

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 8:30 A.M. on April 18, 2007, in Room 123-S of the Capitol. The following times of the meeting were as follows:

- April 18, 2007, recessed at 11:40 a.m.; reconvened at 1:00 p.m.; recessed at 5:05 p.m.
- April 19, 2007, reconvened at 8:50 a.m.; recessed at 6:10 p.m. (working lunch)
- April 20, 2007, reconvened at 8:45 a.m.; recessed at 7:00 p.m. (working lunch)
- April 23, 2007, reconvened at 9:05 a.m.; recessed at 12:00 p.m.; reconvened at 1:10 p.m.; recessed at 5:00 p.m.; reconvened at 8:15 p.m.; adjourned at 11:20 p.m.

All members were present except:

- Senator Donald Betts - excused April 18, 19 and 20, 2007
- Senator Jay Emler - excused April 18, 19, 20 and 23, 2007
- Senator Stephen Morris - excused April 18, 19 and 20, 2007
- Senator Jean Schodorf - excused April 23, 2007
- Senator Mark Taddiken - excused April 19, 2007

Committee staff present:

- Jill Wolters, Senior Assistant, Revisor of Statutes
- Mike Corrigan, Revisor of Statutes Office
- Theresa Kiernan, Senior Assistant, Revisor of Statutes Office
- Gordon Self, First Assistant, Revisor of Statutes Office
- Alan Conroy, Director, Kansas Legislative Research Department
- J. G. Scott, Kansas Legislative Research Department
- Michele Alishahi, Kansas Legislative Research Department
- Reagan Cussimano, Kansas Legislative Research Department
- Amy Deckard, Kansas Legislative Research Department
- Audrey Dunkel, Kansas Legislative Research Department
- Julian Efird, Kansas Legislative Research Department
- Ashley Holm, Kansas Legislative Research Department
- Susan Kannarr, Kansas Legislative Research Department
- Aaron Klaassen, Kansas Legislative Research
- Becky Krahl, Kansas Legislative Research Department
- Heather O'Hara, Kansas Legislative Research Department
- Leah Robinson, Kansas Legislative Research Department
- Matt Spurgin, Kansas Legislative Research Department
- Michael Steiner, Kansas Legislative Research Department
- Amy VanHouse, Kansas Legislative Research Department
- Melinda Gaul, Chief of Staff, Senate Ways & Means
- Mary Shaw, Committee Assistant

Conferees appearing before the committee: None

Others attending:
See attached list.

The following information was distributed at the beginning of the Omnibus Session on April 18, 2007, to the Committee by the Kansas Legislative Research Department:

- Items for Omnibus Consideration, Kansas Legislative Research Department, dated April 16, 2007 (Attachment 1).
- Letter from Governor Kathleen Sebelius addressed to The Honorable Dwayne Umbarger, Chairperson, Senate Committee on Ways and Means and The Honorable Sharon Schwartz, Chairperson, House Committee on Appropriations, regarding the Governor's Budget Amendment No. 2 (Attachment 2).
- Children's Initiatives Fund, FY 2007 - FY 2008 (Attachment 3).
- State Water Plan Fund: FY 2007 and FY 2008 (Attachment 4).
- Economic Development Initiatives Fund, FY 2006 - FY 2008, as of April 3, 2007 (Attachment 5).
- Letter addressed to Governor Kathleen Sebelius and the Legislative Budget Committee, from Kansas Legislative Research Department and Kansas Division of the Budget, dated April 12, 2007,

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MINUTES OF THE Senate Ways and Means Committee at 8:30 A.M. on April 18, 2007, in Room 123-S of the Capitol.

regarding the State General Fund Receipt Revisions for FY 2007 and FY 2008 ([Attachment 6](#)).

- Letter addressed to Kathleen Sebelius and the Legislative Budget Committee, from the Kansas Division of the Budget and the Kansas Legislative Research Department, dated April 12, 2007, regarding Consensus Caseload Estimates for FY 2007 and FY 2008 ([Attachment 7](#)).
- State General Fund Receipts Profile, Expenditures and Balances, FY 2006 - FY 2010, in millions, Expenditures as Approved by the Legislature at First Adjournment ([Attachment 8](#)).
- State General Fund Receipts Profile, Expenditures and Balances, FY 2006 - FY 2010, in millions, Expenditures Approved by the Legislature at First Adjournment, Additional Discretionary Spending of \$75.0 million in FY 2008 ([Attachment 9](#)).
- State General Fund Receipts Profile, Expenditures and Balances, FY 2006 - FY 2010, in millions, Expenditures Approved by the Legislature at First Adjournment, Governor's Budget Amendment No. 3 ([Attachment 10](#)).

On April 19, 2007, of the Omnibus Session, the following sets of minutes were distributed to the Committee:

February 13	March 13
February 19	March 14
February 20	March 15
February 21 (joint meeting)	March 15 (joint meeting)
February 22	March 19
February 28	March 21
March 1	March 22
March 2	March 26
March 5	March 27
March 6	

Senator Teichman moved, with a second by Senator Schodorf, to approve the minutes of the meetings listed above that were distributed to the Committee. Motion carried on a voice vote.

The following information was distributed to the Committee on the last day of the Omnibus Session on April 23, 2007, so the Committee could evaluate the status of the decisions made earlier in the meeting and for consideration during the last part of the meeting:

- Copies of Governor's Budget Amendment No. 3, Item 1, Kansas Racing and Gaming Commission, Expanded Lottery Act Regulation ([Attachment 11](#)).
- Message from the Governor regarding the University of Kansas Medical Center, that Section 136 (l) has been line item vetoed in its entirety ([Attachment 12](#)).
- Senate Omnibus Appropriations Bill (Reflects Senate Omnibus Adjustments for FY 2007, FY 2008, FY 2009, FY 2010, FY 2011, and FY 2012) as of 5:00 p.m. on April 23, 2007 ([Attachment 13](#)).
- Comparison of FY 2007-FY 2008 Recommended Expenditures, Governor's Recommendation and Senate Committee Recommendation (Reflects Approved Budget at First Adjournment and Senate Committee Recommendations on the Omnibus Bill) as of 5:00 p.m. on April 23, 2007 ([Attachment 14](#)).
- Economic Development Initiatives Fund, FY 2006 - FY 2008, Reflects Senate action as of 5:00 p.m. on April 23, 2007 ([Attachment 15](#)).
- Children's Initiatives Fund FY 2007 and FY 2008, Reflects Senate action as of 5:00 p.m. on April 23, 2007 ([Attachment 16](#)).
- State Water Plan Fund, FY 2007 and FY 2008, Reflects Senate action as of 5:00 p.m. on April 23, 2007 ([Attachment 17](#)).
- State General Fund Receipts, Expenditures and Balances, FY 2006 - FY 2010, in millions, Senate Ways and Means Committee - Omnibus Bill Action and Regents Deferred Maintenance, as of 5:00

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MINUTES OF THE Senate Ways and Means Committee at 8:30 A.M. on April 18, 2007, in Room 123-S of the Capitol.

p.m. on April 23, 2007 (Attachment 18).

- ADJUSTED Recommendations, State General Fund Receipts, Expenditures and Balances, FY 2006 - FY 2010, in millions, Senate Ways and Means Committee - Omnibus Bill Action and Regents Deferred Maintenance - But No Tax Credits, as of 5:00 p.m. on April 23, 2007 (Attachment 19).

Items for Omnibus Consideration

Legislative Coordinating Council

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

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

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

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

The Committee reviewed this item. (Recommendations were made in the Legislature's Budget that required a change in the email address of legislators.)

Legislative Research Department

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

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

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

The Committee reviewed and concurred with this item.

Revisor of Statutes

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

The Committee reviewed and concurred with this item.

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

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

Legislature

The Committee concurred to add language in FY 2008 requiring a change in the email addresses of legislators to first initial and last name and creating a system that would allow the existing address to be used until January of 2009.

NEW ITEM- Kansas Legislative Oral History Program ([Attachment 20](#)).

It was noted that this program would cost \$100,000. The Committee reviewed the information and took no action on this item.

Office of the Governor

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

The Committee reviewed this item but took no action.

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

The Committee reviewed this item but took no action.

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

The Committee reviewed this item but took no action, leaving the funding at \$100,000 in FY 2008.

Secretary of State

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

The Committee reviewed and concurred with this item, recommending the addition of \$100,000 from the State General Fund in FY 2008.

Attorney General

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

Senator Taddiken moved, with a second by Senator McGinn, to amend GBA No. 2, Item 9, to utilize funding from the interstate water litigation account of the State General Fund (the lock box). Motion carried on a voice vote.

*The Committee concurred to authorize a technical adjustment regarding a transfer concerning the Nebraska Water Litigation that was omitted from **HB 2368** and needs to be included in the bill.*

NEW ITEM - Housing and Credit Counseling, Inc. Letter (Attachment 21). This item is regarding a request by the Attorney General's Office in the amount of \$310,000 from the State General Fund for statewide tenant and landlord counseling in Kansas.

The Committee reviewed but did not recommend this item.

NEW ITEM - Regarding proceeds from a lawsuit concerning the Dennis Rader Case and a member of the defense team selling an interview.

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The agency is requesting authorization to distribute \$30,000 in settlement proceeds to the families of the victims year.

The Committee concurred to pay the \$30,000 to the victims' families out of the Crime Victims Compensation Fund.

Kansas Public Employees Retirement System

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

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

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

Senator V. Schmidt moved, seconded by Senator Kelly, to add \$200 to the FY 2008 approved \$300 payment for the KPERs bonus payment to retirees.

Senator V. Schmidt moved, seconded by Senator Kelly, to pay the \$6.1 million cost from the State General Fund and \$160,000 from disability funds. Motion carried on a voice vote.

The Revisor noted that this action would require an amendment to substantive law and advised the Committee this action cannot be accomplished in an appropriations bill.

The Committee revisited this item and decided to eliminate the \$200 bonus that was in addition to the \$300 one-time bonus payment for KPERs.

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

The Committee reviewed and concurred with this item to add \$129,000 in FY 2008 expenditures.

Department of Administration

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

The financing from the Accounting Services Recovery Fund in FY 2007 is reflected in the nonreportable budget. In addition to the staff being shifted in FY 2008, the FY 2007 budget reflects other staff that will continue to be paid from this funding source in FY 2008. The net FY 2007 and FY 2008 difference in expenditures recommended by the Governor from the Accounting Service Recovery Fund is

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a reduction of \$2,937,376 in the next fiscal year after the shift.

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

The Committee reviewed and recommended to add the \$3.0 million from the State General Fund in FY 2008.

The Committee revisited this item and agreed to add \$2.0 million from the State General Fund in FY 2008.

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

The Committee reviewed and recommended to add \$150,939 from the State General Fund and 3.0 FTE positions in FY 2008.

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

The Committee reviewed and recommended to add \$250,000 State General Fund in FY 2008.

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

The Committee reviewed and recommended to add \$387,500 from the State General Fund in FY 2008 for KTWU - Topeka.

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

The Committee reviewed and recommended to add \$387,500 from the State General Fund in FY 2008 for KTWU - Topeka.

F. Additional Funding for Radio Kansas–Hutchinson (Senate Committee). Information was

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

The Committee reviewed and added \$201,479 from the State General Fund in FY 2008 for Radio Kansas - Hutchinson.

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

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

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

The Committee reviewed and agreed to increase the rate to \$2.19 in FY 2008. Chairman Umbarger and Senator Barone suggested looking at the equity of state employee parking (pay or provided) across the state next year.

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

The Committee reviewed this item and took no action.

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

The Committee reviewed this item and recommended to reduce \$2.0 million from the State General Fund in FY 2008 and add \$1,988,553 from special revenue funds.

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

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The Committee agreed to lapse \$12,935,798 on June 30, 2008, after recommending expenditures of \$67,064,202 in FY 2007 and FY 2008.

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

The Committee reviewed this item and recommended a reduction of \$129,000 from special revenue funds in FY 2008.

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

Senator Taddiken moved, with a second by Senator Kelly, to adopt GBA No. 2, Item 1. Motion carried on a voice vote.

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

The Committee reviewed this item on April 18 and it was held for additional information that had been requested from the Committee concerning the City of Topeka.

Copies of a map showing the assessment and project limits area of the MacVicar Avenue Assessment were distributed to the Committee (Attachment 22).

Senator Barone moved, with a second by Senator Wysong, to authorize expenditures from Kansas Department of Transportation funds. Following committee discussion the motions were withdrawn.

Senator V. Schmidt moved, seconded by Senator Kelly, to add \$1,285,749 from the Statewide Maintenance and Disaster Relief Fund in FY 2008 for a special assessment for road work on MacVicar Avenue in Topeka. Motion carried on a voice vote.

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

The Committee reviewed this item and recommended expenditures from the Statewide Maintenance and Disaster Relief Fund in FY 2007.

NEW ITEM - Printing of Annual Reports - (suggestion from Senator Karin Brownlee)

The Committee reviewed this item and concurred to add language restricting the number of copies printed for annual reports, including the Governor's Budget Report, in FY 2008, and to require printing of a state employee telephone directory once every two years beginning in FY 2009 following the November election.

Kansas Lottery

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

Lottery sales through March 31, 2007, totaled \$184.3 million and the FY 2007 approved estimate of total sales is \$247.5 million through June 30, 2007, a difference of \$63.2 million. Sales will need to average \$21.1 million per month over the last three months of this fiscal year to reach the total estimate. The

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nine-month average has been \$20.5 million through March 31, 2007, but June sales tend to be the lowest of any month, averaging only \$15.8 million over the past three years. Unless there is a major PowerBall jackpot, sales this year appear on track to beat last year's record year of \$234.96 million, but short of the approved estimate of \$247.5 million.

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

The Committee reviewed and concurred with this item.

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

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

The Committee reviewed this item and recommended a technical adjustment in the fund title.

C. SB 66 – Kansas Expanded Lottery Act (Law) and GBA No. 2, Item 7, Page 4 – Message on Revenue. **SB 66** adds statutory duties for the Kansas Lottery Commission and the Executive Director in conjunction with implementation of expanded gambling in casinos and racetracks. The Kansas Lottery shall retain ultimate ownership and operational control of the gaming operation in the each lottery gaming facility and full control over all decisions concerning lottery gaming facility games. For each racetrack gaming facility and lottery gaming facility that operate electronic gaming machines, the gaming machines shall be linked to the Kansas Lottery by a central lottery communications system using a central lottery computer to monitor, audit and gather other information. The Executive Director is responsible for negotiating management contracts and the Lottery Commission must review and approve all contracts. The Executive Director also is responsible for certifying net income, conducting audits, having agents at sites, and administering provisions of **SB 66**.

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

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

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

In FY 2008, the Kansas Lottery estimates expenditures of \$936,040 and 12.0 new FTE positions

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

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

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

The Committee reviewed this item and concurred with GBA No. 3 to add statutory funds and a technical amendment to authorize expenditures from the Lottery Operating Fund in FY 2008 to implement SB 66.

Kansas Racing and Gaming Commission

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

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

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

* Agency **SB 66** Adjustments:

- (1) New track revenue \$600,000 for third track;
- (2) Shift allocated expenses (\$757,580) to gaming;
- (3) Add new parimutuel regulation expenses \$1,410,308 for third track;
- (4) Shift parimutuel regulation expenses (\$533,583) to industry;
- (5) Shift parimutuel regulation expenses (\$681,266) to industry; and

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(6) SGF cash advance of \$200,000 and repayment by transfer of \$200,000 for cashflow.

An attachment was distributed regarding Item 7, Racing Operations - Camptown Racetrack (Attachment 23).

The Committee reviewed this item and concurred with GBA No. 2, Item 7.

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

The Committee took no action on this item.

C. Compensation of Racing and Gaming Commissioners (House Committee). The current compensation of \$2,000 per month per Commissioner requires expenditures of \$120,000 per year from the State Racing Fund. By statute, the Governor sets the rate of compensation. The House Committee requested review of this rate of compensation at Omnibus. The Kansas Racing and Gaming Commission staff point out that due to prorating of administrative costs to be shared by racing and gaming, the amount financed from the State Racing Fund will be reduced by 75.0 percent to \$30,000 as the Commissioners begin to perform the additional duties required by 2007 **SB 66** relative to gaming in FY 2008.

The Committee took no action on this item.

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

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

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

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

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of such revenue for the purpose of reimbursing expenditures.

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

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

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

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

Startup funding for implementing the original Parimutuel Act in 1987 was authorized in the enacting legislation which provided for a State General Fund loan that was repaid with interest after revenue from the parimutuel tax produced a cash flow. **SB 66** does not provide a specific loan and repayment mechanism for gaming, but such authorizations could be handled in the Omnibus appropriations bill if the Legislature approves such a financing method.

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

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

The Committee reviewed this item.

NEW ITEM - GBA No. 3 - Expanded Lottery Act Regulation Division (see attachment 11)

Senator Barone moved, with a second by Senator Kelly, to adopt GBA No. 3 as proposed by the Governor. Motion carried on a voice vote.

Department of Wildlife and Parks

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

In a letter dated March 26, 2007, the Secretary of Wildlife and Parks indicated that a tentative

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

A copy of a letter to Governor Kathleen Sebelius from J. Michael Hayden, Secretary, Kansas Department of Wildlife and Parks, regarding information on a tentative agreement with the Almena Irrigation District for water storage in Sebelius Reservoir (Attachment 24).

The Committee reviewed this item and recommended to add \$1.0 million from the State Water Plan Fund in FY 2008, with language that no expenditures shall be made until a contract is executed by all parties involved and that the Almena Irrigation District shall be responsible for compliance with any orders related to the Republican River Compact.

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

The Committee reviewed this item and concurred with the House to add \$205,500 from the State General Fund and 1.0 FTE positions in FY 2008.

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

The Committee reviewed this item and concurred with the House to add \$325,000 from the Department Road Access Fund in FY 2008 for a total of \$345,000 from all funds.

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

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

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

* Note: FY 2007 reflects revised agency receipts estimate based on one-half price admissions. FY 2008 includes revised

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

The Committee reviewed this item and took no action.

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

Copies of information from J. Michael Hayden, Secretary, Kansas Department of Wildlife and Parks were distributed regarding a list of capital improvement projects at state parks for FY 2008 (Attachment 25).

The Committee reviewed this item and took no action.

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

The Committee reviewed this item and took no action.

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

The Summary of Policies and Procedures regarding the Kansas Wildlife Shooting Range Grant Program were distributed to the Committee (Attachment 26).

The Committee reviewed this item and took no action.

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

This item was for a technical adjustment and the Committee agreed to add the funds.

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

This item was for a technical adjustment and the Committee agreed to add the funds.

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Health Policy Authority

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

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

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

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

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

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

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

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

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stated by the agency is to give the applicant sufficient time to gather the necessary medical records, but to complete the interview within 15 calendar days.

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

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

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

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

Anticipated additional costs for this new process are \$300,000 in FY 2008, including \$150,000 from the State General Fund. According to the agency, if this plan is not implemented, the backlog will not be fully adjudicated until May of 2008 or later. Projected enrollment will stabilize, but probably not until the first part of FY 2009. The agency estimates that in mid to late FY 2009, combined enrollment between MediKan and Presumptive Medical Disability/Medicaid will begin to exceed enrollment prior to implementation of Presumptive Medical Disability. If this plan is implemented, enrollment is expected to stabilize in the next few months. By the end of FY 2008, the agency predicts that combined MediKan and Medicaid enrollment will exceed MediKan enrollment prior to starting the Presumptive Medical Disability process.

The Committee reviewed this item and concurred to add \$300,000 including \$150,000 from the State General Fund in FY 2008.

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

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

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

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approximately 185 percent of poverty to increase expectant mothers' access to prenatal care. The agency estimates that 2,000 children would be served in the first year of the program if funding is approved.

The Committee reviewed this item.

Senator Kelly moved, with a second by Senator Barone, to fund the Healthy Kansas First Five Program in FY 2008 including \$4.0 million from the State General Fund.

Senator Teichman moved a substitute motion, with a second by Senator Barone, to fund the Healthy Kansas First Five Program in FY 2008 including \$4.0 million from the State General Fund and not fund the Adult Dental Programs. Motion carried on a voice vote. Division had been requested and the motion passed 0 against and 5 in favor.

The Committee revisited this item and concurred by a show of hands to reduce the \$4.0 million from the State General Fund to zero in FY 2008. Senator Betts requested to be recorded as wanting the reduction from \$4 million to \$2 million, instead of to zero.

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

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

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

The Committee reviewed this item and took no action.

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

The Committee reviewed this item and took no action.

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

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

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

The Committee reviewed this item and took no action. (Refer to Item P.)

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

The Committee reviewed this item and took no action.

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

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

The Committee reviewed this item and concurred to add \$500 million from the State General Fund in FY 2008 for the Enhanced Care Management pilot project in Sedgwick County.

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

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The Committee reviewed this item and took no action.

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

The Committee reviewed this item and took no action.

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

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

The Committee reviewed this item and took no action.

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

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

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

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The Committee reviewed this item and took no action. (Refer to Item P.)

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

The Committee reviewed this item and took no action.

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

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

- Premium Assistance –The agency estimates that additional expenditures of \$500,000 from the State General Fund, and 2.0 FTE positions would be needed in FY 2008 for planning and implementation of the program. Activities in FY 2008 would include making changes to the Medicaid payment system, developing contracts for the health insurance plans, developing eligibility criteria and procedures, contracting to estimate the actuarial value of the benefit package, and beginning the marketing of the plan. Assistance payments for the purchase of insurance coverage would not begin until FY 2009.
- Inspector General – The agency estimates that additional expenditures of \$349,673 from the State General Fund and 4.0 additional FTE would be required to begin operation of the Office of the Inspector General. The bill requires appropriations to be made in a separate line item for the Inspector General requiring the establishment of an additional State General Fund account.

The Committee reviewed this item and concurred to add \$849,673 from the State General Fund in FY 2008 to fund the Premium Assistance and Inspector General.

The Committee revisited this item. Senator Kelly moved, with a second by Senator Steineger, to reduce \$350,673 from the \$849,673 from the State General Fund in FY 2008 and 2.0 FTE for the Office of the Inspector General and do not include funding for the Office of the Inspector General and delay implementation for one year. Motion carried on a voice vote.

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

The Committee reviewed and concurred with the GBA.

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

The Committee reviewed and concurred with the GBA.

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

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The Committee reviewed and concurred with the GBA.

Senator V. Schmidt moved, with a second by Senator Kelly, to add \$70,000 from the State General Fund in FY 2007 to address backlog issues at the Health Wave Clearinghouse due to increased federal citizenship verification requirements. Motion carried on a voice vote.

NEW ITEM - Kansas Pharmacy AMP Proviso Language

A letter was distributed from the Kansas Pharmacy Coalition regarding the reason for the proviso in that the federal government changed the required methodology for states in paying Medicaid Generic Drug Reimbursement to Pharmacies (AWP to AMP) (Attachment 27) and copies of the proviso language (Attachment 28). Senator V. Schmidt brought this concern to the Committee.

Senator V. Schmidt moved, with a second by Senator Kelly, to adopt the proviso. Motion carried on a voice vote.

NEW ITEM - Health and Eligibility Outreach for Medicaid Beneficiaries

A letter was distributed from the Kansas Health Policy Authority regarding the Health and Eligibility Outreach for Medicaid Beneficiaries which was inadvertently left out of that budget (Attachment 29). Senator Kelly brought this concern to the Committee.

The Committee reviewed this item and added \$336,247 from the State General Fund in FY 2008.

Social and Rehabilitation Services

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

The Committee reviewed and added \$3,988,073 from the State General Fund in FY 2008.

The Committee revisited this item and following discussion, concurred to table the item for later discussion. The Committee concurred to bring this item off the table for discussion.

The Committee concurred to add \$2.0 million from the State General Fund in FY 2008 to reduce the waiting list for persons in the Home and Community Based Services waiver for persons with developmental disabilities.

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

The Committee reviewed and added \$4,000,000 from the State General Fund in FY 2008.

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The Committee revisited this item and following discussion, concurred to table the item for later discussion. The Committee concurred to bring this item off the table for discussion.

The Committee concurred to add \$2.0 million from the State General Fund in FY 2008 to address waiting list issues in the Home and Community Based Services waiver for persons with physical disabilities.

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

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

The Committee reviewed this item and concurred to leave the deletion in tact and remain at the \$300,000 funding level.

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

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

Senator Teichman moved, with a second by Senator Schodorf, to adopt the Governor's recommendation. Motion carried on a voice vote. (Refer to Item P.)

The Committee revisited this item and concurred to reduce the \$6.2 million from the State General Fund in FY 2008 to \$2.0 million to reduce the shrinkage rate in regional service area offices.

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

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

The Committee reviewed this item and added \$593,960 from the State General Fund in FY 2007.

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

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

The Committee reviewed this item but took no action.

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

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

The Committee reviewed this item and added \$600,000 from the State General Fund in FY 2008.

The Committee revisited this item and changed the amount to \$300,000 from the State General Fund in FY 2008 to increase funding for grants to Independent Living Centers.

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

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

The Committee reviewed this item and concurred to support the \$3.5 million.

The Committee revisited this item and concurred to add \$3.0 million from the Children's Initiatives Fund in FY 2008 and reduce the \$3.5 million by \$500,000 for the expansion of the Pre-K Pilot Program that was deleted in 2007 HB 2368.

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

The Committee reviewed this item and added the \$1.0 million.

The Committee revisited this item and concurred to reduce the \$1.0 million from the Children's Initiatives Fund to \$500,000 in FY 2008 for the implementation of a new Child Care Quality Initiative that was deleted in 2007 HB 2368.

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

Information was distributed to the Committee from the Kansas Funeral Directors and Embalmers Association regarding additional funding in the Omnibus Appropriations Bill (Attachment 30).

The Committee reviewed this item and added \$290,000 State General Fund in FY 2008.

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

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

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

The Committee reviewed this item and added \$3,042,838 from the State General Fund in FY 2008.

The Committee revisited this item and following discussion, concurred to table the item for later discussion.

The Committee concurred to take this item off the table for further discussion.

The Committee added \$1.5 million from the State General Fund in FY 2008 to increase reimbursement rates in six different assistance programs by approximately 1.5 percent.

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

Case Management Hours and Reimbursement Rates

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

According to the agency, individuals who receive services through the HCBS Medicaid Traumatic Brain Injury waiver also receive Targeted Case Management services, a non-waivered, state plan service. Currently, there is an annual limit of 160 hours of targeted case management services which was estimated based on information provided by service providers and advocates who helped develop the waiver. Because Kansas had the first waiver for persons with traumatic brain injury, no comparable data existed at that time. The agency indicates that since that time, this limit has been proven as adequate for a majority of the persons being served. For example, in FY 2006, the average number of targeted case management hours

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per consumer was approximately 36. This number, however, distorts the reality for some persons and hours received can greatly fluctuate from the time waiver services begin, when the need is greatest, to the time of transition from the program. In addition, it has been demonstrated that a small percentage of "high-end" users exists who are more severely disabled, often persons with behavior issues, who require more case management hours for a longer period of time.

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

Recommendation	All Funds	State General Fund
Raise Targeted Case Management (TCM) Rates from \$30 per hour to \$42.40*	\$117,191	\$47,298
Increase TCM hours by 20/year (from 160 to180) at \$30 per hour (current rate)	\$159,600	\$64,415
Increase TCM hours by 20/year (from 160 to180) at \$42.40* per hour (proposed rate)	\$225,568	\$91,039
Raise Therapies funded through the Traumatic Brain Injury Waiver from \$50 per hour to \$105 per hour	\$2,200,000	\$881,863

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

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

Fiscal Information

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

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

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

Notes:

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

The agency indicates that most years, unspent Traumatic Brain Injury Waiver Program dollars have been

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

Expanding the Waiver

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

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

- In 2002, the Kansas Department of Health and Environment reported there were 6,614 inpatient hospital discharges for stroke.
- Data indicates 30 percent of those hospitalized for stroke required outpatient rehabilitation, meaning 1,984 people would need outpatient rehabilitation.
- A survey showed 62 percent of people who had their first stroke were younger than 65, which would mean 1,230 people would need outpatient rehabilitation services and meet the age requirement of the waiver.
- It is estimated that 10 percent of the 1,230 people would then qualify for the waiver, based on Medicaid eligibility and functional needs assessment, which would add 123 people per year to the waiver.

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

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

* Projected

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

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

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The Committee reviewed this item but took no action.

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

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

The Committee reviewed this item and added \$89,100 from the State General Fund in FY 2008.

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

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

The Committee reviewed this item and took no action.

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

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

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

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during the last quarter of this fiscal year.

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

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

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

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

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

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

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

(1) State Fiscal Year	(2) Cases	(3) Case- Carrying Positions	(4) Cases per Position	(5) Percent Increase	(6) Cumulative Increase
2001	288,332	1,264	228.1		
2002	285,228	1,241	229.80.8%	..	0.8%
2003	280,303	1,223	229.2(0.3)	..	0.5
2004	280,976	1,203	233.51.9	2.4
2005	286,835	1,202	238.62.2	4.6
2006	297,243	1,210	245.73.0	7.7

Column Description

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

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

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

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

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

Current System

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

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

State Aid is a formula grant provided to CMHCs to fund the CMHCs' basic services. Consolidated Grants include funds provided through mental health reform, special purpose grants, funds related to closure of Topeka State Hospital and two Nursing Facilities for Mental Health, and bed reductions at Osawatomie State Hospital. Children's Initiative Funds are used for Therapeutic Preschool and Family Centered System of Care projects.

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

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

Prepaid Ambulatory Health Plan System

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

According to the agency, when many of the CMHC consolidated grants were first awarded, it was unclear how many persons needing CMHC services would be eligible for Medicaid. The CMHCs recently

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

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

Refer to Item Y.

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

The Committee reviewed this item and took no action.

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

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

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

In addition, SRS has entered into a funding agreement with ComCare that allows ComCare to work

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

The Committee reviewed this item and took no action.

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

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

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

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

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

The Committee reviewed this item and took no action.

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

Information was distributed from the Petroleum Marketers and Convenience Store Association of Kansas regarding Tobacco Compliance ([Attachment 31](#)).

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Senator Teichman moved, with a second by Senator Taddiken, to add the \$400,000 from the State General Fund in FY 2008. Motion carried on a voice vote.

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

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

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

Refer to Item Z.

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

The Committee reviewed this item and appropriated a no limit expenditure fund.

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

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

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

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

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

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

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

The Committee reviewed this item and adopted the GBA.

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

The Committee reviewed this item and added \$7.0 million from the State General Fund in FY 2008 for the Community Mental Health Centers and added \$5.0 million from the State General Fund in FY 2008 for the Community Developmental Disability Organizations.

Following discussion the Committee tabled this item to review later.

The Committee concurred to take this item off the table for discussion.

The Committee revisited this item and reduced the \$7.0 million for the Community Mental Health Centers to \$3.5 million from the State General Fund and reduced the \$5.0 to \$1.5 million from the State General Fund for the Community Developmental Disability Organizations in FY 2008.

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

The Committee reviewed this item and concurred with the GBA.

NEW ITEM – Money Follows the Person Proviso

A letter was distributed from InterHab regarding Targeted Case Management FFP in the Kansas DD System (Attachment 32). Information was distributed from Shannon Jones, Statewide Independent Living Council of Kansas and Jennifer Schwartz, Kansas Association of Centers for Independent Living regarding the Money Follows the Person Proviso (Attachment 33).

The Committee reviewed this item and concurred to remove the language from the Money Follows the Person Proviso referring to “80” people and to direct the Revisor to add necessary additional language.

SRS Hospitals

A. Teacher Salary Increases. The Department of Education estimates an average statewide salary increase for teachers of 4.0 percent for FY 2008. The education contracts in FY 2008 reflect no teacher salary increases for Larned State Hospital and Parsons State Hospital and Training Center. The Kansas Neurological Institute and Rainbow Mental Health Facility also have education contracts, but due to the nature of the contracts, adjustments are not necessary. The following table illustrates the State General Fund adjustment which would be necessary to provide uniform salary increases across the two institutions:

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

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

The Committee reviewed this item and concurred with the 4.0 percent increase.

B. Categorical Aid Adjustment. For FY 2007, the budgeted school contracts for the institutions include categorical aid based on a rate of \$23,000 for Parsons State Hospital and Training Center and \$19,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. The Kansas Neurological Institute (KNI) has no expenditures for special education due to an agreement that the local school district would continue to provide education programs for the students who live at KNI in exchange for the use of classrooms in the Wheatland Building for the education programs that the district provides to other Shawnee County school districts.

The current FY 2007 categorical aid rate per eligible teaching unit is estimated to be \$23,000. If this rate is maintained, the school contract for FY 2007 at the institutions would need adjustments. The table below identifies the State General Fund adjustment required:

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

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

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

The Committee reviewed and added the funding.

Larned State Hospital

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

The Committee reviewed this item but no action was taken.

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

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

The Committee reviewed this item and concurred with adding the \$230,420 from the State General Fund in FY 2008.

Osawatomie State Hospital

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

The Committee reviewed this item but took no action.

B. Hospital Staffing (Senate Committee). The Senate Committee deleted \$388,135, all from the

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State General Fund, and 6.0 FTE positions recommended to address hospital staffing needs in FY 2008. Subsequently, the Conference Committee on **HB 2368** agreed to retain the funding and positions.

The Committee reviewed this item but took no action.

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

The Committee reviewed this item and concurred to add the \$2.7 million from the State Institutions Building Fund in FY 2008.

Rainbow Mental Health Facility

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

The Committee reviewed this item but took no action.

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

The Committee reviewed this item but took no action.

Board of Cosmetology

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

The Committee reviewed and took no action.

Judicial Council

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

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

Copies of the Budget for the Judicial Council Move to the Southwest Corner of the Law Library were distributed to the Committee (Attachment 34). Copies of a letter from Chief Justice Kay McFarland, Supreme Court of Kansas, addressed to the Honorable Dwayne Umbarger, Chair, Senate Ways and Means Committee, concerning the Omnibus Appropriations Bill were distributed (Attachment 35).

The Committee reviewed and concurred to add \$71,316 State General Fund in FY 2008.

The Committee revisited this item. Senator Kelly moved, with a second by Senator Steineger, to reduce the \$71,316 by \$50,000 from the State General Fund and fund \$21,316 from the State General Fund in FY 2008 for moving and remodeling expenses. Motion carried on a voice vote.

NEW ITEM - Recodification of Criminal Statutes

Information was distributed regarding the Judicial Council and appropriation from the State General Fund in the amount of \$200,000 in FY 2008 for the Recodification Commission (Attachment 36).

The Committee concurred to add \$200,000 from the State General Fund in FY 2008 only for the recodification.

The Committee revisited this item. Senator Kelly moved, with a second by Senator Steineger, to reduce the \$200,000 from the State General Fund by \$50,000 and fund \$150,000 from the State General Fund for a recodification commission in FY 2008. Motion carried on a voice vote.

Board of Indigents' Defense Services

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

The Committee reviewed this item and took no action.

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

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

The Committee reviewed this item and took no action.

C. Review Indigency Screener Position (Senate Committee). The Senate Committee recommended that a position to screen applicants' eligibility for services be reviewed at Omnibus to

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determine whether such a position would be cost effective for FY 2008. The agency provided testimony that persons who were initially ruled "indigent" were acquiring funds to pay for private counsel in certain cases. The Senate Committee directed the agency to discuss the matter with the Office of Judicial Administration (OJA) and to review this position at Omnibus. The agency reported that OJA will address the matter with judges this summer at the annual district judge conference. The agency also reported that those indigent persons hiring private counsel have the money coming from a third person such as a relative. Public Defenders and appointed counsel are supposed to withdraw from representing clients who have hidden assets when it is discovered they are not indigent. OJA has forwarded a request to the judges on behalf of the Board of Indigents' Defense Services reminding judges that finding someone partially indigent is an option. The agency also reported that at least one judge has started using the indigency screening forms that the agency provides. The agency is not seeking to add an indigency screener position at this time.

The Committee reviewed this item and took no action.

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

The Committee reviewed this item and adopted the GBA.

Judicial Branch

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

Appellate Court Salaries

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

The Committee reviewed this item and added the funding from the State General Fund in FY 2008 to increase the salaries for the appellate court judges by \$7,000 and salaries for the supreme court justices by \$9,000 and exempt the judges and justices from receiving the FY 2008 two percent state employee base salary adjustment.

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

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

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The Committee reviewed this item and added to add 10.0 FTE positions and \$340,000 in FY 2008 from the State General Fund for new non-judicial personnel.

The Committee revisited this item and concurred to reduce the 10.0 FTE positions to 5.0 FTE positions and reduce the \$340,000 to \$170,000 from the State General Fund in FY 2008 for new non-judicial personnel.

C. Capital Improvements (House Committee). The House Committee recommended Omnibus review of \$167,919 from the State General Fund for capital improvements in FY 2008. This funding is to remodel office space for the 13th judge of the Court of Appeals, who is scheduled to start in January 2008. The Judicial Branch reported that while it has had an architect reviewing the rooms to be remodeled into a judicial suite, no work for office space for this judge has been completed yet, but will be done in FY 2008. Remodeling for a judicial suite was last done when the 12th judge was added to the Court of Appeals in FY 2006.

The Committee reviewed and concurred to request a report from the agency by August 1, 2007, to the Joint Committee on State Building Construction explaining their long term plans for the location of the Judicial Council and future office space for the 14th Judge in the Court of Appeals in FY 2009.

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

The Committee reviewed this item and took no action.

Kansas Corporation Commission

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

The Committee reviewed and took no action on this item.

B. HB 2419 – Carbon Dioxide Reduction Act (Law). This bill creates the Carbon Dioxide Reduction Act. The Act would provide incentives for the sequestration of carbon dioxide through underground storage. The Act also would provide for regulation of underground carbon dioxide facilities. The Kansas Corporation Commission (KCC) would be responsible for administering the regulatory aspects of the Act and is required to establish on or before July 1, 2008 in rules and regulation requirements, procedures and standards for the safe and secure injection and maintenance of underground storage of carbon dioxide. To establish these rules and regulations, the KCC requests an increase of \$125,000 in the Conservation Fee Fund. The KCC indicates it does not have the expertise to write these rules and

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regulations and will have to hire consultants to assist in the development of rules and regulations required under the act.

The Committee reviewed and concurred to add \$125,000 all from the Conservation Fee Fund in FY 2008 to fund the Carbon Dioxide Reduction Act.

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

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

The Committee reviewed this item.

Senator Taddiken moved, with a second by Senator McGinn, to add \$50,000 from the State General Fund for 2007 Senate Substitute for HB 2145 contingent on the bill passing and becoming law. Motion carried on a voice vote.

NEW ITEM - A letter was distributed regarding an Item for inclusion in the Omnibus Appropriations Bill concerning the Kansas Corporation Commission request for \$100,000 from the State General Fund pursuant to the request of the Chairs of Senate Utilities Committee and House Energy and Utilities Committee that the Kansas Corporation Commission review the receipts and expenditures of the Kansas City Kansas Board of Public Utilities (Attachment 37). Senator Steineger brought this concern to the Committee.

Senator Steineger moved, with a second by Senator Barone, to add \$100,000 from the State General Fund in FY 2008 for a one-time audit of the Kansas City, Kansas Board of Public Utilities. Motion carried on a voice vote.

Senator Kelly moved to reduce the funding in the amount of \$75,000 for the Wind Generation Education Pilot Project Fund and review the receipts and expenditures of the Kansas City Kansas Board of Public Utilities. Following committee discussion, Senator Kelly withdrew her motion. There was no second to the motion.

Department of Agriculture

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

The Committee reviewed this item and concurred to add \$1,645 from the State General Fund in FY 2008 for the conversion of 6.0 non-FTE unclassified permanent positions to classified

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FTE positions.

Animal Health Department

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

The Committee reviewed this item and concurred to add \$20,000 from the State General Fund in FY 2008 for replacement of office equipment, computers and equipment.

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

The Committee reviewed this item and concurred to add \$94,127 from the State General Fund in FY 2008 to contract with the United States Department of Agriculture Wildlife Services for an additional position based in Southeast Kansas to assist in the protection of the health of domestic animals.

Kansas State Fair Board

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

The Committee reviewed this item and concurred to add \$40,000 from the Economic Development Initiatives Fund in FY 2008 for an economic impact and demographic study on the State Fair and non-fair activities.

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

The Committee reviewed this item and concurred to add \$25,000 from the State General Fund

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in FY 2008 for electrical sub-metering equipment in order to monitor electrical usage at individual buildings.

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

The Committee reviewed this item which was taken care of in Conference Committee and took no action.

State Conservation Commission

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

The Committee reviewed this item and added \$1,086,154 all from the State Water Plan Fund.

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

The Committee reviewed this item and added \$50,000 all from the State Water Plan Fund.

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

Senator McGinn moved, with a second by Senator Teichman, to add \$3.0 million from the State Water Plan Fund in FY 2008 with \$1.5 million for the City of Horton Mission Lake project and \$1.5 million to the Water Conservation Reserve Account funded from the Colorado water litigation proceeds. Motion carried on a voice vote.

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

The Committee reviewed this item and took no action.

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

The Committee reviewed this item and concurred to add \$60,000 from the State Water Plan Fund in FY 2008 for Conservation Reserve Enhancement Program (CREP) well plugging.

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

The Committee reviewed this item and took no action.

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

The Committee reviewed this item and took no action.

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

Senator McGinn moved, with a second by Senator Wysong, to extend the limitation on the number of acres enrolled in the Conservation Reserve Enhancement Program (CREP) in FY 2007 and FY 2008 to limit FY 2007 enrollment to 20,000 acres and allow for acreage of less than 20,000 acres in FY 2007 to carry forward to FY 2008. Motion carried on a voice vote.

Kansas Water Office

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

The Committee reviewed this item and took no action.

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

The Committee reviewed this item and took no action.

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

The Committee reviewed this item and took no action.

NEW ITEM - Water Conservation Fund

The Chairman recognized Tracy Streeter, State Conservation Commission, who mentioned that there was a glitch in statute in the Water Budget that every project regarding the funding source needs line item authority in the appropriations bills (Attachment 38). It needs line item authorization for expenditure in the Mega bill. Mr. Streeter indicated that the House did put the funding language in their Omnibus bill.

The Committee reviewed this item and added the language to line item expenditures.

Board of Regents

A. Funding for the Technical Innovations and Internships Program (House Committee and Conference Committee). The House and Conference Committee on **HB 2368** recommended Omnibus review of the addition of \$180,500, all from the Economic Development Initiatives Fund (EDIF), in FY 2008 for the Technical Innovations and Internships Program. The Governor's recommendation included \$180,500, all from the State General Fund, for the program which provides funding through a competitive grant process for additional equipment and internships. Kansas technical schools, technical colleges, and community colleges may participate in this program. Both the House and Senate Committee shifted funding for the program to EDIF. The House Committee also deleted the funding for Omnibus review and the Conference Committee on **HB 2368** agreed with the House position.

The Committee reviewed and concurred with this item to add \$180,500 from the State General Fund in FY 2008.

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

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

The Committee reviewed this item and took no action.

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

The Committee reviewed this item and took no action.

D. Technical Education Hold Harmless (Conference Committee). The Conference Committee

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

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

The Committee reviewed this item and added \$350,000 from the State General Fund in FY 2008.

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

The Committee reviewed this item and restored the funding.

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

The Committee reviewed this item and agreed to shift the \$6,957,162 from the Economic Development Initiatives Fund to the State General Fund for post-secondary aid for technical education.

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

The Committee reviewed this item and took no action.

H. Funding Shift for Online Databases (Conference Committee). The Conference Committee on **HB 2368** recommended Omnibus review of the possible shift of \$809,680, all from the KAN-ED fund, from the Board of Regents to the State Library for the purchase of online database resources in FY 2008. The Governor's FY 2008 recommendation for the Board of Regents included funding for this item under the KAN-ED program. This is the amount currently paid through KAN-ED to purchase a majority of the online database resources for use by libraries and schools across the state. The House Committee recommended shifting the funding, but the Conference Committee on **HB 2368** agreed to leave the funding in place for Omnibus review.

The Committee reviewed this item and took no action.

I. Funding Shift for the Learning Station Portal (Conference Committee). The Conference

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

The Committee reviewed this item and took no action.

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

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

The Committee reviewed this item and took no action.

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

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

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

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

The Committee reviewed this item and took no action.

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

The Teacher Education Competitive Grant Program is a new program which would allow public postsecondary institutions to develop proposals targeted at increasing the supply of teachers, especially

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in both geographical and subject areas with shortages. The program would require a one-to-one-match with institutional funds.

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

The Committee reviewed this item and took no action.

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

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

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

The Committee reviewed this item and added \$30,875 from the State General Fund for 1.0 FTE Support Staff for the Regents Board Office.

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

The Committee reviewed this item and took no action.

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

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

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

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

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

Conditions for receiving funding under the act would include:

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

Scholarship recipients who do not fulfill these obligations would be required to re-pay the scholarship amount awarded with interest. The bill specifies conditions under which postponement of repayment or settlement of the debt would be allowed. Applicants for this scholarship would qualify on the basis of scholastic ability and would remain qualified by making satisfactory progress and remaining in good standing in their academic programs.

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

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

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

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

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

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

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

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

Several provisions of **HB 2185** would have a fiscal impact on the Board of Regents budget. The bill eliminates the Mathematics and Science Teacher Service Scholarship Program, Special Education Teacher Service Scholarship Program, and the Teacher Education Scholarship Program. The fiscal note for the bill indicates that the elimination of these programs would reduce expenditures by \$636,115, all from the State General Fund, in FY 2008. However, the bill broadens the qualifications of the Teacher

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Service Scholarship program to consolidate all of the teacher service programs into one, as recommended by the Legislative Educational Planning Commission (LEPC). By eliminating the funding for the programs consolidated into the Teacher Service Scholarship program, the pool of funding is decreased for the same group of applicants. The currently approved budget for FY 2008 includes funding for the Mathematics and Science Teacher Service Scholarship Program, Special Education Teacher Service Scholarship Program, and the Teacher Education Scholarship Program.

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

The Committee reviewed this item and consolidated the funding.

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

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

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

The Committee reviewed this item and added the funding for the Commission.

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

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

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

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

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

- Coordinate statewide planning for existing and new postsecondary technical education

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

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

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

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

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

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

The bill would sunset on June 30, 2014.

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

The Committee reviewed this item and added the funding.

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

The Committee reviewed this item and took no action.

S. Technical Education Capital Outlay (Technical Adjustment). The Conference Committee on **HB 2368** restored \$2,565,000, all from the EDIF, for technical education capital outlay. However, the appropriation was inadvertently omitted from the Conference Committee report. In order to correctly reflect

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the Conference Committee recommendation, \$2,565,000, all from the EDIF, must be appropriated for technical education capital outlay. The omission occurred only in the Conference Committee report. The expenditures are included in all other summaries of expenditures approved by the Legislature to this point.

The Committee reviewed this item and recommended the technical adjustment.

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

The Committee reviewed this item and recommended the technical adjustment.

NEW ITEM - Technology and Equipment funding for Technical Schools and Colleges and Community Colleges in FY 2008

The Committee reviewed this item and added \$4.0 million from the State General Fund in FY 2008 for technology and equipment funding for technical schools and colleges and community colleges in FY 2008. The funding will require a two to one match from the institution and institutions will be limited to no more than 20.0 percent of the total funding available in a given year.

Regents Crumbling Classrooms

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

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

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

The Committee reviewed and took no action on this item.

State Universities

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

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The Committee reviewed this item and took no action.

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

Copies of the Overview of the Senate Comprehensive Building Maintenance Plan were distributed to the Committee (Attachment 39).

The Committee reviewed this item and did not adopt the GBA.

Chairman Umbarger turned the Committee's attention to discussion of the Senate Comprehensive Building Maintenance Plan which was to offer an alternative plan. He noted that this plan has been under consideration for awhile. The Committee discussed, in length, the proposal and directed the following recommendations to Staff:

Item No. 6. - No-Interest Revolving Loan: Senator Teichman moved, with a second by Senator Kelly, to first give prioritization to the community colleges, technical colleges, Washburn University and then the Regents institutions and give the Kansas Board of Regents the authority to work out these rules and regulations. Motion carried on a voice vote.

Item No. 3 - On-Going State General Fund Revenue Transfer and Item No. 4 - On-Going State General Fund Revenue Transfer of Former Regents Research Bonds Obligation: Senator Barone moved, with a second by Senator Wysong, to consider an on-going block grant appropriation. Motion failed.

Item No. 7 - Retained Tuition Interest: Senator Kelly moved, with a second by Senator Wysong, to make an on-going commitment to deferred maintenance. Motion carried on a voice vote. The Revisor noted that this information can go into a bill and will take care of it.

Item 13 - Reporting Requirements: *The Committee concurred with this item.* The Revisor will also put this information into a bill.

The Revisor noted that the original **SB 215**, tax credits (50 percent community colleges, technical colleges and Washburn University, and 40 percent Regents universities), ending the sunset, **SB 377** language and the revenue transfers all need to be in separate bills.

Limit of Amount of Contributions: *The Committee concurred with \$11.5 million for community colleges and technical colleges refundable, but not transfer \$400,000 per school. The Committee concurred with \$21.0 million for universities, including Washburn University, but transfer not refundable.* The Department of Revenue will notify the Regents know information regarding refundable or refundable.

Senator Wysong moved, with a second by Senator Schodorf, recommend Senate Substitute for HB 2422 favorable for passage to include the tax credit components in regard to deferred maintenance. Motion carried on a roll call vote. The Committee concurred to request that this bill be sent to the Tax Committee.

Senator V. Schmidt moved, with a second by Senator Kelly, to recommend Senate Substitute for HB 2237 favorable for passage to include all of the on-going components and essentials concerning deferred maintenance. Motion carried on a roll call vote. The Revisor explained that all other information concerning deferred maintenance will be in the Omnibus Appropriations Bill through FY 2012.

Fort Hays State University

A. Information Assurance Program (Senate Committee and House Committee). The Senate and House Committee recommended review of the addition of \$500,000, all from the State General Fund, in FY 2008 for the implementation of a new Information Assurance Program at Fort Hays State University. Information Assurance is the science of managing the risks to information assets. The new program, which has already been approved by the Board of Regents, would offer undergraduate students and graduate students the opportunity to earn a certificate, undergraduate degree emphasis or graduate concentration

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in Information Assurance as part of existing degree programs. Many Kansas institutions, including FHSU, currently offer limited coursework in Information Assurance; however, there are no programs that are National Security Administration (NSA) certified. Kansas is one of only 15 states without a NSA Center of Academic Excellence in Information Assurance Education (NCAEIAE). Missouri and Arkansas are among the states lacking a center. Colorado's only center is at the Air Force Academy and is not accessible to business or the public. According to the University, the NSA Center for Excellence designation will allow FHSU to establish degrees and a network for outreach and information distribution through network security training, workshops, and conferences reaching throughout Kansas and beyond - offering certificates and non-credit activities. The agency requests an additional \$500,000, all from the State General Fund in FY 2008, to implement the new program. The University has already received \$800,000 in federal funds for the program.

The Committee reviewed this item and requested additional information. Information was provided regarding how the funding would be used (Attachment 40) and (Attachment 41).

The Committee took no action on this item.

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

The Committee reviewed this item and adopted the GBA.

KSU – Extension Systems and Agricultural Research Program

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

The Committee reviewed this item and took no action.

Wichita State University

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

Information was distributed regarding the National Institute for Aviation Research concerning providing research, certification testing, technology transfer and training (**Attachment 42**).

Senator Kelly moved, with a second by Senator V. Schmidt, to hold the funding of NIAR at \$2.5 million and no additional funds. Motion carried on a roll call vote. The motion passed 6 in favor and 4 against.

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The Committee added no funding.

Emporia State University

New Item - Expanding Your Horizons in Math and Science and "MASTER-IT" (cost is \$29,411) and the Kansas Biosciences Summer Institute (cost is \$142,870) are existing programs at Emporia State University to get middle school girls interested in math and science (Attachment 43).

Senator V. Schmidt moved, with a second by Senator Wysong, to fund the Expanding Your Horizons in Math and Science, "MASTER-IT" program at \$29,411 from the State General Fund in FY 2008. Motion carried on a voice vote.

Senator Kelly moved, with a second by Senator Teichman, to not fund the Kansas Biosciences Summer Institute and that Emporia State University would seek the funding for it. Motion carried on a voice vote.

Department of Education

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

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

Senator Taddiken moved, with a second by Senator Wysong, to not take action on this item and concur with the action taken by the House.

Senator Steineger moved a substitute motion, with a second by Senator Kelly, to add \$15 million to phase-in all-day kindergarten. Motion failed on a roll call vote.

A vote was taken on the original motion to concur with the House action by taking no action on the item and the motion carried.

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

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

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

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

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

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

Special Education Excess Costs (in thousands)

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

The Committee reviewed and concurred with this item.

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

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

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universities.

Senator Kelly moved, with a second by Senator Teichman, to fund \$100,000 from the State General Fund in FY 2008 for creation of a Leadership Commission. Motion failed on a voice vote.

The Committee took no action on this item.

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

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

The Committee reviewed this item and took no action.

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

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

Senator Kelly moved, with a second by Senator Steineger, to add \$1 million from the State General Fund in FY 2008 for the Mentor Teacher Program. Motion carried on a voice vote.

The Committee revisited this item and concurred to reduce the second year funding from \$1.0 million to \$500,000 from the State General Fund in FY 2008 for the Mentor Teacher Program Grants to fund the second year to mentor 1,000 probationary teachers.

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

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

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The Committee reviewed this item and took no action.

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

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

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

The Committee reviewed this item and added \$420,120 from the State General Fund in FY 2008 with language that a \$1 for \$1 match by business is required.

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

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

The State Department of Education's recently approved budget for FY 2008 includes funding of \$7,539,500, all from the State General Fund, for the Parents as Teachers Program. The program provides aid to school districts that offer programs for expectant parents and parents of children less than three-years old. School districts are required to provide a 65.0 percent match for the state aid. The agency estimates that approximately 18,000 children will be served by the program in FY 2008.

The Committee reviewed and concurred with this item to add the \$1,131,800 from the State General Fund in FY 2008 for the Parents as Teachers Program.

The Committee revisited this item and reduced the recommended funding from \$1,131,800 to \$250,000 from the State General Fund in FY 2008 to serve 595 students that are on the Parents as Teachers Program waiting list as of December 31, 2006.

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

Currently, local school districts that provide educational services to students housed in juvenile

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

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

Copies of information regarding **SB 95** - Treatment Facilities for Mentally-Ill Youth (Law), Revised Fiscal Impact, were distributed to the Committee (Attachment 44).

The Committee reviewed this item and concurred to add \$437,400 from the State General Fund in FY 2008 to fund 50 of the estimated 100 beds in the psychiatric residential treatment facilities added in 2007 SB 95 that are eligible for the two-for-one educational funding.

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

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

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

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

The Committee reviewed this item and concurred to add \$3.3 million, plus \$64,310 and 1 FTE subject to passage of HB 2123.

The Committee revisited this item and concurred to cut the \$3.3 million from the State General Fund in FY 2008 that was for the second enrollment count date for all school districts and consider this item in the 2008 Legislative Session, if HB 2123 passes the Legislature.

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

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

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

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

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

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

The Committee reviewed this item and concurred to add \$40,558 from the State General Fund in FY 2008, and a 0.5 FTE position for a part time Education Program Consultant position for one year pending passage of SB 68 in the 2007 Legislature with language to let it lapse, if the bill does not pass.

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

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

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

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

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Senator Steineger moved, with a second by Senator Taddiken, to not concur with this item. Following discussion, Senator Steineger withdrew his motion with the agreement of Senator Taddiken who provided the second to the motion.

The Committee concurred to hold this item for further information and discussion.

The Committee revisited, further reviewed and concurred with this item.

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

This was a technical adjustment and the Committee concurred with this item.

School for the Blind

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

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

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

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

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

The Committee reviewed this item and concurred to add \$84,597 from the State General Fund

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in FY 2008 to keep teacher salaries at the level of the Olathe School District for 2006-2007 school year.

School for the Deaf

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

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

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

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

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

The Committee reviewed this item and concurred to add \$116,435 from the State General Fund in FY 2008 for an increase in teacher salaries at the level of the Olathe School District for the 2006-2007 school year.

B. Funding Sound START of Kansas (Senate Committee). The Senate Committee recommended that the agency's request for an additional \$398,200, all from the State General Fund, to fund Sound START of Kansas in FY 2008 be considered during Omnibus. The KSSD requested the funding as part of its FY 2008 budget submission; however, the Governor did not recommend it. Also during the 2006 Interim, the Joint Committee on Children's Issues reviewed this item. In its report to the 2007 Legislature, the Joint Committee recommended funding for this program.

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

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Estimated expenditures for Sound START are summarized below.

Sound START - FY 2008 Estimated Expenditures

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

The Committee reviewed this item and concurred to add \$398,200 from the State General Fund to fund Sound START of Kansas in FY 2008.

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

The Committee reviewed this item and concurred to add \$165,000 from the State General Fund to cover anticipated shortfall in operating expenditures in FY 2008.

Board of Tax Appeals

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

1. \$47,775 for increased compensation for small claims hearing officers;
2. \$4,864 for legal research tools; and
3. \$3,778 for capital outlay expenditures, including ergonomically correct chairs.

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

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

The Committee reviewed this item and concurred to add \$55,417 from the State General

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Fund in FY 2008 for operating expenses.

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

The Committee reviewed this item and took no action.

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

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

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

The Committee reviewed this item and took no action.

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

The Committee reviewed and adopted the GBA.

Department of Revenue

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

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

Concealed Carry Process Flow

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

1. The Office of the Attorney General (AG) sends the Department of Revenue (KDOR) a data file of people who have applied for a concealed carry license and passed the background check.
2. KDOR verifies the name, date of birth, and drivers license number against the drivers license file.
3. KDOR sends to the AG's office an indicator that everything was verified and the AG's office can send the applicant a letter that they can purchase their concealed carry license. Or, KDOR sends an indicator that the information did not match the drivers license file. During the verification process, the drivers license files are updated with an indicator to show the concealed carry license is ready to issue.
4. When the applicant comes to the office, they have the choice of getting the concealed carry issued on their driver's license, or identification card or, on a stand alone card.
5. Once this license is issued, the drivers license file is updated with the issue status, issue indicator and issue date. This information is sent back to the AG's office to allow the AG's files to be updated.
6. When the AG's office revokes, suspends or receives a surrendered concealed carry license

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they will send KDOR the information and the drivers license files are updated accordingly.

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

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

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

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

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

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

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

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

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

The agency reports that the standard fee for a record check is \$54. In order for the concealed carry record checks to produce revenue equal to other record checks, the Attorney General would need to transfer an additional \$30 per record check, or \$194,580, to the KBI.

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

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

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

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

The Committee reviewed this item and took no action.

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

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

The Kansas Advisory Council on Intergovernmental Relations is a 15-member council established by the 2002 Legislature to engage in a continuous study of the services provided by the various types and levels of government within the state, the division of responsibility for providing and financing

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government services, possibilities of improving the organizational structure and operational structure and operational efficiency of the various governmental units serving the citizens of the state; and the state and local tax structure and revenue requirements and fiscal policies of the state and its local units of government.

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

The remaining four members are as follows:

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

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

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

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

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

Senator Barone moved, with a second by Senator Schodorf, to add \$20,700 Travel Expenses out of the Legislative Budget and move it to the Kansas Legislative Research Department to staff the Kansas Advisory Council on Intergovernmental Relations.

Senator Barone moved a substitute motion, with a second by Senator Wysong, to give the staffing of the Kansas Advisory Council on Intergovernmental Relations to the Kansas Department of Administration with no money for both years. Motion carried on a voice vote.

C. Funding for the Biodiesel Fuel Producer Incentive and the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentives (House Committee) and GBA No. 2, Item 4, Page 3—Ethanol Producers Incentives. The House Committee noted that **2006 SB 388** established the Biodiesel Fuel Producer Incentive. This incentive, in conjunction with the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive, established in law account for \$7.0 million of incentives in FY 2008. The House Committee recommended that the funding for these incentives be reviewed closely at Omnibus. The Committee expressed particular concern regarding the transfer from the Economic Development Initiatives Fund to the Biodiesel Fuel Producer Incentive Fund in the amount of \$3.5 million in FY 2008.

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

KSA 79-34,156 establishes the Kansas Qualified Biodiesel Fuel Producer Incentive Fund and sets the amount to be transferred from the Economic Development Fund for FY 2008 of \$3.5 million. The statute

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specifies that a transfer of \$875,000 occur quarterly. The statute also specifies that if money is not available on the date of the transfer the funds shall be transferred from the State General Fund. KSA 79-34,158 specifies that the incentive, paid to Kansas qualified biodiesel fuel producers, be \$0.30 for each gallon of biodiesel fuel sold by the producer.

The Committee reviewed and concurred with this item.

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

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

Senator V. Schmidt moved, with a second by Senator Teichman, to add \$82,818 from the Division of Vehicles Operating Fund and increase the transfer from the State Highway Fund to the Division of Vehicles Operating Fund in the same amount in FY 2008 for salaries and wages as well as operating expenditures associated with the implementation of 2007 HB 2373 regarding one lien on vehicle titles. Motion carried on a voice vote.

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

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

The Committee reviewed item and concurred.

The Committee revisited this item and reduced the amount (also see Item F)..

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

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

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

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

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

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The Committee reviewed and concurred with this item to add \$321,675 from the State General Fund in FY 2008.

The Committee revisited this item (also see Item E) and concurred to reduce \$100,000 in total from both the Energy Related Tax Incentives (Item E) and the Homestead Refund Program Expansion (Item F).

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

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

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

The Committee reviewed and added \$140,800 from the Division of Vehicles Operating Fund.

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

The Committee reviewed and adopted the GBA.

NEW ITEM – State Bingo Regulation Fund

The Committee reviewed and concurred to include language requiring the Department of Revenue to submit a report to the start of the 2008 Legislative Session regarding how the transfer from the State Bingo Regulation Fund for problem gamblers is determined and funded.

Department of Commerce

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

The following initiatives are included in the program:

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

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The Committee reviewed this item and took no action.

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

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

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

The Committee reviewed this item and concurred to add \$35,575 from the State General Fund and a 0.5 FTE position in FY 2008 for salaries and wages and operating expenditures associated with implementation of 2007 SB 164, Qualified Manufacturers Act.

The Committee revisited this item and switched the funding to the Economic Development Initiatives Fund.

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

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

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

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

The Committee reviewed this item and added \$150,000 from the Economic Development Initiatives Fund and 1.5 FTE positions.

NEW ITEM - Ethanol Plant Economic Impact Analysis Study Consideration.

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Copies were distributed of an Ethanol Plant Economic Impact Analysis Study Consideration and General Content Outline (*Attachment 45*).

The Committee reviewed this item and concurred to add \$17,500 from the State General Fund in FY 2008 for the Ethanol Plant Economic Impact Analysis.

This item was revisited and the Committee concurred to add \$17,500 from Economic Development Initiatives Fund in FY 2008 for the Ethanol Plant Economic Impact Analysis.

NEW ITEM - Eisenhower Foundation

The Committee concurred to add \$200,000 in FY 2008 from the Economic Development Initiatives Fund in FY 2008 for a one-time grant to the Eisenhower Foundation which requires a dollar for dollar match.

NEW ITEM - Sports Hall of Fame

The Committee concurred to add \$250,000 from the Economic Development Initiatives Fund in FY 2008 to fund the Sports Hall of Fame and require a dollar for dollar match prior to receiving the funds.

Kansas Technology Enterprise Corporation

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

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

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

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

The Committee reviewed this item and concurred to add \$125,000 from the State General Fund in FY 2008 for the Experimental Program to Stimulate Competitive Research to attract additional federal research funds.

The Committee revisited this item and switched the funding to the Economic Development Initiatives Fund.

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

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

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

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

The Committee reviewed this item and took no action.

Department on Aging

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

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

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

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

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

The Committee reviewed this item and concurred to add \$255,673 from the State General Fund and 3.0 FTE positions in FY 2008 to add three new health facility surveyors and include language regarding better training for those individuals conducting the surveys.

The Committee revisited this item. Senator Taddiken moved, with a second by Senator Steineger, to strike the \$255,673 funding from the State General Fund and 3.0 FTE positions in FY 2008 for new health facility surveyors. Motion failed on a voice vote.

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

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

Governor's Recommended HCBS/FE Waiver Increase Enhancement

	SGF	Other State Funds	Federal	All Funds
Federal Matching rate change	\$339,638	\$--	\$(339,638)	\$--
Increase Waiver				

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Senior Services Fund	\$--	\$508,037	\$--	\$508,037
Long Term Care Loan and Grant Fund--		439,831	--	439,831
State General Fund	535,331			535,331
Federal Funds--		--	2,211,867	2,211,867
TOTAL	\$874,969	\$947,868	\$1,872,229	\$3,695,066

The Committee reviewed and added \$3,695,066 including \$874,969 from the State General Fund.

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

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

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

The Committee reviewed this item and took no action.

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

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

The Committee reviewed this item and took no action.

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

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

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

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

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

Copies of the K4A Omnibus Priorities from Craig Kaberline, Kansas Area on Agencies on Aging Association, were distributed to the Committee (Attachment 46).

The Committee reviewed this item and added \$478,800 from the State General Fund.

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

The Committee reviewed this item and requested additional information.

Copies of information regarding the Program of All-Inclusive Care for the Elderly (P.A.C.E) were distributed to the Committee. This was testimony that was given to the Ways and Means Subcommittee on Aging (Attachment 47).

Senator Taddiken moved, with a second by Senator McGinn, to concur to take no action on this item. Motion carried on a voice vote.

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

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

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

The Committee reviewed this item and concurred to include language for the program to start in FY 2009 and no funding at this time.

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

- \$204,218, all from the State General Fund, for Community Collaborative/Coalition which

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would develop and facilitate community collaborative/coalitions focused on healthcare quality improvement through increased continuity and coordination of care; and

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

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

The Committee reviewed this item and took no action.

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

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

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

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

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

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

The Committee reviewed this item and took no action.

J. Long Term Care Loan and Grant Fund (House Committee). The House Committee noted its concern that the Governor's recommendation included using the interest obtained from repayments into the Partnership Grant Program of \$214,068 as state matching funds for the HCBS/FE waiver in FY 2008. The Budget Committee expressed concern that the use of this funding in areas other than the

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Partnership Grant Program limits the agency's ability to innovate. The House Committee recommended that in the future the interest remain in the program for use as grants and recommended a review at Omnibus of the use of these funds in FY 2008.

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

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

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

The Committee reviewed this item and took no action.

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

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

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

Agency	Population Served	Services Provided	Estimated Cost	
			All Funds	State General Fund
SRS	Waivers*	Preventative Services		
		Restorative Services		
		<i>TOTAL</i>	\$5,000,000	\$2,000,000
\$500 annual per person limit				
* Waivers include physically disabled, developmentally disabled, and traumatic brain injury				
Aging	FE Waiver	Preventative Services	\$1,896,500	\$750,824
		Dentures	1,422,000	562,970
		<i>TOTAL</i>	\$3,318,500	\$1,313,794
\$483,793, people \$500 annual services				
\$948 people, \$1,500 limit				
KHPA	Medicaid Adults	Preventative Services	\$4,921,000	\$1,968,500
		Restorative Services	3,866,000	1,546,500
		<i>TOTAL</i>	\$8,787,000	\$3,515,000

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Preventative services include exams, x-rays, teeth cleaning, and fluoride application.

Restorative services include fillings, extractions, root canals, crowns, periodontal services, orthodontia, dentures, and oral surgeries.

Funds included for the Department on Aging and KHPA are in budget enhancements for FY 2008. The FY 2008 *Governor's Budget Report* and **HB 2368** include funding for the Department on Aging enhancement.

The Committee reviewed this item and took no action.

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

The Department indicated that the Secretary met on April 4th with the State Dental Officer, the executive director of the Kansas Dental Association (KDA), and a representative from the Kansas Health Policy Authority (KHPA) and others. The group considered a recent report that studied the impact of the recent move from managed care to a fee-for-service system for Medicaid and State Children's Health Insurance Program (SCHIP) dental services. Because of this system change, according to the representative of the KHPA, dentists are being reimbursed faster and as a consequence, more dentists are participating in these programs. KHPA will make another concerted effort this fall to enroll additional dentists in the Medicaid program.

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

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

The Committee reviewed this item and took no action.

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

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

The Committee reviewed this item and concurred to authorize \$570,000 in expenditures from the State Licensure Fee Fund in FY 2008 that was created in 2007 HB 2535 and directs adult care home licensure fees be deposited into a new fund instead of the State General Fund. The Committee also added \$285,000 for FY 2007.

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

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

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

The Committee reviewed and concurred with this item.

Board of Healing Arts

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

The Committee reviewed this item and took no action.

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

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

The Committee reviewed this item and took no action.

State Library

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

The agency states that, if this particular amount was appropriated, it could initiate and provide a courier service for approximately 60 public libraries including academic libraries. The agency's original

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request for \$250,000, which would be matched by the Kansas library community to allow \$500,000 for the service, was to serve 120 libraries and academic libraries. The agency states that there are 326 public libraries in Kansas, not including academic libraries.

The Committee reviewed this item and concurred to add \$125,000 from the State General Fund in FY 2008 to create an Interlibrary Loan Delivery Service.

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

The Committee reviewed this item and concurred to add \$70,937 from the State General Fund in FY 2008 for the State Data Center information coordination and promotion enhancement.

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

The Committee reviewed this item and took no action.

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

The Committee reviewed this item and took no action.

E. Talking Books Service Promotion (House Committee). The House Committee deleted \$50,000, that the Governor recommended, all from the State General Fund, for the Talking Books service promotion in FY 2008 for review at Omnibus. The Conference Committee on **HB 2368** recommended the addition of \$76,500, all from the State General Fund, to provide for the promotion. This is the amount that the agency originally requested. The agency states that this program provides services to more than 7,000 Kansans who are unable to use standard print due to physical impairments, including vision loss, paralysis, or reading disabilities.

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

The Committee reviewed this item and took no action.

Kansas Arts Commission

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

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

The Committee reviewed this item and took no action.

State Historical Society

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

The Committee reviewed this item and requested additional information.

The Committee revisited this item and Staff responded with the information regarding where the programs are located within the Kansas Humanities Council.

Senator Kelly moved, with a second by Senator Teichman, to fund the Prime Time Family Reading Program in the amount of \$50,000 from the State General Fund in FY 2008. Motion carried on a voice vote.

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

The Committee reviewed this item and took no action.

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

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

The Committee reviewed this item and changed the funding source to the Statewide Maintenance and Disaster Relief Fund for the exterior restoration of the Goodnow House in Manhattan in FY 2008.

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

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grants.

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

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

The Committee reviewed this item and took no action.

Board of Nursing

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

The Board of Nursing provided the following information:

The Board of Nursing's current strategic plan states:

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

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

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

In 2005 and 2006, 143 and 197 respectively cases were referred to the Assistant Attorney General. There are currently 80 cases that are more than 90 days old. The present Assistant Attorney General is currently monitoring 74 cases from 2005 and 2006. Ten of these cases have been re-opened due to non-compliance. There are currently 11 cases from 2005 and 69 cases from 2006 that are active but have not received any action or hearing date. Nine cases in 2005 and 28 cases in 2006 are being worked and have been given a hearing date or are in negotiation for a diversion agreement or stipulation agreement.

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As of March 14, 2007, 11 cases had been referred to the Assistant Attorney General and five are pending and could be called to hearing and two are being monitored via a diversion agreement or stipulation. If there is not another Assistant Attorney General hired, it is expected that there will continue to be a backlog of cases with five and possibly six investigators. It is anticipated that if a Second Assistant Attorney General were hired the 80 cases from 2005 and 2006 will be worked and called to hearing, and by the end of FY 2009, new cases will be worked within 90 days after they are received by the Assistant Attorney General. This estimate is made with the expectation that there is not an increase in the number of cases referred to the Assistant Attorney General and there is no vacant Assistant Attorney General positions.

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

Fiscal Impact—Board of Nursing

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

The Committee reviewed and concurred to add \$67,787 and 1.0 FTE position for an additional Assistant Attorney General position and \$65,095 and 1.0 FTE position for an additional investigator position all from special revenue funds in FY 2008 and FY 2009.

Emergency Medical Services Board

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

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

The Committee reviewed this item and took no action and authorized the new fund be appropriated as a no limit fund. It was added, provided, that, if an agency or entity agrees to receive grant money from the EMS revolving fund, the agency or entity shall enter into a grant agreement requiring such agency to submit a written report to the Emergency Medical Services Board detailing and accounting for all expenditures and receipts related to the use of the moneys received from the EMS revolving fund: provided further, that the Emergency Medical Services Board shall prepare a written report specifying and accounting for all moneys allocated to and expended from the EMS revolving fund: and provided further, that such report shall be submitted to the House of Representatives Committee on Appropriations and the Senate Committee on Ways and means on or before February 1, 2008.

Board of Pharmacy

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

The Committee reviewed this item and took no action.

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

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

*The Committee reviewed this item and concurred to add \$140,223 from special revenue funds for 2.0 additional FTE positions subject to passage of 2007 **Substitute for SB 11** which enacts the Foundations of Health Reform Act of 2007.*

Insurance Department

A. SB 351 – Kansas Administrative Procedure Act Hearings (Conference Committee).

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

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

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

*The Committee reviewed this item and concurred to add \$250,000 from special revenue funds and 2.0 FTE positions in FY 2008 subject to the passage of 2007 **SB 351**.*

Department of Labor

A. Investigator/Auditor Positions (House Committee). The House Committee recommended that the request for two investigator/auditor positions for the Department of Labor Unemployment Insurance Program in FY 2007 and FY 2008 be deleted and considered during Omnibus. The agency requested \$226,876 for four investigator/auditor positions in FY 2008 in response to the enactment of **2006 HB 2772** and the resulting increase in reported cases of misclassification of workers. The Governor recommended \$113,438, all from the State General Fund, for two positions in FY 2007. The Governor also recommended \$107,438, all from the State General Fund, to continue the two positions in FY 2008. The decrease between

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FY 2007 and FY 2008 is the result of one-time information technology costs for the two positions. The agency stated that the two positions will be reclassified from existing positions and thus, no new FTE positions were requested. The agency reports that currently there is a 0.5 FTE position dedicated solely to the investigation of misclassification of workers and that to conduct proper investigations, auditors must be diverted from other responsibilities. The House subsequently added funding for the two positions in FY 2007 and FY 2008 from special revenue funds. The Conference Committee on **HB 2368** concurred with the use of special revenue funding for the positions.

This was a Conference Committee item and the Committee took no action.

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

This was a Conference Committee item and the Committee took no action.

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

The Committee reviewed and concurred with this item.

Commission on Veterans Affairs

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

Copies of the Kansas Commission on Veterans' Affairs Recommended Enhancements for SFY 2008 were distributed to the Committee (Attachment 48).

The Committee reviewed this item.

Senator Teichman moved, with a second by Senator Kelly, to add \$324,000 from the State General Fund in FY 2008 to fund the agency's enhancement requests as prioritized by the agency and approval of the Division of the Budget. Motion carried on a voice vote.

B. Federal Funds Replacement (Senate Committee). The Senate Committee recommended the review of the addition of \$42,446, all from the State General Fund, to fund a portion of the FY 2008 pay plan, instead of federal funds. During the budget submission process, federal funds in the veterans cemetery program were apportioned for the Governor's FY 2008 pay plan. However, the agency believes the federal

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funding cannot be used for this purpose. The agency requested that the \$42,446 from the federal funds be retained by the agency for operating expenditures that have already been budgeted for other projects and that funding for this portion of the Legislature's pay plan consist of State General Fund money. Pay plan funding was deleted from individual agency budgets pursuant to the approved FY 2008 pay plan.

The Committee reviewed this item and took no action.

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

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

The Committee reviewed this item and concurred to add \$1,004 from the State General Fund in FY 2008 to fund criminal history checks for existing agency employees and candidates for employment in accordance with the provisions in 2007 Substitute for HB 2067.

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

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

The Committee reviewed this item and concurred to add \$1,710 from the State General Fund to fund the development of rules and regulations by the Veterans' Claim Assistance Program Board of Directors in accordance with the provisions of 2007 House Substitute for SB 144.

Department of Health and Environment - Health

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

The Committee reviewed this item and took no action.

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B. Kansas Mentors Program (Senate Committee and House Committee). The Senate Committee recommended Omnibus consideration of \$250,000, all from the State General Fund, and 2.0 FTE positions for the Kansas Mentors Program. This item would increase state funding for the program to \$500,000 from the State General Fund in FY 2008. This program supports mentoring programs which select and train adults to serve as positive role models to school-aged children. Expenditures would include background checks for mentors conducted by the Kansas Bureau of Investigation, salary and wage expenditures for a Director and Administrative Assistant, grants to mentoring organizations, and technical assistance and training.

The Committee reviewed this item and added \$125,000 from the State General Fund in FY 2008.

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

The Committee reviewed this item and took no action.

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

Copies of information from the Kansas Association for the Medically Underserved from Karla Finnell, Director, concerning their 2007 Appropriation Request were distributed to the Committee (Attachment 49).

The Committee reviewed this item and concurred to add \$2.5 million in FY 2008 from the State General Fund for the Community Based Primary Health Care Clinics.

The Committee revisited this item and concurred to reduce the amount of \$2,500,000 by \$500,000 from the State General Fund and fund \$2,000,000 from the State General Fund in FY 2008 to fund the Community Based Primary Health Care Clinics to grow medical capacity, create dental hubs and support a health care provider recruitment program.

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

The Committee reviewed this item. This item was considered under Item L.

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

The Committee reviewed this item and took no action.

G. Community Based Primary Care Position (House Committee). The House Committee

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

The Committee reviewed this item and took no action.

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

The Committee reviewed this item and took no action.

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

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

Senator V. Schmidt moved, with a second by Senator Wysong to add \$30,000 from the State General Fund in FY 2008 for a one-time programming change to the Vital Statistics database for the implementation of 2007 SB 51. Motion carried on a voice vote.

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

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

The Committee reviewed this item and took no action.

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

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

The Committee reviewed this item and took no action.

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

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

The Committee reviewed this item and concurred to add \$108,289 from the State General Fund and 1.0 FTE position to implement the Safety Net Capital Loan Guarantee Act portion of 2007 Substitute for SB 11 in FY 2008 contingent on passage of the bill.

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

The Committee reviewed this item and adopted the GBA.

NEW ITEM – Lodging Establishment Inspections

Copies of information regarding the Bureau of Consumer Health, Food Protection and Consumer Safety, Kansas Department of Health and Environment concerning lodging, sanitation issues, etc., were distributed to the Committee (Attachment 50).

The Committee reviewed this item and took no action.

Department of Health and Environment - Environment

A. SB 190 – Underground Petroleum Storage Tanks (Law). SB 190 requires operators of underground storage tanks to complete training commensurate with their responsibilities for operation of the tanks. The bill permits funds in the Underground Petroleum Storage Tank Release Trust Fund to be used for administrative, technical and legal costs; for additional enforcement; and reporting and operator training as required by the federal Energy Policy Act of 2005.

The fiscal note indicates that the bill would increase expenditures from the Underground Storage Tank Release Trust Fund by \$538,643, and would require an additional 4.0 FTE positions, including 3.0 Environmental Technician positions and 1.0 Environmental Scientist I position in FY 2008. The agency reports that any additional staffing requirements for the bill could be managed within existing position limitations.

The Committee reviewed this item and added \$586,643 from the Underground Storage Tank Release Trust Fund and no FTE's.

B. HB 2526 – Mercury Deposition (Governor). HB 2526 would require the Secretary of Health and Environment to establish a statewide network to measure mercury deposition in the state. The network would contain at least six sites where samples and related data would be collected on a weekly basis. The Secretary would be required to contract with a laboratory to analyze the samples and provide reports to the Secretary. Once analyzed, the data would be reported to the public through a website and via a national database designated by the Secretary.

The fiscal note on the bill indicates additional expenditures of \$228,205 from the Air Quality Fee Fund

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and the addition of 1.0 FTE position. The FTE position would be for an Environmental Technician III. The agency would need to develop three new monitoring sites and purchase equipment for the three existing sites. In addition, the six sites would require monitoring by the agency.

The Committee reviewed this item and added \$228,205 from the Air Quality Fee Fund and 1.0 FTE position..

C. GBA No. 2, Item 15, Page 13—Laboratory Security Contract Transfer.

The Committee reviewed this item and adopted the GBA.

Adjutant General

A. Civil Air Patrol (Senate Committee and House Committee). The House Committee recommended Omnibus consideration of \$2,500 in FY 2008, all from the State General Fund, for the Civil Air Patrol. The Senate Committee recommended Omnibus consideration of \$1,100 in FY 2007 and \$2,060 in FY 2008, all from the State General Fund, for the Civil Air Patrol. Funding of \$1,500 in FY 2007 and \$2,500 in FY 2008, all from the State General Fund, was requested by the agency to cover inflation for the program's administrative costs, including \$400 in FY 2007 and \$440 in FY 2008, for the longevity payment for the part-time Administrative Assistant. The Senate Committee recommended the funding of for the longevity payment, which was included in **HB 2368**.

The Committee reviewed this item and took no action.

The Committee revisited and discussed this item.

Senator Teichman moved, with a second by Senator Kelly, to add \$500 in FY 2007 from the State General Fund and add \$2,060 in FY 2008 from the State General Fund for the Civil Air Patrol. Motion carried on a voice vote.

B. Disaster Relief Funding (Senate Committee and House Committee) and GBA No. 2, Item 23, Page 18—Disaster Relief. The Senate and House Committees recommended Omnibus consideration of disaster relief funding for FY 2007 and FY 2008. Funding of \$20,876,323, including \$2,456,038 from the State Emergency Fund, for FY 2007 was included in **HB 2368** to meet the state's obligation for public assistance for nine federally declared disasters. Funding for FY 2008 approved in **HB 2368** totaled \$16,400,000, including \$2,000,000 from the State General Fund. Preliminary estimates for the Western Kansas winter storm indicate that federal disaster relief funding may be increased to 90 percent, leaving 10 percent for the non-federal match. The following table summarizes the current estimate of disaster funding for the storm.

Estimated State Matching Funds for Disasters in Kansas			
Nonfederal portion calculated at 25 percent for all disasters			
	State General Fund	Federal Funds	All Funds
FY 2007	\$8,357,240	\$62,319,996	\$70,677,236
FY 2008	11,627,346	87,205,095	98,832,441
Nonfederal portion for Western Kansas Winter Storm calculated at 10 percent, all others calculated at 25 percent			
	State General Fund	Federal Funds	All Funds
FY 2007	\$3,342,896	\$74,783,998	\$78,126,894
FY 2008	6,491,432	100,044,881	106,536,313

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HB 2368 includes \$80.0 million, all from the State General Fund, in the Statewide Maintenance and Disaster Relief Fund with a \$0 limitation in FY 2008 and FY 2009, which the Conference Committee on **HB 2368** recommended for Omnibus review.

The Committee reviewed this item and added \$8,357,240 in FY 2007 and \$9,627,346 in FY 2008 from the Statewide Maintenance and Disaster Relief Fund.

C. Homeland Security Regional Coordinators (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of the shift of \$264,509 from federal funds to the State General Fund for the Homeland Security Regional Coordinators in FY 2008. The mission of the seven regional coordinators is to assist local officials in coordinating homeland security preparedness and serving as a liaison linking activities at local, regional, state, and federal levels. The funding shift was recommended by the Governor due to declining federal Homeland Security funds.

The Committee reviewed this item and took no action.

D. Attorney Position (House Committee). The House Committee recommended Omnibus consideration of \$64,079, all from the State General Fund, and 1.0 FTE position for a full-time attorney in the Judge Advocate General's Office in FY 2008. The agency reports that the work load has substantially increased since September 11, 2001, and that additional legal issues have surfaced following Hurricane Katrina in 2005.

The Committee reviewed this item and took no action.

E. Monumental Building Surcharge (House Committee). The House Committee recommended Omnibus consideration of \$58,035, all from the State General Fund for the Monumental Building Surcharge on the Kansas National Guard Recruiting Office and space for the Division of Emergency Management Vulnerability Assessment Team in FY 2008. The Monumental Building Surcharge is a maintenance surcharge on all agencies that lease space in private or state owned buildings in Shawnee County. When the fee was first assessed in FY 2005, the agency did not lease space in Shawnee County. The agency reports that the lease for the Vulnerability Assessment Team has recently been terminated, which accounted for \$48,180 of the surcharge. The surcharge on the recruiting office is \$9,855. The office is solely federally funded. However, the surcharge cannot be paid with federal funds. The agency reports that reductions in other areas of the budget need to be made to meet this payment.

The Committee reviewed this item and concurred to add \$9,855 from the State General Fund in FY 2008 for the Monumental Building Surcharge on the Kansas National Guard Recruiting Office.

F. HB 2152 – Commission on Emergency Planning and Response (Law). HB 2152 expands the membership of the Commission on Emergency Planning and Response to 25 members.

The fiscal note indicates that the bill will increase agency expenditures by \$10,240, all from federal funds, for reimbursement for the additional members in FY 2008.

The Committee reviewed this item and added \$10,240 from federal funds..

G. HB 2068 – Adjutant General Law Enforcement Officers (Law). **HB 2068** would allow the Adjutant General to appoint security and law enforcement officers to protect all National Guard property and equipment, and for the protection of persons and property associated with the National Guard.

The fiscal note indicates that the Adjutant General would change the job title of security guards, which would require a pay increase for 19.0 positions. The increase is estimated to total \$57,386, all from federal funds in FY 2008.

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The Committee reviewed this item and added \$57,386 from federal funds.

H. GBA No. 2, Item 24, Page 18—Training Centers Bonding Authority.

The Committee reviewed this item and they were concerned that no mention of this item was made until this meeting. The Committee requested additional information from the Adjutant General's Department.

Regional Training Centers - Kansas Adjutant General's Department.

Chairman Umbarger welcomed Major General Tod Bunting, Adjutant General's Department, on Thursday, April 19, 2007, during the Committee's working lunch hour (Attachment 51). Major General Bunting addressed the regional training facilities that facilitate public safety. He noted that the change in mobilization policy necessitates an immediate need.

The training possibilities and the geographic location concept of the regional training centers (proposed one training center in each quadrant of the State) were discussed. Major General Bunting explained the Joint Training Space - operational distance around Salina, Ft. Riley, Smoky Hill and Bison. There are 4 million acres of controlled air space in Kansas where they could fly and on the ground, 36,000 acres.

In closing, Major General Bunting mentioned that the expectations of the citizens in the communities, state and nation have changed since September 11, 2001. Kansans expect their public safety professionals to function as a cohesive team. Copies of the Kansas Regional Training Centers Proposed Concept were also distributed and are available in the Adjutant General's Department, State Defense Building.

The Chairman recognized Duane Goossen, State Budget Director and Secretary of Administration, who discussed bonding and the debt service and provided information from the Kansas Development Finance Authority regarding Debt Service Schedule (Attachment 52).

Senator Steineger moved that a summer study be made on this proposal, but he withdrew his motion.

Senator Teichman moved, with a second by Senator Kelly, to support the proposal and GBA No. 2, Item 24, with reports to be made yearly to the House Committee on Appropriations and the Senate Committee on Ways and Means.

Senator McGinn made a substitute motion, with a second by Senator Steineger, to adopt in part GBA No. 2, Item 24 and authorize \$12.6 million bonding authority to finish the Great Plains Regional Training Center in Salina, develop one additional site with location to be determined by the agency (assuming the land is donated), and that yearly reports be made to the House Committee on Appropriations and the Senate Committee on Ways and Means. Motion carried on a voice vote.

I. GBA No. 2, Item 25, Page 19—Incident Management Team.

The Committee reviewed and adopted the GBA..

NEW ITEM – Hazard Mitigation Grant Program 1

Copies of information regarding the Hazard Mitigation Grant Program 1 were distributed to the Committee (Attachment 53).

The Committee reviewed this item but took no action.

State Fire Marshal

A. Investigator Salaries (Senate Committee). The Senate Committee recommended Omnibus consideration of \$17,472 in FY 2007 and \$56,303 in FY 2008, all from the Fire Marshal Fee Fund, for a five percent increase in investigator salaries. The agency reports that investigators are part of a collective

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bargaining unit which began new negotiations during FY 2006. An agreement was reached with the Department of Administration regarding the salary increases. The salary increases began in December 2006.

The Committee reviewed this item and concurred to add \$56,303 from the Fire Marshal Fee Fund in FY 2008 for a five percent increase in investigator salaries and added \$17,472 in FY 2007.

B. HB 2475 – Kansas Fireworks Act (Law). HB 2475 establishes the Kansas Fireworks Act, administered by the State Fire Marshal. The bill requires any person who intends to sell, offer for sale, possess with intent to sell, any consumer fireworks, display fireworks, or articles pyrotechnic or discharge, use, display fireworks or articles pyrotechnic to first obtain the appropriate license from the State Fire Marshal.

The fiscal note on the bill indicates that the Act would generate an additional \$36,700 in revenue to the Fire Marshal Fee Fund from the sale of licenses and permits, and create additional expenditures of \$4,000, all from the Fire Marshal Fee Fund, in FY 2008 for office supplies and a vehicle to conduct inspections.

The Committee reviewed this item and added \$4,000 from the Fire Marshal Fee Fund in FY 2008 for office supplies and travel for the implementation of the Kansas Fireworks Act as contained in 2007 HB 2475.

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

The bill would establish a two-tiered informal dispute resolution process for deficiencies cited in a medical care facility, adult care home, assisted living facility, or special hospital by an officer of the State Fire Marshal during an inspection for compliance with federal law pursuant to oversight by the Centers for Medicaid and Medicare Services.

The State Fire Marshal estimates additional expenditures of \$142,773, all from the Fire Marshal Fee Fund, and 2.0 FTE positions to implement the bill in FY 2008. Expenditures would include \$89,047 for the salaries and benefits of 1.0 new Public Service Executive I and 1.0 Administrative Specialist. The amount also includes \$53,726 for travel and subsistence in connection with the new positions, court reporting services, and other expenses related to holding the independent review panel.

The Committee reviewed this item and added \$142,773 and 2.0 FTE positions.

D. GBA No. 2, Item 14, Page 12—Youth Programs Division Transfer.

The Committee reviewed and adopted the GBA.

Highway Patrol

A. Capitol Complex Security (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of \$66,000, all from the State General Fund, and 2.0 FTE positions for monitoring surveillance equipment in the Capitol Complex, Forbes Field, and Cedar Crest in FY 2008. The agency upgraded the security system in the Capitol Complex and Cedar Crest, including the addition of 83 cameras. When the Statehouse renovation is complete, approximately 200 cameras will be part of the system.

The Committee reviewed this item and took no action.

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B. Kansas Criminal Justice Information System (Senate Committee and House Committee).

The Senate and House Committees recommended Omnibus consideration of \$103,910, all from the State General Fund, and 2.0 FTE positions for technical audits for the Kansas Criminal Justice Information System in FY 2008. These audits are required to comply with federal guidelines.

The Committee reviewed this item and added \$103,910 from the State General Fund and 2.0 FTE positions.

C. Homeland Security Funding (Senate Committee).

The Senate Committee recommended Omnibus consideration of the shift of \$232,000 from federal Homeland Security funds to the State General Fund for salaries of 4.0 Homeland Security Program positions in FY 2008. The funding shift was recommended due to decreasing federal funds.

The Committee reviewed this item and took no action.

D. Digital Video Cameras (House Committee).

The House Committee recommended Omnibus consideration of \$825,000, all from the Kansas Highway Patrol Operations Fund, for digital video cameras in the trooper patrol cars in FY 2008. This funding was approved by the Legislature in **HB 2368**.

The Committee reviewed this item and took no action.

E. GBA No. 2, Item 1, Page 2—Simplex Fire Safety Contract.

The Committee reviewed and adopted the GBA.

F. GBA No. 2, Item 15, Page 13—Kansas Department of Health and Environment, Laboratory Security Contract Transfer.

The Committee reviewed and adopted the GBA.

G. GBA No. 2, Item 26, Page 19—Operating Expenditure Correction.

This was a technical correction and adopted the GBA.

H. GBA No. 2, Item 27, Page 20—Uniform Carrier Registration.

The Committee reviewed this item and adopted the GBA.

Kansas Bureau of Investigation

A. Kansas Criminal Justice Information System (Senate Committee and House Committee).

The Senate and House Committees recommended Omnibus consideration of \$148,750, all from the State General Fund, for the Kansas Criminal Justice Information System in FY 2008. The agency requested \$297,500, all from the State General Fund, including \$196,000 for software maintenance and \$101,500 for two employees to provide technical support and training to law enforcement agencies who submit crime incident reports electronically to the KBI. The Legislature approved \$148,750, all from the State General Fund, for the project in **HB 2368** and recommended that the remaining funding be considered during Omnibus.

Copies of a letter addressed to Senator Dwayne Umbarger from Kyle Smith, Kansas Bureau of Investigation, regarding the Omnibus bill, KCJIS funding, were distributed to the Committee (Attachment 54).

Senator Teichman moved, with a second by Senator V. Schmidt, to add \$148,750 from the State General Fund in FY 2008 for KCJIS. Motion carried on a voice vote.

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B. DNA Analysis (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of \$237,418, all from the State General Fund, to expand DNA analysis. The 2006 Legislature passed legislation increasing the number of DNA samples required to be analyzed by the agency's laboratory. The agency requested \$474,835 for this item. The Legislature approved \$237,418, all from the State General Fund, in FY 2008 for DNA analysis in **HB 2368**, and recommended that the remaining \$237,418 be considered during Omnibus.

The Committee reviewed this item and added \$237,418 from the State General Fund in FY 2008 for DNA Analysis.

C. Southeast Kansas Drug Enforcement Task Force (House Committee). The House Committee recommended Omnibus consideration of \$332,500, all from the State General Fund, for the Southeast Kansas Drug Enforcement Task Force in FY 2008. This funding was approved by the Legislature in 2007 **HB 2368**.

The Committee reviewed this item and took no action.

D. Land Purchase (House Committee). The House Committee recommended Omnibus consideration of \$184,590, all from the State General Fund, to purchase property north of the Topeka Headquarters building in FY 2008. The remainder of the block containing the Headquarters building includes vacant lots and residential property with a total tax valuation of \$124,590. The agency's long term strategy is to purchase the remaining parcels on the block, so that property will be available to build a new forensic laboratory in the future. The Legislature approved funding of \$124,000, all from the State General Fund, for this item in **HB 2368**.

The Committee reviewed this item and took no action.

E. Law Enforcement Commissioned Employees Salaries (Senate Committee). The Senate Committee recommended Omnibus consideration of \$472,933, including \$450,432 from the State General Fund, for a 7.5 percent salary increase for law enforcement commissioned personnel in FY 2008. Kansas Bureau of Investigation agents are represented by the Law Enforcement Unit (LEU) of the Kansas Association of Public Employees. The LEU and the Division of Personnel Services reached a compensation agreement that provided that the KBI submit an enhancement request in the FY 2008 budget for a 7.5 percent salary increase for commissioned employees of the KBI.

The Committee reviewed this item and took no action.

F. Senior Forensic Scientists and Forensic Supervisors Compensation (Senate Committee). The Senate Committee recommended Omnibus consideration of \$169,535, including \$155,217 from the State General Fund, for a 7.5 percent salary increase for senior forensic scientist and forensic scientist supervisors in FY 2008. The agency provides forensic science services to local and state law enforcement agencies. The agency reports that providing competitive salaries to its scientists is necessary to recruit and retain scientists in these positions.

The Committee reviewed this item and took no action.

G. Information Technology Staffing (Senate Committee). The Senate Committee recommended Omnibus consideration of \$239,250, all from the State General Fund, and 2.0 FTE positions in FY 2008 for two additional information technology support personnel. The agency reports that additional information technology resources are necessary to implement the DNA legislation passed by the 2006 Legislature and that the loss of federal funding has resulted in the need of increased state support for information technology.

The Committee reviewed this item and took no action.

H. Special Agent Positions (Senate Committee). The Senate Committee recommended Omnibus

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consideration of \$1,199,000, all from the State General Fund, to fill eleven vacant special agent positions in FY 2008. The agency reports that these vacancies represent 13 percent of the KBI agent workforce. As of December 31, 2006, 17 percent of the current special agents were retirement eligible along with 44 percent of the agent supervisors. The cost to hire and equip one agent totals \$109,000.

The Committee reviewed this item and took no action.

I. Information Technology Hardware (Senate Committee). The Senate Committee recommended Omnibus consideration of \$90,000, all from the State General Fund, in FY 2008 to replace agency information technology hardware. The agency reports that this funding is requested to be included in the base budget in order to initiate a program to replace and maintain all desktop personal computers and network infrastructure components to version levels that minimally meet Kansas information technology standards.

The Committee reviewed this item and took no action.

J. Investigation Equipment (Senate Committee). The Senate Committee recommended Omnibus consideration of \$318,250, all from the State General Fund, in FY 2008 to begin systemically replacing the inventory of agency investigative and safety equipment. This funding is requested to be included in the base budget in subsequent fiscal years. According to the agency, the FY 2008 funding would be used primarily to replace outdated body armor used by the majority of the agents.

The Committee reviewed this item and took no action.

K. Laboratory Instrumentation (Senate Committee). The Senate Committee recommended Omnibus consideration of \$505,000, all from the State General Fund, in FY 2008 to replace forensic laboratory equipment. The agency requests \$515,605 for FY 2009 and \$526,433 in FY 2010 to systemically update this equipment.

The Committee reviewed this item and took no action.

L. Secured Parking Garage (Senate Committee). The Senate Committee recommended Omnibus consideration of \$60,000, all from the State General Fund, in FY 2008 for an architectural study for a secured parking garage and storage. The agency reports that it currently leases storage, off site, for specialized KBI vehicles, seized vehicles, investigative equipment and evidence. The agency's long-term plan includes the construction of a new forensic laboratory in the next five to ten years, with the parking garage possibly serving as the foundation for the new facility.

The Committee reviewed this item and took no action.

M. Topeka Headquarters Rehabilitation and Repair (Senate Committee). The Senate Committee recommended Omnibus consideration of \$123,350, all from the State General Fund, in FY 2008 for rehabilitation and repair at the Topeka Headquarters building. Requested items include: ventilate the sub-basement; carpet, tile, exterior door, window caulking, window, and laboratory fume hood replacement; electrical upgrades; additional outside lighting; roof repairs; upgrade HALON fire suppression protection system; enhance security systems; and upgrade heating and cooling systems.

Senator Teichman moved, with a second by Senator Kelly, to fund the \$123,350 from the Statewide Maintenance and Disaster Relief Fund in FY 2008 for rehabilitation and repair at the Topeka Headquarters building. Motion carried on a voice vote.

N. Great Bend Rehabilitation and Repair (Senate Committee). The Senate Committee recommended Omnibus consideration of \$29,517, all from the State General Fund, in FY 2008 for rehabilitation and repair for the Great Bend facility. Requested items include: parking lot paving; replacement of humidifiers, carpet, wallpaper or paint, linoleum, exterior doors, and lawn sprinkler system water valves; purchase of a backup emergency generator system; roof repairs; and addition of exterior security lighting.

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Senator Teichman moved, with a second by Senator Kelly, to fund the \$29,517 from the Statewide Maintenance and Disaster Relief Fund in FY 2008 for rehabilitation and repair at the Great Bend facility. Motion carried on a voice vote.

Kansas Commission on Peace Officers' Standards and Training

A. Funds Transfer from the University of Kansas (Technical Adjustment). The Legislature appropriated funding of \$715,516, all from special revenue funds, in 2007 **HB 2368** for the Kansas Commission on Peace Officers' Standards and Training. Previously, funds for the Commission were maintained by the University of Kansas. At the end of FY 2007, any remaining Commission funds need to be transferred from the University of Kansas to the Commission.

This was a technical adjustment and the Committee concurred with this item.

Kansas Department of Transportation

A. Federal Grant for 800 MHZ Project (Senate Committee). The Senate Committee requested additional information on the Public Safety Interoperable Communications (PSIC) federal grant for the 800 MHZ interoperable project. The agency reports that it is working with the Kansas Highway Patrol as well as the Adjutant General's Department regarding the grant. The guidelines for this grant are still being developed by the federal government and will not be released until July, 2007.

The agency reports that, at this time, it is unknown how much money may be awarded to the state through this grant. In addition, the Department of Transportation notes that the grant is intended for public safety agencies, which would not include KDOT.

The Committee reviewed this item and took no action.

B. SB 108 – Deputy Todd Widman Memorial Highway (Law). **SB 108** designates a portion of US Highway 73 as the Deputy Todd Widman Memorial Highway Last Call 3-1-2000.

The fiscal note indicates that the bill increases agency expenditures by \$2,240 to place the signs. The signs will not be placed until the agency receives sufficient gifts and donations, or \$3,360, to cover the cost of placing the signs and an additional 50.0 percent of that amount to cover future sign maintenance or replacement.

The Committee reviewed this item and added \$2,240 from the State Highway Fund.

C. HB 2041 – 95th Division, the Iron Men of Metz Highway (Law). **HB 2041** renames portions of US Highway 24, US Highway 59, and K-92 Highway as the 95th Division, the Iron Men of Metz Highway.

The fiscal note indicates that the bill increases agency expenditures by \$3,500 to place the signs. The signs will not be placed until the agency receives sufficient gifts and donations, or \$5,250, to cover the cost of placing the signs and an additional 50.0 percent of that amount to cover future sign maintenance or replacement.

The Committee reviewed this item and added \$3,500 from the State Highway Fund.

D. SB 8 – Traffic Records Enhancement Fund (Governor). **SB 8**, as agreed to by the Conference Committee, creates the Traffic Records Enhancement Fund in the Department of Transportation to enhance and upgrade the traffic records systems in the state. Expenditure authority needs to be granted for the agency to expend any moneys in the fund.

The Committee reviewed this item and added a no limit expenditure authority for the fund.

State Bank Commissioner

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A. Additional Consumer and Mortgage Lending Examiners (House Committee). The House Committee recommended that 2.0 FTE positions and \$78,333, all from special revenue funds, be deleted in FY 2009 and reviewed during Omnibus. The Senate Committee did not recommend these deletions. During the Conference Committee on **HB 2368**, the Committee restored the 2.0 FTE positions and the funding.

The 2.0 FTE positions are part of the Office of the State Bank Commissioner's strategic growth plan. The FTE positions will be used for Financial Examiners in the Consumer & Mortgage Lending Division. According to the agency, the division has undergone systematic growth and the new FTE positions allow for adequate training of new personnel prior to deployment into the regulation and examination function.

This item was taken care of during Conference Committee.

Department of Corrections

A. Additional Corrections Counselor Positions. (Senate Committee and House Committee). The Senate and House Committees deleted \$333,947, all from the State General Fund, and 7.0 FTE positions in FY 2008, for additional corrections counselor positions and recommended further consideration at Omnibus. Corrections counselors perform case management duties at the facilities throughout the state. The positions would be allocated among the state correctional facilities at the discretion of the Secretary of the Department of Corrections.

The Committee reviewed this item and took no action.

B. Parole Officer Positions (Senate Committee and House Committee). The Senate and House Committees deleted \$237,000, all from the State General Fund, in FY 2008 to fill 5.0 parole positions and recommended further consideration at Omnibus. According to the agency, specialized training, supervision, and caseloads have been addressed for the mentally ill within re-entry efforts but the Northern Parole Region, where there is a high risk violent offender and gang population, has not yet been addressed. The positions would be placed throughout the state and would be utilized to reduce the increasing caseloads in order to better focus supervision on high risk offenders living in the community. The agency anticipates these populations will require increased supervision time and efforts coordinated with local law enforcement. As of June 30, 2006, the parole services section was supervising 5,519 offenders. This represents a population increase of 469 offenders since June 30, 2005. As of March 2007, that number has continued to increase to a total of 5,640. As of June 30, 2006, 97 parole officers were carrying a caseload and supervising an average of 57 offenders.

The Committee reviewed this item and took no action.

C. Adult Intensive Supervision (Senate Committee). The Senate Committee recommended review of the Department of Corrections request for \$2,217,207, all from the State General Fund, in FY 2008 for adult intensive supervision funding. This funding was not recommended by the Governor. Funding would be directed toward personnel expenditures, increased travel costs, training and facility costs. In addition, some offender programming will be added or reinstated. The Department of Corrections identified the following areas for programming: substance abuse and mental health treatment and services; surveillance; enhanced or restored drug testing; absconder locator programs; job success programming; cognitive groups; resource coordinators; and a technical violators group. According to the Department of Corrections, nearly 85.0 percent of grant expenditures in community corrections are directed toward salaries and benefits for personnel. The percentage has gradually risen which has resulted in the reduction or elimination of programs and ancillary services at the local level.

The Committee reviewed this item and took no action.

D. House Substitute for SB 14 (Conference Committee). **House Substitute for SB 14** would enact a new grant program to be administered by the Department of Corrections to encourage community corrections programs to reduce revocation rates by at least 20.0 percent. Another major provision of the bill would provide for good-time credits of inmates to be raised from the current 15.0 percent to 20.0 percent. In addition, there would be program credits available to inmates for successful completion of certain

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programs, such as completion of a general education diploma, technical or vocational training, substance abuse treatment, or any other designated program. Eligible inmates would be able to earn 60 days of program-time credit on a one-time basis upon program completion. The bill also would allow for the Department to grant financial aid to counties to defray all or part of the expenses of Corrections Advisory Board members in carrying out official duties. Likewise, the Department would be required to award grants for community correction services. The original contents of **SB 14** were deleted and provisions of 2007 **HB 2141** and 2007 **HB 2142**, as well as other measures were inserted. The estimated fiscal impact of the bill is \$4,491,763, all from the State General Fund, and 7.0 FTE positions in FY 2008. Passage of the bill would require additional administrative expenditures for the grant program during the first year in the amount of \$491,763, all from the State General Fund, which includes \$360,520 for the 7.0 additional FTE positions. Also included in the estimate is \$19,393 for travel and subsistence expenditures; \$36,570 for ongoing operating costs of rent, telephone, and supplies; and \$75,280 for one-time computer equipment and technical support expenditures. The grants to community corrections agencies are subject to annual appropriations by the Legislature. However, it is estimated that the scope of the program would require approximately \$4.0 million in grants each year, all from the State General Fund. The 7.0 additional FTE positions would evaluate grant applications, submitted community corrections agency budgets, and the monthly and quarterly performance reports from the agencies.

Senator V. Schmidt moved, with a second by Senator McGinn, to fund the \$4.49 million in FY 2008 and add 7.0 FTE. Motion carried on a voice vote.

The Committee revisited this item and concurred by voice vote to add \$2,617,207 and 7.0 FTE positions in FY 2008 pending passage of 2007 House Substitute for SB 14.

E. Corrections Counselor Positions (Technical Adjustment). The Senate and House Committees recommended deleting \$333,947, all from the State General Fund, and 7.0 FTE corrections counselor positions in FY 2008 for further consideration at Omnibus. Due to a posting error, a technical adjustment is needed to correctly reflect the deletion of the 7.0 FTE positions.

This was a technical adjustment. The Committee reviewed and concurred with this item.

F. Funding Adjustment (Technical Adjustment). 2007 **HB 2368** includes the deletion of pay plan funding for redistribution by the State Finance Council as well as a deletion for a claim against the state. The claim should not have been deleted from this section of the bill. The amount in the Department of Corrections central administration operations and parole and post-release supervision operations needs to be adjusted to \$18,706,259 in order to accurately reflect the FY 2008 budget approved in **HB 2368**.

This was a technical adjustment. The Committee reviewed and concurred with this item.

G. Offender Management Information System (OMIS) (House Committee). The House Committee deleted \$916,799, all from the State General Fund, for the Offender Management Information System (OMIS) and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed not to delete the funding. The Department of Corrections plans to use \$450,000 in Justice, Equality, Human Dignity and Tolerance (JEHT) Foundation funds, \$900,000 from the State General Fund and \$450,000 from an undetermined source to finance the replacement of the program. Funding will enable the implementation of a new standards based system resulting in enhanced functionality and end user productivity.

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

H. Contract Bed Space (House and Senate Committees). The House Committee deleted \$430,883, all from the State General Fund, and the Senate Committee deleted \$1,292,647, all from the State General Fund, for contract bed space in FY 2008 and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed to delete \$1,292,647, all from the State General Fund, for the bed space contract. According to the agency, the funding is no longer necessary. The Conference Committee appropriated the deleted funds in following manner: \$160,573 to the Labette County male and female conservation camps and \$1,132,074 for reentry programs.

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

I. Offender Programming (Senate Committee). The Senate Committee deleted \$2,381,770, all from the State General Fund, for offender programming in FY 2008 and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed not to delete the funding.

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

J. GBA No. 2, Item 21, Page 17—Reappropriation Authority.

The Committee reviewed and adopted the GBA.

EI Dorado Correctional Facility

A. Salaries and Wages Shrinkage Rate (House Committee and Conference Committee). The House Committee deleted \$42,000, all from the State General Fund, in FY 2008, for a reduction in the salaries and wages shrinkage rate and recommended further consideration at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$100,691, all from the State General Fund, from the Kansas Department of Corrections' central office in order to reduce the salaries and wages shrinkage rate from 6.0 percent to 5.5 percent at the facility. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$48,000, all from the State General Fund. The Governor also recommended \$42,000, all from the State General Fund, in FY 2008 for this purpose.

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

Ellsworth Correctional Facility

A. Utilities Shortage and Salaries and Wages Shrinkage (House Committee and Conference Committee). The House Committee deleted \$150,000, all from the State General Fund, in FY 2008 for a reduction in the salaries and wages shrinkage rate and a utilities shortfall and recommended further consideration at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$362,776, all from the State General Fund, from the Kansas Department of Corrections' central office in order to reduce the salaries and wages shrinkage rate from 5.5 percent to 3.5 percent and fund a utilities shortfall of \$111,306. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$171,000, all from the State General Fund. The Governor also recommended \$150,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

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

Hutchinson Correctional Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$188,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further consideration at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$373,360, all from the State General Fund, from the Kansas Department of Corrections' central office in order to reduce the salaries and wages shrinkage rate from 6.0 percent to 5.5 percent. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$176,000, all from the State General Fund. The Governor also recommended \$188,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has

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experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

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

Lansing Correctional Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$209,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further consideration at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency transferred \$425,822, all from the State General Fund, from the Kansas Department of Corrections' central office in order to fund a utilities shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$200,000, all from the State General Fund. The Governor also recommended \$209,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

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

Larned Correctional Mental Health Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$25,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further consideration at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$60,269, all from the State General Fund, from the Kansas Department of Corrections' central office to fund a utilities shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$28,000, all from the State General Fund. The Governor also recommended \$25,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

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

Norton Correctional Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$42,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$101,477, all from the State General Fund, from the Kansas Department of Corrections' central office to fund a utilities shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$48,000, all from the State General Fund. The Governor also recommended \$42,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

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

Topeka Correctional Facility

A. Per Diem Rate Shortfall (House Committee and Conference Committee). The House Committee deleted \$12,000, all from the State General Fund, in FY 2008 for a shortfall in the per diem rate for housing federal inmates and a concurrent reduction in the number of federal inmates housed at Topeka

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Correctional Facility and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$195,210, all from the State General Fund, from the Kansas Department of Corrections' central office to fund a per diem rate shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$92,000, all from the State General Fund. The Governor also recommended \$12,000, all from the State General Fund, in FY 2008 for the same purpose.

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

Winfield Correctional Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$32,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$78,238, all from the State General Fund, from the Kansas Department of Corrections' central office to fund a utilities shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$37,000, all from the State General Fund. The Governor also recommended \$32,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

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

Sentencing Commission

A. Positions to Track Sexually Violent Predators (Senate Committee and House Committee). The Senate and House Committees deleted \$117,107, all from the State General Fund, and 2.0 FTE positions in FY 2008 to track sexually violent predators under **2006 HB 2576** and recommended further review at Omnibus. The duties of the Kansas Sentencing Commission were amended under **2006 HB 2576** to add a new responsibility to develop information relating to the number of offenders on post-release supervision and subject to electronic monitoring for the duration of the person's natural life and to determine the effect the mandatory sentencing established under the bill has on the number of offenders civilly committed to a treatment facility as a sexually violent predator. According to the agency, current staffing is available to assume this responsibility during FY 2008.

The Committee reviewed this item and took no action.

B. Substance Abuse Treatment Shortfall in Offender Reimbursement (House Committee). The House Committee deleted \$50,000, all from the State General Fund, recommended by the Governor for a shortfall in offender reimbursement for **2003 SB 123** Treatment and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed not to delete the funding.

The Committee reviewed this item and took no action.

C. Substance Abuse Treatment (House Committee). The House Committee deleted \$460,000, all from the State General Fund, for substance abuse treatment under **2003 SB 123** and recommended further review at Omnibus. The Conference Committee on **HB 2368** agreed not to delete the funding.

The Committee reviewed this item and took no action.

Real Estate Commission

A. Position Reclassification and Salary Enhancement (House Committee). The House Committee recommended the review of the addition of \$10,310, all from special revenue funds, to reclassify 2.0 FTE positions. The Real Estate Commission requested an enhancement of \$10,310, all from special

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revenue funds, to reclassify its Public Service Administrator II position to a Public Service Executive I position and its Senior Administrative Assistant position to an Administrative Specialist position in FY 2008. The reclassification of these positions was requested according to the agency due to the increased responsibilities and duties placed on these individuals.

This was a Conference Committee item.

B. Senate Substitute for HB 2295—Criminal History Background and Real Estate License Qualifications (Law). **Senate Substitute for HB 2295** would allow the Kansas Real Estate Commission to require a person applying for a new real estate license to be fingerprinted and to submit to a criminal history record check. The bill would require state law enforcement officers and agencies to assist the Commission in collecting and processing fingerprints. The Commission would be authorized to submit fingerprints to the Kansas Bureau of Investigation (KBI) and the Federal Bureau of Investigation (FBI) for the criminal history record check. The Commission would charge and collect in advance a fee of \$54 to conduct the fingerprinting and national record check. The agency expects to process 1,700 new applications for licenses in FY 2008. The agency indicates the costs associated with conducting the fingerprint and national record check to be \$91,800, all from special revenue funds.

The agency indicated the need to hire 1.0 FTE position, an administrative assistant, to process the background check applications and fees. The agency indicates the costs associated with hiring an administrative position would be \$35,000 and would be funded through the agency's fee fund. In order to perform the fingerprint and national record check, the agency's expenditure limitation would need to be increased from \$923,397 to \$1,050,197 for FY 2008 and from \$946,679 to \$1,074,435 for FY 2009.

House Bill 2295 also contains the original contents of **HB 2561**. The Conference Committee agreed to include the provisions of **HB 2561** as amended by the House Committee on Commerce and Labor. The bill would change the qualifications for obtaining a real estate salesperson's license. The bill would eliminate the six-month temporary salesperson license and the 30-hour post-license course. The bill would require that an applicant for a salesperson's license take a 30-hour pre-license course, a 30-hour practice course, and pass the licensure examination before applying for licensure. The agency indicates that the bill would require a one-time expenditure of approximately \$25,000 for computer consulting services to program the licensing database for changes. The agency has indicated that KSIP expenditures will be used for this one-time change and therefore, the expenditure limitation for the agency does not need to be adjusted.

The Committee reviewed this item and concurred with the decision to raise the expenditure limitation.

Juvenile Justice Authority

A. Psychiatric Residential Treatment Facilities (House Committee). The House Committee deleted FY 2007 funding of \$1,120,100, all from State General Fund, and recommended Omnibus consideration of funding for the establishment of psychiatric residential treatment facilities. The Conference Committee on **HB 2368** agreed with the House position. In 2004, federal Centers for Medicare and Medicaid Services (CMS) notified the State of Kansas that current Level V and VI facilities are considered psychiatric residential treatment facilities and must follow federal guidelines. The State of Kansas must convert all Level V and VI facilities in order to ensure continued federal funding and after the State's restructuring, all Level V and VI facilities will become psychiatric residential treatment facilities. Current Level V and VI facilities must be accredited by July 1, 2007 in order to maximize federal funding. Currently, the Juvenile Justice Authority (JJA) is working with the Kansas Department of Social and Rehabilitation Services (SRS) and the Kansas Health Policy Authority to determine a new daily rate for psychiatric residential treatment facilities. JJA has indicated that the recommended FY 2007 supplemental funding of \$1,120,100, all from the State General Fund, is no longer needed due to the fact that the conversion deadline is currently July 1, which is the beginning of FY 2008. For FY 2008, the agency had requested and the Governor approved an enhancement request of \$11,101,855, including \$5,000,000 from the State General Fund, for conversion costs. The Legislature did not approve the enhancement due to the fact that the final conversion costs would not be known until Omnibus.

The Committee reviewed this item and concurred with the Governor's recommendation.

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B. Graduated Sanctions Programs (Senate Committee). The Senate Committee recommended Omnibus review of the formula regarding graduated sanctions. The Juvenile Justice Authority (JJA) requested \$2,200,000, all from the State General Fund, to increase funding for graduated sanctions programming in FY 2008. Graduated sanctions include juvenile intake and assessment, juvenile intensive supervision, and community case management. These three programs are often referred to as the "core" programs and are administered at the local level. It was recommended that the funding formula currently being used be examined during Omnibus to ensure equitable distribution of funds. The \$2,200,000 enhancement request was not recommended by the Governor and JJA is no longer seeking the funding at this time. The House Committee has requested the Joint Committee on Corrections and Juvenile Justice Oversight further examine the funding needs for "core" programs during the interim.

The Committee reviewed this item and took no action.

C. GBA, No. 2, Item 22, Page 17-Psychiatric Residential Treatment Facilities.

The Committee reviewed and concurred with this item.

Securities Commissioner

NEW ITEM – Investor Education Fund - Reduction of Transfer to State General Fund

Copies of a letter addressed to Senator Dwayne Umbarger, Chair, and Members of the Senate Ways and Means Committee, regarding Investor Education Fund - Reduction of Transfer to the State General Fund were distributed to the Committee (Attachment 55).

Senator Kelly moved, with a second by Senator Barone, to decrease the transfer from the Investor Education Fund to the State General Fund from \$1.25 million to \$1.0 million in FY 2008. Motion carried on a voice vote.

All Agencies

A. Vehicle Purchases (Senate Committee, House Committee, and Conference Committee). During the 2007 regular session, the House deleted a total of \$7.0 million, including \$2.0 million from the State General Fund, in FY 2008 for recommended vehicle purchases. In addition, the House deleted vehicle purchases in FY 2007 (\$10,700, all from special revenue funds), and FY 2009 (\$13,367, all from special revenue funds). These vehicle purchases were recommended for Omnibus review. The Senate deleted funding totaling \$1.9 million, including \$1.3 million from the State General Fund, in FY 2008 vehicle purchases for review at Omnibus. The Conference Committee on **HB 2368** adopted the House position, deleting the funding for consideration at Omnibus. Attachment A reflects the deletions originally made by the House and Senate.

The Committee reviewed this item.

Senator Kelly moved, with a second by Senator Taddiken, to concurred with the action taken by the House to restore all funding without the proviso language that was added by the House. Motion carried on a voice vote.

Senator Taddiken moved, with a second by Senator Teichman, to recommend **Senate Substitute for HB 2542**, the Omnibus Appropriations Bill, favorable for passage and authorization to incorporate the Committee's work during the Omnibus Session into the bill, allow staff corrections to make corrections, waive the 7.5 percent ending balance requirement and add in the balance of unused funds from the Statewide Maintenance and Disaster Relief Fund. Motion carried on a roll call vote.

The meeting adjourned the evening of the fourth day of the Omnibus Session at 11:20 p.m. The next meeting is scheduled for April 25, 2007.

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

Date April 18, 2007

Name	Representing
Heather Morgan	SSA
Jim Conant	KDOR
Darrell Young	The Center - Grant Bend
Kim Fowler	Judicial Branch
Lara Wilson	
Lois Weeks	SRS
JEREMY S BARCLAY	KDOC
Mark GARDNER	STATE LIBRARY
Mary Ann Stankiewicz	KHEP
Rebekah Mueller	SOS
Nancy Bryant	SOS
JERRY HUFF	RBOR
Sandra Heflin	Commerce
Jennifer Schwartz	KACU
Kevin Sjek	TILRC
Carol Schuler	KOOL
Cindy D'Ercole	KAL
Jim Edwards	KASB
Goetzund	KWD
Jodie Matthews-Pauj	KCC
Shel Weller	KHP
MARK BORANYAK	CAPITOL STRATEGIES
Mike Hammond	ACUTHEK

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

Date April 18, 2007

Name	Representing
Walter Hill	ACMHC
John Dougherty	ESU
Lindsey Douglas	Hein Law Firm
Keith Yenk	KV
Carol Busch	Kansas School for the Deaf
Ernest Bullock	DRC
J. Dale McCombs	KSDE
Ron Mitchem	KSDE
Jack Alexander	KS FMO
Becky Bahr	KS FMO
Val DeFever	
Doug Bowman	CCECOS
Alehea Prinkaux	FHSU
Todd Powell	FHSU
Howard Smith	PITTSBURG STATE
Sheila Fisher	KACCT

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

Date April 19, 2007

Name	Representing
Melli Thomas	DOB
Luke Thompson	KHPA
Mike Huttles	Huttles Government Relations
Jennifer Crow	SRS
Cindy D'Ercole	KAC
Mark Tallman	KA SR
Joe Furd	KWO
Doris Mouton Hodge	ICCC
Ethan Erickson	KDOT
MARK BORANYAK	CAPITOR STRATEGIES
Ka Mack	LGK
A. Dougherty	ESU
Lindsay Douglas	Hein Law Firm
David G. Hinson	Washington University
Pat Miller	KC
Mary Jane Stankiewicz	
Fay Lee	Attorney General
Walter Mead	
Jim Laughrey	SKIC
Shannon Jones	SILCK
STEPHEN MORGAN	KRGC
Charles LeB.	KRGC
Craig Haber L.	K4A

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

Date APRIL 19, 2007

Name	Representing
Bill Schopf	KDOC
Dick Koverly	KDWP
Kelly Pate	Judicial Branch
Patti Artzer	BEMS
Kim Fowler	Judicial Branch
Jerry Sloan	Judicial Branch
Lois Weeks	SRs
JEREMY S BARCLAY	KDOC
Mark Gilbreath	State Library
Barb Conant	KDOA
Junie Rose	KACCT
AK Fradeaux	FHSU
Paul Powell	FHSU
HOWARD SMITH	PITTSBURG STATE
Kevin Silk	TILRC
Keith Kocher	KS Lottery
Carolyn Brock	KS Lottery
Katie Zubay	Kearney & associates
Ron Cochran	CBBA
Jim Conant	KDOR

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

Date April 20, 2007

Name	Representing
Julia Thomas	DOB
Mike Huttles	HGL, Inc.
Luke Thompson	KHPA
Kyle Kessler	SRS
Richard Sommers	Kennedy Assoc
Mark Callman	KASB
Joe Fugard	KWO
Tracy Streete	KWB
Jackie Matthews Paige	KCC
Sheryl Wells	KHP
MARK BORANYAK	CAPITOL STRATEGIES
Stuart Little	Little Govt. Relations
Ron Secher	Hin Law Firm
Paul J. Munn	Strategic Communication
Mary Ann Stankiewicz	KARA
Mark Daulty	KBRN
RTM, H. G. Grey	SKIL
Kelli Sussangkarn	Kearney + Associates
Craig Koberline	K4A
Bill Schep	KDOL
Mark Jacobs	DOA
Jim Conant	KDOR
Ron Gaches	GBBA

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

Date April 20, 2007

Name	Representing
Rich Griblin	Prairie Home Care
Jody Allen	BOTH
Chasity L. Hill	BOTH
Kevin Sisk	TILRC
Mawry Thompson	JCSL
Lois Weeks	SRS
Kimi Fowler	Judicial Branch
Lana Walsh	Judicial Branch
Patti Artzer	KBEMS
Heather Morgan	SSA

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

Date April 23, 2007

Name	Representing
Kim Fowler	Judicial Branch
Lois Weeks	SRS
Sheela Groh	KACCT
John Petersen	Capital Strategies
Juni Rose	KCSL
George Webb	KCUA
MARK P. MARTE	UVA CARLETON HEALTH SYSTEM
MARK GARIBATTI	STATE LIBRARY
Mary Jane Stankeewicz	KGFA

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

Date April 23, 2007

Name	Representing
Amy Penrod	Division of the Budget
Susan Kang	KDHE
Katie Zuparko	Kearney & Associates
Mike Huttler	HGR, Inc.
Richard Smarney	Kearney & Associates
Mark Tallman	KASB
Randy Bailes	STATE HISTORICAL SOCIETY
Doug Bowman	CLEEDS
Sheyl Weller	KHP
MARIA BOZANYAK	CAPITOR STRATEGIES
Shirley May	LBK
Rebekah Mueller	SOS
John Dougherty	ESU
Lindsey Douglas	Hein Law Firm
Patricia Damron	Strategic Comm. of KS
Kim May	Kansas Sports Hall of Fame
Art Hagg	SKIL
Shannon Jones	SILCK
Craig Kabalin	K4A
Bill Schep	KDOL
Myra Gooden	DOA
Dan J. Laughlin	KSFMO
Patti Artzer	KBEMS

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April 16, 2007

Items for Omnibus Consideration

Legislative Coordinating Council

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

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

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

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

Legislative Research Department

A. Department Staffing Needs (Senate Committee and House Committee). Both the House and Senate Committees asked for a report from the department concerning the agency's current or possible future staffing needs in FY 2008. After a review of current staffing needs and services, the agency has identified the addition of two Research Analyst positions that would assist in meeting increased staffing demands. The FY 2008 salaries and wages for each position would

Senate Ways and Means
April 18-23, 2007
Attachment 1

be \$60,862, for a total of \$121,724, all from the State General Fund. The additional positions will help address staffing for:

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

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

Revisor of Statutes

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

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

Office of the Governor

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

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

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

Secretary of State

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

Attorney General

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

Kansas Public Employees Retirement System

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

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

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

cost would be an additional \$1.4 million, and the disability fund share would be an additional \$166,000.

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

Department of Administration

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

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

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

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

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

D. Additional Funding for Public Broadcasting Grants (House Committee). The Public Broadcasting Council presented a revised list of individual station grant requests for equipment and other items that was adopted at a January 2007 Council meeting after the Governor submitted budget recommendations for FY 2008. The House Committee initially recommended funding one

of the projects for \$218,628, all from the State General Fund, for KMUW–Wichita. That project, along with two others requested by the Council, were eventually approved for FY 2008 funding by the 2007 Legislature. The other two grants, all from the State General Fund, included \$218,620 for KPTS–Wichita and \$132,840 for KCPT–Kansas City. The only project on the January 2007 Public Broadcasting Council list that remains unfunded is KTWU–Topeka (\$387,500, all from the State General Fund).

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

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

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

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

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

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

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

the fee revenue should be expended in FY 2008 and how the enhanced special revenue funds should be spent.

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

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

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

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

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

Kansas Lottery

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

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

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

B. Problem Gambling Grant Fund Transfer (Senate Committee). The Senate Subcommittee heard testimony requesting an increase in the annual statutory transfer of \$80,000 from the Lottery Operating Fund to the Problem Gambling Grant Fund and recommended Omnibus review to consider increasing the amount to at least \$190,000 in FY 2008. 2007 SB 66 enacts the Kansas Expanded Lottery Act and modifies the Problem Gambling Grant Fund. First, the fund name is changed to the Problem Gambling and Addictions Grant Fund. Second, the uses of moneys in the fund are expanded to include treatment of alcoholism, drug abuse and other addictive behaviors.

Third, 2.0 percent of revenues from lottery and racetrack gaming facilities and machine income is designed for transfer to the new fund. Fourth, the current fund is abolished when SB 66 is published in the *Kansas Register*.

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

C. SB 66 – Kansas Expanded Lottery Act (Law) and GBA No. 2, Item 7, Page 4 – Message on Revenue. SB 66 adds statutory duties for the Kansas Lottery Commission and the Executive Director in conjunction with implementation of expanded gambling in casinos and racetracks. The Kansas Lottery shall retain ultimate ownership and operational control of the gaming operation in the each lottery gaming facility and full control over all decisions concerning lottery gaming facility games. For each racetrack gaming facility and lottery gaming facility that operate electronic gaming machines, the gaming machines shall be linked to the Kansas Lottery by a central lottery communications system using a central lottery computer to monitor, audit and gather other information. The Executive Director is responsible for negotiating management contracts and the Lottery Commission must review and approve all contracts. The Executive Director also is responsible for certifying net income, conducting audits, having agents at sites, and administering provisions of SB 66.

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

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

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

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

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

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

Kansas Racing and Gaming Commission

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

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

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

* Agency SB 66 Adjustments:

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

B. Financing for Racing Operations (Senate Committee and Conference Committee).

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

C. Compensation of Racing and Gaming Commissioners (House Committee). The current compensation of \$2,000 per month per Commissioner requires expenditures of \$120,000 per year from the State Racing Fund. By statute, the Governor sets the rate of compensation. The House Committee requested review of this rate of compensation at Omnibus. The Kansas Racing and Gaming Commission staff point out that due to prorating of administrative costs to be shared by racing and gaming, the amount financed from the State Racing Fund will be reduced by 75.0 percent to \$30,000 as the Commissioners begin to perform the additional duties required by 2007 SB 66 relative to gaming in FY 2008.

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

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

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

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

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

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

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

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

Startup funding for implementing the original Parimutuel Act in 1987 was authorized in the enacting legislation which provided for a State General Fund loan that was repaid with interest after revenue from the parimutuel tax produced a cash flow. SB 66 does not provide a specific loan and repayment mechanism for gaming, but such authorizations could be handled in the Omnibus appropriations bill if the Legislature approves such a financing method.

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

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

Department of Wildlife and Parks

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

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

B. State Park No. 24 (Kaw River State Park) Operating Costs (Conference Committee).

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

C. State Park No. 24 (Kaw River State Park) Capital Improvements (House Committee and Conference Committee).

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

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

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

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

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

E. Additional Funding for Capital Improvements at State Parks (Senate Committee).

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

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

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

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

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

Health Policy Authority

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

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

The Senate Committee recommended the MediKan program be funded at FY 2007 levels to ensure adequate funding to continue serving Kansans eligible for MediKan through FY 2008. In

addition, the Committee recommended the agency expedite the Presumptive Disability determination process with a goal of determination within 30 days. Furthermore, the agency should identify what resources are needed to meet this goal and report to the Committee at Omnibus. The report should include suggested policy changes, developed in partnership with stakeholders, for those Kansans currently served by the MediKan program.

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

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

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

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

Outside of the policy concerns about the nature of the population being denied federal Social Security Administration disability and the need to address those concerns through a policy discussion, are other concerns related to the Presumptive Medical Disability process itself. The agency indicates that the option that most directly addresses these concerns is to expand KHPA's Presumptive Medical Disability staff to accelerate reviews and eliminate the backlog of applications. New case developers will reduce delays in scheduling interviews with applicants, which is the initial

contact the Presumptive Medical Disability team has with the individual. People applying today will be scheduled for an interview five weeks from now. The goal stated by the agency is to give the applicant sufficient time to gather the necessary medical records, but to complete the interview within 15 calendar days.

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

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

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

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

Anticipated additional costs for this new process are \$300,000 in FY 2008, including \$150,000 from the State General Fund. According to the agency, if this plan is not implemented, the backlog will not be fully adjudicated until May of 2008 or later. Projected enrollment will stabilize, but probably not until the first part of FY 2009. The agency estimates that in mid to late FY 2009, combined enrollment between MediKan and Presumptive Medical Disability/Medicaid will begin to exceed enrollment prior to implementation of Presumptive Medical Disability. If this plan is implemented, enrollment is expected to stabilize in the next few months. By the end of FY 2008, the agency predicts that combined MediKan and Medicaid enrollment will exceed MediKan enrollment prior to starting the Presumptive Medical Disability process.

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

Healthy Kansas First Five is the Governor's proposal to expand the upper income limit for the HealthWave program from the current level of 200 percent of the poverty level (yearly income of

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

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

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

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

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

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

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

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

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

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

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

H. Health Information Exchange Initiatives Funding (House Committee). The House Committee deleted \$1.0 million, including \$750,000 from the Sate General Fund in FY 2008, for Health Information Exchange initiatives recommended by the Governor and recommended the funding be reviewed at Omnibus. These initiatives are designed to improve efficiency, quality of care,

and patient safety, as well as help inform health care consumers. Subsequently, the Conference Committee on HB 2368 agreed to include the funding but added a proviso directing the agency to engage in certain Health Information Exchange initiatives, including infrastructure, planning privacy and security collaboration, the advanced identification card project, and the community health record project.

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

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

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

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

According to the agency, the implementation of the citizenship documentation requirement caused an increase in the amount of time it takes to process applications and exacerbated delays already present due to the normal increase in workload at the Clearinghouse. The agency reports that the volume of documents routinely received by the Clearinghouse has more than doubled since the implementation of this requirement. Since June, the number of customer service calls to the Clearinghouse per month has doubled from 23,000 to 49,000, the number of voicemails has increased by ten from 1,200 to 11,000, and the number of faxes has doubled to 6,000. The agency

reports that staff have re-engineered enrollment and utilized electronic verifications where possible, but the backlog of applications cannot be addressed without additional resources.

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

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

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

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

- Premium Assistance – The agency estimates that additional expenditures of \$500,000 from the State General Fund, and 2.0 FTE positions would be needed in FY 2008 for planning and implementation of the program. Activities in FY 2008 would include making changes to the Medicaid payment system, developing contracts for the health insurance plans, developing eligibility criteria and procedures, contracting to estimate the actuarial value of the benefit package, and beginning the marketing of the plan. Assistance payments for the purchase of insurance coverage would not begin until FY 2009.
- Inspector General – The agency estimates that additional expenditures of \$349,673 from the State General Fund and 4.0 additional FTE would be required to begin operation of the Office of the Inspector General. The bill requires appropriations to be made in a separate line item for the Inspector General requiring the establishment of an additional State General Fund account.

N. Spring Consensus Caseload Estimates and GBA No. 2, Item 12, Page 10. The FY 2007 Spring Consensus Caseload Estimate for the Regular Medical program is an all funds decrease of \$26.0 million and a State General Fund increase of \$4.3 million. The FY 2008 estimate is an all funds decrease of \$27.0 million and a State General Fund increase of \$5.0 million. More

information on this item is included in the Spring Consensus Caseload Item X under the Department of Social and Rehabilitation Services.

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

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

Social and Rehabilitation Services

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

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

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

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

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

The Governor recommended \$7,960,195, including \$7,700,000 from the State General Fund, in FY 2008 to decrease shrinkage in the regional offices from 10.2 percent to 5.7 percent to allow the agency to hire additional staff to address increased federal reporting requirements. This was

an increase of \$6.4 million, including \$6.2 million from the State General Fund, above the amount recommended for this purpose in FY 2007. Additional information requested by the House Committee regarding caseloads of work in the regional service areas is included in Item P below.

E. Funding for Early Head Start Expansion (Senate Committee and House Committee).

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

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

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

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

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

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

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

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

I. Funding for Child Care Quality Initiative (Senate Committee and House Committee).

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

J. Funding for Funeral Assistance Program (Senate Committee and House Committee).

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

K. Funding to Increase Reimbursement Rates (Conference Committee).

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

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

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

L. Expansion of the Home and Community Based Services (HCBS) Waiver for Persons with Traumatic Brain Injuries (Senate Committee and House Committee).

The House Committee requested additional information from the agency at Omnibus regarding the HCBS waiver for persons with traumatic brain injury relating to case management hours, fiscal information and the potential for expanding the waiver. The Senate Committee also requested information about the expansion of the waiver.

Case Management Hours and Reimbursement Rates

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

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

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

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

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

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

Fiscal Information

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

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

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

Notes:

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

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

Expanding the Waiver

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

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

- In 2002, the Kansas Department of Health and Environment reported there were 6,614 inpatient hospital discharges for stroke.
- Data indicates 30 percent of those hospitalized for stroke required outpatient rehabilitation, meaning 1,984 people would need outpatient rehabilitation.
- A survey showed 62 percent of people who had their first stroke were younger than 65, which would mean 1,230 people would need outpatient rehabilitation services and meet the age requirement of the waiver.
- It is estimated that 10 percent of the 1,230 people would then qualify for the waiver, based on Medicaid eligibility and functional needs assessment, which would add 123 people per year to the waiver.

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

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

* Projected

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

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

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

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

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

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

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

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

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

P. Caseloads of Workers in Region Service Centers (House Committee). The House Committee requested additional information at Omnibus on the manageability of caseloads carried by workers in the regional areas. The Committee noted that if caseloads are unmanageable, additional resources need to be made available to decrease worker caseloads. The Governor's recommendation included funding to reduce the shrinkage rate to allow the agency to fill some of these vacant positions in lieu of adding additional FTE positions as the agency had requested. For

FY 2007, the Governor recommended \$1,550,687, including \$1.5 million from the State General Fund. For FY 2008, the Governor recommended \$7,960,195, including \$7.7 million from the State General Fund. The Legislature deleted \$6,409,508, including \$6.2 million from the State General Fund, in FY 2008 which represents the additional funding recommended in FY 2008 as compared to FY 2007.

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

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

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

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

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

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

Column Description

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

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

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

Current System

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

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

State Aid is a formula grant provided to CMHCs to fund the CMHCs' basic services. Consolidated Grants include funds provided through mental health reform, special purpose grants, funds related to closure of Topeka State Hospital and two Nursing Facilities for Mental Health, and bed reductions at Osawatomie State Hospital. Children's Initiative Funds are used for Therapeutic Preschool and Family Centered System of Care projects.

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

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

Prepaid Ambulatory Health Plan System

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

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

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

R. Funding for Support Services for Adults with Mental Illness (House Committee).

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

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

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

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

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

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

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

JJA, in cooperation with all Level V and VI providers, have begun the process to change most Level V and VI facilities to psychiatric residential treatment facilities effective July 1, 2007.

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

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

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

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

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

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

W. SB 66 – Kansas Expanded Lottery Act (Law). SB 66 establishes the Kansas Expanded Lottery Act under which revenues from the casino contracts are directed at addressing problem gambling. The bill establishes the Problem Gambling and Addictions Grant Fund at the Department of Social and Rehabilitation Services to replace the current Gambling Grant Fund. Under the provisions of the bill, 2.0 percent of revenues under the casino contracts and racetrack gaming

facilities are to be directed to the new fund which may be used by the agency to treat alcoholism, drug abuse and other addictive behaviors.

X. Spring Consensus Caseload Estimates and GBA No. 2, Item 12, Page 10.

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

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

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

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

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

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

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

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

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

SRS Hospitals

A. Teacher Salary Increases. The Department of Education estimates an average statewide salary increase for teachers of 4.0 percent for FY 2008. The education contracts in FY 2008 reflect no teacher salary increases for Larned State Hospital and Parsons State Hospital and Training Center. The Kansas Neurological Institute and Rainbow Mental Health Facility also have education contracts, but due to the nature of the contracts, adjustments are not necessary. The following table illustrates the State General Fund adjustment which would be necessary to provide uniform salary increases across the two institutions:

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

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

B. Categorical Aid Adjustment. For FY 2007, the budgeted school contracts for the institutions include categorical aid based on a rate of \$23,000 for Parsons State Hospital and Training Center and \$19,000 for Larned State Hospital. Due to the nature of the contract, an adjustment at Rainbow Mental Health Facility is not necessary. The Kansas Neurological Institute (KNI) has no expenditures for special education due to an agreement that the local school district would continue to provide education programs for the students who live at KNI in exchange for the use of classrooms in the Wheatland Building for the education programs that the district provides to other Shawnee County school districts.

The current FY 2007 categorical aid rate per eligible teaching unit is estimated to be \$23,000. If this rate is maintained, the school contract for FY 2007 at the institutions would need adjustments. The table below identifies the State General Fund adjustment required:

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

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

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

Larned State Hospital

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

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

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

Osawatomie State Hospital

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

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

C. Cost of Opening a 30-Bed Unit (Joint Committee on State Building Construction).

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

Rainbow Mental Health Facility

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

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

Board of Cosmetology

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

Judicial Council

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

The Office of Judicial Administration would like the Judicial Council to vacate their current office space at the first of FY 2008. The Judicial Council has stated that they could have work started on the new office space and arrange to delay billing until after the first of FY 2008 on as

many expenditures as possible. The Judicial Council has prepared a cost estimate after consulting with the State's architect and engineer, and the architect contracted by the state. The total estimate for this project at this point is \$141,316.

Board of Indigents' Defense Services

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

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

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

C. Review Indigency Screener Position (Senate Committee). The Senate Committee recommended that a position to screen applicants' eligibility for services be reviewed at Omnibus to determine whether such a position would be cost effective for FY 2008. The agency provided testimony that persons who were initially ruled "indigent" were acquiring funds to pay for private counsel in certain cases. The Senate Committee directed the agency to discuss the matter with the Office of Judicial Administration (OJA) and to review this position at Omnibus. The agency reported that OJA will address the matter with judges this summer at the annual district judge conference. The agency also reported that those indigent persons hiring private counsel have the money coming from a third person such as a relative. Public Defenders and appointed counsel are supposed to withdraw from representing clients who have hidden assets when it is discovered they are not indigent. OJA has forwarded a request to the judges on behalf of the Board of Indigents' Defense Services reminding judges that finding someone partially indigent is an option. The agency also reported that at least one judge has started using the indigency screening forms that the agency provides. The agency is not seeking to add an indigency screener position at this time.

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

Judicial Branch

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

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

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

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

C. Capital Improvements (House Committee). The House Committee recommended Omnibus review of \$167,919 from the State General Fund for capital improvements in FY 2008. This funding is to remodel office space for the 13th judge of the Court of Appeals, who is scheduled to start in January 2008. The Judicial Branch reported that while it has had an architect reviewing the rooms to be remodeled into a judicial suite, no work for office space for this judge has been completed yet, but will be done in FY 2008. Remodeling for a judicial suite was last done when the 12th judge was added to the Court of Appeals in FY 2006.

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

Kansas Corporation Commission

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

B. HB 2419 – Carbon Dioxide Reduction Act (Law). This bill creates the Carbon Dioxide Reduction Act. The Act would provide incentives for the sequestration of carbon dioxide through underground storage. The Act also would provide for regulation of underground carbon dioxide facilities. The Kansas Corporation Commission (KCC) would be responsible for administering the regulatory aspects of the Act and is required to establish on or before July 1, 2008 in rules and regulation requirements, procedures and standards for the safe and secure injection and maintenance of underground storage of carbon dioxide. To establish these rules and regulations, the KCC requests an increase of \$125,000 in the Conservation Fee Fund. The KCC indicates it does not have the expertise to write these rules and regulations and will have to hire consultants to assist in the development of rules and regulations required under the act.

C. Senate Sub for HB 2145 – Wind Generation Education Projects (Conference Committee). This bill would authorize Cloud County Community College to establish a wind generation education pilot project. Funding for the project would be provided through the Wind Generation Education Pilot Project Fund to be administered by the Kansas Corporation Commission (KCC). A provision of the law governing the Petroleum Inspection Fee Fund would be amended so that during the period of July 1, 2007 through June 30, 2021, the first \$50,000 collected would be credited to the Wind Generation Education Pilot Project Fund. Of the balance collected each year, two-thirds, to a maximum of \$200,000, would be credited to the State General Fund (SGF) with the remainder credited to the Petroleum Inspection Fee Fund. After the repayment of any bonded indebtedness for the pilot project is completed, moneys from the sale of electricity credited to the newly created fund would be used for an educational programs related to renewable energy. If no moneys in the Wind Generation Education Pilot Project Fund have been used by July 1, 2011, the balance in that Fund would be transferred to the SGF and thus no additional transfers to the Project Fund would occur. The agency is requesting that this be a no-limit fund.

Department of Agriculture

A. Conversion of FTE Positions (Senate Committee). The Senate Committee recommended the review of the agency's enhancement request to convert non-FTE unclassified permanent positions to classified FTE positions. The 2006 Legislature approved the shift of operational expenses from the State Water Plan Fund to the State General Fund and to conform to that request, the agency is requesting that 6.0 non-FTE unclassified permanent positions be

converted to classified FTE positions. Those positions include: two interstate water positions in the Water Management Services Program; one floodplain management position in the Water Structures Program and three positions in the State Water Plan Basin Management Team. Currently, these positions are special project officers whose positions would become environmental scientist positions in the Water Resources Division. The request will not increase the agency's overall authorized number of employees. The fiscal impact would include \$275 per employee for salaries, longevity (for those eligible) and fringe benefits for a total of \$1,645 from the State General Fund.

Animal Health Department

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

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

Kansas State Fair Board

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

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

recommends \$111,525 from the EDIF for the first payment of a six-year plan for the debt service. Of this amount, \$24,836 would be for interest and \$86,689 for principal. Once the payments are complete, the equipment purchased remains the property of the State and will continue to be utilized at the fairgrounds. The House Committee and the Conference Committee deleted the \$111,525 for Omnibus review.

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

State Conservation Commission

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

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

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

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

E. Conservation Reserve Enhancement Program Well Plugging (House Committee). The House and Senate Committees deleted \$120,000, all from the State Water Plan Fund, for

Conservation Reserve Enhancement Program (CREP) well plugging in FY 2008. This would provide cost share funds to landowners to permanently plug irrigation wells that were used to irrigate the land enrolled in CREP. The House Committee recommended Omnibus review of the funding

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

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

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

Kansas Water Office

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

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

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

Board of Regents

A. Funding for the Technical Innovations and Internships Program (House Committee and Conference Committee). The House and Conference Committee on HB 2368 recommended Omnibus review of the addition of \$180,500, all from the Economic Development Initiatives Fund (EDIF), in FY 2008 for the Technical Innovations and Internships Program. The Governor's recommendation included \$180,500, all from the State General Fund, for the program which provides funding through a competitive grant process for additional equipment and internships. Kansas technical schools, technical colleges, and community colleges may participate in this program. Both the House and Senate Committee shifted funding for the program to EDIF. The House Committee also deleted the funding for Omnibus review and the Conference Committee on HB 2368 agreed with the House position.

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

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

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

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

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

E. Community College Operating Grant Increase (House Committee and Conference Committee). The House Committee and the Conference Committee on HB 2368 recommended Omnibus review of the community college operating grant increase in FY 2008. The Governor's

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

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

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

H. Funding Shift for Online Databases (Conference Committee). The Conference Committee on HB 2368 recommended Omnibus review of the possible shift of \$809,680, all from the KAN-ED fund, from the Board of Regents to the State Library for the purchase of online database resources in FY 2008. The Governor's FY 2008 recommendation for the Board of Regents included funding for this item under the KAN-ED program. This is the amount currently paid through KAN-ED to purchase a majority of the online database resources for use by libraries and schools across the state. The House Committee recommended shifting the funding, but the Conference Committee on HB 2368 agreed to leave the funding in place for Omnibus review.

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

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

The Comprehensive Grant Program provides need-based grants to full-time (12 hours) undergraduate students who are Kansas residents enrolled in accredited Kansas colleges and universities. The program is intended to provide up to half of the average tuition and fees of state

educational institutions. The Governor's recommended funding for the program would serve approximately 16,387 students in FY 2008.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Conditions for receiving funding under the act would include:

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

Scholarship recipients who do not fulfill these obligations would be required to re-pay the scholarship amount awarded with interest. The bill specifies conditions under which postponement of repayment or settlement of the debt would be allowed. Applicants for this scholarship would qualify on the basis of scholastic ability and would remain qualified by making satisfactory progress and remaining in good standing in their academic programs.

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

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

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

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

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

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

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

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

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

Program, Special Education Teacher Service Scholarship Program, and the Teacher Education Scholarship Program.

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

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

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

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

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

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

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

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

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

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

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

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

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

Subject to the approval of the Kansas Association of Technical Schools and Colleges (KATSC) and the Kansas Association of Community College Trustees (KACCT), or their successor organizations, the State Board of Regents and the Postsecondary Technical Education Authority would appoint a Vice-President of Workforce Development to serve as the Executive Director of the Postsecondary Technical Education Authority in the unclassified service. The procedure for such approval would be adopted by the KATSC or the KACCT.

The Vice-President would serve at the pleasure of the State Board of Regents.

The bill would sunset on June 30, 2014.

The fiscal impact of the bill, as substituted by the Senate Committee on Ways and Means, would be \$817,687, all from the State General Fund. This assumes that the Authority will meet for 11 two-day meetings at a cost of \$67,687. In addition, 5.0 FTE positions would be required to staff the Authority, at a cost of \$475,00 annually - \$130,000 for the Executive Director, \$80,000 for a senior professional position, \$65,000 each for 2.00 professional positions, and \$35,000 for an administrative position. In addition, \$25,000 would be needed for operating expenses to support the positions, as well as \$250,000 for start-up costs for consultants, furniture, and computers.

R. Postsecondary Aid for Technical Education (Technical Adjustment). The EDIF portion of the funding for technical education was inadvertently omitted from the Conference Committee report on HB 2368. In order to correctly reflect the Conference Committee recommendation, \$6,957,162, all from the EDIF, must be appropriated for postsecondary aid to

technical education. The omission occurred only in the Conference Committee report. The expenditures are included in all other summaries of expenditures approved by the Legislature to this point.

S. Technical Education Capital Outlay (Technical Adjustment). The Conference Committee on HB 2368 restored \$2,565,000, all from the EDIF, for technical education capital outlay. However, the appropriation was inadvertently omitted from the Conference Committee report. In order to correctly reflect the Conference Committee recommendation, \$2,565,000, all from the EDIF, must be appropriated for technical education capital outlay. The omission occurred only in the Conference Committee report. The expenditures are included in all other summaries of expenditures approved by the Legislature to this point.

T. Funding for KAN-ED (Technical Adjustment). The Conference Committee on HB 2368 concurred with the Governor's recommendation of funding KAN-ED at \$10.0 million, including \$2.0 million from the State General Fund. The \$2.0 million from the State General Fund was inadvertently omitted in the Conference Committee report, and must be added to correctly reflect the Conference Committee recommendation. The omission occurred only in the Conference Committee report. The expenditures are included in all other summaries of expenditures approved by the Legislature to this point.

Regents Crumbling Classrooms

A. Funding for Regents Crumbling Classrooms Debt Service (Conference Committee). The Conference Committee on HB 2368 recommended Omnibus review of the transfer \$76.6 million from the State General Fund to the Regents Crumbling Classroom Debt Payment Fund in FY 2007. This amount represents the remaining debt service on the Regents' Crumbling Classroom bonds. Funds would then be transferred from the new fund to the Comprehensive Rehabilitation and Repair Fund (Regents' Crumbling Classroom debt service fund) and expenditures would be authorized to pay the debt service through FY 2012. The payments are shown in the table below:

Crumbling Classrooms Debt Service Payments

FY 2007 - FY 2012

<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
\$1,630,130	\$14,996,123	\$14,997,210	\$14,999,473	\$14,994,968	\$13,745,075

This would free up an additional \$15.0 million from the Educational Building Fund that is currently used to pay for debt service on the Crumbling Classrooms bonds for rehabilitation and repair projects at the state universities in FY 2008 through FY 2012.

State Universities

A. Capital Improvements (Senate Committee). The Senate Committee recommended Omnibus review of capital improvements for Regents' institutions. The Governor recommended capital improvements expenditures of \$75.1 million, including \$2.8 million from the State General

Fund, for the Regents in FY 2008. The Legislature has concurred with the Governor's capital improvements recommendation for FY 2008.

B. GBA No. 2, Item 19, Page 15—Deferred Maintenance.

Fort Hays State University

A. Information Assurance Program (Senate Committee and House Committee). The Senate and House Committee recommended review of the addition of \$500,000, all from the State General Fund, in FY 2008 for the implementation of a new Information Assurance Program at Fort Hays State University. Information Assurance is the science of managing the risks to information assets. The new program, which has already been approved by the Board of Regents, would offer undergraduate students and graduate students the opportunity to earn a certificate, undergraduate degree emphasis or graduate concentration in Information Assurance as part of existing degree programs. Many Kansas institutions, including FHSU, currently offer limited coursework in Information Assurance; however, there are no programs that are National Security Administration (NSA) certified. Kansas is one of only 15 states without a NSA Center of Academic Excellence in Information Assurance Education (NCAEIAE). Missouri and Arkansas are among the states lacking a center. Colorado's only center is at the Air Force Academy and is not accessible to business or the public. According to the University, the NSA Center for Excellence designation will allow FHSU to establish degrees and a network for outreach and information distribution through network security training, workshops, and conferences reaching throughout Kansas and beyond - offering certificates and non-credit activities. The agency requests an additional \$500,000, all from the State General Fund in FY 2008, to implement the new program. The University has already received \$800,000 in federal funds for the program.

B. Wetlands Education Center at Cheyenne Bottoms (Senate Committee) and GBA No. 2, Item 20, Page 16. The Senate Committee recommended Omnibus review of the agency's request for \$308,000, all from the State General Fund, and 4.0 FTE positions in FY 2008 for the Kansas Wetlands Education Center (KWEC) at Cheyenne Bottoms. The Kansas Board of Regents has granted Fort Hays State University permission to own and operate the KWEC located on land owned by the Kansas Department of Wildlife and Parks (KDWP). The KWEC will be a branch of the Fort Hays State University Sternberg Museum of Natural History. The agency believes the affiliation will result in increased educational opportunities, scientific preservation, increased awareness of the Cheyenne Bottoms and Quivira National Wildlife Refuge state and federal scenic byway designations, and promotion of nature tourism throughout southcentral Kansas and beyond. The University has a lease/operating agreement in effect with KDWP for leasing of the land, ownership of the building, and operation of the facility. The University indicates that the funding would allow it to hire the following staff: Director (\$70,160); Educator (\$43,950); Administrative Assistant (\$30,774); Custodial Crew Leader (\$26,004); and graduate assistants at \$7,500 plus benefits (\$48,051). The remainder of the funding, \$89,060, would fund operating expenses for the Wetlands Center.

KSU – Extension Systems and Agricultural Research Program

A. Economic Development Initiatives Funding for Kansas State University Extension Systems and Agricultural Research Program (House Committee). The House Committee recommended Omnibus review of the shift of \$300,000 from the State General Fund to the Economic Development Initiatives Fund in FY 2008. The funds are used for research at the

Agricultural Experiment Stations. The Conference Committee on HB 2368 recommended the shift in funding, but did not recommend Omnibus review.

Wichita State University

A. Funding for Aviation Research (Senate Committee and Conference Committee). The Senate Committee and the Conference Committee recommended Omnibus review of the addition of \$2.5 million, all from the Economic Development Initiatives Fund (EDIF), in FY 2008. HB 2368 included \$2.5 million from the EDIF in FY 2008, half of the \$5.0 million request from the aviation industry, which is part of a multi-year need identified by the industry.

Department of Education

A. Funding to Phase-In All-Day Kindergarten (Senate Committee and House Committee). Both the House and Senate Committees recommended that the \$15.0 million, all from the State General Fund, recommended by the Governor to begin a five-year phase-in of all-day kindergarten in FY 2008 be deleted and considered during Omnibus, pending the passage of 2007 SB 345.

The \$15.0 million in additional funding would increase the current full-time equivalent (FTE) enrollment weight for all-day kindergarten students from 0.5 FTE to 0.6 FTE in FY 2008. SB 345 would amend the school finance formula to statutorily increase the current funding weight for students attending all-day kindergarten by 0.1 FTE a year over the next five years. The bill provides that by FY 2012 and thereafter, all-day kindergarten students would be counted as a 1.0 FTE for funding purposes. SB 345 is estimated to require an additional \$15.0 million, all from the State General Fund, per year for the next five years, for a total cost of \$75.0 million once the weighting reaches 1.0 FTE. The bill would not mandate kindergarten attendance, but would phase-in state financial aid for all-day kindergarten programs. SB 345 was referred to the Senate Education Committee. There is no hearing scheduled for this bill as of April 3, 2007.

B. Special Education Excess Costs (Senate Committee and House Committee) and GBA No. 2, Item 18, Page 15. Both the House and Senate Committees recommended that the additional \$21.5 million, all from the State General Fund, that is required to fund special education excess costs at the 92.0 percent level in FY 2008, based on the November 2006 consensus estimate, be considered during Omnibus. During the regular Session, the State Department of Education had indicated that the federal Centers for Medicare and Medicaid Services (CMS) would likely make a decision on how school districts file claims for Medicaid reimbursements in April 2007.

Staff from the State Department of Education, the Division of the Budget, and the Kansas Legislative Research Department met with a representative of the Kansas Health Policy Authority on April 13, 2007 to review the estimate for Medicaid reimbursements. It was determined that, beginning in FY 2008, CMS will no longer allow bundled rates for reimbursements. Instead, CMS will require school districts to request reimbursements on a service-by-service basis. For FY 2008, it is estimated that Medicaid reimbursements will total \$17.5 million. This amount is an increase of \$5.8 million (or 50.0 percent) above the November 2006 consensus estimate of \$11.7 million. It is also a decrease of \$17.5 million (or 50.0 percent) below the \$35.0 million in estimated Medicaid reimbursements included in the Governor's FY 2008 recommendation.

Although, in November 2006, CMS had not yet made a decision on how school districts would file reimbursements, the consensus estimate for FY 2008 Medicaid reimbursements was based on

the assumption that CMS would begin requiring school districts to request reimbursements on a service-by-service basis. It was believed that because the fee-based system is too time consuming and potentially costly to administer some school districts may discontinue making claims.

The Governor's recommendation reflected the assumption that there would be no change in Medicaid reimbursements for FY 2008. The Governor recommended an additional \$7.9 million, all from the State General Fund, which would fund special education excess costs at the 92.0 percent level if Medicaid reimbursements remained at \$35.0 million. The recommendation was \$21.5 million below the November 2006 consensus estimates.

While it is still believed that some school districts may discontinue making claims for reimbursement, the April 2007 consensus estimate increased the estimated amount for Medicaid reimbursements by an additional \$5.8 million. As a result, a supplemental appropriation of \$16.1 million, all from the State General Fund, is required to fund special education excess costs at the 92.0 percent level in FY 2008.

The table below outlines the differences in Medicaid reimbursements and special education excess costs between the November 2006 consensus estimate, the Governor's FY 2008 recommendation, and the April 2007 consensus estimate.

Special Education Excess Costs (in thousands)

	November 2006 Consensus FY 2008	Governor's Est. FY 2008	April 2007 Consensus FY 2008	Difference Gov. Rec. & April Consensus
Estimated Expenditures	\$ 700,497	\$ 700,497	\$ 700,497	\$ 0
Excess Cost Computation:				
Regular Education Costs	(180,657)	(180,657)	(180,657)	0
Federal Aid	(96,400)	(96,400)	(96,400)	0
Medicaid Reimbursement	(11,667)	(35,000)	(17,500)	(17,500)
SRS Administration Costs	(1,500)	(1,500)	(1,500)	0
Total Excess Costs	\$ 410,273	\$ 386,940	\$ 404,440	\$ (17,500)
Excess Costs Required by Law	92.0%	92.0%	92.0%	0.0%
State Appropriations	\$ 377,451	\$ 355,984	\$ 372,084	(16,100)

C. Leadership Commission (Senate Committee and House Committee). Both the House and Senate Committees recommended that the \$100,000, all from the State General Fund, recommended by the Governor for the creation of a Leadership Commission in FY 2008 be deleted and considered during Omnibus.

The purpose of the Leadership Commission is to promote increased student and staff performance and create a cohesive and comprehensive education leadership plan for the state. The plan is to encompass issues of teacher preparation and licensure, continuing education, and practice in the classroom. The Commission will serve as a statewide leadership oversight and steering committee with approximately 18 to 21 members. The recommended makeup of the Commission includes superintendents; building-level administrators; business partners; and representatives of

professional organizations, foundations, the Legislature, the Governor's Office, the State Department or Board of Education, and colleges and universities.

D. Additional Funding for Professional Development (Senate Committee). The Senate Committee recommended that an additional \$2,250,000, all from the State General Fund, for professional development in FY 2008 be considered during Omnibus. In its report to the 2007 Legislature, the 2010 Commission recommended the additional funding to increase state aid for professional development from \$1,750,000 to a total of \$4,000,000, all from the State General Fund, in FY 2008. The State Department of Education's recently approved FY 2008 budget includes \$1,750,000, all from the State General Fund, for professional development, the same as the FY 2007 approved amount.

School districts are mandated by statute to offer programs and workshops providing professional development for teachers and administrators. School districts may use local money and may receive matching state aid to fund professional development. State aid is limited to the lesser of one-half of 1.0 percent of a school district's general fund budget or 50.0 percent of actual approved program costs. The total amount of funding needed to fully fund state aid for professional development under the statute in FY 2008 is \$6,200,000, all from the State General Fund.

E. Mentor Teacher Program Grants (Senate Committee). The Senate Committee recommended that an additional \$1,000,000, all from the State General Fund, for the Mentor Teacher Program in FY 2008 to fund the second year of mentoring 1,000 probationary teachers be considered during Omnibus. In its report to the 2007 Legislature, the 2010 Commission recommended the additional funding to extend mentoring support through the second year of a new teacher's three-year probationary period.

The Mentor Teacher Program was created statutorily in 2000, but until FY 2006, was funded only in FY 2002. The program provides stipends of \$1,000 to experienced teachers who mentor teachers in their probationary period. Because of limited funding, the program has been limited to beginning teachers who are in their first year of teaching. The State Department of Education's recently approved budget includes \$1,100,000, all from the State General Fund, in FY 2007 to provide grants to mentor 1,100 first year teachers; and \$1,150,000, all from the State General Fund, in FY 2008 to provide grants to mentor 1,150 first-year teachers.

F. Local Option Budget Authority Increase (Senate Committee). The Senate Committee recommended that the language recommended by the Governor to increase the local option budget (LOB) authority from 31.0 percent to 33.0 percent in FY 2008 and thereafter be deleted and considered during Omnibus. The House Committee recommended that the increase in the LOB authority be reduced from 33.0 percent to 32.0 percent. The Conference Committee on HB 2368 concurred with the House position to increase the LOB authority to 32.0 percent in FY 2008 and thereafter with the understanding that the mandatory election requirement in the school finance formula remains unchanged.

The State Department of Education estimates that the fiscal impact of the LOB authority increase is \$1,000,000, all from the State General Fund, in FY 2008 for supplemental general state aid. This amount is not included in the agency's recently approved FY 2008 budget; however, it is reflected in the April 2007 revised school finance estimates.

G. Kansas Career Pipeline (Senate Committee). The Senate Committee recommended that additional program and funding information on the Kansas Career Pipeline (KCP) in FY 2008 be considered during Omnibus.

The KCP is a career development program that matches the aptitude and interests of students and adults with Kansas career options. It helps students and adults find the educational programs that will prepare them for jobs in the state. It also helps them locate and apply for jobs anywhere in Kansas. The non-profit KCP is currently working with Kansas companies, secondary and post-secondary educational institutions, the State Department of Education, and the Kansas Board of Regents to field test its program with 3,000 students in 17 cities and 27 schools. By the fall of 2007, the KCP will be able to provide no-cost assessment, job preparation, and job placement services to every Kansas middle school, high school, community college, technical school, and university student, as well as every adult job seeker.

The FY 2008 estimated budget for the KCP is \$840,240. Working with the State Department of Education, the Executive Officer of the KCP requests that funding for the program be added to the State Department's FY 2008 budget. However, the amount of state funding needed for FY 2009 and FY 2010 would be reduced by one-third each year as state funding is replaced by the support of business and industry. The KCP will be privately funded by FY 2011. Currently, the program is funded by partnerships with Local Workforce Investment boards, community colleges in kind support, and state agency contracts with outside providers.

H. Parents as Teachers Program (Senate Committee). The Senate Committee recommended that an additional \$881,800, all from the State General Fund, for the Parents as Teachers Program in FY 2008 be considered during Omnibus.

During the budget hearing process, the agency reported to the Senate Committee that an additional \$1,381,800 (at \$420 per student) in state aid would be necessary to serve all 3,290 students that are on the program's waiting list as of December 31, 2006. The Senate Committee recommended the addition of \$500,000, all from the State General Fund, in FY 2008 to fund the state aid to serve approximately 1,190 students on the waiting list. Also the Senate Committee recommended that the additional \$881,800 in state aid needed to serve the remaining 2,100 students on the waiting list be reviewed during Omnibus. The Conference Committee on HB 2368 reduced the additional amount recommended by the Senate Committee from \$500,000 to \$250,000, all from the State General Fund.

The State Department of Education's recently approved budget for FY 2008 includes funding of \$7,539,500, all from the State General Fund, for the Parents as Teachers Program. The program provides aid to school districts that offer programs for expectant parents and parents of children less than three-years old. School districts are required to provide a 65.0 percent match for the state aid. The agency estimates that approximately 18,000 children will be served by the program in FY 2008.

I. SB 95 – Treatment Facilities for Mentally-Ill Youth (Law). SB 95 amends the definition of juvenile detention facilities to include those facilities that are classified as psychiatric residential treatment facilities. The bill also removes references to individually-named treatment centers in state law. These changes were made at the recommendation of the federal Centers for Medicare and Medicaid Services to ensure continued federal funding for the psychiatric residential treatment facilities.

Currently, local school districts that provide educational services to students housed in juvenile detention facilities receive state aid equal to twice the rate of base state aid per pupil or actual expenses, whichever is less. SB 95 expands the same level of funding to school districts providing educational services to students housed at psychiatric residential treatment facilities.

According to the Kansas Juvenile Justice Authority, there are a minimum of five psychiatric residential treatment facilities in the state with a total of 177 beds that could house patients that

would generate the two-for-one educational funding. The State Department of Education estimates that the fiscal impact of SB 95 would be \$774,198, all from the State General Fund, in FY 2008, assuming that half of the 177 beds are filled during the 2007-08 school year with students receiving educational services from local school districts.

J. HB 2123 – Second Enrollment Count Date for All School Districts; Transportation of Students (Conference Committee). The Senate version of HB 2123 would allow all school districts to conduct a second count of students on February 20 of each school year. In cases where the second count exceeds the September 20 count, a school district would receive additional funding in the amount of 50.0 percent of the general state aid for the increased enrollment.

The State Department of Education estimates that approximately 30 school districts would be affected by the second enrollment count date in FY 2008. The fiscal impact of HB 2123 would be an additional \$3.3 million, all from the State General Fund, for general state aid in FY 2008. In addition, the State Department would be required to recalculate the various weightings for general state aid and audit the enrollment figures for an additional 95,000 students in those school districts that experienced an increase in enrollment between September 20 and February 20. The State Department estimates that a 1.0 FTE Auditor position will be needed to carry out the responsibilities provided for in HB 2123. The total cost for the salary, travel, and other operating expenditures related to the new Auditor position would be \$64,310, all from the State General Fund, in FY 2008.

The House version of HB 2123 would permit students living more than ten miles from their school to attend a school in an adjoining district, if the receiving district agrees to accept and provide transportation for the student. The fiscal note, on this version of HB 2123, indicates the bill would have no fiscal impact.

The House and Senate members of the Conference Committee on HB 2123 have been appointed; however, the Conference Committee has not yet met on the bill.

K. SB 68 – Policies Prohibiting Bullying; Character Development Programs; and Removal of Sunset Date for Nonproficient Weighting (Conference Committee). SB 68 contains two provisions that have a fiscal impact on the State Department of Education.

The bill would require the following: (1) school district boards to adopt policies prohibiting bullying on school property, in a school vehicle, or at a school-sponsored activity; and (2) each school district to adopt and implement a strategic plan to address bullying which include provisions for training and education for staff and students. (This provision was originally in Substitute for 2007 HB 2310).

The bill would also require the State Department of Education to assist any school district deciding to offer grade-appropriate curriculum for character development programs. Offering such programs would be voluntary for school districts. (This provision was added by the Conference Committee.)

For the implementation of these provisions, the State Department of Education estimates that a 0.5 FTE Education Program Consultant position will be needed. The total cost for the salary and other operating expenditures related to the position would be \$40,558, all from the State General Fund, in FY 2008. This position would be responsible for assisting school districts in developing policies and designing and implementing bullying prevention and character development programs. The position would also administer two after school programs. The Legislature provided funding of \$375,000, all from the State General Fund, for the first after school program beginning in FY 2006.

The Conference Committee on HB 2368 also approved an additional \$400,000, all from the State General Fund, for the second after school program for middle school students in FY 2008.

In addition, SB 68 would remove the sunset date on the nonproficient weighting. In the 2006 school finance bill (2006 SB 549), the Legislature appropriated \$10.0 million, all from the State General Fund, in FY 2007 for a new weighting category for students who are not proficient on the basis of state assessments but who are not eligible for free lunch. The provisions for the new weighting would expire on June 30, 2007. In November 2006, when staff from the State Department of Education, the Division of the Budget, and the Kansas Legislative Research Department met to consider revisions to the school finance estimates, no specific adjustment was made to remove funding for this weighting in FY 2008. Therefore, approximately \$10.0 million, all from the State General Fund, was included in the FY 2008 *Governor's Budget Report* to finance the weighting in the base general state aid appropriation. With the removal of the sunset date, no additional funding would be needed for the continuation of the nonproficient weighting in FY 2008.

The Conference Committee report on SB 68 has been signed; however, neither house has yet to take action on this bill.

L. Revised School Finance Consensus Estimates and GBA No. 2, Item 17, Page 14.

Staff from the Kansas State Department of Education, the Division of the Budget, and the Kansas Legislative Research Department met on April 13, 2007 to consider revisions to the November 2006 school finance consensus estimates.

For FY 2007, it is estimated that there are State General Fund savings of \$3,197,000 for general state aid and a shortfall of \$764,000 for supplemental general state aid, resulting in net savings of \$2,433,000. (This is in addition to net savings of \$5,220,000 in general state aid and supplemental general state aid which have already been taken into consideration.) The reason for the savings in general state aid is higher than expected school district local effort. Based on action taken by the Conference Committee on HB 2368, the general state aid savings would be reappropriated. While LOB expenditures did not increase, the shortfall in supplemental general state aid is attributable to a 0.1 percent increase in the state aid ratio.

For FY 2008, it is estimated that there is a shortfall of \$1,318,000, for general state aid and \$14,933,000 for supplemental general state aid, for a total shortfall of \$16,251,000, all from the State General Fund. The shortfall in general state aid is attributable to an anticipated increase in enrollment in FY 2008 as a result of the passage of 2007 HB 2159 and is partially offset by slightly higher than expected school district local effort. The shortfall for supplemental general state aid is the result of the passage of HB 2159, the LOB authority increase in HB 2368, and a 1.55 percent increase in the state aid ratio (from 35.10 percent to 36.65 percent) that resulted from an increase in assessed valuations.

HB 2159, which has been signed into law, allows all school districts to conduct a second count of students on February 20, 2008 and February 20, 2009. This second count is permitted for students who are dependents of full-time active members of the military service or dependents of the military reserve who have been ordered to active duty for at least 30 consecutive days. The second count enrollments are to be used in calculating a district's state aid, in cases where the number of students has increased by at least 25 students or by a number equal to 1.0 percent or more of the district's enrollment between September 20 (the required annual enrollment count date) and February 20. The State Department of Education estimates that approximately 832 additional students would qualify for the second enrollment count date in FY 2008. The fiscal impact of these additional students total \$4,021,200, all from the State General Fund in FY 2008. This amount includes \$3,639,200 for general state aid and \$382,000 for supplemental general state aid.

M. Keeping Education Promises Trust Fund (Technical Adjustment). The Conference Committee on HB 2368 agreed to add the language in the Senate version of 2007 SB 30 to the Mega bill. The language provides that: (1) in FY 2008, \$122.7 million will be transferred from the State General Fund to a newly established Keeping Education Promises Trust Fund to set aside the third year of increased funding approved in the 2006 school finance bill; and (2) in FY 2009, \$122.7 million will be transferred back from the Keeping Education Promises Trust Fund to the State General Fund for the third year of increased funding. Due to an oversight, the language in the Mega bill provides that, in FY 2009, \$122.7 million will be transferred from the State General Fund to the Keeping Education Promises Trust Fund. A technical adjustment is needed to carry out the Legislature's intent in SB 30.

School for the Blind

A. Increase Teacher Salaries (Senate Committee and House Committee). Both the House and Senate Committees recommended that an increase in teacher salaries at the Kansas State School for the Blind (KSSB) for FY 2008 be considered during Omnibus.

The House Committee recommended that an increase in teacher salaries be reviewed to ensure that they keep up with those of the Olathe School District, if the 2007 Legislature does not pass HB 2422 or SB 338. HB 2422 would require that, beginning on July 1, 2007, teachers, or other professional service providers, at the KSSB are to be paid a rate of compensation that is not less than the rate of compensation paid to teachers, or other professional service providers, at the Olathe School District as of September 1 of the previous school year. The provisions of SB 338 are nearly identical to those of HB 2422. However, SB 338 would require that teachers, or other professional service providers, at the KSSB be paid a rate of compensation that is not less than that of the Olathe School District as of September 1 of the current school year. HB 2422 passed the House on March 19, 2007 and was referred to the Senate Ways and Means Committee. SB 338 passed the Senate on March 22, 2007 and was referred to the House Appropriations Committee. Neither Committee has yet to take action on the specific bill that was referred to that Committee.

The agency estimates that the fiscal impact of HB 2422 or SB 338 for FY 2008 would be an additional \$84,597, all from the State General Fund, for a 4.0 percent difference in the rate of compensation for the 2006-07 school year. For the 2007-08 school year, the Olathe School District will not complete contract negotiations until after the end of the legislative session when the KSSB budget is approved. The estimated fiscal impact would be based on the difference between the Olathe School District teacher salary plan and the State of Kansas salary plan.

Prior to the introduction to HB 2422 and SB 338, the Senate Committee recommended that an increase in teacher salaries be reviewed to ensure that KSSB teachers receive a 4.0 percent pay increase in FY 2008, if the 2007 Legislature approved a reduction in the Governor's recommended 4.0 percent merit pool for unclassified employees. The Conference Committee on HB 2368 recommended an unclassified merit pool of 2.0 percent and a one-time bonus of \$860. For the average unclassified employee, the flat dollar bonus translates into a percentage increase of 1.6 percent. Therefore, with the bonus, the pay increase for the average unclassified employee in FY 2008 would equal 3.6 percent.

The agency estimates that, given the recently approved 3.6 percent increase, an additional \$8,460, all from the State General Fund, would be needed for KSSB teachers to receive a 4.0 percent pay increase in FY 2008. The 4.0 percent increase would cover the difference in the rate of compensation for the 2006-07 school year. However, it does not take into account a possible pay raise by the Olathe School Board for the 2007-08 school year.

School for the Deaf

A. Increase Teacher Salaries (Senate Committee and House Committee). Both the House and Senate Committees recommended that an increase in teacher salaries at the Kansas State School for the Deaf (KSSD) for FY 2008 be considered during Omnibus.

The House Committee recommended that an increase in teacher salaries be reviewed to ensure that they keep up with those of the Olathe School District, if the 2007 Legislature does not pass HB 2422 or SB 338. HB 2422 would require that, beginning on July 1, 2007, teachers, or other professional service providers, at the KSSD are to be paid a rate of compensation that is not less than the rate of compensation paid to teachers, or other professional service providers, at the Olathe School District as of September 1 of the previous school year. The provisions of SB 338 are nearly identical to those of HB 2422. However, SB 338 would require that teachers, or other professional service providers, at the KSSD be paid a rate of compensation that is not less than that of the Olathe School District as of September 1 of the current school year. HB 2422 passed the House on March 19, 2007 and was referred to the Senate Ways and Means Committee. SB 338 passed the Senate on March 22, 2007 and was referred to the House Appropriations Committee. Neither Committee has yet to take action on the specific bill that was referred to that Committee.

The agency estimates that the fiscal impact of HB 2422 or SB 338 for FY 2008 would be an additional \$116,435, all from the State General Fund, for a 3.0 percent difference in the rate of compensation for the 2006-07 school year. For the 2007-08 school year, the Olathe School District will not complete contract negotiations until after the end of the legislative session when the KSSD budget is approved. The estimated fiscal impact would be based on the difference between the Olathe School District teacher salary plan and the State of Kansas salary plan.

Prior to the introduction to HB 2422 and SB 338, the Senate Committee recommended that an increase in teacher salaries be reviewed to ensure that KSSD teachers receive a 4.0 percent pay increase in FY 2008, if the 2007 Legislature approves a reduction in the Governor's recommended 4.0 percent merit pool for unclassified employees. The Conference Committee on HB 2368 recommended an unclassified merit pool of 2.0 percent and a one-time bonus payment of \$860. For the average unclassified employee, the flat dollar bonus translates into a percentage increase of 1.6 percent. Therefore, with the bonus, the pay increase for the average unclassified employee in FY 2008 would equal 3.6 percent.

The agency estimates that, given the recently approved 3.6 percent increase, an additional \$15,525, all from the State General Fund, would be needed for KSSD teachers to receive a 4.0 percent pay increase in FY 2008. The 4.0 percent pay increase would cover the difference in the rate of compensation for the 2006-07 school year and provide a 1.0 percent increase in teacher pay for the 2007-08 school year.

B. Funding Sound START of Kansas (Senate Committee). The Senate Committee recommended that the agency's request for an additional \$398,200, all from the State General Fund, to fund Sound START of Kansas in FY 2008 be considered during Omnibus. The KSSD requested the funding as part of its FY 2008 budget submission; however, the Governor did not recommend it. Also during the 2006 Interim, the Joint Committee on Children's Issues reviewed this item. In its report to the 2007 Legislature, the Joint Committee recommended funding for this program.

Sound START is a collaborative program with the Kansas Department of Health and Environment (KDHE) that would provide services to deaf children ages 0-3 and their parents through regional consultation within the local KDHE Infant and Toddler Services (Tiny-K) networks. The

program would consist of the following components: (1) eight regional consultants with the experience and the specialized training on hearing loss; (2) training for Tiny-K network service providers; (3) contracted services such as deaf mentors, sign language teachers, and auditory/oral specialists; (4) parent to parent support; and (5) a statewide director to ensure program consistency throughout the state.

Estimated expenditures for Sound START are summarized below.

Sound START - FY 2008 Estimated Expenditures

<u>Expenditure</u>	<u>Agency Req. FY 2008</u>
Salaries:	
One Director	\$ 60,000
Four Full-Time Consultants @ \$40,000 each	160,000
Four Part-Time Consultants @ \$20,000 each	80,000
One Program Administrator	35,000
Benefits	40,200
Subtotal - Salaries and Benefits	<u>\$ 375,200</u>
Contracted Services	68,000
Training	28,600
Curriculums/Assessments	20,000
TOTAL	<u>\$ 491,800</u>
Less Funding Provided by Participating Agencies:	
KSSD	(70,000)
KDHE Sound Beginnings	<u>(23,600)</u>
NET TOTAL - Appropriations Requested	<u><u>\$ 398,200</u></u>

C. Funding Shortfall in Operating Expenditures (House Committee). The House Committee recommended that the agency's request for an additional \$330,000, all from the State General Fund, to cover a shortfall in funding for operating expenditures in FY 2008 be considered during Omnibus. The Senate Committee recommended the increased funding. The Conference Committee on HB 2368 modified the Senate position by reducing the amount of increased funding to cover the shortfall by one-half, from \$330,000 to \$165,000, all from the State General Fund.

Board of Tax Appeals

A. Operating Expenditures (Senate Committee and House Committee). The Senate and House Committee deleted \$55,417 from the State General Fund in FY 2008 for expenditures that were added by the Governor to the agency's base. The expenditures include the following:

1. \$47,775 for increased compensation for small claims hearing officers;
2. \$4,864 for legal research tools; and
3. \$3,778 for capital outlay expenditures, including ergonomically correct chairs.

Additionally, the Senate Committee deleted \$3,139 in other expenditures.

The Conference Committee concurred with the House and deleted \$55,417 for review at Omnibus.

B. Information Technology Expenditures (Senate Committee). The Senate Committee noted that the Governor included \$40,000 from the Filing Fee Fund for information technology replacement. The agency requested the funding for hardware and software according to their replacement plan. The Senate concurred with the recommendation, but wanted to review the issue at Omnibus. The agency had originally requested that the funding come from the State General Fund.

C. Funding for Attorney (Senate Committee). The Senate Committee deleted \$71,265, including \$35,000 from the State General Fund, that the Governor recommended to hire an additional attorney in FY 2008. The agency indicated that this attorney would be responsible for helping to implement the new pre-hearing process and managing the commercial docket.

The Senate Committee recommended that the issue be reviewed at Omnibus, and that the agency be allowed to fund this position from existing resources if necessary.

The Conference Committee on HB 2368 concurred with the House recommendation and did not delete the funding.

D. GBA No. 2, Item 6, Page 4—Small Claims Hearings.

Department of Revenue

A. Family and Personal Protection Act Expenditures (Senate Committee)

The Senate Committee requested that expenditures made for the implementation of 2006 SB 418, the Family and Personal Protection Act, in FY 2007 be reviewed at Omnibus.

Concealed Carry Process Flow

The following steps are currently taken to implement the law according to the Department of Revenue:

1. The Office of the Attorney General (AG) sends the Department of Revenue (KDOR) a data file of people who have applied for a concealed carry license and passed the background check.
2. KDOR verifies the name, date of birth, and drivers license number against the drivers license file.

3. KDOR sends to the AG's office an indicator that everything was verified and the AG's office can send the applicant a letter that they can purchase their concealed carry license. Or, KDOR sends an indicator that the information did not match the drivers license file. During the verification process, the drivers license files are updated with an indicator to show the concealed carry license is ready to issue.

4. When the applicant comes to the office, they have the choice of getting the concealed carry issued on their driver's license, or identification card or, on a stand alone card.

5. Once this license is issued, the drivers license file is updated with the issue status, issue indicator and issue date. This information is sent back to the AG's office to allow the AG's files to be updated.

6. When the AG's office revokes, suspends or receives a surrendered concealed carry license they will send KDOR the information and the drivers license files are updated accordingly.

7. KDOR sends back a file indicating the information has been updated in the drivers license files. This issue, revocation, or suspension information is available to law enforcement.

The following is the expenditure information from the Department of Revenue, the Kansas Bureau of Investigations, and the Office of the Attorney General:

Department of Revenue (information as of March 23, 2007)

Payments of \$72,672 to the drivers license vendor for the design/implementation of 3 new card types (concealed carry indicator on the drivers license, concealed carry indicator on ID card, stand-alone concealed carry permit) have been made as of March 23, 2007. The 2006 Legislature appropriated \$50,000 from the Division of Vehicles Operating Fund in FY 2007 for this purpose.

Additionally, payment of \$27,990 from the Division of Vehicles Operating Fund in contract programmer costs for changes to drivers license system software have been made in FY 2007.

The Department of revenue indicated that 5,613 concealed carry permits at \$12 per card have been issued resulting in \$67,356 in revenue. Of this amount \$22,452 has been deposited into the Photo Fee Fund for the production and mailing of the cards. The remaining \$44,904 was deposited into the Division of Vehicles Operating Fund to cover operating expenditures.

The Attorney General has approved an additional 596 permits which have not yet been picked up by the applicants.

Kansas Bureau of Investigation (information as of April 2, 2007)

The Kansas Bureau of Investigation (KBI) conducts a record check on each concealed carry applicant. They reported on April 2, 2007 that 6,486 record checks have been conducted. The Attorney General's Office transfers \$24 to the KBI for each record check; however, the KBI is required to transfer \$22 of that to the Federal Bureau of Investigation (FBI). The KBI reports that \$142,692 has been transferred to the FBI, and they have retained \$12,972, or \$2 per check, to cover the agency's expenses.

The agency reports that the standard fee for a record check is \$54. In order for the concealed carry record checks to produce revenue equal to other record checks, the Attorney General would need to transfer an additional \$30 per record check, or \$194,580, to the KBI.

Office of the Attorney General (information as of March 31, 2007)

The Office of the Attorney General reports that year-to-date expenditures for concealed carry, through March 31, were \$417,398. Year-to-date receipts are \$887,231. The total number of applications received are 7,746.

The breakdown of these expenditures for procession applications by category are as follows:

- Salaries and Wages: \$163,939
- Contractual Services: \$230,981
- Commodities: \$12,701

B. Kansas Advisory Council on Intergovernmental Relations (Senate Committee and House Committee).

Both Committees deleted funding for the Kansas Advisory Council on Intergovernmental Relations for review at Omnibus. A total of \$47,892 from the State General Fund was deleted in FY 2007 and \$48,187 from the State General Fund was deleted in FY 2008.

The Kansas Advisory Council on Intergovernmental Relations is a 15-member council established by the 2002 Legislature to engage in a continuous study of the services provided by the various types and levels of government within the state, the division of responsibility for providing and financing government services, possibilities of improving the organizational structure and operational structure and operational efficiency of the various governmental units serving the citizens of the state; and the state and local tax structure and revenue requirements and fiscal policies of the state and its local units of government.

- The Governor appoints 11 of the 15 members:
 - Two county officials including one member of a board of county commissions;
 - Two city officials;
 - One election township official;
 - One elected school board member;
 - Two executive branch officials;
 - Three private citizens.

The remaining four members are as follows:

- Two members of the Kansas Senate, one appointed by the President of the Senate and one by the Senate Minority Leader.
- Two members of the Kansas House of Representatives, one appointed by the Speaker of the House and one appointed by the House Minority Leader.

No more than seven members may be from the same political party. Members serve without compensation, but may be reimbursed for expenses.

The current chair of the council is the Secretary of Revenue. The Department of Revenue indicated that there has historically been no money appropriated for the Council and requested both a supplemental and enhancement request.

The supplemental request in FY 2007 was for \$47,892, all from the State General Fund. This includes funding of \$27,192 for salaries and wages for a 0.5 FTE administrative position and \$20,700 in operating expenditures including travel.

The enhancement request in FY 2008 was for \$48,187, all from the State General Fund. This includes funding of \$27,487 for salaries and wages for a 0.5 FTE administrative position and \$20,700 in operating expenditures including travel.

C. Funding for the Biodiesel Fuel Producer Incentive and the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentives (House Committee) and GBA No. 2, Item 4, Page 3—Ethanol Producers Incentives. The House Committee noted that 2006 SB 388 established the Biodiesel Fuel Producer Incentive. This incentive, in conjunction with the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive, established in law account for \$7.0 million of incentives in FY 2008. The House Committee recommended that the funding for these incentives be reviewed closely at Omnibus. The Committee expressed particular concern regarding the transfer from the Economic Development Initiatives Fund to the Biodiesel Fuel Producer Incentive Fund in the amount of \$3.5 million in FY 2008.

The law establishes the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund and sets the amount to be transferred from receipts from motor fuel taxes into this fund for FY 2008 of \$3.5 million. The statute specifies that a transfer of \$875,000 will occur quarterly. KSA 79-34,163 specifies that the incentive, paid to Kansas qualified agricultural ethyl alcohol producers, be \$0.075 per gallon produced up to 15.0 million gallons, with a minimum production of 5.0 million gallons. If the aggregate claims for incentives exceeds the amount in the fund, the incentives will be paid on a pro rata basis.

KSA 79-34,156 establishes the Kansas Qualified Biodiesel Fuel Producer Incentive Fund and sets the amount to be transferred from the Economic Development Fund for FY 2008 of \$3.5 million. The statute specifies that a transfer of \$875,000 occur quarterly. The statute also specifies that if money is not available on the date of the transfer the funds shall be transferred from the State General Fund. KSA 79-34,158 specifies that the incentive, paid to Kansas qualified biodiesel fuel producers, be \$0.30 for each gallon of biodiesel fuel sold by the producer.

D. HB 2373 – One Lien on Vehicle Titles (Law). HB 2373 provides that on and after July 1, 2007, only one lien will be taken or accepted for vehicles with a gross vehicle weight rating of 26,000 pounds or less for an obligation to be secured on a certificate of title. However, this does not apply when a loan is refinanced. Finally, the bill ensures that a second lien cannot be perfected upon a motor vehicle title.

The Department of Revenue indicates that implementation of this bill will require filling two additional FTE positions. These positions would be Senior Administrative Assistants with an estimate of \$82,818, all from the State General Fund, in FY 2008 for salaries and wages and operational expenditures.

E. HB 2038 – Energy Related Tax Incentives (Law). HB 2038 creates a property tax exemption for certain new nuclear generation facilities and exempts those facilities from various sitting requirements; provides income tax incentives for qualified investments in fuel storage and blending equipment used for biofuels; and provides tax incentives for renewable electric cogeneration facilities and certain waste heat utilization systems.

The Department of Revenue indicated that implementation of this bill would require 2,314 hours of programming which would cost \$185,120, all from the State General Fund, in FY 2008.

F. Senate Substitute for HB 2476 – Homestead Refund Program Expansion (Governor).

Senate Substitute for HB 2476 makes a number of changes in the Homestead Property Tax Refund Act, effective for tax year 2007, the cumulative impact of which will result in a significant expansion of the program. The maximum refund available under the program is increased from the current \$600 to \$700. The statutory assumption that renters' effective property tax burden is equivalent to 20 percent of their total rent is reduced to 15 percent. Additional language requires the Department of Revenue to deny claims from renters reporting household income of 150 percent or less of the homestead rental amount who also fail to provide certain supporting information.

Another provision allows 50 percent of Social Security benefits to be excluded from the definition of income for the purposes of qualifying for the program.

A new residential valuation ceiling also will prohibit any homeowner with a residence valued at \$350,000 or more from participating in the program.

A prohibition against persons with delinquent homestead property taxes participating in the program is repealed and replaced with language that will automatically pay any refunds for such persons to county treasurers for application first to any such delinquent taxes; and subsequently to any other homestead taxes currently due.

The Department indicated that the cost of implementation of this bill would total \$321,675, all from the State General Fund, in FY 2008. This includes funding for 2,200 programming hours at a cost of \$176,000 and funding for 3.0 FTE positions, Customer Service Representatives, at a cost of \$145,675.

G. HB 2145 – Incentives for Renewable Fuels (Conference Committee). In part, this bill would create a monetary incentive for licensed retail motor fuel dealers selling renewable fuels and for licensed retail dealers of biodiesel beginning in FY 2009 and ending in FY 2026.

The Department indicated that the cost of implementation of this bill would total \$140,800 from the Division of Vehicles Operating Fund in FY 2008. This includes funding for 1,760 programming hours in FY 2008.

Additionally, the Department notes that funding for 3.0 FTE positions, Customer Service Representatives, will be required in FY 2009.

H. GBA No. 2, Item 5, Page 4—New Intra-Governmental Service Fund.

Department of Commerce

A. Rural Opportunity Program (House Committee). The Governor included funding of \$2.1 million from the Economic Development Initiatives Fund for a Rural Opportunity Program in FY 2008. The House Budget Committee recommended that \$900,000 of the funding be deleted. The House Committee restored the funding and recommended a review of the entire program at Omnibus.

The following initiatives are included in the program:

- \$300,000 for the creation and staffing of the Office for Rural Opportunity which would be located in rural areas to assist communities and regions with strategic

planning resources and programs and act as a liaison with other state and federal agencies;

- \$100,000 for capacity building and strategic planning grants;
- \$500,000 for a pilot state funded Kansas Small Town Environment Program (KAN-STEP). The current KAN-STEP, which addresses water, sewer, and public building needs, is only federally funded. This expansion would create a state funded program whose eligibility requirements could be adjusted;
- \$200,000 for the Main Street Program, which is a program for downtown redevelopment and historic preservation; and
- \$1.0 million for the Kansas Small Business Development Centers which work with small businesses, start-up and entrepreneurs to help them compete and grow.

B. SB 164 – Qualified Industrial Manufacturer Act (Law). SB 164, the Qualified Industrial Manufacturer Act, would provide up to \$2.0 million in Kansas income tax withholding if the following conditions are met: be a person, corporation, partnership, or other entity engaged in the manufacturing of hydraulics in Reno County, Kansas, and is a company that anticipates paying at least \$12.5 million in annual gross compensation to employees in Kansas.

The \$2.0 million would be payable over up to a ten year time period. The estimated decrease in State General Fund revenue in FY 2008 is \$625,000.

The Department of Commerce estimates it will require an additional \$35,575, all from the State General Fund, and a 0.5 FTE position to administer the program. This amount includes \$28,680 for salaries and wages, \$2,895 for a workstation, and \$4,000 for training and travel.

C. House Substitute for SB 11 – Health Reform (Conference Committee). House Substitute for SB 11, as agreed to by the Conference Committee on April 3, enacts the Foundations of Health Reform Act of 2007. Additionally, the bill contains provisions relating to the following: the use of confidential data in the cancer registry; establishment of the Umbilical Cord Donation Information Act; creation of a dispute resolution process for the State Fire Marshal; reciprocal licenses for adult care home administrators; the practice of physical therapy; the newborn screening program; and the Kansas Pharmacy Act relating to wholesale drug registrants and vaccine administration.

As it pertains to this agency, SB 11 would create the Small Employer Cafeteria Plan Development program to encourage and expand the use of cafeteria benefit plans authorized by 26 USC 125 (Section 125 plans) by small employers. Small employers are defined in the bill as those who employ fifty or fewer people. The bill would authorize the Secretary of Commerce to provide grants to small employers, who do not already offer cafeteria plans, for the purpose of establishing Section 125 plans. The bill would direct the Secretary to market the program and allow contracts with third parties to operate the program. The Small Employer Cafeteria Plan Development Program Fund is established to provide grants. Under the provisions of the bill, the development program would expire July 1, 2009.

The bill would authorize the Secretary of Commerce to make grants or no interest loans for the purpose of financing the initial costs associated with the formation and organization of associations to assist members of the association with obtaining access to health care plans. As

defined in the bill, an association would mean a small business or an organization of persons having a common interest. A small business would be defined as an employer with fifty or fewer employees. The bill would specify the use of the funds, including authorization to use the funds to pay for actuarial or feasibility studies. The loans would be required to be interest free and the association would be required to provide a two for one match for the grant or loan. The Association Assistance Plan Fund would be established to provide grants and loans and \$500,000 would be transferred from the State General Fund to the Fund on July 1, 2007.

The Department on Commerce indicated that the cost to implement the provisions of this bill would be 1.5 FTE positions and \$150,000 from the Economic Development Initiatives Fund in FY 2008. The funding would include salaries and wages for the 1.5 FTE positions and other operating costs to administer the programs.

Kansas Technology Enterprise Corporation

A. Experimental Program to Stimulate Competitive Research (EPSCoR) Funding (Senate Committee). The Senate Committee recommended consideration of the addition of \$125,000 from the Economic Development Initiatives Fund (EDIF) for Experimental Program to Stimulate Competitive Research (EPSCoR) at Omnibus.

This program is aimed at improving the competitiveness of academic research in states that have not traditionally fared well in attracting federal research funds. Kansas qualifies as an EPSCoR state by virtue of its universities historically receiving low per capita research dollars. EPSCoR attempts to normalize the inequity through a competitive research funding process restricted to the 25 designated EPSCoR states.

The agency indicated it would anticipate receiving an additional \$1.5 million in federal funds if it receives the \$125,000 from EDIF to use as matching funds. This would result in a 12:1 match rate for these funds.

The agency requested \$125,000 as an enhancement request to its budget. The Governor did not recommend the enhancement request. The amount approved for this program for FY 2008 by the Conference Committee on HB 2368 is \$1.95 million.

B. Entrepreneur-in-Residence Program Funding (Senate Committee). The Senate Committee recommended consideration of the addition of \$150,000 in FY 2008 from the Economic Development Initiatives Fund for the Entrepreneur-in-Residence program at Omnibus.

The Entrepreneur-in-Residence program attempts to stimulate results in strategic industries through contracts with individuals.

The activities of these professionals include developing strategies for key industries, modeling university research for direct commercialization, locating substantial out-of-state venture capital, and increasing pools of local private capital.

The agency requested \$150,000 in FY 2008 as an enhancement request to its budget. The Governor did not recommend the enhancement request. The amount approved for this program for FY 2008 by the Conference Committee on HB 2368 is \$270,000.

Department on Aging

A. Health Facility Surveyors (House Committee and Conference Committee). The House Committee deleted \$255,673, all from the State General Fund, and 3.0 FTE positions in FY 2008 for the addition of three new health facility surveyors for review at Omnibus. The Conference Committee on HB 2368 concurred with the House position and deleted the funds for review at Omnibus.

The Governor's budget included the addition of 3.0 FTE positions for surveying nursing facilities and enforcing state and federal rules and regulations. The Kansas Department on Aging indicated it requested funding for these positions due to an increase in the number of licensed nursing facility beds combined with a substantial increase in the number of state-licensed facilities such as assisted living facilities and adult day care programs.

The Department noted that the number of licensed beds within certified facilities has increased by about 1,300 during the past eight years. While the number of FTE positions dedicated to this activity has been constant, the number of filled positions has declined slightly as federal funding has not kept pace with the demands of the program. Currently about 20 percent of the 70 federal surveyors positions are vacant.

Concurrently, the number of state-licensed facilities has grown by 116 facilities. The number of surveyors has remained constant at four although the number of facilities has increased by 74 percent. Currently, one of those positions is vacant due to budget constraints.

The Department indicated that the lack of adequate resources in the state facility survey program has had a serious impact on the Department's ability to conduct surveys and complaint investigations in assisted living facilities and other state-licensed adult care homes. The program is behind in both annual surveys and complaint investigations, which potentially could lead to serious outcomes for Kansas seniors.

B. Home and Community Based Services for the Frail Elderly (HCBS/FE) Waiver Rate Increase (House Committee and Conference Committee). The House Committee deleted \$3,695,066, including \$874,969 from the State General Fund in FY 2008, for increases in reimbursement rates for the Home and Community Based Services for the Frail Elderly waiver and to meet the projected increases in caseload in the waiver for review at Omnibus. The Conference Committee concurred with the House position and deleted the funding.

This would be an increase of 5.9 percent over the FY 2007 approved amount and would allow for an increase in the average cost per person and increases in caseloads.

Governor's Recommended HCBS/FE Waiver Increase Enhancement

	<u>SGF</u>	<u>Other State Funds</u>	<u>Federal</u>	<u>All Funds</u>
Federal Matching rate change	\$ 339,638	\$ --	\$ (339,638)	\$ --
Increase Waiver				
Senior Services Fund	\$ --	\$ 508,037	\$ --	\$ 508,037
Long Term Care Loan and Grant Fund	--	439,831	--	439,831
State General Fund	535,331			535,331
Federal Funds	--	--	2,211,867	2,211,867
TOTAL	<u>\$ 874,969</u>	<u>\$ 947,868</u>	<u>\$ 1,872,229</u>	<u>\$ 3,695,066</u>

C. Other Expenditures from HCBS/FE Waiver (House Committee). The House Committee recommended review at Omnibus of the other enhancement items that the agency requested for the HCBS/FE waiver in FY 2008. These include:

- \$581,758, including \$230,318 from the State General Fund, for 24 hour service delivery for individuals receiving waiver services;
- \$5,321,011, including \$2,106,588 from the State General Fund, to provide companion services to individuals receiving waiver services; and
- an additional \$5,503,285, including \$2,766,658 from the State General Fund, to increase reimbursement rates for the waiver and to meet the projected increases in caseload.

The Governor did not recommend these enhancements and the Legislature did not included funding for these items in HB 2368.

D. Rapid Referral (Senate Committee and House Committee). The Senate and House Committees recommended review of the addition of \$1,081,200, including \$645,764 from the State General Fund, for a new rapid referral and early intervention system for hospital discharge planners and community new care managers in FY 2008.

According to the Department, early intervention at hospitals by case managers proved beneficial in being able to set up services before the customers went home and made for smoother transitions between settings. In the pilot project, the early intervention was also effective in preventing some customers from going directly into a nursing facility from the hospital.

E. Senior Care Act (House Committee). The House Budget Committee deleted \$500,000 all from the State General Fund, for the Senior Care Act in FY 2008 for review at Omnibus. The Senior Care Act is a state only funded program which provides home and community based services for those individuals over the age of 60 who have not yet exhausted their financial resources. The House Committee subsequently restored the \$500,000 from the State General Fund for the Senior Care Act.

The House Committee recommended review at Omnibus of the other enhancement items that the agency requested for the Senior Care Act. These include:

- \$200,000 from the State General Fund for expedited services for individuals who would otherwise have to wait for eligibility determination; and
- \$278,800 from the State General Fund to provide services for additional individuals on the Senior Care Act.

The Conference Committee on HB 2368 included \$500,000, all from the State General Fund, in FY 2008 for increased Senior Care Act funding.

The Department indicated that the waiting list for Senior Care Act services was 178 persons as of December 31, 2006. The waiting list, as of March 30, 2007, has grown to 238 due primarily to demands for services and unavailability of local funds.

F. Topeka PACE (Senate Committee and House Committee). The House and Senate Committees noted that the Program of All Inclusive Care for the Elderly (PACE) is a proven program that saves the state money through the payment of a capitated rate for services. The Committees noted that a commitment was made to expand the program in Topeka, which is operated by Midland Care Connection. The program is currently authorized for 75 slots and is requesting another 75 slots for the program for FY 2008. The Committees recommended a review at Omnibus of the addition of \$1.15 million, including \$455,285 from the State General Fund, in FY 2008 for this expansion.

G. Wyandotte County PACE (House Committee and Conference Committee). The Department on Aging is requesting an additional location for the PACE program to be located in Wyandotte County. The House Committee noted that significant private funds are being committed to this development, up to a potential of \$1.0 million each from the Sisters of Charity, SWOPE Healthcare Services, and Via Christi. Testimony indicated that within five years, the program in Wyandotte County could grow to provide services to 500 individuals. The House Committee recommended a review at Omnibus, as this type of program typically takes at minimum 18 months to begin operation, as it requires federal approval. The House Committee recommended that the Committee consider approval of 80 slots starting in FY 2009 with the goal of adding 80 additional slots each fiscal year for up to seven years, for a total of 500 slots. The House Committee notes that approval would be needed this legislative session for the project to move forward for implementation in FY 2009. Additionally, the House Committee noted the commitment by the private sector, and the need for the public sector to commit to the project. The Department requested an enhancement of \$795,000, including \$314,741 from the State General Fund, for 50 slots for this location in FY 2008.

The Senate Committee recommended the approval of 80 slots at the Wyandotte County location starting in FY 2009. The Senate Committee noted that approval would be needed this legislative session for the project to move forward for implementation in FY 2009.

The Conference Committee on HB 2368 concurred with the House position to review the approval at Omnibus.

H. Grant Programs (House Committee). The House Committee recommended a review at Omnibus of the proposal from the Kansas Foundation for Medical Care, Inc., to establish two grant programs at the Department on Aging to be operated by the Foundation in FY 2008:

- \$204,218, all from the State General Fund, for Community Collaborative/Coalition which would develop and facilitate community collaborative/coalitions focused on healthcare quality improvement through increased continuity and coordination of care; and
- \$152,126, all from the State General Fund, for individualized nursing home technical assistance program to operate in nine nursing facilities on a voluntary basis to improve the quality of care.

The House Committee subsequently added \$356,344, all from the State General Fund, for these grants. The Conference Committee on HB 2368 concurred with the House position and added the funding.

I. Nutrition Funding (Senate Committee and House Committee). The Senate Committee recommended a review at Omnibus of additional funding for the nutrition program. The House Committee recommended that the addition of \$250,000, all from the State General Fund, in FY 2008 for the nutrition program be considered at Omnibus. The House Committee recommended the addition of \$750,000, all from the State General Fund, in FY 2008, including \$500,000 to replace commodities and \$250,000 to increase the amount of funding for meals provided. The Conference Committee on HB 2368 concurred with the House position and added \$750,000, all from the State General Fund, in FY 2008 for the nutrition program.

The request included \$500,000 to replace food previously received via the commodities program operated by the United States Department of Agriculture (USDA), in both the entitlement and bonus commodities. Under the current federal language, which was approved this fall, the state nutrition providers will have lost access to donated commodities previously available from the USDA. In place of these commodities, the providers will have additional cash passed through to them by the Department on Aging, but will have to buy the food on the commercial market, which will be at a significantly increased rate. The House Committee recommended that these funds, if approved, be distributed according to the number of meals served instead of using the current funding formula.

The remaining \$500,000 would be used to increase the amount of funding for the meals provided by these entities. The House Committee received testimony that nutrition is the backbone of all services being provided to individuals and helps keep people in their homes for as long as is feasible. Additionally, the increase in the cost of gas is creating challenges for the Meals on Wheels program, and the Budget Committee received testimony that in the future some programs may have to pay for the delivery, as volunteers become harder to recruit. Additionally, the House Committee noted that for many of those individuals receiving meal service, it is the only personal contact they have during the day, which provides both companionship and a daily security check. The additional funds could be used for food costs, labor costs or delivery costs. The House Committee recommended that these funds, if approved be distributed according to the number of meals served instead of using the current funding formula.

The Senate Committee noted testimony it received that Kansas and seven other states were particularly affected by this policy decision.

The Senate Committee also noted that the proposed increase in federal minimum wage has the potential to significantly increase the costs incurred by the nutrition providers as they traditionally have employed many individuals at this level.

Additionally, the Senate Committee received testimony from the nutrition providers indicating that without additional funding, several providers will have cease operation. The testimony

specifically cited the provider in Hutchinson, who serves 10 counties, and the provider who serves Atchison and Washington counties.

J. Long Term Care Loan and Grant Fund (House Committee). The House Committee noted its concern that the Governor's recommendation included using the interest obtained from repayments into the Partnership Grant Program of \$214,068 as state matching funds for the HCBS/FE waiver in FY 2008. The Budget Committee expressed concern that the use of this funding in areas other than the Partnership Grant Program limits the agency's ability to innovate. The House Committee recommended that in the future the interest remain in the program for use as grants and recommended a review at Omnibus of the use of these funds in FY 2008.

The Department indicated that the Partnership Loan Program has provided funding to ten projects. These ten loan commitments are for housing alternatives such as senior apartments or assisted living apartments in primarily small communities in rural Kansas.

The Partnership Loan Program loan payments include principal and interest. The interest dollars are deposited into a grant account. On average, the amount of interest received, based on the past five years, is approximately \$158,000 per year.

The Department has provided two grants from this account - the first grant provided funding for a "Nursing Facility Deep Culture Change Tool Chest", and is currently providing funding for a Home Telehealth project for HCBS/FE waiver customers.

K. Statewide Oral Health Initiatives (Senate Committee). The Senate Committee noted that the Kansas Health Policy Authority (KHPA) requested funding for oral health services in its budget submission. The Senate Committee requested clarification regarding the issue of oral health services, including the benefits implemented by the Department of Social and Rehabilitation Services (SRS) for the home and community based services waivers administered by that Department in FY 2007.

The Senate Committee noted that if the enhancement requested by KHPA is approved, only a portion of the enhancement request by the Department on Aging would still be required. The Conference Committee on HB 2368 did not include funding for this enhancement by KHPA. It was the understanding of the Senate Committee that the portion of the Department on Aging enhancement request for the purchase of dentures for individuals on the waiver is unique.

The following table contains information on dental services requested for SRS, KDOA, and KHPA.

Medicaid Adult Dental Expansion					
<u>Agency</u>	<u>Population Served</u>	<u>Services Provided</u>	<u>Estimated Cost</u>		
			<u>All Funds</u>	<u>State General Fund</u>	
SRS	Waivers*	Preventative Services Restorative Services			
		<i>TOTAL</i>	\$ 5,000,000	\$ 2,000,000	\$500 annual per person limit
* Waivers include physically disabled, developmentally disabled, and traumatic brain injury					
Aging	FE Waiver	Preventative Services	\$ 1,896,500	\$ 750,824	3,793, people \$500 annual services
		Dentures	<u>1,422,000</u>	<u>562,970</u>	948 people, \$1,500 limit
		<i>TOTAL</i>	\$ 3,318,500	\$ 1,313,794	
KHPA	Medicaid Adults	Preventative Services	\$ 4,921,000	\$ 1,968,500	
		Restorative Services	<u>3,866,000</u>	<u>1,546,500</u>	
		<i>TOTAL</i>	\$ 8,787,000	\$ 3,515,000	
Preventative services include exams, x-rays, teeth cleaning, and fluoride application.					
Restorative services include fillings, extractions, root canals, crowns, periodontal services, orthodontia, dentures, and oral surgeries.					
Funds included for the Department on Aging and KHPA are in budget enhancements for FY 2008. The FY 2008 <i>Governor's Budget Report</i> and HB 2368 include funding for the Department on Aging enhancement.					

L. Oral Health Initiatives (House Committee). The House Committee directed the Department to confer with the Dental Association and the state dental officer regarding capacity issues and any other implementation issues, especially the current payment system. The House Committee directed the Department to report back at Omnibus regarding capacity issues and the result of the conversations. Further, the House Committee noted that it appeared that SRS and the Kansas Health Policy Authority (KHPA) are still experiencing issues with dental billing and payment rates, and that more investigation into the issue may be needed by all concerned parties. The House Committee encouraged the Department to involve the state dental officer at the Department of Health and Environment (KDHE) for their perspective. Additionally, the House Committee requests that the Department review the estimate for expenditures for this benefit, as it would not be implemented for the entire fiscal year due to the above mentioned items.

The Department indicated that the Secretary met on April 4th with the State Dental Officer, the executive director of the Kansas Dental Association (KDA), and a representative from the

Kansas Health Policy Authority (KHPA) and others. The group considered a recent report that studied the impact of the recent move from managed care to a fee-for-service system for Medicaid and State Children's Health Insurance Program (SCHIP) dental services. Because of this system change, according to the representative of the KHPA, dentists are being reimbursed faster and as a consequence, more dentists are participating in these programs. KHPA will make another concerted effort this fall to enroll additional dentists in the Medicaid program.

The agency indicated that it was clear from the discussion, however, that many Kansans experience difficulty gaining access to a dentist regardless of their payer source. To address the unique problems of Kansas seniors on Medicaid, KHPA, KDOA, KDHE and the KDA agreed to make a collective effort to educate seniors on Medicaid about the program and the dentists who provide routine dental care and denture services. The group agreed to continue to discuss implementation issues including reimbursement rates for preventative and restorative services as well as determining prices for dentures.

The Department noted that the \$3.3 million requested by the Department and recommended by the Governor in FY 2008 was based on a beginning service date of October 1, 2007, not July 1. The October 1 implementation date is premised on approval by the federal Centers for Medicare and Medicaid Services (CMS). KDOA will seek a plan amendment from CMS to add oral health coverage under HCBS/FE waiver as soon as the budget is finalized by the Legislature. Funding of \$3,318,500, including \$1,313,794 from the State General Fund, was included by the Conference Committee on HB 2368 for FY 2008.

M. HB 2535 Adult Care Home Licensure Fee Fund (Law). HB 2535 amends existing law relating to the deposit of license fees for the operation of adult care homes. The bill directs that the funds will be deposited into a newly created State Licensure Fee Fund, instead of into the State General Fund. The fund will be administered by the Kansas Department on Aging. All moneys deposited into this Fund would be subject to appropriation. The estimated decrease in State General Fund revenues in FY 2008 are \$570,000.

The Senate Committee wanted to review appropriating the funds at Omnibus if this bill is signed into law.

N. Spring Consensus Caseload Estimates and GBA No. 2, Item 12, Page 10. The FY 2007 Spring Consensus Caseload Estimate for Nursing Facilities is a decrease of \$4.7 million, including \$1.9 million from the State General Fund from the approved budget. The change reflects a lower than anticipated number of individuals served.

The FY 2008 Spring Consensus Caseload Estimate for Nursing Facilities is the same as the approved budget.

These items are included in the Spring Consensus Caseload Items under the Department of Social and Rehabilitation Services, Item X.

Board of Healing Arts

A. SB 81—Finger Printing and Criminal History Record Checks (Senate Committee). The Senate Committee recommended further review of the Board of Healing Arts funding needs should SB 81 become law. SB 81, as amended by the Senate Committee on Judiciary, would authorize the State Board of Healing Arts to require new licensees to be fingerprinted and to submit the fingerprints to the Kansas Bureau of Investigation (KBI) and the Federal Bureau of Investigation

(FBI) for a national criminal history record check for the purpose of determining initial qualifications and suitability to obtain a license. The fiscal note from the Division of the Budget states that the KBI charges \$54 for a KBI and FBI fingerprinting and national record check. The Board indicates that it expects to process approximately 1,600 applications for licenses, registrations, permits, or certificates each fiscal year at an estimated cost of \$86,400 in each fiscal year. However, SB 81 would allow the Board of Healing Arts to charge and collect a fee from the applicant or license holder for the cost of the fingerprinting and background checks which would offset the additional expenditures. The agency states that it expects to charge a portion of the expense to the applicant to defray some of the cost, but not the full amount. This would require an additional expenditure from the Healing Arts Fee Fund. The House Health and Human Services Committee held a hearing on this bill on February 27, and it remains in Committee.

B. Additional FTE Positions for FY 2008 and FY 2009 (House Committee). The House Committee deleted and recommended Omnibus consideration of the Board of Healing Arts' FY 2008 enhancement request for \$208,000, all from special revenue funds, and 7.0 FTE positions. This would include 5.0 new FTE positions and funding, as well as the conversion of 2.0 existing non-FTE positions to FTE positions. The House Committee also deleted and recommended further consideration of the Board of Healing Arts FY 2009 continuation of its request at \$208,486 to maintain the new FTE positions.

The Conference Committee on HB 2368 recommended the addition of the new FTE positions, the conversion of the non-FTEs to FTEs, and the funding for the positions, for FY 2008 and FY 2009. The Conference Committee also added language requiring that the Board of Healing Arts prepare a report that addressed how the Board has utilized the 7.0 FTE positions to address concerns raised in the October 2006 Legislative Post Audit regarding issues related to complaint investigations, background investigations, and composition of the board, and report to the House Appropriations Committee and the Senate Ways and Means Committee on or before February 1, 2008.

State Library

A. Interlibrary Loan Delivery Service (House Committee and Conference Committee). The House Committee deleted \$125,000, all from the State General Fund, for the creation of an interlibrary loan delivery service in FY 2008 for consideration at Omnibus. The Conference Committee on HB 2368 concurred with the House position to delete the funding for review at Omnibus.

The agency states that, if this particular amount was appropriated, it could initiate and provide a courier service for approximately 60 public libraries including academic libraries. The agency's original request for \$250,000, which would be matched by the Kansas library community to allow \$500,000 for the service, was to serve 120 libraries and academic libraries. The agency states that there are 326 public libraries in Kansas, not including academic libraries.

B. State Data Center Expansion (Senate Committee and House Committee). The House Committee and Senate Committee recommended review of the addition of \$70,937, all from the State General Fund, for the expansion of the state data center census information coordination and promotion enhancement request in FY 2008. The State Library is the official State Data Center for Kansas, making it the receiving point for federal census information in the state and responsible for coordination of census promotion in Kansas. The agency already has an FTE position available for the expansion, but needs funding for the position. This position would coordinate data received from the Census Bureau and promote the census, talk to businesses and civic groups about the

information available, and be responsible for planning and partnering with agencies to promote a high level of participation in Kansas.

C. Online Periodical Databases Funding (Conference Committee). The House Committee recommended the transfer of \$809,680, all from special revenue funds, for the coordination and funding of online database resources currently funded through KAN-ED in FY 2008. The Conference Committee on HB 2368 did not recommend the transfer of the funds, but requested that this item be further reviewed at Omnibus.

D. Learning Station Portal (Conference Committee). The House Committee recommended the transfer of \$1,500,000, all from special revenue funds, for the funding of the Learning Station portal, and the transfer of the custodianship of the portal to the State Library in FY 2008. The Conference Committee on HB 2368 did not recommend the transfer of the funds, but requested that this item be further reviewed at Omnibus. The Learning Station Portal is currently maintained by KAN-ED, and provides access to a variety of online databases.

E. Talking Books Service Promotion (House Committee). The House Committee deleted \$50,000, that the Governor recommended, all from the State General Fund, for the Talking Books service promotion in FY 2008 for review at Omnibus. The Conference Committee on HB 2368 recommended the addition of \$76,500, all from the State General Fund, to provide for the promotion. This is the amount that the agency originally requested. The agency states that this program provides services to more than 7,000 Kansans who are unable to use standard print due to physical impairments, including vision loss, paralysis, or reading disabilities.

In 2007 HB 2368 there is appropriated for Talking Books services \$538,847, all from the State General Fund, which includes the \$76,500 added by the Conference Committee on HB 2368 for the promotion of the Talking Books service.

Kansas Arts Commission

A. Additional Funding for Arts Grants for FY 2008 (House Committee). The House Committee deleted \$100,000, all from the State General Fund, for additional arts grants in FY 2008 for review at Omnibus. The Conference Committee on HB 2368 recommended the restoration of the \$100,000 for the additional arts grants in FY 2008.

In 2007 HB 2368 there is appropriated for Arts programming grants and challenge grants \$1,299,196, all from the State General Fund, which includes the \$100,000 added by the Conference Committee on HB 2368 for additional arts grants in FY 2008. The FY 2007 approved amount for Arts programming grants and challenge grants was \$1,199,196 from the State General Fund.

State Historical Society

A. Kansas Humanities Council: Prime Time Family Reading Program (House Committee and Conference Committee). The House Committee deleted \$50,000, all from the State General Fund, for the Kansas Humanities Council's request for the creation of new Prime Time Family Reading programs in FY 2008. The Conference Committee on HB 2368 concurred with the House to delete the funding and review at Omnibus. The Humanities Council is planning to develop ten Prime Time family reading programs and one "Read to Me" program. According to the Humanities Council, Prime Time Family Reading and "Read to Me" programs strengthen low income,

low literate families with reading and discussion programs centered around values such as honesty, responsibility, and fairness. The Humanities Council also states that the reading and discussion programs foster reading in both children and parents; provide insights into daily life problems; encourage thoughtful personal and family decision-making; advance academic success; and contribute to healthier parent-child relationships.

B. Information Technology Replacement (House Committee). The House Committee recommended further review of the agency's request for \$75,000, all from the State General Fund, for the replacement of dated information technology in FY 2008. This money would be used for the replacement of out-dated computers, servers, and printers.

C. Goodnow House Exterior Restoration (House Committee and Conference Committee). The House Committee deleted \$111,000, that the Governor recommended, all from the State General Fund, for the exterior restoration of the Goodnow House in Manhattan in FY 2008. The Building Committee concurred with the Governor's recommendation to add the funding. The Conference Committee on HB 2368 concurred with the House Committee to delete the funding and review at Omnibus.

Testimony and pictures were presented in Committee as to the disrepair of the sites exterior and structure. The agency states that the Goodnow House was the home of Isaac Goodnow, a leader in the free-state movement and one of the founders of the town of Manhattan. He later established the college which became Kansas State University.

D. Senate Substitute for HB 2405 – Expansion of Income Tax Credit Program (Governor). Senate Substitute for HB 2405 would expand an existing income tax credit program for certain expenditures associated with qualified historic structures; enact an alternative tax credit program for certain contributions to state-owned historic sites or not-for-profit organizations owning and operating such sites; authorize the State Historical Society to develop a program of competitive grants for partnership historic sites; and authorize appointment of a partnership historic grant committee to recommend awarding of the grants.

The bill would authorize the State Historical Society to develop a competitive grant program to award to partnership historic sites. To be eligible for any such grants, partnership historic sites would be required to be listed on the national or state register of historic places; be owned or operated by a not-for-profit organization; not receive any other state funding for operations; develop and submit a business plan; be open to the public or have the potential to be open to the public for at least 500 hours per year; be owned and operated for the purpose of educating the public about a specific historical aspect; provide a 50 percent match for funds which are not state or federal moneys; and abide by all federal, state, and local laws. Funding for the grant program would be subject to appropriations. Any grants awarded would be required to be used to develop historic preservation plans that meet the federal Secretary of the Interior's standards in cooperation with the Kansas State Historical Society or to cover basic operations costs, or both. Sites receiving grants also would be required to submit reports at the end of the grant period.

The actual implementation of the program is subject to appropriation. The bill establishes the "Partnership Historic Sites Grant Fund," and stipulates that no more than 12 percent of the appropriated funds be used for the administration of the fund. The agency states the complexity of administering the fund and competitiveness of the grant program would depend on the amount appropriated for the grant program to the fund. The agency states that a grant program based on an appropriation of \$200,000 to \$300,000 from the State General Fund would provide for the hiring of a part time position to administer the fund. If a larger amount were appropriated the agency would

request a full time position estimated around \$35,000 plus fringe benefits. The agency would not require additional FTE positions.

Board of Nursing

A. Additional Examiner Position and an Additional Assistant Attorney General Position (House Committee). The House Committee directed the agency to report back on how the possible addition of an examiner position and special Assistant Attorney General position would aid the agency in reducing the time for case processing and closure in FY 2008.

The Board of Nursing provided the following information:

The Board of Nursing's current strategic plan states:

- Investigations should be completed within 9 months; and
- Cases should go to hearing 90 days after an Assistant Attorney General receives them.

In 2004, with 906 investigative cases opened, the investigators had 81 percent of the investigations complete within nine months. The average case load per investigator was 226. The current case load per investigator is 275. The average caseload based on 1,100 complaints with six investigators would be 183.

The Board of Nursing indicated that it takes six months for a new investigator to become orientated to procedures, process, and writing summaries. It takes investigators about one year to be handling a full case load. The Board of Nursing also sends new investigators to a national class to become a certified investigator. An audit of open cases done on April 3, 2007 showed 51 percent of cases were open longer than nine months. With five investigators it is estimated that there would be a decline in open cases at the end of FY 2008, and at the end of FY 2009, 80 percent of open cases would be completed within nine months. With six investigators it is estimated that 80 percent can be completed in six months by the end of FY 2009. This estimate is made with the expectation that there is not an increase in the number of complaints opened and no vacant investigator positions. The fiscal impact of an additional investigator in FY 2008 is \$65,095, all from the Board of Nursing fee fund. The estimate includes \$64,423 for salaries and wages and \$672 for operating support.

In 2005 and 2006, 143 and 197 respectively cases were referred to the Assistant Attorney General. There are currently 80 cases that are more than 90 days old. The present Assistant Attorney General is currently monitoring 74 cases from 2005 and 2006. Ten of these cases have been re-opened due to non-compliance. There are currently 11 cases from 2005 and 69 cases from 2006 that are active but have not received any action or hearing date. Nine cases in 2005 and 28 cases in 2006 are being worked and have been given a hearing date or are in negotiation for a diversion agreement or stipulation agreement. As of March 14, 2007, 11 cases had been referred to the Assistant Attorney General and five are pending and could be called to hearing and two are being monitored via a diversion agreement or stipulation. If there is not another Assistant Attorney General hired, it is expected that there will continue to be a backlog of cases with five and possibly six investigators. It is anticipated that if a Second Assistant Attorney General were hired the 80 cases from 2005 and 2006 will be worked and called to hearing, and by the end of FY 2009, new cases will be worked within 90 days after they are received by the Assistant Attorney General. This estimate is made with the expectation that there is not an increase in the number of cases referred to the Assistant Attorney General and there is no vacant Assistant Attorney General positions.

The fiscal impact on an additional Assistant Attorney General position in FY 2008 is \$67,787, all from the Board of Nursing fee fund. The estimate includes \$63,615 for salaries and wages and \$4,172 for operating support.

Fiscal Impact—Board of Nursing

Fiscal Year	Est. Revenue	Approved Expenditure Limit	Est. Fee Fund Balance	2 nd AAG Hearings Phone, Computer Connection	Est. Fee Fund Balance	6 th Investigator Phone, Computer Connection	Est. Fee Fund Balance
FY 2008	\$1,687,691	\$1,678,666	\$424,244	\$67,787	\$356,457	\$65,095	\$291,362
FY 2009	\$1,705,514	\$1,695,014	\$291,362	\$67,787	\$223,575	\$65,095	\$168,980

Emergency Medical Services Board

A. SB 8 – Provisions Related to the Board of Emergency Medical Services (Governor).

As it relates to this agency, SB 8, would authorize the issuance of non-transferable emergency medical services license plates. The plates would be available on and after January 1, 2008, to any resident owner or lessee of one or more passenger vehicles, motorcycles, or trucks of a gross weight of 20,000 pounds or less. The bill would require that an applicant provide proof to the Director of Vehicles that he or she is an emergency medical services attendant. Renewals of the plate would be made annually. The fiscal note attached to this portion of the bill notes that the Board of Emergency Medical Services will be required to pay a \$10,000 fee for the creation of this distinctive license plate. The Board of Emergency Medical Services requests \$10,000 additional expenditure authority from the Emergency Medical Services Operating Fund for this fee.

SB 8, as amended, would also direct 2.5 percent of the increased fines imposed on individuals not wearing seatbelts to be deposited into an EMS revolving fund which is to be used to enhance the quality of emergency medical services in the state. Since the agency is unable to estimate how many individuals will be fined and therefore cannot anticipate the amount of money that will be available in the new fund for use, the agency would request that this new fund be appropriated as a no limit fund.

Board of Pharmacy

A. Pharmacy Inspector Position (House Committee). The House Committee recommended that the addition of \$66,692, all from special revenue funds, and 1.0 FTE pharmacy inspector position in FY 2008, and \$67,232, all from special revenue funds, for the continuation of the 1.0 FTE pharmacy inspector position in FY 2009 be deleted and considered during Omnibus. The funding and position were requested by the agency which cited an increase in conducting inspections of distribution, background checks, and compliance checks due to an increase in the level of complaints and an increase in both state and federal regulations. The Conference Committee on HB 2368 restored the funding and the pharmacy inspector position in FY 2008 and FY 2009.

B. Substitute for SB 11 – Health Reform (Conference Committee). Substitute for SB 11, as agreed to by the Conference Committee on April 3, enacts the Foundations of Health Reform Act of 2007. Additionally, the bill contains provisions relating to the following: the use of confidential data

in the cancer registry; establishment of the Umbilical Cord Donation Information Act; creation of a dispute resolution process for the State Fire Marshal; reciprocal licenses for adult care home administrators; the practice of physical therapy; the newborn screening program; and the Kansas Pharmacy Act relating to wholesale drug registrants and vaccine administration.

Because the bill would require the Board of Pharmacy to collect registration information from and to inspect facilities of wholesale distributors, the Board indicates it would need an additional 2.0 FTE positions to implement its portion of the bill. The Board estimates \$140,223, all from special revenue funds, for two positions, 1.0 FTE registration position (\$56,941 salary and wages) and 1.0 FTE inspector position (\$64,465 salary and wages), along with \$18,817 other non-personnel costs in FY 2008.

Insurance Department

A. SB 351 – Kansas Administrative Procedure Act Hearings (Conference Committee). SB 351, as amended by the House, would require all agencies, boards, and commissions to utilize the Office of Administrative Hearings (OAH) for hearings held in accordance with the Kansas Administrative Procedure Act (KAPA) on and after July 1, 2009. The House Committee amended the bill to clarify that the presiding officer of an agency could not be the hearing officer for administrative hearings.

The Kansas Insurance Department estimates the agency would need \$250,000, all from special revenue funds, and 2.0 FTE positions, a 1.0 FTE attorney position and a 1.0 FTE clerical position, to implement the provisions of the bill, as amended by the House, in FY 2008. The agency estimates the cost of quasi-litigation discovery expenses would increase, along with the required attorney and staff time for discovery and an anticipated increase of the detail required in the agency record for reviews in accordance with K.S.A. 77-527.

The House acceded to the Senate's request for a conference committee. The Conference Committee on SB 351 has yet to meet.

Department of Labor

A. Investigator/Auditor Positions (House Committee). The House Committee recommended that the request for two investigator/auditor positions for the Department of Labor Unemployment Insurance Program in FY 2007 and FY 2008 be deleted and considered during Omnibus. The agency requested \$226,876 for four investigator/auditor positions in FY 2008 in response to the enactment of 2006 HB 2772 and the resulting increase in reported cases of misclassification of workers. The Governor recommended \$113,438, all from the State General Fund, for two positions in FY 2007. The Governor also recommended \$107,438, all from the State General Fund, to continue the two positions in FY 2008. The decrease between FY 2007 and FY 2008 is the result of one-time information technology costs for the two positions. The agency stated that the two positions will be reclassified from existing positions and thus, no new FTE positions were requested. The agency reports that currently there is a 0.5 FTE position dedicated solely to the investigation of misclassification of workers and that to conduct proper investigations, auditors must be diverted from other responsibilities. The House subsequently added funding for the two positions in FY 2007 and FY 2008 from special revenue funds. The Conference Committee on HB 2368 concurred with the use of special revenue funding for the positions.

B. Public Employees' Relations Board. (House Committee). The House Committee recommended that \$175,000, all from the State General Fund, and 2.0 FTE positions in FY 2008 recommended for the expansion of the Public Employees' Relations Board (PERB) be deleted and considered during Omnibus. The agency did not request the funding and positions for PERB in its budget; however, the Governor recommended the item based upon an assessment of the backlog of cases before PERB. Currently, PERB has two employees, including one attorney and one administrative position, and the agency states the current staff is unable to meet directory standards under state law suggesting case orders be issued within 30 days of full submission. The recommended funding and 2.0 FTE positions would allow the agency to hire two additional attorneys to assist with cases and research. The Senate Committee did not recommend removing the funding. The Conference Committee on HB 2368 restored \$87,500, all from the State General Fund, and 1.0 FTE position for PERB in FY 2008.

C. GBA No. 2, Item 16, Page 14—Unemployment Insurance Modernization Project.

Commission on Veterans Affairs

A. Enhancement Funding (Senate Committee and House Committee). The Senate and House Committees recommended that the recommended addition of \$413,989, all from the State General Fund, for FY 2008 operating expenditures be deleted and considered during Omnibus. The funding was unspent from salaries and wages in the veterans' services program due to staff turnover as a result of the implementation of the Veterans' Claim Assistance Program (VCAP). The Governor recommended transferring the funding from the veterans' services program to the administration program, and recommended its use for various enhancement requests, in accordance with a plan subject to approval by the Division of the Budget. During the House Budget Committee and Senate Subcommittee hearings, agency officials presented a list of priorities that would determine where the funding would be spent. The list included: hiring an administrative information officer; purchasing vehicles for the Kansas Soldiers' Home and Kansas Veterans' Home; paying for employee parking and increases in contractual services, including rents, postage, meals and lodging, and mileage reimbursement; replacing equipment; acquiring legal services; information technology equipment, software, and training; additional resident worker positions; and health coverage increases for Veterans' Services Organizations (VSOs).

B. Federal Funds Replacement (Senate Committee). The Senate Committee recommended the review of the addition of \$42,446, all from the State General Fund, to fund a portion of the FY 2008 pay plan, instead of federal funds. During the budget submission process, federal funds in the veterans cemetery program were apportioned for the Governor's FY 2008 pay plan. However, the agency believes the federal funding cannot be used for this purpose. The agency requested that the \$42,446 from the federal funds be retained by the agency for operating expenditures that have already been budgeted for other projects and that funding for this portion of the Legislature's pay plan consist of State General Fund money. Pay plan funding was deleted from individual agency budgets pursuant to the approved FY 2008 pay plan.

C. Substitute for HB 2067 – Employee Criminal History Records Check (Law). Substitute for HB 2067 would authorize a criminal history records check for candidates and current employees with less than five years' tenure at the Kansas Commission on Veterans' Affairs (KCVA). From the effective date of this act, the criminal history records check would be limited to those candidates or employees who are deemed to be in a sensitive position by the Executive Director of the KCVA or who interview claimants and provide information, advice and counseling to veterans, surviving spouses, and their dependents. KCVA would be required to submit the candidate or

employee's fingerprints to the Kansas Bureau of Investigation (KBI) and the Federal Bureau of Investigation (FBI) for the purpose of determining whether or not a criminal record exists.

The fiscal note estimates the total cost of the implementation of this bill for the KCVA in FY 2008 would be \$1,004, all from the State General Fund. The cost for FY 2009 and following years is expected to be less than \$150 per year. In FY 2008, the agency would run background checks on the 50 existing employees of the administration, veterans cemeteries, and veterans services programs, in addition to new and potential employees. Thus, the funding for FY 2008 reflects the one-time background check upon existing employees that the agency will not require in FY 2009.

D. House Substitute for SB 144 – Veterans' Claim Assistance Program (Governor). House Substitute for SB 144 amends the law regarding the Veterans' Claim Assistance Program (VCAP) by adding additional eligibility criteria for Veterans Services' Organizations (VSOs) to receive a service grant. The bill would also prohibit employees of the KCVA from acting as an agent with power of attorney for any claimant. Additionally, the bill would request the Legislative Post Audit Committee to authorize a performance audit of the VCAP three years after the effective date of the Act to evaluate the program's effectiveness in increasing services to veterans through the Veterans Service Representatives at the three United States Department of Veterans Affairs (USDVA) medical centers in Leavenworth, Topeka, and Wichita.

The fiscal note states the passage of the bill would require the VCAP Board to spend approximately 60 hours developing and approving additional rules and regulations. The agency estimates that the total cost in FY 2008 would be \$1,710, all from the State General Fund.

Department of Health and Environment - Health

A. Healthy Kansans 2010 (Senate Committee and House Committee). The Senate Committee recommended Omnibus consideration of \$1,000,000, all from the State General Fund, and 2.0 FTE positions for Healthy Kansans 2010 in FY 2008. This item includes the addition of a Public Health Nurse Specialist to provide technical assistance to local health departments and regions focusing on health disparities; funding to support internal contact management, liaison, and monitoring functions through the Secretary's Office of Minority Health; the presence of a Community Health Worker through a grant to the Hunter Health Clinic in Wichita; and funding awarded on a competitive basis to local health department regional coalitions and tribal nations based on efforts to meet the goals of Healthy Kansans 2010. The Hunter Health Clinic is the only Federally Designated Service Center for homeless and Native American populations in Kansas.

B. Kansas Mentors Program (Senate Committee and House Committee). The Senate Committee recommended Omnibus consideration of \$250,000, all from the State General Fund, and 2.0 FTE positions for the Kansas Mentors Program. This item would increase state funding for the program to \$500,000 from the State General Fund in FY 2008. This program supports mentoring programs which select and train adults to serve as positive role models to school-aged children. Expenditures would include background checks for mentors conducted by the Kansas Bureau of Investigation, salary and wage expenditures for a Director and Administrative Assistant, grants to mentoring organizations, and technical assistance and training.

C. Infant-Toddler Services (Senate Committee). The Senate Committee recommended Omnibus consideration of \$250,000, all from the State General Fund, for administrative expenses for the Infant-Toddler Services (Tiny-K) program. This funding was approved by the Legislature in HB 2368.

D. Community Based Primary Health Care Clinics (Senate Committee and House Committee). The Senate Committee recommended Omnibus consideration of \$2,500,000, all from the State General Fund, to increase funding for the Community Based Primary Health Care Clinics in FY 2008. The Legislature approved funding of \$2,520,840 from the State General Fund for the program. The clinics provide health care in underserved areas. The funding was requested by the clinics to grow medical capacity; create dental hubs; and support a health care provider recruitment program, including primary care physicians, advanced practitioners, dentists, and dental hygienists.

E. Domestic Violence and Sexual Assault Outreach and Shelter Services. (Senate Committee and House Committee). The Senate Committee recommended Omnibus consideration of \$2,000,000, all from the State General Fund, for domestic violence and sexual assault outreach and shelter services in FY 2008. This funding was approved by the Legislature in HB 2368.

F. Immunization (House Committee). The House Committee recommended Omnibus consideration of \$584,000, all from the State General Fund, and 1.0 FTE position to expand immunization program funding in FY 2008. The agency reports that the funding would be awarded to local health departments to expand childhood immunization rates. Specific items funded would be two items recommended by the 2004 Governor's Blue Ribbon Task Force on Immunization including: expansion of the Women, Infants, and Children (WIC) and KDHE partnership and continued development and deployment of an electronic immunization registry. The Legislature approved additional funding of \$200,000, all from the State General Fund, and 0.5 FTE positions in FY 2008 for this program in HB 2368.

G. Community Based Primary Care Position (House Committee). The House Committee recommended Omnibus consideration of \$83,289, all from the State General Fund, and 1.0 FTE position to oversee the Community Based Primary Care Grant Program which partially funds clinics which provide health care in underserved areas in FY 2008. According to the agency, in the last ten years, this program has gained responsibilities without additional staff. This position would also be used to administer the proposed Safety Net Capital Loan Guarantee Act in Item L below.

H. Pilot Comprehensive Workplace Wellness Program (House Committee). The House Committee recommended Omnibus consideration of \$75,000, all from the State General Fund, to implement a pilot comprehensive workplace wellness program for agency employees in FY 2008. The proposal is for a three-year program, with a total cost of \$300,000. The agency reports that the intent of the project is to prove the benefits of investing in a comprehensive workplace wellness program. The proposed pilot fits within the goals of the Governor's Healthy Kansans Initiative.

I. SB 51 – List of Deceased Residents (Law). SB 51 requires the State Registrar of the Department of Health and Environment to furnish the clerk of the district court of each county, without charge, a list of deceased residents of the county who were at least 18 years of age and whom death certificates have been filed. The information would be used to update or correct juror records.

The fiscal note indicated that the bill would require a one-time expenditure of \$30,000 from the State General Fund in FY 2008 for a programming change to the Vital Statistics System database.

J. HB 2303 – Kansas National Bio and Agro Defense Facility Interagency Working Group Act (Law). HB 2303 creates the Kansas National Bio and Agro Defense Facility Interagency Working Group Act. The bill creates an interagency working group to support and assist the United States Department of Homeland Security in the National Environmental Policy Act process to

conduct an environmental impact statement on any site in Kansas selected by the Department of Homeland Security for the location of a National Bio and Agro Defense Facility.

The agency reports that implementation of the bill will require expenditures of \$996,055, all from the State General Fund, and 8.0 FTE positions in FY 2008. This would include 1.0 Public Service Executive III, 5.0 Public Service Executive II, and 2.0 Senior Administrative Assistant positions, including travel, equipment, and other expenditures for the 8.0 FTE positions in FY 2008.

K. SB 178 – Cancer Registry and the Umbilical Cord Donation Information Act (Conference Committee). The House Committee of the Whole amended the provisions of HB 2266 into SB 178, which would implement the Umbilical Cord Donation Information Act. The bill would require health care providers who deliver services to pregnant women in their last trimester to advise those women on the options available to donate an umbilical cord following the delivery of their child. The agency reports that SB 178, as amended by the House Committee of the Whole, would increase State General Fund expenditures by \$48,000 in FY 2008. Costs would include 40,000 brochures at \$1 each, and shipping and handling of \$0.20 per brochure, totaling \$8,000.

The Conference Committee on SB 11 also amended the Umbilical Cord Donation Information Act into the bill. The recommendation of the Conference Committee on SB 11 requires the agency to publish the information on the agency's website. The agency reports that the SB 11 version of the Act does not increase agency expenditures.

L. Substitute for SB 11 – Health Reform (Conference Committee). Substitute for SB 11, as agreed to by the Conference Committee on April 3, enacts the Foundations of Health Reform Act of 2007. Additionally, the bill contains provisions relating to the following: the use of confidential data in the cancer registry; establishment of the Umbilical Cord Donation Information Act; creation of a dispute resolution process for the State Fire Marshal; reciprocal licenses for adult care home administrators; the practice of physical therapy; the newborn screening program; and the Kansas Pharmacy Act relating to wholesale drug registrants and vaccine administration.

The Safety Net Capital Loan Guarantee Act, would authorize the Department of Health and Environment to provide capital loan guarantees against the risk of default for eligible primary care safety net clinics in Kansas. The Kansas Department of Health and Environment reports that the bill would require additional expenditures of \$108,289, all from the State General Fund, and 1.0 FTE position for the agency in FY 2008. The position requested in item G above could be utilized to administer the program, which would reduce the fiscal note to \$25,000 for meeting and training costs.

M. GBA No. 2, Item 14, Page 12—Youth Programs Division Transfer, Kansas Fire Injury Prevention Program.

Department of Health and Environment - Environment

A. SB 190 – Underground Petroleum Storage Tanks (Law). SB 190 requires operators of underground storage tanks to complete training commensurate with their responsibilities for operation of the tanks. The bill permits funds in the Underground Petroleum Storage Tank Release Trust Fund to be used for administrative, technical and legal costs; for additional enforcement; and reporting and operator training as required by the federal Energy Policy Act of 2005.

The fiscal note indicates that the bill would increase expenditures from the Underground Storage Tank Release Trust Fund by \$538,643, and would require an additional 4.0 FTE positions,

including 3.0 Environmental Technician positions and 1.0 Environmental Scientist I position in FY 2008. The agency reports that any additional staffing requirements for the bill could be managed within existing position limitations.

B. HB 2526 – Mercury Deposition (Governor). HB 2526 would require the Secretary of Health and Environment to establish a statewide network to measure mercury deposition in the state. The network would contain at least six sites where samples and related data would be collected on a weekly basis. The Secretary would be required to contract with a laboratory to analyze the samples and provide reports to the Secretary. Once analyzed, the data would be reported to the public through a website and via a national database designated by the Secretary.

The fiscal note on the bill indicates additional expenditures of \$228,205 from the Air Quality Fee Fund and the addition of 1.0 FTE position. The FTE position would be for an Environmental Technician III. The agency would need to develop three new monitoring sites and purchase equipment for the three existing sites. In addition, the six sites would require monitoring by the agency.

C. GBA No. 2, Item 15, Page 13—Laboratory Security Contract Transfer.

Adjutant General

A. Civil Air Patrol (Senate Committee and House Committee). The House Committee recommended Omnibus consideration of \$2,500 in FY 2008, all from the State General Fund, for the Civil Air Patrol. The Senate Committee recommended Omnibus consideration of \$1,100 in FY 2007 and \$2,060 in FY 2008, all from the State General Fund, for the Civil Air Patrol. Funding of \$1,500 in FY 2007 and \$2,500 in FY 2008, all from the State General Fund, was requested by the agency to cover inflation for the program's administrative costs, including \$400 in FY 2007 and \$440 in FY 2008, for the longevity payment for the part-time Administrative Assistant. The Senate Committee recommended the funding of for the longevity payment, which was included in HB 2368.

B. Disaster Relief Funding (Senate Committee and House Committee) and GBA No. 2, Item 23, Page 18—Disaster Relief. The Senate and House Committees recommended Omnibus consideration of disaster relief funding for FY 2007 and FY 2008. Funding of \$20,876,323, including \$2,456,038 from the State Emergency Fund, for FY 2007 was included in HB 2368 to meet the state's obligation for public assistance for nine federally declared disasters. Funding for FY 2008 approved in HB 2368 totaled \$16,400,000, including \$2,000,000 from the State General Fund. Preliminary estimates for the Western Kansas winter storm indicate that federal disaster relief funding may be increased to 90 percent, leaving 10 percent for the non-federal match. The following table summarizes the current estimate of disaster funding for the storm.

Estimated State Matching Funds for Disasters in Kansas			
Nonfederal portion calculated at 25 percent for all disasters			
	<u>State General Fund</u>	<u>Federal Funds</u>	<u>All Funds</u>
FY 2007	\$ 8,357,240	\$ 62,319,996	\$ 70,677,236
FY 2008	11,627,346	87,205,095	98,832,441
Nonfederal portion for Western Kansas Winter Storm calculated at 10 percent, all others calculated at 25 percent			
	<u>State General Fund</u>	<u>Federal Funds</u>	<u>All Funds</u>
FY 2007	\$ 3,342,896	\$ 74,783,998	\$ 78,126,894
FY 2008	6,491,432	100,044,881	106,536,313

HB 2368 includes \$80.0 million, all from the State General Fund, in the Statewide Maintenance and Disaster Relief Fund with a \$0 limitation in FY 2008 and FY 2009, which the Conference Committee on HB 2368 recommended for Omnibus review.

C. Homeland Security Regional Coordinators (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of the shift of \$264,509 from federal funds to the State General Fund for the Homeland Security Regional Coordinators in FY 2008. The mission of the seven regional coordinators is to assist local officials in coordinating homeland security preparedness and serving as a liaison linking activities at local, regional, state, and federal levels. The funding shift was recommended by the Governor due to declining federal Homeland Security funds.

D. Attorney Position (House Committee). The House Committee recommended Omnibus consideration of \$64,079, all from the State General Fund, and 1.0 FTE position for a full-time attorney in the Judge Advocate General's Office in FY 2008. The agency reports that the work load has substantially increased since September 11, 2001, and that additional legal issues have surfaced following Hurricane Katrina in 2005.

E. Monumental Building Surcharge (House Committee). The House Committee recommended Omnibus consideration of \$58,035, all from the State General Fund for the Monumental Building Surcharge on the Kansas National Guard Recruiting Office and space for the Division of Emergency Management Vulnerability Assessment Team in FY 2008. The Monumental Building Surcharge is a maintenance surcharge on all agencies that lease space in private or state owned buildings in Shawnee County. When the fee was first assessed in FY 2005, the agency did not lease space in Shawnee County. The agency reports that the lease for the Vulnerability Assessment Team has recently been terminated, which accounted for \$48,180 of the surcharge. The surcharge on the recruiting office is \$9,855. The office is solely federally funded. However, the surcharge cannot be paid with federal funds. The agency reports that reductions in other areas of the budget need to be made to meet this payment.

F. HB 2152 – Commission on Emergency Planning and Response (Law). HB 2152 expands the membership of the Commission on Emergency Planning and Response to 25 members.

The fiscal note indicates that the bill will increase agency expenditures by \$10,240, all from federal funds, for reimbursement for the additional members in FY 2008.

G. HB 2068 – Adjutant General Law Enforcement Officers (Law). HB 2068 would allow the Adjutant General to appoint security and law enforcement officers to protect all National Guard property and equipment, and for the protection of persons and property associated with the National Guard.

The fiscal note indicates that the Adjutant General would change the job title of security guards, which would require a pay increase for 19.0 positions. The increase is estimated to total \$57,386, all from federal funds in FY 2008.

H. GBA No. 2, Item 24, Page 18—Training Centers Bonding Authority.

I. GBA No. 2, Item 25, Page 19—Incident Management Team.

State Fire Marshal

A. Investigator Salaries (Senate Committee). The Senate Committee recommended Omnibus consideration of \$17,472 in FY 2007 and \$56,303 in FY 2008, all from the Fire Marshal Fee Fund, for a five percent increase in investigator salaries. The agency reports that investigators are part of a collective bargaining unit which began new negotiations during FY 2006. An agreement was reached with the Department of Administration regarding the salary increases. The salary increases began in December 2006.

B. HB 2475 – Kansas Fireworks Act (Law). HB 2475 establishes the Kansas Fireworks Act, administered by the State Fire Marshal. The bill requires any person who intends to sell, offer for sale, possess with intent to sell, any consumer fireworks, display fireworks, or articles pyrotechnic or discharge, use, display fireworks or articles pyrotechnic to first obtain the appropriate license from the State Fire Marshal.

The fiscal note on the bill indicates that the Act would generate an additional \$36,700 in revenue to the Fire Marshal Fee Fund from the sale of licenses and permits, and create additional expenditures of \$4,000, all from the Fire Marshal Fee Fund, in FY 2008 for office supplies and a vehicle to conduct inspections.

C. Substitute for SB 11 – Health Reform (Conference Committee). Substitute for SB 11, as agreed to by the Conference Committee on April 3, enacts the Foundations of Health Reform Act of 2007. Additionally, the bill contains provisions relating to the following: the use of confidential data in the cancer registry; establishment of the Umbilical Cord Donation Information Act; creation of a dispute resolution process for the State Fire Marshal; reciprocal licenses for adult care home administrators; the practice of physical therapy; the newborn screening program; and the Kansas Pharmacy Act relating to wholesale drug registrants and vaccine administration.

The bill would establish a two-tiered informal dispute resolution process for deficiencies cited in a medical care facility, adult care home, assisted living facility, or special hospital by an officer of the State Fire Marshal during an inspection for compliance with federal law pursuant to oversight by the Centers for Medicaid and Medicare Services.

The State Fire Marshal estimates additional expenditures of \$142,773, all from the Fire Marshal Fee Fund, and 2.0 FTE positions to implement the bill in FY 2008. Expenditures would include \$89,047 for the salaries and benefits of 1.0 new Public Service Executive I and 1.0 Administrative Specialist. The amount also includes \$53,726 for travel and subsistence in connection with the new positions, court reporting services, and other expenses related to holding the independent review panel.

D. GBA No. 2, Item 14, Page 12—Youth Programs Division Transfer.

Highway Patrol

A. Capitol Complex Security (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of \$66,000, all from the State General Fund, and 2.0 FTE positions for monitoring surveillance equipment in the Capitol Complex, Forbes Field, and Cedar Crest in FY 2008. The agency upgraded the security system in the Capitol Complex and Cedar Crest, including the addition of 83 cameras. When the Statehouse renovation is complete, approximately 200 cameras will be part of the system.

B. Kansas Criminal Justice Information System (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of \$103,910, all from the State General Fund, and 2.0 FTE positions for technical audits for the Kansas Criminal Justice Information System in FY 2008. These audits are required to comply with federal guidelines.

C. Homeland Security Funding (Senate Committee). The Senate Committee recommended Omnibus consideration of the shift of \$232,000 from federal Homeland Security funds to the State General Fund for salaries of 4.0 Homeland Security Program positions in FY 2008. The funding shift was recommended due to decreasing federal funds.

D. Digital Video Cameras (House Committee). The House Committee recommended Omnibus consideration of \$825,000, all from the Kansas Highway Patrol Operations Fund, for digital video cameras in the trooper patrol cars in FY 2008. This funding was approved by the Legislature in HB 2368.

E. GBA No. 2, Item 1, Page 2—Simplex Fire Safety Contract.

F. GBA No. 2, Item 15, Page 13—Kansas Department of Health and Environment, Laboratory Security Contract Transfer.

G. GBA No. 2, Item 26, Page 19—Operating Expenditure Correction.

H. GBA No. 2, Item 27, Page 20—Uniform Carrier Registration.

Kansas Bureau of Investigation

A. Kansas Criminal Justice Information System (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of \$148,750, all from the State General Fund, for the Kansas Criminal Justice Information System in FY 2008. The agency requested \$297,500, all from the State General Fund, including \$196,000 for software maintenance and \$101,500 for two employees to provide technical support and training to law enforcement agencies who submit crime incident reports electronically to the KBI. The

Legislature approved \$148,750, all from the State General Fund, for the project in HB 2368 and recommended that the remaining funding be considered during Omnibus.

B. DNA Analysis (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of \$237,418, all from the State General Fund, to expand DNA analysis. The 2006 Legislature passed legislation increasing the number of DNA samples required to be analyzed by the agency's laboratory. The agency requested \$474,835 for this item. The Legislature approved \$237,418, all from the State General Fund, in FY 2008 for DNA analysis in HB 2368, and recommended that the remaining \$237,418 be considered during Omnibus.

C. Southeast Kansas Drug Enforcement Task Force (House Committee). The House Committee recommended Omnibus consideration of \$332,500, all from the State General Fund, for the Southeast Kansas Drug Enforcement Task Force in FY 2008. This funding was approved by the Legislature in 2007 HB 2368.

D. Land Purchase (House Committee). The House Committee recommended Omnibus consideration of \$184,590, all from the State General Fund, to purchase property north of the Topeka Headquarters building in FY 2008. The remainder of the block containing the Headquarters building includes vacant lots and residential property with a total tax valuation of \$124,590. The agency's long term strategy is to purchase the remaining parcels on the block, so that property will be available to build a new forensic laboratory in the future. The Legislature approved funding of \$124,000, all from the State General Fund, for this item in HB 2368.

E. Law Enforcement Commissioned Employees Salaries (Senate Committee). The Senate Committee recommended Omnibus consideration of \$472,933, including \$450,432 from the State General Fund, for a 7.5 percent salary increase for law enforcement commissioned personnel in FY 2008. Kansas Bureau of Investigation agents are represented by the Law Enforcement Unit (LEU) of the Kansas Association of Public Employees. The LEU and the Division of Personnel Services reached a compensation agreement that provided that the KBI submit an enhancement request in the FY 2008 budget for a 7.5 percent salary increase for commissioned employees of the KBI.

F. Senior Forensic Scientists and Forensic Supervisors Compensation (Senate Committee). The Senate Committee recommended Omnibus consideration of \$169,535, including \$155,217 from the State General Fund, for a 7.5 percent salary increase for senior forensic scientist and forensic scientist supervisors in FY 2008. The agency provides forensic science services to local and state law enforcement agencies. The agency reports that providing competitive salaries to its scientists is necessary to recruit and retain scientists in these positions.

G. Information Technology Staffing (Senate Committee). The Senate Committee recommended Omnibus consideration of \$239,250, all from the State General Fund, and 2.0 FTE positions in FY 2008 for two additional information technology support personnel. The agency reports that additional information technology resources are necessary to implement the DNA legislation passed by the 2006 Legislature and that the loss of federal funding has resulted in the need of increased state support for information technology.

H. Special Agent Positions (Senate Committee). The Senate Committee recommended Omnibus consideration of \$1,199,000, all from the State General Fund, to fill eleven vacant special agent positions in FY 2008. The agency reports that these vacancies represent 13 percent of the KBI agent workforce. As of December 31, 2006, 17 percent of the current special agents were retirement eligible along with 44 percent of the agent supervisors. The cost to hire and equip one agent totals \$109,000.

I. Information Technology Hardware (Senate Committee). The Senate Committee recommended Omnibus consideration of \$90,000, all from the State General Fund, in FY 2008 to replace agency information technology hardware. The agency reports that this funding is requested to be included in the base budget in order to initiate a program to replace and maintain all desktop personal computers and network infrastructure components to version levels that minimally meet Kansas information technology standards.

J. Investigation Equipment (Senate Committee). The Senate Committee recommended Omnibus consideration of \$318,250, all from the State General Fund, in FY 2008 to begin systemically replacing the inventory of agency investigative and safety equipment. This funding is requested to be included in the base budget in subsequent fiscal years. According to the agency, the FY 2008 funding would be used primarily to replace outdated body armor used by the majority of the agents.

K. Laboratory Instrumentation (Senate Committee). The Senate Committee recommended Omnibus consideration of \$505,000, all from the State General Fund, in FY 2008 to replace forensic laboratory equipment. The agency requests \$515,605 for FY 2009 and \$526,433 in FY 2010 to systemically update this equipment.

L. Secured Parking Garage (Senate Committee). The Senate Committee recommended Omnibus consideration of \$60,000, all from the State General Fund, in FY 2008 for an architectural study for a secured parking garage and storage. The agency reports that it currently leases storage, off site, for specialized KBI vehicles, seized vehicles, investigative equipment and evidence. The agency's long-term plan includes the construction of a new forensic laboratory in the next five to ten years, with the parking garage possibly serving as the foundation for the new facility.

M. Topeka Headquarters Rehabilitation and Repair (Senate Committee). The Senate Committee recommended Omnibus consideration of \$123,350, all from the State General Fund, in FY 2008 for rehabilitation and repair at the Topeka Headquarters building. Requested items include: ventilate the sub-basement; carpet, tile, exterior door, window caulking, window, and laboratory fume hood replacement; electrical upgrades; additional outside lighting; roof repairs; upgrade HALON fire suppression protection system; enhance security systems; and upgrade heating and cooling systems.

N. Great Bend Rehabilitation and Repair (Senate Committee). The Senate Committee recommended Omnibus consideration of \$29,517, all from the State General Fund, in FY 2008 for rehabilitation and repair for the Great Bend facility. Requested items include: parking lot paving; replacement of humidifiers, carpet, wallpaper or paint, linoleum, exterior doors, and lawn sprinkler system water valves; purchase of a backup emergency generator system; roof repairs; and addition of exterior security lighting.

Kansas Commission on Peace Officers' Standards and Training

A. Funds Transfer from the University of Kansas (Technical Adjustment). The Legislature appropriated funding of \$715,516, all from special revenue funds, in 2007 HB 2368 for the Kansas Commission on Peace Officers' Standards and Training. Previously, funds for the Commission were maintained by the University of Kansas. At the end of FY 2007, any remaining Commission funds need to be transferred from the University of Kansas to the Commission.

Kansas Department of Transportation

A. Federal Grant for 800 MHZ Project (Senate Committee). The Senate Committee requested additional information on the Public Safety Interoperable Communications (PSIC) federal grant for the 800 MHZ interoperable project. The agency reports that it is working with the Kansas Highway Patrol as well as the Adjutant General's Department regarding the grant. The guidelines for this grant are still being developed by the federal government and will not be released until July, 2007.

The agency reports that, at this time, it is unknown how much money may be awarded to the state through this grant. In addition, the Department of Transportation notes that the grant is intended for public safety agencies, which would not include KDOT.

B. SB 108 – Deputy Todd Widman Memorial Highway (Law). SB 108 designates a portion of US Highway 73 as the Deputy Todd Widman Memorial Highway Last Call 3-1-2000.

The fiscal note indicates that the bill increases agency expenditures by \$2,240 to place the signs. The signs will not be placed until the agency receives sufficient gifts and donations, or \$3,360, to cover the cost of placing the signs and an additional 50.0 percent of that amount to cover future sign maintenance or replacement.

C. HB 2041 – 95th Division, the Iron Men of Metz Highway (Law). HB 2041 renames portions of US Highway 24, US Highway 59, and K-92 Highway as the 95th Division, the Iron Men of Metz Highway.

The fiscal note indicates that the bill increases agency expenditures by \$3,500 to place the signs. The signs will not be placed until the agency receives sufficient gifts and donations, or \$5,250, to cover the cost of placing the signs and an additional 50.0 percent of that amount to cover future sign maintenance or replacement.

D. SB 8 – Traffic Records Enhancement Fund (Governor). SB 8, as agreed to by the Conference Committee, creates the Traffic Records Enhancement Fund in the Department of Transportation to enhance and upgrade the traffic records systems in the state. Expenditure authority needs to be granted for the agency to expend any moneys in the fund.

State Bank Commissioner

A. Additional Consumer and Mortgage Lending Examiners (House Committee). The House Committee recommended that 2.0 FTE positions and \$78,333, all from special revenue funds, be deleted in FY 2009 and reviewed during Omnibus. The Senate Committee did not recommend these deletions. During the Conference Committee on HB 2368, the Committee restored the 2.0 FTE positions and the funding.

The 2.0 FTE positions are part of the Office of the State Bank Commissioner's strategic growth plan. The FTE positions will be used for Financial Examiners in the Consumer & Mortgage Lending Division. According to the agency, the division has undergone systematic growth and the new FTE positions allow for adequate training of new personnel prior to deployment into the regulation and examination function.

Department of Corrections

A. Additional Corrections Counselor Positions. (Senate Committee and House Committee). The Senate and House Committees deleted \$333,947, all from the State General Fund, and 7.0 FTE positions in FY 2008, for additional corrections counselor positions and recommended further consideration at Omnibus. Corrections counselors perform case management duties at the facilities throughout the state. The positions would be allocated among the state correctional facilities at the discretion of the Secretary of the Department of Corrections.

B. Parole Officer Positions (Senate Committee and House Committee). The Senate and House Committees deleted \$237,000, all from the State General Fund, in FY 2008 to fill 5.0 parole positions and recommended further consideration at Omnibus. According to the agency, specialized training, supervision, and caseloads have been addressed for the mentally ill within re-entry efforts but the Northern Parole Region, where there is a high risk violent offender and gang population, has not yet been addressed. The positions would be placed throughout the state and would be utilized to reduce the increasing caseloads in order to better focus supervision on high risk offenders living in the community. The agency anticipates these populations will require increased supervision time and efforts coordinated with local law enforcement. As of June 30, 2006, the parole services section was supervising 5,519 offenders. This represents a population increase of 469 offenders since June 30, 2005. As of March 2007, that number has continued to increase to a total of 5,640. As of June 30, 2006, 97 parole officers were carrying a caseload and supervising an average of 57 offenders.

C. Adult Intensive Supervision (Senate Committee). The Senate Committee recommended review of the Department of Corrections request for \$2,217,207, all from the State General Fund, in FY 2008 for adult intensive supervision funding. This funding was not recommended by the Governor. Funding would be directed toward personnel expenditures, increased travel costs, training and facility costs. In addition, some offender programming will be added or reinstated. The Department of Corrections identified the following areas for programming: substance abuse and mental health treatment and services; surveillance; enhanced or restored drug testing; absconder locator programs; job success programming; cognitive groups; resource coordinators; and a technical violators group. According to the Department of Corrections, nearly 85.0 percent of grant expenditures in community corrections are directed toward salaries and benefits for personnel. The percentage has gradually risen which has resulted in the reduction or elimination of programs and ancillary services at the local level.

D. House Substitute for SB 14 (Conference Committee). House Substitute for SB 14 would enact a new grant program to be administered by the Department of Corrections to encourage community corrections programs to reduce revocation rates by at least 20.0 percent. Another major provision of the bill would provide for good-time credits of inmates to be raised from the current 15.0 percent to 20.0 percent. In addition, there would be program credits available to inmates for successful completion of certain programs, such as completion of a general education diploma, technical or vocational training, substance abuse treatment, or any other designated program. Eligible inmates would be able to earn 60 days of good-time credit on a one-time basis upon program completion. The bill also would allow for the Department to grant financial aid to counties to defray all or part of the expenses of Corrections Advisory Board members in carrying out official duties. Likewise, the Department would be required to award grants for community correction services. The original contents of SB 14 were deleted and provisions of 2007 HB 2141 and 2007 HB 2142, as well as other measures were inserted. The estimated fiscal impact of the bill is \$4,491,763, all from the State General Fund, and 7.0 FTE positions in FY 2008. Passage of the bill would require additional administrative expenditures for the grant program during the first year in the amount of \$491,763, all from the State General Fund, which includes \$360,520 for the 7.0 additional FTE positions. Also included in the estimate is \$19,393 for travel and subsistence expenditures; \$36,570 for ongoing

operating costs of rent, telephone, and supplies; and \$75,280 for one-time computer equipment and technical support expenditures. The grants to community corrections agencies are subject to annual appropriations by the Legislature. However, it is estimated that the scope of the program would require approximately \$4.0 million in grants each year, all from the State General Fund. The 7.0 additional FTE positions would evaluate grant applications, submitted community corrections agency budgets, and the monthly and quarterly performance reports from the agencies.

E. Corrections Counselor Positions (Technical Adjustment). The Senate and House Committees recommended deleting \$333,947, all from the State General Fund, and 7.0 FTE corrections counselor positions in FY 2008 for further consideration at Omnibus. Due to a posting error, a technical adjustment is needed to correctly reflect the deletion of the 7.0 FTE positions.

F. Funding Adjustment (Technical Adjustment). 2007 HB 2368 includes the deletion of pay plan funding for redistribution by the State Finance Council as well as a deletion for a claim against the state. The claim should not have been deleted from this section of the bill. The amount in the Department of Corrections central administration operations and parole and post-release supervision operations needs to be adjusted to \$18,706,259 in order to accurately reflect the FY 2008 budget approved in HB 2368.

G. Offender Management Information System (OMIS) (House Committee). The House Committee deleted \$916,799, all from the State General Fund, for the Offender Management Information System (OMIS) and recommended further review at Omnibus. The Conference Committee on HB 2368 agreed not to delete the funding. The Department of Corrections plans to use \$450,000 in Justice, Equality, Human Dignity and Tolerance (JEHT) Foundation funds, \$900,000 from the State General Fund and \$450,000 from an undetermined source to finance the replacement of the program. Funding will enable the implementation of a new standards based system resulting in enhanced functionality and end user productivity.

H. Contract Bed Space (House and Senate Committees). The House Committee deleted \$430,883, all from the State General Fund, and the Senate Committee deleted \$1,292,647, all from the State General Fund, for contract bed space in FY 2008 and recommended further review at Omnibus. The Conference Committee on HB 2368 agreed to delete \$1,292,647, all from the State General Fund, for the bed space contract. According to the agency, the funding is no longer necessary. The Conference Committee appropriated the deleted funds in following manner: \$160,573 to the Labette County male and female conservation camps and \$1,132,074 for reentry programs.

I. Offender Programming (Senate Committee). The Senate Committee deleted \$2,381,770, all from the State General Fund, for offender programming in FY 2008 and recommended further review at Omnibus. The Conference Committee on HB 2368 agreed not to delete the funding.

J. GBA No. 2, Item 21, Page 17—Reappropriation Authority.

EI Dorado Correctional Facility

A. Salaries and Wages Shrinkage Rate (House Committee and Conference Committee). The House Committee deleted \$42,000, all from the State General Fund, in FY 2008, for a reduction in the salaries and wages shrinkage rate and recommended further consideration at Omnibus. The Conference Committee on HB 2368 agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$100,691, all from the State General Fund, from the Kansas

Department of Corrections' central office in order to reduce the salaries and wages shrinkage rate from 6.0 percent to 5.5 percent at the facility. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$48,000, all from the State General Fund. The Governor also recommended \$42,000, all from the State General Fund, in FY 2008 for this purpose .

Ellsworth Correctional Facility

A. Utilities Shortage and Salaries and Wages Shrinkage (House Committee and Conference Committee). The House Committee deleted \$150,000, all from the State General Fund, in FY 2008 for a reduction in the salaries and wages shrinkage rate and a utilities shortfall and recommended further consideration at Omnibus. The Conference Committee on HB 2368 agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$362,776, all from the State General Fund, from the Kansas Department of Corrections' central office in order to reduce the salaries and wages shrinkage rate from 5.5 percent to 3.5 percent and fund a utilities shortfall of \$111,306. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$171,000, all from the State General Fund. The Governor also recommended \$150,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

Hutchinson Correctional Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$188,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further consideration at Omnibus. The Conference Committee on HB 2368 agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$373,360, all from the State General Fund, from the Kansas Department of Corrections' central office in order to reduce the salaries and wages shrinkage rate from 6.0 percent to 5.5 percent. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$176,000, all from the State General Fund. The Governor also recommended \$188,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

Lansing Correctional Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$209,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further consideration at Omnibus. The Conference Committee on HB 2368 agreed to delete the funding for review at Omnibus. In FY 2007, the agency transferred \$425,822, all from the State General Fund, from the Kansas Department of Corrections' central office in order to fund a utilities shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$200,000, all from the State General Fund. The Governor also recommended \$209,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the

Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

Larned Correctional Mental Health Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$25,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further consideration at Omnibus. The Conference Committee on HB 2368 agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$60,269, all from the State General Fund, from the Kansas Department of Corrections' central office to fund a utilities shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$28,000, all from the State General Fund. The Governor also recommended \$25,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

Norton Correctional Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$42,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further review at Omnibus. The Conference Committee on HB 2368 agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$101,477, all from the State General Fund, from the Kansas Department of Corrections' central office to fund a utilities shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$48,000, all from the State General Fund. The Governor also recommended \$42,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

Topeka Correctional Facility

A. Per Diem Rate Shortfall (House Committee and Conference Committee). The House Committee deleted \$12,000, all from the State General Fund, in FY 2008 for a shortfall in the per diem rate for housing federal inmates and a concurrent reduction in the number of federal inmates housed at Topeka Correctional Facility and recommended further review at Omnibus. The Conference Committee on HB 2368 agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$195,210, all from the State General Fund, from the Kansas Department of Corrections' central office to fund a per diem rate shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$92,000, all from the State General Fund. The Governor also recommended \$12,000, all from the State General Fund, in FY 2008 for the same purpose.

Winfield Correctional Facility

A. Utilities Shortfall (House Committee and Conference Committee). The House Committee deleted \$32,000, all from the State General Fund, in FY 2008 for a utilities shortfall and recommended further review at Omnibus. The Conference Committee on HB 2368 agreed to delete the funding for review at Omnibus. In FY 2007, the agency planned to transfer \$78,238, all from the State General Fund, from the Kansas Department of Corrections' central office to fund a utilities shortfall. The Governor recommended lapsing the funds and provided a supplemental operating appropriation in FY 2007 of \$37,000, all from the State General Fund. The Governor also recommended \$32,000, all from the State General Fund, in FY 2008 for the same purpose. The facility participates in the Facility Conservation Improvement Program (FCIP) administered by the Energy Program of the Kansas Corporation Commission (KCC). Since its implementation, the facility has experienced reductions in the amount of energy consumed at the facility but rising utility costs have eliminated any savings the facility would have experienced.

Sentencing Commission

A. Positions to Track Sexually Violent Predators (Senate Committee and House Committee). The Senate and House Committees deleted \$117,107, all from the State General Fund, and 2.0 FTE positions in FY 2008 to track sexually violent predators under 2006 HB 2576 and recommended further review at Omnibus. The duties of the Kansas Sentencing Commission were amended under 2006 HB 2576 to add a new responsibility to develop information relating to the number of offenders on post-release supervision and subject to electronic monitoring for the duration of the person's natural life and to determine the effect the mandatory sentencing established under the bill has on the number of offenders civilly committed to a treatment facility as a sexually violent predator. According to the agency, current staffing is available to assume this responsibility during FY 2008.

B. Substance Abuse Treatment Shortfall in Offender Reimbursement (House Committee). The House Committee deleted \$50,000, all from the State General Fund, recommended by the Governor for a shortfall in offender reimbursement for 2003 SB 123 Treatment and recommended further review at Omnibus. The Conference Committee on HB 2368 agreed not to delete the funding.

C. Substance Abuse Treatment (House Committee). The House Committee deleted \$460,000, all from the State General Fund, for substance abuse treatment under 2003 SB 123 and recommended further review at Omnibus. The Conference Committee on HB 2368 agreed not to delete the funding.

Real Estate Commission

A. Position Reclassification and Salary Enhancement (House Committee). The House Committee recommended the review of the addition of \$10,310, all from special revenue funds, to reclassify 2.0 FTE positions. The Real Estate Commission requested an enhancement of \$10,310, all from special revenue funds, to reclassify its Public Service Administrator II position to a Public Service Executive I position and its Senior Administrative Assistant position to an Administrative Specialist position in FY 2008. The reclassification of these positions was requested according to the agency due to the increased responsibilities and duties placed on these individuals.

B. Senate Substitute for HB 2295—Criminal History Background and Real Estate License Qualifications (Law). Senate Substitute for HB 2295 would allow the Kansas Real Estate Commission to require a person applying for a new real estate license to be fingerprinted and to submit to a criminal history record check. The bill would require state law enforcement officers and agencies to assist the Commission in collecting and processing fingerprints. The Commission would be authorized to submit fingerprints to the Kansas Bureau of Investigation (KBI) and the Federal Bureau of Investigation (FBI) for the criminal history record check. The Commission would charge and collect in advance a fee of \$54 to conduct the fingerprinting and national record check. The agency expects to process 1,700 new applications for licenses in FY 2008. The agency indicates the costs associated with conducting the fingerprint and national record check to be \$91,800, all from special revenue funds.

The agency indicated the need to hire 1.0 FTE position, an administrative assistant, to process the background check applications and fees. The agency indicates the costs associated with hiring an administrative position would be \$35,000 and would be funded through the agency's fee fund. In order to perform the fingerprint and national record check, the agency's expenditure limitation would need to be increased from \$923,397 to \$1,050,197 for FY 2008 and from \$946,679 to \$1,074,435 for FY 2009.

House Bill 2295 also contains the original contents of HB 2561. The Conference Committee agreed to include the provisions of HB 2561 as amended by the House Committee on Commerce and Labor. The bill would change the qualifications for obtaining a real estate salesperson's license. The bill would eliminate the six-month temporary salesperson license and the 30-hour post-license course. The bill would require that an applicant for a salesperson's license take a 30-hour pre-license course, a 30-hour practice course, and pass the licensure examination before applying for licensure. The agency indicates that the bill would require a one-time expenditure of approximately \$25,000 for computer consulting services to program the licensing database for changes. The agency has indicated that KSIP expenditures will be used for this one-time change and therefore, the expenditure limitation for the agency does not need to be adjusted.

Juvenile Justice Authority

A. Psychiatric Residential Treatment Facilities (House Committee). The House Committee deleted FY 2007 funding of \$1,120,100, all from State General Fund, and recommended Omnibus consideration of funding for the establishment of psychiatric residential treatment facilities. The Conference Committee on HB 2368 agreed with the House position. In 2004, federal Centers for Medicare and Medicaid Services (CMS) notified the State of Kansas that current Level V and VI facilities are considered psychiatric residential treatment facilities and must follow federal guidelines. The State of Kansas must convert all Level V and VI facilities in order to ensure continued federal funding and after the State's restructuring, all Level V and VI facilities will become psychiatric residential treatment facilities. Current Level V and VI facilities must be accredited by July 1, 2007 in order to maximize federal funding. Currently, the Juvenile Justice Authority (JJA) is working with the Kansas Department of Social and Rehabilitation Services (SRS) and the Kansas Health Policy Authority to determine a new daily rate for psychiatric residential treatment facilities. JJA has indicated that the recommended FY 2007 supplemental funding of \$1,120,100, all from the State General Fund, is no longer needed due to the fact that the conversion deadline is currently July 1, which is the beginning of FY 2008. For FY 2008, the agency had requested and the Governor approved an enhancement request of \$11,101,855, including \$5,000,000 from the State General Fund, for conversion costs. The Legislature did not approve the enhancement due to the fact that the final conversion costs would not be known until Omnibus.

B. Graduated Sanctions Programs (Senate Committee). The Senate Committee recommended Omnibus review of the formula regarding graduated sanctions. The Juvenile Justice Authority (JJA) requested \$2,200,000, all from the State General Fund, to increase funding for graduated sanctions programming in FY 2008. Graduated sanctions include juvenile intake and assessment, juvenile intensive supervision, and community case management. These three programs are often referred to as the "core" programs and are administered at the local level. It was recommended that the funding formula currently being used be examined during Omnibus to ensure equitable distribution of funds. The \$2,200,000 enhancement request was not recommended by the Governor and JJA is no longer seeking the funding at this time. The House Committee has requested the Joint Committee on Corrections and Juvenile Justice Oversight further examine the funding needs for "core" programs during the interim.

C. GBA, No. 2, Item 22, Page 17-Psychiatric Residential Treatment Facilities.

All Agencies

A. Vehicle Purchases (Senate Committee, House Committee, and Conference Committee). During the 2007 regular session, the House deleted a total of \$7.0 million, including \$2.0 million from the State General Fund, in FY 2008 for recommended vehicle purchases. In addition, the House deleted vehicle purchases in FY 2007 (\$10,700, all from special revenue funds), and FY 2009 (\$13,367, all from special revenue funds). These vehicle purchases were recommended for Omnibus review. The Senate deleted funding totaling \$1.9 million, including \$1.3 million from the State General Fund, in FY 2008 vehicle purchases for review at Omnibus. The Conference Committee on HB 2368 adopted the House position, deleting the funding for consideration at Omnibus. Attachment A reflects the deletions originally made by the House and Senate.

**ATTACHMENT A
Vehicle Purchases Deleted for Consideration at Omnibus**

Agency	House Position			Senate Position		
	Number	SGF	All Funds	Number	SGF	All Funds
FY 2007:						
Department of Credit Unions	(1)	\$ -	\$ (10,700)	-	\$ -	\$ -
FY 2008:						
State Bank Commissioner	(3)	\$ -	\$ (50,100)	-	\$ -	\$ -
Department of Credit Unions	(1)	-	(11,000)	-	-	-
Board of Pharmacy	(1)	-	(12,900)	-	-	-
Securities Commissioner	(1)	-	(12,965)	-	-	-
Kansas Corporation Commission	(6)	-	(105,000)	(2)	-	(32,200)
Department of Administration	(1)	(12,900)	(12,900)	-	-	-
Department of Revenue	(20)	(86,634)	(250,160)	-	-	-
Kansas Lottery	(8)	-	(136,000)	-	-	-
Kansas Racing and Gaming Commission	(2)	-	(40,000)	-	-	-
Department of Commerce	(7)	-	(87,500)	(7)	-	(87,500)
Department of Labor	(6)	-	(77,400)	-	-	-
Department of Health and Environment-Health	(15)	(193,455)	(193,455)	(15)	(193,455)	(193,455)
Department of Health and Environment-Environ.	(25)	(9,125)	(298,000)	(25)	(9,125)	(298,000)
Department on Aging	(28)	(135,872)	(209,034)	-	-	-
Commission on Veterans Affairs	(2)	(53,420)	(53,420)	(2)	(53,420)	(53,420)
Department of Social and Rehabilitation Services	(45)	(351,000)	(540,000)	(45)	(351,000)	(540,000)
Kansas Neurological Institute	(2)	(31,300)	(31,300)	(2)	(31,300)	(31,300)
Larned State Hospital	(4)	(62,600)	(62,600)	(4)	(62,600)	(62,600)
Osawatomie State Hospital	(1)	(18,800)	(18,800)	(1)	(18,800)	(18,800)
Parsons State Hospital and Training Center	(2)	(37,600)	(37,600)	(2)	(37,600)	(37,600)
School for the Deaf	(1)	(16,700)	(16,700)	-	-	-
State Historical Society	(3)	(16,700)	(62,800)	-	-	-
Department of Corrections	(12)	(210,000)	(210,000)	(12)	(210,000)	(210,000)
El Dorado Correctional Facility	(4)	(66,400)	(66,400)	(4)	(66,400)	(66,400)
Ellsworth Correctional Facility	(2)	(25,800)	(25,800)	(2)	(25,800)	(25,800)
Hutchinson Correctional Facility	(4)	(66,400)	(66,400)	(4)	(66,400)	(66,400)
Lansing Correctional Facility	(3)	(46,100)	(46,100)	(3)	(46,100)	(46,100)



OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

April 16, 2007

The Honorable Dwayne Umbarger, Chairperson
Senate Committee on Ways and Means
Room 120-S, Statehouse

and

The Honorable Sharon Schwartz, Chairperson
House Committee on Appropriations
Room 517-S, Statehouse

Dear Senator Umbarger:

The items contained in this memo, Governor's Budget Amendment No. 2, amend the revised FY 2007 and new FY 2008 budget that I submitted to you in January 2007. These items reflect new issues that have arisen, caseload adjustments, or changes that can be made based on new information. Total adjustments to expenditures and positions are shown below.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 54,701,649	\$ 146,263,876
All Other Funds	<u>2,181,367</u>	<u>56,762,835</u>
All Funds	\$ 56,883,016	\$ 203,026,711
FTE Positions	--	14.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	14.00

Department of Administration

1. Simplex Fire Safety Contract

I amend my budget to lapse \$68,000 from the State General Fund in FY 2008 from the Kansas Highway Patrol and appropriate the same amount to the Department of Administration. This action will facilitate the transfer of administering the Simplex fire safety contract back to Administration from the Highway Patrol. Two years ago, the Highway Patrol took over administering the Simplex contract, because the agency was better suited to handle the security of state buildings. However, these agencies have determined that Administration is better able to manage the fire safety component of the contract, because staff of the Division of Facilities Management currently performs maintenance on state buildings that are protected with the Simplex fire safety contract, including basic maintenance on the Simplex equipment. The Highway Patrol will continue to administer the security card access component of the Simplex system.

Department of Administration:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 68,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ 68,000

Highway Patrol:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	(\$ 68,000)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	(\$ 68,000)

2. MacVicar Avenue Assessment

I amend my budget to add \$1,285,749 from the State General Fund for a special assessment by the City of Topeka in connection with the old Topeka State Hospital grounds. The agency was notified of the assessment in mid-March. The amount is only an estimate based on costs calculated by the city. The final assessment will not be known until the improvements are complete. The funds generated by the assessment will be utilized by the city for traffic improvements on MacVicar Avenue along the east side of the grounds. The improvements are anticipated to be completed in the fall of 2007. Without this appropriation, the Department of Administration would have to increase office space rental rates for agencies occupying state facilities in order to pay the assessment.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 1,285,749
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 1,285,749

3. Landon State Office Building Repairs

Subsequent to the submission of my original recommendations, the Department of Administration received the results of an exterior façade study on the Landon State Office Building (LSOB) that was conducted by AMAI Architects. The terracotta and brick façade of the LSOB is almost 100 years old and very fragile, with cracked window headers and facing tile. In order to address immediate concerns regarding pedestrian safety from the potential for falling debris, a chain-link fence has been erected along the west and north sides of the LSOB, as well as a canopy over the northwest entrance. At the same time, the southwest entrance has been closed, except for use as an emergency exit. In order to repair the problems identified in the study, I amend my budget to add \$2,530,000 from the State General Fund in FY 2008. The work will include repair and replacement of defective tiles.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 2,530,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 2,530,000

Department of Revenue

4. Ethanol Producer Incentives

I amend my budget to transfer \$1.0 million from the State General Fund to the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund in FY 2008. By statute, this fund receives \$3.5 million annually from motor fuel tax revenues. Expenditures from this fund provide incentives to ethanol producers at a rate of \$0.075 per gallon. A transfer in the same amount was made last year for FY 2007 in order to fund this incentive fully for all producers who qualify. It appears at this time that the full \$4.5 million available in FY 2007 for these incentives will be expended. Therefore, in order to make the same \$4.5 million available for expenditure in FY 2008, I recommend continuing this transfer.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,000,000</u>
All Funds	\$ --	\$ 1,000,000

5. New Intra-Governmental Service Fund

The Department of Social and Rehabilitation Services (SRS) reimburses the Department of Revenue for certain tobacco enforcement expenditures. In the budget, SRS treats its expenditures as reportable, while the Department of Revenue treats them as non-reportable to avoid counting the same dollars twice. However, the Department of Revenue needs an Intra-Governmental Service Fund so this arrangement will work correctly for all budgeting and accounting purposes. This fund was included in the FY 2008 appropriations bill, which has now been approved by the Legislature, but it was inadvertently left out of the FY 2007 supplemental bill. This item is a technical correction to rectify the omission in FY 2007.

Board of Tax Appeals

6. Small Claims Hearings

I amend my budget to provide additional funding from the State General Fund of \$16,880 in FY 2007 and \$33,760 in FY 2008. The additional funding will allow the Board of Tax Appeals to contract with attorneys to conduct small claims hearings because of Sedgwick County's decision to eliminate its Hearing Officer Panel on January 1, 2007. Counties with a Hearing Officer Panel are required to conduct hearings on property valuation appeals for property located within their county, while the Board of Tax Appeals is required to conduct hearings in all other counties. The Sedgwick County Hearing Officer Panel heard approximately 1,300 property valuation appeals each year, for which the Board will now have to assume responsibility.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 16,880	\$ 33,760
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 16,880	\$ 33,760

Kansas Racing and Gaming Commission

7. Kansas Expanded Lottery Act (SB 66)

Message on Revenue. The Kansas Expanded Lottery Act (SB 66) reauthorizes the Kansas Lottery and authorizes four destination casinos in Kansas and slot machines at Kansas race tracks. Implementation of the act will bring the state new revenues, which are to be deposited in a newly created Expanded Lottery Act Revenues Fund. Since none of the revenue is currently available and local votes and potential court challenges must occur before revenue is received, these expected revenues should not be appropriated until the 2008 Legislative Session. That approach would allow the state to estimate the amount of revenue as well as provide time to consider the best use of the expected revenue.

Gaming Regulation. However, appropriations do need to be made during the wrap-up session to allow for the new costs of regulating gaming operations. A budget amendment dealing with racetrack regulation is outlined below. Another amendment that proposes further regulatory activity for gaming will be delivered to the Legislature at the beginning of the wrap-up session.

Racing Operations—Camptown Racetrack. I amend my budget to recommend increased expenditure authority of \$1,410,308 from the State Racing Fund in FY 2008, including 10.00 new FTE positions, for the Racing Operations Program. The additional expenditure authority will allow the Commission to provide regulatory oversight of the reopened Camptown Racetrack in Crawford County and enhance its regulatory efforts at the two other pari-mutuel racetrack facilities. In recent years, the Commission has experienced cashflow problems with the decline in pari-mutuel tax receipts that are used to pay for the cost of regulating this industry. The Commission has not had the financial resources to fill key positions, update its computer system, or purchase new equipment. Because the pari-mutuel tax is currently unable to support the full cost of regulating this industry, I recommend allowing the Kansas Racing and Gaming Commission to assess the cost of regulation, above what is generated from the pari-mutuel tax, directly to the pari-mutuel facility licensees.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,410,308</u>
All Funds	\$ --	\$ 1,410,308
FTE Positions	--	10.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	10.00

Board of Indigents Defense Services

8. Assigned Counsel Caseload Savings

I amend my budget to reduce assigned counsel expenditures for the Board of Indigents Defense Services in FY 2007 by \$1.8 million from the State General Fund. After taking the reduction into account, the revised total for assigned counsel will be \$8.0 million. This reduction was arrived at through a consensus caseload process involving the Division of the Budget, the Kansas Legislative Research Department, and the agency. The revised estimate accounts for a declining caseload, payments still being made for work done in FY 2006 at the old rate of \$50 per hour, and certain judicial districts that have agreed to accept a rate lower than the current \$80 per hour.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ (1,800,000)	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ (1,800,000)	\$ --

Attorney General

9. Water Litigation

I amend my budget to fund the *Kansas v. Nebraska* water litigation. The first compliance report regarding the settlement of disputed water claims will be received in April 2007. The report is anticipated to show that Nebraska is out of compliance with the settlement. The settlement sets out dispute resolution procedures, and Kansas will use those procedures to remedy compliance issues. Therefore, I amend my budget to add \$100,000 in FY 2007 and \$1.0 million in FY 2008, all of which will be from the State General Fund. These funds will be used to pay for outside counsel, witnesses, experts, exhibits, and water analysis costs.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 100,000	\$ 1,000,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 100,000	\$ 1,000,000

Department of Social and Rehabilitation Services and Kansas Health Policy Authority

10. Centers for Medicare and Medicaid Services (CMS) Issues

Over the past two years, Kansas has experienced a high volume of Centers for Medicare and Medicaid Services (CMS) financial management reviews and Office of the Inspector General (OIG) audits. The targets of these audits and reviews are past practices in three main areas: local education agencies (LEAs), mental health and child welfare, and targeted case management (TCM). Kansas has made a concerted effort in each of these target areas to develop a comprehensive solution to resolve the underlying issues and bring the state into full compliance with all federal regulations and state plan provisions. The items listed in this budget amendment represent the final steps that need to be taken in this effort.

The first and second items provide one-time state funding in FY 2007 to make up for the loss of federal funds. The remaining items propose FY 2008 appropriations that will allow Kansas policy to change in order to meet CMS requirements. In addition, a separate budget amendment (Item No. 19), which deals with school finance consensus estimates for special education, is directly related to these issues.

Local Education Agency Medicaid Deferral. I amend my budget to substitute \$37,487,770 from the State General Fund in FY 2007 in the Kansas Health Policy Authority to replace federal Medicaid funds that were repaid to the Centers for Medicare and Medicaid Services (CMS) for audit findings in the school-based services program. There were three audits conducted on the bundled rate development, application, and claiming processes by the federal Health and Human Services Office of Inspector General (OIG). These audits reviewed documentation at a sampling of school districts and determined that federal Medicaid funds were claimed inappropriately. For those sampled districts, the OIG calculated the amounts that should be returned to CMS. The funds were returned in June 2006, November 2006, and the final amount will be repaid by June 2007. The additional State General Fund monies will help defray shortfalls in federal funds that are used to make current payments to providers.

Kansas Health Policy Authority:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 37,487,770	\$ --
All Other Funds	<u>(37,487,770)</u>	<u>--</u>
All Funds	\$ --	\$ --

Child Welfare Medicaid Deferrals. I amend my budget to substitute \$8,127,663 from the State General Fund for federal dollars for FY 2007 in the Department of Social and Rehabilitation Services. The Centers for Medicare and Medicaid Services (CMS) continue to defer all mental health services claimed for children in SRS custody. The requested amount would replace Medicaid funding for the quarters ending September 30, 2006, and December 31, 2006. Since CMS reduces the state's grant award, two quarters after the funds are deferred, any deferrals for quarters ending March 31, 2007, and June 30, 2007, will not affect cashflow until FY 2008. Last year, \$1.5 million per quarter was added to cover deferrals in FY 2007. However, CMS continues to defer approximately twice that amount per quarter because of data management issues that have to be manually reconciled. These additional amounts that are being deferred are causing cashflow problems in the current year.

Social & Rehabilitation Services:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 8,127,663	\$ --
All Other Funds	<u>(8,127,663)</u>	<u>--</u>
All Funds	\$ --	\$ --

Prepaid Ambulatory Health Managed Care Plan. I amend my FY 2008 SRS budget to add \$15,468,000, including \$7,644,500 from the State General Fund, for administration of its Prepaid Ambulatory Health Managed Care Plan for Community Mental Health Services Program. To satisfy CMS requirements and to maintain critical aspects of the community mental health system, Kansas has received approval for a non-risk managed care plan. Non-risk plans pay for the administrative costs of the plan separately, based on actual costs. SRS used a contractor to assist in developing the administrative cost report and negotiating with the managed

care provider to establish the base price to administer the plan. The current estimate of the plan administration cost is 9.1 percent of the total service costs, or \$15.5 million from all funding sources.

Social & Rehabilitation Services:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 7,644,500
All Other Funds	<u>--</u>	<u>7,823,500</u>
All Funds	\$ --	\$ 15,468,000

Community Mental Health Centers Certified Match Replacement. I amend my budget to add \$10.0 million from the State General Fund in FY 2008. Currently, SRS pays the federal share and only a portion of the Medicaid funding to the community mental health centers (CMHCs). The CMHCs certify the remaining required state share from other non-federal funds. These grant payments include \$10.2 million in State General Fund State Aid, \$31.0 million in State General Fund Mental Health Consolidated Grants, and \$6.0 million from the Children's Initiatives Fund. Of this \$47.2 million, \$26.5 million is certified as the state match. The Centers for Medicare and Medicaid Services (CMS) have proposed new regulations that more stringently define which "government entities" can certify the state share of Medicaid funding. If these regulations are adopted, CMHCs will not be allowed to certify the state share any longer.

In addition, the new managed care program for Medicaid community mental health services that SRS will start on July 1, 2007, makes eliminating the certified match process necessary. In order to meet the requirement for state matching dollars, Mental Health Consolidated Grants will be reduced from \$31.0 million to \$14.5 million. This amount will ensure that the CMHC system, as a whole, will have enough state funding to provide state match dollars for federal Medicaid funding. The net result of this item is increased funding in the mental health system; however, the distribution of funding will change according to which centers are serving Medicaid patients.

Social & Rehabilitation Services:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 10,000,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 10,000,000

Developmental Disabilities Targeted Case Management Match Replacement. I amend my budget to substitute \$8,975,141 from the State General Fund for federal funds in FY 2008. Currently, SRS pays the federal share and only a small portion of the required state share for Medicaid Targeted Case Management (TCM) provided by Community Developmental Disabilities Organizations (CDDOs). The CDDOs certify the remaining state share using SRS grant funds and county property tax mill levy funds. The federal share totals \$24.8 million; the

SRS share totals \$1.5 million; and CDDOs certify \$14.9 million from SRS grants and county funds.

The Centers for Medicare and Medicaid Services (CMS) found in a financial management review that CDDOs are not expending the entire \$41.2 million on TCM services. Proposed CMS regulations, if adopted, will prohibit paying more than it costs to provide these services and will prohibit CDDOs from certifying any matching state funds. SRS must address these issues to avoid Medicaid findings, disallowances, and deferrals that will result in the loss funding. The addition of \$8,975,141 from the State General Fund will allow SRS to stop the certified match process in the provision of TCM services for the developmentally disabled (DD). This is the minimum amount that will keep the DD system whole. However, because of differences in service levels across regions, providers cannot be assured that they will receive the same amount of funding under the new plan.

Social & Rehabilitation Services:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 8,975,141
All Other Funds	<u>--</u>	<u>(8,975,141)</u>
All Funds	\$ --	\$ --

CDDO Administrative Certified Match Replacement. I amend my budget to add \$1,792,000 from the State General Fund in FY 2008. The Developmental Disabilities Reform Act requires the Community Developmental Disabilities Organizations (CDDOs) to carry out certain administrative functions related to local service delivery of developmental disabilities services. A portion of these services is reimbursable through Medicaid administrative payments. SRS provides all of the federal Medicaid funds and some of the required state matching funds for the cost of these services. The CDDOs certify the remaining portion of the required state matching funds from their local county funds. The Centers for Medicare and Medicaid Services (CMS) have proposed new regulations that more stringently define which "government entities" can certify the state share of Medicaid funding. If these regulations are adopted, CDDOs will not be allowed to certify the state share any longer. Therefore, I recommend the addition of \$1,792,000 from the State General Fund to replace the county funds.

Social & Rehabilitation Services:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 1,792,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 1,792,000

Department of Social and Rehabilitation Services

11. Child Care Assistance

I amend my budget to increase expenditures for child care assistance by \$3.6 million from the Temporary Assistance for Families (TAF) Fund in FY 2008. Child care assistance is a crucial employment support to low-income, working families but especially single parents who face a greater financial hardship in their effort to combine work and care for their children. Without this enhancement, many low-income families will be unable to keep their jobs, and some may resort to welfare assistance. Although my original budget increased funding for this program to \$79.0 million, the current projection for the program is \$82.6 million. However, it should be noted that TAF is a federal block grant. And if the Temporary Assistance for Families caseload increases in future years, TAF funding will have to be replaced.

	FY 2007	FY 2008
State General Fund	\$ --	\$ --
All Other Funds	--	3,610,249
All Funds	\$ --	\$ 3,610,249

Kansas Health Policy Authority, Social & Rehabilitation Services, and Aging

12. Caseload Adjustments

I amend my FY 2007 and FY 2008 budgets to reflect changes in caseloads and the cost of assistance programs. These adjustments are the result of consensus caseload estimates that involved the staff of the Kansas Health Policy Authority, the Department of Social and Rehabilitation Services, the Legislative Research Department, the Department on Aging, and the Division of the Budget. The consensus estimates included Regular Medical Assistance, Nursing Facilities, Temporary Assistance to Families, General Assistance, and Reintegration/Foster Care. The estimating group used the budget as approved in 2007 HB 2368 as the starting point for the current estimate.

For FY 2007, this amendment includes a decrease from all funding sources of \$30.7 million, but an increase of \$5.9 million from the State General Fund. This change in the funding mix is partially the result of changes in the populations that are served and the funding sources that are available for each population. The reduction in caseload expenditures is the result of a decrease in the caseload for Temporary Assistance to Families, lower Medicaid expenditures in the Regular Medical Assistance Program and community supports and services, and slower than expected growth in the number of residents in Nursing Facilities. Nursing Facility expenditures were reduced by \$1.9 million from the State General Fund to reflect a lower number of persons served. The KHPA Regular Medical reduction of \$26.0 million from all funding sources is generally tied to reduced estimates of beneficiaries. As a result of new federal citizenship verification requirements implemented July 1, 2006, an estimated 18,000 beneficiaries have lost benefits, and the increased requirements are expected to dampen the number of people applying

for services as compared to past years. The FY 2007 estimate also includes a cost increase attributable to an increase in the number of children in foster care and slight increases in the General Assistance Program, Nursing Facilities for Mental Health, and community mental health services.

For FY 2008, the estimate is a decrease of \$7.0 million from all funding sources, but an increase of \$21.3 million from the State General Fund. These adjustments include decreases from all funding sources of \$9.0 million for Temporary Assistance to Families, \$2.0 million for Medicaid community supports and services, and \$27.0 million for Regular Medical Assistance in KHPA. The KHPA Regular Medical reduction of \$27.0 million from all funding sources is again tied to reduced estimates of beneficiaries. The new federal citizenship verification requirements are expected to dampen the number of people applying for services in FY 2008 as well. The increase in the required amount of State General Fund dollars is largely due to decreases in estimates of available fee funds and the provider assessment revenue as well as an increase in the match requirements for disproportionate share payments to hospitals. The estimate for Nursing Facility expenditures is unchanged from the approved amounts. Increases in the remaining programs can be attributed to increases in the number of persons served and increases in the cost of services. In addition, beginning in FY 2008, SRS will change the way services are delivered in the Addiction and Prevention Services Program and for community mental health. Addiction and prevention services will be provided through a new managed care plan, the Prepaid Inpatient Health Plan. Most community mental health services will be provided through a new managed care plan, the Prepaid Ambulatory Health Plan.

Kansas Health Policy Authority:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 4,300,000	\$ 5,000,000
All Other Funds	<u>(30,300,000)</u>	<u>(32,000,000)</u>
All Funds	\$(26,000,000)	\$ (27,000,000)

Social & Rehabilitation Services:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 3,565,196	\$ 16,320,810
All Other Funds	<u>(3,571,013)</u>	<u>3,636,553</u>
All Funds	\$ (5,817)	\$ 19,957,363

Department on Aging:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ (1,900,000)	\$ --
All Other Funds	<u>(2,800,000)</u>	<u>--</u>
All Funds	\$ (4,700,000)	\$ --

Kansas Health Policy Authority**13. Citizenship Verification**

I amend my budget to add \$1,004,145 in FY 2008 to increase the contract with the Medicaid Clearinghouse for issues related to citizenship verification. The State General Fund portion of the amendment is \$502,073. The federal Deficit Reduction Act of 2005 requires individuals to provide satisfactory documentary evidence of citizenship or nationality when applying for Medicaid. The law went into effect July 1, 2006. The requirement of additional documentation has significantly altered the application process. Each applicant is now required to submit either one primary document verifying citizenship and identity, such as a passport or certificate of naturalization, or two secondary documents, one verifying citizenship, such as a birth certificate, and one verifying identity, such as a driver's license or school ID card.

All these documents must be submitted in hard copy and be verified, processed, and stored for future reference. These new requirements have caused confusion for applicants. As a result, monthly calls for customer service have doubled from 23,000 to 49,000; voicemails have increased from 1,200 to 11,000; and faxes have doubled to 6,000. While the workload has increased significantly, the amount of staff has remained the same. As a result, the amount of unfinished eligibility determinations has been increasing rapidly. The backlog increased from 8,000 cases in November 2006 to 14,000 in March 2007. This amendment includes costs KHPA needs to respond to the backlog of applications and to address the need to verify citizenship in a creative way.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 502,073
All Other Funds	<u>--</u>	<u>502,072</u>
All Funds	\$ --	\$ 1,004,145

Department of Health and Environment**14. Youth Programs Division Transfer**

I amend my budget to transfer the Youth Programs Division of the Office of the State Fire Marshal to the Kansas Fire Injury Prevention Program of the Department of Health and Environment (KDHE) for FY 2008. This transfer was not anticipated in either agency's

September budget submission because an agreement between them was not yet finalized. This item will require an increase of \$99,237 from the State General Fund in the KDHE budget, and a corresponding decrease from the Fire Marshal Fee Fund in the Fire Marshal's budget. The amendment will also require the transfer of 1.00 FTE position from the Office of the State Fire Marshal to KDHE. The objectives of the combined program will be to provide resource materials for parents, teachers, childcare providers, and fire service personnel statewide to increase the number of homes with smoke alarms, increase knowledge related to the prevention of fire-related injuries, and prevent children from starting fires.

Health & Environment:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 99,237
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 99,237
FTE Positions	--	1.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	1.00

Fire Marshal:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>(99,237)</u>
All Funds	\$ --	\$ (99,237)
FTE Positions	--	(1.00)
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	(1.00)

15. Laboratory Security Contract Transfer

I amend my budget to increase FY 2008 State General Fund expenditures by \$102,000 for the Kansas Department of Health and Environment (KDHE) and reduce State General Fund expenditures by the same amount for the Kansas Highway Patrol (KHP). Currently, the KHP is paying for a contract with a private company to provide security services for the KDHE laboratory facility at Forbes Field in south Topeka. The two agencies have determined that there is no need for the KHP to serve as an intermediary in the contract process. My amendment will allow KDHE to deal directly with the vendor who provides laboratory security services.

Health & Environment:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 102,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 102,000

Kansas Highway Patrol:

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ (102,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (102,000)

Department of Labor**16. Unemployment Insurance Modernization Project**

The Department of Labor has been working to modernize its unemployment insurance (UI) benefits system. In order to complete an overhaul of the information technology systems involved in the UI Program, it has been determined that a second phase to the project is necessary. To finish this project, I amend my budget to authorize the agency to spend \$26.0 million in federal Reed Act funds to finance the system improvements. By law, such a large project requires approval by the Executive Branch CITO, who is monitoring the project. The agency has also contracted for independent validation and verification to oversee project completion.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>26,000,000</u>	<u>--</u>
All Funds	\$ 26,000,000	\$ --

Department of Education**17. School Finance Consensus Adjustments**

I amend my budget to adjust state funding for school finance in FY 2007 and FY 2008. Current estimates for the amount of supplemental general state aid and general state aid to school districts are based on the recently released final assessment valuation data, enrollment changes, and the anticipated effect of state aid requirements for local option budgets. Property values have increased by a slight amount, reducing the state's obligation under the school finance

formula by \$5.8 million in FY 2007 and \$2.3 million in FY 2008. The consensus of the group is to leave enrollment at the same level for FY 2007, but 832 weighted FTE students must be added for FY 2008 for the second enrollment count authorized by 2007 HB 2159, which I signed into law on April 10, 2007, requiring the addition of \$4.0 million. Local option budget state aid must be increased in FY 2008 as well to account for an increased state aid ratio from 35.0 to 36.65 percent. Valuation per pupil levels for districts near the 81st percentile have increased considerably, increasing the state's cost to equalize to that level. All of these factors were agreed to by staff from the Legislative Research Department, Department of Education, and Division of the Budget on April 13, 2007.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	(\$2,433,000)	\$ 16,251,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	(\$2,433,000)	\$ 16,251,000

18. Special Education

The state's school finance law now provides for a specific ratio of state aid for districts' spending on special education services. Within that formula is a deduction for federal Medicaid reimbursements, which are now projected to decrease in FY 2008 as a result of the decision not to allow for a bundled rate any longer and for other audit exceptions. Districts will have to begin billing for each individual service for Medicaid-eligible students. Staff from the Kansas Health Policy Authority, Department of Education, Legislative Research Department, and Division of the Budget met on April 13, 2007, to review this issue. It is now anticipated that federal Medicaid reimbursements will be only \$17.5 million in FY 2008 compared to \$35.0 million in FY 2007. To maintain state aid at the required 92.0 percent, I amend my budget to add \$16.1 million in FY 2008.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 16,100,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ 16,100,000

Board of Regents

19. Deferred Maintenance

I amend my budget to include \$62,692,000 for FY 2008 to assist with the deferred maintenance problems with state university buildings. Of that amount, \$15.0 million will be provided by a transfer from the State General Fund to the Educational Building Fund (EBF) so that a full \$30.0 million is available from the EBF for university building projects even after the Crumbling Classroom debt service payment is made. Currently, half of the \$30.0 million revenue stream to the EBF is for debt service, leaving the other \$15.0 million for repair projects.

Both the State General Fund transfer and the expenditure from the EBF are recommended to occur from FY 2008 through FY 2012.

The remaining \$47,692,000 is recommended as a one-time appropriation from the State General Fund to the Board of Regents to address the universities' seven highest priority maintenance projects. The seven projects include utility tunnel improvements for \$8.8 million at the University of Kansas; Applegate Energy Center improvements for \$7,907,000 at the University of Kansas Medical Center; utilities, infrastructure, and power plant improvements (Phase I) for \$18.4 million at Kansas State University; Duerksen Fine Arts Center improvements for \$3,240,000 at Wichita State University; William Allen White Library improvements for \$3.6 million at Emporia State University; McCray Hall improvements for \$1.9 million at Pittsburg State University; and Picken Hall improvements for \$3,845,000 at Fort Hays State University.

Earlier in this legislative session, I proposed a more comprehensive plan for dealing with university deferred maintenance. However, neither my plan, nor any other, has been enacted. \$47,692,000 in FY 2008 will provide at least short-term progress in dealing with this issue.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 47,692,000
All Other Funds	<u>--</u>	<u>15,000,000</u>
All Funds	\$ --	\$ 62,692,000

Fort Hays State University

20. Cheyenne Bottoms Staffing

I amend my budget to include \$200,000 from the State General Fund and 4.00 new FTE positions for FY 2008 for first year operating costs at the Kansas Wetlands Educational Center at Cheyenne Bottoms. Approximately \$142,000 of this total will finance the salaries of the 4.00 FTE positions and four graduate assistants. The remaining expenditures will be for operations. The Center is expected to be open to the public in late 2007.

This new Educational Center will be an extension of Fort Hays State University's Sternberg Museum of Natural History. The staff will offer visitors the opportunity to explore the wetlands and to receive detailed information on habitat and wildlife. The attraction of visitors to the Center will help create long-term sustainable economic revitalization for communities in central Kansas. The Center will also provide the opportunity for enhanced on-site research, which will take advantage of the affiliation between the Center and Fort Hays State University to allow the University to provide diversified educational opportunities for its students.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 200,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 200,000
FTE Positions	--	4.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	4.00

Department of Corrections

21. Reappropriation Authority

Included in my budget is an appropriation of \$400,000 in FY 2007 for replacement of the Total Offender Activity Documentation System. This appropriation was made to the Central Administration Operations and Parole and Post-Release Supervision Operations account of the State General Fund. Currently, any unspent funds remaining at the end of FY 2007 cannot be spent without approval of the State Finance Council. Although the total cost of the project has not changed, the schedule has. As a result, I amend my budget to recommend allowing any unspent funds in the Central Administration Operations and Parole and Post-Release Supervision Operations account to carry forward and be available to spend in FY 2008.

Juvenile Justice Authority

22. Psychiatric Residential Treatment Facilities

The Juvenile Justice Authority had planned for Level V and Level VI facilities to be converted into psychiatric residential treatment facilities on April 1, 2007. That date has now been delayed to July 1, 2007. Because of the scheduling change and based on new estimates provided by the agency, I amend my budget to reduce expenditures by \$1,120,100 from the State General Fund and \$4,094,149 from federal Title XIX funds in FY 2007. For FY 2008, I amend my budget to add \$1,150,260 from the State General Fund and reduce \$8,342,313 from federal Title XIX funds. Total State General Fund expenditures, including my original recommendation and this amendment, for the psychiatric residential treatment facilities will be \$6,150,260.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ (1,120,100)	\$ 1,150,260
All Other Funds	<u>(4,094,149)</u>	<u>(8,342,313)</u>
All Funds	\$ (5,214,249)	\$ (7,192,053)

Adjutant General

23. Disaster Relief

I amend my budget to finance the state and federal portions of the total disaster relief effort. My original budget recommendation did not include the federally-declared winter weather disaster in western Kansas, because the storm had not yet occurred. This storm occurred in late December 2006 and caused roads to be closed, power outages, and downed power poles. Snow depths from this storm ranged from four to 30 inches. The agency has had to delay paying the state portion of this disaster because less than \$150,000 of state funds remains available for FY 2007, and these dollars have been obligated to pay expenses related to other disasters. However, the agency has been paying the federal portion of the disaster in western Kansas.

Because of these circumstances, the agency will need additional monies. Therefore, I amend my budget to add \$70,677,236, including \$8,357,240 from the State General Fund, for FY 2007 and \$82,432,441, including \$9,627,346 from the State General Fund, for FY 2008 to finance the disaster relief effort. In addition, \$12,416,094 in FY 2007 and \$14,441,019 in FY 2008 will be provided by various local governments. Additional funding is expected to be needed in FY 2009. These local amounts are mentioned here only to provide a complete picture of the projected financing for damage repair.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ 8,357,240	\$ 9,627,346
All Other Funds	<u>62,319,996</u>	<u>72,805,095</u>
All Funds	\$ 70,677,236	\$ 82,432,441

24. Training Centers Bonding Authority

I amend my budget to include total bonding authority of \$32.0 million over three years to finance the construction of five regional training centers that will support the Kansas National Guard, first responders, and public safety organizations throughout the state. These training centers will assist our state in meeting training requirements and improve the proficiency and capabilities of all first responders and public safety organizations as well as the National Guard. Currently, many public safety personnel in the state do not have access to realistic multi-agency training because of limited funds and geographic location. Furthermore, these centers will increase the opportunity for the National Guard to train with first responders and public safety organizations, as they do in "real" emergency situations. These training centers are essential to achieving the highest degree of readiness to protect life and property in Kansas in the event of natural and human-made disasters.

In addition, recent changes in the military training requirements have placed the burden of pre-combat training for the National Guard on the Adjutant General of each state. This training was previously completed out of state and was the responsibility of the federal government. Given this change and the need to increase inter-agency communication and operational capabilities, I propose these training centers to ensure the continuation of training for the National Guard, first responders, and public safety organizations. The regional training

center hub will be in Salina, but the locations of the other four centers have not been determined. The project will include land acquisitions, environmental survey and assessments, and construction of the training complexes (i.e., simulated disaster cities or settings).

The bonding schedule will be as follows: \$16.0 million in FY 2008 and \$10.0 million in FY 2009. The remaining \$6.0 million will be issued in FY 2009 or in a future year and be subject to State Finance Council approval in order to review the progress and performance of the project before the last issuance. The Adjutant General is researching options that could make the total project less than the estimated \$32.0 million. The debt service will not start until FY 2009 for the bonds issued in FY 2008. Operating expenditures for the new facilities are estimated to be \$1,751,000 annually for all five training centers. Of this amount, \$320,000 will be paid with fees collected to use the facilities and state funds, and the remaining \$1,431,000 will be paid with federal funds.

25. Incident Management Team

I amend my budget to include \$60,000 for FY 2008 from the State General Fund for Incident Management Teams (IMTs). It is the responsibility of the Division of Emergency Management (KDEM) to implement an incident management system to be used during emergency situations by all state, county, city, and interjurisdictional disaster agencies that respond to such situations. The IMT will be highly trained individuals who can adapt to any situation, depending on the needs required. The type of assistance the team will provide includes emergency management, fiscal support, resource management, and other assistance, as needed. KDEM has begun assessing the requirements and has started the process of setting up the IMT. The teams are anticipated to be finalized before the end of FY 2007.

The agency estimates that there will be six IMTs, which will consist of up to 20 members per IMT. All the members of the team will be volunteers. Therefore, KDEM will need to reimburse these members for their travel costs. The Adjutant General estimates that \$150 per day would cover lodging, mileage, and meals. The agency will have a three-day training session for the six IMTs in FY 2008 and estimates it will need \$18,000 for this session to reimburse the team members. Also, the agency estimates that 20 members will be deployed for 14 days in FY 2008 for disaster assistance. To finance the assistance, the agency will need \$42,000.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ 60,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 60,000

Kansas Highway Patrol

26. Operating Expenditure Correction

The Kansas Highway Patrol Operations Fund is one of the main sources of funding for operation of the Kansas Highway Patrol. This fund is capitalized by a quarterly transfer from the

State Highway Fund. A year ago, for FY 2007, the transfer and expenditure authority were established at the level approved by the 2006 Legislature. However, this year the revised estimate of expenditures for the fund was inadvertently reduced by \$241,966, which also reduced the transfer accordingly. I amend my budget as a technical correction to restore the funding, both the transfer and reportable expenditures, to ensure agency operations can continue to function as originally approved.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>241,966</u>	<u>--</u>
All Funds	\$ 241,966	\$ --

27. Uniform Carrier Registration

Under the Single State Registration System (SSRS), each state was allowed to set up its own motor carrier registration fee schedule. However, SSRS expired on December 31, 2006, and to date there has been no system to replace the previous one. The Kansas Corporation Commission (KCC) now believes the replacement Uniform Carrier Registration (UCR) Program will begin by the fall of 2007. UCR will create a universal fee schedule for motor carriers in all states. Previously, two federal transfers through the KCC to the Highway Patrol supported this program. In my original recommendations, one of the transfers was reduced because of the uncertainty about federal funding. This item will restore that second transfer to the full amount. Therefore, I recommend an increase in the transfer from the Motor Carrier License Fees Fund in the KCC to the Motor Carrier Safety Assistance Program State Fund of the Kansas Highway Patrol by \$391,749 for FY 2008, and expenditures from this no-limit fund will increase accordingly.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>391,749</u>
All Funds	\$ --	\$ 391,749

Sincerely,



Kathleen Sebelius
Governor of the State of Kansas

Children's Initiatives Fund FY 2007

	Legislative Approved FY 2007	Gov. Rec. FY 2007	Legislative Changes FY 2007	Legislative Approved (HB 2368) FY 2007
Department of Health and Environment				
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Infants and Toddlers Program (Tiny K)	1,200,000	1,200,000	-	1,200,000
Smoking Cessation/Prevention Program Grants	1,000,000	1,000,000	-	1,000,000
PKU/Hemophilia	208,000	208,000	-	208,000
Subtotal - KDHE	<u>\$ 2,658,000</u>	<u>\$ 2,658,000</u>	<u>\$ -</u>	<u>\$ 2,658,000</u>
Juvenile Justice Authority				
Juvenile Prevention Program Grants	\$ 5,414,487	\$ 5,414,487	\$ -	\$ 5,414,487
Juvenile Graduated Sanctions Grants	3,585,513	3,585,513	-	3,585,513
Subtotal - JJA	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ -</u>	<u>\$ 9,000,000</u>
Department of Social and Rehabilitation Services				
Children's Cabinet Accountability Fund	\$ 546,126	\$ 546,126	\$ -	\$ 546,126
Children's Mental Health Initiative	3,800,000	3,800,000	-	3,800,000
Family Centered System of Care	5,000,000	5,000,000	-	5,000,000
Therapeutic Preschool	1,000,000	1,000,000	-	1,000,000
Child Care Services	1,400,000	1,400,000	-	1,400,000
Community Services - Child Welfare	3,492,101	3,492,101	-	3,492,101
Smart Start Kansas - Children's Cabinet	9,273,019	9,273,019	-	9,273,019
Family Preservation	2,957,899	2,957,899	-	2,957,899
School Violence Prevention	228,000	228,000	-	228,000
Attendant Care for Independent Living (ACIL)	50,000	50,000	-	50,000
Pre-K Pilot	2,000,000	2,000,000	-	2,000,000
Early Head Start	-	-	-	-
Child Care Quality Initiative	-	-	-	-
Subtotal - SRS	<u>\$ 29,747,145</u>	<u>\$ 29,747,145</u>	<u>\$ -</u>	<u>\$ 29,747,145</u>
Division of Health Policy and Finance				
HealthWave	\$ -	\$ -	\$ -	\$ -
Medical Assistance	-	-	-	-
Immunization Outreach	-	-	-	-
Subtotal - DHPF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Kansas Health Policy Authority				
HealthWave	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000
Medical Assistance	3,000,000	3,000,000	-	3,000,000
Immunization Outreach	500,000	500,000	-	500,000
Subtotal - KHPA	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ -</u>	<u>\$ 5,500,000</u>
Department of Education				
Reading and Vision Research	\$ 300,000	\$ 300,000	\$ -	\$ 300,000
Parent Education	-	-	-	-
Four-Year-Old At-Risk Programs	-	-	-	-
Special Education	-	-	-	-
Subtotal - DOE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University of Kansas Medical Center				
Tele-Kid Health Care Link	\$ 268,509	\$ 268,509	\$ -	\$ 268,509
TOTAL EXPENDITURES	<u>\$ 47,473,654</u>	<u>\$ 47,473,654</u>	<u>\$ -</u>	<u>\$ 47,473,654</u>

	Actual FY 2006	Gov. Rec. FY 2007	Legislative Approved (HB 2368) FY 2007
Beginning Balance	\$ 3,147,150	\$ 3,708,488	\$ 3,708,488
Plus: Other Income*	348,546	114,000	114,000
Transfers from SGF and KEY Fund	49,889,213	43,651,166	43,651,166
Total Available	<u>\$ 53,384,909</u>	<u>\$ 47,473,654</u>	<u>\$ 47,473,654</u>
Less: Expenditures	(49,374,209)	(47,473,654)	(47,473,654)
Transfers to KEY Fund and SGF	(302,212)	-	-
ENDING BALANCE	<u>\$ 3,708,488</u>	<u>\$ -</u>	<u>\$ -</u>

* Other income includes released encumbrances, recoveries and reimbursements.

Children's Initiatives Fund

FY 2008

	Gov. Rec. FY 2007	Gov. Rec. FY 2008	Legislative Changes FY 2008	Legislative Approved (HB 2368) FY 2008
Department of Health and Environment				
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Infants and Toddlers Program (Tiny K)	1,200,000	1,200,000	-	1,200,000
Smoking Cessation/Prevention Program Grants	1,000,000	1,000,000	-	1,000,000
PKU/Hemophilia	208,000	208,000	-	208,000
Subtotal - KDHE	<u>\$ 2,658,000</u>	<u>\$ 2,658,000</u>	<u>\$ -</u>	<u>\$ 2,658,000</u>
Juvenile Justice Authority				
Juvenile Prevention Program Grants	\$ 5,414,487	\$ 5,414,487	\$ -	\$ 5,414,487
Juvenile Graduated Sanctions Grants	3,585,513	3,585,513	-	3,585,513
Subtotal - JJA	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ -</u>	<u>\$ 9,000,000</u>
Department of Social and Rehabilitation Services				
Children's Cabinet Accountability Fund	\$ 546,126	\$ 541,802	\$ -	\$ 541,802
Children's Mental Health Initiative	3,800,000	3,800,000	-	3,800,000
Family Centered System of Care	5,000,000	5,000,000	-	5,000,000
Therapeutic Preschool	1,000,000	1,000,000	-	1,000,000
Child Care Services	1,400,000	1,400,000	-	1,400,000
Community Services - Child Welfare	3,492,101	3,492,101	-	3,492,101
Smart Start Kansas - Children's Cabinet	9,273,019	8,443,279	-	8,443,279
Family Preservation	2,957,899	2,957,899	-	2,957,899
School Violence Prevention	228,000	228,000	-	228,000
Attendant Care for Independent Living (ACIL)	50,000	50,000	-	50,000
Pre-K Pilot	2,000,000	5,500,000	(3,500,000)	2,000,000
Early Head Start	-	1,600,000	-	1,600,000
Child Care Quality Initiative	-	1,000,000	(1,000,000)	-
Subtotal - SRS	<u>\$ 29,747,145</u>	<u>\$ 35,013,081</u>	<u>\$ (4,500,000)</u>	<u>\$ 30,513,081</u>
Kansas Health Policy Authority				
HealthWave	\$ 2,000,000	-	\$ 2,000,000	\$ 2,000,000
Medical Assistance	3,000,000	-	3,000,000	3,000,000
Immunization Outreach	500,000	500,000	-	500,000
Subtotal - KHPA	<u>\$ 5,500,000</u>	<u>\$ 500,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,500,000</u>
Department of Education				
Reading and Vision Research	\$ 300,000	\$ 300,000	\$ -	\$ 300,000
University of Kansas Medical Center				
Tele-Kid Health Care Link	\$ 268,509	\$ 250,000	\$ -	\$ 250,000
TOTAL EXPENDITURES	<u><u>\$ 47,473,654</u></u>	<u><u>\$ 47,721,081</u></u>	<u><u>\$ 500,000</u></u>	<u><u>\$ 48,221,081</u></u>

	Gov. Rec. FY 2007	Gov. Rec. FY 2008	Legislative Approved (HB 2368) FY 2008
Beginning Balance	\$ 3,708,488	\$ -	\$ -
Plus: Other Income*	114,000	-	-
Transfers from SGF and KEY Fund	43,651,166	47,721,081	47,721,081
Total Available	<u>\$ 47,473,654</u>	<u>\$ 47,721,081</u>	<u>\$ 47,721,081</u>
Less: Expenditures	(47,473,654)	(47,721,081)	(48,221,081)
ENDING BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (500,000)</u></u>

* Other income includes released encumbrances, recoveries and reimbursements.

State Water Plan Fund: FY 2007

Agency/Program	Actual FY 2006	Governor's Recommendation FY 2007	Conf. Cmte. Adjustments FY 2007	Legislative Approved FY 2007
Department of Health and Environment				
Contamination Remediation	\$ 1,183,815	\$ 954,525	\$ -	\$ 954,525
TMDL Initiatives	316,744	299,274	-	299,274
Local Environmental Protection Program	1,502,735	1,502,852	-	1,502,852
Nonpoint Source Program	324,885	290,665	-	290,665
Watershed Restoration and Protection Strategy	774,240	800,000	-	800,000
Use Attinability Analysis	130,880	169,120	-	169,120
Total--Department of Health and Environment	\$ 4,233,299	\$ 4,016,436	\$ -	\$ 4,016,436
University of Kansas--Geological Survey	40,856	40,000	-	40,000
Department of Agriculture				
Floodplain Management	\$ 68,245	\$ -	\$ -	\$ -
Interstate Water Issues	251,059	-	-	-
Subbasin Water Resources Management	548,048	687,586	-	687,586
Water Appropriations Subprogram	187,925	-	-	-
Water Use	60,000	60,018	-	60,018
Kansas v. Colorado Compliance	-	1,271,017	-	1,271,017
Total--Department of Agriculture	\$ 1,115,277	\$ 2,018,621	\$ -	\$ 2,018,621
State Conservation Commission				
Water Resources Cost Share	\$ 3,371,761	\$ 3,414,359	\$ -	\$ 3,414,359
Nonpoint Source Pollution Asst.	2,601,213	2,757,520	-	2,757,520
Aid to Conservation Districts	1,043,966	1,048,000	-	1,048,000
Watershed Dam Construction	352,499	1,351,499	-	1,351,499
Water Quality Buffer Initiative	247,600	307,157	-	307,157
Riparian and Wetland Program	244,310	251,782	-	251,782
Multipurpose Small Lakes	536,333	1,100,000	-	1,100,000
Water Transition Assistance Program	-	1,184,388	-	1,184,388
Salt Cedar Control Demonstrations	-	65,000	-	65,000
Conservation Reserve Enhancement Program	-	5,000,000	(4,000,000)	1,000,000
Lake Restoration/Management	-	335,000	-	335,000
Total--Conservation Commission	\$ 8,397,682	\$ 16,814,705	\$ (4,000,000)	\$ 12,814,705
Kansas Water Office				
Assessment and Evaluation	\$ 545,055	\$ 1,083,660	\$ -	\$ 1,083,660
GIS Data Base Development	247,405	247,405	-	247,405
MOU - Storage Operations and Maintenance	364,954	455,890	-	455,890
PMIB Loan Payment for Storage	234,150	237,945	-	237,945
Stream Gauging Program	412,668	-	-	-
Technical Assistance to Water Users	210,004	266,150	-	266,150
Weather Stations	-	60,000	-	60,000
Water Planning Process	276,464	-	33,734	33,734
Water Resource Education	54,000	84,000	-	84,000
Weather Modification	120,000	120,000	-	120,000
Kansas Water Authority	40,374	-	-	-
Total--Kansas Water Office	\$ 2,505,074	\$ 2,555,050	\$ 33,734	\$ 2,588,784
Department of Wildlife and Parks				
Almena Irrigation District	\$ -	\$ 120,000	\$ -	\$ 120,000
Stream (Biological) Monitoring	40,000	40,000	-	40,000
Total--Department of Wildlife and Parks	40,000	160,000	-	160,000
Total Water Plan Expenditures	\$ 16,332,188	\$ 25,604,812	\$ (3,966,266)	\$ 21,638,546

State Water Plan Resource Estimate	Actual FY 2006	Governor's Recommendation FY 2007	Conf. Cmte. Adjustments FY 2007	Legislative Approved FY 2007
Beginning Balance	\$ 7,682,094	\$ 9,591,892	\$ -	\$ 9,591,892
Adjustments				
Transfer to State General Fund	\$ -	\$ -	\$ -	\$ -
Released Encumbrances	1,333,653	2,173,022	-	2,173,022
Transfer to Kansas Corporation Commission	(400,000)	(400,000)	-	(400,000)
Revenues				
State General Fund Transfer	\$ 6,000,000	\$ 6,000,000	\$ -	\$ 6,000,000
Economic Development Fund Transfer	2,000,000	2,000,000	-	2,000,000
Municipal Water Fees	3,454,401	3,520,000	-	3,520,000
Industrial Water Fees	1,104,837	1,051,000	-	1,051,000
Stock Water Fees	359,112	399,000	-	399,000
Pesticide Registration Fees	989,800	950,000	-	950,000
Fertilizer Registration Fees	3,034,328	2,917,600	-	2,917,600
Pollution Fines and Penalties	140,395	70,000	-	70,000
Sand Royalty Receipts	225,460	199,000	-	199,000
Total Receipts	\$ 17,308,333	\$ 17,106,600	\$ -	\$ 17,106,600
Total Available	\$ 25,924,080	\$ 28,471,514	\$ -	\$ 28,471,514
Less: Expenditures	16,332,188	25,604,812	(3,966,266)	21,638,546
Ending Balance	\$ 9,591,892	\$ 2,866,702	\$ 3,966,266	\$ 6,832,968

Senate Ways and Means
April 18-23, 2007
Attachment 4

State Water Plan Fund: FY 2008

Agency/Program	Governor's Recommendation FY 2008	Conf. Cmte. Adjustments FY 2008	Legislative Approved FY 2008
Department of Health and Environment			
Contamination Remediation	\$ -	\$ 978,833	\$ 978,833
TMDL Initiatives	299,928	(2,544)	297,384
Local Environmental Protection Program	-	1,502,737	1,502,737
Nonpoint Source Program	301,821	(9,253)	292,568
Watershed Restoration and Protection Strategy	800,000	-	800,000
Southeast Kansas Soil Treatment Study	-	120,361	120,361
Total--Department of Health and Environment	\$ 1,401,749	\$ 2,590,134	\$ 3,991,883
University of Kansas--Geological Survey	\$ 40,000	\$ -	\$ 40,000
Department of Agriculture			
Interstate Water Issues	\$ 584,217	\$ -	\$ 584,217
Subbasin Water Resources Management	678,595	(11,121)	667,474
Ozark Plateau/Spring Water Initiative	-	92,340	92,340
Water Use	60,000	-	60,000
Total--Department of Agriculture	\$ 1,322,812	\$ 81,219	\$ 1,404,031
State Conservation Commission			
Water Resources Cost Share	\$ 3,418,063	\$ (5,845)	\$ 3,412,218
Nonpoint Source Pollution Asst.	3,683,854	(120,000)	3,563,854
Aid to Conservation Districts	1,050,000	-	1,050,000
Watershed Dam Construction	1,055,000	-	1,055,000
Water Quality Buffer Initiative	350,000	-	350,000
Riparian and Wetland Program	251,782	-	251,782
Multipurpose Small Lakes	1,250,000	-	1,250,000
Water Transition Assistance Program	1,414,416	83,584	1,498,000
Salt Cedar Control Demonstrations	195,000	(195,000)	-
Conservation Reserve Enhancement Program	-	1,000,000	1,000,000
Lake Restoration/Management	2,719,713	(2,719,713)	-
Total--Conservation Commission	\$ 15,387,828	\$ (1,956,974)	\$ 13,430,854
Kansas Water Office			
Assessment and Evaluation	\$ 857,605	\$ -	\$ 857,605
GIS Data Base Development	250,000	-	250,000
MOU - Storage Operations and Maintenance	733,384	-	733,384
PMIB Loan Payment for Storage	-	-	-
Stream Gauging Program	-	17,972	17,972
Technical Assistance to Water Users	624,949	-	624,949
Weather Stations	100,000	-	100,000
Water Resource Education	84,000	-	84,000
Weather Modification	240,000	-	240,000
Neosho River Basin Issues	500,000	-	500,000
Total--Kansas Water Office	\$ 3,389,938	\$ 17,972	\$ 3,407,910
Department of Wildlife and Parks			
Almena Irrigation District	\$ 1,000,000	\$ (1,000,000)	\$ -
Stream (Biological) Monitoring	40,000	-	40,000
Total--Department of Wildlife and Parks	\$ 1,040,000	\$ (1,000,000)	\$ 40,000
Pay Plan Adjustments	\$ -	\$ 20,673	\$ 20,673
Total Water Plan Expenditures	\$ 22,582,327	\$ (246,976)	\$ 22,335,351

State Water Plan Resource Estimate	Governor's Recommendation FY 2008	Conf. Cmte. Adjustments FY 2008	Legislative Approved FY 2008
Beginning Balance	\$ 2,866,702	\$ -	\$ 6,832,968
Adjustments			
Transfer from Water Litigation Suspense Fund	\$ -	\$ 584,217	\$ 584,217
Transfer to State General Fund	-	-	-
Released Encumbrances	-	-	-
Transfer to Kansas Corporation Commission	(400,000)	-	(400,000)
Revenues			
State General Fund Transfer	\$ 6,000,000	\$ -	\$ 6,000,000
Economic Development Fund Transfer	2,000,000	-	2,000,000
Municipal Water Fees	3,485,184	-	3,485,184
Industrial Water Fees	1,129,437	-	1,129,437
Stock Water Fees	366,454	-	366,454
Pesticide Registration Fees	965,000	-	965,000
Fertilizer Registration Fees	2,940,000	-	2,940,000
Pollution Fines and Penalties	70,000	-	70,000
Sand Royalty Receipts	192,867	-	192,867
Clean Drinking Water Fees	3,199,662	-	3,199,662
Total Receipts	\$ 20,348,604	\$ -	\$ 20,348,604
Total Available	\$ 22,815,306	\$ 584,217	\$ 27,365,789
Less: Expenditures	22,582,327	(246,976)	22,335,351
Ending Balance	\$ 232,979	\$ 831,193	\$ 5,030,438

ECONOMIC DEVELOPMENT INITIATIVES FUND

FY 2006 - FY 2008

As of April 3, 2007

<u>Agency/Program</u>	<u>Actual FY 2006</u>	<u>Legislative Approved (1st Adjournment) FY 2007</u>	<u>Legislative Approved (1st Adjournment) FY 2008</u>
Department of Commerce			
Operating Grant	\$ 15,893,435	\$ 15,982,311	\$ 15,744,808
Older Kansans Employment Program	239,430	330,481	330,481
Rural Opportunity Program	-	-	2,100,000
Kansas Economic Opportunity Initiative Fund	3,000,000	3,160,000	3,000,000
Subtotal - Commerce	\$ 19,132,865	\$ 19,472,792	\$ 21,175,289
Kansas Technology Enterprise Corporation			
Operations	\$ 1,663,866	\$ 1,855,163	\$ 1,762,025
University & Strategic Research	5,413,659	5,345,205	5,111,287
Commercialization	2,060,130	1,790,249	2,684,122
Mid-America Manuf. Tech. Center (MAMTC)	1,528,152	1,528,152	1,380,621
Product Development	1,519,030	1,519,030	1,519,030
Subtotal - KTEC	\$ 12,184,837	\$ 12,037,799	\$ 12,457,085
Kansas, Inc.			
Operations	\$ 379,671	\$ 527,999	\$ 497,999
Social and Rehabilitation Services			
Child Support Enforcement Call Center	\$ -	\$ 340,000 2	\$ -
Board of Regents			
Tech. Innovation & Internship Prog. - AVTS	\$ 175,909	\$ 185,340	\$ -
Post-secondary Aid - AVTS	6,957,162	6,957,162	6,957,162
Capital Outlay - AVTS	2,565,000	2,565,000	2,565,000
KSU - ESARP	299,999	300,000	300,000
Wichita State University - Aviation Research	245,748	-	2,500,000
Subtotal - Regents & Universities	\$ 10,243,818	\$ 10,007,502	\$ 12,322,162
Kansas Arts Commission			
Economic Impact Study of the Arts	\$ -	\$ 14,000	\$ -
State Conservation Commission			
Conservation Easement Matching Funds	\$ 31,250	\$ -	\$ -
Multipurpose Small Lakes (Horsethief Reservoir)	50,000	- 3	- 3
Subtotal - State Conservation Commission	\$ 81,250	\$ -	\$ -
State Fair			
Largest Classroom	\$ -	\$ 19,960	\$ -
Alternative Energy Systems and Utilities	-	95,384	-
Ticket Marketing & Premiums	-	70,000	70,000
Subtotal - State Fair	\$ -	\$ 185,344	\$ 70,000
KS Qualified Biodiesel Fuel Producer Incentive Fund Transfer			
		\$ -	\$ 3,500,000
State Water Plan Fund Transfer			
	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Pay Plan and KPERs Death and Disability Rate Increase			
	\$ 92,279 1	\$ -	\$ 249,496 4
TOTAL TRANSFERS AND EXPENDITURES	\$ 44,114,720	\$ 44,585,436	\$ 52,272,031

<u>EDIF Resource Estimate</u>	<u>Actual FY 2006</u>	<u>Legislative Approved (1st Adjournment) FY 2007</u>	<u>Legislative Approved (1st Adjournment) FY 2008</u>
Beginning Balance	\$ 2,519,677	3,136,491	2,233,055
Gaming Revenues	42,432,000	42,432,000	42,432,000
Other Income**	2,299,534	1,250,000	750,000
Total Available	\$ 47,251,211	\$ 46,818,491	\$ 45,415,055
Less: Expenditures and Transfers	44,114,720	44,585,436	52,272,031
ENDING BALANCE	\$ 3,136,491	\$ 2,233,055	\$ (6,856,976)

* Unless otherwise noted, increases in agency total in the Governor's recommendation reflect reappropriations.

** Other income includes interest, transfers, reimbursements and released encumbrances.

1. This amount is transferred to the State General Fund as part of a transfer of special revenue funds from amounts not required for the pay plan and KPERs death and disability rates increase due to adjustments by the Legislature.

2. This item is a one-time expenditure to establish a child Support Enforcement Customer Service Center. The funding will be matched with \$1.32 million from the federal Child Support Enforcement Administration Fund, for total FY 2007 expenditures of \$2.0 million.

3. Expenditures for this project are now completely funded from the State Water Plan Fund.

4. This is the amount included in the Governor's recommendation for the pay plan, subject to change by the State Finance Council per 2007 HB 2368.

*Senate Ways and Means
April 18-23, 2007
April 17, 2007
Attachment 5*

Economic Development Initiatives Fund (EDIF) Overview

The statutes governing the EDIF provide that it shall be used to finance programs "... supporting and enhancing the existing economic foundation of the state and fostering growth . . . to the state's economic foundation." With the exception of a statutory \$2.0 million transfer from the EDIF to the State Water Plan Fund, the Legislature annually appropriates the EDIF for individual projects and programs deemed to support and enhance the state's economic foundation.

The EDIF is funded through the State Gaming Revenues Fund (SGRF). A portion of state revenue from both the Lottery and parimutuel wagering is transferred to the SGRF. That fund is used essentially as a holding fund from which further transfers are made on a monthly basis. No more than \$50.0 million may be credited to the SGRF in any fiscal year. Amounts in excess of \$50.0 million are credited to the State General Fund.

The initial transfers from the State Gaming Revenue Fund, which began in 1986, were as follows:

1. County Reappraisal Fund (until June 30, 1989) - 30.0%
2. Split between Juvenile Detention Facilities Fund and Correctional Institutions Building Fund (Actual amount to be determined by appropriations act) - 10.0%
3. Economic Development Initiatives Fund (to be increased to 90.0% as of July 1, 1989) - 60.0%

During the 1988 Session, the Legislature delayed the increase in the transfer to the EDIF until July 1, 1990.

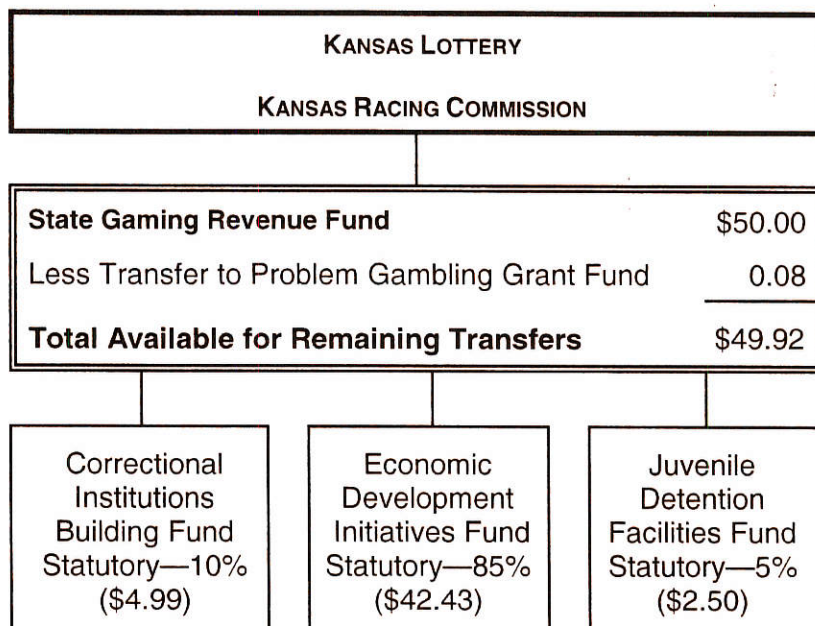
During the 1994 Session, the Legislature changed the transfers as of July 1, 1995 to the following:

1. Correctional Institutions Building Fund - 10.0%
2. Juvenile Detention Facilities Fund - 5.0%
3. Economic Development Initiatives Fund - 85.0%

During the 2000 Session, the Legislature changed the transfers to the following:

1. Economic Development Initiatives Fund—\$42,432,000;
2. Correctional Institutions Building Fund—\$4,992,000;
3. Juvenile Detention Facilities Fund—\$2,496,000; and
4. Problem Gambling Grant Fund—\$80,000.

**ECONOMIC DEVELOPMENT INITIATIVES FUND
Revenue Flow
(In Millions)**



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April 19, 2007

To: Governor Kathleen Sebelius and Legislative Budget Committee
From: Kansas Legislative Research Department
Kansas Division of the Budget
Re: State General Fund Receipt Revisions for FY 2007 and FY 2008

Estimates for the State General Fund (SGF) are developed using a consensus process that involves the Legislative Research Department, Division of the Budget, Department of Revenue, and three consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. The Consensus Revenue Estimating Group met on April 16, 2007, and decreased the overall estimate for both fiscal years by a combined \$13.5 million relative to the previous estimate made in November. The revised FY 2007 estimate is \$5.732 billion, and the revised FY 2008 estimate is \$5.547 billion. The revised estimates incorporate the fiscal impact of all 2007 legislation previously signed into law or expected to be signed into law on April 16.

For FY 2007, the estimate was increased by \$140.1 million, or 2.5 percent, above the November estimate. The overall revised SGF estimate of \$5.732 billion represents a 6.3 percent growth forecast above final FY 2006 receipts.

The revised estimate for FY 2008 of \$5.547 billion was decreased by \$153.6 million, or 2.7 percent, below the November estimate. The revised FY 2008 estimate is 3.2 percent below the newly revised FY 2007 figure. Factors influencing the FY 2008 growth rate relate to legislation enacted in 2004 for the Comprehensive Transportation Program reducing the amount of sales and use tax receipts deposited directly into the SGF; new legislation increasing net transfers from the SGF by over \$200 million; and \$36 million in various tax cuts.

Economic Forecast for Kansas

The Kansas economy is expected to continue to grow at a relatively strong rate for the balance of FY 2007 and FY 2008. Estimates are that nominal Kansas Personal Income (KPI) growth for 2007 and 2008 will be 5.3 percent and 5.2 percent, respectively. A healthy overall employment picture is expected to continue to cause individual and corporation income tax receipts to grow at relatively robust levels through the end of FY 2007. Although economic growth is expected to continue throughout FY 2008 and beyond, the rate of growth will be declining. Estimates are that Kansas Gross State Product, which grew by 5.6 percent in 2006, will grow by 4.5 percent in 2007. Expectations are that Kansas will not be affected as dramatically as will the national economy by the impact of the weaker housing market. The Consensus estimates contained herein are based on a number of such assumptions that reflect a moderating rate of growth in both the state and national economies. The forecast does not incorporate the effects of a national recession, for which experts are predicting an increasing likelihood.

Senate Ways and Means
April 18-23, 2007
Attachment 6

Kansas Personal Income

Kansas Personal Income (KPI) in 2006 grew by 6.3 percent over the 2005 level. The growth rate for KPI is expected to decelerate throughout the forecast period, with the estimates now set at 5.3 percent for 2007 and 5.2 percent for 2008. These estimates for 2007 and 2008 are unchanged since the November Consensus forecast. Current estimates are that overall US Personal Income growth – 5.2 percent for both 2007 and 2008 – will closely track KPI growth.

Employment

The employment outlook for Kansas remains healthy. The overall Kansas unemployment rate, which was 4.5 percent in 2006, is expected to be 4.6 percent in 2007 and 4.8 percent in 2008. The unemployment rate had been as high as 5.7 percent as recently as FY 2004 in the wake of the recession. Total Kansas private (non-farm) employment grew by 1.6 percent in 2006, compared to 1.4 percent growth in government employment. Because of rapid employment growth in the second half of 2006, the most recent monthly data indicate that total private non-farm employment from February 2006 to February 2007 had grown by 2.5 percent; and government employment by 1.5 percent. The average annual number of Kansans employed in 2006 exceeded 1.4 million for the first time in state history.

Agriculture

Net farm income in 2007 had been expected to be considerably higher than 2006, due primarily to higher grain prices and improved soil moisture conditions. But the full extent of the damage to the winter wheat crop as a result of early April freezes was unknown and of significant concern on April 16. Ethanol mandates and subsidies are expected to continue to boost demand and prices for corn, a development which could have negative long-term implications for cattle-feeding operations in Kansas. The All Farm Products Index of Prices received by Kansas farmers was 128 in March, up from 110 a year earlier. The latest prospective plantings report indicates farmers expect to plant 19.2 million acres of the four major grain crops in 2007, up 1 percent from 2006. Relatively high energy costs remain a major concern for the agricultural sector.

Oil and Gas

The average price per taxable barrel of Kansas crude oil is now estimated to be \$55.00 for FY 2007 and \$57.00 for FY 2008. Significant political tensions in the Middle East and elsewhere have recently led to increased volatility in oil prices and added to the uncertainty about forecasting the price of this commodity. Gross oil production in Kansas, which generally had been declining steadily for more than a decade until FY 2000, has stabilized since that time and is currently forecast at 34.5 million barrels for both FY 2007 and FY 2008. More than half of all Kansas oil produced is not subject to severance taxation because of various exemptions in that law.

The price of natural gas, which had been at historically high levels in FY 2006 (\$6.81 per mcf) because of hurricanes and other market forces, is expected to average \$5.15 per mcf for FY 2007 before increasing to \$6.25 per mcf for FY 2008, based on an industry source's analysis of futures markets. Concerns about extreme weather conditions and continued high oil prices are expected to contribute to the price increase in FY 2008. Kansas natural gas production in FY 2006 of 374 million cubic feet represented a continuing decrease from the modern era peak of 730 million cubic feet in FY 1996. Production is expected to continue to decline for the foreseeable future as natural

gas reserves, especially those in the Hugoton field, are depleted. The current forecast is for 365 million cubic feet for FY 2007 and 350 million cubic feet for FY 2008.

Inflation Rate

The Consumer Price Index for all Urban consumers (CPI-U) increased by 3.2 percent in 2006, slightly lower than the November forecast of 3.4 percent. The current national forecasts for both 2007 and 2008 are for inflation to continue at moderate levels, 2.4 percent and 2.3 percent, respectively. But a number of factors could cause higher levels of inflation, including the extent to which wage increases continue to exceed productivity increases.

Interest Rates

The Pooled Money Investment Board is authorized to make investments in US Treasury and Agency securities, highly rated commercial paper, repurchase agreements and certificates of deposit in Kansas banks. In FY 2006, the state earned 4.25 percent on its SGF portfolio. The average rate of return forecasted for FY 2007 is 5.27 percent. For FY 2008, the forecasted rate is 5.00 percent.

Economic Forecasts

	<u>CY 06</u>	<u>CY 07*</u>	<u>CY 08*</u>
KPI Growth	6.3%	5.3%	5.2%
Inflation (CPI-U)	3.2%	2.4%	2.3%
	<u>FY 06</u>	<u>FY 07*</u>	<u>FY 08*</u>
SGF Interest	4.25%	5.27%	5.00%
Oil and Gas			
Oil Price per bbl	\$57.61	\$55.00	\$57.00
Gross Prod. (000)	34,380	34,500	34,500
Gas Price per mcf	\$6.81	\$5.15	\$6.25
Gas Taxable Value	2,367,268	1,719,971	2,023,438

* Estimated

Attached Tables

Table 1 compares the new FY 2007 and FY 2008 estimates by source with actual receipts from FY 2006. Tables 2 and 3 show the changes in the estimates by source for each fiscal year.

State General Fund Receipt Estimates

FY 2007. The revised estimate of SGF receipts for FY 2007 is \$5.732 billion, an increase of \$140.1 million from the previous estimate made in November. Total SGF receipts through March were running \$79.1 million ahead of the previous estimate. The revised estimate is \$338.0 million or 6.3 percent, above actual FY 2006 receipts. Details of the revised estimate are reflected in Table 2.

Each individual SGF source was reevaluated independently and consideration was given to revised and updated economic forecasts, collection information from the Departments of Revenue and Insurance, and year-to-date receipts.

The estimate of total taxes was increased by \$99.9 million, while the estimate of "other revenue" was increased by \$40.2 million. Two tax sources – individual income and corporation income – accounted for \$110 million of the increase.

The estimate for individual income taxes was increased by \$65 million. KPI growth for calendar year 2006 ended up at a healthy 6.3 percent, and the strong employment growth during the final months of 2006 also contributed to the upward revision in the estimate. Stock market growth throughout 2006 also likely resulted in greater capital gains relative to tax year 2006 liability. Receipts through March were running \$53.3 million ahead of the prior fiscal-year-to-date estimate, and data from the Department of Revenue through mid-April confirm faster growth in withholding and balance-due remittances than had been anticipated. The revised FY 2007 estimate now calls for growth of \$278.7 million, or 11.8 percent, in this source over FY 2006 receipts.

The estimate for corporation income taxes, which had been running almost \$44.6 million ahead of the prior fiscal-year-to-date estimate through March, was increased by \$45 million. Strong corporate profits for calendar year 2006, coupled with significant growth in estimated payments, are among the factors contributing to the recovery in receipts from this source – now estimated to be \$420 million for FY 2007. Corporation income tax receipts were less than \$94 million as recently as FY 2002.

Estimates for the financial institutions privilege tax, gas severance tax, motor carrier property tax, insurance premiums tax, and liquor enforcement tax also were increased by a combined \$6.3 million relative to the November estimate.

The overall severance tax estimate was increased by \$0.2 million but would have been reduced except for information received from the Department of Revenue that \$4.6 million of additional gas receipts are expected to be deposited in the SGF by the end of the fiscal year attributable to a reconciliation of prior years' liability for certain taxpayers. Severance tax receipts had been running \$3.2 million below the previous estimate through March.

The estimate for net transfers to the SGF was increased by \$33.1 million, largely as a result of the enactment of legislation transferring \$30 million from the State Highway Fund to the SGF for the Highway Patrol. The estimate for interest earnings to the SGF also was increased by \$2.2 million. The forecast for agency earnings was increased by over \$4.9 million as a result of greater-than-expected receipts from unclaimed property.

On the negative side, the sales and use tax estimates were decreased by \$8 million and \$4 million, respectively, based largely on fiscal-year-to-date receipts through March and a \$3.8 million use tax refund paid in mid-April. The Department of Revenue reports that 1,029 retailers have voluntarily registered to collect use taxes as a result of Kansas' participation in the multi-state Streamlined Sales and Use Tax Agreement. Sales tax receipts may have been somewhat suppressed because of higher energy price increases and the fact that purchases of motor fuel and residential utility services are exempt from the state tax. Nationwide consumption expenditures on energy goods and services grew from 5.0 percent in FY 2004 to 6.0 percent in FY 2006. Overall consumption in Kansas is expected to follow the national trend of a slightly decelerating growth rate throughout the forecast period.

The cigarette tax estimate was decreased by \$3.0 million. Receipts from this source were running \$2.3 million below the previous estimate through March.

FY 2008. SGF receipts are estimated to be \$5.547 billion in FY 2008, a decrease of \$153.6 million relative to the November estimate. The new FY 2008 figure is \$185.6 million, or 3.2 percent, below the newly revised FY 2007 estimate. FY 2008 receipts would have been \$174 million more if not for legislation enacted in 2004 that reduced the share of sales and use taxes earmarked for the SGF. Also factored into the FY 2008 revisions was an estimated \$36.0 million in tax reductions attributable to legislation signed into law or expected to be signed into law as of April 16 (\$24.0 million in individual income taxes; \$7.0 million in corporation franchise taxes; and \$5.0 million in sales taxes).

The most significant revision to the FY 2008 estimate relates to an increase of almost \$200 million in net transfers from the SGF. New legislation setting aside \$122.7 million for the school finance "lock-box" and \$80 million for statewide maintenance and disaster relief is primarily responsible for the large adjustment to this source.

The individual income tax forecast also takes into consideration more modest growth in the economy, KPI, and the stock market. Although corporation income tax receipts are expected to remain at historically high levels, the 2007 corporate profits forecast is significantly weaker than the same 2006 figure, and the rate of growth in corporate estimated payments likely will be decelerating from FY 2007. Details of the FY 2008 revisions are shown in Table 3.

Of the \$43.8 million overall increase in the FY 2008 estimate for taxes only, individual (\$35 million) and corporation (\$20 million) income taxes accounted for \$55 million. The estimate for all other tax sources was decreased by \$11.2 million.

Other significant adjustments of note include decreases in the sales, cigarette, and franchise tax estimates of \$13.0 million, \$4.0 million, and \$7.0 million, respectively; and increases in the severance and financial institutions privilege tax estimates of \$6.8 million and \$4.0 million, respectively.

FY 2009 and thereafter. Although the Consensus Group will not make its initial estimate for FY 2009 until next fall, worthy of note is the fact that a number of provisions in legislation that has been enacted or passed by the Legislature and presented to the Governor will further reduce SGF receipts beginning in FY 2009:

- Legislation enacted in 2006 that decoupled the Kansas estate tax from the federal law beginning in 2007 and eliminates the Kansas tax altogether in 2010 will reduce receipts relative to the prior law by an estimated \$9 million in FY 2008; \$20 million in FY 2009; \$37 million in FY 2010; \$47 million in FY 2011; and \$52 million in FY 2012.

- Legislation passed in 2007 and presented to the Governor that phases out the franchise tax will reduce receipts relative to the prior law by an estimated \$7 million in FY 2008; \$16.5 million in FY 2009; \$26.5 million in FY 2010; \$37.0 million in FY 2011; and \$48.0 million in FY 2012.
- Legislation passed in 2007 and presented to the Governor that increases the number of taxpayers who will be entitled to a state income tax exemption for Social Security benefits beginning in tax year 2008 will increase the fiscal note attributable to this provision by an additional \$5.7 million in FY 2009 (the estimated impact for FY 2008 was \$5.4 million, and it will increase to \$11.1 million for FY 2009).
- Legislation enacted in 2006 established a new state transfer to help taxing subdivisions alleviate property tax shifts associated with the machinery and equipment exemption. These "slider" transfers, estimated at \$28.3 million in FY 2008, are expected to be \$44.8 million in FY 2009; \$45.3 million in FY 2010; \$32.0 million in FY 2011; and \$11.5 million in FY 2012. The legislation also provides for a partial restoration of Local Ad Valorem Tax Reduction Fund (LAVTRF) transfers beginning in FY 2010. The LAVTRF transfers will be \$13.5 million in FY 2010; \$27.0 million in FY 2011; \$40.5 million in FY 2012; and \$54.0 million in FY 2013 and all future years.
- That same 2006 legislation also will reduce motor carrier property tax receipts to the SGF by \$0.8 million in FY 2008; \$2.3 million in FY 2009; \$3.9 million in FY 2010; \$5.6 million in FY 2011; \$7.4 million in FY 2012; and \$8.4 million in FY 2013.
- Additional legislation enacted in 2005 will reduce severance tax receipts to the SGF by \$6.1 million in FY 2009; \$8.7 million in FY 2010; \$11.2 million in FY 2011; and \$13.6 million in FY 2012.

Accuracy of Consensus Revenue Estimates

For 32 years, SGF revenue estimates for Kansas have been developed using the consensus revenue estimating process. Besides the three state agencies identified on the first page, the economists currently involved in the process are Joe Sicilian from the University of Kansas, Ed Olson from Kansas State University, and John Wong from Wichita State University. Each of the entities and individuals involved in the process prepared independent estimates and met on April 16, 2007, to discuss estimates and come to a consensus for each fiscal year.

STATE GENERAL FUND ESTIMATES

Fiscal Year	Adjusted Original Estimate*	Adjusted Final Estimate**	Actual Receipts	Difference from Original Estimate*		Difference from Final Estimate**	
				Amount	Percent	Amount	Percent
1975	--	\$614.9	\$627.6	--	--	\$12.7	2.1%
1976	\$676.3	699.7	701.2	\$24.9	3.7%	1.4	0.2
1977	760.2	760.7	776.5	16.3	2.1	15.8	2.1
1978	830.1	861.2	854.6	24.5	3.0	(6.5)	(0.8)
1979	945.2	1,019.3	1,006.8	61.6	6.5	(12.5)	(1.2)
1980	1,019.3	1,095.9	1,097.8	78.5	7.7	1.9	0.2
1981	1,197.1	1,226.4	1,226.5	29.4	2.5	0.1	0.0
1982	1,351.3	1,320.0	1,273.0	(78.3)	(5.8)	(47.0)	(3.6)
1983	1,599.2	1,366.9	1,363.6	(235.6)	(14.7)	(3.2)	(0.2)
1984	1,596.7	1,539.0	1,546.9	(49.8)	(3.1)	7.9	0.5
1985	1,697.7	1,679.7	1,658.5	(39.2)	(2.3)	(21.3)	(1.3)
1986	1,731.2	1,666.4	1,641.4	(89.8)	(5.2)	(25.0)	(1.5)
1987	1,903.1	1,764.7	1,778.5	(124.6)	(6.5)	13.8	0.8
1988	1,960.0	2,031.5	2,113.1	153.1	7.8	81.6	4.0
1989	2,007.8	2,206.9	2,228.3	220.5	11.0	21.4	1.0
1990	2,241.2	2,283.3	2,300.5	59.3	2.6	17.2	0.8
1991	2,338.8	2,360.6	2,382.3	43.5	1.9	21.7	0.9
1992	2,478.7	2,454.5	2,465.8	(12.9)	(0.5)	11.3	0.5
1993	2,913.4	2,929.6	2,932.0	18.6	0.6	2.4	0.1
1994	3,040.1	3,126.8	3,175.7	135.6	4.5	48.9	1.6
1995	3,174.4	3,243.9	3,218.8	44.4	1.4	(25.1)	(0.8)
1996	3,428.0	3,409.2	3,448.3	20.3	0.6	39.0	1.1
1997	3,524.8	3,642.4	3,683.8	159.0	4.5	41.4	1.1
1998	3,714.4	3,971.0	4,023.7	309.3	8.3	52.7	1.3
1999	3,844.7	4,051.9	3,978.4	133.7	3.5	(73.4)	(1.8)
2000	4,204.1	4,161.0	4,203.1	(1.0)	0.0	42.1	1.0
2001	4,420.7	4,408.7	4,415.0	(5.7)	(0.1)	6.4	0.1
2002	4,674.5	4,320.6	4,108.9	(565.6)	(12.1)	(211.7)	(4.9)
2003	4,641.0	4,235.6	4,245.6	(395.4)	(9.3)	9.9	0.2
2004	4,605.5	4,450.5	4,518.7	(86.8)	(1.9)	68.2	1.5
2005	4,490.5	4,793.8	4,841.3	350.8	7.8	47.5	1.0
2006	4,834.0	5,308.7	5,394.4	560.4	11.6	85.7	1.6

* The adjusted original estimate is the estimate made in November or December prior to the start of the next fiscal year in July and adjusted to account for legislation enacted, if any, which affected receipts to the SGF.

** The final estimate made in March, April, or June is the adjusted original estimate plus or minus changes subsequently made by the Consensus Estimating Group. It also includes the estimated impact of legislation on receipts.

The table (above) presents estimates compared to actual receipts since FY 1975, the fiscal year for which the current process was initiated. First, the adjusted original estimate is compared to actual collections and then the final estimate is compared to actual receipts.

As might be expected, there has usually been a smaller difference between actual receipts and the final estimate because only three months remained in the fiscal year when the final estimate was made. In the last 16 fiscal years, the most significant shortfall in receipts relative to the final estimate was FY 2002 (4.9 percent); while the largest percentage underestimate occurred in FY 1994 and FY 2006 (1.6 percent).

Concluding Comments

Consensus revenue estimates are based on current federal and state laws and their current interpretation. These estimates will be adjusted at the conclusion of the 2007 Legislative Session to reflect all legislation enacted between mid-April and *sine die* adjournment which affects SGF receipts.

Table 1
Consensus Revenue Estimate for Fiscal Years 2007 and 2008
and FY 2006 Actual Receipts
(Dollars in Thousands)

	FY 2006 (Actual)		FY 2007 (Revised)		FY 2008 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$22,056	7.8 %	\$25,000	13.3 %	\$25,500	2.0 %
Income Taxes:						
Individual	\$2,371,253	15.6 %	\$2,650,000	11.8 %	\$2,785,000	5.1 %
Corporation	350,201	54.9	420,000	19.9	375,000	(10.7)
Financial Inst.	31,058	40.8	33,000	6.3	35,000	6.1
Total	\$2,752,511	19.7 %	\$3,103,000	12.7 %	\$3,195,000	3.0 %
Estate Tax	\$51,806	(0.1) %	\$55,000	6.2 %	\$46,000	(16.4) %
Excise Taxes:						
Retail Sales*	\$1,736,048	5.4 %	\$1,767,000	1.8 %	\$1,732,000	(2.0) %
Compensating Use*	269,250	10.0	286,000	6.2	290,000	1.4
Cigarette	117,899	(0.9)	112,000	(5.0)	111,000	(0.9)
Tobacco Products	5,093	1.1	5,200	2.1	5,400	3.8
Cereal Malt Bev.	2,090	0.6	2,000	(4.3)	2,100	5.0
Liquor Gallonage	16,676	6.0	17,000	1.9	17,500	2.9
Liquor Enforcement	44,234	5.6	46,700	5.6	48,000	2.8
Liquor Drink	8,009	7.6	8,500	6.1	8,700	2.4
Corp. Franchise	46,898	(0.4)	47,000	0.2	41,000	(12.8)
Severance	133,432	29.1	111,300	(16.6)	120,300	8.1
Gas	96,539	28.0	73,900	(23.5)	81,500	10.3
Oil	36,893	31.9	37,400	1.4	38,800	3.7
Total	\$2,379,629	6.5 %	\$2,402,700	1.0 %	\$2,376,000	(1.1) %
Other Taxes:						
Insurance Prem.	\$112,207	5.0 %	\$114,000	1.6 %	\$115,000	0.9 %
Miscellaneous	7,048	64.3	5,000	(29.1)	2,000	(60.0)
Total	\$119,255	7.3 %	\$119,000	(0.2) %	\$117,000	(1.7) %
Total Taxes	\$5,325,257	12.9 %	\$5,704,700	7.1 %	\$5,759,500	1.0 %
Other Revenues:						
Interest	\$54,335	133.6 %	\$91,200	67.8 %	\$104,000	14.0 %
Net Transfers	(42,243)	(279.3)	(128,000)	203.0	(380,700)	197.4
Agency Earnings	57,018	(24.9)	64,500	13.1	64,000	(0.8)
Total	\$69,110	(47.9) %	\$27,700	(59.9) %	(\$212,700)	(867.9) %
Total Receipts	<u>\$5,394,367</u>	<u>11.3 %</u>	<u>\$5,732,400</u>	<u>6.3 %</u>	<u>\$5,546,800</u>	<u>(3.2) %</u>

* 2004 legislation reduces FY 2008 anticipated receipts

Table 2
State General Fund Receipts
FY 2007 Revised
Comparison of November 2006 Estimate to April 2007 Estimate
(Dollars in Thousands)

	FY 2007 CRE Est.	FY 2007 CRE Est.	Difference	
	Revised 11/03/06	Revised 04/16/07	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$23,500	\$25,000	\$1,500	6.4 %
Income Taxes:				
Individual	\$2,585,000	\$2,650,000	65,000	2.5 %
Corporation	375,000	\$420,000	45,000	12.0
Financial Inst.	31,000	\$33,000	2,000	6.5
Total	2,991,000	\$3,103,000	112,000	3.7 %
Estate Tax	\$55,000	\$55,000	--	-- %
Excise Taxes:				
Retail Sales	\$1,775,000	\$1,767,000	(\$8,000)	(0.5) %
Compensating Use	290,000	\$286,000	(4,000)	(1.4)
Cigarette	115,000	\$112,000	(3,000)	(2.6)
Tobacco Product	5,200	\$5,200	--	--
Cereal Malt Beverage	2,000	\$2,000	--	--
Liquor Gallonage	17,000	\$17,000	--	--
Liquor Enforcement	46,500	\$46,700	200	0.4
Liquor Drink	8,500	\$8,500	--	--
Corporate Franchise	47,000	\$47,000	--	--
Severance	111,100	\$111,300	200	0.2
Gas	72,300	\$73,900	1,600	2.2
Oil	38,800	\$37,400	(1,400)	(3.6)
Total	\$2,417,300	\$2,402,700	(\$14,600)	(0.6) %
Other Taxes:				
Insurance Premiums	\$113,000	\$114,000	1,000	0.9 %
Miscellaneous	5,000	\$5,000	--	--
Total	\$118,000	\$119,000	1,000	0.8 %
Total Taxes	\$5,604,800	\$5,704,700	\$99,900	1.8 %
Other Revenues:				
Interest	\$89,000	\$91,200	\$2,200	2.5 %
Net Transfers	(161,096)	(\$128,000)	33,096	(20.5)
Agency Earnings	59,554	\$64,500	4,946	8.3
Total Other Revenue	(\$12,542)	\$27,700	\$40,242	(320.9) %
Total Receipts	\$5,592,258	\$5,732,400	\$140,142	2.5 %

Table 3
State General Fund Receipts
FY 2008 Revised
Comparison of November 2006 Estimate to April 2007 Estimate
(Dollars in Thousands)

	FY 2008 CRE Est.	FY 2008 CRE Est.	Difference	
	Revised 11/03/06	Revised 04/16/07	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$24,000	\$25,500	\$1,500	6.3 %
Income Taxes:				
Individual	\$2,750,000	\$2,785,000	35,000	1.3 %
Corporation	355,000	\$375,000	20,000	5.6
Financial Inst.	31,000	\$35,000	4,000	12.9
Total	3,136,000	\$3,195,000	59,000	1.9 %
Estate Tax	\$46,000	\$46,000	--	-- %
Excise Taxes:				
Retail Sales	\$1,745,000	\$1,732,000	(\$13,000)	(0.7) %
Compensating Use	290,000	\$290,000	--	--
Cigarette	115,000	\$111,000	(4,000)	(3.5)
Tobacco Product	5,400	\$5,400	--	--
Cereal Malt Beverage	2,100	\$2,100	--	--
Liquor Gallonage	17,500	\$17,500	--	--
Liquor Enforcement	47,500	\$48,000	500	1.1
Liquor Drink	8,700	\$8,700	--	0.0
Corporate Franchise	48,000	\$41,000	(7,000)	(14.6)
Severance	113,500	\$120,300	6,800	6.0
Gas	74,700	\$81,500	6,800	9.1
Oil	38,800	\$38,800	--	--
Total	\$2,392,700	\$2,376,000	(\$16,700)	(0.7) %
Other Taxes:				
Insurance Premiums	\$115,000	\$115,000	--	-- %
Miscellaneous	2,000	\$2,000	--	--
Total	\$117,000	\$117,000	--	-- %
Total Taxes	\$5,715,700	\$5,759,500	\$43,800	0.8 %
Other Revenues:				
Interest	\$104,000	\$104,000	--	-- %
Net Transfers	(181,308)	(\$380,700)	(199,392)	110.0
Agency Earnings	62,000	\$64,000	2,000	3.2
Total Other Revenue	(\$15,308)	(\$212,700)	(\$197,392)	1,289.5 %
Total Receipts	\$5,700,392	\$5,546,800	(\$153,592)	(2.7) %

MEMORANDUM

TO: Governor Kathleen Sebelius and Legislative Budget Committee

FROM: Kansas Division of the Budget and Kansas Legislative Research Department

DATE: April 12, 2007

SUBJECT: Consensus Caseload Estimates for FY 2007 and FY 2008

The Division of the Budget, Legislative Research Department, Department of Social and Rehabilitation Services, Kansas Health Policy Authority, and Department on Aging met on April 12, 2007 to revise the estimates on caseload expenditures for FY 2007 and FY 2008. The consensus estimates include expenditures for Regular Medical Assistance, Nursing Facilities, Temporary Assistance to Families, General Assistance, and the Reintegration/Foster Care contracts. The estimating group used the budget as approved in 2007 House Bill No. 2368 as the starting point for the current estimate. A chart summarizing the estimates for FY 2007 and FY 2008 is included at the end of this memorandum.

The estimates include Regular Medical Assistance expenditures by both the Kansas Health Policy Authority (KHPA) and the Department of Social and Rehabilitation Services (SRS). Most health care services for persons who qualify for Medicaid, MediKan and other state health insurance programs were transferred to the KHPA from the Division of Health Policy and Finance on July 1, 2006, as directed in 2005 Senate Bill 272. Certain mental health services, addiction treatment services, and services for persons with disabilities that are a part of the Regular Medical Assistance Program remained a part of the budget of SRS.

FY 2007

For FY 2007, the new estimate is a decrease from all funding sources of \$30.7 million, but an increase of \$5.9 million from the State General Fund. This change in the funding mix is the result of changes in the populations that are served and the funding sources that are available for each population. The reduction in caseload expenditures is the result of a decrease in the caseload for Temporary Assistance to Families, lower Medicaid expenditures in the Regular Medical Assistance Program and community supports and services, and a more rapid decline in the number of residents in Nursing Facilities than expected. Nursing Facility expenditures were reduced by \$1.9 million from the State General Fund to reflect a lower number of persons served. The KHPA Regular Medical reduction of \$26.0 million from all

funding sources is generally tied to reduced estimates of beneficiaries. As a result of new federal citizenship verification requirements implemented July 1, an estimated 18,000 beneficiaries have lost benefits and the increased requirements are expected to dampen the number of people applying for services as compared to past years.

The FY 2007 estimate also includes a cost increase attributable to an increase in the number of children in foster care and slight increases in the General Assistance Program, Nursing Facilities for Mental Health and community mental health services.

An issue that is not included in the caseload estimate is KHPA's need for \$37,487,770 from the State General Fund in FY 2007 to replace federal Medicaid funds that were taken by the federal Centers for Medicare and Medicaid Services (CMS) for audit findings in the school based services program. There were three audits conducted on the bundled rate development, application, and claiming processes by the Health and Human Services Office of Inspector General (OIG). These audits reviewed documentation at a sample of school districts and determined that federal Medicaid funds were claimed inappropriately. For those sampled districts, the OIG calculated the amounts that should be returned to CMS. The funds that were returned were actually federal funds that are needed to make current payments to providers. The Governor will recommend a budget amendment to replace the lost federal funding with state funds. Without the addition of this state funding in FY 2007, KHPA will not be able to fund the consensus caseload expenditures.

FY 2008

For FY 2008, the estimate is a decrease of \$7.0 million from all funding sources, but an increase of \$21.3 million from the State General Fund. These adjustments include decreases from all funding sources of \$9.0 million for Temporary Assistance to Families, \$2.0 million for Medicaid community supports and services, and \$27.0 million for Regular Medical Assistance in KHPA. The KHPA Regular Medical reduction of \$27.0 million from all funding sources is again tied to reduced estimates of beneficiaries. As a result of new federal citizenship verification requirements implemented July 1, an estimated 18,000 beneficiaries have lost benefits and the increased requirements are expected to dampen the number of people applying for services as compared to past years. The increase in the required amount of State General Fund is largely due to decreases in estimates of available fee funds and the provider assessment revenue, and an increase in the match requirements for disproportionate share payments to hospitals. The estimate for Nursing Facility expenditures is unchanged from the approved amounts. Increases in the remaining programs can be attributed to increases in the number of person served and increases in the cost of services. In addition, beginning in FY 2008 SRS will change the way services are delivered in the Addiction and Prevention Services Program and for community mental health. Addiction and prevention services will be provided through a new managed care plan, the Prepaid Inpatient Health Plan (PIHP). Most community mental health services will be provided through a new managed care plan, the Prepaid Ambulatory Health Plan (PAHP).

April 2007 Consensus Caseload Estimates

		FY 2007 Approved	April Revised FY 2007	Difference from Approved	FY 2008 Approved	April Revised FY 2008	Difference from Approved
	SGF	\$ 405,000,000	\$ 409,300,000	\$ 4,300,000	\$ 440,000,000	\$ 445,000,000	\$ 5,000,000
Regular Medical	AF	1,182,000,000	1,156,000,000	(26,000,000)	1,245,000,000	1,218,000,000	(27,000,000)
	SGF	138,900,000	137,000,000	(1,900,000)	142,300,000	142,300,000	--
Nursing Facilities	AF	349,700,000	345,000,000	(4,700,000)	352,500,000	352,500,000	--
	SGF	29,821,028	29,821,028	--	29,821,028	29,821,028	--
Temporary Assistance to Families	AF	61,000,000	57,000,000	(4,000,000)	60,000,000	51,000,000	(9,000,000)
	SGF	8,500,000	8,700,000	200,000	8,000,000	9,000,000	1,000,000
General Assistance	AF	8,500,000	8,700,000	200,000	8,000,000	9,000,000	1,000,000
	SGF	81,000,000	81,700,000	700,000	95,000,000	105,000,000	10,000,000
Reintegration/Foster Care Contract	AF	133,000,000	138,000,000	5,000,000	136,000,000	148,000,000	12,000,000
	SGF	46,000,000	49,000,000	3,000,000	74,575,205	75,500,000	924,795
Mental Health	AF	157,000,000	158,000,000	1,000,000	178,575,205	187,000,000	8,424,795
	SGF	10,600,000	11,300,000	700,000	10,800,000	11,300,000	500,000
NFMH	AF	12,300,000	13,200,000	900,000	12,600,000	13,300,000	700,000
	SGF	12,234,804	11,600,000	(634,804)	11,003,985	11,400,000	396,015
Community Supports & Services	AF	57,785,817	55,500,000	(2,285,817)	52,467,432	50,500,000	(1,967,432)
	SGF	6,600,000	6,200,000	(400,000)	6,700,000	10,200,000	3,500,000
AAPS	AF	16,620,000	15,800,000	(820,000)	16,600,000	25,400,000	8,800,000
Total SGF		\$ 738,655,832	\$ 744,621,028	\$ 5,965,196	\$ 818,200,218	\$ 839,521,028	\$ 21,320,810
Total AF		\$ 1,977,905,817	\$ 1,947,200,000	\$ (30,705,817)	\$ 2,061,742,637	\$ 2,054,700,000	\$ (7,042,637)

Senate Ways and Means
April 18-23, 2007
Attachment 8

April, 2007 Consensus Revenue Estimates for FY 2007 and FY 2008; 4.0 Percent Growth in FY 2009 and FY 2010
\$466.2 million in New K-12 Funding FY 2007 - FY 2009 - SB 549
Keeping Education Promises Trust Fund (As Approved in the Legislature)
Statewide Maintenance and Disaster Relief Fund - \$80 million (As Approved by the Legislature)
Expenditures as Approved by the Legislature at First Adjournment

STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
FY 2006 - FY 2010
 In Millions

	Actual FY 2006	Revised FY 2007	Projected FY 2008	Projected FY 2009	Projected FY 2010
Beginning Balance	\$ 478.8	\$ 733.7	\$ 880.6	\$ 493.8	\$ 359.7
Receipts (April 2007 Consensus) - 4.0 Percent Growth	5,394.4	5,732.4	5,749.5	5,938.1	6,171.7
Keeping Promises Education Trust Fund	0.0	0.0	(122.7)	122.7	0.0
Statewide Maintenance and Disaster Relief Fund	0.0	0.0	(80.0)	0.0	0.0
Adjusted Receipts	5,394.4	5,732.4	5,546.8	6,060.8	6,171.7
Total Available	\$ 5,873.2	\$ 6,466.1	\$ 6,427.4	\$ 6,554.6	\$ 6,531.4
K-12 Additional Funding - \$466.2 Million Over Three Years - SF	-	194.5	149.0	122.7	-
Less All Other Expenditures	5,139.4	5,391.0	5,784.6	6,072.2	6,307.7
Total Expenditures	5,139.4	5,585.5	5,933.6	6,194.9	6,307.7
Ending Balance	\$ 733.7	\$ 880.6	\$ 493.8	\$ 359.7	\$ 223.7
Ending Balance as a Percentage of Expenditures	14.3%	15.8%	8.3%	5.8%	3.5%
Receipts Above Expenditures	255.0	146.9	(386.8)	(134.1)	(136.0)

- 1) Actual FY 2006 expenditures and FY 2007 and FY 2008 expenditures are as approved by the 2007 Legislature at first adjournment.
- 2) FY 2007 and FY 2008 receipts reflect the estimates of the Consensus Revenue Estimating Group as of April 16, 2007, which includes tax reductions of \$36.0 million as approved by the 2007 Legislature.
- 3) FY 2009 and FY 2010 base receipts assume a 4.0 percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS and Aging caseloads, KPERS and KDOT bonds, etc.)
- 4) \$466.2 million in new K-12 Funding FY 2007 - FY 2009 - SB 549.
- 5) FY 2010 expenditures would include on-going obligations such as social services caseloads, KPERS and school finance, and partial restoration of the LAVTRF.
- 6) Keeping Promises Education Trust Fund transfer of \$122.7 million out of the State General Fund in FY 2008 and returned to the State General Fund in FY 2009 for the FY 2009 school finance increase amount as provided in the 2006 school finance bill.
- 7) Statewide Maintenance and Disaster Relief Fund of \$80.0 million is transferred out of the State General Fund in FY 2008. However, no expenditures are currently authorized from the State Maintenance and Disaster Relief Fund.

Kansas Legislative Research Department
April 16, 2007

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Senate Ways and Means
April 18-23, 2007
Attachment 9

April, 2007 Consensus Revenue Estimates for FY 2007 and FY 2008; 4.0 Percent Growth in FY 2009 and FY 2010
\$466.2 million in New K-12 Funding FY 2007 - FY 2009 - SB 549
Keeping Education Promises Trust Fund (As Approved in the Legislature)
Statewide Maintenance and Disaster Relief Fund - \$80 million (As Approved by the Legislature)
Expenditures as Approved by the Legislature at First Adjournment
Additional Discretionary Spending of of \$75.0 million in FY 2008

STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
FY 2006 - FY 2010
 In Millions

	Actual FY 2006	Revised FY 2007	Projected FY 2008	Projected FY 2009	Projected FY 2010
Beginning Balance	\$ 478.8	\$ 733.7	\$ 880.6	\$ 418.8	\$ 209.7
Receipts (April 2007 Consensus) - 4.0 Percent Growth	5,394.4	5,732.4	5,749.5	5,938.1	6,171.7
Keeping Promises Education Trust Fund	0.0	0.0	(122.7)	122.7	0.0
Statewide Maintenance and Disaster Relief Fund	0.0	0.0	(80.0)	0.0	0.0
Adjusted Receipts	5,394.4	5,732.4	5,546.8	6,060.8	6,171.7
Total Available	\$ 5,873.2	\$ 6,466.1	\$ 6,427.4	\$ 6,479.6	\$ 6,381.4
K-12 Additional Funding - \$466.2 Million Over Three Years - SB 549	-	194.5	149.0	122.7	-
Additional Discretionary Spending in FY 2008	-	-	75.0	75.0	75.0
Less All Other Expenditures	5,139.4	5,391.0	5,784.6	6,072.2	6,307.7
Total Expenditures	5,139.4	5,585.5	6,008.6	6,269.9	6,382.7
Ending Balance	\$ 733.7	\$ 880.6	\$ 418.8	\$ 209.7	\$ (1.3)
Ending Balance as a Percentage of Expenditures	14.3%	15.8%	7.1%	3.4%	0.0%
Receipts Above Expenditures	255.0	146.9	(461.8)	(209.1)	(211.0)

- 1) Actual FY 2006 expenditures and FY 2007 and FY 2008 expenditures are as approved by the 2007 Legislature at first adjournment.
- 2) FY 2007 and FY 2008 receipts reflect the estimates of the Consensus Revenue Estimating Group as of April 16, 2007, which includes tax reductions of \$36.0 million as approved by the 2007 Legislature.
- 3) FY 2009 and FY 2010 base receipts assume a 4.0 percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS and Aging caseloads, KPERS and KDOT bonds, etc.)
- 4) \$466.2 million in new K-12 Funding FY 2007 - FY 2009 - SB 549.
- 5) FY 2010 expenditures would include on-going obligations such as social services caseloads, KPERS and school finance, and partial restoration of the LAVTRF.
- 6) Keeping Promises Education Trust Fund transfer of \$122.7 million out of the State General Fund in FY 2008 and returned to the State General Fund in FY 2009 for the FY 2009 school finance increase amount as provided in the 2006 school finance bill.
- 7) Statewide Maintenance and Disaster Relief Fund of \$80.0 million is transferred out of the State General Fund in FY 2008. However, no expenditures are currently authorized from the State Maintenance and Disaster Relief Fund.
- 8) Additional discretionary spending of \$75.0 million in FY 2008.

Prepared at the Request and Direction of Senator Dwayne Umbarger
Kansas Legislative Research Department
April 16, 2007

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Senate Ways and Means
April 18-23, 2007
Attachment 10

April, 2007 Consensus Revenue Estimates for FY 2007 and FY 2008; 4.0 Percent Growth in FY 2009 and FY 2010
\$466.2 million in New K-12 Funding FY 2007 - FY 2009 - SB 549
Keeping Education Promises Trust Fund (As Approved in the Legislature)
Statewide Maintenance and Disaster Relief Fund - \$80 million is Transferred Back to the State General Fund
Expenditures as Approved by the Legislature at First Adjournment
Governor's Budget Amendment No. 3

STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
FY 2006 - FY 2010
 In Millions

	Actual FY 2006	Revised FY 2007	Projected FY 2008	Projected FY 2009	Projected FY 2010
Beginning Balance	\$ 478.8	\$ 733.7	\$ 825.9	\$ 302.1	\$ (0.3)
Receipts (April 2007 Consensus) - 4.0 Percent Growth	5,394.4	5,732.4	5,749.5	5,938.1	6,171.7
Keeping Promises Education Trust Fund	0.0	0.0	(122.7)	122.7	0.0
Statewide Maintenance and Disaster Relief Fund	0.0	0.0	0.0	0.0	0.0
Governor's Budget Amendment No. 3	0.0	0.0	(16.0)	(15.0)	(15.0)
Adjusted Receipts	5,394.4	5,732.4	5,610.8	6,045.8	6,156.7
Total Available	\$ 5,873.2	\$ 6,466.1	\$ 6,436.7	\$ 6,347.9	\$ 6,156.4
K-12 Additional Funding - \$466.2 Million Over Three Years - S	-	194.5	149.0	122.7	-
Governor's Budget Amendment No. 3	-	54.7	146.3	-	-
Less All Other Expenditures	5,139.4	5,391.0	5,839.3	6,225.5	6,461.0
Total Expenditures	5,139.4	5,640.2	6,134.6	6,348.2	6,461.0
Ending Balance	\$ 733.7	\$ 825.9	\$ 302.1	\$ (0.3)	\$ (304.6)
Ending Balance as a Percentage of Expenditures	14.3%	14.8%	5.0%	0.0%	-4.7%
Receipts Above Expenditures	255.0	92.2	(523.8)	(302.4)	(304.3)

- 1) Actual FY 2006 expenditures and FY 2007 and FY 2008 expenditures are as approved by the 2007 Legislature at first adjournment.
- 2) FY 2007 and FY 2008 receipts reflect the estimates of the Consensus Revenue Estimating Group as of April 16, 2007, which includes tax reductions of \$36.0 million as approved by the 2007 Legislature. Plus, Governor's Budget Amendment No. 3 and transfer \$80 million for Statewide Maintenance and Disaster Relief back to SGF.
- 3) FY 2009 and FY 2010 base receipts assume a 4.0 percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS and Aging caseloads, KPERS and KDOT bonds, etc.). On going expenditures from Governor's Budget Amendment No. 3 are \$98.6 million and receipts transferred out of \$15.0 million.
- 4) \$466.2 million in new K-12 Funding FY 2007 - FY 2009 - SB 549.
- 5) FY 2010 expenditures would include on-going obligations such as social services caseloads, KPERS and school finance, and partial restoration of the LAVTRF.
- 6) Keeping Promises Education Trust Fund transfer of \$122.7 million out of the State General Fund in FY 2008 and returned to the State General Fund in FY 2009 for the FY 2009 school finance increase amount as provided in the 2006 school finance bill.
- 7) Statewide Maintenance and Disaster Relief Fund of \$80.0 million is transferred out of the State General Fund in FY 2008. However, no expenditures are currently authorized from the State Maintenance and Disaster Relief Fund.
- 8) Additional discretionary spending of \$75.0 million in FY 2008.

Prepared at the Request and Direction of Senator Dwayne Umbarger
 Kansas Legislative Research Department
 April 18, 2007

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KANSAS

OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

April 23, 2007

The Honorable Dwayne Umbarger, Chairperson
Senate Committee on Ways and Means
Room 120-S, Statehouse

and

The Honorable Sharon Schwartz, Chairperson
House Committee on Appropriations
Room 517-S, Statehouse

Dear Senator Umbarger:

I offer the following changes to the budget of the Kansas Racing and Gaming Commission as Governor's Budget Amendment No. 3.

Kansas Racing and Gaming Commission

1. Expanded Lottery Act Regulation

I amend my budget to create a new Expanded Lottery Act Regulation Division in the Kansas Racing and Gaming Commission as a result of the passage of the Kansas Expanded Lottery Act (2007 SB 66). This division will be responsible for regulating lottery gaming facilities and racetrack gaming facilities, including the oversight of internal controls and security, background checks, and auditing revenues. The act requires lottery and racetrack gaming facility managers to pay for the costs of oversight and regulation. However, the Commission will incur expenses of the Lottery Gaming Facility Review Board and other initial regulatory expenses before managers are selected and before they are able to reimburse the Commission for its expenses.

I amend my budget to recommend that the newly created Expanded Lottery Act Regulation Fund in the Kansas Racing and Gaming Commission receive a \$5.0 million loan from the State General Fund to finance the initial expenses of this division. Once the gaming facility managers are selected, they will be assessed all of the costs of regulation, and the State General Fund loan will be repaid with interest. The Commission expects to pay back the loan by the end of FY 2008. This action will have no net effect on the State General Fund.

The expenditures and number of new FTE positions that will be required for this new division will primarily be dependent on when each gaming facility becomes operational. A number of factors will have an effect on when these facilities will open, including the approval of the electors of each county where the facilities are located, the construction or remodeling of gaming facilities, and possible litigation. Because these factors are unknown, the Kansas Racing and Gaming Commission will need flexibility at the start in order to perform its regulatory mission. The best estimate at this time is that the Commission will incur expenses of approximately \$5.0 million in regulating this industry in FY 2008; however, this estimate will need to be adjusted by the 2008 Legislature as more information becomes available. I also recommend allowing the Commission to fill up to 25.00 FTE positions that are authorized in SB 66 to implement, administer, and enforce the Kansas Expanded Lottery Act.

I also recommend the creation of several special revenue funds that are required by SB 66 to allow the Commission to perform its new responsibilities. In the Racing and Gaming Commission, the following funds will be established: Expanded Lottery Act Regulation Fund, Live Horse Racing Purse Supplement Fund, Live Greyhound Racing Purse Supplement Fund, and Greyhound Promotion and Development Fund. I recommend creating the Lottery Gaming Facility Manager Fund, Expanded Lottery Act Revenues Fund, and Expanded Lottery Receipts Fund in the Kansas Lottery's budget. In SRS, I recommend that the Problem Gambling Grant Fund be renamed the Problem Gambling and Addiction Fund.

	<u>FY 2007</u>	<u>FY 2008</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>5,000,000</u>
All Funds	\$ --	\$ 5,000,000
FTE Positions	--	25.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	25.00

Sincerely,



Kathleen Sebelius
Governor of the State of Kansas

Message from the Governor

Pursuant to Article 2, Section 14 of the Constitution of the State of Kansas, I hereby return House Bill 2368 with my signature approving the bill, except for the item enumerated below.

University of Kansas Medical Center

Section 136(i) has been line item vetoed in its entirety.

One of the missions of state government as set out by the *Kansas Constitution* is to promote “intellectual, educational, vocational and scientific improvement” through the establishment of educational institutions, including universities. There is no question this is a critical mission for the future success of our state.

Much of that future will be shaped by advances in the area of health care and biosciences, and Kansas is blessed to have a first-class academic medical center at the University of Kansas. The KU Medical Center and KU Hospital together provide access to leading edge treatments and cures, conduct world-class life sciences research and train the next generation of health care professionals.

The KU Hospital, however, until 1998 suffered from a number of problems caused by the manner in which it was being managed from Topeka, which is why KU proposed creating a separate body to govern the hospital. The Legislature agreed and created the hospital authority, specifically charging the hospital to “facilitate and support the education, research and public service activities of the University of Kansas Medical Center.”

This relationship has worked well and there is no reason it cannot continue even if the KU Medical Center should affiliate with St. Luke’s Hospital. The proposed affiliation is narrow in scope, focused solely on research and education. It is also a key part of the bid for a nationally-designated cancer center. These reasons are likely why the KU Hospital Authority has already unanimously approved the set of principles that would guide such an affiliation.

The proposed affiliation also will not harm KU’s relationship with health providers elsewhere in Kansas. KU’s School of Medicine is already affiliated with the two major teaching hospitals in Wichita and this valuable relationship will continue, ensuring people throughout our state will have access to skilled health professionals.

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While I understand the concerns of the proponents of the restrictions contained in this proviso, there is already a more than sufficient level of oversight provided by current law. Any affiliation would have to be approved by the Board of Regents, for example, and I do not believe we should return to the past pattern of micromanagement that is proposed in this proviso.

In light of the concerns noted above and mindful of the positive, productive and hard-earned progress already achieved in the agreement on principles reached between the KU Medical Center and the KU Hospital Authority, I hereby veto this proviso.

Approved _____

Signed _____

Senate Omnibus Appropriations Bill

(Reflects Senate Omnibus Adjustments for FY 2007, FY 2008, FY 2009, FY 2010, FY 2011, and FY 2012)

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
FY 2007				
<u>Attorney General</u>				
1. Adopt in part GBA No. 2, Item 9, Page 6 to add funding for Kansas v. Nebraska water litigation. Instead of a State General Fund appropriation, however, transfer \$100,000 in FY 2007 from the Interstate Water Litigation Reserve account of the State General Fund to the Attorney General's Interstate Water Litigation Fund to cover the litigation expenditures.	0	100,000	100,000	0.0
2. Authorize the Attorney General to retain approximately \$30,000 in funds received in a lawsuit concerning the BTK case in Wichita and to distribute those funds to families of the victims in FY 2007. The proceeds would normally be deposited in the State General Fund.	0	30,000	30,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$130,000</i>	<i>\$130,000</i>	<i>0.0</i>
<u>Board of Indigents' Defense Services</u>				
1. Adopt GBA No. 2, Item 8, Page 5 to reduce assigned counsel expenditures based on the latest caseload estimates by \$1.8 million, all from the State General Fund, in FY 2007.	(1,800,000)	0	(1,800,000)	0.0
<i>Agency Subtotal</i>	<i>(\$1,800,000)</i>	<i>\$0</i>	<i>(\$1,800,000)</i>	<i>0.0</i>
<u>Department of Administration</u>				
1. Authorize transfers in FY 2007 and FY 2008 from the State Bingo Regulation Fund and the State Gaming Revenues Fund to the Problem Gambling and Addictions Grant Fund created by 2007 SB 66 (the Expanded Lottery Act).				
2. Adopt a modified GBA No. 2, Item 3, Page 3 to add \$2,530,000, all from the Statewide Maintenance and Disaster Relief Fund, for exterior façade building repairs to the Landon State Office Building. The original GBA recommended State General Fund financing in FY 2008.	0	2,530,000	2,530,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$2,530,000</i>	<i>\$2,530,000</i>	<i>0.0</i>
<u>Board of Tax Appeals</u>				
1. Adopt GBA No. 2, Item 6, Page 4 to add \$16,880, all from the State General Fund, in FY 2007 to allow the agency to contract for attorneys to conduct small claims hearings in Sedgwick County since the Hearing Officer Panel was abolished on January 1, 2007 by Sedgwick County.	16,880	0	16,880	0.0
<i>Agency Subtotal</i>	<i>\$16,880</i>	<i>\$0</i>	<i>\$16,880</i>	<i>0.0</i>
<u>Department of Revenue</u>				
1. Adopt GBA No. 2, Item 5, Page 4 to create a new Intra-Governmental Service Fund in FY 2007 to allow transfers from the Department of Social and Rehabilitation Services.	0	0	0	0.0
2. Transfer \$437,500 from the Kansas Qualified Biodiesel Fuel Producer Incentive Fund to the State General Fund in FY 2007 and reduce expenditure authority by a corresponding amount.	0	(437,500)	(437,500)	0.0
3. Include language requiring that the Kansas Advisory Council on Intergovernmental Relations be staffed by the Department of Administration in FY 2007.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$437,500)</i>	<i>(\$437,500)</i>	<i>0.0</i>
<u>Department of Labor</u>				
1. Adopt GBA No. 2, Item 16, Page 14 to add \$26,000,000, all from federal Reed Act funds, in FY 2007 for Phase II of the modernization of the unemployment insurance benefits computer system.	0	26,000,000	26,000,000	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$26,000,000</i>	<i>\$26,000,000</i>	<i>0.0</i>
<u>Department on Aging</u>				
1. Authorize \$285,000 in expenditures from the State Licensure Fee Fund, in FY 2007, which was created in 2007 HB 2535, which directs adult care home licensure fees be deposited into the new fund instead of the State General Fund.	0	285,000	285,000	0.0
2. Adopt GBA No. 2, Item 12, Page 10 to delete \$4.7 million, including \$1.9 million from the State General Fund, in FY 2007 for decreases in nursing facility consensus caseload expenditures.	(1,900,000)	(2,800,000)	(4,700,000)	0.0
<i>Agency Subtotal</i>	<i>(\$1,900,000)</i>	<i>(\$2,515,000)</i>	<i>(\$4,415,000)</i>	<i>0.0</i>

<i>Agency</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>Total</i>
<u>Health Policy Authority</u>				
1. Adopt GBA No. 2, Item 12, Page 10 for regular medical caseloads for FY 2007 to reduce all funds expenditures by \$26.0 million and increase State General Fund expenditures by \$4.3 million to reflect April consensus caseload estimates.	4,300,000	(30,300,000)	(26,000,000)	0.0
2. Adopt GBA No. 2, Item 10, Page 6 to add \$37.5 million from the State General Fund and reduce federal funds expenditures by the same amount in FY 2007 to replace federal dollars required to be returned to the federal Centers for Medicare and Medicaid Services regarding Medicaid payments to local education agencies.	37,487,770	(37,487,770)	0	0.0
3. Add \$142,276, including \$70,000 from the State General Fund, in FY 2007 to address backlog issues at the HealthWave Clearinghouse created by increased federal citizenship verification requirements.	70,000	72,276	142,276	0.0
<i>Agency Subtotal</i>	<i>\$41,857,770</i>	<i>(\$67,715,494)</i>	<i>(\$25,857,724)</i>	<i>0.0</i>
<u>Social and Rehabilitation Services</u>				
1. Adopt GBA No. 2, Item 12, Page 10 to decrease all funds expenditures by \$5,817 and increase State General Fund expenditures by \$3.6 million in FY 2007 to reflect revised consensus caseload estimates for assistance programs at SRS.	3,565,196	(3,571,013)	(5,817)	0.0
2. Adopt GBA No. 2, Item 10, Page 6 to increase State General Fund expenditures by \$8.1 million and decrease federal funds expenditures by the same amount in FY 2007 to replace federal funds denied by the federal Centers for Medicare and Medicaid Services for mental health services for children in the child welfare system.	8,127,663	(8,127,663)	0	0.0
<i>Agency Subtotal</i>	<i>\$11,692,859</i>	<i>(\$11,698,676)</i>	<i>(\$5,817)</i>	<i>0.0</i>
<u>Larned State Hospital</u>				
1. Add \$25,172, all from the State General Fund, to reflect adjustments in the categorical aid rates in FY 2007.	25,172	0	25,172	0.0
<i>Agency Subtotal</i>	<i>\$25,172</i>	<i>\$0</i>	<i>\$25,172</i>	<i>0.0</i>
<u>Department of Education</u>				
1. Adopt GBA No. 2, Item 17, Page 14 to capture State General Fund net savings of \$2,433,000 for school finance consensus adjustments for general and supplemental general state aid in FY 2007.	(2,433,000)	0	(2,433,000)	0.0
<i>Agency Subtotal</i>	<i>(\$2,433,000)</i>	<i>\$0</i>	<i>(\$2,433,000)</i>	<i>0.0</i>
<u>Department of Corrections</u>				
1. Adopt GBA No. 2, Item 21, Page 17 to allow any unspent funds in the Central Operations and Parole and Post-Release Supervision Operation account of the State General Fund in FY 2007 to carry forward to FY 2008.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Juvenile Justice Authority</u>				
1. Adopt GBA No. 2, Item 22, Page 17 to delete \$4,094,149, all from federal funds, in FY 2007 for psychiatric residential treatment facilities (the 2007 Legislature deleted \$1,120,100, all from the State General Fund, for this item in 2007 HB 2368 - the appropriation bill).	0	(4,094,149)	(4,094,149)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$4,094,149)</i>	<i>(\$4,094,149)</i>	<i>0.0</i>
<u>Adjutant General</u>				
1. Adopt in part GBA No. 2, Item 23, Page 18 to add \$70,677,236, including \$8,357,240 from the Statewide Maintenance and Disaster Relief Fund, in FY 2007 for disaster relief. The Governor recommended the \$8.4 million in funding from the State General Fund.	0	70,677,236	70,677,236	0.0
2. Add \$500, all from the State General Fund, in FY 2007 for the Civil Air Patrol.	500	0	500	0.0
<i>Agency Subtotal</i>	<i>\$500</i>	<i>\$70,677,236</i>	<i>\$70,677,736</i>	<i>0.0</i>
<u>State Fire Marshal</u>				
1. Add \$17,472, all from special revenue funds, in FY 2007 for a five percent increase in investigator salaries.	0	17,472	17,472	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$17,472</i>	<i>\$17,472</i>	<i>0.0</i>
<u>Highway Patrol</u>				
1. Adopt GBA No. 2, Item 26, Page 19 to add \$241,966, all from the Kansas Highway Patrol Operations Fund, in FY 2007 for a technical correction.	0	241,966	241,966	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$241,966</i>	<i>\$241,966</i>	<i>0.0</i>

Agency	State General Fund	All Other Funds	All Funds	FTE
Kansas Commission on Peace Officers' Standards and Training				
1. Add language transferring any remaining Commission balances maintained by the University of Kansas to the Commission at the end of FY 2007. This is a technical correction.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
All Agencies				
1. Add \$10,700, all from special revenue funds, in FY 2007 to restore funding for vehicle purchases to the amount recommended by the Governor. The funding had been deleted in 2007 HB 2368.	0	10,700	10,700	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$10,700</i>	<i>\$10,700</i>	<i>0.0</i>
TOTAL	\$47,460,181	\$13,146,555	\$60,606,736	0.0

FY 2008

Board of Nursing				
1. Add \$67,787, all from special revenue funds, and 1.0 FTE, for an additional Assistant Attorney General position in FY 2008.	0	67,787	67,787	1.0
2. Add \$65,095, all from special revenue funds, and 1.0 FTE, for an additional investigator position in FY 2008.	0	65,095	65,095	1.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$132,882</i>	<i>\$132,882</i>	<i>2.0</i>
Board of Pharmacy				
1. Add \$140,223, all from special revenue funds, and 2.0 FTE positions (one registration position and one inspector position), subject to passage of Substitute of SB 11, which enacts the Foundations of Health Reform Act of 2007.	0	140,223	140,223	2.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$140,223</i>	<i>\$140,223</i>	<i>2.0</i>
Real Estate Commission				
1. Add \$126,800, all from special revenue funds, and 1.0 FTE position in FY 2008 for expenditures related to 2007 Senate Substitute for HB 2295 which will allow the agency to fingerprint and conduct a background check on a person applying for a new real estate license.	0	126,800	126,800	1.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$126,800</i>	<i>\$126,800</i>	<i>1.0</i>
Securities Commissioner				
1. Decrease the transfer from the investor education fund to the State General Fund from \$1.25 million to \$1.0 million in FY 2008.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
Legislative Research Department				
1. Add \$121,724, all from the State General Fund, and 2.0 FTE positions in FY 2008 for two additional Research Analyst positions to help staff the standing committees, joint committees, special task forces, select committees, interim committees and other entities.	121,724	0	121,724	2.0
<i>Agency Subtotal</i>	<i>\$121,724</i>	<i>\$0</i>	<i>\$121,724</i>	<i>2.0</i>
Revisor of Statutes				
1. Add \$150,000, all from the State General Fund, and 2.0 FTE positions in FY 2008 for two additional Assistant Revisor positions and to upgrade a vacant Secretary position to an Assistant Revisor position. Staffing will allow for a more timely response to legislative requests, support the Senate Committee on Ways and Means and its Subcommittees, the House Committee on Appropriations and the House Budget Committees, and increase staff for committees where only one staff member is currently assigned or able to attend.	150,000	0	150,000	2.0
<i>Agency Subtotal</i>	<i>\$150,000</i>	<i>\$0</i>	<i>\$150,000</i>	<i>2.0</i>
Legislature				
1. Add language in FY 2008 requiring a change in the e-mail address of legislators to first initial and last name and creating a system that also would allow the existing address to be used until January 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

<i>Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	
<u>Agency General</u>				
1. Adopt in part GBA No. 2, Item 9, Page 6 to add funding for Kansas v. Nebraska water litigation. Instead of a State General Fund appropriation, however, transfer \$1,000,000 in FY 2008 from the Interstate Water Litigation Reserve account of the State General Fund to the Attorney General's Interstate Water Litigation Fund to cover the litigation expenditures.	0	1,000,000	1,000,000	0.0
2. As a technical adjustment, include language in the bill transferring \$560,000 from the Interstate Water Litigation Reserve account of the State General Fund to the Attorney General's Interstate Water Litigation Fund in FY 2008. The transfer language was inadvertently omitted from 2007 HB 2368.	0	0	0	0.0
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<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>	<i>0.0</i>
<u>Secretary of State</u>				
1. Add \$100,000, all from the State General Fund, in FY 2008 to allow the Secretary of State to implement an electronic filing system for campaign finance reports as required by 2007 Senate Substitute for HB 2081.	100,000	0	100,000	
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<i>Agency Subtotal</i>	<i>\$100,000</i>	<i>\$0</i>	<i>\$100,000</i>	
<u>Insurance Department</u>				
1. Add \$250,000, all from special revenue funds, and 2.0 FTE positions (one attorney position and one clerical position), subject to the passage of SB 351, which requires all agencies, boards, and commissions to utilize the Office of Administrative Hearings for hearings held in accordance with the Kansas Administrative Procedure Act.	0	250,000	250,000	2.0
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<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$250,000</i>	<i>\$250,000</i>	<i>2.0</i>
<u>Judicial Council</u>				
1. Add \$71,316, all from the State General Fund, in FY 2008 for moving and remodeling expenses. This would provide a total of \$141,316 (all from the State General Fund) for the project.	71,316	0	71,316	0.0
2. Add \$200,000, all from the State General Fund, for a recodification commission, and establish a gifts and grants fund for additional moneys available for this commission in FY 2008.	200,000	0	200,000	0.0
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<i>Agency Subtotal</i>	<i>\$271,316</i>	<i>\$0</i>	<i>\$271,316</i>	<i>0.0</i>
<u>Judicial Branch</u>				
1. Add \$144,827, all from the State General Fund, in FY 2008 to increase the salaries for the appellate court judges by \$7,000 and salaries for the supreme court justices by \$9,000 and exempt the judges and justices from receiving the FY 2008 two percent state employee base salary adjustment.	144,827	0	144,827	0.0
2. Add a proviso that the agency should submit a report prior to August 1, 2007 to the Joint Committee on State Building Construction explaining their long term plans for the location of the Judicial Council and future office space for the scheduled expansion of the Court of Appeals to 14 judges in FY 2009. Funding for remodeling office space for the 13th judge in FY 2008 was included in 2007 HB 2368.	0	0	0	0.0
3. Add \$340,000, all from the State General Fund, and 10.0 FTE positions for new non-judicial personnel in FY 2008. The Judicial Branch will decide what positions to fill and the locations of those positions. This will provide a total of 15.0 FTE new non-judicial personnel in FY 2008.	340,000	0	340,000	10.0
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<i>Agency Subtotal</i>	<i>\$484,827</i>	<i>\$0</i>	<i>\$484,827</i>	<i>10.0</i>
<u>Kansas Public Employees Retirement System (KPERs)</u>				
1. Add \$129,000, all from special revenue funds, in FY 2008 for the Deferred Compensation Plan that is transferred from the Department of Administration to KPERs on January 1, 2008. A corresponding reduction is included in the Department of Administration budget.	0	129,000	129,000	0.0
2. Add \$6,279,000, including \$6,113,000 from the State General Fund, for an additional \$200 bonus payment in FY 2008 that would supplement the \$300 payment approved in 2007 SB 362 for some KPERs retirees. The additional funding includes \$1.4 million for the state to pay the cost of local units for payments. Generally, those with at least 10 years of service and 10 years of being retired will receive the one-time payments.	6,113,000	166,000	6,279,000	0.0
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<i>Agency Subtotal</i>	<i>\$6,113,000</i>	<i>\$295,000</i>	<i>\$6,408,000</i>	<i>0.0</i>
<u>Kansas Corporation Commission</u>				
1. Add \$125,000, all from the Conservation Fee Fund, in FY 2008, to hire consultants to assist in the development of rules and regulations to implement 2007 HB 2419, the Carbon Dioxide Reduction Act.	0	125,000	125,000	0.0

<i>Am</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>F</i>
2. Add \$100,000, all from the State General Fund, in FY 2008, for a one-time audit of the Kansas City, Kansas Board of Public Utilities (BPU).	100,000	0	100,000	0.0
3. Add \$50,000, all from the State General Fund, for 2007 Senate Sub for HB 2145 for wind generation education projects contingent on Senate Sub for HB 2145 becoming law.	50,000	0	50,000	0.0

<i>Agency Subtotal</i>	<i>\$150,000</i>	<i>\$125,000</i>	<i>\$275,000</i>	<i>0.0</i>
<u>Department of Administration</u>				
1. Add \$3,000,000, all from the State General Fund, in FY 2008 for financing of 53.5 FTE positions in the Division of Accounts and Reports.	3,000,000	0	3,000,000	0.0
2. Add \$387,500, all from the State General Fund, in FY 2008 for a KTWU - Topeka equipment grant. A corresponding decrease is contained in the Highway Patrol budget.	387,500	0	387,500	0.0
3. Add \$201,479, all from the State General Fund, in FY 2008 for the Radio Kansas - Hutchinson broadcast tower grant.	201,479	0	201,479	0.0
4. Add \$250,000, all from the State General Fund, for the Public Broadcasting Council grants program in FY 2008. Current approved funding for public broadcasting grants is \$2.0 million.	250,000	0	250,000	0.0
5. Increase from \$2.06 to \$2.19 the per square foot rate cap on the FY 2008 Monumental Building Surcharge contained in 2007 HB 2368.	0	0	0	0.0
6. Delete \$129,000, all from special revenue funds, in FY 2008 to reflect a shift of administration to KPERs of the Deferred Compensation Plan on January 1, 2008. A corresponding increase is included in the KPERs budget.	0	(129,000)	(129,000)	0.0
7. Adopt GBA No. 2, Item 1, Page 2 to add \$68,000, all from the State General Fund, in FY 2008 for a Simplex fire safety contract.	68,000	0	68,000	0.0
8. Adopt a modified GBA No. 2, Item 2, Page 2 to add \$1,285,749, all from the Statewide Maintenance and Disaster Relief Fund, in FY 2008 for a special assessment for road work on MacVicar Avenue in Topeka. The original GBA recommended State General Fund financing in FY 2008.	0	1,285,749	1,285,749	0.0
9. Add \$150,939, all from the State General Fund, and 3.0 FTE positions in FY 2008 for expanding the Long-term Care Ombudsman's Office.	150,939	0	150,939	3.0
10. Authorize transfers from the State Bingo Regulation Fund and the State Gaming Revenues Fund to the Problem Gambling and Addictions Grant Fund created by 2007 SB 66 (the Expanded Lottery Act).	0	0	0	0.0
11. Add language to restrict the number of copies printed for annual reports, including the Governor's Budget Report, and require printing of a state employee telephone directory once every two years beginning in FY 2009 after the November election.	0	0	0	0.0

<i>Agency Subtotal</i>	<i>\$4,057,918</i>	<i>\$1,156,749</i>	<i>\$5,214,667</i>	<i>3.0</i>
<u>Board of Tax Appeals</u>				
1. Adopt GBA No. 2, Item 6, Page 4 to add \$33,760, all from the State General Fund, in FY 2008 to allow the agency to contract for attorneys to conduct small claims hearings in Sedgwick County since the Hearing Officer Panel was abolished on January 1, 2007 by Sedgwick County.	33,760	0	33,760	0.0
2. Add \$55,417, all from the State General Fund, for a variety of operating expenditures.	55,417	0	55,417	0.0

<i>Agency Subtotal</i>	<i>\$89,177</i>	<i>\$0</i>	<i>\$89,177</i>	<i>0.0</i>
<u>Department of Revenue</u>				
1. Adopt GBA No. 2, Item 4, Page 3 to transfer \$1.0 million from the State General Fund to the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentives Fund and increase the expenditure limitation on that fund by the same amount.	0	1,000,000	1,000,000	0.0
2. Include language requiring that the Kansas Advisory Council on Intergovernmental Relations be staffed by the Department of Administration in FY 2008.	0	0	0	0.0
3. Reduce the amount of the transfers from the Economic Development Initiatives Fund to the Kansas Qualified Biodiesel Fuel Producer Incentive Fund from \$3.0 million to \$1.75 million in FY 2008 and reduce the Kansas Qualified Biodiesel Fuel Producer Incentive Fund by a corresponding amount.	0	(1,750,000)	(1,750,000)	0.0
4. Add \$82,818, all from the Division of Vehicles Operating Fund, in FY 2008 for salaries and wages as well as operating expenditures associated with the implementation of 2007 HB 2373, regarding one lien on vehicle titles. Additionally, increase the transfer from the State Highway Fund to the Division of Vehicles Operating fund by a corresponding amount.	0	82,818	82,818	0.0

<i>Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i></i>
5. Add \$185,120, all from the State General Fund, in FY 2008 for programming costs associated with implementing 2007 HB 2038 regarding energy related tax incentives.	185,120	0	185,120	0.0
6. Add \$321,675, all from the State General Fund, in FY 2008 for salaries and wages as well as programming costs, associated with implementation of Senate Substitute for 2007 HB 2476, regarding the Homestead Refund Program expansion.	321,675	0	321,675	0.0
7. Add \$140,800, all from the Division of Vehicles Operating Fund, in FY 2008 for programming costs and funding for 3.0 FTE vacant positions associated with implementing HB 2145 regarding incentives for renewable fuels and language deleting the funds if the bill does not become law. Additionally, increase the transfer from the State Highway Fund to the Division of Vehicles Operating fund by a corresponding amount.	0	140,800	140,800	0.0
8. Include language requiring the Department of Revenue to submit a report prior to the start of the 2008 Legislative Session regarding how the transfer from the State Bingo Regulation Fund for problem gamblers is determined and funded.	0	0	0	0.0
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<i>Agency Subtotal</i>	<i>\$506,795</i>	<i>(\$526,382)</i>	<i>(\$19,587)</i>	<i>0.0</i>
<u>Kansas Lottery</u>				
1. Add clarifying language that the \$80,000 statutory transfer from the State Gaming Revenues Fund shall be to the new Problem Gambling and Addictions Grant Fund in FY 2008 pursuant to 2007 SB 66 (the Expanded Lottery Act).	0	0	0	0.0
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<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Racing and Gaming Commission</u>				
1. Adopt GBA No. 2, Item 7, Page 7 to add \$1,410,308, all from the State Racing Fund, in FY 2008 to fund vacant positions, to add 10.0 FTE positions, and to enhance operating expenditures for new equipment associated with the reopening of Camptown race track. Also include language authorizing collection of additional fees from the race tracks to partially finance racing operations in FY 2008.	0	1,410,308	1,410,308	10.0
2. Adopt GBA No. 3 to transfer \$5.0 million from the State General Fund to the Expanded Lottery Act Regulation Fund in FY 2008 and to add 25.0 FTE positions to establish an Expanded Lottery Act Regulation Division within to the Kansas Racing and Gaming Commission.	0	5,000,000	5,000,000	25.0
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<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$6,410,308</i>	<i>\$6,410,308</i>	<i>35.0</i>
<u>Department of Commerce</u>				
1. Add \$17,500, all from the State General Fund, in FY 2008 to conduct an Ethanol Plant Economic Impact Analysis.	17,500	0	17,500	0.0
2. Add \$35,575, all from the State General Fund, and a 0.5 FTE position in FY 2008 for salaries and wages and operating expenditures associated with implementation of 2007 SB 164, the Qualified Industrial Manufacturer Act.	35,575	0	35,575	0.5
3. Add \$150,000, all from the State General Fund, and 1.5 FTE positions in FY 2008 to implement the provisions of 2007 House Substitute for SB 11 relating to the Small Employer Cafeteria Plan and the Association Assistance Plan Fund.	150,000	0	150,000	1.5
4. Add \$500,000, all from the Economic Development Initiatives Fund, in FY 2008 for funding for the Sports Hall of Fame.	0	500,000	500,000	0.0
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<i>Agency Subtotal</i>	<i>\$203,075</i>	<i>\$500,000</i>	<i>\$703,075</i>	<i>2.0</i>
<u>Kansas Technology Enterprise Corp.</u>				
1. Add \$125,000, all from the State General Fund, in FY 2008 for the Experimental Program to Stimulate Competitive Research (EPSCoR) which attempts to attract additional federal research funds.	125,000	0	125,000	0.0
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<i>Agency Subtotal</i>	<i>\$125,000</i>	<i>\$0</i>	<i>\$125,000</i>	<i>0.0</i>
<u>Commission on Veterans Affairs</u>				
1. Add \$324,000, all from the State General Fund, to fund the agency's FY 2008 enhancements requests, as prioritized by the agency with the approval of the Division of the Budget.	324,000	0	324,000	0.0
2. Add \$1,004, all from the State General Fund, to fund criminal history record checks for existing agency employees and candidates for employment, in accordance with the provisions of Substitute for HB 2067.	1,004	0	1,004	0.0
3. Add \$1,710, all from the State General Fund, to fund development of rules and regulations by the Veterans' Claim Assistance Program Board of Directors, in accordance with the provisions of House Substitute for SB 144.	1,710	0	1,710	0.0
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<i>Agency Subtotal</i>	<i>\$326,714</i>	<i>\$0</i>	<i>\$326,714</i>	<i>0.0</i>

<i>A</i>	<i>tem</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	
<u>Dept. of Health and Environment - Health</u>					
1.	Add \$100,000, all from the State General Fund, in FY 2008 for the Kansas Mentors Program for background checks for mentors.	100,000	0	100,000	0.0
2.	Add \$2,500,000, all from the State General Fund, in FY 2008 for the Community Based Primary Health Care Clinics to grow medical capacity, create dental hubs, and support a health care provider recruitment program.	2,500,000	0	2,500,000	0.0
3.	Add \$30,000, all from the State General Fund, in FY 2008 for a one-time programming change to the Vital Statistics System database for the implementation of 2007 SB 51.	30,000	0	30,000	0.0
4.	Add \$108,289, all from the State General Fund, and 1.0 FTE position to implement the Safety Net Capital Loan Guarantee Act portion of Substitute for SB 11 in FY 2008 contingent upon passage of the bill.	108,289	0	108,289	1.0
5.	Adopt GBA No. 2, Item 14, Page 12 to transfer \$99,237 for the Youth Programs Division from the State Fire Marshal to the Kansas Fire Injury Prevention Program in FY 2008. A corresponding reduction from special revenue funds is included in the State Fire Marshal budget.	99,237	0	99,237	1.0
6.	Adopt GBA No. 2, Item 15, Page 13 to add \$102,000, all from the State General Fund, in FY 2008 for the security contract at the KDHE Laboratory. A corresponding State General Fund reduction is included in the Kansas Highway Patrol budget.	102,000	0	102,000	0.0
<i>Agency Subtotal</i>		<i>\$2,939,526</i>	<i>\$0</i>	<i>\$2,939,526</i>	<i>2.0</i>
<u>Dept. of Health and Environment - Environment</u>					
1.	Add \$538,643, all from the Underground Petroleum Storage Tank Release Trust Fund, in FY 2008 for the implementation of 2007 SB 190 which amends underground petroleum storage tank law to comply with the federal Energy Policy Act of 2005.	0	538,643	538,643	0.0
2.	Add \$228,205, all from the Air Quality Fee Fund, and 1.0 FTE position in FY 2008 to implement HB 2526 regarding establishment of a statewide network to measure mercury deposition in the state.	0	228,205	228,205	1.0
<i>Agency Subtotal</i>		<i>\$0</i>	<i>\$766,848</i>	<i>\$766,848</i>	<i>1.0</i>
<u>Department on Aging</u>					
1.	Add \$255,673, all from the State General Fund, and 3.0 FTE positions in FY 2008 for the addition of three new health facility surveyors.	255,673	0	255,673	3.0
2.	Add \$3,695,066, including \$874,969 from the State General Fund, for Home and Community Based Services for the Frail Elderly waiver expenditures in FY 2008.	874,969	2,820,097	3,695,066	0.0
3.	Add \$478,800, all from the State General Fund, in FY 2008 for the Senior Care Act.	478,800	0	478,800	0.0
4.	Include language allowing the agency to start seeking federal approval for a Program of All Inclusive Care for the Elderly (PACE) site to be located in Wyandotte County in FY 2008.	0	0	0	0.0
5.	Authorize \$570,000 in expenditures from the State Licensure Fee Fund, in FY 2008, which was created in 2007 HB 2535, which directs adult care home licensure fees be deposited into the new fund instead of the State General Fund.	0	570,000	570,000	0.0
<i>Agency Subtotal</i>		<i>\$1,609,442</i>	<i>\$3,390,097</i>	<i>\$4,999,539</i>	<i>3.0</i>
<u>Health Policy Authority</u>					
1.	Adopt GBA No. 2, Item 12, Page 10 to reduce all funds expenditures by \$27.0 million and increase State General Fund expenditures by \$5.0 million in FY 2008 to reflect revised April consensus caseload estimates for the medical assistance program.	5,000,000	(32,000,000)	(27,000,000)	0.0
2.	Adopt GBA No. 2, Item 13, Page 12 and add \$511,976, including \$252,073 from the State General Fund, in FY 2008 to address backlogs at the HealthWave Clearinghouse due to increased federal citizenship verification requirements. In 2007 HB 2368, the Legislature added \$492,169, including \$250,000 from the State General Fund, for this purpose. Total additional funding in FY 2008 is \$1,004,145, including \$502,073 from the State General Fund.	252,073	259,903	511,976	0.0
3.	Add \$300,000, including \$150,000 from the State General Fund, in FY 2008 to address backlog issues with the Presumptive Medical Disability process.	150,000	150,000	300,000	0.0
4.	Add \$1.0 million, including \$500,000 from the State General Fund, in FY 2008 for the Enhanced Care Management project which is designed to improve the quality of care and encourage appropriate utilization by adult Medicaid beneficiaries with chronic illness.	500,000	500,000	1,000,000	0.0

<i>Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	
5. Add \$10.0 million, including \$4.0 million from the State General Fund, in FY 2008 for the Healthy Kansas First Five program which expands the HealthWave program to cover additional uninsured children and pregnant women.	4,000,000	6,000,000	10,000,000	0.0
6. Add \$849,673, all from the State General Fund, and 6.0 FTE positions in FY 2008 to address the fiscal impact of Substitute for SB 11 as it relates to the premium assistance program and the Office of the Inspector General.	849,673	0	849,673	6.0
7. Add \$822,122, including \$336,247 from the State General Fund, in FY 2008 for the Health and Eligibility outreach project to expand the marketing of KHPA programs and educate Kansans about health and wellness.	336,247	485,875	822,122	7.0
8. Add a proviso in FY 2008 requiring the agency to work with pharmacy representatives to assess the impact of new federal changes regarding the pricing of pharmaceuticals.	0	0	0	0.0
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<i>Agency Subtotal</i>	<i>\$11,087,993</i>	<i>(\$24,604,222)</i>	<i>(\$13,516,229)</i>	<i>13.0</i>
Social and Rehabilitation Services				
1. Adopt GBA No. 2, Item 12, Page 10 to add \$20.0 million, including \$16.3 million from the State General Fund, in FY 2008 to reflect consensus caseload estimates for assistance programs at SRS.	16,320,810	3,636,553	19,957,363	0.0
2. Add \$39.3 million, including \$40.4 million from the State General Fund, in FY 2008 to concur with GBA No. 2, Item 10, Page 6 regarding federal Medicaid compliance issues, and to increase funding for Community Mental Health Centers by \$7.0 million, all from the State General Fund, and to increase funding for Community Developmental Disability Organizations by \$5.0 million, all from the State General Fund.	40,411,641	(1,151,641)	39,260,000	0.0
3. Adopt GBA No. 2, Item 11, Page 10 to increase federal funds expenditures by \$3.6 million in FY 2008 to address anticipated increases in child care assistance caseloads.	0	3,610,249	3,610,249	0.0
4. Add \$9.9 million, including \$4.0 million from the State General Fund, in FY 2008 to reduce the waiting list for persons in the Home and Community Based Services waiver for persons with developmental disabilities.	3,988,073	5,893,177	9,881,250	0.0
5. Add \$9,910,805, including \$4.0 million from the State General Fund, in FY 2008 to address waiting list issues in the Home and Community Based Services waiver for persons with physical disabilities.	4,000,000	5,910,805	9,910,805	0.0
6. Add \$600,000, all from the State General Fund, in FY 2008 to restore increased funding of \$800,000 for grants to Independent Living Centers as recommended by the Governor.	600,000	0	600,000	0.0
7. Add \$290,000, all from the State General Fund, in FY 2008 to increase rates paid to funeral homes (\$156,000) and increase the number of funerals covered (\$134,000) for the Funeral Assistance program.	290,000	0	290,000	0.0
8. Add \$5.2 million, including \$3.0 million from the State General Fund, in FY 2008 to increase reimbursement rates in six different assistance programs to the level originally recommended by the Governor but reduced by the Legislature in 2007 HB 2368.	3,042,838	2,109,919	5,152,757	0.0
9. Appropriate the Problem Gambling and Addictions Grant Fund which was created by the Kansas Expanded Lottery Act (2007 SB 66) and include a no limit expenditure limitation.	0	0	0	0.0
10. Add \$6.4 million, including \$6.2 million from the State General Fund, in FY 2008 to reduce the shrinkage rate in regional service area offices.	6,200,000	209,508	6,409,508	0.0
11. Add \$593,960, all from the State General Fund, in FY 2008 to restore funding deleted in 2007 HB 2368 for the expansion of the Early Head Start program.	593,960	0	593,960	0.0
12. Add \$3.5 million, all from the Children's Initiatives Fund, in FY 2008, to restore funding deleted in 2007 HB 2368 for the expansion of the Pre-K pilot program.	0	3,500,000	3,500,000	0.0
13. Add \$1.0 million, all from the Children's Initiatives Fund, in FY 2008 to restore funding deleted in 2007 HB 2368 for implementation of a new Child Care Quality Initiative.	0	1,000,000	1,000,000	0.0
14. Add \$89,100, all from the State General Fund, in FY 2008 for the Grandparents as Caregivers program to provide full funding of the program based on new agency estimates of program costs.	89,100	0	89,100	0.0
15. Add \$800,000, all from the State General Fund, in FY 2008 to continue the agency's program to prevent tobacco sales to minors (\$400,000) and implement the BARS program.	800,000	0	800,000	0.0

Item	State General Fund	All Other Funds	All Funds	Total
16. Include language in the bill to amend the current Money Follows the Person proviso to eliminate the 80 person limitation on those eligible to be moved out of nursing facilities under the proviso. Under this proviso, funding supporting a person in a nursing facility who moves from a nursing facility in FY 2008 is shifted to provide funding for community based services.	0	0	0	0.0
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<i>Agency Subtotal</i>	<i>\$76,336,422</i>	<i>\$24,718,570</i>	<i>\$101,054,992</i>	<i>0.0</i>
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<u>Larned State Hospital</u>				
1. Add \$34,611, all from the State General Fund, to reflect adjustments to the categorical aid rates in FY 2008.	34,611	0	34,611	0.0
2. Add \$18,384, all from the State General Fund, to reflect teacher salary increases of 4.0 percent in FY 2008.	18,384	0	18,384	0.0
3. Add \$230,420, all from the State General Fund, in FY 2008 to increase salaries for Licensed Practical Nurses from \$13.68 per hour to \$15.84 per hour.	230,420	0	230,420	0.0
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<i>Agency Subtotal</i>	<i>\$283,415</i>	<i>\$0</i>	<i>\$283,415</i>	<i>0.0</i>
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<u>Osawatomie State Hospital</u>				
1. Add \$2.7 million, all from the State Institutions Building Fund, in FY 2008 to begin remodeling of an existing building to allow the opening of an additional 30-bed treatment unit in FY 2009.	0	2,700,000	2,700,000	0.0
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<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$2,700,000</i>	<i>\$2,700,000</i>	<i>0.0</i>
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<u>Parsons State Hospital</u>				
1. Add \$17,458, all from the State General Fund, to reflect adjustments to the categorical aid rate in FY 2008.	17,458	0	17,458	0.0
2. Add \$23,209, all from the State General Fund, to increase teacher salaries by 4.0 percent in FY 2008.	23,209	0	23,209	0.0
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<i>Agency Subtotal</i>	<i>\$40,667</i>	<i>\$0</i>	<i>\$40,667</i>	<i>0.0</i>
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<u>Department of Education</u>				
1. Adopt GBA No. 2, Item 18, Page 15 to add \$16.1 million, all from the State General Fund, to fund special education excess costs at the 92.0 percent level in FY 2008 based on the April 2007 consensus estimate.	16,100,000	0	16,100,000	0.0
2. Adopt GBA No. 2, Item 17, Page 14 to add \$16,251,000, all from the State General Fund, to fund the April 2007 consensus estimates for general and supplemental general state aid in FY 2008.	16,251,000	0	16,251,000	0.0
3. Add \$420,120, all from the State General Fund, for one-half of the funding requested for the Kansas Career Pipeline (a career development program that matches the aptitude and interests of students and adults with Kansas career options) in FY 2008 and add language that a dollar-for-dollar match be required by business and industry.	420,120	0	420,120	0.0
4. Add \$437,400, all from the State General Fund, in FY 2008 to fund 50 of the estimated 100 beds in the psychiatric residential treatment facilities added in SB 95 that are eligible for the two-for-one educational funding.	437,400	0	437,400	0.0
5. Add \$40,558, all from the State General Fund and a 0.5 FTE position in FY 2008 for a part-time Education Program Consultant position for one year, pending passage of SB 68 by the 2007 Legislature. This position would be responsible for assisting school districts in developing policies and designing and implementing bullying prevention and character development programs as provided for in SB 68. The position would also administer the agency's two after school programs.	40,558	0	40,558	0.5
6. Delete \$10.0 million in FY 2008 for the nonproficient weighting from general state aid and lapse back to the State General Fund if the provision in the Conference Committee report on 2007 SB 68, which would remove the sunset date (June 30, 2007) on the nonproficient weighting, does not pass the 2007 Legislature.	0	0	0	0.0
7. Add \$1.0 million, all from the State General Fund, for the Mentor Teacher Program Grants in FY 2008 to fund the second year of mentoring 1,000 probationary teachers.	1,000,000	0	1,000,000	0.0
8. Add \$1,131,800, all from the State General Fund, in FY 2008 in state aid to serve the remaining 2,695 students (at \$420 per student) that are on the Parents as Teachers Program waiting list as of December 31, 2006.	1,131,800	0	1,131,800	0.0
9. Add \$3.3 million, all from the State General Fund, for general state aid in FY 2008 for the second enrollment count date for all school districts, pending the passage of 2007 HB 2123 by the 2007 Legislature.	3,300,000	0	3,300,000	0.0

<i>Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	
10. Add \$64,310, all from the State General Fund, and a 1.0 FTE Auditor position in FY 2008 to carry out the responsibilities provided for in 2007 HB 2123 which concerns the second enrollment count date for all school districts, pending passage of the bill by the 2007 Legislature.	64,310	0	64,310	1.0
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<i>Agency Subtotal</i>	<i>\$38,745,188</i>	<i>\$0</i>	<i>\$38,745,188</i>	<i>1.5</i>
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<u>State Library</u>				
1. Add \$125,000, all from the State General Fund, for the creation of an Interlibrary Loan Delivery Service in FY 2008.	125,000	0	125,000	0.0
2. Add \$70,937, all from the State General Fund, for State Data Center information coordination and promotion enhancement in FY 2008.	70,937	0	70,937	0.0
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<i>Agency Subtotal</i>	<i>\$195,937</i>	<i>\$0</i>	<i>\$195,937</i>	<i>0.0</i>
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<u>School for the Blind</u>				
1. Add \$84,597, all from the State General Fund, for an increase in teacher salaries in FY 2008. The increase would keep teacher salaries at the level of the Olathe School District for the 2006-07 school year.	84,597	0	84,597	0.0
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<i>Agency Subtotal</i>	<i>\$84,597</i>	<i>\$0</i>	<i>\$84,597</i>	<i>0.0</i>
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<u>School for the Deaf</u>				
1. Add \$116,435, all from the State General Fund, for an increase in teacher salaries in FY 2008. The increase would keep teacher salaries at the level of the Olathe School District for the 2006-07 school year.	116,435	0	116,435	0.0
2. Add \$398,200, all from the State General Fund, to fund Sound START of Kansas in FY 2008. Sound START is a collaborative program with the Kansas Department of Health and Environment (KDHE) that would provide services to deaf children ages 0-3 and their parents through regional consultation with the local KDHE Infant and Toddler Services (Tiny-K) networks.	398,200	0	398,200	0.0
3. Add \$165,000, all from the State General Fund, to cover a shortfall in funding for operating expenditures in FY 2008.	165,000	0	165,000	0.0
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<i>Agency Subtotal</i>	<i>\$679,635</i>	<i>\$0</i>	<i>\$679,635</i>	<i>0.0</i>
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<u>State Historical Society</u>				
1. Add \$111,000, all from the Statewide Maintenance Fund, for the exterior restoration of the Goodnow House in Manhattan in FY 2008.	0	111,000	111,000	0.0
2. Add \$50,000, all from the State General Fund, to fund the Kansas Humanities Council's Prime Time Family Reading Program in FY 2008.	50,000	0	50,000	0.0
3. Appropriate the Partnership Historic Sites Grant Fund as a no-limit fund in FY 2008.	0	0	0	0.0
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<i>Agency Subtotal</i>	<i>\$50,000</i>	<i>\$111,000</i>	<i>\$161,000</i>	<i>0.0</i>
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<u>Fort Hays State University</u>				
1. Adopt GBA No. 2, Item 20, Page 16 and add \$200,000, all from the State General Fund, and 4.0 FTE positions to staff the Kansas Wetlands Education Center at Cheyenne Bottoms in FY 2008.	200,000	0	200,000	4.0
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<i>Agency Subtotal</i>	<i>\$200,000</i>	<i>\$0</i>	<i>\$200,000</i>	<i>4.0</i>
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<u>Emporia State University</u>				
1. Add \$29,411, all from the State General Fund, to fund the Expanding Your Horizons in Math and Science and MASTER-IT! programs in FY 2008. The programs target girls in sixth through eighth grade for exposure to professionals and careers in math and science.	29,411	0	29,411	0.0
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<i>Agency Subtotal</i>	<i>\$29,411</i>	<i>\$0</i>	<i>\$29,411</i>	<i>0.0</i>
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<u>Board of Regents</u>				
1. Add \$180,500, all from the State General Fund, for the Technical Innovations and Internship Program in FY 2008 which is a competitive grant program for the technical schools and colleges and community colleges that funds new equipment and internship programs.	180,500	0	180,500	0.0
2. Delete \$6,957,162, all from the Economic Development Initiatives Fund (EDIF), and add the same amount from the State General Fund as a technical adjustment in FY 2008 for Postsecondary Aid for Technical Education. The EDIF funding was inadvertently omitted from 2007 HB 2368, but is included in all expenditure summaries for the bill.	6,957,162	(6,957,162)	0	0.0

<i>Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTE</i>
3. Delete \$2,565,000, all from the Economic Development Initiatives Fund (EDIF), and add the same amount from the State General Fund as a technical adjustment in FY 2008 for Technical Education Capital Outlay. The EDIF funding was inadvertently omitted from 2007 HB 2368, but is included in all expenditure summaries for the bill.	2,565,000	(2,565,000)	0	0.0
4. Add \$30,875, all from the State General Fund, and 1.0 FTE position in FY 2008 for Board office support staff.	30,875	0	30,875	1.0
5. Add \$2.0 million, all from the State General Fund, in FY 2008 for KAN-ED as a technical correction. The funding was inadvertently omitted from 2007 HB 2368, but is included in all expenditure summaries for the bill.	0	0	0	0.0
6. Add \$8.0 million, all from the State General Fund, for technology and equipment funding for technical schools and colleges and community colleges in FY 2008. The funding will require a one to one match from the institution and institutions will be limited to no more than 20.0 percent of the total funding available in a given year. Funding is contingent on the passage of 2007 HB 2556, which creates the Postsecondary Technical Education Authority.	8,000,000	0	8,000,000	0.0
7. Add \$817,687, all from the State General Fund, and 5.0 FTE positions in FY 2008 for the Postsecondary Technical Education Authority created by 2007 HB 2556. If HB 2556 does not pass, the funds will be lapsed back to the State General Fund.	817,687	0	817,687	5.0
8. Add \$2.0 million, all from the State General Fund, and delete \$2.0 million, all from the KAN-ED Fund, to return to the statutory level of funding from the Universal Service Fund for KAN-ED in FY 2008.	2,000,000	(2,000,000)	0	0.0
9. Add \$3,848,656, all from the State General Fund, for the community college operating grant increase in FY 2008.	3,848,656	0	3,848,656	0.0
10. Add \$350,000, all from the State General Fund, for technical education hold harmless funding in FY 2008 to address the anticipated shortfall.	350,000	0	350,000	0.0
11. Add \$69,996,123, including \$19,996,123 from the State General Fund, for the Senate Regents Deferred Maintenance Plan in FY 2008, which includes: \$15.0 million, all from the State General Fund, for Regents Crumbling Classrooms Debt Service; \$45.0 million from the Statewide Maintenance and Disaster Relief Fund; and \$10.0 million, including \$5.0 million from the State General Fund, for the Technology Upgrade Matching Fund.	19,996,123	50,000,000	69,996,123	0.0
<i>Agency Subtotal</i>	<i>\$44,746,003</i>	<i>\$38,477,838</i>	<i>\$83,223,841</i>	<i>6.0</i>
<u>Department of Corrections</u>				
1. Add \$48,123, all from the State General Fund, in FY 2008 to correct a bill posting error in 2007 HB 2368.	48,123	0	48,123	0.0
2. Add \$237,000, all from the State General Fund, to fund 5.0 vacant parole officer positions in FY 2008.	237,000	0	237,000	
3. Add \$4,491,763, all from the State General Fund, and 7.0 FTE positions in FY 2008 pending passage of 2007 House Substitute for SB 14. The bill would enact a new grant program to be administered by the Department of Corrections to reduce revocation rates by at least 20.0 percent; increase good-time credit from 15.0 percent to 20.0 percent; allow 60 days of good-time credit on a one-time basis for successful completion of certain programs; and allow for the Department to grant financial aid to counties to defray all or part of the expenses of Corrections Advisory Board members in carrying out official duties.	4,491,763	0	4,491,763	7.0
4. Add language in FY 2008 to recommend priorities for prison expansion in the following order: two cell houses or 256 beds at El Dorado Correctional Facility; 240 substance abuse treatment beds at Yates Center; 100 minimum security beds at Ellsworth Correctional Facility; and 72 beds at Stockton Correctional Facility.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$4,776,886</i>	<i>\$0</i>	<i>\$4,776,886</i>	<i>7.0</i>
<u>Juvenile Justice Authority</u>				
1. Add \$5,000,000, all from the State General Fund, in FY 2008 for psychiatric residential treatment facilities.	5,000,000	0	5,000,000	0.0
1. Adopt GBA No. 2, Item 22, Page 17 to add \$1,150,260, from the State General Fund, and delete \$8,342,313, from special revenue funds, for psychiatric residential treatment facilities in FY 2008.	1,150,260	(8,342,313)	(7,192,053)	0.0
<i>Agency Subtotal</i>	<i>\$6,150,260</i>	<i>(\$8,342,313)</i>	<i>(\$2,192,053)</i>	<i>0.0</i>

<i>Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	
<u>State General</u>				
1. Adopt in part GBA No. 2, Item 23, Page 18 to add \$82,432,441, including \$9,627,346 from the Statewide Maintenance and Disaster Relief Fund, in FY 2008 for disaster relief. The Governor recommended the \$9.6 million in funding from the State General Fund.	0	82,432,441	82,432,441	0.0
2. Add \$9,855, all from the State General Fund, in FY 2008 for the Monumental Building Surcharge on the Kansas National Guard Recruiting Office.	9,855	0	9,855	0.0
3. Add \$10,240, all from federal funds, in FY 2008 for a pay increase for National Guard security guards for the implementation of 2007 HB 2152 which gives the security guards law enforcement power.	0	10,240	10,240	0.0
4. Add \$57,386, all from federal funds, in FY 2008 for reimbursement for additional members of the Commission on Emergency Planning and Response for the implementation of 2007 HB 2068 which increases the membership of the Commission.	0	57,386	57,386	0.0
5. Adopt in part GBA No. 2, Item 24, Page 18 and add \$12.6 million in bonding authority in FY 2008 for the creation of the Great Plains Regional Training Center in Salina and one additional Regional Training Center with the location to be determined by the agency.	0	0	0	0.0
6. Adopt GBA No. 2, Item 25, Page 19 to add \$60,000, all from the State General Fund, in FY 2008 for incident management teams.	60,000	0	60,000	0.0
7. Add \$2,060, all from the State General Fund, in FY 2008 for the Civil Air Patrol	2,060	0	2,060	0.0

<i>Agency Subtotal</i>	<i>\$71,915</i>	<i>\$82,500,067</i>	<i>\$82,571,982</i>	<i>0.0</i>
<u>State Fire Marshal</u>				
1. Add \$56,303, all from special revenue funds, in FY 2008 for a five percent increase in investigator salaries.	0	56,303	56,303	0.0
2. Add \$4,000, all from the Fire Marshal Fee Fund, in FY 2008 for office supplies and travel for the implementation of the Kansas Fireworks Act as contained in 2007 HB 2475.	0	4,000	4,000	0.0
3. Add \$142,773, all from the Fire Marshal Fee Fund, and 2.0 FTE positions in FY 2008 to implement portions of 2007 Substitute for SB 11 establishing an informal dispute resolution process, contingent upon passage of the bill.	0	142,773	142,773	2.0
4. Adopt GBA No. 2, Item 14, Page 12 to delete \$99,237, all from the Fire Marshal Fee Fund, and 1.0 FTE position for youth fire safety programs. A corresponding State General Fund increase is included in the Department of Health and Environment budget.	0	(99,237)	(99,237)	(1.0)

<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$103,839</i>	<i>\$103,839</i>	<i>1.0</i>
<u>Highway Patrol</u>				
1. Add \$103,910, all from the State General Fund, and 2.0 FTE positions in FY 2008 for technical audits for the Kansas Criminal Justice Information System.	103,910	0	103,910	2.0
2. Adopt GBA No. 2, Item 1, Page 2 to delete \$68,000, all from the State General Fund, in FY 2008 for the Simplex fire safety contract. A corresponding State General Fund increase is included in the Department of Administration budget.	(68,000)	0	(68,000)	0.0
3. Adopt GBA No. 2, Item 15, Page 13 to delete \$102,000, all from the State General Fund, in FY 2008 for the KDHE Laboratory security contract. A corresponding State General Fund increase is included in the Department of Health and Environment budget.	(102,000)	0	(102,000)	0.0
4. Adopt GBA No. 2, Item 27, Page 20 to add \$391,749, all from the Motor Carrier Safety Assistance Program State Fund, in FY 2008 for the Uniform Carrier Registration Program.	0	391,749	391,749	0.0

<i>Agency Subtotal</i>	<i>(\$66,090)</i>	<i>\$391,749</i>	<i>\$325,659</i>	<i>2.0</i>
<u>Kansas Bureau of Investigation</u>				
1. Add \$148,750, all from the State General Fund, in FY 2008 for the Kansas Criminal Justice Information System.	148,750	0	148,750	0.0
2. Add \$237,418, all from the State General Fund, in FY 2008 for DNA analysis.	237,418	0	237,418	0.0
3. Add \$123,350, all from the Statewide Maintenance and Disaster Relief Fund, in FY 2008 for rehabilitation and repair at the Topeka Headquarters.	0	123,350	123,350	0.0
4. Add \$29,517, all from the Statewide Maintenance and Disaster Relief Fund, in FY 2008 for rehabilitation and repair at the Great Bend facility.	0	29,517	29,517	0.0

<i>Agency Subtotal</i>	<i>\$386,168</i>	<i>\$152,867</i>	<i>\$539,035</i>	<i>0.0</i>

<i>Agency</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>Total</i>
<u>Emergency Medical Services Board</u>				
1. Appropriate the Emergency Medical Services Revolving Fund created by 2007 SB 8 as a no-limit fund in FY 2008.	0	0	0	0.0
2. Add language stipulating that if an agency or entity agrees to receive grant money from the Emergency Medical Services Revolving Fund of the Board of Emergency Medical Services (created in 2007 SB 8) by receiving such grant money the agency or entity has agreed to report back to the Board of Emergency Medical Services detailing all expenditures, uses, and receipts of that grant money.	0	0	0	0.0
3. Add language requiring the Board of Emergency Medical Services to report to the House Appropriations Committee and the Senate Ways and Means Committee on or before February 1, 2008, on how the funds generated by 2007 SB 8 were utilized.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Department of Agriculture</u>				
1. Add \$1,645, all from the State General Fund, in FY 2008 for the conversion of 6.0 non-FTE unclassified permanent positions to classified FTE positions.	1,645	0	1,645	0.0
<i>Agency Subtotal</i>	<i>\$1,645</i>	<i>\$0</i>	<i>\$1,645</i>	<i>0.0</i>
<u>Animal Health Department</u>				
1. Add \$20,000, all from the State General Fund, in FY 2008 for the replacement of office equipment, computers and printers.	20,000	0	20,000	0.0
2. Add a proviso in FY 2008 for the addition of the Animal Health Protection Fund to allow the agency to receive grants, donations or gifts to assist in the protection of the health of domestic animals.	0	0	0	0.0
3. Add \$94,127, all from the State General Fund, in FY 2008 to contract with the United States Department of Agriculture Wildlife Services for an additional position based in Southeast Kansas for the continuing program to control and eradicate feral swine.	94,127	0	94,127	0.0
<i>Agency Subtotal</i>	<i>\$114,127</i>	<i>\$0</i>	<i>\$114,127</i>	<i>0.0</i>
<u>Kansas State Fair Board</u>				
1. Add \$40,000, all from the Economic Development Initiatives Fund, in FY 2008 for an economic impact and demographic study.	0	40,000	40,000	0.0
2. Add \$25,000, all from the State General Fund, in FY 2008 for electrical sub-metering equipment in order to monitor electrical usage at individual buildings.	25,000	0	25,000	0.0
<i>Agency Subtotal</i>	<i>\$25,000</i>	<i>\$40,000</i>	<i>\$65,000</i>	<i>0.0</i>
<u>State Conservation Commission</u>				
1. Add \$1,086,154, all from the State Water Plan Fund, for 2007 HB 2048 which raises the limit on authorized state assistance to conservation districts from \$10,000 per district to a maximum of \$25,000 per district beginning in FY 2008.	0	1,086,154	1,086,154	0.0
2. Add \$50,000, all from the State Water Plan Fund, for salt cedar eradication projects in FY 2008.	0	50,000	50,000	0.0
3. Add \$3.0 million, all from the state Water Plan Fund, in FY 2008 with \$1.5 million for the City of Horton Mission Lake project and \$1.5 million to the Water Conservation Projects Reserve account which is funded from the Colorado water litigation proceeds.	0	3,000,000	3,000,000	0.0
4. Add \$60,000, all from the State Water Plan Fund, in FY 2008 for Conservation Reserve Enhancement Program (CREP) well plugging.	0	60,000	60,000	0.0
5. Add a proviso to extend the limitation on the number of acres enrolled in the Conservation Reserve Enhancement Program (CREP) in each of fiscal years 2007 and 2008. The proviso would limit FT 2007 enrollment to 20,000 acres but would allow for acreage of less than 20,000 acres in FY 2007 to carry forward to FY 2008. The overall limitation over two years would remain at 40,000 acres.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$4,196,154</i>	<i>\$4,196,154</i>	<i>0.0</i>
<u>Kansas Water Office</u>				
1. Add language to include any project expenditure greater than \$10,000 from the Water Conservation Projects Fund in a separate line item in FY 2008.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

<i>Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	
<u>Department of Wildlife and Parks</u>				
1. Add \$1.0 million, all from the State Water Plan Fund, in FY 2008 for a multiyear contract and include language that no expenditures shall be made until a contract is executed by all parties involved and that such contract shall include a requirement that the Almaena Irrigation District shall be responsible for compliance with any orders related to the Republican River Compact.	0	1,000,000	1,000,000	0.0
2. Add \$205,500, all from the State General Fund, and 1.0 FTE position in FY 2008 to operate State Park No. 24 (Kaw River).	205,500	0	205,500	1.0
3. Add \$745,000, including \$320,000 from the State General Fund, in FY 2008 for capital improvements at State Park No. 24 (Kaw River).	320,000	425,000	745,000	0.0
4. Add \$584,203, all from the Parks Fee Fund, in FY 2008 to reflect 12 months of one-half price admission to state parks as a technical amendment.	0	584,203	584,203	0.0
5. Add \$119,000, all from the State General Fund, in FY 2008 as a technical amendment in the appropriations bill for state parks operating expenditures.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$525,500</i>	<i>\$2,009,203</i>	<i>\$2,534,703</i>	<i>1.0</i>
<u>Kansas Department of Transportation</u>				
1. Add \$2,240, all from special revenue funds, in FY 2008 to place signs designating a portion of US Highway 73 as the Deputy Todd Widman Memorial Highway to implement SB 108.	0	2,240	2,240	0.0
2. Add \$3,500, all from special revenue funds, in FY 2008 to place signs designating portions of US Highways 24 and 59, and a portion of K-92 Highway as the 95th Division, the Iron Men of Metz Highway to implement HB 2041.	0	3,500	3,500	0.0
3. Add no-limit expenditure authority for the Traffic Records Enhancement Fund in FY 2008, including a proviso directing the agency to report to the House Appropriations and Senate Ways and Means Committee on expenditures from the fund by February 1, 2008.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$5,740</i>	<i>\$5,740</i>	<i>0.0</i>
<u>All Agencies</u>				
1. Add \$7.3 million, including \$2.0 million from the State General Fund, in FY 2008 to restore funding for vehicle purchases to the amount recommended by the Governor. The funding had been deleted in 2007 HB 2368. In addition, add language in FY 2008 which directs the Department of Administration to develop a web-based ride share system to allow personnel from different agencies traveling to same location to more efficiently utilize state-owned and rented vehicles.	1,961,559	5,380,891	7,342,450	0.0
<i>Agency Subtotal</i>	<i>\$1,961,559</i>	<i>\$5,380,891</i>	<i>\$7,342,450</i>	<i>0.0</i>
TOTAL	\$203,674,752	\$141,608,908	\$345,283,660	102.5
FY 2009				
<u>Board of Nursing</u>				
1. Add \$67,787, all from special revenue funds, and 1.0 FTE, for an additional Assistant Attorney General position in FY 2009.	0	67,787	67,787	1.0
2. Add \$65,095, all from special revenue funds, and 1.0 FTE, for an additional investigator position in FY 2009.	0	65,095	65,095	1.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$132,882</i>	<i>\$132,882</i>	<i>2.0</i>
<u>Real Estate Commission</u>				
1. Add \$127,756, all from special revenue funds, and 1.0 FTE position in FY 2009 for expenditures related to 2007 Senate Substitute for HB 2295 which will allow the agency to fingerprint and conduct a background check on a person applying for a new real estate license.	0	127,756	127,756	1.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$127,756</i>	<i>\$127,756</i>	<i>1.0</i>
<u>Department of Administration</u>				
1. Add language to restrict the number of copies printed for annual reports, including the Governor's Budget Report, and to require printing of a state employee telephone directory once every two years beginning in FY 2009 after the November 2008 election.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

<i>Agency</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTE</i>
Department of Education				
1. Correct language in 2007 HB 2368, as a technical adjustment, to carry out the Legislature's intent to transfer \$122.7 million from the Keeping Education Promises Trust Fund to the State General Fund in FY 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
Board of Regents				
1. Add \$59,997,210, including \$19,997,210 for the Senate Regents Deferred Maintenance Plan in FY 2009, which includes: \$15.0 million, all from the State General Fund, for Regents Crumbling Classrooms Debt Service; \$35.0 million. All from special revenue funds; and \$10.0 million, including \$5.0 million from the State General Fund, for the Technology Upgrade Matching Fund.	19,997,210	40,000,000	59,997,210	0.0
<i>Agency Subtotal</i>	<i>\$19,997,210</i>	<i>\$40,000,000</i>	<i>\$59,997,210</i>	<i>0.0</i>
Department of Corrections				
1. Add language in FY 2009 to recommend priorities for prison expansion in the following order: two cell houses or 256 beds at El Dorado Correctional Facility; 240 substance abuse treatment beds at Yates Center; 100 minimum security beds at Ellsworth Correctional Facility; and 72 beds at Stockton Correctional Facility.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
All Agencies				
1. Add \$13,367, all from special revenue funds, in FY 2009 to restore funding for vehicle purchases to the amount recommended by the Governor. The funding had been deleted in 2007 HB 2368.	0	13,367	13,367	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$13,367</i>	<i>\$13,367</i>	<i>0.0</i>
TOTAL	\$19,997,210	\$40,274,005	\$60,271,215	3.0

FY 2010

Board of Regents				
1. Add \$84,999,473, including \$19,999,473 from the State General Fund, for the Senate Regents Deferred Maintenance Plan in FY 2010 which includes: \$15.0 million, all from the State General Fund, for Regents Crumbling Classrooms Debt Service; \$60.0 million. All from special revenue funds; and \$10.0 million, including \$5.0 million from the State General Fund, for the Technology Upgrade Matching Fund.	19,999,473	65,000,000	84,999,473	0.0
<i>Agency Subtotal</i>	<i>\$19,999,473</i>	<i>\$65,000,000</i>	<i>\$84,999,473</i>	<i>0.0</i>
Department of Corrections				
1. Add language in FY 2010 to recommend priorities for prison expansion in the following order: two cell houses or 256 beds at El Dorado Correctional Facility; 240 substance abuse treatment beds at Yates Center; 100 minimum security beds at Ellsworth Correctional Facility; and 72 beds at Stockton Correctional Facility.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
TOTAL	\$19,999,473	\$65,000,000	\$84,999,473	0.0

FY 2011

Board of Regents				
1. Add \$84,994,968, including \$19,994,968 from the State General Fund, for the Senate Regents Deferred Maintenance Plan in FY 2011 which includes: \$15.0 million, all from the State General Fund, for Regents Crumbling Classrooms Debt Service; \$70.0 million. All from special revenue funds; and \$10.0 million, including \$5.0 million from the State General Fund, for the Technology Upgrade Matching Fund.	19,994,968	65,000,000	84,994,968	0.0
<i>Agency Subtotal</i>	<i>\$19,994,968</i>	<i>\$65,000,000</i>	<i>\$84,994,968</i>	<i>0.0</i>
TOTAL	\$19,994,968	\$65,000,000	\$84,994,968	0.0

FY 2012

Board of Regents				
1. Add \$93,745,075, including \$18,745,075 from the State General Fund, for the Senate Regents Deferred Maintenance Plan in FY 2012 which includes: \$15.0 million, all from the State General Fund, for Regents Crumbling Classrooms Debt Service; \$70.0 million. All from special revenue funds; and \$10.0 million, including \$5.0 million from the State General Fund, for the Technology Upgrade Matching Fund.	18,745,075	75,000,000	93,745,075	0.0
<i>Agency Subtotal</i>	<i>\$18,745,075</i>	<i>\$75,000,000</i>	<i>\$93,745,075</i>	<i>0.0</i>

<i>A</i> <i>tem</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	
TOTAL	\$18,745,075	\$75,000,000	\$93,745,075	0.0

**COMPARISON OF FY 2007-FY 2008 RECOMMENDED EXPENDITURES
GOVERNOR'S RECOMMENDATION AND SENATE COMMITTEE RECOMMENDATION**
(Reflects Approved Budget at First Adjournment and Senate Committee Recommendations on the Omnibus Bill)

FY 2007:

	<u>State General Fund</u>	<u>All Funds</u>	<u>FTE Positions</u>
Governor's Amended Recommendation*	\$ 5,640,791,878	\$ 12,429,080,232	41,226.8
Current Senate Committee Recommendation	\$ 5,632,917,880	\$ 12,428,560,453	41,229.8
<i>Difference From Governor's Recommendation</i>	<u>\$ (7,873,998)</u>	<u>\$ (519,779)</u>	<u>3.0</u>

FY 2008:

	<u>State General Fund</u>	<u>All Funds</u>	<u>FTE Positions</u>
Governor's Amended Recommendation*	\$ 6,161,354,312	\$ 12,590,172,265	41,313.7
Current Senate Committee Recommendation	\$ 6,144,227,453	\$ 12,636,464,325	41,439.7
<i>Difference From Governor's Recommendation</i>	<u>\$ (17,126,859)</u>	<u>\$ 46,292,060</u>	<u>126.0</u>
Two-Year Change from Governor's Recommendation	\$ (25,000,857)	\$ 45,772,281	

*Includes Governor's Budget Amendments submitted as of April 20, 2007.

**STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
AS RECOMMENDED BY SENATE COMMITTEE**

In Millions

(Reflects Approved Budget at First Adjournment and Senate Committee Recommendations on the Omnibus Bill)

	<u>Actual FY 2006</u>	<u>Senate Comm. Rec. FY 2007</u>	<u>Senate Comm. Rec. FY 2008</u>
Beginning Balance	\$ 478.7	\$ 733.7	\$ 833.3
Receipts (April 2007 Consensus)	5,394.4	5,732.4	5,546.8
Senate Committee Recommended Receipt Adjustments	0.0	0.1	(13.1)
Adjusted Receipts	5,394.4	5,732.5	5,533.7
Total Available	\$ 5,873.1	\$ 6,466.2	\$ 6,367.0
Less Expenditures	5,139.4	5,632.9	6,144.2
Ending Balance	<u>\$ 733.7</u>	<u>\$ 833.3</u>	<u>\$ 222.8</u>
Ending Balance as a Percentage of Expenditures	14.3%	14.8%	3.6%
Adjusted Receipts in Excess of Expenditures	\$ 255.0	\$ 99.6	\$ (610.5)

*Includes Governor's Budget Amendments submitted as of April 20, 2007.

Senate ways and means
April 18-23, 2007
Attachment 14

**State General Fund Revenue Adjustments
to Approved Budget
(Reflects Senate Committee Action on the Omnibus Appropriations Bill)**

FY 2007:

Attorney General Transfer to Water Litigation Fund	\$ (100,000)
Department of Revenue Transfer from Biodiesel Fuel Producer Incentive Fund	437,500
Department on Aging Transfer to State Licensure Fee Fund	<u>(285,000)</u>
Total - FY 2007	<u><u>\$ 52,500</u></u>

FY 2008:

Attorney General Transfer to Water Litigation Fund	\$ (1,560,000)
Department of Revenue Transfer to Ethyl Alcohol Producer Incentive Fund	(1,000,000)
Racing and Gaming Commission Loan to Racing and Gaming (GBA No.3) Loan Repayment	(5,000,000) 5,000,000
Department on Aging Transfer to State Licensure Fee Fund	(570,000)
Regents Deferred Maintenance	<u>(10,000,000)</u>
Total - FY 2008	<u><u>\$ (13,130,000)</u></u>

ECONOMIC DEVELOPMENT INITIATIVES FUND

FY 2006 - FY 2008

Reflects Senate Action as of 5:00 PM on April 23, 2007

Agency/Program	Actual FY 2006	Legislative Approved (1st Adjournment) FY 2007	Legislative Approved (1st Adjournment) FY 2008	House Appropriations Adjustments FY 2008	Senate Ways and Means Adjustments FY 2008
Department of Commerce					
Operating Grant	\$ 15,893,435	\$ 15,982,311	\$ 15,744,808	\$ 193,750	\$ 43,750
Ethanol Plant Economic Impact Analysis	-	-	-	17,500	-
Older Kansans Employment Program	239,430	330,481	330,481	-	-
Rural Opportunity Program	-	-	2,100,000	-	-
Sports Hall of Fame	-	-	-	-	500,000
Kansas Economic Opportunity Initiative Fund	3,000,000	3,160,000	3,000,000	-	-
Subtotal - Commerce	\$ 19,132,865	\$ 19,472,792	\$ 21,175,289	\$ 211,250	\$ 543,750
Kansas Technology Enterprise Corporation					
Operations	\$ 1,663,866	\$ 1,855,163	\$ 1,762,025	\$ -	\$ -
University & Strategic Research	5,413,659	5,345,205	5,111,287	125,000	-
Commercialization	2,060,130	1,790,249	2,684,122	-	-
Mid-America Manuf. Tech. Center (MAMTC)	1,528,152	1,528,152	1,380,621	-	-
Product Development	1,519,030	1,519,030	1,519,030	-	-
Subtotal - KTEC	\$ 12,184,837	\$ 12,037,799	\$ 12,457,085	\$ 125,000	\$ -
Kansas, Inc.					
Operations	\$ 379,671	\$ 527,999	\$ 497,999	\$ -	\$ -
Social and Rehabilitation Services					
Child Support Enforcement Call Center	\$ -	\$ 340,000 ²	\$ -	\$ -	\$ -
Board of Regents					
Tech. Innovation & Internship Prog. - AVTS	\$ 175,909	\$ 185,340	\$ -	\$ 180,500	\$ -
Post-secondary Aid - AVTS	6,957,162	6,957,162	6,957,162	-	(6,957,162) ⁵
Capital Outlay - AVTS	2,565,000	2,565,000	2,565,000	-	(2,565,000) ⁵
KSU - ESARP	299,999	300,000	300,000	-	-
Wichita State University - Aviation Research	245,748	-	2,500,000	2,500,000	-
Subtotal - Regents & Universities	\$ 10,243,818	\$ 10,007,502	\$ 12,322,162	\$ 2,680,500	\$ (9,522,162)
Kansas Arts Commission					
Economic Impact Study of the Arts	\$ -	\$ 14,000	\$ -	\$ -	\$ -
State Conservation Commission					
Conservation Easement Matching Funds	\$ 31,250	\$ -	\$ -	\$ -	\$ -
Multipurpose Small Lakes (Horse Thief Reservoir)	50,000	- ³	-	-	-
Subtotal - State Conservation Commission	\$ 81,250	\$ -	\$ -	\$ -	\$ -
State Fair					
Largest Classroom	\$ -	\$ 19,960	\$ -	\$ -	\$ -
Economic Impact Study	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000
Alternative Energy Systems and Utilities	-	95,384	-	-	-
Ticket Marketing & Premiums	-	70,000	70,000	-	-
Subtotal - State Fair	\$ -	\$ 185,344	\$ 70,000	\$ 40,000	\$ 40,000
KS Qualified Biodiesel Fuel Producer Incentive Fund Transfer					
		\$ -	\$ 3,500,000	\$ (3,500,000)	\$ (1,750,000)
State Water Plan Fund Transfer					
	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -
Pay Plan and KPERS Death and Disability Rate Increase					
	\$ 92,279 ¹	\$ -	\$ 249,496 ⁴	\$ -	\$ -
TOTAL TRANSFERS AND EXPENDITURES	\$ 44,114,720	\$ 44,585,436	\$ 52,272,031	\$ (443,250)	\$ (10,688,412)

EDIF Resource Estimate	Actual FY 2006	Legislative Approved (1st Adjournment) FY 2007	Legislative Approved (1st Adjournment) FY 2008	House Appropriations Adjustments FY 2008	Senate Ways and Means Adjustments FY 2008
Beginning Balance	\$ 2,519,677	3,136,491	2,233,055	\$ 2,233,055	2,233,055
Gaming Revenues	42,432,000	42,432,000	42,432,000	42,432,000	42,432,000
Other Income**	2,299,534	1,250,000	750,000	750,000	750,000
Total Available	\$ 47,251,211	\$ 46,818,491	\$ 45,415,055	\$ 45,415,055	\$ 45,415,055
Less: Expenditures and Transfers	44,114,720	44,585,436	52,272,031	(443,250)	(10,688,412)
ENDING BALANCE	\$ 3,136,491	\$ 2,233,055	\$ (6,856,976)	\$ (6,413,726)	\$ 3,831,436

* Unless otherwise noted, increases in agency total in the Governor's recommendation reflect reappropriations.

** Other income includes interest, transfers, reimbursements and released encumbrances.

1. This amount is transferred to the State General Fund as part of a transfer of special revenue funds from amounts not required for the pay plan and KPERS death and disability rates increase due to adjustments by the Legislature.

2. This item is a one-time expenditure to establish a child Support Enforcement Customer Service Center. The funding will be matched with \$1.32 million from the federal Child Support Enforcement Administration Fund, for total FY 2007 expenditures of \$2.0 million.

3. Expenditures for this project are now completely funded from the State Water Plan Fund.

4. This is the amount included in the Governor's recommendation for the pay plan, subject to change by the State Finance Council per 2007 HB 2368.

5. Changed funding source to the State General Fund.

Economic Development Initiatives Fund (EDIF) Overview

The statutes governing the EDIF provide that it shall be used to finance programs "... supporting and enhancing the existing economic foundation of the state and fostering growth . . . to the state's economic foundation." With the exception of a statutory \$2.0 million transfer from the EDIF to the State Water Plan Fund, the Legislature annually appropriates the EDIF for individual projects and programs deemed to support and enhance the state's economic foundation.

The EDIF is funded through the State Gaming Revenues Fund (SGRF). A portion of state revenue from both the Lottery and parimutuel wagering is transferred to the SGRF. That fund is used essentially as a holding fund from which further transfers are made on a monthly basis. No more than \$50.0 million may be credited to the SGRF in any fiscal year. Amounts in excess of \$50.0 million are credited to the State General Fund.

The initial transfers from the State Gaming Revenue Fund, which began in 1986, were as follows:

1. County Reappraisal Fund (until June 30, 1989) - 30.0%
2. Split between Juvenile Detention Facilities Fund and Correctional Institutions Building Fund (Actual amount to be determined by appropriations act) - 10.0%
3. Economic Development Initiatives Fund (to be increased to 90.0% as of July 1, 1989) - 60.0%

During the 1988 Session, the Legislature delayed the increase in the transfer to the EDIF until July 1, 1990.

During the 1994 Session, the Legislature changed the transfers as of July 1, 1995 to the following:

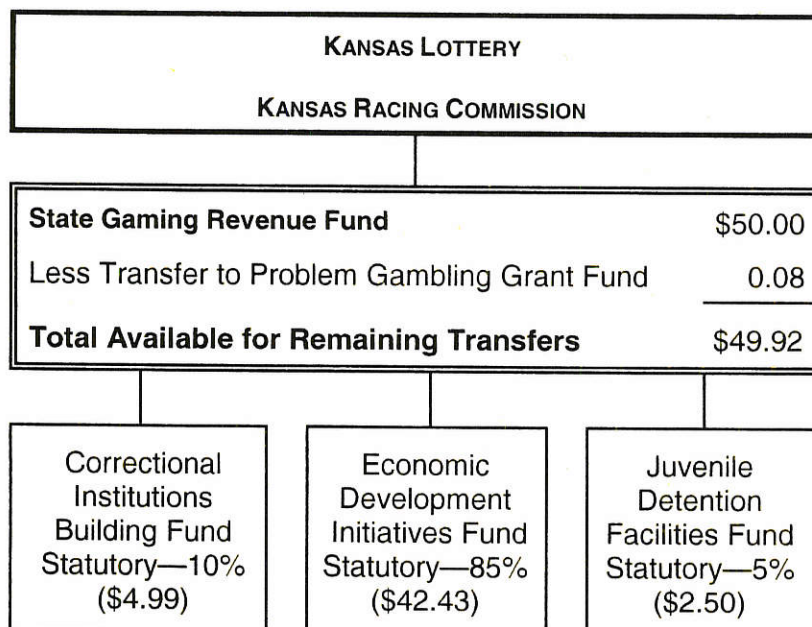
1. Correctional Institutions Building Fund - 10.0%
2. Juvenile Detention Facilities Fund - 5.0%
3. Economic Development Initiatives Fund - 85.0%

During the 2000 Session, the Legislature changed the transfers to the following:

1. Economic Development Initiatives Fund—\$42,432,000;
2. Correctional Institutions Building Fund—\$4,992,000;
3. Juvenile Detention Facilities Fund—\$2,496,000; and
4. Problem Gambling Grant Fund—\$80,000.

ECONOMIC DEVELOPMENT INITIATIVES FUND

Revenue Flow
(In Millions)



Children's Initiatives Fund FY 2007

Reflects Senate action as of 5:00 p.m., April 23, 2007

	Legislative Approved FY 2007	Gov. Rec. FY 2007	Legislative Approved (HB 2368) FY 2007	House Committee Omnibus Adjustments FY 2007	Senate Committee Omnibus Adjustments FY 2007
Department of Health and Environment					
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	\$ -
Infants and Toddlers Program (Tiny K)	1,200,000	1,200,000	1,200,000	-	-
Smoking Cessation/Prevention Program Grants	1,000,000	1,000,000	1,000,000	-	-
PKU/Hemophilia	208,000	208,000	208,000	-	-
Subtotal - KDHE	<u>\$ 2,658,000</u>	<u>\$ 2,658,000</u>	<u>\$ 2,658,000</u>	<u>\$ -</u>	<u>\$ -</u>
Juvenile Justice Authority					
Juvenile Prevention Program Grants	\$ 5,414,487	\$ 5,414,487	\$ 5,414,487	-	-
Juvenile Graduated Sanctions Grants	3,585,513	3,585,513	3,585,513	-	-
Subtotal - JJA	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ -</u>	<u>\$ -</u>
Department of Social and Rehabilitation Services					
Children's Cabinet Accountability Fund	\$ 546,126	\$ 546,126	\$ 546,126	\$ -	\$ -
Children's Mental Health Initiative	3,800,000	3,800,000	3,800,000	-	-
Family Centered System of Care	5,000,000	5,000,000	5,000,000	-	-
Therapeutic Preschool	1,000,000	1,000,000	1,000,000	-	-
Child Care Services	1,400,000	1,400,000	1,400,000	-	-
Community Services - Child Welfare	3,492,101	3,492,101	3,492,101	-	-
Smart Start Kansas - Children's Cabinet	9,273,019	9,273,019	9,273,019	-	-
Family Preservation	2,957,899	2,957,899	2,957,899	-	-
School Violence Prevention	228,000	228,000	228,000	-	-
Attendant Care for Independent Living (ACIL)	50,000	50,000	50,000	-	-
Pre-K Pilot	2,000,000	2,000,000	2,000,000	-	-
Subtotal - SRS	<u>\$ 29,747,145</u>	<u>\$ 29,747,145</u>	<u>\$ 29,747,145</u>	<u>\$ -</u>	<u>\$ -</u>
Division of Health Policy and Finance					
HealthWave	\$ -	\$ -	\$ -	\$ -	\$ -
Medical Assistance	-	-	-	-	-
Immunization Outreach	-	-	-	-	-
Subtotal - DHPF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Kansas Health Policy Authority					
HealthWave	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -
Medical Assistance	3,000,000	3,000,000	3,000,000	-	-
Immunization Outreach	500,000	500,000	500,000	-	-
Subtotal - KHPA	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ -</u>	<u>\$ -</u>
Department of Education					
Reading and Vision Research	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	\$ -
Parent Education	-	-	-	-	-
Four-Year-Old At-Risk Programs	-	-	-	-	-
Special Education	-	-	-	-	-
Subtotal - DOE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University of Kansas Medical Center					
Tele-Kid Health Care Link	\$ 268,509	\$ 268,509	\$ 268,509	\$ -	\$ -
TOTAL EXPENDITURES	<u>\$ 47,473,654</u>	<u>\$ 47,473,654</u>	<u>\$ 47,473,654</u>	<u>\$ -</u>	<u>\$ -</u>

	Actual FY 2006	Gov. Rec. FY 2007	Legislative Approved (HB 2368) FY 2007	House Committee Omnibus Adjustments FY 2007	Senate Committee Omnibus Adjustments FY 2007
Beginning Balance	\$ 3,147,150	\$ 3,708,488	\$ 3,708,488	\$ 3,708,488	\$ 3,708,488
Plus: Other Income*	348,546	114,000	114,000	114,000	114,000
Transfers from SGF and KEY Fund	49,889,213	43,651,166	43,651,166	43,651,166	43,651,166
Total Available	<u>\$ 53,384,909</u>	<u>\$ 47,473,654</u>	<u>\$ 47,473,654</u>	<u>\$ 47,473,654</u>	<u>\$ 47,473,654</u>
Less: Expenditures	(49,374,209)	(47,473,654)	(47,473,654)	(47,473,654)	(47,473,654)
Transfers to KEY Fund and SGF	(302,212)	-	-	-	-
ENDING BALANCE	<u>\$ 3,708,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Other income includes released encumbrances, recoveries and reimbursements.

5:56 PM 4/23/2007

*Senate Ways and Means
April 18-23, 2007
Attachment 16*

Children's Initiatives Fund

FY 2008

Reflects Senate action as of 5:00 p.m., April 23, 2007

	Gov. Rec. FY 2007	Gov. Rec. FY 2008	Legislative Approved (HB 2368) FY 2008	House Committee Omnibus Adjustments FY 2008	Senate Committee Omnibus Adjustments FY 2008
Department of Health and Environment					
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	\$ -
Infants and Toddlers Program (Tiny K)	1,200,000	1,200,000	1,200,000	-	-
Smoking Cessation/Prevention Program Grants	1,000,000	1,000,000	1,000,000	-	-
PKU/Hemophilia	208,000	208,000	208,000	-	-
Subtotal - KDHE	<u>\$ 2,658,000</u>	<u>\$ 2,658,000</u>	<u>\$ 2,658,000</u>	<u>\$ -</u>	<u>\$ -</u>
Juvenile Justice Authority					
Juvenile Prevention Program Grants	\$ 5,414,487	\$ 5,414,487	\$ 5,414,487	\$ -	\$ -
Juvenile Graduated Sanctions Grants	3,585,513	3,585,513	3,585,513	-	-
Subtotal - JJA	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ -</u>	<u>\$ -</u>
Department of Social and Rehabilitation Services					
Children's Cabinet Accountability Fund	\$ 546,126	\$ 541,802	\$ 541,802	\$ -	\$ -
Children's Mental Health Initiative	3,800,000	3,800,000	3,800,000	-	-
Family Centered System of Care	5,000,000	5,000,000	5,000,000	-	-
Therapeutic Preschool	1,000,000	1,000,000	1,000,000	-	-
Child Care Services	1,400,000	1,400,000	1,400,000	-	-
Community Services - Child Welfare	3,492,101	3,492,101	3,492,101	-	-
Smart Start Kansas - Children's Cabinet	9,273,019	8,443,279	8,443,279	-	-
Family Preservation	2,957,899	2,957,899	2,957,899	-	-
School Violence Prevention	228,000	228,000	228,000	-	-
Attendant Care for Independent Living (ACIL)	50,000	50,000	50,000	-	-
Pre-K Pilot	2,000,000	5,500,000	2,000,000	-	3,500,000
Early Head Start	-	1,600,000	1,600,000	-	-
Child Care Quality Initiative	-	1,000,000	-	-	1,000,000
Prevention of tobacco sales to minors	-	-	-	800,000	-
Subtotal - SRS	<u>\$ 29,747,145</u>	<u>\$ 35,013,081</u>	<u>\$ 30,513,081</u>	<u>\$ 800,000</u>	<u>4,500,000</u>
Kansas Health Policy Authority					
HealthWave	\$ 2,000,000	-	\$ 2,000,000	\$ -	\$ -
Medical Assistance	3,000,000	-	3,000,000	-	-
Immunization Outreach	500,000	500,000	500,000	-	-
Subtotal - KHPA	<u>\$ 5,500,000</u>	<u>\$ 500,000</u>	<u>\$ 5,500,000</u>	<u>\$ -</u>	<u>\$ -</u>
Department of Education					
Reading and Vision Research	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	\$ -
University of Kansas Medical Center					
Tele-Kid Health Care Link	\$ 268,509	\$ 250,000	\$ 250,000	\$ -	\$ -
TOTAL EXPENDITURES	<u>\$ 47,473,654</u>	<u>\$ 47,721,081</u>	<u>\$ 48,221,081</u>	<u>\$ 800,000</u>	<u>\$ 4,500,000</u>

	Gov. Rec. FY 2007	Gov. Rec. FY 2008	Legislative Approved (HB 2368) FY 2008	House Committee Omnibus FY 2008	Senate Committee Omnibus FY 2008
Beginning Balance	\$ 3,708,488	\$ -	\$ -	\$ -	\$ -
Plus: Other Income*	114,000	-	-	-	-
Transfers from SGF and KEY Fund	43,651,166	47,721,081	47,721,081	47,721,081	47,721,081
Total Available	<u>\$ 47,473,654</u>	<u>\$ 47,721,081</u>	<u>\$ 47,721,081</u>	<u>\$ 47,721,081</u>	<u>\$ 47,721,081</u>
Less: Expenditures	(47,473,654)	(47,721,081)	(48,221,081)	(49,021,081)	(52,721,081)
ENDING BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ (1,300,000)</u>	<u>\$ (5,000,000)</u>

* Other income includes released encumbrances, recoveries and reimbursements.

State Water Plan Fund: FY 2007

Reflects Senate Committee Action as of 5:00 P.M. April 23, 2007

Agency/Program	Governor's Recommendation FY 2007	Legislative Approved FY 2007	Senate Adjustments FY 2007	House Adjustments FY 2007
Department of Health and Environment				
Contamination Remediation	\$ 954,525	\$ 954,525	\$ -	\$ -
TMDL Initiatives	299,274	299,274	-	-
Local Environmental Protection Program	1,502,852	1,502,852	-	-
Nonpoint Source Program	290,665	290,665	-	-
Watershed Restoration and Protection Strategy	800,000	800,000	-	-
Use Attinability Analysis	169,120	169,120	-	-
Total--Department of Health and Environment	\$ 4,016,436	\$ 4,016,436	\$ -	\$ -
University of Kansas--Geological Survey	\$ 40,000	\$ 40,000	\$ -	\$ -
Department of Agriculture				
Floodplain Management	\$ -	\$ -	\$ -	\$ -
Interstate Water Issues	-	-	-	-
Subbasin Water Resources Management	687,586	687,586	-	-
Water Appropriations Subprogram	-	-	-	-
Water Use	60,018	60,018	-	-
Kansas v. Colorado Compliance	1,271,017	1,271,017	-	-
Total--Department of Agriculture	\$ 2,018,621	\$ 2,018,621	\$ -	\$ -
State Conservation Commission				
Water Resources Cost Share	\$ 3,414,359	\$ 3,414,359	\$ -	\$ -
Nonpoint Source Pollution Asst.	2,757,520	2,757,520	-	-
Aid to Conservation Districts	1,048,000	1,048,000	-	-
Watershed Dam Construction	1,351,499	1,351,499	-	-
Water Quality Buffer Initiative	307,157	307,157	-	-
Riparian and Wetland Program	251,782	251,782	-	-
Multipurpose Small Lakes	1,100,000	1,100,000	-	-
Water Transition Assistance Program	1,184,388	1,184,388	-	-
Salt Cedar Control Demonstrations	65,000	65,000	-	-
Conservation Reserve Enhancement Program	5,000,000	1,000,000	-	-
Lake Restoration/Management	335,000	335,000	-	-
Total--Conservation Commission	\$ 16,814,705	\$ 12,814,705	\$ -	\$ -
Kansas Water Office				
Assessment and Evaluation	\$ 1,083,660	\$ 1,083,660	\$ -	\$ -
GIS Data Base Development	247,405	247,405	-	-
MOU - Storage Operations and Maintenance	455,890	455,890	-	-
PMIB Loan Payment for Storage	237,945	237,945	-	-
Stream Gauging Program	-	-	-	-
Technical Assistance to Water Users	266,150	266,150	-	-
Weather Stations	60,000	60,000	-	-
Water Planning Process	-	33,734	-	-
Water Resource Education	84,000	84,000	-	-
Weather Modification	120,000	120,000	-	-
Kansas Water Authority	-	-	-	-
Total--Kansas Water Office	\$ 2,555,050	\$ 2,588,784	\$ -	\$ -
Department of Wildlife and Parks				
Stream (Biological) Monitoring	\$ 40,000	\$ 40,000	\$ -	\$ -
Total Water Plan Expenditures	\$ 25,604,812	\$ 21,638,546	\$ -	\$ -

State Water Plan Resource Estimate	Governor's Recommendation FY 2007	Legislative Approved FY 2007	Senate Adjustments FY 2007	House Adjustments FY 2007
Beginning Balance	\$ 9,591,892	\$ 9,591,892	\$ -	\$ -
Adjustments				
Transfer to State General Fund	\$ -	\$ -	\$ -	\$ -
Released Encumbrances	2,173,022	2,173,022	-	-
Transfer to Kansas Corporation Commission	(400,000)	(400,000)	-	-
Revenues				
State General Fund Transfer	\$ 6,000,000	\$ 6,000,000	\$ -	\$ -
Economic Development Fund Transfer	2,000,000	2,000,000	-	-
Municipal Water Fees	3,520,000	3,520,000	-	-
Industrial Water Fees	1,051,000	1,051,000	-	-
Stock Water Fees	399,000	399,000	-	-
Pesticide Registration Fees	950,000	950,000	-	-
Fertilizer Registration Fees	2,917,600	2,917,600	-	-
Pollution Fines and Penalties	70,000	70,000	-	-
Sand Royalty Receipts	199,000	199,000	-	-
Total Receipts	\$ 17,106,600	\$ 17,106,600	\$ -	\$ -
Total Available	\$ 28,471,514	\$ 28,471,514	\$ -	\$ -
Less: Expenditures	25,604,812	21,638,546	-	-
Ending Balance	\$ 2,866,702	\$ 6,832,968	\$ -	\$ -

*Senate Ways and Means
April 18-23, 2007
6:03 PM 4/23/2007
Attachment 17*

State Water Plan Fund: FY 2008

Reflects Senate Committee Action as of 5:00 P.M. April 23, 2007

Agency/Program	Governor's Recommendation FY 2008	Legislative Approved FY 2008	Senate Adjustments FY 2008	House Adjustments FY 2008
Department of Health and Environment				
Contamination Remediation	\$ -	\$ 978,833	\$ -	\$ -
TMDL Initiatives	299,928	297,384	-	-
Local Environmental Protection Program	-	1,502,737	-	-
Nonpoint Source Program	301,821	292,568	-	-
Watershed Restoration and Protection Strategy	800,000	800,000	-	-
Southeast Kansas Soil Treatment Study	-	120,361	-	-
Total--Department of Health and Environment	\$ 1,401,749	\$ 3,991,883	\$ -	\$ -
University of Kansas--Geological Survey	\$ 40,000	\$ 40,000	\$ -	\$ -
Department of Agriculture				
Interstate Water Issues	584,217	584,217	-	-
Subbasin Water Resources Management	678,595	667,474	-	-
Ozark Plateau/Spring Water Initiative	-	92,340	-	-
Water Use	60,000	60,000	-	-
Kansas v. Colorado Compliance	-	-	-	-
Total--Department of Agriculture	\$ 1,322,812	\$ 1,404,031	\$ -	\$ -
State Conservation Commission				
Water Resources Cost Share	\$ 3,418,063	\$ 3,412,218	\$ -	\$ -
Nonpoint Source Pollution Asst.	3,683,854	3,563,854	60,000	120,000
Aid to Conservation Districts	1,050,000	1,050,000	1,086,154	1,086,154
Watershed Dam Construction	1,055,000	1,055,000	-	-
Water Quality Buffer Initiative	350,000	350,000	-	-
Riparian and Wetland Program	251,782	251,782	-	-
Multipurpose Small Lakes	1,250,000	1,250,000	-	-
Water Transition Assistance Program	1,414,416	1,498,000	-	-
Salt Cedar Control Demonstrations	195,000	-	50,000	50,000
Conservation Reserve Enhancement Program	-	1,000,000	-	-
Lake Restoration/Management	2,719,713	-	1,500,000	2,719,713
Total--Conservation Commission	\$ 15,387,828	\$13,430,854	\$ 2,696,154	\$ 3,975,867
Kansas Water Office				
Assessment and Evaluation	\$ 857,605	\$ 857,605	\$ -	\$ -
GIS Data Base Development	250,000	250,000	-	-
MOU - Storage Operations and Maintenance	733,384	733,384	-	-
PMIB Loan Payment for Storage	-	-	-	-
Stream Gauging Program	-	17,972	-	-
Technical Assistance to Water Users	624,949	624,949	-	-
Weather Stations	100,000	100,000	-	-
Water Resource Education	84,000	84,000	-	-
Weather Modification	240,000	240,000	-	-
Neosho River Basin Issues	500,000	500,000	-	-
Total--Kansas Water Office	\$ 3,389,938	\$ 3,407,910	\$ -	\$ -
Department of Wildlife and Parks				
Almena Irrigation District	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,000,000
Stream (Biological) Monitoring	40,000	40,000	-	-
Total--Department of Wildlife and Parks	\$ 1,040,000	\$ 40,000	\$ 1,000,000	\$ 1,000,000
Pay Plan Adjustments	\$ -	\$ 20,673	\$ -	\$ -
Total Water Plan Expenditures	\$ 22,582,327	\$22,335,351	\$ 3,696,154	\$ 4,975,867

State Water Plan Resource Estimate	Governor's Recommendation FY 2008	Legislative Approved FY 2008	Senate Adjustments FY 2008	House Adjustments FY 2008
Beginning Balance	\$ 2,866,702	\$ 6,832,968	\$ -	\$ -
Adjustments				
Transfer from Water Litigation Suspense Fund	\$ -	\$ 584,217	\$ -	\$ -
Transfer to State General Fund	-	-	-	-
Released Encumbrances	-	-	-	-
Transfer to Kansas Corporation Commission	(400,000)	(400,000)	-	-
Transfer to Water Conservation Reserve Account	-	-	(1,500,000)	-
Revenues				
State General Fund Transfer	\$ 6,000,000	\$ 6,000,000	\$ -	\$ -
Economic Development Fund Transfer	2,000,000	2,000,000	-	-
Municipal Water Fees	3,485,184	3,485,184	-	-
Industrial Water Fees	1,129,437	1,129,437	-	-
Stock Water Fees	366,454	366,454	-	-
Pesticide Registration Fees	965,000	965,000	-	-
Fertilizer Registration Fees	2,940,000	2,940,000	-	-
Pollution Fines and Penalties	70,000	70,000	-	-
Sand Royalty Receipts	192,867	192,867	-	-
Clean Drinking Water Fees	3,199,662	3,199,662	-	-
Total Receipts	\$ 20,348,604	\$20,348,604	\$ -	\$ -
Total Available	\$ 22,815,306	\$27,365,789	\$(1,500,000)	\$ -
Less: Expenditures	22,582,327	22,335,351	3,696,154	4,975,867
Ending Balance	\$ 232,979	\$ 5,030,438	\$(5,196,154)	\$(4,975,867)
Remaining Balance			(165,716)	54,571

Senate Ways and Means
April 18-23, 2007
Attachment 18

April, 2007 Consensus Revenue Estimates for FY 2007 and FY 2008; 4.0 Percent Growth in FY 2009 and FY 2010
\$466.2 million in New K-12 Funding FY 2007 - FY 2009 - SB 549
Keeping Education Promises Trust Fund (As Approved in the Legislature)
Statewide Maintenance and Disaster Relief Fund - (\$80 million as Approved by the Legislature)
Expenditures as Approved by the Legislature at First Adjournment
Senate Ways and Means Committee - Omnibus Bill Action and Regents Deferred Maintenance

STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
FY 2006 - FY 2010
 In Millions

	Actual FY 2006	Revised FY 2007	Projected FY 2008	Projected FY 2009	Projected FY 2010
Beginning Balance	\$ 478.8	\$ 733.7	\$ 833.3	\$ 190.3	\$ (199.9)
Receipts (April 2007 Consensus) - 4.0 Percent Growth	5,394.4	5,732.4	5,749.5	5,938.1	6,171.7
Keeping Promises Education Trust Fund	0.0	0.0	(122.7)	122.7	0.0
Statewide Maintenance and Disaster Relief Fund	0.0	0.0	(80.0)	0.0	0.0
Senate Ways and Means Omnibus Receipt Adjustments	0.0	0.1	(3.1)	0.0	0.0
Senate Ways and Means Committee - Regents Maint.	0.0	0.0	(42.5)	(52.5)	(52.5)
Adjusted Receipts	5,394.4	5,732.5	5,501.2	6,008.3	6,119.2
Total Available	\$ 5,873.2	\$ 6,466.2	\$ 6,334.5	\$ 6,198.6	\$ 5,919.3
K-12 Additional Funding - \$466.2 Million Over Three Years - SI	-	194.5	149.0	122.7	-
Senate Ways and Means Committee - Omnibus	-	47.4	203.6	-	-
Less All Other Expenditures	5,139.4	5,391.0	5,791.6	6,275.8	6,511.3
Total Expenditures	5,139.4	5,632.9	6,144.2	6,398.5	6,511.3
Ending Balance	\$ 733.7	\$ 833.3	\$ 190.3	\$ (199.9)	\$ (592.0)
Ending Balance as a Percentage of Expenditures	14.3%	14.9%	3.2%	-3.1%	-9.1%
Receipts Above Expenditures	255.0	99.6	(643.0)	(390.2)	(392.1)

2-87

18-2

- 1) Actual FY 2006 expenditures and FY 2007 and FY 2008 expenditures are as approved by the 2007 Legislature at first adjournment. Plus, Senate Ways and Means Committee action on Omnibus Bill.
- 2) FY 2007 and FY 2008 receipts reflect the estimates of the Consensus Revenue Estimating Group as of April 16, 2007, which includes tax reductions of \$36.0 million as approved by the 2007 Legislature. Plus, \$80 million for Statewide Maintenance and Disaster Relief transferred out of the SGF as approved by the Legislature.
- 3) FY 2009 and FY 2010 base receipts assume a 4.0 percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS and Aging caseloads, KPERS and KDOT bonds, etc.). On going expenditures from the Senate Ways and Means Committee Omnibus Bill are \$143.4 million, Regents deferred maintenance.
- 4) \$466.2 million in new K-12 Funding FY 2007 - FY 2009 - SB 549.
- 5) FY 2010 expenditures would include on-going obligations such as social services caseloads, KPERS and school finance, and partial restoration of the LAVTRF.
- 6) Keeping Promises Education Trust Fund transfer of \$122.7 million out of the State General Fund in FY 2008 and returned to the State General Fund in FY 2009 for the FY 2009 school finance increase amount as provided in the 2006 school finance bill.
- 7) Statewide Maintenance and Disaster Relief Fund of \$80.0 million is transferred out of the State General Fund in FY 2008. However, \$67.1 million in expenditures are currently authorized from the State Maintenance and Disaster Relief Fund for Regents Defe

Kansas Legislative Research Department
April 20, 2007

AC042007 - Senate Committee Approved

APR 18 2007
10:58 AM
KANSAS LEGISLATIVE RESEARCH DEPARTMENT

Senate Ways and Means
April 18-23, 2007
Attachment 19

ADJUSTED Recommendations

April, 2007 Consensus Revenue Estimates for FY 2007 and FY 2008; 4.0 Percent Growth in FY 2009 and FY 2010
\$466.2 million in New K-12 Funding FY 2007 - FY 2009 - SB 549
Keeping Education Promises Trust Fund (As Approved in the Legislature)
Statewide Maintenance and Disaster Relief Fund - (\$67.1 million)
Expenditures as Approved by the Legislature at First Adjournment
Senate Ways and Means Committee - Omnibus Bill Action and Regents Deferred Maintenance - But No Tax Credits

STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
FY 2006 - FY 2010
 In Millions

	Actual FY 2006	Revised FY 2007	Projected FY 2008	Projected FY 2009	Projected FY 2010
Beginning Balance	\$ 478.8	\$ 733.7	\$ 833.3	\$ 283.8	\$ (25.8)
Receipts (April 2007 Consensus) - 4.0 Percent Growth	5,394.4	5,732.4	5,749.5	5,938.1	6,171.7
Keeping Promises Education Trust Fund	0.0	0.0	(122.7)	122.7	0.0
Statewide Maintenance and Disaster Relief Fund	0.0	0.0	(67.1)	0.0	0.0
Senate Ways and Means Omnibus Receipt Adjustments	0.0	0.1	(3.1)	0.0	0.0
Senate Ways and Means Committee - Regents Maint.	0.0	0.0	(10.0)	(20.0)	(20.0)
Adjusted Receipts	5,394.4	5,732.5	5,546.6	6,040.8	6,151.7
Total Available	\$ 5,873.2	\$ 6,466.2	\$ 6,379.9	\$ 6,324.6	\$ 6,125.9
K-12 Additional Funding - \$466.2 Million Over Three Years - SI	-	194.5	149.0	122.7	-
Senate Ways and Means Committee - Omnibus	-	47.4	155.5	-	-
Less All Other Expenditures	5,139.4	5,391.0	5,791.6	6,227.7	6,463.2
Total Expenditures	5,139.4	5,632.9	6,096.1	6,350.4	6,463.2
Ending Balance	\$ 733.7	\$ 833.3	\$ 283.8	\$ (25.8)	\$ (337.3)
Ending Balance as a Percentage of Expenditures	14.3%	14.9%	4.8%	-0.4%	-5.2%
Receipts Above Expenditures	255.0	99.6	(549.5)	(309.6)	(311.5)

- 1) Actual FY 2006 expenditures and FY 2007 and FY 2008 expenditures are as approved by the 2007 Legislature at first adjournment. Plus, Senate Ways and Means Committee action on Omnibus Bill.
- 2) FY 2007 and FY 2008 receipts reflect the estimates of the Consensus Revenue Estimating Group as of April 16, 2007, which includes tax reductions of \$36.0 million as approved by the 2007 Legislature. Plus, \$80 million for Statewide Maintenance and Disaster Relief transferred out of the SGF as approved by the Legislature.
- 3) FY 2009 and FY 2010 base receipts assume a 4.0 percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS and Aging caseloads, KPERS and KDOT bonds, etc.). On going expenditures from the Senate Ways and Means Committee Omnibus Bill are \$143.4 million, Regents deferred maintenance.
- 4) \$466.2 million in new K-12 Funding FY 2007 - FY 2009 - SB 549.
- 5) FY 2010 expenditures would include on-going obligations such as social services caseloads, KPERS and school finance, and partial restoration of the LAVTRF.
- 6) Keeping Promises Education Trust Fund transfer of \$122.7 million out of the State General Fund in FY 2008 and returned to the State General Fund in FY 2009 for the FY 2009 school finance increase amount as provided in the 2006 school finance bill.
- 7) Statewide Maintenance and Disaster Relief Fund of \$67.1 million is transferred out of the State General Fund in FY 2008.

Kansas Legislative Research Department
April 23, 2007

AC042307 - Senate Committee Modified

\$100,000.00

Kansas Legislative Oral History Program

The \$170 million preservation of the Kansas Statehouse, now underway, is important to ensure that the beloved building continues to represent and interpret the history of state government. Of equal importance is the preservation and dissemination of the history of the activities that have occurred within its hallowed walls. Past projects have documented the history of the Judicial and Executive branches of Kansas Government. The most recent, a film called "The Kansas Governor," undertaken by Bob Beatty, documented the history of six Kansas Gubernatorial administrations through historical research and oral histories of Kansas Governors.

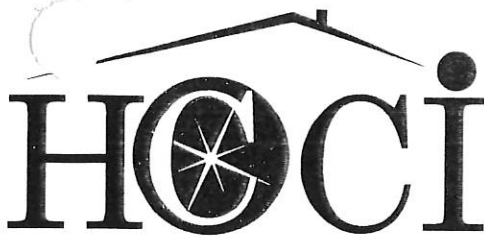
Despite projects to document the histories of the Executive and Judicial branches, there has never been a comprehensive study of the Legislative Branch. In fact, there is limited documentation of the history of the Kansas Legislature. Among the existing sources are part of Marvin Harder's article, "Electoral Politics in Kansas: A Historical Perspective" in his 1989 book *Politics and Government in Kansas*. A detailed study of the legislature is available only for the 1989 session, documented in Burdett Loomis' *Time, Politics, and Policies: A Legislative Year*.

Other states have recognized the importance of legislative oral histories. The state legislatures in California and Washington have extensive oral history programs that involve recording, transcription and dissemination of the histories of retiring legislators and policymakers. An ongoing California project involves a partnership between the legislature and local universities. The Washington program is coordinated by the Secretary of State's office in partnership with a legislative and citizen advisory committee. An extensive website allows access to the histories for use in the classroom and media.

A similar program in Kansas would ensure that this legislative history is not lost by establishing a system for interviewing retired and retiring legislators and others involved in state government and politics.

Proposal: Increase the Legislature's appropriation by \$100,000, and direct the Legislative Coordinating Council to develop the structure for carrying out a Legislative Oral History program following the session.

Senate Ways and Means
April 18-23, 2007
Attachment 20



Housing and Credit Counseling Inc

HOUSING AND CREDIT COUNSELING, INC.
Tenant/Landlord • Homebuyer • Consumer Crea.
1195 SW Buchanan, Suite 101, Topeka, KS 66604-1183
Phone: 785-234-0217 or 800-383-0217 • Fax: 785-234-0237
E-mail: hcci@hcci-ks.org • Web: www.hcci-ks.org

*Serving Kansas with Offices in Topeka,
Lawrence, Manhattan, and Emporia*

April 3, 2007

The Honorable Duane Umbarger
Kansas State Senate
Room 120-S
State Capitol Building
Topeka, KS 66612

Subject: Omnibus Funding for Statewide Tenant-Landlord Counseling

Dear Senator Umbarger:

Thank you for your time in advance to review a request for grant funding the Attorney General's budget. We are requesting \$310,000 for statewide tenant and landlord counseling in Kansas. The funding need is urgent because of a recent and immediate cut in Housing and Credit Counseling's (HCCI) Housing and Urban Development counseling grant. **We believe that this level of support would provide the necessary resources to provide statewide tenant and landlord counseling services.** This request is for fiscal year 2008. Dollars were computed using projected demand and an \$85 per counsel rate, the same rate currently used by HUD and HCCI's other funders. HCCI is the only agency in Kansas that provides these services in a fully comprehensive way. We certainly recognize that other entities may wish to provide the services if the state is able to provide the resources, but we will be an interested party given our leadership in the field.

Importantly, if this level of funding is provided we will be able to substantially reduce or eliminate our local support from the cities of Topeka and Lawrence. This local support is currently just over \$100,000 on an annual basis with just under \$80,000 borne by the taxpayers of Topeka.

Funding at the level will cover delivery of over 4,000 on-demand counsels at no cost for tenants and landlords across the state annually. Counsels are handled in person or by phone or e-mail from HCCI's central offices. Direct counsels are supplemented by unlimited access to the Tenant-Landlord section of HCCI's website www.hcci-ks.org, which is available round the clock at no cost to consumers and currently gets an average of 2,589 monthly "hits" as well as HCCI's publications and forms, many of which are available for viewing on the website and all of which are available at low cost or no cost via mail or e-mail.

An October 27, 2006 analysis of HCCI statewide Tenant-Landlord calls year-to-date showed 930 Kansans assisted from 67 Kansas counties (counties other than the 7-county Topeka and Lawrence service areas, where HCCI has local funding for Tenant-Landlord services...for a total of 74 of Kansas's 105 counties served). The highest number of calls came from Sedgwick and



MEMBER

ACCREDITED



COUNCIL ON ACCREDITATION
OF SERVICES FOR FAMILIES
AND CHILDREN, INC.



HUD COMPREHENSIVE
COUNSELING AGENCY



Office of the State

Senate Ways and Means
April 18-23, 2007
Attachment 21

Johnson counties (239 and 161, respectively) at the same time there were calls from such diverse counties as Rooks, Hamilton and Greenwood. Problem topics show a wide array of issues critical to keeping housing standard and keeping families in their homes – eviction, maintenance, lease questions, fair housing. Referral sources show a strong network of family, workplace, government and community agencies that rely on HCCI for this assistance. Our exit interviews with clients show over 90% reporting that they learned what they needed and felt more confident in helping themselves after counseling.

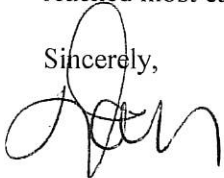
The demand for service reported above is at an all-time high and has grown to this level totally because of the need and word-of-mouth. We have previously provided to you a summary and county-by-county report of HCCI Statewide Tenant-Landlord Counseling Activity year-to-date for 2006 and would be happy to provide additional copies as necessary.

HCCI can provide whatever data the state would need to support this request. Kansas Housing Resource Corporation's Consolidated Plan demographic analyses show that Kansas has a "soft" housing market. Though some units need to be replaced and there are a few communities that need new housing, for the most part the issue in rental housing is maintenance and stability of the existing housing in existing neighborhoods and communities. The State's data further shows that occupants of rental housing are disproportionately low income and minority. The challenge is to optimize safe, affordable, adequate and equitable housing.

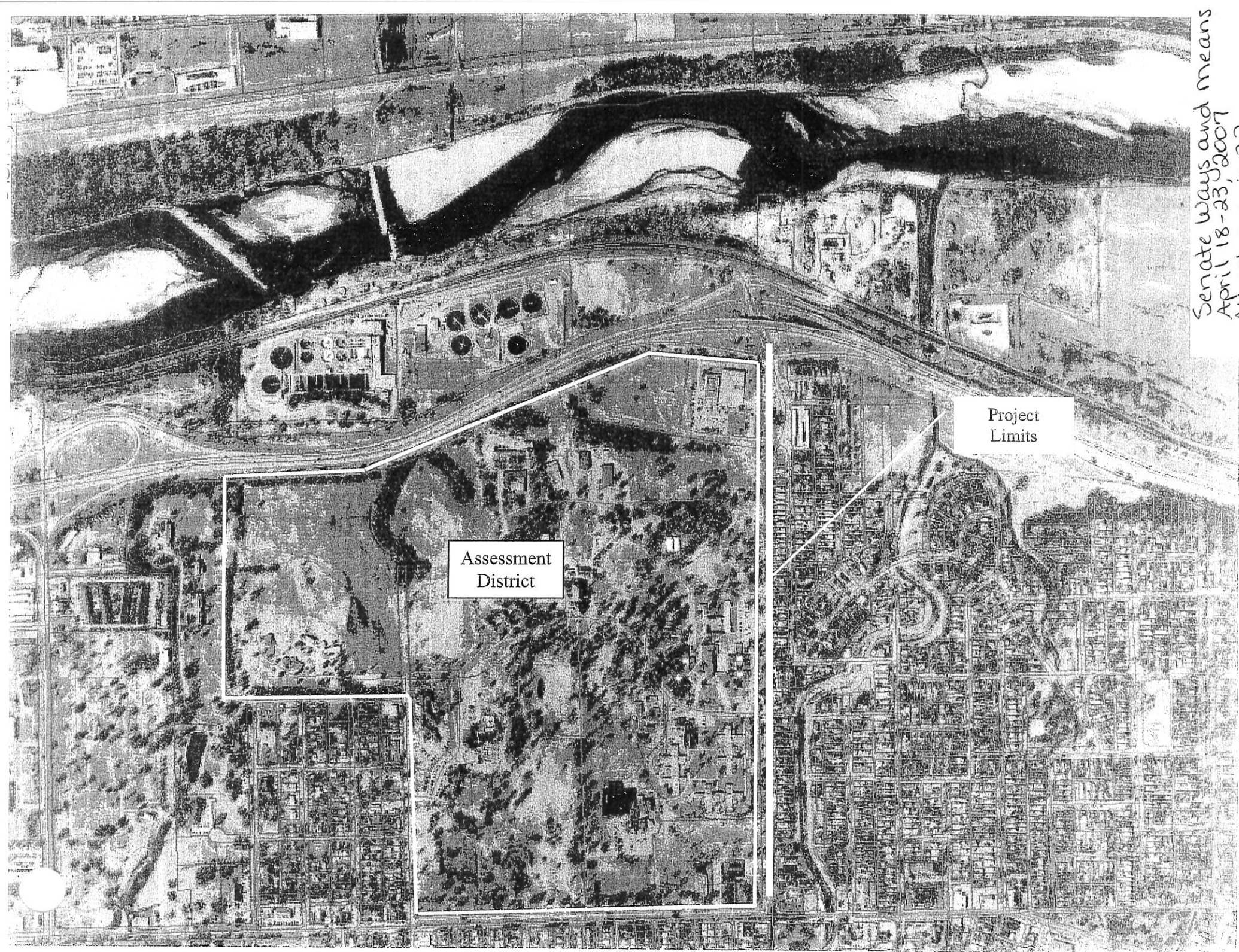
Fair housing issues are a key and growing element. If people (landlords and tenants alike) know what to do, these goals can be achieved largely through counseling alone – development dollars, loans and grants are generally not needed or wanted. Counseling provides the best "bang for the buck" of any of the programs, pushes resolution back into the private sector at no further cost to government in most cases, and can provide referrals to state or local government emergency repair, weatherization and accessibility modification programs where needed.

Thank you taking the time to review this request. I would be more than happy to visit further with you or staff if more information is needed. We look forward to hearing from you soon. I can be reached most easily at 785-221-7419.

Sincerely,



Dan Hermes
HCCI

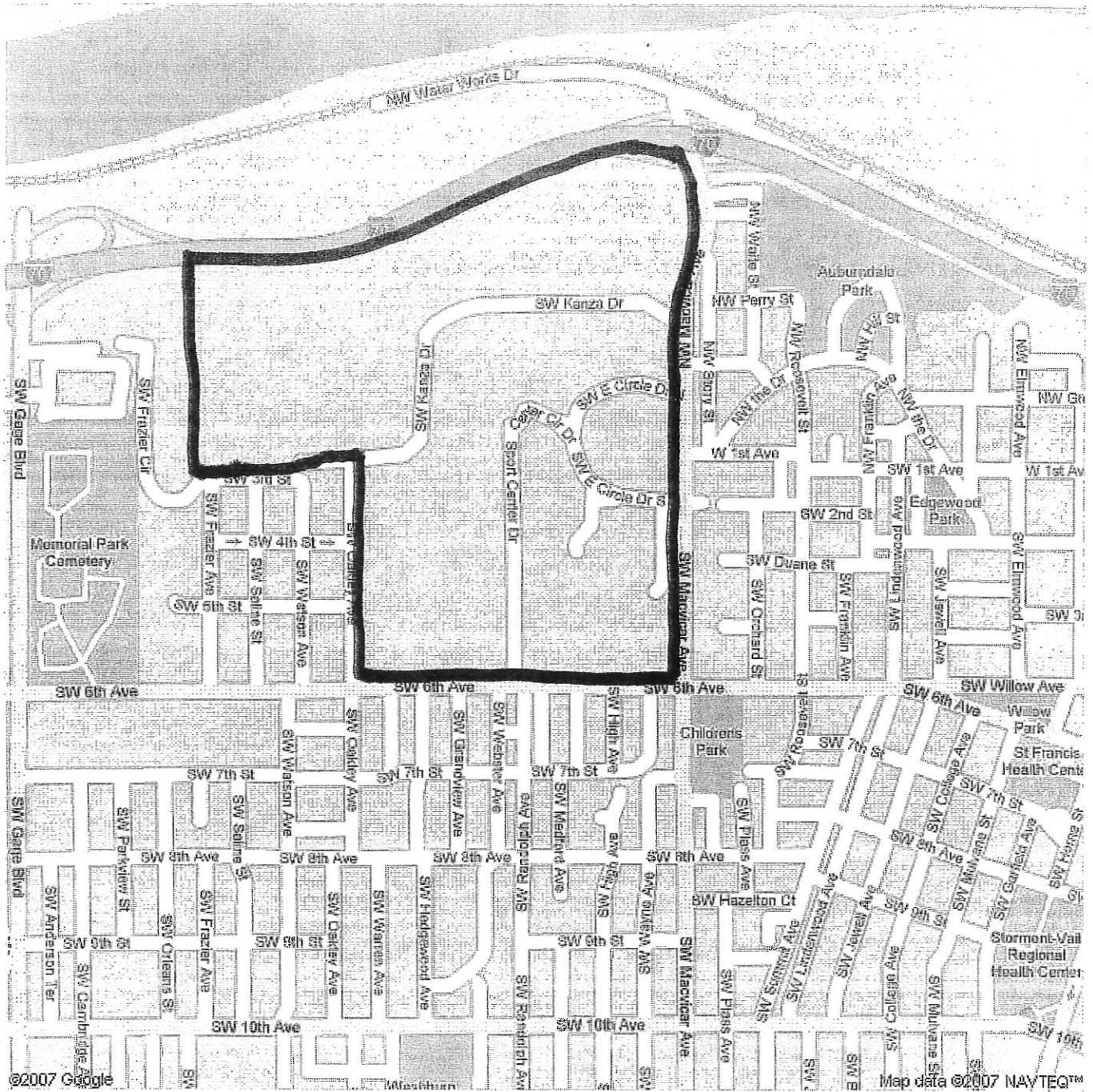


Assesment
District

Project
Limits

Senate Ways and Means
April 18-23, 2007
Attachment 22

Google Maps Address Topoka, KS



7. Racing Operations—Camptown Racetrack

KANSAS RACING AND GAMING COMMISSION

(a) On July 1, 2007, the expenditure limitation established for the fiscal year ending June 30, 2008, by section 111(a) of 2007 House Bill No. 2368 on the state racing fund is hereby increased from \$2,849,186 to \$4,259,494.

(b) On July 1, 2007, the position limitation established for the fiscal year ending June 30, 2008, by section 157(a) of 2007 House Bill No. 2368 for the Kansas racing and gaming commission – state racing operation is hereby increased from 43.00 to 53.00.

(c) During the fiscal year ending June 30, 2008, notwithstanding the provisions of any other statute, the Kansas racing and gaming commission is hereby authorized to fix, charge and collect additional fees to recover all or part of the direct and indirect costs or operating expenses incurred by the Kansas racing and gaming commission for the regulation of racing activities that are not otherwise recovered from the parimutuel facility licensee under authority of any other statute: *Provided*, That such fees shall be in addition to all taxes and other fees authorized by law: *Provided further*, That such costs or operating expenses shall include all or part of any auditing, drug testing, accounting, security and law enforcement, licensing of any office or other facility for use by a parimutuel facility licensee, projects to update and upgrade information technology software or facilities of the commission and shall specifically include any general operating expenses that are associated with regulatory activities attributable to the entity upon which any such fee is imposed and all expenses related to reopening any race track or other racing facility: *And provided further*, That all moneys received for such fees shall be deposited in the state treasury in accordance with the provisions of K.S.A. 75-4215 and amendments thereto and shall be credited to the state racing fund.

Senate Ways and Means
April 18-23, 2007
Attachment 23

KANSAS

DEPARTMENT OF WILDLIFE & PARKS

KATHLEEN SEBELIUS, GOVERNOR

March 26, 2007

Governor Kathleen Sebelius
State Capitol
300 SW 10th Ave.
Suite 212S
Topeka, KS 66612-1590

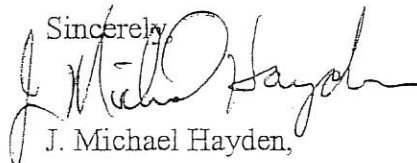
Dear Governor Sebelius:

The purpose of this letter is to inform you that we have reached a tentative agreement with the Almena Irrigation District for water storage in Sebelius Reservoir. Details of the agreement are as follows:

1. A one-time payment of \$1,000,000.
2. Term of the agreement would be 10 years.
3. The District would make no releases for irrigation until the water level reached elevation 2290.5msl.
4. The District would make no releases from the lake for any purpose at elevation 2288.5msl or below.
5. Payment is subject to appropriation by the 2007 Kansas Legislature, if approved payment would be made by July 10, 2007.
6. The agreement is subject to approval by vote of the members of the Almena Irrigation District.
7. The District would be responsible for compliance with any provisions or orders related to the Republican River Compact.

Our intent is to pursue appropriation of funding for this agreement in the Omnibus Bill. Please let me know if you have any questions or need any additional information.

Sincerely,



J. Michael Hayden,
Secretary

Office of the Secretary

1020 S Kansas Ave., Ste. 200, Topeka, KS 66612-1327

Phone 785-296-2281 Fax 785-296-6953 www.kdwp.state.ks.us

Senate Ways and Means
April 18-23, 2007
Attachment 24



DEPARTMENT OF WILDLIFE AND PARKS

Kathleen Sebelius, Governor
J. Michael Hayden, Secretary

www.kdwp.state.ks.us

April 16, 2007

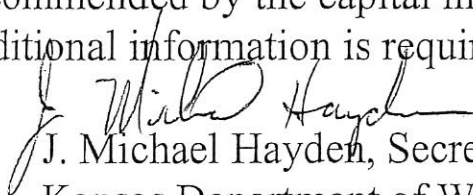
Senator Dwayne Umbarger, Chairman
Senate Committee on Ways and Means
Room 123-S, State Capitol Building
Topeka, KS 66612

Dear Senator Umbarger:

During the regular session of the 2007 Legislature, the Senate Ways and Means sub-committee on capital improvements provided a recommendation to the Committee regarding additional capital improvements for repair and maintenance at the state parks operated by the Kansas Department of Wildlife and Parks (KDWP). The recommendation was for consideration of an additional \$950,000 from the SGF.

The KDWP had requested an amount of \$2,450,000 for major maintenance projects at state parks during FY 2008. The Governor's recommendations reduced this amount to \$1,500,000.

Attached is a list of capital improvement projects at state parks for FY 2008. The top portion of the list is projects to be financed with funds recommended by the Governor and the bottom portion would be additional projects financed with the \$950,000 recommended by the capital improvements sub-committee. If additional information is required, please advise. Thank you.



J. Michael Hayden, Secretary
Kansas Department of Wildlife and Parks

Attachment (1)

PARKS DIVISION STATEWIDE CI FY2008 MM LIST

Any projects approved for FY 08 and not completed should roll over and head the 09 Approved CI List

Statewide Ranking	Location	Project Description	Total Project Costs
1	Elk City SP	Replace damaged/unsafe T/S	\$150,000
2*	Perry SP	Replace water line	\$100,000
3	Wilson State Park	Sewage Lift Station Replacement	\$20,000
4	Cedar Bluff SP	Refurbish Overland Campground	\$80,000
5	Perry SP	Replace Electric to Wildhorse CG	\$12,500
6	Statewide	Cabin site development and utilities	\$150,000
7	Wilson State Park	Replacement Pump and Grinder for Fish Cleaning Station	\$9,500
8	Scott SP	Office visitor center replacement	\$397,000
9	Fall River	Fishing and Swimming area renovations	\$35,000
10	Elk City SP	Replace vault toilet	\$40,000
11	Wilson State Park	Cutoff Switches so lift Stations can be used on generator (KDHE)	\$5,000
12	El Dorado State Park	Cutoff Switches so lift Stations can be used on generator (KDHE)	\$15,000
13	Kanopolis State Park	Cutoff Switches so lift Stations can be used on generator (KDHE)	\$5,000
14	El Dorado State Park	Replace Shop Destroyed by Fire	\$60,000
15	Crawford SP	50 amp service to campsites	\$56,000
16	Cedar Bluff SP	Complete Kids/Intrepretive/fish pond	\$11,500
17	Pomona SP	Renovate campsites	\$298,000
18	Kanopolis State Park	Electrical Pedestal Replacement	\$12,500
19	Cross Timbers SP	Swimming beach renovation	\$20,000
20	Cheney State Park	Cutoff Switches so lift Stations can be used on generator (KDHE)	\$7,000
21	Tuttle Creek State Park	Replacement Pump and Grinder for Fish Cleaning Station	\$8,000
24	Milford State Park	Replacement Pump and Grinder for Fish Cleaning Station	\$8,000
			\$1,500,000

Note: 2* Perry waterline is an approved 07 project that will not be completed in 07; at least partial funding may be carried over from 07.

FY 08 Supplemental \$950,000 any on this list not funded will be moved to the top of FY 09 Request

1	Tuttle Creek State Park	Cutoff Switches so lift Stations can be used on generator (KDHE)	\$5,000
27	Lovewell State Park	Upgrade utility in Cottonwood & Cedar Pt.	\$70,000
2	El Dorado State Park	Replace Siding and Roofing on shower and toilet buildings	\$70,000
3	Milford State Park	Electrical Pedestal Replacement	\$13,000
4	El Dorado State Park	Replace electrical pedestals	\$40,000
5	Prairie Dog SP	Replace Storage Building	\$30,000
6	Prairie Dog SP	Replace toilet	\$45,000
7	Meade State Park	Pressure Tank Replacement	\$14,000
8	Glen Elder SP	Replace Kaw lift and dump station	\$85,000
9	Kanopolis State Park	Additional ADA mounting platforms in horse areas	\$6,000
10	Kanopolis State Park	Picnic Table Replacements	\$9,000
11	Cheney State Park	Campsite Resurfacing (Rock)	\$25,000
12	Wilson State Park	Sewage Lagoon Liners	\$48,000
14	Tuttle Creek State Park	Campsite Renovation	\$20,000
15	El Dorado State Park	Picnic Table Replacements	\$45,000
17	Scott SP	Remove unsafe large trees	\$25,000
18	Clinton SP	replace shop roof	\$30,000
19	Tuttle Creek State Park	Picnic Table Replacements	\$45,000
20	Meade SP	Remove unsafe large trees	\$15,000
22	Pomona SP	Renovate 4 winds campground	\$32,000
23	Perry SP	Renovate campsites and add 50 amp	\$262,500
24	Statewide	Contingency	\$15,500
			\$950,000

KDWP SHOOTING RANGE GRANT PROGRAM

Summary of Policies and Procedures

Cooperator Requirements:

1. Provide a minimum of 25 percent of the funding.
2. Provide free access to hunter education classes. May charge for ammunition and traps.
3. Allow youth under the age of 16 to shoot at no charge.
4. Provide a one million dollar liability policy.
5. Provide all range maintenance and supervision.
6. Provide reasonable access to the public at regularly scheduled hours.
7. Guarantee to operate the range for a minimum of 10 years of operation.
8. Comply with the provisions of the Americans with Disabilities Act, ("ADA"), National Environmental Policy Act ("NEPA"), and the Endangered Species Act.
9. Assume responsibility for any environmental damages or hazardous waste cleanup expenses.

When to Submit:

Proposal must be submitted no later than December 1, 2007.

Ineligible Projects:

Clubhouses, shelter buildings, other facilities not essential to the operation of the shooting range.

Grant Proposal Evaluation Criteria:

Applicants will be selected by a committee made up of Department personnel. The following criteria will be used in the selection process:

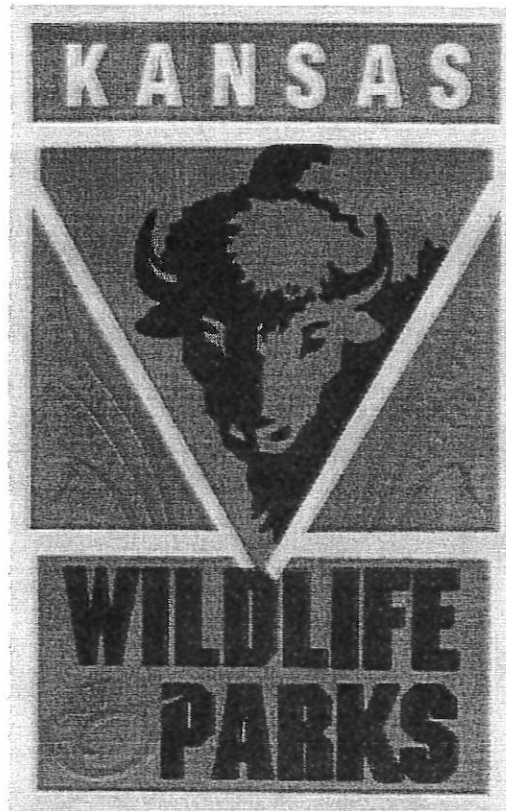
1. Proximity to other shooting range facilities.
2. Local population, and demand for range.
3. Site suitability (safety, public acceptance, access, potential for future development which could threaten the range.
4. Cost to the Department

Senate Ways and Means
April 18-23, 2007
Attachment 26

Pre-Submission Procedures

The Department will provide public announcements through the Kansas Register and news releases when the grant funds are available. Prior to the submission of a grant application, the applicant must prepare all maps, preliminary plans, cost estimates and other information necessary for the application. The applicant must provide documented evidence that the public had ample notification and opportunity for comment on the project through public meetings, or news releases as may be required.

**Procedures Manual
for
Shooting Range
Fund Application**



FOREWORD

This handbook is designed to assist individuals, educational institutions, sportsmen's clubs, local governments, and others in making application for state monetary assistance for shooting range development and improvement.

The procedures described in this manual may be amended as required. Questions concerning the procedural guide or any aspect of the Shooting Range Development Program should be directed to the Chief of Education, Kansas Department of Wildlife and Parks, 512 SE 25th Ave., Pratt, KS 67124. Telephone 620-672-5911 or FAX (620) 672-6020.

Draft 06/19/2007

Equal opportunity to participate in and benefit from department programs is available to all individuals without regard to race, color, national origin, sex, religion, age or disability. Complaints of discrimination should be sent to Office of the Secretary, Kansas Department of Wildlife and Parks, 900 Jackson St., Suite 502, Topeka, KS 66612.

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Hunter Education Shooting Range Project Overview

An increasing number of citizens are turning to the shooting sports as a leisure time activity. Sales of firearms of all descriptions are at an all time high. Unfortunately, there are not nearly enough safe public shooting facilities in Kansas to meet the needs of recreational shooters, hunters, and hunter education classes.

The Kansas Department of Wildlife and Parks seeks to address the need for shooting ranges by providing aid disbursement funds for the construction, development, and improvement of shooting ranges and associated facilities. These funds will be allotted on a cost share basis to cooperating organizations and the Department public land managers through an application process. The intent of this program is to develop basic, "no frills" shooting ranges in areas of the state where the need for public shooting facilities is greatest.

General conditions for the use of public funds for shooting range development:

Projects eligible for reimbursement include: Backstops, berms, target holders, benches, baffles, protective fencing, signs, gun racks, field courses, platforms, roads, parking areas, sanitary facilities, and storage rooms.

Ineligible projects include: Clubhouses, shelter buildings, residences of employees, and similar or other facilities not essential to the operation of the shooting range or the conduct of hunter education.

Applicants must project access to facilities for hunter education use under the conditions and terms established in the contract between the applicant and the Department. The applicant must make reasonable effort to accommodate the needs of hunter education instructors who are not members of the applicant's organization.

This a 75 percent reimbursement program. The applicant is expected to finance at least 25 percent of the entire project with cash, donated materials/labor or other approved in-kind match. (Up to the maximum of twenty-five percent of the approved grand funds will be paid following the approval of the project, and the balance will be paid on completion.)

All range construction on lands not owned by the state or federal government, must be on lands owned by applicants (s) or lands controlled by applicant (s) by use permit, lease or easement which assures use for a minimum of 10 years.

The project period shall begin with the date of approval of the project agreement and shall terminate at the end of the stated or amended project

period, unless the project is completed or terminated sooner.

Construction cannot begin until project approval is granted by the Kansas Department of Wildlife and Parks. Applicants will be notified upon approval or denial.

The participant will require the facility to be designed to comply with the provisions of the Americans with Disabilities Act (ADA). The participant will be responsible for conducting inspections to ensure compliance with these provisions by the contractor.

The project will be inspected and approved by the Department before final payment is made.

ADDITIONAL REQUIREMENTS - Before the Department enters into a shooting range agreement, formal approval may be required from other state, federal and local agencies regarding health, sanitation, safety, environmental impact and land use. In addition, a scoping meeting may be required to determine the extent of the local support and/or opposition to the project. Funds will not be disbursed until the participant has obtained all required approvals, although conditional agreement to support the project may be given.

In the event that the project covered by the project agreement cannot be completed in accordance with the plans, specification, and schedule for the project, the participant shall bring the project to a point of recreational usefulness agreed upon by the participant and the Department of Wildlife and Parks, or reimburse all state funds allotted to the participant for the project.

Project termination may be as follows:

1. The Secretary may temporarily suspend state assistance under the project, pending corrective action by the applicant or pending a decision to terminate the grant by the Department.
2. The applicant may unilaterally terminate its participation in the project at any time prior to the first payment on the project. After the initial payment, the project may be terminated, modified, or amended by the applicant only by mutual agreement with the Department.
3. The Secretary may terminate the project, in whole or in part, at any time before the date of completion, whenever it is determined that the participant has failed to comply with the conditions of the grant, and has failed to correct deficiencies when requested by the Department. The Department will promptly notify the participant in writing of the determination and the reasons for termination together with the effective date. Payments made to the participant or recoveries by the Department under projects terminated for cause shall be in accord with the legal rights and liabilities of the parties.

4. The Secretary or applicant may terminate grants, in whole or in part, at any time before the date of completion, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including effective date and , in the case of partial termination, the portions to be terminated. The participant shall not incur new obligation for the terminated portion after the effective date and shall cancel as many outstanding obligations as possible. The Department may allow full credit to the participant for the state share of the noncancellable obligation incurred by the participant prior to termination.
5. Termination either for cause or for convenience requires that the project in question be brought to a state of recreational usefulness agree upon by the participant and the Department, or that all funds provided by the Department be returned.

Application Procedures

The success of the project will depend to a large extent on the information provided in the application. The following instructions, which describe the contents of the complete application, should be studied carefully. Please pay particular attention to all required documentation.

What to Submit:

Applicants should submit the following forms which are attached to these instructions:

Shooting Range Development Evaluation Questionnaire

Appendices A, B, C, D

Additional documentation as necessary (see below)

Note the following points:

Applicant Resolution (see Appendix B, page 12) - The resolution for the applicant (s) or governing body authorizing the application for shooting range funds. This form designates certain individuals to represent the organization in dealing with the Kansas Department of Wildlife and Parks. The selected individual (s) should be closely involved with the project through its completion. Generally they will be club officers, but this is not a requirement.

Certification of Project Share Cost - This form (Appendix C, page 15) certifies the applicant has sufficient funds/resources to meet the 25 percent share requirement. The applicant must have a viable fund raising plan and committed sponsors if they do not have cash on hand.

Additional documentation - Applicants should include any additional documentation necessary to show: ownership or lease of the property, satisfactory completion of any public comment process and evidence of conditional use permit or other local authority planning permission.

Where to Submit:

Submit application and necessary attachments to the Kansas Department of Wildlife and Parks, Shooting Range Program Coordinator, 512 SE 25th Ave., Pratt KS 67124.

When to Submit:

Proposal must be submitted no later than December 1, 2007.

Proposal Evaluation:

The applications will be evaluated and rated by a team appointed by the Secretary of the Department of Wildlife and Parks. The applications will be assigned a numerical rating based on the following criteria:

1. Proximity to other shooting range facilities
2. Local population/demand
3. Site suitability (safety, public acceptance, access, potential for future development which could threaten the range).
4. Cost to the Department of Wildlife and Parks
 - a. Applicants contributing more than 25 percent of the total cost will receive a higher rating than those who do not.

Shooting Range Development Evaluation Questionnaire

Kansas Department of Wildlife and Parks

Instructions: Please provide responses to the following questions in as much detail as possible, and return the questionnaire, no later than December 1, 2007 to: Shooting Range Project Coordinator, Department of Wildlife and Parks, 512 SE 25th Ave., Pratt KS 67124. If you are uncertain about the information requested, leave the space blank or contact the shooting range coordinator at (620) 672-5911 ext 148. You may attach extra pages to further clarify your answers. This questionnaire must be accompanied by the aerial photograph and a map indicating topographical features of the site.

1. Need/Justification - Why is this proposed shooting range or range improvement needed?

1a. Estimate the number of shooters to use the range each week. _____

1b. What is the population of the county for which the range is proposed? _____

1c. What is the total population of the four counties that directly border the county for which the range is proposed? _____

1d. What is the location and type of the nearest existing shooting range?

1e. What are other local ranges open to the public? _____

1f. Are other ranges available for hunter education? _____

1g. List other shooting ranges located within 40 miles of the proposed range site; indicate whether each on is private or open to public access.

2. Organization Background - Briefly describe the mission and purpose of the organization that would be responsible for the development, operation, and maintenance of this shooting range.

2a. Attach copies of the organization's bylaws, articles of incorporation, current year's treasurer's report, and the most recent audit report, as available.

2b. State the organization's membership requirements.

2c. How long has the organization been in existence? _____

3. Range Purpose - Briefly describe the intended purpose of the shooting range.

3a. What type of firearms would the range accommodate? _____

3b. To whom would the range be open? _____

4. Site Description - What is the location of the proposed range (section, township, range; directions from nearest community)?

4a. Who currently owns or legally controls the land where the project is proposed?

4b. Who would own or legally control the land when the range is developed? _____

4c. Attach a detailed map of the proposed range site, and describe the topography of the immediate surrounding area.

4d. Attach a diagram of the proposed range design or plans, if available.

4e. Attach a list of businesses and residences within a three-mile radius of the proposed range site, including owners, and occupants' names and telephone numbers. These parties must be contact regarding the range proposal. Has this been done? _____

5. Project Funding and Timeline - What is the estimated cost of the total project and all associated improvements? _____

5a. Approximately how much of this cost might be requested from the Department of Wildlife and Parks? _____

5b. List other possible sources of funding and the amounts to be provided by each source.

5c. When would the proposed development begin, and what is the estimated completion date? _____

5d. What labor and equipment would be donated by the organization, in addition to that funded by the department's contribution? Estimate the values of the labor and equipment.

6. Operation and Maintenance - Who will be responsible for the daily operation and maintenance of the proposed range facility? _____

6a. How often is the range proposed to be open? _____

6.1. For public use? _____

6.2. For hunter education use? _____

6.3. For other use (please define)? _____

6.4. Will you charge access fees? If so, how much? _____

6b. How often will trash be removed, and by whom? _____

6c. What routine repair and maintenance will be conducted, and by whom?

6d. How will security and vandalism prevention be provided for the proposed shooting range?

6e. Attach an estimated annual operational budget, including a schedule of expected costs of wages, maintenance, supplies and materials (targets, equipment, etc).

6.1. How will operation and maintenance be funded? _____

6.2. What will the monthly cost of the required \$1,000,000 liability insurance be? _____

6.3. How will necessary property insurance be furnished for the proposed facilities? _____

6.4. Who will provide these insurance policies? _____

7. Site Characteristics - What makes the site suitable for placement of a shooting range? What are negative attributes of the site for shooting range placement?

7a. Does the topography of the proposed site provide any natural bullet containment? How?

7b. Are there any streams or other surface waters on or near the site, or situated so that water flowing from the site could enter them? Please describe them in as much detail as possible.

7c. Is the site acceptable to local residents and businesses? Explain.

7d. Does future development have the potential to threaten the use of this range? Explain.

8. Additional Information - Provide any additional information or jurisdiction that will assist in the evaluation of this shooting range proposal. _____

9. Person responsible for completion of this questionnaire.

Name _____

Address _____

Telephone (day) _____ **(night)** _____

I do hereby attest, by my signature, that the information provided here is in true and accurate to the best of my knowledge:

Signature

Date

APPENDIX A
Summary of Project Costs

Instructions for Completing Appendix A

The estimated amounts listed in individual construction elements are estimates and are not the limits that can be expended. However, reimbursement will not exceed total project agreement cost. Use the summary below as a sample of how to prepare the summary.

EXAMPLE

OURTOWN CITY SHOOTING RANGE

TABULAR SUMMARY OF PROJECT COSTS.

ITEM	SOURCE	CLUB	STATE
<u>Phase I: Target completion 4/1/08</u>			
1. Develop plans	Cash Grant	\$300	
2. Excavation work	Donated	\$1,200	
3. Foundation	Grant		\$1,500
4. Drainage	Volunteer labor	\$300	
TOTAL PHASE I:		<u>\$1,800</u>	<u>\$1,800</u>
		TOTAL COST	\$3,600
<u>Phase II: Target completion 6/30/08</u>			
5. Construction	Cash	\$2,100	
	Donated material	\$1,000	
	Volunteer labor	\$400	
	Grant		\$3,000
6. Electrical	Donated material	\$300	
	Cash	\$500	
	Volunteer labor	\$480	
			\$1,500
TOTAL PHASE II:		<u>\$4,600</u>	<u>\$4,500</u>
		TOTAL COST	\$9,180
Breakdown Phases I & II		\$6,480	\$6,300

APPENDIX B

APPLICANT RESOLUTION

A Resolution of the _____ of _____
(Applicant's Organization) (town/city/county)
Designating _____ as being responsible for acting
(name of official (s))
for and on behalf of the _____ dealing with The Kansas
(applicant's organization)
Department of Wildlife and Parks for the purpose of participating in The
Shooting Range Development Program.

WHEREAS, the _____ is fully eligible to receive
(Applicant's organization)
assistance under this program: and

WHEREAS, the _____ of _____ is
(Applicant's organization) (town/city/county)
desirous of authorizing _____ to represent and
(name)
act for _____ in dealing with the Kansas
(Applicant's organization)
Department of Wildlife and Parks concerning this program.

NOW THEREFORE,

BE IT RESOLVED BY _____ of _____
(Applicant's organization) (town/city/county)
Kansas:

SECTION 1: That _____ of _____
(Applicant's organization) (town/city/county)
hereby certifies that _____ is eligible to re-
(Applicant's organization)
ceive assistance under the Kansas Shooting Range Development Program.

SECTION 2: That the _____ hereby authorizes
(Applicant's organization)
(Representative (s)) to make application to the Kansas Department of Wild-
life and Parks concerning the (Name of the Shooting Range Project) in (Town
or city)

INTRODUCED, READ, AND PASSED by the affirmative vote of

_____ this _____ of _____
(Individual, local government, stockholder (s), etc.) (day) (month, year)

(Signature of applicant (s))

(Signature of applicant (s))

APPENDIX C

ASSURANCE OF COMPLIANCE

(Name of Applicant's Organization) hereafter called "Applicant (s)".

HEREBY AGREES THAT IT will comply with Title VI of the Civil Rights Act of 1964 (P. L. 88-532). The Applicant (s) expressly agrees and gives its assurance no person shall, on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Applicant (s) receives financial assistance from the Kansas Department of Wildlife and Parks.

Applicant (s) gives assurance that it will take the necessary measures of effectuate this agreement.

It will provide and maintain the facility in accordance with the minimum safety and health standards as may be required or prescribed by the applicable federal, state, and local agencies for the maintenance and operation of such facilities.

It will comply with the provisions of the Endangered Species Act of 1973 (P.L. 93-205). It will comply with the provisions of the National Environmental Policy Act of 1969 (NEPA). If any real property or structure thereon is provided or improved with the State financial assistance extended to the Applicant (s) by the Kansas Department of Wildlife and Parks, this assurance obligates the Applicant (s), or in the case of any transfer of such property, any transferee, for the period during which the state financial assistance is extended or for another purpose involving the provision of similar services or benefits.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining State Financial assistance. The Applicant (s) recognizes and agrees that such State financial assistance will be extended in reliance on the representations and agreements made in this assurance, and that State of Kansas shall reserve the right to seek judicial enforcement of this assurance. This assurance extend to and is binding on the Applicant (s), it's successors, transferees, and assignees, and the person or persons whose signature appears below and are authorized to sign this assurance on behalf of the Applicant (s) and shall be in force and effect during the term of the project.

Dated

Authorized Representative

Representative's Mailing Address

Phone Number

APPENDIX D

Certification of Project Share Cost

This is to certify that the _____ has
(Applicant's Organization)
available sufficient funds or in-kind contribution to meets its 50 percent
share of the cost of the described project entitled _____
_____ and the acquired or developed areas will be operated and maintained at
the expense of _____
(Applicant's Organization)

Applicant(s) signature

Name and title

APPENDIX E

Retention, Operation, and Maintenance

Retention and Use - Property developed with assistance from the Wildlife Fee Fund shall be retained and used for public outdoor educational and recreational shooting purposes. Any property developed shall not be wholly or partly converted to other than educational and recreational shooting purposes without the approval of the Kansas Department of Wildlife and Parks. Such approval will be given only upon such conditions as the Department deems necessary to assure the substitution of other outdoor recreation properties of at least equal fair market value and of reasonable equivalent usefulness, quality and location.

- A. **Proposed Uses** - Noneducational and nonrecreational shooting uses anticipated at the time of approval or for which a request for conversion will be made subsequent to project approval will be subject to the conditions above.
- B. **Existing Uses** - These provisions do not apply to noneducational and nonrecreational shooting uses being made of an area or facility at the time of the fund-assisted project is approved when such uses are known and approved by the Secretary and documented in the project proposal.

Operation and Maintenance - Property developed with assistance from the fund shall be operated and maintained as follows:

- A. The property shall be maintain to appear attractive and inviting to the shooting public and hunter education classes.
- B. Sanitation and sanitary facilities shall be maintained in accordance with applicable health standards.
- C. Properties shall be kept safe for public shooting use. Fire prevention, berms, safety zones, etc., and similar activities shall be maintained for proper public safety.
- D. Buildings, roads, trails, and other structures and improvements shall be kept in reasonable repair throughout their estimated lifetime to prevent undue deterioration.
- E. The facility shall be kept open for hunter education classes and shooting, as well as for public use, at reasonable hours and times of the year.

Availability to Users

- A. **Nondiscrimination** - Property acquired or developed with assistance from the fund shall be open to entry and use by all persons regardless of race, color, religion, national origin, ancestry, age, handicap, sex, or political affiliation who are otherwise eligible.
- B. **Reasonable Use Limitations** - Applicant (s) may impose reasonable limits on the type and extent of use of areas and facilities developed with fun assistance when such a limitation is necessary for maintenance, preservation and safety. Thus, limitations may be imposed on the numbers of persons using an area or facility or the type of user, such as hunters only. All limitations shall be in accord with the applicable grant agreement or amendments.

Applicants signature

Date

APPENDIX F

Project Agreement

1. **Purpose** - This is an example of a project agreement and deals with how it is consummated.
2. **Coverage of Agreement** -
 - A. The obligations incurred by the applicant through its acceptance of State assistance include:
 - I. the rules and regulations applicable to the conduct of a project under the Federal law and the State law.
 - II. any special terms and conditions to the project established by the Department and agreed to by the applicant.
 - B. The agreement of the State government to provide a specific amount of financial assistance for the project or project segment.
 - C. Methods of costing, accounting, incurrence of costs and similar matters. An agreement will serve for the period for which financial assistance is provided. It will not generally be modified, except by the mutual consent of the applicant and the State. Funds obligated for projects by an agreement will remain available for use until the end of the project period.
3. **Amendment to Project Agreement** - An amendment is necessary when one of the conditions in the agreement changes, such as a change in the project scope, a revised estimate of costs or a need to extend the project period. The amendment will describe the new factors and the signed form will supersede the agreement in those particulars only.
4. **Who signs:**
 - A. On behalf of the State of Kansas: the Secretary of the Department of Wildlife and Parks or his designee.
 - B. On behalf of the applicant: A representative qualified to act for the Applicant as identified in the resolution (Appendix A).

SHOOTING RANGE AGREEMENT

State of Kansas

Project Number 01-1997

County of Pratt

This Agreement is made and entered into this third day of January, 1992 by and between the Kansas Department of Wildlife and Parks ("Department") and Hays Police Department ("Applicant"), each acting by and through duly authorized officers:

WITNESSETH:

WHEREAS, the Department provides financial assistance for shooting ranges and associated facilities as authorized by state and federal laws ("Program"); and

WHEREAS, the applicant has applied to receive such financial assistance under the terms and conditions set out below;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the Department and the Applicant agree as follows:

- I. **FINANCIAL ASSISTANCE.** The Department shall pay to the Applicant an amount not to exceed \$x,xxx.xx for construction of the public shooting range and associated facilities ("Project") at the location described below upon the terms and conditions contained herein.
 - A. The applicant will improve existing range as follows: build berms, increase the height of existing berms, improve the road, construct a parking lot, construct a covered firing line, construct barricades, and construct a storage building, all as described in the attached shooting range fund application. In addition, the applicant will construct a bullet containing covered firing line for the rifle portion of the range, as shown on the attached sketch.
 - B. The department will pay to the applicant to the following schedule:
 - i. \$x,xxx.xx within thirty (30) days following the receipt of signed copies of this agreement at the Department.
 - ii. \$x,xxx.xx upon completion of the project.
 - C. The applicant will maintain all appropriate financial records including invoices for materials and work completed.
 - D. The applicant will grant to the Department reasonable access to the books, documents, papers, and records of the applicant for the purposes of making an audit, examination, excerpts, and transcripts.

- II. **APPLICANT COST.** The Applicant shall fund said Project in an amount not less than \$x,xxx.xx. Such funding to be accomplished in a combination of cash and donated equipment and labor as shown on the attached application (pg. 6). In addition, the bullet containing covered firing line will be constructed according to the attached specification at a cost of \$
- III. **STATUTES AND REGULATIONS.** The undersigned shall comply with all relevant statues and regulations in carrying out said project, including but not limited to compliance with the provisions of the National Environmental Policy Act of 1969 (NEPA), the Endangered Species Act of 1073, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, Title IX of the Education Amendments of 1972. The undersigned will offer all persons the opportunity to participate in programs or activities regardless of race, color, national origin, age, sex, or handicap. Further, it is agreed that no individual will be turned away from or otherwise denied access to or benefit from any program or activity that is directly associated with a program of the RECIPIENT on the basis of race, color, national origin, age, sex or handicap.
- IV. **PROJECT BENEFITS.** The Applicant will ensure that its employees or any other party do not improperly benefit from this Project.
- V. **TITLE.** Applicant will not encumber or dispose of its title to the range property during the term of this Agreement without the approval of the Department.
- VI. **PROJECT CONSTRUCTION.**
- A. **Approved Plans.** All project improvements shall be constructed to plans and specifications approved by the Department. Such approval does not affect Applicants obligation to ensure improvements meet all statutory or regulatory requirements.
- B. **Time of Construction.** All construction shall be executed with diligence and completed within a reasonable time.
- C. **Progress/Completion Reports.** The applicant shall submit a report within thirty (30) days of the completion of the project certifying that the project has been completed as approved. Progress reports shall be submitted during the progress of the project as required by the Department.

- VII. **PERIOD OF OPERATION.** Applicant shall operate said Project range for a period of not less than ten years. In the event it fails to do so, Applicant shall rebate ten percent of the total financial assistance paid by the Department hereunder back to the Department for each year of operation less than ten (10) years unless specifically released from this obligation by the Secretary of the Department of Wildlife and Parks or his designee.
- VIII. **RANGE OF OPERATION AND MAINTENANCE.** The Applicant shall operate and maintain the range as follows.
- A. **Range Hours.** The range shall be open to the public at all reasonable hours and times during the term of this agreement except as otherwise approved by the Department. Primary and preferential access shall be afforded to hunter education classes conducted by Instructors certified by the Department. The applicant must make reasonable effort to accommodate the needs of hunter education instructors who are not members of the facility.
 - B. **Maintenance.** All project grounds and facilities shall be kept in good repaired and order during the life of the agreement. Additionally all restroom facilities shall be maintained in a clean, sanitary condition.
 - C. **Range Fees.** The applicant may only charge the public fees not considered unusual or unreasonable for like facilities. No charge may be made for use of the facilities by hunter education classes unless such charges have been approved in advance by the Department.
 - D. **Safety Rules.** The range shall be operated in accordance with accepted safety rules at all times and shall not endanger any person or property.
 - E. **Signs.** A permanent sign, acknowledging the use of State of Kansas Shooting Range Development Funds will be provided by the Department, and shall be prominently displayed by the Applicant at the facility.
- IX. **INSURANCE.** The Applicant shall maintain the insurance coverage specified by the Department during the term of this agreement as follows: \$1,000,000 liability.
- X. **RECORDS INSPECTION.** The Applicant shall make its project records available to the Department for inspection and audit upon request.
- XI. **PROJECT LOCATION.** The range is located at Hays, Kansas.
- XII. **TERM.** This agreement shall be for a term of ten years unless sooner terminated as provided herein.

XII. **DEFAULT/REPAYMENT.** In the event the Applicant should breach this agreement in any respect and fail to remedy that breach within sixty (60) days after written notice describing same has been sent by the Department to the Applicant, the contract shall be terminated at the Department's option whereupon the Applicant shall be liable for repayment to the Department for all financial assistance provided under this agreement by the Department. Additionally, the Applicant shall be liable for all costs of collection including reasonable attorney fees.

XIV. **ASSIGNMENT.** The agreement may not be assigned in any part of another party without the prior written approval of the Department.

XV. **SUITS RESULTING FROM THIS AGREEMENT.** To the full extent permitted by Article XI, Section 7 of the Kansas Constitution and by the Kansas Tort Claims Act, the Applicant agrees to defend, save, and hold harmless the State of Kansas and the Department, its officers, agents, employees, and members, from all claims, suits or actions of whatsoever nature resulting from or arising out of the activities of the Applicant, the Applicant's contractors, sub-contractor's, and the Applicant's agents and employees under this Agreement.

EXECUTED in duplicate originals as of the date first above written.

KANSAS DEPARTMENT OF WILDLIFE AND PARKS

by _____
(Department)

by _____
(Grantee)

Kansas Pharmacy AMP Proviso Explanation
Prepared by: Julie Hein
Kansas Pharmacy Coalition

The attached proviso was worked on and agreed to by the following parties:

Kansas Pharmacists Association
Kansas Independent Pharmacy Service Corporation
Kansas Association of Chain Drug Stores
KHPA (Kansas Health Policy Authority)

The reason for the proviso is that the federal government changed the required methodology for states in paying Medicaid Generic Drug Reimbursement to Pharmacies (AWP to AMP). KHPA is preparing for this change but most of the planning can't be finalized until CMS finalizes the details, definitions, rules and deadlines of when and how this will be implemented. KHPA doesn't expect this information to be available until May or June 2007.

Legislators and KHPA are concerned about the change in methodology because they want to maintain a strong network of pharmacies for the Medicaid beneficiaries throughout the state. Pharmacies are concerned about the change in methodology because of the potential negative impact. Pharmacy representatives and KHPA have been working together and to ensure cooperation in getting through this transition the two parties have agreed to this proviso.

The proviso basically includes three key parts. 1) KHPA will work with Pharmacy representatives in analyzing the impact to Pharmacy regarding the methodology change in generic reimbursement; 2) KHPA will adjust dispensing fees in an effort to keep the generic total reimbursement to pharmacy the same through this transition in methodology; and 3) State reimbursements will be designed to maintain the same level of access to pharmacies for Medicaid beneficiaries and in an effort to keep costs down, KHPA will continue to partner with pharmacies to encourage higher levels of utilization of generic drugs under the Medicaid program.

Kansas Pharmacy AMP Proviso Language

KHPA will work with Pharmacy representatives to assess the impact of the final AMP rules as soon as CMS provides the formula and related pricing data. In addition to using economic impact studies done by national organizations, KHPA will work with Pharmacy representatives on an agreed approach to gathering data on generic acquisition costs to enable an assessment of total reimbursement. In response to the publication of AMP-based FULs, KHPA will adjust dispensing fees as necessary to meet Federal guidelines and maintain total Medicaid reimbursement to pharmacies at current levels. Future adjustments to generic dispensing fees may be necessary based on continuing changes in Federal reimbursement policy and KHPA staff will monitor these changes to ensure an appropriate level of state reimbursement. State reimbursements will be designed to maintain the same level of access to pharmacies for Medicaid beneficiaries, and in an effort to keep costs down, KHPA will continue to partner with pharmacies to encourage higher levels of utilization of generic drugs under the Medicaid program.

*Senate Ways & Means
April 18-23, 2007
Attachment 27*

Kansas Pharmacy AMP Proviso Language

KHPA will work with Pharmacy representatives to assess the impact of the final AMP rules as soon as CMS provides the formula and related pricing data. In addition to using economic impact studies done by national organizations, KHPA will work with Pharmacy representatives on an agreed approach to gathering data on generic acquisition costs to enable an assessment of total reimbursement. In response to the publication of AMP-based FULs, KHPA will adjust dispensing fees as necessary to meet Federal guidelines and maintain total Medicaid reimbursement to pharmacies at current levels. Future adjustments to generic dispensing fees may be necessary based on continuing changes in Federal reimbursement policy and KHPA staff will monitor these changes to ensure an appropriate level of state reimbursement. State reimbursements will be designed to maintain the same level of access to pharmacies for Medicaid beneficiaries, and in an effort to keep costs down, KHPA will continue to partner with pharmacies to encourage higher levels of utilization of generic drugs under the Medicaid program.



Kansas Health Policy Authority
Coordinating health & health care for a thriving Kansas

MARCIA J. NIELSEN, PhD, .1
 Executive Director

ANDREW ALLISON, PhD
 Deputy Director

SCOTT BRUNNER
 Chief Financial Officer

MEMORANDUM

To: Senator Dwayne Umbarger, Chairman – Senate Committee on Ways and Means
 Members of the Senate Committee on Ways and Means

From: Dr. Marcia Nielsen, Executive Director
 Dr. Andrew Allison, Medicaid Director

Date: April 19, 2007

Subject: Health and Eligibility Outreach for Medicaid Beneficiaries

We would appreciate your consideration for funding the Medicaid outreach and enrollment initiative described below. This item was inadvertently left out of our agency's budget items for consideration. This item was discussed in several hearings earlier in the session. Thank you for your consideration.

Fiscal Summary:

FY 2007			
<u>All Funds</u>	<u>SGF</u>	<u>Fee Fund</u>	<u>FTE</u>
0	0	0	--
FY 2008			
<u>All Funds</u>	<u>SGF</u>	<u>Fee Fund</u>	<u>FTE</u>
\$822,122	\$336,247	0	7.0
FY 2009			
<u>All Funds</u>	<u>SGF</u>	<u>Fee Fund</u>	<u>FTE</u>

Justification: Health and wellness is vital to sustaining quality health care and keeping Kansans healthy. It has become a focus of the Kansas Health Policy Authority (KHPA) as we work toward building a comprehensive health plan for the state. To encourage Kansans to be healthy, KHPA has requested funding to expand the marketing of programs available to the public in order to educate Kansans about health and wellness. This expansion will also ensure that individuals eligible for Medicaid and SCHIP are participating in the program through 1) designing an online application and screening tool for potential beneficiaries, 2) developing and implementing a targeted marketing campaign and 3) employing additional outreach workers.

Agency Website: www.khpa.ks.gov
 Address: Rm. 900-N, Landon Building, 900 SW Jackson Street, Topeka, KS 66612-1220

Medicaid and HealthWave:
 Phone: 785-296-3981
 Fax: 785-296-4813

State Employee Health
 Benefits and Plan Purchasing:
 Phone: 785-296-6280
 Fax: 785-368-7180

State Self Insurance Fund:
 Phone: 785-296-2364
 Fax: 785-296-6995

*Senate Ways and Means
 April 18-23, 2007
 Attachment 29*

- **Improve access to care.** Identifying uninsured families has long been a goal of Kansas, and the placement of outreach workers at key locations throughout the community will increase the awareness of the opportunity for coverage. As families obtain coverage, they are more likely to access preventive care including well child visits, immunizations, and dental care. In Kansas in 2004, there were approximately 36,000 children who were eligible for Medicaid but not enrolled. By expanding our marketing program we can increase awareness of Medicaid and provide health care to more children who need it.
- **Reduce overall health care costs.** Adding health and wellness education as a part of a public marketing and Medicaid enrollment campaign provides an opportunity to share health information with potential Medicaid beneficiaries, with the goal of increasing healthy behaviors and reducing overall health care costs. It is estimated that 75% of all health spending is spent on services to treat chronic diseases, which are significantly related to lifestyle choices. By increasing Kansans' awareness and accessibility to health and wellness opportunities, health care costs can be reduced in the long term.
- **Accurate submission of applications.** As society becomes more dependent on the Internet to share information, Kansas should invest in the creation of an on-line application/screening tool. This would allow for increased accuracy in submitting applications and reduce the time it takes to determine Medicaid eligibility. With the issuance of laptop computers to the outreach workers, a potential member could get assistance with application submission at an access point. The screening tool could be used to quickly determine if a person should complete an application, based on the likelihood they are eligible. By adding an online application and screening tool, we can better use our resources and provide Kansans an efficient method of receiving health care.
- **Funding requested.** KHPA is requesting \$336,000 from SGF and \$486,000 from FFP, which is a total of \$822,000. This includes increasing staff by eight positions (\$356,000) to focus on health and wellness, purchasing laptops for the eight staff members (\$16,000), developing an online application and screening tool (\$350,000), and marketing (\$100,000).



OFFICERS

FUNERAL ASSISTANCE PROGRAM FUNDING

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Clay Center

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Sec. / Treas.
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Fort Scott

Kansas funeral directors are appreciative that the Kansas Legislature appropriated \$520,000 for the funeral assistance program in the fiscal year 2008 SRS budget. During the appropriations process the committee indicated you would consider additional funding in the Omnibus Appropriations bill. The KFSA would like to bring to your attention the need for supplemental funding of \$134,000 for fiscal year 2007 and additional funding of \$134,000 for fiscal year 2008 which would serve an additional 246 families in each of those years. The additional funding is needed due to an increased funeral assistance caseload over the past couple of years. Without a funding increase, needy families will be turned away each year when funding is exhausted unless the agency steps in and absorbs the extra cost.

BOARD OF DIRECTORS

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Emporia

If the funeral assistance program is not funded at the state level, the county would be required to pick up the cost of disposition for those indigents who are on assistance and do not have sufficient funds to pay for a funeral. Shifting the burden to counties would amount to an unfunded mandate on the county for which I am sure they have not budgeted.

Additionally, the dollar amount of the benefit has not changed or been adjusted for inflation since it was reduced from \$1150 to \$550 in fiscal year 1998, nine years ago. This minimal benefit is intended to provide limited assistance to families of a deceased who was receiving cash assistance, food stamps, or Medicaid at the time of death. We would like to see the benefit increased from \$550 to \$680, which is the \$550 adjusted for inflation from 1998 to 2006. If 1200 families are served, this would amount to an annual increase of \$156,000

EXECUTIVE DIRECTOR

PAM SCOTT
Topeka

*Senate Ways and Means
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It is clear the \$550 benefit does not even cover a funeral home's out-of-pocket expenses associated with a funeral, burial or cremation. Families sometimes contribute additional limited funds toward the funeral service. Even when that happens, the funeral home providing the service is usually forced to absorb a portion of the cost of the funeral. In a survey conducted by the National Funeral Directors Association, the average cost of a funeral in 2004 was \$5582, the median price of an immediate burial when the purchaser provides a casket was \$1650, and the median price of a direct cremation with the purchaser providing the container was \$1495. The immediate burial and direct cremation include no funeral service.

Kansas funeral directors appreciate your past support of the funeral assistant program. We urge you to continue to fund the program, increase the funeral assistant benefit and provide the supplemental funding requested by the agency to assure all those found eligible will be able to bury their loved ones with dignity.

If you should have any questions, please contact Pam Scott, KFDDA Executive Director, at 232-7789.

TOBACCO COMPLIANCE

- 1) Kansas and District of Columbia were the only States to fail in 2005.
- 2) Kansas is the only State to have failed in each of the past 3 years 2003, 2004, and 2005.

2003—**Kansas**, Alaska, Oklahoma, Tennessee, Wisconsin

2004—**Kansas**, Texas, DC

2005—**Kansas**, DC

- 3) Kansas paid a \$2.3 million penalty because of failed compliance.
- 4) Failure rate rose in 2003, 2004, 2005

2003—20.6%

2004—22.1%

2005—38.0%

From 20.6% in 2003 to 38.0% in 2005, an increase of 84% in failure rate. 2006 was failure rate of 19.9%, one-tenth above the passing line!! 80% pass or 20% failure is the target.

- 5) Kansas received over \$493 million in MSA money and not one penny was spent for point-of-sale prevention.
- 6) Compliance visits determine whether or not a state is penalized for non-compliance. Doesn't it make sense to help become more compliant at point-of-sale?
- 7) BARS will cost approximately \$800,000. Kansas currently has an 80.1% compliance rate for tobacco sales. The common goal for the state and tobacco retailers is to increase the compliance rate that exceeds the minimum rate of 80% compliance
- 8) SRS used a similar plan in 2006 to increase the compliance rate (using the \$2.3 penalty levied against the state) from 62% compliance to 80.1%. However the Remind and Reward program has a cost of \$45-\$50 per visit (only 2 visits per-year per store), whereas, BARS will train each tobacco retail location once per month, for 12 months.
- 9) Consistency and conditioning is the key to achieve positive results for tobacco compliance.
- 10) Kansas would be the only state to implement the BARS program, consistent to what SRS tried in 2007 to increase the compliance rate for Kansas.

Petroleum Marketers and Convenience Store Association of Kansas

115 SE 7th • Topeka, KS 66603

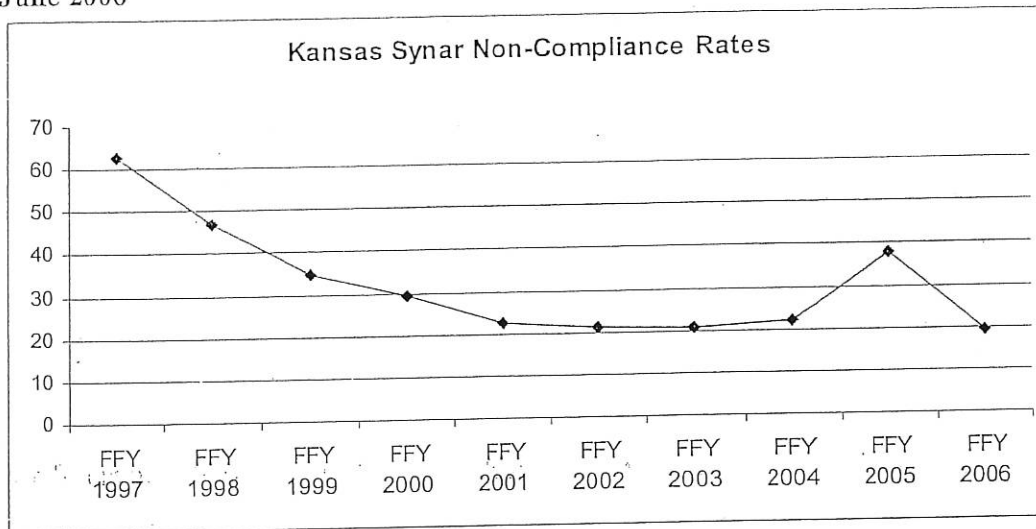
PO Box 678 • Topeka, KS 66601-0678

785-233-9655 • Fax: 785-354-4374

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It's Everybody's Business: Reducing Youth Access to Tobacco (IEB) grant

Summary Status Report June 2006



Review: The purpose of the IEB grant is to mobilize communities to reduce youth access to tobacco products.

State Level Work Activities:

Media

Paid Advertising-Through a combined effort between SRS and KDHE a state level Synar specific media campaign is in development with paid advertising beginning June 19, 2006. Elements include TV, print, and radio advertisements. Local grantees have access to this developed media. In fact, some are pooling resources together to purchase larger placement buys.

Local IEB Work Activities:

Core program elements as part of the IEB grant include:

- 1) Interagency collaboration to mobilize local resources strengthens partnerships, and support implementation of sustainable community-based strategies that eliminate the sale of tobacco products to minors.
- 2) Policy/Regulatory Approaches include development of new laws, ordinances, public agency standards, and private employer/workplace policies that establish conditions regarding the sale of tobacco products to minors or that prohibit such sales.
- 3) Community Education, Public Awareness, and Media Advocacy to inform the public about the issue of tobacco sales to minors.
- 4) Youth Involvement as part of the solution and an integral part of a comprehensive youth access initiative.
- 5) Merchant Education training programs for tobacco retailers that promote voluntary compliance with laws and regulations governing minors' access to tobacco products.

Tobacco

State Synar Non-Compliance Rate Table,
FFY 1997 - FFY 2005

Table is also available in [Excel format](#).

State Name	FFY 2005		FFY 2004		FFY 2003		FFY 2002		FFY 2001		FFY 2000		FFY 1999		FFY 1998		Re
	Target	Reported	Target	Reported	Target	Reported	Target	Reported	Target	Reported	Target	Reported	Target	Reported	Target	Reported	
Alabama	20.0	13.9	20.0	8.7	20.0	9.1	20.0	17.0	20.0	19.5	20.0	16.8	24.0	15.6	29.0	21.0	
Alaska	20.0	12.1	20.0	10.2	20.0	30.2	28.0	27.2	20.0	36.0	20.0	34.0	25.0	23.5	30.0	29.0	
Arizona	20.0	8.3	20.0	8.9	20.0	12.8	20.0	20.3	20.0	12.5	27.0	22.7	35.0	19.6	45.0	12.2	
Arkansas	20.0	4.2	20.0	16.6	20.0	11.5	20.0	14.8	20.0	21.9	20.0	11.1	20.0	22.0		22.3	
California	20.0	14.0	20.0	12.2	20.0	19.3	20.0	17.1	20.0	12.8	20.0	16.9	22.0	13.1	27.0	21.7	
Colorado	20.0	9.0	20.0	10.5	20.0	5.4	22.0	7.2	24.0	6.0	24.0	15.8	28.0	27.9	32.0	18.6	
Connecticut	20.0	18.0	20.0	18.9	20.0	12.0	20.0	13.1	25.0	18.1	30.0	17.3	45.0	35.0	60.0	58.8	
Delaware	20.0	0.9	20.0	3.9	20.0	5.7	24.0	10.2	28.0	18.0	32.0	33.5	25.0	33.2	25.0	NO RATE	
District of Columbia	20.0	20.5	20.0	41.9	20.0	15.7	23.0	15.5	25.0	25.4	30.0	25.1	30.0	46.9	40.0	33.9	
Florida	20.0	7.0	20.0	7.1	20.0	7.1	20.0	7.7	20.0	8.3	20.0	8.0	20.0	7.8	20.0	7.1	
Georgia	20.0	16.5	20.0	6.2	20.0	10.6	20.0	13.2	20.0	20.0	28.0	23.6	35.0	12.9	44.0	20.5	
Hawaii	20.0	5.3	20.0	6.2	20.0	6.0	20.0	7.7	20.0	7.0	22.0	11.3	28.0	15.0	35.0	23.0	
Idaho	20.0	12.3	20.0	14.7	20.0	10.5	24.0	18.9	28.0	18.8	25.0	31.8	32.0	27.1	45.0	12.6	
Illinois	20.0	6.4	20.0	16.8	20.0	13.9	20.0	11.5	20.0	15.3	25.0	11.5	30.0	12.9	38.0	26.1	
Indiana	20.0	11.9	20.0	16.6	20.0	19.4	23.0	24.5	24.0	21.7	25.0	27.9	30.0	26.0	35.0	24.3	
Iowa	20.0	11.4	20.0	5.2	20.0	11.0	28.0	18.0	31.0	29.3	34.0	33.4	25.0	36.1	30.0	27.0	
Kansas	20.0	38.0	20.0	22.1	20.0	20.6	25.0	21.1	27.0	22.7	30.0	29.3	38.0	35.0	50.0	47.0	
Kentucky	20.0	5.6	20.0	6.7	20.0	9.7	20.0	12.3	20.0	13.3	20.0	19.7	20.0	14.0		24.4	
Louisiana	20.0	7.3	20.0	7.4	20.0	5.7	20.0	8.5	26.0	6.5	33.0	6.7	45.0	20.3	60.0	39.0	



The BARS Program

7112 West Jefferson Avenue, Suite 312 • Lakewood, CO 80235 • 303-796-7888 • Fax: 303-796-7953 • mail@barsprogram.com

March 12, 2007

Mr. Tom Palace
Executive Director
Petroleum Marketers & Convenience Stores Assoc. of Kansas
115 SE 7th Street
Topeka, KS 66603

Dear Tom:

As a follow up to our phone conversation regarding a "scaled-down" version of The BARS Program Compliance service, I offer you several suggestions.

The original proposal was priced assuming 40,000 store visits occurring each year. To achieve our best results (increased Compliance Rates), this is the best approach to take. However, if we are to reduce the number of visits to 30,000 a year or less, BARS will hold our per-store visit price to \$20.

If the desired approach is less than 30,000 visits per year, I would recommend a heavier concentration in convenience stores and tobacco-only stores. Their tobacco sales volume is far greater than grocery or chain drug stores. If you want to discuss a different strategy than what I suggest, please advise.

Thank you for allowing me to address the Senate Ways and Means Committee, and to discuss how BARS can help lower tobacco sales to minors in Kansas. I look forward to hearing from you soon.

Sincerely,

David K. Gaudet
President
The BARS Program

The BARS[®] Program

The BARS Program

- Nation's #1 Compliance Check Training Service
- Discourages underage Alcohol and Tobacco sales
- Retailer's self-regulating solution
- Competitively priced

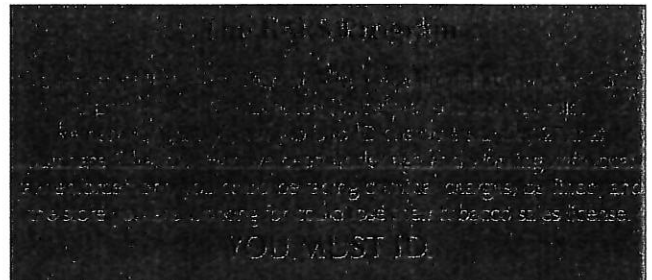
Program Services

- 2 random visits conducted each month by BARS checkers (ages 21-25)
- Alcohol and/or Tobacco visits
- Green Card given for positive check (ID asked for)
- Red Card given for negative check (no ID asked for)
- Store Visit Results emailed within 24 hours
- Customized Reporting to client's needs
- All Visit Results are confidential

Positive Carding Results

Time in BARS Program	Green / Red
1 Month	66% / 34%
3 Months	84% / 16%
6 Months	89% / 11%
12 Months	95% / 5%

Card Language

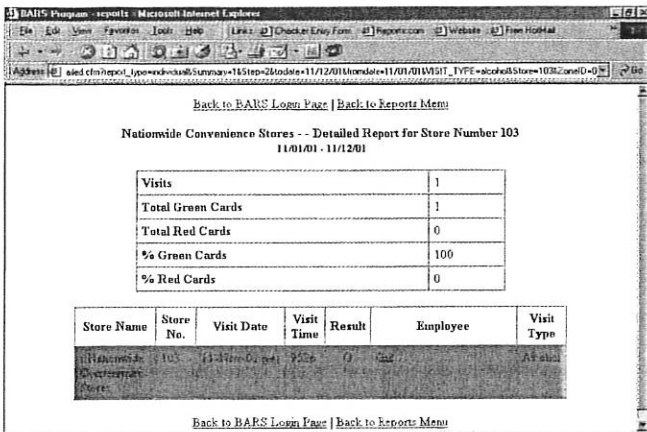


The BARS Program

7112 West Jefferson Avenue, Suite 312 Lakewood, CO 80235

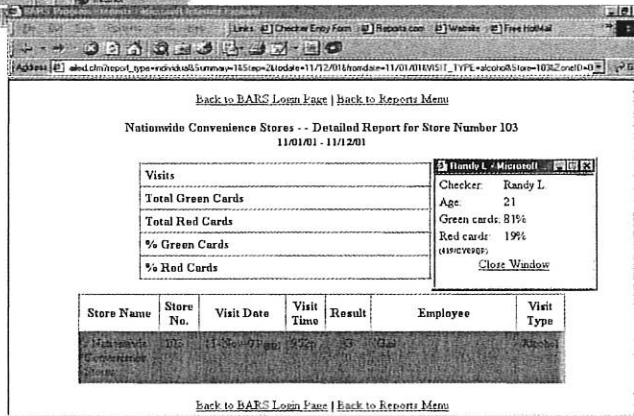
Phone: 303-796-7888 **Toll Free: 1-877-540-5500** e-mail: mail@barsprogram.com www.barsprogram.com

Call us toll free or visit our website for more information!

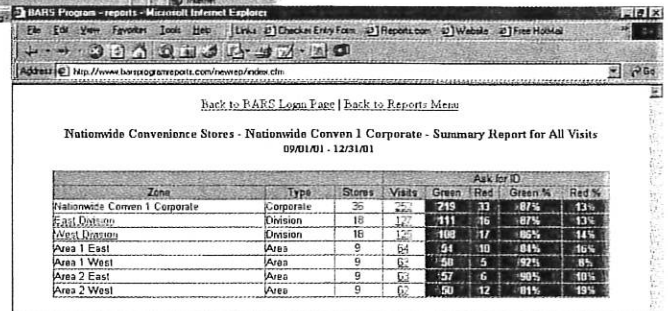


Each store visit sent within 24 hours includes detailed information

We include each checker's age and distribution statistics with each report



Summary reports manage entire network of stores in every city and division



Program Benefits

- Increase compliance by 65%!!
- Consistent monthly store visits maintain high awareness about carding
- Long-term value - results show high performance maintained

The BARS Program

www.barsprogram.com



TCM/FFP CHALLENGES IN THE KANSAS DD SYSTEM

The Problem:

CMS-driven changes to the Kansas DD system will impact over 10,000 Kansans with developmental disabilities and more than 120 providers of service. Community DD system managers have estimated that an estimated \$13,975,141 SGF is needed to protect and serve persons' needs and mitigate the negative impact on community programs.

Beginning July 1, 2002, the existing certified match process for Kansas DD targeted case management (TCM) was altered in order to maximize the amount of federal financial participation (FFP) that could be drawn into Kansas for DD services. An "enhanced certified match" system was put in place to fund TCM, and additions were made to the SRS/CDDO Contract to make the local CDDO the enrolled provider of the DD TCM Medicaid service. As a result, the local CDDO used state and local funds to enhance the match available to increase the federal funds available for use in the DD system. SRS established a rate for TCM that they (SRS) stated was a defensible rate. CDDOs were encouraged to address area capacity on behalf of TCM and day, residential and in-home support programs funded by the HCBS DD waiver. Fifteen CDDOs chose to allocate some of the FFP funds to area providers of day, residential and in-home supports. Twelve chose to pay out the funds for case management only. CDDOs submitted capacity plans annually to SRS beginning in the fall of 2002.

In the intervening years, over 120 providers of DD day, residential and in-home supports services in several areas of the state have come to rely heavily on the increased FFP funds.

In 2006, CMS informed the State of Kansas that several aspects of its DD targeted case management system would no longer be allowed. A monthly encounter billable unit, initiated in 2002 would no longer be allowed, and needed to be replaced by an hourly unit billed in 15-minute increments. In addition, an actuarially sound TCM rate study was initiated. (The rate study, completed early in 2007, was conducted on the system that had been using a monthly encounter unit methodology for five years. Therefore, the conclusions of that rate study may not reflect the needs of a new system, which will be using an hourly unit billing methodology)

The Proposed Solution:

The Kansas Health Policy Authority and SRS have worked in their own ways to correct the items which CMS identified, and have submitted a revised State Medicaid Plan to CMS. However, community participation in this process has been extremely limited. Small amounts of information regarding the upcoming changes have been shared with the community provider network in the past two months, including proposed amounts for a Governor's Budget Amendment (GBA) to be shared with legislators during the Omnibus session beginning April 25th.

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SRS has publicly stated that they have asked for enough funds in the GBA to "hold the system harmless". Simply put, SRS identified a funding 'hole' left behind by the combination of a changing TCM rate, and the loss of federal dollars in day, residential and in-home supports services. In the GBA, they ask for the amount they think will fill that 'hole'. The final GBA states that, ***"However, because of differences in service levels across regions, providers cannot be assured that they will receive the same amount of funding under the new plan."***

SRS proposed the following distribution of the \$8.9 million SGF they requested in their draft GBA proposal:

SRS Enhancement Request			
	Federal Funds	State Funds	Total
Estimated TCM @ Lower Rate	\$11,656,643	\$7,677,647	\$19,334,290
DD Waiver: Increased Reimbursement	<u>\$4,193,716</u>	<u>\$2,762,189</u>	<u>\$6,955,905</u>
Total	\$15,850,359	\$10,439,836	\$26,290,195
Less SGF Approved for TCM		<u>(\$1,464,695)</u>	
Amount SGF Requested		\$8,975,141	

Why that Solution is Inadequate and will Result in Harm to Kansans with Developmental Disabilities:

The solution SRS proposes is borne of a 30,000-foot point of view that attempts to fill a hole left behind. SRS has received data from CDDOs on the impact on local areas of the state, however community providers have not seen any local or statewide analysis of the impact on the services. SRS has not analyzed how regions, especially those who are dependent on diverted TCM dollars to supplement day, residential and in-home supports will be adversely impacted even after their proposed amount in the GBA is applied to the system. Additionally, while KHPA and SRS have indicated a desire to not harm the system, it is unclear as to whether the data provided to SRS has been shared with KHPA staffers or whether KHPA has sought any input prior to initiating changes in the Medicaid State Plan.

SRS proposes a solution which merely raises the HCBS rates by an approximate 2.5%, and thereby increases all waiver services with an amount of money which they believe to be roughly equivalent to the losses arising from the change in Federal rule interpretation. However, since the various CDDOs were encouraged by SRS from the beginning to tailor the use of funds to meet local needs, there is not a simple or uniform remedy that can be applied which does not harm some areas disproportionately.

SRS surveyed CDDOs to determine how the financial losses would affect different regions. The SRS survey identified a \$5.3 million (SGF) impact. InterHab met with SRS to discuss their proposed solutions, and InterHab offered to survey CDDOs to determine the impact of the SRS proposal. Our findings indicate the SRS proposal will fall short by \$5 million SGF. Therefore, we submit the amended proposal contained at the bottom of page 4.

The uncertainty of estimating the total losses is exacerbated by the relative lack of SRS and KHPA coordination with DD community service networks. Requests to confer with both KHPA and SRS have not been successful. The result is that neither entity has a clear handle on the depth and the complexity of the financial impact.

To better understand the complexity and diversity of provider losses due to these funding changes, we have provided the following examples:

Sedgwick County:

Sedgwick County providers have estimated a loss of roughly \$1 million based upon SRS' proposed funding amounts in the GBA, the majority of which will be lost when that area of the state no longer has the capability to distribute a portion of federal revenues to providers of day and residential services. Currently, Sedgwick County distributes \$1.2 million to augment day and residential support programs. The SRS plan to move funding into the overall waiver budget for all programs may increase reimbursement rates by about 2.5%, however, this will equate to an increase of less than \$900,000 in all waiver rates paid by Sedgwick County. The total system will lose funding of more than \$300,000 in that area, affecting more than 2,000 people. However the specific providers of day and residential services will lose a much larger amount as the funding is redistributed across all service types.

North Central Kansas:

The Disability Planning Organization of Kansas (DPOK) currently pays \$143.23 to three case management providers in its area for each monthly encounter. DPOK pays the balance of the TCM FFP (\$79.51) to 17 providers of day, residential and in-home supports in their area. As a result, \$589,600 of FFP will be lost to those providers. The SRS proposal to provide an approximate 2.5% increase in the HCBS DD waiver as an offset to those losses will still leave North Central Kansas with an approximate \$269,290 hole in funding to those 17 providers.

The above paragraphs illustrate the some of the many problems that providers across the state will face if the GBA is not amended to request additional funds, and additional flexibility is not provided in the implementation of the new DD TCM system in Kansas.

The bottom line is that when entire regions are affected, persons with developmental disabilities who live within those areas will be harmed.

What else should be done?

Clearly, additional funding will be needed above and beyond what is currently requested in the GBA – in order to prevent serious financial losses in various regions of the State.

An additional \$5 million SGF could be matched with federal funds for a total of \$12.5 million, which would represent an additional 5% amount in the HCBS DD waiver in order to fix this problem. This amount would almost completely replace FFP funds previously diverted from TCM for supplementing day and residential rates, and would provide some additional funds to offset loss of TCM revenue for providers of both day, residential and TCM services.

Community Addendum to SRS Enhancement Request			
	Federal Funds	State Funds	Total
Estimated TCM @ Lower Rate	\$11,656,643	\$7,677,647	\$19,334,290
DD Waiver: Increased Reimbursement	\$11,693,716	\$7,762,189	\$19,455,905
Total	\$23,350,359	\$15,439,836	\$38,790,195
Less SGF Approved for TCM		(\$1,464,695)	
Amount SGF Requested		\$13,975,141	

SILCK and KACIL support the Kansas Legislature in continuing the Money Follows the Person proviso ***without the 80-person limitation***. Money Follows the Person (MFP) is budget neutral and is a more preferred and cost-effective approach to providing long-term care supports and services.

For the past four years, the Legislature has included a proviso to ensure money can follow people from nursing facilities to Home and Community Based Services. Thus, providing choice to Kansas residents. However, the number of people allowed to have this choice is currently capped at 80 persons.

As of November 2006, the Medicaid cost for a resident of a nursing home was \$43,200 per year. The Medicaid cost for an individual receiving community based long-term care support and services through the PD waiver was \$15,200 per year.

The state department of SRS has applied to CMS for a federal Money Follows the Person grant. Should Kansas be awarded this federal grant it would benefit the state in three ways:

- 1) Increase federal match rate to an 80-20 from 60-40
- 2) Allow community providers to reach and offer the 3500 persons currently residing in NFs an opportunity to move back home
- 3) Federal funding will cover the cost of transitioning back to a persons home

Our request: *Eliminate the number 80 from the proviso below.*

HB 2542

119

(m) During the fiscal year ending June 30, 2008, the director of accounts and reports shall transfer the amounts specified by the director of the budget from the LTC — medicaid assistance — NF account of the state general fund of the department on aging to the LTC — medicaid assistance — HCBS/FE account of the state general fund of the department on aging or to the community based services account of the department of social and rehabilitation services: *Provided*, That such amounts to be transferred shall be certified by the director of the budget on December 1, 2007, and on June 1, 2008, to reflect the nursing facility rate paid for persons moving from a nursing facility to the home and community-based services waiver for the physically disabled or the frail elderly for the six months preceding the date of certification: *Provided further*, That the aggregate of all such transfers certified during fiscal year 2008 shall not exceed the amount required to support the movement of **80** individuals from nursing facilities to home and community-based services: *And provided further*, That each of the **80** individuals must meet the requirements described in a policy jointly developed by the secretary of aging and the secretary of social and rehabilitation services governing the operations of this transfer: *And provided further*, That the director of the budget shall transmit a copy of each such certification to the director of legislative research: *And provided further*, That the department of social and rehabilitation services shall report to the legislature at the beginning of the regular session in 2008 with expenditure data regarding this program.

Shannon Jones SILCK 234-6990
Jennifer Schwartz KACIL 215-8048

Senate ways and means
April 18-23, 2007
Attachment 33

**BUDGET FOR JUDICIAL COUNCIL MOVE
TO SW CORNER OF LAW LIBRARY**

Demolition costs:	\$ 6,316.00
Removal of briefs from shelves to other locations in library, tear-down and removal of existing bookshelves set up some shelves in other places in the law library	
Construction costs and Electrical:	\$ 49,000.00
Build wall between offices and library and build offices, conference room, work room/conference room, and do required electrical work	
Carpet and base:	\$ 6,000.00
Tear out old carpet and install new carpet because carpet was not under bookshelves	
HVAC:	\$ 32,000.00
Make necessary changes in heating, ventilation and air conditioning system and install thermostats in new area	
Architect/Engineering Consultant Fee	\$ 12,000.00
Furnishing @ \$5000/person	\$ 30,000.00
Herman Miller style furniture to fit in limited spaces	
Moving costs	\$ 2,000.00
DISC costs	\$ 2,000.00
Security costs	<u>\$ 2,000.00</u>
	\$ 141,316.00

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April 18-23, 2007
Attachment 34



Supreme Court of Kansas

Kansas Judicial Center
Topeka, Kansas 66612-1507

KAY MCFARLAND
Chief Justice

(785) 296-5322

April 10, 2007

Hon. Dwayne Umbarger
Chairperson, Senate Ways and Means Committee
Room 120-S, Statehouse
Topeka, KS 66612

Re: Omnibus Appropriations Bill

Dear Senator Umbarger:

Among the many issues facing you and your committee during the upcoming Omnibus Legislative Session is the matter of re-establishing an appropriate judicial pay spread. This is not an issue that much affects me personally, as I will soon be required to retire under the provisions of current law. However, it is an issue of vital importance to the long-term well-being of the Kansas judiciary.

The need to increase all state judicial salaries was presented to the 2006 Legislature. The proposal would have increased all judicial salaries \$9,000 across the board. The cost thereof would come from increased docket fees. The total amount of necessary funding was so raised. As finally enacted, however, only district judges and district magistrate judges received the \$9,000 increase. Judges of the Court of Appeals received a \$2,000 pay increase plus a cost of living allowance (COLA), while justices of the Supreme Court received only a COLA.

The end result of these actions has been a corresponding salary compression with significant negative present and future effects on the judiciary. The Judicial Branch pay plan has traditionally been essentially a pyramid in form with four categories of judges – district magistrate judges, district judges, Court of Appeals judges, and Supreme Court justices. Each level progresses with increased responsibility and a commensurate increase in pay. Effective pay plans necessarily involve appropriate salary increases for progression to the next job level. The 2006 salary compression skews the judicial pay system with present and long-term future negative impact on maintaining our high quality court system. By way of illustration, the chief judge of the Court of Appeals currently receives a salary that is greater than that of a Supreme Court justice.

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Hon. Dwayne Umbarger
April 10, 2007
Page 2

Traditionally, the filling of appellate court vacancies has drawn heavily on the pool of experienced trial judges. Almost half of the present judges of the Court of Appeals came directly from district court judgeships. Three of the present members of the Supreme Court came directly from trial court judgeships, while two others came from the Court of Appeals, and another has served both as a trial judge and a member of the Court of Appeals. With the salaries of district judges now so close to that of appellate judges, much of the fiscal incentive for an experienced trial judge to seek an appellate judgeship has been removed. I am concerned it is not a coincidence that, in the only Court of Appeals vacancy occurring since the new salary schedule went into effect, only one district judge sought the position – a dramatic drop in the number of district judges historically seeking to fill appellate court judicial vacancies.

I know that you have an enormous number of matters to resolve in the 2007 Omnibus bill. However, correction of the 2006 judicial salary compression is extremely important to the administration of justice of Kansas. Please do not hesitate to contact me if any additional information would be helpful to you or if you would like to discuss this issue further.

Sincerely,

Kay McFarland
Chief Justice

KMcF:mr

cc: Senate Ways and Means Judicial Branch Subcommittee Members:
Senator Jay Emler, Chair
Senator Jim Barone, Ranking Minority
Senator Mark Taddiken

Sec. .

JUDICIAL COUNCIL

(a) There is appropriated for the above agency from the state general fund for the fiscal year or years specified, the following:

Recodification commission

For the fiscal year ending June 30, 2008..... \$200,000

Provided, That all expenditures from the recodification commission account shall be made for the expenses of the recodification commission created by this section.

(b) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year or years specified, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Recodification commission gifts and grants fund

For the fiscal year ending June 30, 2008 No limit

Provided, That all moneys received by the recodification commission created by this section, for gifts and grants from any source shall be deposited in the state treasury to the credit of the recodification commission gifts and grants fund.

(c) In addition to the other purposes for which expenditures may be made by the judicial council from the moneys appropriated from the state general fund or any special revenue fund for the above agency for fiscal year 2008 by this or other appropriation act of the 2007 regular session of the legislature, expenditures shall be made by the judicial council from the moneys appropriated from the state general fund or any special revenue fund for fiscal year 2008 to establish the Kansas criminal code recodification commission, hereafter referred to in this subsection as the commission, which shall be composed of members appointed as follows and subject to the following provisions, and to provide for the duties, functions and operations of the commission in accordance with the following: *Provided*, That the commission shall consist of the following members, one legislator who is a member of the senate judiciary committee shall be appointed by the president of the senate, one legislator who is a member of the senate judiciary committee shall be appointed by the minority leader of the senate, one legislator who is a member of the house of representatives judiciary committee shall be appointed by the speaker of the house of representatives, one legislator who is a member of the house of representatives judiciary committee shall be appointed by the minority leader of the house of representatives, one member of the judicial branch appointed by the chief justice of the supreme court, one member of the law enforcement community appointed by the attorney general, one defense attorney or public defender appointed by the governor, one county attorney or district attorney appointed by the Kansas county and district attorneys association, a professor of law from the university of Kansas school of law and a professor of law from Washburn university school of law appointed by the deans of such schools, two members of the Kansas judicial council criminal law advisory committee appointed by the criminal law advisory committee, one district court judge appointed by the Kansas district judges association, a member of the Kansas sentencing commission appointed by the Kansas sentencing commission, the attorney general or the attorney general's designee, and the secretary of corrections or the secretary's designee: *Provided further*, That the speaker of the house of representatives shall designate one member to convene and organize the first meeting at which the commission shall elect a chairperson and a vice- chairperson from among the members of the commission: *And provided further*, That the commission shall re-

Senate Ways and Means
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Attachment 36

codify the Kansas criminal code by reviewing the American law institute model penal code; the criminal codes of other states and other criminal law study resources; and make recommendations concerning proposed modifications, amendments and additions to the code: *And provided further*, That the commission shall analyze and review all criminal statutes and make recommendations for legislation that would ensure that the sentences are appropriate and proportionate to other sentences imposed for criminal offenses, with particular emphasis on the sentencing guidelines grid for drug crimes: *And provided further*, That the commission shall review and determine the severity of the Kansas sentencing policies in relation to other states and review possible adjustments which may relieve or eliminate prison capacity issues in Kansas: *And provided further*, That the commission shall study and make recommendations concerning the statutory definitions of crimes and criminal penalties and evaluate whether certain criminal conduct may be combined into one criminal statute, thus alleviating any potential problems of having two statutes prohibiting the same criminal conduct: *And provided further*, That the commission shall study and make revisions to clarify the code to facilitate just and expedient resolution of criminal prosecutions and resolve or prevent statutory conflicts: *And provided further*, That each member of the commission shall receive compensation, subsistence allowances, mileage and other expenses as provided for in K.S.A. 75-3223, and amendments thereto, except that the public members of the commission shall receive compensation in the amount provided for legislators pursuant to K.S.A. 75-3212, and amendments thereto, for each day or part thereof actually spent on commission activities: *And provided further*, That no per diem compensation shall be paid under this subsection to salaried state, county or city officers or employees, except that the legislative members shall receive compensation as provided in K.S.A. 75-3212, and amendments thereto: *And provided further*, That the commission shall have the authority to organize and appoint such task forces or subcommittees as may be deemed necessary to discharge such commission's duties, accept grants, gifts and other appropriation of funds, hire and employ staff persons and contract for the services of persons, organizations and agencies necessary for the discharge of the commission's duties: *And provided further*, That the commission shall work with the department of corrections and the Kansas sentencing commission and review studies and findings of the Kansas sentencing commission concerning proportionality of sentencing: *And provided further*, That the commission shall prepare and submit a report and recommendations to the legislature on or before June 30, 2008: *And provided further*, That the staff of the office of the revisor of statutes and legislative research department shall provide such assistance as may be requested by the commission and to the extent authorized by the legislative coordinating council.

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

MEMORANDUM

To: Honorable Dwayne Umbarger, Chairman
Senate Ways and Means Committee

Honorable Sharon Schwartz, Chair
House Appropriations Committee

From: Brian J. Moline, Chairman *BJM*
Kansas Corporation Commission

Date: April 17, 2007

RE: Item for Inclusion in Omnibus Appropriations Bill

The Kansas Corporation Commission (KCC) respectfully requests the inclusion of \$100,000 from the State General Fund in the Omnibus Appropriations Bill. This request is being made pursuant to a request of the Chairmen of the Senate Utilities and House Energy and Utilities Committees that the KCC review the receipts and expenditures of the Kansas City Kansas Board of Public Utilities.

During the regular session of the 2007 Legislature, HB 2032 was amended to place the KCK Board of Public Utilities under the jurisdiction of the Kansas Corporation Commission. The Conference Committee agreed to delete the Senate amendment to HB 2032 that would have placed under KCC jurisdiction any municipal utility with 50,000 or more customers. The Conference Committee also agreed to request, by letter, that the KCC review the revenue and expenditures of the Kansas City Kansas Board of Public Utilities (BPU) for 2006 and 2007. BPU is the state's only municipal utility to have more than 50,000 customers. The KCC is to report its findings to the Legislature during the 2008 Session. The request to the KCC is not included in the bill.

The Kansas Corporation Commission's assessment of the request by the Conference Committee is that the audit would cost the agency \$100,000. The BPU is not under the Commission's jurisdiction. This means that the KCC cannot assess the BPU for the costs

of the review in question. Although the costs could be part of the general assessment of costs under

K.S.A. 66-1503, to be recovered from all jurisdictional entities; this could be considered unfair and objectionable by such entities and their ratepayers.

The amount of \$100,000 from the state general fund should be sufficient to perform a review of BPU expenditures for prudence. KCC staff would examine the overall expenses and each major category of expenses to determine if they appear reasonable in absolute amounts and in comparison to other utilities. Although the review would be limited and would not constitute a management audit, we would also anticipate looking at basic procedures to determine if there are reasonable controls on costs and expenses. We would also look at BPU processes for acquiring goods and services at reasonable costs. It is not the KCC's intent to review whether the allocations of costs between the BPU electric and water operations are the most appropriate since this is not a rate case and the intended review process will look at expenses in total.

At this point, the Commission assumes that BPU's books and records are audited annually by an independent accounting firm. Typically, it is assumed that audited books reflect an accurate recording of actual revenues and expenses received and/or incurred. If BPU's books and records have not been audited or if there is reason to doubt the completeness of the audit, a financial audit would be increase the cost of any review significantly, assuming such an audit was feasible.

Thank you, in advance, for your consideration of this request. In order to accomplish the review requested by the Legislature, the Commission asserts the appropriation of \$100,000 from the State General Fund for use by the KCC is necessary.

cc Senator Carolyn McGinn
 Senator Jay Emler
 Senator Chris Steineger
 Representative Larry Powell
 Representative John Grange
 Representative Doug Gatewood
 Representative Clay Aurand
 Representative Carl Holmes
 Representative Jason Watkins
 Representative Sydney Carlin
 Representative Vaughn Flora

The Kansas Water Office has a short list of items for your consideration in the Omnibus Budget development. . . . of these items involve the Water Conservation Projects Fund, which are monies received from Colorado due to violations of the Arkansas River Compact. K.S.A. 82a-1803 et seq. requires any expenditure greater than \$10,000 be line itemed in appropriation legislation. Additional information is available on each of these items nevertheless a summary listing is included below:

- A) inclusion of line item expenditures for reimbursement to Groundwater Management District #3 for the Arkansas River Reconnaissance Study (\$29,448) and addition of three (3) return flow measurement devices for three (3) ditch irrigation companies (\$35,000) as follows: 64,448

Entity	Project	Cost
Garden City Ditch Company	one measuring station and instrumentation	\$25,000
South Side Ditch Association	Instrumentation for return flows	\$5,000
Frontier Ditch Association	Instrumentation for return flows	\$5,000
Total		\$35,000

- B) additional language for water conservation projects to accompany monies included in HB2368 §§ as follows: 1) alternate delivery system for Lake McKinney; 2) capacity storage and control structures at Lake McKinney; 3) lining of the southside ditch; 4) alternate delivery system for the farmers ditch; 5) recharge projects; and 6) check dams and structures...as determined feasible by studies and recommended by the director of the Kansas water office in consultation with the chief engineer of the Kansas department of agriculture of the division of water resources and stakeholders;

- C) disbursement of funds remaining (approximately \$525,729) from the \$1,109,946 received from Colorado on June 30, 2006, (HB2368 §§ expends \$584,217 from these monies for Interstate Water Issues at the Division of Water Resources); and

- D) inclusion of slightly modified language from last year's budget in the Attorney General's budget for Groundwater Management District #3 as follows (highlighted areas will need updated to reflect the appropriate budget years): "In addition to the other purposes for which expenditures may be made by the attorney general from the moneys appropriated from the state general fund or from any special revenue fund for fiscal year 2006 as authorized by chapter 174 or chapter 206 of the 2005 Session Laws of Kansas or by this or other appropriation act of the 2006 regular session of the legislature, expenditures shall be made by the attorney general from moneys appropriated from the state general fund or from any special revenue fund for fiscal year 2006 to negotiate and enter into a loan agreement with a limited liability company established by ground water management district #3 for purposes of a loan of moneys credited to the interstate water litigation reserve account of the state general fund, which loan agreement is hereby authorized to be entered into by the attorney general, notwithstanding the provisions of section 76(e) of chapter 206 of the 2005 Session Laws of Kansas, K.S.A. 82a-1801, and amendments thereto, or any other statute: *Provided*, That such loan agreement shall be entered into to provide financing to a limited liability company established by groundwater management district #3 for purposes related to water rights: *Provided further*, That the amount of the loan shall be specified by the loan agreement and shall not be more than \$1,000,000: *And provided further*, That the loan shall bear interest and the principal and interest of the loan authorized by this subsection shall be repaid in payments payable at least annually to the attorney general for a period as specified in the loan agreement: *And provided further*, That, upon entering into the loan agreement authorized by this subsection, the attorney general shall provide a certified copy of the loan agreement to the director of the budget and the director of the legislative research department: *And provided further*, That all amounts received by the attorney general in repayment of the loan authorized by this subsection shall be deposited in the state treasury and shall be credited to the interstate water litigation reserve account of the state general

1/16/2007

fu

The inclusion of these items will help ensure that the entities affected by the violations to the Arkansas River Compact are addressed in an efficient and effective manner.

Should you have questions or concerns about this request for consideration, please do not hesitate to contact me at your convenience.

Respectfully,

Joe Fund
Chief Fiscal Officer
Kansas Water Office
Office: 785-296-0872
Cell: 785-213-5589
E-mail: jfund@kwo.state.ks.us

Overview of Senate Comprehensive Building Maintenance Plan

Executive Summary:

- Over a 5-year period, the Senate plan will provide \$525 million to the state's six universities for important deferred building maintenance needs.
- Beginning in FY 2013, the Senate plan will provide a vital on-going funding stream to maintain the state-owned buildings on the state university campuses so future building maintenance crises can be prevented.
- The Senate plan will create a \$200 million No-Interest Revolving Loan Program for the state universities, Washburn University, the community colleges and technical colleges.
- The Senate plan will reduce the state's debt by paying off bonds that were issued for the 1996 Crumbling Classrooms initiative.
- The Senate plan will implement important accountability and reporting guidelines and will promote increased project efficiency.
- The Senate plan will also leverage state university student tuition investments and private dollars in order to more fully maintain and protect taxpayer investment in the state's valuable university infrastructure.

Overview:

- 1) **Crumbling Classrooms Bonds Debt Reduction.** The remaining Crumbling Classrooms bond debt will be paid through the SGF (\$15 million annually, FY 2008 through FY 2012). This will free up \$15 million annually in Educational Building Fund receipts that will be used for state university building maintenance needs.
- 2) **One-Time Maintenance Down-Payment through the Omnibus Maintenance/Disaster Relief Fund.** In FY 2008, appropriate a one-time \$45 million SGF down-payment to the Regents for state university building maintenance from the Maintenance/Disaster Relief Fund.
- 3) **On-Going State General Fund Revenue Transfer.** Beginning in FY 2009, an annual \$10 million SGF revenue transfer will be made to the Regents for state university building maintenance.
- 4) **On-Going State General Fund Revenue Transfer of Former Regents Research Bonds Obligation.** The state's annual \$10 million Regents Research Bonds commitment ends after FY 2010. Beginning in FY 2011, this \$10 million will be annually transferred to the Regents, through an SGF revenue transfer, for state university building maintenance.
- 5) **Technology Upgrade Matching Fund.** Beginning in FY 2008, permit state university campuses to annually select one technology upgrade project that they

would match at a rate of one dollar for one dollar out of a Technology Upgrade Fund. This matching fund would have a total of \$5 million (SGF) that would be matched with another \$5 million (other funds), for a total of \$10 million in technology upgrade projects. Funding would be awarded on a competitive basis, and projects would have to be reviewed by both the Joint Committee on State Building Construction and the Board of Regents before the Board of Regents could award the funding. This will allow campuses to leverage private dollars for such projects.

- 6) **No-Interest Revolving Loan.** Establish a \$200 million no-interest revolving loan program through the Pooled Money Investment Board. State universities, Washburn University, community colleges, and technical colleges would be eligible to participate. The institutions would be responsible for re-paying the loans.
- 7) **Retained Tuition Interest.** The interest dollars generated from student tuition payments (approximately \$8.5 million annually) will be allocated for state university building maintenance for 5-years (FY 2008 through FY 2012). The state universities would be allowed to re-pay no-interest loans (Item #6) with these tuition interest dollars.
- 8) **Future State Funding Obligation.** The state would appropriate \$25 million in FY 2009, and, beginning in FY 2010 and continuing thereafter, \$50 million annually for state university building maintenance.
- 9) **New Building Accountability.** The Board of Regents will not request SGF funding for the maintenance of new privately-financed buildings.
- 10) **Retirement of Unnecessary Facilities.** Would require the Board of Regents to take obsolete and unnecessary facilities out of service. Facilities could be “moth-balled” or razed.
- 11) **Project Oversight & Annual Reporting Requirements.** Oversight will be regularly conducted by the Joint Committee on State Building Construction and the Board of Regents.
- 12) **Improved Project Efficiency.** For maintenance projects, an “Authority Having Jurisdiction” (AHJ) is needed to interpret, approve, and authorize deviations or exceptions as required to applicable building codes. Presently, both the Division of Facilities Management (DFM) and the State Fire Marshal contend that they serve in that role, and neither entity will relinquish control to the other. This duplication of effort causes unnecessary delays and confusion. The Board of Regents would be granted the option of working exclusively with DFM as they have licensed professionals, use codes standards that are common to design professionals, etc. Previously-approved legislation allows the state universities to opt out of full services from the Department of Administration. Instead of a flat

1% fee charged by DFM, most projects are now closer to the 0.5% range. This continued practice will ultimately result in cost savings. In order to facilitate efficient and timely project reviews, "on-call" fire protection consultants can be retained to augment DFM staff during busy periods rather than adding permanent full-time staff to DFM or the Fire Marshal's office. DFM would delegate authority to these consultants.

- 13) **Reporting Requirements.** The following reports will be submitted by the Board of Regents to the Joint Committee on State Building Construction, the Senate Ways & Means Committee, the House Appropriations Committee, and the Governor: 1) an annual building maintenance project expenditure and completion report (displaying the progress of the funding plan and the impact it has had on the state university campuses); 2) a bi-annual "Inventory of Physical Facilities and Space Utilization (provides the age and condition of buildings, building space utilization, building replacement costs, etc); and 3) a bi-annual "Report on State University Deferred and Annual Maintenance" (a comprehensive facilities audit that provides a detailed overview of deferred maintenance needs of all state-owned buildings on state university campuses).

INT Temporary Faculty Member	59,398
Computer Forensics Professor	89,178
2 Upgrades of positions to reflect completion of PH.D.'s	17,868
Upgrade for Department Chair to reflect dept. size	2,382
Academic OOE Upgrade	15,000
CiscoNetworkingAcademyProgram Specialist	65,354
Travel, Netlab, Administrative Support, Training	30,000
Equipment & Software	<u>75,000</u>
	\$532,536

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Fort Hays State University Legislative Security Proposal 07

	Salary	Benefits 19.12%	Health Ins	Total
Network Security Professor	\$ 70,000.00	\$ 13,384.00	\$ 5,794.00	\$ 89,178.00
Network Security Professor	\$ 70,000.00	\$ 13,384.00	\$ 5,794.00	\$ 89,178.00
INT Temporary Faculty member	\$ 45,000.00	\$ 8,604.00	\$ 5,794.00	\$ 59,398.00
Computer Forensics Professor	\$ 70,000.00	\$ 13,384.00	\$ 5,794.00	\$ 89,178.00
Upgrade of positions to reflect completion of Ph.D.'s				
Shaffer	\$ 7,500.00	\$ 1,434.00		\$ 8,934.00
Walters	\$ 7,500.00	\$ 1,434.00		\$ 8,934.00
Upgrade of chair position to reflect department size	\$ 2,000.00	\$ 382.40		\$ 2,382.40
Academic OOE Upgrade				\$ 15,000.00
Cisco Networking Academy Program Specialist	\$ 50,000.00	\$ 9,560.00	\$ 5,794.00	\$ 65,354.00
(12 Month Position)				
OOE Travel, Netlab, Support, Training*				\$ 30,000.00
Equipment & Software				\$ 75,000.00
Total				\$ 532,536.40

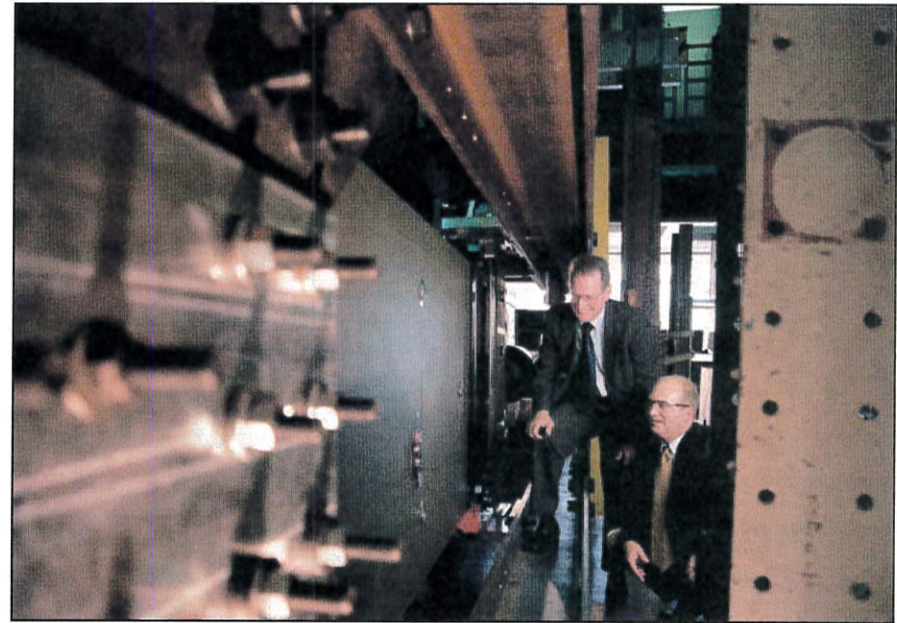
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The National Institute for Aviation Research...

- provides research
- certification testing
- technology transfer
- training

to...

- aerospace industry
- aviation-related companies
- non-aviation companies
- federal aviation research sponsors



Structures Lab

Current Situation

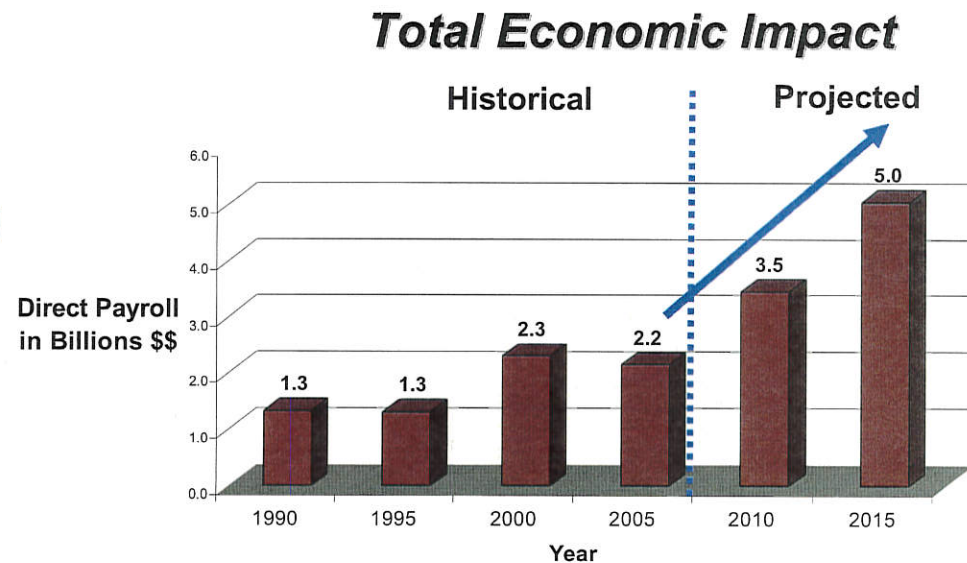


The aviation industry is a major contributor to the economic vitality of Kansas and has the potential for significant growth as a national center for aerospace innovation.



Aviation Economic Impact in Kansas

- ◆ 36,500 direct jobs with a payroll of approx. \$2.4 billion
- ◆ Each aviation job generates an additional 2.9 jobs
- ◆ Kansas delivers more than 50% of all U.S. general aviation aircraft (*1,263 aircraft valued at \$3.7 Billion in 2002*)
- ◆ Kansas Aviation Wages - \$2.4 Billion/Year
- ◆ 2016 State tax revenues forecast:
 - 16% of total state payroll
 - \$1B in state tax revenue
- ◆ Wages expected to skyrocket in 10 years – \$5.5 Billion/Year



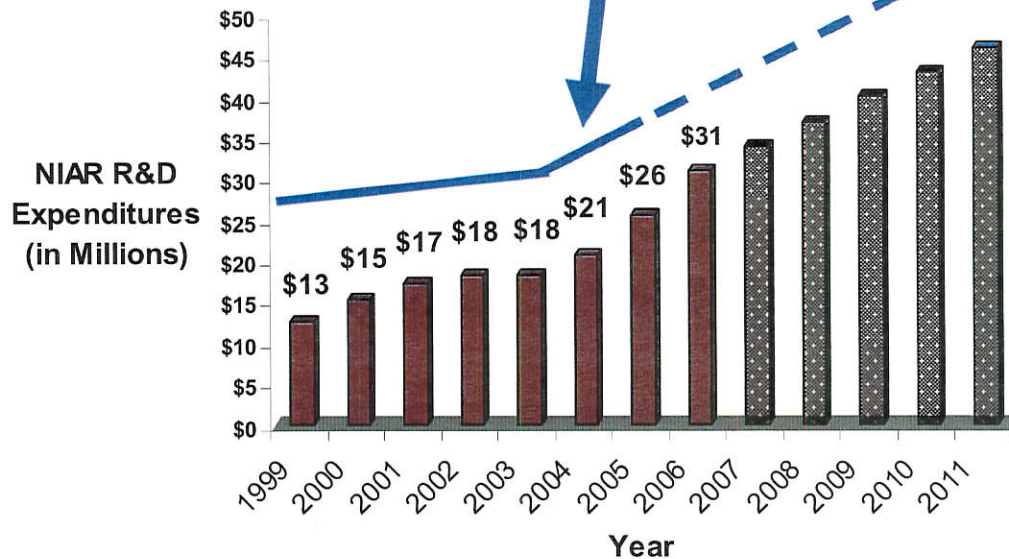
With your help we can maintain this growth in Kansas

Summary of Previous Program

- ◆ HB 2690 – 2002 legislative session
 - \$7 M Research (\$5 M expended 2003-2005)
 - \$13 M Infrastructure (\$7 M expended 2003-2005)
- ◆ Notable change in R&D expenditures within NIAR due to HB 2690 program
- ◆ Because of the State's investments
 - Industry is returning to Kansas for research
 - Future growth and retention of leadership in aviation is assured



**WE ARE NOW
ON A NEW
PATH FOR THE
FUTURE !!**



424

Federal Leveraging Opportunities

Raytheon Aircraft Company



Cessna
A Textron Company

SPIRIT
AEROSYSTEMS™



BOMBARDIER



NIAR



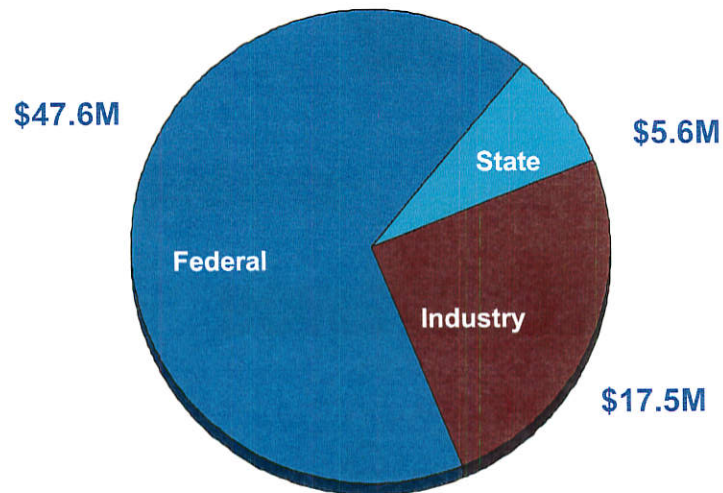
- ◆ Center of Excellence for Advanced Materials (CECAM) – (FAA - 2004)
- ◆ National Center for Advanced Materials Performance (NCAMP) – (NASA - 2004)
- ◆ Center for Friction Stir Processing – (NSF - 2005)
- ◆ Center for Aging Aircraft (DoD - 2006)
- ◆ Center for Environmental Testing of Airborne Equipment (FAA - 2008)

The State provided funding has resulted in over an 11-1 return

NIAR Investments and Leverage

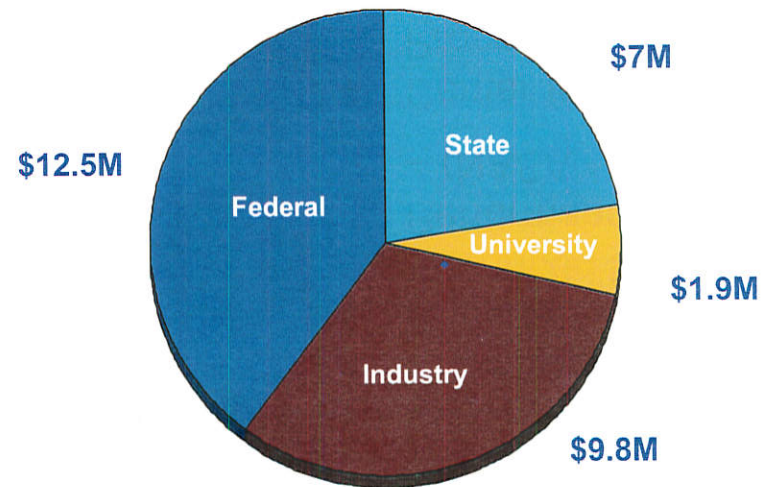
The State's investment has allowed us to obtain significant Federal and Industry funding

Research Investments
2003-2006
\$70.7 Million



11.6 : 1

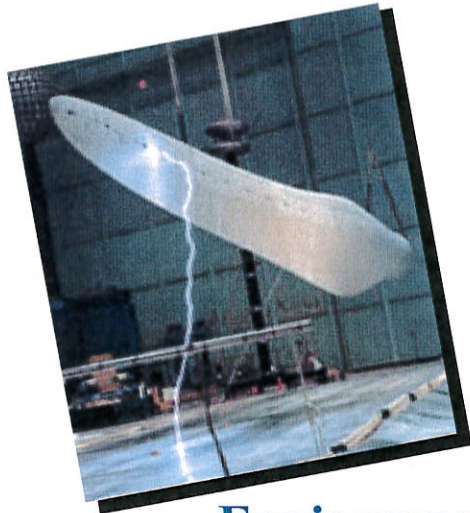
Infrastructure Investments
2003-2006
\$31.2 Million



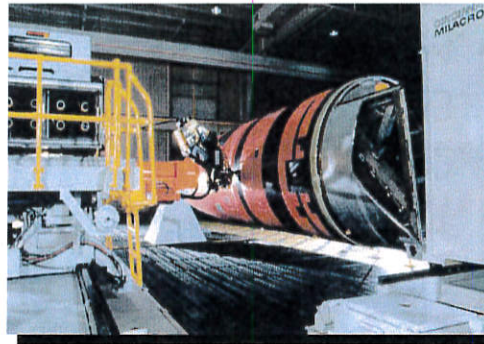
3.5 : 1

We need to continue to invest in the technology development for our future products

Targeted Research to Support Our Future Products



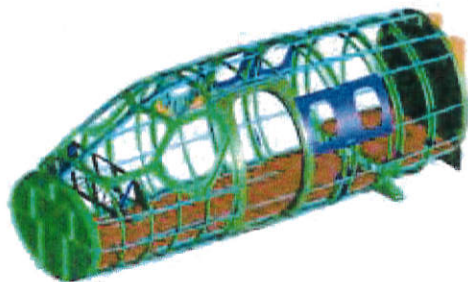
**Environmental
Effects**



Manufacturing



**Advanced
Joining**



Design



Safety



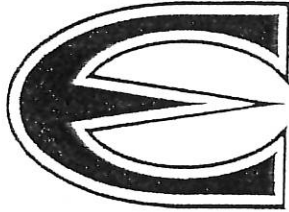
**Advanced
Materials**

*Reduced cycle time-to-market, reduced cost, enhanced
quality and safety for improved competitiveness*

***The National Institute for Aviation Research
ranks high among the nation's prestigious universities.***

Source: National Science Foundation - FY04 - by Aero R & D Expenditures

- | | |
|---|-------------------------------------|
| 1. Utah State University | 13. Pennsylvania State University |
| 2. The Johns Hopkins University | 14. Princeton University |
| 3. Georgia Institute of Technology | 15. Stanford University |
| 4. Wichita State University – The
National Institute for Aviation
Research | 16. Ohio University |
| 5. Massachusetts Institute of Technology | 17. Iowa State University |
| 6. United States Air Force Academy | 18. University of Michigan |
| 7. University of Colorado | 19. Purdue University |
| 8. University of Florida | 20. Cornell University |
| 9. Texas A&M University | 21. Old Dominion University |
| 10. University of Maryland College Park | 22. Virginia Polytechnic Institute |
| 11. University of Texas - Austin | 23. North Carolina State University |
| 12. Mississippi State University | 24. University of Tennessee |
| | 25. University of Dayton |



EMPORIA STATE UNIVERSITY

Working to Fill the Bioscience Pipeline

Emporia State University is proposing including two long-standing programs, formerly funded by federal and private grants, in the university's base operations. These programs have been directed for many years by Dr. Elizabeth Yanik, professor, Department of Mathematics, Computer Science and Economics. Dr. Yanik was awarded the Presidential Award for Excellence in Science, Mathematics, and Engineering Mentoring during ceremonies with President Bush in the Oval Office.

Expanding Your Horizons in Math and Science

For the past 13 years, "Expanding Your Horizons" has brought middle-school girls to ESU for hands-on sessions with female scientists, mathematicians and engineers. 220 girls in grades 6-8 meet on the Emporia State University campus with women professionals from scientific and mathematically based careers. According to Dr. Yanik, the conference serves to present a positive image of professional scientists, technicians and teachers.

"How many kids get to meet a woman chemist or a woman computer scientist? These are very normal women with productive lives and families," Yanik says. "Through the discussions, young girls find out they can have a good life and have a good career. The passion for what these guest speakers do really comes through."

Approximately 50 parents and teachers attending the conference participate in a separate program to assist them in learning strategies for encouraging young women in science and mathematics.

Women across Kansas, including professionals from ESU, volunteer their time to share their careers with participants. ESU students also help with this event.

"MASTER-IT!"

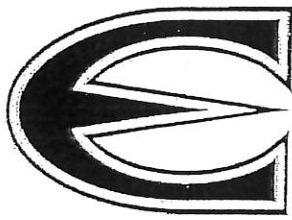
"MASTER-IT!" is an acronym for "Mathematics And Science To Explore caReers: Investigating Together". MASTER IT! Is a one week summer residential program for 24 talented young women from throughout Kansas. ESU has hosted MASTER IT! for seven years. The program encourages young women in grades seven and eight to explore careers in mathematics and science.

The MASTER IT! program allows girls to have fun with math and science by engaging in hands-on workshops with women professionals and university math and science faculty. Field trips to Wolf Creek Nuclear Corporation and the Cosmosphere demonstrate the importance of mathematics and science in our lives, and showcase many interesting careers. The students also hear from area female professionals in fields such as engineering, pharmacy, veterinary science and several bioscience occupations. Throughout the week, the students live in residence halls with college women chaperones and get an early taste of university living. As an extra bonus, participants have a group of MASTER IT! friends from all over the state to stay in touch with and support each other in the years to come.

The annual cost to continue to serve more than 240 of Kansas best and brightest through MASTER IT! and Expanding Your Horizons is estimated to be \$29,411.

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Attachment 43*

	Costs
<p>Expanding Your Horizons — a one day conference with science and math career discussions and hands-on workshops for 220 young women in grades 6-8 and an adult program for 50 adults</p> <p>MASTER IT- a one week summer residential conference for 24 young women in grades 7 and 8, with math and science sessions with women faculty and women professionals and field trips.</p>	
<p>A. SENIOR PERSONNEL</p> <p>1. Marvin Harrell, Outreach Programs Coordinator (one course reduction)</p>	<p>\$ 4,392</p>
<p>2. Betsy Yanik, Outreach Programs Coordinator (one course reduction)</p>	<p>\$ 5,095</p>
<p>B. OTHER PERSONNEL</p> <p>1. Undergraduate Student(EYH asst) (\$6.00/hr x 100)</p>	<p>\$ 600</p>
<p>Undergraduate Student MASTER IT Counselors (3@ \$500/week)</p>	<p>\$1,500</p>
<p>2. Secretarial – Clerical Teresa Rios, Department Secretary (\$11.93/hr x 1.5 overtime factor x 110 hours)</p>	<p>\$ 1,969</p>
<p>C. FRINGE BENEFITS (28% for staff, 2% for undergraduates)</p>	<p>\$ 3,365</p>
<p>D. TOTAL SALARIES, WAGES AND FRINGE BENEFITS</p>	<p>\$16,921</p>
<p>E. PARTICIPANT SUPPORT (EYH)</p> <p>1. Subsistence</p>	
<p>Luncheon (320 meals x \$10) (participants, speakers, workshop leaders)</p>	<p>\$ 3,200</p>
<p>2. Materials and Supplies Workshop Materials</p>	<p>\$ 400</p>
<p>3. Publication/Documentation/Dissemination</p>	
<p>a. Printing of Brochures and Cover Letters</p>	<p>\$ 750</p>
<p>b. Postage for Brochure</p>	<p>\$ 200</p>
<p>4. Other Participant T-shirts (270 shirts x \$6/shirt) Presenter Mugs (60 mugs x \$3/mug)</p>	<p>\$ 1,620 \$ 180</p>
<p>PARTICIPANT SUPPORT (MASTER IT)</p> <p>1. Subsistence for Participants and Counselors (27*\$230/week)</p>	<p>\$6,210</p>
<p>2. Travel for Star gazing and other fields trips (3 vans x \$210)</p>	<p>\$ 630</p>
<p>3. Materials and Supplies</p>	<p>\$ 300</p>
<p>4. Closing Banquet (meals for parts., parents, staff) (\$12x58)</p>	<p>\$ 696</p>
<p>5. Publications/Dissemination (printing of color brochure, cover letters and postage for brochure)</p>	<p>\$1,800</p>
<p>6. Other</p>	
<p>a. Needs-based Scholarships (8 x \$250)</p>	<p>\$2,000</p>
<p>b. University Conference fee (24x \$3.50)</p>	<p>\$ 84</p>
<p>F. TOTAL PARTICIPANT SUPPORT</p>	<p>\$18,070</p>
<p>G. OTHER DIRECT COSTS</p> <p>EYH Speakers: Two speakers x \$500 honorarium to include travel related expenses. Master It Chemistry and Biology workshop instructors (\$1,000 stipend each)</p>	<p>\$ 3,000</p>
<p>TOTAL DIRECT COSTS (D, F, and G)</p>	<p>\$37,991</p>
<p>REGISTRATION FEES (\$15 * 220 students)+(\$25*50) adults(EYH) (\$250 * 16 non- scholarship participants)</p>	<p>(\$ 8,550)</p>
<p>Amount needed to continue program</p>	<p>\$29,411</p>



Working to Fill the Bioscience Pipeline

Kansas Biosciences Summer Institute

A fundamental issue for the Kansas bioscience initiative is the relative lack of interest in sciences and mathematics among high school students. If bioscience initiatives are to be successful among graduate, post-graduate and private laboratory programs, a cadre of interested and prepared students must enter the university system as undergraduates. Therefore, ESU proposes establishment of a Kansas Biosciences Summer Institute.

The Kansas Biosciences Summer Institute would be a three week residential program at ESU for forty (40) talented high school juniors selected from all areas of Kansas and four (4) high school teachers selected from districts with limited bioscience curriculum.

The Institute would provide students with:

- Hands-on laboratory experiences in the Biosciences,
- Exposure to Kansas bioscience infrastructure and career opportunities,
- Instruction in related ethics, economics, and law issues,
- Field trips to bioscience industrial locations,
- Availability of university academic credit, and
- Continuation of projects through the students' senior years.

The Institute would provide teachers with:

- Knowledge of up-to-date bioscience curriculum,
- Instruction in state-of-the-art pedagogical technique,
- Exposure to current career opportunities for bioscience students, and
- Expansion of professional network and opportunity for ongoing mentoring.

The estimated annual cost of the Kansas Biosciences Summer Institute is \$142, 870.

Kansas Biosciences Summer Institute Estimated Budget

Housing (3 weeks for 40 students)	\$22,500	
Meals	\$13,970	
Transportation/Tours	\$ 4,500	
Speaker Stipends	\$ 4,000	
Residence Hall Assistants – 4	\$ 5,200	
Graduate Assistants – 2	\$ 3,200	
Faculty – 4 for 5 weeks	\$38,600	including benefits
Director – Planning/Organizing	\$31,500	incl. benefits & ¼ buy-out
Lab Supplies	\$ 2,250	
Postage	\$ 1,150	
Teachers – In Program – 4	\$12,000	live in dorms & work with students
Marketing / Selection	\$ 3,000	
Assessment / Follow-Up	\$ 1,000	
On-going Mentoring/Project Costs	In Kind	
Total	\$142,870	

SB 95 - Treatment Facilities for Mentally-Ill Youth (Law)
Revised Fiscal Impact

According to the Juvenile Justice Authority (JJA), the number of current Level V facilities that will become psychiatric residential treatment facilities (PRTF), that were added under SB 95, has decreased from five to three. They include the following:

- Florence Crittenton Services, Inc. - 21 beds
- Lakemary Center, Inc. - 64 beds
- TLC for Children and Families, Inc. - 15 beds

Revised total number of beds added under SB 95 - 100

The above facilities would be eligible for the two for one education state funding.

Estimated State Funding:

- Base State Aid Per Pupil (BSAPP) for FY 2008 - \$4,374
- Two for one state funding - \$8,748 per bed
- One-half of added beds under SB 95 - 50
- Fiscal impact - \$437,400

The following two facilities were removed from JJA's original estimate:

- Elm Acres - 34 beds
- Keys Youth Services, Inc. - 43 beds

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Ethanol Plant Economic Impact Analysis Study Considerations

Most analysis uses some variant of Input-Output (I-O) Analysis. A commonly used multiplier is RIMS II. There are other modeling programs; most common are IMPLAN and REMI.

In addition to typical analysis considerations, scenarios for estimating the economic impact of an ethanol plant in Kansas should include: 1) low/no cost of water versus high cost water as an input and 2) non-Kansas ownership of plant (e.g. ADM owned) versus Kansas owned plant.

Estimated impacts should also differentiate between the construction and operation phases.

Ethanol Plant Economic Impact Analysis General Content Outline

- Government (local, state, federal)
 - Taxes
 - Subsidies/Incentives
 - Regulations
- Construction
 - Infrastructure
 - Equipment
 - Labor
- Operation
 - Inputs
 - Raw Materials (Water, Corn [or other feedstocks], Energy)
 - Labor
 - Capital
 - Effects on markets (local, state, national, international)
 - Public/Private Infrastructure
 - Outputs
 - Ethanol
 - By-products (distillers' grain, carbon dioxide)
- I-O Model Approach (RIMS II, IMPLAN, *et cetera*)
 - Direct Impacts
 - Gross Sales
 - Jobs
 - Labor Income
 - Value Added (Returns to capital, owners, governments, and labor)
 - Indirect Impacts
 - Induced Impacts

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- Distribution/Transportation Systems
- Technology
 - Changes/alternatives
- Economies of Scale
- Cost of building in alternative products (e.g. corn sweeteners) capabilities
- Measure both Costs and Benefits to determine the Net Economic Impact
- Review of major existing Impact Studies related to ethanol production
- Vertical Integration of which ethanol production is only one part
- Capture uncertainty through use of Scenarios

Study Costs

There will be external data and model costs. The Docking Institute of Public Affairs estimates that a study incorporating all of the above components would cost \$17,500 for it to conduct.

K4A Omnibus Priorities

Provide the funding necessary to keep seniors living in the community where they choose to live and keep our community based programs strong.

Senior Care Act:

- The program keeps seniors in their home where many seniors want to live as long as possible.
- The Senior Care Act program is an extremely efficient program to assist seniors to remain living in their homes.
- Currently 238 seniors are on a waiting list for Senior Care Act Program. The state of Kansas will spend significantly more money on these same people if those on a waiting list enter a nursing home.
- Ask that the Senior Care Act program be enhanced by the \$778,000 requested by KDOA to meet the needs of those on the waiting list and to prevent a waiting list in FY 2008.

Enhanced Case Management:

- \$1.1 million to support a rapid referral and early intervention case management system.
- Early intervention by case managers linked with hospital discharge planners significantly increases senior's success in discharge back to their home.
- Prevents many seniors from being discharged to nursing homes.

Expedited Service Delivery

- \$200,000 to support statewide implementation of expedited services to individuals, age 65 and over.
- Currently, seniors wait up to 45 days for completion of Medicaid eligibility determination.

Craig Kaberline, Executive Director
Kansas Area Agencies on Aging Association
2910 SW Topeka Blvd, Topeka, KS 66611
(785) 267-1336
k4aed@hotmail.com

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Program of All-Inclusive Care for the Elderly (P.A.C.E.)

Testimony to the Ways and Means Sub Committee

By Karren Weichert, CEO

Midland Care Connection, Inc.

200 SW Frazier Circle

Topeka, KS 66606

785-232-2044

KDOA 2008 Budget

Madam Chair and Members of the Committee

My name is Karren Weichert and I am CEO of Midland Care Connection located in Topeka. Midland provides a continuum of services including hospice, palliative care, adult day care, respite, Program for All-inclusive Care for the Elderly (PACE), and grief counseling services. All of our programming is designed to support persons in their place of residence.

I am requesting your support for the enhancement in the KDOA FY2008 budget to expand the PACE program in Topeka. The projected budget for the additional 75 slots is \$1,150,000 (\$455,285 SGF). Secretary Greenlee has included an enhancement request in the department's budget that would allow Midland to expand support to an additional 75 people for our second year of operation. The service area for Midland's PACE program is Shawnee, Wabaunsee, Jackson, Jefferson, Douglas, Osage and Pottawattamie counties.

When Midland originally began advocating to become a PACE site, we requested funding to support a caseload of 150 individuals. We were allocated 75 in the 07 budget for which we are grateful. However, because of the nature of PACE, all the risk for the program is on the provider, not the state. In order to make the program work and stay financially viable, we believe an enrollment of 150 persons is necessary. As a provider, we assume the risk for all chronic, acute and tertiary care. That risk spread over 75 physically frail adults is far too great for any program to sustain long term. The additional 75 positions requested for Midland would allow program growth through FY 08 and sustainability.

PACE is a coordinated, comprehensive, capitated program designed to serve frail adults who are eligible for nursing home placement. PACE wraps services (medical and social) around the individuals to keep them in their own homes. The PACE service package as defined by Centers for Medicare and Medicaid (CMS) and the National PACE Association includes a continuum of services that delivers all needed medical and supportive services to seniors with chronic care needs while maintaining them in their homes as long as possible.

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Care and services include,

- Adult day care that offers nursing; physical, occupational and recreational therapies; meals; nutritional counseling; social work; and personal care
- Medical care provided by a PACE physician familiar with the history, needs and preferences of each participant
- Home health care and personal care
- All necessary prescription drugs
- Social services
- Medical specialists such as audiology, dentistry, optometry, podiatry, and speech therapy
- Respite care
- Hospital and nursing home care when necessary

PACE serves individuals who are age 55 or older, certified by the state to qualify for nursing home care, are able to live safely in the community at the time of enrollment, and live in a PACE service area.

Although all PACE participants must be certified to need nursing home care to enroll in PACE, only about seven percent of PACE participants nationally reside in a nursing home. If a PACE enrollee does need nursing home care, the PACE program pays for it and continues to coordinate the enrollee's care. No additional cost is incurred by the state.

PACE programs are a three-way partnership between the provider, the state, and the federal government. The program blends Medicare and Medicaid funding into a managed care product that is a win /win for all. For participants it provides what they want - to stay in their own homes; for providers it allows care to be delivered in a creative, out-of-the box style that stretches beyond just medical needs; for payers, in this case the state of Kansas, PACE is predictable.

Your support of the requested enhancement to expand the Topeka program by 75 will provide more Kansans a choice in long-term care options, and will help ensure the long-term viability of the program. Thank you for your consideration and support of this request.

KANSAS COMMISSION ON VETERANS' AFFAIRS RECOMMENDED ENHANCEMENTS FOR SFY 2008

Requested Items:		Amount	Accumulative	Approved
Adm #1	1. The Agency Administration (1): Hire Administrative Information Officer for pay grade 21	41,915	41,915	
KSH #1	2. Kansas Soldiers' Home: Purchase two intermediate sedans, a ¾ ton pickup truck, and a 7 passenger mini-van.	88,500	111,615	18,800 Governor's recommendation
KVH #1	3. Kansas Veterans' Home (1): Purchase a nine-passenger mini-van with a wheelchair lift to transport residents.	34,620		34,620 Governor's recommendation
Adm #2	4. The Agency Administration (2): Employee parking.	1,525	113,140	
Adm #3	5. The Agency Administration (3):			
	Meals and lodging increases	375		
	Mileage reimbursement increases;	1,075		
	1st class postage	525		
	Increased rents	3,174		
	Subtotal	5,149	118,289	
KSH #2	6. Kansas Soldiers' Home (2): Replace a 1973 John Deere tractor.	32,988	151,277	
KSH #3	7. Kansas Soldiers' Home (3): Acquisition of legal services.	20,000	171,277	
KSH #4	8. Kansas Soldiers' Home (4): Requests for information technology (IT) equipment, software, and training.	74,140	245,417	
KSH #5	9. Kansas Soldiers' Home (5): Seeks to fund ten additional resident worker positions.	53,496	298,913	
VSO #1	10. Veteran Service Organizations: Health coverage increase	25,000	323,913	
		377,333	53,420	

Veteran Services

	Initial Request	Revised Request	Accumulative
1. For increased rents and utilities in the new Hays and Salina field	10,315	10,315	10,315
2. For implementation of high-speed internet services for all field offices	3,000	3,000	13,315
3. For expanded program activities in the Veterans Claims Assistance to improve the coordination of veteran benefits counseling, and to ensure every Kansas veteran receives claims counseling and assistance.	10,000	2,500	15,815
4. For new annual software licensure for the "Virtual Vision" software that is required by SB 396.	6,750	6,750	22,565
5. For expanded activities in the Quality Assurance program that will provide a key role in reviewing field office and participating VSO's,	13,000	3,000	25,565
6. Expansion of itinerant travel and outreach for field offices Increase activity is due to initial contacts with the returning Gulf War veterans	4,575	4,575	30,140
7. Special training and event arrangements developed by the KCVA The KCVA is planning quarterly VSR training and update sessions,	8,000	8,000	38,140
8. Necessary overtime usage for VSR staff working evenings and weekends in order to support outreach functions at local community and state sponsored events.	9,000	3,000	41,140
9. Hiring of four additional VSR's for high-volume veteran populace areas of over 30,000 veterans in a county or urban areas.	160,000		
KC - Leavenworth		40,000	81,140
Lawrence		40,000	121,140
Manhattan		40,000	161,140
10. Upgrade of a VSR position to a PC 1. This would provide span of control	10,000	5,000	166,140
11. Acquisition of Mobile Vans to provide a full array of available services to the homebound, and to the remote rural Kansas veterans.	70,000		
12. VSR staff ofr Mobile Office vans - additional VSR staffing.	59,349		
13: Establish new VSR offices	50,000	10,000	176,140
		413,989	176,140

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Kansas Association
for the
Medically Underserved
The State Primary Care Association

1129 S Kansas Ave., Suite B Topeka, KS 66612 785-233-8483 Fax 785-233-8403 www.kspca.org

KAMU 2007 Appropriation Request

Dear Kansas Legislature:

On behalf of the primary care safety net clinics in Kansas, KAMU request an increase of state operating support for \$3 million. Private Kansas foundations, including the United Methodists Health Ministry Fund and the Sunflower Foundation Health for Kansans, will provide additional matching funds of at least \$1 million dollars targeted to the development of dental hubs. Other uses of state funding will include expanded access to primary health care services, development of new access points (“incubator” programs, and a recruit workforce for rural and underserved areas. These initiatives are more specifically described below:

- ***Continue Creation of (Regional Dental “Hubs” (\$500,000):*** Primary Care Safety Net Clinics are proving their capacity to provide oral health services. The United Methodist Health Ministry Fund and the Sunflower Foundation have pledged up to \$1,000,000.00 to help equip and ramp up the operations of dental hubs over a two to three year period. This investment is subject to a state appropriation of \$500,000.00 targeted to the expansion and development of dental hubs in a supplemental grant process. These hubs will create a critical mass of dental care at “hub” facilities. Access to services will be further expanded into the community by utilizing extended care dental hygienists.
- ***Increase operating support to expand accessible, affordable primary health care (\$2 million).*** Clinics across Kansas have strategic plans to increase access to services in areas of greatest need across Kansas. This funding will create access to a medical home for more than 30,000 Kansans. We ask that at least \$150,000.00 be appropriate as a “base adjustment” to enable clinics to keep pace with inflation, including the cost of providing employee health insurance and wages to retain qualified staff. The estimate cost of a full range of services is \$289.00 per year.
- ***Develop an Incubator Program: (\$250,000)*** Key areas of the state do not have access to a primary care safety net provider. This program would help create new access points in areas of high unmet need, such as Ellis County, Montgomery County, Cherokee County, and Atchinson County.

Primary Care Safety Net Clinics – A Good
Investment

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Kansas Association
for the
Medically Underserved
The State Primary Care Association

1129 S Kansas Ave., Suite B Topeka, KS 66612 785-233-8483 Fax 785-233-8403 www.kspca.org

- ***Strengthen the Health Professional Workforce (\$150,000)*** As the clinics grow so must the health professional workforce.) KAMU request that funds be dedicated to a health professional workforce program to be managed by KDHE. This workforce program would support not only primary care safety net clinics but also rural, underserved areas. An area of special focus will include dentists. Funds may also be used to match federal loan repayment dollars that require a \$1 to \$1 match.
- ***Strengthen the Base (\$100,000)***. The mission of the primary care safety net clinics demands that public and private resources be maximized to promote to healthy Kansans requiring.) KAMU request that 3% of all new funding appropriated be set aside for a statewide association dedicated to increasing access to quality primary health care services be awarded to provide technical assistance and trainings to promote efficiency and quality as the primary care safety net clinics expand.

Finally, KAMU thanks you for interest and commitment to increasing access to basic health care services for all Kansans. The state investment is a critical catalyst for the growth of primary care clinics. In addition, to creating affordable access to basic health care services, primary care clinics, also create economic development in some of the state's highest need areas by creating employment opportunities for local residents.

Sincerely,

Karla Finnell

Primary Care Safety Net Clinics – A Good
Investment

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
BUREAU OF CONSUMER HEALTH
FOOD PROTECTION AND CONSUMER SAFETY

PHOTOGRAPH DOCUMENTATION FORM

Facility: _____ License/ID#: _____
Address: _____ Inspection Date: 12/13/06
City: Wichita Inspector: _____

DIGITAL: (Photos were not altered except to change the size of the file)

35MM:

3.5 x 5 Photo # 1



Violation Description

Arms of the individual who was attacked by bed bugs.

3.5 x 5 Photo # 2



Violation Description

Live bed bugs on backside of headboard in guest room.

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KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
BUREAU OF CONSUMER HEALTH
FOOD PROTECTION AND CONSUMER SAFETY

PHOTOGRAPH DOCUMENTATION FORM

Facility: [REDACTED]

License/ID#: [REDACTED]

Address: [REDACTED]

Inspection Date: 12/14/2006

City: Coffeyville

Inspector: [REDACTED]

DIGITAL: X (Photos were not altered except to change the size of the file)

35MM:

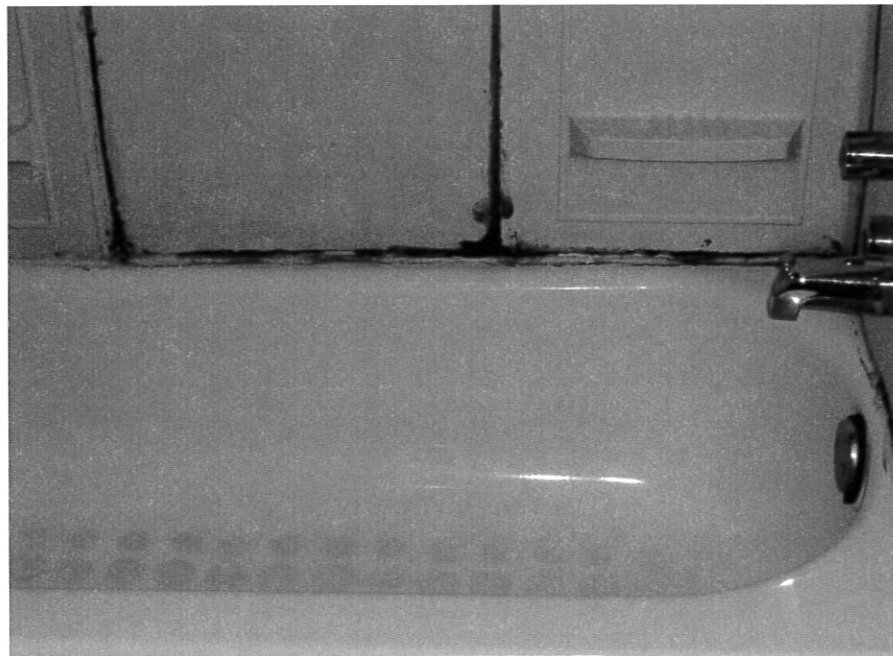
3.5 x 5 Photo # 3



Violation Description

28-36-40d Tub & showers moldy (rooms 12,18,24,25,32)

3.5 x 5 Photo # 4



Violation Description

28-36-40d Tub & showers moldy (rooms 12,18,24,25,32)

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
BUREAU OF CONSUMER HEALTH
FOOD PROTECTION AND CONSUMER SAFETY

PHOTOGRAPH DOCUMENTATION FORM

Facility: [REDACTED] License/ID#: [REDACTED]
Address: [REDACTED] Inspection Date: 12/14/2006
City: Coffeyville Inspector: [REDACTED]

DIGITAL: (Photos were not altered except to change the size of the file)

35MM:

3.5 x 5 Photo # 7



Violation Description

28-36-40d Showers in disrepair (rooms 14,17,27)

3.5 x 5 Photo # 11



Violation Description

28-36-35 Water leak to ceiling and damaged (room18)

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
BUREAU OF CONSUMER HEALTH
FOOD PROTECTION AND CONSUMER SAFETY

PHOTOGRAPH DOCUMENTATION FORM

Facility: _____ License/ID#: _____
Address: _____ Inspection Date: 9-12-06
City: Great Bend Inspector: _____

DIGITAL: (Photos were not altered except to change the size of the file)

3.5 x 5 Photo # 1



Violation Description

28-36-35
Baseboard not clean, mold on wall.

3.5 x 5 Photo #2



Violation Description

28-36-41 (a)
Flies.
28-36-40 c 1
Toilet not clean.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
BUREAU OF CONSUMER HEALTH
FOOD PROTECTION AND CONSUMER SAFETY

PHOTOGRAPH DOCUMENTATION FORM

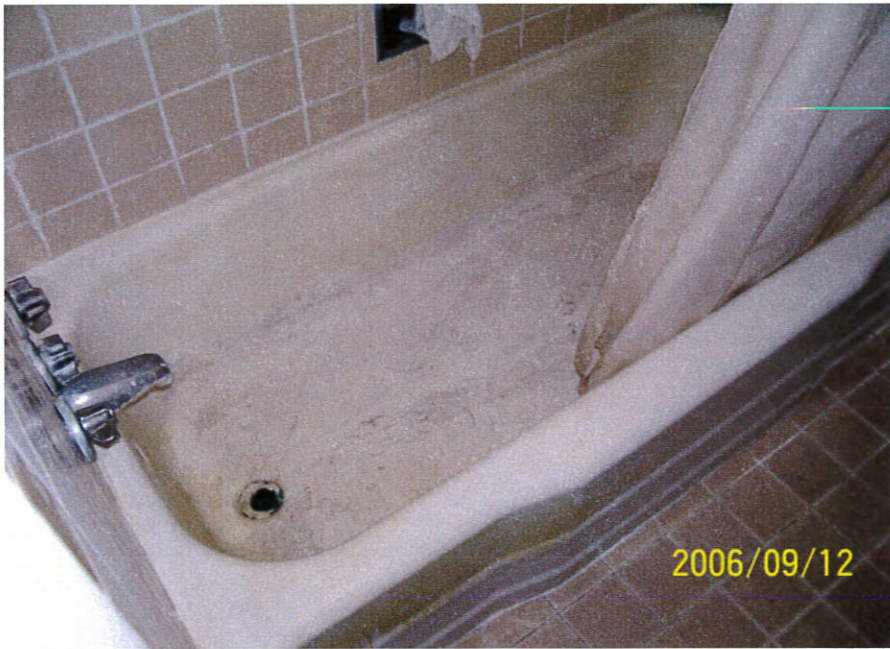
Facility: _____ License/ID#: _____

Address: _____ Inspection Date: 9-12-06

City: Great Bend Inspector: _____

DIGITAL: X (Photos were not altered except to change the size of the file)

3.5 x 5 Photo # 5



Violation Description

28-36-40 c 1
Bathtub is not clean

3.5 x 5 Photo #6



Violation Description

28-36-48
Boxed springs in soiled.

ENVIRONMENT

BUREAU OF CONSUMER HEALTH
FOOD PROTECTION AND CONSUMER SAFETY

PHOTOGRAPH DOCUMENTATION FORM

Facility: [REDACTED] License/ID#: [REDACTED]
 Address: [REDACTED] Inspection Date: 9-12-06
 City: Great Bend Inspector: [REDACTED]

DIGITAL: X (Photos were not altered except to change the size of the file)

3.5 x 5 Photo # 9



Violation Description

28-36-48
Soiled pillows.

3.5 x 5 Photo #10



Violation Description

28-36-443 (a)
Sink backed up. Room 17

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
BUREAU OF CONSUMER HEALTH
FOOD PROTECTION AND CONSUMER SAFETY

PHOTOGRAPH DOCUMENTATION FORM

Facility: [REDACTED] License/ID#: [REDACTED]

Address: [REDACTED] Inspection Date: 9-12-06

City: Great Bend Inspector: [REDACTED]

DIGITAL: X (Photos were not altered except to change the size of the file)

3.5 x 5 Photo # 11



Violation Description

Toilet in room 11

3.5 x 5 Photo #12



Violation Description

More soiled mattress and box springs.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
BUREAU OF CONSUMER HEALTH
FOOD PROTECTION AND CONSUMER SAFETY

PHOTOGRAPH DOCUMENTATION FORM

Facility: _____ License/ID#: _____
Address: _____ Inspection Date: 3/13/06
City: Kansas City, _____ Inspector: _____

DIGITAL: (Photos were not altered except to change the size of the file)

35MM:

3.5 x 5 Photo # 1



Violation Description

28-36-41 8-10 live bed bugs found on mattress, box springs and carpet in Room 252.

3.5 x 5 Photo #2



Violation Description

28-36-41 8-10 live bed bugs found on mattress, box springs and carpet in Room 252.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
BUREAU OF CONSUMER HEALTH
FOOD PROTECTION AND CONSUMER SAFETY

PHOTOGRAPH DOCUMENTATION FORM

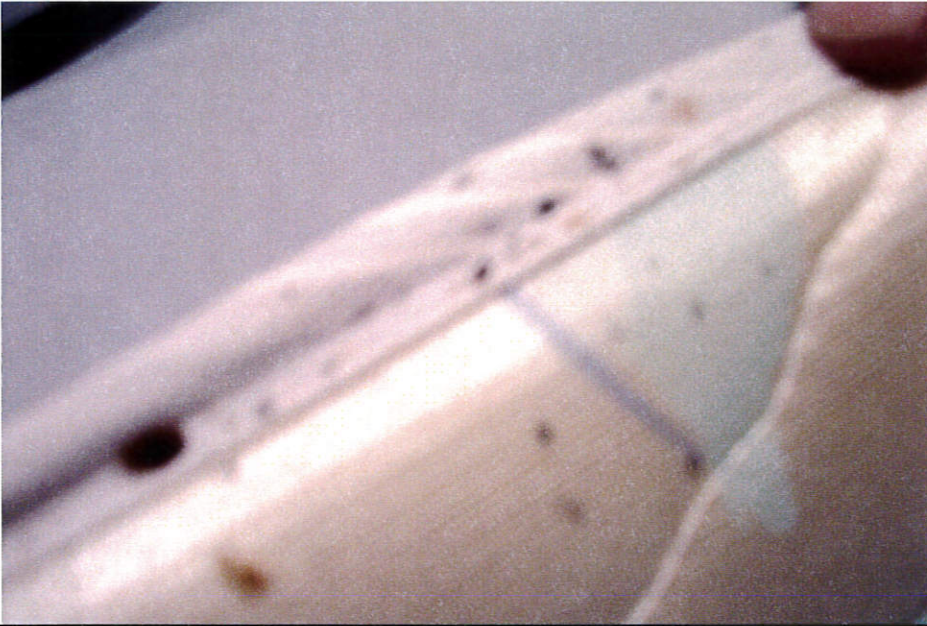
Facility: _____ License/ID#: _____
Address: _____ Inspection Date: 3/13/06
City: Kansas City Inspector: _____

DIGITAL: (Photos were not altered except to change the size of the file)

35MM:

3.5 x 5 Photo # 3

Violation Description



28-36-41 8-10 live bed bugs found on mattress, box springs and carpet in Room 252.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
BUREAU OF CONSUMER HEALTH
FOOD PROTECTION AND CONSUMER SAFETY

PHOTOGRAPH DOCUMENTATION FORM

Facility: [REDACTED] License/ID#: [REDACTED]

Address: [REDACTED] Inspection Date: 2002

City: Junction City Inspector: [REDACTED]

DIGITAL: (Photos were not altered except to change the size of the file)

35MM:

3.5 x 5 Photo #



Violation Description

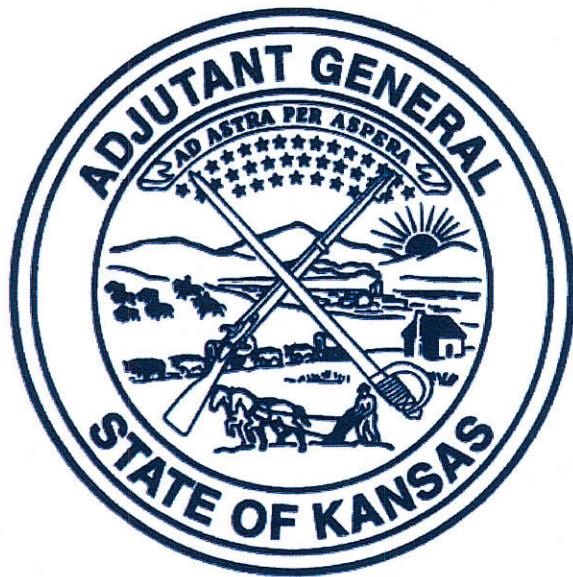
Dead baby mice under pillows

3.5 x 5 Photo #

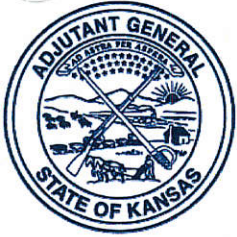
Violation Description

Kansas Adjutant General's Department

Regional Training Centers



**Maj Gen Tod Bunting
Adjutant General's Department
14 April 2007**



What is needed?

- Regional training facilities that facilitate public safety, with national guard members and first responders receiving training not otherwise available either financially or geographically.
- Locations that permit multi-use and multi-disciplinary training (**mandated by NIMS on an annual basis**) on various levels as well as Regional Training and Response Centers (RTRC) for emergency response.
- Change in mobilization policy necessitates an immediate need. This concept is tactical in implementation, but strategic in its implications to resolve public safety training and response challenges over the long term.



Stakeholders

- KS National Guard
 - Active Duty Army
 - Active Duty Air Force
 - Marine Corps
 - KS Fire Marshal
 - KS Bureau of Investigations
 - KS Law Enforcement Training Center
 - Transportation Security Administration
 - KS Department of Transportation
 - KS Department of Health & Environment
 - Emergency Medical Services
 - KS Highway Patrol
 - Sheriff Departments
 - Police Departments
 - Fire Departments
 - University Police
 - Wildlife & Parks Dept
-



Training Possibilities

- **Disaster City / Urban Complex**
 - **Fire training complex**
 - **Firearms training**
 - **Technical rescue training**
 - **Command and Control Center**
 - **Defensive pursuit driving (skid pad)**
 - **Close quarters combat/battle (CQB)**
 - **Military Operations in Urban Terrain (MOUT)**
 - **Simulations Center**
 - **Hazardous materials exercise training**
 - **Night driving and urban operations**
 - **Military satellite operations**
 - **Chemical biological nuclear radiological training**
 - **Civil disturbance training**
 - **Barricade suspect hostage negotiation training**
 - **Search and rescue**
 - **Collapsed Structure**
 - **Bus transportation safety**
 - **Explosives ordnance disposal training**
 - **Deployed Operations Training**
-



Other Uses

- Staging area
- Evacuation center
- Responder training area (shown)
- Communications hub
- Logistical support base
- Area to consolidate resources
- Heliport / helibase
- Incident Command System (ICS) integrated training
- Pre-positioned equipment
- Emergency Medical Deployment System (EMEDS)
- Joint tactical military training area (AC/NG)

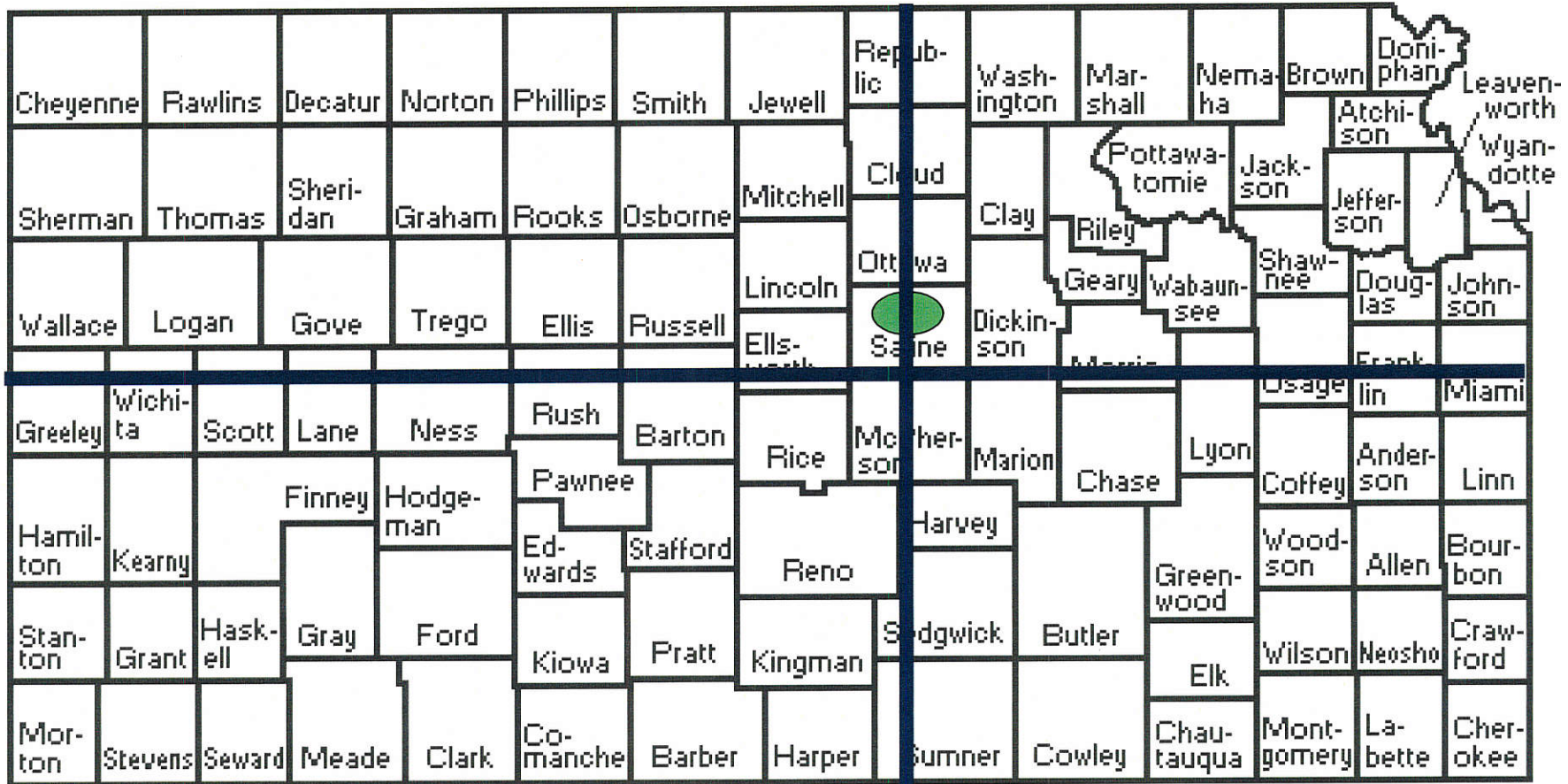


Collapsed Structure

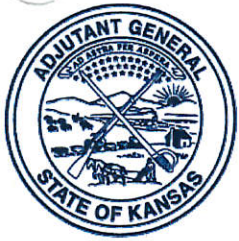
Not in my backyard (NIMBY) training



Geographic Location Concept Regional Training Centers



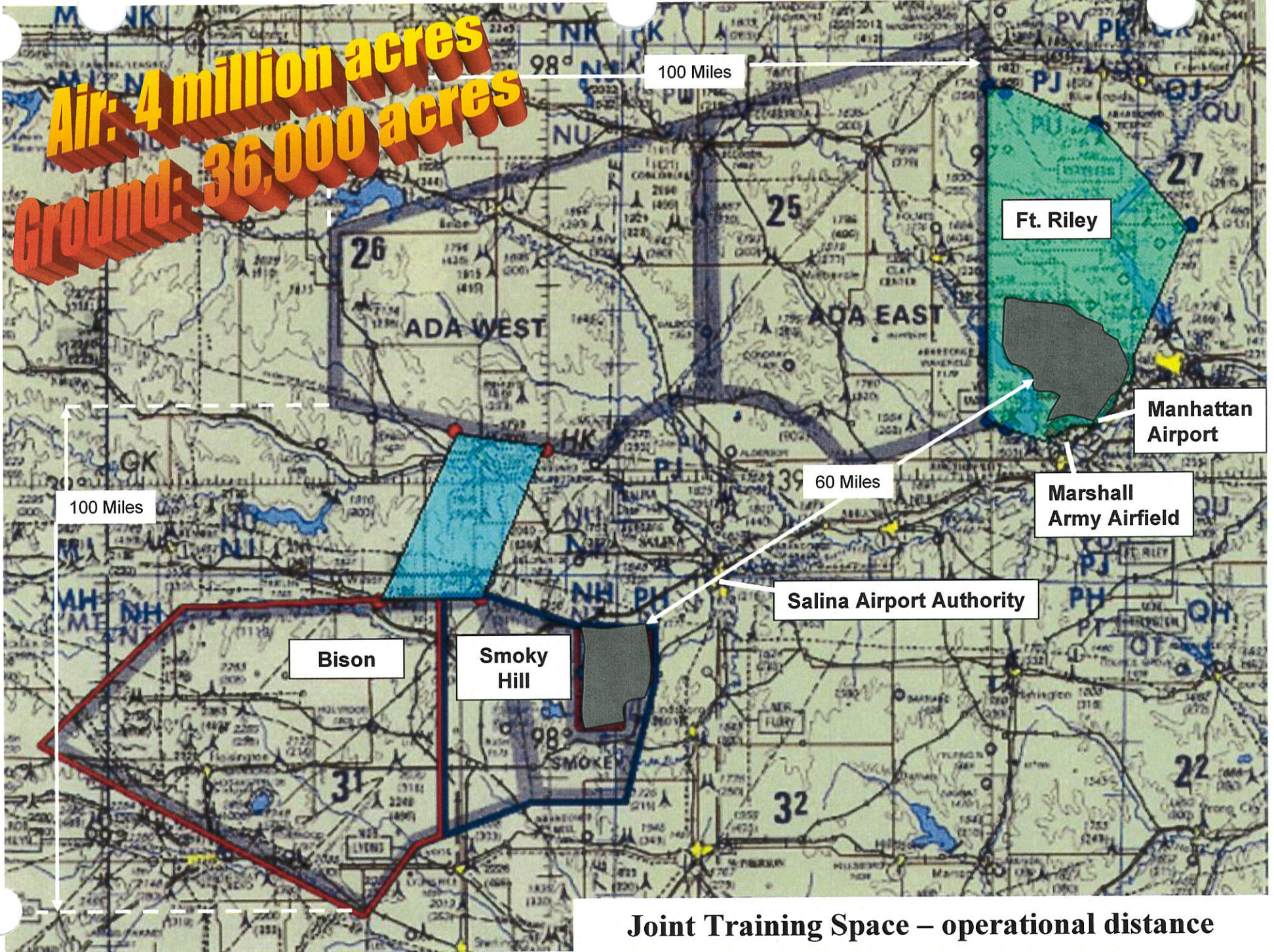
● Operational Proposed: One Training center in each quadrant of the State



Great Plains Joint Training Center (Regional Training Center Hub)

- **Multi-disciplinary Training and Exercises**
 - Law Enforcement, HAZMAT, Fire & Medical
- **Integrated with Kansas National Guard assets**
- **Military Operations/Urban Warfare Training**
- **Combined Unmanned Aerial Vehicle/Intelligence/Land Forces Training**





Joint Training Space – operational distance



Regional Training Centers

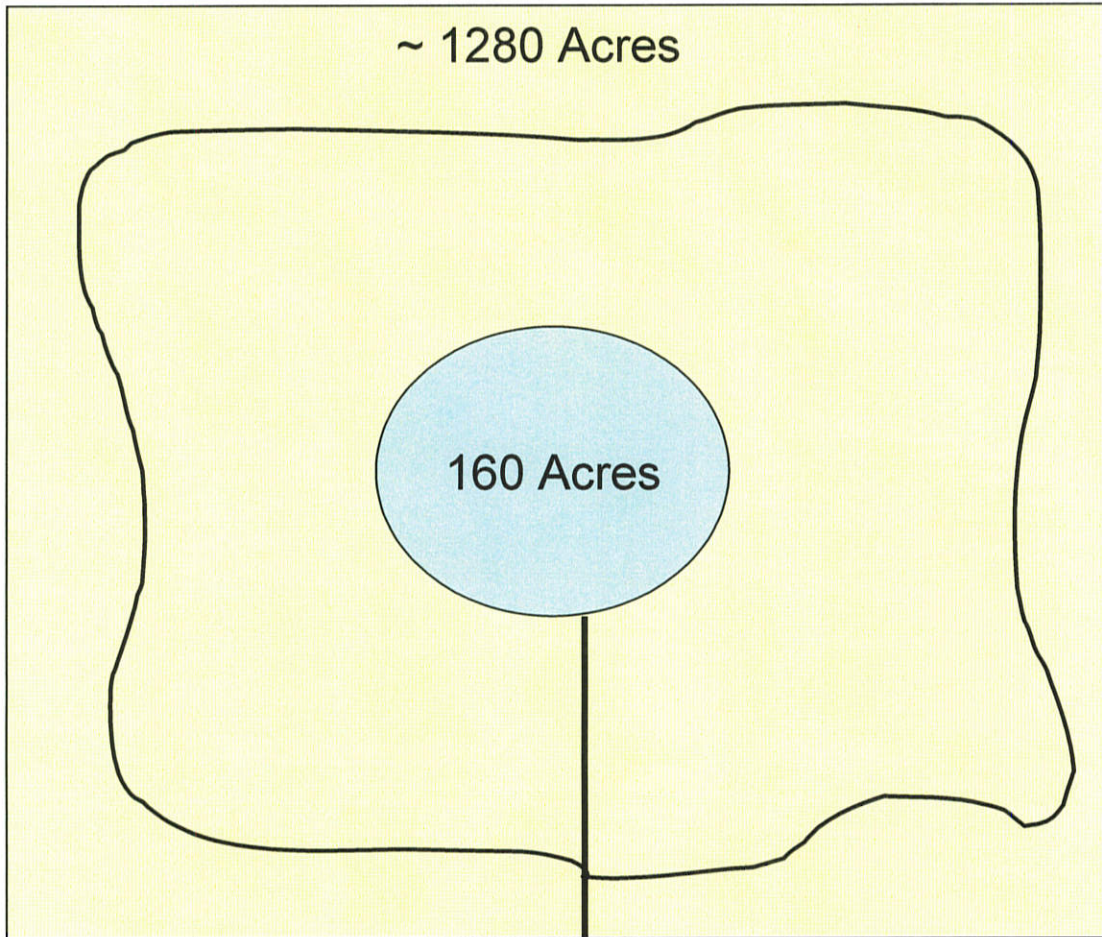
Emerging Opportunities:

- Response and Recovery Tng
- National Incident Management System exercises
- Unmanned Aerial Vehicles Tng
- Joint Training
- Asymmetric Warfare Training





Remote Sites Conceptual Drawing



Minimum footprint area

Safety/Buffer Zone

Possible driving trail

Smoke dispersion area

Noise abatement

Outer road for training

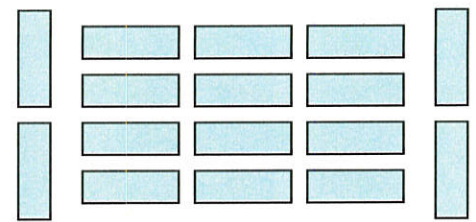
KSNG – Regional Readiness / Emergency Response Centers

Regional Center Concept Layout

Multi-use

Multi-use

Multi-use



Tent Pads

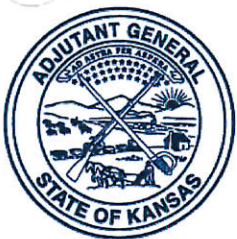
Urban Complex

Emergency Equipment Staging Area /
Parking Lot

25m Firing Range

Helicopter LZ /
Skid Pad

Airfield or grass-strip supporting: C-130, C-17, C-12



Notional Structures

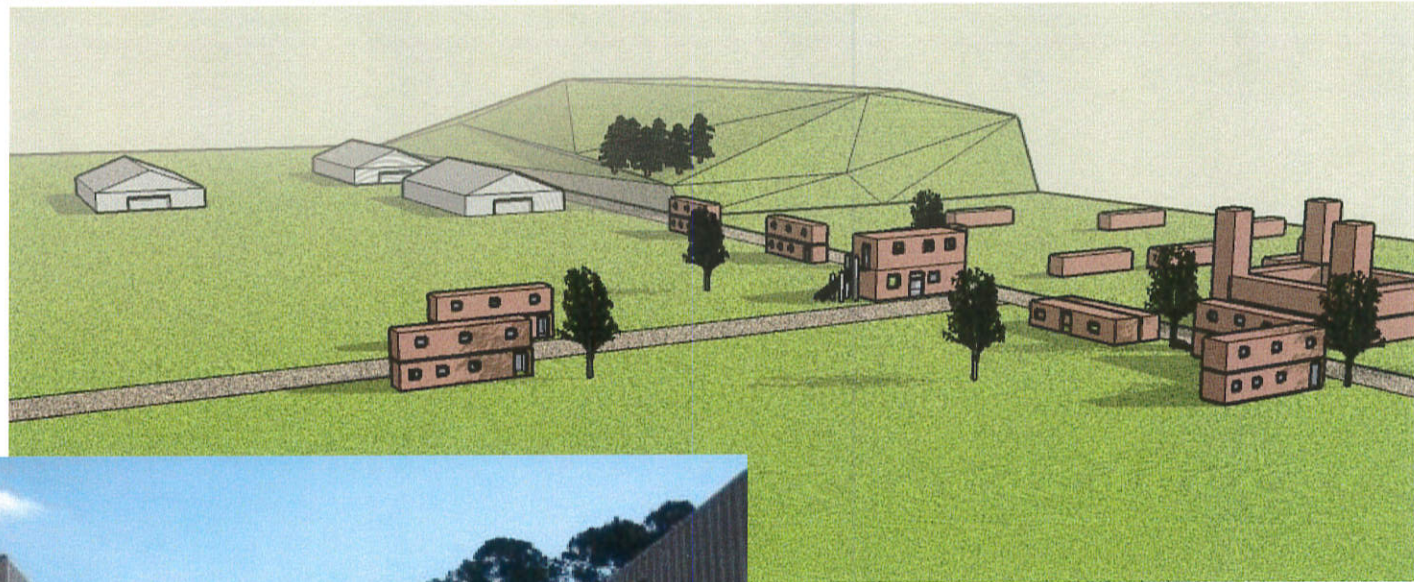
Fire Tower/Rappel Tower/Shoot House



- **Fire Tower facility can be a multi-application training tool.**
- **Local Fire Dept. training.**
- **Used by National Guard and Police with “Simulation” rounds for Close Quarters Battle training.**
- **Can also be used as a rappelling tower for rescue training.**



Urban Training Complex

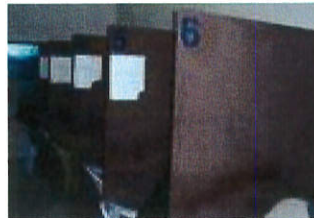




Current Concept Structures

Large multi-purpose buildings :

- Steel-Framed 68X150 shelter with dividers
- AC/Heat
- 20 year lifespan on vinyl, 30 year on aluminum frame
- Contains internet stations
- New gym equipment
- Large room for conferences / briefings



Metal vs. Sprung-Type :

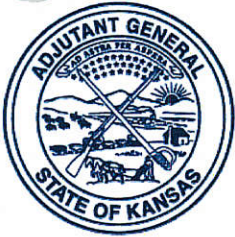
- Sprung = \$25 sq. ft.
- Metal = \$35-50 sq. ft.
- Sprung = ~20 year lifespan
- Metal = 50 year lifespan
- Sprung-type has relocation capabilities





Why now?

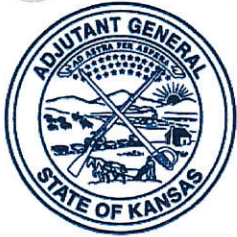
- Crossroads of training capacity to match global threat.
 - Addresses tactical and strategic Homeland Security requirements for the National Guard and our partners in Public Safety.
 - New mobilization policy means we are on our own now for nearly all of the deployment training of our troops.
 - Changes in threats to National Security require us to move forward ...now!
-



Budget

Great Plains Regional Training Center

• Logistics Center (Staging area/warehouse)	\$ 3,000,000
• Land acquisition	1,400,000
• Continuity Of Operations site and EOC training center	700,000
• Urban Training Complex	2,700,000
• Contingencies	1,200,000
• <u>Total Cost Projection:</u>	<u>9,000,000</u>
• Land Purchase Option	1,860,000



Budget

Regional Training Centers

• Land	\$	0
• Site development		800,000
• Utilities		550,000
• Small Arms Range		100,000
• Vehicle staging & training		490,000
• Urban complex		500,000
• Multi-use building		660,000
• Contingencies		500,000
• <u>Total projected:</u>		3,600,000 each
• Land Purchase Option		1,860,000



Budget: Sustainment

Regional Training Centers

Sustainment Cost Projections	Great Plains Personnel	RTC Personnel	State Cost	Federal Cost
Federal Full Time Personnel	4	12	\$ 0	\$ 730,904
State Full Time Personnel	3.5	4	120,000	100,000
Sustainment Cost			200,000	350,000
Utilities			0	250,000
Totals			\$320,000	\$1,430,904

Expectations of Kansas citizens

- The expectations of the citizens in our communities, our state and nation have changed since September 11, 2001. Kansans expect their public safety professionals to function as a cohesive team.
- From a local perspective we can always count on a group of public safety personnel who have training, equipment and authority to assist when called for during an emergency.
- The National Guard, which makes up nearly half of the forces serving today, will always protect and defend U.S. interests here and abroad.
- Adequate training and equipment are provided to ensure first responders and the National Guard can safely and effectively respond to any emergency or mission.



Regional Training Centers

Questions

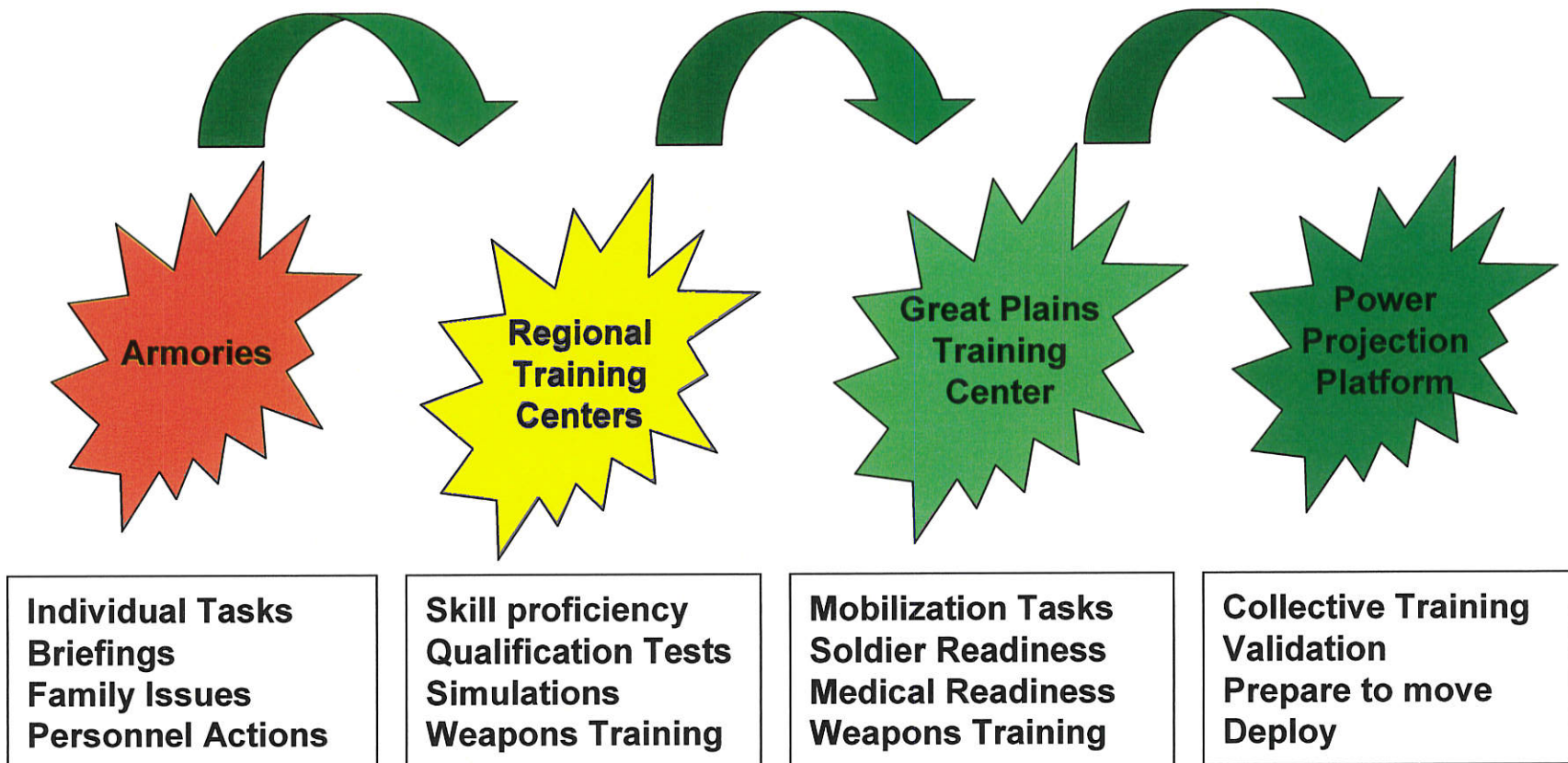


Backup Slides



Bottom-up Review

A new training strategy



Kansas Adjutant General Projects

*** FOR ESTIMATION PURPOSE ONLY ***

\$16M in FY08 - 20 Year Amortization

May 1, 2008

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2008	-	-	-	-
06/30/2009	530,000.00	4.070%	740,247.00	1,270,247.00
06/30/2010	555,000.00	4.070%	718,676.00	1,273,676.00
06/30/2011	575,000.00	4.090%	696,087.50	1,271,087.50
06/30/2012	600,000.00	4.120%	672,570.00	1,272,570.00
06/30/2013	625,000.00	4.150%	647,850.00	1,272,850.00
06/30/2014	650,000.00	4.180%	621,912.50	1,271,912.50
06/30/2015	675,000.00	4.210%	594,742.50	1,269,742.50
06/30/2016	705,000.00	4.250%	566,325.00	1,271,325.00
06/30/2017	735,000.00	4.330%	536,362.50	1,271,362.50
06/30/2018	765,000.00	4.380%	504,537.00	1,269,537.00
06/30/2019	800,000.00	4.460%	471,030.00	1,271,030.00
06/30/2020	835,000.00	4.570%	435,350.00	1,270,350.00
06/30/2021	875,000.00	4.640%	397,190.50	1,272,190.50
06/30/2022	915,000.00	4.690%	356,590.50	1,271,590.50
06/30/2023	960,000.00	4.750%	313,677.00	1,273,677.00
06/30/2024	1,005,000.00	4.800%	268,077.00	1,273,077.00
06/30/2025	1,050,000.00	4.830%	219,837.00	1,269,837.00
06/30/2026	1,105,000.00	4.860%	169,122.00	1,274,122.00
06/30/2027	1,155,000.00	4.870%	115,419.00	1,270,419.00
06/30/2028	1,215,000.00	4.870%	59,170.50	1,274,170.50
Total	\$16,330,000.00	-	\$9,104,773.50	\$25,434,773.50

Yield Statistics

Bond Year Dollars	\$194,890.00
Average Life	11.934 Years
Average Coupon	4.6717500%
Net Interest Cost (NIC)	4.7052663%
True Interest Cost (TIC)	4.6952810%
Bond Yield for Arbitrage Purposes	4.6940513%
All Inclusive Cost (AIC)	4.8845819%

IRS Form 8038

Net Interest Cost	4.6717500%
Weighted Average Maturity	11.934 Years

\$16M in FY08 | SINGLE PURPOSE | 4/ 2/2007 | 11:19 AM

Kansas Adjutant General Projects

*** FOR ESTIMATION PURPOSE ONLY ***

\$10M in FY09 - 20 Year Amortization

May 1, 2009

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2009	-	-	-	-
06/30/2010	330,000.00	4.070%	469,162.00	799,162.00
06/30/2011	345,000.00	4.090%	455,731.00	800,731.00
06/30/2012	360,000.00	4.120%	441,620.50	801,620.50
06/30/2013	375,000.00	4.150%	426,788.50	801,788.50
06/30/2014	390,000.00	4.180%	411,226.00	801,226.00
06/30/2015	405,000.00	4.210%	394,924.00	799,924.00
06/30/2016	425,000.00	4.250%	377,873.50	802,873.50
06/30/2017	440,000.00	4.330%	359,811.00	799,811.00
06/30/2018	460,000.00	4.380%	340,759.00	800,759.00
06/30/2019	480,000.00	4.460%	320,611.00	800,611.00
06/30/2020	505,000.00	4.570%	299,203.00	804,203.00
06/30/2021	525,000.00	4.640%	276,124.50	801,124.50
06/30/2022	550,000.00	4.690%	251,764.50	801,764.50
06/30/2023	575,000.00	4.750%	225,969.50	800,969.50
06/30/2024	605,000.00	4.800%	198,657.00	803,657.00
06/30/2025	630,000.00	4.830%	169,617.00	799,617.00
06/30/2026	660,000.00	4.860%	139,188.00	799,188.00
06/30/2027	695,000.00	4.870%	107,112.00	802,112.00
06/30/2028	730,000.00	4.870%	73,265.50	803,265.50
06/30/2029	765,000.00	4.930%	37,714.50	802,714.50
Total	\$10,250,000.00	-	\$5,777,122.00	\$16,027,122.00

Yield Statistics

Bond Year Dollars	\$122,525.00
Average Life	11.954 Years
Average Coupon	4.7150557%
Net Interest Cost (NIC)	4.7485183%
True Interest Cost (TIC)	4.7394338%
Bond Yield for Arbitrage Purposes	4.7383783%
All Inclusive Cost (AIC)	4.9751276%

IRS Form 8038

Net Interest Cost	4.7150557%
Weighted Average Maturity	11.954 Years

\$10M in FY09 | SINGLE PURPOSE | 4/ 2/2007 | 11:19 AM

Kansas Adjutant General Projects

*** FOR ESTIMATION PURPOSE ONLY ***

\$6M in FY10 - 20 Year Amortization

May 1, 2010

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2010	-	-	-	-
06/30/2011	200,000.00	4.090%	284,802.00	484,802.00
06/30/2012	205,000.00	4.120%	276,622.00	481,622.00
06/30/2013	215,000.00	4.150%	268,176.00	483,176.00
06/30/2014	225,000.00	4.180%	259,253.50	484,253.50
06/30/2015	235,000.00	4.210%	249,848.50	484,848.50
06/30/2016	245,000.00	4.250%	239,955.00	484,955.00
06/30/2017	255,000.00	4.330%	229,542.50	484,542.50
06/30/2018	265,000.00	4.380%	218,501.00	483,501.00
06/30/2019	275,000.00	4.460%	206,894.00	481,894.00
06/30/2020	290,000.00	4.570%	194,629.00	484,629.00
06/30/2021	300,000.00	4.640%	181,376.00	481,376.00
06/30/2022	315,000.00	4.690%	167,456.00	482,456.00
06/30/2023	330,000.00	4.750%	152,682.50	482,682.50
06/30/2024	345,000.00	4.800%	137,007.50	482,007.50
06/30/2025	365,000.00	4.830%	120,447.50	485,447.50
06/30/2026	380,000.00	4.860%	102,818.00	482,818.00
06/30/2027	400,000.00	4.870%	84,350.00	484,350.00
06/30/2028	420,000.00	4.870%	64,870.00	484,870.00
06/30/2029	440,000.00	4.930%	44,416.00	484,416.00
06/30/2030	460,000.00	4.940%	22,724.00	482,724.00
Total	\$6,165,000.00	-	\$3,506,371.00	\$9,671,371.00

Yield Statistics

Bond Year Dollars	\$73,755.00
Average Life	11.964 Years
Average Coupon	4.7540790%
Net Interest Cost (NIC)	4.7875141%
True Interest Cost (TIC)	4.7797540%
Bond Yield for Arbitrage Purposes	4.7788454%
All Inclusive Cost (AIC)	5.0468103%

IRS Form 8038

Net Interest Cost	4.7540790%
Weighted Average Maturity	11.964 Years

\$6M in FY10 | SINGLE PURPOSE | 4/ 2/2007 | 11:20 AM

Hazard Mitigation Grant Program (HMGP) 1

(Based on 15% of FEMA disaster costs, 25% non-federal match requirement)

DR-1675 - \$41 million federal share (75%) (estimated)

- **Proposed projects with State Match**
 - **Regular Program - \$36.08m Fed / \$4.811m State (10% share)**
 - Power line upgrades
 - Shelters for schools
 - Flood acquisition/relocation and demolition
 - 5% projects not meeting the criteria below
 - Critical facility generators, drainage improvement, etc.

- **Provide 100% local share for the following**
 - **5% Set-aside Initiatives - \$2.05m Fed / \$683k State**
 - Early warning systems affecting multiply counties or statewide
 - Fusion Center
 - NOAA Weather Radios
 - GIS mapping software and equipment
 - Primary purpose is for mitigation
 - Dam Breach Inundation Studies by KDA

 - **7% Planning - \$2.87m Fed / \$957k State**
 - Local Mitigation Plans
 - Must have approved plan for HMGP eligibility

 - **Management grant - \$375k Fed / \$125k**
 - Hire additional staff to administer projects/plans up to 4 yrs

Total State matching funds required - \$6.576m

With the local share (15%) included in regular programs, the State will be able to leverage over \$54m in mitigation projects and plans.

*Senate Ways and Means
April 18-23, 2007
Attachment 53*

Hazard Mitigation Grant Program (HMGP) 2

(Based on 15% of FEMA disaster costs, 25% non-federal match requirement)

DR-1675 - \$41 million federal share (75%) (estimated)

- **Proposed projects with State Match**
 - **Regular Program - \$36.08m Fed / No State Share**
 - Power line upgrades
 - Shelters for schools
 - Flood acquisition/relocation and demolition
 - 5% projects not meeting the criteria below
 - Critical facility generators, drainage improvement, etc.

- **Provide 100% local share for the following**
 - **5% Set-aside Initiatives - \$2.05m Fed / \$683k State**
 - Early warning systems affecting multiply counties or statewide
 - Fusion Center
 - NOAA Weather Radios
 - GIS mapping software and equipment
 - Primary purpose is for mitigation
 - Dam Breach Inundation Studies by KDA

 - **7% Planning - \$2.87m Fed / \$957k State**
 - Local Mitigation Plans
 - Must have approved plan for HMGP eligibility

 - **Management grant - \$375k Fed / \$125k**
 - Hire additional staff to administer projects/plans up to 4 yrs

Total State matching funds required - \$1.765m

Provides match for state sponsored projects and those not identifiable to a specific jurisdiction. Also provides additional staff to manage over \$54m in mitigation planning and project grants



Kansas Bureau of Investigation

Larry Welch
Director

Paul Morrison
Attorney General

MEMORANDUM

DATE: April 19, 2007
TO: Senator Dwayne Umbarger
FROM: Kyle Smith, KBI
RE: Omnibus bill, KCJIS funding

As per your request, the following is a brief description of our priority for your committee's consideration regarding the KBI's budget. The first item listed in the Revisor's summary (excerpted below) is indeed out top priority - **\$148,750 for operation of the Kansas criminal justice information system (KCJIS)**. While in the KBI budget, this really serves the entire criminal justice system.

The mega bill gave us half the funding for this project, (\$148,750 of \$297,500) but this isn't like getting money for 4 agents when we wanted 8 – unfortunately we need the entire amount.

There are two parts to this item – first is an essential service contract to ensure operability and updates on a \$500,000 new software system that allows local public safety agencies (last month, about 8,500 users from 1,700 agencies) to connect to the system. There are required updates from the federal authorities and the inevitable connectivity problems involved in making over 1,700 separate computer systems work together. We need the service contract to keep the police, judges, county attorneys, probation officers, etc. able to run record checks, do Amber Alerts, etc.

If we do not get the funding, public safety not having the service is simply not an option. Since the KBI does not have the funds available, our only option would be to charge each agency a fee to cover the costs. While arguments can be made to justify the fee approach, past experience has shown that it is political dynamite to start charging them to get basic service, especially when they have not had to in the past.

The appropriation also provides funding for two essential information techs that were previously funded with federal grants, which funding has ended. We actually asked for two additional techs, as there is a backlog of agencies needing to connect to our incident based reporting system, (KIBRS) but additional people seems unlikely. But we really do need to keep these two, as they are the ones that work with each agency, connecting them and handling problems.

Thanks, and let me know if you have questions.

*Senate Ways and Means
April 18-23, 2007
Attachment 54*

(Legislative Research's "Items for consideration in Omnibus" Pages 87-88)

Kansas Bureau of Investigation

A. Kansas Criminal Justice Information System (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of \$148,750, all from the State General Fund, for the Kansas Criminal Justice Information System in FY 2008. The agency requested \$297,500, all from the State General Fund, including \$196,000 for software maintenance and \$101,500 for two employees to provide technical support and training to law enforcement agencies who submit crime incident reports electronically to the KBI. The

- 88 -

Legislature approved \$148,750, all from the State General Fund, for the project in HB 2368 and recommended that the remaining funding be considered during Omnibus.

B. DNA Analysis (Senate Committee and House Committee). The Senate and House Committees recommended Omnibus consideration of \$237,418, all from the State General Fund, to expand DNA analysis. The 2006 Legislature passed legislation increasing the number of DNA samples required to be analyzed by the agency's laboratory. The agency requested \$474,835 for this item. The Legislature approved \$237,418, all from the State General Fund, in FY 2008 for DNA analysis in HB 2368, and recommended that the remaining \$237,418 be considered during Omnibus. ***(The house gave us \$60,000 and we can live if we get that for DNA)***

C. Southeast Kansas Drug Enforcement Task Force (House Committee). The House Committee recommended Omnibus consideration of \$332,500, all from the State General Fund, for the Southeast Kansas Drug Enforcement Task Force in FY 2008. This funding was approved by the Legislature in 2007 HB 2368. ***(THANKS!!!)***

D. Land Purchase (House Committee). The House Committee recommended Omnibus consideration of \$184,590, all from the State General Fund, to purchase property north of the Topeka Headquarters building in FY 2008. The remainder of the block containing the Headquarters building includes vacant lots and residential property with a total tax valuation of \$124,590. The agency's long term strategy is to purchase the remaining parcels on the block, so that property will be available to build a new forensic laboratory in the future. The Legislature approved funding of \$124,000, all from the State General Fund, for this item in HB 2368. ***(Thanks again!!!)***

(I omitted the remaining items as unlikely. I might comment on item (h) special agent positions. The casino bill created both a need and funding for Gaming Commission and Lottery to hire up to 25 new employees, most of them will be investigators. And the KBI has 14 "retirement eligible" agents, and 5 such agent supervisor, who could leave if they found a KPERS (not KP&F) job of interest. I fear we may be losing a lot of agents, a lot of experience and end up way below full agent staffing in the near future. Just a gloomy suspicion of mine, but I thought I'd share.)

(One more explanation, this was our original budget request explanation of why we needed the KCJIS money):

Kansas Criminal Justice Information System (KCJIS) Project

KCJIS is the most mission critical system used by the Kansas criminal justice community. KCJIS provides the mechanism for sharing criminal justice information across a wide spectrum of users in a secure environment, 24 hours a day, 7 days a week, 365 days per year. KCJIS is a complex system, involving resources from many state agencies; however, much of the basic system infrastructure is housed at and managed by the KBI. Currently there are over 8,000 individuals and 1,700 separate agencies that use KCJIS. The Central Message Switch (CMS) at the KBI processes

approximately 2.5 million message transactions per month between law enforcement users.

Last year a new package of software was authorized to replace an outdated package that allows users to connect with the KCJIS system. As was stated at that time, a maintenance contract to implement ongoing updates and address other issues as they arise in this Central Message Switch Client Software is absolutely necessary to ensure the system's viability. Bids have been solicited for the CMS Client Software and will be awarded yet this month. The maintenance cost for the software was specified in the original bids and in no case would the first year maintenance cost exceed **\$196,000**.

Additionally, there are two grant-funded employees that provide technical support and training to those law enforcement agencies who submit crime incident reports electronically to the KBI. The submission of incident reports by law enforcement to the KBI is statutorily required. Electronic transmission of that data is by far the most efficient means of submittal. Grant funding is no longer available for these positions, therefore, **\$101,500** is requested to maintain this vital service. The KCJIS Committee and the KCJCC have reviewed and participated in the development and approval of each of these initiatives.



KANSAS

OFFICE OF THE SECURITIES COMMISSIONER

KATHLEEN SEBELIUS, GOVERNOR
CHRIS BIGGS, COMMISSIONER

MEMORANDUM

TO: Senator Dwayne Umbarger, Chair; and
Members of the Senate Ways and Means Committee

FROM: Chris Biggs, Securities Commissioner

DATE: April 19, 2007

SUBJECT: Investor Education Fund – Reduction of Transfer to State General Fund

In 2005 our office contracted with ASA Marketing Group to promote our educational efforts for \$400,000.00 with an option to renew over 3 years. In 2006 the Office of the Kansas Securities Commissioner (KSC) levied a fine and received \$2 million to be paid the KSC Investor Education fund as described in the statute creating the fund. With that money the KSC renewed the contract with ASA and re-negotiated through the Department of Administration to add \$100,000 per year to the budget to add a print component and expand the investor education efforts.

This contract was approved by D of A and in 2006 ASA received \$500,000 in accordance with that contract. KSC was contacted by D of A at the end of 2006 to verify that we would renew the contract for the third and final year. Since the monies were available we approved the contract for the final year and D of A approved the contract.

Before KSC was able to pay the contract, our office was notified that budget recommendations were being made that would take \$1.5 million from our Investor Education fund and transfer it for use in the general fund. This left that fund without the monies to fulfill the contract we had with ASA.

The KSC appealed to the Director of the Budget to leave the fund with the \$500,000 needed to fulfill the contract. After that appeal the amount to be transferred was lowered to \$1,250,000 leaving the KSC with only half of what was needed to pay the contract.

Memo To Senator Umbarger

April 19, 2007

Page 2

To date, only 16 percent of the monies deposited in the fund have been used for our contract with ASA. The contract amounts for each of the three calendar years of the campaign are as follows:

2005: \$400,000

2006: \$500,000

2007: \$500,000 (reduced to \$250,000)

Since the Investor Education Fund was established, over \$5 million, or 73 percent of the funds, have been or will be transferred to the State General Fund. About 8 percent of the fund has been used for the day to day education efforts including grants and printing costs of brochures. The attached chart shows the total amount and uses of funds from 2002 through January, 2007.

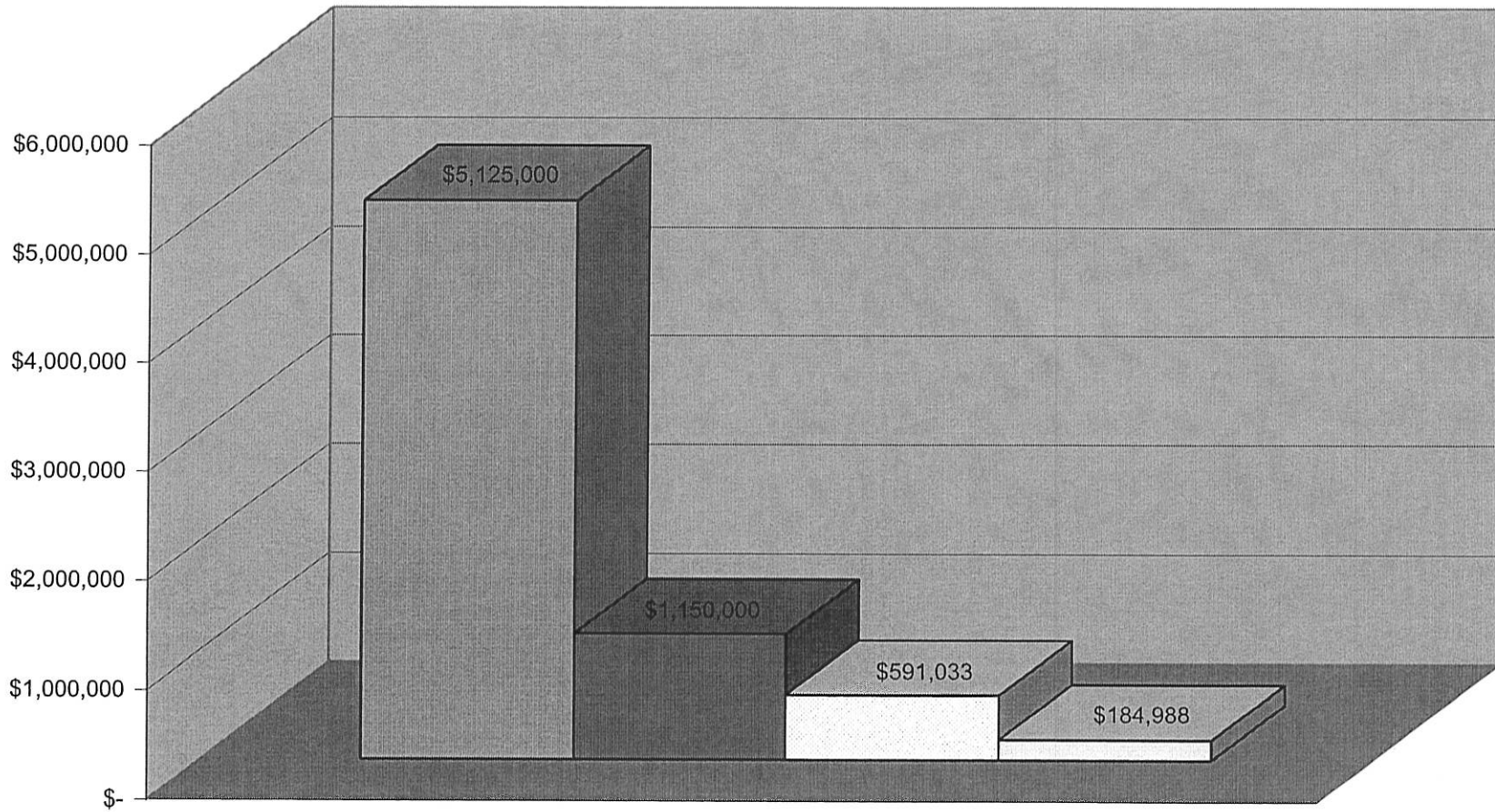
It should be noted that in many of our legal settlements, the companies paying the fines are advised and believe that the money will be placed in our education fund and spent for educational purposes.

Additionally, the KSC, a fee funded agency, regularly transfers between \$6 million and \$7 million per year to the State General Fund from the Securities Act Fee Fund. The fees are received from the firms and people from throughout the nation that we register and regulate.

It is our position that, at least, the Investor Education funds needed to fulfill our original contract with ASA Marketing be left for that purpose. This will allow us to effectively continue with our statutorily required responsibility of educating Kansas Investors. In order to fulfill the contract, the proposed transfer of \$1,250,000 from the Investor Education Fund to the State General Fund would need to be reduced to a transfer out of \$1,000,000.



INVESTOR EDUCATION FUND Summary Distribution of \$7,051,021 Receipts



■ Transfers to SGF ■ TV & Media Costs □ Other IE Expenditures □ Fund Balance 1-31-07