

MINUTES OF THE PRELIMINARY JOINT MEETING OF  
HOUSE APPROPRIATIONS AND SENATE WAYS AND MEANS COMMITTEES

The meeting was called to order by Chairwoman Sharon Schwartz, at 8:45 A.M. on December 17, 2007, in Room 313-S of the Capitol.

All members were present except:

Senator Donald Betts - excused  
Senator Jay Emler - excused  
Senator Greta Goodwin - excused  
Senator Carolyn McGinn - excused  
Senator Steve Morris- excused

Committee staff present:

Jim Wilson III, First Assistant Revisor of Statutes  
Nobuko Folmsbee, Revisor of Statutes Office  
Kristen Kellems, Revisor of Statutes Office  
Jill Wolters, Senior Assistant, Revisor of Statutes  
Alan Conroy, Director, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Michele Alishahi, Kansas Legislative Research Department  
Kimbra Caywood, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Audrey Dunkel, Kansas Legislative Research Department  
Julian Efird, Kansas Legislative Research Department  
Cody Gorges, Kansas Legislative Research Department  
Ashley Holm, Kansas Legislative Research Department  
Reed Holwegner, Kansas Legislative Research Department  
Aaron Klaassen, Kansas Legislative Research  
Heather O'Hara, Kansas Legislative Research Department  
Leah Robinson, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Amy VanHouse, Kansas Legislative Research Department  
Jarod Waltner, Kansas Legislative Research Department  
Nikki Feuerborn, Chief of Staff, House Appropriations Committee  
Melinda Gaul, Chief of Staff, Senate Ways & Means Committee  
Shirley Jepson, Committee Assistant, House Appropriations Committee  
Mary Shaw, Committee Assistant, Senate Ways and Means Committee

Conferees appearing before the committee:

Dr. Marcia Nielsen, PhD, Executive Director, Kansas Health Policy Authority  
Kathy Greenlee, Secretary, Kansas Department on Aging  
Don Jordan, Secretary, Kansas Department of Social and Rehabilitation Services  
Reginald "Reggie" Robinson, President and CEO, Kansas Board of Regents  
Dale Dennis, Deputy Secretary, Kansas Department of Education  
Roger Werholtz, Secretary, Kansas Department of Corrections  
Dennis Williams, Kansas Department of Corrections  
Marilyn Jacobson, Dir., Division of Finance and Facilities Management, Dept of Administration  
Tracy Streeter, Director, Kansas Water Office

Others attending:

See attached list.

Chairwoman Schwartz had invited the Senate Ways and Means Committee to participate in the meeting to hear overviews from eight state agencies regarding their statewide budget submissions that will be presented to the Governor for current FY 2008 and FY 2009. Chairwoman Sharon Schwartz welcomed the following representatives of State Agencies and the Fiscal Analysts from the Kansas Legislative Research Department.

## CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 8:30 A.M. on December 17, 2007, in Room 313-S of the Capitol.

Alan Conroy, Director, Kansas Legislative Research Department, provided a Summary of Agency Budget Requests for FY 2008 and FY 2009 ([Attachment 1](#)). He noted that the information provided did not include any consensus expenditure estimates, such as those for social services and education, and the totals may change as technical corrections could still be made to the budgets.

J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department, provided details regarding the following items:

- Memorandum dated December 17, 2007, which was distributed to the House Appropriations Committee and the Senate Ways and Means Committee, from Alan Conroy, Director, Kansas Legislative Research Department, regarding the State General Fund Outlook ([Attachment 2](#)).
- Memorandum dated November 9, 2007, addressed to Governor Kathleen Sebelius and the Legislative Budget Committee, regarding State General Fund Receipts for FY 2008 and FY 2009 ([Attachment 3](#)).
- State General Fund Receipts, Expenditures and Balances Profile, FY 2007 - FY 2011, In Millions, was distributed to the committees ([Attachment 4](#)).

The following state agencies presented the following information:

### **Kansas Health Policy Authority**

Amy Deckard, Fiscal Analyst, Kansas Legislative Research Department, presented a staff overview of the Kansas Health Policy Authority, Summary of FY 2008-FY 2009 Agency Budget Request ([Attachment 5](#)).

Dr. Marcia Nielsen, PhD, Kansas Health Policy Authority, presented a budget update for the Agency ([Attachment 6](#)), distributed copies of her power point presentation, House Appropriations and Senate Ways and Means Committee Budget Overview, Kansas Health Policy Authority ([Attachment 7](#)). She also provided information regarding the Kansas Health Policy Authority Board Health Reform Recommendations, Updated, dated November 26, 2007 ([Attachment 8](#)).

### **Kansas Department on Aging**

Amy Deckard, Fiscal Analyst, Kansas Legislative Research Department, presented a staff overview of the Kansas Department on Aging Summary of FY 2008-FY 2009 Agency Budget Request ([Attachment 9](#)).

Kathy Greenlee, Secretary, Kansas Department on Aging, presented projected FY 2008 Funding Sources, projected expenditures and approved enhancements, and FY 2009 Enhancement Requests ([Attachment 10](#)).

### **Kansas Department of Social and Rehabilitation Services**

Amy Deckard, Fiscal Analyst, Kansas Legislative Research Department, presented a staff overview of the Kansas Department of Social and Rehabilitation Services Summary of FY 2008-FY 2009 Agency Budget Request ([Attachment 11](#)). Copies of the Children's Initiatives Fund status for FY 2008 were distributed ([Attachment 12](#)).

Don Jordan, Secretary, Kansas Department of Rehabilitation Services, presented an overview of the Agency's FY 2008 Budget and Supplementals and Enhancements Included in the Agency's Submitted Budget FY 2008 Supplementals and FY 2009 Enhancements ([Attachment 13](#)).

### **Kansas Board of Regents**

Audrey Dunkel, Fiscal Analyst, Kansas Legislative Research Department, presented a staff overview of the Kansas Board of Regents Summary of FY 2008-FY 2009 Agency Budget Request ([Attachment 14](#)).

## CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 8:30 A.M. on December 17, 2007, in Room 313-S of the Capitol.

Reginald "Reggie" Robinson, President and CEO, Kansas Board of Regents, presented a 2008 Legislative and Public Policy Preview and the FY 2009 Budget Request and an investment package request ([Attachment 15](#)).

### **Kansas Department of Education**

Michele Alishahi, Fiscal Analyst, Kansas Legislative Research Department, presented a staff overview of the Kansas State Department of Education Summary of FY 2008-FY 2009 Agency Budget Request ([Attachment 16](#)).

Dale Dennis, Deputy Commissioner, Kansas State Department of Education, presented information on K-12 major challenges, teacher shortages, FY 2008 and FY 2009 Agency Budgets ([Attachment 17](#)).

### **Kansas Department of Corrections**

Jarod Waltner, Fiscal Analyst, Kansas Legislative Research Department, presented a staff overview of the Kansas Department of Corrections Summary of FY 2008-FY 2009 Agency Budget Request ([Attachment 18](#)).

Roger Werholtz, Secretary, and Dennis Williams, Kansas Department of Corrections, presented highlights of the Agency's FY 2008 and FY 2009 Budget Requests ([Attachment 19](#)).

### **Kansas Department of Wildlife and Parks**

Julian Efird, Fiscal Analyst, Kansas Legislative Research Department, presented a staff overview of the Kansas Department of Wildlife and Parks Summary of FY 2008-FY 2009 Agency Budget Request ([Attachment 20](#)).

Mike Hayden, Secretary, Kansas Department of Wildlife and Parks, presented the Agency's FY 2009 budget request and a FY 2008 supplemental budget request ([Attachment 21](#)).

### **Kansas Department of Administration**

Julian Efird, Fiscal Analyst, Kansas Legislative Research Department, presented a staff overview of the Kansas Department of Administration Summary of FY 2008-FY 2009 Agency Reportable Budget Request ([Attachment 22](#)).

Marilyn Jacobson, Director, Division of Finance and Facilities Management, Kansas Department of Administration, provided an overview of the Agency's FY 2009 budget submission ([Attachment 23](#)).

### **Kansas Water Office**

Heather O'Hara, Fiscal Analyst, Kansas Legislative Research Department, presented a staff overview of the Kansas Water Office Summary of FY 2008-FY 2009 Agency Budget Request ([Attachment 24](#)). Copies of the State Water Plan Fund status were distributed ([Attachment 25](#)).

Tracy Streeter, Director, Kansas Water Office, presented an overview of the State Water Plan Fund budget and the Kansas Water Office for FY 2009 ([Attachment 26](#)).

Copies of the Kansas Water Authority 2008 Annual Report to the Governor and to the Legislature were distributed to the Committees. Copies of the annual report are available at the Kansas Water Office.

Senator Chris Steineger distributed copies of a letter to the Committees regarding the Kansas Health Policy Authority ([Attachment 27](#)).

Questions and discussion followed each agency presentation. Chairwoman Schwartz thanked everyone for attending the meeting and the meeting adjourned at 5:00 p.m. The next meeting for the Senate Ways and Means Committee was scheduled for January 14, 2008.

**Joint Meeting**  
**House Appropriations Committee**  
**Senate Ways and Means Committee**  
**December 17, 2007**  
**8:30 A.M.**

NAME	REPRESENTING
Dodie Wulshar	KAFP & USA/Kansas
Shuler Frank	KACCT
Craig Kabelein	K4A
Mark Callman	KASB
Amy Perrod	DOB
John C. Bottenby	Bottenby Assoc
Disti Hardis	SRS
Rubin Clements	Child Welfare Conference
Lindsey Douglas	HCF
Pam Scott	Ks Funeral Directors Assn
Doug Penney	KICA
Joe King	KWO
MARK BORANYAK	CAPITOL STRATEGIES
Steve Kolomon	TFI
Lois Weeks	SRS
DICK CARTER	TCG
Kent Astern	Ks Farm Bureau
Paul Johnson	Ks Cath Conf
John Dougherty	ESU
Kathy Sulzberg	Keamey & Associates
Al May	LGR
Mary Paul Stankevich	KGFA

**Joint Meeting**  
**House Appropriations Committee**  
**Senate Ways and Means Committee**  
**December 17, 2007**  
**8:30 A.M.**

NAME	REPRESENTING
Doug Bowman	CCECDs
Brad Amoot	BUBS / FHP
Chad [Signature]	KHA
MaryEllen [Signature]	Order Consulting
Kyle [Signature]	KVC Behavioral Health Care
Katy [Signature]	KDOA
Juni [Signature]	KCSL
[Signature]	CAPITOL STRATEGIES
[Signature]	KACT
[Signature]	KMHC
[Signature]	KASO
Mary J. [Signature]	DOA / DFM
Brendan [Signature]	DOB
[Signature]	KIDP
[Signature]	KIDP
Stacey [Signature]	KDA
Konnie [Signature]	DOB
[Signature]	KAWG
[Signature]	[Signature]
Earl Lewis	KWO

# Joint Meeting of House Appropriations and Senate Ways and Means

## Summary of Agency Budget Requests for FY 2008 and FY 2009

- Information included in the Legislative Research Department's summary of agency budgets is from the analysis of budgets as they were submitted September 15 including technical corrections through December 3<sup>rd</sup>
- It does not include any consensus expenditure estimates such as those for social services and education
- The totals may change as technical corrections could still be made to the budgets

### FY 2008

- The FY 2008 All Funds budget revised by the agencies totals **\$13.054 billion**
- The FY 2008 State General Fund budget revised by the agencies totals **\$6.133 billion**
  - Reflects an increase of **\$22.8 million** or 0.4 percent above the FY 2008 Approved budget
  - Approved FY 2008 totals **\$6.110 billion** including \$21.4 million in shifts from FY 2007
- Fiscal Year 2008 State General Fund Supplemental Requests
  - Total **\$30.7 million**
  - Requested by 25 Agencies
  - Largest supplemental - SRS - \$19.6 million
  - Smallest supplemental - Board of Tax Appeals - \$25,000

### FY 2009

- The FY 2009 All Funds requested budget totals **\$13.660 billion**
- The FY 2009 State General Fund requested budget totals **\$6.595 billion**
  - Reflects an increase of **\$461.6 million** or 7.5 percent above the FY 2008 requested revised budget
- Fiscal Year 2009 State General Fund Enhancement Requests
  - Total **\$397.0 million**
  - Requested by 53 Agencies
  - Largest Enhancement - Board of Regents - \$147.0 million
  - Smallest Enhancement - Judicial Council - \$5,000

**FY 2008 State General Fund Supplemental Requests**

Agency	Amount
Department of Social and Rehabilitation Services	\$ 19,576,514
Adjutant General	2,282,030
Kansas Health Policy Authority	2,000,000
Larned State Hospital	1,267,955
Department of Education	1,108,586
School for the Blind	568,536
Commission on Veterans Affairs	562,763
Hutchinson Correctional Facility	479,300
Department of Corrections	373,355
Kansas Juvenile Correctional Complex	355,733
Department of Health and Environment--Health	342,291
Atchison Juvenile Correctional Facility	241,536
Beloit Juvenile Correctional Facility	217,069
Ellsworth Correctional Facility	183,281
El Dorado Correctional Facility	170,000
Highway Patrol	160,847
Department of Health and Environment--Environment	152,275
School for the Deaf	151,784
Osawatomie State Hospital	150,000
Larned Juvenile Correctional Facility	120,294
Rainbow Mental Health Facility	70,000
Norton Correctional Facility	58,443
Winfield Correctional Facility	57,384
Animal Health Department	27,176
Board of Tax Appeals	25,000
<b>Total - FY 2008 State General Fund Supplemental Requests</b>	<b><u>\$ 30,702,152</u></b>

## FY 2009 State General Fund Enhancement Requests

Agency	Amount
Board of Regents	\$ 147,025,308
Department of Social and Rehabilitation Services	62,638,130
Department of Education	47,005,309
Adjutant General	21,246,511
Department of Administration	15,277,485
Department of Health and Environment--Health	14,515,915
Department of Corrections	12,637,536
Judiciary	12,027,070
Kansas Health Policy Authority	11,343,750
Department on Aging	9,009,419
Larned State Hospital	5,515,833
Juvenile Justice Authority	5,160,800
Osawatomie State Hospital	3,329,082
Department of Health and Environment--Environment	3,014,857
Kansas Bureau of Investigation	2,756,564
Highway Patrol	2,625,249
Commission on Veterans Affairs	1,883,737
Historical Society	1,573,035
Kansas Juvenile Correctional Complex	1,316,337
Hutchinson Correctional Facility	1,314,502
Attorney General	1,184,414
Lansing Correctional Facility	1,177,897
Rainbow Mental Health Facility	1,157,453
El Dorado Correctional Facility	1,094,441
Kansas Water Office	1,038,065
Department of Agriculture	927,731
Topeka Correctional Facility	677,875
Norton Correctional Facility	673,695
School for the Deaf	671,795
State Library	657,364
School for the Blind	624,643
Larned Correctional Mental Health Facility	614,629
Board of Indigents' Defense Services	597,990
Ellsworth Correctional Facility	518,319
Atchison Juvenile Correctional Facility	473,684
Winfield Correctional Facility	441,803
Beloit Juvenile Correctional Facility	424,138
Department of Labor	421,287
Department of Revenue	420,572
Animal Health Department	394,261
Kansas Neurological Institute	339,660
Larned Juvenile Correctional Facility	305,132
Parsons State Hospital & Training Center	273,000
Fort Hays State University	209,430
State Treasurer	100,000
Kansas State University - Vet Med	100,000
Sentencing Commission	74,829
Legislative Division of Post Audit	51,429
Board of Tax Appeals	50,000
Kansas Parole Board	21,729
Kansas State Fair	20,000
Kansas Guardianship Program	13,500
Judicial Council	5,000
<b>Total - FY 2009 State General Fund Enhancement Requests</b>	<b>\$ 396,972,194</b>



**STATUS OF THE STATE GENERAL FUND**  
**FY 2006-FY 2009**  
**Based on Agency Expenditure Requests for FY 2008 and FY 2009**  
**(In Millions)**

	Actual FY 2006	Actual FY 2007	Rev. Request FY 2008*	Request FY 2009*
Beginning Balance	\$ 478.7	\$ 733.6	\$ 935.0	\$ 519.2
Receipts (November 2007 Consensus Revenue Estimate)	5,394.4	5,809.0	5,717.3	6,142.1
Total Available	\$ 5,873.0	\$ 6,542.7	\$ 6,652.3	\$ 6,661.4
Expenditures	5,139.4	5,607.7	6,133.1	6,594.7
Ending Balance	\$ 733.6	\$ 935.0	\$ 519.2	\$ 66.7
Ending Balance as a Percentage of Expenditures	14.3%	16.7%	8.5%	1.0%
Receipts in Excess of Expenditures	\$ 255.0	\$ 201.3	\$ (415.8)	\$ (452.6)

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December 17, 2007

**To:** House Appropriations Committee and Senate Ways and Means Committee  
**From:** Alan D. Conroy, Director  
**Re:** State General Fund Outlook

Attached is the latest version of the State General Fund Profile for actual FY 2007 through projected FY 2011. I would note that the Legislative Budget Committee has requested that Research Department profiles carry two out-years beyond the upcoming budget year. So this profile contains:

- Actual FY 2007;
- Revised FY 2008 (the current year);
- Projected FY 2009 (the budget year);
- Projected FY 2010; and
- Projected FY 2011.

## Actual FY 2007

- Actual FY 2007 State General Fund receipts and expenditures.
  - Receipts collected were \$87.8 million, or 1.5 percent, above the final estimate for FY 2007.
  - Individual income taxes were \$59.3 million or 2.2 percent above the estimate for FY 2007; corporation income exceeded the estimate by \$22.4 million or 5.3 percent; retail sales were \$62,000, or 0.0 percent, below the estimate (on collections of \$1.77 billion).
  - Expenditures were \$25.1 million less than the total approved by the 2007 Legislature. However, \$21.4 million budgeted for FY 2007 is now authorized to be spent in FY 2008, *i.e.*, "shifted" to FY 2008. Thus, net underspending was \$3.7 million.
  - Ending balance is the highest ever at \$935.0 million. The previous high was \$756.3 million in FY 1998, although as a percent of expenditures, the FY 1998 amount was 19.9 percent compared to the FY 2007 amount of 16.7 percent.

### **Consensus Revenue Estimates**

- Revised FY 2008 and first official estimate for FY 2009 for State General Fund receipts based on the Consensus Revenue Estimating Group meeting of November 5, 2007.
  - FY 2008 estimate is increased by \$160.5 million, or 2.9 percent;
  - FY 2009 is \$424.8 million, or 7.4 percent, above the newly revised FY 2008 estimate (driven in part by the amount of transfers that are authorized in FY 2008 but do not repeat in FY 2009). Tax receipts only grow by \$132.6 million or 2.2 percent; and
  - FY 2009 will be the first time State General Fund receipts exceed \$6.0 billion (expenditures exceeded \$6.0 billion in FY 2008).

### **FY 2008 and FY 2009 Expenditures**

- FY 2008 and FY 2009 expenditures reflect the latest estimates for:
  - Net school finance – final year of three-year plan
    - FY 2008 - \$26.6 million
    - FY 2009 - \$179.1 million (5.8 percent increase)
  - Special education at 92 percent (included in net school finance amount above);
    - FY 2008 - \$31.4 million
    - FY 2009 - \$25.0 million
  - KPERS employer contributions (school portion included in net school finance amount);
    - FY 2008 - \$3.4 million
    - FY 2009 - \$42.0 million
  - Human services caseloads;
    - FY 2008 - \$8.3 million in savings
    - FY 2009 - \$43.3 million
  - An increase in the KPERS bond payments;
    - FY 2009 - \$10.0 million
  - Regents deferred maintenance
    - FY 2009 \$7.8 million
  - State employee salary base adjustment for bonus payment;
    - FY 2009 - Savings of \$19.4 million
  - FY 2009 expenditures increase \$233.5 million, or 3.8 percent, above revised FY 2008;

- To reach a 7.5 percent ending balance (\$480 million) in FY 2009, expenditures would need to be reduced by \$145 million.

### **Out Year Projections**

- FY 2010 and FY 2011 projections;
  - Receipts grow at 4.0 percent;
  - Adjustments for previous tax-related legislation;
  - Expenditure increases for:
    - KPERS employer contributions - \$42.0 million
    - Human services caseloads - \$60.0 million
    - School finance - CPI adjustment for FY 2010 - \$37.4 million
    - Special education maintaining at 92 percent - \$25.0 million
    - Restoration of LAVTRF - \$13.5 million
    - School finance consensus - Savings of \$7.4 million in FY 2010 and \$12.2 million in FY 2011.
- State General Fund profile reflects:
  - Four years of expenditures exceeding receipts;
  - Ending balances declining from \$935.0 million in FY 2007 to \$139.1 million in FY 2011.
- Discretionary spending in FY 2009, FY 2010 and FY 2011 is not included in the profile. Possible items for discretionary spending include:
  - New school finance plan beginning in FY 2010;
  - New comprehensive transportation plan;
  - Regents increases;
  - State employee salary increases (FY 2008 increase was \$44.3 million);
  - Corrections;
  - Health policy initiatives; and
  - Other areas.

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November 9, 2007

**To:** Governor Kathleen Sebelius and Legislative Budget Committee

**From:** Kansas Legislative Research Department  
Kansas Division of the Budget

**Re:** State General Fund Receipts for FY 2008 (Revised) and FY 2009

Estimates for the State General Fund (SGF) are developed using a consensus process that involves the Legislative Research Department, Division of the Budget, Department of Revenue, and three consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. The Consensus Group met on November 5, 2007, and increased the FY 2008 estimate and developed the first estimate for FY 2009.

For FY 2008, the estimate was increased by \$160.5 million, or 2.9 percent, above the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto and *sine die* sessions). The revised estimate of \$5.717 billion represents a 1.6 percent reduction below final FY 2007 receipts. This result is largely attributable to more than \$200 million in new transfers enacted in 2007 (school finance "lock box" and statewide maintenance and disaster relief); \$36 million in various tax cuts; and a smaller share of sales and use tax receipts' being put in the SGF pursuant to 2004 legislation, largely related to financing for the Comprehensive Transportation Program.

The initial estimate for FY 2009 is \$6.170 billion, which is \$452.8 million, or 7.9 percent, above the newly revised FY 2008 figure. One factor influencing the FY 2009 growth rate relates to several pieces of legislation enacted in 2005-2007 that will reduce relative to prior law the amount of severance, income, estate, corporation franchise, and motor carrier property tax receipts deposited into the SGF. The amount of "slider" transfers to local units of government also is expected to increase significantly in FY 2009.

## Economic Forecast for Kansas

Although the Kansas economy has been growing at a relatively healthy rate during 2007, indications are that the rate of growth is slowing substantially during the final quarter of the calendar year. Moreover, the level of uncertainty for 2008 appears to be much higher than it has in the past, largely as a result of high energy prices and tight housing and credit markets. Estimates of nominal Kansas Personal Income (KPI) growth for 2007 and 2008 (6.8 and 5.1 percent) reflect the impact of the growing economy, but at a slower rate. In the short term, a generally healthy overall employment picture and continued recovery in the aviation manufacturing sector are expected to continue to cause income tax receipts to grow at a strong pace throughout FY 2008. Although economic growth is expected to continue throughout FY 2009 and beyond, the rate of growth will be declining. Estimates are that Kansas Gross State Product, which grew at 6.1 percent in 2006, will grow by 5.4 percent in 2007, and 5.0 percent in 2008. The Consensus estimates contained herein are based on a number of such assumptions regarding a moderating rate of growth in the national and state economies.

House Appropriations and  
Senate Ways and Means  
12-17-07  
Attachment 3

## **Kansas Personal Income**

KPI in 2006 grew by 7.0 percent over the 2005 level. After estimated KPI growth of 6.8 percent for 2007, the growth rate is expected to decelerate to 5.1 percent for 2008; and recover more modestly to 5.3 percent for 2009. Current estimates are that overall U.S. personal income growth will be 6.1 percent for 2007, 4.9 percent for 2008, and 5.1 percent for 2009.

## **Employment**

The employment outlook for Kansas remains healthy. An analysis of non-farm employment by the Kansas Department of Labor indicates that the rate of growth in non-governmental employment has exceeded the rate of growth in governmental employment dating back at least as far as 2003. The overall Kansas unemployment rate, which was 4.5 percent in FY 2007, is expected to be 4.8 percent in FY 2008 before dropping to 4.6 percent in FY 2009. Current statistics indicate a relatively tight labor market in several areas of the state. The average annual number of Kansans employed in FY 2009 is expected to exceed 1.5 million for the first time in state history.

## **Agriculture**

The All Farm Products Index of Prices received by Kansas farmers was 148 in September, compared with 122 a year ago. Using the current forecasts for 2007 production and prices, the value of production for the four major crops will be 30 percent above the 2006 level. But Kansas' 2007 wheat crop, which was only 284 million bushels, reflects abandonment of 1.8 million acres, the largest acreage abandonment in 11 years. Beef prices through September were running ahead of the previous year, although fewer cattle had been marketed thus far in 2007. Higher energy costs remain of a major concern for the agricultural sector.

## **Oil and Gas**

The average price per taxable barrel of Kansas crude oil is estimated to be \$68.00 for both FY 2008 and FY 2009. Gross oil production in Kansas, which generally had been declining steadily for more than a decade until FY 2000, appears to have stabilizing at around 35 million barrels per year. Half of all Kansas oil produced is not subject to severance taxation because of various exemptions in that law. The price of natural gas is expected to average \$5.75 per mcf for FY 2008 before increasing to \$6.10 per mcf for FY 2009, based on an industry source's analysis of futures markets. Production is expected to be relatively stable for the next several fiscal years as a result of new federal rules relative to expansion of certain production techniques. In the long run, however, a steady decline in natural gas production is expected to resume as reserves, especially those in the Hugoton field, are depleted. Natural gas production in FY 2007 of 371 million cubic feet represented a continuing decrease from the recent peak of 730 million cubic feet in FY 1996. The current forecast is for 368 million cubic feet for FY 2008 and 365 million cubic feet for FY 2009.

## **Inflation Rate**

The Consumer Price Index for all Urban consumers (CPI-U) is expected to increase by 2.7 percent in 2007. The national forecasts for both 2008 and 2009 call for inflation to remain at historically moderate levels, 2.3 percent for both years.

**Interest Rates**

The Pooled Money Investment Board is authorized to make investments in U.S. Treasury and Agency securities, highly rated commercial paper, repurchase agreements, and certificates of deposit of Kansas banks. In FY 2007, the state earned 5.27 percent on its SGF portfolio. The average rate of return forecasted for FY 2008 is 4.77 percent. For FY 2009, the forecasted rate is expected to continue to increase/decrease to 4.25 percent.

<b>Economic Forecasts</b>				
	<u>CY 06</u>	<u>CY 07*</u>	<u>CY 08*</u>	<u>CY 09*</u>
KPI Growth	7.0%	6.8%	5.1%	5.3%
Inflation (CPI-U)	3.2%	2.7%	2.3%	2.3%
		<u>FY 07</u>	<u>FY 08*</u>	<u>FY 09*</u>
SGF Interest		5.27%	4.77%	4.25%
Oil and Gas				
Oil Price per bbl		\$ 59.10	\$ 68.00	\$ 68.00
Gross Prod. (000)		35,432	35,500	35,500
Gas Price per mcf		\$ 5.36	\$ 5.75	\$ 6.10
Gas Taxable Value		1,853,692	2,010,200	2,115,175

\* Estimated

**Attached Tables**

Table 1 compares the revised FY 2008 and new FY 2009 estimates with actual receipts from FY 2007. Table 2 shows the changes in the FY 2008 estimates relative to the April estimates as subsequently adjusted for legislation enacted during the veto and *sine die* sessions.

**State General Fund Receipts Estimates**

**FY 2008.** The revised estimate of SGF receipts for FY 2008 is \$5.717 billion, an increase of \$160.5 million from the previous estimate. As noted previously, the overall revised SGF estimate represents a 1.6 percent decrease below final FY 2007 receipts. Details of the revised estimate are reflected in Tables 1 and 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 \$171.8 million. Two tax sources individual and corporation income tax accounted for \$189.1 million in increased estimates.

The estimate for individual income taxes was increased by \$147.1 million. A number of factors contributed to this upward revision, including an increased KPI growth projection for CY 2007, strong employment, significant growth in withholding tax receipts, and the fact that receipts through

October were running \$54 million above the prior fiscal-year-to-date estimate. Final FY 2007 receipts for this source grew by 14.3 percent over the previous year and finished \$59.3 million above the final estimate. The revised FY 2008 forecast represents 8.1 percent growth above the actual FY 2007 figure.

The estimate for corporation income taxes, which were running more than \$21 million ahead of the prior fiscal-year-to-date estimate through October, was increased by \$42.1 million. The corporation income tax remains among the most volatile major sources of revenue. Receipts from this source were a record \$442 million in FY 2007, attributable at least in part to a 14.3 percent growth in corporate profits before taxes in 2006. Corporation income tax receipts were less than \$94 million as recently as FY 2002. The estimated rate of growth in profits for 2007-2009 is expected to be substantially below the 2006 figure.

The overall severance tax estimate was increased by \$8.2 million, with the oil estimate going up by \$8.8 million and the natural gas going down by \$0.6 million.

The insurance premiums tax and financial institutions privilege tax estimates were each increased by \$4.0 million; and the motor carrier property tax estimate was increased by \$3.0 million.

The sales and use tax estimates were each decreased by \$30.6 million and \$14.8 million, respectively, based on weak fiscal-year-to-date receipts. Recent indications are that overall consumer spending, especially on durable goods, has declined significantly in recent months, and is expected to remain sluggish in the near future. Sales tax receipts also could be further depressed over the winter because of the energy price increases and the fact that purchases of residential utility services and motor fuel are exempt from the sales tax.

Also on the negative side, the estimate for the net transfers was decreased by \$11.3 million.

**FY 2009.** SGF receipts are estimated to be \$6.170 billion in FY 2009, an increase of \$452.8 million or 7.9 percent when compared to the newly revised FY 2008 figure. As noted earlier, legislation enacted in previous years will reduce the amount severance, income, estate, corporation franchise, and motor carrier property tax receipts deposited in the SGF in FY 2009. Total tax receipts are expected to grow by 2.7 percent. The overall growth of 7.9 percent takes into account an estimated \$298.0 million increase in net transfers if current law were to remain unchanged in FY 2009.

The individual income tax forecast and other estimates take into consideration more modest growth in the economy and in KPI. Details of the FY 2009 estimate are shown in Table 1.

### **Accuracy of Consensus Revenue Estimates**

For 33 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 November 5, 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
2007	5,144.0	5,721.3	5,809.0	665.0	12.9	87.8	1.5

\* 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.

**Table 1**  
**State General Fund Receipts**  
*(Dollars in Thousands)*

	FY 2007 (Actual)		Consensus Estimate November 5, 2007			
			FY 2008 (Revised)		FY 2009	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
<b>Property Tax:</b>						
Motor Carrier	\$ 25,812	17.0 %	\$ 28,500	10.4 %	\$ 28,000	(1.8) %
<b>Income Taxes:</b>						
Individual	\$ 2,709,340	14.3 %	\$ 2,930,000	8.1 %	\$ 3,105,000	6.0 %
Corporation	442,449	26.3	415,000	(6.2)	390,000	(6.0)
Financial Inst.	31,126	0.2	39,000	25.3	40,000	2.6
<b>Total</b>	<b>\$ 3,182,915</b>	<b>15.6 %</b>	<b>\$ 3,384,000</b>	<b>6.3 %</b>	<b>\$ 3,535,000</b>	<b>4.5 %</b>
<b>Estate Tax</b>	<b>\$ 55,620</b>	<b>7.4 %</b>	<b>\$ 50,000</b>	<b>(10.1) %</b>	<b>\$ 35,000</b>	<b>(30.0) %</b>
<b>Excise Taxes:</b>						
Retail Sales	\$ 1,766,768	1.8 %	\$ 1,700,000	(3.8) %	\$ 1,730,000	1.8 %
Compensating Use	284,981	5.8	275,000	(3.5)	280,000	1.8
Cigarette	115,282	(2.2)	113,500	(1.5)	113,500	--
Tobacco Products	5,305	4.2	5,500	3.7	5,500	--
Cereal Malt Bev.	2,091	--	2,100	0.4	2,100	--
Liquor Gallonage	17,053	2.3	17,500	2.6	17,500	--
Liquor Enforcement	47,138	6.6	49,500	5.0	51,000	3.0
Liquor Drink	8,567	7.0	9,000	5.1	9,300	3.3
Corp. Franchise	47,892	2.1	41,000	(14.4)	32,000	(22.0)
Severance	116,025	(13.0)	128,500	10.8	125,800	(2.1)
Gas	79,624	(17.5)	80,900	1.6	80,700	(0.2)
Oil	36,401	(1.3)	47,600	30.8	45,100	(5.3)
<b>Total</b>	<b>\$ 2,411,103</b>	<b>1.3 %</b>	<b>\$ 2,341,600</b>	<b>(2.9) %</b>	<b>\$ 2,366,700</b>	<b>1.1 %</b>
<b>Other Taxes:</b>						
Insurance Prem.	\$ 113,805	1.4 %	\$ 119,000	4.6 %	\$ 119,000	-- %
Miscellaneous	5,493	(22.1)	2,500	(54.5)	2,500	--
<b>Total</b>	<b>\$ 119,297</b>	<b>-- %</b>	<b>\$ 121,500</b>	<b>1.8 %</b>	<b>\$ 121,500</b>	<b>-- %</b>
<b>Total Taxes</b>	<b>\$ 5,794,747</b>	<b>8.8 %</b>	<b>\$ 5,925,600</b>	<b>2.3 %</b>	<b>\$ 6,086,200</b>	<b>2.7 %</b>
<b>Other Revenues:</b>						
Interest	\$ 92,276	69.8 %	\$ 108,000	17.0 %	\$ 101,000	(6.5) %
Net Transfers	(142,446)	237.2	(376,300)	164.2	(78,300)	(79.2)
Demand to Revenue	(88,154)		(132,200)		(139,000)	
Other Transfers	(54,292)		(244,100)		60,700	
Agency Earnings	64,467	13.1	60,000	(6.9)	61,200	2.0
<b>Total</b>	<b>\$ 14,297</b>	<b>(79.3) %</b>	<b>\$ (208,300)</b>	<b>(1,556.9) %</b>	<b>\$ 83,900</b>	<b>42.0 %</b>
<b>Total Receipts</b>	<b>\$ 5,809,043</b>	<b>11.3 %</b>	<b>\$ 5,717,300</b>	<b>(1.6) %</b>	<b>\$ 6,170,100</b>	<b>7.9 %</b>

**Table 2**  
**State General Fund Receipts**  
**FY 2008 Revised**  
**Comparison of November 2007 Estimate to June 2007 Estimate**  
*(Dollars in Thousands)*

	FY 2008 CRE Est. as Adj. for Legis.	FY 2008 CRE Estimate	Difference	
			Amount	Pct. Chg.
<b>Property Tax:</b>				
Motor Carrier	\$ 25,500	\$ 28,500	\$ 3,000	11.8 %
<b>Income Taxes:</b>				
Individual	\$ 2,782,950	\$ 2,930,000	\$ 147,050	5.3 %
Corporation	372,950	415,000	42,050	11.3
Financial Inst.	35,000	39,000	4,000	11.4
<b>Total</b>	<b>\$ 3,190,900</b>	<b>\$ 3,384,000</b>	<b>\$ 193,100</b>	<b>6.1 %</b>
Estate Tax	\$ 46,000	\$ 50,000	\$ 4,000	8.7 %
<b>Excise Taxes:</b>				
Retail Sales	\$ 1,730,640	\$ 1,700,000	\$ (30,640)	(1.8) %
Compensating Use	289,760	275,000	(14,760)	(5.1)
Cigarette	111,000	113,500	2,500	2.3
Tobacco Product	5,400	5,500	100	1.9
Cereal Malt Beverage	2,100	2,100	--	--
Liquor Gallonage	17,500	17,500	--	--
Liquor Enforcement	48,000	49,500	1,500	3.1
Liquor Drink	8,700	9,000	300	3.4
Corporate Franchise	41,000	41,000	--	--
Severance	120,300	128,500	8,200	6.8
Gas	81,500	80,900	(600)	(0.7)
Oil	38,800	47,600	8,800	22.7
<b>Total</b>	<b>\$ 2,374,400</b>	<b>\$ 2,341,600</b>	<b>\$ (32,800)</b>	<b>(1.4) %</b>
<b>Other Taxes:</b>				
Insurance Premium	\$ 115,000	\$ 119,000	\$ 4,000	3.5 %
Miscellaneous	2,000	2,500	500	25.0
<b>Total</b>	<b>\$ 117,000</b>	<b>\$ 121,500</b>	<b>\$ 4,500</b>	<b>3.8 %</b>
<b>Total Taxes</b>	<b>\$ 5,753,800</b>	<b>\$ 5,925,600</b>	<b>\$ 171,800</b>	<b>3.0 %</b>
<b>Other Revenues:</b>				
Interest	\$ 104,000	\$ 108,000	\$ 4,000	3.8 %
Net Transfers	(364,956)	(376,300)	(11,344)	3.1
Demand to Revenue	(128,233)	(132,200)	(3,967)	3.1
Other Transfers	(236,723)	(244,100)	(7,377)	3.1
Agency Earnings	64,000	60,000	(4,000)	(6.3)
<b>Total Other Revenue</b>	<b>\$ (196,956)</b>	<b>\$ (208,300)</b>	<b>\$ (11,344)</b>	<b>5.8 %</b>
<b>Total Receipts</b>	<b>\$ 5,556,844</b>	<b>\$ 5,717,300</b>	<b>\$ 160,456</b>	<b>2.9 %</b>

House Appropriations and  
Senate Ways and Means  
12-17-07  
Attachment 4

**Tax Reductions as Approved by Prior Sessions of the Legislature for FY 2010 and FY 2011  
November, 2007 Consensus Revenue Estimates for FY 2008 and FY 2009; 4.0 Percent Growth in FY 2010 and FY 2011  
\$466.2 million in New K-12 Funding FY 2007 - FY 2009 - SB 549  
K-12 Education Consensus and Social Services Consensus Caseload Estimates - FY 2008 - FY 2011  
FY 2008 Expenditures as Approved by the Legislature, Plus Shifting of Expenditures from FY 2007 (\$21.4 million)**

**STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES**  
**FY 2007 - FY 2011**  
In Millions

	Actual FY 2007	Revised FY 2008	Projected FY 2009	Projected FY 2010	Projected FY 2011
Beginning Balance	\$ 733.7	\$ 935.0	\$ 523.2	\$ 330.7	\$ 169.5
Receipts (November 2007 Consensus) - 4.0 Percent Growth	5,809.0	5,717.3	6,170.1	6,384.4	6,653.5
	0.0	0.0	0.0	0.0	0.0
Adjusted Receipts	5,809.0	5,717.3	6,170.1	6,384.4	6,653.5
Total Available	\$ 6,542.7	\$ 6,652.3	\$ 6,693.3	\$ 6,715.1	\$ 6,823.0
K-12 Additional Funding - \$466.2 Million Over Three Years	194.5	149.0	122.7	-	-
	-	-	-	-	-
Less All Other Expenditures	5,413.2	5,980.1	6,239.9	6,545.6	6,683.9
Total Expenditures	5,607.7	6,129.1	6,362.6	6,545.6	6,683.9
<b>Ending Balance</b>	<b>\$ 935.0</b>	<b>\$ 523.2</b>	<b>\$ 330.7</b>	<b>\$ 169.5</b>	<b>\$ 139.1</b>
Ending Balance as a Percentage of Expenditures	16.7%	8.5%	5.2%	2.6%	2.1%
Receipts Above Expenditures	201.3	(411.8)	(192.5)	(161.2)	(30.4)

- 1) Actual FY 2007 expenditures and FY 2008 expenditures are as approved by the 2007 Legislature. Includes shifting of expenditures from FY 2007 (\$21.4 million). Also included is the consensus estimates for K-12 education and social services caseloads.
- 2) FY 2008 and FY 2009 receipts reflect the estimates of the Consensus Revenue Estimating Group as of November 5, 2007.
- 3) FY 2009 and FY 2010 base receipts assume a 4.0 percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS, Health Policy Authority 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 and FY 2011 expenditures would include on-going obligations such as social services caseloads, KPERS and school finance, partial restoration of the LAVTRF, and the Regents Deferred Maintenance Plan.
- 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.

Kansas Legislative Research Department  
November 14, 2007

AC111407 - FY 2009 - Revised Initial

**Kansas Health Policy Authority  
Summary of FY 2008-FY 2009 Agency Budget Request**

**FY 2008 - Current Year**

The Kansas Health Policy Authority requests a revised FY 2008 reportable budget totaling \$1.4 billion, an increase of \$9.6 million, or 0.7 percent, above the amount approved by the 2007 Legislature. Requested State General Fund expenditures total \$488.7 million, an increase of \$1.8 million, or 0.4 percent, above the approved amount. The request would fund 199.2 FTE positions and 8.4 Non-FTE positions. This is an increase of 12.6 FTE positions and a decrease of 1.0 Non-FTE positions from the approved amount. The Kansas Health Policy does not have a position limitation established in law. Major adjustments to the FY 2007 approved budget include:

The agency submitted a supplemental request of \$4.0 million, including \$2.0 million from the State General Fund, to begin development of an integrated eligibility and enrollment system for Medicaid, Healthwave Premium Assistance and the State Employees Health Benefits Plan. The system will be web-based and completed in coordination with the Department of Social and Rehabilitation Services. The agency also requested funding for this project in FY 2009.

The Quality and Innovation Program has been relocated and is now included in the Data Policy and Evaluation Program request.

Additionally, there is a recommended State General Fund lapse of \$3.3 million. This lapse is partially offset by a \$3.0 million reappropriation from the State General Fund. Additionally, there was a federal funds increase of \$2.1 million and \$425,188 in higher than anticipated fee funds than in the approved budget.

**FY 2009 - Budget Year**

The Kansas Health Policy Authority requests an FY 2009 reportable budget of \$1.4 billion, an increase of \$24.4 million, or 1.8 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$498.2 million, an increase of \$9.5 million, or 1.9 percent, above the revised current year estimate. The request would fund 199.2 FTE positions, and 8.4 Non-FTE positions, the same as the revised FY 2008 estimate.

The request includes enhancement funding of \$25.1 million, including \$11.3 million from the State General Fund. **Absent the enhancement requests**, the FY 2009 request would be a reduction of \$660,621, or less than 0.1 percent, and a State General decrease of \$1.5 million, or 0.3 percent,

The **enhancement requests** include:

- \$12.1 million, including \$5.0 million from the State General Fund, for implementation of a **premium assistance program** for low income families. Premium assistance will be available for qualified families in January 2009. Implementation will require contract amendments for eligibility determination and enrollment in health plans, and funding for the assistance provided to families. The 2007 Legislature added \$1.0 million to begin implementation of this program. The \$12.1 million enhancement request includes \$10.0 million in assistance and \$2.1 million in administrative costs.

- \$12.0 million including \$6.0 million from the State General Fund for an **integrated edibility and enrollment system** for Medicaid, Healthwave, Premium Assistance, and the State Employees Health Benefits Plan. The system will be web-based and completed in coordination with the Department of Social and Rehabilitation Services. The estimate for the first phase of this system will cost an estimated \$22.0 million to \$31.0 million over a three year time period for development and implementation. Funding of \$4.0 million, including \$2.0 million from the State General Fund was requested for FY 2008.
- \$825,000, including \$206,250 from the State General Fund, for an automated **Medicaid prescription drug authorization system**. The current manual system requires a review by a trained health provider before the drug is authorized.
- \$100,000, including \$50,000 from the State General Fund, to evaluate the **enhanced care management pilot program**. The pilot program began in March 2006 in Sedgwick County. The cost to continue this program in FY 2009 is \$1.1 million. The agency will assess the program for possible statewide implementation.
- \$100,000, including \$50,000 from the State General Fund for a **community health record**. The funding will allow for continuation of this pilot program in Sedgwick County to design a process for statewide community health record and evaluate for inclusion of Medicaid/Healthwave and State Employee Health Plan enrollees. The pilot program deployed community health record technology to Medicaid managed care providers in Sedgwick County starting in February 2006.

**Kansas Health Policy Authority Reportable Budget  
Summary of Agency Budget Request FY 2007-FY 2009**

	Actual FY 2007	Approved FY 2008	Revised Request FY 2008	Change From Approved		Agency Request FY 2009	Change From Revised FY 2008	
				Amount	Percent		Amount	Percent
<b>By Program:</b>								
Executive Directors Office	\$ 572,177	\$ 484,129	\$ 1,206,468	\$ 722,339	149.2 %	\$ 1,193,912	\$ (12,556)	(1.0) %
Medicaid and Healthwave	1,290,670,571	1,345,266,254	1,356,293,060	11,026,806	0.8	1,382,005,719	25,712,659	1.9
Finance and Operations	3,001,329	7,138,425	5,396,001	(1,742,424)	(24.4)	5,357,471	(38,530)	(0.7)
Quality and Innovation	416,174	1,768,242	-	(1,768,242)	(100.0)	-	-	-
Data Policy and Evaluation	1,481,965	1,846,195	3,331,759	1,485,564	80.5	2,106,528	(1,225,231)	(36.8)
State Employee Health Plan	226,887	346,860	184,246	(162,614)	(46.9)	187,283	3,037	1.6
<b>TOTAL</b>	<b>\$ 1,296,369,103</b>	<b>\$ 1,356,850,105</b>	<b>\$ 1,366,411,534</b>	<b>\$ 9,561,429</b>	<b>0.7 %</b>	<b>\$ 1,390,850,913</b>	<b>\$ 24,439,379</b>	<b>1.8 %</b>
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 8,651,247	\$ 13,582,423	\$ 12,176,761	\$ (1,405,662)	(10.3) %	\$ 12,007,077	\$ (169,684)	(1.4) %
Contractual Services	63,073,361	55,446,885	66,295,373	10,848,488	19.6	80,904,436	14,609,063	22.0
Commodities	469,143	97,934	414,839	316,905	323.6	414,839	-	-
Capital Outlay	196,422	20,500	155,408	134,908	658.1	155,408	-	-
Debt Service Interest	-	-	-	-	-	-	-	-
Subtotal - State Operations	\$ 72,390,173	\$ 69,147,742	\$ 79,042,381	\$ 9,894,639	14.3 %	\$ 93,481,760	\$ 14,439,379	18.3 %
Aid to Local Units	-	-	-	-	-	-	-	-
Other Assistance	1,223,978,930	1,287,702,363	1,287,369,153	(333,210)	(0.0)	1,297,369,153	10,000,000	0.8
Subtotal - Operating Expenditures	\$ 1,296,369,103	\$ 1,356,850,105	\$ 1,366,411,534	\$ 9,561,429	0.7 %	\$ 1,390,850,913	\$ 24,439,379	1.8 %
Capital Improvements	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 1,296,369,103</b>	<b>\$ 1,356,850,105</b>	<b>\$ 1,366,411,534</b>	<b>\$ 9,561,429</b>	<b>0.7 %</b>	<b>\$ 1,390,850,913</b>	<b>\$ 24,439,379</b>	<b>1.8 %</b>
<b>Financing:</b>								
State General Fund	\$ 481,934,915	\$ 486,935,753	\$ 488,730,425	\$ 1,794,672	0.4 %	\$ 498,211,387	\$ 9,480,962	1.9 %
Children's Initiatives Fund	5,500,000	5,500,000	5,500,000	-	-	5,500,000	-	-
Federal Funds	724,465,793	787,907,945	795,366,212	7,458,267	0.9	810,775,758	15,409,546	1.9
Other Funds	84,468,395	76,506,407	76,814,897	308,490	0.4	76,363,768	(451,129)	(0.6)
<b>TOTAL</b>	<b>\$ 1,296,369,103</b>	<b>\$ 1,356,850,105</b>	<b>\$ 1,366,411,534</b>	<b>\$ 9,561,429</b>	<b>0.7 %</b>	<b>\$ 1,390,850,913</b>	<b>\$ 24,439,379</b>	<b>1.8 %</b>
FTE Positions	161.8	186.6	199.2	12.6	6.7 %	199.2	-	- %
Non-FTE Unclassified Permanent Pos.	10.5	9.4	8.4	(1.0)	-	8.4	-	-
<b>Total</b>	<b>172.2</b>	<b>196.0</b>	<b>207.6</b>	<b>11.6</b>	<b>5.9 %</b>	<b>207.6</b>	<b>-</b>	<b>- %</b>



**Kansas Health Policy Authority Non-Reportable Budget  
Summary of Agency Budget Request FY 2007-FY 2009**

	Actual FY 2007	Approved FY 2008	Revised Request FY 2008	Change From Approved		Agency Request FY 2009	Change From Revised FY 2008	
				Amount	Percent		Amount	Percent
<b>By Program:</b>								
Executive Directors Office	\$ 125,482	\$ 110,312	\$ 259,311	\$ 148,999	135.1 %	\$ 257,249	\$ (2,062)	(0.8) %
Finance and Operations	539,754	1,066,423	1,493,910	427,487	40.1	1,483,489	(10,421)	(0.7)
Quality and Innovation	177,528	247,696	-	(247,696)	(100.0)	-	-	#DIV/0!
Data Policy and Evaluation	151,788	231,808	838,172	606,364	261.6	365,152	(473,020)	(56.4)
Benefits Administration	23,981,116	21,836,528	31,802,403	9,965,875	45.6	32,823,171	1,020,768	3.2
<b>TOTAL</b>	<b>\$ 24,975,668</b>	<b>\$ 23,492,767</b>	<b>\$ 34,393,796</b>	<b>\$ 10,901,029</b>	<b>46.4 %</b>	<b>\$ 34,929,061</b>	<b>\$ 535,265</b>	<b>1.6 %</b>
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 2,038,255	\$ 2,356,999	\$ 3,763,168	\$ 1,406,169	59.7 %	\$ 3,692,774	\$ (70,394)	(1.9) %
Contractual Services	4,132,893	4,395,351	12,204,485	7,809,134	177.7	12,133,274	(71,211)	(0.6)
Commodities	94,442	26,917	99,574	72,657	269.9	99,574	-	-
Capital Outlay	51,717	4,500	46,592	42,092	935.4	46,592	-	-
Debt Service Interest	-	-	-	-	-	-	-	-
Subtotal - State Operations	\$ 6,317,307	\$ 6,783,767	\$ 16,113,819	\$ 9,330,052	137.5 %	\$ 15,972,214	\$ (141,605)	(0.9) %
Aid to Local Units	-	-	-	-	-	-	-	-
Other Assistance	18,658,361	16,709,000	18,279,977	1,570,977	9.4	18,956,847	676,870	3.7
Subtotal - Operating Expenditures	\$ 24,975,668	\$ 23,492,767	\$ 34,393,796	\$ 10,901,029	46.4 %	\$ 34,929,061	\$ 535,265	1.6 %
Capital Improvements	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 24,975,668</b>	<b>\$ 23,492,767</b>	<b>\$ 34,393,796</b>	<b>\$ 10,901,029</b>	<b>46.4 %</b>	<b>\$ 34,929,061</b>	<b>\$ 535,265</b>	<b>1.6 %</b>
<b>Financing:</b>								
State General Fund	\$ -	\$ -	\$ -	\$ -	- %	\$ -	\$ -	- %
Federal Funds	-	-	-	-	-	-	-	-
Other Funds	24,975,668	23,492,767	34,393,796	10,901,029	46.4	34,929,061	535,265	1.6
<b>TOTAL</b>	<b>\$ 24,975,668</b>	<b>\$ 23,492,767</b>	<b>\$ 34,393,796</b>	<b>\$ 10,901,029</b>	<b>46.4 %</b>	<b>\$ 34,929,061</b>	<b>\$ 535,265</b>	<b>1.6 %</b>
FTE Positions	42.6	42.2	64.7	22.5	53.3 %	64.7	-	- %
Non-FTE Unclassified Permanent Pos.	0.9	2.5	1.6	(0.9)	-	1.6	-	-
<b>Total</b>	<b>43.5</b>	<b>44.7</b>	<b>66.3</b>	<b>21.6</b>	<b>48.4 %</b>	<b>66.3</b>	<b>-</b>	<b>- %</b>



**Kansas Health Policy Authority**  
*Coordinating health & health care for a thriving Kansas*

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Executive Director

ANDREW ALLISON, PhD  
Deputy Director

SCOTT BRUNNER  
Chief Financial Officer

**Testimony on:**  
Budget Update for the Kansas Health Policy Authority

**presented to:**  
House Appropriations and Senate Ways and Means Joint Committee

**by:**  
Marcia Nielsen, PhD, MPH  
Executive Director

**December 17, 2007**

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House Appropriations and  
Senate Ways and Means  
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Attachment 6

**Budget Update for the Kansas Health Policy Authority**

Good afternoon Mr. Chairman and members of the Committee. I am Marcia Nielsen, Executive Director of the Kansas Health Policy Authority. I appreciate this opportunity to provide a budget update to the House Appropriations and Senate Ways and Means Committees as it pertains to the Medicaid, HealthWave, and State Employee Health Benefits Plan (SEHP) programs. A packet of information has been provided to each committee member which includes slides on expenditure trends for fiscal year (FY) 2007, FY 2008, and FY 2009, and slides on the five FY 2009 budget enhancement requests (three programs, and two on-going pilot programs) that were approved by the KHPA Board in September is briefly summarized. Additionally, the executive summary for the KHPA Board health reform recommendations is also included in your packet.

This testimony will describe in detail the three program budget enhancement requests, and the two pilot program continuation enhancement requests that were submitted to the Governor in September.

**I. PREMIUM ASSISTANCE IMPLEMENTATION (KANSAS HEALTHY CHOICES)**

**Description:** Senate Bill 11 authorized KHPA to pursue development of a premium assistance program for low income families. The 2007 Legislature added \$1.0 million to the KHPA FY 2008 budget to begin implementation of premium assistance. Enrollment in the participating health plans will begin for the first families eligible for premium assistance in January 2009. This will require funding for the assistance offered to families, contract amendments for eligibility determination and enrollment in health plans, and additional staff resources within KHPA.

**Background:** Premium assistance uses state and federal Medicaid funds to subsidize the purchase of private health insurance, either through employer sponsored health insurance or through a state procured private health insurance plan. Some states are moving toward this model to encourage low-income families to participate in private health insurance coverage, shore-up the private coverage market and prevent crowd-out, reduce cost-shifting in the private marketplace by reducing the number of uninsured, and achieve cost savings by bringing in employer contributions to help offset costs.

Premium assistance in Kansas, which will be called Kansas Healthy Choices, will be phased in over four years, with a "legislative trigger" to evaluate the program and ensure that adequate funding is available. It will be implemented in two ways:

- **Employer-sponsored insurance (ESI) buy-in:** For low-income uninsured parents who have access to employer sponsored private health insurance, Medicaid would pay the employee share of the health insurance premium for families, and then, "wrap around" children's coverage with fee for service Medicaid.
- **Competitively bid state-procured health plans:** For low-income uninsured families, Medicaid (state and federal share) would pay for premiums for state procured private health insurance to be offered to low-income children and their parents. Because children eligible for Medicaid are required by federal law to receive certain services, the private insurance plans would be supplemented by "wrapping around" private health insurance coverage with Medicaid benefits.

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The phase in of premium assistance is scheduled to begin with families under 50.0 percent of the federal poverty level in January 2009. Current Medicaid eligibility only covers adults up to 37.0 percent of the federal poverty level. During FY 2008, KHPA will develop the specifications for the health plans, eligibility criteria, and the necessary Medicaid state plan amendments to implement premium assistance. Three staff positions were included in the FY 2008 budget to develop and manage the program, including eligibility and payment system changes, outreach and enrollment materials, and program manuals.

The following table describes the additional resources needed to begin implementation in FY 2009.

**Administrative costs for premium assistance FY 2009**

<b>Contract Costs</b>	<b>SGF</b>	<b>Federal Funds</b>	<b>All Funds</b>
HIPPS (Health Insurance Purchase Program)	175,000	175,000	350,000
Eligibility Contractor KHPA	250,000	250,000	500,000
Enrollment in health plans through the MMIS system. (new staff and volume)	325,000	325,000	650,000
External Quality Review Organizations costs based on 1 added	300,000	300,000	600,000
State eligibility Clearinghouse staff (4 FTE)	97,500	97,500	195,000
Managed Care State Staff (2 FTE)	32,500	32,500	65,000
Non-recurring from FY 2008	(142,500)	(142,500)	(285,000)
Caseload	4,000,000	6,000,000	10,000,000
<b>Total</b>	<b>5,037,500</b>	<b>7,037,500</b>	<b>12,075,000</b>

This request includes \$1.5 million in additional contractual payments to the fiscal agent and Clearinghouse contractors to evaluate families' eligibility for premium assistance or the employer health insurance buy in program, assist families in connecting to the most appropriate health insurance product, and enroll in the selected health plan. The cost of monitoring and evaluating the quality and performance of additional health plans will cost an additional \$600,000 and needed MMIS changes to make payments and capture encounter data will cost \$300,000. The enhancement request also includes salary for additional state staff at the Clearinghouse to determine eligibility and 6 months of salary for Managed Care program staff to provide

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ov it of the new health plans.

**Population Served:** 8,500 low income parents.

**Cost Estimate:** KHPA is requesting an enhancement of \$12.1 million, including \$5.0 million from the State General Fund, for contract changes, administrative costs, and half year salaries for 6.0 state FTE positions. The cost of premium assistance for newly eligible beneficiaries (the expansion population) for FY 09 is estimated to be \$10.0 million, including \$4.0 million from the State General Fund.

## II. PROCUREMENT OF AN INTEGRATED ELIGIBILITY AND ENROLLMENT SYSTEM

**Description:** KHPA needs to procure an enrollment system that is capable of accommodating all of the agency's enrollment functions, including private and public health insurance programs.

**Background:** KHPA is statutorily charged with responsibility for Medicaid eligibility policy and eligibility and enrollment in the State Employee Health Plan (SEHP). Currently KHPA uses two systems that are maintained by separate agencies, the eligibility system maintained by Social and Rehabilitation Services (SRS) and employee enrollment system maintained by the Department on Administration. The SRS system is 20 years old, designed to manage the state's welfare programs, and no longer meets the needs of either agency. System changes are expensive, cannot keep pace with Medicaid eligibility policy, and require KHPA staff to expend significant staff hours to manually "work-around" the SRS system.

KHPA's strategy to increase participation in the Medicaid, HealthWave and SEHP health plans, especially for uninsured children, includes leveraging community resources such as places of worship and clinical settings statewide. The current system does not support web-based applications, limiting where it can be accessed. KHPA is under a legislative mandate to lead health reform options in Kansas to improve the health outcomes of all Kansans. To achieve this goal in an efficient and cost-effective manner, KHPA and SRS are seeking to collaborate in re-procuring an eligibility and enrollment system, allowing KHPA to align its enrollment functions with private health industry models, build an administrative infrastructure that supports data driven management and policy making, and allow for easily connecting eligible individuals with SRS' services.

**Population Served:** Individuals and families who are eligible for the following federal or state programs: Medicaid, SCHIP, MediKan, TB, Breast and Cervical Cancer, Healthy Kids, Medicare Supplemental Savings Programs, Child Welfare programs, SOBRA, ADAP and State Employees Health Plan members, and the uninsured Kansans at large. Total estimated number of individuals: 388,000.

**Cost Estimate:** The total cost request for the KHPA is approximately \$20.0 million; SRS will also be requesting funds for their portion of the integrated enrollment system. The KHPA project plan calls for a three year design and implementation timeframe. For FY 2009, KHPA is requesting an additional \$8.0 million, including \$4.0 million from the State General Fund, to implement the medical eligibility component by July 2010. The FY 2010 budget request will total \$10.0 million, including \$5.0 million from the State General Fund, for the remaining development, and the FY 2011 budget would include \$2.0 million to pay for the final implementation costs after successful delivery of the product.

The estimated ongoing operational costs of the new system would be approximately \$3.9 million annually. These costs include \$2.0 in licensing fees, as well as \$1.2 million for system maintenance, user support, and

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su. rry systems such as imaging and workflow management costs. There would be some direct costs of operating the system, such as printing and mailing of notices and providing network connectivity that would total \$550,000. These could be state costs or costs passed through the contract. While the majority of the ongoing operational costs would be paid to the system contractor, KHPA would need at least one staff member to manage system security (approximately \$61,620) and user access.

**Cost Estimate:**

Contract Costs	SGF	Other Funds	Total
Year One	4,000,000	4,000,000	8,000,000

**Considerations:**

- KHPA’s medical eligibility needs have changed so that medical policy aligns more with private insurance than welfare programs.
- The system needs to integrate with existing health care data repositories to make data-based policy decisions.
- Information technology has drastically improved over the last 20 years. A modern, agile system will allow necessary modifications, to support medical program changes, to be initiated quickly and completed at a minimum of cost, and will facilitate a community-oriented web-based approach to outreach.
- When changes to our enrollment processes occur, such as adding or altering programs or changing eligibility requirements, it is difficult to modify the current system because of its age. The required modifications are often difficult to make, cannot be completed in time to meet legislative deadlines, and are unusually costly. These challenges often result in the substitution of system changes with error-prone and costly manual processes that are difficult to record, track, review, and modify.
- The cumbersome nature of the current eligibility system lowers worker productivity and increases both agencies’ administrative costs, particularly when system access has to be shut off to conduct regular maintenance during peak processing periods.
- The current system produces little information of value to policymakers and managers seeking to optimize eligibility policy and improve performance of the enrollment system. Data inquiries are difficult to program and are essentially inaccessible to those responsible for primary outcomes.
- The State Employees Health Program is experiencing similar challenges with their current membership and enrollment system, leaving state employees poorly-served.
- A new system will allow KHPA to model our programs on the health industry instead of the public assistance model.
- Incorporating the State Employee Health Program enrollment process into this system will allow KHPA to integrate enrollment and membership management needs thereby creating efficiencies within the enrollment processes and information dissemination.
- Any new enrollment system will need to facilitate continued communication and daily cooperation between KHPA, SRS and Department of Administration staff.

**III. AUTOMATING THE PRESCRIPTION DRUG PRIOR AUTHORIZATION SYSTEM**

**Description:** Provide funding for an automated pharmacy Prior Authorization (PA) system as an FY 2009 enhancement.

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**Detail:** Kansas Medicaid currently operates a manual Prior Authorization (PA) system for pharmaceuticals, which requires a review of certain prescription drugs by a trained health provider before the pharmaceutical is authorized. All PA requests in the Kansas Medicaid program are currently submitted by mail or fax and simple requests are reviewed by nurses. A pharmacist is used for reviews that fall outside of the established criteria. The criteria for approving the PA requests easily could be programmed into an electronic system, thereby offering the potential for greater efficiency to the Medicaid program. With nearly 6,000 PA requests annually and approximately 80.0 percent of PA requests being approved, clinical pharmacists and other quality assurance personnel could spend their time more productively in managing other aspects of the Medicaid drug program. Additionally, electronic clinical and fiscal editing would allow Medicaid to expand the number of claims that are reviewed through the system without an undue administrative burden on providers or the state.

**Background:** This option would allow Kansas Medicaid to secure a contract with a vendor to develop a statewide automated prior authorization system that could be accessed at the point of care by pharmacists. Efficiencies gained through this technology could then be used to increase control over medication use and costs and enhance the cost-effective use of medications.

Automated PA programs intercept inappropriate claims during the point of sale transaction, while allowing claims that meet evidence-based guidelines to be paid and filled. A sophisticated automated electronic clinical and fiscal editing program will be integrated into the existing MMIS system. The system queries patients' medical and pharmacy claims history in real time to determine the appropriateness of therapies based on established best practices criteria. Pharmacists will receive real time notification, generally within seconds, of PA denials or requirements for additional information allowing them to select more appropriate therapy at the point of care.

**Population Served:** This option would be implemented statewide and would affect the entire Medicaid and HealthWave population.

**Cost Estimate:**

Contract Costs	SGF	Other Funds	Total
Automated PA	187,500	562,500	\$750,000
System EDS (MMIS changes)	18,750	56,250	\$75,000
<b>Subtotal</b>	206,250	618,750	\$825,000

**Considerations:** This is an estimate of the cost of contracting for an automated prior authorization system that pharmacists can access.

**IV. CONTINUING ENHANCED CARE MANAGEMENT (ECM) PILOT**

**Description:** Build on the Sedgwick County Enhanced Care Management Program pilot by expanding to one additional region of the state during FY 2009 and re-assess for possible statewide implementation.

**Description:** Enhanced Care Management (ECM) is a pilot project to identify and provide enhanced administrative services to HealthConnect Kansas (HCK) members in Sedgwick County who have probable or

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probable high future health care costs usually as a result of multiple chronic health conditions. The project is based on an Enhanced Primary Care Case Management (E-PCCM) Model which is member centered, provider driven, and based on a successful model in North Carolina.

The design of the ECM is unique in its approach to connecting providers and beneficiaries through community resources. The design is also closely aligned with chronic disease management models. Service delivery is community based and culturally appropriate with the goal of connecting beneficiaries to social and health care already available in the community. Eligible Medicaid beneficiaries are invited to receive services; participation is strictly voluntary. Because this population is socially isolated, ECM staff establishes relationships with members in their homes, using creative outreach techniques. Care managers assist members to focus on chronic health conditions, social risk factors and unhealthy lifestyle behaviors that adversely affect their health status. Intervention by ECM staff involves a person-centered approach, which focuses on assisting clients in accessing resources in the community, which will improve their health conditions.

The care management team consisting of a nurse and a social resource care manager as well as a physician (medical director) have responsibilities that include: assessing members' health and social needs; reviewing utilization trends; reconnecting members with their PCCM through scheduling and attending regular visits and if needed or requested the ECM staff accompany members to their medical appointments; ensuring members fill and take necessary prescriptions; developing comprehensive individualized care plans, which include member and provider-directed health care goals; with outlined steps for goal achievement; providing patient education in the home, teaching members how to manage their health conditions on a daily basis; assisting members to access community resources including safe and affordable housing, food, utility assistance, clothing, mental health and substance abuse services, credit counseling and others. The ECM program may also purchase health monitoring equipment including digital blood pressure monitors, weight scales and pedometers if prescribed by the PCCM. The ECM pilot project began service delivery in March 2006 under the leadership of the Sedgwick County Medical Society and the Central Plains Regional Health Care Foundation.

Although the pilot project has been operational for a year, data from the program are being evaluated and the final evaluation report (looking at both qualitative and quantitative data) will be available as part of the KHPA annual report in January 2008. After review of the evaluation, the KHPA will assess for possible statewide implementation incorporating lessons learned from the pilot.

**Population Served:** The focus population is Medicaid recipients with chronic health conditions and probable future high risk for expenditures of medical resources. This population is typically comprised of Social Security Income (SSI) recipients and excludes persons who are dually eligible for both Medicaid and Medicare, participating in a Home and Community Based Service (HCBS) waiver, reside in a Long Term Care (LTC) facility or are a participant in one of the two capitated Medicaid managed care organizations.

**Cost Estimate:**

Contract Costs	SGF	Other Funds	Total
Continue pilot	50,000	50,000	100,000

The KHPA is asking for an enhancement of 50,000 (\$100,000) for FY 2009 to continue the project. The ECM will collect additional data for a cost-effectiveness evaluation before statewide implementation is considered. The costs to continue the ECM pilot for FY 2009 in Sedgwick County is approximately \$1.1 million All Funds. The FY 2007 expenditures for the contract were \$575,556 and the estimate for the full year of operations for

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FY is \$998,400.

**Considerations:**

- The current voluntary nature of the ECM program for Medicaid beneficiaries has led to slow enrollment in the pilot (as of June 2007, there were 181 members enrolled; that number continues to increase each month. More up to date numbers will be provided to the legislature in January 2009). Consideration to develop a mandatory program would significantly increase the number of participants; however, it would also require the submission of a Medicaid waiver and a review of project goals and objectives.

**IV. EXPANDING COMMUNITY HEALTH RECORD PILOT**

**Description:** Refine the model used in the Sedgwick County Community Health Record (CHR) pilot project and expand it to a rural health environment.

**Background:** Nearly two years ago, the State of Kansas implemented a pilot project engaging select managed care organizations and an information technology company to deploy community health record (CHR) technology to Medicaid managed care providers in Sedgwick County. The health record is built on administrative claims data and provides clinicians electronic access to claimed medical visits, procedures, diagnoses, medications, demographics, allergies and sensitivities, immunizations, vital signs, and lead screening and health maintenance data (includes Early and Periodic Screening, Diagnosis and Treatment [EPSDT] status).

The record also contains an e-Prescribing solution that enhances the clinician's workflow, reduces the risk of medication error caused by inadequate or unavailable patient information, and increases safety and health outcomes associated with prescription generation. This component provides a drug interaction and contraindication tool as well. The prescriber may access formulary information and has the capacity to submit prescriptions to pharmacies electronically. The pilot CHR also recently linked information from beneficiaries participating in the Enhanced Care Management pilot program. The goal of the CHR pilot was to assess the value that health information exchange (HIE) could offer to Medicaid providers and beneficiaries.

Pilot statistics since the project's inception (February 2006)

- The CHR was limited to 20 provider sites throughout Sedgwick County and now includes 500 trained users.
- Measures collected by the vendor included
  - Patient Searches - 18,000 (includes front-desk users)
  - Chart Opens - 14,000
  - Completed Kan-Be-Healthy (EPSDT) Screening Forms - 1,100
  - E-Prescribing - 630 Scripts (88 trained users, 30 active users)
  - 50% of the sites utilized the e-prescribing component
  - 5,205 unduplicated beneficiaries' records were accessed by the 215 CHR providers in Sedgwick County in 2006

A recently completed evaluation recommends some enhancements and an expansion of the CHR to additional sites, incentives to clinicians to use the CHR, and specific targeting to sites like family practice and primary care clinics that perceived the most benefit from CHR and the e-prescribing tool. The independent physician end-user survey data was positive, particularly in community health settings.

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Derived from this pilot but built on the same CHR platform, the State Employee Health Benefit Plan currently is initiating participation in an employer-based community health record in the Kansas City area, which is home to about 11,000 state employees. The vendor and system features will mimic those available in the CHR, with the addition of consumer access to their own medical information.

**Population Served:** Medicaid beneficiaries and providers in Sedgwick County and an additional rural county, yet to be determined.

**Costs:**

<b>Contract Costs</b>	<b>SGF</b>	<b>Other Funds</b>	<b>Total</b>
<b>Continue pilot</b>	<b>50,000</b>	<b>50,000</b>	<b>100,000</b>

The KHPA is asking for an enhancement of 50,000 (\$100,000) for FY 2009 to continue the project and expand into a rural county, link the CHR to Enhanced Care Management program. This would test the efficacy of both the care management and interoperable health record model to improve the quality of care and health outcomes. The current contract for FY 2008 is \$250,000, including \$125,000 from the State General Fund.

**Conclusion**

I appreciate the opportunity to provide you with this detailed information on our FY 2009 Budget Enhancements. As part of our annual report submitted to the legislature at the beginning of the 2008 legislative session, I look forward to providing you with additional information on the significant strides made by our agency in 2007 in the areas of efficient health care purchasing, advancing health promotion and disease prevention, promoting data driven health policy, and coordinating health and health care for the State of Kansas. We are also anticipating a rigorous and thoughtful discussion of the KHPA Board health reform recommendations during the upcoming session. This concludes my testimony. Andy Allison, KHPA Deputy Director and Medicaid Director and Scott Brunner, KHPA Chief Financial Officer and I are happy to answer any question.

**Budget Update**

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## House Appropriations and Senate Ways and Means Committee Budget Overview

**Marcia Nielsen, PhD, MPH**  
**Executive Director**  
Kansas Health Policy Authority

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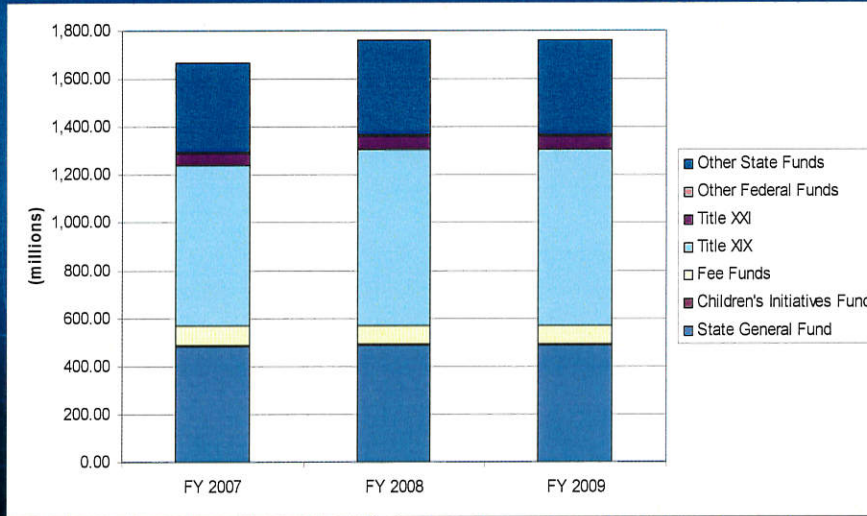
## Budget Overview

- Expenditures trends for Medicaid (Title 19), HealthWave (Title 21), and the State Employee Health Plan (SEHP)
- KHPA Board enhancement requests
  - Summary table
  - Detailed information on system improvements
- Summary of health reform recommendations

2

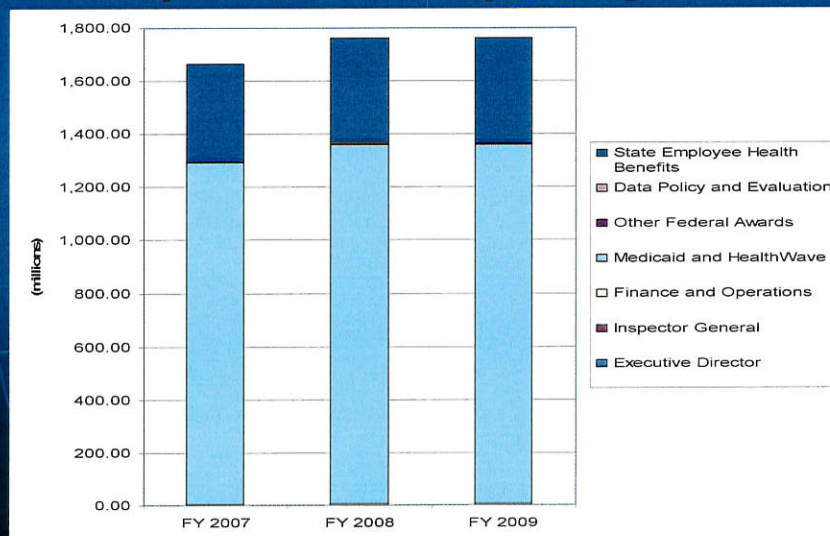
House Appropriations and  
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## Expenditures by Funding Source



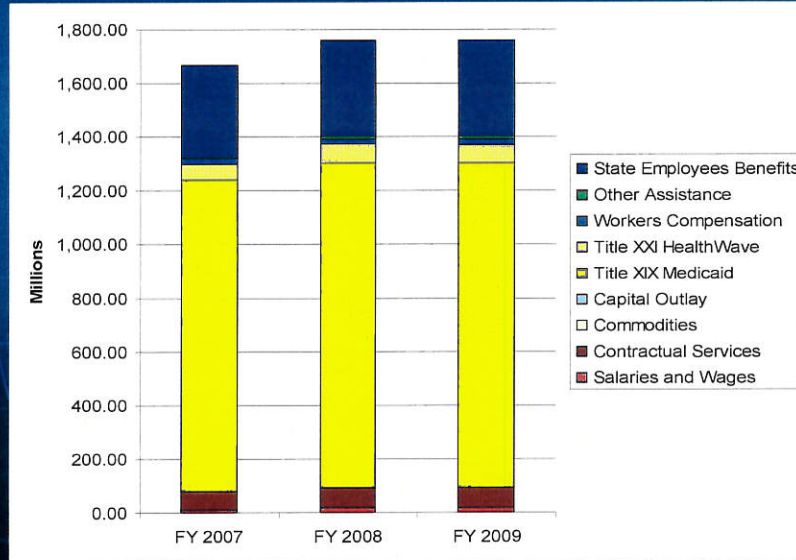
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## Expenditures by Program



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## Expenditures by Category



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## FY 2009 Budget Enhancement Requests\*

Priority	Description	State General Fund	All Funds
1	Premium Assistance Implementation (1)	5,037,000	12,075,000
2	Integrated Enrollment System	4,000,000	8,000,000
3	Medicaid Prescription Drug Prior Authorization System	206,250	825,000
4	Expand Enhanced Care Management	50,000	100,000
5	Community Health	50,000	100,000
<b>Total Request</b>		<b>\$ 11,343,250</b>	<b>\$ 25,100,000</b>

\* Reflects most recent request from our Budget Appeal

1) This item includes \$10.0 million for health benefits for those eligible for Premium Assistance and \$2.1 million for administrative costs.

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## Premium Assistance Implementation

- Enhancement Request FY 2009:
  - SGF 5,037,000; All Funds 12,075,000
- Purpose: To implement first year of new private health insurance assistance program (*Kansas Healthy Choices*) in Jan 2009
  - *Employer-sponsored health insurance*
  - *State-procured private health insurance*
- Population Served: 8,500 very low income Kansas parents

## Integrated Eligibility and Enrollment System

- Enhancement Request FY 2009:
  - SGF 4,000,000; All Funds 8,000,000
- Purpose: To procure a modern integrated eligibility and enrollment software system to improve functionality, productivity, and cost-effectiveness for state operated programs
- Population Served: All Medicaid, HealthWave, and ultimately SEHP beneficiaries (also populations served by SRS). Approximately 388,000 Kansans

## Medicaid Prescription Drug Prior Authorization System

- Enhancement Request FY 2009:
  - SGF \$206,250; All Funds \$825,000
- Purpose: To procure a statewide automated prior authorization system that can be accessed at the point of care by pharmacists in order to improve patient safety and cost-effectiveness
- Population Served: All Medicaid and HealthWave beneficiaries and pharmacy providers

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## Pilot: Enhanced Care Management Program

- Enhancement Request FY 2009:
  - SGF 50,000; All Funds 100,000
- Purpose: To continue a care/disease management pilot program targeted at low income chronically ill Kansans in order to improve health outcomes, prevent further illness, and help to control health care costs
- Population Served: Medicaid beneficiaries in Sedgwick County who have volunteered to participate. After evaluation, potential for statewide implementation

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## Pilot: Community Health Record

- Enhancement Request FY 2009:
  - SGF 50,000; All Funds 100,000
- Purpose: To continue and expand the community health record pilot project in order to promote the use of health information technology and exchange, improve health outcomes, and control administrative costs of health care
- Population Served: Medicaid beneficiaries and providers in Sedgwick County. Statewide implementation is recommended as part of health reform

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## KHPA Health Reform Priorities

- **Promoting personal responsibility (P1)**
  - Responsible health behaviors
  - Informed purchase of health care services
  - Contributing to the cost of health insurance, based on ability to pay
- **Prevention and medical homes (P2)**

Focus on obesity, tobacco control, chronic disease management and incentives for primary care medical homes
- **Providing and protecting affordable health insurance (P3)**

Focus on small businesses, children, and the uninsured

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## Priorities: System Reform and Better Health

Transforming Medical Care	Improving Public Health	Expanding Affordable Insurance
<ul style="list-style-type: none"> <li>■ Transparency project: health care cost and quality</li> <li>■ Health literacy</li> <li>■ Medical home definition</li> <li>■ Medicaid provider reimbursement</li> <li>■ Community Health Record (HIE)</li> <li>■ Form standardization</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase tobacco user fee</li> <li>■ Statewide smoking ban</li> <li>■ Partner with community organizations</li> <li>■ Education Commissioner</li> <li>■ Collect fitness data in schools</li> <li>■ Promote healthy foods in schools</li> <li>■ Increase physical fitness</li> <li>■ Wellness for small businesses</li> <li>■ Healthier food for state employees</li> <li>■ Dental care for pregnant women</li> <li>■ Tobacco cessation in Medicaid</li> <li>■ Expand cancer screening</li> </ul>	<ul style="list-style-type: none"> <li>■ Aggressive outreach and enrollment of eligible children (target population: 20,000)</li> <li>■ Premium assistance for low income adults without children (target population: 39,000)</li> <li>■ Small business initiatives (target population: 15,000 young adults and 12,000 employees of small businesses)</li> </ul>



KHPA Staff	Title	Issues
Andrew Allison	Deputy Director and Medicaid Director	KHPA, Medicaid, HealthWave, SEHP
Scott Brunner	Chief Financial Officer	All Budget and finance related issues
Barb Langner	Policy Director	Policy issues, esp health reform
Tracy Russell	Director, Government Affairs	Legislative issues, esp health reform
Reagan Cussimano	Legislative Analyst	Legislative issues, esp budget



**Kansas Health Policy Authority Board**  
**Health Reform Recommendations**  
***Updated***

**November 26, 2007**

**PREPARED BY:**



House Appropriations and  
Senate Ways and Means  
12-17-07  
Attachment 8

## EXECUTIVE SUMMARY

### BACKGROUND

The current health system in Kansas and the nation face many challenges. Health care costs continue to rise at an unsustainable rate, the health system is inefficient and fragmented, and the health status of many Kansans is at risk. From the perspective of health system performance, Kansas currently ranks 20<sup>th</sup> in the nation<sup>1</sup> – we can and should do better (Figure 1). The goals of the health reform recommendations described in this report are twofold: 1) to begin the *transformation* of our underlying health system in order to address the staggering rise in health care costs and chronic disease, as well as the underinvestment in the coordination of health care; and 2) to provide Kansans in need with affordable access to health insurance. Taken together, these reforms lay out a meaningful first step on the road to improve the health of Kansans, and we respectfully submit them to the Governor and Legislature for their consideration.

These health reform recommendations were requested by both the Governor and the Legislature. During the 2007 legislative session, the Kansas Legislature passed House Substitute for Senate Bill 11 (SB 11), which included a number of health reform initiatives. This Bill passed unanimously by both the House and Senate, and was signed into law by the Governor. In addition to creating a new “Premium Assistance program” to expand access to private health insurance, the Bill directed the Kansas Health Policy Authority (KHPA) to develop health reform options in collaboration with Kansas stakeholders.

The health reform recommendations described herein are the result of deliberations of the KHPA Board, four Advisory Councils (140 members), a 22 community listening tour, and feedback from numerous stakeholder groups and other concerned citizens of Kansas – over 1,000 Kansans provided us with their advice and suggestions. In addition, four Kansas foundations – the United Methodist Health Ministry, the Sunflower Foundation, the REACH Foundation, and the Health Care Foundation of Greater Kansas City – funded an independent actuarial and policy analysis of various health insurance models as well as the coordination of the four Advisory Councils. The modeling was instrumental in the development of the health insurance recommendations offered by the KHPA Board, and a separate document describing these models is available through the United Methodist Health Ministry Fund ([www.healthfund.org](http://www.healthfund.org)).

These health reform recommendations represent just one of the many chapters required to write the story of improved health and health care in Kansas. Ultimately, the solution for our fragmented health system requires leadership at the federal level. However, the state of Kansas should debate and embrace reform solutions that can help our citizens right now. Additional policy issues – such as health professions workforce development, and a focus on the safety and quality of care – must also be addressed in subsequent health reform proposals over the course of the coming months and years.

### PRIORITIES

Kansas established three priorities for health reform:

***Promoting Personal Responsibility*** – for healthy behaviors, informed use of health care services, and sharing financial responsibility for the cost of health care;

***Promoting Medical Homes and Paying for Prevention*** – to improve the coordination of health care services, prevent disease before it starts, and contain the rising costs of health care; and

***Providing and Protecting Affordable Health Insurance*** – to help those Kansans most in need gain access to affordable health insurance.

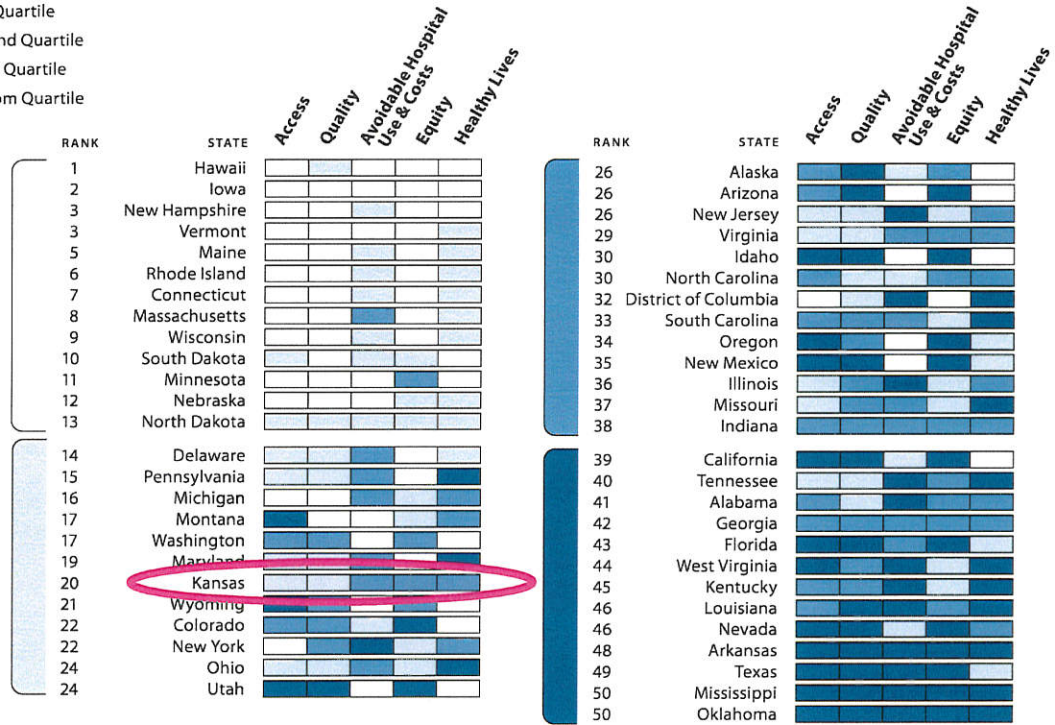
The combination of these health reforms helps to improve the health status of Kansans, begins to contain the rising cost of health care in our state, and improves access to affordable health insurance.

The table below outlines the reform priorities recommended by the KHPA Board on November 1, 2007. Those policy initiatives identified as high priority are marked by an asterisk.

\*\*Two additional components of health reform, separate from the policies listed here, are being submitted to the Governor and Legislature as part of the KHPA budget. Funding for each is essential as the "building blocks" of health reform: 1) **Premium Assistance**. As designed in SB 11, this request asks for a \$5.037 million enhancement (\$12.075 AF) for the Premium Assistance program in FY2009; these funds will provide private health insurance to parents of children eligible for Medicaid who earn less than 50% of the FPL (approximately \$10,000 for a family of four); and 2) **Web-Based Enrollment System**. The KHPA budget asks for a \$2 million supplemental for FY 2008 (\$4 million AF); and a \$6 million enhancement for FY 2009 (\$12 million AF) to implement a new electronic eligibility system that can support premium assistance and enhanced outreach and program participation through web-based enrollment.

# State Scorecard Summary of Health System Performance Across Dimensions

**State Rank**  
 □ Top Quartile  
 □ Second Quartile  
 ■ Third Quartile  
 ■ Bottom Quartile



SOURCE: Commonwealth Fund State Scorecard on Health System Performance, 2007

<b>Promoting Personal Responsibility (P1)</b>		
<b>Policy Option</b>	<b>Population Served</b>	<b>Estimated Cost</b>
<b>Improve Health Behaviors.</b> Encourage healthy behaviors by individuals, in families, communities, schools, and workplaces. <b>(Policies listed under P2)</b>		
<b>Informed Use of Health Services</b>		
<b>*P1 (1) Transparency for Consumers: Health Care Cost &amp; Quality Transparency Project.</b> Collect and publicize Kansas specific health care quality and cost information measures which will be developed for use by purchasers and consumers	All Kansans with access to the Internet (or access to public libraries)	\$200,000 State General Fund (SGF) for Phase II of the Transparency project
<b>*P1 (2) Promote Health Literacy.</b> Provide payment incentives to Medicaid/HealthWave providers who adopt health literacy in their practice settings	Medicaid/HealthWave enrollees under care of these providers	\$250,000 All Funds (AF) \$125,000 SGF for pilot program with Medicaid/HealthWave providers
<b>Shared Financial Responsibility.</b> Asking all Kansans to contribute to the cost of health care. <b>(Policies listed under P3)</b>		
<b>Estimated Costs for P1</b>		<b>\$450,000 AF \$325,000 SGF</b>

<b>Promoting Medical Homes and Paying for Prevention (P2)</b>		
<b>Policy Option</b>	<b>Population Served</b>	<b>Estimated Cost</b>
<b><i>Promoting Medical Homes</i></b>		
<b>*P2 (1) Define Medical Home.</b> Develop statutory/regulatory definition of medical home for state-funded health programs – Medicaid, HealthWave, State Employee Health Plan (SEHP)	Beneficiaries of state-funded health care plans	Planning process should incur minimal costs to KHPA
<b>*P2 (2) An Analysis of and Increase in Medicaid Provider Reimbursement.</b> Increased Medicaid/HealthWave reimbursement for primary care and prevention services	Beneficiaries and providers in Medicaid and HealthWave programs	\$10 million AF; \$4 million SGF
<b>P2 (3) Implement Statewide Community Health Record (CHR).</b> Design statewide CHR to promote efficiency, coordination, and exchange of health information for state-funded health programs (Medicaid, HealthWave, SEHP)	Beneficiaries of state-funded health care plans	\$2 to \$3 million AF; \$1.5 million SGF
<b>P2 (4) Promote Insurance Card Standardization.</b> Promote and adopt recommendations from Advanced ID Card Project for state-funded health programs	Kansans who qualify/enrolled in state-funded health care plans	\$172,000 AF; \$70,000 SGF
<b><i>Paying for Prevention: Healthy Behaviors in Families/Communities</i></b>		
<b>*P2 (5) Increase Tobacco User Fee.</b> Institute an increase in the tobacco user fee \$.50 per pack of cigarettes and an increase in the tax rate of other tobacco products to 57% of wholesale price	Total Kansas population	Provides revenues of \$69.7million
<b>*P2 (6) Statewide Ban on Smoking in Public Places.</b> Enact statewide smoking ban in public places, couples with Governor's Executive Order requiring state agencies to hold meetings in smoke-free facilities	1.4 million working adults in Kansas	No cost to the state; limited evidence of other cost implications
<b>*P2 (7) Partner with Community Organizations.</b> Expand the volume of community-based health and wellness programs through partnerships between state agencies and community organizations	All residents and visitors to state of Kansas	Costs dependent upon scope of project (number of organizations)
<b><i>Paying for Prevention: Healthy Behaviors in Schools</i></b>		
<b>*P2 (8) Include Commissioner of Education on KHPA Board.</b> Expand the KHPA Board to include an ex-officio seat for the Kansas Commissioner of Education	Kansas school children	No cost
<b>*P2 (9) Collect Information on Health/Fitness of Kansas School Children.</b> Support the establishment of a state-based surveillance system to monitor trends of overweight, obesity, and fitness status on all public school-aged children in Kansas	Kansas school children K-12; for 2006-07 year, there were 465,135 enrolled K-12 students	Schools would incur some indirect costs for staff training and body mass index (BMI) measurement

<b>Promoting Medical Homes and Paying for Prevention (P2) (continued)</b>		
<b>Policy Option</b>	<b>Population Served</b>	<b>Estimated Cost</b>
<b><i>Paying for Prevention: Healthy Behaviors in Schools</i></b>		
<b>*P2 (10) Promote Healthy Food Choices in Schools.</b> Adopt policies that encourage Kansas school children to select healthy food choices by competitively pricing and marketing these foods and restricting access to foods with little or no nutritional value	Kansas school children K-12; for 2006-07 year, there were 465,135 enrolled K-12 students	Implementation of this policy will reduce revenue generated by sale of these food items
<b>*P2 (11) Increase Physical Education (PE).</b> Strengthen PE requirements and expand Coordinated School Health (CSH) programs	465,135 enrolled K-12 students	\$8,500 per participating school. KDHE has requested \$1.8 million SGF for the CSH program
<b><i>Paying for Prevention: Healthy Behaviors in Workplace</i></b>		
<b>*P2 (12) Wellness Grant Program for Small Business.</b> Develop a community grant program to provide technical assistance and start-up funds to small businesses to assist them in the development of workplace wellness programs	Kansas employees of small firms	\$100,000 SGF for pilot project
<b>*P2 (13) Healthier Food Options for State Employees.</b> Expand healthy food choices in state agency cafeterias and vending machines	Approximately 45,000 state employees	Costs not available
<b><i>Paying for Prevention: Additional Prevention Options</i></b>		
<b>*P2 (14) Provide Dental Care for Pregnant Women.</b> Include coverage of dental health services for pregnant women in the Kansas Medicaid program	6,600 Pregnant women enrolled in Medicaid	\$1.2 million AF; \$500,000 SGF
<b>*P2 (15) Improve Tobacco Cessation within Medicaid.</b> Improve access to Tobacco Cessation programs in the KS Medicaid program to reduce tobacco use, improve health outcomes, and decrease health care costs	Approximately 84,000 Medicaid beneficiaries who smoke	\$500,000 AF; \$200,000 SGF for an annual cost
<b>*P2 (16) Expand Cancer Screenings.</b> Increase screenings for breast, cervical, prostate, and colon cancer through expansion of the Early Detection Works (EDW) program	7,500 women (for Breast/Cervical screenings); 6,100 men (for prostate cancer screening); and 12,000 Kansans (for colorectal cancer screenings)	KDHE has requested \$6 million SGF for cost of expansion of all three cancer screenings
<b>Estimated Costs for P2</b>	<b>\$22.8 million AF \$14.2 million SGF</b>	



Providing and Protecting Affordable Health Insurance (P3)		
Policy Option	Population Served	Estimated Cost
<b>*P3 (1) Access to Care for Kansas Children and Young Adults</b>		
<p>Aggressive targeting and enrollment of children eligible for Medicaid and HealthWave</p> <p>Include specific targets and timelines for improved enrollment. Inability to meet targets will “trigger” additional action by the KHPA, to include the consideration of mandating that all children in Kansas have health insurance</p> <p>Allow parents to keep young adults (through age 25 years) on their family insurance plan</p> <p>Develop Young Adult policies with limited benefit package and lower premiums</p>	<p>Estimated 20,000 Medicaid/HealthWave eligible</p> <p>Estimated 15,000 young adults</p>	<p>\$22 million AF \$14 million SGF</p>
<b>*P3 (2) Expanding Insurance for Low-Income Kansans**</b>		
<p>Expansion population for the Premium Assistance program Adults (without children) earning up to \$10,210 annually[100% federal poverty level (FPL)]</p>	<p>Estimated 39,000 low income Kansas adults</p>	<p>\$119 million AF \$ 56 million SGF</p>
<b>*P3 (3) Affordable Coverage for Small Businesses</b>		
<p>Encourage Section 125 plans (develop Section 125 “toolkits”) and education campaign for tax-preferred health insurance premiums</p> <p>Develop a “voluntary health insurance clearinghouse” to provide on-line information about health insurance and Section 125 plans for small businesses and their employees</p> <p>Add sole proprietors and reinsurance to the very small group market (VSG: one to ten employees). Stabilize and lower health insurance rates for the smallest (and newest) businesses: obtain grant funding for further analysis</p> <p>Pilot projects – support grant program in the Department of Commerce for small business health insurance innovations</p>	<p>Estimated 12,000 small business owners and their employees</p>	<p>-\$5 million AF*** \$1 million SGF</p>
		<p>(***Note: At the person level, the uncompensated care costs for the previously uninsured are reduced due to this change, hence the reduction in All Funds shown above. Practically, however, at the program level, the State of Kansas will not change the State’s Disproportionate Share Hospital reimbursement methodology.)</p>
<b>Estimated Costs for P3</b> Cost of all 3 policy options is:		<p><b>\$136 million AF</b> <b>\$ 71 million SGF</b></p>
<b>Total Costs</b>		<p><b>\$159.3 million AF**</b> <b>\$ 85.5 million SGF</b> <b>** (includes federal matching dollars)</b></p>

**Department on Aging**  
**Summary of FY 2008-FY 2009 Agency Budget Request**

**FY 2008 - Current Year**

The Department on Aging requests a revised FY 2008 budget totaling \$477.0 million, an increase of \$1.6 million, or 0.3 percent, above the amount approved by the 2007 Legislature. Requested State General Fund expenditures total \$188.5 million, an increase of \$612,515, or 0.3 percent, above the approved amount. The request would fund 209.0 FTE positions and 10.5 non-FTE positions. This is an increase of 1.0 non-FTE position from the approved amount. Major adjustments to the FY 2007 approved budget include:

- The request to transfer the balance of the Adult Care Licensure Revolving Fund of \$290,408 to the State Licensure Fee Fund, which was established by the 2007 Legislature.
- Appropriate \$139,076, including \$49,539 from the State Licensure Fee and the remainder from federal funds to fund two existing Health Facility Surveyor I positions, including salaries and travel.
- \$941,427 in State General Fund reappropriation from FY 2007 into FY 2008.
- \$289,519 in KSIP expenditures for technology purchases.
- The remainder of the increase is attributable to changes in federal funding, including a supplemental federal Medicare appropriation of \$225,000.

**FY 2009 - Budget Year**

The Department on Aging requests an FY 2009 budget of \$490.0 million, an increase of \$13.1 million, or 2.7 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$197.8 million, an increase of \$9.4 million, or 5.0 percent, above the revised current year estimate. The request would fund 219.5 positions, the same as the revised current year estimate.

The request includes enhancement funding of \$16.5 million, including \$9.0 million from the State General Fund. **Absent the enhancement requests**, the request would be a decrease in FY 2009 of \$3.4 million, or 0.7 percent, from all funding sources and an increase of \$350,887 or 0.2 percent from the State General Fund.

The **enhancement requests** include:

- \$5,929,258, including \$2,414,394 to expand the **attendant care services for the Home and Community Based Services for the Frail Elderly (HCBS/FE) waiver**. This amount includes \$581,758, including \$236,892 from the State General Fund, to increase Attendant Care Services to twelve hours of attendant care in the community. Additionally, the request includes \$5,347,500, including \$2,177,502 from the State General Fund, to expand attendant care services to include the provision of non-medical assistance, observation, supervision, and socialization to functionally and/or cognitively impaired adults.

- \$1,007,672, all from the State General Fund, to increase **funding for the nutrition program**, to enable all workers to be paid the new federal minimum wage.
- \$1,569,674, all from the State General Fund, to **increase funding for the Area Agencies on Aging (AAAs)** for services not reimbursed by either state or federal programs. Each of the eleven AAAs would receive a base allocation of \$60,000, for a total of \$660,000. Additionally, a formula based on \$2 per Kansan, aged 60 years or older, will be distributed to each AAA for a total of \$909,674.
- \$1,276,891, including \$519,950 from the State General Fund, for a **two percent rate increase for HCBS/FE waiver** service providers.
- \$3,924,195, including \$1,597,932 from the State General Fund, for the **HCBS/FE waiver maintance of effort**. The request includes funding of \$1,643,400, including \$669,192 from the State General Fund, to fund an increase in the waiver caseload of an average of 25 persons per month at an average cost of \$913 per person per month. The remainder of the funding is to allow services to be provided to the same number of individuals who receive services in FY 2008. The average cost per person per month is estimated to increase from \$906 to \$913. Additionally, the federal matching rate is decreasing, requiring additional State General Fund.
- \$726,000 all from the State General Fund, to allow **Senior Care Act services** to an additional 660 people above the FY 2008 caseload.
- \$1,154,182, including \$792,818 from the State General Fund, for an expansion of the **Program of All Inclusive Care for the Elderly (PACE)**. This amount includes \$1,152,000 from all funding sources, including \$469,094 from the State General Fund to expand the Topeka PACE site by 75 slots, and \$795,000 from all funding sources, including \$323,724 from the State General Fund to establish a new PACE location in Wyandotte County.
- \$312,008, including \$200,871 from the State Licensure Fee Fund and \$111,137 from federal funds to **fund an additional 4.75 health facility surveyor positions**, including salaries and travel.
- \$361,370, including \$232,650 from the State General Fund, to **maintain the current nursing facility survey levels**, to stay in compliance with the contract with the federal Centers for Medicare and Medicaid Services.
- \$232,000, including \$148,329 from the State General Fund, for 16 replacement **vehicles** and four additional vehicles. The agency indicated that the four additional vehicles would restore the numbers of vehicles the agency owns to the FY 2005 level.

**Department on Aging  
Summary of Agency Budget Request FY 2007-FY 2009**

	Actual FY 2007	Approved FY 2008	Revised Request FY 2008	Change From Approved		Agency Request FY 2009	Change From Revised FY 2008	
				Amount	Percent		Amount	Percent
<b>By Program:</b>								
Long Term Care	\$ 416,148,793	\$ 435,378,218	\$ 434,908,555	\$ (469,663)	(0.1) %	\$ 446,248,510	\$ 11,339,955	2.6 %
Community Grants	12,153,833	13,071,209	13,336,338	265,129	2.0	15,446,236	2,109,898	15.8
Nutrition Grants	8,969,072	10,481,768	10,589,930	108,162	1.0	11,589,602	999,672	9.4
Operations	16,409,199	16,385,232	18,116,798	1,731,566	10.6	16,739,926	(1,376,872)	(7.6)
<b>TOTAL</b>	<b>\$ 453,680,897</b>	<b>\$ 475,316,427</b>	<b>\$ 476,951,621</b>	<b>\$ 1,635,194</b>	<b>0.3 %</b>	<b>\$ 490,024,274</b>	<b>\$ 13,072,653</b>	<b>2.7 %</b>
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 10,026,590	\$ 10,226,807	\$ 11,169,683	\$ 942,876	9.2 %	\$ 11,033,211	\$ (136,472)	(1.2) %
Contractual Services	6,931,001	5,197,474	7,101,503	1,904,029	36.6	6,529,827	(571,676)	(8.1)
Commodities	303,220	293,060	355,923	62,863	21.5	272,798	(83,125)	(23.4)
Capital Outlay	280,121	239,091	770,001	530,910	222.1	236,846	(533,155)	(69.2)
Debt Service Interest	-	-	-	-	-	-	-	-
Subtotal - State Operations	\$ 17,540,932	\$ 15,956,432	\$ 19,397,110	\$ 3,440,678	21.6 %	\$ 18,072,682	\$ (1,324,428)	(6.8) %
Aid to Local Units	7,494,813	7,580,246	8,151,097	570,851	7.5	9,231,240	1,080,143	13.3
Other Assistance	428,645,152	451,779,749	449,403,414	(2,376,335)	(0.5)	462,720,352	13,316,938	3.0
Subtotal - Operating Expenditures	\$ 453,680,897	\$ 475,316,427	\$ 476,951,621	\$ 1,635,194	0.3 %	\$ 490,024,274	\$ 13,072,653	2.7 %
Capital Improvements	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 453,680,897</b>	<b>\$ 475,316,427</b>	<b>\$ 476,951,621</b>	<b>\$ 1,635,194</b>	<b>0.3 %</b>	<b>\$ 490,024,274</b>	<b>\$ 13,072,653</b>	<b>2.7 %</b>
<b>Financing:</b>								
State General Fund	\$ 175,667,561	\$ 187,839,443	\$ 188,451,958	\$ 612,515	0.3 %	\$ 197,812,264	\$ 9,360,306	5.0 %
Federal Funds	277,352,440	285,379,664	286,228,654	848,990	0.3	290,424,794	4,196,140	1.5
Other Funds	660,896	2,097,320	2,271,009	173,689	8.3	1,787,216	(483,793)	(21.3)
<b>TOTAL</b>	<b>\$ 453,680,897</b>	<b>\$ 475,316,427</b>	<b>\$ 476,951,621</b>	<b>\$ 1,635,194</b>	<b>0.3 %</b>	<b>\$ 490,024,274</b>	<b>\$ 13,072,653</b>	<b>2.7 %</b>
FTE Positions	208.0	209.0	102.0	(107.0)	(51.2) %	209.0	107.0	104.9 %
Non-FTE Unclassified Permanent Pos.	9.5	9.5	-	(9.5)	-	10.5	10.5	-
<b>Total</b>	<b>217.5</b>	<b>218.5</b>	<b>102.0</b>	<b>(116.5)</b>	<b>(53.3) %</b>	<b>219.5</b>	<b>117.5</b>	<b>115.2 %</b>

# Kansas Department on Aging



House Appropriations and  
Senate Ways and Means  
12-17-07  
Attachment 10

House Appropriations  
Senate Ways & Means

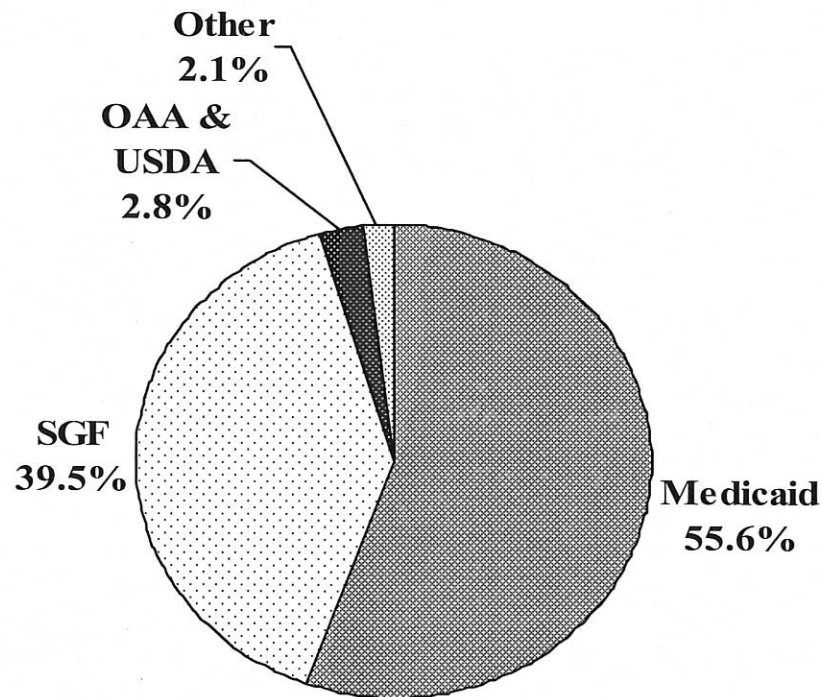
December 17, 2007

Kathy Greenlee, Secretary

# KDOA FY 2008 Projected Funding Sources

<b>Medicaid</b>	<b>\$ 265.7</b>
<b>State General Fund</b>	<b>\$ 188.5</b>
<b>Older Americans' Act (OAA), Nutrition Services Incentive Program (NSIP) &amp; USDA</b>	<b>\$ 13.4</b>
<b>Other (includes Senior Pharmacy, Medicare, Social Service Block Grant, SHICK)</b>	<b>\$ 9.8</b>
<b>Total</b>	<b>\$ 477.4</b>

\$ in millions



# KDOA FY 2008 Projected Expenditures

**Nutrition** \$ 10.5

- Congregate
- Home Delivered Meals

**Access and In-Home** \$ 95.4

- Older Americans Act (OAA)
- Senior Care Act (SCA)
- Home and Community Based Services for Frail Elderly (HCBS/FE)
- Targeted Case Management (TCM)
- Program of All-inclusive Care for the Elderly (PACE)

**Nursing Facility** \$ 352.5

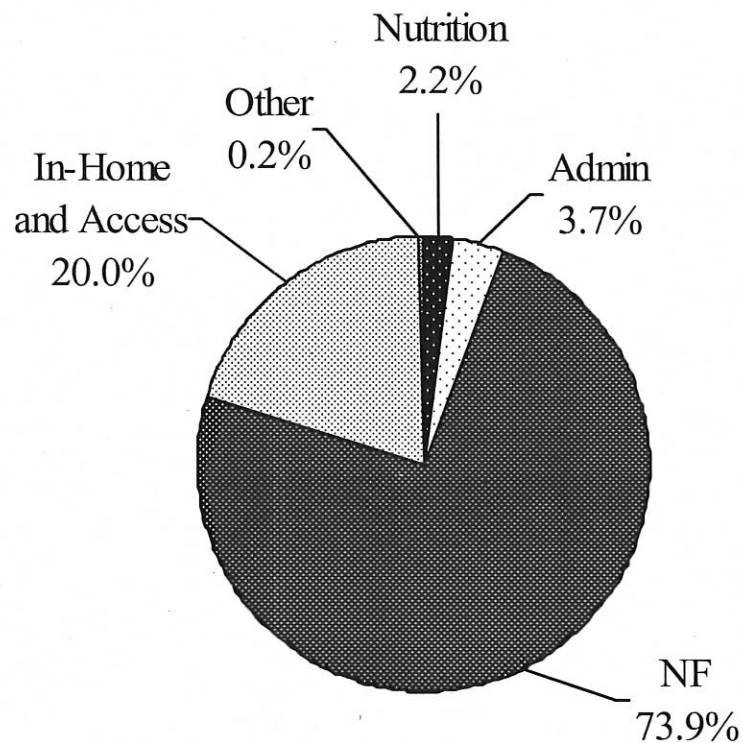
**Other** \$ 1.1

**Administration** \$ 17.9

- Includes Licensure, Certification and Evaluation (LCE), Client, Assessment, Referral and Evaluation (CARE), & SHICK

**TOTAL** \$ 477.4

(Totals in millions)



# FY '08 Approved Enhancements

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- Dental services -- \$3.5 million
- Nutrition -- \$750,000
- Senior Care Act
  - Increased base funding -- \$500,000
  - Expedited services -- \$200,000
- One new surveyor position



# KDOA Enhancement Requests for FY 2009

## ENHANCEMENT 1

### ■ Home and Community Based Services-Frail Elderly (HCBS-FE) Waiver: Expand Attendant Care Services

The Department requests **\$5,929,258, all funds, (\$2,414,394 SFG)** to expand Attendant Care services.

- The Department requests an enhancement of **\$581,758, all funds, (\$236,892 SGF)** to increase Attendant Care services to support 12 hours of attendant care in the community. Community-based options for seniors can delay or reduce nursing facility admissions. The HCBS-FE waiver currently limits the number of attendant care hours to eight per day. The 12 hours of attendant care and 12 hours of sleep cycle support will allow 24 hours of care per day, consistent with the physically disabled and mental retardation/developmental disability HCBS waiver programs.
- The Department requests an enhancement of **\$5,347,500, all funds, (\$2,177,502 SGF)** to expand Health Care Attendant 1 service to include the provision of non-medical assistance, observation, supervision, and socialization to functionally and/or cognitively impaired adults. The proposed companion service does not entail hands-on nursing care. A University of Kansas study titled "Comparison of Health Care Expenditures for Kansas Medicaid's Frail Elderly and Nursing Home Recipients" reveals that approximately 8% of the FE customers flagged a dementia diagnosis. This additional waiver service would move the FE waiver away from a "medical model" and recognize the need for on-going supervision in the community to allow FE customers the option of remaining in their own homes and avoid potential nursing facility admission. The estimate reflects approximately 625 persons (8% of the unduplicated annual caseload of 7,807) receiving an average increase in their plan of care of \$713 per month.

# KDOA Enhancement Requests for FY 2009

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## ENHANCEMENT 2:

### ■ **Nutrition Program: Federal Minimum Wage**

The Department requests an enhancement of **\$1,007,672 (all SGF)** for the nutrition program. The increased funding will bring the lowest paid workers up to the new federal minimum wage. The estimate is based on a survey conducted by the Kansas Community Nutrition Services of its members.

## ENHANCEMENT 3:

### ■ **Core Funding for Area Agencies on Aging (AAAs)**

The Department requests funding of **\$1,569,674 (all SGF)** to support core services provided by the AAAs but not reimbursed by either federal or state programs. Each of the 11 AAAs will be provided a base allocation of \$60,000 for a total of \$660,000. A formula would be applied to allow \$2 per Kansan, aged 60 or older, for a total of \$909,674. The core service dollars will provide the financial ability for the AAAs to access customers in the service areas.

## ENHANCEMENT 4:

### **Home and Community Based Services-Frail Elderly (HCBS-FE) Rate Increase**

The Department requests an enhancement of \$1,276,891, all funds, (\$519,950 SGF) to provide a two percent (2%) rate increase for the HCBS-FE providers. This is in line with the Department of Social and Rehabilitation Services (SRS) enhancement request for the HCBS providers. The Department on Aging and SRS will lose community based service providers at the lower reimbursement rates.

# KDOA Enhancement Requests for FY 2009

## ENHANCEMENT 5:

### ■ **Home and Community-Based Services-Frail Elderly (HCBS-FE) Maintenance of Effort**

The Department requests **\$3,924,195, all funds, (\$1,597,932 SGF)** to fund an increase in the caseload of 358 persons. This will maintain the caseload at the SFY 2008 level and allow an additional 25 persons per month in SFY 2009. If the funding is not provided, it will result in KDOA running short of funds. It is far more cost effective to serve elderly seniors in the community versus having them served in a nursing home.

## ENHANCEMENT 6:

### ■ **Senior Care Act Caseload Growth and Eliminate Waiting List**

The Department requests an enhancement of **\$726,000 all funds (\$726,000 State General Fund)** for the Senior Care Act. This amount will maintain the estimated FY 2008 caseload and allow services to an additional 660 individuals at \$1,100 per year to address caseload increases and to eliminate the waiting list.

# KDOA Enhancement Requests for FY 2009

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## ENHANCEMENT 7:

### ■ **Program of All-inclusive Care for the Elderly (PACE) – EXPANSION**

The Department requests **\$1,947,000 all funds (\$792,818 State General Fund)** for 125 additional slots in PACE. This request provides for expansion of the PACE program: expands one PACE site and adds another site in Wyandotte County as directed by the 2007 Legislature.

- The first expansion is for 75 slots at Midland Care Connection in Topeka, serving Shawnee and the six surrounding counties. Midland Care Connection is a new PACE site which began operating in SFY 2007 with 75 slots. The projected budget for the additional 75 slots is \$1,152,000 all funds (\$469,094 SGF). This will allow incremental growth in SFY 2009 to a full capacity of 150 customers.
- The second request is for 50 slots to implement a new PACE site in Wyandotte County to expand the managed care service in another part of the state. The projected budget for the start up year is \$795,000 all funds (\$323,724 SGF). This is in keeping with the legislative proviso from the 2007 legislative session.

# KDOA Enhancement Requests for FY 2009

## ENHANCEMENT 8

### **Licensure and Certification - Transfer balance of Fund 7523 to Fund 2373 and Appropriated for FY 2008**

The Department requests supplemental funding of \$312,008, all funds, for its licensure and certification function.

The 2007 Legislature created the State Licensure Fee Fund to replace Adult Care Licensure Revolving Fund. This fee fund was created as a revenue source to offset a portion of the annual Medicare funding shortage. The KS Medicare award is capped for survey & certification functions. The Legislature also appropriated \$285,000 and \$570,000 for SFY 2007 and 2008 respectively. However, the appropriation bill did not include language to transfer the Adult Care Licensure Revolving Fund [7523] fund balance to State Licensure Fee Fund [2373-2370].

KDOA requests the June 30, 2007 balance in the Adult Care Licensure Revolving Fund be transferred to the State Licensure Fee Fund as follows:

FY07 Adult Care Licensure Revolving Fund balance [7523]	-	(\$290,408)
State Licensure Fee Fund [2373-2370]	-	290,408

(Continued)

# KDOA Enhancement Requests for FY 2009

*(Enhancement 8 continued)*

KDOA also requests appropriation of \$ 312,008, to restore 4.75 Health Facility Surveyor I positions (annual salary plus average annual travel) for the survey and certification function and to offset a portion of the FY09 Medicare funding deficit.

Medicaid [3054-4070]	-	\$ 111,137
State Licensure Fee [2373-2370]	-	<u>200,871</u>
Total Funding Shortage	-	\$ 312,008

Failure to Transfer and appropriate \$200,871 will result in surveys not being completed timely and it will jeopardize the state's ability to meet its contractual obligation to timely survey nursing facilities under its contract with the Center for Medicare & Medicaid Services.

# KDOA Enhancement Requests for FY 2009

## ENHANCEMENT 9:

### Licensure and Certification –

The Department requests \$361,370 (\$232,650 SGF) for the Licensure and Certification Commission in FY 2009. This amount will maintain current nursing facility survey levels, which will allow KDOA to maintain compliance with the state’s contract with the Centers for Medicare and Medicaid Services.

Medicaid 35.62%	\$ 128,720
SGF & Medicare 64.38%	<u>\$ 232,650</u>
Total Funding Shortfall	\$ 361,370

This request represents the cost of conducting nursing home surveys that is attributable to the federal Medicare program. Due to a Medicare funding limit of \$1.9 million in FY 2009, the Department request the Medicare share of the cost that exceeds the grant award be funded from the State General Fund.

Failure to address this funding shortfall will result in the elimination of 5.5 currently filled Health Surveyor I positions and the annual average travel for surveyor I positions. This loss of surveyors will result in a reduction in surveys performed, which will jeopardize the state’s ability to meet its obligations to provide timely surveys of nursing facilities under its contract with the Centers for Medicare and Medicaid Services. Compliance with this contract provides our most vulnerable elderly citizens with the protection they need.

This request assumes KDOA will not receive a supplemental Medicare Award in FY 2009. [KDOA will request a supplemental award when the FFY 2008 final financial report is submitted.] Federal supplemental funding has been available the past three years, but it is not guaranteed, and may not be awarded in future years. The 2006 Medicare supplemental award was 41% less than the FY 2005 supplemental award.

# KDOA Enhancement Requests for FY 2009

## ENHANCEMENT 10:

### Replacement of KDOA Owned Vehicles –

The Department requests \$232,000 all funds (\$148,329 SGF) to replace 16 KDOA owned vehicles that are projected to exceed 100,000 miles during FY 2009. Plus an additional 4 vehicles to restore KDOA's fleet to FY 2005 level. ) These vehicles were totaled or salvaged during the period a freeze was on replacement of state owned vehicles. SGF is request for the Medicare share of the cost of replacing the vehicles because of the funding cap imposed by the Medicare grant award. KDOA maintains a 63 vehicle fleet, this request will restore KDOA's fleet to 67 (it's original size).

Medicaid Fund	\$ 80,708
SGF & Medicare	148,329
Fee Fund – Utilization Review	<u>2,963</u>
Total Funding Requested	\$232,000

These vehicles are used by Health Facility Surveyors and Supervisors who survey and certify the state's adult care homes outlined in the state's contract with Centers for Medicare and Medicaid Services. The remaining (3) vehicles are used by Health Facility Surveyors who perform quality review functions of the HCBS-FE, Target Case Management, Senior Care Act, and Older American Act In Home Services programs. Owning the vehicles allows KDOA to better utilize limited funding. Each vehicle is driven approximately 200 days per year (\*includes cost of vehicle, insurance, and tags).

<u>Comparable Costs Per Day</u>	<u>Days Per Year</u>	<u>Avg. Life of Vehicle</u>	<u>Total Cost</u>
\$28 Rental Fee	200	6 years	\$33,600
Purchased	200	6 years	\$15,648*



**Department of Social and Rehabilitation Services  
Summary of FY 2008-FY 2009 Agency Budget Request**

**FY 2008 - Current Year**

The Department of Social and Rehabilitation Services requests a revised FY 2008 budget totaling \$1.5 billion, an increase of \$25.3 million, or 1.7 percent, above the amount approved by the 2007 Legislature. Requested State General Fund expenditures total \$673.3 million, an increase of \$19.6 million, or 3.0 percent, above the approved amount. The request includes 3,668.6 FTE positions and 72.6 Non-FTE positions, a decrease of 6.0 FTE positions and an increase of 11.0 Non-FTE positions from the revised current year estimate. Major adjustments to the FY 2007 approved budget include:

- \$9.2 million, including \$7.5 million from the State General Fund, to **implement child welfare non-medicaid residential placements changes**. Under the new state plan, the only residential facility that will be reimbursed by Medicaid will be psychiatric residential treatment facilities (PRTFs). All other placement costs (youth residential centers, secure care, therapeutic foster care, and emergency care) shift to the child welfare contractors. This enhancement would provide funding to reimburse the contractors for the new obligations. This issue was addressed during the November 2007 consensus caseloads.
- \$10.5 million from the State General Fund for **replacement of federal funds**. Changes in federal regulation now allow federal funding for only those children that are candidates for out of home placement. This has reduced the amount of federal funding that SRS has been able to receive for administration costs. The agency is requesting \$10.5 million from the State General Fund to maintain the current level of service.
- \$2.0 million, including \$1.6 million from the State General Fund, for **the Home and Community Based Services for the Developmental Disability (HCBS/DD) Waiver policy change**. SRS will develop a needs assessment tool for HCBS/DD waiver services that are provided to eligible children who are in SRS custody residing in licensed foster care settings. Effective January 1, 2008, services provided to these children will be based on needs identified in their plan of care, rather than the current payment for residential care. Once payments are based upon the needs assessment, the payments from the HCBS/DD waiver to foster care providers are expected to decrease. SRS indicates that this funding reduction should be funded from another source of funding. These payments would be the responsibility of the Child Welfare Community Based Services Providers. As this was not a cost that was included when contract rates were established, SRS requests the additional funds. The Department has also requested funding for this item in FY 2009. This issue was addressed during the November 2007 consensus caseloads.
- \$360,000 from the State Institutions Building fund, to **Expand Larned State Hospital Adult Treatment Center Building to Replace Hospital Building**. The "Hospital" building at Larned State Hospital was, until recently, used to house and treat psychiatric services program patients. The Department of Health and Environment recently determined that Larned State Hospital's Hospital building, constructed in 1931, is in such poor condition that it requires extensive renovation if it is to be used to house or treat patients. Due to its age and antiquated

structural design, it is not cost effective or feasible to rehabilitate the Hospital building for patient treatment. LSH has made adjustments in its Sexual Predator Treatment Program (SPTP) program to temporarily free up space for the 19 patients served in the Hospital building. However, these patients cannot indefinitely stay in space that will be needed by the ever growing SPTP. To address this eventuality, this supplemental was requested to plan a building addition to LSH's Adult Treatment Center to house and treat patients displaced from the Hospital building. Construction funds are included as a FY 2009 enhancement request.

- The Prevention and Employee Supports program was incorporated into other programs.

The revised FY 2008 budget includes a State General Fund reappropriation of \$1.2 million from FY 2007. The FY 2008 budget also includes \$10.1 million in additional federal funds.

### **FY 2009 - Budget Year**

The Department of Social and Rehabilitation Services requests an FY 2009 budget of \$1.6 billion, an increase of \$86.6 million, or 5.7 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$713.2 million, an increase of \$39.9 million or 5.9 percent above the revised current year estimate. The request includes 3,678.6 FTE positions and 72.6 Non-FTE positions, an increase of 10.0 FTE positions the revised current year estimate.

The request includes enhancement funding of \$112.8 million, including \$66.1 million from the State General Fund and 9.0 FTE positions. **Absent the enhancement requests**, the requested increase in FY 2009 would total \$1.5 billion, including \$647.0 million from the State General Fund, representing a total decrease of \$26.2 million or 1.7 percent and a State General Fund reduction of \$26.3 million, or 3.9 percent.

The **enhancement requests** include:

- \$9.2 million, including \$7.5 million from the State General Fund to **implement child welfare non-medicaid residential placements changes**. Under the new state plan, the only residential facility that will be reimbursed by Medicaid will be psychiatric residential treatment facilities (PRTFs). All other placement costs (youth residential centers, secure care, therapeutic foster care, and emergency care) shift to the child welfare contractors. This enhancement would provide funding to reimburse the contractors for the new obligations. This issue was addressed during the November 2007 consensus caseloads.
- \$10.5 million from the State General Fund for **replacement of federal funds**. Changes in federal regulation now allow federal funding for only those children that are candidates for out of home placement. This has reduced the amount of federal funding that SRS has been able to receive for administration costs. The agency is requesting \$10.5 million from the State General Fund to maintain the current level of service.
- \$3.7 million, including \$3.0 million from the State General Fund, for **the Home and Community Based Services for the Developmental Disability (HCBS/DD) Waiver policy change**. SRS will develop a needs assessment tool for HCBS/DD

waiver services that are provided to eligible children who are in SRS custody residing in licensed foster care settings. Effective January 1, 2008, services provided to these children will be based on needs identified in their plan of care, rather than the current payment for residential care. Once payments are based upon the needs assessment, the payments from the HCBS/DD waiver to foster care providers are expected to decrease. SRS indicates that this funding reduction should be funded from another source of funding. These payments would be the responsibility of the Child Welfare Community Based Services Providers. As this was not a cost that was included when contract rates were established, SRS requests the addition of \$3.7 million, including \$3.0 million from the State General Fund. This issue was addressed during the November 2007 consensus caseloads.

- \$11.0 million, including \$4.5 million from the State General Fund, to eliminate the **Home and Community Based Services for the Physically Disabled (HCBS/PD) Waiver waiting list**. This enhancement is to have no projected waiting list for HCBS/PD services in FY 2009. The agency projects that 480 additional persons are expected to be served in FY 2008, for an average of six months. These 480 would be projected to receive services for FY 2009. Additionally, 480 new individuals are expected to receive HCBS/PD services in FY 2009. The agency has indicated that if this enhancement is not funded, there would be a waiting list of approximately 960 individuals by the end of FY 2009.
- \$2.0 million, including \$814,400 from the State General Fund for **Home and Community Based Services with Traumatic Brain Injury (HCBS/TBI) Waiver waiting list**. This enhancement is to have no projected waiting list for HCBS/TBI services in FY 2009. The agency has indicated that if this enhancement is not funded, there would be a waiting list of approximately 121 individuals by the end of FY 2009.
- \$3.3 million, including \$2.1 million from the State General Fund, to **fund adoption support caseload**. State and federal statutes provide for adoption support payments to assist adoptive families in meeting the needs of children they adopt. SRS is responsible for identifying children who have needs that present financial barriers to adoption. The support can include medical services, a special one-time payment to provide for legal fees, or ongoing monthly financial support for children who have significant medical, emotional, or developmental needs. The type and amount of subsidy are negotiated with the prospective parents. The success of the Child Welfare Community Based Services providers in placing these children for adoption has resulted in the continued growth of this program. This enhancement would allow approximately 843 children per month to receive this service.
- \$526,674, all from the State General Fund, to **fund Permanent Custodianship caseload**. Foster Care is a temporary measure that provides safety and structure for many children. When the courts have determined that a child cannot go home, permanent custodianship is another option for the child. This type of subsidy is especially beneficial to older youth for whom adoption is not a viable option due to the age of the child, strong family bonds, or cultural traditions. Permanent custodianship gives the family legal authority and helps to assure a stable home for the child.

- \$4.9 million, all from the State General Fund, **for Child Care Caseload increase.** The Department indicated that the lack of child care poses a significant barrier to participation in the workforce. The cost of child care is a substantial financial burden on low-income families who, without assistance, pay a significantly higher share of their income for care when compared to upper-income families. When low-income families receive child care assistance, they are more likely to enter and remain in the workforce. The enhancement would provide child care assistance to an additional 1,784 children per month. Without sufficient funding, the department indicated it would be required to consider restrictive policies which could result in families losing child care assistance.
- \$118,000, all from the State General Fund, to **state-fund Kansas Youth Empowerment Grant.** A grant with the Youth Leadership Forum was established in FY 2006 at the direction of the 2005 Legislature. Grant funds are used to host an annual Academy for Transition Youth with Disabilities. After the conference, participants' progress and employment status are tracked, career mentorship's are developed, and other supports are provided as needed.

The enhancement was requested to replace the portion of the grant which was previously matched by federal vocational rehabilitation funds. The Rehabilitation Services Administration (RSA) interprets federal regulations regarding use of Title I Vocational Rehabilitation funds. The RSA interprets the regulations to prohibit state agencies from issuing grants funded from this source. To comply with this interpretation, the agency is requesting the enhancement funds to replace the portion of this grant previously matched by federal vocational rehabilitation funds with State General Funds.

- \$659,605, all from the State General Fund, for **Independent Living Subsidy Caseload.** Independent Living Subsidy is a financial service that is available to young people 18 to 21 years of age, who have "aged out" of the foster care system and were in state custody at the age of 18. Young people who age out of foster care do not have the family support that most 18 to 21 year olds receive as they transition to self-sufficient adulthood. With room and board assistance, young people are better able to build employment stability and participate in post secondary education.

Independent Living services have increased in recent years as more emphasis has been placed on serving this population. The number of youth receiving subsidy exceeds the funds available. The request would provide funding for an additional 132 children per month.

- \$10.0 million, including \$4.1 million from the State General Fund, **Home and Community Based Services for the Developmental Disability (HCBS/DD) Waiver Waiting List.**

This enhancement request will fund services for 245 persons currently waiting for community developmental disability services. The community developmental disability organizations (CDDOs) report that over 1,300 persons with developmental disabilities need, but are waiting for, community-based services. New persons are added to this waiting list daily. This enhancement request will

allow the HCBS/DD waiver to expand the number of persons served and help prevent the HCBS/DD waiver waiting list from growing further. If this enhancement is not approved, the CDDOs report that the number of persons on the HCBS/DD waiver waiting list will grow to over 1,500 by the end of FY 2009.

- \$3.8 million from the Temporary Assistance for Needy Families (TANF) Block Grant for the **TANF Work Incentive Policies**. Many Temporary Assistance for Families (TAF) recipients obtain jobs that are low paying and job loss is common. In addition, many recipients face major employment barriers, including mental health, substance abuse, and domestic violence issues. This enhancement combines two incentives which encourage employment and improve job retention. The first allows families to retain more of their earnings while on assistance. Presently, families may keep approximately 40 percent of their earnings without a reduction in their benefits. This proposal raises the exemption to 60 percent. To address the critical first six-month period of employment the second incentive provides families \$100 per month for five-months as they leave welfare with employment.

The Deficit Reduction Act of 2005 increased the difficulty of meeting the TANF work participation rates in several aspects. Although gainful employment is the ultimate goal of TANF, adults who become minimally employed lose TANF eligibility due to the current low income limits and thus do not count toward the federal work participation rate. The Department has indicated that this proposal would increase the state's work participation rate because clients would be counted toward participation while receiving these additional supports. The enhancement would also potentially mitigate potential federal penalties.

- \$6.1 million, including \$3.9 million from the State General Fund, to **increase funding for regional staffing**.

The 2007 Legislature reduced the approved shrinkage rate from 9.9 percent to 8.3 percent, which corresponds to funding for approximately 50 additional existing positions in FY 2008.

The Department has indicated that increasing demands on regional staff time induced by more exacting TANF work participation requirements, more in-depth child welfare investigations, and, to a lesser extent, more intensive adult protective investigations continue, therefore the Department requested the enhancement to reduce the shrinkage rate from 8.3 percent to 4.0 percent in FY 2009 to allow an additional 105 positions to be filled. The request does not include any additional FTE positions, the request is to fill vacant positions that are held open to meet the agency's shrinkage rate.

- \$7.0 million, including \$4.2 million from the State General Fund, to **implement a Human Services Management (HSM) system**. HSM will be an outcome-based, client-centered, integrated delivery of services across needs-based and contribution-based programs. HSM will provide SRS with a comprehensive view of a client across programs in order to integrate service delivery and achieve positive outcomes. This will be accomplished by implementing an integrated

infrastructure approach. This approach will allow multiple programs to be supported, using consistent and standard-based technology and management practices.

The current request for \$7.0 million dollars will be used to initiate the first phase of a multiple phase project that has been projected to be approximately \$100 million. The first phase is estimated to be approximately 3 years and about \$40 million. This project will be coordinated with the Kansas Health Policy Authority.

- \$5.0 million, including \$1.0 million from the State General Fund, **for money follows the person (MPF) grant**. The enhancement is to shift funding to support persons leaving nursing facilities to live in community-based settings. SRS has received approval for a federal grant that allows the use of federal funds to better serve persons leaving institutional settings to live in community-based settings. The federal grant allows for enhanced federal matching rates to pay for support services for the persons first year in the community and provides funds to assist with start-up costs these persons will experience as part of their move back to the community. This enhancement request is a shift of funds from nursing facilities to the HCBS/PD, HCBS/TBI, and HCBS/DD waivers to serve people that were identified in the federal grant application to move to community settings. Some people will also move from private Intermediate Care Facilities (ICFs)/ Mental Retardation (MR). If that occurs, SRS would work with the Division of the Budget to shift funds within SRS.
- \$2.5 million, including \$1.0 million from the State General Fund, for **Autism Waiver Waiting List**. The 2007 Legislature approved \$744,417 all funds to begin the Autism Waiver in the second half of FY 2008. SRS has applied to the Centers for Medicare and Medicaid Services (CMS) for the waiver. Initial CMS questions have been answered and it is expected the new waiver will be implemented January 1, 2008. However, limited funds will require that SRS serve only a small number of persons on the waiver until funding is increased. This enhancement request would allow about 100 young children with autism spectrum disorders and their families to be served on the Autism Waiver for a full year in FY 2009.
- \$4.0 million, including \$1.6 million from the State General Fund, to increase **Attendant Care for Independent Living (ACIL) reimbursement rates**. This enhancement is being requested to provide increased reimbursement rates for the ACIL program. This program serves children whose physical and health needs are very severe and complex. Despite the best efforts of their families, without support services provided by the ACIL program, these children would spend much more time in hospitals. To live successfully in their home and community these children and their families need the assistance of skilled, licensed nurses. This enhancement would allow for a reimbursement rate increase that would allow a more competitive wage for the nurses needed in the program. If this enhancement request is not approved, the number of hours of service that can be provided each child and their family through this program will continue to deteriorate.
- \$1.3 million, including \$829,611 from the State General Fund, and 1.0 FTE position, **Kansas Food Security Task Force Initiatives**. The Kansas Food

Security Task Force was formed in 2006 as a sub-committee of the Kansas Food Policy Council. The task force members include state agencies responsible for administering nutrition assistance programs, Kansas State University and KSU Extension Services, major local food banks, and other parties with an interest in reducing hunger. The aim of the task force is to reduce hunger and food insecurity levels.

The task force has issued five recommendations, three of which pertain directly to SRS:

- Increase participation in the Food Stamp program.
- Expand Electronic Benefit Transaction (EBT) capability to additional farmers' markets throughout the state so that Food Stamp benefits can be used to purchase fresh produce at the markets.
- Supplement food available through The Emergency Food Assistance Program (TEFAP) with state dollars.

The enhancement request is a response to the recommendations. The first initiative would fund outreach efforts targeting the many households in Kansas who are eligible for food stamps but who do not receive them. The proposed outreach initiative is for \$804,000, of which \$402,000 is State General Funds. The outreach is estimated to increase the number of food stamp households served by three percent in FY 2009 and four percent in FY 2010. The total allows a marketing budget of \$250,000 and additional electronic benefit transaction costs of \$54,000, in anticipation of an increase in food stamp households.

The second initiative makes electronic benefit transfer services available at the approximate 74 organized farmers markets in the state. This proposal funds a position to coordinate and initiate EBT services over a two year period. Each market would be supported with approximately \$2,479 in start-up funds. It is estimated that 740 food stamp households would use the service by the end of the second year.

The third phase of this initiative adds \$300,000 to the Emergency Assistance Food Program (TEFAP). The amount of food distributed through the TEFAP program has decreased by approximately 60% over the last two years due to dramatic reductions in surplus foods. Resources of the emergency food assistance network are strained, and the number of clients seeking assistance continues to rise. The \$300,000 would be used to purchase and distribute additional food, and a portion could also be used to provide local refrigeration and freezer equipment and other infrastructure support to TEFAP sites.

- \$276,850, including \$138,425 from the State General Fund, and 5.0 FTE positions for **Staffing for Health Policy Authority Premium Assistance Program**. The 2007 Substitute for Senate Bill No. 11 established a phased-in premium assistance plan under the Kansas Health Policy Authority (KHPA). The plan will assist low-income Kansans in meeting the cost of private health insurance. Effective January 2009, premium assistance will be extended to persons below 50 percent of the federal poverty level. In FY 2010, the income threshold will increase to 75 percent of the federal poverty level. In the final phase

during FY 2011, coverage will rise to 100 percent of the federal poverty level. The expansion is dependent upon approval by the federal Centers for Medicare and Medicaid Services.

The majority of application and eligibility work is expected to be performed by the KHPA Kansas Family Medical Clearinghouse, which is responsible for processing and eligibility determination for both Medicaid and State Children's Health Insurance Program. However, SRS accepts and processes applications if a family seeks assistance through any of the regional SRS offices. It is estimated that approximately 20 percent of the applications for the premium assistance program will be performed by SRS regional staff. This enhancement adds five regional staff to meet the anticipated increase in applications.

- \$12.8 million, including \$6.8 million from the State General Fund, for **increased reimbursement rates.**

This enhancement would provide rate increases to a variety of SRS programs to keep pace with the rising cost of providing community-based services. Providers' costs rise each year due to inflation. Providing reimbursement rate increases supports community-based providers so they can continue to provide high quality, accessible services to Kansans in need.

Substance Abuse Treatment grants make up a significant portion of this request. Substance Abuse grants are paid based on the amount of services provided to non-Medicaid eligible persons under 200 percent of the federal poverty level. The rates paid for grant funded services are less than comparable services funded by Medicaid. Last year \$2,087,280 was provided to address about half of this reimbursement gap. A similar amount is included in this request to address the second half of the gap in reimbursement between Medicaid and substance abuse treatment grants.

The remaining portion of the request provides for approximately a two percent reimbursement rate increase for Medicaid funding for substance abuse treatment, targeted case management, the HCBS/DD Waiver, developmental disabilities (DD) grants, intermediate care facilities for persons with mental retardation (ICFs/MR), the HCBS/PD Waiver, Traumatic Brain Injury Waiver, and the Head Injury Rehabilitation Facilities.

- \$4.2 million, including \$1.7 million from the State General Fund, to **expand Traumatic Brain Injury (TBI) Waiver to serve persons with strokes.**

This enhancement would allow the HCBS/TBI Waiver to serve persons with acquired brain injuries. Currently, the HCBS/TBI Waiver provides community-based rehabilitation and support services to Medicaid eligible persons who experience a traumatic brain injury such as would be received from a motorcycle accident. This enhancement request would allow SRS to request an amendment to the HCBS/TBI Waiver from the federal Centers of Medicare and Medicaid Services to provide community-based rehabilitation supports and services to Medicaid eligible persons with acquired brain injuries such as stroke, aneurysm, and anoxia. This enhancement request represents the estimated cost



of serving persons who experienced stroke and who would likely be eligible for the expanded program. At this time numbers are unavailable as to how many consumers might request service that may have other types of acquired brain injuries. SRS is currently working with Kansas Department of Health and Environment (KDHE) and their epidemiologist to estimate that number. Other research is also being conducted in an attempt to determine an accurate number of consumers who may request services. This funding would serve an estimated 104 individuals.

- \$320,000 all from the State General Fund and 3.0 FTE positions, **Community-Based Competency Evaluations**. This request would increase the number of forensic evaluations completed in the community or jails while reserving the beds at the Larned State Security Program (LSSP) for competency treatment and those forensic evaluations that cannot be adequately completed on an out-patient basis. Currently, the LSSP lacks capacity to complete all forensic evaluations timely. This causes people to wait up to four months in local jails until the LSSP has space to admit them for evaluation. This request is to fund two additional psychologists located in satellite locations but programmatically attached to the LSSP. One position will be located in the eastern Kansas area and the other in the middle of Kansas near population centers. The evaluators will be employees of SRS under the supervision of the Clinical Director at the LSSP. In addition to traditional forensic evaluation experience, the evaluators will also have expertise needed for sexual predator evaluations. The evaluators will complete the sexual predator evaluations, the competency evaluations that the Community Mental Health Centers or private providers are unable to do, and some misdemeanor pre-sentence evaluations in the jails or in some cases in the community, if bail has been granted and posted. This will also relieve Osawatomie State Hospital from completing misdemeanor forensic evaluations freeing up space for psychiatric treatment.

The evaluators will also provide training to community mental health center clinicians on how to do competency evaluations and be available to serve as a mentor and consultant to CMHC staff conducting competency evaluations. This will also include developing a competency evaluation tool to be used consistently amongst all CMHC staff completing competency evaluations for the courts. The evaluators will also assist in developing a competency evaluator certification process for those who want to be reimbursed with SRS funds for completed competency evaluations. An administrative support staff person will be hired to assist with communications with the courts, tracking referrals, tracking collateral contacts for evaluations, travel arrangements, etc., for the evaluators. Finally, CMHCs reimbursement for competency evaluations will be increased to \$415 per evaluation.

- \$759,851, all from the State General Fund, for **increase Centers for Independent Living (CIL) Grants**. This enhancement would provide funds to raise the base operating grants for CILs so all CILs receive at a minimum \$250,000 in base grant funding. CILs provide services to persons with disabilities that include independent living skills training, information and referral, and advocacy. In 2007 the Legislature appropriated \$650,000 of this request. However, the goal of providing each CIL a base grant of at least \$250,000 could

not be met with this amount of funding. \$259,851 of this request is to achieve this goal.

In addition, CIL grants are partially funded with Social Security Rehabilitation Incentives funds. Social Security Rehabilitation Incentive funds are funds reimbursed to the state for costs for providing successful vocation rehabilitation, and returning Income Disability recipients to work. Revenue from this funding source varies from year to year due to the Social Security Administration (SSA) review and approval processes. The revenue is no longer sufficient to provide the amount of funding used for CIL grants. \$500,000 of this request is to replace this dwindling source of revenue for the CILs grants.

- \$2.1 million, including \$700,000 from the State General Fund, to **expand Child Support Enforcement (CSE) contracts**. The purpose of CSE's twenty legal enforcement contracts is to secure the full amount of child support payment by non-custodial parents. CSE has a number of enforcement tools at its disposal, such as state and federal interception of income taxes and other forms of income, suspending driver and recreational licenses, and judicial intervention leading to penalties ranging in severity depending on the degree of non-cooperation. The success of these legal remedies depends on attorneys and professionals who are familiar with the specialized field of child support and the federal regulations that govern enforcement procedures. The Department indicates that there are two regions of the state with an insufficient level of legal enforcement: the Kansas City area and western counties. This proposal adds \$1,600,000 for a legal enforcement contract in the Kansas City area, and \$480,000 for legal enforcement contracts targeting Garden City, Liberal, and Great Bend.

These proposed legal enforcement contracts will influence federal incentive payments to Kansas. Federal incentive payments are based on performance in five areas: paternity establishment, order establishment, collections on current support due, cases paying toward arrears, and cost-effectiveness. This enhancement would have a direct impact on all performance areas except paternity establishment.

- \$453,696, all from the State General Fund, for **Kansas Early Head Start rate adjustment**. The Kansas Early Head Start Program (KEHS) has been in place since 1998. The program offers services to pregnant women and children up to age four. The purpose of the program is to enhance children's physical, social, emotional and intellectual development, promote healthy prenatal outcomes for pregnant women, support parents' efforts to fulfill their parental roles, and help parents move towards self-sufficiency. The program has not received a rate adjustment since its inception. This means that administrative increases, child care increases, and other program cost increases, such as transportation for home visits, have been absorbed during the past ten years. This request provides a general four percent rate increase, thus increasing the annual cost per child from \$9,636.70 to \$10,002.17. This \$10,002.17 includes the annual cost of infant/toddler child care for Kansas Early Head Start children. The cost of child care ranges from \$6,500 per year to over \$10,000 per year depending upon the age of the child and the area of the state in which the family resides. In order to

stay within their grant allocation, Kansas Early Head Start programs must balance enrollment with families needing child care with those who do not have this need.

- \$135,000, all from the State General Fund, for **Kansas Consumer Advisory Council for Adult Mental Health**. This enhancement would provide funding to the Kansas Consumer Advisory Council for Adult Mental Health (CAC). The 2007 Legislature provided \$150,000 each to the National Alliance for the Mentally Ill Kansas and Keys for Networking. This enhancement request expands this effort to include the CAC. The CAC advocates for persons with mental illness by providing useful information and recommendations to key mental health policy makers, providers, and consumers of mental health services. These funds would enhance efforts to include more consumers in this process so they have the information and skills to better advocate for themselves.
- \$815,000, including \$523,143 from the State General Fund, for **replacement of 65 vehicles**. The SRS fleet is comprised of 232 vehicles, 96 percent of which are used in regional offices. This request funds 65 vehicle replacements based on mileage projections as of June 2008. The replacements represent 64 cars with model years ranging from 1996 to 2002, and one 2005 car. Based on current mileage and annual miles driven, future replacements are projected to decline to 31 vehicles in FY 2010, and 29 in FY 2011.
- \$2.1 million, all from the State Institutions Building Fund (SIBF), for **State Hospitals rehabilitation and repairs**. This enhancement request is to provide rehabilitation and repair to the five state hospitals. The five state hospital campuses include 196 buildings containing about 2,078,421 gross square feet of floor area. Many of the buildings and equipment are 50 years old or older. The buildings are deteriorating and the equipment continues to wear out.

In FY 2004, bond funds were provided to catch up the previous rehabilitation and repair backlog at two of the state mental health hospitals. Those projects are nearly complete. The \$1.4 million annually appropriated for on-going maintenance and repair for all five state hospitals is insufficient to keep the state hospitals in a reasonable condition, prevent catastrophic failure of key building systems, and complete the repair and renovation projects required for the health and safety of the residents and patients.

A new backlog of maintenance and repair items is beginning to accumulate. The backlog includes replacing roofs that are 24 years old and older; 30 year old heating, ventilation, and air conditioning units; 50 year old electrical equipment, steam condensate lines, and plumbing; and making critical improvements required to meet present day life safety codes.

- \$8.9 million, all from the State Institutions Building Fund, **State Hospitals major repair and renovation**. This enhancement is requested to provide for major repair and renovation projects at the five state hospitals. In addition to the routine repair and rehabilitation request, there are major repair and renovation projects that need to be addressed. Each of these major projects is in excess of \$1 million and has historically been approved as additions to routine maintenance and repair projects. These include:

- Projects that address critical health and safety issues identified by facility surveyors;
  - Replacement of 30-year-old heating, ventilation, and air conditioning units;
  - Replacement of old, deteriorating low pressure steam lines with modern high pressure lines; and
  - Remodeling residential cottages not included in earlier remodeling projects.
- 
- \$5.3 million, all from the State Institutions Building Fund, to **Expand Larned State Hospital Adult Treatment Center Building to Replace Hospital Building**. This request is to replace the Hospital building at Larned State Hospital. The Hospital building was, until recently, used to house and treat psychiatric services program patients. The Department of Health and Environment recently determined that LSH's Hospital building, constructed in 1931, is in such poor condition that it requires extensive renovation if it is to be used to house or treat patients. Due to its age and antiquated structural design, it is not cost effective or feasible to rehabilitate the Hospital building for patient treatment. LSH has made adjustments in its SPTP program to temporarily free up space for the 19 patients served in the Hospital building. However, these patients cannot indefinitely stay in space that will be needed by the ever growing SPTP. To address this eventuality, this enhancement is being requested to build an addition to LSH's Adult Treatment Center to house and treat patients displaced from the Hospital building.

**Department of Social and Rehabilitation Services  
Summary of Agency Budget Request FY 2007-FY 2009**

	Actual FY 2007	Approved FY 2008	Revised Request FY 2008	Change From Approved		Agency Request FY 2009	Change From Revised FY 2008	
				Amount	Percent		Amount	Percent
<b>By Program:</b>								
Health Care Policy	\$ 726,950,535	\$ 819,400,883	\$ 826,474,748	\$ 7,073,865	0.9 %	\$ 875,125,591	\$ 48,650,843	5.9 %
Integrated Service Delivery	608,425,873	644,566,914	651,905,522	7,338,608	1.1	670,792,634	18,887,112	2.9
Administration	34,615,385	31,634,876	42,651,958	11,017,082	34.8	48,433,002	5,781,044	13.6
Prevention and Employee Supports	-	3,236,124	-	(3,236,124)	(100.0)	-	-	-
Capital Improvements	5,339,548	4,608,100	7,669,185	3,061,085	66.4	20,951,880	13,282,695	-
<b>TOTAL</b>	<b>\$ 1,375,331,341</b>	<b>\$ 1,503,446,897</b>	<b>\$ 1,528,701,413</b>	<b>\$ 25,254,516</b>	<b>1.7 %</b>	<b>\$ 1,615,303,107</b>	<b>\$ 86,601,694</b>	<b>5.7 %</b>
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 156,537,296	\$ 170,397,978	\$ 169,317,109	\$ (1,080,869)	(0.6) %	\$ 172,454,490	\$ 3,137,381	1.9 %
Contractual Services	103,818,424	129,332,797	140,449,975	11,117,178	8.6	150,341,078	9,891,103	7.0
Commodities	4,818,982	2,764,860	3,256,336	491,476	17.8	3,382,704	126,368	3.9
Capital Outlay	5,011,659	2,946,707	4,832,362	1,885,655	64.0	5,029,940	197,578	4.1
Debt Service Interest	3,285,321	3,497,756	3,497,756	-	-	3,377,100	(120,656)	-
Subtotal - State Operations	\$ 273,471,682	\$ 308,940,098	\$ 321,353,538	\$ 12,413,440	4.0 %	\$ 334,585,312	\$ 13,231,774	4.1 %
Aid to Local Units	24,056,124	25,231,642	33,825,529	8,593,887	34.1	33,736,379	(89,150)	(0.3)
Other Assistance	1,072,463,987	1,164,667,057	1,165,853,161	1,186,104	0.1	1,226,029,536	60,176,375	5.2
Subtotal - Operating Expenditures	\$ 1,369,991,793	\$ 1,498,838,797	\$ 1,521,032,228	\$ 22,193,431	1.5 %	\$ 1,594,351,227	\$ 73,318,999	4.8 %
Capital Improvements	5,339,548	4,608,100	7,669,185	3,061,085	66.4	20,951,880	13,282,695	173.2
<b>TOTAL</b>	<b>\$ 1,375,331,341</b>	<b>\$ 1,503,446,897</b>	<b>\$ 1,528,701,413</b>	<b>\$ 25,254,516</b>	<b>1.7 %</b>	<b>\$ 1,615,303,107</b>	<b>\$ 86,601,694</b>	<b>5.7 %</b>
<b>Financing:</b>								
State General Fund	\$ 552,372,812	\$ 653,673,551	\$ 673,302,947	\$ 19,629,396	3.0 %	\$ 713,172,171	\$ 39,869,224	5.9 %
Economic Development Initiatives Fund	340,000	-	-	-	-	-	-	-
Children's Initiatives Fund	29,152,056	34,013,081	34,556,065	542,984	1.6	34,013,081	(542,984)	(1.6)
Federal Funds	728,614,022	778,898,689	780,603,569	1,704,880	0.2	815,244,080	34,640,511	4.4
State Institutions Building Fund	8,324,868	7,905,856	10,966,941	3,061,085	38.7	24,128,980	13,162,039	120.0
Other Funds	56,527,583	28,955,720	29,271,891	316,171	1.1	28,744,795	(527,096)	(1.8)
<b>TOTAL</b>	<b>\$ 1,375,331,341</b>	<b>\$ 1,503,446,897</b>	<b>\$ 1,528,701,413</b>	<b>\$ 25,254,516</b>	<b>1.7 %</b>	<b>\$ 1,615,303,107</b>	<b>\$ 86,601,694</b>	<b>5.7 %</b>
FTE Positions	3,670.6	3,674.6	3,668.6	(6.0)	(0.2) %	3,678.6	10.0	0.3 %
Non-FTE Unclassified Permanent Pos.	87.8	61.6	72.6	11.0	-	72.6	-	-
<b>Total</b>	<b>3,758.4</b>	<b>3,736.2</b>	<b>3,741.2</b>	<b>5.0</b>	<b>0.1 %</b>	<b>3,751.2</b>	<b>10.0</b>	<b>0.3 %</b>

<h2 style="margin: 0;">Children's Initiatives Fund</h2> <h3 style="margin: 0;">FY 2008</h3>
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	Final Legislative Approved FY 2008
<b>Department of Health and Environment</b>	
Healthy Start/Home Visitor	\$ 250,000
Infants and Toddlers Program (Tiny K)	1,200,000
Smoking Cessation/Prevention Program Grants	1,000,000
PKU/Hemophilia	208,000
Subtotal - KDHE	\$ 2,658,000
<b>Juvenile Justice Authority</b>	
Juvenile Prevention Program Grants	\$ 5,414,487
Juvenile Graduated Sanctions Grants	3,585,513
Subtotal - JJA	\$ 9,000,000
<b>Department of Social and Rehabilitation Services</b>	
Children's Cabinet Accountability Fund	\$ 541,802
Children's Mental Health Initiative	3,800,000
Family Centered System of Care	5,000,000
Therapeutic Preschool	1,000,000
Child Care Services	1,400,000
Community Services - Child Welfare	3,492,101
Smart Start Kansas - Children's Cabinet	8,443,279
Family Preservation	2,957,899
School Violence Prevention	228,000
Attendant Care for Independent Living (ACIL)	50,000
Pre-K Pilot	5,000,000
Early Head Start	1,600,000
Child Care Quality Initiative	500,000
Subtotal - SRS	\$ 34,013,081
<b>Kansas Health Policy Authority</b>	
HealthWave	\$ 2,000,000
Medical Assistance	3,000,000
Immunization Outreach	500,000
Subtotal - KHPA	\$ 5,500,000
<b>Department of Education</b>	
Reading and Vision Research	\$ 300,000
<b>University of Kansas Medical Center</b>	
Tele-Kid Health Care Link	\$ 250,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 51,721,081</b>

	Final Legislative Approved FY 2008	With Reappropriated Amounts FY 2008
Beginning Balance	\$ 3,710,767	\$ 3,710,767
Plus: Other Income*	-	691,447
Transfers from SGF and KEY Fund	47,721,081	47,721,081
Total Available	\$ 51,431,848	\$ 52,123,295
Less: Expenditures	(51,721,081)	(52,267,182)
<b>ENDING BALANCE</b>	<b>\$ (289,233)</b>	<b>\$ (143,887)</b>

\* Other income includes released encumbrances, recoveries and reimbursements.  
+ Includes an additional transfer of \$3,710,767 from the Kansas Endowment for Youth (KEY) fund in FY 2007 due to higher than anticipated receipts from the tobacco Master Settlement Agreement in April 2007.

*House Appropriations and  
Senate Ways and means  
12-17-07  
Attachment 12*

Kansas Department of  
Social and Rehabilitation Services  
Don Jordan, Secretary

House Appropriations and Senate Ways and Means  
Committees

December 17, 2007

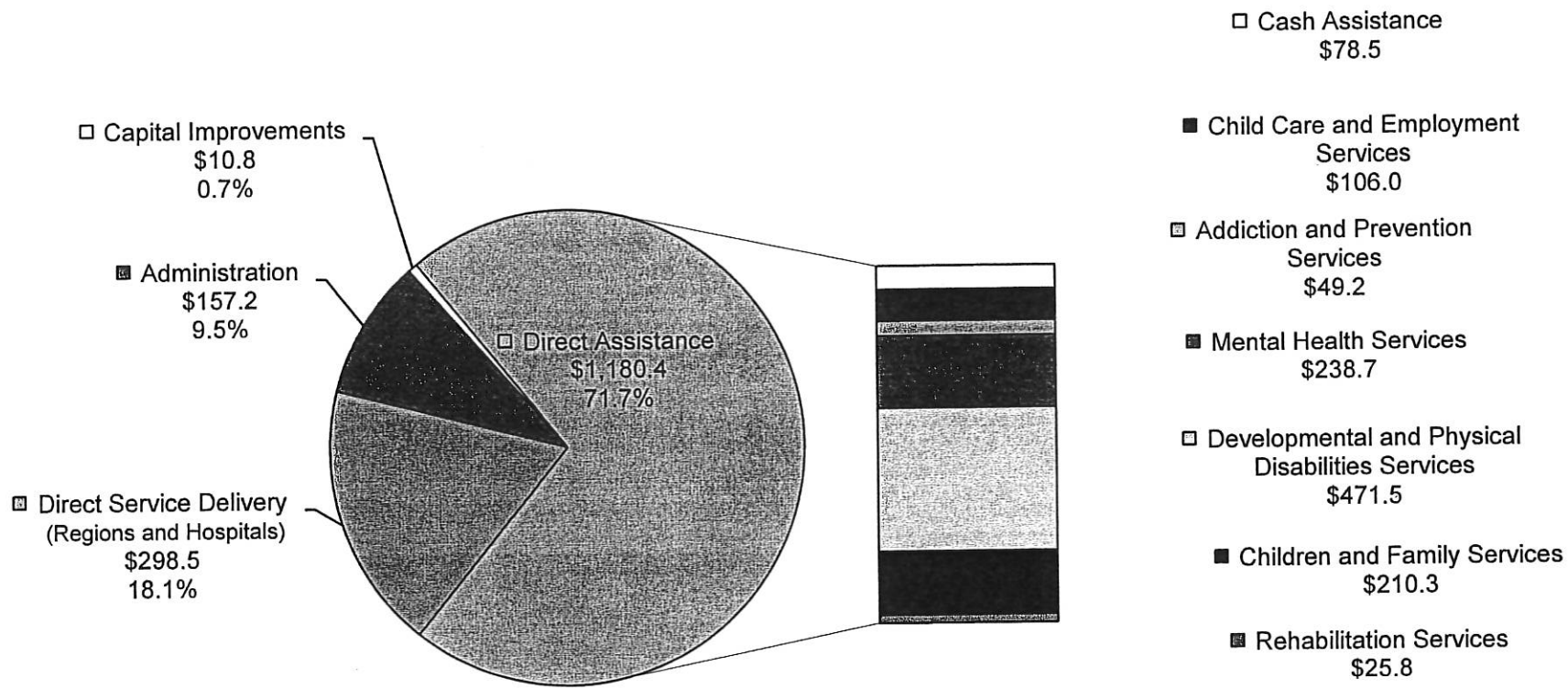
FY 08 Budget Overview

Social and Rehabilitation Services  
Don Jordan, Secretary

For Additional Information Contact:  
Dustin Hardison, Director of Public Policy  
Patrick Woods, Director of Governmental Affairs  
Docking State Office Building, 6<sup>th</sup> Floor North  
(785) 296-3271

House Appropriations and  
Senate Ways and Means  
12-17-07  
Attachment 13

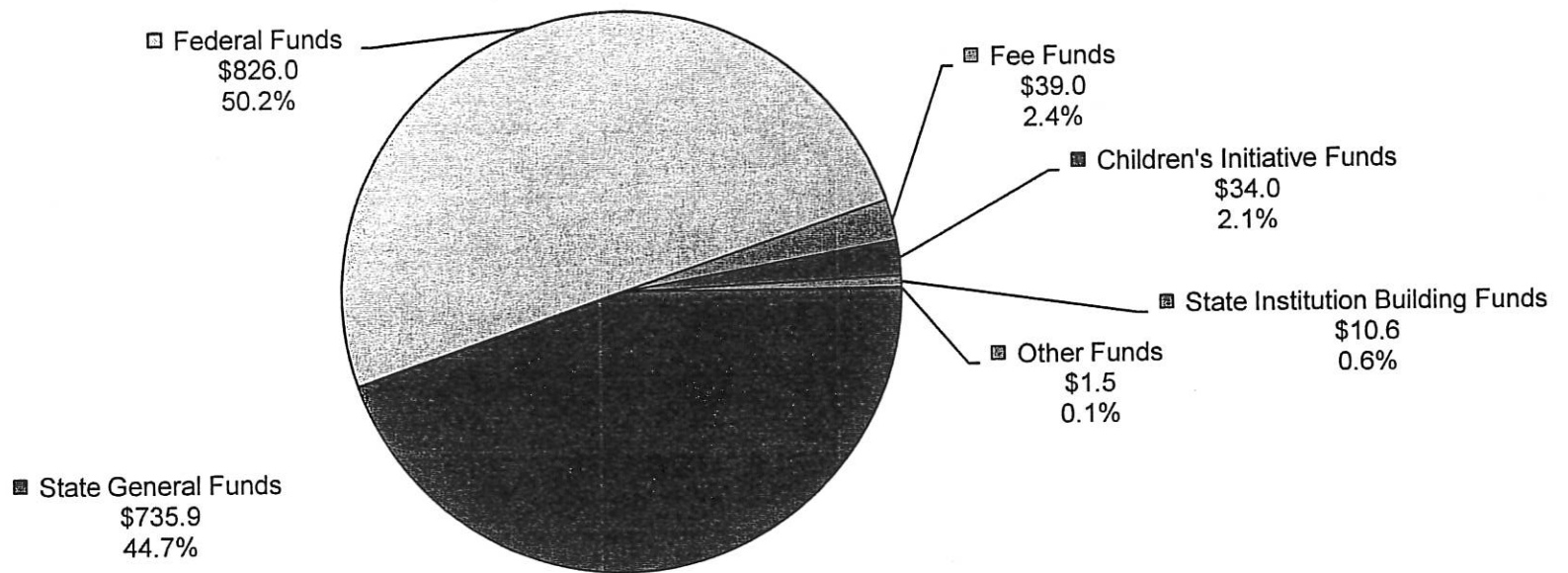
### FY 2008 SRS Approved Budget including State Hospitals Expenditures (in millions)



Total Budget \$1,647.0 million



### FY 2008 SRS Approved Budget including State Hospitals Funding (in millions)



Total Budget \$1,647.0 million

**Supplementals and Enhancements Included in the SRS Submitted Budget  
FY 2008 Supplementals and FY 2009 Enhancements for SRS**

**FY 2008 Supplemental Requests**

Priority	Description	SF	All Funds	FTE
1	<b>Implement Child Welfare Non-Medicaid Residential Placement Changes</b> Changes to the Medicaid State Plan resulted in significant changes to the types of residential placements available to children experiencing behavioral and emotional problems. The placements for some children no longer qualify for Medicaid funding, and the cost of these placements will shift to the child welfare contractors. This supplemental request funds the additional costs incurred by the contractors.	7,458,210	9,217,316	
2	<b>Replacement of Federal Funds</b> Numerous federal and state policy changes have impacted the type of work done by Regional staff. Staff are spending more time on Child Protective Services and children who may not be candidates for foster care. These activities are not eligible for claiming federal funds, and state funds are required to maintain our current level of services.	10,500,000	0	
3	<b>Developmental Disability Waiver Policy Change</b> Effective January 2008, payments for children in custody who receive developmental disability waiver services will be reduced due to federal standards. This request represents the estimated cost of maintaining the present level of service to the affected children.	1,618,304	2,000,000	
4	<b>Planning to Expand Larned State Hospital Adult Treatment Center Building to Replace the "Hospital" Building</b> Funds are requested to begin planning for the replacement of the "Hospital" building which housed the crisis stabilization unit at LSH. The "Hospital" building was, until recently, used to house and treat psychiatric services program patients. The Department of Health and Environment recently determined that LSH's Hospital building, constructed in 1931, is in such poor condition that it requires extensive renovation if it is to be used to house or treat patients. Due to its age and antiquated structural design, it is not cost effective or feasible to rehabilitate the Hospital building for patient treatment.	0	360,000	
<b>TOTAL</b>		<b>19,576,514</b>	<b>11,577,316</b>	<b>0.00</b>

**FY 2009 Enhancement Requests**

Priority	Description	SF	All Funds	FTE
1	<b>Implement Child Welfare Non-Medicaid Residential Placement Changes</b> Changes to the Medicaid State Plan resulted in significant changes to the types of residential placements available to children experiencing behavioral and emotional problems. The placements for some children no longer qualify for Medicaid funding, and the cost of these placements will shift to the child welfare contractors. This supplemental request funds the additional costs incurred by the contractors.	7,458,210	9,217,316	

Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

2	<p><b>Replacement of Federal Funds</b> Numerous federal and state policy changes have impacted the type of work done by Regional staff. Staff are spending more time on Child Protective Services and children who may not be candidates for foster care. These activities are not eligible for claiming federal funds, and state funds are required to maintain our current level of services.</p>	10,500,000	0	
3	<p><b>Developmental Disability Waiver Policy Change</b> Effective January 2008, payments for children in custody who receive developmental disability waiver services will be reduced due to federal standards. This enhancement represents the estimated cost of maintaining the present level of service to the affected children.</p>	2,962,799	3,661,610	
4	<p><b>Physical Disabilities (PD) Waiver Waiting List</b> Provides funding to continue the practice of having no waiting list for PD Waiver funded services. The request will fund services for an additional 480 persons.</p>	4,479,200	11,000,000	
5	<p><b>Traumatic Brain Injury (TBI) Waiver Waiting List</b> Provides funding to continue the practice of having no waiting list for TBI Waiver funded services. The request will fund services for an additional 121 persons.</p>	814,400	2,000,000	
6	<p><b>Adoption Support Caseload</b> This request will fund a projected increase of 843 monthly children receiving adoption support.</p>	2,067,700	3,271,808	
7	<p><b>Permanent Custodianship Caseload</b> This request will fund a projected increase of 170 monthly children placed in permanent custodianships.</p>	526,674	526,674	
8	<p><b>Child Care Caseload</b> This request will fund a projected increase of 894 monthly children receiving child care assistance.</p>	4,860,449	4,860,449	
9	<p><b>Fund Kansas Youth Empowerment Grant with State Funds</b> A recent federal review conducted by the Rehabilitation Services Administration determined that federal vocational rehabilitation funds may not be granted for any purpose. This enhancement maintains the grant by replacing federal funds with state funds.</p>	118,050	0	
10	<p><b>Independent Living Subsidy Caseload</b> The child welfare independent living program provides individualized services and monthly subsidies to assist youth in becoming self-sufficient adults as they near and exit the foster care system. This request funds a projected increase of 132 children.</p>	659,605	659,605	
11	<p><b>Developmental Disability Waiver Waiting List</b> Funds services for 244 persons currently waiting for community developmental disability services.</p>	4,072,000	10,000,000	

Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

12	<p><b>Temporary Assistance for Needy Families (TANF) Work Incentive Policies</b> Evidence demonstrates that work supports increase job retention. This enhancement allows families to retain more of their earnings while on assistance and provides five months of limited assistance as families leave welfare with employment. The enhancement will also improve the state's TANF work participation rate.</p>	0	3,818,029	
13	<p><b>Increase Funding for Regional Staffing</b> The Fiscal Year 2008 Governor's Budget Recommendation supported the agency's request to reduce shrinkage to allow 155 vacant regional positions to be filled. The purpose of the agency's request was to address increasing demands arising from federal and state requirements. The approved FY 2007 funding allowed approximately 50 vacant positions to be filled. This enhancement reduces shrinkage to 4.5% to provide funds to fill the other 105 vacant positions.</p>	3,895,416	6,072,356	
14	<p><b>Implement a Human Services Management (HSM) System</b> Funds are requested to initiate the first phase of a multiple phase business technology project for an outcome-based, integrated delivery of services system. The first phase of the project will be a partnership with the Kansas Health Policy Authority to implement a new eligibility system.</p>	4,200,000	7,000,000	
15	<p><b>Money Follows the Person (MFP) Grant</b> Shifts funds from nursing facilities to the PD, TBI and DD waivers to serve qualifying persons leaving nursing facilities to live in community-based settings. These funds will match a federal grant which provides enhanced federal match for first year startup costs.</p>	1,039,360	5,013,615	
16	<p><b>Autism Waiver Waiting List</b> Expands the Autism Waiver allowing for an additional 100 young children with autism spectrum disorders and their families to be served.</p>	1,018,000	2,500,000	
17	<p><b>Increase Attendant Care for Independent Living (ACIL) Reimbursement Rates</b> Provides increased reimbursement rates for the ACIL program so providers can pay competitive wages and recruit a sufficient number of nurses.</p>	1,614,272	3,964,321	
18	<p><b>Kansas Food Security Task Force Initiatives</b> The Kansas Food Security Task Force, a subcommittee of the Kansas Food Policy Council, issued five recommendations. Of these, three pertain directly to SRS, and are funded by this enhancement:</p> <ul style="list-style-type: none"> <li>• Outreach to improve participation in the food stamp program.</li> <li>• Expand electronic benefit services to farmers' markets.</li> <li>• Supplement food available to the Emergency Food Assistance Program with state funds.</li> </ul>	829,611	1,267,500	1.00
19	<p><b>Staffing for Health Policy Authority Premium Assistance Program</b> Adds an additional 5.0 FTE to the regional offices to meet the anticipated increase in Medicaid and SCHIP applications.</p>	138,425	276,850	5.00

Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

20	<p><b>Increased Reimbursement Rates</b> Provides rate increases to a variety of SRS programs to keep pace with the rising cost of providing community-based services. Substance Abuse grants are paid based on the amount of services provided to non-Medicaid eligible persons under 200% of the federal poverty level. Last year \$2,087,280 was provided to address about half of this reimbursement gap. A similar amount is included in this request. The remaining portion of the request provides for approximately a two percent reimbursement rate increase.</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2" style="text-align: center;">All Funds</td> </tr> <tr> <td>AAPS Grants</td> <td style="text-align: right;">2,400,000</td> </tr> <tr> <td>Substance Abuse Treatment</td> <td style="text-align: right;">508,000</td> </tr> <tr> <td>CSS TCM</td> <td style="text-align: right;">945,000</td> </tr> <tr> <td>DD Waiver</td> <td style="text-align: right;">5,625,000</td> </tr> <tr> <td>DD Grants</td> <td style="text-align: right;">281,000</td> </tr> <tr> <td>ICF/MR</td> <td style="text-align: right;">367,400</td> </tr> <tr> <td>PD Waiver</td> <td style="text-align: right;">2,042,000</td> </tr> <tr> <td>TBI Waiver</td> <td style="text-align: right;">137,000</td> </tr> <tr> <td>Head Injury Rehab Facilities</td> <td style="text-align: right;">474,000</td> </tr> <tr> <td>TA Waiver</td> <td style="text-align: right;">4,816</td> </tr> </table>	All Funds		AAPS Grants	2,400,000	Substance Abuse Treatment	508,000	CSS TCM	945,000	DD Waiver	5,625,000	DD Grants	281,000	ICF/MR	367,400	PD Waiver	2,042,000	TBI Waiver	137,000	Head Injury Rehab Facilities	474,000	TA Waiver	4,816	6,795,029	12,784,216	
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21	<p><b>Expand Traumatic Brain Injury Waiver to Serve Persons with Strokes</b> Provides funding for community-based rehabilitation supports and services to Medicaid eligible persons with acquired brain injuries as a result of a stroke.</p>	1,690,040	4,150,392																							
22	<p><b>Community Based Competency Evaluations</b> Funds are requested for an increase in the number of forensic evaluations completed in the community or jails.</p>	320,000	320,000	3.00																						
23	<p><b>Increase Centers for Independent Living (CIL) Grants</b> Provides funds needed to raise the base operating grants for CILs so all CILs receive at a minimum \$250,000 base grant funding. The 2007 Legislature appropriated \$650,000 of this request. An additional \$259,851 is needed to meet the \$250,000 goal. Also requested is \$500,000 to replace dwindling revenue from the Social Security Rehabilitation Incentive funds with SGF.</p>	759,851	759,851																							
24	<p><b>Expand Child Support Enforcement (CSE) Contracts</b> The purpose of CSE's legal enforcement contracts is to secure the full amount of child support payment by non-custodial parents. This proposal adds legal enforcement funds for the Kansas City area, Garden City, Liberal, and Great Bend.</p>	707,200	2,080,000																							
25	<p><b>Kansas Early Head Start Rate Adjustment</b> This enhancement funds a four percent rate increase for the Kansas Early Head Start Program. Administrative increases, child care increases, and other program cost increases, such as transportation for home visits, have been absorbed during the past ten years.</p>	453,696	453,696																							
26	<p><b>Kansas Consumer Advisory Council for Adult Mental Health</b> Provides funding to the Kansas Consumer Advisory Council for Adult Mental Health, to enhance efforts to involve more consumers, giving them the information and skills to better advocate for themselves.</p>	135,000	135,000																							

Kansas Department of Social and Rehabilitation Services  
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27	<p><b>Vehicle Replacement</b> Funds the replacement of 65 vehicles projected to meet the mileage threshold of 100,000 miles for cars and 140,000 miles for trucks. The vehicles are used predominantly for direct services.</p>	523,143	815,500	
	<b>CAPITAL IMPROVEMENTS</b>			
28	<p><b>State Hospitals Rehabilitation and Repairs</b> Provides funds for rehabilitation and repair to the five state hospitals.</p>	0	2,081,000	
29	<p><b>State Hospitals Major Repair and Renovation</b> Provides funds for major repair and renovation projects at the five state hospitals.</p>	0	8,890,380	
30	<p><b>Expand Larned State Hospital Adult Treatment Center Building to Replace "Hospital" Building</b> Provides funds to replace the "Hospital" building which housed the crisis stabilization unit at LSH. The "Hospital" building was, until recently, used to house and treat psychiatric services program patients. The Department of Health and Environment recently determined that LSH's Hospital building, constructed in 1931, is in such poor condition that it requires extensive renovation if it is to be used to house or treat patients. Due to its age and antiquated structural design, it is not cost effective or feasible to rehabilitate the Hospital building for patient treatment.</p>	0	5,250,000	
	<b>TOTAL</b>	62,638,130	112,830,168	9.00

**Supplementals and Enhancements Included in the State Hospital Submitted Budgets  
FY 2008 Supplementals and FY 2009 Enhancements**

**FY 2008 Supplemental Requests**

Priority	Hospital	Description	SGF	All Funds	FTE
1	LSH	<b>Manage Health and Safety Requirements – Add Equipment, furniture and supplies</b> Provides funding for equipment, furniture and supplies to manage health and safety requirements.	500,000	500,000	
2	LSH	<b>Expand Sexual Predator Treatment Program (SPTP) Transition House</b> Provides funding for 10.5 months to serve three residents approved to move to the Transition House Services located on the Osawatomie State Hospital campus. This request also includes funding for an additional 6.00 FTE, and furnishings and supplies for the staff office.	228,486	228,486	6.00
3	LSH	<b>Fee Fund Shortfall</b> Funds a Fee Fund shortfall with State General Fund.	539,469	0	
<b>SUBTOTAL – LARNED STATE HOSPITAL</b>			<b>1,267,955</b>	<b>728,486</b>	<b>6.00</b>
1	OSH	<b>Adjust shrinkage rate to replace salaries used to fund the Operating Expenditures (OOE) shortfall</b> Provides funding to reduce the salary shrinkage rate which will allow OSH to fill the approved number of positions.	150,000	150,000	
<b>SUBTOTAL – OSAWATOMIE STATE HOSPITAL</b>			<b>150,000</b>	<b>150,000</b>	<b>0.00</b>
1	RMHF	<b>Adjust shrinkage rate to replace salaries used to fund the Operating Expenditures (OOE) shortfall</b> Provides funding to reduce the salary shrinkage rate which will allow RMHF to fill the approved number of positions.	70,000	70,000	
<b>SUBTOTAL – RAINBOW MENTAL HEALTH FACILITY</b>			<b>70,000</b>	<b>70,000</b>	<b>0.00</b>
<b>TOTAL SUPPLEMENTAL REQUESTS</b>			<b>1,487,955</b>	<b>948,486</b>	<b>6.00</b>

Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

**FY 2009 Hospital Enhancement Requests**

Priority	Hospital	Description	SGF	All Funds	FTE
1	LSH	<b>Add Staff to Manage Health and Safety Requirements</b> Provides funding for 9.0 custodial workers, 1.0 custodial supervisor and 2.0 health/safety inspectors to manage and maintain health and safety requirements.	356,944	356,944	12.00
2	LSH	<b>Adjust shrinkage rate to replace salaries used to fund the Operating Expenditures (OOE) shortfall</b> Provides funding to reduce the salary shrinkage rate which will allow LSH to fill the approved number of positions.	897,795	897,795	
Priority	Hospital	Description	SGF	All Funds	FTE
3	LSH	<b>Expand Sexual Predator Treatment Program (SPTP) Transition House</b> Continues funding to serve three residents approved to move in FY 2008 to the Transition House Services located on the OSH campus. An additional 6.0 FTE are requested.	249,269	249,269	6.00
4	LSH	<b>Expand State Security Program Capacity</b> Provides funding to staff and operate another 30-bed unit in the state security program to provide greater capacity for forensic evaluations and treatment. An additional 54.50 FTE are requested.	2,778,932	2,778,932	54.50
5	LSH	<b>Increase Support Services for the Expansion of 68 Inmates at the Larned Correctional Mental Health Facility (LCMHF)</b> Provides funding for dietary and laundry services, as well as sewer and water, for the expansion of LCMHF for 68 inmates. An additional 4.0 FTE are requested.	258,908	258,908	4.00
6	LSH	<b>Fee Fund Shortfall</b> Funds a Fee Fund shortfall with State General Fund.	708,596	0	
7	LSH	<b>Vehicle Replacement Request</b> Provides funding to replace nine high mileage vehicles.	140,562	140,562	
8	LSH	<b>Debt Service for City of Larned Waste Water Treatment Plant</b> Provides funding for LSH to pay its share of the cost to replace the existing water treatment plant.	124,827	124,827	
<b>SUBTOTAL – LARNED STATE HOSPITAL</b>			<b>5,515,833</b>	<b>4,807,237</b>	<b>76.50</b>
1	OSH	<b>Additional Direct Care Staff to Achieve Core Ratios</b> Provides funding for an additional 25.60 direct care staff to provide needed nursing care and supervision for its patients and meet federal certification requirements.	888,635	888,635	25.60



Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

2	OSH	<b>30 Bed Unit for Six Months</b> Funds the cost of operating and staffing the newly remodeled 30 bed unit approved for opening by the 2007 Kansas Legislature. The unit is expected to be available for patient care in January 2009. An additional 49.80 FTE are requested.	1,473,800	1,473,800	49.80
3	OSH	<b>Adjust shrinkage rate to replace salaries used to fund the Operating Expenditures (OOE) shortfall</b> Provides funding to reduce the salary shrinkage rate which will allow OSH to fill the approved number of positions.	594,555	594,555	
4	OSH	<b>Replace 2 Vehicles</b> Provides funding to replace two high mileage vehicles.	40,900	40,900	
5	OSH	<b>Fund IT Equipment and Software Upgrades</b> This request is to fund an Electronic Patient Records Program, Time Clock System, and to purchase Tracking systems software.	125,000	125,000	
6	OSH	<b>Fund Delayed Capital Maintenance</b> Provides funding for maintenance and repairs to current systems until renovations from the capital improvement plan are complete in fiscal years 2010 and 2011.	150,000	150,000	
<b>Priority</b>	<b>Hospital</b>	<b>Description</b>	<b>SGF</b>	<b>All Funds</b>	<b>FTE</b>
7	OSH	<b>Replace Office Furniture and Computers</b> Funds replacement office furniture and equipment.	56,192	56,192	
<b>SUBTOTAL – OSAWATOMIE STATE HOSPITAL</b>			<b>3,329,082</b>	<b>3,329,082</b>	<b>75.40</b>
1	RMHF	<b>Add Direct Care Staff to Meet Core Ratios</b> Provides funding for an additional 21.0 nursing staff to provide needed nursing care and supervision for its patients and meet federal certification requirements.	724,753	724,753	21.00
2	RMHF	<b>Adjust shrinkage rate to replace salaries used to fund the Operating Expenditures (OOE) shortfall</b> Provides funding to reduce the salary shrinkage rate which will allow RMHF to fill the approved number of positions.	275,000	275,000	
3	RMHF	<b>Replacement of One Vehicle</b> Provides funding to replace one high mileage vehicle.	17,700	17,700	
4	RMHF	<b>Fund IT Equipment and Software Upgrades</b> This request is to fund an Electronic Patient Records Program, Time Clock System, and to purchase Tracking systems software.	125,000	125,000	

Kansas Department of Social and Rehabilitation Services  
Don Jordan, Secretary

5	RMHF	<b>Replace Office Furniture and Computers</b> Funds replacement office furniture and equipment.	15,000	15,000	
<i>SUBTOTAL – RAINBOW MENTAL HEALTH FACILITY</i>			<i>1,157,453</i>	<i>1,157,453</i>	<i>21.00</i>
1	PSH	<b>Vehicle Replacement Request</b> Provides funding to replace 14 high mileage vehicles.	273,000	273,000	
<i>SUBTOTAL – PARSONS STATE HOSPITAL AND TRAINING CENTER</i>			<i>273,000</i>	<i>273,000</i>	<i>0.00</i>
1	KNI	<b>Vehicle Replacement Request</b> Provides funding to replace 19 high mileage vehicles.	339,660	339,660	
<i>SUBTOTAL – KANSAS NEUROLOGICAL INSTITUTE</i>			<i>339,660</i>	<i>339,660</i>	<i>0.00</i>
<b>TOTAL ENHANCEMENT REQUESTS</b>			<b>10,615,028</b>	<b>9,906,432</b>	<b>172.90</b>

**Board of Regents**  
**Summary of FY 2008-FY 2009 Agency Budget Request**

**FY 2008 - Current Year**

The Board of Regents requests a revised FY 2008 budget totaling \$241.1 million, a decrease of \$72.0 million, or 23.0 percent, below the amount approved by the 2007 Legislature. Requested State General Fund expenditures total \$193.3 million, a reduction of \$25.9 million, or 11.8 percent, below the approved amount. The request would fund the currently approved 63.5 FTE positions. Major adjustments to the FY 2007 approved budget include:

- The reduction of \$25.9 million in **State General Fund** expenditures. The reduction reflects the transfer of \$28.5 million to the state universities for the operating grant, partially offset by reappropriations.
- A reduction of \$46.0 million in other funds. The reduction includes transfers to the state universities for capital improvements that include \$15.0 million from the Educational Building Fund (EBF) for regular maintenance and \$30.0 million from the infrastructure maintenance fund for deferred maintenance. In addition, the debt service principal payments on the research bonds is lower than anticipated for FY 2008.

**FY 2009 - Budget Year**

The Board of Regents requests an FY 2009 budget of \$415.1 million, an increase of \$174.0 million, or 72.2 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$333.4 million, an increase of \$140.1 million, or 72.5 percent, above the revised current year estimate. The request would fund 63.5 FTE positions, no change from the revised current year estimate.

The request includes enhancement funding of \$144.5 million, including \$147.0 million from the State General Fund. **Absent the enhancement requests**, the requested increase in FY 2009 would total \$29.5 million, or 12.2 percent, from all funding sources and a reduction of \$6.9 million or 3.6 percent, from the State General Fund. The reduction reflects the one time bonus payment in FY 2008 partially offset by annual fringe benefit increases, and reappropriated funds in FY 2008 that will not be available in FY 2009.

The **enhancement requests**, almost entirely from the State General Fund, include:

- **Postsecondary Education Operating Grant Increase** of \$52.2 million, all from the State General Fund.
- Inflationary increase based on the Higher Education Price Index (HEPI) of 3.4 percent totaling \$26,840,523.
- Increased state investment of \$25,319,445 for the first year of a five-year plan totaling \$126.6 million to make Kansas public postsecondary education more comparable to other states and target state priorities in higher education.
- \$3.0 million, all from the State General Fund, for the **Comprehensive Grant Program** which provides need-based grants to students attending state

universities, Washburn University, and private Kansas universities. The increase would raise the total funding for the program to \$18.7 million.

- \$126,844, all from the State General Fund, to increase funding for high demand student **financial assistance programs** based on the HEPI. Programs with carry-forward funds in FY 2008 are not included in the increase.
- \$250,000, all from the State General Fund, and **2.0 non-FTE higher education policy analyst positions** to support the Board and other policy makers to pursue the five strategic questions outlined by the Board as the framework for the Kansas higher education system.
- \$145,620, all from the State General Fund, for increased **operations costs** for the Board office.
- \$2.5 million , all from the State General Fund, to replace the statutorily required reduction in financing from the **Kansas Universal Service Fund** for KAN-ED.
- \$256,003, including \$249,866 from the State General Fund, for **inflationary increases** based on the HEPI for other postsecondary education programs which include Adult Basic Education, Nursing Faculty and Supplies Grant program, Technical Educational Technology Equipment Grants, and the Technology, Innovation, and Internship Program.
- \$200,000, all from the State General Fund, for a new pilot program for part-time, **adult learners** to learn more about creating access to postsecondary education for the part-time, adult learner.
- \$4.0 million, all from the State General Fund, to continue the **Technical Education Technology and Equipment Grants**.
- \$56.4 million, all from the State General Fund, for **deferred maintenance** projects. The Board indicates that this amount is the difference between the amount of funding provided by 2007 HB 2237 for FY 2009 and \$100.0 million, which is the estimated amount of funds that can be expended on the list of deferred maintenance projects in a single fiscal year.
- \$28.0 million, all from the State General Fund, for ongoing **annual building maintenance** at the state universities. The Board assumes that a minimum of \$84.0 million is necessary for annual maintenance at the state universities, and estimates that \$38.0 million is currently expended in the Physical Plant operating budgets of the universities leaving a shortfall of \$46.0 million. The Board has calculated that the State General Fund portion of the university operating budget is approximately 60.0 percent. Applying 60.0 percent to the \$46.0 million shortfall would make the state portion of the shortfall \$28.0 million, with the balance to be supplied by the universities. This assumes that the \$15.0 million from the Educational Building Fund that is provided for maintenance at the universities is being spent on deferred maintenance projects.
- Funding for the **Kansas Academy of Math and Science (KAMS)**. 2006 SB 139 authorized the establishment and operation of the Kansas Academy of Mathematics and Science (KAMS), subject to appropriation of funds for that

purpose. The Academy will provide an accelerated residential program for Kansas high school juniors or seniors who are academically talented in science or math. The Board issued an RFP and proposals were due in October. The Board has indicated it will have updated information on the cost of the program in time for the Legislative session.

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**Kansas Board of Regents  
Summary of Agency Budget Request FY 2007-FY 2009**

	Actual FY 2007	Approved FY 2008	Revised Request FY 2008	Change From Approved		Agency Request FY 2009	Change From Revised FY 2008	
				Amount	Percent		Amount	Percent
<b>By Program:</b>								
Administration	\$ 4,688,637	\$ 5,720,766	\$ 6,030,448	\$ 309,682	5.4 %	\$ 6,095,329	\$ 64,881	1.1 %
Student Financial Assistance	19,843,753	23,012,661	24,313,162	1,300,501	5.7	26,031,005	1,717,843	7.1
Postsecondary Ed Institutions	165,955,010	204,748,643	177,022,101	(27,726,542)	(13.5)	228,993,567	51,971,466	29.4
KAN-ED	10,475,553	9,946,277	9,938,765	(7,512)	(0.1)	10,000,000	61,235	0.6
Debt Service	22,452,571	6,538,000	7,680,000	1,142,000	17.5	7,153,000	(527,000)	(6.9)
Capital Improvements	5,636	63,045,000	16,070,000	(46,975,000)	(74.5)	136,823,000	120,753,000	751.4
<b>TOTAL</b>	<b>\$ 223,421,160</b>	<b>\$ 313,011,347</b>	<b>\$ 241,054,476</b>	<b>\$ (71,956,871)</b>	<b>(23.0) %</b>	<b>\$ 415,095,901</b>	<b>\$ 174,041,425</b>	<b>72.2 %</b>
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 5,382,225	\$ 6,543,300	\$ 6,565,521	\$ 22,221	0.3 %	\$ 6,673,937	\$ 108,416	1.7 %
Contractual Services	8,985,653	6,331,247	9,639,337	3,308,090	52.3	9,373,592	(265,745)	(2.8)
Commodities	180,114	77,600	303,095	225,495	290.6	206,010	(97,085)	(32.0)
Capital Outlay	502,971	322,000	439,000	117,000	36.3	162,211	(276,789)	(63.0)
Debt Service Interest	4,782,009	6,538,000	7,680,000	1,142,000	-	7,153,000	(527,000)	-
Subtotal - State Operations	\$ 19,832,972	\$ 19,812,147	\$ 24,626,953	\$ 4,814,806	24.3 %	\$ 23,568,750	\$ (1,058,203)	(4.3) %
Aid to Local Units	164,435,288	206,841,539	175,544,361	(31,297,178)	(15.1)	228,173,146	52,628,785	30.0
Other Assistance	21,476,702	23,312,661	24,813,162	1,500,501	6.4	26,531,005	1,717,843	6.9
Subtotal - Operating Expenditures	\$ 205,744,962	\$ 249,966,347	\$ 224,984,476	\$ (24,981,871)	(10.0) %	\$ 278,272,901	\$ 53,288,425	23.7 %
Capital Improvements	17,676,198	63,045,000	16,070,000	(46,975,000)	-	136,823,000	120,753,000	-
<b>TOTAL</b>	<b>\$ 223,421,160</b>	<b>\$ 313,011,347</b>	<b>\$ 241,054,476</b>	<b>\$ (71,956,871)</b>	<b>(23.0) %</b>	<b>\$ 415,095,901</b>	<b>\$ 174,041,425</b>	<b>72.2 %</b>
<b>Financing:</b>								
State General Fund	\$ 169,805,397	\$ 219,217,958	\$ 193,282,126	\$ (25,935,832)	(11.8) %	\$ 333,423,552	\$ 140,141,426	72.5 %
Federal Funds	-	-	-	-	-	-	-	-
Other Funds	53,615,763	93,793,389	47,772,350	(46,021,039)	(49.1)	81,672,349	33,899,999	71.0
<b>TOTAL</b>	<b>\$ 223,421,160</b>	<b>\$ 313,011,347</b>	<b>\$ 241,054,476</b>	<b>\$ (71,956,871)</b>	<b>(23.0) %</b>	<b>\$ 415,095,901</b>	<b>\$ 174,041,425</b>	<b>72.2 %</b>
FTE Positions	58.5	63.5	63.5	-	- %	63.5	-	- %
Non-FTE Unclassified Permanent Pos.	-	-	-	-	-	2.0	2.0	-
<b>Total</b>	<b>58.5</b>	<b>63.5</b>	<b>63.5</b>	<b>-</b>	<b>- %</b>	<b>65.5</b>	<b>2.0</b>	<b>3.1 %</b>

## **2008 LEGISLATIVE & PUBLIC POLICY PREVIEW**

House Appropriations and Senate Ways and Means Committees

December 17, 2007

*Reginald L. Robinson*  
*President & CEO*  
*Kansas Board of Regents*



### **BUILDING A PUBLIC AGENDA FOR HIGHER EDUCATION:**



**FIVE STRATEGIC QUESTIONS**



House Appropriations and  
Senate Ways and Means  
12-17-07  
Attachment 15



## QUESTION #1: EDUCATIONAL SYSTEMS ALIGNMENT

Are we satisfied that high school graduation expectations are aligned with college preparation expectations?

Are Kansas high school graduates prepared to meet postsecondary expectations?



## WHAT WE MUST KNOW / WHAT WE MUST DO

- Engagement With K-12 Leadership
- Testing & Survey Data
- Volume of Development Course Offerings
- Define College Readiness







## QUESTION #2: PARTICIPATION

Are we satisfied with the level of participation in the Kansas higher education system?

Do participation rates adequately reflect the state's demographic composition?

Are we satisfied with the participation of adult learners in the higher education system?



## WHAT WE MUST KNOW

- Enrollment Data
  - Population Aged 25-64
- Census Data
  - Population Aged 25-64
- College Going Rate Data





### QUESTION #3: PERSISTENCE

Are we satisfied with our institutional retention and completion rates?



### WHAT WE MUST KNOW

- Retention Rate Data
- Graduation Rate Data
- Migration Within Kansas Higher Education System Data





#### QUESTION #4: ALIGNMENT WITH THE KANSAS ECONOMY

Are the programs, resources, and incentives of higher education aligned with the workforce demands of Kansas?

Are we satisfied with the level of innovation-spurring research and discovery that is being produced within our universities?



#### WHAT WE MUST KNOW / WHAT WE MUST DO

- Workforce Study Data
- Governor's Economic Sub-Cabinet Report
- Immediate Areas of Focus
  - Teachers
  - Nurses
  - Engineers
  - Other Technical Fields
- Kansas, Inc. Study
- Mechanism For Maintaining Alignment





## QUESTION #5: OUTCOMES

Do those that complete programs have the cross-cutting competencies and skills necessary for success in work and in life?



## WHAT WE MUST DO

- Identify The Skills And Competencies Necessary For Success
- Mechanisms For Measurement



## ***FY 2009 BUDGET REQUEST***



The Board is presenting a two-pronged request for increased institutional funding:

- 1) Keep pace with higher education inflation (HEPI).
- 2) Increased investment to address state priorities which will enable the Board to fund institutions to produce specific results for the people of Kansas.



## **AT A GLANCE:**

	<u>Requested Increase</u>
All Higher Education Sectors:	\$59.6 million
Student Financial Assistance:	\$3.1 million
Board of Regents Office:	\$2.9 million
Other Postsecondary Programs:	\$456k
State University Building Maintenance:	\$84.4 million
<b>TOTAL:</b>	<b>\$150.5 million</b>



## **INVESTMENT PACKAGE:**

The \$20.1 million state priority "investment package," which is included in the FY 2009 budget request, will fund the following projects:

- **Increase the Supply of Math & Science Teachers (ESU)**
  - Create cooperative math & science programs with community colleges and develop a summer bioscience institute for math & science teachers.
- **Create School of Construction (PSU)**
  - Address critical workforce shortages and increased demand for skilled graduates in this field.



- **Create Professional Science Master's Degree Program (FHSU)**

- Establish the first PSM program in Kansas and in the region.

- **Work-Based Learning (WSU)**

- Double the number of students involved in work-based learning programs.

- **Expand School of Pharmacy (KU)**

- Address the state's looming pharmacist shortage by enhancing Wichita and Lawrence pharmacy programs.

- **"U-Kan" Teach / Undergraduate Certificate Programs (KU)**

- Implement new pathways to teacher licensure to address critical teacher shortages in Kansas.



- **Current Workforce Needs (WSU)**

- Significantly increase the number of graduates in the areas of accounting, engineering, nursing/other health professions, and teaching.

- **Workforce Development Shortages (KU)**

- Increase graduate output in nursing, physical therapy, other allied health professions, business, engineering, and technology.

- **Targeted Research (KSU)**

- Increase investment in targeted research areas that are of particular importance to Kansas.

- **Community Colleges Competitive Grant Initiative**

- **Technical Colleges & Schools Competitive Grant Initiative**



## 2008 POLICY INITIATIVES



- **Adjust the Partnership for Faculty of Distinction Program Cap**
  - Raise the current \$5 million cap to \$10 million
  
- **SGF Payments to Eliminate Crumbling Classrooms Debt**
  - Reduce state debt and continue deferred maintenance progress by freeing-up the EBF
  
- **Local Option Sales Tax to Reduce Property Taxes**
  - Enable the 18 counties that are home to community colleges to offset local property taxes with a local sales tax





- **Implementation of the KS Academy of Mathematics and Science**

- Amend the KAMS statute and Compulsory Attendance statutes to allow non-resident students, to facilitate student eligibility for Federal financial aid, and clarify fees for non-public school students

- **University Support Staff and Classified Staff Benefits Clarification**

- Seek clean-up legislation to resolve two conflicting statutes



*“The Kansas Board of Regents shall pursue measurable continuous improvement in the quality and effectiveness of the public postsecondary educational system in Kansas, while expanding participation for all qualified Kansans. To achieve that mission, the Board will demand accountability, focus resources, and advocate powerfully.”*

**[www.kansasregents.org](http://www.kansasregents.org)**

**KANSAS BOARD OF REGENTS**  
**FY 2009 HIGHER EDUCATION UNIFIED BUDGET REQUEST - STATE FUNDS<sup>1</sup>**  
**Original Budget Submission Sept. 15, 2007, Amended by the Board, November 26, 2007**

	FY 2008 Combined Line Item Appropriations	FY 2009 Increase	% Increase
<b>All Higher Education Sectors</b>			
Combined Operating Grants Total	\$789,427,156		
New Unified Operating Grant - 3.4% HEPI Increase		\$26,840,523	
New Unified Operating Grant - 1.6% Increase		\$12,630,834	
State Priorities - Investment Increase		\$20,130,000	
<b>Total - Higher Education Sectors</b>	<b>\$789,427,156</b>	<b>\$59,601,357</b>	<b>7.5%</b>
<b>Student Financial Assistance</b>			
Comprehensive Grant Program	\$9,257,163		
Other Programs - 3.4% HEPI Increase	\$15,689,878	\$3,000,000	
		\$126,844	
<b>Total - Student Financial Assistance</b>	<b>\$24,947,041</b>	<b>\$3,126,844</b>	<b>12.5%</b>
<b>Board of Regents Office</b>			
Staff Support to Align with New Higher Ed Initiative	\$3,383,111		
3.4% HEPI Increase		\$250,000	
Kan-ed Financing Shift - SGF replacement of KUSF	\$2,000,000	\$145,620	
		\$2,500,000	
<b>Total - Board of Regents Office</b>	<b>\$5,383,111</b>	<b>\$2,895,620</b>	<b>11.7%</b>
<b>Other Postsecondary Education Programs</b>			
3.4% HEPI Increase	\$10,601,189		
Pilot for Part-time Adult Learners		\$256,003	
		\$200,000	
<b>Total - Other Postsecondary Ed. Programs</b>	<b>\$10,601,189</b>	<b>\$456,003</b>	<b>4.3%</b>
<b>Facility Maintenance State Universities</b>			
Deferred Maintenance Projects <sup>2</sup>		\$56,393,000	
Annual Maintenance Increase		\$28,000,000	
<b>Total - Building Maintenance</b>		<b>\$84,393,000</b>	
<b>Grand Total</b>	<b>\$830,358,497</b>	<b>\$150,472,824</b>	<b>18.1%</b>
<b>Grand Total, Excluding Facility Maintenance</b>	<b>\$830,358,497</b>	<b>\$66,079,824</b>	<b>8.0%</b>

Note: HEPI is the Higher Education Price Index

<sup>1</sup> Table reflects appropriations from State General Fund and Economic Development Initiatives Fund.

<sup>2</sup> This figure is the difference between the amount of funding already approved by the 2007 Legislature (\$20 million SGF; \$8.6 million interest earnings and \$15 million in EBF) and \$100 million, the estimated amount of funds that can be expended on deferred maintenance projects in a fiscal year.

<sup>3</sup> Updated 6/27 preliminary estimate. Assumes budgeting goal of \$84 million in annual maintenance expenditures less \$38 million (est) currently expended in the Physical Plant of the operating budgets of the universities. The difference of \$46 million would be only partially financed with SGF (60%) and the balance with other university funds for an SGF request of \$28.0 million, which would be adjusted by any approved inflation increase to the operating budget.

<sup>4</sup> In addition to the 2009 increase, the Board requests continuation of \$4.0 million in Technical Education Technology & Equipment grants

**Kansas State Department of Education**  
**Summary of FY 2008-FY 2009 Agency Budget Request**

**FY 2008 - Current Year**

The Kansas State Department of Education requests a revised FY 2008 budget totaling \$3.6 billion, an increase of \$44.2 million, or 1.3 percent, above the amount approved by the 2007 Legislature. Requested State General Fund expenditures total \$3.1 billion, an increase of \$25.5 million, or 0.8 percent, above the approved amount. The request would fund the currently approved 212.3 FTE positions.

**Staff Note:** The 2007 Legislature approved, for FY 2008, 216.2 FTE positions which inadvertently included 3.9 temporary classified positions. Without the temporary classified positions, the agency's FTE count totals 212.3 FTE positions.

Major adjustments to the FY 2008 approved budget include:

- An increase of \$25.5 million in **State General Fund** expenditures. This amount includes:
  - For **state operations**, an increase of \$146,303 for an unlimited reappropriation for the development of the **Enterprise Data Warehouse** which was budgeted but not spent in FY 2007.
  - For **state aid**, an increase of \$25.4 million, which mainly reflects adjustments that were made to the approved budget as a result of the November 2007 school finance consensus estimates. This amount includes:
    - An additional \$1,040,623 to fully fund educational services provided to students in **juvenile detention facilities**. Of this amount, \$127,037 will be funded from an unlimited reappropriation which was budgeted for juvenile detention facilities but was not spent in FY 2007. The agency requests a supplemental appropriation to fund the remaining \$913,586. The increased spending is the result of the passage of 2007 SB 95, which broadened the definition of juvenile detention facilities to include psychiatric residential treatment facilities as determined by the Juvenile Justice Authority.
    - A savings of \$16,028,000 in **general state aid**, which is mainly the result of higher local wealth than had originally been estimated.
    - An increase of \$5,490,000 for **supplemental general state aid**, which is primarily attributable to higher local option budget (LOB) usage than had been estimated.
    - An increase of \$31,369,164 to fund **special education excess costs** at the 92.0 percent level. The increase is mainly the result of increases in the estimated number of new special education teachers and in the salaries they would be paid; and a decrease in the estimated amount of federal Medicaid reimbursements.

- An increase of \$2,952,000 for **Kansas Public Employees Retirement System (KPERs)-School** which is the result of a higher percentage increase in school employees' covered payroll than anticipated.
- An increase of \$540,000 in the demand transfer from the State General Fund for **capital outlay state aid**.
- An increase of \$16.7 million in **federal funding**, primarily an increase of \$10.0 million in federal funds for the School Breakfast, National School Lunch, and Adult Care Programs; and an increase of \$5.0 million in federal Title I funds.
- An increase of \$2.0 million in **other funding** sources, primarily from the School District Capital Improvements Fund. This adjustment was made as a result of a \$2.2 million increase in the estimated amount needed for capital improvement state aid based on the November 2007 school finance consensus estimates. Funding for this program is a revenue transfer from the State General Fund to the School District Capital Improvements Fund. The increase in capital improvements state aid is partially offset by slight decreases in other funding sources.

## FY 2009 - Budget Year

The Kansas State Department of Education requests an FY 2009 budget of \$3.8 billion, an increase of \$225.2 million, or 6.3 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$3.3 billion, an increase of \$213.7 million, or 6.9 percent, above the revised current year estimate. The request would fund 213.3 FTE positions, a net increase of 1.0 FTE above the revised current year estimate. The increase in positions is the result of enhancement requests listed below.

The request includes enhancement funding of \$41.3 million, including \$41.2 million from the State General Fund, and 3.0 FTE positions. **Absent the enhancement requests**, the requested amount in FY 2009 would total \$3.8 billion, including \$3.3 billion from the State General Fund. These amounts represent, for the total request, an increase of \$183.9 million, or 5.1 percent, above the FY 2008 revised estimate, and for the State General Fund request, an increase of \$172.5 million, or 5.6 percent, above the current year revised estimate.

The **enhancement requests** include:

### State Operations

- \$119,722, all from the State General Fund, and 2.0 FTE positions to replace the loss of **Title V-Innovative Programs** federal funds to pay the salaries of two Education Program Consultant positions. Without the enhancement, these two positions will be eliminated in FY 2009. Over the last five years, the amount of Title V federal funds Kansas receives annually has decreased from \$3.6 million to \$886,319. At least 85.0 percent of the federal funds is distributed locally. The remaining 15.0 percent is used by the agency to fund the salaries of staff assigned to administer the School Improvement and Accreditation program.
- \$82,174, all from the State General Fund, and 1.0 FTE position for a new **Auditor II position** in the Fiscal Auditing Team. The amount requested for the position is for salaries and wages and other operating expenditures related to the new

position. The agency notes that the position is needed because of additional auditing requirements, an increase in the number of organizations required to be audited, and a recent change in the interpretation of the Fair Labor Standards Act which defines auditors as hourly employees subject to overtime pay which would, for all practical purposes, restrict them to a 40-hour work week.

- \$213,525, all from the State General Fund, to reduce the agency's **shrinkage rate** from 5.6 percent to 3.0 percent. To meet the shrinkage rate, the agency has left seven to eight positions vacant year round. The agency notes that increasing workloads and the recent interpretation of the Fair Labor Standards Act, which limited many employees to a 40 hour work week has resulted in the need to fill these positions. The additional funding will allow the agency to fill five key positions.
- \$300,000, all from the State General Fund, to carry out the recommendations that will be proposed by the recently established **Kansas Educational Leadership Commission**. Until the recommendations are proposed, the agency has budgeted two-thirds of the additional funding to conduct leadership academies for superintendents, principals, and teacher leaders. The remaining one-third would be distributed to ten regional professional learning communities to develop a statewide leadership program which would ultimately be sustained through local funding.
- \$37,536, all from the Service Clearing Fund, to replace **two vehicles**. One vehicle is projected to have over 100,000 miles at the end of FY 2008; and the other is projected to exceed 100,000 miles in FY 2009.

### State Aid

- \$25,830,000, all from the State General Fund, to increase general state aid to reflect the Kansas State Board of Education (KSBE) recommendation to increase the **Base State Aid Per Pupil** (BSAPP) by \$41, from \$4,433 to \$4,474. The agency estimates that approximately 70.0 to 75.0 percent of this additional funding would be used by school districts to raise teacher salaries to address the teacher shortage problem. The agency notes that the aging teaching population, the thinning of the teacher education pipeline, the retention of existing teachers, and the need for visionary leaders in schools are all factors that have contributed to the teacher shortage challenge in Kansas. Based on the most current information available, in the 2004-05 school year, Kansas ranked 38<sup>th</sup> nationally in average teacher salaries.

**Staff Note:** In 2006 SB 549, the three-year school finance plan, the Legislature appropriated an additional \$34.0 million, all from the State General Fund, to increase the BSAPP by \$59, from \$4,374 to \$4,433, in FY 2009. The agency's enhancement request to increase the BSAPP by \$41 is in addition to the \$59 increase. If the enhancement is funded, the BSAPP would increase by \$100 in FY 2009, and total state funding for this increase would be \$59.8 million, all from the State General Fund.

- \$2,000,000, all from the State General Fund, to increase general state aid to reflect the KSBE recommendation to change the formula for distributing **high density at-risk funds**. Under current law, school districts that have an enrollment of at least 40.0 percent at-risk students qualify for additional weighting and school districts with at least 50.0 percent qualify for a higher weighting. Small changes in enrollment can cause significant fluctuations in the amount of funding a school district may receive. The KSBE recommends that the high density weighting apply to school districts with at least 35.0 percent at-risk student enrollment, and the weighting would increase, based on a linear transition formula, as the enrollment of at-risk students increases. The calculation would level off at an enrollment of 50.0 percent at-risk students.

**Staff Note:** During the 2007 Session, the Senate Education Committee introduced SB 93, which would statutorily change the manner in which high density at-risk funds are distributed, based on a linear transition formula. The bill was referred to the Senate Education Committee where it was recommended as amended favorable for passage. However, by the end of the Session, SB 93 was re-referred back to the Senate Education Committee.

- \$6,250,000, all from the State General Fund, to fully fund **professional development** state aid under current law. State aid is limited to the lesser of half of 1.0 percent of a school district's general fund budget, or 50.0 percent, of actual approved program costs. For FY 2009, the agency estimates statewide professional development expenditures eligible for state aid will total \$16.0 million. Based on current law, state aid would then be \$8.0 million. The agency's FY 2009 allocated budget includes \$1,750,000, all from the State General Fund, for professional development, the same amount the 2007 Legislature approved for FY 2008. The additional funding requested by the agency would provide for the \$8.0 million in state aid for professional development.
- \$1,500,000, all from the State General Fund, to fund **mentor teachers** \$1,000 per year to support new teachers during their entire three-year probationary period, as set forth in current law. The Mentor Teacher program was statutorily created in 2000, but until FY 2006, it was only funded in FY 2002. Prior to the 2007 Session, the Legislature had provided only enough funding to support teachers during their first year of teaching. The 2007 Legislature appropriated \$1,150,000 to support first year teachers and \$500,000 to provide \$500 to mentor teachers supporting new teachers during their second year of teaching in FY 2008 (for a total of \$1,650,000, all from the State General Fund). The agency's FY 2009 allocated budget includes the same amount of funding for the Mentor Teacher program. The additional \$1,500,000 would bring total funding for the program to \$3,150,000. It would provide mentor teachers with \$1,000 to support second year teachers, and another \$1,000 to support third year teachers.
- \$2,782,000, all from the State General Fund, to increase **supplemental general state aid** to reflect the KSBE recommendation to increase the BSAPP by \$41 in FY 2009. The additional funding would fund the state's share of the additional spending authority that would be levied under the local option budget resulting from the \$41 increase.

- \$1,245,823, all from the State General Fund, to fully fund educational services provided to students in **juvenile detention facilities** in FY 2009. The increased spending is the result of the passage of 2007 SB 95, which broadened the definition of juvenile detention facilities to include psychiatric residential treatment facilities as determined by the Juvenile Justice Authority (JJA). Based on recent accounting received from the JJA indicating the number of students being served and the number of beds available at treatment facilities, the agency estimates the total cost to fund the program in FY 2009 would be \$9,180,648. The enhancement request reflects the amount needed above the agency's allocated budget for FY 2009.
- \$904,000, all from the State General Fund, for the **school food assistance state match**, which allows the state to receive over \$130.0 million a year in federal child nutrition funds. Under state law, school districts are to receive 6 cents for each meal served under an approved school lunch program. The agency notes that in past years, the amount paid for approved programs has been prorated to 4.6 to 5 cents for each meal served. The additional funding would fund current law at the rate of 6 cents.
- \$22,975, all from the State General Fund, to fully fund the **Governor's Teaching Excellence Awards Program** which supports teachers who attain national board certification by providing scholarships (\$1,100 for the initial certification and \$500 for recertification) to help pay for fees associated with becoming certified. The program also reimburses school districts for annual incentive bonuses of \$1,000 (for up to ten years) paid to teachers who attain national board certification. Budgeted expenditures for this program in FY 2009 totals \$300,000, all from the State General Fund. The agency proposes that the enhancement be funded through a reappropriation from FY 2008. No new funding would be required to fund this request.
- \$10,000, all from the State General Fund, to increase funding for two **discretionary grants**:
  - A \$5,000 increase, from \$35,000 to \$40,000, in the annual grant awarded to the **Kansas Association for Conservation and Environmental Education**. The Association supports environmental education by providing professional development to Kansas educators.
  - A \$5,000 increase, from \$35,000 to \$40,000, in the annual grant awarded to **Communities in Schools**. This program helps local communities build public/private partnerships to better address the needs of children who are at-risk for academic failure.
- \$5,000, all from the State General Fund, to increase the annual appropriation to the **Kansas Foundation for Agriculture in the Classroom** from \$35,000 to \$40,000. Funding from the state is matched 40.0 percent from private funds. The Foundation was formed in 1983 to serve as a link between agriculture and education.

## State Aid (Based on November 2007 School Finance Consensus Estimates)

The request also includes an additional \$179.1 million, all from the State General Fund, for the six state aid programs that were revised during the November 2007 school finance consensus estimates. This amount includes the \$122.7 million in increased funding appropriated in 2006 SB 549, the three-year school finance plan, for general state aid (\$82.7 million), supplemental general state aid (\$15.0 million), and special education state aid (\$25.0 million), and an additional \$56.4 million in increased funding over the FY 2008 revised estimate.

The revised estimate for the six **state aid** programs include:

- \$2,183,368,000, all from the State General Fund, for **general state aid**, an increase of \$94.7 million, or 4.5 percent, above the FY 2008 revised estimate. This amount includes the additional \$82.7 million in increased funding appropriated in SB 549 for FY 2009. The additional increase in funding is partly attributable to higher school district enrollments.
- \$332,659,000, all from the State General Fund, for **supplemental general state aid**, an increase of \$24.8 million, or 8.0 percent, above the current year estimate. This amount includes the additional \$15.0 million in increased funding appropriated in SB 549 for FY 2009. The additional increase in funding is mainly the result of higher local option budget (LOB) usage than had been estimated.
- \$427,571,455, all from the State General Fund, to fund **special education** excess costs at the 92.0 percent level. This estimate is an increase of \$24.1 million, or 6.0 percent, above the FY 2008 revised estimate. It includes the additional \$25.0 million in increased funding appropriated in SB 549.
- \$249,430,859, all from the State General Fund, for **KPERS-School**, an increase of \$28.1 million, or 12.7 percent, above the current year revised estimate. The increase is based on the assumption that the covered payroll will increase by 4.0 percent and the statutory employer contribution will increase from 7.37 percent to 7.97 percent in FY 2009.
- \$25,440,000, all from the State General Fund, for the demand transfer from the State General Fund for **capital outlay state aid**. This is an increase of \$2.5 million, or 10.9 percent, above the FY 2008 revised estimate.
- \$74,238,000 revenue transfer from the State General Fund to the School District Capital Improvements Fund for **capital improvement state aid**. This is an increase of \$5.0 million, or 8.0 percent, above the current year revised estimate.



16-7

**Kansas State Department of Education  
Summary of Agency Budget Request FY 2007-FY 2009**

	Actual FY 2007	Approved FY 2008	Revised Request FY 2008*	Change From Approved		Agency Request FY 2009*	Change From Revised FY 2008	
				Amount	Percent		Amount	Percent
<b>By Program:</b>								
General Administration	\$ 10,629,774	\$ 11,096,054	\$ 12,223,131	\$ 1,127,077	10.2 %	\$ 12,093,128	\$ (130,003)	(1.1) %
Governance of Education	400,702	472,543	431,933	(40,610)	(8.6)	429,963	(1,970)	(0.5)
Nutrition Services	2,587,554	2,802,814	2,899,606	96,792	3.5	2,709,625	(189,981)	(6.6)
School Improvement and Accreditation	9,919,459	10,306,264	9,560,040	(746,224)	(7.2)	9,523,940	(36,100)	(0.4)
Student Support Services (Special Education)	3,005,851	3,647,145	3,694,099	46,954	1.3	3,680,751	(13,348)	(0.4)
State and Federal Programs	5,423,236	6,007,525	5,684,281	(323,244)	(5.4)	5,614,986	(69,295)	(1.2)
Technical Education	1,553,950	1,312,009	1,518,259	206,250	15.7	1,430,980	(87,279)	(5.7)
Financial Aid	3,281,924,838	3,498,085,051	3,541,931,091	43,846,040	1.3	3,767,619,848	225,688,757	6.4
<b>TOTAL</b>	<b>\$ 3,315,445,364</b>	<b>\$ 3,533,729,405</b>	<b>\$ 3,577,942,440</b>	<b>\$ 44,213,035</b>	<b>1.3 %</b>	<b>\$ 3,803,103,221</b>	<b>\$ 225,160,781</b>	<b>6.3 %</b>
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 13,815,052	\$ 16,349,244	\$ 16,900,329	\$ 551,085	3.4 %	\$ 16,903,459	\$ 3,130	0.0 %
Contractual Services	15,675,264	15,688,066	15,150,776	(537,290)	(3.4)	14,854,196	(296,580)	(2.0)
Commodities	1,225,913	1,142,647	1,294,583	151,936	13.3	1,282,254	(12,329)	(1.0)
Capital Outlay	552,804	73,397	452,661	379,264	516.7	230,464	(222,197)	(49.1)
Debt Service Interest	-	-	-	-	-	-	-	-
Subtotal - State Operations	\$ 31,269,033	\$ 33,253,354	\$ 33,798,349	\$ 544,995	1.6 %	\$ 33,270,373	\$ (527,976)	(1.6) %
Aid to Local Units	3,247,966,081	3,464,167,166	3,507,074,971	42,907,805	1.2	3,732,390,848	225,315,877	6.4
Other Assistance	36,210,250	36,308,885	37,069,120	760,235	2.1	37,442,000	372,880	1.0
Subtotal - Operating Expenditures	\$ 3,315,445,364	\$ 3,533,729,405	\$ 3,577,942,440	\$ 44,213,035	1.3 %	\$ 3,803,103,221	\$ 225,160,781	6.3 %
Capital Improvements	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 3,315,445,364</b>	<b>\$ 3,533,729,405</b>	<b>\$ 3,577,942,440</b>	<b>\$ 44,213,035</b>	<b>1.3 %</b>	<b>\$ 3,803,103,221</b>	<b>\$ 225,160,781</b>	<b>6.3 %</b>
<b>Financing:</b>								
State General Fund	\$ 2,829,714,175	\$ 3,054,496,731	\$ 3,079,998,149	\$ 25,501,418	0.8 %	\$ 3,293,689,255	\$ 213,691,106	6.9 %
Federal Funds	384,927,910	377,002,599	393,720,107	16,717,508	4.4	400,866,546	7,146,439	1.8
Other Funds	100,803,279	102,230,075	104,224,184	1,994,109	2.0	108,547,420	4,323,236	4.1
<b>TOTAL</b>	<b>\$ 3,315,445,364</b>	<b>\$ 3,533,729,405</b>	<b>\$ 3,577,942,440</b>	<b>\$ 44,213,035</b>	<b>1.3 %</b>	<b>\$ 3,803,103,221</b>	<b>\$ 225,160,781</b>	<b>6.3 %</b>
FTE Positions **	215.7	216.2	212.3	(3.9)	(1.8) %	213.3	1.0	0.5 %
Non-FTE Unclassified Permanent Pos.	64.3	65.7	71.6	5.8	-	70.4	(1.2)	-
<b>Total</b>	<b>280.0</b>	<b>281.9</b>	<b>283.8</b>	<b>1.9</b>	<b>0.7 %</b>	<b>283.6</b>	<b>(0.2)</b>	<b>(0.1) %</b>

\* The FY 2008 revised request and the FY 2009 agency request include the November 2007 school finance consensus estimates.

\*\* The FY 2007 actual FTE count and the FY 2008 approved FTE count include 3.9 temporary classified positions that were inadvertently added to the total FTE count. Without the temporary classified positions, the actual FY 2007 FTE count totals 211.8 FTE positions and the FY 2008 approved FTE count totals 212.3 FTE positions. The FY 2008 revised estimate and the FY 2009 agency request reflect the correct total FTE count.

HOUSE APPROPRIATIONS  
and  
SENATE WAYS AND MEANS

December 17, 2007

Presentation on Behalf of  
STATE BOARD OF EDUCATION

## K-12 MAJOR CHALLENGES

- ▮ Produce an adequate number of teachers to fill teacher shortages.
- ▮ Integrate academic and career-technical programs to meet the needs of postsecondary education and the business community

House Appropriations and  
Senate Ways and Means  
12-17-07  
Attachment 17

## K-12 MAJOR CHALLENGES

- ┌ Develop longitudinal database system, in cooperation with State Board of Regents (higher education), that would provide accountability for the outcomes of both the K-12 and postsecondary educational systems.

## K-12 MAJOR CHALLENGES

- ┌ Implement strategies to create and motivate greater student interest in METS (Math, Engineering, Technology and Science) to drive our economic engine.
- ┌ Meet the needs of the increasing disabled and disadvantaged population both with teachers and financial resources.

## TEACHER SHORTAGES

Based upon audit findings from the Legislative Division of Post Audit:

- 25% of current teaching staff will be eligible to retire in the next 5 years.
- 33% of these teachers are over the age of 50.
- 25% fewer students are choosing education as a career path. Number of teachers eligible to retire exceeds number produced by colleges and universities.
- Approx. 1,700 teachers are produced each year by colleges and universities with the need increasing in the future to 2,500 teacher per year.

## TEACHER SHORTAGES

Based upon survey conducted June 4, 2007:

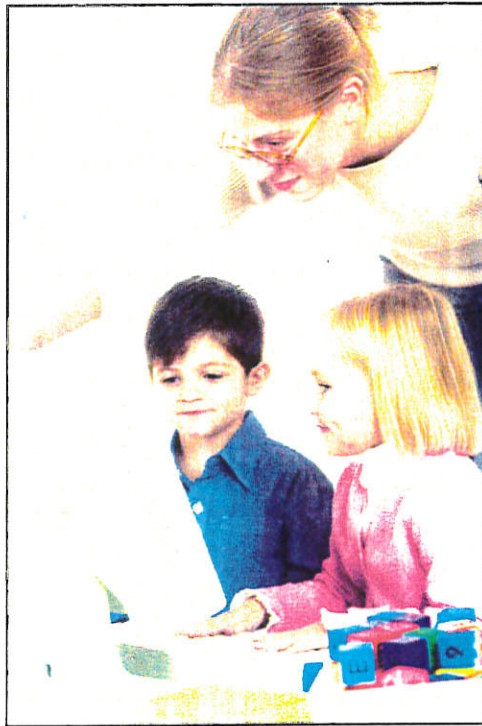
- Approx. 1,144.4 vacancies for licensed personnel.
- Approx. 476.5 vacancies still existed on August 1, 2007.
- On many occasions, school districts received only one application for a vacant teaching position.
- Teaching areas most affected include special education, mathematics, and science.
- 6% of all teaching positions are vacant or filled with an unqualified teacher.

## TEACHER SHORTAGES

- Approx. 3,000 teachers leave Kansas schools each year.
- Many are pursuing careers in other states.
- Kansas ranks 38<sup>th</sup> in the nation in teacher salaries. Kansas will have difficulty closing the gap if salaries aren't competitive.

## TEACHER SHORTAGES

- The State Board of Education is currently reviewing licensure changes to create less bureaucracy in obtaining a license while maintaining the quality of teachers.
- The State Board of Education is also in support of increased funding for the Kansas Teacher Service Scholarship Program (loan cancellation) administered by the Kansas board of Regents.



“The most significant factor in student achievement is the teacher...”

## Societal Trends



- ┆ In 5 years, there will be 76 million people between the ages of 46-65 nearing retirement
  - “Baby boomers”
- ┆ In 5 years, there will be 45 million people between the ages of 25-45
  - “Baby bust”

Source: Employment Policy Foundation

## Teacher Workforce KS

Teacher Supply and Demand	Year	University program completers
	1976	3,501
	2006	1,712

## In Kansas:

Teacher salary	
KS ranks 38th	\$39,351
To rank 25th	\$43,212
To rank average	\$47,602

Table II-1: Average Teacher Salary in 2004-05 State Rankings

Rank	State	Average Salary	FTE* Teachers	Percent of U.S. Average
1	Connecticut	\$ 52,760	41,815	121.3%
2	California	\$ 57,604	298,640	121.0%
3	New Jersey	\$ 56,025	105,576	119.0%
4	Illinois	\$ 54,894	131,014	118.7%
5	Rhode Island	\$ 54,432 a	10,454	118.5%
6	New York	\$ 53,665	218,658	118.0%
7	Massachusetts	\$ 54,680	66,779	114.0%
8	Michigan	\$ 53,959	78,319	113.8%
9	Pennsylvania	\$ 53,205	121,134	111.9%
10	Delaware	\$ 53,024	6,783	111.2%
11	Alaska	\$ 52,407	7,740	110.2%
12	Maine	\$ 52,130	35,223	109.9%
13	Ohio	\$ 49,418	108,239	103.9%
14	Oregon	\$ 48,320 d	27,268	101.1%
15	Idaho	\$ 47,833	12,818	100.5%
16	Minnesota	\$ 47,411	52,272	99.8%
17	Indiana	\$ 46,595 c	60,470	97.9%
18	Georgia	\$ 46,487 d,e	104,450	97.6%
19	Washington	\$ 45,722	52,254	96.1%
20	Virginia	\$ 45,722 c	60,310	95.9%
21	Vermont	\$ 44,246 c	8,750	93.2%
22	Colorado	\$ 43,985	45,139	92.8%
23	New Hampshire	\$ 43,041	15,298	92.3%
24	North Carolina	\$ 43,343	91,254	91.1%
25	Nebraska	\$ 43,212	20,223	90.8%
26	Wisconsin	\$ 43,099	59,513	90.5%
27	Florida	\$ 43,095 c	169,586	90.3%
28	South Carolina	\$ 42,189	46,514	88.6%
29	Tennessee	\$ 42,076 c	59,215	88.4%
30	Arkansas	\$ 41,489	22,542	87.2%
31	Kentucky	\$ 41,075	41,457	86.7%
32	Texas	\$ 41,009	294,248	86.1%
33	Maine	\$ 40,935	18,896	86.0%
34	Utah	\$ 40,864	14,211	85.8%
35	Wyoming	\$ 40,487	6,577	85.1%
36	Nebraska	\$ 39,441	20,819	83.0%
37	New Mexico	\$ 39,391	21,466	82.8%
38	Kansas	\$ 39,351	35,597	82.7%
39	Iowa	\$ 39,284	34,692	82.5%
40	Arizona	\$ 39,095	48,731	82.1%
41	Missouri	\$ 39,084	65,232	81.1%
42	Louisiana	\$ 39,022 c	49,192	80.8%
43	Montana	\$ 38,485	10,100	80.8%
44	West Virginia	\$ 38,404	20,242	80.7%
45	Mississippi	\$ 38,212 e	23,027	80.2%
46	Alabama	\$ 38,118	46,514	80.2%
47	Oklahoma	\$ 37,879 d,e	40,400	79.6%
48	Utah	\$ 37,066	22,479	77.7%
49	North Dakota	\$ 36,449	8,824	76.8%
50	South Dakota	\$ 34,036	8,168	71.9%
	U.S. Average 2004-05	\$47,602		
	U.S. Average 2003-04	\$46,565		
	Percent change	2.2%		

\*Full-time equivalent.  
 a. APT estimate. b. median. c. includes extra-duty pay; d. includes employer pick-up of employee portion contributions where applicable; e. includes fringe benefits such as health care where applicable.  
 Source: American Federation of Teachers, a. annual survey of state departments of education.

36 Nebraska	\$ 39,441	20,819	82.9%
37 New Mexico	\$ 39,391	21,466	82.8%
38 Kansas	\$ 39,351	35,597	82.7%
39 Iowa	\$ 39,284	34,692	82.5%
40 Arizona	\$ 39,095	48,731	82.1%

## MATH AND SCIENCE TEACHER SHORTAGE

2008 Math Graduates	115
2008 Science Graduates	63
New Teachers w/additional endorsement	50
<b>TOTAL</b>	<b>228</b>

## ESTIMATED MATH AND SCIENCE TEACHER VACANCIES—2008-09

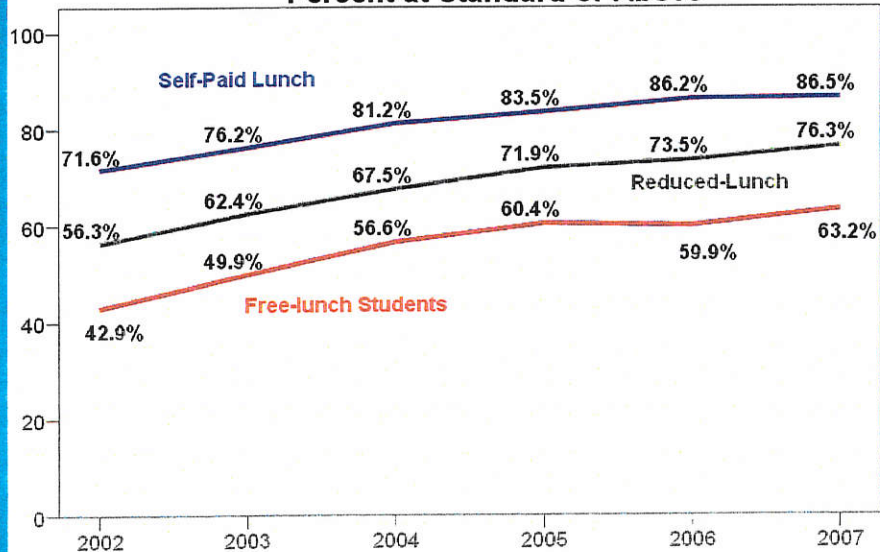
Math Teachers	375.25
Science Teachers	307.45

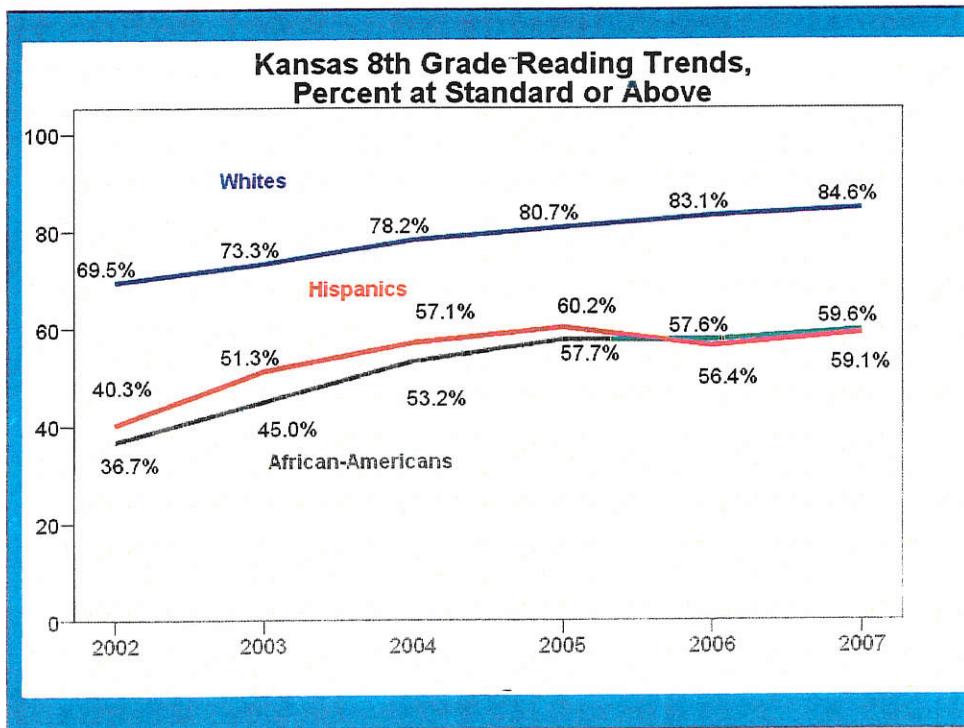
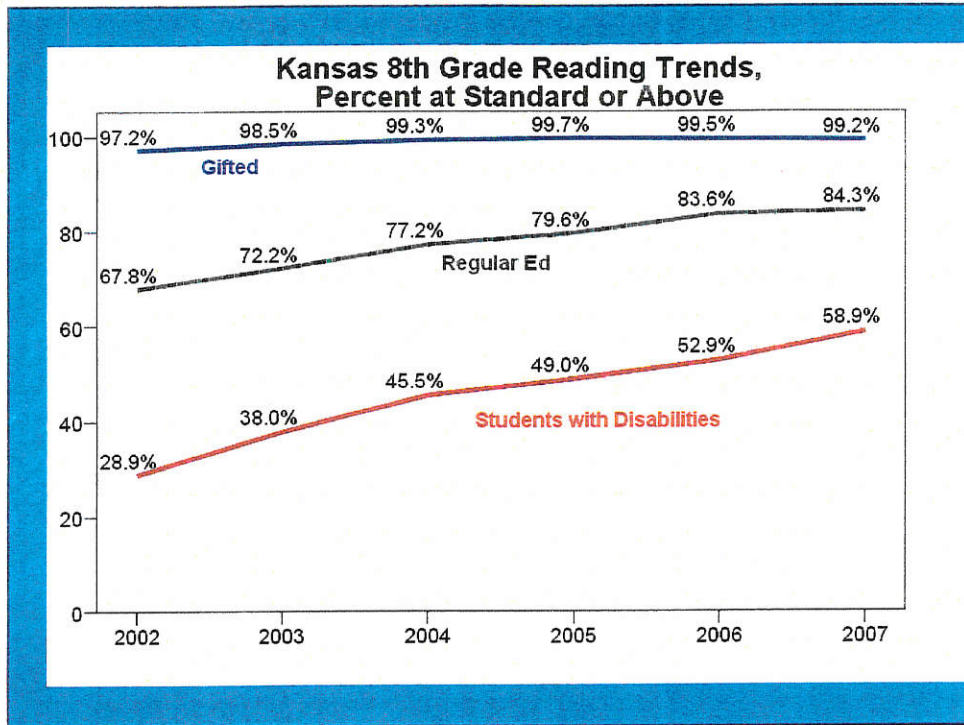


## Research *(Hart & Risley, 1995)*

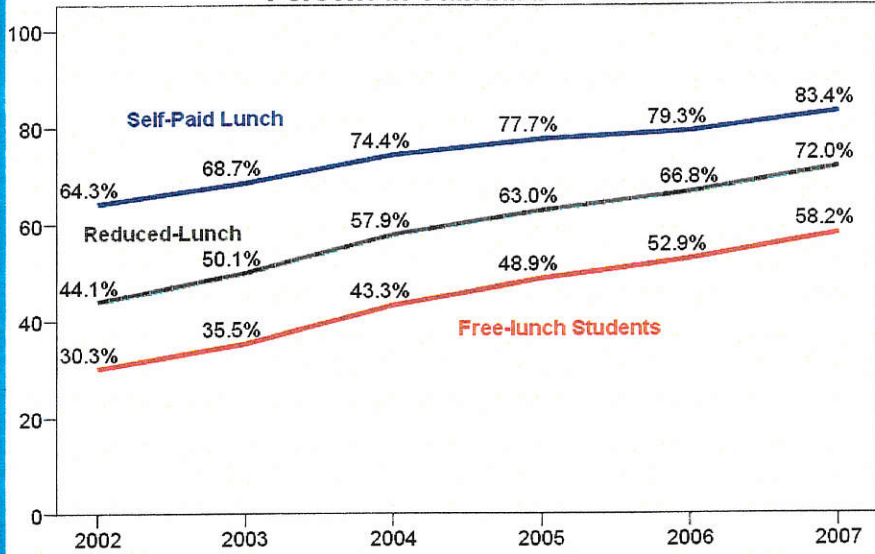
	Words Heard per hour	Affirmatives per hour	Prohibitions per hour
Professional family child	2153	32	5
Working class child	1251	12	7
Child living in poverty	616	5	11

**Kansas 8th Grade Reading Trends,  
Percent at Standard or Above**

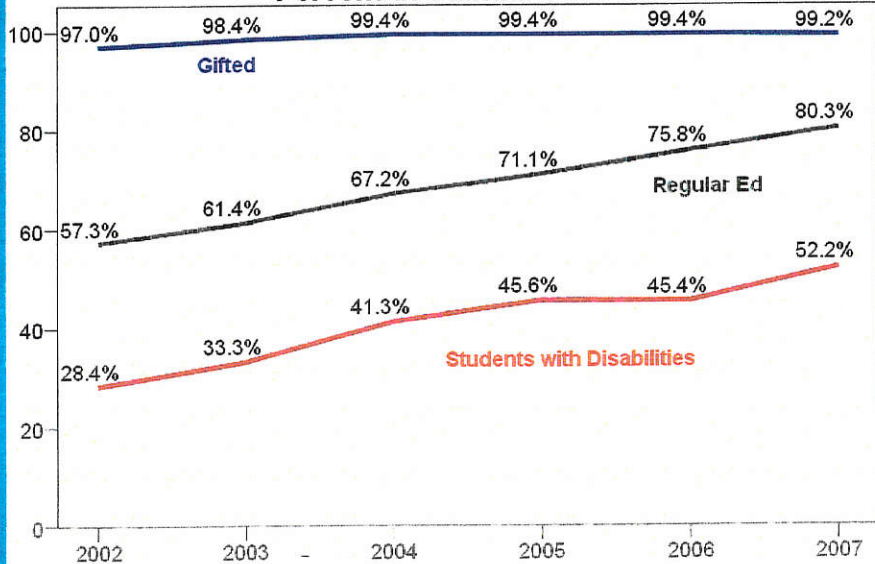


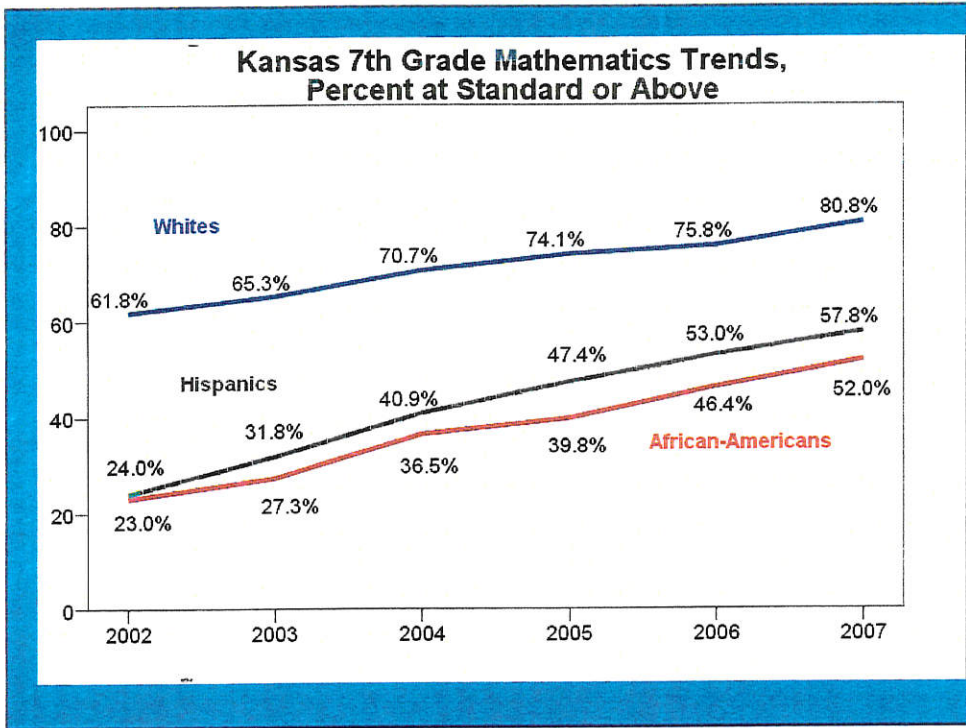


**Kansas 7th Grade Mathematics Trends,  
Percent at Standard or Above**



**Kansas 7th Grade Mathematics Trends,  
Percent at Standard or Above**





## KS Education Shines!

- ▮ KS students rank in the top 10% for reading and mathematics on the ACT
- ▮ In KS, 77% of graduating seniors go on to post-secondary education

Rank on NAEP	2005	2007
4 <sup>th</sup> Reading	2 <sup>nd</sup>	2 <sup>nd</sup>
8 <sup>th</sup> reading	3 <sup>rd</sup>	2 <sup>nd</sup>
4 <sup>th</sup> math	13 <sup>th</sup>	6 <sup>th</sup>
8 <sup>th</sup> math	8 <sup>th</sup>	6 <sup>th</sup>

FISCAL YEAR 2008	Original	Revised	Difference
<b>USD BUDGETS</b>			
General Fund Budget	3,056,094,000	3,054,285,000	(1,809,000)
Supp. General Fund Budget	825,071,000	840,049,000	14,978,000
<b>MAJOR STATE AID PROGRAMS</b>			
General State Aid	2,133,706,000	2,117,678,000	(16,028,000)
Supp. General State Aid	302,388,000	307,878,000	5,490,000
Special Education			
Expenditures	700,496,990	723,742,331	23,245,341
92% Excess Cost	372,084,435	403,455,497	31,371,062
Capital Improvement Fund	67,000,000	69,238,000	2,238,000
Capital Outlay State Aid	22,400,000	22,940,000	540,000

The primary increase in special education expenditures is due to increased expenditures and reductions of Medicaid funding from approximately \$34 million to \$11.5 million and no significant increase in federal funds.

FISCAL YEAR 2009	Revised 2008	Current Law Estimated 2009	Difference	SBE Rec. Additional Cost
<b>USD BUDGETS</b>				
General Fund Budget	3,054,285,000	3,184,790,000	130,505,000	
Supp. General Fund Budget	840,049,000	907,665,000	67,616,000	
<b>MAJOR STATE AID PROGRAMS</b>				
General State Aid	2,117,678,000	2,212,368,000	94,690,000	*27,800,000
Supp. General State Aid	307,878,000	332,659,000	24,781,000	2,800,000
Special Education				
Expenditures	723,742,331	761,422,913	37,680,582	
92% Excess Cost	403,455,497	427,572,000	24,116,503	
Capital Improvement Fund	69,238,000	74,238,000	5,000,000	
Capital Outlay State Aid	22,940,000	25,440,000	2,500,000	
Professional Development	1,750,000	1,750,000	0	6,250,000
Mentoring	1,650,000	1,650,000	0	1,500,000

\*Adds \$41 to BSAPP (\$59 to \$100) and linear transition on high-density at-risk.

The State Board of Education supports adding \$2.5 million to the State Board of Regents' budget to assist in funding the Teacher Service Scholarship Program (loan cancellation program).

**Department of Corrections**  
**Summary of FY 2008-FY 2009 Agency Budget Request**

**FY 2008 - Current Year**

The Department of Corrections requests a revised FY 2008 budget of \$143.6 million, a decrease of \$0.9 million (0.6 percent) below the amount approved by the 2007 Legislature. The agency requests \$119.3 million from the State General Fund, a decrease of \$0.8 million (0.7 percent) below the approved amount. The request would fund 320.7 FTE positions, the same number as approved by the 2007 Legislature, and 102.0 Non-FTE unclassified permanent positions, an increase of 66.0 positions from the approved amount.

The increases in non-FTE unclassified permanent positions include:

- 56.0 positions for reentry programs;
- 5.0 positions connected with a federal prison rape elimination grant ;
- 1.0 position for domestic violence training;
- 3.0 positions for victim services programs; and
- 1.0 position is a transfer from another state agency.

Major changes to the FY 2008 approved budget are as follows:

- A net decrease of \$0.8 million in **State General Fund** expenditures. The decrease is due to transfers of \$0.9 million from the Department of Corrections to the institutions and lapses of \$0.7 million. This is partially offset by a reappropriation of \$0.5 million and requested supplemental appropriations of \$0.4 million. See below for details of the supplemental request.
- A net decrease of \$1.0 million in **other fund** expenditures. The majority of this decrease is due to a transfers of \$1.9 million from the Correctional Institutions Building Fund to the institutions that is partially offset by a reappropriation of \$1.0 million in the same fund.
- An increase of \$1.0 million in **federal fund** expenditures.

The agency submitted three supplemental requests for FY 2008. The details of the supplementals include:

- \$82,255 from the State General Fund for **office moves and relocation**. The agency reports that, due to a position transfer from another state agency, resources had to be reallocated to finance the unbudgeted costs associated with the transferred position. Therefore the agency is asking for this supplemental, which will be utilized for office moves and relocations.
- \$228,000 from the State General Fund for **other operating expenditures**. The agency estimates that based on FY 2007 actual expenditures, additional funding

is needed for communications, repairs and servicing, and travel and subsistence for parole officers. This supplemental would also provide funding for GPS monitoring of child sex offenders and other high-risk offenders currently on parole.

- \$63,100 from the State General Fund for a **rebate liability payment on the 1999 revenue refunding bond issues**. The agency indicates that according to the Kansas Development Finance Authority, as of March 1, 2007, a net rebate liability of \$63,100 exists on the revenue refunding bonds issued for El Dorado and Ellsworth Correctional Facilities and the Labette Correctional Conservation Camp. The payment will be due in March 2009. The Development Finance Authority has asked for a transfer to KDFA as soon as funds are available.

## FY 2009 - Budget Year

The Department of Corrections requests \$154.7 million for FY 2009, an increase of \$11.1 million (7.8 percent) above the revised FY 2008 estimate. The request includes State General Fund expenditures of \$134.9 million, an increase of \$15.6 million (13.1 percent) above the revised FY 2008 budget estimate. The request would fund 345.7 FTE positions and 98.0 Non-FTE unclassified permanent positions. In addition to 21.0 new FTE requested in enhancements discussed below, a total of 4.0 FTE attorney positions would be transferred from the facilities to the Department of Corrections budget.

The request includes enhancement funding of \$12.7 million and 21.0 FTE positions. Absent the enhancements the FY 2009 request would be a decrease of \$1.5 million (1.1 percent) below the revised FY 2008 estimate.

The **enhancement requests**, all with the exception of \$85,000 from the State General Fund, include:

- \$52,558 for **criminal and gang intelligence analysis**. This enhancement would provide funding for 1.0 FTE position that the agency reports would obtain, analyze, and disseminate information on activities of the offender population and prepare and present reports to DOC and other officials.
- \$121,233 for **information technology enhancements**. The agency reports an additional 1.0 FTE technology support position is needed to support and monitor the growing inventory of infrastructure enabling applications. In addition to the technology support position, the agency states a need for expansion of disk drive data storage capacity due to increased reliance on electronic information.
- \$515,000 for **additional parole officers**. This enhancement would provide funding for 9.0 FTE positions (7.0 new and 2.0 authorized but unfunded). The agency states that increases in officer specialization has reduced the number of general caseload officers, which in turn has increase the caseloads of the general caseload officers. These increases are the basis for additional FTE positions.
- \$429,000, including \$394,000 from the State General Fund, for **vehicle replacement**. This enhancement would provide funding for the replacement of 24 vehicles: 14 intermediate sedans and six full-size police sedans to be used by special enforcement officers and parole offices. In addition, this enhancement

would fund the replacement of two vehicles utilized by the central office information technology field staff, and two vehicles to be utilized by Kansas Correctional Industries. The agency indicates these vehicles will be at or near 100,000 miles by the end of FY 2009.

- \$428,000 for **other operating expenditures**. This enhancement would provide for an increase in the base budget of \$78,000, an additional \$125,000 for increases in rent due to increased space needs for parole offices, and \$25,000 for additional GPS monitoring units for child sex offenders and other high-risk offenders.
- \$220,825 for **remote alcohol detection units**. This enhancement would provide funding for the remote monitoring of high-risk (fourth time or greater) DUI offenders. The agency estimates this enhancement would be adequate to monitor 55 high-risk DUI offenders, which is approximately 10 percent of the total number.
- \$279,000 for **Wyandotte County Reentry Program**. This enhancement would finance the Wyandotte County Reentry Program for all of FY 2009. Currently this program is only partially funded in FY 2009.
- \$781,956 for **Community Corrections Grants**. This enhancement would provide for a 4.0 percent increase in grant funding available to local agencies to aid in the increased costs for items such as salaries, health insurance, fringe benefits, supplies, transportation, and other items.
- \$97,000 for **salary enhancements**. Labette County estimates an increase in salaries is needed for Labette Women's Conservation Camp employees to place them on par with other county employees. The agency is requesting the additional funding be provided over two years. All of this enhancement is the first year of the two year plan.
- \$5,405,788 to restore and enhance funding for **offender program interventions and services**. This enhancement package, according to the agency, is the first year of a three-year plan to restore reduced intervention program capacity and to implement an appropriate level of intervention programs and services that will support and promote the Department's risk reduction initiatives. It would include funding for community transitional housing assistance, community-based substance abuse treatment, facility-based outpatient substance abuse treatment, facility-based educational services, community-based sex offender treatment, day reporting center capacity expansion, batterer's intervention treatment program expansion, and an incremental cost adjustment for current services.
- \$1,832,096 for increase funding for **inmate health care**. This request funds a list of health care costs associated with improved practices necessary to maintain an appropriate current level of health care services for the inmate population.
- \$248,383 to **replace federal funding for corrections counselors and parole officers**. The agency reports that in order to continue the commitment that was made with the federal grant award, these additional funds from the State General Fund for 3 corrections counselors and 2 parole officers are needed. The agency



also requests the 5 positions be transferred from non-FTE unclassified service to classified service.

- \$572,000 for **additional corrections counselors**. This enhancement would fund 5.0 FTE Corrections Counselor II positions and 7.0 FTE Corrections Counselor I positions. The agency reports a review of corrections counselors currently assigned to perform case management and concluded that twelve additional positions were needed to meet the needs of the inmate population.
- \$1,689,697 for **repair and rehabilitation projects**. The agency identified this enhancement as funding for ongoing repair and rehabilitation projects.

**Department of Corrections  
Summary of Agency Budget Request FY 2007-FY 2009**

	Actual FY 2007	Approved FY 2008	Revised Request FY 2008	Change From Approved		Agency Request FY 2009	Change From Revised FY 2008	
				Amount	Percent		Amount	Percent
<b>By Program:</b>								
Central Administration	\$ 5,167,930	\$ 6,145,236	\$ 5,362,992	\$ (782,244)	(12.7) %	\$ 5,609,909	\$ 246,917	4.6 %
Community Corrections	15,539,143	20,040,675	20,040,675	-	-	20,762,631	721,956	3.6
Correctional Conservation Camps	3,180,017	3,291,324	3,261,956	(29,368)	(0.9)	3,417,136	155,180	4.8
Food Service Contract	13,095,900	13,848,364	13,474,249	(374,115)	(2.7)	13,913,121	438,872	3.3
Information Systems	2,436,285	3,959,163	4,445,388	486,225	12.3	4,159,348	(286,040)	(6.4)
Inmate Medical/Mental Healthcare	42,527,240	44,862,046	44,845,446	(16,600)	(0.0)	47,766,382	2,920,936	6.5
Offender Programs	7,913,201	10,528,409	10,568,291	39,882	0.4	16,166,787	5,598,496	53.0
Parole and Post Release Supervision	10,678,844	11,803,856	11,994,684	190,828	1.6	12,965,556	970,872	8.1
Reentry Programs and Day Reporting Centers	4,387,794	8,690,812	8,363,169	(327,643)	(3.8)	8,661,080	297,911	3.6
Special Programs	749,082	367,826	1,361,640	993,814	270.2	1,385,698	24,058	1.8
Correctional Industries	8,621,226	9,671,303	8,839,741	(831,562)	(8.6)	8,930,357	90,616	1.0
Debt Service Interest	1,342,971	1,323,000	1,415,468	92,468	7.0	2,060,188	644,720	45.5
Capital Improvements	4,146,520	9,997,385	9,620,392	(376,993)	(3.8)	8,936,000	(684,392)	(7.1)
<b>TOTAL</b>	<b>\$ 119,786,153</b>	<b>\$ 144,529,399</b>	<b>\$ 143,594,091</b>	<b>\$ (935,308)</b>	<b>(0.6) %</b>	<b>\$ 154,734,193</b>	<b>\$ 11,140,102</b>	<b>7.8 %</b>
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 17,526,136	\$ 20,686,053	\$ 22,085,254	\$ 1,399,201	6.8 %	\$ 23,919,426	\$ 1,834,172	8.3 %
Contractual Services	72,424,682	81,318,779	79,504,061	(1,814,718)	(2.2)	88,934,312	9,430,251	11.9
Commodities	5,655,609	7,021,541	5,341,770	(1,679,771)	(23.9)	5,492,378	150,608	2.8
Capital Outlay	877,694	2,270,856	3,765,784	1,494,928	65.8	2,636,681	(1,129,103)	(30.0)
Debt Service Interest	1,342,971	1,323,000	1,415,468	92,468	7.0	2,060,188	644,720	45.5
Subtotal - State Operations	\$ 97,827,092	\$ 112,620,229	\$ 112,112,337	\$ (507,892)	(0.5) %	\$ 123,042,985	\$ 10,930,648	9.7 %
Aid to Local Units	17,782,719	21,911,785	21,861,362	(50,423)	(0.2)	22,755,208	893,846	4.1
Other Assistance	52,462	-	-	-	-	-	-	-
Subtotal - Operating Expenditures	\$ 115,662,273	\$ 134,532,014	\$ 133,973,699	\$ (558,315)	(0.4) %	\$ 145,798,193	\$ 11,824,494	8.8 %
Capital Improvements	4,123,880	9,997,385	9,620,392	(376,993)	(3.8)	8,936,000	(684,392)	(7.1)
<b>TOTAL</b>	<b>\$ 119,786,153</b>	<b>\$ 144,529,399</b>	<b>\$ 143,594,091</b>	<b>\$ (935,308)</b>	<b>(0.6) %</b>	<b>\$ 154,734,193</b>	<b>\$ 11,140,102</b>	<b>7.8 %</b>
<b>Financing:</b>								
State General Fund	\$ 99,985,250	\$ 120,074,591	\$ 119,263,030	\$ (811,561)	(0.7) %	\$ 134,871,188	\$ 15,608,158	13.1 %
Federal Funds	1,974,235	980,091	1,995,228	1,015,137	103.6	1,041,066	(954,162)	(47.8)
Other Funds	17,826,668	23,474,717	22,335,833	(1,138,884)	(4.9)	18,821,939	(3,513,894)	(15.7)
<b>TOTAL</b>	<b>\$ 119,786,153</b>	<b>\$ 144,529,399</b>	<b>\$ 143,594,091</b>	<b>\$ (935,308)</b>	<b>(0.6) %</b>	<b>\$ 154,734,193</b>	<b>\$ 11,140,102</b>	<b>7.8 %</b>
FTE Positions	313.7	320.7	320.7	-	- %	345.7	25.0	7.8 %
Non-FTE Unclassified Permanent Pos.	49.0	36.0	102.0	66.0	183.3	98.0	(4.0)	(3.9)
<b>Total</b>	<b>362.7</b>	<b>356.7</b>	<b>422.7</b>	<b>66.0</b>	<b>18.5 %</b>	<b>443.7</b>	<b>21.0</b>	<b>5.0 %</b>

**SYSTEMWIDE BUDGET SUMMARY**  
**KANSAS DEPARTMENT OF CORRECTIONS**  
**DECEMBER 17, 2007**

House Appropriations and  
Senate Ways and Means  
12-17-08  
Attachment 19

## Highlights of the KDOC FY 2008 and FY 2009 Budget Requests

Budget Item	Requests
<b>Total Expenditures - All Funds</b>	<p><i>\$309.1 million system-wide in FY 2009, representing an increase of \$11.8 million, or 4.0%, over the estimated expenditures of \$297.3 million for FY 2008.</i></p> <p><i>FY 2009 amount includes a base budget amount of \$289.9 million and enhancement package requests of \$19.2 million.</i></p> <p><i>FY 2008 amount includes a base budget amount of \$296.0 million and State General Fund supplemental appropriations totaling \$1.3 million.</i></p>
<b>Total Expenditures- State General Fund</b>	<p><i>\$287.0 million system-wide in FY 2009, representing an increase of \$18.8 million, or 7.0%, over the estimated expenditures of \$268.2 million for FY 2008.</i></p> <p><i>FY 2009 amount includes base budget (allocated resources) amount of \$267.9 million and enhancement package requests of \$19.1 million. Amount of \$267.9 million includes base budget additions totaling \$4.2 million for various contract adjustments (\$1.5 million), facility operating expenditures (\$1.0 million), and replacement of private foundation funding for reentry programs and services (\$1.7 million).</i></p> <p><i>FY 2008 amount includes base budget amount of \$266.9 million and supplemental appropriations of \$1.3 million, \$662,228 of which is offset by reductions in funding for other programs.</i></p>
<b>Facilities</b>	<p><i>Facility budgets total \$153.7 million for FY 2008 and \$154.4 million for FY 2009. FY 2008 amount includes supplemental appropriations of \$948,000 for additional operating expenditures. FY 2009 amount includes enhancement package requests of \$6.5 million for operating expenditures, utilities, positions, capital outlay, and vehicles.</i></p>
<b>Retirement Enhancement</b>	<p><i>It is requested that a separate retirement group with benefits equal to those available under the Kansas Police and Fire Retirement System be established for facility staff who have frequent and direct contact with inmates, as well as for parole officers, parole supervisors, and special enforcement officers. KPERS has estimated that an additional annual cost of approximately \$5.3 million would be incurred, commencing in FY 2010, assuming that all of the 2,715 eligible employees would elect to transfer to the new group.</i></p>
<b>Labette Correctional Conservation Camp</b>	<p><i>\$2,312,450 in FY 2008 and \$2,424,340 in FY 2009 for the 191-bed conservation camp for male offenders. FY 2009 amount includes an enhancement package request of \$70,000 to fund salary increases for the camp's employees.</i></p>
<b>Labette Women's Correctional Camp</b>	<p><i>\$949,506 in FY 2008 and \$992,796 in FY 2009 for the 32-bed conservation camp for female offenders. FY 2009 amount includes enhancement package request of \$27,000 to fund salary increases for the camp's employees.</i></p>
<b>Food Service</b>	<p><i>\$13,474,249 in FY 2008 and \$13,913,121 in FY 2009 to finance the contract with Aramark Correctional Services, Inc. for food service operations at KDOC facilities.</i></p>
<b>Parole Services</b>	<p><i>\$11,994,684 in FY 2008 and \$12,965,556 in FY 2009 for supervision of offenders on parole and post-release supervision. FY 2008 amount include supplemental appropriations totaling \$228,000 for other operating expenditures and GPS monitoring of offenders. FY 2009 amount includes enhancement package requests totaling \$1,557,825 for other operating expenditures, GPS monitoring of offenders, additional parole officers, replacement vehicles, and remote alcohol detection units.</i></p>

## Highlights of the KDOC FY 2008 and FY 2009 Budget Requests

Budget Item	Requests																				
<b>Local Jail Costs</b>	<i>\$1,361,000 in FY 2008 and FY 2009 to reimburse counties for costs incurred for housing post-incarceration supervision condition violators.</i>																				
<b>Community Corrections</b>	<i>\$19,548,912 in FY 2008 and \$20,330,868 in FY 2009 for support of local community corrections programs. FY 2009 amount includes enhancement package request of \$781,956 for a four percent base increase.</i>																				
<b>Offender Programs</b>	<p><i>\$10,568,291 in FY 2008 and \$16,166,787 in FY 2009. FY 2009 amount includes enhancement package requests totaling \$5,405,788 to restore and enhance funding for community transitional housing, substance abuse treatment, education programs, sex offender treatment, domestic violence intervention, and day reporting centers.</i></p> <p><i>Requested expenditures for offender programs are summarized in the table below.</i></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">FY 2008</th> <th style="text-align: center;">FY 2009</th> <th style="text-align: center;">+ / (-)</th> </tr> </thead> <tbody> <tr> <td>State General Fund</td> <td style="text-align: right;">\$7,813,305</td> <td style="text-align: right;">\$13,501,675</td> <td style="text-align: right;">\$5,688,370</td> </tr> <tr> <td>DOC Inmate Benefit Fund</td> <td style="text-align: right;">908,819</td> <td style="text-align: right;">971,887</td> <td style="text-align: right;">63,068</td> </tr> <tr> <td>Other Funds</td> <td style="text-align: right;">1,846,167</td> <td style="text-align: right;">1,693,225</td> <td style="text-align: right;">(152,942)</td> </tr> <tr> <td><b>Total Expenditures</b></td> <td style="text-align: right;"><b><u>\$10,568,291</u></b></td> <td style="text-align: right;"><b><u>\$16,166,787</u></b></td> <td style="text-align: right;"><b><u>\$5,598,496</u></b></td> </tr> </tbody> </table>		FY 2008	FY 2009	+ / (-)	State General Fund	\$7,813,305	\$13,501,675	\$5,688,370	DOC Inmate Benefit Fund	908,819	971,887	63,068	Other Funds	1,846,167	1,693,225	(152,942)	<b>Total Expenditures</b>	<b><u>\$10,568,291</u></b>	<b><u>\$16,166,787</u></b>	<b><u>\$5,598,496</u></b>
	FY 2008	FY 2009	+ / (-)																		
State General Fund	\$7,813,305	\$13,501,675	\$5,688,370																		
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<b>Total Expenditures</b>	<b><u>\$10,568,291</u></b>	<b><u>\$16,166,787</u></b>	<b><u>\$5,598,496</u></b>																		
<b>Inmate Medical and Mental Health Care</b>	<i>\$44,845,446 in FY 2008 and \$47,766,382 in FY 2009 to finance the costs of contractual obligations with Correct Care Solutions, Inc. (CCS) and Kansas University Physicians, Inc. for the delivery and oversight of medical and mental health care services to inmates. FY 2009 amount includes enhancement package request of \$1,832,096 to increase funding for the CCS contract.</i>																				
<b>Kansas Correctional Industries</b>	<i>\$9,486,741 in FY 2008 and \$9,585,357 in FY 2009 for support of Kansas Correctional Industries. FY 2009 amount includes enhancement package request of \$35,000 for two replacement vehicles. Transfers from the Correctional Industries Fund to finance offender programs total \$930,202 for FY 2008 and \$935,000 for FY 2009.</i>																				
<b>Day Reporting Centers</b>	<i>\$2,092,618 in FY 2008 and \$2,134,520 in FY 2009 to finance the operations of day reporting centers at Topeka and Wichita.</i>																				
<b>Reentry Programs</b>	<p><i>\$2,267,714 in FY 2008 and \$2,532,276 in FY 2009 to finance operations of reentry programs in Sedgwick, Shawnee and Wyandotte counties. FY 2009 amount includes enhancement package request of \$279,000 to provide full-year funding for the Wyandotte County program.</i></p> <p><i>The JEHT (Justice/Equity/Human dignity/Tolerance) Foundation has agreed to provide funds in increments over a multi-year period to establish state and local reentry programs and services, with the condition that the state will sustain the programs and services with state financing once JEHT funds are exhausted. For FY 2008 and FY 2009, State General Fund amounts of \$1,157,710 and \$3,144,283, respectively, have been requested to finance program costs for which JEHT financing will no longer be available.</i></p>																				
<b>Debt Service</b>	<i>\$5.5 million in FY 2008 and \$5.4 million in FY 2009. Amounts are based on established debt service schedules. FY 2008 amount includes a supplemental appropriation of \$63,100 for a rebate payment on the A-1 and A-2 bond issues.</i>																				

## Highlights of the KDOC FY 2008 and FY 2009 Budget Requests

Budget Item	Requests
<b>Renovation and Repair Projects</b>	<i>\$3,231,303 in FY 2008 (excluding shifts) and \$4,921,000 in FY 2009 for facility renovation and repair projects. FY 2009 amount includes enhancement package request of \$1,689,697 to replace the amount of Correctional Institutions Building Fund moneys that are currently being utilized for debt service payments, thereby increasing the amount of funding for facility renovation and repair projects.</i>
<b>Vehicles</b>	<i>\$2,366,370 in FY 2009 to replace 126 passenger vehicles, vans, and pickup trucks system-wide.</i>
<b>Inmate Transportation Vehicles</b>	<i>\$552,047 in FY 2009 to replace three buses and two vans utilized for the transportation of inmates.</i>

## DOC ENHANCEMENT PACKAGES - FISCAL YEARS 2008 AND 2009

### FISCAL YEAR 2009

Item	DOC Request	Unfunded FTE	New FTE
Retirement Enhancement for Selected Employees	-	*	-
Additional Funding for Offender Programs	5,405,788	-	-
Additional Funding for Renovation and Repair Projects	1,689,697	-	-
Facilities - Other Operating Expenditures and Utilities	1,571,224	-	-
Parole Services - Other Operating Expenditures	203,000	-	-
Additional Funding for Health Care Contract	1,832,096	-	-
Replace Funding for PREA Positions	248,383	-	5.0
Base Increase for Community Corrections Grants	781,956	-	-
Salary Enhancements for Conservation Camp Employees	97,000	-	-
Annualize Funding for Wyandotte County Reentry Program	279,000	-	-
Information Technology Support Position	57,233	-	1.0
Additional Facility Staff (ECF, EDCF, LCMHF, TCF)	998,562	15.0	18.0
Additional Corrections Counselors	572,000	-	12.0
Additional Parole Officers	515,000	2.0	7.0
Inmate Transportation Vehicles (LCF - 3; NCF - 1; HCF - 1)	552,047	-	-
Replacement Vehicles (126)	2,366,370	-	-
Disk Drive Data Storage Capacity Expansion	64,000	-	-
Other Vehicles	180,000	-	-
Replace Telephone Systems (ECF, HCF, LCF, NCF, TCF)	358,688	-	-
Security and Supervision Equipment	421,688	-	-
Food Service and Laundry Equipment	423,567	-	-
Other Capital Outlay	123,790	-	-
GPS Monitoring for Offenders	225,000	-	-
Position for Criminal and Gang Intelligence Analysis	52,558	-	1.0
Expand HCF South Unit for Additional Visiting Space	167,050	-	-
<b>Total</b>	<b>\$ 19,185,697</b>	<b>17.0</b>	<b>44.0</b>

### FISCAL YEAR 2008

Item	DOC Request	Unfunded FTE	New FTE
Occupancy of Additional Space and Office Relocations	82,255	-	-
Rebate Payment for A-1 and A-2 Bond Issues	63,100	-	-
Facilities - Other Operating Expenditures and Utilities	948,408	-	-
Parole Services - Other Operating Expenditures	78,000	-	-
Global Positioning Satellite Monitoring of Parolees	150,000	-	-
<b>Total</b>	<b>\$ 1,321,763</b>	<b>**</b>	<b>-</b>

\* Would result in additional annual employer contributions of approximately \$5.3 million, commencing in FY 2010.

\*\* The requested supplemental appropriations are partially offset by State General Fund budget reductions totaling \$662,228.

## DOC REDUCTION PACKAGES - FISCAL YEAR 2009

<u>Item</u>	<u>Amount</u>
Eliminate Funding for Correctional Conservation Camps	3,320,136
Eliminate Funding for Day Reporting Centers	<u>2,134,520</u>
<b>Total</b>	<b><u><u>\$ 5,454,656</u></u></b>



**Department of Wildlife and Parks**  
**Summary of FY 2008-FY 2009 Agency Budget Request**

**FY 2008 - Current Year**

The agency requests a revised FY 2008 reportable operating budget totaling \$48.4 million, an increase of \$232,764, or 0.5 percent, above the amount approved by the 2007 Legislature. The request would fund 410.5 FTE positions approved by the 2007 Legislature. Major adjustments to the FY 2008 approved budget include:

- A net increase of \$232,764 in state operations from all funding sources, including reappropriations of \$207,990 from the State General Fund, primarily for reimbursements to National Guard members for licenses and permits;
- A supplemental appropriation of \$232,404 from the State General Fund to replace \$232,404 in approved financing from special revenue funds that, if used, would constitute a diversion of dedicated funding; and
- A shift of \$610,000 in special revenue funds from state aid to other assistance payments.

The agency also requests a revision in the capital improvements budget. First, the revised FY 2008 budget request as submitted includes an increase of \$10.3 million, or 107.2 percent, above the amount approved by the 2007 Legislature. The increase is attributed to carry over funds previously approved for projects and not encumbered prior to the end of the last fiscal year. Second, the agency submitted a subsequent supplemental request after budget submission for \$2.5 million from the State General Fund to make emergency repairs at the state parks due to flood damages.

**FY 2009 - Budget Year**

The agency requests an FY 2009 reportable operating budget of \$49.9 million, an increase of \$1.5 million, or 3.2 percent, above the revised current fiscal year estimate. The request includes State General Fund expenditures of \$9.3 million, an increase of \$2.0 million from the current fiscal year estimate. Most of the net increased expenditures result from a shift of financing for state parks from the Parks Fee Fund to the State General Fund in order to institute free admissions in FY 2009 to state parks.

The request includes net enhancement expenditures of almost \$1.8 million, including an increase of \$2.0 million from the State General Fund and the addition of 12.0 FTE positions. A net reduction of \$1.0 million from the Parks Fee Fund is requested to be replaced by the increased State General Fund financing. **Absent the enhancement requests**, the requested operating budget in FY 2009 would total \$48.1 million.

The **enhancement requests** include:

- \$1,241,000 from all funding sources for replacement motor vehicles;
- 12.0 FTE positions and \$542,500 from all funding sources for operating expenses to add the following new staff: Education Specialist at Kansas Wetlands Education Center \$38,750, Information Technology Support \$51,250,

Environmental Scientist (no cost for conversion of unclassified), Law Enforcement Natural Resource Officer II (2.0 FTE positions) \$164,000, Law Enforcement Natural Resource Officer II \$85,000, State Park at El Dorado Clerk \$26,000, State Park Natural Resource Officer at Clinton \$79,000, State Parks Administration Clerk \$26,000, Environmental Scientist for Wichita Urban Fisheries Program (no cost conversion of unclassified), Environmental Scientist II for Pratt Community Fisheries Access Program (no cost conversion of unclassified), and Assistant Wildlife Manager at Jamestown \$72,500; and

- \$2.0 million shift in financing for state parks expenditures to reflect free admission, with \$2.0 million from the State General Fund, replacing a net of \$1.0 million from the Parks Fee Fund.

The agency also requests a capital improvements budget of \$6.8 million, or \$13.0 million below the revised current fiscal year. The request includes financing of \$1.5 million from the State General Fund for capital improvements at state parks.

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**Department of Wildlife and Parks  
Summary of Agency Budget Request FY 2007-FY 2009**

	Actual FY 2007	Approved FY 2008	Revised Request FY 2008	Change From Approved		Agency Request FY 2009	Change From Revised FY 2008	
				Amount	Percent		Amount	Percent
<b>By Program:</b>								
Administration	\$ 9,829,760	\$ 10,479,415	\$ 11,463,663	\$ 984,248	9.4 %	\$ 12,162,512	\$ 698,849	6.1 %
Law Enforcement	5,861,601	5,980,343	6,020,020	39,677	0.7	6,189,744	169,724	2.8
State Parks	10,088,615	10,310,674	10,292,321	(18,353)	(0.2)	11,112,899	820,578	8.0
Fish/Wildlife/Public Lands	17,031,316	19,357,240	18,584,432	(772,808)	(4.0)	18,654,767	70,335	0.4
Grants	1,705,496	2,010,000	2,010,000	-	-	1,790,000	(220,000)	(10.9)
Debt Service/Capital Improvements	11,616,241	9,570,531	19,826,373	10,255,842	107.2	6,779,500	(13,046,873)	(65.8)
GRAND TOTAL	<u>\$ 56,133,029</u>	<u>\$ 57,708,203</u>	<u>\$ 68,196,809</u>	<u>\$ 10,488,606</u>	<u>18.2 %</u>	<u>\$ 56,689,422</u>	<u>\$ (11,507,387)</u>	<u>(16.9) %</u>
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 24,232,300	\$ 26,432,075	\$ 26,385,745	\$ (46,330)	(0.2) %	\$ 26,490,875	\$ 105,130	0.4 %
Contractual Services	10,455,151	12,063,560	12,829,032	765,472	6.3	13,357,083	528,051	4.1
Commodities	5,672,851	4,857,248	4,981,758	124,510	2.6	5,131,549	149,791	3.0
Capital Outlay	4,063,980	2,759,789	2,148,901	(610,888)	(22.1)	3,100,415	951,514	44.3
Debt Service	782,956	-	-	-	-	-	-	-
Subtotal - State Operations	<u>\$ 45,207,238</u>	<u>\$ 46,112,672</u>	<u>\$ 46,345,436</u>	<u>\$ 232,764</u>	<u>0.5 %</u>	<u>\$ 48,079,922</u>	<u>\$ 1,734,486</u>	<u>3.7 %</u>
Aid to Local Units	1,146,946	2,010,000	1,400,000	(610,000)	(30.3)	1,400,000	-	-
Other Assistance	610,853	15,000	625,000	610,000	4,066.7	430,000	(195,000)	(31.2)
Subtotal - Operating Expenditures	<u>\$ 46,965,037</u>	<u>\$ 48,137,672</u>	<u>\$ 48,370,436</u>	<u>\$ 232,764</u>	<u>0.5 %</u>	<u>\$ 49,909,922</u>	<u>\$ 1,539,486</u>	<u>3.2 %</u>
Capital Improvements	9,167,992	9,570,531	19,826,373	10,255,842	107.2	6,779,500	(13,046,873)	(65.8)
TOTAL	<u>\$ 56,133,029</u>	<u>\$ 57,708,203</u>	<u>\$ 68,196,809</u>	<u>\$ 10,488,606</u>	<u>18.2 %</u>	<u>\$ 56,689,422</u>	<u>\$ (11,507,387)</u>	<u>(16.9) %</u>
<b>Financing:</b>								
State General Fund	\$ 8,089,190	\$ 8,567,654	\$ 9,764,312	\$ 1,196,658	14.0 %	\$ 10,752,504	\$ 988,192	10.1 %
Parks Fee Fund	4,315,587	4,077,761	4,085,929	8,168	0.2	3,760,048	(325,881)	(8.0)
Wildlife Fee Fund	21,190,766	27,708,604	28,670,063	961,459	3.5	21,016,656	(7,653,407)	(26.7)
Wildlife Fund -- Federal	7,679,391	6,228,022	8,462,588	2,234,566	35.9	11,409,990	2,947,402	34.8
Other Funds	14,858,095	11,126,162	17,213,917	6,087,755	54.7	9,750,224	(7,463,693)	(43.4)
TOTAL	<u>\$ 56,133,029</u>	<u>\$ 57,708,203</u>	<u>\$ 68,196,809</u>	<u>\$ 10,488,606</u>	<u>18.2 %</u>	<u>\$ 56,689,422</u>	<u>\$ (11,507,387)</u>	<u>(16.9) %</u>
FTE Positions	410.5	410.5	410.5	-	- %	422.5	12.0	2.9 %
Non-FTE Unclassified Permanent Pos.	18.0	18.0	23.0	5.0	27.8	20.0	(3.0)	(13.0)
Total	<u>428.5</u>	<u>428.5</u>	<u>433.5</u>	<u>5.0</u>	<u>1.2 %</u>	<u>442.5</u>	<u>9.0</u>	<u>2.1 %</u>



DEPARTMENT OF WILDLIFE AND PARKS

Kathleen Sebelius, Governor  
J. Michael Hayden, Secretary

[www.kdwp.state.ks.us](http://www.kdwp.state.ks.us)

December 17, 2007

Representative Sharon Schwartz, Chairperson  
House Committee on Appropriations

Senator Dwayne Umbarger, Chairperson  
Senate Committee on Ways and Means

Dear Chairpersons:

The Kansas Department of Wildlife and Parks (KDWP) has submitted the FY 2009 agency budget request to the Division of the Budget (DOB). The request is currently under review by DOB and the Office of the Governor. Attached are tables with the FY 2009 budget request amounts by programs, expenditure groups, funding and also the FY 2009 capital improvement request.

The FY 2009 KDWP budget request provides continued operations of existing services and includes enhancement for "Open Admissions" at state parks, replacement vehicles, and additional positions. Additional information is provided on these items.

The FY 2009 request includes an enhancement of \$2,000,000 in SGF appropriations to provide for "Open Admissions" at state parks. The additional SGF would replace an estimated amount of Park Fee Fund receipts and expenditures reduced by elimination of the vehicle admission fee. The current ½ price vehicle admission fee has had a positive impact on attendance at the parks. The Department is of the opinion the initiative to provide "Open Admissions" will further improve attendance at state parks and allow more of the public to experience outdoor recreation in Kansas.

KDWP is requesting an enhancement to replace existing vehicles utilized by field personnel within the Department. An amount of \$1,241,000

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House Appropriations and  
Senate Ways and Means  
12-17-07  
Attachment 21

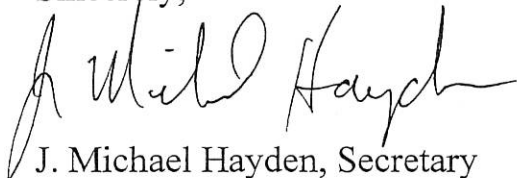
is requested to replace 63 vehicles. All of the replaced vehicles will comply with the vehicle replacement policy established by the Governor.

KDWP is requesting an additional 12.0 FTE positions. These positions will improve the operations of the Department and include three for law enforcement operations, three to improve service to the public at state parks, five to assist in fisheries and wildlife programs for land management, information, and fisheries and one additional information technology position.

KDWP has provided to DOB and to the Joint Legislative Building committee a FY 2008 SGF supplemental appropriation request of \$2,500,000 to repair flood damage at state parks that occurred during the summer of 2007. In addition, KDWP will utilize existing funds and FEMA reimbursements to repair a bridge on the Prairie Spirit Rail Trail destroyed during the June floods in Anderson County.

If the chairpersons or members of the committee have any questions, please advise. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Michael Hayden". The signature is fluid and cursive, with a large initial "J" and "M".

J. Michael Hayden, Secretary  
Kansas Department of Wildlife and Parks

Attachments (2)

	FY 2007 Actuals	FY 2008 Legis Appvd	FY 2009 Agy Request
<b>Programs:</b>			
Administration	10,039,820	11,299,090	12,162,512
Grants-in-Aid	1,705,496	2,010,000	1,790,000
Law Enforcement	5,861,601	5,980,343	6,189,744
Parks	10,270,992	10,310,674	11,112,899
Fisheries and Wildlife	17,321,316	18,537,565	18,654,767
Debt Service	763,800	-	-
Capital Improvements	10,172,168	9,607,200	6,779,500
<b>TOTAL</b>	<b>56,135,193</b>	<b>57,744,872</b>	<b>56,689,422</b>
<b>Expenditure Groups:</b>			
Salaries and Wages	24,232,301	26,432,075	26,490,875
Contractual Services	10,455,147	12,063,560	13,357,083
Commodities	5,672,852	4,857,248	5,131,549
Capital Outlay	3,078,960	2,759,789	3,100,415
Aid/Other Assistance	1,757,799	2,025,000	1,830,000
Non-expense Items	2,166	-	-
Debt Service	763,800	-	-
Capital Improvements	10,172,168	9,607,200	6,779,500
<b>TOTAL</b>	<b>56,135,193</b>	<b>57,744,872</b>	<b>56,689,422</b>
<b>Funding:</b>			
<i>Operating Expenditures:</i>			
State General Fund	6,640,181	7,032,654	9,252,504
Nonrestricted Fund	240,708	200,000	200,000
Park Fee Fund	4,229,026	4,077,761	3,260,048
Roads Fund	-	-	-
Boating Fee Fund	887,202	1,394,941	1,127,425
Boating Fee Fund - Federal	487,575	333,800	442,437
Wildlife Fee Fund	20,631,605	25,089,273	20,536,656
Wildlife Fee Fund - Federal	6,881,072	5,639,822	11,209,990
Federal Ag Fund	818,810	600,000	673,123
Land and Water Conservation Fund	467,514	500,000	500,000
Federal Grants Fund	2,315,731	2,128,661	1,785,483
Wildlife Conservation Fund	460,452	160,000	180,000
Water Plan Fund	100,001	40,000	40,000
Nongame Fund	206,160	219,100	215,000
Other Funds	1,596,988	721,660	487,256
	45,963,025	48,137,672	49,909,922
<i>Capital Improvements</i>			
State General Fund	1,448,735	1,535,000	1,500,000
Cheyenne Bottoms Fed Grts Fund	2,470,680	-	-
Bridges Fund	557,380	200,000	200,000
Roads Fund	93,059	2,190,000	1,592,000
Wildlife Conservation Fund	1,309,268	-	650,000
Wildlife Conservation Fund - Federal	50,000	2,075,000	923,500
Park Fee Fund	13,214	-	500,000
Boating Fee Fund	58,810	104,000	100,000
Boating Fee Fund - Federal	95,329	209,000	50,000
Wildlife Fee Fund	562,584	1,706,000	480,000
Wildlife Fee Fund - Federal	798,319	588,200	200,000
Migratory Waterfowl Fund	91,248	-	150,000
Land and Water Conservation Fund	914,432	-	400,000
Federal Grants Fund	1,703,893	-	-
Tuttle Creek Mitigation - Federal	-	-	-
Water Plan Fund	-	1,000,000	-
Other Funds	5,217	-	34,000
	10,172,168	9,607,200	6,779,500
<b>TOTAL</b>	<b>56,135,193</b>	<b>57,744,872</b>	<b>56,689,422</b>
FTE	407.5	410.5	422.5

FY 2009 CI Request

Revised 9/14/2007

Priority		SGF	PFF	BFF	WF - F	WFF	BF - F	WCF	WCF - F	LWCF	Other Funds	Roads Fund	Total
1	Parks Maj Maint	1,500,000	500,000							\$ 400,000	\$ 34,000		\$ 2,434,000
2	Wetlands Acquisition/Development								\$ 300,000		\$ 150,000		\$ 450,000
3	Land Acquisition							\$ 500,000					\$ 500,000
4	Public Lands Major Maintenance							\$ 150,000					\$ 150,000
5	Bridge Maint										\$ 200,000		\$ 200,000
6	River Access						\$ 50,000						\$ 50,000
7	Road Maint											\$ 1,592,000	\$ 1,592,000
8	Federally Mandated Boating Access				\$ 200,000	\$ 480,000			\$ 623,500				\$ 1,303,500
9	Coast Guard Boating Projects			100,000									\$ 100,000
													\$ -
		\$ 1,500,000	\$ 500,000	\$ 100,000	\$ 200,000	\$ 480,000	\$ 50,000	\$ 650,000	\$ 923,500	\$ 400,000	\$ 384,000	\$ 1,592,000	\$ 6,779,500

(a) \$150,000 for wetland acq/dev from Migratory Waterfowl Fund; \$200,000 for bridge maint from Bridge Repair Fund; \$34,000 for parks maj maint from Pvt Gifts & Donations Fund

**Department of Administration**  
**Summary of FY 2008-FY 2009 Agency Reportable Budget Request**

**FY 2008 - Current Year**

The agency requests a revised FY 2008 reportable operating budget totaling \$68.1 million, an increase of \$3.3 million, or 5.1 percent, including an increase of \$2.1 million from State General Fund expenditures, above the amount approved by the 2007 Legislature. The request would fund 169.1 FTE positions, 6.4 more than the number approved. Major adjustments to the FY 2008 approved budget include:

- An increase of \$1.8 million from the State General Fund for the development of the State Financial Management System. The 2007 Legislature approved two-year funding of \$2.5 million from the State General Fund in FY 2007 and \$1.9 million from special revenue funds in FY 2008 to begin development of the \$40.0 million multiyear project. The \$1.8 million from the State General Fund in FY 2008 is part of the reappropriated balance from \$2,448,422, of which the remaining \$648,442 would be carried over to FY 2009.
- A shift of \$2,159,234 in special revenue funds from FY 2007 to FY 2008 for emergency repairs to the Landon State Office Building in Topeka. The 2007 Legislature approved \$2.5 million from special revenue funds in FY 2007 and the unexpended funds carried over to this fiscal year for expenditure.
- A net increase of \$247,306 from the State General Fund in the Division of the Budget, with the primary adjustments being a reduction of \$110,131 for salaries and wages, with an increase of \$375,812 for contractual services, in part for changes in the budget management system programming and for policy analysis studies to support projects designated by the Governor. The additional financing resulted from reappropriations and KSIP savings generated in FY 2007.
- A shift of 6.4 FTE positions from nonreportable to reportable in the Division of Personnel Services is requested, but with no financing shift from special revenue funds to the State General Fund.

**FY 2009 - Budget Year**

The agency requests an FY 2009 reportable operating budget of \$86.3 million, an increase of \$18.2 million, or 26.7 percent, above the revised current fiscal year estimate. The request includes State General Fund operating expenditures of \$20.4 million, an increase of \$5.2 million from the current fiscal year estimate. Most of the increased expenditures result from an information technology project that is \$3.0 million above this fiscal year and public broadcasting which is \$3.0 million above the revised current fiscal year.

The request includes enhancement operating expenditures of \$12.8 million, including an increase of \$7.3 million from the State General Fund. **Absent the enhancement requests**, the requested operating budget in FY 2009 would increase \$4.5 million from the current fiscal year estimate, including a reduction of \$1.1 million from the State General Fund.



The major **enhancement** requests for operating expenditures include:

- \$9.7 million, including \$4.2 million from the State General Fund, for the State Financial Management System development costs. Financing in FY 2009 includes requests for \$4.2 million from the State General Fund and \$5.5 million from the State Highway Fund;
- \$3.0 million, all from the State General Fund, for state assistance to public television and radio stations; and
- \$165,279, including \$123,373 from the State General Fund, for additional staff of 2.0 FTE positions, a replacement vehicle, and operating expenditures in the Long-Term Care Ombudsman's Office.

Other obligations from State General Fund financing include bond payments. In FY 2009, the payments for KPERS bonds will increase \$10.0 million, from \$26.1 million this fiscal year to \$36.1 million next fiscal year. Statehouse bond payments will increase \$2.8 million, from \$7.2 million to \$10.1 million. In addition, the agency requests State General Fund financing of \$5.7 million for new capital improvement projects, including \$3.0 million for a utility tunnel replacement, \$1.4 million for fire suppression and alarm systems in state office buildings, and \$1.0 million for an expanded judicial center sprinkler system.

**Department of Administration  
Summary of Agency Budget Request FY 2007-FY 2009 (REPORTABLE)**

	Actual FY 2007	Approved FY 2008	Revised Request FY 2008	Change From Approved		Agency Request FY 2009	Change From Revised FY 2008	
				Amount	Percent		Amount	Percent
<b>By Program:</b>								
Administration	\$ 463,367	\$ 669,413	\$ 686,557	\$ 17,144	2.6 %	\$ 880,404	\$ 193,847	28.2 %
Ancillary Services	10,067,898	6,998,815	6,342,179	(656,636)	(9.4)	6,291,714	(50,465)	(0.8)
Legal Services	493,291	254,109	254,306	197	0.1	250,425	(3,881)	(1.5)
Long Term Care Ombudsman	278,776	338,489	338,489	-	-	436,918	98,429	29.1
Public Broadcasting	3,166,805	3,554,013	3,565,086	11,073	0.3	5,909,326	2,344,240	65.8
DISC	2,674,947	2,684,329	2,684,329	-	-	2,684,329	-	-
Accounts and Reports	312,430	2,233,040	2,265,469	32,429	1.5	2,257,014	(8,455)	(0.4)
Financial Management System Devp.	-	-	1,800,000	1,800,000	-	10,348,442	8,548,442	474.9
Budget	1,504,799	1,602,540	1,849,846	247,306	15.4	1,585,680	(264,166)	(14.3)
Personnel Services	1,926,014	1,997,150	1,995,225	(1,925)	(0.1)	1,919,899	(75,326)	(3.8)
Purchases	491,747	537,806	537,806	-	-	519,736	(18,070)	(3.4)
Surplus Property	898,888	804,294	735,826	(68,468)	(8.5)	731,748	(4,078)	(0.6)
Facilities Management	791,010	2,628,646	1,976,349	(652,297)	(24.8)	761,000	(1,215,349)	(61.5)
Capital Improvements/Debt Service	28,552,768	50,574,896	53,219,432	2,644,536	5.2	69,615,967	16,396,535	30.8
GRAND TOTAL	<u>\$ 51,622,740</u>	<u>\$ 74,877,540</u>	<u>\$ 78,250,899</u>	<u>\$ 3,373,359</u>	<u>4.5 %</u>	<u>\$ 104,192,602</u>	<u>\$ 25,941,703</u>	<u>33.2 %</u>
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 5,198,302	\$ 7,033,284	\$ 7,265,660	\$ 232,376	3.3 %	\$ 7,075,335	\$ (190,325)	(2.6) %
Contractual Services	4,348,284	5,928,615	7,664,531	1,735,916	29.3	10,031,296	2,366,765	30.9
Commodities	126,420	262,637	278,903	16,266	6.2	88,404	(190,499)	(68.3)
Capital Outlay	1,260,662	687,055	2,576,564	1,889,509	275.0	5,923,591	3,347,027	129.9
Debt Service Interest	23,204,816	40,460,567	40,550,493	89,926	0.2	51,122,777	10,572,284	26.1
Subtotal - State Operations	\$ 34,138,484	\$ 54,372,158	\$ 58,336,151	\$ 3,963,993	7.3 %	\$ 74,241,403	\$ 15,905,252	27.3 %
Aid to Local Units	6,183,478	5,479,363	6,307,894	828,531	15.1	6,435,521	127,627	2.0
Other Assistance	6,936,961	4,895,190	3,418,902	(1,476,288)	(30.2)	5,581,988	2,163,086	63.3
Subtotal - Operating Expenditures	\$ 47,258,923	\$ 64,746,711	\$ 68,062,947	\$ 3,316,236	5.1 %	\$ 86,258,912	\$ 18,195,965	26.7 %
Capital Improvements	4,348,384	10,114,329	10,172,452	58,123	-	17,918,190	7,745,738	-
TOTAL -- Reportable	\$ 51,607,307	\$ 74,861,040	\$ 78,235,399	\$ 3,374,359	4.5 %	\$ 104,177,102	\$ 25,941,703	33.2 %
Non-Expense Items	15,433	16,500	15,500	(1,000)	(6.1)	15,500	-	-
GRAND TOTAL	<u>\$ 51,622,740</u>	<u>\$ 74,877,540</u>	<u>\$ 78,250,899</u>	<u>\$ 5,271,430</u>	<u>7.0 %</u>	<u>\$ 104,192,602</u>	<u>\$ 25,941,703</u>	<u>33.2 %</u>
<b>Financing:</b>								
State General Fund	\$ 38,637,106	\$ 64,719,842	\$ 66,832,815	\$ 2,112,973	3.3 %	\$ 90,455,022	\$ 23,622,207	35.3 %
Other Funds	12,985,634	10,157,698	11,418,084	1,260,386	12.4	13,737,580	2,319,496	20.3
GRAND TOTAL	<u>\$ 51,622,740</u>	<u>\$ 74,877,540</u>	<u>\$ 78,250,899</u>	<u>\$ 3,373,359</u>	<u>4.5 %</u>	<u>\$ 104,192,602</u>	<u>\$ 25,941,703</u>	<u>33.2 %</u>
FTE Positions	107.9	162.6	169.1	6.4	3.9 %	167.4	(1.7)	(1.0) %
Non-FTE Unclassified Permanent Pos.	1.9	1.9	5.1	3.2	170.0	4.9	(0.2)	(4.5)
Total	<u>109.8</u>	<u>164.5</u>	<u>174.2</u>	<u>9.7</u>	<u>5.9 %</u>	<u>172.3</u>	<u>(1.9)</u>	<u>(1.1) %</u>

**Kansas Department of Administration  
Duane A. Goossen, Secretary  
Carol L. Foreman, Deputy Secretary  
1000 S.W. Jackson, Suite 500  
(785) 296-3011**

**House Appropriations Committee and  
Senate Ways and Means Committee  
DOA Budget Overview**

**Marilyn L. Jacobson, Director  
Division of Finance and Facilities Management  
December 17, 2007**

Thank you for the opportunity to provide an overview of the Department of Administration (DOA) FY 2009 budget submission. There are four major areas I would like to address this afternoon:

- Financial Management System (FMS);
- Debt Service;
- Capitol Complex Buildings; and
- Capitol Complex Utility Tunnel.

**Financial Management System**

The DOA FY09 budget submission includes an enhancement of \$9,700,000 to continue the FMS project which began in FY07. The scope of the FMS project is to implement a statewide financial management system that includes the following functionality: general ledger (including grant accounting and cost allocation), accounts payable, procurement, asset management, reporting and data warehouse and to evaluate options for budget development integration. A needs assessment project found that the current sixteen year old STARS financial management system does not meet a number of state agency business needs, identified multiple agency "shadow" systems that result in duplication of effort and cost, fragmented data and numerous manual or low value-added processes over what could be achieved through implementation of a modern financial management system.

The Department requests funding to provide consulting services for the Financial Management System (FMS) project. The project will rely on professional consultants to supplement the state work force to implement FMS. The total State General Fund request is \$4,200,000 and \$200,000 is a transfer from the KDOT Highway Fund. Additionally, the Department requests a transfer from the KDOT Highway Fund of \$5,300,000 to purchase servers, data storage devices and related equipment (\$1,300,000) and database software (\$4,000,000). This capital outlay request provides the information technology infrastructure for FMS.

## Debt Service

The Department of Administration is responsible for the administration of three major bond issues:

<u>Bond</u>	<u>FY 2008</u>	<u>FY 2009</u>
KDOT CTP	\$16,151,075	\$16,148,175
KPERS	\$26,076,303	\$36,146,303
Capitol Restoration	\$7,240,283	\$7,946,327

The FY 2009 budget includes an enhancement request of \$2,106,531 for the first bond payment on the Phase IV Capitol Restoration bonds.

The Department of Administration was approved to issue \$55,000,000 in bonds in FY 2008 for the project costs plus all amounts required for costs of any bond issuance, costs of interest on any bond issued or obtained for such capital improvement project and any required reserves for payment of principal and interest on any bonds for the Phase IV South Wing/Rotunda and North Wing/Rotunda Restoration work and Visitor Center. The Bond Series 2007k for \$27 million of the approved amount was issued in September, 2007.

## Capitol Complex Deferred Maintenance Plan

The Department of Administration estimates \$240m is needed to address deferred maintenance in the Capitol Complex buildings and has been working with the Joint Committee on State Building Construction to address the issue. Although a specific plan was not included in our September budget submission it was presented to the Joint Committee on State Building Construction during presentation of our Five-Year Capital Improvement Plan in late October. When analyzing the data there are several options depending on ownership choices to address the issues facing the Capitol Complex buildings and in particular, Docking, Landon and the Dillon House.

Specific recommendations regarding the future of Docking and Landon as well as a methodology to address the remaining buildings and future maintenance needs are as follows:

- Reconstruct Docking State Office Building;
- Infrastructure repair of Landon State Office Building;
- Maintenance premium of \$2.44 added to the rent rate; and
- Relocation of Highway Patrol from leased space into Docking.

### Docking (DSOB)

The DSOB was completed in 1956 and has a building condition value of 55 (poor). A majority of the building is heated and air conditioned by a perimeter fan coil system that was installed in 1955 and has a typical service life of 20 years. The electrical distribution, transformer, panel boards and light fixtures are the original electrical equipment from 1955. The typical service life of the electrical equipment is 30 years.

The DOA recommendation is to reconstruct DSOB. Occupants will be moved out of the building into leased space. DSOB will then be reconstructed by taking it down to its base structure and rebuilding it. The heat plant will be kept operational along with the Statehouse chilled water system. The existing heat plant located in the basement scores very high on the building condition scale, has an estimated useful life of at least 20 years and has enough capacity to sustain the existing infrastructure, which includes most of the capitol complex buildings. The new cooling tower will also stay and be used to support a new chilled water plant in the basement which will be sized to serve both the Statehouse and a reconstructed DSOB. Capacity and usable square footage would increase slightly in a reconstructed DSOB due to more efficient use of space. Seat capacity would increase by 369 FTE for a total of 1,920. Usable square footage increases by 27,349 feet for a total of 384,000.

Current construction estimate to reconstruct Docking is \$77,426,276. This estimate is in today's dollars and does not include inflation. Additionally, the estimate does not include utility costs during construction, furnishings or moving costs. An assumption was also made that central monitoring, central mail and data centers would be relocated outside the capitol complex.

### Landon (LSOB)

LSOB was built in 1910 and has a building condition value of 68.2 (deficient). As in Docking the majority of the mechanical systems was installed in 1955 and has a typical service life of 20 or 30 years.

The recommendation regarding deferred maintenance in LSOB is to do non-cosmetic repairs to the building infrastructure only. The building will be kept occupied while individual repairs are done. Specific items to be addressed would include HVAC piping, ductwork, AHU replacement, VAV boxes and controls, chiller replacement, fire protection, electrical, lighting, hazardous material abatement, windows, and elevators. Cost is estimated at \$64,372,641. Landon's current seat capacity of 865 FTE and usable square footage of 216,195 feet would remain the same.

### Remaining Capitol Complex Buildings

In order to address deferred maintenance issues in the remaining capitol complex buildings (Eisenhower, Judicial Center, Memorial, Curtis, Statehouse) as well as future needs to maintain the buildings at an acceptable level of quality and reliability the

Department recommends including in the rent rate an annual cost per usable square foot. The Association of Physical Plant Administrators Maintenance and Operation of Buildings and Grounds Manual recommends two – four percent of the building replacement cost be budgeted annually for routine maintenance and repair of buildings. Using the industry standard of two percent equates to an additional \$2.44 per usable square foot of building space.

## **Capitol Complex Utility Tunnel**

### Background

In October, at the Joint Committee on State Building Construction, the Department of Administration requested funding in the Five-Year Capitol Improvement Plan to replace the 80 year old maintenance tunnel for utility systems. Although this is not a pedestrian tunnel, Division of Facilities Management employees enter this tunnel area every shift to verify the integrity of the tunnel and the systems it accommodates. Due to the age of this tunnel, water enters the tunnel from rain and the watering of the lawn through the top due to the failing brick construction. There have been areas of the tunnel that have caved in and with water standing on the dirt floor of the tunnel, this area becomes hazardous for employees to enter and work.

The tunnel provides service to the Landon Building, Memorial Hall, Curtis Building and the Judicial Center. With this tunnel containing steam piping, electrical service and communication conduit, a collapse of this tunnel could sever service to these buildings for an extended period of time while repairs are made as well as parts of downtown Topeka.

The committee requested DOA to provide additional information in response to three areas at their November 30<sup>th</sup> meeting:

- Evaluate the tunnel for **immediate repairs** that should be done in the interim while design and construction is done on a final solution.
- Evaluate the feasibility of repairing the existing utility tunnels.
- Evaluate installing new utility trenches and tunnels to serve the buildings previously identified. As part of this evaluation three different scenarios of routing were reviewed.

Smith and Boucher Engineers from Olathe conducted the evaluation during the month of November. Several site visits to the tunnels and conferences with the public utilities and the City of Topeka were conducted to verify the conditions of the existing tunnels and distribution systems, the existing conditions of the public utilities crossing the existing tunnels and general layout of the existing public utilities adjacent to the existing and proposed alternate tunnel sites. Review of available construction and utility drawings and steam loads was also performed.

Major life safety issues which were identified in the report as an immediate concern are as follows:

- Continuous spalling of the concrete and water infiltration; and
- There are two 13,200 volt power lines along Jackson Street. Both lines are in conduit with the lines crossing the utility tunnel encased in concrete. The lines serve the Capitol Complex and parts of downtown Topeka. The encasement and pipes are broken, exposing live high voltage cables.

#### Temporary Repairs - \$370,170

The temporary repairs are for stopping the water infiltration of the tunnel south of 10<sup>th</sup> Street which serve the Judicial Center; installation of new sump pump to drain the tunnel from the Statehouse to Memorial Hall; fixing the public utility penetrations of the tunnel walls; repair and seal some of the major joints and fractures in the tunnel walls and roof; installation of strut pipes and bearing plates to slow down wall displacement; and repairs to the existing pipe and conduit support framing. These repairs will extend the life of the tunnel and utilities for two years.

#### Recommendation

The recommendation in the Engineering Report as well as from the Joint Committee on State Building Construction is to immediately do the temporary repairs to the tunnel while designing a long term solution. DOA is moving forward with the temporary repairs and will be requesting an FY 2008 supplemental appropriation in the amount of \$370,170.

Thank you and I will stand for questions.

**Kansas Water Office**  
**Summary of FY 2008-FY 2009 Agency Budget Request**

**FY 2008 - Current Year**

The Kansas Water Office requests a revised FY 2008 budget totaling \$12.5 million, an increase of \$216,468, or 1.8 percent, above the amount approved by the 2007 Legislature. Requested State General Fund expenditures total \$2,308,144, the approved amount. The estimate would fund the currently approved 23.5 FTE positions. Major adjustments to the FY 2008 approved budget include:

- A reappropriation of \$168,639 in the State Water Plan Fund in funding from FY 2007 was carried over to FY 2008. The agency has budgeted \$62,064 of the reappropriation for contractual services fees in FY 2008. The remaining balance of \$106,575 would be carried over to FY 2009.
- An increase of \$154,404 in other funding sources, including the Water Conservation Projects Fund (\$64,448), which will reimburse costs in development of the Upper Arkansas River Conservation Project Reconnaissance Study and three other projects for improving water measurements in regard to ditch flows.

**FY 2009 - Budget Year**

The Kansas Water Office requests an FY 2009 budget of \$12.3 million, a decrease of \$261,201, or 2.1 percent, below the revised current year estimate. The request includes State General Fund expenditures of \$3.4 million, an increase of \$1.0 million, or 45.2 percent, above the revised current year estimate. The increased State General Fund request is primarily a result of enhancement requests listed below. The request would fund 24.0 FTE positions, an increase of 0.5 FTE positions.

The request includes enhancement funding of \$1,038,065, all from the State General Fund. **Absent the enhancement requests**, the requested budget for FY 2009 would total \$11.2 million, including \$2.3 million from the State General Fund, representing a total decrease of \$1.0 million (8.3 percent) and a State General Fund increase of \$6,062, or less than 1.0 percent.

The **enhancement requests**, all from the State General Fund, include:

- \$38,065 and a 0.5 FTE position, to be combined with an existing vacant 0.5 FTE position, resulting in a full-time administrative support position.
- \$1,000,000 for the Aquifer Storage and Recovery Project (ASR Project) located in the Equus Beds Aquifer region of Kansas. Much of the water supply for the City of Wichita comes from the Equus Beds Aquifer and the agency states the available water supply for Wichita must be increased to meet its future water needs through 2050. Phase I of the ASR Project began in 2006 to inject treated surplus surface flows from the Little Arkansas River water into the Equus Beds Aquifer. Authorization for up to \$30.0 million in federal funds for the ASR Project was obtained from the 2006 Congress and efforts to pursue federal appropriations to help cost-share further phases of the ASR Project are progressing. The Kansas Water Authority has given its recommendation for the requested appropriation of \$1.0 million from the State General Fund for FY 2009, continuing annually until FY 2015, to represent Kansas' commitment to help leverage federal resources.



**Kansas Water Office  
Summary of Agency Budget Request FY 2007-FY 2009**

	Actual FY 2007	Approved FY 2008	Revised Request FY 2008	Change From Approved		Agency Request FY 2009	Change From Revised FY 2008	
				Amount	Percent		Amount	Percent
<b>By Program:</b>								
Water Resources	\$ 6,880,756	\$ 12,290,457	\$ 12,506,925	\$ 216,468	1.8 %	\$ 12,245,714	\$ (261,211)	(2.1) %
Kansas Water Authority	32,033	39,469	39,469	-	-	39,479	10	0.0
<b>TOTAL</b>	<b>\$ 6,912,789</b>	<b>\$ 12,329,926</b>	<b>\$ 12,546,394</b>	<b>\$ 216,468</b>	<b>1.8 %</b>	<b>\$ 12,285,193</b>	<b>\$ (261,201)</b>	<b>(2.1) %</b>
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 1,572,104	\$ 1,725,518	\$ 1,754,338	\$ 28,820	1.7 %	\$ 1,779,196	\$ 24,858	1.4 %
Contractual Services	4,115,504	9,363,399	9,476,615	113,216	1.2	8,968,510	(508,105)	(5.4)
Commodities	45,849	43,580	53,674	10,094	23.2	43,580	(10,094)	(18.8)
Capital Outlay	22,143	43,200	43,088	(112)	(0.3)	26,500	(16,588)	(38.5)
Debt Service	1,157,189	1,154,229	1,154,231	2	-	1,467,407	313,176	-
Subtotal - State Operations	\$ 6,912,789	\$ 12,329,926	\$ 12,481,946	\$ 152,020	1.2 %	\$ 12,285,193	\$ (196,753)	(1.6) %
Aid to Local Units	-	-	-	-	-	-	-	-
Other Assistance	-	-	64,448	64,448	-	-	(64,448)	(100.0)
Subtotal - Operating Expenditures	\$ 6,912,789	\$ 12,329,926	\$ 12,546,394	\$ 216,468	1.8 %	\$ 12,285,193	\$ (261,201)	(2.1) %
Capital Improvements	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 6,912,789</b>	<b>\$ 12,329,926</b>	<b>\$ 12,546,394</b>	<b>\$ 216,468</b>	<b>1.8 %</b>	<b>\$ 12,285,193</b>	<b>\$ (261,201)</b>	<b>(2.1) %</b>
<b>Financing:</b>								
State General Fund	\$ 2,284,542	\$ 2,308,144	\$ 2,308,144	\$ -	- %	\$ 3,352,271	\$ 1,044,127	45.2 %
State Water Plan Fund	2,419,526	3,407,910	3,469,974	62,064	1.8	2,981,448	(488,526)	(14.1)
Federal Funds	50,245	160,000	215,423	55,423	34.6	135,000	(80,423)	(37.3)
Other Funds	2,158,476	6,453,872	6,552,853	98,981	1.5	5,816,474	(736,379)	(11.2)
<b>TOTAL</b>	<b>\$ 6,912,789</b>	<b>\$ 12,329,926</b>	<b>\$ 12,546,394</b>	<b>\$ 216,468</b>	<b>1.8 %</b>	<b>\$ 12,285,193</b>	<b>\$ (261,201)</b>	<b>(2.1) %</b>
FTE Positions	22.5	23.5	23.5	-	- %	24.0	0.5	2.1 %
Non-FTE Unclassified Permanent Pos.	2.0	2.0	2.0	-	-	2.0	-	-
<b>Total</b>	<b>24.5</b>	<b>25.5</b>	<b>25.5</b>	<b>-</b>	<b>- %</b>	<b>26.0</b>	<b>0.5</b>	<b>2.0 %</b>

**State Water Plan Fund**

<u>Agency/Program</u>	<u>Approved FY 2008</u>	<u>Reappropriated FY 2008</u>	<u>Total FY 2008</u>
<b>Department of Health and Environment</b>			
Contamination Remediation	\$ 981,579	\$ 49,951	\$ 1,031,530
TMDL Initiatives	298,092	42,102	340,194
Local Environmental Protection Program	1,502,737	115	1,502,852
Nonpoint Source Program	294,544	43,862	338,406
Watershed Restoration and Protection Strategy	800,000	204	800,204
Southeast Kansas Soil Treatment Study	120,361	-	120,361
<i>Total - Department of Health and Environment</i>	<u>\$ 3,997,313</u>	<u>\$ 136,234</u>	<u>\$ 4,133,547</u>
<b>University of Kansas - Geological Survey</b>	\$ 40,000	\$ -	\$ 40,000
<b>Department of Agriculture</b>			
Interstate Water Issues	\$ 584,217	\$ -	\$ 584,217
Subbasin Water Resources Management	667,474	-	667,474
Ozark Plateau/Spring Water Initiative	92,340	-	92,340
Water Use	60,000	-	60,000
<i>Total - Department of Agriculture</i>	<u>\$ 1,404,031</u>	<u>\$ -</u>	<u>\$ 1,404,031</u>
<b>State Conservation Commission</b>			
Water Resources Cost Share	\$ 3,418,585	\$ 142,063	\$ 3,560,648
Nonpoint Source Pollution Assistant	3,623,854	368,930	3,992,784
Aid to Conservation Districts	2,136,154	-	2,136,154
Watershed Dam Construction	1,055,000	85,529	1,140,529
Water Quality Buffer Initiative	350,000	41,720	391,720
Riparian and Wetland Program	251,782	112,696	364,478
Multipurpose Small Lakes	1,250,000	-	1,250,000
Water Transition Assistance Program	1,498,000	1,119,532	2,617,532
Salt Cedar Control Demonstrations	50,000	-	50,000
Conservation Reserve Enhancement Program	1,000,000	1,000,000	2,000,000
Lake Restoration/Management	2,719,713	335,000	3,054,713
<i>Total - State Conservation Commission</i>	<u>\$ 17,353,088</u>	<u>\$ 3,205,470</u>	<u>\$ 20,558,558</u>
<b>Kansas Water Office</b>			
Assessment and Evaluation	\$ 857,605	\$ 93,888	\$ 951,493
GIS Database Development	250,000	-	250,000
MOU - Storage Operations and Maintenance	733,384	67,251	800,635
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	7,500	91,500
Weather Modification	240,000	-	240,000
Neosho River Basin Issues	500,000	-	500,000
<i>Total - Kansas Water Office</i>	<u>\$ 3,407,910</u>	<u>\$ 168,639</u>	<u>\$ 3,576,549</u>
<b>Department of Wildlife and Parks</b>			
Almena Irrigation District	\$ 1,000,000	\$ -	\$ 1,000,000
Stream Monitoring	40,000	-	40,000
<i>Total - Department of Wildlife and Parks</i>	<u>\$ 1,040,000</u>	<u>\$ -</u>	<u>\$ 1,040,000</u>
<b>Total State Water Plan Fund Expenditures</b>	<u><u>\$ 27,242,342</u></u>	<u><u>\$ 3,510,343</u></u>	<u><u>\$ 30,752,685</u></u>

<b>State Water Plan Resources Estimate - Approved FY 2008</b>	
<b>Beginning Balance</b>	\$ 6,832,968
Revenues	19,948,604
Less: Expenditures	(27,242,342)
<b>Ending Balance</b>	<u><u>\$ (460,770)</u></u>

House Appropriations and  
Senate Ways and Means  
12-17-07  
Attachment 25

**House Appropriations/Senate Ways  
and Means Committees**

**December 17, 2007**

Chairpersons Schwartz, Umbarger and members of the Committees, I am Tracy Streater, Director of the Kansas Water Office. I am pleased to appear before you today to discuss the State Water Plan Fund (SWPF) budget and the Kansas Water Office. This Budget Request coincides with recommendations approved by the Kansas Water Authority for FY2009.

**Kansas Water Office Budget** - The FY2009 Budget Request from the Kansas Water Office totals \$11,247,128 from all funding sources, which is comprised of \$8,405,567 for Kansas Water Office Operations; \$2,802,092 for the Public Water Supply Program (including \$301,418 in SWPF for MOU Operations and Maintenance payment to the Corps); and \$39,469 for the Kansas Water Authority. Of the KWO Operations total amount, \$2,274,737 from the State General Fund (SGF) for agency operations, staff, official hospitality and streamgaging costs. Also included are \$2,680,030 (less the MOU costs) from the SWPF; \$3,300,000 from the Water Conservation Projects Fund (described below); \$15,800 in General Fee Funds; and \$135,000 from the Bureau of Reclamation for Drought and Modeling Assistance.

**FY2009 Budget Year Enhancements** - The enhancement requests total \$1,038,065 which is comprised of an additional \$38,065 in SGF and 0.5 FTE for Kansas Water Office Administrative Support; and \$1,000,000 in SGF for the Aquifer Storage and Recovery Program (ASR) in the Equus Beds Aquifer region of Kansas. More detail about the ASR program is included in the Kansas Water Authority Annual Report to the Governor and Legislature.

**State Water Plan Fund Budget** – The FY2009 SWPF Budget Request maintains funding near the FY2008 Legislative approved appropriations level. The KWO portion of the SWPF is reduced by over a half million dollars; the breakdown by program is listed below:

	Final Legislative Approved FY2008	FY2009 KWA Recs	FY2008-2009 Comparisons
<b>Kansas Water Office</b>			
Assessment and Evaluation	950,931	860,000	(90,931)
GIS Data Base Development	250,000	250,000	0
MOU - Storage Operations and Maintenance	800,635	301,418	(499,217)
PMIB Loan Payment for Storage	0	0	0
Stream Gaging Program	17,972	0	(17,972)
Technical Assistance to Water Users	624,949	646,030	21,081
Weather Stations	100,000	100,000	0
Water Planning Process	0	0	0
Water Resource Education	91,500	84,000	(7,500)
Weather Modification	240,000	240,000	0
Kansas Water Authority	0	0	0
Neosho River Basin Issues	500,000	500,000	0
<b>Total--Kansas Water Office</b>	<b>3,575,987</b>	<b>2,981,448</b>	<b>(594,539)</b>

*House Appropriations and  
Senate Ways and Means  
12-17-07  
Attachment 26*

**Water Conservation Projects Fund** – As approved for FY2007 during the 2006 Legislative Session, feasibility studies have been underway and draft Final Reports have been developed on two of these three studies. The Southside Ditch Lining and Alternate Delivery System and the Lake McKinney Capacity Restoration and Alternate Delivery System have reports published, while a draft is expected soon for the Arkansas River Artificial Recharge Study. The KWO expects to meet with the Arkansas River Litigation Funds Committee and other stakeholders to discuss these study results and discuss the cost feasibility of priority projects. In accordance with the statutory provisions concerning these monies, I will further consult with the Chief Engineer of the Division of Water Resources to achieve the greatest water conservation efficiency.

Funding for priority water storage, management and delivery system and efficiency projects in the affected area of the Arkansas River compact violations are requested for FY2009 (\$3,300,000) as well as local project oversight, similar to what the Legislature approved for FY2007 (\$2,500,000) and FY2008 (3,300,000).

Attached is the Kansas Water Authority Annual Report to the Governor and Legislature which highlights the KWA's FY2009 overall budget recommendations.

Thank you again for the opportunity to discuss the KWO and SWPF budget for FY2009. I will stand for questions at the appropriate time.

STATE OF KANSAS

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STATE BOARD OF EMERGENCY  
MEDICAL SERVICES  
SRS TRANSITION OVERSIGHT

December 17, 2007

RE: KHPA Computer Systems

Dear Colleagues,

KHPA requests \$31 million over 3 years for an "integrated eligibility and enrollment system" and \$825,000 for a "Medicaid Prescription Authorization system."

BEFORE we agree to fund these proposals, we should hear alternatives as might be proposed by Health Information Technology companies Cerner or Epiq. Both companies are global leaders in the H.I.T. industry and would be glad to come give a presentation.

We are at a juncture of either building and equipping another government bureaucracy, or using as much private sector content and expertise as possible.

Chris

House Appropriations and  
Senate Ways and Means  
12-17-07  
Attachment 27