

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:40 A.M. on February 25, 2008, in Room 123-S of the Capitol.

All members were present except:

Senator Steve Morris - excused

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes  
Alan Conroy, Director, Kansas Legislative Research Department  
Kristen Clarke Kellems, Assistant Revisor of Statutes  
Kimbra Caywood McCarthy, Kansas Legislative Research Department  
Audrey Dunkel, Kansas Legislative Research Department  
Reed Holwegner, Kansas Legislative Research Department  
Leah Robinson, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Jarod Waltner, Kansas Legislative Research Department  
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Cathy Harding, Executive Director, Kansas Association for the Medically Underserved

Others attending:

See attached list.

Copies of additional information that was requested by the committee were distributed from Roger Werholtz, Secretary, Kansas Department of Corrections (Attachment 1).

**Bill Introductions**

Senator Emler moved, with a second by Senator Kelly, to introduce the Governor's budget bills (the Mega Appropriations bill for FY 2009, Supplemental Appropriations bill for FY 2008 and Capital Improvements bill). Motion carried on a voice vote.

Senator V. Schmidt moved, with a second by Senator Emler, to introduce a conceptual bill concerning affiliation with the Kansas Police and Firemen's Retirement System by the Kansas Lottery for membership of certain law enforcement officers. Motion carried on a voice vote.

Senator Emler moved, with a second by Senator Kelly, to introduce a conceptual bill concerning appropriations for the state board of regents; funding for the Kansas academy for math and science. Motion carried on a voice vote.

Senator Taddiken moved, with a second by Senator Emler, to introduce a conceptual bill regarding ethanol production incentive fund payments. Motion carried on a voice vote.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2008 and FY 2009 were available to the committee.

**Subcommittee reports on:**

**Kansas Department of Commerce (Attachment 2)**

Subcommittee Chairman David Wysong reported that the subcommittee on the Kansas Department of Commerce concurs with the Governor's recommendation in FY 2008 with an adjustment and concurs with the Governor's FY 2009 recommendation with adjustments and comments.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:40 A.M. on February 25, 2008, in Room 123-S of the Capitol.

Senator Wysong moved, with a second by Senator Kelly, to amend the subcommittee budget report on the Kansas Department of Commerce in FY 2009 to consider Item No. 3, Bioenergy Research Program, at Omnibus. Motion carried on a voice vote.

Senator Wysong moved, with a second by Senator Emler, to amend the subcommittee budget report on the Kansas Department of Commerce in FY 2009 regarding Item No. 2 to add \$21,600 from the federal Wagner-Peyser Fund and consider the previously deleted funds at Omnibus. Motion carried on a voice vote.

Senator Wysong moved, with a second by Senator Emler, to adopt the subcommittee budget report on the Kansas Department of Commerce in FY 2008 and FY 2009 as amended. Motion carried on a voice vote.

**Kansas, Inc.**

Subcommittee Chairman David Wysong reported that the subcommittee on Kansas, Inc. concurs with the Governor's recommendation in FY 2008 and concurs with the Governor's FY 2009 recommendation with adjustments and comments.

Senator Taddiken moved to defer Items No. 2 and 3 in FY 2009 to Omnibus. Following discussion, Senator Taddiken withdrew his motion.

Senator Wysong moved, with a second by Senator Kelly, to adopt the subcommittee budget report on Kansas, Inc. in FY 2008 and FY 2009. Motion carried on a voice vote.

**Kansas Technology Enterprise Corporation**

Subcommittee Chairman David Wysong reported that the subcommittee on the Kansas Technology Enterprise Corporation concurs with the Governor's recommendation in FY 2008 with comment and concurs with the Governor's FY 2009 recommendation with adjustments and comments.

Senator Betts moved, with a second by Senator Emler, to adopt the subcommittee budget report on the Kansas Technology Enterprise Corporation in FY 2008 and FY 2009. Motion carried on a voice vote.

The Chairman welcomed Cathy Harding, Executive Director, Kansas Association for the Medically Underserved, who presented an informational overview and briefing on Safety Net Clinics (Attachment 3). Ms. Harding described the role that Kansas safety net clinics currently play in the health care system and provided additional information about the role that they think they could play in health reform. The following four components were highlighted in the written testimony concerning allowing the safety net to more effectively care for underserved Kansans in the future:

- Funding for workforce development
- Technology development/enhancement
- Funding for capital financing
- Funding to increase the capacity to provide technical and growth assistance

Committee questions and discussion followed.

The meeting adjourned at 11:35 a.m. The next meeting was scheduled for February 26, 2008.

**SENATE WAYS AND MEANS  
GUEST LIST**

Date February 25, 2008

NAME	REPRESENTING
Wili Thomas	DOB
Cathy Harding	KAMU
Mike Halls	KAMU
Tony Weller	KAMU
Jim McLean	KHI News Service
Bob Totten	Ks Contractors Assoc
MARK BOZANYSK	CAPITOL STRATEGIES
Juni Roe	KCSL
Robin Tennison	Pawnee Watershed
Stan Ahle	Kansas Inc
Deby	Kansas Inc
Peagan Cussimano	KHPA
Lynda Nellie	Commerce
Mary Ellen Collier	Via Christi Health System
Mike Hammond	AMATEK
WALLY KEARNS	KSBOC
Jennifer Brandt	KansasBIO
Kenn Carr	KTEC
Tracey Taylor	KTEC
Mary Jane Stankiewicz	KGFA
Leslie Kaufman	Ks Co-op Council
Nate Michel	Hein Law Firm
Ge Tund	KWO

Feb. 20, 2008

Sen. Duane Umbarger, Chairman  
Senate Ways and Means Committee  
Room 120 S  
State House  
Topeka, Kansas

Re: SB 539

Dear Sen. Umbarger:

As a follow up to questioning during today's committee hearing on SB 539, I wanted to provide additional information and clarification. First there was a question regarding any other precedents for limiting the courts' ability to review decisions made by state agencies. There are actually several. You will see from the statute copied below, and specifically K.S.A. 77-603(c), that there are eight (8) designated agency actions that are not subject to judicial review under the Kansas Act for Judicial Review and Civil Enforcement of Agency Actions (KJRA). It is therefore not accurate, in my view, that there are no precedents for the proposed language in Senate Bill No. 539 that would render community corrections grant awards not subject to judicial review. Stated otherwise, decisions regarding those grants could well be a 9<sup>th</sup> agency action listed in this statute that would not be subject to judicial review under the KJRA.

### **77-603**

#### **Chapter 77.--STATUTES; ADMINISTRATIVE RULES AND REGULATIONS AND PROCEDURE**

#### **Article 6.--ACT FOR JUDICIAL REVIEW AND CIVIL ENFORCEMENT OF AGENCY ACTIONS**

**77-603. Application and construction.** (a) This act applies to all agencies and all proceedings for judicial review and civil enforcement of agency actions not specifically exempted by statute from the provisions of this act.

(b) This act creates only procedural rights and imposes only procedural duties. They are in addition to those created and imposed by other statutes.

(c) This act does not apply to agency actions:

- (1) Of the Kansas parole board concerning inmates or persons under parole or conditional release supervision;
- (2) concerning the management, discipline or release of persons in the custody of the secretary of corrections;
- (3) concerning the management, discipline or release of persons in the custody of the commissioner of juvenile justice;
- (4) under the election laws contained in chapter 25 of the Kansas Statutes Annotated, and amendments thereto, except as provided by K.S.A. 25-4185, and amendments thereto;

- (5) concerning pardon, commutation of sentence, clemency or extradition;
- (6) concerning military or naval affairs other than actions relating to armories;
- (7) governed by the provisions of the open records act and subject to an action for enforcement pursuant to K.S.A. 45-222, and amendments thereto; or
- (8) governed by the provisions of K.S.A. 75-4317 et seq., and amendments thereto, relating to open public meetings, and subject to an action for civil penalties or enforcement pursuant to K.S.A. 75-4320 or 75-4320a, and amendments thereto.

Second, during committee questioning and discussions there was a persistent reference to "the current formula" for determining community corrections grant amounts. I would like to reiterate that SB 14 adopted last year makes it absolutely clear that there is no formula for the determination of community corrections grants. Rather, the statute lists a number of factors that are to be considered when making grant determinations, but these factors are neither weighted nor formulaic. SB 14 was to have laid this issue to rest once and for all, but the contention of the second Riley County lawsuit is that SB 14 did not apply to FY 2008, a contention the District Court rejected and which Riley County has now appealed. The language now governing the distribution of community corrections grant funds follows:

## **75-52,111**

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

#### **75-52,111. Community corrections grants; determination of grant amounts.**

(a) On or before each July 1, the secretary of corrections shall determine annually the amount of the grant for the ensuing fiscal year for each county or group of counties which has qualified to receive grants as provided in this section.

(b) The secretary of corrections shall award grants to a county or a group of counties for community correctional services from funds appropriated for that purpose in an amount determined by the secretary. The determination of the grant amount by the secretary shall be based on the following criteria: Staffing levels justified by active cases under supervision; administrative costs; funded contracts for services remaining unused for an unreasonable period of time; any unreasonable indirect costs; client numbers; caseload projections; travel costs; contracted services' costs; shrinkage factors; vacancy savings; turnover rates; and the comprehensive community corrections plan submitted to the secretary meeting the provisions of K.S.A. 75-5290, and amendments thereto. The secretary may reduce a grant to a county or group of counties as provided by K.S.A. 75-52,105, and amendments thereto, or due to changes in the availability of funds.

**History:** L. 1989, ch. 92, § 15; L. 1990, ch. 324, § 1; L. 1993, ch. 197, § 3; L. 2007, ch. 197, § 7; July 1.

Finally, you asked me after the hearing what the dollar amount was of the 4% base enhancement to community corrections programs that was requested by the Department but not included in the Governor's budget. That amount was \$781,956.

I hope this information is helpful to the committee.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Werholtz", with a long horizontal flourish extending to the right.

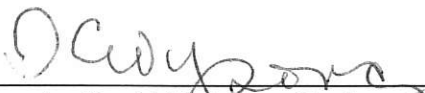
Roger Werholtz  
Secretary of Corrections

CC: Senate Ways and Means Committee Members  
Jill Wolters  
Mike Kearns, Riley County Board of Commissioners  
Randall Allen, Kansas Association of Counties  
Keven Pellant, Deputy Secretary  
Kathleen Graves


FY 2008 and FY 2009

SENATE WAYS AND MEANS SUBCOMMITTEE

Department of Commerce  
Kansas, Inc.

  
\_\_\_\_\_  
Senator David Wysong, Chair

  
\_\_\_\_\_  
Senator Donald Betts

  
\_\_\_\_\_  
Senator Jay Emler

  
\_\_\_\_\_  
Senator Carolyn McGinn

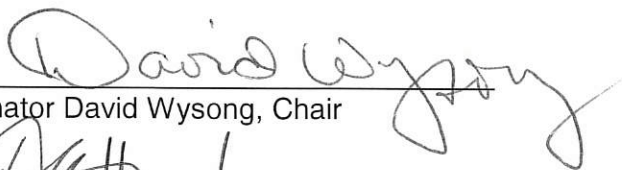
Senate Ways and Means  
2-25-08  
Attachment 2




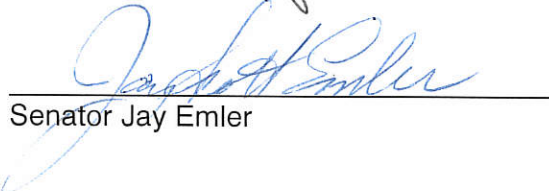
FY 2008 and FY 2009

SENATE WAYS AND MEANS SUBCOMMITTEE

Department of Commerce  
Kansas, Inc.  
Kansas Technology Enterprise Corporation

  
\_\_\_\_\_  
Senator David Wysong, Chair

  
\_\_\_\_\_  
Senator Donald Betts

  
\_\_\_\_\_  
Senator Jay Emler

\_\_\_\_\_  
Senator Carolyn McGinn



## Senate Subcommittee Report

**Agency:** Department of Commerce    **Bill No.** SB    **Bill Sec.**  
**Analyst:** Holwegner    **Analysis Pg. No.** Vol.-    **Budget Page No.**

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 624,940	\$ 624,940	\$ 0
Other Funds	136,313,006	136,313,006	(45,200)
Subtotal - Operating	<u>\$ 136,937,946</u>	<u>\$ 136,937,946</u>	<u>\$ (45,200)</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	166,000	166,000	0
Subtotal - Capital Improvements	<u>\$ 166,000</u>	<u>\$ 166,000</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 137,103,946</u></u>	<u><u>\$ 137,103,946</u></u>	<u><u>\$ (45,200)</u></u>
<b>FTE Positions</b>	424.4	424.4	0.0
<b>Non FTE Uncl. Perm. Pos.</b>	49.5	49.5	0.0
<b>TOTAL</b>	<u><u>473.9</u></u>	<u><u>473.9</u></u>	<u><u>0.0</u></u>

### Agency Estimate

The Department of Commerce requests a revised FY 2008 budget totaling \$136,937,946. This includes \$624,940 from the State General Fund, \$19,827,035 from the Economic Development Initiatives Fund (EDIF), and \$116,485,971 from all other funds. The revised budget request is an increase of \$30,191,495, or 28.2 percent, above the amount approved by the 2007 Legislature. Most of the increase can be attributed to additional federal moneys made available to assist with the natural disasters that struck Greensburg and southeast Kansas. The request would fund 473.9 positions including 424.4 FTE positions and 49.5 non-FTE unclassified permanent positions. The agency requests a supplemental enhancement of \$45,200 from the EDIF for four vehicles to be used in the Rural Opportunity Program.

### Governor's Recommendation

The **Governor** concurs.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustment:

1. **New Vehicles.** Delete \$45,200 from the Economic Development Initiatives Fund (EDIF) for the purchase of four new vehicles. The agency planned to use these vehicles for the Rural Opportunity Program organized within the Community Development Program Division. The program was authorized by the 2007 Legislature to provide financial and technical assistance to communities for projects that will enhance living environments and promote economic opportunities. The agency stated that the funding for the traveling needs of the program's four new employees was inadvertently not included in the initial request for this new program. The Subcommittee believes that if new vehicles need to be purchased, it can be accomplished within the department's current operational budget.

## Senate Subcommittee Report

**Agency:** Department of Commerce      **Bill No.** SB      **Bill Sec.**

**Analyst:** Holwegner      **Analysis Pg. No.** Vol.-      **Budget Page No.**

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	Senate Subcommittee Adjustments*
<b>Operating Expenditures:</b>			
State General Fund	\$ 613,705	\$ 618,272	\$ (5,817)
Other Funds	113,565,665	116,067,761	(675,146)
Subtotal - Operating	<u>\$ 114,179,370</u>	<u>\$ 116,686,033</u>	<u>\$ (680,963)</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	170,000	170,000	0
Subtotal - Capital Improvements	<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 114,349,370</u></u>	 <u><u>\$ 116,856,033</u></u>	 <u><u>\$ (680,963)</u></u>
 FTE Positions	 418.7	 418.7	 0.0
Non FTE Uncl. Perm. Pos.	48.0	48.0	0.0
TOTAL	<u><u>466.7</u></u>	<u><u>466.7</u></u>	<u><u>0.0</u></u>

\* Of the Subcommittee's recommended reductions, \$637,763, including \$5,817 from the State General Fund, is related to pay plan adjustments.

### Agency Request

The Department of Commerce requests an FY 2009 operating budget of \$114,179,370. This includes \$613,705 from the State General Fund, \$18,578,453 from the EDIF, and \$97,171,307 from all other funds. This is a decrease of \$22,758,576, or 16.6 percent, below the revised current year estimate. Requested State General Fund expenditures are decreased by \$11,235, or 1.8 percent, below the revised budget. Requested EDIF expenditures are decreased by \$1,248,582, or 6.3 percent. The request would finance 466.7 positions, which includes 418.7 FTE positions and 48.0 non-FTE unclassified permanent positions, a decrease of 5.7 FTE and 1.5 non-FTE unclassified permanent positions from the revised current year estimate. The request includes enhancement funding of \$240,200 from all funds.

### Governor's Recommendation

The Governor recommends \$116,686,033 for an operating budget in FY 2009. This includes \$618,272 from the State General Fund, \$18,757,397 from the EDIF, and \$97,310,364 from all other funds. Compared to revised recommended budget for FY 2008, this a decrease of \$20,251,913, or 14.8 percent, from all funds, a decrease of \$6,668 from the State General Fund, or 1.1 percent, and a decrease of \$1,069,638, or 5.4 percent, from the EDIF. The Governor's recommendation also includes \$2,000,000 from the Expanded Lottery Act Revenue Fund (ELARF) for a Bioenergy Research Program. This new initiative was not requested by the agency.

## Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustments and comments:

1. **Pay Plan Adjustments.** Delete \$637,763, including \$5,817 from the State General Fund, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
  - a. **State Employee Pay Increases.** Delete \$402,297, including \$3,749 from the State General Fund, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
  - b. **Classified Employee Pay Plan.** Delete \$88,866, including \$818 from the State General Fund, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate.
  - c. **Longevity Pay.** Delete \$146,600, including \$1,250 from the State General Fund, to remove the amount recommended by the Governor for longevity bonus payments.
2. **Replacement of Vehicles.** Delete \$43,200, which includes \$21,600 from the EDIF and \$21,600 from the Wagner Peyser Federal Fund, for the replacement of three vehicles.
3. **Bioenergy Research Program.** The Subcommittee notes that the Governor has recommended \$2,000,000 from the Expanded Lottery Act Revenue Fund (ELARF) for a new Bioenergy Research Program. As stated in Volume I of the *Governor's Budget Report*, "This program will provide grants and low interest loans to finance the commercialization of new technological breakthroughs in bioenergy research. Commercializing new technologies will require significant capital to fund the engineering, modeling, and other early stage development expenses. This funding will assist bioenergy companies and research institutes in Kansas develop and implement new technologies to produce the most cost-effective renewable fuels, including cellulosic ethanol, biodiesel, and other biofuels." This recommendation was not requested by the agency. The Subcommittee cautions that this money may not necessarily materialize due to pending litigation challenging the constitutionality of the Expanded Lottery Act.

## Senate Subcommittee Report

**Agency:** Kansas Inc.                      **Bill No.** SB                                              **Bill Sec.**  
**Analyst:** Holwegner                      **Analysis Pg. No.** Vol.-                                              **Budget Page No.**

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	704,348	704,348	0
Subtotal - Operating	<u>\$ 704,348</u>	<u>\$ 704,348</u>	<u>\$ 0</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 704,348</u></u>	<u><u>\$ 704,348</u></u>	<u><u>\$ 0</u></u>
FTE Positions	4.5	4.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>5.5</u></u>	<u><u>5.5</u></u>	<u><u>0.0</u></u>

### Agency Estimate

Kansas, Inc., requests a revised FY 2008 budget totaling \$704,348 from other funds. This includes \$504,743 from the Economic Development Initiatives Fund (EDIF) and \$199,605 from the Kansas, Inc., Private Fund. The revised budget request is a decrease of \$13,538, or 1.9 percent, below the amount approved by the 2007 Legislature. The request would fund the currently approved 5.5 positions (with 1.0 position being a non-FTE unclassified permanent position).

### Governor's Recommendation

The Governor concurs.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Kansas Inc.                      **Bill No.** SB                                      **Bill Sec.**  
**Analyst:** Holwegner                      **Analysis Pg. No.** Vol.-                                      **Budget Page No.**

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	Senate Subcommittee Adjustments*
<b>Operating Expenditures:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	700,998	617,839	13,159
Subtotal - Operating	<u>\$ 700,998</u>	<u>\$ 617,839</u>	<u>\$ 13,159</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 700,998</u></u>	<u><u>\$ 617,839</u></u>	<u><u>\$ 13,159</u></u>
FTE Positions	4.5	4.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>5.5</u></u>	<u><u>5.5</u></u>	<u><u>0.0</u></u>

\* Of the Subcommittee's recommended reductions, \$10,841, all from special revenue funds, is related to pay plan adjustments.

### Agency Request

Kansas, Inc., requests an FY 2009 budget of \$700,998 from other funds. This includes \$495,976 from the EDIF and \$205,022 from the Kansas, Inc., Private Fund. This is a decrease of \$3,350, or 0.5 percent, below the revised current year estimate. The request would finance 5.5 positions, including 1.0 non-FTE unclassified permanent position. The request includes enhancement funding of \$94,000 from the EDIF.

### Governor's Recommendation

The Governor recommends \$617,839 for an operating budget in FY 2009. This includes \$409,831 from the EDIF and \$208,008 from the Kansas, Inc., Private Fund. Compared to the revised recommended budget for FY 2008, this a decrease of \$86,509, or 12.3 percent, from all funds, a decrease of \$94,912, or 0.2 percent, from the EDIF. Compared to the agency's requested budget, this is a decrease of \$83,159, or 11.9 percent, from all funds and a decrease of \$86,145, or 17.4 percent, from the EDIF. The request would finance 5.5 positions, including 1.0 non-FTE unclassified permanent position.

## Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustments and comments:

1. **Pay Plan Adjustments.** Delete \$10,841, all from special revenue funds, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
  - a. **State Employee Pay Increases.** Delete \$10,841, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.
2. **Operations.** Add \$16,000 from the Economic Development Initiatives Fund (EDIF) for the current operations of Kansas, Inc. The additional funds should lessen the impact on the private accounts fund. That are used to fund the agency. At the current rate, those funds would be soon depleted. This additional funding will be used for operational expenses other than salaries and wages.
3. **Office Assistant Hours and Benefits.** Add \$8,000 from the EDIF for the compensation of an office assistant position. This position is now budgeted to work for less than 1,000 hours per fiscal year. The position has been difficult to fill due to the lack of benefits. The agency wishes to add 300 hours to the position; the position will still remain part-time but will allow for the payment of benefits. The Subcommittee believes this money will help recruit and retain a qualified individual.



## Senate Subcommittee Report

**Agency:** Kansas Technology Enterprise Corporation **Bill No.** SB

**Bill Sec.**

**Analyst:** Holwegner

**Analysis Pg. No. Vol.-**

**Budget Page No.**

Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	14,504,610	14,068,311	0
Subtotal - Operating	\$ 14,504,610	\$ 14,068,311	\$ 0
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 14,504,610</b>	<b>\$ 14,068,311</b>	<b>\$ 0</b>
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<b>16.0</b>	<b>16.0</b>	<b>0.0</b>

### Agency Estimate

The Kansas Technology Enterprise Corporation (KTEC) requests a revised FY 2008 budget totaling \$14,504,610. This includes \$12,704,610 from the Economic Development Initiatives Fund (EDIF) and \$1,800,000 from federal funds. The revised budget request is a net increase of \$17,908, or 0.1 percent, above the amount approved by the 2007 Legislature. The agency plans to reallocate \$333,333 of its budgeted amount from other assistance to state operations; the amount shifted is equal to 2.3 percent of the revised budget request. According to the agency, this money would be used in cooperation with the Kansas Bioscience Authority to start Heartland BioVentures. The request would fund 16.0 FTE positions, the same level as the 2007 Legislature approved.

### Governor's Recommendation

The Governor recommends \$14,068,311 from all funds for a revised FY 2008 budget. This amount includes \$12,268,311 from the EDIF. Compared to the budget initially approved by the 2007 Legislature, this is a decrease of \$418,391, or 2.3 percent. Compared to the agency's revised estimate, this is a decrease of \$436,299, or 3.0 percent. The Governor reduces salaries and wages and does not agree with the agency's request to shift funding from other assistance to state operations.

## Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following comment:

1. Review at omnibus the lapsing of \$436,000 from the Economic Development Initiatives Fund (EDIF). A portion of the money was originally planned for salary and wages (\$103,000) and the remainder (\$333,000) had been tentatively planned to be used in concert with the Kansas Bioscience Authority to fund the start-up costs for Heartland BioVenture. This new entity would create a funding source that would be used to provide business development services and attract venture capital to promising bioscience companies. After further discussion with the Bioscience Authority, the agency decided not to pursue the initiative. The Subcommittee believes these funds could still be used by agency, but any changes should take into account the estimated ending balances of the EDIF prior to the start of omnibus.

## Senate Subcommittee Report

**Agency:** Kansas Technology Enterprise Corporation **Bill No.** SB

**Bill Sec.**

**Analyst:** Holwegner

**Analysis Pg. No. Vol.-**

**Budget Page No.**

Expenditure Summary	Agency Request FY 09	Governor's Recommendation FY 09	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	18,407,065	14,337,652	(30,841)
Subtotal - Operating	\$ 18,407,065	\$ 14,337,652	\$ (30,841)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 18,407,065	\$ 14,337,652	\$ (30,841)
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	16.0	16.0	0.0

\*All of the Subcommittee's recommended reductions are related to pay plan adjustments.

### Agency Request

The agency requests \$18,407,065 from all funds for an operating budget for FY 2009. This includes \$16,607,065 from the EDIF and \$1,800,000 from federal funds. This is an increase of \$3,902,455, or 26.9 percent, above the revised current year estimate. The request would finance 16.0 FTE positions. The request includes enhancement funding of \$4,000,000 from the EDIF.

### Governor's Recommendation

The Governor recommends \$14,337,652 from all funds for a FY 2009 budget. This amount includes \$12,537,652 from the EDIF. Compared to the revised FY 2008 recommendation, this an increase of \$269,341, or 1.9 percent. Compared to the agency's request, this is a decrease of \$4,069,413, or 22.1 percent. The recommendation would fund 16.0 FTE positions with a 7.0 percent salaries and wages shrinkage rate. The Governor does not recommend any of the enhancements requested by the agency.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustments and comments:

1. **Pay Plan Adjustments.** Delete \$30,841, all from special revenue funds, to remove the following pay plan adjustments recommended by the Governor. Pay plan adjustments will be considered in a separate bill.
  - a. **State Employee Pay Increases.** Delete \$30,841, all from special revenue funds, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment.



Kansas Association  
for the  
Medically Underserved  
*The State Primary Care Association*

---

1129 S Kansas Ave., Suite B Topeka, KS 66612 785-233-8483 Fax 785-233-8403 www.kspca.org

**Testimony on:**  
Informational Overview and Briefing on:  
Safety Net Clinics

**Presented to:**  
Senate Ways and Means Committee

**By:**  
Cathy Harding  
Executive Director

**February 13, 2008**

**For additional information contact:**

KAMU  
1129 S Kansas Ave., Ste. B  
Topeka, KS 66612  
Ph: (785) 233-8483  
Fax: (785) 233-8403

---

**Primary Care Safety Net Clinics - A Good Investment**

---

Senate Ways and Means  
2-25-08  
Attachment 3

Senate Ways and Means Committee  
February 13, 2008

Mr. Chairman, members of the Committee, I am Cathy Harding, Executive Director of the Kansas Association for the Medically Underserved, also known by the acronym KAMU. KAMU's membership is comprised of 33 organizational and four associate members, all of which provide health services to low-income individuals regardless of ability to pay. This afternoon, I would like to briefly describe the role that Kansas safety net clinics currently play in the health care system and then talk a little bit about the role that we think the safety net clinics can play in health reform.

Let me start by spending a couple of minutes describing the population we serve. Ninety-two percent of our patients have incomes below 200 percent of the federal poverty level. "Federal poverty level (FPL)" is a term that is used quite often in health care policy discussions. To give it some context, the median income in the United States falls in the range between 325 and 350 percent of poverty. So, people with incomes below 200 percent of poverty have incomes that are less than 60 percent of the median income. These are the people who are most at risk of being uninsured or underinsured. Among them, approximately 30 percent of people with incomes below 100 percent of poverty and 20 percent of people between 100 and 200 percent of poverty have no private *or* public health insurance. To put those statistics into perspective, in our state this means there are 173,562 uninsured Kansans under the age of 65 who live in families with incomes below 200 percent of poverty (U.S. Census Bureau estimates).

As I said, these are the people we treat. Sixty-three percent of all of our patients have incomes below 100 percent of poverty; 29 percent have incomes between 100 and 200 percent of poverty. Only thirteen percent of our patients have private insurance. Approximately 20 percent have either Medicaid or HealthWave, 11 percent have Medicare coverage, but 56 percent have no insurance at all. (Graph)

Many low-income people have chronic conditions, such as diabetes, asthma, and hypertension. The safety net clinics of Kansas attempt to help these patients manage their health care in a medical home. "Medical home" is a term you will no doubt hear a lot this session. I won't spend a great deal of time describing the concept today, but I will say that the safety net clinics endorse the medical home model and have been moving to implement the model for several years. We provide comprehensive primary care services which emphasize prevention and chronic disease management using approaches developed by the Institute for Health Care Improvement. In many cases, we offer integrated primary, oral and behavioral health services. We create sustained relationships between patients and caregivers. We provide enabling and supportive services – such as translation, transportation, and other culturally appropriate services – that promote health literacy and help improve outcomes.

And we have been growing. In 2004, we provided services to roughly 121,000 patients (333,000 visits). In 2006, the most recent year for which we have data, we provided care to 166,000 unduplicated users (426,000 visits) – an increase of 37 percent in two years.

That's who we have been treating, but who *aren't* we treating? Let's focus exclusively on the low-income uninsured. We estimate that in 2006 we saw approximately 93,000 uninsured patients. This is 54 percent of the 176,562 low-income uninsured Kansans estimated by the

Senate Ways and Means Committee  
February 13, 2008

Census Bureau. This means, of course, that there some 46 percent of the low-income uninsured were not seen in our clinics.

Some of these individuals were no doubt in good health and, arguably, did not require medical or dental services. But some did. The consequences of under-service are profound. First of all, there is the cost to the individual in terms of untreated disease and disability. But there are also costs to the system. Just because a person does not have insurance, does not mean that he or she does not receive services. Typically, a person who does not have insurance and who lacks a usual source of care will delay care until an acute episode occurs and then will go to the place that is always open and where he or she will always be seen, regardless of ability to pay – the hospital emergency department. The Hospital ED is an expensive source of care. Sometimes, the conditions are so acute that the person has to be admitted. The hospital is a *very* expensive source of care.

In 2003, the U.S. Agency for Healthcare Research and Quality published a report on avoidable hospitalizations. The study examined what are called ambulatory care sensitive conditions – conditions for which timely and effective ambulatory care can help prevent or avoid the need for hospitalization. Examples of ambulatory care sensitive conditions are asthma, diabetes, hypertension, bronchitis, gastroenteritis, and pneumonia. Kansas was one of the states that provided data to the study. The study calculated expected hospitalization rates for these conditions and compared them to actual rates for the states that contributed data. Here is what they found: the observed hospitalization rate in Kansas for the marker conditions was 21.4 percent greater than expected in the 0-17 years of age cohort; the Kansas rate was 22.8 percent higher for the 18-39 years of age cohort; and 8.5 percent higher for the 40-64 years of age cohort. The difference between the expected rate and the Kansas observed rate can be considered avoidable hospitalizations.

The costs resulting from avoidable hospitalizations are generally charged to charity or written off as bad debts by the hospital. But these services are not provided free of cost. Someone has to pay this cost. In practice, these costs are shifted to the people who pay charges or marginally discounted charges – in other words commercially insured patients. These avoidable hospitalizations make costs higher for insured patients and premiums more expensive for all Kansans with health insurance.

The people most likely to not receive timely and effective primary care services are those who have low incomes, no insurance, and no regular source of care. The most humane and cost effective way of avoiding these expensive and unnecessary hospital admissions is to care for these patients in primary care medical homes. One study estimates that for every dollar spent on care provided in a safety net clinic, at least three dollars is saved on more expensive care elsewhere in the system.

Unfortunately, after years of growth, the capacity of the safety net in Kansas is growing thin. In order to care for substantially more patients, it is necessary to recruit new doctors and dentists, employ more nurses and lab techs, purchase new equipment, expand our physical capacity, and open new clinics in areas of the state where they are needed but do not now exist.



Senate Ways and Means Committee  
February 13, 2008

Because the safety net clinics do not have many patients with health insurance, we cannot finance increases in the number of uninsured patients we see by shifting costs – there is no place to shift costs. We must rely on the good will of benefactors and volunteers who donate money and time to our clinics. The Legislature in recent years has also been very generous to the safety net. These sources of public and private funds have permitted the safety net to grow. To serve more patients and make the kinds of needed changes to the safety net infrastructure we need to ask for your help again.

To develop the infrastructure that allows the safety net to more effectively care for underserved Kansans in the future we believe these four components are essential:

**Funding for workforce development** so that adequate numbers of providers are available for safety net clinics to serve a greater number of patients. An investment in recruitment for dental and medical providers is needed.

**Technology development/enhancement** will result in greater efficiency, which will translate into increased capacity to serve more people. KAMU is beginning discussions with private funders about resources to implement Electronic Health Records for our members.

**Funding for capital financing** will help clinics build their capacity by acquiring the facilities, furnishings, equipment, and inventories of drugs and supplies they require. Most safety net clinics cannot afford substantial expansions, even if they are debt-financed. Therefore, KAMU recommends creation of a state safety net clinic capital grant program.

**Funding to increase the capacity to provide technical and growth assistance** for non-federally funded safety net clinics. Somewhat unique among state Primary Care Associations, KAMU's membership includes 22 clinics that receive no federal funds. Although KAMU receives a federal grant of more than \$500,000 annually, these dollars are earmarked for assistance to federally funded health centers (numbering 11) and some limited community development to increase the number of clinics who receive federal funding. In order to provide state-funded clinics with the support they need to achieve the growth projected through this proposal, KAMU must increase its staff capacity to provide training and assistance for these clinics. Specific efforts will be in these areas of assistance:

- **Community and facility planning** – to expand the safety net geographically to reach all areas of need.
- **Organizational development** – to improve the internal efficiency of safety net clinics to make limited funds stretch further.
- **Clinic finance and management systems** – to assist clinics to develop the tools necessary to become sustainable.
- **Clinical and administrative quality improvement programs** – to develop the systems, metrics, and culture necessary to operate in a continuous quality improvement environment.

We also recommend that in the next year we improve our effort to enroll people in Medicaid and HealthWave who are currently eligible. Enrolling them will reduce the number of uninsured people and improve their access to health services. We want to help enroll these eligible people, and have two proposals to do that. First, station eligibility workers at safety net clinics with the

Senate Ways and Means Committee  
February 13, 2008

exclusive purpose of enrolling individuals in the health insurance programs for which they are eligible. Second, we suggest that the current presumptive eligibility experiment in Sedgwick County be expanded by five sites. Presumptive eligibility treats low-income people who present for care at clinics as if they already have Medicaid, pending their formal determination.

Finally, we believe that the current safety net has the capacity to absorb an increase of between 10 to 20 percent in the number of uninsured users, contingent upon the availability of funding to finance the extra services. An increase of this size would provide service to between 9,444 and 18,889 new uninsured Kansans.

Our ability to provide health services to underserved Kansans is limited not by our desire nor by our will, but by the capacity of the safety net. We need your help to allow us to serve more patients today and to prepare to care for even more patients tomorrow. Promoting the safety net clinics alone will not solve all of the problems of health care delivery and financing in Kansas. But it will make a significant, cost-effective contribution to moving people from the roles of the uninsured to public health insurance programs for which they are currently eligible. By increasing the capacity of safety net clinics to treat more uninsured persons, we not only provide needed services to them, but we avoid the costs of excess emergency department use and unnecessary hospitalizations. Mr. Chairman, members of the Committee, I would be pleased to answer any questions you might have.



**Providing a Medical Home**  
**Who the Kansas Safety Net Serves**

The primary care safety net  
clinics in Kansas  
care for all patients regardless  
of their ability to pay.

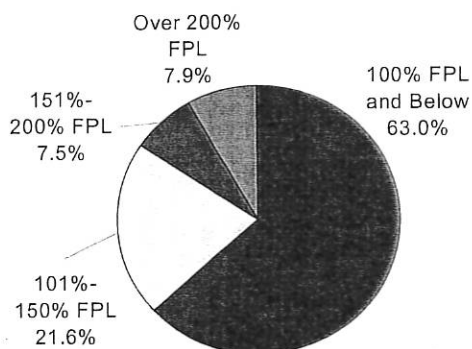
Many clinics provide a true  
medical home through  
integrated medical, dental and  
behavioral health services.

**Statewide Clinic Use  
in 2006**

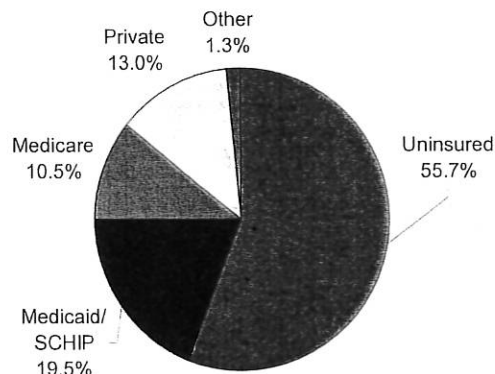
<b>Total Patients</b>	<b>166,233</b>
<b>Total Visits*</b>	<b>425,900</b>
Medical Visits	354,160
Dental Visits	55,631
Behavioral Health Visits	13,040

\*Other supportive services are included in the total.

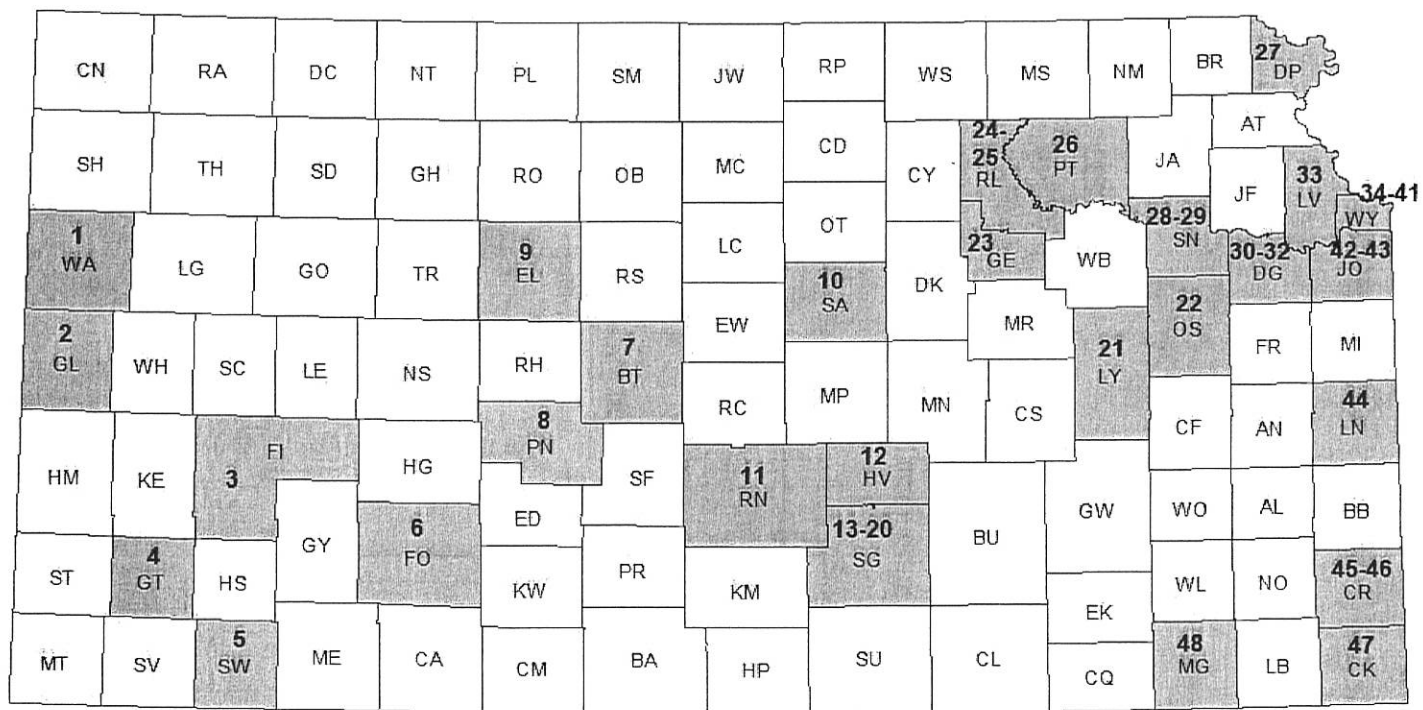
**Statewide  
2006 Patient Income Level  
Percent of Federal Poverty Level**



**Statewide  
2006 Patient Insurance Status**



# Kansas Primary Care Safety Net Clinics and Satellite Locations 2008



**Clinics with locations in more than one county are identified in each county served. If a clinic has multiple sites in its home county, the number of sites is indicated in parentheses.**

Statewide: The Kansas Statewide Farmworker Health Program has 117 access points.

- 1 Wallace/Greeley County Health Services
- 2 Wallace/Greeley County Health Services
- 3 United Methodist Mexican-American Ministries, Inc. (UMMAM)
- 4 UMMAM

- 5 UMMAM
- 6 UMMAM
- 7 We Care Project, Inc.
- 8 We Care Project, Inc.
- 9 First Care Clinic of Hays
- 10 Salina Family Health Care Center
- 11 PrairieStar Health Center
- 12 Health Ministries Clinic
- 13 Center for Health & Wellness, Inc.
- 14 Good Samaritan Health Ministries
- 15 GraceMed Health Clinic, Inc. (3)
- 16 Guadalupe Clinic, Inc. (2)
- 17 Healthy Options for Kansas Communities
- 18 Hunter Health Clinic (5)
- 19 Mother Mary Anne Clinic
- 20 St. Mark, E.C. Tyree Health Clinic
- 21 Flint Hills Community Health Center

- 22 Flint Hills Community Health Center
- 23 Konza Prairie Community Health Center
- 24 Riley County Community Health Clinic
- 25 Flint Hills Community Clinic
- 26 Community Health Ministry Clinic (2)
- 27 Wathena Medical Center
- 28 Marian Clinic (2)
- 29 Shawnee County Health Agency (3)
- 30 Douglas County Dental Clinic
- 31 Health Care Access
- 32 Heartland Medical Clinic
- 33 Saint Vincent Clinic
- 34 Children's Mercy West, The Cordell Meeks, Jr. Clinic
- 35 Community Health Council of Wyandotte County
- 36 Duchesne Clinic

- 37 KU Health Partners/Silver City Health Center
- 38 Mercy and Truth Medical Missions (2)
- 39 Southwest Boulevard Family Health Care
- 40 Swope Health, Wyandotte and Quindaro (2)
- 41 Turner House Clinic for Children
- 42 Health Partnership Clinic of Johnson County (2)
- 43 Mercy and Truth Medical Missions
- 44 Mercy Health Systems: Pleasanton Rural Health Clinic (RHC)
- 45 Community Health Center of Southeast Kansas (3)
- 46 Mercy Health Systems: Arma RHC
- 47 Community Health Center of Southeast Kansas (2)
- 48 Mercy Health Systems: Cherryvale RHC