

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder on April 21 - 22, 2009, in Room 143-N of the Capitol.

All members were present except on April 21:
Representative Jerry Henry - excused

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
Nobuko Folmsbee, Office of the Revisor of Statutes
Jim Wilson, Office of the Revisor of Statutes
Christina Butler, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Kelly Cure, Chief of Staff
Kathy Holscher, Committee Assistant

Conferees appearing before the Committee:
None

Others attending:
See attached list.

HB 2022 - Supplemental appropriations for FY 2009 for various state agencies.

April 21, 2009

10:18 a.m.

Introduction of Legislation

Representative Watkins moved to introduce legislation regarding the introduction of the FY 2010 Omnibus Reconciliation Act. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Feuerborn moved to introduce legislation that would suspend the phase-out of the corporate franchise tax and estate tax, and eliminate the community service tax credit and accelerate the severance tax. The motion was seconded by Representative Watkins. Motion carried.

Representative Feuerborn moved to introduce legislation that would: 1) suspend the cuts in top corporation's income tax rate that are being phased in under the current law, 2) suspend future increases and diversion of the SGF severance tax receipts. The motion was seconded by Representative Sawyer. Motion carried.

Overview of Items for Omnibus and Financial Reports

J.G. Scott, Legislative Research Department, provided an overview of the Items for Omnibus Consideration document, which is incorporated into these minutes, starting on page 3.

Amy Deckard, Legislative Research Department, provided an overview of the Consensus Caseload Estimates for FY 2009 and FY 2010, (Attachment 1). The FY 2009 estimate is an increase from all funding sources of \$7.7 million and a decrease of \$17.5 million from the SGF. The FY 2010 estimate is an increase of \$5.8 million for all funding sources and a decrease of \$20.8 million from the SGF.

Amy Deckard, Legislative Research Department, provided an overview of the Children's Initiative Fund, (Attachment 2).

Heather O'Hara, Legislative Research Department, provided an overview of the State Water Plan Fund, (Attachment 3).

Michael Steiner, Legislative Research Department, provided an overview of the Economic Development Initiatives Fund, (Attachment 4).

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 10:00 a.m. on April 21 - 22, 2009, in Room 143-N of the Capitol.

Alan Conroy, Director, Legislative Research Department, provided an overview of the State General Fund receipts revisions for FY 2009 and FY 2010, (Attachment 5). Tax receipts reflect the largest downward revision in the history of the Consensus Revenue Estimating Group. The downward adjustment for tax receipts FY 2009 and FY 2010 totaled \$744.2 million, or 4.1 percent below the November estimate. The projected SGF shortfall for FY 2010 is \$328.4 million, which does not include \$20 million for the SW Kansas ice storm or other Omnibus items that have not been factored in, additional revenue loss or disaster relief. With this factors included the ending balance is projected to be a shortfall of approximately \$450 million in the State General Fund.

Mr. Conroy responded to questions from Committee members regarding: retail sales tax; case load estimates; inflation; prior consensus revenue estimates; bonds; and the Governor's with the State Finance Council's authority to reduce the approved budget.. Alan stated that the Governor builds the budget based on November revenue estimates and in April estimates are used by the Legislature, under current law, to reconcile items in the Omnibus Bill.

J.G. Scott, Legislative Research Department, provided an overview of the Governor's Budget Amendment, (Attachment 6).

The meeting was recessed at 11:38 a.m. for members to caucus in their respective chambers, followed by Budget Committee meetings at 12:30 p.m., which were held separately to work on their respective agency budgets.

April 22, 2009

The meeting was reconvened by Chairman Yoder at 9:28 a.m.

Representative Watkins made a motion to approve the minutes from the February and March Appropriations Committee meeting. The motion was seconded by Representative Mast. Motion carried.

Representative Feuerborn made a motion to introduce legislation to include in the tax suspension bill, which was introduced yesterday, the inclusion of decoupling from the federal stimulus dollars. The motion was seconded by Representative Watkins. Motion carried.

Representative Yoder made a motion to introduce legislation for the Kansas Bio Science Authority relating to the Bio Science development and investment fund. The motion was seconded by Representative Watkins. Motion carried.

Representative Watkins made a motion to open HB 2022 and remove the contents therein. The motion was seconded by Representative Whitham. Motion carried.

Items for Omnibus Consideration

(For purposes of clarity, the "Items for Omnibus Consideration" report (Attachment 19), prepared by Legislative Research Department, has been included in these minutes which follows the FY 2010 recommendations of the Budget Committees and actions taken by the full Appropriations Committee.)

Representative Watkins, Chair of the General Government Budget Committee, presented the Budget Committee Report on the Governmental Ethics Commission, State Finance Council, Office of the Governor, Lieutenant Governor, Attorney General, State Treasurer, Insurance Department, Judicial Branch, Kansas Public Employees Retirement System, Kansas Human Rights Commission, Department of Administration, Court of Tax Appeals, Department of Revenue, Kansas Lottery and Department of Labor, (Attachment 7). Agency budgets represent a 5 percent reduction in State General Fund or \$16,897,703, an increase of \$3,098,305 in All Other Funds, and a reduction of \$13,799,398 in All Funds. The Budget Committee recommendation deleted the language authorizing the Governor to increase state employee salaries by 1.0

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 10:00 a.m. on April 21 - 22, 2009, in Room 143-N of the Capitol.

percent.

Representative Watkins made a motion for the adoption of the General Government Budget Committee reports. The motion was seconded by Representative Whitham.

Budget Committee members responded to questions from Committee members regarding pay adjustments, the state of the economy and the impact of budget reductions.

Representative Lane made a motion to remove item #1 under the Pay Adjustments. The motion was seconded by Representative Feuerborn. Motion failed.

Representative Watkins made a motion to amend the report that would appropriate funds in accordance to SB 44 regarding false claims litigation. The motion was seconded by Representative Burroughs. Motion carried.

Representative Watkins renewed the General Government Budget Committee reports as amended. Motion carried.

Representative McLeland, Chair of the Education Budget Committee, presented the Budget Committee Report on the Board of Regents, Kansas State University, KSU- Extension Systems and Agricultural Research Program, KSU-Veterinary Medical Center, University of Kansas, University of Kansas Medical Center, Fort Hays State University, Emporia State University, Pittsburg State University, Wichita State University, Department of Education, State Library, Kansas Arts Commission, School for the Blind, School for the Deaf, and State Historical Society, (Attachment 8). The Budget Committee recommendation was a 3.3 percent reduction for the educational institutions, and a 5 percent reduction for the State Library, Kansas Arts Commission and State Historical Society.

Representative McLeland made a motion for the adoption of the Education Budget Committee reports. The motion was seconded by Representative Feuerborn.

Budget Committee members responded to questions from Committee members regarding the requirements of the ARRA. The Education and American Recovery and Reinvestment Act Funding Calculation was reviewed. (Attachment 9).

Representative Mast made a motion to reduce all education budgets by 4.82%. The motion was seconded by Representative McLeland.

Discussion followed by Committee members regarding targets for determining budget cuts.

Raegan Cussimano, Legislative Research Department, responded to questions from Committee members regarding the distribution of \$192.2 million in ARRA funds. The BSAPP would be reduced to \$4,177 with the proposed cuts.

Representative Sawyer made a substitute motion to keep the Education budget reduction at 3.3 percent and to lower the Social Services Budgets to 3.3 percent.

Chairman Yoder ruled the motion out of order and requested that motions be made within the appropriate Budget report.

Representative Sawyer withdrew the motion.

Clarification was provided regarding the Mast amendment, which would be an additional \$150 million in education budget reductions. Concerns were expressed regarding budget cuts and the impact on K-12, and the need to keep the BSAPP at or above the FY 2006 level in order to secure stimulus dollars. Committee members stated the need for more information on the impact of taxes, furloughs, the Governor's GBA and other sources needed in order to make the necessary budget recommendations for FY 2010 and into the future.

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Minutes of the House Appropriations Committee at 10:00 a.m. on April 21 - 22, 2009, in Room 143-N of the Capitol.

Representative Mast renewed the motion. Motion failed.

Representative McLeland renewed the motion for the adoption of the Education Budget Committee reports. Motion carried.

Representative Mast, Chair of the Social Services Budget Committee, presented the Budget Committee reports for the Commission on Veterans Affairs, Department of Health and Environment - Health, Department on Aging, Health Policy Authority, Social and Rehabilitation Services, Rainbow Mental Health Facility, Kansas Neurological Institute, Parsons State Hospital, Osawatomie State Hospital, Larned State Hospital, Kansas Guardianship Program and Children's Initiatives Fund, (Attachment 10). The Budget Committee recommendation included a 5 percent cut within all agencies.

Representative Mast made a motion for the adoption of the Social Services Budget Committee reports. The motion was seconded by Representative Crum.

Representative Sawyer made a motion to change the Social Services Budget reduction from 5 percent to 3.3 percent. The motion was seconded by Representative Henry.

Discussion followed by Committee members. Information was requested from the Tax Committee on the dollars impacting the agencies with a 7 percent, 5 percent and 3 percent reduction, and any federal match money that may be effected. The concern for the fairness of across the board cuts was discussed.

Representative Sawyer renewed the motion. Motion failed.

Representative Watkins made a motion for a proviso regarding K.S.A. 75-3739, (Attachment 11). The motion was seconded by Representative Mast. Motion carried.

Representative Mast made a motion for a proviso preventing a program cut for the Enhanced Care Management pilot program, which is under the Kansas Health Policy Authority. The motion was seconded by Representative Watkins.

Budget Committee members provided an overview of this program and explained the cost savings of this program, which is volunteer based.

Representative Mast renewed the motion. Motion carried.

Representative Ballard made a motion for a proviso to delete the budget cut of \$60,000 for the Kansas Guardianship program. The motion was seconded by Representative Henry.

Budget Committee members responded to questions from Committee members regarding the impact of a 5 percent reduction for this program, which is volunteer based.

Representative Ballard renewed the motion. Motion carried.

Representative Henry made a motion not to remove \$3.56 million from Children's Initiatives Fund for the Early Childhood Block Grant, and recommended further review. The motion was seconded by Representative Feuerborn.

Representative Crum presented an overview of the Kansas Children's Cabinet & Trust Fund, (Attachment 12).

Discussion by Committee members followed regarding the importance of funding WIGME without disrupting Children's Initiatives program.

Amy Deckard, Legislative Research Department, provided an explanation of the Budget Committee reduction in expenditures from the Children's Initiatives Fund for the Early Childhood Block Grant and reduced the

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Minutes of the House Appropriations Committee at 10:00 a.m. on April 21 - 22, 2009, in Room 143-N of the Capitol.

revenues in the Children's Initiative Fund for the corresponding amounts.

Further discussion by Committee member followed. The impact of the WCGME program in rural communities was discussed.

Representative Henry renewed the motion. Motion failed.

Representative Crum made a motion for a proviso to maintain funding of the \$80,000 cut for Cerebral Palsy's Posture Seating program. The motion was seconded by Representative Donohoe.

Discussion followed by Committee members.

Representative Crum renewed the motion. Motion failed

Discussion followed by Committee members regarding the impact of budget cuts in hospitals and within the Department on Aging.

Representative Mast renewed the motion to approve the Social Services Budget reports as amended. Motion carried.

The meeting was recessed at 11:38 a.m.

The meeting was reconvened by Chairman Yoder at 1:03 p.m.

Representative Faber, Chair of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Board of Accountancy, State Bank Commissioner, Department of Credit Unions, Securities Commissioner, Board of Veterinary Examiners, Kansas Corporation Commission, Citizens' Utility Ratepayer Board, Kansas Technology Enterprise Corp., Department of Health and Environment - Environment, Department of Agriculture, Animal Health Department, Kansas State Fair Board, State Conservation Commission, Kansas Water Office, Department of Wildlife and Parks and State Water Plan Fund, (Attachment 13). 5 percent was swept from fee funded agencies, with the exception of the State Bank Commissioner of which 2.5 percent was reduced from the fee funds and a 2.5 percent reduction from the KSIP fund.

Representative Faber made a motion for the adoption of the Agriculture and Natural Resources Budget reports. The motion was seconded by Representative Light.

Representative Whitham made an amendment to the motion to delete the Budget Committee's recommendation to delete fee funds from the State Board of Accountancy, State Bank Commissioner, Department of Credit Unions, Securities Commissioner, Kansas Corporation Commission, Citizens' Utility Ratepayer Board, and item #2 of the Board of Veterinary Examiners. The motion was seconded by Representative Donohoe.

Budget Committee members responded to questions from Committee members in regards to: the total dollar amount of this reduction which would be \$1.9 million and applying this motion to all fee funded agencies that do not receive money from SGF. It was noted that the Governor's original budget included a one-time sweep of special revenue funds for FY 2009 for a reduction of \$21.5 million, and a sweep of 3 percent from non-SGF funded agencies for a reduction of \$2.2 million.

Representative Whitham renewed the motion as amended. The motion carried.

Committee members discussed the Budget Committee's recommendation to restore funding for the Kansas Technology Enterprise Corporation (KTEC), which receives no SGF. Concerns were expressed with the findings of the KTEC audit and particularly the rationale for determining salaries.

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Minutes of the House Appropriations Committee at 10:00 a.m. on April 21 - 22, 2009, in Room 143-N of the Capitol.

Representative Watkins made a motion for a proviso that KTEC provides a report to the legislature on or before January 11, 2010 addressing all of the concerns raised in the report that was commissioned by Kansas, Inc. The motion was seconded by Representative DeGraaf.

Discussion followed by Committee members regarding: KTEC annual report; compensation committee; the elimination of the bonus program; and board oversight.

Representative Watkins stated that he was not as concerned about the salary issue as much as the other areas identified in the report, and he stated that he would resend the motion with a commitment from Mr. Taylor, President & CEO of KTEC, to address these concerns in the annual report. Mr. Taylor nodded in agreement with this recommendation.

Representative Watkins made a motion to withdraw the proviso.

Representative Light made a motion to transfer \$600,000 from EDIF to SGF. The motion was seconded by Representative Carlin. Motion carried.

Representative Williams made a motion for a proviso of K.S.A. 9-1703 regarding the State Bank Commissioner, (Attachment 14). The motion was seconded by Representative Faber. Motion carried.

Representative Watkins made a motion for a proviso regarding the Wichita Aviation Technical Training program which would allow flexible spending and a report from WATC on September 1, 2009 on how this money was distributed. The motion was seconded by Representative Feuerborn. Motion carried.

Committee members expressed concerns for the Budget Committee's procedures and responsibilities.

Representative Watkins made a motion for a proviso requiring KTEC to provide a report on or before January 11, 2010, that would address all issues of concern in the Kansas, Inc. audit, which will be signed by their Board of Directors. The motion was seconded by Representative Gatewood. Motion carried.

Representative Faber made a motion for a proviso that would not compromise the grain warehousing inspection program. The motion was seconded by Representative Williams. Motion carried.

Representative Faber renewed the motion to adopt the Agriculture and Natural Resources Budget reports. Motion carried.

Representative Tafanelli, Chair of the Transportation and Public Safety Budget Committee, presented the Budget Committee report on the Board of Indigent's Defense Services, Department of Corrections, Topeka Correctional Facility, Hutchinson Correctional Facility, Lansing Correctional Facility, Ellsworth Correctional Facility, Winfield Correctional Facility, Norton Correctional Facility, El Dorado Correctional Facility, Juvenile Justice Authority, Kansas Juvenile Correctional Complex, Atchison Juvenile Correctional Facility, Beloit Juvenile Correctional Facility, Larned Juvenile Correctional Facility, Larned Correctional Mental Health Facility, Adjutant General, State Fire Marshal, Highway Patrol, Kansas Bureau of Investigation, Sentencing Commission and Kansas Department of Transportation. (Attachment 15). The Budget Committee recommended a 5 percent budget reduction in all agencies.

Representative Tafanelli made a motion for the adoption of the Transportation and Public Safety Budget Committee reports. The motion was seconded by Representative Gatewood.

Representative Tafanelli reviewed the Transportation and Public Safety Budget Committee concerns with the 5 percent budget reductions, (Attachment 16).

Discussion by Committee members followed regarding public safety and the impact of budget reductions.

Representative Sawyer made a motion to eliminate the 5 percent budget reduction and change the Transportation and Public Safety Budgets to 3.3 percent budget reduction. The motion was seconded by Representative Burroughs. Motion failed.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 10:00 a.m. on April 21 - 22, 2009, in Room 143-N of the Capitol.

Representative Kelley made a substitute motion to restore the 5 percent reduction to the Transportation and Public Safety Budgets from the K-12 and Board of Regents budgets in the amount of \$18 million. The motion was seconded by Representative Watkins. Motion failed.

Discussion followed by Committee members.

Representative Carlin made a motion to \$9,849,718 from EDIF which would be removed from KTEC to fund Public Safety. The motion was seconded by Representative Feuerborn.

Discussion followed by Committee members.

Representative Carlin renewed the motion. Motion failed.

Representative Donohoe made a motion to cut 1.6 percent more from the Education Budget and transfer the same amount to the Public Safety Budget. The motion was seconded by Representative Mast. Motion failed

Representative Kelley made a motion for a 4.5 percent (\$16.2 million) restoration for the Public Safety Budget from the K-12 and Board of Regents budgets. The motion was seconded by Representative Donohoe Motion carried.

Representative Tafanelli renewed the motion for the adoption of the Transportation and Public Safety Budget Committee reports as amended. Motion carried.

Representative Yoder, Chair of the Legislative Budget Committee, presented the FY 2010 Budget Committee reports for the Legislative Coordinating Council, Legislature, Legislative Research Department, Revisor of Statutes, Division of Post Audit, (Attachment 17). The Budget Committee recommended a 5 percent budget reduction for all agencies.

Representative Yoder made a motion for the adoption of the Legislative Budget Committee reports. The motion was seconded by Representative Watkins. Motion carried.

HB 2022 - Supplemental appropriations for FY 2009 for various state agencies.

Representative Kelley made a motion to furlough all State of Kansas employees one day per month for a one year, which includes fee funded agencies and exempts public safety and direct care staff. The motion was seconded by Representative Faber.

It was noted that this would be a savings to the state of \$70 million. Discussion followed by Committee members regarding the impact of furloughing employees, classifications, compliance within FSLA and agency operations.

Marilyn Jacobson, Department of Administration, responded to questions from Committee members regarding the issue of furloughing employees. It was determined that additional information will be needed regarding this issue.

Committee members received a copy of the estimated savings regarding State Employee Furlough, (Attachment 18). Discussion followed by Committee members.

Representative Kelley made an amendment to the motion which would furlough non-exempt state employees and salaried employees would receive a 5 percent pay reduction for one day per month for one year.

Discussion regarding the impact on elected officials, judicial and legislative staff and teaching credential requirements.

Representative Faber withdrew his second to the motion by Representative Kelley. Representative Donohoe seconded Representative Kelley's motion.

Marilyn Jacobson, Department of Administration, responded to questions from Committee members regarding

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Minutes of the House Appropriations Committee at 10:00 a.m. on April 21 - 22, 2009, in Room 143-N of the Capitol.

payroll modification as relates to furloughing employees or reducing wages.

Representative Kelley withdrew her motion.

Committee members discussed the need for additional information from the Legislative Research staff and the Department of Administration. Committee members were encouraged to submit their questions to J.G. Scott, Legislative Research Department, which will be addressed in Committee next Wednesday.

Representative Watkins made a motion to restore funding for JCIT technology projects until further review. The motion was seconded by Representative Feuerborn. Motion carried.

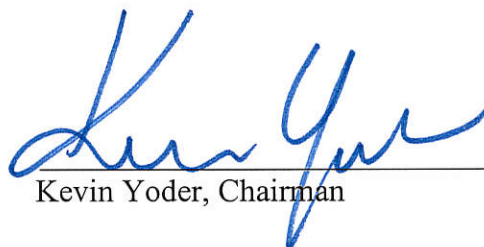
It was noted that these projects are primarily fee funded projects budgeted at \$2.5 million from All Funds and \$1.7 SGF.

Representative Mast made a motion to report **HB 2022** favorably as amended with technical amendments by staff. The motion was seconded by Representative Donohoe. Motion carried.

Chairman Yoder acknowledged lunch sponsors.

The next meeting is scheduled for Wednesday, April 29, 2009

Meeting adjourned at 4:20 p.m.



Kevin Yoder, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 4-21-09

NAME	REPRESENTING
Ross MERRY	Kennedy + Assoc.
Jim Clark	Health Care Stabilization Fund
Peggy Clements	Public Safety Council
Marilyn Jacobson	DOA
Bud Burke	Issues Mgmt. Group
Lisli Kaufman	The Co-op Council
John Botterby	Botterby & Assoc.
Ron Seckman	K3B10 / KARA / KAIT
Tom Kuhn	KASB
Joe Guss	KAW3A
Nancy Bryant	KSOS
PATRICIA SCALIA	RTDS
D. Moyer	KHPA
Lent Eckles	Kansas Chamber
Mike Heer	Heer Law Firm
Mary Derrity	KNET
Donna Campbell	KMHC

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 4-22-09

NAME	REPRESENTING
Berend Koops	Hein Law Firm
Doug Wareham	Kansas Bankers Assn.
LARRY R BAZEN	LKM
Michelle Butler	Capital Strategies
Matt Casey	GBA
SEAN MILLER	CAPITOL STRATEGIES
Bill Schepfer	KDOL
Jan Bruning	KSBD
Dodie Wellhear	USA/KS & KCSOV
Robin Curmets	Public Solutions LLC
Dan Penner	KS Indep College Assoc.
Wayne Bollig	KCUA
Jerry Sloan	Judicial Branch
Barb Conant	KDOA
Dennis Williams	KDOC
Nancy Bryant	KSUS
John P. Smil	KS Dept. of credit unions
Chris Austin	KHA
Rob Meyer	REINVEST Assoc.



DIVISION OF THE BUDGET

Kathleen Sebelius, Governor
Duane A. Goossen, Director

<http://budget.ks.gov>

MEMORANDUM

TO: Governor Kathleen Sebelius and Legislative Budget Committee

FROM: Kansas Division of the Budget and Kansas Legislative Research Department

DATE: April 15, 2009

SUBJECT: Consensus Caseload Estimates for FY 2009 and FY 2010

The Division of the Budget, Legislative Research Department, Department of Social and Rehabilitation Services (SRS), Kansas Health Policy Authority (KHPA), Department on Aging, and the Juvenile Justice Authority (JJA) met on April 15, 2009 to revise the estimates on caseload expenditures for FY 2009 and FY 2010. The consensus estimates include expenditures for Regular Medical Assistance, Nursing Facilities, Temporary Assistance to Families, General Assistance, the Reintegration/Foster Care contracts, and JJA psychiatric residential treatment facilities and out of home placements. The estimating group used the budget as approved in 2009 Substitute for Senate Bill No. 23 and 2009 House Bill No. 2354 as the starting point for the current estimate. A chart summarizing the estimates for FY 2009 and FY 2010 is included at the end of this memorandum.

The estimates include Regular Medical Assistance expenditures by both the Kansas Health Policy Authority and the Department of Social and Rehabilitation Services. Most health care services for persons who qualify for Medicaid, MediKan and other state health insurance programs were transferred to the KHPA from the Division of Health Policy and Finance on July 1, 2006, as directed in 2005 Senate Bill 272. Certain mental health services, addiction treatment services, and services for persons with disabilities that are a part of the Regular Medical Assistance program remained a part of the budget of SRS.

This was the first Consensus Caseload meeting to include estimates for JJA out-of-home services. The Legislature recommended JJA's request to include its out of home placement services and psychiatric residential treatment facility services in the caseload estimating process. Both the population and services provided to children in JJA custody are similar to the population and services provided to children in SRS custody. The children are court ordered into the custody of the Commissioner of JJA and the Commissioner must accept custody.

Appropriations Committee

Attachment 1-1

Date 4-21-09

FY 2009

For FY 2009, the new estimate is an increase from all funding sources of \$7.7 million, but a decrease of \$17.5 million from the State General Fund. The increase in caseload expenditures is the result of higher expenditures in the Regular Medical Assistance Program, mental health programs, Nursing Facilities for Mental Health, community supports and services, and JJA out-of-home services. These increases were partially offset by decreases in the estimates for Nursing Facilities, Targeted Case Management in the Department on Aging, JJA psychiatric residential treatment facility services, Temporary Assistance to Families, General Assistance, Foster Care, and substance abuse services. The reduction in the State General Fund estimate for caseload programs is largely due to the enhanced federal Medicaid funding included in the American Recovery and Reinvestment Act of 2009 (ARRA). The 2009 Legislature adopted the Governor's Budget Amendment # 1 that captured State General Fund savings in Medicaid programs by applying the 6.2 percent enhanced Federal Medical Assistance Percentage rate. Beginning on April 1, 2009, the American Recovery and Reinvestment Act provisions provided another Federal Medical Assistance Percentage rate increase of 2.03 percent which was triggered by an increase in Kansas' unemployment rate. Therefore additional State General Fund savings are reflected in the new caseload estimate.

FY 2010

For FY 2010, the estimate is an increase of \$5.8 million from all funding sources, but a decrease of \$20.8 million from the State General Fund. These adjustments include decreases from all funding sources of \$6.5 million for Regular Medical Assistance, \$3.1 million for JJA's psychiatric residential treatment facility program, and \$657,899 for the Department on Aging's Targeted Case Management program. These programs are still expected to increase over FY 2009 expenditures, but the growth in beneficiaries and program expenditures are not expected to increase as much as was originally estimated. The estimate for SRS' Reintegration/Foster Care program is decreased by \$1.2 million from all funding sources and \$5.5 million from the State General Fund. Savings will be realized from new provider contracts that cut administrative costs and will begin on July 1, 2009. In addition, SRS has improved its practices that influence the amount of federal funding that can be drawn for the program, so less State General Fund is required. Increased program expenditures are included for Nursing Facilities, Nursing Facilities for Mental Health, mental health programs, community supports and services, addiction and prevention services, and JJA's out-of-home services. Increases can be attributed to increases in the number of persons served and increases in the cost of services. Additional State General Fund savings that will result from the recent the American Recovery and Reinvestment Act Federal Medical Assistance Percentage increase are again reflected in the FY 2010 estimate. The federal match rate used for FY 2010 caseload estimates assumes that an additional FMAP increase will occur beginning January 1, 2010, for Medicaid expenditures, again resulting from an increased Kansas unemployment rate.

April 2009 Consensus Caseload Estimates

		FY 2009 Approved	April Revised FY 2009	Difference from Approved	FY 2010 Approved	April Revised FY 2010	Difference from Approved
Regular Medical	SGF	417,562,555	404,000,000	(13,562,555)	369,220,105	350,000,000	(19,220,105)
	AF	1,263,403,755	1,272,360,000	8,956,245	1,312,107,030	1,305,635,000	(6,472,030)
Nursing Facilities	SGF	131,025,141	128,542,400	(2,482,741)	114,937,676	114,116,800	(820,876)
	AF	370,000,000	368,000,000	(2,000,000)	365,113,329	368,000,000	2,886,671
Aging TCM	SGF	2,045,219	1,746,500	(298,719)	1,844,067	1,612,520	(231,547)
	AF	5,800,000	5,000,000	(800,000)	5,857,899	5,200,000	(657,899)
PRTF	SGF	3,464,961	2,495,749	(969,213)	3,282,430	2,201,710	(1,080,720)
	AF	10,039,209	7,145,000	(2,894,209)	10,239,994	7,100,000	(3,139,994)
Out-of-Home Placements	SGF	13,960,710	18,185,640	4,224,930	13,649,702	18,500,000	4,850,298
	AF	17,352,216	21,577,146	4,224,930	16,262,965	21,968,941	5,705,976
Temporary Assistance to Families	SGF	29,821,028	29,821,028	--	29,821,028	29,821,028	--
	AF	48,209,440	45,446,100	(2,763,340)	50,812,736	50,812,736	--
General Assistance	SGF	9,600,000	9,261,000	(339,000)	7,113,771	6,000,000	(1,113,771)
	AF	9,600,000	9,261,000	(339,000)	7,113,771	6,000,000	(1,113,771)
Reintegration/Foster Care Contract	SGF	115,296,926	106,760,213	(8,536,713)	95,728,099	90,196,703	(5,531,396)
	AF	157,509,392	152,954,837	(4,554,555)	138,199,105	137,000,000	(1,199,105)
Mental Health	SGF	70,736,332	74,302,430	3,566,098	64,640,799	66,219,352	1,578,553
	AF	201,000,000	206,614,645	5,614,645	205,339,258	212,565,574	7,226,316
NFMH	SGF	12,968,834	13,373,212	404,378	13,078,907	13,381,992	303,085
	AF	15,210,674	15,733,191	522,517	15,500,000	15,743,520	243,520
Community Supports & Services	SGF	9,800,665	10,433,612	632,947	8,919,507	9,400,957	481,450
	AF	27,643,684	29,398,008	1,754,324	28,333,884	30,315,888	1,982,004
AAPS	SGF	7,554,399	7,435,085	(119,314)	6,785,238	6,800,741	15,503
	AF	21,336,200	21,285,672	(50,528)	21,554,124	21,930,800	376,676
Total SGF		823,836,770	806,356,869	(17,479,902)	729,021,329	708,251,803	(20,769,526)
Total AF		2,147,104,570	2,154,775,599	7,671,029	2,176,434,095	2,182,272,459	5,838,364

Children's Initiatives Fund

FY 2008 - FY 2010

Approved Expenditures as of April 21, 2009

	Actual FY 2008	House Sub for Sub SB 23 FY 2009	Senate Sub for HB 2354 FY 2010
Department of Health and Environment			
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ 250,000
Infants and Toddlers Program (Tiny K)	1,200,000	5,700,000	5,700,000
Smoking Cessation/Prevention Program Grants	1,000,000	1,000,000	1,000,000
PKU/Hemophilia	208,000	208,000	-
Newborn Hearing Aid Loaner Program	-	50,000	50,000
SIDS Network Grant	-	75,000	75,000
Newborn Screening	-	2,203,044	2,219,766
Primary Care Clinics	-	-	-
Subtotal - KDHE	<u>\$ 2,658,000</u>	<u>\$ 9,486,044</u>	<u>\$ 9,294,766</u>
Juvenile Justice Authority			
Juvenile Prevention Program Grants	\$ 5,531,308	\$ 5,579,530	\$ 5,579,530
Juvenile Graduated Sanctions Grants	3,468,692	3,420,470	3,420,470
Subtotal - JJA	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>
Department of Social and Rehabilitation Services			
Children's Cabinet Accountability Fund	\$ 541,802	\$ 540,831	\$ 542,773
Children's Mental Health Initiative	3,800,000	3,800,000	3,800,000
Family Centered System of Care	5,000,000	5,000,000	5,000,000
Therapeutic Preschool	1,000,000	-	-
Child Care Services	1,400,000	1,400,000	1,400,000
Community Services - Child Welfare	3,298,500	3,136,934	-
Smart Start Kansas - Children's Cabinet	8,986,263	8,443,279	8,442,190
Family Preservation	3,151,403	3,313,066	3,241,062
School Violence Prevention	227,392	-	-
Attendant Care for Independent Living (ACIL)	50,000	-	-
Early Childhood Block Grants	-	11,098,632	11,099,830
Pre-K Pilot	5,000,000	-	-
Early Head Start	1,600,000	3,452,779	3,452,779
Child Care Quality Initiative	500,000	500,000	500,000
Subtotal - SRS	<u>\$34,555,360</u>	<u>\$ 40,685,521</u>	<u>\$ 37,478,634</u>
Kansas Health Policy Authority			
HealthWave	\$ 2,000,000	\$ 2,000,000	\$ -
Medical Assistance	3,000,000	3,000,000	-
Immunization Outreach	277,876	500,000	-
Subtotal - KHPA	<u>\$ 5,277,876</u>	<u>\$ 5,500,000</u>	<u>\$ -</u>
Department of Education			
Reading and Vision Research	\$ 300,000	\$ 100,000	\$ -
Four Year Old at Risk/General State Aid	-	100,000	-
Parents as Teachers	-	7,539,500	7,539,500
Pre-K Pilot	-	5,000,000	5,000,000
Subtotal - Dept. of Ed.	<u>\$ 300,000</u>	<u>\$ 12,739,500</u>	<u>\$ 12,539,500</u>
University of Kansas Medical Center			
Tele-Kid Health Care Link	\$ 252,723	\$ 394	\$ -
TOTAL	<u>\$52,043,959</u>	<u>\$ 77,411,459</u>	<u>\$ 68,312,900</u>

	Actual FY 2008	House Sub for Sub SB 23 FY 2009	Senate Sub for HB 2354 FY 2010
Beginning Balance	\$ 743,550	\$ 12,747,981	\$ 600,515
Plus: Other Income*	300,233	-	-
State General Fund Transfer	-	-	-
Children's Initiatives Reserve Fund Transfer In**	825,952	825,952	825,952
KEY Fund Transfer In	62,922,205	64,458,892	66,885,884
Total Available	<u>\$64,791,940</u>	<u>\$ 78,032,825</u>	<u>\$ 68,312,351</u>
Less: Expenditures	52,043,959	77,411,459	68,312,900
Transfer Out to KEY Fund	-	-	-
Transfer Out to Children's Initiatives Reserve Fund**	-	-	-
Transfer Out to State General Fund	-	20,851	-
ENDING BALANCE	<u>\$12,747,981</u>	<u>\$ 600,515</u>	<u>\$ (549)</u>

* Other Income includes released encumbrances, recoveries and reimbursements.

** The 2006 Legislature established the Children's Initiatives Reserve Fund (CIRF) and transferred any unencumbered balance in the Children's Initiatives Fund (CIF) on June 30, 2007 to the CIRF. On July 1, 2007, 25.0 percent of the balance in the CIRF was transferred to the CIF. On July 1, 2008, one-third of the remaining balance of the CIRF is to be transferred to the CIF. On July 1, 2009, 50.0 percent of the remaining balance of the CIRF is to be transferred to the CIF. On July 1, 2010, all remaining funds in the CIRF are to be transferred to the CIF.

Staff Note: The Governor's recommendation for FY 2010 transfers \$9.2 million from the Kansas Endowment for Youth (KEY) Fund to the State General Fund. In addition, the Governor's recommendation transfers \$385,540 from the Kansas Endowment for Youth Fund to the Attorney General. In FY 2008, \$500,000 was transferred from the KEY fund to the Attorney General.

a) Expenditures shifted to the Medical Programs Fee Fund.

b) Expenditures shifted to the State General Fund.

c) Accelerates the moratoriums on employer contributions to the State Employee Health Plan and the state contributions to the KPERs Death and Disability Group Insurance Fund from FY 2010 to FY 2009.

d) Increase the transfer from the Kansas Endowment for Youth Fund to the Children's Initiatives Fund by \$1,528,465 in FY 2010.

e) Increase the transfer from the Kansas Endowment for Youth Fund to the State General Fund by \$1,836,465 and make expenditures from the State General Fund for these items. The total transfer to the State General Fund approved in FY 2010 is \$11,041,630.

Staff Note: GBA No. 2, Item 2 increases the transfer from the KEY Fund to the State General Fund by \$3.25 million in FY 2010.

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Attachment 2
Date 4-21-09

State Water Plan Fund

Expenditures by Program	FY 2008 Actuals	FY 2009 Legislative Approved	FY 2010 Legislative Approved
Department of Health and Environment			
Contamination Remediation	\$ 1,031,294	\$ 783,698	\$ 570,737
TMDLs Initiatives	342,088	301,987	214,055
Local Environmental Protection Program	1,502,737	1,502,848	1,066,942
Non-Point Source Program	320,939	315,430	299,029
Watershed Restoration and Protection Strategy	770,580	600,613	481,042
Southeast Kansas Soil Treatment Study	120,361	-	-
<i>Total - KDHE</i>	\$ 4,087,999	\$ 3,504,576	\$ 2,631,805
University of Kansas			
Geological Survey	\$ 40,000	\$ 32,000	\$ 34,400 *
Department of Agriculture			
Interstate Water Issues	\$ 334,517	\$ 533,899	\$ 343,370
Subbasin Water Resources Management	735,635	731,289	755,321
Water Use	60,000	48,000	49,700
<i>Total - KDA</i>	\$ 1,130,152	\$ 1,313,188	\$ 1,148,391
State Conservation Commission			
Water Resources Cost-Share	\$ 3,315,579	\$ 3,574,424	\$ 2,943,551
Non-Point Source Pollution Assistance	3,698,827	3,134,168	3,126,379
Aid to Conservation Districts	2,127,242	2,264,831	2,255,919
Watershed Dam Construction	1,022,413	938,493	949,500
Water Quality Buffer Initiative	287,709	363,210	270,000
Riparian and Wetland Program	313,012	242,598	226,604
Multipurpose Small Lakes	1,250,000	1,123,176	-
Water Transition Assistance Program	167,895	2,222,962	826,334
Salt Cedar Control Projects	43,889	-	-
Conservation Reserve Enhancement Program	462,866	1,229,707	-
Lake Restoration/Management	2,483,603	998,466	898,619
<i>Total - SCC</i>	\$ 15,173,035	\$ 16,092,035	\$ 11,496,906
Kansas Water Office			
Assessment and Evaluation	\$ 910,753	\$ 720,143	\$ 675,000
GIS Database Development	250,000	250,000	225,000
MOU - Storage Operations and Maintenance	732,404	301,418	274,500
Technical Assistance to Water Users	438,348	632,918	562,427
Water Resource Education	54,000	97,200	70,116
Weather Stations	100,000	80,000	72,000
Weather Modification	240,000	240,000	198,000
Neosho River Basin Issues	40,000	960,000	270,000
Wichita ASR Project, Equus Beds Aquifer	-	1,000,000	630,000
<i>Total - KWO</i>	\$ 2,765,505	\$ 4,281,679	\$ 2,977,043
Department of Wildlife and Parks			
Stream Monitoring	\$ 40,000	\$ 32,000	\$ 28,800
Sebelius Reservoir/Alema Irrigation District	1,000,000	-	-
<i>Total - KDWP</i>	\$ 1,040,000	\$ 32,000	\$ 28,800
Total State Water Plan Fund Expenditures	\$ 24,236,691	\$ 25,255,478	\$ 18,317,345

* The Conference Committee agreed to add language to the appropriations bill that would allow the State Conservation Commission to carry forward any unencumbered balance in the Conservation Reserve Enhancement Program (CREP) from FY 2009 to FY 2010.

** \$5,600 was inadvertently added to the KU Geological Survey line-item, when no adjustment from the Governor's recommendation should have been made. This error will be addressed in the Omnibus appropriations bill as a "technical adjustment."

Appropriations Committee

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Date 4-21-09

State Water Plan Fund

Revenue Estimate	FY 2008 Actuals	FY 2009 Legislative Approved	FY 2010 Legislative Approved
Beginning Balance	\$ 9,052,462	\$ 2,846,479	\$ (197,856)
Adjustments:			
Released Encumbrances	\$ 981,099	\$ 1,087,010	\$ 421,709
Transfer to the KCC	(400,000)	(320,000)	(288,000)
Transfer to the Western Water Cons. Proj. Fund	(739,964)	-	-
Subtotal - Adjustments	\$ (158,865)	\$ 767,010	\$ 133,709
Receipts:			
State General Fund Transfer	\$ 6,000,000	\$ 2,000,000	\$ 3,295,432
EDIF Transfer	2,000,000	2,846,126	2,000,000
Water Litigation Suspense Fund Transfer	584,217	525,729	-
Fee Revenues	9,391,734	15,992,278	12,813,756
Pollution Fines and Penalties	213,622	80,000	85,000
Subtotal - Receipts	\$ 18,189,573	\$ 21,444,133	\$ 18,194,188
Total Available	\$ 27,083,170	\$ 25,057,622	\$ 18,130,041
(Less Expenditures)	(24,236,691)	(25,255,478)	(18,317,345)
Ending Balance	\$ 2,846,479	\$ (197,856)	\$ (187,304)

History and Purpose

The State Water Plan Fund is a statutory fund (KSA 82a-951) that was created by the 1989 Legislature for the purpose of implementing the State Water Plan (KSA 82a-903). Subject to appropriation acts, the Fund may be used for the establishment and implementation of water related projects or programs and related technical assistance. Funding from the State Water Plan Fund may not be used to replace FTE positions or for recreational projects that do not meet the goals or objectives of the State Water Plan.

Revenue for the State Water Plan Fund is generated by: water protection fees levied on public, industrial, and stock water users; a per ton tax on fertilizer; a registration fee on pesticides; certain fines levied by the Kansas Department of Health and Environment (KDHE); sand royalty receipts; fees paid by public water suppliers; funding from litigation with other states; and annual transfers of \$6.0 million from the State General Fund and \$2.0 million from the Economic Development Initiatives Fund (EDIF).

Revenue Detail

Revenue for the State Water Plan Fund is generated by the following sources:

Municipal Water Fees	\$.03 per 1,000 gallons
Industrial Water Fees	\$.03 per 1,000 gallons
Stock Water Fees	\$.03 per 1,000 gallons
Pesticide Registration Fees	\$100 per pesticide registered
Fertilizer Registration Fees	\$1.40 per ton inspected
Sand Royalty Receipts	\$.15 per ton
 Clean Drinking Water Fee Fund	 \$.03 per 1,000 gallons. Beginning in FY 2008, 101/106 of the Clean Drinking Water Fee receipts will be deposited in the State Water Plan Fund. Of the funding received from the Clean Drinking Water Fee, 85.0 percent is to be used to renovate and protect lakes which are used directly as a source of water for public water supply systems. The remaining 15.0 percent is to be used to provide on-site technical assistance for public water supply systems.
 Pollution Fines and Penalties	 Fines and penalties are levied by the Kansas Department of Health and Environment (KDHE). The amount of revenue provided by pollution fines and penalties depends on the particular incident.
 Water Litigation Proceeds Suspense Fund Transfer	 The transfer includes funds received from Colorado as the result of litigation between Kansas and Colorado regarding the Arkansas River Compact. Approximately \$1.1 million was received by the Kansas Water Office in FY 2006 and placed in the Water Litigation Proceeds Suspense Fund.
 State General Fund Transfer	 KSA 82a-953a provides for the annual transfer of \$6,000,000 from the State General Fund to the State Water Plan Fund.
 Economic Development Initiatives Fund Transfer	 KSA 79-4804(g) provides for the annual transfer of \$2,000,000 from the Economic Development Initiatives Fund (EDIF) to the State Water Plan Fund.

ECONOMIC DEVELOPMENT INITIATIVES FUND FY 2008 - 2010

Agency/Program	Actual FY 2008	Legislative Approved FY 2009	Legislative Approved FY 2010
Department of Commerce			
Operating Grant	\$ 15,782,478	\$ 14,980,333	\$ 14,019,902
Older Kansans Employment Program	326,358	306,597	291,630
Rural Opportunity Program	1,851,236	2,155,660	1,856,859
Eisenhower Foundation Grant	200,000	-	-
Kansas Sports Hall of Fame Grant	250,000	-	-
Parsons Ammunition Facility Road Reconstruction Grant	-	701,250	-
KTEC Grant Programs	-	-	-
Senior Community Services Employment Program	-	-	3,941
Kansas Commission on Disability Concerns	-	-	211,737
Strong Military Bases Program	-	-	330,710
Subtotal - Commerce	\$ 18,410,072	\$ 18,143,840	\$ 16,714,779
Kansas Technology Enterprise Corporation			
Operations	\$ 1,870,277	\$ 1,693,771	\$ 1,524,394
University & Strategic Research	5,182,104	4,307,342	3,876,608
Product Development Financing	1,138,538	1,728,911	1,556,020
Commercialization	2,580,867	2,584,373	2,325,936
Mid-America Manuf. Tech. Center (MAMTC)	1,390,674	1,346,400	1,211,760
Subtotal - KTEC	\$ 12,162,460	\$ 11,660,798	\$ 10,494,718
Kansas, Inc.			
Operations	\$ 504,743	\$ 398,748	\$ 358,874
Board of Regents & Universities			
Vocational Education Capital Outlay	\$ 2,565,000	\$ 2,398,275	\$ 2,565,000
Post-secondary Aid for Vocational Education	-	-	-
Technology Innovation & Internship	112,723	232,139	180,500
KSU - ESARP	300,000	275,293	299,118
WSU - Aviation Classroom & Training Equipment	-	2,337,500	2,500,000
WSU - Aviation Research	4,747,958	4,631,149	4,994,337
Subtotal - Regents & Universities	\$ 7,725,681	\$ 9,874,356	\$ 10,538,955
State Fair			
Ticket Marketing & Premiums	\$ 70,000	\$ 64,141	\$ -
Economic Impact Study	40,000	-	-
Alternative Energy Systems and Utilities	-	-	-
Largest Classroom	-	-	-
Subtotal - State Fair	\$ 110,000	\$ 64,141	\$ -
Undistributed Pay Plan Allocation*	\$ -	\$ 8,218	\$ -
Total Expenditures	\$ 38,912,956	\$ 40,150,101	\$ 38,107,326

Transfers to Other Funds			
Kansas Economic Opportunity Initiatives Fund	\$ 3,000,000.00	\$ 1,168,750	\$ 3,250,000
Small Employer Cafeteria Plan Development Program Fund	150,000	-	-
KS Qualified Biodiesel Fuel Producer Incentive Fund	400,000	374,000	200,000
State Water Plan Fund	2,000,000	2,846,126	2,000,000
Public Use General Aviation Airport Development Fund	-	-	1,000,000
KPERS Death and Disability Moratorium	-	(20,742)	46,665
Health Insurance Moratorium	-	(194,411)	194,411
State General Fund	-	-	-
Subtotal - Transfers	\$ 5,550,000	\$ 4,173,723	\$ 6,691,076

TOTAL TRANSFERS AND EXPENDITURES	\$ 44,462,956	\$ 44,323,824	\$ 44,798,402
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EDIF Resource Estimate	Actual FY 2008	Legislative Approved FY 2009	Legislative Approved FY 2010
Beginning Balance	\$ 4,034,032	\$ 4,980,302	\$ 1,730,398
Gaming Revenues	42,432,000	39,673,920	42,432,000
Other Income**	2,977,226	1,400,000	\$ 1,000,000
Total Available	\$ 49,443,258	\$ 46,054,222	\$ 45,162,398
Less: Expenditures and Transfers	\$ 44,462,956	\$ 44,323,824	\$ 44,798,402
ENDING BALANCE	\$ 4,980,302	\$ 1,730,398	\$ 363,996

* Undistributed pay plan funds allocated by State Finance Council in Senate Sub. For HB 1916

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

^a Pursuant to 2008 Senate Sub. for HB 2946 the Dept. of Commerce was reimbursed through the EDIF; this reimbursement is reflected in other income.

^b State (Lottery) Gaming Revenue fund was reduced by 6.5 percent along with the Economic Development Initiatives Fund; Juvenile Detention Facilities Fund; Correctional Institutions Building Fund; and Problem Gambling and Addictions Grant Fund.

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Economic Development Initiatives Fund (EDIF) Overview

The statutes governing the EDIF provide that it shall be used to finance programs "... supporting and enhancing the existing economic foundation of the state and fostering growth ... to the state's economic foundation." With the exception of a statutory \$2.0 million transfer from the EDIF to the State Water Plan Fund, the Legislature annually appropriates the EDIF for individual projects and programs deemed to support and enhance the state's economic foundation.

The EDIF is funded through the State Gaming Revenues Fund (SGRF). A portion of state revenue from both the Lottery and parimutuel wagering is transferred to the SGRF. That fund is used essentially as a holding fund from which further transfers are made on a monthly basis. No more than \$50.0 million may be credited to the SGRF in any fiscal year. Amounts in excess of \$50.0 million are credited to the State General Fund.

The initial transfers from the State Gaming Revenue Fund, which began in 1986, were as follows:

1. County Reappraisal Fund (until June 30, 1989) - 30.0%
2. Split between Juvenile Detention Facilities Fund and Correctional Institutions Building Fund (Actual amount to be determined by appropriations act) - 10.0%
3. Economic Development Initiatives Fund (to be increased to 90.0% as of July 1, 1989) - 60.0%

During the 1988 Session, the Legislature delayed the increase in the transfer to the EDIF until July 1, 1990.

During the 1994 Session, the Legislature changed the transfers as of July 1, 1995 to the following:

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

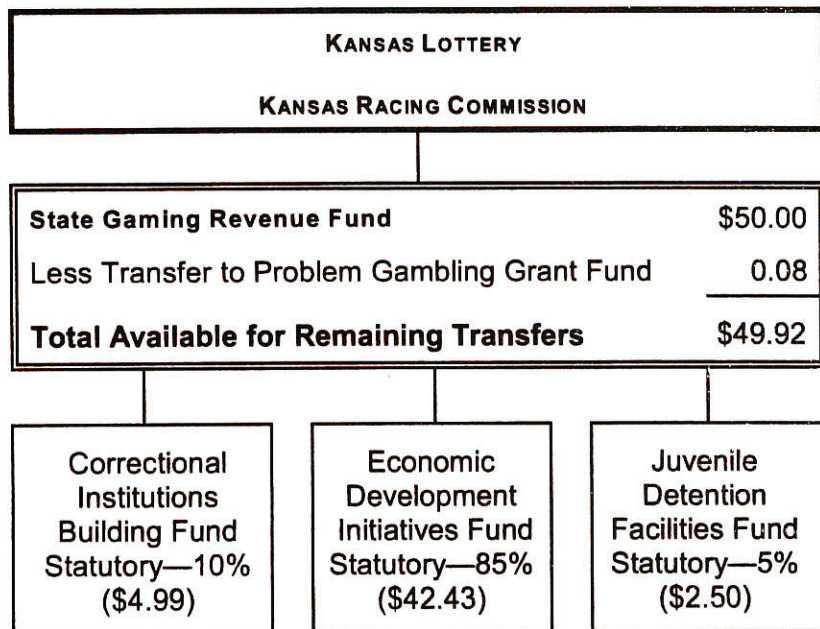
During the 2000 Session, the Legislature changed the transfers to the following:

1. Economic Development Initiatives Fund—\$42,432,000;
2. Correctional Institutions Building Fund—\$4,992,000;
3. Juvenile Detention Facilities Fund—\$2,496,000; and
4. Problem Gambling Grant Fund—\$80,000.

ECONOMIC DEVELOPMENT INITIATIVES FUND

Revenue Flow

(In Millions)



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April 21, 2009

To: Governor Kathleen Sebelius and Legislative Budget Committee

From: Kansas Legislative Research Department
Kansas Division of the Budget

Re: State General Fund Receipts Revisions for FY 2009 and FY 2010

Estimates for revenues to 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 April 17, 2009, and decreased the overall estimate for both fiscal years by a combined \$516.9 million relative to the previous estimate made in November. The revised FY 2009 estimate is \$5.666 billion, and the revised FY 2010 estimate is \$5.381 billion. The revised estimates incorporate the fiscal impact of all 2009 legislation previously signed into law by April 17; significant adjustments relative to the impact of new federal legislation; a downward revision in projected FY 2010 SGF interest earnings; and changes in expectations since November about the overall severity of the current recession. When looking only at tax receipts, the downward adjustment for the two years is \$744.2 million, the largest downward revision in the history of the Consensus Revenue Estimating Group.

For FY 2009, the estimate was decreased by \$115.3 million, or 2.0 percent, below the November estimate. The overall revised SGF estimate of \$5.666 billion represents a 0.5 percent decrease below final FY 2008 receipts. Tax receipts only in FY 2009 were revised downward by \$234.9 million, or 4.1 percent below the November estimate.

The revised estimate for FY 2010 of \$5.381 billion was decreased by \$401.6 million, or 6.9 percent below the November estimate. The revised FY 2010 estimate is 5.0 percent below the newly revised FY 2009 figure. Various tax cuts enacted in recent years influenced the FY 2010 growth rate, as did the new federal legislation, which is expected to have a negative impact on Kansas individual income, corporation income, and cigarette tax receipts. Tax receipts only in FY 2010 were revised downward by \$509.3 million, or 8.7 percent below the November estimate.

Economic Forecast for Kansas – Summary

The contraction in the state, national and global economies that was apparent in early November took a significant turn for the worse over the winter months. The November forecast was based on the expectation that Kansas would be able to experience a milder contraction than the nation as a whole, premised on the then-perceived relative health of key sectors of the state's economy, including aviation manufacturing and energy. But it now appears that the broader national crises engulfing the housing, credit, and stock markets have not spared those sectors. Moreover, the estimate for virtually every major state and national economic indicator now looks significantly worse than it did in the fall. Estimates of Kansas Growth State Product used in November of 3.5 percent for 2009 and 5.0 percent for 2010 have now been reduced to a negative 1.5 percent and 2.9 percent, respectively. While there seems to be a general consensus among analysts that the

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aggressive use of new fiscal and monetary policy initiatives by the federal government may help prevent a much more serious economic collapse, the length and severity of the current downturn remain to be determined. Many forecasts continue to indicate that this could be the longest and deepest recession in the last 70 years. The Consensus estimates contained in this memo are based on a number of assumptions regarding historically weak economic indicators throughout 2009; and the return of only very modest growth in 2010.

Federal Legislation

Since the estimates were made last fall, one important new development relates to the federal enactment of the American Recovery and Reinvestment Act (ARRA) of 2009; and a separate piece of legislation that increased cigarette taxes to help provide additional funding for the State Children's Health Insurance Program (SCHIP). Kansas SGF receipts are expected to be reduced by a total of \$88 million by the end of FY 2010 as a result of these new federal laws.

Because Kansas generally begins computation of its income tax liability using federal tax law as a starting point, a number of provisions of the ARRA will flow through and also affect state income tax receipts. The Department of Revenue has estimated that Kansas SGF receipts will have been reduced by the end of FY 2010 by an additional \$77.5 million as a result of our conformity to the ARRA – \$12.0 million in FY 2009; and \$65.5 million in FY 2010. Of this amount, \$45.0 million is attributable to new bonus depreciation and Section 179 expensing provisions (\$6.0 million in FY 2009 and \$39.0 million in FY 2010); \$20.0 million is attributable to tax law changes related to discharged indebtedness (\$6.0 million in FY 2009 and \$14.0 million in FY 2010); \$7.0 million is attributable to the exclusion of certain unemployment insurance benefits from adjusted gross income (all in FY 2010); \$4.0 million is attributable to an expansion in the earned income tax credit (all in FY 2010); and \$1.5 million is attributable to a special deduction for sales taxes paid on certain vehicle purchases (all in FY 2010).

While 2008 federal stimulus legislation containing tax cuts for individuals prompted the Consensus group a year ago to assume modest increases in sales and use taxes (\$8 million), this year's estimates do not contain any explicit adjustment for two major reasons. The 2009 tax cuts are being provided for most individuals through a reduction in federal withholding taxes and will be realized throughout the course of the tax year. On the other hand, the full amount of the 2008 tax cuts for most individuals were made available more quickly as "recovery rebate credits" that were provided in a single lump sum to qualifying taxpayers in the spring of 2008. Overall consumer confidence also remains at a much lower level than a year ago, so predicting behavior relative to selected tax reductions is much more problematic.

The SCHIP legislation increased the federal cigarette tax by 61 cents per pack, effective April 1. The Department of Revenue has estimated that this increase and its impact on consumer behavior will be expected to reduce Kansas cigarette tax receipts by about \$3.0 million in FY 2009; and \$7.5 million in FY 2010.

Kansas Personal Income

Kansas Personal Income (KPI) in 2008 grew by 4.9 percent over the 2007 level. KPI is currently expected to decline by 0.5 percent in 2009, which would represent what is believed to be the first annual reduction since before World War II. The current estimate for 2010 is that only very modest KPI growth (2.1 percent) will have returned. The new 2009 and 2010 estimates are significantly different than the KPI forecasts used in November (positive 3.2 and 4.3 percent, respectively). Current estimates are that overall US Personal Income (USPI) growth will fare only

moderately better than KPI, with nominal USPI estimates of positive 0.3 percent in 2009 and 2.4 percent in 2010.

Employment

Data obtained from the Kansas Department of Labor indicate that the employment picture for Kansas has continued to deteriorate over the winter. The most recent monthly data show that total Kansas non-farm employment from February 2008 to February 2009 had contracted by 1.6 percent. Most major sectors experienced significant employment decreases, especially manufacturing, professional and business services, and construction. Current estimates by the Department are that the overall Kansas unemployment rate, which was 4.4 percent in CY 2008, is expected to jump to 6.0 percent in CY 2009 before moving to 6.3 percent in CY 2010. These newly revised estimates suggest a much longer timeline of relatively serious unemployment issues for the state than did the estimates of 4.7 percent for both calendar years used in November.

Agriculture

Recent volatility in input prices, especially energy costs, is contributing to an uncertain outlook for 2009. The All Farm Products Index of Prices received by Kansas farmers was 115 in March, down from 143 a year earlier. The latest prospective plantings report indicates farmers expect to plant 19.1 million acres of the four major grain crops in 2009, down 2.8 percent from 2008. Average livestock prices in mid-March were significantly below prices from a year earlier.

Oil and Gas

While the price of oil has undergone historic levels of volatility in FY 2009, the final estimated average price per taxable barrel of Kansas crude is now \$63 (down substantially from the \$80 estimate used in November) and reflects the collapse in world prices over the winter months. The estimated average price of \$45 per barrel for FY 2010 (down from \$70 in November) takes into account current oil futures price expectations and continued weak demand relative to the economic slowdown. As always, significant political tensions in the Middle East and elsewhere provide a great deal of uncertainty about forecasting the price of this commodity. Gross oil production in Kansas, which had been declining steadily for more than a decade until FY 2000, has recently reversed that trend and been increasing slightly since FY 2005. The current forecast of 40 million barrels for FY 2009 represents a level not seen since FY 1997. Approximately 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 \$5.60 per mcf for FY 2009 before decreasing to \$3.50 per mcf for FY 2010, based on an industry source's analysis of futures markets. Current wellhead prices are the lowest they have been in at least seven years. The new price estimates, particularly for FY 2010, are significantly below the \$6.25 and \$5.75 estimates used in the fall. Factors considered in revising the price forecasts included the relationship between crude oil and gas prices, the current relatively high storage levels for gas, weakening of the economy, and the impact of enhanced production from shale formations elsewhere in the United States. Kansas natural gas production in FY 2008 of 379 million cubic feet represented a significant decrease from the modern era peak of 730 million cubic feet in FY 1996 (largely as a result of depleting reserves in the Hugoton Field). Production has nevertheless stabilized somewhat in recent years and is expected to be 380 million cubic feet for FY 2009 before decreasing to 360 million cubic feet for FY 2010. Slightly less than 9 percent of gas produced is expected to be exempt from severance taxation.

Inflation Rate

The Consumer Price Index for all Urban consumers (CPI-U) increased by 3.8 percent in 2008, somewhat less than the final November forecast of 4.3 percent. The current forecasts for 2009 and 2010 of a negative 0.9 percent and 1.5 percent, respectively, reflect the overall weakness of the economy as a result of the recession.

Interest Rates

The Pooled Money Investment Board is authorized to make investments in US Treasury and Agency securities, highly rated commercial paper, repurchase agreements and certificates of deposit in Kansas banks. In FY 2008, the state earned 4.26 percent on its SGF portfolio (compared with a 5.27 percent rate in FY 2007). The average rate of return forecasted for FY 2009 is now 2.84 percent (up slightly from the 2.55 percent estimate used in November). For FY 2010, the forecasted rate is 0.98 percent (down substantially from the 2.70 percent rate assumed in November).

Economic Forecasts

	CY 08	CY 09*	CY 10*
KPI Growth	4.9%	(0.5)%	2.1%
Inflation (CPI-U)	3.8%	(0.9)%	1.5%
	FY 08	FY 09*	FY 10*
SGF Interest	4.26%	2.84%	0.98%
Oil and Gas			
Oil Price per bbl	\$80.71	\$63.00	\$45.00
Gross Prod. (000)	38,008	40,000	37,500
Gas Price per mcf	\$6.13	\$5.60	\$3.50
Gas Taxable Value	2,188,973	1,947,120	1,149,750

* Estimated

Attached Tables

Table 1 compares the new FY 2009 and FY 2010 estimates by source with actual receipts from FY 2008. Tables 2 and 3 show the changes in the estimates by source for each fiscal year.

State General Fund Receipts Estimates

FY 2009. The revised estimate of SGF receipts for FY 2009 is \$5.666 billion, a decrease of \$115.3 million from the previous estimate made in November. Total SGF receipts through March were running \$21.3 million below the previous estimate, but total taxes were \$135.1 million below that estimate. (A number of adjustments in net transfers from the SGF for FY 2009 were enacted earlier in the 2009 session.) The revised estimate is \$29.0 million or 0.5 percent below actual FY 2008 receipts.

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 decreased by \$234.9 million. Of this amount, new estimates for the individual income tax, corporation income tax, severance tax, and cigarette tax accounted for \$232.6 million. Total taxes, which had grown by 8.0 percent in FY 2007 and only 1.9 percent in FY 2008, are now projected to decline by 6.4 percent in FY 2009.

The estimate for individual income taxes was decreased by \$115.0 million. Stock market turmoil throughout 2008 is resulting in fewer capital gains and greater capital losses relative to tax year 2008 liability. Receipts through March were running \$59.1 million below the prior fiscal-year-to-date estimate. The revised FY 2009 estimate now calls for a reduction of \$121.7 million, or 4.2 percent, in this source below FY 2008 receipts.

The corporation income tax estimate, which had been \$58.0 million below the prior fiscal-year-to-date estimate through March, was reduced by \$85.0 million based on the overall weaker economy and assumptions of reduced estimated payments and increased refunds by the end of the fiscal year.

As noted earlier, the severance tax estimate was reduced largely as a result of significantly lower prices for oil and gas than had been assumed in the fall. The overall severance tax estimate was reduced by \$27.6 million (\$13.9 million attributable to gas; and \$13.7 million attributable to oil). Severance tax receipts were already \$17.8 million below the previous estimate through March.

The cigarette tax estimate was reduced by \$5.0 million, which includes about \$3.0 million attributable to the new federal law. Indications that manufacturers and retailers raised prices well in advance of the April 1 federal tax increase caused this adjustment to be more than had been originally anticipated.

On the positive side, the estimates were increased for net transfers, the compensating use tax, and several other sources, including SGF interest. Largely as a result of 2009 legislation, net transfers from the SGF are now expected to be \$114.6 million less (-\$3.6 million versus -\$118.2 million) than had been assumed in November. The estimate of use tax refunds through the end of the fiscal year also is now less than what had been assumed in the fall. The slight increase in the SGF portfolio interest rate contributed to the additional \$5 million in anticipated earnings.

Details of the current year's revised estimate are reflected in Table 2.

FY 2010. SGF receipts are estimated to be \$5.381 billion in FY 2010, a decrease of \$401.6 million relative to the November estimate. The new FY 2010 figure is \$285.1 million or 5.0 percent below the newly revised FY 2009 estimate. The rate of change for total taxes is expected to decrease by an additional 3.0 percent in FY 2010. The estimate for total taxes was reduced by \$509.3 million.

One significant set of revisions to the FY 2010 estimates relates to the impact of the new federal income and cigarette tax laws. As noted previously, estimated receipts for the individual and corporation income taxes and the cigarette tax were reduced by a combined \$73 million in FY 2010 as a result of the new laws' anticipated impact.

The individual income tax forecast also takes into account the historically weak growth in the economy, KPI, and employment. The corporation income tax receipts estimate was adjusted for the expectation of continued negative growth in corporate profits before taxes. This estimate, which was

expected in November, to decline by 4.0 percent in 2009, is now expected to decline by 15.0 percent. As a result, the overall individual income tax estimate was reduced by \$245 million; and the corporation income tax estimate by \$135 million for FY 2010.

Another significant reduction of \$56.7 million was made in the severance tax estimate (\$37.8 million attributable to gas; and \$18.9 million attributable to oil). Major cuts in the forecasted prices of both commodities, especially gas, contributed to these changes.

Other significant reductions to tax sources include the sales tax (\$55.0 million); the cigarette tax (\$8.0 million); and the financial institutions privilege tax (\$7.0 million).

The liquor enforcement and corporation franchise taxes were the only estimated tax sources to have their estimates increased by more than \$1.0 million.

The estimate for net transfers was changed significantly as a result of new federal and state laws enacted since the last forecast, especially Senate Sub. for HB 2354, which was signed into law on April 13. Provisions of this bill include the repeal of various transfers to local units of government.

As noted previously, the downward revision in the SGF portfolio interest rate (from 2.70 percent to 0.98 percent), coupled with lower SGF balances, caused the projected interest earnings estimate to be reduced by \$26 million.

Details of the FY 2010 revisions are shown in Table 3.

FY 2011 and thereafter. Although the Consensus Group will not make its initial estimate for FY 2011 until next fall, worthy of note is the fact that a number of provisions in previously enacted legislation will further reduce SGF receipts beginning in FY 2011:

- Legislation enacted in 2006 that decoupled the Kansas estate tax from the federal law beginning in 2007 and eliminates the Kansas tax altogether in 2010 will reduce receipts relative to the prior law by \$47 million in FY 2011; and \$52 million in FY 2012.
- Legislation enacted in 2007 that phases out the corporation franchise tax will reduce receipts relative to the prior law by an estimated \$37.0 million in FY 2011; and \$48.0 million in FY 2012.
- Legislation enacted in 2006 relative to a property tax exemption for business machinery and equipment is expected to further reduce motor carrier property tax receipts to the SGF by \$5.6 million in FY 2011; and \$7.4 million in FY 2012.
- Additional legislation enacted in 2005 will reduce severance tax receipts to the SGF by \$10.9 million in FY 2011; and \$14.4 million in FY 2012; and \$18.0 million in FY 2013.

Accuracy of Consensus Revenue Estimates

For 34 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 agencies and individuals involved in the process prepared independent estimates and met on April 17, 2009, 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
2008	5,700.4	5,736.3	5,694.9	(5.5)	(0.1)	(41.4)	(0.7)

* 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.

Concluding Comments

Consensus revenue estimates are based on current federal and state laws and their current interpretation. These estimates will be further adjusted at the conclusion of the 2009 Legislative Session to reflect state legislation enacted after April 17 which affects SGF receipts.

Table 1
Consensus Revenue Estimate for Fiscal Years 2009 and 2010
and FY 2008 Actual Receipts
(Dollars in Thousands)

	FY 2008 (Actual)		FY 2009 (Revised 4/17)		FY 2010 (Revised 4/17)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$29,032	12.5 %	\$29,500	1.6 %	\$28,000	(5.1) %
Income Taxes:						
Individual	\$2,896,653	6.9 %	\$2,775,000	(4.2) %	\$2,745,000	(1.1) %
Corporation	432,078	(2.3)	255,000	(41.0)	230,000	(9.8)
Financial Inst.	33,160	0.2	26,000	(21.6)	25,000	(3.8)
Total	\$3,361,891	5.6 %	\$3,056,000	(9.1) %	\$3,000,000	(1.8) %
Estate Tax	\$44,247	(20.4) %	\$25,000	(43.5) %	\$15,000	(40.0) %
Excise Taxes:						
Retail Sales	\$1,711,398	(3.1) %	\$1,705,000	(0.4) %	\$1,695,000	(0.6) %
Compensating Use	246,277	(13.6)	235,000	(4.6)	220,000	(6.4)
Cigarette	112,705	(2.2)	106,000	(5.9)	102,000	(3.8)
Tobacco Products	5,548	4.6	5,600	0.9	5,800	3.6
Cereal Malt Bev.	2,228	6.6	2,200	(1.3)	2,200	0.0
Liquor Gallonage	17,579	3.1	18,500	5.2	18,500	0.0
Liquor Enforcement	49,983	6.0	54,000	8.0	57,000	5.6
Liquor Drink	8,903	3.9	9,500	6.7	9,700	2.1
Corp. Franchise	46,659	(2.6)	35,000	(25.0)	22,000	(37.1)
Severance	148,172	27.7	129,100	(12.9)	73,500	(43.1)
Gas	91,511	14.9	78,400	(14.3)	42,200	(46.2)
Oil	56,662	55.7	50,700	(10.5)	31,300	(38.3)
Total	\$2,349,452	(2.6) %	\$2,299,900	(2.1) %	\$2,205,700	(4.1) %
Other Taxes:						
Insurance Prem.	\$117,588	3.3 %	\$119,700	1.8 %	\$117,300	(2.0) %
Miscellaneous	5,233	(4.7)	2,000	(61.8)	2,000	0.0
Total	\$122,821	3.0 %	\$121,700	(0.9) %	\$119,300	(2.0) %
Total Taxes	\$5,907,443	1.9 %	\$5,532,100	(6.4) %	\$5,368,000	(3.0) %
Other Revenues:						
Interest	\$111,258	20.6 %	\$56,000	(49.7) %	\$24,000	(57.1) %
Net Transfers	(377,653)	(172.0)	(3,640)	(99.0)	(65,830)	--
Agency Earnings	53,875	(16.4)	81,400	51.1	54,600	(32.9)
Total	(\$212,521)	---	\$133,760	(162.9) %	\$12,770	(90.5) %
Total Receipts	<u>\$5,694,924</u>	<u>(2.0) %</u>	<u>\$5,665,860</u>	<u>(0.5) %</u>	<u>\$5,380,770</u>	<u>(5.0) %</u>

Table 2
State General Fund Receipts
FY 2009 Revised
Comparison of November 2008 Estimate to April 2009 Estimate
(Dollars in Thousands)

	FY 2009 CRE Est.	FY 2009 CRE Est.	Difference	
	11/04/08	Revised 04/17/09	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$30,500	\$29,500	(\$1,000)	(3.3) %
Income Taxes:				
Individual	\$2,890,000	\$2,775,000	(115,000)	(4.0) %
Corporation	340,000	\$255,000	(85,000)	(25.0)
Financial Inst.	32,000	\$26,000	(6,000)	(18.8)
Total	3,262,000	\$3,056,000	(206,000)	(6.3) %
Estate Tax	\$32,000	\$25,000	(\$7,000)	(21.9) %
Excise Taxes:				
Retail Sales	\$1,715,000	\$1,705,000	(\$10,000)	(0.6) %
Compensating Use	220,000	\$235,000	15,000	6.8
Cigarette	111,000	\$106,000	(5,000)	(4.5)
Tobacco Product	5,600	\$5,600	0	--
Cereal Malt Beverage	2,200	\$2,200	0	--
Liquor Gallonage	18,000	\$18,500	500	2.8
Liquor Enforcement	52,000	\$54,000	2,000	3.8
Liquor Drink	9,500	\$9,500	0	--
Corporate Franchise	32,000	\$35,000	3,000	9.4
Severance	156,700	\$129,100	(27,600)	(17.6)
Gas	92,300	\$78,400	(13,900)	(15.1)
Oil	64,400	\$50,700	(13,700)	(21.3)
Total	\$2,322,000	\$2,299,900	(\$22,100)	(1.0) %
Other Taxes:				
Insurance Premiums	\$118,000	\$119,700	1,700	1.4 %
Miscellaneous	2,500	\$2,000	(500)	(20.0)
Total	\$120,500	\$121,700	1,200	1.0 %
Total Taxes	\$5,767,000	\$5,532,100	(\$234,900)	(4.1) %
Other Revenues:				
Interest	\$51,000	\$56,000	\$5,000	9.8 %
Net Transfers	(118,200)	(\$3,640)	114,560	(96.9)
Agency Earnings	81,400	\$81,400	0	--
Total Other Revenue	\$14,200	\$133,760	\$119,560	-- %
Total Receipts	\$5,781,200	\$5,665,860	(\$115,340)	(2.0)

Table 3
State General Fund Receipts
FY 2010 Revised
Comparison of November 2008 Estimate to April 2009 Estimate
(Dollars in Thousands)

	FY 2010 CRE Est. 11/04/08	FY 2010 CRE Est. Revised 04/17/09	Difference	
			Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$28,500	\$28,000	(\$500)	(1.8) %
Income Taxes:				
Individual	\$2,990,000	\$2,745,000	(245,000)	(8.2) %
Corporation	365,000	\$230,000	(135,000)	(37.0)
Financial Inst.	32,000	\$25,000	(7,000)	(21.9)
Total	3,387,000	\$3,000,000	(387,000)	(11.4) %
Estate Tax	\$15,000	\$15,000	\$0	-- %
Excise Taxes:				
Retail Sales	\$1,750,000	\$1,695,000	(\$55,000)	(3.1) %
Compensating Use	225,000	\$220,000	(5,000)	(2.2)
Cigarette	110,000	\$102,000	(8,000)	(7.3)
Tobacco Product	5,800	\$5,800	0	--
Cereal Malt Beverage	2,200	\$2,200	0	--
Liquor Gallonage	18,400	\$18,500	100	0.5
Liquor Enforcement	54,000	\$57,000	3,000	5.6
Liquor Drink	9,700	\$9,700	0	--
Corporate Franchise	20,000	\$22,000	2,000	10.0
Severance	130,200	\$73,500	(56,700)	(43.5)
Gas	80,000	\$42,200	(37,800)	(47.3)
Oil	50,200	\$31,300	(18,900)	(37.6)
Total	\$2,325,300	\$2,205,700	(\$119,600)	(5.1) %
Other Taxes:				
Insurance Premiums	\$119,000	\$117,300	(1,700)	(1.4) %
Miscellaneous	2,500	\$2,000	(500)	(20.0)
Total	\$121,500	\$119,300	(2,200)	(1.8) %
Total Taxes	\$5,877,300	\$5,368,000	(\$509,300)	(8.7) %
Other Revenues:				
Interest	\$50,000	\$24,000	(\$26,000)	(52.0) %
Net Transfers	(199,500)	(\$65,830)	133,670	(67.0)
Agency Earnings	54,600	\$54,600	0	--
Total Other Revenue	(\$94,900)	\$12,770	\$107,670	(113.5) %
Total Receipts	\$5,782,400	\$5,380,770	(\$401,630)	(6.9)



April 20, 2009

The Honorable Kevin Yoder, Chairperson
House Committee on Appropriations
Room 143-N, Statehouse

and

The Honorable Jay Emler, Chairperson
Senate Committee on Ways and Means
Room 371-E, Statehouse

Dear Representative Yoder:

The items contained in this memo, Governor's Budget Amendment No. 2, amend the revised FY 2009 and new FY 2010 budget that I submitted to you in January 2009. The items detailed here reflect new issues that have arisen, caseload adjustments, or changes that can be made based on new information. Two of these items change transfers to bring \$28.3 million to the State General Fund in FY 2009. Total adjustments to expenditures and positions are shown below.

Table with 3 columns: Item, FY 2009, FY 2010. Rows include State General Fund, All Other Funds, All Funds, FTE Positions, Non-FTE Unclassified Permanent, and Total Positions.

As a result of the national economic recession, state revenues have plummeted by historic proportions. In response, we have eliminated programs, closed facilities, and dramatically reduced spending in all areas of state government, including K-12 and higher education. In light of the revised Consensus Revenue Estimate, there are still challenges that remain. I urge the

Legislature to now enact the numerous cost saving proposals I have recommended before proposing more cuts in essential services for vulnerable Kansans or making further cuts in education.

State Treasurer

1. Property Tax Slider

When I issued my original budget in January, I cautioned that revenues may not be available to make the property tax slider scheduled for FY 2009 and FY 2010. The Legislature has acted to suspend the slider in FY 2010, but the second half of the slider is scheduled to be released June 1, 2009. Because the revenue picture has been altered since my original budget was developed, I now must recommend that the second half of the slider payment be suspended, saving the State General Fund \$25.0 million.

Kansas Public Employees Retirement System

2. Kansas Endowment for Youth Fund Transfer

Payments to Kansas from the master tobacco settlement have been greater than estimated in FY 2009. I therefore amend my budget to transfer \$3.25 million of extra revenue from the Kansas Endowment for Youth (KEY) Fund to the State General Fund in FY 2009. The transfer will help shore up the balance in the State General Fund without affecting previously approved transfers and expenditures from the KEY Fund.

Department of Administration

3. Statehouse Bonding Authority

In response to the request of Senate Leadership, I recommend that the Legislature endorse additional bonding authority of \$38.0 million, which is the amount required to keep the Statehouse renovation project operating toward the last phase in FY 2010. Debt service payments on these bonds will not begin until FY 2011.

Board of Indigents Defense Services

4. Caseload Estimates and Capital Defense Adjustment

I amend my budget to increase State General Fund expenditures for the Board of Indigents Defense Services in FY 2009 by \$597,825. This figure includes a reduction of \$448,750 from the Assigned Counsel Program and was arrived at through a consensus caseload process involving the Division of the Budget, Kansas Legislative Research Department, and the agency. The revised estimate accounts for a declining caseload and certain judicial districts

having agreed to accept a rate lower than the current \$80 per hour. In addition, the figure includes an increase in expenditures from the State General Fund of \$1,046,575, which includes \$421,767 for increasing costs in the Capital Defense Program and \$624,808 for increased expert witness costs as a result of Jessica's Law cases. In FY 2010, the agency's budget can be reduced \$165,000, also from the State General Fund.

	<u>FY 2009</u>	<u>FY 2010</u>
State General Fund	\$ 597,825	\$ (165,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 597,825	\$ (165,000)

**Department of Social & Rehabilitation Services and
Department on Aging and Kansas Health Policy Authority and Juvenile Justice Authority**

5. Caseload Adjustments

I amend my FY 2009 and FY 2010 budget to reflect changes in caseloads and the cost of assistance programs. These adjustments are the result of consensus caseload estimates that involved the staff of the Health Policy Authority, the Department of Social and Rehabilitation Services, the Legislative Research Department, the Department on Aging, the Juvenile Justice Authority, and the Division of the Budget. The consensus estimates include Regular Medical Assistance, Nursing Facilities, Temporary Assistance to Families (TAF), General Assistance, and Reintegration/Foster Care. This was the first Consensus Caseload meeting to include estimates for JJA out-of-home services. The Legislature recommended JJA's request to include its out of home placement services and psychiatric residential treatment facility services in the caseload estimating process. Both the population and services provided to children in JJA custody are similar to the population and services provided to children in SRS custody. The children are court ordered into the custody of the Commissioner of JJA and the Commissioner must accept custody. The estimating group used the budget as approved in 2009 Substitute for Senate Bill No. 23 and 2009 House Bill No. 2354 as the starting point for the current estimates.

For FY 2009, this amendment includes an increase from all funding sources of \$7.7 million, but a decrease of \$17.5 million from the State General Fund. The increase in caseload expenditures is the result of higher expenditures in the Regular Medical Assistance Program, mental health programs, Nursing Facilities for Mental Health, community supports and services, and JJA out-of-home services. These increases were partially offset by decreases in the estimates for Nursing Facilities, Targeted Case Management in the Department on Aging, JJA psychiatric residential treatment facility services, Temporary Assistance to Families, General Assistance, Foster Care, and substance abuse services. The reduction in the State General Fund estimate for caseload programs is largely due to the enhanced federal Medicaid funding included in the American Recovery and Reinvestment Act of 2009 (ARRA). The 2009 Legislature adopted my first budget amendment that captured State General Fund savings in Medicaid programs by applying the 6.2 percent enhanced Federal Medical Assistance Percentage rate. Beginning on April 1, 2009, the American Recovery and Reinvestment Act provisions provided another Federal Medical Assistance Percentage rate increase of 2.03 percent which was triggered

by an increase in Kansas' unemployment rate. Therefore additional State General Fund savings are reflected in the new caseload estimate.

For FY 2010, the estimate is an increase of \$5.8 million from all funding sources, but a decrease of \$20.8 million from the State General Fund. These adjustments include decreases from all funding sources of \$6.5 million for Regular Medical Assistance, \$3.1 million for JJA's psychiatric residential treatment facility program, and \$657,899 for the Department on Aging's Targeted Case Management program. These programs are still expected to increase over FY 2009 expenditures, but the growth in beneficiaries and program expenditures are not expected to increase as much as was originally estimated. The estimate for SRS' Reintegration/Foster Care program is decreased by \$1.2 million from all funding sources and \$5.5 million from the State General Fund. Savings will be realized from new provider contracts that cut administrative costs and will begin on July 1, 2009. In addition, SRS has improved its practices that influence the amount of federal funding that can be drawn for the program, so less State General Fund is required. Increased program expenditures are included for Nursing Facilities, Nursing Facilities for Mental Health, mental health programs, community supports and services, addiction and prevention services, and JJA's out-of-home services. Increases can be attributed to increases in the number of persons served and increases in the cost of services. Additional State General Fund savings that will result from the recent the American Recovery and Reinvestment Act Federal Medical Assistance Percentage increase are again reflected in the FY 2010 estimate. The federal match rate used for FY 2010 caseload estimates assumes that an additional FMAP increase will occur beginning January 1, 2010, for Medicaid expenditures, again resulting from an increased Kansas unemployment rate.

Health Policy Authority:	<u>FY 2009</u>	<u>FY 2010</u>
State General Fund	(\$ 13,562,555)	(\$ 19,220,105)
All Other Funds	<u>22,518,800</u>	<u>12,748,075</u>
All Funds	\$ 8,956,245	(\$ 6,472,030)
Dept. of SRS:	<u>FY 2009</u>	<u>FY 2010</u>
State General Fund	(\$ 4,391,604)	(\$ 4,266,576)
All Other Funds	<u>4,575,667</u>	<u>11,782,216</u>
All Funds	\$ 184,063	\$ 7,515,640
Dept. on Aging:	<u>FY 2009</u>	<u>FY 2010</u>
State General Fund	(\$ 2,781,460)	(\$ 1,052,423)
All Other Funds	<u>(18,540)</u>	<u>3,281,195</u>
All Funds	(\$ 2,800,000)	\$ 2,228,772

Juvenile Justice Authority:	<u>FY 2009</u>	<u>FY 2010</u>
State General Fund	\$ 3,255,718	\$ 3,769,578
All Other Funds	<u>(1,924,997)</u>	<u>(1,203,596)</u>
All Funds	\$ 1,330,721	\$ 2,565,982

Department of Social and Rehabilitation Services

6. FMAP Adjustment for Non-Caseload Medicaid Programs

The 2009 Legislature adopted my first budget amendment that captured State General Fund savings in Medicaid programs by applying the 6.2 percent enhanced Federal Medical Assistance Percentage (FMAP) rate. Beginning on April 1, 2009, the American Recovery and Reinvestment Act provisions provided another FMAP rate increase of 2.03 percent which was triggered by an increase in Kansas' unemployment rate. Therefore, additional State General Fund savings are reflected in the new caseload estimate. The federal match rate used for FY 2010 caseload estimates assumes that an additional FMAP increase will occur beginning January 1, 2010, for Medicaid expenditures, again resulting from an increased Kansas unemployment rate. I amend my budget to capture State General Fund savings resulting from the increased federal funding in Medicaid Programs that are not included in the consensus caseload estimates.

Dept. of SRS:	<u>FY 2009</u>	<u>FY 2010</u>
State General Fund	\$ (3,527,560)	\$ (1,674,347)
All Other Funds	<u>3,527,560</u>	<u>1,674,347</u>
All Funds	\$ --	\$ --

Dept. on Aging:	<u>FY 2009</u>	<u>FY 2010</u>
State General Fund	\$ (432,657)	\$ (367,239)
All Other Funds	<u>432,657</u>	<u>367,239</u>
All Funds	\$ --	\$ --

Kansas Health Policy Authority

7. Clearinghouse Capacity

I amend my budget to add \$44,000 for the Authority to hire an on-site Clearinghouse state staff position, which has been held vacant to meet salary and wage targets within the FY 2010 budget. Recommended funding for the Authority also includes \$60,000 for 1.00 new FTE on-site state position as well as \$244,000 for additional contract positions. These additional positions will reduce the current Clearinghouse backlog of applications and reviews. Also, the recommendation includes \$150,000 for computer system changes related to the Medicaid coverage expansion for pregnant women and the State Children's Health Insurance Program expansion. Of the \$498,000 total, \$217,450 is from the State General Fund.

	<u>FY 2009</u>	<u>FY 2010</u>
State General Fund	\$ --	\$ 217,450
All Other Funds	<u>--</u>	<u>280,550</u>
All Funds	\$ --	\$ 498,000
FTE Positions	--	1.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	1.00

8. Wichita Center for Graduate Medical Education

I amend my FY 2010 budget to add \$3.5 million from the State General Fund for the KHPA Medicaid Regular Medical Program. This funding will allow KHPA to draw down \$2.4 million in federal funding through the Medicaid process for additional resources available totaling \$5.9 million. The funding will be granted to the teaching hospitals associated with the Wichita Center for Graduate Medical Education (WCGME) program, allowing these hospitals to be compensated for the additional cost of providing training to new doctors and retain accreditation. In the future, the WCGME grant funding should be determined through the annual caseload determination process. The American Recovery and Reinvestment Act funding authorization approved by the Legislature for WCGME in the mega appropriations bill is not available to be accessed.

	<u>FY 2009</u>	<u>FY 2010</u>
State General Fund	\$ --	\$ 3,500,000
All Other Funds	<u>--</u>	<u>2,400,000</u>
All Funds	\$ --	\$ 5,900,000

Department of Education

9. Special Education—Part B

As additional information is made available on the American Recovery and Reinvestment Act programs, it is now known that savings can be realized in the state's budget for the portion of the Special Education program known as Part B, which is for early childhood programs in school districts. Therefore, I amend my budget to recognize additional savings to the State General Fund in FY 2010 of \$2,248,000. A similar amount will be saved in FY 2011.

	<u>FY 2009</u>	<u>FY 2010</u>
State General Fund	\$ --	(\$ 2,248,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	(\$ 2,248,000)

6-6

Adjutant General

10. Disaster Relief

Kansas has experienced numerous weather-related disasters in recent years and the Adjutant General has responded to all of them on our behalf. Using updated cost estimates, I amend my budget to finance the state and federal portions of this ongoing disaster relief effort. My original budget recommendation did not include the cost for electric cooperatives for the federally-declared December 2007 winter weather disaster that affected many Kansas counties, because allowed costs had not been determined at the time my budget recommendations were made. The state's portion of the electric cooperatives is estimated to cost \$31.0 million for the December 2007 disaster. However, this amount will be paid over several years.

The agency estimates that it may require an additional \$20,980,095, including \$3,064,474 from the State General Fund, for FY 2009 and \$210,618,611, including \$24,900,609, from the State General Fund, for FY 2010. Because the agency has approximately \$2.7 million remaining in its Disaster Relief Fund, I am recommending additional funds only for FY 2010. I amend my budget to add \$170.0 million, including \$20.0 million from the State General Fund, for FY 2010 to finance the disaster relief effort. Additional state match funding may need to be added when updated cost estimates are revised later in FY 2010.

	<u>FY 2009</u>	<u>FY 2010</u>
State General Fund	\$ --	\$ 20,000,000
All Other Funds	<u>--</u>	<u>150,000,000</u>
All Funds	\$ --	\$ 170,000,000

Sincerely,



Kathleen Sebelius
Governor of the State of Kansas

House Budget Committee Recommendations

General Government

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Governmental Ethics Commission</u>				
FY 2010				
1. Delete \$22,086, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(22,086)	0	(22,086)	0.0
2. Memo Page 32, Item A. Increase the State General Fund by \$6,761 and decrease the agency's fee fund by \$13,694 in FY 2010 (Technical adjustment).	6,761	(13,694)	(6,933)	0.0
<i>Agency Subtotal</i>	(\$15,325)	(\$13,694)	(\$29,019)	0.0
<u>State Finance Council</u>				
FY 2010				
1. Delete \$8,534,972, all from the State General Fund, and delay the State classified employees under market pay adjustment in FY 2010 by one year and appropriate the same amount for FY 2014.	(8,534,972)	0	(8,534,972)	0.0
<i>Agency Subtotal</i>	(\$8,534,972)	\$0	(\$8,534,972)	0.0
<u>Office of the Governor</u>				
FY 2010				
1. Delete \$383,278, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(383,278)	0	(383,278)	0.0
<i>Agency Subtotal</i>	(\$383,278)	\$0	(\$383,278)	0.0
<u>Lieutenant Governor</u>				
FY 2010				
1. Delete \$8,849, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(8,849)	0	(8,849)	0.0
<i>Agency Subtotal</i>	(\$8,849)	\$0	(\$8,849)	0.0
<u>Attorney General</u>				
FY 2010				
1. Memo Page 22, Item A. Add 2.0 federally funded FTE in the Medicaid Fraud Unit for activities associated with the passage of Senate Bill 44 - The Kansas False Claims Act.	0	0	0	2.0
2. Delete \$243,537, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(243,537)	0	(243,537)	0.0
<i>Agency Subtotal</i>	(\$243,537)	\$0	(\$243,537)	2.0
<u>State Treasurer</u>				
FY 2010				
1. Memo Page 18, Item B. Add \$720,000 to the Kansas Postsecondary Education Savings Trust Fund in FY 2010.	0	720,000	720,000	0.0
<i>Agency Subtotal</i>	\$0	\$720,000	\$720,000	0.0
<u>Insurance Department</u>				
FY 2010				
1. Memo Page 83, Item A. Add \$15,000, all from special revenue funds, to the Insurance Department Service Regulation Fund to fund the Public Adjusters Licensing Act which governs the qualifications and procedures for the licensing of public adjusters.	0	15,000	15,000	0.0

Appropriations Committee

Attachment 7-1

Date 4-22-09

House Budget Committee Recommendations

General Government

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<hr/>				
<i>Agency Subtotal</i>	\$0	\$15,000	\$15,000	0.0
<hr/>				
<u>Judicial Branch</u>				
FY 2010				
1. Memo Page 23, Item B. Delete \$343,026, all from the State General Fund, and 3.0 FTE positions for the Level of Services Inventory - Revised in FY 2010. The LSI-R is an assessment instrument used to assess the risk level and identify resources for offenders on probation.	(343,026)	0	(343,026)	(3.0)
2. Delete \$5,573,580, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(5,573,580)	0	(5,573,580)	0.0
3. Add language to appropriate the Judicial Branch Surcharge Fund as a no-limit fund. The fund will receive funding created by a surcharge as passed in Senate Bill 66. Senate Bill 66 allows the agency to apply a surcharge of up to \$10 per fee, for a series of fees, for non-judicial personnel costs.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	(\$5,916,606)	\$0	(\$5,916,606)	(3.0)
<hr/>				
<u>Kansas Public Employees Retirement System</u>				
FY 2009				
1. Adopt GBA, No. 2, Item 2, Page 2 - Kansas Endowment for Youth Fund Transfer. Transfer \$3.25 million from the Kansas Endowment for Youth (KEY) Fund to the State General Fund in FY 2009.	0	0	0	0.0
<hr/>				
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<hr/>				
<u>Kansas Human Rights Commission</u>				
FY 2010				
1. Delete \$77,581, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(77,581)	0	(77,581)	0.0
<hr/>				
<i>Agency Subtotal</i>	(\$77,581)	\$0	(\$77,581)	0.0
<hr/>				
<u>Department of Administration</u>				
FY 2010				
1. GBA No. 2, Item 3, Page 2. Do not adopt GBA No. 2, Item 3, to add \$38.0 million in bonding authority for Statehouse revocation.	0	0	0	0.0
2. Add \$44,268, all from the State General Fund, to fund the final invoice on a transmitter relocation project for Wichita Public Radio (KMUV) in FY 2010. The project was completed in FY 2008, but the final invoice was not received until FY 2009. By the time the final invoice was received, the remaining funding had been lapsed.	44,268	0	44,268	0.0
3. Delete \$791,190, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(791,190)	0	(791,190)	0.0
<hr/>				
<i>Agency Subtotal</i>	(\$746,922)	\$0	(\$746,922)	0.0
<hr/>				
<u>Court of Tax Appeals</u>				
FY 2010				
1. Delete \$80,214, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(80,214)	0	(80,214)	0.0
<hr/>				
<i>Agency Subtotal</i>	(\$80,214)	\$0	(\$80,214)	0.0

House Budget Committee Recommendations

General Government

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Department of Revenue</u>				
FY 2010				
1. Memo Page 26, Item B. Add \$933,153, all from special revenue funds, to retore funding for the Drivers License Photo First Model Office Project in FY 2010.	0	933,153	933,153	0.0
2. Memo Page 27, Item G. Increase the transfer to the Division of Vehicles Operating Fund by \$43,846 for expenditures related to Senate Bill 122 (salvage vehicles).	0	43,846	43,846	0.0
3. Memo Page 29, Item M. Increase the expenditure limitation and the transfer to the Division of Vehicles Operating Fund by \$1,400,000 for expenditures related to Senate Bill 158 (driver's license restriction).	0	1,400,000	1,400,000	0.0
4. Memo Page 29, Item N. Add \$96,640, all from the State General Fund, to fill 2.0 vacant FTE positions related to Senate Bill 97 - the Promoting Employment Across Kansas Act (PEAK).	96,640	0	96,640	0.0
5. Memo Page 31, Item D. Appropriate as a new no-limit fund the "Community Improvement District Sales Tax Administration" related to House Bill 2324 and sales tax exemptions associated with enterprise zones.	0	0	0	0.0
6. Delete \$962,201, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(962,201)	0	(962,201)	0.0
<i>Agency Subtotal</i>	(\$865,561)	\$2,376,999	\$1,511,438	0.0
<u>Kansas Lottery</u>				
FY 2010				
1. Add language transferring the amount of privilege fees needed to match federal funds to replace the all funds reduction between the FY 2009 approved amount and the FY 2010 approved amount for Home and Community based services waivers for individuals with developmental disabilities and individuals with physical disabilities.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Department of Labor</u>				
FY 2010				
1. Delete \$24,858, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(24,858)	0	(24,858)	0.0
<i>Agency Subtotal</i>	(\$24,858)	\$0	(\$24,858)	0.0
<u>Business Machinery and Equipment Tax Reduction Assistance Fund - "Slider," Telecommunications and Railroad Machinery and Equipment Tax Reduction Fund - "Slider"</u>				
FY 2009				
1. GBA No. 2, Page 2, Item 1. Do not adopt the GBA, which deletes the second half of the sliders. The June 1, 2009 transfer for the Business Machinery and Telecommunications and Railroad Machinery and Equipment Tax Reduction Assistance Fund is estimated at \$5.0 million, while the Equipment Tax Reduction Assistance Fund is estimated at \$20.0 million and the payments will still be made.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Pay Adjustments</u>				
FY 2010				
1. Delete language authorizing the Governor to increase, by 1.0 percent, the base salaries of all state employees including all state wide elected officials, judges and justices, and legislators in FY 2010. No funding is deleted as the Governor did not add any funding for the salary increase in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0

House Budget Committee Recommendations

General Government

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
TOTAL	(\$16,897,703)	\$3,098,305	(\$13,799,398)	(1.0)

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House Budget Committee Recommendations

Education

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Board of Regents</u>				
FY 2010				
1. Memo Page 89, Item A. Direct the agency to pay Midwest Higher Education Compact (MHEC) dues of \$95,000, all from balances in the Access US Fund in FY 2010.	0	0	0	0.0
2. Delete \$5.9 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(5,884,168)	0	(5,884,168)	0.0
3. Memo Page 90, Item E. Delete language requiring that no technical college receive less funding in FY 2010 than they received in FY 2009.	0	0	0	0.0
4. Transfer \$805,000, all from the Access US Fund, to the State General Fund in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>	(5,884,168)	\$0	(5,884,168)	0.0
<u>Kansas State University</u>				
FY 2010				
1. Delete \$3.6 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(3,628,766)	0	(3,628,766)	0.0
2. Add language authorizing to raze two buildings - the feed mill and the animal research facility - on the future National Bio and Agro-Defense Facility site in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>	(3,628,766)	\$0	(3,628,766)	0.0
<u>KSU - Extension Systems and Agricultural Research Program</u>				
FY 2010				
1. Delete \$1.7 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(1,696,135)	0	(1,696,135)	0.0
2. Memo Page 91, Item A. Add \$4,501, all from the Economic Development Initiatives Fund, to restore state contributions to the state employee Health Insurance Premium Reserve Fund for seven payroll periods in FY 2010, which has been accelerated to FY 2009 (Technical adjustment).	0	0	0	0.0
<i>Agency Subtotal</i>	(1,696,135)	\$0	(1,696,135)	0.0
<u>KSU - Veterinary Medical Center</u>				
FY 2010				
1. Delete \$359,468, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(359,468)	0	(359,468)	0.0
<i>Agency Subtotal</i>	(359,468)	\$0	(359,468)	0.0
<u>University of Kansas</u>				
FY 2010				
1. Delete \$4.7 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(4,701,946)	0	(4,701,946)	0.0
<i>Agency Subtotal</i>	(4,701,946)	\$0	(4,701,946)	0.0
<u>University of Kansas Medical Center</u>				
FY 2010				
1. Delete \$3.8 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(3,796,244)	0	(3,796,244)	0.0

Appropriations Committee

Attachment 8-1

Date 5/22/17

House Budget Committee Recommendations

Education

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<hr/>				
<i>Agency Subtotal</i>	(\$3,796,244)	\$0	(\$3,796,244)	0.0
<hr/>				
<u>Fort Hays State University</u>				
FY 2010				
1. Delete \$1.2 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(1,152,338)	0	(1,152,338)	0.0
<hr/>				
<i>Agency Subtotal</i>	(\$1,152,338)	\$0	(\$1,152,338)	0.0
<hr/>				
<u>Emporia State University</u>				
FY 2010				
1. Delete \$1.1 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(1,092,126)	0	(1,092,126)	0.0
<hr/>				
<i>Agency Subtotal</i>	(\$1,092,126)	\$0	(\$1,092,126)	0.0
<hr/>				
<u>Pittsburg State University</u>				
FY 2010				
1. Delete \$1.2 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(1,175,588)	0	(1,175,588)	0.0
<hr/>				
<i>Agency Subtotal</i>	(\$1,175,588)	\$0	(\$1,175,588)	0.0
<hr/>				
<u>Wichita State University</u>				
FY 2010				
1. Delete \$2.3 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(2,281,597)	0	(2,281,597)	0.0
<hr/>				
<i>Agency Subtotal</i>	(\$2,281,597)	\$0	(\$2,281,597)	0.0
<hr/>				
<u>Department of Education</u>				
FY 2010				
1. GBA No. 2, Item 9, Page 6 - Special Education Part B. Adopt the GBA and delete \$2,248,000, all from the State General Fund, to realize additional savings from the Federal American Recovery and Reinvestment Act in FY 2010.	(2,248,000)	0	(2,248,000)	0.0
2. Delete \$100.5 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(100,474,835)	0	(100,474,835)	0.0
<hr/>				
<i>Agency Subtotal</i>	(\$102,722,835)	\$0	(\$102,722,835)	0.0
<hr/>				
<u>State Library</u>				
FY 2010				
1. Delete \$245,973, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(245,973)	0	(245,973)	0.0
<hr/>				
<i>Agency Subtotal</i>	(\$245,973)	\$0	(\$245,973)	0.0
<hr/>				
<u>Kansas Arts Commission</u>				
FY 2010				
1. Delete \$67,471, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(67,471)	0	(67,471)	0.0
<hr/>				
<i>Agency Subtotal</i>	(\$67,471)	\$0	(\$67,471)	0.0

House Budget Committee Recommendations

Education

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>School for the Blind</u>				
FY 2010				
1. Delete \$194,690, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(194,690)	0	(194,690)	0.0
<i>Agency Subtotal</i>	(\$194,690)	\$0	(\$194,690)	0.0
<u>School for the Deaf</u>				
FY 2010				
1. Delete \$312,441, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 3.3 percent.	(312,441)	0	(312,441)	0.0
<i>Agency Subtotal</i>	(\$312,441)	\$0	(\$312,441)	0.0
<u>State Historical Society</u>				
FY 2010				
1. Delete \$293,022, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(293,022)	0	(293,022)	0.0
<i>Agency Subtotal</i>	(\$293,022)	\$0	(\$293,022)	0.0
TOTAL	(\$129,604,808)	\$0	(\$129,604,808)	0.0

Education and American Recovery and Reinvestment Act Funding Calculation

	K-12 Education		Higher Education
FY 2006 Actual State General Fund Expenditures	\$ 2,594,125,673		\$ 747,064,138
Federal ARRA Funds	<u>192,200,000</u>		<u>40,000,000</u>
Total amount required by ARRA	\$ 2,786,325,673		\$ 787,064,138
State General Fund Adjustment	<u>275,624,722</u>		<u>2,082,839</u>
FY 2010 Calculated	\$ 3,061,950,395		\$ 789,146,977
Higher of FY 2008 or FY 2009	<u>3,216,851,711</u>		<u>829,069,213</u>
Proportional shortfall	\$ (154,901,316)		\$ (39,922,236)
		-4.82%	-4.82%

Adjusted K-12 shortfall excluding KPERS Death and Disability is \$25,345,507

Note: FY 2009 was higher for K - 12 and FY 2008 was higher for Higher Education

Appropriations Committee
 Attachment 9
 Date 4-22-09

House Budget Committee Recommendations

Social Services

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Commission on Veterans Affairs</u>				
FY 2010				
1. Delete \$452,853, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(452,853)	0	(452,853)	0.0
<i>Agency Subtotal</i>	<i>(\$452,853)</i>	<i>\$0</i>	<i>(\$452,853)</i>	<i>0.0</i>
<u>Dept. of Health and Environment - Health</u>				
FY 2010				
1. Memo Page 43, Item A. Recommend that the agency utilize either existing resources or in kind services to achieve the state match for the federal public health and welfare and hospital preparedness grants.	0	0	0	0.0
2. Delete \$1.2 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(1,215,806)	0	(1,215,806)	0.0
<i>Agency Subtotal</i>	<i>(\$1,215,806)</i>	<i>\$0</i>	<i>(\$1,215,806)</i>	<i>0.0</i>
<u>Department on Aging</u>				
FY 2009				
1. GBA No. 2, Item 5, Page 3. Adopt GBA No. 2 Item 5 for human services consensus caseloads.	(2,781,460)	(18,540)	(2,800,000)	0.0
2. GBA No. 2 Item 6, Page 5. Adopt GBA No. 2 Item 6 for Federal Medical Assistance Percentage Adjustments for Non-Caseloads Medicaid Programs.	(432,657)	432,657	0	0.0
FY 2010				
1. Memo Page 50, Item A. Add \$60,000 from the State General Fund in FY 2010 for the United Cerebral Palsy of Kansas Assitive Technology Initiative. (Transferred the same amount from the Kansas Endowment for Youth Fund to the State General Fund.)	60,000	0	60,000	0.0
2. GBA No. 2, Item 5, Page 3. Adopt GBA No. 2 Item 5 for human services consensus caseloads.	(1,052,423)	3,281,195	2,228,772	0.0
3. GBA No. 2 Item 6, Page 5. Adopt GBA No. 2 Item 6 for Federal Medical Assistance Percentage Adjustments for Non-Caseloads Medicaid Programs.	(367,239)	367,239	0	0.0
4. Delete \$1.8 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(1,757,859)	0	(1,757,859)	0.0
<i>Agency Subtotal</i>	<i>(\$6,331,638)</i>	<i>\$4,062,551</i>	<i>(\$2,269,087)</i>	<i>0.0</i>
<u>Health Policy Authority</u>				
FY 2009				
1. GBA No. 2, Item 5, Page 3. Adopt GBA No. 2 Item 5 for human services consensus caseloads.	(13,562,555)	22,518,800	8,956,245	0.0
FY 2010				
1. GBA No. 2, Item 5, Page 3. Adopt GBA No. 2 Item 5 for human services consensus caseloads.	(19,220,105)	12,748,075	(6,472,030)	0.0
2. GBA No. 2, Item 7, Page 5. Do not adopt GBA No. 2, Item 7 to add funding for Clearinghouse Capacity.	0	0	0	0.0
3. GBA No. 2, Item 8, Page 6. Adopt GBA No. 2, Item 8 to add \$5.9 million, including \$3.5 million from the State General Fund, in FY 2010 for the Wichita Center for Graduate Medical Education. (Transferred \$3.5 million from the Kansas Endowment for Youth Fund to the State General Fund.)	3,500,000	2,400,000	5,900,000	0.0
4. Delete \$2.0 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(2,027,509)	0	(2,027,509)	0.0

House Budget Committee Recommendations

Social Services

Agency Item	State General Fund	All Other Funds	All Funds	FTEs
5. Add language to prohibit the implementation of a preferred drug list for mental health medications in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>(\$31,310,169)</i>	<i>\$37,666,875</i>	<i>\$6,356,706</i>	<i>0.0</i>

Social and Rehabilitation Services

FY 2009

1. GBA No. 2, Item 5, Page 3. Adopt GBA No. 2 Item 5 for human services consensus caseloads.	(4,391,604)	4,575,667	184,063	0.0
2. GBA No. 2 Item 6, Page 5. Adopt GBA No. 2 Item 6 for Federal Medical Assistance Percentage Adjustments for Non-Caseloads Medicaid Programs.	(3,527,560)	3,527,560	0	0.0

FY 2010

1. GBA No. 2, Item 5, Page 3. Adopt GBA No. 2 Item 5 for human services consensus caseloads.	(4,266,576)	11,782,216	7,515,640	0.0
2. GBA No. 2 Item 6, Page 5. Adopt GBA No. 2 Item 6 for Federal Medical Assistance Percentage Adjustments for Non-Caseloads Medicaid Programs.	(1,674,347)	1,674,347	0	0.0
3. Delete \$3.56 million, all from the Children's Initiatives Fund, for the Early Childhood Block Grant in FY 2010.	0	(3,560,000)	(3,560,000)	0.0
4. Delete \$17.7 million, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(17,719,440)	0	(17,719,440)	0.0

<i>Agency Subtotal</i>	<i>(\$31,579,527)</i>	<i>\$17,999,790</i>	<i>(\$13,579,737)</i>	<i>0.0</i>
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Rainbow Mental Health Facility

FY 2010

1. Delete \$281,276, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(281,276)	0	(281,276)	0.0
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<i>Agency Subtotal</i>	<i>(\$281,276)</i>	<i>\$0</i>	<i>(\$281,276)</i>	<i>0.0</i>
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Kansas Neurological Institute

FY 2010

1. Delete \$583,291, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(583,291)	0	(583,291)	0.0
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<i>Agency Subtotal</i>	<i>(\$583,291)</i>	<i>\$0</i>	<i>(\$583,291)</i>	<i>0.0</i>
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Parsons State Hospital

FY 2010

1. Delete \$537,362, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(537,362)	0	(537,362)	0.0
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<i>Agency Subtotal</i>	<i>(\$537,362)</i>	<i>\$0</i>	<i>(\$537,362)</i>	<i>0.0</i>
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Osawatomie State Hospital

FY 2010

1. Delete \$867,197, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(867,197)	0	(867,197)	0.0
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<i>Agency Subtotal</i>	<i>(\$867,197)</i>	<i>\$0</i>	<i>(\$867,197)</i>	<i>0.0</i>
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House Budget Committee Recommendations

Social Services

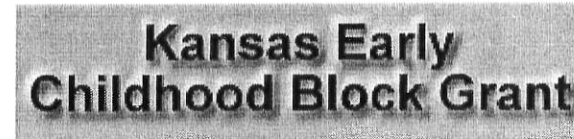
<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>Larned State Hospital</u>				
FY 2010				
1. Delete \$2,127,963, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(2,127,963)	0	(2,127,963)	0.0
<i>Agency Subtotal</i>	<i>(\$2,127,963)</i>	<i>\$0</i>	<i>(\$2,127,963)</i>	<i>0.0</i>
<u>Kansas Guardianship Program</u>				
FY 2010				
1. Delete \$59,355, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(59,355)	0	(59,355)	0.0
<i>Agency Subtotal</i>	<i>(\$59,355)</i>	<i>\$0</i>	<i>(\$59,355)</i>	<i>0.0</i>
<u>Children's Initiatives Fund</u>				
FY 2010				
1. Decrease the transfer from the Kansas Endowment for Youth Fund to the Children's Initiatives Fund by \$3.56 million in FY 2010 and increase the transfer to the State General Fund by the same amount.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
TOTAL	(\$75,346,437)	\$59,729,216	(\$15,617,221)	0.0

"Provided, that, notwithstanding the provisions of K.S.A 75-3739, the Secretary is hereby authorized to contract without competitive bid, using TANF funds, for services aimed at safeguarding those TANF recipients who are victims of sexual assault and domestic violence against TANF recipients.

Appropriations Committee

Attachment 11

Date 4-22-09



Appropriations Committee
 Attachment 12
 Date 4-22-09

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[Early Childhood Block Grant Program Profiles](#)

[History](#)

Kansas Early Childhood Block Grant

[Cabinet Members](#)

New money earmarked for early childhood programs will be directed toward an Early Childhood Block Grant (ECBG), administered by the Children's Cabinet. Block grant funds can be grants to school districts, child care centers and homes, Early Head Start sites, Head Start sites, and community-based programs that provide research-based child development services for at-risk infants, toddlers and their families, and preschool for three- and four-year-olds. The grant process will be driven by accountability measures and research-based programming, as well as a focus on at-risk children and under-served areas. At least thirty (30) percent of all block grant funds will be set aside for infant and toddler programs. The Children's Cabinet will work to leverage block grant funds to draw down private donations and foundation grants. The Children's Cabinet was chosen to administer the block grant program due to their recent efforts and achievements in emphasizing accountability and outcomes in all programs funded with CIF dollars.

[Staff Bios](#)

[RFP's](#)

[Early Childhood Planning](#)

[Smart Start](#)

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Early Childhood Block Grant Recommendations
As approved by Kansas Children's Cabinet 11/18/2008
FY 2009

Children's Initiative Fund

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Communities in Schools Rice County	\$165,602
Four County Mental Health/ Montgomery, Wilson, Elk, Chautauqua	\$244,345
Greater Manhattan Community Foundation Riley County	\$400,000
Hutchinson Community Foundation Reno County	\$157,447

Kansas Early Learning Collaborative Cherokee, Crawford, Ellis, Finney, Ford, Harvey, Johnson, Leavenworth, Montgomery, Saline, Shawnee, Wyandotte Counties for all services	\$6,015,040
Kansas Head Start Association Montgomery, Seward and Shawnee Counties	\$876,493
Marion County Early Childhood Task Force Marion County	\$159,708
Mitchell County Communities That Care Resource Council Mitchell and Jewell Counties	\$139,234
Rainbows United, Inc. Butler, Harvey, Sedgwick and Sumner Counties	\$1,100,000
Russell Child Development Center Clark, Gray, Hodgeman, and Meade	\$200,000
Success by Six Douglas County	\$725,515
The Opportunity Project Sedgwick County	\$630,888
USD #380/Vermillion Marshall and Nemaha Counties	\$100,728
USD # 498/Valley Heights Marshall County	\$85,000
# of Grantees Total 14	\$11,000,000

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House Budget Committee Recommendations
Agriculture and Natural Resources

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>Board of Accountancy</u>				
FY 2010				
1. Transfer \$15,492 from the ending balances of the agency's fee funds to the State General Fund in FY 2010. This amount reflects 5.0 percent of the agency's approved budget.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>State Bank Commissioner</u>				
FY 2010				
1. Transfer \$219,432 from the ending balances of the agency's fee funds to the State General Fund in FY 2010. This amount reflects 2.5 percent of the agency's approved budget.	0	0	0	0.0
2. Transfer \$219,433 from the agency's KSIP fund to the State General Fund in FY 2010. This amount reflects 2.5 percent of the fund balance.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Department of Credit Unions</u>				
FY 2010				
1. Transfer \$46,637 from the ending balances of the agency's fee funds to the State General Fund in FY 2010. This amount reflects 5.0 percent of the agency's approved budget.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Securities Commissioner</u>				
FY 2010				
1. Transfer \$144,414 from the ending balances of the agency's fee funds to the State General Fund in FY 2010. This amount reflects 5.0 percent of the agency's approved budget.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Board of Veterinary Examiners</u>				
FY 2010				
1. Memo Page 5, Item A. Delete \$6,021, all from the Veterinary Examiners Fee Fund in FY 2010 for a technical correction to reflect the appropriate amount.	0	(6,021)	(6,021)	0.0
2. Transfer \$13,892 from the ending balances of the agency's fee funds to the State General Fund in FY 2010. This amount reflects 5.0 percent of the agency's approved budget.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	(\$6,021)	(\$6,021)	0.0
<u>Kansas Corporation Commission</u>				
FY 2009				
1. Add language which authorizes the Kansas Electric Transmission Authority (KETA) to reappropriate any remaining funds from FY 2009 to FY 2010 (Technical adjustment).	0	0	0	0.0
FY 2010				
1. Add \$73,280, all from special revenue funds, and 1.0 FTE position, in FY 2010 contingent on the Governor's approval of Senate Substitute for House Bill 2032, which would enact the Kansas Surface Owner Notice Act, along with various other changes in definitions and applications.	0	73,280	73,280	1.0

Appropriations Committee.

Attachment 13-1

Date 4-22-09

House Budget Committee Recommendations

Agriculture and Natural Resources

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
2. Add \$553,285, all from special revenue funds, and 1.0 FTE position, in FY 2010 contingent on overriding the Governor's veto on Senate Substitute for Substitute for House Bill 2014, which is the comprehensive energy bill.	0	553,285	553,285	1.0
3. Transfer \$1,045,699 from the ending balances of the agency's fee funds to the State General Fund in FY 2010. This amount reflects 5.0 percent of the agency's approved budget.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$626,565	\$626,565	2.0

Citizens' Utility Ratepayer Board

FY 2010

1. Transfer \$40,311 from the ending balances of the agency's fee funds to the State General Fund in FY 2010. This amount reflects 5.0 percent of the agency's approved budget.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0

Kansas Technology Enterprise Corp.

FY 2010

1. Add \$11,539,387, including \$9,894,718 from the Economic Development Initiatives Fund (EDIF), to restore funding for the Kansas Technology Enterprise Corporation (KTEC) in FY 2010.	0	11,539,387	11,539,387	0.0
<i>Agency Subtotal</i>	\$0	\$11,539,387	\$11,539,387	0.0

Dept. of Health and Environment - Environment

FY 2010

1. The House Budget Committee requests the House Appropriations Committee conduct a hearing on House Bill 2386, which would place into statute several of the provisos that occur annually in the appropriations bill, as identified by the agency during the budget committee process.	0	0	0	0.0
2. Delete \$439,677, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(439,677)	0	(439,677)	0.0
<i>Agency Subtotal</i>	(\$439,677)	\$0	(\$439,677)	0.0

Department of Agriculture

FY 2010

1. Delete \$535,733, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(535,733)	0	(535,733)	0.0
<i>Agency Subtotal</i>	(\$535,733)	\$0	(\$535,733)	0.0

Animal Health Department

FY 2009

1. Add language which allows the agency to transfer funding between the agency's Animal Disease Control Fund and Animal Facilities Inspection Fund in FY 2009 in order to repay a loan that occurred between the two funds.	0	0	0	0.0
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FY 2010

1. Delete \$46,368, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(46,368)	0	(46,368)	0.0
<i>Agency Subtotal</i>	(\$46,368)	\$0	(\$46,368)	0.0

House Budget Committee Recommendations

Agriculture and Natural Resources

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Kansas State Fair Board</u>				
FY 2010				
1. Transfer \$224,520 from the ending balances of the agency's fee funds to the State General Fund in FY 2010. This amount reflects 5.0 percent of the agency's approved budget.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>State Conservation Commission</u>				
FY 2010				
1. Delete the authority to reappropriate any unencumbered funding in the Conservation Reserve Enhancement Program (CREP) from FY 2009 to FY 2010 and add language that would apportion any remaining funds.	0	0	0	0.0
2. Delete \$39,821, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(39,821)	0	(39,821)	0.0
<i>Agency Subtotal</i>	<i>(\$39,821)</i>	<i>\$0</i>	<i>(\$39,821)</i>	<i>0.0</i>
<u>Kansas Water Office</u>				
FY 2010				
1. Delete \$101,493, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(101,493)	0	(101,493)	0.0
<i>Agency Subtotal</i>	<i>(\$101,493)</i>	<i>\$0</i>	<i>(\$101,493)</i>	<i>0.0</i>
<u>Department of Wildlife and Parks</u>				
FY 2010				
1. Delete \$327,759, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(327,759)	0	(327,759)	0.0
<i>Agency Subtotal</i>	<i>(\$327,759)</i>	<i>\$0</i>	<i>(\$327,759)</i>	<i>0.0</i>
<u>State Water Plan Fund</u>				
FY 2010				
1. Delete the authority to reappropriate any unencumbered funds in the Conservation Reserve Enhancement Program (CREP) from FY 2009 to FY 2010.	0	0	0	0.0
2. Add \$435,906, all from the State Water Plan Fund, for the Kansas Department of Health and Environment - Environment Local Environmental Protection Program (LEPP) in FY 2010 to fund the program at the same amount as approved for FY 2009 by the Legislature in House Substitute for Substitute for Senate Bill 23.	0	435,906	435,906	0.0
3. Add language that would apportion any funds remaining from lapsing all unencumbered funding in the Conservation Reserve Enhancement Program (CREP) at the end of FY 2009 across all State Water Plan Fund programs, after the additional \$435,906 has been added for the Kansas Department of Health and Environment - Environment Local Environmental Protection Program (LEPP) in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$435,906</i>	<i>\$435,906</i>	<i>0.0</i>
TOTAL	(\$1,490,851)	\$12,595,837	\$11,104,986	2.0

Provided that, notwithstanding the provisions of K.S.A. 9-1703, and amendments thereto, or any other provision of state law, for FY 2010 and FY 2011, assessments authorized pursuant to K.S.A. 9-1703 may be collected by the state bank commissioner as needed, and in such installment periods as the commissioner deems appropriate, but no more frequently than monthly.

Appropriations Committee

Attachment 14

Date 4-22-09

House Budget Committee Recommendations
Transportation and Public Safety

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>Board of Indigents' Defense Services</u>				
FY 2009				
1. GBA No. 2 Item 4, Page 2 - Caseload Estimates and Capital Defense Adjustment. Adopt the GBA and add \$597,825, all from the State General Fund.	597,825	0	597,825	0.0
FY 2010				
1. GBA No. 2 Item 4, Page 2 - Caseload Estimates and Capital Defense Adjustment. Adopt the GBA and delete \$165,000 all from the State General Fund, based on an updated caseload estimate.	(165,000)	0	(165,000)	0.0
2. Delete \$1,174,413 all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(1,174,413)	0	(1,174,413)	0.0
<i>Agency Subtotal</i>	(\$741,588)	\$0	(\$741,588)	0.0
<u>Department of Corrections</u>				
FY 2010				
1. Delete \$5,188,534, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(5,188,534)	0	(5,188,534)	0.0
<i>Agency Subtotal</i>	(\$5,188,534)	\$0	(\$5,188,534)	0.0
<u>Topeka Correctional Facility</u>				
FY 2010				
1. Delete \$629,860, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(629,860)	0	(629,860)	0.0
<i>Agency Subtotal</i>	(\$629,860)	\$0	(\$629,860)	0.0
<u>Hutchinson Correctional Facility</u>				
FY 2010				
1. Delete \$418,528, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(418,528)	0	(418,528)	0.0
<i>Agency Subtotal</i>	(\$418,528)	\$0	(\$418,528)	0.0
<u>Lansing Correctional Facility</u>				
FY 2010				
1. Delete \$1,866,924, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(1,866,924)	0	(1,866,924)	0.0
<i>Agency Subtotal</i>	(\$1,866,924)	\$0	(\$1,866,924)	0.0
<u>Ellsworth Correctional Facility</u>				
FY 2010				
1. Delete \$629,928, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(629,928)	0	(629,928)	0.0
<i>Agency Subtotal</i>	(\$629,928)	\$0	(\$629,928)	0.0
<u>Winfield Correctional Facility</u>				
FY 2010				
1. Delete \$119,292, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(119,292)	0	(119,292)	0.0
<i>Agency Subtotal</i>	(\$119,292)	\$0	(\$119,292)	0.0

House Budget Committee Recommendations

Transportation and Public Safety

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Norton Correctional Facility</u>				
FY 2010				
1. Delete \$146,790, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(146,790)	0	(146,790)	0.0
<i>Agency Subtotal</i>	<i>(\$146,790)</i>	<i>\$0</i>	<i>(\$146,790)</i>	<i>0.0</i>
<u>El Dorado Correctional Facility</u>				
FY 2010				
1. Delete \$1,196,180, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(1,196,180)	0	(1,196,180)	0.0
<i>Agency Subtotal</i>	<i>(\$1,196,180)</i>	<i>\$0</i>	<i>(\$1,196,180)</i>	<i>0.0</i>
<u>Juvenile Justice Authority</u>				
FY 2009				
1. GBA No. 2, Item 5, Page 5. Adopt the GBA and add \$3,255,718, all from the State General Fund, and delete \$1,924,997, from all other funds, to fully fund out-of-home placements in FY 2009 as part of human services caseloads.	3,255,718	(1,924,997)	1,330,721	0.0
FY 2010				
1. GBA No. 2, Item 5, Page 5. Adopt the GBA and add \$3,769,578, all from the State General Fund, and delete \$1,203,596, from all other funds, to fully fund out-of-home placements in FY 2010 as part of human services caseloads.	3,769,578	(1,203,596)	2,565,982	0.0
2. Delete \$1,099,696, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(1,099,696)	0	(1,099,696)	0.0
<i>Agency Subtotal</i>	<i>\$5,925,600</i>	<i>(\$3,128,593)</i>	<i>\$2,797,007</i>	<i>0.0</i>
<u>Kansas Juvenile Correctional Complex</u>				
FY 2010				
1. Delete \$798,480, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(798,480)	0	(798,480)	0.0
<i>Agency Subtotal</i>	<i>(\$798,480)</i>	<i>\$0</i>	<i>(\$798,480)</i>	<i>0.0</i>
<u>Atchison Juvenile Correctional Facility</u>				
FY 2010				
1. Delete \$19,046, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(19,046)	0	(19,046)	0.0
<i>Agency Subtotal</i>	<i>(\$19,046)</i>	<i>\$0</i>	<i>(\$19,046)</i>	<i>0.0</i>
<u>Beloit Juvenile Correctional Facility</u>				
FY 2010				
1. Delete \$193,934, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(193,934)	0	(193,934)	0.0
<i>Agency Subtotal</i>	<i>(\$193,934)</i>	<i>\$0</i>	<i>(\$193,934)</i>	<i>0.0</i>
<u>Larned Juvenile Correctional Facility</u>				
FY 2010				
1. Delete \$443,984, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(443,984)	0	(443,984)	0.0
<i>Agency Subtotal</i>	<i>(\$443,984)</i>	<i>\$0</i>	<i>(\$443,984)</i>	<i>0.0</i>

House Budget Committee Recommendations

Transportation and Public Safety

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Larned Correctional Mental Health Facility</u>				
FY 2010				
1. Delete \$493,617, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(493,617)	0	(493,617)	0.0

<i>Agency Subtotal</i>	(\$493,617)	\$0	(\$493,617)	0.0
<u>Adjutant General</u>				
FY 2010				
1. GBA No. 2, Page 7, Item 10. Adopt GBA No. 2, Item 10, which adds \$170.0 million, including \$20.0 million from the State General Fund, for disaster relief expenditures in FY 2010.	20,000,000	150,000,000	170,000,000	0.0
2. Delete \$2,165,763, including \$652,230 from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(652,230)	(1,513,533)	(2,165,763)	0.0

<i>Agency Subtotal</i>	\$19,347,770	\$148,486,467	\$167,834,237	0.0
<u>State Fire Marshal</u>				
FY 2010				
1. Memo Page 7, Item B. Appropriate the no-limit Fire Safety Standard and Firefighter Protection Act Enforcement Fund, and the no-limit Cigarette Fire Safety Standard and Firefighter Protection Act Fund in FY 2010.	0	0	0	0.0

<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Highway Patrol</u>				
FY 2010				
1. Delete \$1,730,181, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(1,730,181)	0	(1,730,181)	0.0

<i>Agency Subtotal</i>	(\$1,730,181)	\$0	(\$1,730,181)	0.0
<u>Kansas Bureau of Investigation</u>				
FY 2010				
1. Delete \$769,243, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(769,243)	0	(769,243)	0.0

<i>Agency Subtotal</i>	(\$769,243)	\$0	(\$769,243)	0.0
<u>Sentencing Commission</u>				
FY 2010				
1. Delete \$442,387, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(442,387)	0	(442,387)	0.0

<i>Agency Subtotal</i>	(\$442,387)	\$0	(\$442,387)	0.0
<u>Kansas Department of Transportation</u>				
FY 2010				
1. Memo Page 15, Item D. Add \$2,580, all from the State Highway Fund, for Senate Bill 5 to allow the expenditure of donations received for signs to be placed on the newly designated 1011th Quartermaster Co. U.S. Army Reserve Memorial Highway in FY 2010.	0	2,580	2,580	0.0
2. Memo Page 15, Item E. Add \$780, all from the State Highway Fund, for House Bill 2045 to allow the expenditure of donations received for signs to be placed on the newly designated Veterans Memorial Bridge in FY 2010.	0	780	780	0.0

House Budget Committee Recommendations

Transportation and Public Safety

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
3. Memo Page 16, Item G. Appropriate the no-limit Intermodal Transportation Revolving Fund in FY 2009 and FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$3,360</i>	<i>\$3,360</i>	<i>0.0</i>
TOTAL	\$9,444,874	\$145,361,234	\$154,806,108	0.0
GRAND TOTAL	(\$214,709,197)	\$220,784,592	\$6,075,395	1.0

The Transportation and Public Safety Budget Committee recommends a 5.0 percent reduction from the State General Fund appropriations in Senate Substitute for HB 2354 for all Transportation and Public Safety agencies. The Budget Committee made the following notations during its consideration of the Omnibus appropriations bill:

1. The Budget Committee is concerned about the impact of additional funding cuts to public safety agencies, which not only affects state programs but city and county programs as well. Some of the potential effects of additional funding cuts include:
 - a. the elimination of the remaining trooper training course offered by the Highway Patrol, resulting in no new troopers would be trained during FY 2010;
 - b. reducing reimbursement rates to public defenders by over 10.0 percent;
 - c. reducing treatment services to DUI offenders who qualify for treatment under 2003 SB 123;
 - d. increasing the adult prison population;
 - e. holding positions vacant for extended periods of time;
 - f. closing additional adult and juvenile correctional facilities;
 - g. additional risk to public safety and security; and
 - h. impact the state's ability to respond to disasters and emergency situations.
2. The Budget Committee recognizes the importance of the Johnson and Sedgwick County Residential Centers to both the Department of Corrections and the communities they serve and is concerned about the impact the closures will have on the communities and the overall inmate population.
3. The Budget Committee notes the importance of the Labette County Conservation Camps for public safety reasons, as well as the importance of the camps to the local community.
4. The Budget Committee notes the importance of the trooper training class in order to maintain trained troopers within the Highway Patrol. Without the trooper training class, there will be no new troopers trained in FY 2010.
5. The Budget Committee recognizes that the Fire Marshal self-imposed a 10.0 percent reduction to its budget and the Emergency Medical Services Board recommended sweeping the ending balance of the EMS operating fund to the State General Fund during FY 2010.
6. The Budget Committee notes that the Adjutant General intends to reduce maintenance funds for the state armories and Forbes and McConnell. A portion of these funds are 25/75 matching funds and translate into a larger reduction for the Adjutant General.
7. The Budget Committee excluded the Parole Board from the additional 5.0 percent State General Fund reduction due to the salary structure of the agency. Board member salaries are set in statute to be on par with district court judges and a 5.0 percent State General Fund reduction would eliminate all operating funds from the Boards budget.

In addition, the Budget Committee notes that the Parole Board was reduced from 4 members to 3 members in FY 2003 as a budget savings measure and additional budget reductions will make it difficult to complete its statutory functions.

8. The Budget Committee commends the Transportation and Public Safety agencies on the information that was provided on short notice. The information provided included detailed information on the list of reductions that would be made and the potential impact of the reductions. The Budget Committee has attached the handouts that were provided to the Budget Committee.
9. The Budget Committee recommends that the directors of each agency be given the authority to make reductions to their budget where they deem most appropriate to minimize the impact on public safety to the maximum extent possible.

Juvenile Justice Authority
Proposed 5.0% FY 2010 Reduction
April 21, 2009

	Megabill	Adjustments	5.0% Reduction
Operations	3,641,968	-	3,641,968
MIS	1,151,673	-	1,151,673
POS	16,932,132	-	16,932,132
Grad. Sanc.*	16,512,786	(347,804)	16,164,982
Incentive Grants	687,500		687,500
Total CO	38,926,059	(347,804)	38,578,255
KJCC	15,969,602	1,373,590	17,343,192
AJCF	380,922	-	380,922
BJCF	3,878,689	(3,580,927)	297,762
LJCF	8,879,689	-	8,879,689
Total JCFs	29,108,902	(2,207,337)	26,901,565
Systemwide Total	68,034,961	(2,555,141)	65,479,820

*Reduce CIF funding for prevention grants and shift to graduated sanctions.
Reduce SGF funding for graduated sanctions by the amount shifted.

Assumes POS is held harmless.

**2009 Senate Budget Committee
Kansas State Fire Marshal Agency Reduction List #2, 8%**

Fund	Request
2330 - Fire Marshal Fee Fund	3,735,872
2330 - Fire Marshal Fee Fund - Official Hospitality	500
2597 - Haz Program Hazardous Material Program Fund	377,332
Total Approved	4,113,704
8%	329,096

Description	FTE	Salary	Benefits	Expenses	Amount	Fund	Details	Impact	Amount Continued in 2011
Position - Fire Investigator - additional reduction	1	43,950	18,608		62,558	2330	Layoff of an existing Fire Investigator	Delayed and possible refusal of fire investigation services.	0
Position - General Counsel Attorney	1	65,000	18,542		83,542	2330	Layoff of Attorney position.	Delayed legal services and advice.	0
Position - Research Analyst II	1	34,444	14,519		48,963	2330	Layoff of Research Analyst II position	Significant delay in the gathering and statistical analysis of fire incident data across the state.	0
Program - Public Education Program	1	57,429	18,176	18,428	94,033	2330	Decrease in public education by laying off one position and decreasing program costs.	The impact on public safety would be small as many of the local communities and other agencies have public education personnel promoting similar programs.	94,033
Program Expenses - Bomb Unit				40,000	40,000	2330	The staffing of this unit is a joint effort with our agency and the KHP but the vehicle and equipment maintenance and replacement is the sole burden of our agency.	The impact on public safety would be continued mitigation of improvised explosive devices in communities without resources.	40,000
Total	4	200,823	69,845	58,428	329,096				134,033

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**2009 Senate Budget Committee
Kansas State Fire Marshal Agency Reduction List #1, 10%**

Fund	Request
20 - Fire Marshal Fee Fund	3,735,872
230 - Fire Marshal Fee Fund - Official Hospitality	500
2597 - Haz Program Hazardous Material Program Fund	377,332
Total Approved	4,113,704
10%	411,370

*Fee fund balance shortfall
Today's balance 45,381.00
done 250,000 SGF loan in process may need an additional 100,000.*

16-91

Description	FTE	Salary	Benefits	Expenses	Amount	Fund	Details	Impact	Amount Continued in 2011
Contractual Exp Reduction - Move Expenses and Rent Increase				41,000	41,000	2330 / 2597	At time budget was prepared our lease was out for bid. This is now settled and we are staying in our current location so this is no longer needed.	None	41,000
Out of State Travel				50,657	50,657	2330 / 2597	Decrease in out-of-state travel.	Reduction in technical training needed for various positions that is not available in Kansas.	0
Overtime - Haz Mat Division		2,500			2,500	2597	Elimination of overtime for Hazmat Division.	Minimal, will have to be absorbed into other duties.	2,500
Overtime - Prevention Division		12,000			12,000	2330	Elimination of overtime for Prevention Division.	Delayed inspections of various facilities.	12,000
Position - Deputy Fire Marshal	1	58,885	17,272		76,157	2330	Maintaining current vacancy.	Minimal.	76,157
Position - Fire Investigator	1	43,950	12,461		56,411	2330	Maintaining current vacancy	Delayed and possible refusal of fire investigation services.	0
Position - Fire Prevention Inspector	1	39,853	16,494		56,347	2330	Maintaining current vacancy	Increased delays of inspections of schools, day cares, nursing homes, health care facilities, and other places where Kansans congregate.	0
Position - Safe Cigarettes	0	41,870	12,110		53,980	2330	Maintaining current vacancy	Minimal, program duties would have to be absorbed by existing staff.	53,980
Program - Barton Solvents	0	43,950	12,461	5,907	62,318	2330	Reversal of Senate Substitute for House Bill 2634, which called for the inspection of non-fuel flammable or combustible liquid above ground storage tanks. The only funding source associated with this bill is from fines incurred for violations after 2013.	The impact on public safety would be little as little was to be gained from implementation as we already have authority for above ground flammable and combustible liquids.	62,318
Total	3	243,008	70,798	97,564	411,370				247,955

16-91

Adjutant General's Department - Additional 5% Cut Impact

	FY 2010		5%	
	Appropriation		Reduction	
Civil Air Patrol	\$ 31,488	\$	1,574	CAP only pays for 1/2 time employee, rent, phone & small amt. of supplies - Could not pay for phone bill & supplies
Operational Management (Administration)	\$ 1,257,511	\$	62,876	Eliminate Asst. TAG position, still leaves us \$44K short - Reduce travel, no replacement equipment, reduce supplies, depend more on Indirect Cost Funds, hold positions open or furlough
State Active Duty	\$ 54,835	\$	2,742	
Military Activation Payments	\$ 24,137	\$	1,207	
Military Emergency Relief	\$ 48,375	\$	2,419	
KDEM	\$ 1,056,192	\$	52,810	Will also reduce the amount of matching EMPG funds, reduction of supplies and equipment, travel & training
Armories	\$ 1,895,150	\$	94,758	Eliminate 1/4 of repairs or close armories
Forbes	\$ 477,125	\$	23,856	Also reduces federal funds of \$71,568 for a total of \$95,424 - Eliminate 35% of all repairs
McConnell	\$ 632,123	\$	31,606	Also reduces federal funds of \$94,818 for a total of \$126,424 - Eliminate 35% of all repairs
			\$ 273,847	

State Disaster Funds

We do not recommend cutting these funds

16-5

Kansas Bureau of Investigation: 5% State General Fund Reduction

Appropriation in Senate
Substitute for HB 2354 15,384,913

5% Reduction 769,246

<u>Item</u>	<u>SGF Amount</u>
Maintain Current	
Vacancies	614,953
New FTE for DNA	83,300
DNA Case/Arrestee	
Reduction	70,993
<u>Total</u>	<u>769,246</u>

Current Vacancies

Offender Registration	2
Communications	1
Special Agents	16
Forensic Scientists	3.5
Lab Technician	1
<u>Total</u>	<u>23.5</u>

16-6

**KANSAS DEPARTMENT OF CORRECTIONS
SYSTEMWIDE REDUCTION OF 10% - FISCAL YEAR 2010**

02/11/2009

Priority Number	Item	Proposed Adjustment to Base Budget	Total Adjustment from Base Budget	Percent Change from Base Budget
19	1 percent reduction in facilities operations	(1,461,252)	(15,852,268)	-6.02%
20	Reduce funding for offender programs	(2,072,925)	(17,925,193)	-6.81% 646,250
21	Eliminate 13 special enforcement officer positions (parole services)	(618,000)	(18,543,193)	-7.04%
22	Eliminate 10 parole officer positions	(425,000)	(18,968,193)	-7.20%
23	Suspend operations of the North Unit of the El Dorado Correctional Facility	(1,187,169)	(20,155,362)	-7.65%
24	Terminate Wyandotte County Reentry Program	(630,000)	(20,785,362)	-7.89%
25	Reduce funding for reentry programs	(260,000)	(21,045,362)	-7.99%
26	Reduce funding for offender programs	(696,887)	(21,742,249)	-8.26%
27	Eliminate 3 positions from the crime victims assistance program	(150,000)	(21,892,249)	-8.31%
28	Reduce community corrections grants by an additional 7 percent	(1,225,000)	(23,117,249)	-8.78%
29	Reduce funding for parole services (would result in the elimination of as many as 23 parole officer positions)	(993,810)	(24,111,059)	-9.16%
30	Reduce funding for offender programs	(279,957)	(24,391,016)	-9.26%
-	Reduce funding health care contract (reimbursements at Medicaid rates)	(700,000)	(25,091,016)	-9.53%
-	Delete funding to continue essential DRC services	(1,265,000)	(26,356,016)	-10.01%

KANSAS DEPARTMENT OF CORRECTIONS
SYSTEMWIDE REDUCTION - ADDITIONAL 8% - FY 2010 - CONTAINMENT OPTION

02/11/2009

Priority Number	Item	Proposed Adjustment to Base Budget	Total Adjustment from Base Budget	Percent Change from Base Budget
	Adjusted FY 2009 State General Fund Base Budget	263,310,396		
-	Delete funding for information technology equipment acquisitions	(845,000)	(845,000)	-0.32%
-	Close B Cellhouse at Winfield Correctional Facility (half-year)	(296,000)	(1,141,000)	-0.43%
-	Eliminate funding for offender programs	(3,000,000)	(4,141,000)	-1.57%
-	Eliminate reentry field staff	(1,200,000)	(5,341,000)	-2.03%
-	Further reduce funding for parole services	(4,650,000)	(9,991,000)	-3.79%
-	Eliminate state financing for crime victims assistance program	(390,000)	(10,381,000)	-3.94%
-	Reduce funding for DOC central office operations, reentry program, and/or community corrections	(10,683,431)	(21,064,431)	-8.00%

16-8

KANSAS DEPARTMENT OF CORRECTIONS
SYSTEMWIDE REDUCTION - ADDITIONAL 8% - FY 2010 - BALANCED OPTION

02/11/2009

Priority Number	Item	Proposed Adjustment to Base Budget	Total Adjustment from Base Budget	Percent Change from Base Budget
	Adjusted FY 2009 State General Fund Base Budget	263,310,396		
-	Delete funding for information technology equipment acquisitions	(845,000)	(845,000)	-0.32%
-	Close B Cellhouse at Winfield Correctional Facility (half-year)	(296,000)	(1,141,000)	-0.43%
-	Further reduce funding for reentry programs	(260,000)	(1,401,000)	-0.53%
-	Further reduce funding for crime victims assistance program	(100,000)	(1,501,000)	-0.57%
-	Reduce funding for DOC central office operations (includes information systems operations)	(500,000)	(2,001,000)	-0.76%
-	Reduce funding for offender programs	(740,000)	(2,741,000)	-1.04%
-	Close Winfield Correctional Facility	(9,502,506)	(12,243,506)	-4.65%
-	Close Norton Correctional Facility	(12,374,885)	(24,618,391)	-9.35%

16-9



FY 2010

Existing Funding Reductions in Senate Substitute for House Bill 2354:

FY 2009 1.25% SGF Reduction Carry Forward to FY 2010
(includes \$25,000 related to the one-time PSIC grant match no longer in FY 2010) \$ 493,739

5% Across-the-Board Reduction, All Funds \$ 1,826,911

One-time Transfer from Motor Vehicle Fund to SGF \$ 300,000

One-time Transfer from VIN Fund to SGF \$ 100,000

Sub-total Reductions & Transfers \$ **2,720,650**

Unfunded 1% Pay Plan Increase \$ 496,012

Unfunded Longevity Bonus \$ 521,000

Total Existing Reductions/Unfunded Expenditures \$ **3,737,662**

Allow One-time Training Center Capital Improvements \$ (579,917)

Total Existing Operating Reductions \$ **3,157,745**

Actions to Meet:

Management List, excluding Cap. Improve. already above \$ 1,246,994

Elimination of Both Trooper Recruit Classes (26 candidates estimated) \$ 1,638,120

Elimination of Remaining Funding for Replacement IT Equipment \$ 137,250

Elimination of Most Out-of-State Travel \$ 83,640

Additional Position Vacancies \$ 51,741

\$ 3,157,745

Additional Funding Received in Senate Substitute for House Bill 2354:

Partial restoration of In-car Video Camera funding \$ 150,000 cannot be applied to operational reductions; specifically for cameras

16-9



FY 2010

Additional 5% SGF Reduction: \$ 34,603,615 \$ 1,730,181

11-91

Eliminate One Canine Training Class Provided to Locals	\$ 18,000	The KHP has historically provided two bi-annual canine training classes to local law enforcement agencies free-of-charge. The agency is recognized as having the most experienced and expert canine handlers in the Midwest. However, to provide these classes, the instructors incur overtime, travel costs, fuel and other expenditures. One class is proposed to be eliminated. If this training is not provided free-of-charge, the burden shifts to local government.
Reconfiguration of Central Supply	\$ 82,000	Several years ago, the KHP leased warehouse space in Salina to house the Central Supply which serves as a central location for the statewide needs of the agency. The warehouse space is a much better fit for the need, but may not be affordable. The supplies are proposed to be drop shipped and stored in the various Troops. Uniforms, insignias, belts, etc. could be stored at the Training Academy. The lease term ends on January 31. Thus, only 5 months could be saved in FY 10. Two employees would be relocated and a temporary services employee would be dismissed. There will be some one-time moving costs for the supplies.
Vehicle Identification Number Fee Fund Increase	\$ 1,550,000	The \$10 fee has not been increased since its enactment in 1984. Some of the inspections are delegated to vehicle dealerships who keep all but \$1 of the fee. K.S.A. 8-116a allows for a minimum fee of \$10. Thus, fees could be increased, potentially without statutory amendment, unless vehicle dealers were deemed to receive a smaller portion. This assumes that fees double, increasing to \$20 each. This approach charges those citizens receiving the VIN inspection service for unrelated costs as a way to support other operations of the KHP.
Postpone Motor Carrier Inspection vehicle replacement-3 pickups	\$ 64,500	The KHP replaces vehicles based on a proven vehicle mile-out criteria that maximizes officer safety and vehicle warranties, and minimizes repair costs. Extensive vehicle repairs due to a higher mile-out criteria are not funded in the existing KHP budget.
Additional One-time Spend Down of KHP Federal Fund	\$ 15,681	The KHP incurs many costs, including fuel, overtime, supplies, etc. when a disaster occurs. If these situations occur late in the fiscal year, the FEMA reimbursement is not received until the following fiscal year. Thus, the agency has been reserving a fund balance for emergency funding so that operational funding is not harmed. If this reserve is spent, then it is likely that funding solutions will be needed for future disasters and other emergencies. \$310,278 already provided in the original 5% cut.
Total 5% Reduction SGF Only	\$ 1,730,181	



FY 2010

Other Factors:

The price of fuel is a significant issue for the KHP. Enhancement requests were submitted for both FY 2009 and FY 2010 to provided funding beyond the currently budgeted \$2.38/gallon. Only FY 2009 was recommended due to the one-time availability of fee fund balances. An increase in fuel prices beyond \$2.38/gallon will create the need for an additional funding request in FY 2010 or further reductions and changes in operating procedures to fund increased expenditures.

The KHP proposes to relinquish the funding for Trooper Recruit classes to meet the funding reduction scenarios. However, the agency usually has the opportunity to apply towards shrinkage any savings from Trooper positions vacated between classes. Providing the funding in advance will not allow the agency to recoup a portion of the savings to meet shrinkage. Current non-Trooper rank vacancies total a budgeted amount of \$1,107,300, but budgeted shrinkage totals \$2,950,300. Thus, the agency will be required to make further reductions to meet shrinkage without the application of the Trooper vacancies. Additional reductions of \$1,843,000 to meet shrinkage represent a significant issue for the agency and are in addition to any funding reductions.

16-12

House Budget Committee Recommendations

Legislative Branch

Agency/Item	State General Fund	All Other Funds	All Funds	FTEs
<u>Legislative Coordinating Council</u>				
FY 2010				
1. Delete \$38,883, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(38,883)	0	(38,883)	0.0
<i>Agency Subtotal</i>	(\$38,883)	\$0	(\$38,883)	0.0
<u>Legislature</u>				
FY 2010				
1. Delete \$851,565, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(851,565)	0	(851,565)	0.0
<i>Agency Subtotal</i>	(\$851,565)	\$0	(\$851,565)	0.0
<u>Legislative Research Department</u>				
FY 2010				
1. Delete \$183,481, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(183,481)	0	(183,481)	0.0
<i>Agency Subtotal</i>	(\$183,481)	\$0	(\$183,481)	0.0
<u>Revisor of Statutes</u>				
FY 2010				
1. Delete \$173,112, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(173,112)	0	(173,112)	0.0
<i>Agency Subtotal</i>	(\$173,112)	\$0	(\$173,112)	0.0
<u>Division of Post Audit</u>				
FY 2010				
1. Delete \$137,066, all from the State General Fund, to reduce the agency's FY 2010 approved budget by 5.0 percent.	(137,066)	0	(137,066)	0.0
<i>Agency Subtotal</i>	(\$137,066)	\$0	(\$137,066)	0.0
TOTAL	(\$1,384,107)	\$0	(\$1,384,107)	0.0

Appropriations Committee
 Attachment 17
 Date 4-22-09

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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January 30, 2009

To: House Appropriations Committee

From: Alan D. Conroy, Director

Re: State Employee Furlough

The House Appropriations Committee had requested information regarding state employee salaries and wages. In particular, the request concerned the estimated savings regarding a furlough of state employees for one day.

The estimated savings from furloughing all state employees depends on the assumptions that are used to make the estimate. In checking with the Division of Personnel Services, Department of Administration and the Kansas Board of Regents on the estimated savings of imposing a one-day furlough on state employees, they have provided the following information:

<u>Employees</u>	<u>State General Funds</u>	<u>All Funds</u>
Non-Regents	\$1,794,000	\$3,817,000
Regents	<u>2,019,000</u>	<u>4,376,000</u>
Total	\$3,813,000	\$8,193,000

This assumes that certain key positions would still report to work on a furlough day. Examples of some of those positions would include:

- Correctional Officers (adult and juvenile);
- Highway Patrol troopers;
- Direct care employees of the state institutions; and
- Power plant operators.

The estimate of the Board of Regents indicated that Regents employees that are on a nine-month teaching contract would not be eligible for furlough during summer months. Also, that Fort Hays State University and Pittsburg State University have faculty that are covered by a memorandum of agreement which would need to be considered in any furlough action.

The estimate of the Division of Personnel Services used the day after Thanksgiving, November 28, 2008 to provide the estimate. The Division indicated that using this methodology

provided a better estimate on the impact of a furlough since the estimate captures situations such as calling an employee in to work or requiring an employee to work a double shift.

I hope this information is helpful. If you have any further questions or need clarification, please let me know.

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April 21, 2009

ITEMS FOR OMNIBUS CONSIDERATION

Office of the Governor

A. Update on the American Recovery and Reinvestment Act of 2009 (Senate Committee). The office has applied for two formula grants available through the American Recovery and Reinvestment Act during the month of April and is expecting confirmation of funding prior to FY 2010. The first application was for the Victims of Crime Act totaling \$1.0 million. The total is split into two components, \$685,000 for assistance and \$346,000 for compensation. Victim assistance includes crisis intervention, emergency shelter, counseling and criminal justice advocacy. Victim compensation is a reimbursement for items such as medical costs, funeral and burial costs, mental health counseling, and lost wages.

The second application was for the Violence Against Women Act which is for \$1.6 million. These formula grants are awarded to states and territories to develop and strengthen the criminal justice system's response to violence against women and to support and enhance services for victims. Each state and territory must allocate 25.0 percent of the grant funds for law enforcement, 25.0 percent for prosecution, 5.0 percent for courts, and 30.0 percent for victim services.

While the office has not applied for any of the competitive grants that are available, the office has encouraged other agencies, both state and non-state, to apply for the grants.

Board of Indigents' Defense Services

A. Capital Defense Budget (House Committee and Conference Committee). The Senate Committee added \$1,271,865, all from the State General Fund, to apply the agency's FY 2009 request to the FY 2010 budget due to the agency's expected budget shortfall in the Capital Defense Program. The House Committee did not add the funding, but requested review of a potential budget shortfall. The Conference Committee concurred with the Senate and added the funding, but requested review at Omnibus.

B. GBA No. 2, Item 4, page 2 - Caseload Estimates and Capital Defense Adjustment.

Department of Administration

A. Kansas Public Broadcasting Council Transmitter Relocation Project (Senate Committee and Conference Committee). The Kansas Public Broadcasting Council requested \$44,268, all from the State General Fund, as an enhancement for FY 2010 to relocate a transmitter for Wichita Public Radio (KMUW). The 2007 Legislature approved funding for the entire project, which took place over two years. The final invoice charged to KMUW was not received until FY 2009, but no language in the previous bill reappropriated the funding and it was lapsed. The House

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Committee added the funding. The Senate Committee did not add the funding but requested review at Omnibus. The Conference Committee concurred with the Senate and did not add the funding.

B. Kansas Public Broadcasting Council Grant Enhancement. (Senate Committee). The Kansas Public Broadcasting Council requested enhanced funding totaling \$324,739, all from the State General Fund, for equipment grants to individual stations in FY 2010. According to the council, this funding would allow the agency to draw down federal dollars through a grant totaling \$877,871. The following table reflects the amounts that individual stations would receive from the additional funding:

<u>Station</u>	<u>SGF</u>	<u>Federal Fund</u>	<u>Total</u>
Radio Kansas - Hutchinson Community College	\$ 21,880	\$ 43,760	\$ 65,640
KTWU - Washburn University	188,663	377,326	565,989
KCPT - Kansas City	114,196	456,785	570,981
TOTAL	<u>\$ 324,739</u>	<u>\$ 877,871</u>	<u>\$ 1,202,610</u>

The Governor did not recommend adding the funding and neither the House Committee nor the Senate Committee added the funding, but the Senate Committee requested review of the funding after updated consensus revenue estimates were released.

C. GBA No. 2, Item 3 - Statehouse Bonding Authority.

Kansas Lottery

A. Revised Cashflow Projections for the Expanded Lottery Act Revenues Fund in FY 2009 and FY 2010 (Senate Committee and House Committee). The Expanded Lottery Act Revenues Fund (ELARF) is comprised of three major revenue sources. The first is revenue generated by state owned casinos. The second is privilege fees paid by casino facility managers in the remaining gaming zones once a manager is selected and a binding contract is entered. The third is electronic gaming machines at parimutuel racing facilities.

Gaming Revenue Estimates. A gaming revenue estimating group met on April 8, 2009 to provide updated estimates for the ELARF. For FY 2010, the Governor recommended transferring \$6.7 million in revenue generated from the Boot Hill Casino in Ford County to the State General Fund. The estimated transfer assumed the Casino would be functioning by September 2009. Updated estimates have reduced the transfer to \$4.7 million because it is more likely the Casino will open in December 2009.

The gaming revenue estimating group estimates \$50.0 million in privilege fees generated by a casino in the Northeast Gaming Zone and the South Central Gaming Zone in FY 2010. Before the April 1, 2009 deadline, three groups applied to become the manager of the Northeast Gaming Zone in Wyandotte County, and three other groups applied to become the manager of the South Central Gaming Zone in Sumner County.

No revenue is expected from electronic gaming machines at parimutuel race facilities in FY 2010.

The House and Senate Committees each deleted the Governor's recommended \$50.0 million transfer of privilege fees from the ELARF to the State General Fund in FY 2010. The House added language transferring \$45.3 million of privilege fees, if available, from the ELARF to the Business

Machinery and Equipment Tax Reduction and Assistance Fund and the Telecommunications and Railroad Machinery and Equipment Tax Reduction Assistance Fund in FY 2010. The Conference Committee concurred with the Senate position and did not transfer any available privilege fees out of the ELARF. Additionally, both Committees have placed a \$0 limitation on expenditures from the ELARF in FY 2010.

B. Gaming Revenue Estimating Group's Cashflow Projections for the State Gaming Revenues Fund in FY 2009 and FY 2010 (Senate Committee and House Committee). Each year the Kansas Lottery transfers revenue into the State Gaming Revenues Fund (SGRF). A statutory provision directs any amount above \$50.0 million that is deposited into the SGRF shall be transferred to the State General Fund at the end of each fiscal year. The gaming revenue estimating group met on April 8, 2009 and reduced the estimated transfer amount generated from regular Lottery operations from \$74.0 million to \$68.0 million in FY 2009. Additionally, the group reduced the estimated transfer from \$75.0 million to \$72.0 million in FY 2010. The consensus revenue estimating group incorporates these amounts into the State General Fund revenue profile.

School for the Blind

A. Capital Improvements (House Committee and Conference Committee). Both the House and Senate Committees adjusted the agency's capital improvement expenditures, all from the State Institutions Building Fund (SIBF) in FY 2010 and requested review at Omnibus.

Project	Gov. Rec. FY 2010	House Committee Positions FY 2010	Senate Committee Positions FY 2010
Projects:			
Vogel Building Roof Replacement	\$ 161,430	\$ 0	\$ 206,584
Johnson Building Roof Replacement	197,175	0	0
Health Center Roof Replacement	43,200	0	0
Debt Service Principal	29,108	29,108	29,108
Rehabilitation and Repair	78,079	0	152,936
TOTAL	<u>\$ 508,992</u>	<u>\$ 29,108</u>	<u>\$ 388,628</u>
Financing:			
State General Fund	\$ 29,108	\$ 29,108	\$ 29,108
State Institutions Building Fund	479,884	0	359,520
TOTAL	<u>\$ 508,992</u>	<u>\$ 29,108</u>	<u>\$ 388,628</u>

The Governor recommended replacement of three building roofs and the agency's FY 2010 rehabilitation and repair request for \$479,884, all from the State Institutions Building Fund (SIBF). The Governor also recommended \$29,108, all from the State General Fund, for debt service principal for the agency's Facility Conversion Improvement Project.

The House Committee concurred with the Governor's recommended State General Fund total for Debt Service Principal, but deleted all SIBF funding for roof replacement and rehabilitation and repair.

The Senate Committee deleted \$120,364, all from the SIBF to apply a 10.0 percent reduction target based on the Governor's FY 2009 recommendation for FY 2010. The Committee recommends \$206,584 to replace the roof on the Vogel Building, and recommends spending the remaining SIBF funding to patch the roof for the Johnson Building, and for general rehabilitation and repair projects on campus.

The Conference Committee concurred with the Senate Committee with review of the issue at Omnibus.

B. Facilities Closure and Realignment Commission (Senate Committee). The Senate Committee requested review of any recommendations, if available, made by the Facilities Closure and Realignment Commission established by Executive Order 09-01. The Commission toured the facility in April, but did not make any recommendations. There have been no indications that the Commission plans to issue any recommendations before the end of the fiscal year.

School for the Deaf

A. Capital Improvements (House Committee and Conference Committee). Both Chambers adjusted the agency's capital improvement expenditures, all from the State Institutions Building Fund (SIBF), in FY 2010 and requested review at Omnibus.

Project	Gov. Rec. FY 2010	House Committee Positions FY 2010	Senate Committee Positions FY 2010
Projects:			
Roth West Wing Dorm Electrical Upgrade	\$ 242,000	\$ 0	\$ 0
Rehabilitation and Repair:			
Roth Foundation, Window Wells, Drains	0	0	100,000
General Rehabilitation Projects	200,000	0	200,000
Debt Service Principal	61,286	61,286	61,286
TOTAL	<u>\$ 503,286</u>	<u>\$ 61,286</u>	<u>\$ 361,286</u>
Financing:			
State General Fund	\$ 61,286	\$ 61,286	\$ 61,286
State Institutions Building Fund	442,000	0	300,000
TOTAL	<u>\$ 503,286</u>	<u>\$ 61,286</u>	<u>\$ 361,286</u>

The Governor recommended total capital improvement expenditures of \$503,286, including \$442,000 from the State Institutions Building Fund (SIBF), for FY 2010. The recommendation included \$242,000 to upgrade the electrical system at the dormitory, and \$200,000 for general rehabilitation and repairs. The recommendation also includes \$61,286, all from the State General Fund, for debt service principal payments for the agency's Facility Conversion Improvement Project.

The House Committee concurred with the Governor's recommended State General Fund total for debt service principal, but deleted all SIBF funding for electrical upgrades and rehabilitation and repair.

The Senate Committee deleted \$242,000 all from the SIBF, for Roth West Wing Dormitory electrical upgrades as part of the first step in renovating the Roth Building and added \$100,000, all from the SIBF, to partially fund the agency's request to repair the foundation on campus which affects window wells and drains on campus.

The Conference Committee concurred with the Senate Committee with review at Omnibus.

B. Facilities Closure and Realignment Commission (Senate Committee). Both the House and Senate Committees adjusted the agency's capital improvement expenditures, all from the State Institutions Building Fund (SIBF) in FY 2010 and requested review at Omnibus. The Commission toured the facility in April, but did not make any recommendations. There have been no indications that the Commission plans to issue any recommendations before the end of the fiscal year.

Board of Veterinary Examiners

A. Veterinary Examiners Fee Fund (Technical Adjustment). The Conference Committee concurred with the House to add \$22,701, all from the Veterinary Examiners Fee Fund, to reach the agency's FY 2010 request. However, the amount of money for the moratoriums was inadvertently added twice to the bill. A technical adjustment deleting \$6,021 from the appropriated amount is necessary to reflect the appropriate amount for the Board of Veterinary Examiners in FY 2010.

Juvenile Justice Authority

A. Spring Consensus Caseload Estimates and GBA No. 2, Item 5, page 5 (Senate Committee and House Committee). The Division of the Budget, Legislative Research Department, and the Juvenile Justice Authority met on April 15, 2009 to initiate the estimates on caseload expenditures for FY 2009 and FY 2010. The consensus estimates include expenditures for Psychiatric Residential Treatment Facilities (PRTFs) and Out-of-Home Placement contracts. The estimating group used the budgets as approved in 2009, House Substitute for Substitute for Senate Bill 23 and Senate Substitute for House Bill 2354, as the starting point for the current estimate.

Both the House and Senate Committees recommended the agency's request to include the Purchase of Service Budget (POS), which includes residential services and psychiatric residential treatment facilities, in the consensus caseload estimating process. The Committees heard testimony that both the population and the services provided to those in custody of the Juvenile Justice Authority (JJA) are similar to the population and the services provided to those in SRS custody including the Medicaid coverage. The Committees noted the State has an obligation to provide for those children that are in the community and in the custody of the State. Furthermore, the Committees do not see a significant difference between those in custody of SRS and those in custody of JJA.

The estimate contains services that are the same or similar to the services included in the consensus caseload process for the Department of Social and Rehabilitation Services. For JJA this included Psychiatric Residential Treatment Facilities and Out-of-Home Placements. Out-of-Home Placements include Resource Homes, Foster Care, Youth Residential Centers I and II, Emergency Shelter, Residential Maternity, Transitional Living and Community Integration Programs and Extraordinary Medical costs.

For FY 2009 the estimate includes expenditures of \$7,145,000 for Psychiatric Residential Treatment Facilities, including \$2,495,749 from the State General Fund. This is a savings of \$2,894,209, including \$969,213 from the State General Fund. Out-of-Home Placements have an estimated cost of \$21,577,146, including \$18,185,640 from the State General Fund. This is an increase of \$4,224,930, all from the State General Fund, or 20 percent.

For FY 2010 the estimate includes expenditures of \$7.1 million for Psychiatric Residential Treatment Facilities, including \$2,201,710 from the State General Fund. An all fund decrease of \$3,139,994, or 44.0 percent, and a State General Fund decrease of \$1,080,720, or 49.0 percent. Out-of-Home Placements have an estimated cost of \$21,968,941, including \$18.5 million from the

State General Fund. This is an all funds increase of \$5,705,976, or 26.0 percent, and a State General Fund increase of \$4,850,298, or 26.0 percent.

These items are included in the Spring Consensus Caseload Item under the Department of Social Rehabilitation Services, Item O, page 80.

Adjutant General

A. Disaster Match Funding - Hazard Mitigation (House Committee). The House Committee recommended Omnibus review of the addition of \$77,066,667, including \$9,066,667 from the State General Fund, for Hazard Mitigation funding in FY 2010 to match Hazard Mitigation Grant Program funds for eligible federally declared disasters.

Since January 2007, the State has realized five federal disasters ranging from severe winter storms to tornados to flooding. As a result of these declarations, federal Public Assistance and Hazard Mitigation assistance were authorized but require non-federal matching funds. The US Department of Homeland Security Federal Emergency Management Agency (FEMA) administers both programs.

The Hazard Mitigation Grant Program helps State, local units of government, and eligible private non-profits with the cost of planning for, administering, and mitigating losses from future disasters. This program provides funds for projects such as acquisition and demolition of flood prone properties, construction of tornado safe rooms, limited flood control measure (protecting critical facilities) and enhancing warning systems. Under the grant program, federal government pays for 75.0 percent and a non-federal match of 25.0 percent is required. This enhancement will allow for a State payment of 10.0 percent of the non-federal share and the receiving local unit of government or private non-profit is liable for the remaining 15.0 percent. If payment is made to a state agency, the receiving State agency is liable for the entire 25.0 percent match.

Federal funding of this program is based on 15.0 percent of the total FEMA share of any given federal disaster. With the advent of the five most recently declared disasters, the state is eligible for approximately \$68,000,000 in federal funds (75.0 percent) to perform eligible mitigation activities.

B. Emergency Management Performance Grant (House Committee). The House Committee recommended Omnibus review of the addition of \$730,000, including \$365,000 from the State General Fund, to match the federal Emergency Management Performance Grant in FY 2010, which was not recommended by the Governor.

The agency states that the emergency management performance program is funded 50.0 percent by the federal government, with a 50.0 percent state cost-share or in-kind match requirement. The agency reports that it has not had sufficient state funds to match the grant in recent years. The agency reports that without additional match funding, it will be unable to meet the mandates set by the U.S. Department of Homeland Security or the needs of the state. According to the agency this will result in the state being unable to provide preparedness support to counties, particularly smaller counties, requiring an increased utilization of state resources if a disaster occurs in a smaller county.

The agency states that the Kansas Division of Emergency Management depends on Emergency Management Performance Grant to supplement the costs of full-time and part-time positions. A total of 32 positions out of 39 are funded using a portion of the grant. Although the grant funds pay for services that benefit all of the counties in Kansas, these funds alone are not enough to help the state and local government maintain an appropriate level of preparedness for

emergency management. The agency states that since Hurricane Katrina, state governments have been asked to develop more capabilities and meet new federal requirements without the matching funding. The agency states that Division of Emergency Management has a critical shortfall in staff to meet the ever increasing requirements placed on the Emergency Management community, furthermore cutting funds and not adding positions is a double hit to the Division and with eleven open disasters this is not the time to reduce support to Division of Emergency Management, which in direct terms then hurts all of the counties.

C. GBA No. 2, Item 10, page 7 - Disaster Relief.

State Fire Marshal

A. Transfer of Reduction Savings to the State General Fund (Senate Committee). The Senate and House Committees deleted the transfer of \$168,692 from the Fire Marshal Fee Fund to the State General Fund. The Senate Committee recommended Omnibus review of the deleted transfer. This is the amount of savings created by budget reductions in the Governor's FY 2010 recommendation and will now remain in the agency's fee fund.

B. Fire Safe Cigarette Certification Fees and Penalty Funds (Law). The agency is requesting that two funds be appropriated as no limit funds in FY 2010. The 2008 Legislature passed Senate Bill 178 which created standards for "flame retardant" cigarettes under the Fire Safety Standard and Firefighter Protection Act. The State Fire Marshal has to propose equivalent test methods for cigarettes that are not sent to the American Society for Testing and Materials to be tested.

As part of this legislation two funds were created in statute, the "Fire Safety Standard and Firefighter Protection Act Enforcement Fund" for the receipt of testing fees to be used for the administration of the Act; and the "Cigarette Fire Safety Standard and Firefighter Protection Act Fund" for the collection of penalties to be used to support fire safety and prevention programs (KSA 31-604, and KSA 31-609, respectively). The statute requires that the State Fire Marshal adjust the \$250 fee annually, by rule and regulation, to ensure that the fee defrays the actual cost of processing, testing enforcement, administration and oversight activities required by law.

The agency states that this program is new and actual expenditures are still being tallied, and that the agency cannot anticipate how many penalties will be assessed after July 1, 2009.

Highway Patrol

A. Digital In-Car Camera Project Funding (House Committee). The House Committee recommended Omnibus review of the addition of \$125,000 from the KHP Operations Fund and increasing the transfer from the State Highway Fund by the same amount, to restore funding for the In-Car Digital Camera Project in FY 2010.

The in-car digital camera project is to replace outdated analog systems with digital systems and DVD recording that was approved in FY 2008. The funding for the project was set to be \$825,000 in FY 2008 and FY 2009, and \$850,000 in FY 2010. As the agency had not yet settled upon a satisfactory product in FY 2008, the 2008 Legislature transferred \$550,000 of this first year funding into FY 2009. The remaining \$275,000 was directed to be used in FY 2008 to provide for additional fuel expenditures the agency was experiencing.

The Conference Committee added \$150,000 from the KHP Operations Fund in FY 2010 and increased the transfer from the State Highway Fund by the same amount. This item is to review

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adding the remaining \$125,000 from the KHP Operations Fund and increase the transfer from the State Highway Fund in FY 2010 in order to restore full project funding.

B. Public Safety Interoperability Communications (PSIC) Grant Funding (Senate Committee). The Senate Committee requests Omnibus review of restoring \$25,000 in Public Safety Interoperability Communications (PSIC) Grant funding reduced as part of the 1.25 percent reduction made to agencies receiving State General Funding in FY 2009.

The 2007 Legislature added \$2.0 million, all from the State General Fund, in FY 2008 to match the PSIC Grant. This funding was reappropriated into FY 2009 and became subject to the 1.25 percent across the board reduction to agencies receiving State General Funding as part of House Substitute for Substitute for Senate Bill 23. As part of the 1.25 percent reduction, \$25,000 of the \$2.0 million was reduced. The PSIC grant required a 20.0 percent match, which equates to a reduction of \$100,000 in federal funding drawn down. The agency states that it was able to find a way to match those funds so that no federal money would be lost, however the program is still \$25,000 short. Testimony provided by the agency states that the distribution of funds is nearing the final stages, and that at this point the reduction will be borne by only one region (South central) as opposed to being equally spread out between regions. The PSIC grant program assists public safety agencies in the acquisition, deployment, and training of interoperable communications systems to enhance the ability of first responders to communicate via voice, data, and/or video signals.

The agency further states that action taken in Senate Substitute for House Bill 2354 carries forward the same 1.25 percent reduction applied in FY 2009 to FY 2010, this calculation is based on the inclusion of the \$2.0 million in PSIC match funding, for which the agency will be reducing their FY 2010 budget based on reappropriated funding that was only in the agency's FY 2009 budget.

C. Agency Budget (Senate Committee). The Senate Committee requests Omnibus review of the agency's budget to see if additional funding exists, and to consider utilizing these funds to provide for agency programs and enhancement requests.

For FY 2010, the Kansas Highway Patrol's Budget included the following enhancement requests:

- 1) Fuel Expenditures Increase. The agency requests \$1,217,900, including \$10,590 from the State General Fund, for increased fuel expenditures in relation to record-setting fuel prices.
- 2) Trooper Pay Increase. The agency requests \$1,441,460, including \$1,101,599 from the State General Fund, for pay increases for troopers. The agency reports that the Trooper and Motor Carrier Inspector Memorandum of Agreement, signed by the agency and the Kansas State Troopers Association for 2007-2010 states that the state agrees to provide a minimum of a four percent pay increase for each fiscal year 2008, 2009, and 2010, subject to approval by the Legislature.
- 3) Restore In-Car Camera Funding. The agency requests \$275,000, all from the KHP Operations Fund, for the in-car digital camera project to replace outdated analog systems with digital systems and DVD recording that was approved in FY 2008.

Action taken on 2009 Senate Substitute for House Bill 2354 restored \$150,000 of this funding, which leaves \$125,000 yet to be considered for restoration, as mentioned in "Item A."

- 4) Hand-held Digital Cameras. The agency requests \$600,000, all from the KHP Operations Fund, for the purchase of hand-held digital cameras. The agency states that their current cameras are based on the outdated technology of film and film development, which is costly, time-consuming and creates documents that must be physically distributed when the records are needed.
- 5) Debt Service - Troop F Construction. The agency requests \$153,484, all from the KHP Operations Fund, for an interest-only bond payment on proposed bonds to finance the construction of a Troop F Headquarters in Sedgwick County.

Action taken in Senate Substitute for House Bill 2354 adjusted agency expenditures as follows:

1. Deleted \$493,739, all from the State General Fund, for the 1.25 percent across the board reduction in FY 2010;
2. Deleted \$1,826,911, including \$938,041 from the State General Fund, from the FY 2010 Governor's recommended budget in order to reach a target of 5.0 percent below the FY 2009 Governor's recommendation for expenditures in FY 2010.; and
3. Added \$150,000, all from the KHP Operations Fund, for digital in-car cameras.

Kansas Bureau of Investigation

A. Kansas Criminal Justice Information System (KCJIS) Maintenance and Support (Senate Committee). The Senate Committee recommended Omnibus review of the agency's request for Kansas Criminal Justice Information System (KCJIS) Project expenditures at Omnibus.

The agency requests \$1,391,718, all from the State General Fund in FY 2010, for continued maintenance and support of the Kansas Criminal Justice Information System (KCJIS). KCJIS provides Kansas criminal justice agencies with continuous access to sensitive, criminal justice related data and provides a secure, instantaneous communication resource. This request includes funding for the following items:

- 1) Upgrade the Communication Line Capacity—\$416,853. This increases the bandwidth from 56 KB to 1.5 MB on the communication lines provided by the state to many county mandated sites. The agency reports that these lines no longer have sufficient capacity to carry the amount of data required to support law enforcement operations. The agency states that this particular circuitry will be discontinued on December 31, 2009.
 - Action taken in 2009 Senate Substitute for House Bill 2354 allows for the internal funding of the communications lines upgrade in FY 2010.
- 2) Project Manager—\$74,865. This includes funding for a project manager to facilitate project planning and ensure that projects are successfully completed on time and within budget. The agency states that there are currently 13 active KCJIS -related projects underway, and two more major projects in the initiation and planning phases.
- 3) Replacement of Core KCJIS Hardware and Software—\$250,000. The Kansas Criminal Justice Coordinating Council recommended and the agency requests a

five-year replacement cycle for KCJIS computer equipment maintained by the KBI. This replacement cycle is consistent with industry best practices. The agency states that 40.0 percent of the inventory is in danger of obsolescence and failure, and that the system cannot be dependable without a commitment to maintaining the technology.

- 4) Creation of a New Search Engine—\$650,000. The agency states that the variety of Kansas information used by law enforcement is not always easily associated, such as a Kansas driver's license or vehicle registration has no common identifier that will reliably link it to an individual's criminal history record or to an outstanding warrant. The agency states that the ability to easily associate disparate records is essential to criminal investigation. Funding to provide for the development of a new engine and index would be approximately \$1.5 million over two years. It is estimated by the agency that the new system could be delivered in eight months, for an estimated cost savings of \$850,000.

B. Kansas Criminal Justice Information System (KCJIS) Message Switch (House Committee). The House Committee recommends Omnibus review of adding \$326,000, all from the State General Fund, for the purchase of a new KCJIS message switch. Actions taken in 2009 Senate Substitute for House Bill 2354 redirected \$326,000 in Record Check Fee Funds, originally intended for the replacement of this switch, for KCJIS communication lines expenditures.

The agency states that the Central Message Switch (CMS) is a very complex communication platform that provides connectivity to multiple criminal justice and other databases in Kansas and other states. The agency has contracted with an independent vendor for critical support and maintenance since the bankruptcy of the original vendor in 1998. According to the agency, the current system does not allow for full participation in interstate criminal justice information system initiatives, such as the interstate sharing of driver's license photos and standardized criminal information. The message switch handles 300 different transactions, a total of 2.5 million per month, connecting Kansas criminal justice users to national, interstate, and state-level data sources. The current system, built in 1998, is obsolete according to the agency, excluding the KBI from current technology such as XML and disallowing the potential of receiving national grant funds.

C. Senate Bill 148 (Law). Senate Bill 148, as amended, would establish the Kansas silver alert plan to provide public notice of a missing elderly person. The bill would authorize, but does not require, a prompt broadcast or a timely search. The plan would be implemented by the Kansas Attorney General's Office in collaboration with state and local law enforcement, and other public and private agencies and organizations. The estimated fiscal note on the bill is \$111,634, all from the State General Fund.

The fiscal note on the bill indicates that even though the bill does not specifically state how the Kansas Silver Alert Plan would operate, the Plan would most likely operate in a manner similar to juvenile AMBER Alerts. According to the Kansas Bureau of Investigation (KBI), in 2007, 67 people over 65 years of age were reported missing in Kansas and in 2008, 66 were reported missing. There were three AMBER alerts in 2007 and two in 2008. The KBI indicates that it does not have the resources to enact the Kansas Silver Alert Plan. The number of elderly people who are reported missing every year would result in the agency spending less time on criminal investigations. The KBI estimates that an average AMBER alert is in effect no less than four hours and requires several agents, a help desk employee, and a legal assistant. Also, the agency could have overtime costs associated with these alerts depending on the time of day the alerts are issued. The agency's estimate considers overtime and therefore would most likely be on the higher end of the actual expenditures. The agency estimates six special agents at an overtime cost of \$59.17 per hour for an alert lasting four hours would cost \$1,420.08 ($\$59.17 \times 6 \times 4$). One help desk employee at an overtime cost of \$38.95 for four hours would cost \$155.80 ($\38.95×4). One legal assistant at an

overtime cost of \$35.39 for four hours would cost \$141.56 ($\35.39×4). The agency estimates that it could cost as much as \$1,717.44 ($\$1,420.08 + \$155.80 + \141.56) from the State General Fund in FY 2010 for each Kansas Silver Alert issued. Therefore, if there were 65 alerts were issued in FY 2010, the agency would require \$111,633.60 ($\$1,717.44 \times 65$) from the State General Fund.

D. Senate Substitute for House Bill 2126 (Law). Senate Substitute for House Bill 2126 would enact the Kelsey Smith Act, which would require wireless telecommunications carriers to provide call location information in certain circumstances. The bill would also amend existing law regarding funding provisions for Enhanced 911 for wireless service and Voice Over Internet Protocol (VoIP).

The Kelsey Smith Act would require wireless telecommunications carriers to provide information about the location of the telecommunications device of a user of the carriers' services, if requested by a law enforcement agency in order to respond to a call for emergency services or to respond in an emergency situation that involves risk of death or serious physical harm. To facilitate requests from law enforcement for call location information, the Kansas Bureau of Investigation would be required to obtain the contact information for all wireless telecommunications carriers doing business in Kansas, and to distribute that information to public safety answering points on a quarterly basis or anytime a change in the information occurred.

The Kansas Bureau of Investigation states that it does not have sufficient resources to fulfill the requirements in Senate Substitute for House Bill 2126. The KBI would use current support staff in the initial phase to populate the emergency contact resources in an expedient manner. However, ongoing monitoring, maintenance and dissemination of the wireless carriers' emergency contact information would require additional support personnel. The agency requests the addition of a full time Administrative Specialist at an estimated cost of \$39,885 annually for salary and benefits. This cost may be reduced if the position is half-time or quarter-time, depending on the personnel resources required to support Senate Substitute for House Bill 2126. The agency is requesting the addition of \$39,885, all from the State General Fund, and 1.0 FTE position in FY 2010 to administer the requirements of the bill.

Kansas Department of Transportation

A. Distribution of Economic Stimulus Funds (ARRA) (House Committee). The House Committee requested an Omnibus report from the agency on the methodology for how economic stimulus funds will be distributed in FY 2010.

The Kansas Department of Transportation provided a spreadsheet (available upon request) which contains a list of all of the projects submitted for American Recovery and Reinvestment Act funding in each of KDOT's six districts. KDOT received 422 requests for projects totaling \$275 million. Each of the six districts evaluated and selected the local projects following 11 different criteria, such as job creation, whether the project was in an economically distressed area and whether it could be completed within three years. Each district used its own weighting of the criteria to appropriately reflect the specific needs of the highway system within the respective regional area. \$32 million was available to be distributed to local units, the breakdown of this funding is as follows:

- District 1, Northeast Kansas, about \$11.0 million was available and 19 projects selected;
- District 2, North Central Kansas, about \$4.0 million was available and 12 projects selected;

- District 3, Northwest Kansas, about \$2.0 million was available and 6 projects selected;
- District 4, Southeast Kansas, about \$4.0 million was available and 13 projects selected;
- District 5, South Central Kansas, about \$8.0 million was available and 18 projects selected; and
- District 6, Southwest Kansas, about \$3.0 million was available and 9 projects selected.

B. Substantial Maintenance Project Selection Process (Assuming Reductions) (House Committee). The House Committee requested Omnibus review of the Substantial Maintenance project selection process, to understand which projects would be eliminated if the Senate's recommended 13.0 percent reduction for the agency was adopted in FY 2010. The Senate Committee removed the reduction originally recommended, and the item did not reach Conference.

The agency provided the following information:

At this time the agency is still in the final phase of selecting FY 2010 substantial maintenance projects. Therefore, a definitive list of projects that would be eliminated under the Senate's proposed 13.0 percent reduction is not available. However, they have performed a rough calculation of what the agency plans to let by district and how the reduction would be levied.

The agency states that the FY 2010 column of planned lettings is a rough calculation and does not represent a final distribution of FY 2010 substantial maintenance dollars. In addition, as it was explained in the agency's presentation to the Senate Ways and Means Subcommittee, in order for the agency to reduce cash payout in FY 2010 by approximately \$65.5 million the agency must reduce lettings by approximately \$100 million. This is a result of how construction projects pay out over multiple years.

As detailed in the table below, the current estimate for FY 2010 substantial maintenance lettings total \$209.5 million. If the agency is forced to reduce lettings by \$100.0 million the reduction would be levied proportionally across the districts. The agency reiterates that this is a rough calculation but does represent the methodology the agency would employ to manage a reduction of this magnitude.

<u>District</u>	<u>FY 2010 Planned Lettings</u>	<u>Potential Reduction in Lettings</u>	<u>Total</u>
District I Total	\$ 73,500,000	\$ (35,000,000)	\$ 38,500,000
District II Total	34,650,000	(17,000,000)	17,650,000
District III Total	34,050,000	(16,000,000)	18,050,000
District IV Total	9,950,000	(5,000,000)	4,950,000
District V Total	32,700,000	(15,000,000)	17,700,000
District VI Total	24,650,000	(12,000,000)	12,650,000
Grand Total	<u>\$ 209,500,000</u>	<u>\$ (100,000,000)</u>	<u>\$ 109,500,000</u>

C. Status and Repayment of Bonds (Senate Committee). The Senate Committee requested additional information from the agency as to the status and repayment of bonds for the Kansas Department of Transportation.

The agency provided the following chart detailing outstanding debt, and repayment schedule. Outstanding debt as of March 31, 2009, totals about \$1.686 billion, and the final repayment will be made in 2025.

State Highway Fund (SHF) Debt (in millions)

Sub-series	Outstanding at March 31, 2009			Annual Principal Repayment																Total
	Unhedged Variable	Synthetic Fixed	Fixed	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
1998			\$ 47	\$ 15	\$ 20	-	-	\$ 11	-	-	-	-	-	-	-	-	-	-	-	\$ 47
2000B-1,2	\$ 100			-	-	-	-	-	-	-	\$ 5	\$ 18	\$ 15	\$ 17	\$ 46	-	-	-	-	100
2000C-1,2	100			-	-	-	-	-	-	-	5	18	15	17	46	-	-	-	-	100
2002A			56	22	22	12	-	-	-	-	-	-	-	-	-	-	-	-	-	56
2002B-1,2,3		\$ 170		-	-	11	21	12	\$ 12	\$ 20	20	21	27	26	-	-	-	-	-	170
2002C-1,2,3		150		-	-	10	19	11	11	17	18	19	23	23	-	-	-	-	-	150
2002D		68		21	23	24	-	-	-	-	-	-	-	-	-	-	-	-	-	68
2003A			164	-	-	51	67	46	-	-	-	-	-	-	-	-	-	-	-	164
2003B			84	41	41	3	-	-	-	-	-	-	-	-	-	-	-	-	-	84
2004A			250	-	-	-	-	-	-	-	-	40	40	40	37	50	43	-	-	250
2004B-1,2,3,4			200	-	-	-	-	-	-	-	-	-	-	-	-	50	50	50	50	200
2004C-1,2,3,4		147		-	-	-	-	-	-	-	-	-	-	-	-	32	33	35	47	147
2008A-1,2,4,5		150		-	-	-	-	23	89	38	-	-	-	-	-	-	-	-	-	150
2008A-3	1			-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1
Total	\$ 201	\$ 685	\$ 801	\$ 100	\$ 105	\$ 110	\$ 107	\$ 103	\$ 113	\$ 75	\$ 48	\$ 115	\$ 119	\$ 122	\$ 129	\$ 132	\$ 126	\$ 85	\$ 97	\$ 1,686

The portfolio consists of fixed rate debt, unhedged variable rate debt, and variable rate debt that is synthetically fixed.

The interest rate paid to bondholders on variable rate debt generally "resets" every 7 days.

The synthetically fixed involves a contract with a counterparty and provides that KDOT pays a fixed interest rate in exchange for the receipt of a variable payment designed to offset the underlying variable rate cost paid to bondholders.

The following annualized interest rates exclude all ancillary fees and costs.

Unhedged variable	0.28 percent
Synthetic fixed	3.61 percent
Fixed	5.07 percent
Weighted	3.89 percent

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D. Senate Bill 5 (Law). Senate Bill 5 designates a portion of U.S. Highway 160 as the 1011th Quartermaster Co. U.S. Army Reserve Memorial Highway. The agency is requesting \$2,580 for the cost of the signs. The designation would be from the east city limits of Independence to the junction of US-160 and US-169. The bill also contains these provisions related to signage:

- Requires the Secretary of Transportation to place the signs along the highway right-of-way at proper intervals to indicate the designation;
- Precludes the signs from being erected until the Secretary has received sufficient moneys from gifts and donations to reimburse the Secretary for the cost of placing the signs and an additional 50 percent of the initial cost to defray future maintenance or replacement of the signs; and
- Allows the Secretary to accept and administer gifts and donations to aid in obtaining and installing suitable signs.

The fiscal note on the bill indicates that the Kansas Department of Transportation would have to receive \$3,870 from donations before installing the signs, \$2,580 for the cost of the signs including installation and an additional 50.0 percent (\$1,290) for future maintenance. The agency is requesting an operating expenditure increase of \$2,580 in FY 2010.

E. House Bill 2045 (Law). House Bill 2045 designates bridge No. 85 on U.S. Highway 166 in Labette County as the Veterans Memorial Bridge. The agency is requesting \$780 for the cost of the signs. The bill also contains these provisions related to signage:

- Requires the Secretary of Transportation to place suitable signs to indicate the designation;
- Precludes the signs from being erected until the Secretary has received sufficient moneys from gifts and donations to reimburse the Secretary for the cost of placing the signs and an additional 50.0 percent of the initial cost to defray future maintenance or replacement of the signs; and
- Allows the Secretary to accept and administer gifts and donations to aid in obtaining and installing suitable signs.

The fiscal note prepared by the Division of the Budget says that the Kansas Department of Transportation reported that the agency would have to receive \$1,170 from donations before installing the signs -- \$780 for the cost of the signs including installation and an additional 50.0 percent, \$390, for future maintenance. The agency is requesting an operating expenditure increase of \$780 in FY 2010.

F. House Bill 2147 (Law). House Bill 2147 requires the driver or owner of a vehicle involved in a non-injury, non-fatal accident to make every reasonable effort to move the vehicle out of the roadway, if that vehicle could be moved safely and without causing damage to the vehicle, the roadway, or other vehicles or persons. The bill also would authorize employees or agents of the Kansas Department of Transportation (KDOT) or any law enforcement agency, including the Kansas Highway Patrol, to require or cause the removal of such a vehicle unless the accident involved death, apparent injury of any person, or the movement of hazardous materials.

The fine for failing to remove vehicles involved in crashes would be \$60.

The fiscal note indicates that the Kansas Department of Transportation estimated costs of \$23,680 in operations expenditures from the State Highway Fund. This amount includes \$13,680 to design, fabricate and install 12 signs and \$10,000 to develop approximately 40,000 pamphlets on the bill's requirements. No estimate of the amount of moneys that could be generated by the new fine can be provided, because the number of violators is unknown. The agency is requesting an operating expenditure increase of \$23,680 in FY 2010.

G. House Bill 2131 (Governor). House Bill 2131 creates an Intermodal Transportation Revolving Fund within the state treasury. The agency is requesting a no-limit fund be appropriated. The Department of Transportation would administer that fund to provide assistance to government units for intermodal transportation projects, which the bill would define along with other terms. In order to be eligible for assistance from the Fund, a governmental unit would have to have an intermodal facility project with a cost exceeding \$150.0 million within its jurisdiction. A project could be a bridge, culvert, highway, road, street, underpass, railroad crossing or combination located within an intermodal transportation area. Moneys could enter the Fund from appropriations, the sale of bonds, repayments from qualified borrowers, interest, amounts from any public or private entity, amounts the Secretary of Transportation transfers from the State Highway Fund, and any other moneys made available for the purposes of the Fund. The Secretary would be authorized to issue bonds. Expenditures could be made from the Fund for purposes including paying principal and interest on bonds, providing financial assistance to qualified borrowers to finance qualified projects, assisting qualified borrowers with debt service costs, and transferring money to the State Highway Fund and State General Fund.

Neither the state nor any governmental unit would be authorized to pledge its full faith and credit to support the bonds issued through the fund. A governmental unit's governing body would have to authorize any agreements with the Secretary.

The bill would be effective upon publication in the Kansas Register.

The fiscal note on the bill indicated that the Department of Transportation would issue approximately \$30.0 million to \$40.0 million in bonds to be drawn within five to ten years. Assuming the qualified borrowers are able to meet their loan repayment schedules, there would be no net effect on state revenues. KDOT also reported that any additional administrative expenditures associated with implementation of House Bill 2131 would be negligible and could be handled within existing resources. According to the fiscal note, the agency stated that expenditure authority from the Fund would be required to be established within subsequent legislation. The agency is requesting no-limit expenditure authority for FY 2009 and FY 2010 for the Intermodal Revolving Fund that would be created with House Bill 2131.

Behavioral Sciences Regulatory Board

A. Reductions in Governor's FY 2010 budget recommendation (House Committee) The House Committee recommended Omnibus review of the salaries and wages and contractual services expenditures in the Governor's FY 2010 budget recommendation for the agency. The House Committee noted that the Governor's FY 2010 budget recommendation showed a decrease of \$28,605, or 4.7 percent below the Governor's FY 2009 budget recommendation for salaries and wages and contractual services. The agency has stated the reductions incorporate the Governor's request to reduce its budget by at least 3.0 percent.

The agency has stated that the decrease of \$13,743 in salaries and wages from the Governor's FY 2009 to FY 2010 recommendation will be met by a layoff of a temporary employee, who has been scanning files for the record retention plan. The agency has also stated that the decrease of \$14,862 in contractual services from the Governor's FY 2009 to FY 2010

recommendation will be met by expenditure cuts related to the agency's news letter (email rather than print), postage (email rather than mail), out-of-state travel, in-state mileage, and investigative fees.

Board of Healing Arts

A. House Bill 2010 (Conference Committee). House Bill 2010 concerns the storage, maintenance, and transfer of abandoned medical records. The bill would create the Medical Records Maintenance Trust Fund that would receive an allocation set by the Board of Healing Arts for no greater than \$10 of each fee for the issuance or renewal of a license. If the balance of the Medical Records Maintenance Trust Fund were to fall below \$100,000, the Board would be able to certify another amount, no greater than \$10 of each fee, to be deposited into the Fund. The Fund would be an interest earning fund.

House Bill 2010 would also give the Board the power to order a licensee to reimburse the Board for expenses incurred for the storage, maintenance, and transfer of medical records when the licensee fails to provide for the safekeeping of medical records when the licensee becomes inactive. The bill would also require a district court to expedite an action brought by the Board in matters relating to the safekeeping of medical records.

The Senate version of House Bill 2010 would also add clarifying language to allow a person licensed by the Board of Healing Arts in the practice of medicine and surgery or chiropractic medicine to delegate acts which constitute the practice of the healing arts to other persons the licensee knows or believes can competently perform such acts.

The Board has estimated that \$56,280 would be deposited into the Medical Records Maintenance Trust Fund in FY 2010, based on the 11,256 licensed individuals and a deposited amount equivalent to \$5 per license fee. Any fee increases would require legislative approval and currently Senate Bill 318 and House Bill 2161 have been introduced to that effect. However, if the fee increases were not approved, the Board would request its expenditure limitation on the Healing Arts Fee Fund be raised by \$56,280 to meet the costs of implementing House Bill 2010. If the Medical Records Maintenance Trust Fund were to be fully operational in the first year, then the expenditure limitation of the Healing Arts Fee Fund would need to be raised by \$100,000.

Board of Pharmacy

A. Senate Bill 33 (Conference Committee). Senate Bill 33 is currently under consideration in Conference Committee, with the Senate and House versions differing in scope. Both versions require pharmacy technicians to display a registration card in their place of business and the pharmacy would no longer be required to post the names of the pharmacy technicians who are currently on duty. Both versions also would increase the number of Board members for the Board of Pharmacy from six to seven, of which six would be licensed pharmacists. Effective July 1, 2009, the term of office for each Board member would be extended by one year and Board members would serve terms of four years. The Board of Pharmacy has stated that it would require a higher expenditure limitation to pay for the costs of the additional board member but that the additional costs range from \$280 to more than \$5,000, depending on meeting location and where the board member resided.

The Senate version differed from the House version by amending existing law concerning the licensure of health care professionals under the jurisdiction of the Board of Pharmacy and the Board of Emergency Medical Services. Original applicants for licensure would be required to submit to a state and national criminal history record check and be fingerprinted. The fingerprints

and criminal history record check would be submitted to the Kansas Bureau of Investigation and the Federal Bureau of Investigation, and help verify the identity, qualification, and fitness of the applicant. The Senate version would require local and state law enforcement officers and agencies to assist the agencies in taking and processing fingerprints, and to release all records of adult convictions, nonconvictions, and adjudications of another state or country. The Senate version would establish funds in the State Treasury to be used by the agencies for the remittance of fees and for paying for the cost of fingerprinting and criminal history record checks. The Board of Pharmacy and the Board of Emergency Medical Services would be allowed to fix and collect a fee necessary to reimburse either agency for the cost of the fingerprinting and criminal history record check. Because the House version did not include fingerprinting and criminal history record checks, the House version maintains the registration fee for pharmacy technicians at \$50.

Both the Senate and House versions will likely raise the expenditure limitation by \$280 to more than \$5,000 to pay for the costs of the additional board member.

State Treasurer

A. Transfer of reduction savings to the State General Fund (Senate Committee) The Senate and House Committees deleted the transfer of \$224,324, all from special revenue funds, to the State General Fund in FY 2010. The Senate Committee recommended Omnibus review of the deleted transfer. This is the amount of savings created by the budget reductions in the Governor's FY 2010 recommendation and will now remain in the agency's fee fund.

B. Senate Bill 225 (Law) Senate Bill 225 concerns the low-income postsecondary savings accounts incentive program. The bill would extend the Kansas Postsecondary Education Savings Program indefinitely, change the administration of the program, and clarify the qualifying income of an applicant. The bill would authorize the state to match, on a dollar-for-dollar basis, participant contributions during the calendar year for which the participant is approved, providing the participant contributes at least \$100 and no more than \$600 in any calendar year.

Senate Bill 225 would direct the State Treasurer receive up to \$720,000 in FY 2010 from the State General Fund for the Kansas Postsecondary Education Savings Trust Fund, and the amount could not exceed the maximum amount specified by appropriation act for that state fiscal year. The bill would also clarify that the qualifying household income would be from the tax year prior to the submission of an application for a matching grant, rather than the income at the time of the application.

The State Treasurer requests that a zero dollar expenditure limitation on the Kansas Postsecondary Education Savings Program Trust Fund be replaced with a no limit expenditure limitation so that any funding provided may be expended. The Conference Committee on Senate Substitute for House Bill 2354 replaced the no limit expenditure limitation with a zero dollar expenditure limitation on the recommendation of the State Treasurer, who at the time wanted to keep the Kansas Postsecondary Education Savings Program Trust Fund in the statute in the event that Senate Bill 225 was not enacted.

The State Treasurer requests an appropriation of \$238,500 for matching grants in FY 2010. This represents a 10 percent reduction for the \$265,000 expended for the program in FY 2009.

State Library

A. Review of the FY 2010 budget (Senate Committee) The Senate Committee expressed concern about the reductions in the Governor's FY 2010 budget recommendation and requested Omnibus review of the entire State Library budget. The 2009 Legislature approved a total budget of \$7,081,013 for FY 2009 and \$6,664,278 for FY 2010. The decrease from FY 2009 to FY 2010 is \$416,735, or 5.9 percent below the FY 2009 Legislature approved amount. The Conference Committee did not recommend the State Library reduce its budget by the 10.0 percent amount of \$68,225. Instead, the Conference Committee recommended the State Library reduce its budget only by the 1.25 percent reduction recommended for State General Funded agencies, equaling \$69,287 from the State General Fund.

According to the State Library, state aid to local libraries is the highest priority in its FY 2010 budget. Prior to House Substitute for Substitute for Senate Bill 23, state aid to local libraries was expected to be funded at \$2,393,562, all from the State General Fund. With the passage of House Substitute for Substitute for Senate Bill 23, state aid to local libraries was reduced to \$2,188,579. Senate Substitute for House Bill 2354 further reduced the state aid to local libraries funding to \$2,121,197. When compared to the original FY 2009 funding level, state aid to local libraries has been reduced by \$272,365 or approximately 11.0 percent. The State Library states that the reduction will negatively impact libraries and library users in communities across the state. Aid to local libraries helps supplement local funding. For many libraries, state aid represents a significant portion of their annual budget. According to the agency, in the current economic downturn, Kansas libraries are experiencing increased traffic and usage. In a current study undertaken by the State Library of Kansas and the Kansas Library Association, preliminary figures indicate a 9.0 percent increase in Kansas library usage during the last quarter of 2008. As part of the 1.25 percent reduction to State General Funded agencies, the State Library reduced state aid to local libraries by \$43,597.

Approximately half of the reductions are directly related to the suspension of HomeworkKansas, formerly known as Tutor.com. HomeworkKansas is in its third year of service and is an online interactive tutoring service. It is available for kindergarten through intro-college for help with math, science, social studies, and English. The program has experienced nearly 50.0 percent growth since its inception in FY 2007, from 15,959 sessions to 32,842 in FY 2009. HomeworkKansas is funded with State General Funds totaling \$265,000, but received no funding in FY 2010. The State Library had placed HomeworkKansas in its FY 2010 reduced resources budget and the Governor accepted the reduction. The State Library has indicated that HomeworkKansas is an educational program that can and should be used to count toward the American Recovery and Reinvestment Act-required level of education funding.

For the Talking Books program, the Senate Committee added \$12,237 to restore the Governor's recommended reductions in FY 2010, and the Conference Committee concurred with the Senate and added the funding. Newline, which is a part of the Talking Books program, was not renewed.

Newline is a National Federation for the Blind subscription service to 250 audio and electronic newspapers. Using a telephone, subscribers can listen to current issues of newspapers, such as the *Wichita Eagle*, *Hutchinson News*, and *Hays Daily News*. Statistics for the program show that Newline usage is comparatively small. From September 2007 to August 2008, 352 Kansans used the service. From September 2008 to March 2009, 292 Kansans used it. The State Library received \$29,000, all from the State General Fund, for the Newline subscription in FY 2008 and FY 2009. The House Committee added \$29,000, all from the State General Fund, to fund the Newline subscription, while the Senate Committee did not. The Conference Committee concurred with the Senate and did not add funding for Newline in FY 2010.

B. Review the \$250,000 Courier Program (Senate Committee). The Senate Committee recommended reviewing the Courier Program, which is funded with State General Fund dollars through the InterLibrary Development Program fund. In previous years, the State Library had included an enhancement request for \$250,000, all from the State General Fund, for the courier program. The 2007 and 2008 Legislatures did not add funding for the program.

In calendar year 2008, an advisory committee to the State Library recommended that ILDP funds be used to subsidize the courier program. Interlibrary funds of \$250,000 would be the state's contribution, while the seven Kansas Regional Library Systems would match the funding in order to make the courier program affordable for even the smallest library. Interlibrary funds have historically been pass-through funding from the State Library to the 23 largest libraries in the state. With the courier program, the total pass-through funding to the libraries has been reduced by \$250,000.

According to the State Librarian, 21 of the 23 largest libraries in the state had agreed to receive less money from the state in order to fund the courier program. The State Librarian also stated that of the 330 libraries in Kansas, approximately 280 libraries support the program.

In April 2009, a Request for Proposal (RFP) was issued and the Statewide Courier Task Force will be evaluating the responses in May. The plan is to have the courier contracted for and operational by July 1, 2009.

Kansas Arts Commission

A. Federal Grants through the American Recovery and Reinvestment Act of 2009 (Senate Committee). The Senate Committee requested Omnibus review of stimulus grants applied for and any funding received through the federal American Recovery and Reinvestment Act of 2009 (ARRA). The Kansas Arts Commission will receive \$301,700 from the National Endowment for the Arts from ARRA. These funds are one-time funds used expressly for the preservation of jobs in the arts. The agency states that the funds cannot replace the funds from the state of Kansas or the National Endowment for the Arts for arts programs and activities in Kansas. \$260,000 in ARRA funds will be distributed to arts organizations. The remaining \$41,700 of the ARRA grant will be utilized by the agency to administer the grant. No match is required for these funds.

Arts organizations eligible for the funds have been pre-screened by the Kansas Arts Commission. They must apply for these funds by submitting a letter from the board president or chair stating that funding will be used for jobs that have been lost or are in jeopardy due to the economic downturn. Funds will be distributed on a first-come, first-serve basis to organizations that qualify in amounts ranging from \$5,000 to \$40,000. Once an organization receives these funds, it will not be eligible to request additional ARRA funds.

The Kansas Arts Commission states that the ARRA funds will help arts organizations retain administrative and artistic staff for the current fiscal year. Once the funds are exhausted, organizations will look to the Arts Commission for continued financial support to provide educational and meaningful arts programming.

State Historical Society

A. Capital Improvements—State General Funded (House Committee). The House Committee deleted \$285,685, all from the State General Fund, for capital improvements projects in FY 2010, to be reviewed at Omnibus. The amount represents the entire State General Fund portion of the Historical Society's capital improvements funding. The Senate Committee deleted \$71,090 of the entire amount. The Conference Committee concurred with the Senate and recommended deleting \$71,090 in State General Fund capital improvement requests.

Of the \$285,685, \$97,500 is allocated for repair and rehabilitation projects. The Historical Society states that it is responsible for over fifty sites and uses the \$97,500 to make minor repairs such as plumbing, roofs, and windows, to ensure public safety. The remaining \$188,185 is allocated to the second-half of the steam humidification system replacement, with the first half of the project funded in FY 2009. The Historical Society has stated that its bids for the steam humidification system came in lower than estimated, and it can forgo \$71,090 in State General Funds.

Emergency Medical Services Board

A. Education Incentive Grant Program (House Committee). The House Committee recommended Omnibus review of adding funding to the Education Incentive Grant (EIG) Program. The EIG program is funded through a transfer from the Emergency Medical Services (EMS) Operating Fund. In FY 2009, the EIG program was reduced from \$300,000 to \$294,000. In FY 2010, the Governor recommended, and the House and the Senate concurred, to further reduce the funding level from \$294,000 to \$257,871. The House Committee expressed support for the program and wanted to possibly restore a portion of the funding. The Board of Emergency Medical Services requested to use its ending balance funding to restore the EIG program funding to \$300,000 from the current level of \$257,871.

The Education Incentive Grant (EIG) program aids rural ambulance services in recruiting, training, and certifying ambulance attendants. For services in densely settled rural populations, only part-time or volunteer services would qualify. The application for EIG funds must be submitted by the license ambulance service, with a clear stipulation that any dollars awarded through the program cannot be used to supplant dollars budgeted to the service. A second Memorandum of Agreement is required between the student and the ambulance service which stipulates the student's responsibility. Students repay the grant monies in full if they drop out of the education course; if they fail the education course or are denied to take the certification exam, they repay half of the grant monies. If students fail to meet their service obligation (working for the ambulance service for a minimum of 240 hours for one year for EMTs and First Responders - two year requirement for paramedics), they repay the grant monies in full.

The EIG Program does generate money for the Board of Emergency Medical Services. As the students are required to take and pass a certification exam, monies are collected for examination fees. As the students proceed through their year(s) of service, monies are collected for renewals.

B. Transfer of reduction savings to the State General Fund (Senate Committee) The Senate and House Committees deleted the transfer of \$68,993, all from the EMS Operating Fund, to the State General Fund in FY 2010. The Senate Committee recommended Omnibus review of the deleted transfer. This is the amount of savings created by budget reductions in the Governor's FY 2010 recommendation and will now remain in the agency's special revenue fund.

Machinery and Equipment Sliders

A. Senate Substitute for House Bill 2354 (Conference Committee). The Conference Committee recommended Omnibus review of the Business Machinery and Equipment Tax Reduction Assistance Fund slider and the Telecommunications and Railroad Machinery and Equipment Tax Reduction Fund slider in both FY 2009 and FY 2010. In House Substitute for Senate Substitute for Senate Bill 23, the total slider payment was reduced 6.5 percent below the Governor's recommendation and divided into two payments – March 2, 2009 and June 1, 2009. These are transfers from the State General Fund to local units of government. Each transfer is approximately \$25.0 million, for a total of \$50.0 million for both sliders in FY 2009. The Senate Committee had voted to suspend the second payment, scheduled for June 1, 2009, while the House Committee had voted to make the payment. The Conference Committee concurred with the House Committee, to make the payment on June 1, 2009, and review at Omnibus.

The Conference Committee also recommended Omnibus review of both sliders in FY 2010. The Governor recommended no State General Fund transfers to the sliders in FY 2010, and the Senate Committee concurred. The House Committee recommended a State General Fund transfer of approximately \$45.2 million to local units of government. The Conference Committee concurred with the Senate and the Governor and recommended Omnibus review. In FY 2010, the estimated total slider payment would be approximately \$55.2 million.

B. GBA No. 2, Item 1, page 2 - Property Tax Slider.

Attorney General

A. Senate Bill 44 (Governor). The Senate Committee recommended review of the Attorney General's request for 2.0 FTE positions in FY 2010 in the Medicaid Fraud Unit at Omnibus. Senate Bill 44 would create a civil cause of action for perpetrating a specified fraudulent claim on the state government or affected political subdivision under the newly created Kansas False Claims Act. The Attorney General's office requested 2.0 additional FTE for the Medicaid Fraud Unit since it will be engaged in activities associated with Senate Bill 44. According to the agency, these positions are federally funded and do not require a State General Fund appropriation. The agency also indicated that without these positions the federal funds that are available could be lapsed. The bill was enrolled and presented to the Governor on April 14th.

Judicial Branch

A. Review funding for the 14th Court of Appeals Judge and Staff. (House Committee and Conference Committee). The House Committee deleted \$155,955, all from the State General Fund, and 3.0 FTE positions and recommended further review at Omnibus. The Conference Committee on Senate Substitute for House Bill 2354 agreed to delete the funding and 3.0 FTE positions for further consideration at Omnibus.

In 2001, legislation was enacted to expand the Court of Appeals from 10 to 14 members by adding one judge each year from 2003 to 2006. However, subsequent legislation was enacted to delay the implementation of the positions and in 2008 legislation was passed which delayed the 14th judge position until January 2010. Senate Bill 282 was introduced by the Committee on Ways and Means and postponed the implementation of the 14th court of appeals judge to January 2011. The bill was referred to Senate Judiciary and provisions of the bill were included in House Bill 2164 which was not passed by the Senate. Senate Bill 66 also included the same provision and was presented to the Governor on April 13th for her signature.

B. Review funding and staff for the Level of Services Inventory-Revised (LSI-R). (House Committee and Conference Committee). The House Committee recommended deleting \$343,026, all from the State General Fund, and 3.0 FTE positions for the LSI-R and recommended further review at Omnibus. The Conference Committee on Senate Substitute for House Bill 2354 did not recommend deleting the funding and 3.0 FTE positions and recommended further consideration at Omnibus.

K.S.A. 75-5291, as amended by Chapter 116 of the 2008 Session Laws, requires the use of a "statewide, mandatory, standardized risk assessment tool or instrument which shall be specified by the Kansas Sentencing Commission" for felons subject to supervision on and after July 1, 2010. Per the statute, the Kansas Sentencing Commission selected the LSI-R as the statewide assessment tool. According to the Judicial Branch, the training requirements for the implementation of the LSI-R and the number of court services officers participating in the training, prevent waiting until FY 2011 to begin the training process. The 3.0 FTE positions associated with the funding are for training the court services officers on the proper use of the instrument.

Senate Bill 283 was introduced in Senate Ways and Means and delayed the implementation of the LSI-R until January 1, 2011. The bill was referred to Senate Judiciary and received a hearing but no action was taken on the bill. The provision to delay the implementation was included in House Bill 2097. As of April 4th, the Conference Committee on House Bill 2097 agreed to the bill but the Senate did not adopt the Conference Committee Report.

C. Review an 8.0 percent reduction the Judicial Branch budget. (Senate Committee and Conference Committee). The Senate Committee deleted \$8,948,976, all from the State General Fund, for an 8.0 percent reduction below the FY 2009 Governor's recommendation. The House Committee did not consider deleting the funding. The Conference Committee concurred with the House position and did not delete the funding but recommended further consideration at Omnibus.

D. Review the absorption of the Board of Indigents' Defense Services 8.0 percent budget reduction within the Judicial Branch budget (Senate Committee and Conference Committee). The Senate Committee deleted \$1,876,865, all from the State General Fund, for an 8.0 reduction below the FY 2009 Governor's recommendation. The House Committee did not consider deleting the funding. The Conference Committee concurred with the House position and did not delete the funding but recommended further consideration at Omnibus.

Department of Education

A. Review funding of the Interstate Compact on Educational Opportunity for Military Children. (House Committee). The House Committee requested a review of the Interstate Compact on Education Opportunity for Military Children and the funding associated with the compact. The 2008 Legislature passed House Bill 2714 which authorizes Kansas' membership in the Interstate Compact on Educational Opportunity for Military Children which is intended to remove barriers to educational success imposed on children of military families caused by frequent moves and the deployment of parents. The Compact states it would accomplish seamless transitions for students to new schools by providing instant records transfer and facilitation of the student placement process, including qualification and eligibility for enrollment, student participation in extracurricular activities, scheduling, grading, and assessments. Provisions of the bill apply to children of active members of the military, including those members severely injured and medically discharged and those retired for a period of up to one year after retirement. 2008 House Bill 2714 requires Kansas to pay a fee to the Compact which equates to \$1 for each student whose parents qualify. According to the Department of Education, this would result in a cost of \$15,000, all from the State General Fund, in FY 2010.

B. Review funding for the Kansas Career Pipeline. (Senate Committee). The Senate Committee requested a review of the funding for the Kansas Career Pipeline. The Kansas Career Pipeline is a not-for-profit organization with the mission of engaging students in using the state's educational system to reach their career and life goals. This is done through a web-based program to help students identify career choices most aligned with their personal interests and aptitude. In addition, students are linked with educational pathways and institutions that will aid in preparing them for their future and connected to work resources that lead to their goals. The pipeline serves an estimated 500,000 students from middle school through post-secondary graduates, as well as adults. There are no funds appropriated for the program in FY 2010.

In FY 2009, the Governor recommended deleting \$100,000, all from the State General Fund, for the program. The Legislature deleted \$91,965, all from the State General Fund, in House Substitute for Substitute Senate Bill 23 for the program in FY 2009.

C. Review federal stimulus funding under the American Recovery and Reinvestment Act (ARRA) and plans for utilization and distribution of funding. (House Committee). The House Committee requested a review of federal ARRA funds totaling \$192.2 million. These funds were allocated to the Department of Education in Governor's Budget Amendment (GBA) No. 1. The Committee requested the agency report on plans for the funds and how they will be distributed. GBA No.1, Item 4 utilized \$38.7 million in Fiscal Stabilization funding by reducing State General Fund expenditures by \$63.7 million, resulting in a \$35.0 million increase in the other funds in FY 2010. According to the agency, these funds will be distributed to school districts on September 1, 2009 to partially restore the reductions made to the State General Fund appropriation for General State Aid. This will result in a Base State Aid Per Pupil of \$4,367. Item 5 reduced State General Fund expenditures by \$53.5 million and replaced those funds \$53.5 million in Special Education federal stimulus funds. According to the agency, these funds will also be utilized to offset reductions made to the State General Fund appropriation to Special Education.

D. House Bill 2001 - Number of Pupils in USD No. 409, Atchison. (Law) House Bill 2001 allows a student in the custody of the Secretary of Social and Rehabilitation Services or the Commissioner of the Juvenile Justice Authority and who is enrolled in the Atchison School District (USD 409) to be counted as two pupils. The affected students must be housed and receiving educational services at the youth residential center located on the grounds of the former Atchison Juvenile Correctional Facility for the district to qualify at the higher rate. In school year 2009-2010, the bill authorizes a student enrollment of two times the licensed capacity of the youth residential center; for school years thereafter, student enrollment would be two times the actual number of students at the center.

The Department of Education indicates that implementation of this bill will require an additional \$151,928, all from the State General Fund, for general state aid in FY 2010.

E. Senate Bill 41 - Concerning school districts (Conference Committee). Senate Bill 41 amends state law dealing with school district consolidation and disorganization, financial literacy, disability history, and awareness.

According to the Department of Education, the Board would organize two meetings with an advisory group consisting of approximately ten people to review and assist in the development of standards on the financial topics outlined in the bill and offer suggestions for curriculum development. The total cost of both meetings would be approximately \$2,000, all from the State General Fund.

F. Senate Bill 131 - Technical colleges; change in name or designation (Conference Committee). Senate Bill 131, in its original form, would allow the governing body of a technical college to change the name of the college by adopting a resolution. The House Committee of the Whole added a provision to the bill to direct the State Board of Education to establish an Early High School Graduation Incentive Program. Students in public high schools who graduate at least one year earlier than the usual time would be eligible for up to \$3,000 to be used for fees and tuition for attendance at a Kansas technical college or community college. The State Board of Education may adopt rules and regulations necessary to implement the program. As of the time of review, a conference committee was appointed but no conference committee report adopted.

According to the Department of Education, assuming 0.5 percent of eligible students utilized the \$3,000 scholarships, the agency would need \$445,000, all from the State General Fund, in additional funding. If 1.0 percent of eligible student utilized the scholarships, the agency would need \$990,000, all from the State General Fund, in additional funding.

G. Local Effort Adjustments. Property tax estimates were revised downward based on additional information. In order to maintain FY 2009 education funding at the level contained in House Substitute for Substitute Senate Bill 23 an additional \$3.4 million in State General Fund dollars would be needed. In addition, \$4.4 million from the State General Fund would be needed in FY 2010 to maintain education funding at the level included in Senate Substitute for House Bill 2354.

H. KPERS School Employer Contribution Shortfall. In FY 2009 school employer contributions for KPERS is projected to experience a shortfall of approximately \$4.8 million. The shortfall is due to two main factors. First, the total payroll was more than the projected payroll, representing a shortfall of \$2.95 million. Second, in FY 2009 the Legislature accelerated the KPERS Death and Disability moratorium and \$10,103,227, all from the State General Fund, was certified as the correct amount to be reduced. According to KPERS, the total reduction should have been \$8.3 million causing a shortfall of \$1.8 million.

I. GBA No. 2, Item 9, page 6 - Special Education - Part B.

Kansas Public Employees Retirement System

A. 13th Check Bond Payment (Senate Committee). The Senate Committee recommended Omnibus review of adding \$639,134, all from the State General Fund, to make the interest payment on the KPERS 13th Check bond payment. For FY 2010 the Governor recommended making only the interest portion of the 13th Check bond payment and refinancing the principal portion in order to generate savings to the State General Fund. The Legislature deleted the funding of \$639,134 and recommended review at Omnibus.

B. Senate Bill 219 (Law). Senate Bill 219 implements a nine-month moratorium on state and local employer contributions to the KPERS Death and Disability Plan. The nine-month moratorium began on March 1, 2009 and will end on November 30, 2009. From the perspective of the state, the moratorium will save approximately \$37.7 million in contributions from all funding sources, including \$30.4 million from the State General Fund. Included in these amounts are savings of approximately \$24.0 million from KPERS School contributions in the Department of Education budget.

C. GBA, No. 2, Item 2, page 2 - Kansas Endowment for Youth Fund Transfer.

Court of Tax Appeals

A. 10.0 Budget Reduction (Senate Committee). The Senate Committee recommended Omnibus review of the 10.0 percent budget reduction for the Court of Tax Appeals. The Senate Committee recommended the deletion of \$109,759, all from the State General Fund to achieve a total 10.0 budget reduction. The Legislature did not delete \$109,759, all from the State General Fund, to achieve a 10.0 percent budget reduction.

Department of Revenue

A. 5.0 Budget Reduction (Conference Committee). Review the Senate modified position of reducing the Department of Revenue's budget by 5.0 percent in FY 2010.

The Senate Committee deleted \$1,055,501, all from the State General Fund, to achieve a total 10.0 percent reduction. The Conference Committee restored \$527,750.

B. REWARD Project (House Committee). Review the addition of \$933,153, all from special revenue funds, for the Drivers License Photo First Model Office Project until a review by the Joint Committee on Information Technology, and consider restoration of the funding in FY 2010.

C. Kansas, Inc. and Information Network of Kansas (INK). (Senate Committee and House Committee). Review the funding sources for both Kansas, Inc. and Information Network of Kansas (INK).

Kansas, Inc. is funded by \$358,874 from the Economic Development Initiatives Fund (EDIF) and Information Network of Kansas (INK) is funded through subscriber fees collected when renewing car tags online. Currently, Kansas, Inc. provides administrative and fiscal services to INK.

D. VIPS/CAMA Funding (Senate Committee). The Senate Committee had concerns about VIPS/CAMA funding sources. Due to a downward turn in vehicles sales the Department of Revenue may have to look at other funding sources, including the State General Fund, for operational costs.

E. House Bill 2026 (Law). House Bill 2026 retroactively validates the results of local sales tax elections held in Lyon and Rawlins counties in August 2008. Voters had approved both ballot questions. An additional 1.0 percent sales tax was authorized in Lyon County for purposes of property tax relief and capital outlay, bringing the total rate imposed by the county to 1.5 percent. The new tax is required to sunset no later than five years after imposition. An additional 0.75 percent sales tax is authorized in Rawlins County for financing the costs of a swimming pool, bringing the total rate imposed by the county to 1.75 percent. The new tax is required to sunset no later than 15 years after imposition. The Department of Revenue indicates House Bill 2026 would require it to update publications at a cost of \$4,800 in FY 2010.

F. Senate Bill 123 (Law). Senate Bill 123 allows the use of city-issued license plates or a reproduction of city-issued license plates for antique vehicles. The bill would require the Division of Motor Vehicles of the Department of Revenue to register these license plates. The Department estimates that there would be less than 500 antique vehicles of a vintage that would qualify under the provisions of Senate Bill 123. The Department also estimates that the passage of Senate Bill 123 will require 11 days of contract programming time at a cost of \$7,920, all from the State General Fund, to modify the Vehicle Information Processing System.

G. Senate Bill 122 (Law). Senate Bill 122 requires the property tax classification for rebuilt salvage vehicles being registered for the first time to be reduced by two classes for tax year 2010 and each subsequent year. The classification reduction must be indicated on the certification of title and would be valid only for the initial registration of rebuilt salvage vehicles. The Department of Revenue indicates that Senate Bill 122 will require modifications to the agency's automated tax system. The Department estimates that this would require additional resources in the amount of \$43,760 from the State General Fund in FY 2010. This estimate includes \$1,440 for two days of outside contractor programming; \$37,890 for 1.0 FTE position; and \$4,430 for a computer and workstation. The Department states the Title and Registration Bureau of the Division of Vehicles would expend a considerable amount of time testing the modifications to the Vehicle Information Processing System, but this cost could be absorbed within existing resources. The Department indicates that the bill would increase state revenue by approximately \$300,000 as a result of re-titling 37,500 vehicles. The Department estimates costs to the applicant of \$10 per vehicle, of which \$2 would be retained by local county treasurers, \$3.50 would be deposited in the Kansas Highway Patrol Motor Vehicle Fund, \$1.50 would be deposited in the State Highway Fund, and the remaining \$3 would be deposited in the Department's VIPS/CAMA Technology Hardware Fund.

H. House Bill 2143 (Law). Sub. for House Bill 2143 changes the requirements for driving permits and drivers' licenses for drivers younger than 17 years old. The changes from current law include: Instruction permit; Farm permit; Restricted license; Restrictions on nonsibling passengers; Restrictions on use of wireless devices; Lifting of passenger restrictions; and Full licensure.

The Department of Revenue estimates that House Bill 2143 will generate administrative costs of \$3,600, all from the State General Fund, for 40 hours of contract programming time that would be required to modify the Kansas Drivers License System. The Department indicates that the Drivers Licensing Exam Bureau would experience additional costs for training and handbook revision and reprinting, which would be absorbed within existing resources.

I. House Bill 2188 (Law). House Bill 2188, as amended, allows a dealer-hauler full-privilege license plate to be used by a trailer manufacturer or trailer dealer instead of a regular trailer registration and license plate. The bill also would:

- Raise the fee for the full-privilege license plate from \$350.00 to \$350.50 and set the fee for a dealer-hauler full-privilege trailer plate at \$350.50;
- Limit the use of dealer-hauler full-privilege license plates to trailers;
- Allow the transfer of the plate from one trailer to another that is owned or is in inventory of the trailer manufacturer or trailer dealer to whom issued;
- Allow the license plate to be used by a trailer manufacturer or trailer dealer to haul nonhighway equipment for demonstration purposes or delivery, if the weight of the trailer and nonhighway equipment does not exceed 85,500 pounds;
- Provide that the appropriate full-privilege license plate would expire on the January 31 next following its issuance, except that the dealer would have until the last day of February of each year within which to make application for renewal; and
- Provide that the dealer-hauler full-privilege trailer license plate would expire on the January 31 next following its issuance, except that the dealer would have until and including the last day of the February of each year within which to make application for renewal.

The Department of Revenue estimates that House Bill 2188 will increase revenues to its Vehicle Dealers and Manufacturers Fee Fund by \$1,936 in FY 2010. This bill is also estimated to increase local revenues by \$1,936 in FY 2010.

The agency estimates that the \$.50 fee increase would result in additional revenues of \$367 (734 x .50). Of the total amount collected, half would be remitted to the Department of Revenue and half would be remitted to local governments.

The Department also estimates that approximately ten dealer-hauler plates would be issued, which would result in additional revenues of \$3,505 (10 x \$350.50). Of the total amount collected, half would be remitted to the Department of Revenue and half would be remitted to local governments.

Additionally, the Department estimates approximately 40 hours of contract programming time at a cost of \$3,600 would be required to modify the dealers licensing system and implement the provisions of this bill.

J. House Bill 2258 (Law). House Bill 2258 will require surrender of a nonrepairable vehicle certificate or title to the Division of Vehicles if a vehicle is crushed. Current law requires surrender of a nonrepairable vehicle certificate or title only when a vehicle has been dismantled, disassembled or recycled and sold to a scrap processor for recycling. The bill also would license and regulate vehicle crushers, vehicle recyclers, scrap metal recyclers, rebuilders, and salvage vehicle pools under the Vehicle Dealers and Manufacturers Licensing Act.

The Department of Revenue estimates that House Bill 2258 will increase revenue to the Vehicle Dealers and Manufacturers Fee Fund by \$21,000 in FY 2010. This estimate is based on 280 new licenses at a cost of \$75, including: 15 vehicle crusher licenses; 70 vehicle recycler licenses; 35 scrap metal recycler licenses; 150 rebuilder licenses; and 10 salvage vehicle pools. The Department also estimates \$3,600 for 40 hours of contract programming would be required to modify the dealer license computer program and implement the provisions of the bill.

K. House Bill 2172 (Governor). House Bill 2172, as amended, would provide sales tax exemptions and clarify the law with respect to certain transactions. The bill would repeal the sunset on an existing sales tax exemption for cash rebates granted by manufacturers to purchasers or lessees of new motor vehicles if such rebates are paid directly to retailers as a result of the original sales. The bill also would exempt purchases made by or on behalf of Goodwill Industries Easter Seals of Kansas, Inc. and Goodwill Industries of Kansas, Inc. for the purpose of providing education, training, and employment opportunities for people with disabilities and other barriers to employment. Additional exemptions would be provided for sales of game birds used in hunting; fees and charges for participation in guided and non-guided hunts and fishing excursions and expeditions; and hunting or fishing leases. Another exemption would be provided for purchases by or on behalf of Sheltered Living, Inc. Finally, the bill also would provide an exemption for purchases made by or on behalf of All American Beef Battalion, Inc., for the purpose of educating, promoting, and participating as a contact group through the beef cattle industry in order to carry out such projects that provide support and morale to members of the United States armed forces and military services.

The Department of Revenue estimates HB 2172 will cost \$113,369, all from the State General Fund. Included in the estimate is \$54,923 to fill 1.0 vacant FTE, \$4,430 in one-time operating expenditures, \$1,526 in annual operating expenditures, \$33,050 to revise publications, and \$19,440 for contract programming.

L. Senate Bill 212 (Governor). Senate Bill 212, as amended, would modify the Kansas Liquor Control Act and address the subject of wine, with two new provisions. First, Senate Bill 212 would permit in-state and out-of-state wineries to directly ship wine to consumers in the State of Kansas upon obtaining a special order shipping license and payment of a \$50 fee to the Department of Revenue. Under the bill, the purchaser would be required to pay the purchase price, the liquor enforcement tax, and all shipping costs. The liquor enforcement tax would have to be paid on the purchase price and not the shipping costs. The bill would require the permit holder to collect the gallonage taxes and enforcement tax. Second, Senate Bill 212 also would allow a wine licensee to sell wine produced and bottled by a wine licensee at a bona fide farmer's market located at a site approved by the Director of the Division of Alcoholic Beverage Control. The licensee would be required to have an annual bona fide farmer's market sales permit. The licensee would be restricted to selling wine one day per week in the original unopened container.

The Department of Revenue estimates administrative costs of \$11,500, all from special revenue funds, to implement the provisions of Senate Bill 212. The Department indicates that the bill would also increase revenues, but since the amount of wine that would be shipped into the state is unknown, the additional receipts cannot be estimated.

M. Senate Bill 158 (Governor). *Drivers' License Restriction* Senate Bill 158 amends the statute on failure to comply with a traffic citation to authorize, in lieu of suspension, a drivers' license restriction to eligible drivers. The driver is required to submit a written request for the license restriction, along with a nonrefundable \$25 application fee, to the Division of Vehicles (Division). The application fee is applied by the Division for additional administrative costs to implement restrictive driving privileges. If the driver is eligible, the Division is required to restrict the driver's license as follows:

- To and from work or school;
- In the course of employment;
- During a medical emergency; and
- To and from probation or parole meetings, drug or alcohol counseling, or any place the driver is ordered by the Court to go.

Kansas Department of Revenue (KDOR) states that there are approximately 172,000 active suspensions on the Kansas Drivers' License System for failing to satisfy traffic citations. Of that amount, approximately 106,000 would be eligible for restricted driving privileges established in the bill. If 50.0 percent of those eligible applied for restricted driving privileges and paid the \$25 fee, then \$1,325,000 could be generated in FY 2010. On an annual basis, if 10,000 drivers, of the 30,000 suspended annually for failure to satisfy traffic citations, an additional \$250,000 per year could be generated. However, the bill does not specify where the funds are to be deposited. The agency has indicated that the expenditure limitation on the Division of Vehicles operating fund will need to be removed or the expenditure limitation will need to be increased by approximately \$1.4 million.

N. Senate Bill 97 (Governor). *Promoting Employment Across Kansas (PEAK) Act.* The bill authorizes a diversion of employee withholding taxes under certain circumstances to "qualified" companies or third parties performing services on behalf of such companies.

Qualified companies generally include those which have closed down an existing business entity outside the state and have relocated the entity in Kansas and have made available to full-time employees adequate health insurance for which the companies will pay at least 50 percent of the premiums. Companies meeting these requirements also will be able to qualify if they have contracted with third parties to perform services as the legal employer of newly relocated employees.

The Department of Revenue indicates that it will cost \$108,552, all from the State General Fund to implement Senate Bill 97. The Department will incur a one-time operating expense of \$8,860 and annual operating expenses of \$3,052. Additionally, the Department will need to fill two vacant FTE customer service representatives at a cost of \$96,640.

O. House Bill 2221 (Conference Committee). *Statewide Smoking Ban.* The bill bans smoking in certain places and it creates the Kansas Indoor Clean Air Act. The Department of Revenue indicates that the implementation of the bill would cost \$256,602 and would be funded through the Division of Vehicles Operating Fund. Included in the cost is \$130,414 to fill 2.0 new FTE enforcement agent positions, \$32,460 for one-time operating expenditures for two new vehicles, \$29,452 in annual operating expenditures, \$48,320 to fill 1.0 new FTE customer service representative position, \$4,430 in one-time operating expenditures, \$1,526 in annual operating expenditures, and \$10,000 in new notices and publications. The transfer of \$11,116,497 from the State Highway Fund of the Department of Transportation to the Division of Vehicles Operating Fund will need to be increased from \$11,116,597 to \$11,373,199.

Department of Commerce

A. Further Budget Reductions (House Committee). The House Committee recommended Omnibus consideration of the deletion of up to \$1.7 million, all from the Economic Development Initiatives Fund (EDIF), in FY 2010 from either the Department of Commerce or Kansas, Inc. or the Kansas Technology Enterprise Corporation (KTEC) to bring those agency budgets inline with the Governor's FY 2010 budget. The Governor vetoed the line-item appropriation for KTEC in Senate Substitute for House Bill No. 2354. The appropriation for KTEC in FY 2010 included \$10,494,718 from the Economic Development Initiatives Fund (EDIF) and \$1,644,669 in special revenue funds.

B. Kansas Technology Enterprise Corporation Programs (Senate Committee). The Senate Committee recommended Omnibus review of the divisions and programs within the Department of Commerce that handle similar tasks as the Kansas Technology Enterprise Corporation. For FY 2010, the Governor recommended abolishing the Kansas Technology Enterprise Corporation (KTEC) and Kansas, Inc. and transferring all duties of both agencies to the Department of Commerce. Furthermore, the Governor recommended the Department of Commerce absorb both KTEC and Kansas, Inc. within existing resources.

The Department of Commerce has several divisions that perform similar functions to both the Kansas Technology Enterprise Corporation (KTEC) and Kansas, Inc.

Business Development Division: This Division is charged with creating and retaining jobs in Kansas along with encouraging capital investment. Additionally, the Division is charged with recruiting new business to the state.

Workforce Services Division: This Division links business, job candidates and education institutions to ensure that employers can find skilled workers. The Division maintains a network of Workforce Centers and works closely with Kansas universities, community colleges and technical schools to that those entities can tailor their curriculum to the needs of Kansas businesses.

Community Development Division: The Community Development Division provides financial, technical, and business assistance to Kansas communities. The Division provides funding through the Small Cities Community Development Block Grant (CDBG) and the Community Assistance Services Program.

C. Kansas Athletic Commission (Senate Committee). The Senate Committee recommended Omnibus review of moving the Kansas Athletic Commission to the Kansas Racing and Gaming Commission. The Kansas Athletic Commission oversees boxers, kick boxers, wrestlers, and martial artists. The Commission is currently funded from the Athletic Commission Fee Fund. The Kansas Athletic Commission is currently housed in the Department of Commerce and is not a stand alone agency.

D. House Bill 2324 (Governor). House Bill 2324, as amended, would make several changes in law relative to the sales tax exemption associated with enterprise zones; and would create the Community Investment District Act. The bill would amend the population qualification criteria within the Kansas Enterprise Zone Act to provide that the annual figures certified by the Kansas Division of Budget be utilized in lieu of the figures provided by the latest United States Census. The purpose of a community investment district would be to promote and support economic development, including tourism and cultural activities. The bill would define community investment district projects to include capital improvements, infrastructure, and certain operational costs. Projects may be funded by the use of special obligation bonds, full faith and credit bonds, or on a pay-as-you-go basis.

The Department of Revenue indicates the bill would require additional processing and tracking by the Department to properly administer the sales tax collected in a community investment district. The Department estimates that it would require \$60,000 for the salary and wages and operational expenses of 1.0 new FTE position to administer this program. The Department would request this money from the State General Fund, as there is no mechanism in the bill to allow for the administrative costs of the Department to be paid for by a community investment district.

Kansas, Inc.

A. Further Budget Reductions. The House Committee recommended Omnibus consideration of the deletion of up to \$1.7 million, all from the Economic Development Initiatives Fund (EDIF), in FY 2010 from either the Department of Commerce or Kansas, Inc. or the Kansas Technology Enterprise Corporation (KTEC) to bring those agency budgets inline with the Governor's FY 2010 budget. The Governor vetoed the line-item appropriation for KTEC in Senate Substitute for House Bill No. 2354. The appropriation for KTEC in FY 2010 included \$10,494,718 from the Economic Development Initiatives Fund (EDIF) and \$1,644,669 in special revenue funds.

B. Report by Kansas, Inc. (Senate Committee). The Senate Committee recommended Omnibus review of a report by Kansas, Inc. on state agencies which operate research divisions. The Committee would like to examine the possibility of combining the research programs administered by state agencies into a single agency.

The report was published on April 8. The report did note the importance of technology based economic development and indicated the rolling KTEC into another organization or eliminating it all together "would force Kansas to relinquish its place in the 'technology race' and risk falling further behind. The report indicated KTEC needs to establish a clear and uniform set of metrics, collect and maintain information that supports those metrics. Furthermore, the report did indicate that KTEC needed to provide thorough and adequate information to its Board of Directors in order for Board members to be appropriately informed.

Kansas Technology Enterprise Corporation

A. Review KTEC funding (Senate Committee and House Committee). The Senate Committee and House Committee recommended Omnibus review of the budget for the Kansas Technology Enterprise Corporation upon publication of a report by Kansas, Inc. on the functions of KTEC.

The report was published on April 8. The report did note the importance of technology based economic development and indicated the rolling KTEC into another organization or eliminating it all together "would force Kansas to relinquish its place in the 'technology race' and risk falling further behind. The report indicated KTEC needs to establish a clear and uniform set of metrics, collect and maintain information that supports those metrics. Furthermore, the report did indicate that KTEC needed to provide thorough and adequate information to its Board of Directors in order for Board members to be appropriately informed.

B. Further Budget Reductions. The House Committee recommended Omnibus consideration of the deletion of up to \$1.7 million, all from the Economic Development Initiatives Fund (EDIF), in FY 2010 from either the Department of Commerce or Kansas, Inc. or the Kansas Technology Enterprise Corporation (KTEC) to bring those agency budgets inline with the Governor's FY 2010 budget. The Governor vetoed the line-item appropriation for KTEC in Senate Substitute for House Bill No. 2354. The appropriation for KTEC in FY 2010 included \$10,494,718 from the Economic Development Initiatives Fund (EDIF) and \$1,644,669 in special revenue funds.

Governmental Ethics Commission

A. Increase State General Fund and Decrease Fee Fund (Technical Adjustment). The Conference Committee on Senate Substitute for House Bill 2354 agreed to delete \$44,358 from the agency's State General Fund and add \$51,291 to the agency's fee fund. The State General Fund should have been increased by \$6,761 and the agency's fee fund should have been decreased by \$13,694. A technical adjustment is needed to correct the oversight.

SRS Hospitals

A. Teacher Salary Increases. The Department of Education estimates an average statewide salary increase for teachers 3.5 - 4.0 percent for FY 2010. The education contracts in FY 2010 reflect no increase for Larned State Hospital or Parsons State Hospital and Training Center. There are no education contracts at Osawatomie State Hospital, Rainbow Mental Health Facility, or Kansas Neurological Institute. The following table illustrates the State General Fund adjustment which would be necessary to provide uniform salary increases across the two institutions.

Percent Increase	Larned Increase	Parsons Increase	Total
0.5 percent	\$ 1,751	\$ 1,847	\$ 3,599
1.0 percent	3,503	3,695	7,197
1.5 percent	5,254	5,542	10,796
2.0 percent	7,005	7,389	14,395
2.5 percent	8,757	9,237	17,993
3.0 percent	10,508	11,084	21,592
3.5 percent	12,259	12,931	25,191
4.0 percent	14,011	14,779	28,789
4.5 percent	15,762	16,626	32,388
5.0 percent	17,513	18,473	35,986
5.5 percent	19,264	20,321	39,585
6.0 percent	21,016	22,168	43,184
6.5 percent	22,767	24,015	46,782

B. Categorical Aid Adjustment. For FY 2009 and FY 2010, the budgeted school contracts for the institutions include categorical aid based on a rate of \$28,000 for Parsons State Hospital and Training Center, and \$18,000 for Larned State Hospital. There are no education contracts at Osawatomie State Hospital, Rainbow Mental Health Facility, or Kansas Neurological Institute. The table below identifies the State General Fund adjustments required:

The current FY 2009 categorical aid rate per eligible teaching unit is estimated to be \$29,300. If this rate is maintained, the school contract for FY 2009 at the institutions would need adjustments. The table below identifies the estimated State General Fund adjustments required:

<u>Institution</u>	<u>FY 2009</u>
Parsons State Hospital and Training Center	\$ 3,387
Larned State Hospital	37,084
Total	\$ 40,471

The current FY 2010 categorical aid rate per eligible teaching unit is estimated to be \$25,000. If this rate is maintained, the school contract for FY 2010 at the institutions would need adjustments. The table below identifies the estimated State General Fund adjustment:

<u>Institution</u>	<u>FY 2010</u>
Parsons State Hospital and Training Center	\$ 0
Larned State Hospital	45,945
Total	\$ 45,945

Rainbow Mental Health Facility

A. Increase Funding for Food, Pharmacy, Utilities, and Outside Medical Costs (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$150,000, all from the State General Fund, to fund increases in food, pharmacy, utilities, and outside medical costs in FY 2010. The agency states that the United States Department of Agriculture is estimating, for calendar year 2008 and 2009, food prices to rise 4.0 percent to 5.0 percent each year. The agency indicates that without enhancement funding it will be required to cover the increase in operating expenditures by holding positions vacant.

B. Increase Funding for Overtime, Shift Differential, and Stand-by Pay (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$347,331, all from the State General Fund, to fund a policy change for overtime, shift differential, and stand-by pay in FY 2010. In the spring of 2008, this policy changed after the Governor signed a Memorandum of Agreement between the State of Kansas and the Kansas Organization of State Employees, which came about as the result of the meet and confer process provided for in the Kansas Public Employer/Employee Relations Act, K.S.A. 75-4321 et seq. This agreement allows staff the choice of time off or additional pay for overtime worked. The policy changed in order to manage overtime and retain staff willing to work overnight hours. Previously, staff were not given a choice between overtime pay or compensatory time. With the policy change staff are required to make their choice in advance. The policy was also changed from \$0.30 to \$0.50 per hour increase in shift differential and a \$1.00 per hour increase in stand-by pay. The agency has based this request on estimates from recent payroll history and other available records. If implemented, this funding will limit the need to hold additional positions vacant to cover increased costs.

C. Increase funding for Physician Salaries (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$103,108, all from the State General Fund, to fund increases in physician salaries in FY 2010. This request raises the salary base contained in the physician salary schedule by 15.0 percent to more closely match the market rate and assist in recruitment and retention of physicians.

Kansas Neurological Institute

A. Increase Funding for Physician Salaries (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$66,949, all from the State General Fund, to fund increases in physician salaries in FY 2010. This request raises the salary base contained in the physician salary schedule by 15.0 percent to more closely match the market rate and assist in recruitment and retention of physicians.

B. Increase Funding for Overtime, Shift Differential, and Stand-by Pay (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$459,262, all from the State General Fund, to fund a policy change for overtime, shift differential, and stand-by pay in FY 2010. In the spring of 2008, this policy changed after the Governor signed a Memorandum of Agreement between the State of Kansas and the Kansas Organization of State Employees, which came about as the result of the meet and confer process provided for in the Kansas Public Employer/Employee Relations Act, K.S.A. 75-4321 et seq. This agreement allows staff the choice of time off or additional pay for overtime worked. The policy changed in order to manage overtime and retain staff willing to work overnight hours. Previously, staff were not given a choice between overtime pay or compensatory time. With the policy change staff are required to make their choice in advance. The policy also allowed a \$0.10 to \$0.20 per hour increase in shift differential and a \$1.00 per hour increase in stand-by pay. The agency has based this request on estimates from recent payroll history and other records that are available. If implemented, this funding will limit the need to hold additional positions vacant to cover increased costs.

C. Increase Funding for Food, Pharmacy, Utilities, and Outside Medical Costs (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$135,248, all from the State General Fund, to fund increases in food, pharmacy, utilities, and outside medical costs in FY 2010. The agency states that the United States Department of Agriculture is estimating, for calendar year 2008 and 2009, food prices to rise 4.0 percent to 5.0 percent each year. The agency indicates that without enhancement funding it will be required to cover the increase in operating expenditures by holding positions vacant.

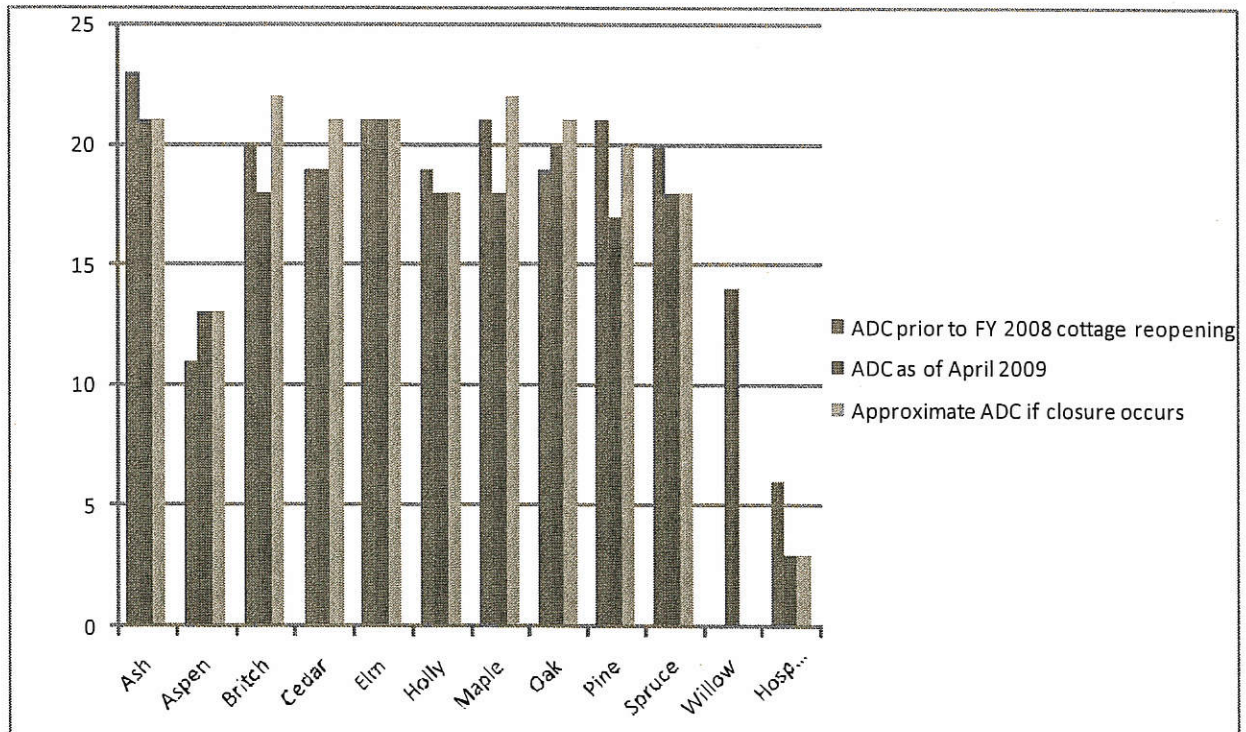
Parsons State Hospital

A. Closure of a Residential Cottage on the Parsons State Hospital and Training Center (PSH&TC) Campus (Senate Committee). The Senate Committee recommended Omnibus review of the closure of the Willow Cottage on the Parsons State Hospital and Training Center campus which was remodeled and opened in FY 2008. Originally, the Department of Social and Rehabilitative Services (SRS) estimated savings to be \$1,018,600, including \$407,440 from the State General Fund, and the elimination of 30.0 FTE positions in FY 2010. This estimate was based on the assumption that the decision to consolidate the residential cottages would be made in time to allow for the layoff and reappointment of clients process for a May 1, 2009 closure. The revised estimated savings assumes action by the remainder of the 2009 Legislative session for a residential cottage closure date of September 1, 2009. Therefore, the revised estimated savings is decreased to approximately \$934,000, including \$373,600 from the State General Fund, and the elimination of 30.0 FTE positions in FY 2010.

According to the agency, many of the existing staff will be reallocated based on resident needs and staff seniority. Some existing vacancies would be used to cover the agency's FTE reduction with the remainder coming from staff lay-offs. Due to seniority rights that would likely be exercised, the lay-off process would take approximately two months. Once the staff members to be laid-off are determined, a number of other staffing transfers would need to occur to serve the individualized needs of the consolidated clients. The agency notes that the remaining time needed to complete the closure and consolidation is due to unique resident behavior issues, personality differences, compatibility issues, individual treatment plans, and other factors that will need to be considered prior to changing the living arrangements and environments of residents.

As of April, 2009, the current average daily census of the Willow Cottage is 14 residents. The following chart reflects the average daily census for all Parsons State Hospital and Training Center residential cottages prior to the opening of the Willow Cottage. The current census with the Willow Cottage and the approximate census of the remaining residential cottages should the closure of the Willow Cottage occur.

AVERAGE DAILY CENSUS



B. Increase Funding for Physician Salaries (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$91,315, all from the State General Fund, to fund increases in physician salaries in FY 2010. This request raises the salary base contained in the physician salary schedule by 15.0 percent to more closely match the market rate and assist in recruitment and retention of physicians.

C. Increase Funding for Overtime, Shift Differential, and Stand-by Pay (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$179,433, all from the State General Fund, to fund a policy change for overtime, shift differential, and stand-by pay. In the spring of 2008, this policy changed after the Governor signed a Memorandum of Agreement between the State of Kansas and the Kansas Organization of State Employees, which came about as the result of the meet and confer process provided for in the Kansas Public Employer/Employee Relations Act, K.S.A. 75-4321 et seq. This agreement allows staff the choice of time off or additional pay for overtime worked. The policy changed in order to manage overtime and retain staff willing to work overnight hours. Previously, staff were not given a choice between overtime pay or compensatory time. With the policy change staff are required to make their choice in advance. The policy was changed from \$0.30 to \$0.50 per hour increase in shift differential and a \$1.00 per hour increase in stand-by pay. Parsons State Hospital and Training Center has based this request on estimates from recent payroll history and other records that are available. If implemented, this funding will limit the need to hold additional positions vacant to cover increased costs.

D. Increase Funding for Food, Pharmacy, Utilities, and Outside Medical Costs (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$79,593 all from the State General Fund, to fund increases in food, pharmacy, utilities, and outside medical costs in FY 2010. The agency states that the United States Department of Agriculture is estimating, for calendar year 2008 and 2009, food prices to rise 4.0 percent to 5.0 percent each year. The agency indicates that without enhancement funding it will be required to cover the increase in operating expenditures by holding positions vacant.

Osawatimie State Hospital

A. Increase funding for Physician Salaries (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request of \$410,524, all from the State General Fund, to fund increases in physician salaries in FY 2010. This request raises the salary base contained in the physician salary schedule by 15.0 percent to more closely match the market rate and assist in recruitment and retention of physicians.

B. Increase Funding for Overtime, Shift Differential, and Stand-by Pay (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$1,043,853, all from the State General Fund, to fund a policy change for overtime, shift differential, and stand-by pay in FY 2010. In the spring of 2008, this policy changed after the Governor signed a Memorandum of Agreement between the State of Kansas and the Kansas Organization of State Employees, which came about as the result of the meet and confer process provided for in the Kansas Public Employer/Employee Relations Act, K.S.A. 75-4321 et seq. This agreement allows staff the choice of time off or additional pay for overtime worked. The policy changed in order to manage overtime and retain staff willing to work overnight hours. Previously, staff were not given a choice between overtime pay or compensatory time. With the policy change staff are required to make their choice in advance. The policy also was changed from \$0.10 to \$0.20 per hour increase in shift differential and a \$1.00 per hour increase in stand-by pay. The agency has base this request on estimates from recent payroll history and other records that are available. If implemented, this funding will limit the need to hold additional positions vacant to cover increased costs.

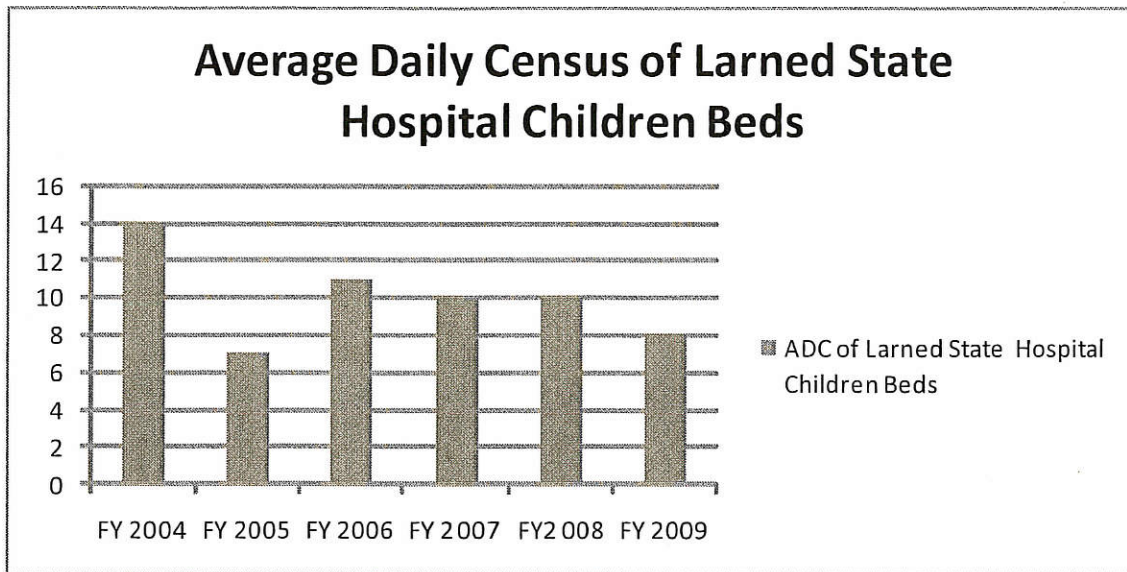
C. Increase Funding for Food, Pharmacy, Utilities, and Outside Medical Costs (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$625,000, all from the State General Fund, to fund increases in food, pharmacy, utilities, and outside medical costs in FY 2010. The agency states that the United States Department of Agriculture is estimating, for calendar year 2008 and 2009, food prices to rise 4.0 percent to 5.0 percent each year. The agency indicates that without enhancement funding it will be required to cover the increase in operating expenditures by holding positions vacant.

Larned State Hospital

A. Close the Beds for Children at Larned State Hospital (LSH) and Move the Clients to a Private Facility (Senate Committee). The Senate Committee recommended Omnibus review of the closure of the children's beds at the Larned State Hospital in FY 2010 and move the clients to a private facility. Originally, the Department of Social and Rehabilitative Services (SRS) estimated savings of \$948,122, all from the State General Fund, and the elimination of 38.0 FTE positions in FY 2010. This estimate was based on the assumption that the decision to close the children's beds would be made before April 1, 2009 so that the agency would not need to renew its school contracts. It was assumed that education costs would be incurred by any private community provider of services and would be included in any agreement to serve the children from Larned State Hospital. Out of necessity, the school contracts were renewed which reduces the estimated savings by \$360,000. SRS now assumes that six months of savings can be achieved in FY 2010 minus the school contract. Therefore, the revised estimated saving is \$294,061, all from the State General Fund, and the elimination of 38.0 FTE positions in FY 2010.

The cost for serving the youth in a private alternative inpatient program was estimated based upon the current average cost of Acute and Sub-Acute private inpatient treatment. A policy decision to close the children beds would need to be made before any serious inquires could be made to serve children in an alternative private inpatient program. If the decision is made to adopt this reduced resource option, SRS will seek bids only from Western Kansas providers close to where these children historically have been from. Larned State Hospital will stop taking new admissions on the date the private alternative opens and all new admissions will go to the private alternative. Children at Larned State Hospital at that time will remain there and receive treatment until they are ready for discharge. As of April 2009, the current census of the children beds at Larned State Hospital is 13 patients. The following chart displays the average daily census of the children beds over the last five years.

SRS plans to move the Crisis Stabilization Unit, of the Psychiatric Services Program (PSP) into the space vacated by the children beds. The Crisis Stabilization Unit currently occupy temporary space in an annex on the Larned State Hospital campus. The Crisis Stabilization Unit was located in the old hospital building, but because of the age and condition of the building Kansas Department of Health and Environment (KDHE) determined the building should not be used to house patients. SRS included a request in its Five Year Capital Improvement Plan to add on a 30-bed expansion in the Psychiatric Services Program building. This would not be needed if the Crisis Stabilization Unit moves into the space vacated.



B. Establish a Mobile Satellite Evaluator Program (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$339,000, all from the State General Fund, and 3.0 FTE positions to establish a mobile satellite evaluator program in FY 2010. This program would be used to complete 93 outpatient forensic evaluations annually that would have historically been completed during an inpatient stay at the Larned State Security Program or Osawatomie State Hospital. The intent of the program is to reduce the number of individuals referred to the agency by district courts, thereby reducing the waiting list for admissions. The program would conduct trial competency and sex predator evaluations in local county jails for individuals being held for misdemeanor and felony charges and those going through the sexually violent predator determination process. The enhancement request also includes two annual competency evaluator training sessions for Community Mental Health Center (CMHC) staff and increased reimbursements to CMHC's for completed competency evaluations.

C. Increased Census in the Sexual Predator Treatment Program (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$1,948,895, all from the State General Fund, and includes 37.0 FTE positions based on an increase in census in the Sexual Predator Treatment Program in FY 2010. This would raise the capacity from 160 to 180 patients in order to handle the increase in census. Currently, the agency has sufficient funds to serve up to 160 patients. As of August 2008, the program exceeded its current budget capacity by six patients. The 37.0 FTE positions include direct care staff, support, and therapy positions.

D. Expand the Sexual Predator Treatment Program (SPTP) Transition House Located on the Osawatomie State Hospital Campus (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$323,928, all from the State General Fund, and 6.0 FTE positions to expand the sexual predator treatment program transition house located on the Osawatomie State Hospital campus in FY 2010. The current space has a capacity of six residents and cannot accommodate the four additional residents estimated in the current census. A section of the Bridle Building has been remodeled for this purpose, but occupancy by the sexual predator treatment program residents would require additional staffing and operating expenditures to accommodate the new residents who require supervision twenty-four hours a day, seven days a week. The enhancement request included funding for 6.0 FTE Mental Health Aid positions, as well as furnishings, supplies, and computers for the staff office in the Bridle building.

E. Increase Funding for Increases in Physician Salaries (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$564,526, all from the State General Fund, to fund increases in physician salaries in FY 2010. This request raises the salary base contained in the physician salary schedule by 15.0 percent to more closely match the market rate and assist in recruitment and retention of physicians.

F. Increase Funding for Overtime, Shift Differential, and Stand-by Pay (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$761,126, all from the State General Fund, to fund a policy change for overtime, shift differential, and stand-by pay in FY 2010. In the spring of 2008, this policy changed after the Governor signed a Memorandum of Agreement between the State of Kansas and the Kansas Organization of State Employees, which came about as the result of the meet and confer process provided for in the Kansas Public Employer/Employee Relations Act, K.S.A. 75-4321 et seq. This agreement allows staff the choice of time off or additional pay for overtime worked. The policy changed in order to manage overtime and retain staff willing to work overnight hours. Previously, staff were not given a choice between overtime pay or compensatory time. With the policy change staff are required to make their choice in advance. The policy was changed from \$0.30 to \$0.50 per hour increase in shift differential and a \$1.00 per hour increase in stand-by pay. Larned State Hospital has based this request on estimates from recent payroll history and other records that are available. If implemented, this funding will limit the need to hold additional positions vacant to cover increased costs.

G. Increase Funding for Food, Pharmacy, Utilities, and Outside Medical Costs (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request \$1,541,006, all from the State General Fund, to fund increases in food, pharmacy, utilities, and outside medical costs in FY 2010. The agency states that the United States Department of Agriculture is estimating, for calendar year 2008 and 2009, food prices to rise 4.0 percent to 5.0 percent each year. The agency indicates that without enhancement funding it will be required to cover the increase in operating expenditures by holding positions vacant.

Kansas Corporation Commission

A. KETA Proviso (Technical Adjustment). In Senate Substitute for House Bill 2354, the Legislature approved language that authorizes the Kansas Electric Transmission Authority (KETA) to reappropriate any remaining funding from FY 2010 to FY 2011. The language also should have included authorization for KETA to reappropriate any remaining funding from FY 2009 to FY 2010.

B. Senate Substitute for House Bill 2032 (Conference Committee). Senate Substitute for House Bill 2032 would enact the Kansas Surface Owner Notice Act and amend existing law relating to oil and gas operations. In addition to defining various terms used in the Act, the bill would authorize the Kansas Corporation Commission to develop the necessary rules and regulations for carrying out the Act. In addition, the bill would require changes to the applications and application process for an intent to drill permit. The agency estimates the fiscal effect for passage of the bill would be \$73,280, all from special revenue funds, and 1.0 FTE position, in FY 2010.

C. Senate Substitute for Substitute for House Bill 2014 (Veto). The bill covers numerous topics, which include:

- Enact new laws regarding fuel efficiency for state-owned motor vehicles and energy efficiency of state-owned and leased space and equipment;

- Amend existing law to authorize large electric cooperatives to be deregulated under certain circumstances;
- Enact renewable energy standards;
- Enact the Net Metering and Easy Connection Act;
- Amend the Kansas Air Quality Act with regard to its relationship to federal law and with regard to appeals from decisions of and emergency powers of the Secretary of Health and Environment;
- Direct the Joint Committee on Energy and Environmental Policy to study the use of federal stimulus funds allocated for energy issues;
- Amend the Kansas Electric Transmission Authority Act to authorize collection of fees for certain activities and clarifying other powers;
- Establish a time frame for the Kansas Corporation Commission's action on certificates of public convenience;
- Amend existing law regarding entities that store hydrocarbons underground; enact the Compressed Air Energy Storage Act;
- Enact new law creating access by municipal and cooperative electric utilities to new baseload electric generation capacity;
- Require purchase of Kansas coal by any new coal-fired electricity generating plant in Kansas; and
- Enact new law creating the Kansas Energy Resources Commission.

The agency estimates an increase in expenditures of \$553,285, all from special revenue funds, and 1.0 FTE position, in FY 2010 that would result from passage of the bill. Expenditure increases include: \$200,000, all from special revenue funds, to assist in writing rules and regulations; \$59,000, all from special revenue funds, for salaries and wages; \$26,400, all from special revenue funds, for capital outlay expenditures associated with the 1.0 FTE position; \$100,000, all from special revenue funds, for professional services; \$75,000, all from special revenue funds, for implementing the Renewable Energy Standards Act; \$75,000, all from special revenue funds, for implementing the Net Metering and Easy Connection Act; and \$17,885, all from special revenue funds, for Kansas Energy Resources Commission expenditures.

Animal Health Department

A. Transfer of Special Revenue Funds to the State General Fund (Veto). In Senate Substitute for House Bill 2354, the Legislature approved a transfer of \$23,864 from the GreenSenate Billurg account of the Disease Control - Federal Fund to the State General Fund and the Governor vetoed the transfer of this funding. The agency testified during House Budget Committee and Senate Subcommittee hearings that the funding was part of the reimbursement funding received for services the agency provided during the aftermath of the GreenSenate Billurg tornado through the agency's Animal Facilities Inspection program. The agency applied for reimbursement of \$118,794 from the Federal Emergency Management Agency (FEMA) and received payment of \$92,471 from FEMA.

The agency utilized \$68,607 of the reimbursement funding for agency expenditures, except for \$23,864, which is designated for salaries and wages expenditures. Due to current appropriations bill language, the agency cannot transfer the funding to another special revenue fund and cannot spend the funding on anything other than salaries and wages. The agency offered the \$23,864 to both the House Budget Committee and Senate Subcommittee on the Animal Health Department budget, along with other unused funding from the agency's special revenue funds, to be transferred to the State General Fund. The agency requested that this transfer be considered part of the agency's additional State General Fund reduction in both committees, rather than applying additional reductions to the agency's FY 2010 State General Fund allocation.

B. Loan Repayment Between Agency Special Revenue Funds (House Committee).

The House Committee requested review of a loan that was made between two of the agency's special revenue funds. In 1988, the Animal Health Department was charged with inspecting animal facilities. In order to fund the start up of the Animal Facilities Inspection program, the agency borrowed funds from the agency's Animal Disease Control Fund and deposited the funding in the agency's Animal Facilities Inspection Fund. The agency has not yet repaid the loan between the funds.

Currently, the agency does not have the authority to shift funding between its special revenue funds. In order to repay the loan from the Animal Disease Control Fund, the agency requests language that would authorize the agency to make the appropriate transfer from the Animal Facilities Inspection Fund to the Animal Disease Control Fund in FY 2009. In addition, the repayment of the loan also would address a current shortfall in the agency's Animal Disease Control Fund.

Kansas State Fair Board

A. Debt Service Payments (Senate Committee). The Senate Committee requested review of the agency's debt service principal and interest payments and the possibility of using federal stimulus funding to reduce the agency's debt service. Based on approval by the 2001 Legislature, in FY 2002, the Kansas Development Finance Authority issued revenue bonds totaling \$29.0 million to finance a capital improvements master plan to upgrade the facilities at the Kansas State Fair.

The bonds are currently being paid with funding from the agency, the state, and local government. The total amount that currently remains to be repaid totals \$31,375,246, with \$22,525,000 in principal and \$8,440,246 in interest. Because the principal payment has been deferred in FY 2010, the interest remaining to be paid may not be accurate. As of the writing of this information, the agency had not yet received any information regarding how the deferment is going to affect the remaining payments.

Payments for the bonds are divided between the City of Hutchinson and Reno County, the agency, and the state. The City of Hutchinson and Reno County committed to paying \$300,000 per year for 10 years and the agency is obligated to make an annual payment of \$700,000 (\$400,000 from the State Fair Fee Fund and \$300,000 from the city and county) for 10 years. The remaining balance is to be paid from the State General Fund. The city and county's remaining commitment to bond payments is \$600,000, with the last payment occurring in FY 2011. The agency's remaining obligation to bond payments is \$1.2 million, with the last payment occurring in FY 2012. The state's remaining responsibility, without any further legislative changes, is estimated to be \$29,575,246.

According to KSA 2-223, the State Fair Capital Improvements Fund receives an annual transfer of a minimum of 5.0 percent of the annual gross receipts from the State Fair. Up to \$300,000 of that transfer to the fund is matched by funding from the State General Fund. The Legislature approved suspending the State General Fund match for FY 2010. According to the agency, the current balance of the State Fair Capital Improvements Fund is \$184,000. Due to lower attendance caused by inclement weather at the 2008 Kansas State Fair, the Fair will only be able to make a \$200,000 contribution to the State Fair Capital Improvements Fund in FY 2009. When the debt service payment is due in FY 2010, the agency anticipates a shortfall of \$95,000 in this fund and estimates a shortfall of approximately \$366,000 in FY 2011.

At this time, the agency has been unable to determine whether it will be eligible for federal stimulus funding in FY 2010.

Department of Wildlife and Parks

A. Feed the Hungry Fund Amendment (House Committee). The House Committee requested review of the floor amendment that was approved by the House Committee of the Whole which transferred \$50,000 from the agency's State Agricultural Production Fund to the agency's Feed the Hungry Fund in FY 2010. The Conference Committee on Senate Substitute for House Bill 2354 did not recommend the transfer.

During the Conference Committee on Senate Substitute for House Bill 2354, the agency provided information that according to an opinion from the U.S. Fish and Wildlife Service, a transfer from the State Agricultural Production Fund to the Feed the Hungry Fund would be a diversion of funds. The penalty for diversion of funds would be a monetary penalty or possible loss of federal funds.

State Water Plan Fund

A. State Water Plan Fund Transfer (House Committee). The House Committee requested review of the transfer from the State General Fund to the State Water Plan Fund in FY 2010. For FY 2010, the Governor recommended lapsing the \$6.0 million statutory transfer from the State General Fund to the State Water Plan Fund. The House Budget Committee recommended a transfer of \$5.4 million from the State General Fund to the State Water Plan Fund, which was reduced by the House Committee to \$3.0 million. The Conference Committee on Senate Substitute for House Bill 2354 recommended a transfer of \$3,295,432.

Department of Health and Environment - Environment

A. Agency Provisos (House Committee). The House Committee recommended review of the agency's provisos that appear in the appropriations bill. The House Agriculture and Natural Resources Budget Committee requested information from the agency regarding each proviso that appears in the appropriations bill and whether or not the provisos should remain in the appropriations bill or be placed into substantive law. The agency provided the requested information during the House Budget Committee hearing. The House Budget Committee requested additional time to review each of the provisos and the agency's recommendations on the provisos. House Bill 2386, as introduced by the House Budget Committee, would place into statute several of the provisos identified by the agency during the budget committee process.

B. House Bill 2121 (Governor). House Bill 2121 would enact modifications and additions to statutes relating to pesticides and fertilizers, and make adjustments to the fees dealing with pesticides and fertilizers. In addition, the Conference Committee on House Bill 2121 added in the provisions of House Bill 2295, which extends the current fees imposed to administer the dairy inspection program and Senate Bill 316, which shifts responsibility for review of swine nutrient utilization plans from the Kansas Department of Agriculture to the Kansas Department of Health and Environment (KDHE).

The bill, as amended by the Conference Committee and approved by the Legislature, would amend existing law by stating that the Kansas Department of Agriculture's statutorily required review of nutrient utilization plans relating to swine permits would be transferred to KDHE. Under current law, Kansas Department of Agriculture is charged with reviewing and approving nutrient utilization plans as part of KDHE's larger swine waste permitting process. If a plan is approved, KDHE then accepts the Kansas Department of Agriculture recommendation as satisfying one of the swine permit requirements. KDHE verifies any additional state or federal requirements to complete the livestock waste permitting process.

The Legislature, in Senate Substitute for House Bill 2354, approved the reduction of funding for the Kansas Department of Agriculture's nutrient utilization plan review program as part of the agency's 10.0 percent State General Fund reduction. Without funding for the program within the Kansas Department of Agriculture, the burden of reviewing nutrient utilization plans shifts to KDHE. The bill would amend the law to reflect this shift. KDHE estimates the fiscal effect would be \$52,338, all from the State General Fund, and 1.0 FTE position, in FY 2010.

Department of Health and Environment - Health

A. State Match for Federal Public Health and Welfare and Hospital Preparedness Grants (Senate Committee and House Committee). Both the House Committee and the Senate Committee recommended a review of the addition of the state match required for the federal public health and welfare and hospital preparedness grant.

The agency submitted an enhancement request for \$542,275, all from the State General Fund, to provide a state match for the Public Health Emergency Preparedness Cooperative Agreement from the Centers of Disease Control and Prevention (CDC) and Hospital Preparedness Cooperative Agreement from the Department of Health and Human Services. Beginning in Federal Fiscal Year 2009, the federal government will begin requiring a state match for federal public health and hospital preparedness funds starting in August 2009. The federal government has indicated it will require a five percent state match in Federal Fiscal Year 2009 and a ten percent state match thereafter. The agency has indicated that failure to provide the matching funds of \$542,275 will result in the loss of \$10,845,500 in federal funding.

The Department indicated that it received further guidance from the federal government in early April which indicated to receive a public health preparedness grant award in August 2009, the Department must have a five percent match of the total grant award. The federal government indicated that there will be no prorated awards distributed.

B. Review of Potential Federal Stimulus Funding (Senate Committee). The Senate Committee recommended that the potential for federal stimulus funding be reviewed. In addition, the Committee noted its desire to fully review the potential federal funding being provided to the local health departments and the safety net clinics through the federal stimulus dollars.

KDHE - Health ARRA Funds

Program	Federal Agency	ARRA Total Funding	Kansas Portion	Timeline	Status	Allocation Process	KDHE Comments
Prevention and Wellness - Immunization	HHS	\$300,000,000	\$2,064,374 + Competitive	Announced the formula funding in mid-April. Still at least 3 more opportunities for competitive funding to come.	Awaiting further information from HHS.	Target Aid-to-Local contracts to shore up other deficiencies. Catch up Vaccination Campaigns -- Message as one-time project. Adult vaccine campaign will likely be a cocoon project for mothers and household contacts of newborns.	\$300 million to administer immunization programs - the majority of which will fund vaccine purchases, a smaller portion will fund vaccine infrastructure, and the remainder to fund special projects.
Prevention and Wellness - Chronic Disease	CDC	\$650,000,000	Competitive	Unknown. Awaiting guidance from HHS. "Not on the fast track," HHS may be moving away from CDC vetting. OHP recently submitted to Healthy Communities "intent to apply" for minimum funds as a placeholder in case HHS/CDC vets funds through this.	Awaiting further information from HHS.	To Be Determined	\$650 million (CDC) to develop "community-based" prevention and wellness strategies to address chronic disease rates. Re: HealthyCommunities, Kansas may not be as competitive, because it lacks the kind of urban areas that this program was designed to benefit.
Prevention and Wellness - Infection Prevention	HHS	\$50,000,000	Competitive	Unknown. Awaiting guidance from HHS.	Awaiting further information from HHS, specifically whether this is infectious disease reduction strategies or healthcare-associated infection prevention strategies.	To Be Determined	

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Program	Federal Agency	ARRA Total Funding	Kansas Portion	Timeline	Status	Allocation Process	KDHE Comments
Child Care Development Block Grant	HHS (through SRS)	\$2,000,000,000	<p><i>\$18.4 million state share;</i> \$736,000 KDHE (4 percent offset from SRS); program may expect \$1.5 million in quality set-aside and \$800,000 for infant/toddler program</p>	<p>Feds released initial guidance on April 10th. See Comments</p>	Awaiting further information from HHS.	<p>Funds are discretionary and not subject to a federal match. "A state will be considered to have satisfied the "supplement not supplant" requirement if the state has not made administrative or legislative changes to reduce the amount of general revenue funds for child care assistance to low-income families below the amount the state would have spent under state law and policies in place on the date of enactment (February 17, 2009) of the ARRA. If state general revenue funds for child care assistance fall below this amount it will be presumed to constitute supplantation unless the state can demonstrate that the reduction was not due to the availability of additional federal funds included in the ARRA and does not violate the non-supplantation requirement. (States that made legislative or policy changes prior to the enactment of the ARRA but implemented these changes after the date of enactment are not considered to have violated the non-supplantation requirement).</p>	

19-45

<u>Program</u>	<u>Federal Agency</u>	<u>ARRA Total Funding</u>	<u>Kansas Portion</u>	<u>Timeline</u>	<u>Status</u>	<u>Allocation Process</u>	<u>KDHE Comments</u>
Electronic Health Record (EHR)	CDC	< \$63,750/provider	Competitive	HIT/HIE mtg. on 3/19	Awaiting outcome of HIT/HIE mtg.	Unknown	Up to \$21,250/provider for 1st year (no later than 2016) and up to \$8,500 for up to 5 years thereafter to encourage adoption of electronic health record technology. Eligible providers are physicians, nurses, and midwife nurses who are not hospital based and whose patient volume is at least 30 percent attributable to Medicare. Providers are eligible to receive up to 85 percent of their net allowable technology costs. Acute care hospitals with Medicaid patient volume of 10 percent or more and children's hospitals with and Medicaid volume are also eligible. States may receive contributions admin costs to promote/make payments. 19-49
State Loan Repayment Program	HHS (Bureau of Health Professions)	\$3,000,000	Competitive (KDHE will apply for ~\$150,000)	Grant application due 4/20/09	Ten states including KS are eligible to apply. Guidance is available.	Division of Internal Review (DIR) competitive review process within Health Resources and Administration of HHS.	Requires 1:1 match. Currently have \$150,000 of primary care money set aside for loan repayment that can be used for match. KDHE may want to apply for some additional monies, but local match would be needed to match all federal funds.
Increased Demand for Services (IDS) funding to support existing health centers	HHS (Bureau of Primary Health Care)	\$340,000,000	\$179,392	Grant application submitted 3/16/09	Farmworker program submitted its application for funding.	Allocation based on current grant award level.	KDHE's Farmworker Health program is funded through the Community Health Center program. Current health center grantees can request Increased Demand for Services funding to increase the number of total patients and uninsured patients served. These are one-time awards with no expectation for ongoing support of Increased Demand for Services activities the end of the 2-year project p

Program	Federal Agency	ARRA Total Funding	Kansas Portion	Timeline	Status	Allocation Process	KDHE Comments
Health Information Technology (HIT)	HHS	\$2,000,000,000 (Office of National Coordinator for Health Information Technology); \$300,000,000 (HHS discretion)	Competitive	KHPA hosted HIT/HIE all stakeholders meeting on March 19th to determine the state's HIT proposal. KDHE proposes Chronic Disease Electronic Management System expansion, Cancer Registry, WebIZ, etc. KDHE signs-up for workgroups. See also Electronic Health Records	Shoring up materials supporting the Chronic Disease Electronic Management System expansion proposal.	Unknown	Critical access hospitals will have a reduced timeline compared to larger hospitals (2011 vs. 2013). HHS Secretary, acting through the Office of National Coordinator, is required to establish HIT extension programs to assist providers in adopting and using certified electronic health resource technology. The Secretary is also required to support Health Information Technology Regional Extension Centers affiliated with non-profit organizations to provide assistance to providers in the region. Priority must be given to public, non-profit, and critical access hospitals, community health centers, individual and small group practices, and entities that serve the uninsured, underinsured, and medically underserved individuals. Grantees may receive up to 4 years funding to cover up to 50 percent of the capital and annual operating and maintenance costs. Office of National Coordinator is authorized to award planning and implementation grants to state or qualified state-designated entities to facilitate and expand electronic Health Information Exchange. States must submit a plan describing the activities to be carried out to facilitate HIT. States must contribute a certain portion of matching funds after FY2011.

19-47

Program	Federal Agency	ARRA Total Funding	Kansas Portion	Timeline	Status	Allocation Process	KDHE Comments
Individuals with Disabilities Education Act (IDEA) Part C (Tiny k)	Dept. of Education	\$500,000,000	\$3,872,098	Dept. of Education released first payment of 50 percent on March 31, 2009; second payment on September 1, 2009. Dept. of Education released guidance on April 1; will follow-up with conference call on April 2nd.	Awaiting explanation of guidance in April 2nd conference call.	Pending	Office of National Coordinator is also authorized to award competitive grants to states to establish loan programs for health care providers to purchase Electronic health record technology, train personnel, and improve security for Health Information Exchange. Matching funds (at least \$1 for every \$5 of federal funds) would be required. No competitive awards are permitted until 1/1/10. HHS may award competitive grants to graduate health education programs to integrate Health Information Technology into the clinical education curriculum. Funding would likely enhance the existing programs, but depends on the explanation of guidance from Department of Education.
Women, Infants and Children (WIC)	USDA (Food & Nutrition Service) thru KS Dept. of ED	\$500,000,000	Competitive	Unknown	Awaiting further guidance from USDA	Unknown	WIC Management Information System = \$100M; WIC Contingency Fund = \$400M. KS may be a low priority because we actually have one of the better data systems. May take steps to implementing electronic benefit transfer.

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C. Review of Position Vacancies and Potential for Additional Savings (House Committee). The House Committee recommended review of the position vacancies in this agency and consider capturing any savings that may exist after the agency achieves the recommended shrinkage rate in FY 2010.

For FY 2010, KDHE has eliminated 79 vacant FTE positions. The Department will continue to strategically shrink the workforce to work within the budgetary restrictions approved for FY 2010. The Department noted that there would be no additional savings realized from eliminating vacant positions.

The agency indicated that at the time of the House Budget Committee hearings, there were 35.0 vacant FTE positions in Administration, 64.0 vacant FTE positions in the Division of Health, and 56.6 vacant FTE positions in the Division of Environment, for a total of 155.6 vacant FTE positions. The agency was asked to identify potential salary savings from these vacancies. The agency maintains that there will not be any additional salary savings from these vacant positions. Additionally, the agency has indicated that the salary savings from these vacant positions are not sufficient to meet the budgeted shrinkage rate.

If the agency realized full employment, the FY 2010 State General Fund required for salaries would be \$16,482,772. Natural shrinkage of 3.5 percent would reduce the needed funding to \$15,905,827. However, the agency has only \$13,436,042 available in the approved budget, requiring an additional forced shrinkage of \$2,469,785.

- The Division of Health budgeted shrinkage is \$1,674,537.
 - The currency vacancy savings in the Division of Health is \$1,291,620.
 - The difference is \$382,917.
- In the Division of Environment budgeted shrinkage is \$1,372,143.
 - The current vacancy savings in the Division of Environment is \$1,437,103
 - The difference is (\$64,870).

This means the agency must achieve another \$318,047 in shrinkage.

The agency indicated it has abolished 79.0 of the vacant FTE positions:

- 28.0 FTE from the Food and Lodging program. (These positions were already reduced in the FY 2010 budget but were included in the vacant list for FY 2009 after the program was transferred to the Department of Agriculture.)
- 30.0 FTE from Administration. (10.0 FTE positions were already reduced in the FY 2010 budget but were included in the vacant list for FY 2009.)
- 10.0 FTE from Health (1.0 FTE position was already reduced in the FY 2010 budget but was included in the vacant list for FY 2009.)
- 11.0 FTE from Environment (2.0 FTE positions were already reduced in the FY 2010 budget but were included in the vacant list for FY 2009.)

The agency indicated it will continue to look at vacancies in FY 2010 and will manage those vacancies strategically to determine if additional FTE positions can be abolished.

D. House Substitute for Senate Bill 238, Woman's Right to Know Act (Law). House Substitute for Senate Bill 238 would make several changes to the Woman's Right to Know Act, which requires certain information to be provided to a woman in order for a physician to obtain voluntary and informed consent prior to the performance of an abortion. The Substitute Bill contains the contents of House Bill 2076, as amended by the House Committee.

The legislation includes a requirement that KDHE produce a standardized video that includes all information that is available to women under the Women's Right to Know Act. The video would be required to be available in digital video disc (DVD) format. Additionally, all information, including printed and video materials, would be required to be available in both English and Spanish versions and to be available on-line on KDHE's website.

The original fiscal note submitted for House Bill 2076 estimated that passage would require additional expenditures totaling \$182,637 from the State General Fund in FY 2010. Of this amount, \$34,500 would be for postage costs to mail 5,000 DVDs and reprinted Women's Right to Know materials; \$15,137 would be used to reprint the materials; and, \$133,000 would be for professional service expenses related to video production. The agency also estimates that \$6,500 in out-year postage costs would be needed.

E. House Substitute for Senate Bill 218, Abortion Reporting (Governor). House Substitute for Senate Bill 218 would revise current law regarding late-term abortions. The Kansas Department of Health and Environment (KDHE) would be required to adopt new forms as well as rules and regulations to collect certain information from physicians who perform abortions and to publish certain data annually.

The Substitute Bill contains the contents of House Bill 2206, as amended by the House Committee of the Whole.

The Kansas Department of Health and Environment estimated in the original fiscal note that passage of the bill would increase State General Fund expenditures by \$104,700, for altering the online reporting system, medical consultation regarding the interpretation of new reporting requirements, and costs for an attorney to write rules and regulations and establish procedures.

The itemized list includes:

Communications	\$	1,200
Travel		500
Database Changes (one-time)		52,000
Medical Consultant		6,000
Contract Attorney (1,040 hours)		45,000
TOTAL	\$	<u>104,700</u>

Department on Aging

A. Review the Addition of Funding for the United Cerebral Palsy of Kansas Assistive Technology Grant (Senate Committee and House Committee). Both the House Committee and the Senate Committee recommended a review of the addition of funding for the United Cerebral Palsy of Kansas Assistive Technology Initiative.

The House Committee recommended consideration of the addition of \$60,000, all from the State General Fund, to continue funding for the United Cerebral Palsy of Kansas Assistive Technology Initiative.

The Senate Committee recommended consideration of the addition of \$90,000, all from the State General Fund, to continue funding for the United Cerebral Palsy of Kansas Assistive Technology Initiative. In addition, the Committee recommended consideration of the addition of language that would allow 10.0 percent of the grant to be used for start up costs.

The Legislature appropriated \$60,000, all from the State General Fund, for the Cerebral Palsy of Kansas assistive technology initiative in FY 2009.

A representative of United Cerebral Palsy of Kansas requested the addition of funding for FY 2010 and further indicated the association would be able to leverage this funding with additional private funds. In addition, the representative noted that the funds would allow United Cerebral Palsy to continue to target its services specifically for the aging population, including funding for power mobility, home modifications, lift chairs, and other technology to assist in maintaining independence.

B. Review Nursing Facility Rate Freeze Language (Senate Committee and House Committee). Both the Senate Committee and the House Committee recommended a review of the Governor's recommendation to suspend the use of a rolling three-year average for determining nursing facility reimbursement rates and to allow the agency to instead use trending methods to increase reimbursement rates, subject to appropriation.

In addition, the Senate Committee deleted the language implementing the suspension from Senate Substitute for House Bill 2354 and introduced Senate Bill 330 to implement the suspension. The bill was referred to the Senate Ways and Means Committee on March 24, 2009.

The fiscal note on Senate Bill 330 includes savings of \$15,076,671, including \$5,983,931 from the State General Fund for FY 2010. These savings were included in the approved budget.

The Conference Committee concurred with the House and included the following language in Senate Substitute for House Bill 2354:

"And provided further, That notwithstanding the provisions of K.S.A. 2008 Supp. 75-5958, and amendments thereto, or any other statute, and subject to appropriations, the Secretary of Aging shall institute trending methods to provide rate increases for nursing facilities for Fiscal Year 2010."

C. Review the Restoration of Funding for the Senior Care Act (House Committee). The House Committee recommended consideration of the restoration of funding for the Senior Care Act, including \$829,048, all from the State General Fund, for services and \$484,110, all from the State General Fund, for administration in FY 2010 for a total increase of \$1,313,158. The House Committee also recommended a review of the waiting list for services.

The Senior Care Act is a state only funded program which provides home and community based services for those individuals over the age of 60 who have not yet exhausted their financial resources. This program allows individuals to remain in their homes instead of being placed in a nursing facility, which would require a much larger financial commitment from the state.

The agency submitted two reduced resources regarding the Senior Care Act for FY 2010, both of which the Governor recommended and the Legislature approved. The first of these was a reduction of \$829,048, all from the State General Fund, to reduce funding for the Senior Care

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Act program services. This reduction is anticipated to result in the loss of services to approximately 1,700 seniors in FY 2010. The second reduction of \$484,110, all from the State General Fund, would reduce funding for Senior Care Act administration, case management and assessment services.

In addition, the Department indicated that as of March 2009, there were 215 individuals waiting to receive services from the Senior Care Act program. The Department does anticipate that there will continue to be a waiting list in FY 2010.

D. Review Funding for the Nutrition Program (Senate Committee). The Senate Committee recommended a review of funding for the entire nutrition program.

The Department on Aging provides funding to the Area Agencies on Aging for the provision of nutrition services in either a congregate setting or in the homes of older Kansans who are home bound. Federal, state and special revenues at the state level are combined with local funds to support the program. Customers also provide a voluntary contribution toward the cost of the meals. These programs are funded by both federal and state funds.

Total funding for the nutrition program in FY 2010 totals \$10.8 million, including \$3.5 million from the State General Fund, \$5.5 million from the federal Older Americans Act, and \$1.9 million from federal commodities funding.

The Senior Farmers Market Nutrition Program provided coupons to seniors to purchase locally grown fresh fruits, vegetables and herbs from farmers markets. The Governor recommended that the Senior Farmers Market program be suspended, resulting in savings of \$199,230, including \$25,157 from the State General Fund. The Legislature approved this suspension.

In addition, the agency anticipated federal stimulus funding for this program of \$865,164, see Item G.

E. Consider Restoration of Funding for the Senior Companion Program (Senate Committee). The Senate Committee recommended that consideration be given to the restoration of \$25,000, all from the State General Fund for the Senior Companion Program in FY 2010.

The agency included a reduced resources package in its budget submission to discontinue funding to the Hays Senior Companion Program and delete \$25,000, all from the State General Fund. The Governor recommended this reduction and the Legislature approved. The Hays program will continue to receive federal funding.

The agency noted that the Hays program is one of 27 Senior Corps projects in Kansas funded by the Corporation for National and Community Service (a federal agency). The Hays program is the only Kansas program that has historically received funding from the State General Fund. Funding for this program from the State General Fund was added beginning in the 1999 Legislative Session.

F. Review All Reductions (Senate Committee). The Senate Committee recommended a review of all FY 2010 Reductions approved for this agency.

The reductions are as follows:

- A reduction of \$750,000, all from the State General Fund, to suspend core funding for the Area Agencies on Aging;

- A reduction of \$15.1 million, including \$6.0 million from the State General Fund, to suspend the rate increases for nursing facilities as approved in KSA 75-5958 (See Item B);
- A reduction of \$205,000 from the Long Term Loan and Grant Fund;
- A reduction of \$609,773 from the State General Fund, for the 1.25 percent across the board reduction, which excluded the consensus caseload expenditures from the calculation; and
- Other reductions include changes associated with consensus caseload estimates.

G. Review Federal Stimulus Funding (Senate Committee) and GBA No. 2, Item 6, page 5 - Federal Medical Assistance Percentage Adjustment for Non-Caseload Medicaid Programs. The Senate Committee recommended a review of potential federal stimulus funding for this agency.

The Medicaid program at the Department on Aging would be eligible for the increased federal share for nursing facilities and the Home and Community Based Services for the Frail Elderly (HCBS/FE) Waiver, including targeted case management services associated with the HCBS/FE waiver. Governor Budget Amendment No. 1, Item 1, deleted State General Fund appropriations to account for the increased federal payments. In addition, for nursing facilities and HCBS/FE targeted case management services, additional adjustments were made during the consensus caseload process to account for the additional federal share.

In addition, there will be an increased federal share for the Home and Community Based Services Waiver for the Frail Elderly Waiver, of \$432,657 in FY 2009 and \$367,239 in FY 2010.

The agency also anticipated receiving federal stimulus funding totaling \$865,164 for senior nutrition programs. The funding includes \$579,749 for congregate meal sites and \$285,415 for home delivered meals. This funding is anticipated to be distributed over two fiscal years as follows: \$288,100 in FY 2009 and \$577,064 in FY 2010.

H. Spring Consensus Caseload Estimates and GBA No. 2, Item 5, page 3 - Caseload Adjustments. The FY 2009 Spring Consensus Caseload Estimate for nursing facilities is a decrease of \$2.0 million, including \$2.5 million from the State General Fund. The FY 2009 Spring Consensus Caseload Estimate for targeted case management is a decrease of \$800,000, including \$298,719 from the State General Fund.

The reduction in the State General Fund estimate for caseload programs is largely due to the enhanced federal Medicaid funding included in the American Recovery and Reinvestment Act of 2009. The 2009 Legislature adopted the Governor's Budget Amendment No. 1, Item 1 that captured State General Fund savings in Medicaid programs by applying the 6.2 percent enhanced Federal Medical Assistance Percentage rate. Beginning on April 1, 2009, American Recovery and Reinvestment Act provisions provided another Federal Medical Assistance Percentage rate increase of 2.03 percent which was triggered by an increase in Kansas' unemployment rate. Therefore, additional State General Fund savings are reflected in the new caseload estimate.

The FY 2010 Spring Consensus Caseload Estimate for nursing facilities is a decrease of \$2.9 million, including \$820,876 from the State General Fund. The FY 2010 Spring Consensus Caseload Estimate for targeted case management is a decrease of \$657,899, including \$231,547 from the State General Fund.

Additional State General Fund savings that will result from the recent American Recovery and Reinvestment Act Federal Medical Assistance Percentage increase are again reflected in the FY 2010 estimate. The federal match rate used for FY 2010 estimates assumes that an additional Federal Medical Assistance Percentage increase will occur beginning January 1, 2010 for Medicaid expenditures, resulting from an increased Kansas unemployment rate.

These items are included in the Spring Consensus Caseload Item under the Department of Social and Rehabilitation Services, Item O, page 80.

Health Policy Authority

A. Review Addition of Funding for the Medicaid Mental Health Preferred Drug List (PDL) (Senate Committee and House Committee). Both the Senate Committee and the House Committee recommended Omnibus review of the addition of \$2.0 million, including \$800,000 from the State General Fund, to add back proposed savings from implementation of a preferred drug list for mental health medications dispensed under Medicaid.

The agency submitted a reduced resources package to capture savings of \$2.0 million, including \$800,000 from the State General Fund in FY 2010 achieved by expanding the Medicaid Preferred Drug List to include mental health drugs. Current state law (KSA 39-7, 121b) prohibits the inclusion of these medications on the preferred drug list. The Governor recommended the reduced resources package. Senate Bill 166 was introduced to implement this change in law. The bill was referred to the Senate Public Health and Welfare Committee and had a hearing on February 12, 2009. No action has been taken on the bill by the Committee.

B. Review Medikan Policy Change (Senate Committee and House Committee). Both the Senate Committee and the House Committee recommended a review of the policy of limiting MediKan eligibility to 18 months from the current 24 months.

The Subcommittee directs the agency to report back prior to Omnibus on the options for programs to provide transition services to the MediKan population on a smaller scale including the costs estimates to fund the other options.

In addition, the Senate Committee recommended a review of possible options to provide a package of employment and support services for this population aimed re-entry into the workforce to achieve self-sufficiency.

The House Committee recommended a review of the possibility that this population is already eligible for similar services from the Department of Social and Rehabilitation Services.

The agency submitted a reduced resources package with savings of \$1.5 million, all from the State General Fund, by placing a firm lifetime limit on the receipt of MediKan benefits with no exceptions or hardship criteria. The agency proposed using the remaining \$10.2 million in savings from this policy to provide employment related benefits to this population, to be administered by the Working Healthy Program. The Governor recommended savings of \$6.7 million, all from the State General Fund. The Governor's recommendation used the remaining \$5.0 million in savings to provide employment related benefits to this population, to be administered by the Working Healthy Program. The Legislature approved the policy change, but captured the entire savings of \$11.7 million, and did not utilize any of the funds for employment related benefits.

Individuals receiving MediKan, or "Tier II", have been determined through a screening process to fall short of the Social Security threshold for a permanent disability determination, they do experience medical conditions. About one-third (35.0 percent) experience some degree of

mental illness as their primary health condition. About two-thirds of the MediKan population (65.0 percent) have a primary condition related to their physical health, such as cardiovascular disease, spinal conditions, diabetes, and respiratory conditions. Although these conditions may be temporary, episodic, or not severe enough to justify a permanent determination of disability, the conditions, or combination of conditions, interfere with their ability to seek or maintain employment.

Combined with physical and mental limitations, individuals receiving MediKan also experience socio-economic barriers to employment. The unique characteristics of this population make it difficult for them to access the services of existing programs. Predominately single and without dependent children, they are not eligible for Temporary Assistance to Families. Although a small proportion of MediKan recipients (fewer than 200 each year) participate in Vocational Rehabilitation, this population's disability/health status is often not substantial enough to meet Vocational Rehabilitation eligibility criteria, and the MediKan population has had little success in the Vocational Rehabilitation program (1 successful placement this past year).

KHPA currently administers *Working Healthy*, an employment and health care program for individuals who have been determined disabled by Social Security. Currently, there are 1,094 adults with disabilities enrolled in *Working Healthy*. The University of Kansas Center for Research and Learning, the program evaluator for *Working Healthy*, recently analyzed data gathered on those continuously enrolled since the program's inception, and determined:

- Medicaid expenditures dropped by 46.0 percent from 2004 to 2007 for this population;
- Participants' average hourly wages and annual income increased; and
- State taxes paid by this population also increased each year.

The KHPA proposal for the MediKan program seeks to use the *Working Healthy* model to provide employment and health care for this population. KHPA proposes to use *Working Healthy* staff to manage a health/employment initiative, although some funding from MediKan will be used for this existing staff.

The KHPA proposal would expand the *Working Healthy* program to the short-term MediKan population to help these individuals to achieve employment.

The program would be implemented with the input of stakeholders and based on funding available to begin no later than January 1, 2010. Services would be coordinated and provided in the local community via contracts awarded to local organizations on a competitive basis.

Services provided to MediKan beneficiaries would include: Intensive Case Management to meet individual needs, including: promoting employment and economic self-sufficiency versus Social Security, dependency on systems, and financial limitations providing one-on-one assistance addressing immediate needs, *i.e.*, cash assistance and food stamps, housing, transportation, medical care, mental health/substance abuse services, etc., and make appropriate referrals coordinating employment services.

- Services would include one or more of the following based on individual need:

Vocational Assessment	Medical Case Management
Basic Educational Services	Independent Living Skills
Job Seeking Assistance	Housing Assistance
Fundamental Job Skills Training	Transportation Assistance
Paid Supported Work	Re-location
Supported Competitive Employment	Job Placement
Disability Related Accommodations	Counseling Related to Disability
Occupational/Vocational Training (Basic)	Workforce Center Assistance
	Follow-up Services

- Document unsuccessful efforts to achieve employment based on medical condition(s), to support a re-consideration for Tier I status (presumptive Medicaid disability).
- KHPA staff would design and implement the program in conjunction with community stakeholders, and work with them to prioritize services based on the availability of funds. To limit spending to available funds, the scope of a community based, case management, vocational assistance program could be limited in a number of ways, including:
 - limit the number of participants;
 - limit the services provided; and
 - limit the program to a specific geographic area.

Program Cost

KHPA noted that research shows that meaningful employment supports can be provided for between \$2,000 and \$3,000 per person served.

KHPA proposal expects to serve a maximum of 1,700 people per year. The number of people served could vary depending on funding.

KHPA estimates administrative costs of \$150,000 per year. This amount would not vary with the size of the program.

Level of Funding	FY 2010	FY 2011 and Subsequent Years
Maximum	\$3.0 million	\$5.0 million
Medium	\$2.0 million	\$3.0 million
Minimum	\$1.0 million	\$1.0 million

- Recipients would be eligible during their initial 18-month period of eligibility in MediKan. This program is designed for people who have enough months of eligibility remaining in GA/MediKan to benefit from these services.
- Program cost estimates assume that Vocational Rehabilitation services currently offered to a small number of MediKan recipients would be maintained, but not expanded. MediKan recipients would continue to be screened for vocational rehabilitation participation at current levels, while the new program would serve others.

C. Review Status of Contract with Kansas Legal Services (House Committee). The House Committee recommended that the status of the contract with Kansas Legal Services be reviewed.

Kansas Legal Services has historically contracted with the Kansas Health Policy Authority to provide legal representation and disability determination case management for adult cash assistance recipients.

KHPA terminated the contract with Kansas Legal Services effective January 31, 2009 in the revised FY 2009 budget as approved in House Substitute for Substitute for Senate Bill 23. The FY 2009 contract with Kansas Legal Services was for \$975,000 for the entire fiscal year. Due to budgetary restraints in FY 2010 also, KHPA indicated that it does not plan to contract with Kansas Legal Services for legal advocacy services in 2010.

Kansas Legal Services testified that in the first six months of FY 2009, it successfully obtained disability benefits for 563 individuals referred from KHPA. Kansas Legal Services further indicated that this resulted in \$1.1 million in federal Social Security Administration funding in reimbursement for general assistance expenditures made by the state. In addition, Kansas Legal Services indicated that this resulted in additional reimbursement for medical expenditures, resulting in an overall cost savings to the state.

KHPA indicated that Kansas Legal Services representation does not generate any savings to the state for those presumed eligible, since the individuals are already enrolled in the federally-matched Medicaid program. However, the agency noted that providing these individuals with a legal representative helps to ensure the integrity of the presumptive medical disability eligibility process and helps to ensure the individuals remain eligible for the benefits they are likely eligible for. For individuals not deemed likely to be eligible, it is unlikely that having legal representation will help, since the presumptive medical disability process has determined that they are not likely eligible for federal benefits.

Apart from Kansas Legal Services, applicants would have limited alternatives for legal representation. Neither KHPA nor SRS have alternative programs, and it is difficult to proceed through the federal system without representation.

D. Review Expansion of the State Children's Health Insurance Program (SCHIP) and Associated Information (House Committee). The House Committee recommended a review of the addition of funding for the expansion of the State Children's Health Insurance Program (SCHIP) and requested additional information from the agency on the implementation of the expansion of eligibility, what impact the expansion would have on the number of children accessing the private insurance market and specifically how the expansion would benefit the children of Kansas.

The Legislature approved funding of \$4.3 million, including \$1.2 million from the State General Fund, in FY 2010 to expand SCHIP eligibility in FY 2010.

In 1997, Congress amended the Social Security Act by adding Title XIX establishing the State Children's Health Insurance Program (SCHIP). The aim was to insure children whose families earned too much to qualify for Medicaid but too little to afford private insurance. The Kansas SCHIP program was instituted in 1999 and provides low-cost health insurance coverage to children who are under the age of 19, do not qualify for Medicaid, have family incomes under the 200 percent of the federal poverty level, and are not eligible for state employee health insurance and are not covered by private health insurance. In 2008 House Substitute for Senate Bill 81, the Legislature authorized expanding eligibility up to 225 percent of the 2008 Federal Poverty Level (FPL) beginning January 1, 2009, and then to 250 percent of the 2008 FPL beginning January 1, 2010, subject to appropriations.

KHPA's estimates of crowd-out for the newly eligible expanded SCHIP program enrollees assume that about 20 percent of enrollment will include children who would otherwise be privately insured if the SCHIP expansion had not occurred. This implies a rate of crowd out of 20 percent, a rate far lower than the available literature suggests for expansions of Medicaid in this income category. At a crowd-out rate of 20 percent, the SCHIP expansion would lead to a reduction in private coverage of 1,500-2,000 children at full implementation. The Kansas program elements for the expanded SCHIP population designed to mitigate crowd-out include:

- Charging income-based premiums for coverage (\$50 per family per month above 200 percent of the poverty level and \$75 per family above 225 percent of poverty);
- Imposing a waiting period for coverage following intentional termination of healthcare coverage;
- Educating potential members on the consequences of dropping health coverage – encourage the individual to know the risks and impact of their decision;
- Implementing data sharing agreements with private insurers to identify individuals previously covered; and
- Revising the application to obtain additional information about past health insurance coverage.

Over the past decade, Medicaid and SCHIP helped reduce the uninsured rate for low-income children nationally by about one-third. According to KHPA, the expansion of SCHIP will provide low cost quality health care to an estimated 4,500 children in year one and up to 8,000 Kansas children within 4 years, resulting in:

- Improved access to primary care via a medical home with an increased focus on preventive care and more aggressive/consistent treatment of illness;
- Care shifted from emergency rooms and urgent care clinics into a primary care setting providing:
 - improved coordination/management of the child's ongoing health care;
 - improved access to persons in need of emergent care;
 - reduction in high cost care to the health care system; and
 - improved health care outcomes for children by focusing on preventive care.
- Greater achievement in school through improved health and decreased absenteeism;
- Decreases in uncompensated care that must be absorbed by the health care system;
- Improved understanding of appropriate use of the health care system;
- Care management for chronic conditions such as asthma, diabetes, and obesity;
- Access to 24 hour health care advice through the managed care organizations nursing hotlines; and

- Educational opportunities through the managed care organizations for families via newsletters and health coaching.

Provide updated information to key community partners - Kansas Association for the Medically Underserved, Kansas Children's Service League, Kansas Health Consumer Coalition, Interfaith Ministries, Catholic Social Services, SRS Community Collaboration staff:

- Support one-time activities hosted by community partners, including those targeting ethnic populations;
- If the current level of funding is sufficient incorporate a modest marketing and outreach component in the new eligibility Clearinghouse contract; and
- Mailing to all families denied HealthWave coverage in the past year informing them of the new program limits.

Provide Managed Care Organizations updated information to distribute as allowed by federal law:

- Managed Care Organizations are not allowed to provide direct marketing; and
- KHPA has allowed the Managed Care Organizations to distribute applications to providers' offices, public offices, and health fairs.

Community partners may be able to receive grants and other awards from private and public funding sources to conduct outreach – KHPA will provide numbers or other information to support these requests.

In addition to expansion funds made available by the Legislature, new federal Children's Health Insurance Program Reauthorization Act of 2007 laws allow states more flexibility to expedite enrollment of uninsured children, and offers states financial incentives to do so. The 2009 Children's Health Insurance Program Reauthorization bill, P.L.111-3 includes fiscal incentives for states to enroll eligible low-income children.

- Provides bonus payment to states if they exceed targeted enrollment levels;
- Establishes a contingency fund for states should spending exceed annual allotments due to increased enrollment ;
- Provides \$100 million in outreach grant funding to states, local government, schools, community based entities and safety net providers to conduct outreach campaigns, especially in rural and underserved areas;
- Authorizes a state plan option to allow an Express Lane agency to conduct simplified eligibility determinations;
- Establishes a pediatric quality measures program to improve and strengthen child healthcare quality measures; and
- Allows for a state option to provide a premium assistance subsidy for qualified employer sponsored coverage for low income children eligible or Children's Health Insurance Program who have access to such coverage.

E. Review of Salaries of Upper Level Employees and Comparisons (Senate Committee). The Senate Committee recommended a review of the salaries of upper level employees as it relates to other like state positions, and other comparable positions within the region.

The Kansas Health Policy Authority provided the following salary comparisons:

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Salary Comparison of 15 Highest KHPA Salaries to Out-of-State Medicaid Agencies

KHPA		Colorado Department of Health Care Policy and Financing ¹		Nebraska Department of Health & Human Services ²		Missouri Department of Social Services ³		Oklahoma Health Care Authority ⁴	
Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary
<i>Executive Director</i>	\$145,960.00	<i>Executive Director</i>	\$146,040.00	<i>Medicaid Director</i>	\$122,000.00	<i>Division Director (MD)</i>	\$167,376.00	<i>Chief Executive Officer</i>	\$133,400.00
<i>Medical Director</i>	\$138,567.00	<i>Administration Office Director</i>	\$139,992.00	<i>Medical Director</i>	\$136,281.00	<i>Deputy Division Director, Clinical Services (Pharmacist)</i>	\$166,824.00	<i>Chief Medical Officer</i>	\$165,600.00
<i>Deputy Director</i>	\$125,030.07	<i>Medicaid Director</i>	\$156,300.00	<i>Section Administrator</i>	\$ 87,551.00	<i>Deputy Division Director, Operations</i>	\$ 82,092.00	<i>Medical Director</i>	\$199,200.00
<i>Director</i>	\$115,920.00	<i>Legislative Liaison</i>	\$103,452.00	<i>Section Administrator</i>	\$ 87,551.00	<i>Director of Finance</i>	\$ 78,528.00	<i>Deputy Chief Executive Officer External Relations Communications</i>	\$113,800.00
<i>Employee Health Plan Director</i>	\$106,050.00	<i>CHP+ Division</i>	\$105,444.00	<i>Unit Administrator</i>	\$ 74,449.00	<i>Medical Consultant</i>	\$ 109,524.00	<i>Chief Operating Officer, Sooner Care</i>	\$111,600.00
<i>Dir., Data Policy & Evaluation</i>	\$104,506.69	<i>Client Community Office Director</i>	\$139,992.00	<i>Operations Administrator</i>	\$ 70,909.00	<i>Fiscal & Administrative Manager, Band 2</i>	\$ 61,620.00	<i>Deputy Chief Executive Officer Policy, Planning & Integrity</i>	\$113,800.00
<i>Chief Financial Officer</i>	\$103,458.60	<i>Budget and Finance Office Director</i>	\$139,992.00	<i>Service Administrator</i>	\$ 65,436.80	<i>Chief Financial Officer</i>	\$ 82,092.00	<i>Chief Financial Officer</i>	\$113,800.00
<i>Pharmacy Program Manager</i>	\$102,500.00	<i>Project Management Director</i>	\$113,544.00	<i>Pharmacist</i>	\$ 95,000.00	<i>Director of Pharmacy (Pharmacist)</i>	\$117,243.00	<i>Pharmacist, Program Administrator</i>	\$108,100.00
<i>Manager/Administrator</i>	\$ 94,760.00	<i>Medicaid Program Division</i>	\$108,168.00	<i>Pharmacist Cnslt III</i>	\$ 97,743.00	<i>Social Services Manager, Band 2</i>	\$ 61,620.00	<i>Physician Medical Reviewer</i>	\$142,300.00
<i>General Counsel</i>	\$ 85,852.34	<i>Safety Net & Financing Division</i>	\$105,588.00	<i>Pharmacist Cnslt II</i>	\$ 95,000.00	<i>Clinical Pharmacist</i>	\$140,000.00	<i>General Counsel</i>	\$113,800.00
<i>Deputy Director</i>	\$ 80,800.00	<i>Client Relation Division</i>	\$105,588.00	<i>Pharmacist Cnslt I</i>	\$ 92,202.00	<i>Quality Nurse Reviewer</i>	\$ 70,836.00	<i>Dentist, Program Administrator</i>	\$141,800.00
<i>Public Service Executive III</i>	\$ 75,150.40	<i>LTC Division Director</i>	\$114,948.00	<i>Unit Administrator</i>	\$ 65,435.80	<i>Psychologist</i>	\$ 98,760.00	<i>Unit\Program Heads</i>	\$ 81,587.00
<i>Manager/Administrator</i>	\$ 73,800.00	<i>Claims System Section Manager</i>	\$109,128.00	<i>Unit Administrator</i>	\$ 65,436.80	<i>Fiscal & Administrative Manager, Band 2</i>	\$ 61,788.00	<i>Chief of Staff</i>	\$ 97,600.00
<i>Registered Nurse Administrator</i>	\$ 71,593.60	<i>Eligibility Systems Manager</i>	\$104,184.00	<i>Program Specialist RN</i>	\$ 64,274.08	<i>Registered Nurse IV</i>	\$ 61,620.00	<i>Unit\ Program Heads</i>	\$ 83,100.00
<i>IS Manager II</i>	\$ 71,593.60	<i>IT Security Manager</i>	\$104,556.00	<i>Audit Supervisor</i>	\$ 64,613.12	<i>Director, Information Services</i>	\$ 78,528.00	<i>Chief Information Officer</i>	\$113,800.00
Average Salary for the 15 Highest Salaried Positions									
<i>KHPA</i>	\$ 99,564.92	<i>Colorado</i>	\$119,791.73	<i>Nebraska</i>	\$ 85,592	<i>Missouri</i>	\$95,897	<i>Oklahoma</i>	\$122,218.53

This table is for general informational purposes only and is not a formal wage survey. The data provided on this table represents a general comparison of the top 15 salaries of Medicaid agencies in other states. When possible, similarly titled positions were placed side by side but no analysis was completed to ensure the duties of the position were comparable.

¹ Stand-alone Medicaid agency

² Divisions of Medicaid and Long-Term Care under the Nebraska Department of Health & Human Services

³ MO Healthnet Division under the Missouri Department of Social Services

⁴ Stand alone Medicaid agency

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Salary Comparison of 15 Highest KHPA Salaries to Out-of-State Agencies

KHPA		Colorado		Nebraska		Missouri		Oklahoma	
Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary
Executive Director	\$145,960.00	Executive Director ²	\$146,040.00	Medicaid Director ²	\$122,000.00	Division Director ²	\$167,376.00	Chief Executive Officer ²	\$133,400.00
Medical Director	\$138,567.00	Administration Office Director ²	\$139,992.00	Medical Director ²	\$136,281.00	Deputy Division Director, Clinical Services ²	\$166,824.00	Chief Medical Officer ²	\$165,600.00
Deputy Director	\$125,030.07	Medicaid Director ²	\$156,300.00	Section Administrator ²	\$87,551.00	Deputy Division Dir., Operations ²	\$82,092.00	Medical Director ²	\$199,200.00
Director	\$115,920.00	Legislative Liaison ²	\$103,452.00	Section Administrator ²	\$87,551.00	Clinical Pharmacist ²	\$140,000.00	Deputy Chief Executive Officer External Relations Communications ²	\$113,800.00
Employee Health Plan Director	\$106,050.00	CHP+ Division ²	\$105,444.00	Unit Administrator ²	\$74,449.00	Interim Executive Director of Missouri Consolidated HealthCare Plan ³	\$110,004.00	Chief Operating Officer, Sooner Care ²	\$111,600.00
Dir., Data Policy & Evaluation ²	\$104,506.69	Client Community Office Director ²	\$139,992.00	Operations Administrator ²	\$70,909.00	Medical Consultant ²	\$109,524.00	Deputy Chief Executive Officer Policy, Planning & Integrity ²	\$113,800.00
Chief Financial Officer ¹	\$103,458.60	Budget and Finance Office Director ²	\$139,992.00	Service Administrator ²	\$65,436.80	Chief Financial Officer ²	\$82,092.00	Chief Financial Officer ²	\$113,800.00
Pharmacy Program Manager	\$102,500.00	Project Management Director ²	\$113,544.00	Pharmacist ²	\$95,000.00	Director of Pharmacy ²	\$117,243.00	Pharmacist, Program Administrator ²	\$108,100.00
Manager/Admin.	\$94,760.00	Medicaid Program Division ²	\$108,168.00	Pharmacist Cnslt III ²	\$97,743.00	Director of Human Resources ³	\$80,640.00	Physician Medical Reviewer ²	\$142,300.00
General Counsel	\$85,852.34	Safety Net & Financing Div. ²	\$105,588.00	Pharmacist Cnslt II ²	\$95,000.00	Chief Counsel ³	\$82,344.00	General Counsel ²	\$113,800.00
Deputy Director ³	\$80,800.00	Client Relation Division ²	\$105,588.00	Pharmacist Cnslt I ²	\$92,202.00	Associate Executive Director of Missouri Consolidated HealthCare Plan ³	\$95,016.00	Dentist, Program Administrator ²	\$141,800.00
Public Service Executive III	\$75,150.40	LTC Division Director ²	\$114,948.00	Unit Administrator ²	\$65,435.80	Psychologist ²	\$98,760.00	Unit Progr. Heads ²	\$81,587.00
Manager/Admin.	\$73,800.00	Claims System Section Manager ²	\$109,128.00	Unit Administrator ²	\$65,436.80	Asst. Exec Director for Consumer Affairs ³	\$79,728.00	Chief of Staff ²	\$97,600.00
Registered Nurse Administrator	\$71,593.60	Eligibility Systems Manager ²	\$104,184.00	Program Specialist RN ²	\$64,274.08	Director of Finance ²	\$78,528.00	Unit Progr. Heads ²	\$83,100.00
IS Manager II	\$71,593.60	IT Security Manager ²	\$104,556.00	Audit Supervisor ²	\$64,613.12	Director, Information Technology ³	\$86,580.00	Chief Information Officer ²	\$113,800.00
Average Salary for the 15 Highest Salaried Positions									
KHPA	\$99,564.92	Colorado	\$119,791.73	Nebraska	\$85,592	Missouri	\$105,117	Oklahoma	\$122,218

This table is for general informational purposes only and is not a formal wage survey. The data represents a general comparison of the top 15 salaries of various, independently functioning organizations in various states that provide services generally similar to KHPA. Only MO supplied salary information for the agency operating the state employee health plan.

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Salary Comparison of 15 Highest KHPA Salaries to Select State Agencies and Authorities

KHPA		Regents		SRS		JJA		Housing and Finance Authority		KDHE		KTEC	
Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary
<i>Executive Director</i>	\$145,960.00	<i>President/CEO</i>	\$193,000.00	<i>Cabinet Secretary</i>	\$112,742.51	<i>Commissioner</i>	\$105,000.00	<i>Director</i>	\$95,000.00	<i>Cabinet Secretary</i>	\$107,990.16	<i>President</i>	\$283,874.64
<i>Medical Director</i>	\$138,567.00	<i>Vice Pres</i>	\$135,813.00	<i>Medical Admnstr</i>	\$139,296.69	<i>System Software Analyst III</i>	\$56,118.40	<i>Housing Developmnt Professional</i>	\$82,775.00	<i>Health Officer</i>	\$111,973.29	<i>Quasi Agency Employee</i>	\$144,733.16
<i>Deputy Director</i>	\$125,030.07	<i>Vice President</i>	\$138,375.00	<i>Deputy Secretary</i>	\$150,000.00	<i>Deputy Commissioner</i>	\$83,020.46	<i>Controllor</i>	\$75,291.00	<i>Deputy Secretary</i>	\$98,023.20	<i>Program Administrator</i>	\$119,666.22
<i>Director</i>	\$115,920.00	<i>Exec. Dir of Kan/Ed</i>	\$115,752.00	<i>Senior Deputy</i>	\$102,883.96	<i>Assistant Commissioner</i>	\$73,500.00	<i>Communications Officer</i>	\$55,080.00	<i>Head of Division of State Agency</i>	\$170,019.20	<i>Managing Financial Analyst</i>	\$69,103.36
<i>Employee Health Plan Director</i>	\$106,050.00	<i>Associate Vice Pres</i>	\$99,170.00	<i>Deputy Secretary</i>	\$100,051.62	<i>Architect III</i>	\$68,295.26	<i>Economic Development Rep IV</i>	\$62,500.00	<i>Head of Division of State Agency</i>	\$105,019.20	<i>Accounting Technician</i>	\$48,270.05
<i>Dir., Data Policy & Evaluation</i>	\$104,506.69	<i>Dir of Gov't Rel & Comm</i>	\$101,397.00	<i>Director</i>	\$99,322.50	<i>IS Manager I</i>	\$58,884.80	<i>Economic Development Rep IV</i>	\$62,500.00	<i>Director</i>	\$85,075.06	<i>Publication Assistant I</i>	\$45,355.40
<i>Chief Financial Officer</i>	\$103,458.60	<i>Vice President</i>	\$139,125.00	<i>Deputy Secretary</i>	\$103,034.89	<i>Deputy Commissioner</i>	\$72,189.65	<i>Budget/fiscal Officer</i>	\$55,000.00	<i>Professional Environ Eng III</i>	\$91,332.80	<i>Investment Analyst</i>	\$41,000.00
<i>Pharmacy Program Manager</i>	\$102,500.00	<i>Director</i>	\$96,488.00	<i>Program Director</i>	\$82,000.05	<i>Accountant IV</i>	\$65,748.80	<i>Economic Development Rep IV</i>	\$61,838.40	<i>Health Officer</i>	\$86,774.45	<i>Administrative Assistant</i>	\$40,716.23
<i>Manager/Administrator</i>	\$94,760.00	<i>Director</i>	\$85,500.00	<i>Director</i>	\$90,100.00	<i>Deputy General Counsel</i>	\$59,404.41	<i>Economic Development Rep IV</i>	\$60,307.00	<i>Health Officer</i>	\$85,702.54	<i>Executive Assistant</i>	\$40,000.00
<i>General Counsel</i>	\$85,852.34	<i>General Counsel</i>	\$100,522.00	<i>Chief Attorney</i>	\$100,225.71	<i>Chief Counsel</i>	\$82,830.28	<i>Attorney III</i>	\$68,850.00	<i>General Counsel</i>	\$83,714.51	<i>Quasi Agency Employee</i>	\$39,655.66
<i>Deputy Director</i>	\$80,800.00	<i>Director</i>	\$85,000.00	<i>Special Assistant</i>	\$85,000.00	<i>Assistant Commissioner</i>	\$57,998.33	<i>Accountant IV</i>	\$58,884.80	<i>Deputy Director</i>	\$88,953.21	<i>Administrative Assistant</i>	\$36,232.44
<i>Public Service Executive III</i>	\$75,150.40	<i>Director</i>	\$79,230.44	<i>Director</i>	\$81,000.00	<i>Inspector General</i>	\$56,512.58	<i>Housing Developmnt Professional</i>	\$58,852.00	<i>Public Service Executive IV</i>	\$86,964.80	<i>Administrative Assistant</i>	\$35,000.00
<i>Manager/Administrator</i>	\$73,800.00	<i>Director</i>	\$76,875.00	<i>Director</i>	\$80,715.92	<i>Applications Prog/Analyst III</i>	\$56,276.34	<i>Housing Developmnt Professional</i>	\$57,353.00	<i>Public Service Executive IV</i>	\$82,867.20	<i>Senator</i>	\$18,441.28
<i>Registered Nurse Administrator</i>	\$71,593.60	<i>Director</i>	\$75,000.00	<i>Executive Director</i>	\$80,294.40	<i>Public Service Executive II</i>	\$56,118.40	<i>Housing Development Officer</i>	\$57,353.00	<i>Professional Environ Eng III</i>	\$84,926.40	<i>Representative</i>	\$18,441.28
<i>IS Manager II</i>	\$71,593.60	<i>Director</i>	\$74,313.00	<i>IT Manager</i>	\$88,200.01	<i>Information Resource Manager</i>	\$63,838.12	<i>Information Technology Mgr</i>	\$60,000.00	<i>Dir of Information Services</i>	\$97,500.00	<i>Appt/elect Bd/comm. Bd Member</i>	\$17,293.12
Average Salary for the 15 Highest Salaried Positions													
<i>KHPA</i>	\$99,564.92	<i>Regents</i>	\$106,370.70	<i>SRS</i>	\$99,657.89	<i>JJA</i>	\$67,715.72	<i>Housing and Finance</i>	\$64,772.28	<i>KDHE</i>	\$97,789.07	<i>KTEC</i>	\$66

This table is for informational purposes only and is not a formal wage survey. The data provided on this table represents a general comparison of the top 15 salaries of each agency. When possible, similarly titled positions were placed side by side but no analysis was completed to ensure the duties of the position were comparable.

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F. Review of Health Information Exchange and Health Information Technology Projects (Senate Committee). The Senate Committee directed the Kansas Health Policy Authority to develop a priority listing of Health Information Exchange and Health Information Technology projects that could be implemented within the next eighteen months and would be eligible for federal stimulus dollars. The Senate Committee further directed that this priority listing should be developed jointly with the e-Health Advisory Council, in conjunction with all other agencies with an interest in this area, in the discussion and setting of priorities.

Further the Senate Committee directed that this priority listing shall be developed with consideration to include projects that will improve the rate of adoption of electronic health records, e-prescribing, prescription monitoring program, fully automated "Smart PA", electronic methamphetamine tracking, and web based eligibility and other tools that will improve the quality of and coordination of care and improve patient safety. In addition, the listing shall give consideration to an integrated, web-based eligibility enrollment system that would ensure an individual is enrolled in, or offered enrollment, in all benefits for which an individual is eligible.

This system would require coordination between the following agencies, but is not limited to, the Kansas Health Policy Authority, the Department of Social and Rehabilitation Services, the Department on Aging, the Department of Commerce, the Department of Labor, and the Kansas Commission on Veterans' Affairs.

The Kansas Health Policy Authority indicated that the American Recovery and Reinvestment Act included significant funding for health information technology and health information exchange, notably \$17 billion in incentives to Medicaid and Medicare providers qualified electronic health record purchases, implementation and certain operation costs. An additional \$2 billion is available, on a competitive basis, to states for either planning or implementation, including establishing a certified electronic health record technology loan fund.

The American Recovery and Reinvestment Act would establish a program whereby states or a state-designated entity could receive grants for planning or implementation to assist with and expand adoption of Health Information Technology. For grants awarded prior to FY 2011, the Secretary may determine if a state match is appropriate. Beginning in fiscal year 2011, there is a 10.0 percent state match requirement that increases for the next three years to 33.0 percent.

The legislation directs assistance for implementation of Health Information Technology, with the goal that funding could be used for the following:

- Health Information Technology architecture that will support nationwide electronic exchange;
- Integration of Health Information Technology into training of health professionals and others in the healthcare industry;
- Training on and dissemination of information on best practices to integrate Health Information Technology into a provider's delivery of care;
- Regional or sub-national efforts towards health information exchange;
- Infrastructure and tools to promote telemedicine; and
- Promotion of the interoperability of clinical data repositories or registries.

The American Recovery and Reinvestment Act funding can only be used for projects that will move providers to “meaningful use” of “certified electronic health record technology.” Simply having an electronic health record in a medical provider’s office is not likely to meet the meaningful use criteria, since the Act emphasizes that the electronic health record must have the capacity to:

- Provide clinical decision support;
- Support physician order entry;
- Capture and query information relevant to health care quality; and
- Exchange electronic health information with other sources.

The \$2 billion available via competitive grants is not intended to be used for ongoing support of Health Information Technology and Health Information Exchange, but rather to promote its adoption. The \$17 billion Medicaid and Medicare incentives will be used to help providers get electronic health records up and running, but those incentives are time-limited. Therefore, the expectation is that the money available in the American Recovery and Reinvestment Act will help move a state’s health care system to the adoption, and use, of Health Information Technology and Health Information Exchange.

Finally, the Act defines which medical providers are eligible for the incentives, including hospitals, long-term care facilities, practitioners such as physicians, dentists, etc., clinics, home health agencies, ambulatory surgical centers, and community mental health centers.

Kansas Health Policy indicated that in order to successfully apply for any of the competitive funding, Kansas will need to dedicate staffing resources to the effort. Accessing Health Information Technology and Health Information Exchange money will be complex and take specific skills of a highly technical nature, as well as skill in grant writing. In addition, much coordination and collaboration across state agencies and between the public and private health care sectors will be needed.

Funds and guidance will come from multiple agencies within the federal Department of Health and Human Services.

Applying for, and receiving the funds, as well as managing multiple sets of federal expectations and reporting will take significant coordination at the state level. This coordination should involve a Health Information Technology Coordination Team and a State Health Information Technology Coordinator, working with various state agencies, including:

- KHPA;
- Department on Aging;
- KDHE;
- JJA;
- SRS; and
- Department of Administration.

In addition, there will need to be coordination among the public and private sector, multiple providers group, potential Regional Extension Center (also funded through the American Recovery and Reinvestment Act), as well as development and management of an electronic health record loan program. Responsibility for coordinating Kansas’ efforts to compete for Health Information Technology for Economic and Clinical Health grants must be given to a specifically designated Coordinator who will receive the technical and grant writing resources mentioned above.

KHPA indicated it solicited lists from the Department on Aging, SRS and KDHE of projects that might be eligible for the funding. At the present time, no federal guidelines or requests for proposals have been issued regarding how to access the funding; however, the following projects appear to be the most likely to be successfully funded.

The projects are listed in priority order, based on how quickly they can be implemented and the number of providers and consumers they would impact.

e-prescribing—A statewide project to implement e-prescribing could be implemented within 18 months and would produce improved safety and efficiency in health care. **The estimated cost for this project is \$3 million.**

Prescription Drug Monitoring Program—This will assist legitimate prescribers by providing them data to determine if, or ensure that, their patients are not receiving controlled substances from multiple prescribers, “doctor shopping”, or over-utilizing controlled substances. A prescription drug monitoring program assists the pharmacy by providing the pharmacist access to data to ensure that the patient has not previously filled a prescription being presented or that the patient is not visiting numerous pharmacies with similar prescriptions from multiple doctors. The program provides data to health care practitioners that they can access before prescribing or dispensing controlled substances and enables them to better ensure appropriate use. This project could be implemented in tandem with e-prescribing, so the data could be available to prescribers via the e-prescribing tool. **The estimated cost for this project is \$400,000.**

Methamphetamine Precursor Electronic Logging System —This system, proposed in Senate Bill 248, would allow the Board of Pharmacy to maintain a statewide logging system to record purchases of ephedrine, pseudoephedrine or phenylpropanolamine. The data in this log could be provided to any person authorized to prescribe or dispense these precursors. This system could be linked to an e-prescribing system or to the prescription drug monitoring program described above, or to both. This project could also be implemented with e-prescribing, making the log data available as providers prescribe and dispense medications. **The fiscal note for this system listed an initial cost of \$350,000, with ongoing yearly costs of \$350,000.**

Phased-in Implementation of a Statewide Electronic Health Record—This would replace the proposal to expand the Community Health Record pilot in Sedgwick County statewide. The Community Health Record includes Medicaid consumers and allows authorized providers online access to aggregated claims data and health transactions regarding a person’s office visits, hospitalizations, medications, immunizations, diagnoses, and procedures. ARRA requires adoption of an initial set of interoperability standards by December 31, 2009, paving the way for Kansas to move forward toward statewide electronic health records. **An initial cost estimate for this is not available**, but the project could be phased in geographically, by certain provider groups, or coverage groups (e.g., Medicaid, State Employees Health Plan, private plans). A statewide electronic health record will also help Kansas effectively implement the medical home.

Electronic Health Records for all State Hospitals—This project could be a phase of the statewide electronic health record project. State mental health and developmental disability hospitals have limited use of electronic health records and have been unable to up-date and improve the systems they do have due to lack of available funding. If the State Hospitals could also exchange information with Community Mental Health Centers (CMHCs) and Community Developmental Disability Organizations (CDDOs), community placement would be enhanced. **An initial cost estimate for this is \$3 million, with yearly maintenance estimated at \$200,000.**

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Proposed Improvements in Facilities for Long Term Care—This project could be a phase of the statewide electronic health record project. The project will include a focus on the relationship between hospital long term care facilities and their parent acute care facilities to determine what information sharing works best for them. The Kansas Department on Aging proposes to work with the long term care community in the state to assess nursing homes' current health information technology capacity, identify pathways for implementation for appropriately scaled systems, and provide education to facilities in need of system upgrades. The assessment will include a survey of Kansas nursing homes to determine their level of connectivity, equipment and software capabilities. The survey will examine the ability of nursing homes to interact electronically with the larger health care community and identify strategies to improve electronic medical record sharing with long term care providers. **An initial cost estimate for this is not available.**

Health Information Exchange Using Existing KDHE Databases—These three projects are already ongoing and could be incorporated into statewide implementation of electronic health record thereby qualifying under ARRA as promoting health information exchange. **Initial costs estimates are not available for these three projects.**

Kansas Diabetes Quality of Care/Chronic Disease Electronic Management System (CDEMS) Project—The Kansas Diabetes Quality of Care Project was launched in 2004 by KDHE's Diabetes Prevention and Control Program in 80 healthcare clinic sites across the state and is currently collecting quality of care diabetes data to guide improving care for Kansans with diabetes.

Kansas Immunization Registry Project, known as KSWebIZ—The secure web-based immunization information system, managed by the Kansas Department of Health and Environment, was developed in 2004 and enrollment of local health departments began in August 2005. Public and private immunization providers and school personnel across the state are currently being enrolled to provide real time access to comprehensive immunization information on any Kansas resident anytime and anywhere in the state of Kansas. Future interface discussions include, but are not limited to the Kansas Women, Infants, and Children system, pharmacies, Healthcare Efficiencies Data and Information Set reporting groups, hospitals, childcare facilities, long-term adult healthcare facilities, and inter-state interface (*i.e.*, Missouri, Colorado, Oklahoma, and Nebraska).

The Kansas Cancer Registry—The registry is the only population-based source of information on cancer incidence in the State of Kansas. Since 1968, the Kansas Cancer Registry has collected nearly 350,000 cancer records. The Kansas Cancer Registry provides information on the occurrence of cancer, stage at diagnosis and survival, and sub-populations affected by different types of cancer. Registry information can be used by researchers to evaluate the effectiveness of new treatments and by public health professionals to implement and monitor prevention efforts.

Increased and Improved Statewide Platform for Telemedicine—Telemedicine is the use of medical information exchanged from one site to another via electronic communications to improve patients' health status. Closely associated with telemedicine is the term "telehealth," which is often used to encompass a broader definition of remote healthcare that does not always involve clinical services. Videoconferencing, transmission of still images, e-health including patient portals, remote monitoring of vital signs, continuing medical education and nursing call centers are all considered part of telemedicine and telehealth. A number of provider groups make extensive use of telemedicine, especially in the rural and frontier areas of the state. However, the availability of quality telemedicine sites is limited and spotty. Improvement in this area is sorely needed. **Cost estimates are not available.**

Health Information Technology/Health Information Exchange Projects to Improve Mental Health Services—The following three projects could be phases of a statewide electronic health record project and would improve the provision and coordination mental health services. **Cost estimates are not available.**

19-67

Electronic Sharing of Screening and Assessments for Inpatient Mental Health Services

—Currently, CMHCs complete screens for admission to state mental health hospital, Medicaid funded community psychiatric inpatient treatment, psychiatric residential treatment facilities, and nursing facilities. Many of these screens are done using pencil and paper and communicated to the receiving agency and state agencies using outmoded methods. Additional resources can dramatically improve this process. **An initial estimate for this is \$240,000.**

Assistance with Completion of Currently Implemented Electronic Medical Record/Electronic Health Record

—CMHCs who have a current electronic medical record/electronic health record have already made a significant investment in their systems. Expensing them off and starting on a new system would be cost prohibitive. Funds would be needed to complete purchase, implementation, and training of the current systems so the full benefit may be realized sooner and allow the systems to reach their full life cycle before attempting a move to a common platform in the future. Moving to a common platform may not be possible for centers which are a part of an existing municipal, county, or hospital system, but those centers would attempt to integrate to the furthest reasonable extent possible.

Selecting and Purchasing an electronic medical record/electronic health record for Non-implemented CMHCs

—All centers would participate in the selection of a single electronic medical record/electronic health record provider that would be the standard implementation for the grant dollars received for new system in the future. This system could also be the standard package for non-CMHC providers who would like to streamline their Electronic health record implementation.

With funding from the Health Information Security and Privacy Collaboration (HISPC) and in partnership with the Kansas Health Institute (KHI), the Kansas Health Policy Authority convened a meeting March 19, 2009 to discuss the Kansas Health Information Technology for Economic and Clinical Health plan. The meeting involved nearly 100 health policy stakeholders, including health consumers and advocates, physicians and physicians' group representatives, hospital representatives, insurers and purchasers, internet technology professionals and state agency representatives. The group received overviews on Health Information Technology for Economic and Clinical Health , Health Information Security and Privacy Collaboration , the Kansas Medical Home model and the E-Health Advisory Council and brainstormed some next steps. Presentations and products from this meeting can be found at <http://www.khpa.ks.gov/hite/default.htm>

Although the American Recovery and Reinvestment Act is intended to stimulate economic recovery and growth, so there is an emphasis on speed in providing money for the projects it funds, no money can be distributed for the Health Information Technology/Health Information Exchange projects until the Office of National Coordination for Health Information Technology issues a strategic plan.

Once more information is forthcoming from the federal Department of Health and Human Services and requests for proposals are issued, Kansas can take definitive steps to access the American Recovery and Reinvestment Act Health Information Technology/Health Information Exchange money.

G. Review incentives for managed provider organization participants (Senate Committee). The Senate Committee recommended a review of the possibility and impact of providing reimbursement incentives to providers who participate in a Managed Care Organizations with regard to their Medicaid participation and reimbursement.

Medicaid services are purchased through either a fee-for-service model or a managed care model. In the fee-for-service model, the State pays the provider directly. In the managed care model, the State pays a managed care organization a monthly payment for each beneficiary. The managed care organization contracts with providers and pays them for services.

Low provider payment rates in the Medicaid program are an issue both in the managed care and fee-for-service categories. Provider participation is a concern in Kansas and in Medicaid programs across the country, both because rates are typically below both private and Medicare payments, and because of the administrative challenges that often confront providers serving this population. KHPA indicated it will soon be publishing results from the first comprehensive survey of providers participating in its health plans. The survey was administered by the Kansas Foundation for Medical Care to providers in both managed care organizations as well as the fee-for-service network. Results will be used to identify areas of improvement in each plan, and to help assess providers' overall experience with Kansas Medicaid and State Children's Health Insurance Program.

Because participation in the three Medicaid/SCHIP networks is voluntary and independent, providers may participate in any combination of the three or none at all. The agency indicated that a study of provider participation in each plan was not possible in the time available, but a comparison of the three provider networks does allow some observations:

- a significant number of providers participate in one or both managed care organizations but do not participate in Medicaid fee-for-service (possibly as many as 20-25 percent of the total provider base); however
- a large majority of providers in each managed care organization do participate in the Medicaid fee-for-service network;
- at least some providers participate in fee-for-service but not in the managed care organizations; and
- some providers participate in one managed care organization but not the other.

The Committee's question is whether incentives to managed care organization-participating providers would improve participation. The background provided above suggests a number of limitations to this approach:

- To a great extent, the HealthWave and Fee-for-service programs serve different populations, with different health needs and a different provider base;
- Provider payment rates do not vary greatly across managed care organizations and between the managed care organizations and the Medicaid Fee-for-service network. Provider participation in each network may be driven in large part by non-financial reasons;
- For some Medicaid beneficiaries, provider participation in managed care organizations is the concern: for other Medicaid populations, only the Fee-for-service network matters;
- Rate increases either HealthWave or Medicaid Fee-for-service could attract more providers, but rate increases or incentives for participation in just one of these would exclude benefits to one of Medicaid's major population groups, and may also have a disparate impact on one region of the state or the other; and
- Payment incentives for participation in the managed care organizations would create inequities with the Medicaid Fee-for-service program, creating inequities for the disabled population. The impact in the Western Region, where the HealthWave population must choose between UniCare and Medicaid Fee-for-service, is unclear. Managed care is less well received by providers in that

region, and the incentive might either be viewed as welcome compensation or an unfair advantage for the Managed care organization.

H. Review Availability for Federal Stimulus Funding for Wichita Center for Graduate Medical Education (WCGME) (Senate Committee) and GBA No. 2, Item 8, page 6 - Wichita Center for Graduate Medical Education. The Conference Committee on Senate Substitute for House Bill 2354 included language transferring \$6.5 million from the Kansas Health Policy Authority to the University of Kansas Medical Center for WCGME from federal stimulus funds if available.

The Senate Committee recommended that the availability of these funds be reviewed at Omnibus.

The Kansas Health Policy Authority indicated that there does not appear to be any portion of the federal stimulus legislation that would specifically dedicate money or allow money to be targeted to graduate medical education. Therefore, it is unlikely that there would funding available to transfer in FY 2010.

More information on WCGME can be found in Item A of the University of Kansas Medical Center.

GBA No. 2, Item 8, proposes an alternate funding for WCGME.

I. Review Continuation of MedikAn Preferred Drug List for Mental Health Medications Proviso (Senate Committee). The Senate Committee recommended a review of the addition of a proviso regarding prohibiting the implementation of a preferred drug list for mental health medications which was added during the 2008 Omnibus Session.

The 2008 Omnibus bill, 2008 Senate Substitute for House Bill 2946, Section 41 contained the following language:

“Provided further, That the Kansas health policy authority shall not require an individual, who is currently prescribed medications for mental health purposes in the MedikAn program, to change prescriptions under a preferred drug formulary during the fiscal year ending June 30, 2009: And provided further, That all prescriptions paid for by the MedikAn program shall be filled pursuant to subsection (a) of K.S.A. 65-1637, and amendments thereto: And provided further, That the Kansas health policy authority shall follow the existing prior authorization protocol for reimbursement of prescriptions for the MedikAn program for the fiscal year ending June 30, 2009.”

J. Review Restoration of Administrative Funding (Senate Committee) and GBA No. 2, Item 7, page 5 - Clearinghouse Capacity. The Senate Committee recommended a review of the restoration of administrative funding removed by the Governor in her recommendation and approved by the Legislature in Senate Substitute for House Bill 2354.

KHPA indicated that since July, nearly 20,000 Kansas workers have lost their jobs while the unemployment rate has risen to more than 6 percent. During that same time, KHPA has seen a dramatic increase in applications for Medicaid and SCHIP. So far this year, the volume of applications is up about 9.0 percent, an average of 987 more per month. KHPA currently has a backlog of roughly 11,000 unprocessed applications for medical assistance. Without additional resources, the expectation is that this problem will get worse as more Kansans lose their health coverage, and as the expansion of SCHIP takes effect. Although the cuts will affect all of the state's programs, it will specifically affect Medicaid and could put at risk compliance with Medicaid rules and the terms of agreement that come with the increased federal match.

The agency indicated that the growth is now stretching KHPA's administrative resources to the limit. KHPA indicated it is currently holding 28 staff positions vacant and have made reductions in contracts that are central to administering Medicaid. Additional reductions included in the FY 2010 budget will bring about even more staff cuts and contract reductions.

KHPA indicated that a restoration of \$948,000, all from the State General Fund, would allow the agency to keep up with the rapidly growing workload. Those funds would be used to prevent layoffs, hire additional staff, and enhance contracts for the clearinghouse operation, which processes applications and screens them for eligibility, as well as the fiscal agent which processes claims and distributes claims to medical providers.

K. Spring Consensus Caseload Estimates and GBA No. 2, Item 5, page 3 - Caseload Adjustments. The FY 2009 Spring Consensus Caseload Estimate for the Regular Medical Program is an increase of \$9.0 million from all funding sources, but a State General Fund decrease of \$13.6 million. The reduction in the State General Fund estimate for caseload programs is largely due to the enhanced federal Medicaid funding included in the American Recovery and Reinvestment Act of 2009. The 2009 Legislature adopted the Governor's Budget Amendment No. 1, Item 1 that captured State General Fund savings in Medicaid programs by applying the 6.2 percent enhanced Federal Medical Assistance Percentage rate. Beginning on April 1, 2009, American Recovery and Reinvestment Act provisions provided another Federal Medical Assistance Percentage rate increase of 2.03 percent which was triggered by an increase in Kansas' unemployment rate. Therefore, additional State General Fund savings are reflected in the new caseload estimate.

The FY 2010 Spring Consensus Caseload Estimate for the Regular Medical program is a decrease of \$6.5 million, including \$19.2 million from the State General Fund. This program is still expected to increase over FY 2009 expenditures, but the growth in beneficiaries and program expenditures are not expected to increase as much as was originally estimated. Additional State General Fund savings that will result from the recent ARRA FMAP increase are again reflected in the FY 2010 estimate. The federal match rate used for FY 2010 estimates assumes that an additional FMAP increase will occur beginning January 1, 2010 for Medicaid expenditures, resulting from an increased Kansas unemployment rate.

More information on the Spring Consensus Caseload Estimates is included under the Department of Social and Rehabilitation Services, Item O, page 80.

Social and Rehabilitation Services

A. Additional Funding for Community Mental Health Centers (Senate Committee and House Committee). Both the Senate Committee and the House Committee recommended review of the restoration of \$2.0 million, all from the State General Fund, for the Community Mental Health Centers (CMHCs) in FY 2010.

The Department proposed a reduced resources budget that included a reduction of CMHCs consolidated grants by \$5.0 million, all from the State General Fund, in FY 2010. CMHCs provide community mental health services for uninsured persons who have no other way to pay for the services. The result of the reduction is some CMHCs may not have sufficient funding available to provide services to those uninsured persons. The Governor's recommendation was a reduction of \$7.0 million, all from the State General Fund, from the Community Mental Health Center consolidated grants. The Legislature reduced this adjustment in Senate Substitute for House Bill 2354, resulting in a total FY 2010 reduction of \$5.0 million.

Both committees recommended reviewing the restoration of the remaining \$2.0 million, all from the State General Fund, in FY 2010.

B. Review Funding for Home and Community Based Services for Individuals with Physical Disabilities Waiver (Senate Committee and House Committee) Both the Senate Committee and the House Committee recommended reviewing funding for the Home and Community Based Services for individuals with Physical Disabilities (HCBS/PD) Waiver. The Legislature appropriated an additional \$11.8 million, including \$4.0 million from the State General Fund, in FY 2010 for the HCBS/PD Waiver in Senate Substitute for House Bill 2354.

The Department indicated that additional funding of \$49,979,549, including \$15,733,562 from the State General Fund, would be needed to have no waiting list for the HCBS/PD Waiver in FY 2010. This estimate accounts for the additional funding appropriated in Senate Substitute for House Bill 2354.

In FY 2011, it would cost \$82,643,409 more than the current funding for FY 2010 to continue serving the additional people. Of this amount, \$31,467,124 would be from the State General Fund. As of March 31, 2009, there were 552 individuals on the waiting list to receive services from the HCBS/PD waiver.

C. Review the Restoration of Reductions for Community Developmental Disability Organizations (CDDOs) (Senate Committee and House Committee). Both the Senate Committee and the House Committee recommended a review of the restoration of reductions for Community Developmental Disability Organizations (CDDOs) in FY 2010.

The Department included a reduced resources budget that included reducing state grants to Community Developmental Disability Organizations (CDDO) by \$2.0 million, all from the State General Fund. These grant funds support persons with developmental disabilities who are not eligible for HCBS/DD waiver services or who do not need the level of services provided by the waiver. The Governor's recommendation included this reduction and it was approved by the Legislature.

D. Review the Status of the Grandparents as Caregivers Program Legislation (Senate Committee). The Senate Committee recommended a review of the status of the legislation to implement changes to the Grandparents as Caregivers program.

As a portion of its reduced resources budget, the Department proposed integrating the Grandparents as Caregivers program into the Temporary Assistance for Families program in FY 2010. This shift increased TANF funding by \$812,736 and decreased State General Fund expenditures by \$1.2 million. The combination of programs would continue providing benefits to grandparents and relatives with TANF funding, however the benefits provided under the TANF program are lower than the Grandparents as Caregivers program. The TANF program does not have an income limitation, while the Grandparents as Caregivers program currently requires the adult's income to be below 130.0 percent of the federal poverty level. In addition, the TANF program does not require the adult to attempt to obtain legal custody of the child. However, the TANF program does require that the adult cooperate in securing child support.

Senate Bill 109 was introduced to implement this policy change. Senate Bill 109 was referred to the Senate Ways and Means Committee and there was a hearing in the Ways and Means Committee, on February 4, 2010, but no action has been taken on the bill.

Since the Grandparents as Caregivers program is statutorily based upon appropriations, and currently there is not an appropriation for the program, the Department indicated it will be closing all Grandparents as Caregivers cases effective June 30, 2009 and will be transitioning eligible families into TANF funding for FY 2010.

Furthermore, the Department noted that eligible families will be served using TANF funds within the TANF caregivers' provisions. The Department also noted that the caregiver will no longer have to provide proof of legal custody, there will be no age requirement for the caregiver, the caregivers' income will no longer be a factor in determining eligibility, child care will be available with no family share, and referrals to Child Support Enforcement, with safety provisions, will be mandated, thereby promoting parental responsibility. Additional changes include counting of the child's income to determine benefit level, reviewing resources to assure they do not exceed the limit of \$2,000, and reducing the age of the child's eligibility from age 21 to age 18 or up to age 19 if in secondary school.

Approximately 160 families will be affected by this change.

E. Review potential for Federal Stimulus Funding (Senate Committee) and GBA No. 2, Item 6, page 5 - Federal Medical Assistance Percentage Adjustment for Non-Caseload Medicaid Programs. The Senate Committee recommended that the potential for federal stimulus funding be reviewed.

In addition to the items in the chart, there will be an increased federal share for Medicaid expenditures due to changes in unemployment which will total \$3,527,560 in FY 2009 and \$1,674,347 in FY 2010.

Estimated Fiscal Effect of Federal Stimulus Bill for SRS Program

Program	Funding to Kansas		Availability	Special Federal Require.	Proposed Use of Funding	State Fiscal Year 2009			State Fiscal Year 2010			State Fiscal Year 2011			
	Federal FY 2009 Increase	Federal FY 2010 Increase				SGF	Federal	All Funds	SGF	Federal	All Funds	SGF	Federal	All Funds	
Direct Benefit to State Funds															
Child Support Enforcement - Allow Current Incentive Funds to Match Federal Funds	\$ 6,606,468	\$6,606,468	Oct 2008 -Sep 2010 (8 quarters)	None	Increase SRS Fee Fund balance	\$(2,059,016)	\$2,059,016	-	\$(2,246,199)	\$2,246,199	-	\$(561,550)	\$561,550	-	
Child Support Enforcement - Allow Incentive Funds Earned Prior to Oct 2008 to Match Federal Funds	\$ 5,329,568	-	Oct 2008 - Sep 2010 (8 quarters)	None	Increase SRS Fee Fund balance	\$(884,287)	\$884,287	-	\$(553,399)	\$553,399	-	-	-	-	
Child Support Enforcement - Administrative Offset of Economic Recovery Payments	-	-	Oct 2008 - Sep 2010 (Must be spent w/n this timeframe)	None	Increase SRS Fee Fund balance.			-	\$(59,880)	\$(90,120)	\$(150,000)	-	-	-	
Disability and Behavioral Health Services - 6.2 percent FMAP Increase & Potential Adj for Unemployment Rate	Dependent on expend.	Dependent on expend.	Oct 2008 - Dec 2010 (9 quarters)	Meet prompt payment req, maintain eligibility, maintain provider share, etc.	Save SGF	\$(33,957,299)	\$33,957,299	-	\$(59,568,100)	\$59,568,100	-	\$(34,918,598)	\$34,918,598	-	
Mental Health Institutions - 2.5 percent Disproportionate Share Increase	Dependent on expend.	Dependent on expend.	Oct 2008 - Dec 2010 (9 quarters)	Meet prompt payment req, maintain eligibility, maintain provider share, etc.	Save SGF	\$(250,027)	\$250,027	-	\$(377,471)	\$377,471	-	-	-	-	
Foster Care and Adoption Support 6.2 percent Base FMAP Increase for IV-E	Dependent on expend.	Dependent on expend.	Oct 2008 - Dec 2010 (9 quarters)	State must meet Medicaid requirements	Save SGF	\$(1,915,014)	\$1,915,014	-	\$(2,675,348)	\$2,675,348	-	\$(1,337,674)	\$1,337,674	-	
Subtotal						\$(39,065,643)	\$39,065,643	-	\$(65,480,398)	\$65,330,398	\$(150,000)	\$(36,817,822)	\$36,817,822	-	

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Estimated Fiscal Effect of Federal Stimulus Bill for SRS Program

Program	Funding to Kansas		Availability	Special Federal Require.	Proposed Use of Funding	State Fiscal Year 2009			State Fiscal Year 2010			State Fiscal Year 2011		
	Federal FY 2009 Increase	Federal FY 2010 Increase				SGF	Federal	All Funds	SGF	Federal	All Funds	SGF	Federal	All Funds
Direct Benefit to Kansans (These items are increases in federal funding that would fund increases in caseload or benefits to clients.)														
TANF Emergency Fund - 80 percent of assistance increase during Federal FY 09-10 if caseload exceeds base year.	Dependent on caseload increase	Dependent on caseload increase	Dependent on caseload increase		Base caseload is minimum of FFY 07-08 caseload	-	\$ 661,899	\$ 661,899	-	\$ 5,727,845	\$ 5,727,845		\$ 2,498,097	\$ 2,498,097
Food Assistance - Administration Funding	849728	849728	Federal Fiscal Year	None	Fund shortfall in EBT contract and fund regional temporary staff	-	\$ 637,296	\$ 637,296	-	\$ 860,982	\$ 860,982	-	\$ 216,183	\$ 216,183
Food Assistance - 13.6 percent Benefit Increase	Dependent on caseload increase	Dependent on caseload increase	Continues until normal food stamp benefit increases catch up to the 13.6 percent level	None	Implement benefit increase. (No discretion)	-	\$ 12,583,512	\$ 12,583,512	-	\$ 53,850,836	\$ 53,850,836	-	-	-
Food Assistance - Suspend Limit on Able Boded Workers without Dependents	Dependent on caseload increase	Dependent on caseload increase	Apr 2009- Sep 2010 (18 Months)	None	Provide food asst to ABAWDs. (No discretion)	-	\$ 507,425	\$ 507,425	-	\$ 7,167,874	\$ 7,167,874	-	\$ 2,154,136	\$ 2,154,136
Emergency Food Assistance Program - Administration	\$189,962	\$189,962	Federal Fiscal Year	None	Fund shipping and warehouse contract, freeing funds for local agency reimbursement	-	\$ 189,962	\$ 189,962	-	\$ 189,962	\$ 189,962	-	-	-
Emergency Food Assistance Program - Surplus Food	\$757,948	-	Federal Fiscal Year	None	Distribute increase in surplus food. (No discretion)		\$ 568,461	\$ 568,461	-	-	-	-	-	-
Child Care Funding - \$16,-11,391 general use \$1,522,384 quality expansion \$881,660 infant toddlers	\$18,415,435		Federal Fiscal Year	The federal funds may not supplant state funds.	In process of evaluating federal guidance. Proposal under development	-	-	-	-	\$ 18,463,000	\$ 18,463,000	-	-	-
VR Client Assistance	\$5,108,753		Federal Fiscal Year	Special reports must be submitted within 10 days of each quarter. Reporting and accountability plan required.	Proposal under development	-	-	-	-	\$ 2,554,377	\$ 2,554,377	-	\$ 2,554,376	\$ 2,554,376

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Estimated Fiscal Effect of Federal Stimulus Bill for SRS Program

Program	Funding to Kansas		Availability	Special Federal Require.	Proposed Use of Funding	State Fiscal Year 2009			State Fiscal Year 2010			State Fiscal Year 2011		
	Federal FY 2009 Increase	Federal FY 2010 Increase				SGF	Federal	All Funds	SGF	Federal	All Funds	SGF	Federal	All Funds
VR Independent Living State Grants	\$242,913		Federal Fiscal Year	Special reports must be submitted with 10 days of each quarter.	Proposal under development				\$ 13,495	\$ 121,457	\$ 134,952	\$ 13,495	\$ 121,456	\$ 134,951
VR Services for Older Individuals Who are Blinds	\$321,368		Federal Fiscal Year	Special reports must be submitted within 10 days of each quarter.	Proposal under development	-	-	-	\$ 17,854	\$ 160,684	\$ 178,538	\$ 17,854	\$ 160,684	\$ 178,538
Subtotal			Federal Fiscal Year			-	\$ 15,148,555	\$15,148,555	\$ 31,349	\$ 89,097,016	\$89,128,365	\$ 31,349	\$ 7,704,932	\$7,736,281
Total						\$ 390,656,430	\$ 54,214,198	\$15,148,555	\$ (65,449,049)	\$ 154,427,414	\$88,978,365	\$ (36,786,473)	\$44,522,754	\$7,736,281

F. Review Status of Child in Need of Care Legislation (Senate Committee). The Senate Committee recommended a review of the status of the Child in Need of Care policy legislation. The Governor's recommendation included changes to the Child in Need of Care policies, which required statutory changes. These changes were introduced in Senate Bill 92 and Senate Bill 94. The Governor's recommendation included combined savings from the policy changes contained in these bills of \$4.7 million, including \$4.3 million from the State General Fund.

The amended contents of Senate Bill 92 and Senate Bill 94 were included in Senate Bill 134 which was presented to the Governor on April 10, 2009.

G. Review Payments at the Extraordinary Funding Level for the Home and Community Based Services for Individuals with Developmental Disabilities Waiver (Senate Committee). The Senate Committee recommended a review of a report from the agency regarding the policy for determining eligibility to receive Home and Community Based Services for individuals with a developmental disability (HCBS/DD) waiver payments at the extraordinary funding level. The report should include any deviation from this policy in the current fiscal year and provide justification for the action.

The Senate Subcommittee and House Social Services Budget Committee convened a joint meeting concerning Community Living Opportunities on March 18, 2009. The Department indicated that it reimburses HCBS/DD waiver providers based on a five tier system, with reimbursement increasing from tier 5 (needing the least services) to tier 1 (needing the most services). In addition, there is a provision in the rate structure for "extraordinary rates" for those requiring significantly more services than that anticipated by the rates established. The Department periodically acts to address financial issues with its business partners. The agency noted its commitment as an organization to have robust, financially viable business partners. Therefore, SRS regularly works with various entities to address their financial concerns. The actions may include consultation provided by SRS staff, SRS organizing special consulting relationships with other entities, decisions to forgive overpayments owed to SRS, or even direct financial assistance. The primary consideration is maintaining a viable service network for SRS clients. These requests are judged on a case-by-case basis.

H. Review Reimbursement Rates for Home and Community Based Services Waivers (House Committee). The House Committee recommended a review of reimbursement rates for providers of Home and Community Based Services.

Home and Community Based Service waivers allow the state of Kansas to meet the needs of individuals with disabilities while they continue to live in their homes and communities. Also known as 1915(c) waivers, the waivers are allowed under section 1915(c) of the Social Security Act and give states the flexibility to meet the states individual needs.

The Department of Social and Rehabilitation Services contracts with Myers and Stauffer to perform a biannual rate study of community developmental disability services. Myers and Stauffer indicated that the average reimbursement rates provided through the waiver have not kept up with inflation. However, some of the current reimbursement rates are over what the rate would be with inflation, others are under.

Before FY 2005, HCBS/DD waiver providers had not received a rate increase since 1999. The providers did receive rate increases in fiscal years 2005 through 2009. The percent of those increases were: FY 2005-5.5 percent, FY 2006-3.0 percent, FY 2007-4.0 percent, FY 2008-2.0 percent and FY 2009-2.0 percent.

The providers of services for the HCBS/PD Waiver and the Traumatic Brain Injury (TBI) Waiver received their first rate increase since the implementation of the programs in FY 2008.

They both received a rate increase of 2.0 percent. The HCBS/PD Waiver was implemented in 1996 and the Traumatic Brain Injury Waiver (HCBS/TBI) was implemented in 1991. Both programs also received a 2.0 percent rate increase for FY 2009.

The State of Kansas received a Center for Medicare and Medicaid Services (CMS) Systems Transformation Planning Grant, which has assisted SRS in undertaking several projects that will provide the research necessary for Kansas to make evidence based decisions. The areas that are addressed in this grant are listed below.

- A comprehensive and independent study of the Level of Care assessment instruments that are utilized within the various waivers will be conducted. This study will identify the strengths and weaknesses of the Developmental Disability Profile that is utilized by the MR/DD Waiver service delivery system. Additionally the contractor will study 5 additional states and present recommendations to Kansas regarding the current instrument and the possible advantages of moving to different level of care assessment instruments.
- Funding and Payment Methodology – through this study Kansas is seeking to identify the strengths and challenges of the differing payment methodologies that are utilized in Kansas. The study will examine the tiered structure utilized by the MR/DD system versus the individual unit payment system utilized by all the other waivers. A focus will be to address the community capacity issues through the conducting of a ‘cost study’ across the all HCBS Waivers operated by Kansas Department on Aging and Community Supports and Services within the Kansas Department of Social and Rehabilitation Services.

I. Review Revenues in the Problem Gambling and Addictions Grant Fund. (House Committee) The House Committee recommended that the revenue estimates for expanded gaming revenues, as determined by the consensus revenue estimating group, be reviewed. The Governor’s recommendation shifts funding of \$600,000 from the State General Fund to the Problem Gambling and Addictions Grant Fund. This fund receives 2.0 percent of lottery gaming facility revenues. The Legislature approved this funding shift in Senate Substitute for House Bill 2354.

The April 2009 consensus estimate for expanded gaming revenues indicates that the Problem Gambling and Addictions Grant Fund will receive revenues of \$427,597 in FY 2010. This creates a \$172,403 shortfall in revenue necessary to cover the budgeted expenditures for this program. Consequently, the agency requests the addition of \$172,403, all from the State General Fund, be restored to keep the funding of this program at the approved level. This program was reduced by \$200,000 in the approved budget, which will result in serving approximately 100 fewer individuals in FY 2010. The additional reduction in gaming revenue means that a total of 186 individuals will not be served in FY 2010 if funding is not restored. The restoration of funding would allow SRS to continue serving 86 of those individuals.

J. Review the Restoration of Funding for Alcohol and Drug Treatment Programs (House Committee). The House Committee recommended a review of the restoration of funding for the Alcohol and Drug Treatment program in FY 2010.

The Governor’s recommendation included a reduction of \$200,000, all from the State General Fund, for the alcohol and drug treatment program in FY 2010. The Department indicated that the reduction of \$200,000 for Addiction and Prevention Services would limit the amount of funds available to evaluate and treat low income Kansans experiencing alcohol and other drug dependencies. These state funds, in combination with federal block grant funds, provide low cost

or no cost treatment for adults and adolescents with incomes at 100 percent to 200 percent of federal poverty guidelines. The reduction would likely result in approximately 100 fewer individuals being served in FY 2010.

K. Review Additional Funding for the Home and Community Based Services for Children with Autism (House Committee). The House Committee recommended a review of the addition of funding to serve an additional 100 children on the Home and Community Based Services for Children with Autism waiver in FY 2010.

The Department indicated that additional funding of \$1,380,600, including \$434,613 from the State General Fund, would be needed to serve an additional 100 children on the Autism Waiver in FY 2010. To maintain services for an additional 100 children in FY 2011, it would cost \$2,761,200, including \$1,044,562 from the State General Fund. A no waiting list policy would require the addition of \$3,092,544, including \$1,042,806 from the State General Fund, to bring 224 additional children onto the waiver over a 12 month period in FY 2010. To maintain service for the additional 224 children in FY 2011, it would cost \$6,185,088, including \$2,153,957 from the State General Fund, more than the current FY 2010 estimate.

L. Review the Medikan Eligibility Policy for General Assistance Benefits and Mental Health Services. (House Committee) The House Committee recommended consideration of restoring the previous policy for the General Assistance Program and the MediKan mental health assistance (24 months of eligibility with hardship provisions).

The Department proposed limiting general assistance for those individuals who are unable to meet federal disability standards to 18 months of eligibility and revokes the hardship provision as a part of the reduced resources package in its budget submission. Currently, there is a 24 month limitation with a hardship provision that allows extensions. Approximately 1,500 individuals would lose eligibility under this proposal. This change will result in State General Fund savings of \$2.9 million in FY 2010. The Governor included these savings in her budget recommendation and it was approved by the Legislature in Senate Substitute for House Bill 2354.

The Department proposed limiting participation in the MediKan Mental Health Assistance to a maximum of 18 months as a part of the reduced resources budget.

MediKan eligibility is currently limited to 24 months, but this time frame can be extended for persons who can demonstrate hardship. Approximately 616 individuals would lose eligibility under this proposal. This change will result in State General Fund savings of \$2.7 million in FY 2010. The Governor included these savings in her budget recommendation and it was approved by the Legislature in Senate Substitute for House Bill 2354.

The same policy change was made for the MediKan program in the Kansas Health Policy Authority (see KHPA Item B).

M. Review Funding for Home and Community Based Services for Individuals with Traumatic Brain Injuries Waiver (House Committee). The House Committee recommended a review of the addition of funding to maintain a no waiting list policy for the Home and Community Based Services for Individuals with Traumatic Brain Injury Waiver in FY 2010.

The Department indicated that additional funding of \$2,115,000, including \$665,000 from the State General Fund, would be needed to have no waiting list for the TBI Waiver.

N. Review the Reduction of the Home and Community Base Services for Individuals with Developmental Disabilities Waiver Waiting List by 25.0 Percent (House Committee). The House Committee recommended a review of the addition of funding to reduce the waiting list

for the Home and Community Based Services for Individuals with Developmental Disabilities Waiver by 25.0 percent in FY 2010.

The Department indicated that reducing the HCBS/DD waiver waiting list by 25.0 percent in FY 2010 would require additional funding of \$9,355,338, including \$2,945,060 from the State General Fund. There are approximately 1,650 unserved individuals currently on the waiting list, and the additional funding would allow SRS to serve 413 of these individuals.

In addition, there are 1,036 underserved individuals waiting for services. It would take additional funding of \$4,195,561, including \$1,547,419 from the State General Fund, to provide services to 259 individuals that are currently underserved.

In order to have no waiting list for any of these individuals in FY 2010, an additional \$53,292,544, including \$16,776,493, from the State General Fund would be required. In FY 2011, it would cost \$106.0 million, including \$60.0 million from the State General Fund, more than the current funding for FY 2010 to continue serving these people.

O. Spring Consensus Caseload Estimates and GBA No 2, Item 5, page 3 - Caseload Adjustments. The Division of the Budget, Legislative Research Department, Department of Social and Rehabilitation Services (SRS), Kansas Health Policy Authority (KHPA), Department on Aging, and the Juvenile Justice Authority (JJA) met on April 15, 2009 to revise the estimates on caseload expenditures for FY 2009 and FY 2010. The consensus estimates include expenditures for Regular Medical Assistance, Nursing Facilities, Temporary Assistance to Families, General Assistance, the Reintegration/Foster Care contracts, and JJA psychiatric residential treatment facilities and out of home placements. The estimating group used the budget as approved in 2009 Substitute for Senate Bill No. 23 and 2009 Senate Substitute for House Bill 2354 as the starting point for the current estimate.

This was the first Consensus Caseload meeting to include estimates for JJA out-of-home services. The Legislature recommended JJA's request to include its residential out of home placement services and psychiatric residential treatment facility (PRTF) services in the caseload estimating process.

For FY 2009, the new estimate is an increase from all funding sources of \$7.7 million, but a decrease of \$17.5 million from the State General Fund. The increase in caseload expenditures is the result of higher expenditures in the Regular Medical Assistance Program, mental health programs, Nursing Facilities for Mental Health, community supports and services, and JJA out-of-home services. These increases were partially offset by decreases in the estimates for Nursing Facilities, Targeted Case Management in the Department on Aging, JJA psychiatric residential treatment facility services, Temporary Assistance to Families, General Assistance, Foster Care, and substance abuse services. The reduction in the State General Fund estimate for caseload programs is largely due to the enhanced federal Medicaid funding included in the American Recovery and Reinvestment Act of 2009. The 2009 Legislature adopted the Governor's Budget Amendment No. 1, Item 1 that captured State General Fund savings in Medicaid programs by applying the 6.2 percent enhanced Federal Medical Assistance Percentage rate. Beginning on April 1, 2009, the American Recovery and Reinvestment Act provisions provided another Federal Medical Assistance Percentage rate increase of 2.03 percent which was triggered by an increase in Kansas' unemployment rate. Therefore additional State General Fund savings are reflected in the new caseload estimate.

	FY 2009 Adjustments	
	All Funds	State General Fund
Nursing Facilities	\$ (2,000,000)	\$ (2,482,741)
Aging Targeted Case Management	(800,000)	(298,719)
Psychiatric Residential Treatment Facilities	(2,894,209)	(969,213)
Out of Home Placements	4,224,930	4,224,930
Nursing Facilities Mental Health	522,517	404,378
Temporary Assistance for Families	(2,763,340)	0
General Assistance	(339,000)	(339,000)
Regular Medical Assistance- Health Policy Authority	8,956,245	(13,562,555)
Reintegration/ Foster Care	(4,554,555)	(8,536,713)
Mental Health	5,614,645	3,566,098
Community Supports and Services	1,754,324	632,947
Addiction and Prevention Services	(50,528)	(119,314)
TOTAL	\$ 7,671,029	\$ (17,479,902)

For FY 2010, the estimate is an increase of \$5.8 million from all funding sources, but a decrease of \$20.8 million from the State General Fund. These adjustments include decreases from all funding sources of \$6.5 million for Regular Medical Assistance, \$3.1 million for JJA's psychiatric residential treatment facility program, and \$657,899 for the Department on Aging's Targeted Case Management program. These programs are still expected to increase over FY 2009 expenditures, but the growth in beneficiaries and program expenditures are not expected to increase as much as was originally estimated. The estimate for SRS' Reintegration/Foster Care program is decreased by \$1.2 million from all funding sources and \$5.5 million from the State General Fund. Savings will be realized from new provider contracts that cut administrative costs and will begin on July 1, 2009. In addition, SRS has improved its practices that influence the amount of federal funding that can be drawn for the program, so less State General Fund is required. Increased program expenditures are included for Nursing Facilities, Nursing Facilities for Mental Health, mental health programs, community supports and services, addiction and prevention services, and JJA's out-of-home services. Increases can be attributed to increases in the number of persons served and increases in the cost of services. Additional State General Fund savings that will result from the recent the American Recovery and Reinvestment Act Federal Medical Assistance Percentage increase are again reflected in the FY 2010 estimate. The federal match rate used for FY 2010 estimates assumes that an additional Federal Medical Assistance Percentage increase will occur beginning January 1, 2010 for Medicaid expenditures, resulting from an increased Kansas unemployment rate.

	FY 2010 Adjustments	
	All Funds	State General Fund
Nursing Facilities	\$ 2,886,671	\$ (820,876)
Aging Targeted Case Management	(657,899)	(231,547)
Psychiatric Residential Treatment Facilities	(3,139,994)	(1,080,720)
Out of Home Placements	5,705,976	4,850,298
Nursing Facilities Mental Health	243,520	303,085
Temporary Assistance for Families	0	0
General Assistance	(1,113,771)	(1,113,771)
Regular Medical Assistance- Health Policy Authority	(6,472,030)	(19,220,105)
Reintegration/ Foster Care	(1,199,105)	(5,531,396)
Mental Health	7,226,316	1,578,553
Community Supports and Services	1,982,004	481,450
Addiction and Prevention Services	376,676	15,503
TOTAL	\$ 5,838,364	\$ (20,769,526)

Board of Technical Professions Claim

A. Review payment for claim (Conference Committee). The House Committee amended into House Bill 2354 payment of \$3,122, all from the Board of Technical Professions Fee Fund, to Eldon Ray for payment of expenses associated with defending himself against claims of practicing engineering or architecture without a license.

The Senate Committee removed the payment from the bill and the Conference Committee concurred with the Senate to not make the payment and review at Omnibus.

Eldon Ray claimed that the Board of Technical Professions unlawfully persecuted him for donating his services to the Mayetta Christian Church. Mr. Ray provided plans and specifications when he volunteered to help build an addition to the Mayetta Christian Church, which some contended constituted the unlicensed practice of architecture. He filed a claim for consideration by the Joint Committee on Claims Against the State during the 2007 Interim.

The Joint Committee on Claims Against the State recommended payment of \$3,122, from the Board of Technical Professions Fee Fund to the 2008 Legislature. This payment was removed from the bill during the consideration by the 2008 Legislature.

State Bank Commissioner

A. Jayhawk Tower Offices Lease (House Committee and Conference Committee). The House Committee deleted \$80,000, all from the Insurance Department Service Regulation Fund, for a proposed relocation of the Office of the State Bank Commissioner from its current location in Jayhawk Tower to review at Omnibus. The current lease on the Jayhawk Tower office expires in November of 2009.

The Bank Commissioner has confirmed that the agency does not intend to relocate their offices and is currently in the process of signing a new lease in the Tower.

Department of Credit Unions

A. Legislative Post Audit Report on Financial and Regulatory Agencies in Kansas (House Committee). The House Appropriations Committee requested a review of possible cost savings in the Department of Credit Unions' budget by implementation of the recommendations in the Legislative Post Audit Report on Financial and Regulatory Agencies in Kansas at Omnibus. The report stated first that the State could reduce special revenue fund expenditures by \$555,000 per year by consolidating the Office of the State Bank Commissioner with the Securities Commissioner and the Department of Credit Unions. This option is currently being considered in Senate Bill 230 which would eliminate the three departments and create the Department of Financial Institutions. Senate Bill 230 was introduced in the Senate Ways and Means Committee and is currently being reviewed by the Senate Financial Institutions and Insurance Committee.

The Post Audit Report further states that the State could reduce special revenue fund expenditures by \$107,000 by decreasing the frequency of Credit Union examinations to the State mandated level of once every 18 months. The Department of Credit Unions currently examines Credit Unions once every 12 months with more frequent visits to Credit Unions experiencing financial difficulty.

According to the agency organizational differences between banks, credit unions and securities companies would preclude efficient oversight of these entities by a single regulatory authority. The agency also states that cost savings would be offset by increased expenditures due to the creation of new division supervisors for the three abolished agencies within the Department of Financial Institutions. The agency further states that given the current financial crisis facing Kansas financial institutions it is concerned about reducing financial institution oversight.

Insurance Department

A. House Bill 2052—Public Adjusters Licensing Act (Conference Committee). The bill would enact the Public Adjusters Licensing Act, an act governing the qualifications and procedures for the licensing of public adjusters. The Act would specify the duties of and restrictions on public adjusters, which would include limiting their licensure to assisting insureds in first party claims under commercial insurance contracts.

The bill would require the Insurance Commissioner to license public adjusters through an application process. The Commissioner, in order to determine eligibility for licensure, would require criminal history record checks on applicants who are not exempt from the pre-licensing examination. Prior to issuing the license, the Commissioner would make a number of findings, including financial responsibility, proof that the applicant has successfully passed the public adjuster examination, and that the applicant has paid an application fee of \$100. The renewal fee also would be \$100. The Commissioner would be given the authority to suspend, revoke or refuse to issue or renew the licenses. Additionally, the Commissioner would be allowed to take disciplinary action, including reprimand and the issuance of fines for violations. Any administrative fines collected by the Commissioner would be required to be deposited in the State General Fund.

The Kansas Insurance Department indicates that the passage of the Public Adjuster's Licensing Act would create one-time costs of approximately \$10,000, all from special revenue funds for information technology updates and the development of forms for the new class of license in FY 2010. Ongoing expenditures would be related primarily to criminal history background checks performed by the Kansas Bureau of Investigation (KBI). The Kansas Insurance Department would be responsible for paying the KBI for its services. The expenditures would be offset by additional revenue for the licensure of Public Adjusters.

Health Care Stabilization Fund Board

A. Addition of Expenditure Authority for Technology Improvements (Senate Committee). The Senate Subcommittee on Legislative and Elected Officials recommended that the Legislature consider the addition of \$212,703, all from special revenue funds, for technology improvements at the Health Care Stabilization Board.

The Conference Committee in Senate Substitute for House Bill 2354 recommended an additional \$251,834 in expenditure authority for technology improvements and professional development. This is an amount equivalent to the agencies originally Kansas Savings Incentive Program request in FY 2009 which was frozen in House Substitute for Substitute for Senate Bill 23.

B. Review Proposed Language to Convert the Demand Transfers for Professional Liability Claims to an Appropriation (Senate Committee). The Senate Ways and Means Committee recommended that the Legislature consider the agency proposal to convert the current demand transfers in K.S.A 40-3414 for professional liability coverage for Kansas University Residents and Faculty to an appropriation of \$2,805,000, all from the State General Fund, in FY 2010. The Health Care Provider Insurance Availability Act provides for the payment of medical malpractice judgments against Kansas University and Wichita Graduate Medical Education Residents and KU Faculty from the State General Fund. KU faculty payments are first credited against a \$500,000 Private Practice Reserve Fund established and managed by the University. House Substitute for Substitute for Senate Bill 23 and Senate Substitute for House Bill 2354 capped demand transfers from the State General Fund to the Health Care Stabilization Fund for these payments at \$2,805,000.

The appropriation would be expended for the purchase of medical malpractice insurance coverage from the Health Care Provider Insurance Availability Plan created by K.S.A. 40-3413. This statute guarantees that all medical practitioners in Kansas will be able to purchase basic medical malpractice coverage. Agency representatives state that the Private Practice Reserve Fund would continue to reimburse the agency and the \$500,000 would be applied to the Health Care Provider Insurance Availability Plan deductible. The agency states that the conversion of the demand transfers to an appropriation would be revenue neutral. This is an accurate statement for any year in which the total demand transfers exceeds \$2,805,000, or three of the last ten years.

The Health Care Stabilization Fund, KU Medical Center and the Health Care Provider Insurance Availability Plan have all withdrawn their request for an appropriation in light of the fact that Senate Substitute for House Bill 2354 has passed without a veto from the Governor.

Department of Labor

A. Unemployment Insurance Modernization Program and the Kansas Unemployment Insurance Call Center (House Committee). The House Appropriations Committee requested an update from the Kansas Department of Labor on the status of the Unemployment Insurance Modernization program and the Kansas Unemployment Insurance Call Center at Omnibus. The Unemployment Insurance Modernization program is intended to update the Kansas Department of Labor technology infrastructure.

The Unemployment Insurance Modernization Project has completed the design phase and is now embarking on the build phase. According to the agency, the Unemployment Insurance Modernization budget remains adequate to complete this project. In November 2008, work was halted and the project was put on hold in December of 2008 due to the impacts of the economic recession and the increasing number of Unemployment Insurance benefits claims. The agency

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continues to follow the plan of the Unemployment Insurance Modernization Project and has been leveraging the work completed with IBM and continues to use Siebel Solutions as the base for the Unemployment Insurance system. The agency has provided periodic updates and reports on the UIM project to the Joint Committee on Information Technology and the Kansas Information Technology Office.

Regarding the Kansas Unemployment Insurance Call Center, according to the agency, it has been handling between 9,000 and 12,000 calls each week, nearly twice the number of calls previously handled. Despite early difficulties, the average wait time for people calling into the Department's Contact Center has been reduced. For the week of April 5th through the 11th, average wait times were at 12 minutes. The agency has taken several steps at the Unemployment Insurance Contact Center to handle the influx of calls, including hiring new staff, extending Contact Center hours of operations and making website and Interactive Voice Response enhancements.

The agency is focusing on addressing the adjudication and appeals processes. Due to the increase in issues needing adjudications, Kansas Department of Labor adjudicators are now making twice as many calls each day and they still have difficulty meeting the increased demand, resulting in delays in determinations. Staffing levels are being adjusted to meet the demands on this part of the process and the Kansas Department of Labor has recently hired 25 additional staff to address this situation.

Commission on Veterans Affairs

A. Building Utilization at the Kansas Soldiers Home and the Kansas Veterans Home (Senate Committee). The Senate Committee directed the Kansas Commission on Veterans Affairs to submit a report prior to Omnibus regarding the current utilization of buildings at the Kansas Veterans Home and the Kansas Soldiers Home and possible alternative uses for excess capacity at the facilities.

The Director of the Kansas Soldiers Home indicates that the facility currently maintains 117 buildings. Recently, two of the three dormitory buildings were mothballed and the residents were consolidated into one building to reduce costs. There are also ten campground buildings which are rarely occupied and in a current state of disrepair. The agency proposes that the eligibility requirements for the cottages be relaxed so that veterans who are not disabled would be able to occupy the cottages which are currently vacant. The agency is exploring the feasibility of utilizing one of the mothballed dormitories for a 90 day chemical treatment program for drug and/or alcohol dependent veterans. The agency is also exploring the feasibility of converting one of the dormitories for use as a treatment facility for Alzheimer patients or as a domiciliary for female veterans.

The Director of the Kansas Veteran's Home indicates that the facility currently maintains eight buildings. There are two dormitory buildings included in the total. Funston Hall, one of the dormitories, is currently mothballed due to a lack of residents. Triplett Hall, the second of the dormitories, is not currently utilizing the second floor of the facility. The Director of the Kansas Commission on Veteran's Affairs is concerned about proposed alternative uses for the facilities that do not involve veterans. The veterans' home is the recipient of substantial federal aid, approximately \$17,110,000 between FY 2005 and FY 2009. In the event the facilities were converted for non-veteran use, the agency believes the State would incur the risk that the Federal Government would seek repayment of these grant funds.

B. Conversion of Eligible Kansas Veterans from Medicaid to Veterans Affairs Benefits (Senate Committee). The Senate Committee requested the Kansas Commission on Veterans Affairs submit a report prior to Omnibus regarding the number of Kansas Veterans

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currently receiving Medicaid benefits and the possibility of utilizing federal veterans benefits in lieu of Medicaid funding.

In 2002, Washington state pioneered a program integrating information from the Washington Department of Veterans Affairs and the Washington Department of Social Services to locate veterans who were eligible for benefits from the federal government and replace Medicaid funding with VA funding. The purpose of the program was to reduce the amount of state matching funds required to be paid for medicaid benefits. The Washington State program has three primary benefit components; including, Prescription Drug Coverage, 70-100 percent service connected disability, and VA-related third party coverage. These benefits are provided by integrating the Medicaid Client database with the Public Assistance Reporting Information System to allow for targeted identification of eligible veterans. The Washington Department of Veterans' Affairs then acts as a client representative for the veterans during the VA adjudication process to claim benefits. Washington state indicated that utilization of this system has resulted in cost savings for state payments to Medicaid of \$3,848,757 in FY 2008.

The Kansas Commission on Veterans Affairs has only initiated a preliminary study for implementation of this system in Kansas. The agency states that there will be up front costs to the program to hire additional client representatives to administer the program and technology costs for the integration of public assistance data with the Kansas Medicaid Client database. The agency estimates that there are between 3,300 and 4,800 veterans in Kansas who could be moved from Medicaid benefits to VA benefits for a savings of \$1,350,000 to \$1,925,000 per year to the State funds once fully implemented.

C. Vietnam Era Medallion Program (Law). House Bill 2171, creates, within the Kansas Commission on Veterans' Affairs (KCVA), the Vietnam War Era Medallion Program. Under the Medallion Program, eligible veterans would receive a medallion, medal, and a certificate of appreciation.

The bill would create a fund within the State Treasury to include all gifts, donations, and bequests to the fund. The fund would be administered by the KCVA. The agency estimates that implementation of the program will require \$118,485, all from the State General Fund with similar amounts being expended in FY 2011 and FY 2012.

Kansas Guardianship Program

A. Health Care Cost Reductions (Senate Committee). The Senate Ways and Means Committee recommended reviewing the status of health care cost reductions for the Kansas Guardianship program at Omnibus. The agency originally recommended transferring two employees from the Kansas Guardianship Program health insurance plan to Medicare with supplemental coverage and making other reductions in the health insurance plan by increasing deductibles and co-pays in order to reach the required 8.0 percent reduction in State General Fund expenditures. Upon further examination, the agency determined that the alterations would violate their employee contracts regarding unilateral modifications.

The agency has proposed moving the employees of the Guardianship program from their current private health insurance plan to the State Employee Health Insurance Program. This move would result in a reduction of State General Fund expenditures of \$5,000 to \$27,000, depending on the number of Guardianship employee dependents who opt into the State plan. Since Kansas Guardianship employees are not state employees it would be a violation of K.S.A. 74-9605 (b) to include them. The statute would need to be amended in order to create an exception for the Guardianship Program. In the event Guardianship employees are not included within the State plan the agency would need to seek alternatives to reduce expenditures; including, a reduction in

the number of guardianships and conservatorships provided and/or a reduction in stipends paid to volunteers.

Department of Corrections

A. Inmate Health Care Contract (House Committee). The House Committee recommended that funding of \$323,200, all from the State General Fund, for the Inmate Health Care Contract be deleted in FY 2010 and reviewed during Omnibus. The Conference Committee on Senate Sub. for House Bill 2354 included the funding in FY 2010.

The Department of Corrections (DOC) currently contract with Correct Care Solutions for its inmate health care contract. The initial contract was for three years with three additional two-year renewals for a total contract length of nine years. The contract includes yearly increases in the contract amount, which occur regardless of other changes to the contract like changes in inmate population. In FY 2010 the contractual increase totals \$1.3 million, which the DOC requested in an enhancement. The Governor recommended \$646,500, all from the State General Fund, or half of the requested amount. The Conference Committee on Senate Substitute for House Bill 2354 concurred with the Governor's recommendation.

B. Labette County Conservation Camp Debt Service (House Committee). The House Committee recommended reviewing \$150,000, all from the State General Fund, in FY 2010 to pay the remaining debt service principal on the buildings at the Labette County Conservation Camp. The debt service principal was restructured as part of the FY 2010 Governor's Budget Recommendation.

The Labette Correctional Conservation Camp is an accredited community based correctional facility available to the courts and the Department of Corrections as a placement option for felony offenders. The camp has the capacity for 191 male offenders and 32 female offenders. The camp offers risk reduction programming to the offenders, which is designed to reduce reoffending of inmates if they are already in the corrections system or keep offenders from entering the corrections system if they are placed at the camp by the courts.

The Department of Corrections has cancelled the contract with Labette County for both the men's and women's conservation camps due to budget reductions in FY 2010.

C. Residential Centers in Johnson and Sedgwick Counties (House Committee). The House Committee recommended reviewing \$2,068,020, all from the State General Fund, in FY 2010 to continue funding the residential centers in Johnson and Sedgwick counties.

The Department of Corrections contribution to the residential centers is only a portion of the total funding for the two centers. The Department of Corrections funds 46.6 percent of the operating budget for the Sedgwick County Residential Center and 9.7 percent of the operating budget for the Johnson County Residential Center.

The two residential centers are part of the Community Corrections programming in Johnson and Sedgwick counties. The centers offer intensive supervision and support for parolees who are at risk of violating the conditions of their parole.

Kansas Parole Board

A. FY 2010 Operating Expenditures (Senate Committee). The Senate Committee recommended reviewing the FY 2010 operating expenditures for the Kansas Parole Board. The agency reports that the budget reductions approved by the Legislature for FY 2010 and the 1.0 percent self-funded pay increase will reduce the amount for other operating expenditures to an amount that is too low to continue Board functions in FY 2010.

Kansas Parole Board					
FY 2010 Operating Expenditures					
	FY 2010 Gov. Rec.*	KPERs Death and Disability Moratorium	Health Insurance Moratorium	Other Adjustments	Senate Sub. for House Bill 2354
Salaries and Wages	\$ 431,288	\$ 1,195	\$ 6,440	\$ 0	\$ 438,923
Other Operating Expenditures	<u>57,098</u>	<u>0</u>	<u>0</u>	<u>(43,619)</u>	<u>13,479</u>
Total	<u>\$ 488,386</u>	<u>\$ 1,195</u>	<u>\$ 6,440</u>	<u>\$ (43,619)</u>	<u>\$ 452,402</u>

* The FY 2010 Governor's Budget Recommendation includes the 1.0 percent self-funded salary increase for classified employees.

Sentencing Commission

A. 2003 Senate Bill 123 Funding (Senate Committee). The Senate Committee recommended that funding of \$902,650, including \$504,187 from the State General Fund, for 2003 Senate Bill 123 drug treatment payments be deleted in FY 2010 and reviewed during Omnibus. The Conference Committee on Senate Sub. For House Bill 2354 included the funding in FY 2010.

2003 Senate Bill 123 provides for community supervision and mandatory substance abuse treatment for a defined target population of adult offenders who have been convicted of felony drug possession under KSA 65-4160 or 65-4162. The range of substance abuse treatment options includes detoxification, inpatient, outpatient, continuing care and aftercare, along with relapse prevention and education.

A Subcommittee of the House Corrections and Juvenile Justice Oversight Committee recommended that the Sentencing Commission begin assessing a minimum flat fee of \$300 to all offenders receiving 2003 Senate Bill 123 drug treatment services to help offset the cost of treatment. The Sentencing Commission is planning to begin implementing this recommendation in the coming months. In FY 2008, the Sentencing Commission made payments for treatment of 2,648 offenders, which would have totaled approximately \$800,000 in fees.

Board of Regents

A. Midwest Higher Education Compact Dues in FY 2010 (Senate Committee). The Board of Regents requested \$95,000, all from the State General Fund, in FY 2010 to pay dues for membership in the Midwest Higher Education Compact (MHEC). MHEC is one of four statutorily-created interstate compacts created for the purpose of advancing higher education through cooperating and resource sharing. MHEC was established in 1991 and serves Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

The Governor's budget recommendation did not include funding for MHEC in FY 2010, suggesting instead that the funds should come from within existing resources. The House subsequently added the funding, which was later removed by the conference committee.

B. KAN-ED Funding (Senate Committee and House Committee). The Governor's FY 2010 recommended funding for KAN-ED was \$10.0 million, all from the KAN-ED fund, which derives its revenues from the Kansas Universal Service Fund, pursuant to KSA 66-2010. Because the KAN-ED funding portion of the statute expires as of June 30, 2009, the Governor's bill included language to allow the funding in FY 2010, notwithstanding the statute.

The Senate recommended Omnibus review of the KAN-ED funding, pending passage of Senate Bill 285 while the House removed the funding and recommended Omnibus review of the item. The Conference Committee concurred with the Senate, which left KAN-ED funded at \$10.0 million, all from the KAN-ED fund.

At the time of this review, Senate Bill 285 had passed the Senate and had been referred to the House Energy and Utilities Committee.

C. Kansas Academy of Math and Science (KAMS) Funding (House Committee). The House Committee recommended Omnibus review of funding for the Academy. The Academy is an accelerated residential program for Kansas high school juniors and seniors who are academically talented in science and mathematics. The purpose of the Academy is to provide an opportunity for academically talented pupils to work in a community of peers and to earn simultaneously college credits and a high school diploma at a state educational institution designated by the Board of Regents. The Board designated Fort Hays State University as the site for the Academy in December of 2007.

The Governor did not recommend funding for the Academy in FY 2010. The House recommended Omnibus review of the addition of \$713,000, all from the State General Fund, in FY 2010 for the Academy. The Senate added \$350,000, all from the State General Fund, to fund a reduced academy program that would serve 30 students in FY 2010. The Conference Committee concurred with the Senate.

D. Review of the Post Audit Titled Computer Security Audit Report on the Regents' Information Systems: Following Up on Computer-Security Issues in Various Universities in FY 2010 (House Committee). The House Committee recommended a review of the computer security post audit to determine if issues from the previous audit had been addressed.

The single question asked by the audit was whether or not the Kansas State University, Emporia State University and the University of Kansas adequately addressed the security recommendations from the 2005 computer-security audit? The following items were the response:

- The 2005 audit included a number of recommendations related to missing or inadequate security policies, and to non-policy areas such as the authority of the security officer position.
- The three universities have fully implemented very few of the policy recommendations from the 2005 report in such areas as access controls, incident response, and physical security.
- The universities have implemented most of the non-policy recommendations from the 2005 audit report, in such areas as security management and the organization of their IT infrastructure.
- Security policies are the foundation of a well-designed system of security management, and the three universities generally have done a poor job implementing the policy recommendations over the last three years.

E. Delete Technical College Hold Harmless Language (Technical Adjustment).

Senate Substitute for House Bill 2354 included language to hold technical colleges harmless in FY 2010 - meaning that no technical college would receive less funding in FY 2010 than it did in FY 2009. However, because postsecondary aid for technical education was funded at \$33.0 million in FY 2009 and \$32.6 million in FY 2010, it is not possible to hold the technical colleges harmless.

University of Kansas Medical Center

A. Funding for the Wichita Center for Graduate Medical Education (Senate Committee and House Committee). Both the House and the Senate recommended Omnibus review of funding for Wichita Center for Graduate Medical Education. The Governor's budget recommendation did not continue the additional \$2.5 million, all from the State General Fund, approved for FY 2009 by the 2008 Legislature. The House recommended \$2.5 million, all from the State General Fund, and \$4.0 million from federal stimulus dollars transferred from the Health Policy Authority for Wichita Center for Graduate Medical Education. In addition, the House Committee recommended Omnibus review of the addition of \$6.5 million, all from the State General Fund, for Wichita Center for Graduate Medical Education.

The Senate recommended \$6.5 million, all from federal stimulus dollars, to be transferred from the Health Policy Authority for Wichita Center for Graduate Medical Education in FY 2010. In addition, the Senate Committee recommended Omnibus review of the report requested from the Board of Regents on the FY 2010 budget needs for graduate medical education in Wichita with regards to long range funding and sustainability.

The Conference Committee concurred with the Senate to transfer \$6.5 million in federal stimulus dollars from the Health Policy Authority to the University of Kansas Medical Center in FY 2010 for Wichita Center for Graduate Medical Education.

According to the Health Policy Authority, additional American Recovery and Reinvestment Act funds are not available for transfer. However, GBA No. 2, Item 8, page 6, adds \$5.9 million, including \$3.5 million from the State General Fund, in the Health Policy Authority for hospitals associated with the center.

Wichita State University

A. Funding for the National Center for Aviation Training (Senate Committee). The Senate Committee recommended Omnibus review of the addition of \$2.0 million, all from the State General Fund, for the National Center for Aviation Training in FY 2010. The Governor recommended \$2.5 million, all from the Economic Development Initiatives Fund, for the Center in FY 2010. The funding is used for equipment and development of curriculum at a community college to train aviation industry workers. In FY 2009, the Center received a total of \$5.0 million from the State - half from the State General Fund and half from the Economic Development Initiatives Fund.

Kansas State University - Extension Systems and Agricultural Research Programs

A. Addition of Economic Development Initiatives Fund for the restoration of the Health Moratorium in FY 2010. (Technical Adjustment) Add \$4,501, all from the Economic Development Initiatives Fund, to restore state contributions to the state employee Health Insurance Premium Reserve Fund for seven payroll periods in FY 2010, which has been accelerated to FY 2009. The Economic Development Initiatives Fund portion of the restoration was inadvertently omitted for this agency.

Postsecondary Systemwide

A. Use of American Recovery and Reinvestment Act fund for Deferred Maintenance (Veto). The 2009 Legislature concurred with GBA No. 1, Item 6 to add \$9.6 million in FY 2009 and \$40.0 million FY 2010 from federal stimulus funds to the Regents system, but limited the use of those funds to deferred maintenance projects. The Governor vetoed the limitation, but not the expenditure of the funding in FY 2009 and FY 2010.

Technology Projects Funding Deletion and Review

A. Kansas Bureau of Investigation - Kansas Criminal Justice Information System (KCJIS) (House Committee and Conference Committee). The House Committee deleted \$605,200, including \$313,950 from the State General Fund, for total multi-year project expenditures for the Central Message Switch (CMS) Replacement project in FY 2010, until a review by the Joint Committee on Information Technology (JCIT), and consider restoration of project funding at Omnibus. The Senate Committee did not consider the deletion. The Conference Committee concurred with the House and deleted the funding for JCIT and Omnibus review.

The funding deletion was based on the Chief Information Technology Officer approval letter received February 26, 2009.

The Joint Committee on Information Technology is currently scheduled to meet and review this project on April 29th.

B. Kansas Department of Transportation - Management System Replacement II - Subproject IV project (House Committee). The House Committee recommended the deletion of total project expenditures for the Management System Replacement II - Subproject IV project in FY 2010, until a review by the Joint Committee on Information Technology (JCIT), and consider restoration of project funding at Omnibus. The Senate Committee did not consider the deletion. The Conference Committee concurred with the Senate and did not delete the funding for JCIT or Omnibus review.

The funding deletion was based on the Chief Information Technology Officer approval letter received January 26, 2009.

The Joint Committee on Information Technology is currently scheduled to meet and review this project on April 29th.

C. Legislature - Conversion to Exchange Server 2007. The House Committee deleted \$210,950, all from the State General Fund, for total project expenditures in FY 2010 for the conversion to Exchange server project until a review by the Joint Committee on Information Technology, and consider restoration of the funding at Omnibus. The Conference Committee concurred with the Senate and restored the funding.

D. Kansas Department of Revenue - Drivers License Photo First Model Office Project. The House Committee deleted \$933,154, all from special revenue funds in FY 2010, for total project expenditures for the Drivers License Photo First Model Office Project until a review by the Joint Committee on Information Technology, and consider restoration of the funding at Omnibus. The Senate Committee did not consider the deletion. The Conference Committee concurred with the House and deleted the funding for JCIT and Omnibus review.

The House Committee deleted \$454,097, all from special revenue funds, in FY 2010 for total project expenditures for the Regional Education and Workforce Access Remote Delivery (REWARD) project until a review by the Joint Committee on Information Technology, and consider restoration of the funding at Omnibus. The Conference Committee concurred with the House and deleted the funding for JCIT and Omnibus review.

The funding deletion was based on the Chief Information Technology Officer approval letter received January 14, 2009.

The Joint Committee on Information Technology is currently scheduled to meet and review this project on April 29th.

E. Kansas Department of Commerce - Regional Education and Workforce Access Remote Delivery (REWARD) Project. Review adding \$454,097, all from State General Fund, in FY 2010 for the funding for the Regional Education and Workforce Access Remote Delivery (REWARD) project until a review by the Joint Committee on Information Technology, and consider restoration of the funding.

The funding deletion was based on the Chief Information Technology Officer approval letter received February 4, 2009. The Joint Committee on Information Technology is currently scheduled to meet and review this project on April 29.

F. Department of Social and Rehabilitation Services - Statewide Protection Report Center System Project (House Committee and Conference Committee). The House Committee deleted \$1,064,284, all from the State General Fund, for the Statewide Protection Report Center system project in FY 2010, until a review by the Joint Committee on Information Technology (JCIT), and consider restoration of project funding at Omnibus. The Senate Committee did not consider the deletion. The Conference Committee concurred with the House and deleted the funding for JCIT and Omnibus review.

The Statewide Protection Report Center project involves the acquisition and implementation, through a Request for Proposal (RFP), of an application that can meet the current and future needs of two SRS program areas surrounding their Protection Report Center activities. The project will acquire and implement software for the intake, tracking, and management reporting of abuse/neglect referral data for the protection of children and adults across the State of Kansas.

The agency suggests this project will improve the ability to consistently apply program policy and procedure for Children and Family Services and Adult Protective Services program areas statewide.

The funding deletion was based on the Chief Information Technology Officer approval letter received February 23, 2009.

The Department indicated that this funding was encumbered in a previous fiscal year, but not yet expended. The expenditures are therefore not included in the agency's FY 2010 budget. If the funding is not restored for this project, then those expenditures will have to be cut from other program areas.

The Joint Committee on Information Technology is currently scheduled to meet and review this project on April 29th.

G. Department of Social and Rehabilitation Services - Host Access Transformation Services Project (House Committee and Conference Committee). The House Committee deleted \$402,148, including \$225,444 from the State General Fund, for the Host Access Transformation Services project in FY 2010, until a review by the Joint Committee on Information Technology (JCIT), and consider restoration of project funding at Omnibus. The Senate Committee did not consider the deletion. The Conference Committee concurred with the House and deleted the funding for JCIT and Omnibus review.

The infrastructure project will provide for the purchase, installation, services (installation and mentoring), and establishment of the infrastructure to support the Host Access Transformation Services software. This project enables the reuse of existing application functionality by other current applications or new applications in less time than traditional development methods. In addition, it will also support the ability to transform legacy applications to the web.

The funding deletion was based on the Chief Information Technology Officer approval letter received March 6, 2009.

The Joint Committee on Information Technology is currently scheduled to meet and review this project on April 29th.

Kansas Savings Incentive Program

A. Kansas Savings Incentive Program (Veto). The Governor vetoed all sections of Senate Substitute for House Bill 2354 that authorized the Kansas Savings Incentive Program (KSIP) in FY 2010 for all agencies and in FY 2011 for biennial agencies. The Kansas Savings Incentive Program allows agencies to expend 50.0 percent of the unexpended balance from the previous year on any of three specific objects in addition to any other operating expenditures authorized by the legislature: 1) salary bonus payments; 2) technology equipment; and 3) professional training. Since FY 2004, the Governor has prohibited executive agencies from paying bonuses from this program by executive order.

KSIP allows agencies to retain expenditure authorization from a previous fiscal year, and the funds remain a part of the special revenue fund. The Governor's veto prevents agencies from expending the funds, but does not transfer the funds from the underlying special revenue funds to the State General Fund. All special revenue funds would remain in the agency's fee fund balance.

The Governor's recommendation for FY 2009 would have ended KSIP and transferred the funds to the State General Fund. House Substitute for Substitute for Senate Bill 23 lapsed the balances of State General Fund KSIP accounts, but only suspended KSIP expenditures for special revenue funds for FY 2009. KSIP balances total approximately \$4.2 million in FY 2009.

American Recovery and Reinvestment Act (ARRA) funding for Omnibus Memo

Agency	Anticipated Amount of ARRA Funding	Purpose of Funds	Location in Omnibus Memorandum
Kansas Department of Transportation	\$32.0 million	ARRA Funds for distribution to local units. KDOT received 422 requests for projects totaling \$275 million. Each of the six districts evaluated and selected the local projects following specified criteria, such as job creation, whether the project was in an economically distressed area and whether it could be completed within three years. Each district used its own weighting of the criteria to appropriately reflect the specific needs of the highway system within the respective regional area. Within the KDOT six districts, a total of 77 projects totaling approximately \$32.0 million were selected for receipt of this funding.	Page 11, KDOT, Item "A."
Department on Aging	\$865,164 in two-year period	Funding for senior nutrition programs, both for congregate meal settings and home delivered meals.	Page 53, Department on Aging, Item "G."
Kansas Health Policy Authority	\$0	Funding for Wichita Center for Graduate Medical Education.	Page 70, Kansas Health Policy Authority, Item "H."
University of Kansas Medical Center	\$0	ARRA Funds for the Wichita Center for Graduate Medical Education (WCGME).	Page 90, University of Kansas Medical Center, Item "A."
Kansas Department of Health and Environment	Undetermined	Includes funding for prevention and wellness (includes funding for immunizations, chronic disease, infection prevention), child care development, electronic health record and health information technology, health centers, Tiny K, Woman, Infants and Children program funding.	Page 43, Department of Health and Environment, Item "B."
Department of Social and Rehabilitation Services	Undetermined	Includes funding for child support enforcement, Foster Care, Temporary Assistance for Families, Food Assistance, child care, and vocation rehabilitation services over three fiscal years.	Page 73, Department of Social and Rehabilitation Services, Item "E."

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American Recovery and Reinvestment Act (ARRA) funding for Omnibus Memo

Agency	Anticipated Amount of ARRA Funding	Purpose of Funds	Location in Omnibus Memorandum
Department of Education	\$138.7 million	ARRA Funds for Education - State Fiscal Stabilization Funds (SFSF). The Department of Education will receive \$138.7 million in funds for FY 2010. SFSF funds can be used for paying the salaries of administrators, teachers and support staff; purchasing textbooks, computers and other equipment; supporting programs for children at risk of academic failure, limited English proficient students, children with disabilities and gifted students; and meeting the general expenses of the educational agency. Overall, the use of funds is encouraged to lead to improved results for students, long-term gains in school system capacity, and increased efficiency and effectiveness. The Department of Education will utilize these funds to offset a reduction in General State Aid funding, allowing the Base State Aid Per Pupil to remain at \$4,367.	Page 24, Department of Education, Item "C."
Department of Education	\$53.5 million	ARRA Funds for Special Education - Part B Grants. The Department of Education will receive approximately \$53.5 million for FY 2010. Funds can be used to obtain assistive technology devices and provide training on its uses to enhance access to the general curriculum for students with disabilities; provide intensive professional development across the school district for special education and regular education teachers that focuses on scaling-up proven and innovative evidence based school-die strategies in reading, math, writing and science, positive behavioral supports, or Multi-Tier System of Support to improve outcomes for student with disabilities; develop or expand capacity to collect and use data to improve teaching and learning; expand availability and range of inclusive placement options for preschoolers with disabilities; and hire transition coordinators to work with employers to development job placement for youths with disabilities. The Department of Education will utilize these funds to offset a reduction in Special Education funding.	Page 24, Department of Education, Item "C."

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American Recovery and Reinvestment Act (ARRA) funding for Omnibus Memo			
Agency	Anticipated Amount of ARRA Funding	Purpose of Funds	Location in Omnibus Memorandum
Kansas State Fair Board	\$0	ARRA Funds for repayments of the agency's bonds, which were issued in FY 2002 to finance a capital improvements master plan to upgrade the facilities at the Kansas State Fair. The agency was unable to determine if they would be eligible to receive any federal stimulus funding in FY 2002.	Page 41, Kansas State Fair Board, Item "A."
Kansas Arts Commission	\$301,700	ARRA Funds for distribution to local arts organizations. KAC will receive \$301,700 from the National Endowment for the Arts, of which \$260,000 will be distributed to arts organizations and the remaining \$41,700 for the agency to administer the grant. Arts organizations will be required to show the funding will be used for jobs that have been lost or are in jeopardy due to the economic downturn. Funds are distributed on a first-come, first-serve basis. Grants will be in amounts ranging from \$5,000 to \$40,000.	Page 20, Kansas Arts Commission, Item "A."
Office of the Governor	\$2.6 million	The office has applied for two formula grants available through the American Recovery and Reinvestment Act during the month of April and is expecting confirmation of funding prior to FY 2010. The first application was for the Victims of Crime Act totaling \$1 million. The second application was for the Violence Against Women Act which is for \$1.6 million.	Page 1, Office of the Governor, Item "A."

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* Note: Does not include stimulus funding for Medicaid expenditures, either expenditures included in the Human Services Consensus Caseload or Home and Community Based Services waivers expenditures.

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Special Revenue Funded Agencies

A. Senate Substitute for House Bill 2354 - Expenditure Reduction for Special Revenue funded agencies (Senate Committee and Conference Committee). The Conference Committee recommended the deletion of \$3,121,977, all from special revenue funds, in FY 2010 to reach a target of 10.0 percent below the FY 2009 Governor's recommendation for special revenue funded agencies. The Conference Committee's deletion includes reductions to 4 of the 35 special revenue funded agencies.

10.0 Percent Reduction for Special Revenue Funded Agencies

AGENCY	FY 2009 Gov. Rec	House Sub. for Sub. SB 23	FY 2010 Gov Rec	FY 2010 Sen. Sub for HB 2354 Conference Action	Adjustments from Gov. Rec. Moratoriums	Adjustments from Gov. Rec. all other changes	10% Redux In Special Revenue Funds
Abstracters Board of Examiners	\$ 21,160	\$ 21,160	\$ 21,207	\$ 21,207	-	-	\$ (2,163)
Board of Accountancy	315,893	311,053	304,992	309,832	4,840	-	(25,528)
Behavioral Sciences Regulatory Board	610,371	596,286	581,336	595,421	14,085	-	(46,087)
Department of Credit Unions	877,990	859,391	876,497	932,476	18,599	37,380	(104,905)
Dental Board	380,950	376,152	361,976	366,774	4,798	-	(23,919)
Emergency Medical Services	2,494,249	2,473,235	2,124,043	2,145,057	21,014	-	(108,560)
Board of Healing Arts	3,601,944	3,521,441	3,755,815	3,836,348	80,533	-	(594,598)
Health Care Stabilization Board - Operating Limit Only	1,348,852	1,315,612	1,410,818	1,695,892	33,240	251,834	(230,091)
Insurance Department	24,040,565	23,799,151	24,133,586	24,375,180	241,594	-	(1,335,415)
Department of Labor - Oper. Expend. Only	38,840,372	38,529,470	38,347,169	39,201,321	843,596	-	(4,234,430)
Kansas Board of Barbering	142,692	147,760	137,655	141,070	3,415	-	(12,647)
Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments	28,626	28,625	29,922	29,923	1	-	(4,160)
Kansas State Board of Cosmetology	782,165	764,849	755,501	772,817	17,316	-	(54,081)
Board of Nursing	1,869,484	1,824,245	1,767,760	1,874,499	45,239	61,500	(130,463)
Office of the State Bank Commissioner	8,438,921	8,272,789	8,347,308	8,777,294	166,132	263,854	(918,411)
Board of Optometry	126,499	124,671	138,149	152,768	1,828	-	(26,128)
Board of Pharmacy	694,115	678,655	734,616	766,076	15,460	16,000	(125,373)
Real Estate Appraisal Board	316,050	312,067	309,299	313,282	3,983	-	(28,428)
Real Estate Commission	1,091,988	1,067,768	1,182,193	1,406,413	24,220	200,000	(223,624)
Securities Commissioner	2,875,503	2,812,709	2,767,572	2,888,286	62,794	57,920	(242,413)
State Board of Mortuary Arts	268,307	267,834	265,102	270,657	5,555	-	(28,118)
State Treasurer	4,219,200	4,137,525	4,093,116	4,174,791	81,675	-	(377,511)
Board of Technical Professions	584,269	577,092	576,291	583,468	7,177	-	(57,626)
Board of Veterinary Examiners	262,051	256,507	261,162	283,863	5,544	17,157	(48,016)
Kansas Corporation Commission	21,472,537	21,101,314	20,515,226	20,913,985	398,759	-	(1,494,560)
Citizens Utility Ratepayer Board (CURB)	859,619	845,516	765,919	806,222	14,104	26,199	(7,905)
State Fair (Ops) - excludes debt service interest and all capital improvements	4,474,813	4,430,292	4,450,331	4,490,395	40,064	-	(463,000)
Kansas Department of Transportation	1,497,105,234	1,491,509,925	1,241,456,758	1,247,052,067	5,595,309	-	(65,479,000)

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10.0 Percent Reduction for Special Revenue Funded Agencies

AGENCY	FY 2009 Gov. Rec	House Sub. for Sub. SB 23	FY 2010 Gov Rec	FY 2010 Sen. Sub for HB 2354 Conference Action	Adjustments from Gov. Rec. Moratoriums	Adjustments from Gov. Rec. all other changes	10% Redux In Special Revenue Funds
State Fire Marshal	4,400,924	4,294,822	4,339,644	4,445,746	106,102	-	(318,314)
Kansas Commission on Peace Officers' Standards and Training	643,000	631,857	644,624	578,700	11,143	(77,067)	Already Included
Kansas, Inc.	586,456	398,748	-	358,874	-	(39,875)	Already Included
Kansas Technology Enterprise Corp. (KTEC)	13,144,797	11,660,798	-	10,494,798	-	10,494,798	Already Included
Commerce	129,206,155	127,933,798	129,711,995	112,997,215	164,186	(1,838,955)	Already Included
Secretary of State*	6,029,428	5,938,088	7,568,735	7,568,735	91,340	-	(519,754)
Judicial Council	1,441,525	1,423,866	1,432,064	1,444,223	14,909	(2,750)	(117,036)
TOTALS	\$ 1,766,125,751	\$ 1,755,883,117	\$ 1,495,167,582	\$ 1,498,052,717	\$ 8,032,305	\$ 9,470,745	\$ (76,745,538)

*Excludes HAVA funds.

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