	\$54,974-\$110,760	\$4,000,000	1041	17	1 state		XX		50% cost
Oklahoma	\$50/diem + exp	\$87,255	\$2,757,000	264	25					XX
Oregon	\$30/mtg + mileage	\$51,800-\$79,176	\$3,427,864	107	14.52					
Pennsylvania HR	\$150/diem + exp	\$81,408	\$4,656,890	443	115					
Texas	Per diem + travel	\$77,760	\$4,632,223	1282	69	XX				
Washington	\$100/diem + exp	\$89,112	\$2,393,000	110	19.2					

XX - not included in budget



# KANSAS

KANSAS STATE GAMING AGENCY  
JOHN McELROY, EXECUTIVE DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

## Testimony Before the Senate Ways and Means Committee

of

John E. McElroy, JD, CFE  
Executive Director  
Kansas State Gaming Agency  
January 31, 2007

It is my pleasure to appear today before the Senate Ways and Means Committee to provide information about the Kansas State Gaming Agency. In Kansas, the Iowa Tribe of Kansas and Nebraska, the Prairie Band Potawatomi Nation of Kansas, the Kickapoo Tribe in Kansas, and the Sac and Fox Nation of Missouri in Kansas and Nebraska each have a reservation and a casino. Each casino operates through the terms of a Tribal State Compact.

KSA 74-9805 limits the jurisdiction of the Agency to oversight and investigations concerning tribal gaming operations in Kansas carried out in connection with Tribal State Compacts. Specifically, the Agency is charged with monitoring gaming activities at the casinos and doing background investigations of gaming personnel, tribal gaming inspectors and vendors who sell more than \$10,000 in gaming equipment to casinos annually. Licensing is done by the individual Tribal Gaming Commissions who are also designated in the Compacts as the primary regulators. The Agency has no jurisdiction over any other type of gaming, legal or illegal.

The Agency was officially designated a part of the Kansas Racing and Gaming Commission in the Tribal Gaming Oversight Act, KSA 74-9801 et seq, in 1996. The Commission approves the Agency's budget, the number and qualifications of its employees and any expenditures for arbitration according to KSA 74-9803. All other management functions are left to the executive director and his designees. I have been the executive director of the Agency since April, 2003. I am a lawyer and spent eighteen years investigating white collar crime cases and public corruption cases for the KBI.



The Agency has three management/ supervisory personnel, a compliance officer, three support personnel, six special investigators and nine enforcement agents. The Agency currently has two vacancies. Special investigators are assigned to do Category II (average gaming employee) background investigations exclusively. Corporate and Category I (key gaming employee) background investigations are done by enforcement agents. Enforcement agents are sworn law enforcement officers. Enforcement agents are also responsible for monitoring gaming activity at the casinos. The Agency operates 11 vehicles.

I am unable to discuss with you any particular information in regard to any particular casino. KSA 45-221 (42) prohibits disclosure of records when disclosure is prohibited by a Tribal State Compact. All Tribal State Compacts clearly call attention to the confidential and proprietary nature of information provided to the Agency by the Tribes to permit the Agency to carry out its mission.

The Agency is entirely funded by contributions from the four recognized Kansas tribes. The Agency budget for FY 2007 is \$1,732,499.

Each Tribe receives a notice of assessment from the Agency by July 31 of each year. Any funds left over from the previous fiscal year are credited to the next year's tribal assessments before the notice is sent. Tribes must pay their assessments on or before September 21, January 1, and April 1. All of the Tribes are current in paying their assessments. The Tribes pay no other funds to the State.

From the discussion above, you see that the Agency begins each fiscal year at a zero balance. In order to fund the Agency until assessments are paid, the Agency will borrow \$450,000 from the State General Fund at the beginning of each fiscal year. The loan is repaid from tribal assessment contributions before the end of each fiscal year.

State general funds are only used in the case of an arbitration award if the State is ordered to pay any of the costs of arbitration. There are no costs of arbitration in FY 2007.

The Agency is housed on the fifth floor of 700 SW Harrison, Topeka, KS. In December 2004, the Agency moved to this state owned office space. Cost of rent increased with the move and badly needed space available to the Agency increased about 2000 square feet. This added space has allowed the Agency to acquire some gaming equipment for training and permitted the Agency to inaugurate a new program involving training agents and tribal gaming inspectors together at the Agency. In calendar year 2006 the Agency held classes attended by 730 tribal employees.

During the summer of 2003, the Agency installed a server based computer network with high speed internet access. During the summer of 2004, the Agency purchased a document imaging system from a Topeka based company. These purchases have increased the efficiency of the Agency and now permit data files to be backed up every evening, reduce the need for file storage space, and prevent loss of data due to power failure or natural disaster.

I am pleased to stand for questions. I can be reached by telephone at 368-6202 or by email at [john.mcelroy@ksgaming.org](mailto:john.mcelroy@ksgaming.org).



## **KANSAS LOTTERY**

ED VAN PETTEN, EXECUTIVE DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

Testimony Before The  
**Senate Ways and Means Committee**  
**Agency Update 1-31-07**

Presented By:  
Ed Van Petten, Executive Director  
Kansas Lottery

Mr. Chairman and members of the Committee:

### **I. Legislative Issues**

KSA 74-8723 provides that the Kansas Lottery is to be abolished on July 1, 2008. The extension of the lottery will have to be done by the 2007 Legislature, as online tickets (Powerball, Hot Lotto, Super Kansas Cash, 2by2, Pick 3, Keno and Kansas Hold'Em) do not expire until after a full year from the draw date on the ticket. Therefore sales for those games would have to stop at close of business on June 30, 2007, if the lottery is not extended in the upcoming session. All instant ticket games (scratch and pulltab) would have to be ended before January 1, 2008, as those tickets expire 180 days after the end date of the particular game.

We propose eliminating the sunset provision altogether. There is no benefit to the provision as oversight is accomplished annually by Federal and State Affairs Committees and throughout the budget process. Also, the Legislature has the authority to end the lottery operations at any time. Our proposed legislation also provides for eliminating the requirement that retailers post a certificate at their retail locations, and deleting KSA 74-8705 (e), which prohibits the renewal or extension of major procurement contracts. The measure has been introduced in the Senate Federal and State Affairs Committee, as S.B. 66. At this time it has moved out of committee with KSA 74-8705(e) reinserted.

### **II. Sales**

Sales for FY 2006 totaled \$235 million, and we are presently 5.85% ahead of last year's sales, despite showing more than a 23% decline thus far in Powerball sales. Instant

tickets continue to show the greatest increase, and we have only one real large Powerball jackpot thus far this fiscal year, which I believe is the reason for the decline. It takes a jackpot of over \$100 million to generate the selling frenzies which we experienced last year with two record jackpots over \$300 million.

### **III. Transfers**

The 2002 legislature allowed the Lottery to modify the method of calculating transfers made each month. Rather than the statutory provision of transferring 30% of gross sales each month, the Omnibus bill allowed for minimum monthly transfers of \$4.5 million, and a minimum annual total of \$59 million. This request was made to give us more flexibility in operations and make it possible to increase prize payouts to bolster sales. As a result of these changes, the Lottery has been able to boost payouts on our instant products which has helped to boost our sales, and thus the overall amount of money transferred. This has been continued in the Omnibus bill each year since, with the target transfer for this fiscal year being \$72 million. Total transfers through January 15, 2007, were \$953,788,277.

### **IV. Operations**

Our primary concern continues to be security, both in our gaming system and field operations. We have eliminated the ability of programmers to access the gaming system unaudited by adding a test system, detached from the gaming system, for developing new programs. We have also increased the audit functions, or oversight, on the gaming system.

We continue to reduce the use of paper to the greatest degree possible. Daily and weekly sales reports, which formerly were distributed on paper, are now paperless and maintained "on line." All draw information is also maintained paperless, and all investigation reports and work papers are stored electronically.

Our gaming system in the field now operates on a wireless communications system statewide. We utilize both satellite and radio technology, and have increased operations with approximately 99.9% up time. When operating on the telecommunications system, uptime ran approximately 98.5%. Total savings per year will run approximately \$1.6 million.

We are required to survey retailers to ensure compliance with the Americans with Disabilities Act, which is a continuing responsibility. We have enjoyed a good working relationship with Anthony Fadale, State ADA Coordinator. I have assigned all duties in this regard to the Security Division instead of Sales Division as had been done in the past. There appeared to be conflicts in asking Sales Representatives to determine if a potential location could sell lottery products.

Last year we paid retailer commissions of \$13,641,678, with total commissions paid from startup through December 31, 2006, of \$173,605,305.

## **V. Partnerships**

We continue to develop marketing partnerships with Kansas businesses and industries. As you are aware, we market games with Kansas Speedway, the Kansas State Fair, Cabela's and General Motors. We also now have formed marketing partnerships with a number of smaller companies across Kansas such as Land Pride in Salina, TerraTrack in Clay Center, Cobalt Boats in Neodesha and Swartz Motorsports in Strong City. Other partners include Big Dog Motorcycles in Wichita, the Wichita Riverfest, 3i Show, The Great Santa Fe Trail Horse Race, and Kansas Department of Wildlife and Parks. We are presently also selling our first ticket promoting tourism in a particular area of the state with "Flint Hills Treasures." Our intent with these games is to increase the exposure of Kansas business, industry and tourism, as well as to generate enthusiasm in Kansas citizens for our games.

There are a number of businesses in the lottery industry that license certain products for use of logos and use their merchandise for prizes in conjunction with lottery games. These licenses are quite often very expensive, so we have tried to generate the same effect of "brand" or name recognition, and hopefully help a Kansas business in the process. Instead of costing the Lottery extra, the merchandise has been provided at reduced cost, with no charges or minimal charges for the use of logos and names. This seems to be a good way to stimulate economic development in Kansas, while generating revenue for the state.

## **VI. Veterans' Benefit Games**

Unaudited sales figures for the Veterans' Benefit Games are about \$3 million, which should result in a transfer for those programs of approximately \$920,000 in fiscal year 2007. These funds are distributed one-half to the National Guard Scholarship fund and one-half to the Veterans' Commission to assist with maintenance of the Soldiers' Homes and Veterans' Cemeteries.

## **VII. 20<sup>th</sup> Anniversary**

Sales of Kansas Lottery tickets began on November 12, 1987. We launched a \$20 scratch ticket on January 11 to commemorate this occasion, and sales have been very good. We will also have a number of birthday-themed games throughout the year. The \$20 ticket will have a second-chance drawing to pick 20 players, who will all receive at least \$20,000 and have a chance to come to Topeka for another drawing and an opportunity to win \$200,000. This Grand Prize event will take place on Friday, November 9, 2007, hopefully at the Capitol.



### **VIII. New Games this Year**

On March 12, we began sale of "Hot Lotto" and became the ninth state to offer the game. It is similar in play to "Powerball," with players choosing five numbers from a field of 39, and one number from a field of 19. As of last Saturday's draw we have had \$7,131,933 in sales this fiscal year.

In June 2006 we introduced the game Super 7's, which is an Electronic Game Card. We were the second lottery to launch the game, and it was very successful, with sales being mostly incremental to existing sales. We launched our second shipment December 14, and have ordered a third game to be delivered in the spring.

On September 24, 2006, we went live with a test market of 86 retailers with the new game "Kansas Hold'Em." We selected retail locations based on the highest Keno sales in each retailer type. We chose social environments (bars and clubs), convenience stores, bowling alleys and fraternal organizations. Thus far the social environments and bowling alleys seem to be the strongest markets. However, in some convenience stores, sales are strong. At this time the game is in 93 locations, and sales have surpassed \$950,000.

### **IX. Current RFP**

We presently have a Request For Proposal (RFP) issued. We anticipate receiving bids from GTECH (present vendor), Scientific Games and Intralot. The RFP is for our online gaming system and communications system for the gaming system. The bids are due February 9, 2007. The current contract began July 1, 2002.

## 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 Revenue 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:**

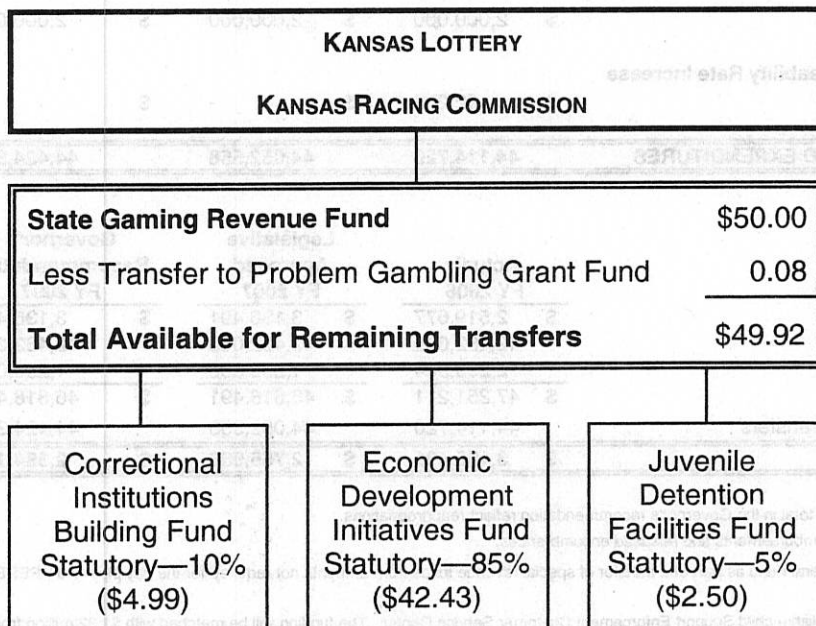
1. Correctional Institutions Building Fund - 10.0%
2. Juvenile Detention Facilities Fund - 5.0%
3. Economic Development Initiatives Fund - 85.0%

**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)



**ECONOMIC DEVELOPMENT INITIATIVES FUND  
FY 2006 - FY 2008**

Agency/Program	Actual FY 2006	Final Legislative Approved FY 2007	Governor's * Recommendation FY 2007	Governor's Recommendation FY 2008
<b>Department of Commerce</b>				
Operating Grant	\$ 15,893,435	\$ 15,710,770	\$ 15,982,311	\$ 15,989,330
Older Kansans Employment Program	239,430	330,481	330,481	330,481
Rural Opportunity Program	-	-	-	2,100,000 5
On TRACK Program	-	-	-	3,000,000 6
Kansas Economic Opportunity Initiative Fund	3,000,000	3,160,000	3,160,000	3,000,000
Subtotal - Commerce	\$ 19,132,865	\$ 19,201,251	\$ 19,472,792	\$ 24,419,811
<b>Kansas Technology Enterprise Corporation</b>				
Operations	\$ 1,663,866	\$ 1,674,414	\$ 1,694,050 3	\$ 1,627,626
University & Strategic Research	5,413,659	5,345,205	5,345,205	5,111,287
Commercialization	2,060,130	1,790,249	1,790,249	2,172,723
Mid-America Manuf. Tech. Center (MAMTC)	1,528,152	1,547,788	1,528,152 3	1,380,621
Product Development	1,519,030	1,519,030	1,519,030	1,519,030
Subtotal - KTEC	\$ 12,184,837	\$ 11,876,686	\$ 11,876,686	\$ 11,811,287
<b>Kansas, Inc.</b>				
Operations	\$ 379,671	\$ 527,999	\$ 527,999	\$ 408,122
<b>Kansas Racing and Gaming Commission</b>				
Racing Operations	\$ -	\$ -	\$ -	\$ 700,000 7
<b>Social and Rehabilitation Services</b>				
Child Support Enforcement Call Center	\$ -	\$ 340,000 2	\$ 340,000	\$ -
<b>Board of Regents</b>				
Tech. Innovation & Internship Prog. - AVTS	\$ 175,909	\$ 180,500	\$ 185,340	\$ - 8
Post-secondary Aid - AVTS	6,957,162	6,957,162	6,957,162	- 8
Capital Outlay - AVTS	2,565,000	2,565,000	2,565,000	- 8
KSU - ESARP	299,999	300,000	300,000	- 8
Wichita State University - Aviation Research	245,748	-	-	2,500,000
Subtotal - Regents & Universities	\$ 10,243,818	\$ 10,002,662	\$ 10,007,502	\$ 2,500,000
<b>Kansas Arts Commission</b>				
Economic Impact Study of the Arts	\$ -	\$ 14,000	\$ 14,000	\$ -
<b>State Conservation Commission</b>				
Conservation Easement Matching Funds	\$ 31,250	\$ -	\$ -	\$ -
Multipurpose Small Lakes (Horsethief Reservoir)	50,000	-	-	- 9
Subtotal - State Conservation Commission	\$ 81,250	\$ -	\$ -	\$ -
<b>State Fair</b>				
Largest Classroom	\$ -	\$ 19,960	\$ 19,960	\$ -
Economic Impact Study	-	-	-	40,000
Alternative Energy Systems	-	-	95,384 4	111,525
Ticket Marketing & Premiums	-	70,000	70,000	70,000
Subtotal - State Fair	\$ -	\$ 89,960	\$ 185,344	\$ 221,525
<b>KS Qualified Biodiesel Fuel Producer Incentive Fund Transfer</b>				
		\$ -	\$ -	\$ 3,500,000
<b>State Water Plan Fund Transfer</b>				
	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
<b>Pay Plan and KPERS Death and Disability Rate Increase Transfer</b>				
	\$ 92,279 1	\$ -	\$ -	\$ -
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>44,114,720</b>	<b>44,052,558</b>	<b>44,424,323</b>	<b>45,560,745</b>

EDIF Resource Estimate	Actual FY 2006	Legislative Approved FY 2007	Governor's Recommendation FY 2007	Governor's Recommendation FY 2008
Beginning Balance	\$ 2,519,677	\$ 3,136,491	\$ 3,136,491	\$ 2,394,168
Gaming Revenues	42,432,000	42,432,000	42,432,000	42,432,000
Other Income**	2,299,534	1,250,000	1,250,000	750,000
Total Available	\$ 47,251,211	\$ 46,818,491	\$ 46,818,491	\$ 45,576,168
Less: Expenditures and Transfers	44,114,720	44,052,558	44,424,323	45,560,745
<b>ENDING BALANCE</b>	<b>\$ 3,136,491</b>	<b>\$ 2,765,933</b>	<b>\$ 2,394,168</b>	<b>\$ 15,423</b>

\* Unless otherwise noted, increases in agency total in the Governor's recommendation reflect reappropriations.

\*\* Other income includes interest, transfers, reimbursements and released encumbrances.

- This amount is transferred to the State General Fund as part of a transfer of special revenue funds from amounts not required for the pay plan and KPERS death and disability rates increase due to adjustments by the Legislature.
- 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.
- The Governor's recommendation includes shifts between programs at the agency's request.
- The Governor recommends utilizing alternative energy sources at the Kansas State Fair. In order to do this, two 50-kilowatt wind turbines, a solar thermal heat system for the Administration building, and electrical submetering equipment will be installed. The equipment will be financed through the Department of Administration, therefore this amount is for the principal and interest.
- The Governor recommends this program to help attract investment, business development, and job growth in rural areas of the state
- The Governor recommends this item to create the On TRACK program which will develop new recruitment and career training strategies, including sign-on bonuses for new employees in specific industries across the state, child care initiatives, and a state image campaign focused on workforce development.
- The Governor recommends this funding for agency operations.
- These expenditures have been shifted to the State General Fund.
- Expenditures for this project are now completely funded from the State Water Plan Fund.

**Community Corrections Dollars in Millions  
FY 2003 - FY 2008**

	<u>Agency Request</u>	<u>Governor Recommendation</u>
FY 2003	\$14.5	\$13.6
FY 2004	\$14.2	\$14.2
FY 2005	\$15.4	\$15.5
FY 2006	\$15.5	\$15.5
FY 2007	\$16.2	\$15.5
FY 2008	<u>\$18.3</u>	<u>\$15.5</u>
Six Year Change	\$3.8	\$1.9

The agency request reflects the amount of funding requested by the Kansas Department of Corrections during the previous Legislative Session. For example, the FY 2003 request was made to the 2002 Legislature.



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## 75-52,111

### Chapter 75.--STATE DEPARTMENTS; PUBLIC OFFICERS AND EMPLOYEES Article 52.--DEPARTMENT OF CORRECTIONS

**75-52,111. Community corrections grants; determination of grant amounts, minimum; reductions, guidelines; grant budget requests; increased amounts.** (a) On or before each July 1, the secretary of corrections shall determine annually the amount of the grant for the ensuing fiscal year for each county or group of counties which has qualified to receive grants as provided in this section.

(b) (1) For each county or group of counties entitled to receive grants prior to July 1, 1990, the secretary of corrections shall determine on or before each January 1 the amount of the grant for the ensuing fiscal year based on the fiscal year 1989 per capita costs of such county or group of counties and the budget request of each county or group of counties for additional grant moneys submitted to the secretary as provided by subpart (2). The per capita costs of each county or group of counties shall be determined by dividing the amount of the fiscal year 1989 grant of such county or group of counties by the number of individuals served by the community correctional services program of such county or group of counties during fiscal year 1989. Subject to the other provisions of this subsection, the amount of the ensuing fiscal year grant for a county or group of counties shall be an amount equal to the fiscal year 1989 per capita costs, as determined pursuant to this subsection, multiplied by the number of individuals to be served by the community correctional services program of such county or group of counties during the ensuing fiscal year. Except as provided in this subsection for reduction of a grant with respect to certain community correctional services, no grant for a county or group of counties which received a grant for fiscal year 1989 shall be less than the amount of the grant funds expended by the county or group of counties during fiscal year 1989, if such county or group of counties continues to serve, or is projected to serve, at least the same number of persons as served during fiscal year 1989 and continues to provide the same community correctional services as provided during fiscal year 1989, as provided by K.S.A. 75-5291 and amendments thereto. The secretary of corrections may reduce the grant of a county or a group of counties with respect to certain community correctional services determined by the secretary subject to limitations provided in this subsection. The determination to reduce the grant of a county or group of counties by the secretary shall be based on the following criteria, whether: Staffing levels exceed levels justified by active cases under supervision; one-time expenditures such as renovation or construction costs, major equipment purchases or capital acquisitions were a factor in the fiscal year 1989 base; administrative costs were excessive; funded contracts for services remain unused for an unreasonable period of time; any unreasonable indirect costs were factored into or allowed in the fiscal year 1989 base; client numbers were reduced; caseload projections were supported by historical experience; excessive travel costs outside the program area were a factor in the fiscal year 1989 base; contracted services' costs factored into the fiscal year 1989 base are



significantly higher than other programs of the department of correction's experienced costs; and whether shrinkage factors, vacancy savings and turnover rates are relevant factors for consideration. Except as provided in K.S.A. 75-52,105 and amendments thereto, the secretary may reduce a grant to a county or group of counties only at the time the county or group of counties submits its annual budget request to the secretary for determination of such county or group of counties annual grant amount as provided in this section.

(2) As a part of such county's or group of counties' budget request submitted to the secretary, the county or group of counties may request a higher grant amount than determined as provided in subpart (1) for new or expanded programs as provided in K.S.A. 75-52,102 and amendments thereto and increased amounts as determined in subpart (1) for inflationary costs. The secretary shall determine such additional grant amount for such new or expanded programs based on existing experience of other programs offering similar programs.

(c) On or before July 1, 1990, each county or group of counties applying to receive a grant for the first time shall submit a budget request to the secretary. The secretary shall determine the amount of the grant for such county or group of counties based on existing experience of similar programs. For each fiscal year thereafter, the amount of the grant for such county or group of counties shall be determined as provided in subsection (b), except that the grant received by such county or group of counties pursuant to this subsection shall not be less than the amount of the grant received by such county or group of counties during the first year of operation, if such county or group of counties continues to serve at least the same number of persons as served during the first year of operation and continues to provide the same community correctional services as provided during the first year of operation, as provided by K.S.A. 75-5291 and amendments thereto. The per capita costs of such county or group of counties for the purposes of determining grants for ensuing fiscal years under this section shall be determined as provided in subsection (b), except that per capita costs shall be based on the first year of operation.

(d) All determinations of base year per capita costs pursuant to this section, shall include all actual audited costs incurred for approved programs included without limitation as to fixed administrative costs.

**History:** L. 1989, ch. 92, § 15; L. 1990, ch. 324, § 1; L. 1993, ch. 197, § 3; July 1.

**STUART J. LITTLE, Ph.D.**  
Little Government Relations

January 31, 2007

**Senate Ways and Means Committee**

Overview

I am here today on behalf of the Kansas Community Corrections Association (KCCA) to offer some context and overview regarding community corrections. I want briefly to provide some background information on what are community corrections agencies and the KCCA so that you might be more aware of this critical component in the adult and juvenile community correction systems in Kansas.

Community corrections agencies are thirty-one statutorily mandated programs in each part of the state, governed by county commissions and community advisory boards for both adult and juvenile offenders. They provide cost-effective community-based supervision instead of prison for adult and juvenile offenders with lower severity level offenses (although the offenders are increasingly more severe and high-risk). The courts and sentencing guidelines determine whether an adult offender is assigned to regular probation (through the courts) or intensive supervise probation in a community corrections program. Juveniles are sent to community corrections by district courts through the juvenile offender placement matrix.

Kansas Community Corrections Association is the voluntary association comprised of all community corrections agencies and seven affiliated groups. I am here today representing these thirty-five member agencies.

2007 Budget Issues

For years, both adult and juvenile community corrections agencies have continued to perform the important public safety role as we are statutorily charged with little or no new funding. We are responsible for supervising and attempting to rehabilitate criminal adults and juveniles who teeter on the verge of going to prison and when the public safety is threatened by these offenders, we sent them to prison. We are being asked to do more with less and have struggled for years in our efforts to seek any new funding increases. Finally, with the submission of budget's this year, the JJA and KDOC both asked the Governor to provide funding increases, which she did not do. We request this committee ad the funding requests as a needed contribution to ensuring this critical part of the public safety system.

## Adult Community Corrections

The main adult community corrections program is intensive supervised probation: a community-based sanction for high-risk offenders who require increased supervision, frequent monitoring, and intensive rehabilitative services. Other service components included in all programs include: drug testing and electronic monitoring; collection of fees/restitution; job search assistance and/or monitoring; and, community service work coordination and/or monitoring. In two urban counties services include residential centers with more intensive services and 24 hour supervision for the highest risk offenders. Additional program services available when funding is available include facilitating offender access to an array of community-based services. In many cases offenders or agencies pay for these services, although community corrections programs may also use basic grant funds to provide some of these services directly, with the specific mix of services determined by each local program. We partnered with KDOC and the Sentencing Commission since the 2003 for session implementation of SB 123, the new drug treatment alternative sentencing law. In general, flat funding trends and the decline of rehabilitation programs while the severity of offenders increases are troubling.

## Juvenile Programs

There are many programs and entities around the state (over 170) that provide various types of services for juvenile offenders, some of which are operated by community corrections programs or affiliated juvenile intake and assessment service providers. The core community supervision programs according the Juvenile Justice Authority are:

- **Juvenile Intake and Assessment Services (JIAS)**, through which every youth picked up by law enforcement is screened to determine whether that youth is a juvenile offender, a child in need of care, or in a family that needs other services;
- **Juvenile Intensive Supervision Probation (JISP)**, a highly structured/supervised community-based program which works with juvenile offenders who have previously failed in traditional court service probation, or have committed a serious offense but do not yet need an out-of-home or juvenile correctional facility placement. The JISP philosophy is that selected offenders can be effectively managed in the community without presenting an increased risk to the public through the cost-effective use of community-based supervision and control interventions; and,
- **Community Case Management Agency (CCMA)**, provides case management supervision services similar to JISP, but for a different population of juveniles. These can include those ordered by the court into the custody of the Commissioner of the JJA but not directly committed to a juvenile correctional facility (JCF), those who are committed to a JCF, and those who are on conditional release from a JCF. After a thorough assessment of the offender's needs, a case plan is developed in cooperation with the youth, the youth's family, and other significant parties in the community. Unlike JISP juveniles, those managed through CCMA may be placed out of the home and/or receive other services, such as counseling or treatment services to assist them in dealing with problems that resulted in juvenile offender behavior.

Statutory History of Kansas Community Corrections  
(From Kansas Department of Corrections Briefing Book, 2004)

Community Corrections in Kansas was established through enactment of K.S.A. 75-5290 by the 1978 Legislature. The program was intended to provide alternatives to both incarceration and new prison construction. Initially, community corrections was optional and counties were not required to establish community corrections programs. With the adoption of Senate Bill 49 in 1989, the 89 counties not previously participating in community corrections were required to establish programs — either singly, in groups, or by contracting with others. Services in most programs initially were targeted at adult offenders; however, the 1994 Legislature provided for statewide expansion of juvenile services through community corrections agencies. Upon establishment of the Juvenile Justice Authority, responsibility for all state juvenile offender programs, services, and grant administration was transferred to that agency on July 1, 1997.

The 2000 Kansas Legislature approved legislation which defines a target population to be served by community corrections programs. The target population includes offenders who:

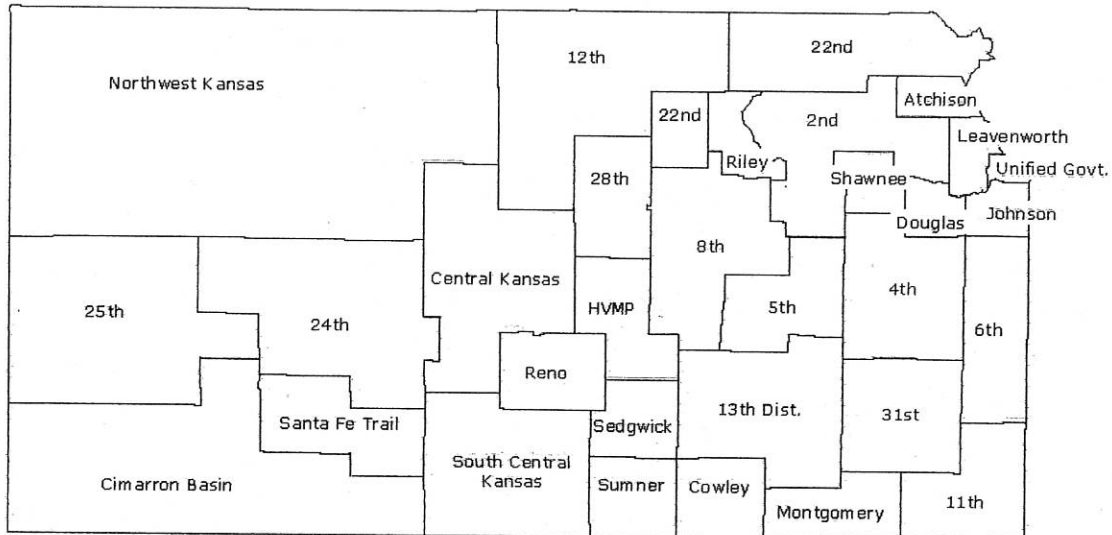
- Have received a non-prison disposition as a departure to sentencing guidelines;
- Fall within a “border box”;
- Have a severity level 7 or greater offense;
- Have violated a condition of probation supervision;
- Have been determined to be high risk or high needs under a standardized risk/needs assessment instrument;
- Have successfully completed a conservation camp program.

The law also requires that probation violators must be assigned to community corrections supervision before being revoked and sent to prison unless the violation includes a new conviction or the court makes a finding that the public safety or the offender’s welfare would not be served by doing so. The law further provides that community corrections programs may provide services to juveniles if approved by the local community corrections advisory board. Grant funds administered by the Department of Corrections cannot be used for this purpose, however.

The 2003 Legislature approved Senate Bill 123, which provides for a mandatory certified drug abuse treatment and supervision by community corrections for a defined target population of non-violent adult drug offenders who have been convicted of a drug offense under K.S.A. 65-4160 or 65-4162. The drug abuse treatment for eligible offenders shall include a continuum of treatment options including detoxification, rehabilitation, continuing care and aftercare, and relapse prevention. Drug abuse treatment may include community and/or faith-based programs.

# Community Corrections

## Community Corrections Programs in Kansas



There are currently 31 programs receiving state grants under the Community Corrections Act. Some programs serve a single county, while others are multi-county programs. Single-county programs include: Atchison County; Cowley County; Douglas County; Johnson County; Leavenworth County; Reno County; Riley County; Santa Fe Trail; Sedgwick County; Shawnee County; Sumner County; Unified Government of Wyandotte County. Shawnee County and the 2nd District have a common administrator. Multi-county programs and the counties they serve are identified below.

### Multi-county community corrections agencies & the counties they serve

<b>2nd Dist:</b> Jackson, Jefferson, Pottawatomie, Wabaunsee	<b>28th Dist:</b> Ottawa, Saline
<b>4th Dist:</b> Anderson, Coffey, Franklin, Osage	<b>31st Dist:</b> Allen, Neosho, Wilson, Woodson
<b>5th Dist:</b> Chase, Lyon	<b>Cimarron Basin:</b> Clark, Comanche, Grant, Gray, Haskell, Kiowa, Meade, Morton, Seward, Stanton, Stevens
<b>6th Dist:</b> Bourbon, Linn, Miami	<b>Central KS:</b> Barton, Ellsworth, Rice, Russell, Stafford
<b>8th Dist:</b> Dickinson, Geary, Marion, Morris	<b>HVMP:</b> Harvey, McPherson
<b>11th Dist:</b> Cherokee, Crawford, Labette	<b>Montgomery:</b> Montgomery, Chatauqua
<b>12th Dist:</b> Cloud, Jewell, Lincoln, Mitchell, Republic, Washington	<b>Northwest KS:</b> Cheyenne, Decatur, Ellis, Gove, Graham, Logan, Norton, Osborne, Phillips, Rawlins, Rooks, Sheridan, Sherman, Smith, Thomas, Trego, Wallace
<b>13th Dist:</b> Butler, Elk, Greenwood	<b>Riley:</b> Clay; Riley
<b>22nd Dist:</b> Brown, Doniphan, Marshall, Nemaha	<b>South Central:</b> Barber, Harper, Kingman, Pratt
<b>24th Dist:</b> Edwards, Hodgeman, Lane, Ness, Pawnee, Rush	
<b>25th Dist:</b> Finney, Greeley, Hamilton, Kearney, Scott, Wichita	

## **KDOC Budget Request for Enhanced Funding for FY 2008**

### **Funding for Adult Intensive Supervision - \$2,217,206**

The additional funding will be used for personnel expenditures, increased travel costs, training and facility costs, however, some offender services will be re-instated or added. These services include, but are not limited to, substance abuse and mental health treatment assessments and services, surveillance, enhanced or restored drug testing, absconder locator programs, job success programming, cognitive groups, resource coordinators, and a technical violator program.

Community Corrections average daily population was 6.6% higher at the end of FY 2005 than it was at the end of FY 2000. Adult Intensive supervision funding has been reduced by 12.4% over that same period. Data compiled from twenty Community Corrections agencies shows that at the end of FY 2005, there were 26% fewer staff than at the end of FY 2000. Based upon fiscal reports sent to KDOC, nearly 85% of grant expenditures are directed towards salaries and benefits for personnel. This percentage has gradually risen to that level over the course of five years. Correspondingly, programs and ancillary services at the local level have been reduced or eliminated in order to maintain the core AISP services. Local agencies have laid off staff, eliminated positions, and held positions vacant in order to stay within budgeted allocations. Because these agencies are operated by local counties, the salary increases are governed by the actions of the county commission. Much like state agencies are required, at times, to fund salary increases within existing budgets, local community corrections agencies must do this every time county employees are given salary increases or COLA's. There is no mechanism built into the current state budget system to provide for cost of living increases or step increases for these personnel. Salary increases for the 20 agencies responding to our survey totaled over 15% between FY 2000 and FY 2005. Additionally, health insurance costs have risen dramatically, and in the last year, transportation costs have risen as well. An AISP funding enhancement will help offset the rising cost of personnel expenditures and transportation, and may help to restore some offender services. Additional services and continued



case management oversight will reduce the chances that offenders will commit new crimes and will increase public safety.

Enhancement package #2/2 - Increase funding for Adult Residential Centers - \$563,441

The funding increase will be used to add cognitive group facilitators to the Johnson County residential center, and will be used for staffing, equipment, supplies and facility costs in Sedgwick County.

Funding for 121 total Community Corrections residential services beds decreased from FY 2000 to FY 2001, and has remained the same each year thereafter. In FY 2001, the annualized funded per diem rate for one offender bed was \$17,234. Residential services face the same problems as AISP. The cost of providing services to offenders has risen due to increased operational costs in facility maintenance, utilities, transportation and personnel expenditures. Programs offered to offenders have been reduced in order to maintain facility operations. In FY 2002, the actual reported average daily cost of providing residential services for an offender ranged from \$50.33 in Sedgwick County to \$53.19 in Johnson County. Annualized, that cost ranged from \$ 18,370 to \$19,414 per offender bed. In FY 2007, the annualized cost is projected to range from \$19,703 to \$21,666 per offender bed. At that rate, current funding would pay for 95-105 total residential beds. The requested funding will help offset rising costs and reduce the potential that the number of state funded beds may have to be reduced.

## **JJA Budget Request for Enhanced Funding for FY 2008**

- 1/3 Additional Funding for PRTFs – As discussed in the supplemental request, a new residential service will be established to replace current Level V and Level VI residential foster care facilities. A total of \$5,947,684 from the State General Fund (\$15,075,190 all funds) is required for FY 2008. This amount represents the total additional cost to the agency after adjusting for current funding already available for Level V and Level VI placements and extensions. The lack of beds for youth with mental health issues will result in these youth being placed in less secure facilities which do not provide mental health services or the appropriate safeguards needed to ensure public safety.
- 2/3 Graduated Sanctions Funding -- The Juvenile Justice Authority requests an additional \$2.2 million from the State General Fund to increase graduated sanction program funding. Operating costs for local juvenile justice agencies have continued to rise, including increased building rents, utilities, gasoline, and personnel costs. As these costs continue to rise local agencies have been forced to reduce staff and hours and assume larger caseloads, which reduces the amount of time a case manager spends with individual youth. This translates into less time dedicated to supervision, which may result in re-offending and movement further into the juvenile justice system.

Community Corrections Funding History FY 1996 through FY 2007

Fiscal Year	AISP Funding	Residential Funding	Condition Violator	Substance Abuse / Mental Health	SB 123 Supervision Funds	Total All funding
1996	\$11,305,280.00	\$1,947,345.00				\$13,252,625.00
1997	\$10,986,710.00	\$1,947,345.00				\$12,934,055.00
1998	\$11,414,991.00	\$2,003,818.00				\$13,418,809.00
1999	\$12,250,098.00	\$2,063,933.00	\$700,000.00	\$250,000.00		\$15,264,031.00
2000	\$12,599,531.00	\$2,063,933.00	\$700,000.00	\$250,000.00		\$15,613,464.00
2001	\$12,862,981.00	\$2,084,588.00	\$750,000.00			\$15,697,569.00
2002	\$12,256,200.00	\$2,068,020.00	\$750,000.00			\$15,074,220.00
2003 *	\$11,741,200.00	\$2,068,020.00				\$13,809,220.00
2004 #	\$11,031,552.00	\$2,068,020.00			\$1,641,640.00	\$14,741,212.00
2005	\$11,031,552.00	\$2,068,020.00			\$2,449,340.00	\$15,548,912.00
2006	\$11,031,552.00	\$2,068,020.00			\$2,449,340.00	\$15,548,912.00
2007	\$11,031,552.00	\$2,068,020.00			\$2,449,340.00	\$15,548,912.00

\* \$500,000.00 Offset for JO and CEK- Total amount allocated out to CC agencies was \$11,241,200.00

# \$351,097.60 was held in reserve and not distributed due to slow start up of SB123

FY02-07 Johnson Residential \$868,568.40  
 Funding Sedgwick Residential \$1,199,451.60

Change from FY01 to FY07	
AISP	-\$1,831,429.00
Residential	-\$16,568.00
SB123	\$2,449,340.00
Total Funding	-\$148,657.00

Change from FY96 to FY07	
AISP	-\$273,728.00
Residential	\$120,675.00
SB123	\$2,449,340.00
Total Funding	\$2,296,287.00

## Kansas Community Corrections Association Statement on Adult Community Supervision Funding Needs, September 2006

This statement has been written and approved by the KCCA members. Following a review by the membership, the KCCA submits for consideration by the Kansas Department of Corrections, the following points related to the need for increased community supervision funding. This position statement will be used as part of the KCCA legislative agenda for the 2007 legislative session.

At the August 30 Directors' meeting, the Secretary of Corrections Roger Werholtz presented his proposed reduction of revocation rates for probationers in Community Corrections programs. He showed prison population numbers and projections of future prison growth, and the need to increase the likelihood of successful community supervision by reducing the revocation numbers of parole and community corrections. Parole services condition revocations for the last year are targeted to be reduced by up to 50 percent. The Secretary of Corrections expects increased successful completion of supervision to be an essential part of his efforts to secure funding to construct and maintain new prisons. In order to minimize the need for prison expansion, parole and probation condition revocation reductions are essential.

Community Corrections agencies have been asked to endorse the Department of Corrections' initiative to increase successful completion of supervision and reduce recidivism rates. It is clearly understood by community corrections agencies that the only means by which successful completions of supervision can be obtained and conditional violations reduced is through substantial increases in community corrections funding. Any endorsement and implementation of new initiatives must be accompanied by new funding in order to compensate for long-term funding negligence. Infusions of new funding are necessary first to restore funding deficiencies so programs and services can be expanded to increase the likelihood of successful completion of supervision. The Community Advisory Committee to KDOC recommended funding increases of approximately \$2.0 million to bring all adult supervision level funding back to base funding needs.

KCCA members reviewed this statement and support it in part with some specific concerns expressed below. KCCA membership supports this initiative with the inclusion of the concerns below. During the coming 2007 Legislative session, KCCA members support this initiative in conjunction with the Department of Corrections plan to secure additional funding from the Legislature for prison expansion and community supervision funding.

1. There are many issues larger than Community Corrections to control such as judges, courts, and district attorneys. A KDOC initiative must seek to obtain the support of both the judiciary and prosecution, or our results will be limited regardless of the increased funding. The Courts need to be educated on how these offenders will be dealt with at the community level and what we would intend to do with the funding.
2. No one can expect to make any substantial changes without funding. To only reduce revocations without resources is a threat to public safety. Further, a target figure of 50 percent is only a numerical objective and sound public safety policy should dictate actual rates.
3. Initiative is not reduction in public safety but an increase in successful completion. "We can do some reduction of our revocations by focusing on addressing client risk and protective factors," as one director stated but from observing Parole, a policy change regarding revocations does not mean any offender behavior has changed. How that funding should be utilized is critical because we do not want to implement more supervision (increased surveillance, drug testing, and more officer contact) which usually creates more violations of probation. Funding should be concentrated on programs to deal with the condition violator, that works on changing behavior rather than increased methods to "catch" someone in violation.
4. Parole will be making this 50 percent reduction in recidivism without additional funding. How does this bode when we ask the legislature for the amount of funding to achieve that result for community corrections? How will we be able to substantiate our request for the funds when parole's result was more procedural than programmatic?
5. Concern of programs with low condition violators: If agency has low CV revocation rates, it is hard to support enhanced funding based on only on CV reduction targets. One suggested solution is KDOC might take a long look at each program's condition violator percentage to better determine a realistic goal for each program versus setting a set percentage reduction for all programs. Committing to a 50% reduction, for example, when your program already has a low revocation rate, could be an unattainable commitment. The KDOC initiative and KCCA support is based on increased funding for all agencies, primarily through increased AISP funding. Reduced condition violation rates are only a target used by KDOC. The Community Advisory Committee recommendation to KDOC is approximately \$2.0 million for ASIP, not tied to conditional violators other than as an objective.

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## **Members of the Senate Ways and Means Committee Community Corrections Funding**

Chairman Umbarger and Committee Members, Thank you for this opportunity to address your Committee concerning Community Corrections funding issues.

I am here today on behalf of the 28<sup>th</sup> Judicial District Community Corrections and as president of the Kansas Community Corrections Association (KCCA) to offer some comments regarding state-wide community corrections funding.

### **OVERVIEW**

I want to briefly provide some background information on what community corrections are so that you might be more aware of this critical component in the adult community corrections systems in Kansas.

The 28<sup>th</sup> District is made up of two counties, Saline and Ottawa. Our agency provides both adult and juvenile services to those assigned to us through the court system. Currently our adult average daily population is 370 offenders. Community corrections is thirty one agencies across the state of Kansas, governed by local county commissioners and local government, including local advisory boards made up of members from those communities.

In adult services community corrections is responsible for providing intensive supervision to those adult offenders assigned to us through the court system and through court services in lieu of revocation. Additionally in the 28<sup>th</sup> District, we provide support to the parole department in an effort to supervise those high risk offenders needing more supervision than what is provided with parole. The philosophy has been to apply necessary control over offenders while coordinating community resources to enable those under supervision the opportunity to reform, support their families, and to become productive, law-abiding citizens. A strong intensive supervision program should enhance services and supervision of high-risk and high-need offenders under community supervision in an effort to increase public safety; utilizing a graduated continuum of internal and community-based sanctions at a cost much lower than that of imprisonment. Service components could include drug testing, electronic monitoring, employment and community service assistance, cognitive skill-based groups, surveillance, and frequent monitoring in the community. Each program determines the specific mix of programming based on client needs and funding.

### **FUNDING**

Unfortunately for many years funding for community corrections has reduced or remained flat. Yet community corrections programs are expected to work with uncontrolled cost increases since state funding is not related to the county costs. We are expected to follow all salary and benefit costs adjustments along with our counties yet

Annie Grevas

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state funding, that does not increase, does not allow for such adjustments. As a result staff is laid off, offender programming is cut or gone, caseloads are exceedingly high and staff simply do not have time to monitor client activity, collaborate with client support systems, and include the client in their own behavior change plan. Officers are burned out and have become very frustrated with the increased workload/caseload and are not able to maintain the motivation themselves to offer best practice efforts to the clients due to the amount of time required to do so.

Revocation rates are on the rise and those numbers will continue to increase if we do not supervise these clients correctly. In FY 2004 a total of 1709 probation condition violators were sent to prison. In FY 2006 that number jumped to 2038. That accounts for 36.3 % of the prison admissions in FY 2006. Services to address the high-risk behavior among these offenders who show a high occurrence of revocation from probation are not supported within the allocated budget. Community contacts are not occurring as should to meet public safety needs and in some instances it may become easier to revoke and return that offender to prison than to work with no services and little time.

Community corrections have suffered with the KDOC flat or reduced funding as we work to continue community supervision and programs that would reduce future criminal behavior or more costly prison admissions. A continued history of budget reductions is starving the effectiveness of community corrections, putting people and communities at risk. I urge you to fund the 2.6 million dollars requested in the KDOC budget that the Governor failed to recommend. These dollars will buffer some of the years of funding cuts to allow community corrections programs to provide the basic and essential intensive supervision programming needed to support public safety and work toward increasing successful completions.

Thank you for your time. I am happy to answer any questions you may have at this time.

**Kansas Community Corrections Association (KCCA) – January 31, 2007**  
**Senate Ways and Means Committee – Kansas Legislature**

**Definitions of Core Programming**

Juvenile Intensive Supervised Probation (JISP)

The JISP program supervises youth that have been placed on intensive supervised probation by the District Court. Typically, these youth have committed serious crimes, have extensive criminal histories, and/or have failed on probation with Court Services. The supervising officer will meet with the juveniles 2-12 times per month, depending on their level of risk and need. At a minimum supervision consists of face-to-face meetings, community visits, referrals for services, collateral contacts, and contacts with parents/guardians.

Case Management

The Case Management program is responsible for juvenile offenders placed in the custody of the Juvenile Justice Authority (JJA). These youth have exhausted local resources and the Court has made a determination that all reasonable efforts have been met to maintain the youth in their home and community. Additionally, the Case Management program supervises those offenders being released from the Juvenile Correctional Facilities (JCF) on Conditional Release. Case Managers are responsible for determining / monitoring placements, transportation, and working with placements and parents/guardians to facilitate reintegration back into the home / community.

Juvenile Intake & Assessment Services (JIAS)

The JIAS program serves as the first point of contact for local law enforcement for juvenile offenders and youth taken into protective custody as Children in Need of Care (CINC). JIAS officers are responsible for collecting information from the youth and their parents / guardians, administering a standardized risk / needs assessment, making referrals for services, and determining placement.

**Ramifications of Flat Funding**

Inability to Sustain Costs

There's an expectation on the part of county government that Community Corrections agencies keep pace with county salary requirements, which include COLA's, merit increases, and longevity pay. In the Fourth Judicial District these increases reflect a 4.5 % - 7.5 % increase per employee, each fiscal year. Additionally, Community Corrections will experience benefit increases (FICA, Medicare) that are associated with increased salaries, as well as premium increases for health insurance, vehicle insurance, and workers comp coverage. All increases are dictated by county government and outside the control of individual agencies. Our agency, like many others, do not receive additional monetary support from our County Commissioners and rely solely on the allocations from the Kansas Department of Corrections and Juvenile Justice Authority. Other expenditures such as fuel and utilities can fluctuate, which also have an adverse affect on agency budgets.

Keith Clark

Senate Ways and Means  
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## Staffing Reductions

To offset increased personnel costs as a result of flat funding, agencies are forced to eliminate positions that contribute to the agency's ability to meet standards, enhance supervision, and to provide services to youth. The following list details the potential impact of reducing staff:

- A. Increased caseloads and additional responsibilities
- B. Inability to meet minimum State standards and requirements
- C. Loss of services that enhance supervision and target identified risks / needs
- D. Compromising public safety
- E. More youth being placed in State's custody
- F. Less credibility in the juvenile justice system
- G. Increased liability risks for officers, agencies, counties and State organizations

As a result of flat funding over the last three (3) years the Fourth Judicial District has lost a receptionist, surveillance officer, alcohol / drug counselor, and transportation officer, which equals 25% of the agency's juvenile staff.

## Other Notable Concerns:

Increased administration requirements to ensure compliance

Inability to provide staff training and development

Inability to pursue collaborative efforts with local stakeholders

## **COMMUNITY CORRECTIONS ADULT RESIDENTIAL CENTERS COMMUNITY-BASED ALTERNATIVE TO PRISON**

### **WHAT IS THE ADULT RESIDENTIAL CENTER?**

*The Residential Center is a community-based facility that provides a highly structured environment for offenders ordered by the Court. The Residential Center is a 202 bed facility used to reintegrate criminal offenders into the community as successful, productive citizens, utilizing cognitive, research-based interventions.*

### **POPULATION SERVED?**

*Our program serves a variety of offenders ranging from sex offenders to criminal non-support. The majority of our population are high risk offenders with many issues ranging from substance abuse and mental health issues to poor life and social skills. The offenders live within the facility, and are employed in the surrounding communities. In 2006 we served approximately 700 offenders with an average stay of 90 to 150 days, with a waiting list of approximately 100 plus.*

### **WHAT PROGRAMMING/SERVICES DO THE OFFENDERS RECEIVE?**

*While participating in the program offenders are assessed for programming needs, and based on their needs, are required to attend mental health programming, substance abuse education and counseling, educational programming (GED preparation and ability to obtain High School diploma), 12 Step support groups, life skills programming, and cognitive behavior intervention. We also provide Resource Development to assist in employment needs, including pre-employment training and job retention.*

### **COMMUNITY IMPACT?**

*During 2005 98% of our clients were employed and accounted for \$1,425,219 of earned wages, and \$208,002 in taxes paid. These offenders also accounted for 20,144 hours of Community Service.*

### **ADDRESSING THE NEED**

*To address the needs of these offenders, funding becomes a vital key in providing quality, cost effective correctional services. By providing these services we can get closer to achieving our goal of enhancing public safety and developing productive citizens. The increase of mental health issues and substance abuse we find ourselves looking for creative ways to address the needs of the offenders and continue a safe environment for both the offenders and staff.*

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*Medication cost to address mental health issues continue to be on the rise, and though most of our offenders are employed, we have to supplement the cost of those meds until the offender can reimburse the cost.*

*We provide transportation for our offenders to work locations, court and off site treatment within the community, and with the increase gas prices this is quickly becoming a budgetary issue to address. As Kansas takes a positive approach at looking for cost-efficient alternatives to prison and a critical link to re-entry options, Residential Center are a important component to reaching the goal of reducing recidivism rates and increasing successful completion of supervision.*

*Thank you for your time and consideration.*

***Antonio L. Booker***  
***Johnson County Department of Corrections***  
***Interim Director of Adult Services***





## TESTIMONY

concerning Kansas Department of Corrections  
under funding of Riley County Community Corrections  
Senate Ways and Means Committee

Presented by Michael B. Kearns, Chairman  
Riley County Board of Commissioners  
January 31, 2007

Chairman Umbarger and members of the committee, my name is Michael Kearns, Chairman of the Riley County Board of Commissioners. I'm here today to provide testimony on the ramifications of Kansas Department of Correction's long term under funding of Riley County Community Corrections.

In 1988, the Community Corrections program in Riley County provided intensive supervision for only first-time, non-violent offenders with 2.5 Intensive Supervision Officers (ISO). Sex offenders were excluded from the program. In that year Kansas Department of Corrections budgeted \$179,000.00 for 48 probationers. This equates to \$4,404.00 per probationer per year and case loads less than 25 per ISO.

In 2007, Riley County Community Corrections is expected to provide supervision for all types of offenders now, including violent and sex offenders. In 2007 Kansas Department of Corrections budgeted for Riley County Community Corrections \$326,000 for as of yesterday 177 probationers with 4.5 Intensive Supervision Officers. This equates to \$1,841.00 per probationer per year, a decrease in funding of \$2,563.00 per probationer from 1988 and an increased case load of 39 felons per ISO. A dramatic change particularly in light of the fact that ISOs now must spend a minimum of three hours a day on state required paper work.

The Kansas Department of Corrections funding cuts have resulted in the dramatic reduction of weekday after hours contact with probationers, significant reduction of drug testing; elimination of life skill classes; greatly reduced employment verification, and elimination of electronic monitoring of probationers.

In December, 2006, four adult probationers were arrested on new drug charges, including the home manufacturing and distribution of crack cocaine. If Riley County Community Corrections had been sufficiently funded, random unannounced home visits would have had a good chance to prevent this further criminal activity.

In 2005 a probationer committed rape, aggravated burglary, and attempted aggravated burglary outside of his residence while waiting placement at Labette Boot Camp. He was not placed on house arrest with electronic monitoring due to a lack of funding.

The 2006-2007 Riley County Community Corrections budget funded by Kansas Department of Corrections was so inadequate that staff furloughs were going to be necessary. This prompted the Riley County Commissioners to speak out in a forceful manner against the inadequate funding and to arrive at the point we are at today.

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The net result of these funding cuts has been to reduce the acceptable level of supervision of convicted felons and put the public safety in jeopardy.

The untenable funding crises for Community Corrections created by the Kansas Department of Corrections left Riley County no other option but to file a law suit to obtain adequate funding.

**TESTIMONY**

concerning Kansas Department of Corrections  
under funding of Riley County Community Corrections  
Senate Ways and Means Committee

Presented by Clancy Holeman, County Counselor  
Riley County, Kansas  
January 31, 2007

Thank you, Chairman Umbarger and members of the committee, for allowing Riley County to provide testimony on the Kansas Department of Corrections under funding of its Community Corrections program.

K.S.A. 75-52,111 establishes the methodology to be used annually by the Secretary of Corrections to determine the amount of the Community Corrections grant for the ensuing fiscal year for each county qualified to receive grants.

Over the past 8 years, the Secretary of Corrections has altered the statutory methodology to determine Community Corrections funding grants so as to create his own methodology.

As a result of the Secretary of Corrections' unauthorized deviation from the statutory methodology for fiscal years 2000 through 2007, Riley County Community Corrections has been under funded by a total of \$208,738.80. I have attached to my testimony Exhibit A which documents this amount.

Riley County's lawsuit simply requests that the Secretary of Corrections implement the statutory methodology as provided by K.S.A 75-52,111 which would provide adequate funding for its Community Corrections program.

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EXHIBIT A

RILEY COUNTY COMMUNITY CORRECTION FUNDING SUMMARY

FISCAL YEAR	GRANT FUNDS	ADP ANNUAL	1989 PER CAPITA COST	STATUTORY GRANT	FUNDING GAP	UNEXPENDED FUNDS AWARD	
						RILEY COUNTY REQUEST	KDOC AWARD
1989	N/A	68	\$2,512.00	N/A	N/A	N/A	N/A
2000	\$259,999.78	108.9	\$2,512.00	\$273,556.80	(\$13,557.02)	N/A	N/A
2001	\$ 300,571.97	101.4	\$2,512.00	\$254,716.80	\$45,855.17	N/A	N/A
2002	\$ 293,495.02	115.8	\$2,512.00	\$290,889.60	\$2,605.42	RILEY COUNTY	DID NOT QUALIFY
2003	\$ 282,614.24	134.4	\$2,512.00	\$337,612.80	(\$54,998.56)	RILEY COUNTY	DID NOT QUALIFY
2004	\$ 326,622.05	150.6	\$2,512.00	\$378,307.20	(\$51,685.15)	NONE DISTRIBUTED	BY KDOC
2005	\$ 356,691.34	136.5	\$2,512.00	\$342,888.00	\$13,803.34	\$11,896.00	\$11,896.00
2006	\$ 325,808.62	160.1	\$2,512.00	\$402,171.20	(\$76,362.58)	\$48,549.31	\$23,200.00
2007	\$ 326,712.03	185	\$2,512.00	\$464,720.00	(\$138,007.97)	\$19,006.00	\$9,625.00
TOTALS					(\$272,347.35)	\$48,112.50	\$18,887.55
* TOTAL FUNDING GAP LESS UNEXPENDED FUNDS KDOC AWARD					(\$208,738.80)	\$127,563.81	\$63,608.55



## COMMUNITY CORRECTIONS ADULT RESIDENTIAL GRANT FUNDING

Presented To: Senate Ways and Means Committee Members

Presenter: Mark Masterson, Corrections Director, Sedgwick County

Date: January 31, 2007

### FAST FACTS

What is the purpose for Community Corrections?

- To save prison space by supervising, holding accountable and changing the behavior of felony offenders in the community.

Where are the residential programs funded by the Community Corrections grant?

- Sedgwick and Johnson counties. Sedgwick has 75 funded beds and Johnson 45.

What role do the residential programs play in the corrections system?

- They provide the District Court judges with an intermediate sanction that works as a continuum with standard probation, intensive supervised probation and residential services. The residential beds increase the numbers of offenders that can be supervised in the community.

How do offenders get assigned to residential?

- The judge may order it as an original sentence or as a condition for violating probation, or the community corrections officer in field services may arrange admission when the offender is at-risk of violating probation and being sent to prison.

Which felony offenders typically go to residential?

- Those at high risk to reoffend and harm the public.

How do you know having a residential program saves prison beds?

- Of 1216 new clients sentenced to Community Corrections in Sedgwick County in 2006, 206 or 17% were convicted of crimes where presumptive prison was the sentence under sentencing guidelines. Another 118 or 9.7% were border box (up to the Judge to assign probation or prison). That is very different from districts without residential programs where the offenders are convicted of crimes where the presumptive sentences are probation.

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What services do residential programs need to provide to reduce recidivism?

- 24-hour supervision and structure
- Transportation
- Group community service projects
- Case management
- Behavior management
- Employment preparation, job search, verifications and support
- Life and social skills education
- Cognitive skills training to change criminal thinking, values and attitudes
- Substance abuse treatment
- Mental health case management

What services do we have now at Sedgwick County residential?

- 24-hour supervision and structure
- Behavior management
- Employment preparation, job search, verifications and support
- Cognitive skills training
- Transportation

What impacts have the service reductions had on outcomes?

- Successful program completions dropped 5-8% (65% success rate)
- Number of AWOLS increased by 10 (50)
- Drug treatment for the most hard to serve was eliminated (used to serve 147)
- Prison admissions for revocations went up

How much will it cost in SFY 2008 to maintain current service levels?

- $\$56.35 \text{ per day} \times 120 \text{ beds} \times 365 \text{ days} = \$2,468,130$
- Governor's budget = \$2,068,020
- Shortfall = \$400,000

What are the impacts of the Governor's budget to Sedgwick County Residential?

- We will not be able to pay our mortgage payment, make necessary repairs to the facility and safely staff the facility. We receive \$1,199,452.
- We will be forced to reduce the number of beds or consider closing the facility without a long term financial solution to the flat grant funding that has gone on the past decade.



- We will send many more offenders to prison that would be better served in the community.

What cost reduction steps have you already taken?

- We have co-located programs to share overhead costs, consolidated administration, cut staffing, eliminated drug treatment and condition violator services, eliminated group community service projects, reduced field visits to employers, cut travel and training for staff, raised client fees, left positions vacant, delayed making necessary facility repairs, renegotiated contracts, reduced drug testing, and received supplemental funding from various community resources.

What can the Legislature do to help?

- Add the funding recommended by the Secretary of Corrections to the SFY 2008 budget.
- Build annual cost of living adjustments into the Community Corrections grant to cover increases in the costs of doing business.