

## MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on February 12, 2009, in Room 545-N of the Capitol.

All members were present except:

Senator Carolyn McGinn - excused

Senator Ruth Teichman - excused

Committee staff present:

J. G. Scott, Kansas Legislative Research Department

Michael Steiner, Kansas Legislative Research Department

Estelle Montgomery, Kansas Legislative Research Department

Julian Efrid, Kansas Legislative Research Department

Jarod Waltner, Kansas Legislative Research Department

Jill Wolters, Office of the Revisor of Statutes

Gordon Self, Office of the Revisor of Statutes

Daniel Yoza, Office of the Revisor of Statutes

Melinda Gaul, Chief of Staff

Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Russ Jennings, Commissioner, Juvenile Justice Authority (JJA)

Roger Werholtz, Secretary, Department of Corrections

Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERs)

Others attending:

See attached list.

### Introduction of Legislation

Senator Schmidt moved to introduce legislation concerning voter identification (9rs0813). The motion was seconded by Senator Vratil. Motion carried on a voice vote.

Senator Lee moved to introduce legislation concerning a scenic country roads program (9rs0778). The motion was seconded by Senator Schmidt. Motion carried on a voice vote.

Senator Apple appeared before the Committee to request the introduction of legislation concerning a comprehensive energy plan.

Senator Lee moved to introduce legislation concerning a comprehensive energy plan. The motion was seconded by Senator Taddiken. Motion carried on a voice vote.

Senator Bruce appeared before the Committee to request the introduction of legislation concerning a cap on mill levies for community colleges.

Senator Umbarger moved to introduce legislation concerning a cap on mill levies for community colleges (9rs0175). The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

Senator Abrams appeared before the Committee to request the introduction of legislation concerning certification of the tax levy to county clerks.

Senator Taddiken moved to introduce legislation concerning certification of tax levy to county clerks (9rs0673). The motion was seconded by Senator Umbarger. Motion carried on a voice vote.

### Referral of Bill

SB 259 is referred to the KPERs Issues Subcommittee.

## CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on February 12, 2009, in Room 545-N of the Capitol.

### **Juvenile Justice Authority and Juvenile Correctional Facilities**

Senator Schmidt, Chair of the Public Safety Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Juvenile Justice Authority (JJA), Atchison Juvenile Correctional Facility, Beloit Juvenile Correctional Facility, Kansas Juvenile Correctional Complex and Larned Correctional Facility for FY 2010 and moved for the adoption of the Subcommittee recommendation on the Juvenile Justice Authority, Atchison Juvenile Correctional Facility, Beloit Juvenile Correctional Facility, Kansas Juvenile Correctional Facility and Larned Correctional Facility for FY 2010 (Attachment 1). The motion was seconded by Senator Masterson. Motion carried on a voice vote. Senator Lee requested to be recorded as voting "no".

Senator Schmidt noted that the Subcommittee made the total adjustments to the JJA budget and allowed the Commissioner the discretion of where to apply the reductions.

Senator Lee presented a minority report on the Juvenile Justice Authority and all Juvenile Correctional Facilities (Attachment 2). Senator Lee opposed the 10.0 percent across the board reduction in the budget and the proposed closing of the Beloit Juvenile Correctional Facility.

Russ Jennings, Commissioner, JJA, responded to questions from the Committee concerning the closing of the Beloit facility. The Commissioner stated that renovation is under way at the former Topeka Juvenile Correctional Facility to house the girls from the Beloit facility in case the closing moves forward. It is estimated that the total cost of the renovation would be approximately \$2,000 - \$3,000. It was noted that it is necessary to make the facility secure and insure the separation of the girls' and boys' populations. Commissioner Jennings stated that it may be necessary to build a new more cost-efficient facility for the girls in the future at an estimated cost of \$4 million.

The Committee expressed a concern that several years ago the former Topeka Juvenile Correctional Facility was deemed unsatisfactory for the boys' population and now is being renovated into a facility for the girls' population. The Committee also noted that the Topeka Juvenile Correctional Facility is adjacent to the Kansas Juvenile Correctional Complex and the fence has been removed between the two facilities.

### **Department of Corrections and all Correctional Facilities**

Senator Taddiken, Chair of the Corrections Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Department of Corrections, El Dorado Correctional Facility, Ellsworth Correctional Facility, Hutchinson Correctional Facility, Lansing Correctional Facility, Larned Correctional Mental Health Facility, Norton Correctional Facility, Topeka Correctional Facility and Winfield Correctional Facility for FY 2010 and moved for the adoption of the Subcommittee recommendation on the Department of Corrections, Department of Corrections, El Dorado Correctional Facility, Ellsworth Correctional Facility, Hutchinson Correctional Facility, Lansing Correctional Facility, Larned Correctional Mental Health Facility, Norton Correctional Facility, Topeka Correctional Facility and Winfield Correctional Facility for FY 2010 (Attachment 3). The motion was seconded by Senator Lee. Motion carried on a voice vote.

The Subcommittee noted that they have made recommendations for reductions to the total DOC budget and given the Secretary the discretion of applying the reductions where he deems more satisfactory. The Subcommittee also stated there may be a need to revisit the Department of Corrections FY 2010 budget after final action by the Senate on the Conference Committee report on the FY 2009 budget (**House Sub for Senate Sub for SB 23**).

Roger Werholtz, Secretary, Department of Corrections (DOC), responded to questions from the Committee, stating that the long-term effect of the budget reductions could result in increased recidivism and affect public safety. Mr. Werholtz noted that the surplus of minimum security beds and particularly surplus male beds has been depleted as DOC works to reduce expenditures, close facilities and make facilities more cost-efficient.

The Committee voiced their appreciation to the Juvenile Justice Authority and the Department of Corrections

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on February 12, 2009, in Room 545-N of the Capitol.

in taking the steps necessary to work with the Legislature in providing prioritized lists of budget reductions at this time of limited state revenues and the economic downturn.

**Hearing on SB 219 - Moratorium on employer contributions for death and disability benefits under KPERS.**

Gordon Self, Office of the Revisor of Statutes, explained that **SB 219** would implement the Governor's recommendation for a nine-month moratorium on both state and local employer contributions to the Kansas Public Employees Retirement System (KPERS) Death and Disability Group Insurance Fund during FY 2010. Mr. Self provided a copy of the amended bill, if full action by the Senate approves the FY 2009 Conference Committee report on the FY 2009 budget (Attachment 4). The amendment would advance the date of the moratorium from July 1, 2009, as proposed by the Governor, to March 1, 2009, and conclude the moratorium on November 30, 2009.

Glenn Deck, Executive Director, KPERS, provided testimony on **SB 219** (Attachment 5). Mr. Deck stated it will be necessary to act quickly if the Conference Committee report is approved by the full Senate and the moratorium date is advanced to March 1, 2009, in order to give school districts and other agencies adequate time to put the moratorium in place and avoid the necessity of making refunds at a later date.

Responding to questions from the Committee, Mr. Deck stated that the Death and Disability Benefit fund presently has a balance of approximately \$32.9 million. With the moratorium, it is anticipated that the balance will be drawn down to approximately \$4 million. Mr. Deck feels that the balance in the fund is adequate to handle the moratorium but will place the fund in a cautious state, depending on the number of claims and number of deaths of those receiving benefits at this time. If necessary to sustain the fund, a loan could be procured from the Pooled Money Investment Board (PMIB).

The hearing on **SB 219** was closed.

The next meeting is scheduled for February 16, 2009.

The meeting was adjourned at 11:50 a.m.

**SENATE WAYS & MEANS COMMITTEE  
GUEST LIST**

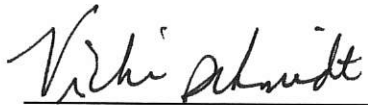
**DATE: \_\_\_ February 12, 2009 \_\_\_**

NAME	REPRESENTING
John Kirk	POL
Keith Bradshaw	JJA
New Savings	JA
MARK BOZANYAK	CAPITOL STRATEGIES
JANE CARTER	KS Organization of State Employees
Joe Mosmann	Hein Law Firm
<del>Vanessa</del>	KDOC
Dan Murray	Federico Consulting
Glenn Deck	KPERS
TERRY FOX, JJA	KNEA

FY 2010

**SENATE WAYS AND MEANS SUBCOMMITTEE**

**Juvenile Justice Authority  
Atchison Juvenile Correctional Facility  
Beloit Juvenile Correctional Facility  
Kansas Juvenile Correctional Facility  
Larned Juvenile Correctional Facility**



\_\_\_\_\_  
Senator Vicki Schmidt, Chair

\_\_\_\_\_  
Senator Janis Lee



\_\_\_\_\_  
Senator Ty Masterson

Senate Ways & Means Cmte

Date 2-12-2009

Attachment 1

## Senate Subcommittee Report

**Agency:** Juvenile Justice Authority      **Bill No.** SB - -

**Bill Sec.** - -

**Analyst:** Butler                              **Analysis Pg. No.** Vol.- -

**Budget Page No.** 359

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 42,015,686	\$ 40,174,319	\$ (3,994,133)
Other Funds	25,704,563	25,699,556	(1,705,766)
Subtotal - Operating	\$ 67,720,249	\$ 65,873,875	\$ (5,699,899)
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 2,977,198	\$ 0
Other Funds	6,066,633	0	0
Subtotal - Capital Improvements	\$ 6,066,633	\$ 2,977,198	\$ 0
<b>TOTAL</b>	<b>\$ 73,786,882</b>	<b>\$ 68,851,073</b>	<b>\$ (5,699,899)</b>
FTE Positions	42.0	42.0	0.0
Non FTE Uncl. Perm. Pos.	18.0	18.0	0.0
<b>TOTAL</b>	<b>60.0</b>	<b>60.0</b>	<b>0.0</b>

### Agency Request

The **agency** estimates **FY 2010** operating expenditures of \$67,720,249, including \$42,015,686 from the State General Fund. The estimate is an all funds increase of \$908,710, or 1.4 percent, and a State General Fund increase of \$1,574,355, or 3.9 percent, above the FY 2009 estimate. The State General Fund increase of \$1,574,355 can be attributable to the requested enhancement of \$2,789,763 for purchase of service (POS) differences.

### Governor's Recommendation

The **Governor** recommends **FY 2010** operating expenditures of \$65,873,875, including \$40,174,319 from the State General Fund. The Governor's recommendation is an all funds decrease of \$437,664, or 0.7 percent, and a State General Fund increase of \$232,988, or 0.6 percent, from the Governor's FY 2009 recommendation.

The recommendation is an all funds decrease of \$1,846,374, or 2.7 percent, and a State General Fund decrease of \$1,841,367, or 4.4 percent, below the agency's FY 2010 request. The decrease is attributable to the Governor not recommending a portion of the agency's requested enhancement.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor with the following adjustment and notations:

1. Delete \$5,699,899, including \$3,994,133 from the State General Fund, for an across the board reduction of 10.0 percent, excluding Children's Initiative Fund, from the FY 2009 Governor's recommendation.
2. The Subcommittee notes the direct impact of any additional adjustments made to the Children's Initiatives Fund (CIF) would affect the agency's ability to provide grants and grant funding to local providers. The agency is planning to reduce funding in prevention programs and shift the available CIF to graduated sanctions programs to create savings in the State General Fund. The additional reduction in CIF would further reduce the prevention programs and in effect double the impact of the reduction to community programs.
3. The Subcommittee recommends the agency's request to include the purchase of service budget, which includes residential services and psychiatric treatment facilities, in the caseload estimating process. The Subcommittee heard testimony that both the population and the services provided to those in JJA custody are very similar the population and the services provided to those in SRS custody including the Medicaid coverage. The Subcommittee believes the state has an obligation to provide for those children that are in the community and in the custody of the State, and does not see a significant difference between those in custody of SRS and those in custody of JJA.
4. The Subcommittee commends Commissioner Jennings and the agency on the preparation of its budget and efforts to provide a responsible approach to the budget in light of the current state budget shortfall. The Subcommittee appreciates the consideration taken to provide viable options to reducing the budget in a very forthright manner.
5. The Subcommittee congratulates the agency and Larned Juvenile Correctional Facility for being selected as one of only two juvenile facilities from more than 200 facilities from around the country as a winner of a national award. The facility received the 2008 Performance Standards Barbara Allen Hagen Award recognizing exceptional work to ensure that facilities are safe for youths and staff, hold youths accountable and provide effective rehabilitation services that prevent future crime.
6. The Subcommittee commends the agency for the new contract with Kansas University Physicians, Inc. that assesses the medical practices of the juvenile correctional facilities, makes recommendations for improvements, provides oversight of the medical programs, and to advise the Commissioner and facility superintendents on health care issues. As a result of this contract, record keeping was improved, the process was more efficient and duplicative practices were eliminated. Another improvement was the increase attention to patient safety through processes such as those that help ensure proper delivery of drug therapy.
7. The Subcommittee is also providing the prioritized agency listing of targeted reductions for review by the Committee.

## Senate Subcommittee Report

**Agency:** Atchison Juvenile Correctional Facility **Bill No.** SB - -

**Bill Sec.** - -

**Analyst:** Butler

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

**Budget Page No.** 367

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 386,061	\$ 379,770	\$ (37,977)
Other Funds	85,813	7,098	(7,098)
Subtotal - Operating	\$ 471,874	\$ 386,868	\$ (45,075)
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 471,874</b>	<b>\$ 386,868</b>	<b>\$ (45,075)</b>
<b>FTE Positions</b>			
Non FTE Uncl. Perm. Pos.	3.0	3.0	0.0
TOTAL	0.0	0.0	0.0
	3.0	3.0	0.0

### Agency Request

The **agency** requests a **FY 2010** operating budget of \$393,159, a decrease of \$2,701,721, or 87.3 percent, below the revised FY 2009 estimate. The agency requests FY 2010 State General Fund expenditures of \$386,061, a decrease of \$2,628,838, or 87.2 percent, below the agency's FY 2009 estimate. The decrease for funding is due to the suspension of operation at the facility, which occurred December 8, 2008.

### Governor's Recommendation

The **Governor** recommends **FY 2010** operating expenditures of \$386,868, including \$379,770 from the State General Fund. The recommendation is an all funds decrease of \$2,708,012, or 87.5 percent, and a State General Fund decrease of \$2,635,129 or 87.4 percent, below the FY 2009 recommendation. The decrease is attributable to the closure of the facility

The recommendation is a State General Fund decrease of \$6,291, or 1.6 percent, below the agency's FY 2010 request. The decrease is attributable to the Governor recommending a partial year moratorium for the State's contribution to the state employee health plan. The moratorium will occur in the first seven payroll periods of FY 2010, with balances in the Health Insurance Premium Reserve Fund sufficient to maintain state employee health benefits; as well as the Governor recommending a partial year moratorium on the employer contribution to KPERS death and disability. The moratorium will last the first nine months of FY 2010.

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## Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor with the following adjustments:

1. Delete \$45,075, including \$37,977 from the State General Fund, for an across the board reduction of 10.0 percent from the FY 2010 Governor's budget recommendation.

## Senate Subcommittee Report

**Agency:** Beloit Juvenile Correctional Facility **Bill No.** SB - -

**Bill Sec.** - -

**Analyst:** Butler

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

**Budget Page No.** 369

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 3,953,699	\$ 3,807,424	\$ (397,964)
Other Funds	98,793	98,793	(872)
Subtotal - Operating	\$ 4,052,492	\$ 3,906,217	\$ (398,836)
<b>Capital Improvements:</b>			
State General Fund	\$ 40,338	\$ 40,338	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 40,338	\$ 40,338	\$ 0
<b>TOTAL</b>	<b>\$ 4,092,830</b>	<b>\$ 3,946,555</b>	<b>\$ (398,836)</b>
<b>FTE Positions</b>			
	87.0	87.0	0.0
<b>Non FTE Uncl. Perm. Pos.</b>			
	2.0	2.0	0.0
<b>TOTAL</b>	<b>89.0</b>	<b>89.0</b>	<b>0.0</b>

### Agency Request

The **agency** requests a **FY 2010** operating budget of \$4,052,492, an increase of \$61,376, or 1.5 percent, above the revised 2009 estimate. The agency request FY 2010 State General Fund expenditures of \$3,953,699, an increase of \$54,376, or 1.4 percent, above the agency's FY 2009 estimate.

### Governor's Recommendation

The **Governor** recommends **FY 2010** operating expenditures of \$3,906,217 including \$3,807,424 from the State General Fund. The recommendation is an all funds decrease of \$82,143, or 2.1 percent, and a State General Fund decrease of \$89,143, or 2.3 percent, below the Governor's FY 2009 recommendation.

The recommendation is an all funds decrease of \$146,275, or 3.6 percent, below the amount in the agency's FY 2010 revised request. The decrease is attributable to the Governor recommending a partial year moratorium for the State's contribution to the state employee health plan. The moratorium will occur in the first seven payroll periods of FY 2010, with balances in the Health Insurance Premium Reserve Fund sufficient to maintain state employee health benefits; as well as the Governor recommending a partial year moratorium on the employer contribution to KPERS death and disability. The moratorium will last the first nine months of FY 2010.

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### **Senate Subcommittee Recommendation**

The Subcommittee concurs with the Governor with the following adjustments:

1. Delete \$398,836, including \$397,964 from the State General Fund, for an across the board reduction of 10.0 percent from the FY 2009 Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Kansas Juvenile Correctional Complex **Bill No.** SB - -

**Bill Sec.** - -

**Analyst:** Butler

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

**Budget Page No.** 371

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 16,464,999	\$ 15,721,236	\$ (1,570,478)
Other Funds	542,370	542,370	(52,347)
Subtotal - Operating	\$ 17,007,369	\$ 16,263,606	\$ (1,622,825)
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	
Other Funds	14,590	14,590	
Subtotal - Capital Improvements	\$ 14,590	\$ 14,590	\$ 0
<b>TOTAL</b>	<b>\$ 17,021,959</b>	<b>\$ 16,278,196</b>	<b>\$ (1,622,825)</b>
<b>FTE Positions</b>	316.5	269.5	0.0
<b>Non FTE Uncl. Perm. Pos.</b>	11.0	11.0	0.0
<b>TOTAL</b>	<b>327.5</b>	<b>280.5</b>	<b>0.0</b>

### Agency Request

The **agency** requests a **FY 2010** operating budget of \$17,007,369, an increase of \$627,862, or 3.8 percent, above the revised FY 2009 estimate. The agency estimates FY 2010 State General Fund expenditures of \$16,464,999, an increase of \$608,964, or 3.8 percent, above the agency's FY 2009 estimate. The agency is requesting \$271,134, all from the State General Fund, for three enhancement packages to fund an increase due to the rising youth resident population due to the closing of Atchison Juvenile Correctional Facility. Included in the enhancement package is a request to replace two agency vehicles.

### Governor's Recommendation

The **Governor** recommends a **FY 2010** operating budget of \$16,263,606, with \$15,721,236 from the State General Fund. The recommendation is an all funds increase of \$35,357, or 0.2 percent, and a State General Fund increase of \$16,459, or 0.1 percent, above the FY 2009 recommendation. The recommendation is mostly attributable to the shift in FTE positions from Atchison.

The Governor's recommendation is an all funds decrease of \$743,763, or 4.4 percent, all from the State General Fund, below the agency's FY 2010 request. The majority of the decrease is attributable to the Governor recommending a partial year moratorium for the State's contribution to the state employee health plan. The moratorium will occur in the first seven payroll periods of FY 2010, with balances in the Health Insurance Premium Reserve Fund sufficient to maintain state

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employee health benefits; as well as the Governor recommending a partial year moratorium on the employer contribution to KPERS death and disability. The moratorium will last the first nine months of FY 2010.

### **Senate Subcommittee Recommendation**

The Subcommittee concurs with the Governor with the following adjustments:

1. Delete \$1,622,825, including \$1,570,478 from the State General Fund, for an across the board reduction of 10.0 percent from the FY 2009 Governor's recommendation.



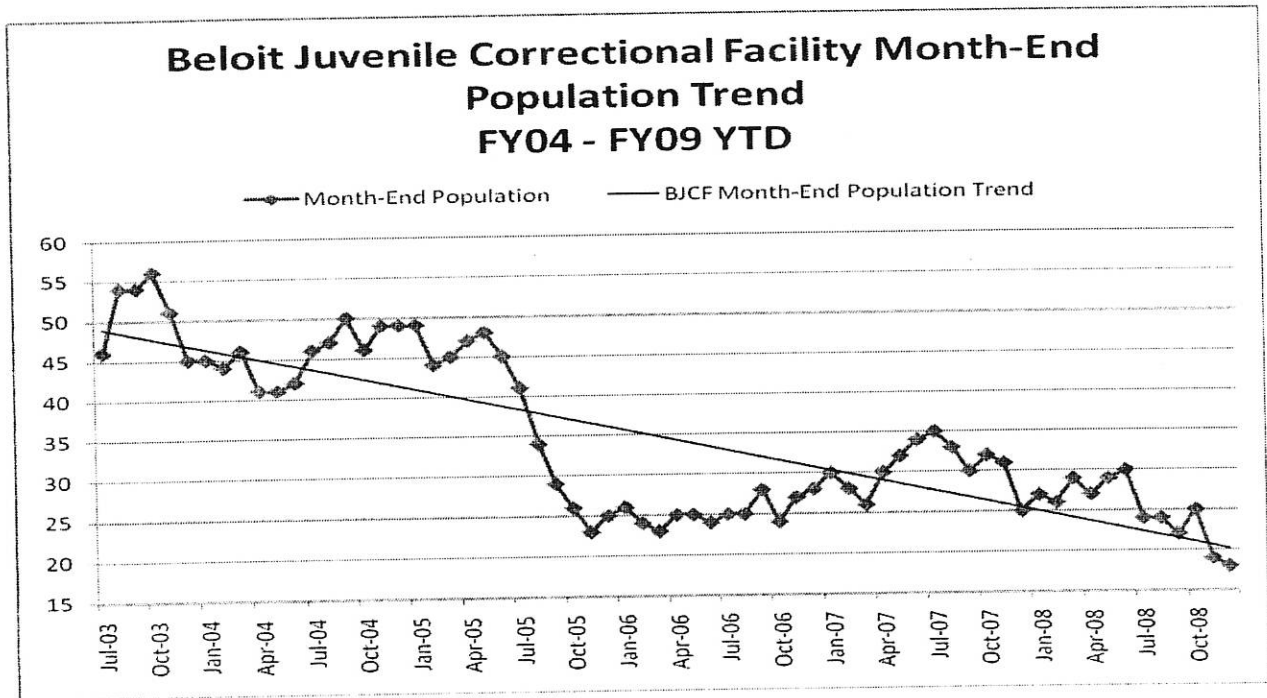
### **Senate Subcommittee Recommendation**

The Subcommittee concurs with the Governor with the following adjustments:

1. Delete \$849,607, including \$838,601 from the State General Fund, for an across the board reduction of 10.0 percent from the FY 2009 Governor's recommendation.

**5% Reduction**

In the event of an additional 5% reduction, JJA would propose the suspension of operations at the Beloit Juvenile Correctional Facility. The Beloit facility has experienced a consistent reduction in the average daily population during the past six years. The current operating budget is approximately \$4 million. The current census is 20 youth. Beloit serves as the only female juvenile correctional facility. JJA would move the girls from their current facility to the campus of the former Topeka Juvenile Correctional Facility and transfer \$1.4 million to support operations at Topeka. The remaining \$2.5 million realized as operational saving would be applied as a part of the agency budget reduction. The table below represents the census at the Beloit facility on the last day of each month since July 2003.



JJA would also continue to hold open positions that were subject to layoff in FY09 in JJA central office and at the remaining juvenile correctional facilities which would amount to \$931,473 in additional cuts.

**Above 5% - 10% Reduction**

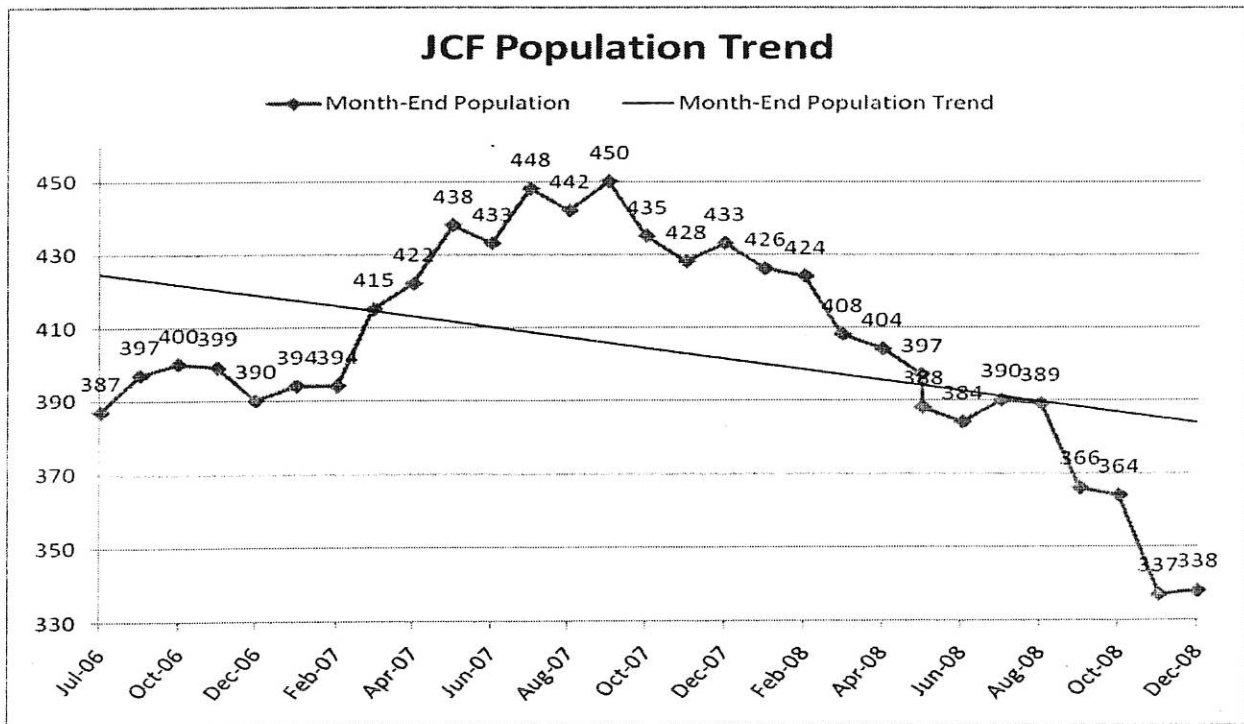
In the event of an additional reduction greater than 5% above the Governor's budget recommendation for FY10, JJA would reduce prevention grants to communities in the amount of \$3.4 million. \$5.6 million are currently granted by the agency to support community prevention programs. Reductions would be in proportion to the current level of funding in each district. The balance of funds remaining for prevention programs, \$2.2 million, would be distributed to districts in the same proportion as currently distributed. Children's Initiative Funds support the prevention programs. To generate the necessary SGF savings \$3.4 million in CIF funds would be shifted to graduated sanctions and the graduations sanctions budget would be reduced by \$3.4 million SGF.



**Kansas Juvenile Justice Authority**  
**FY10 Priority Reductions Rationale**

JJA was asked to prepare a listing of agency contemplated actions in order to meet various levels of possible further budget reduction. In determining a starting point, JJA is utilizing the Governor's recommended budget for the agency in FY10. The attached table reflects the values associated with targeted reductions to meet an additional 5% and 10% above the Governor's recommendation.

The proposed reductions are being targeted to service areas and programs that will least disrupt the ability of JJA to meet the service demands upon the system of juvenile justice and sustain the positive outcomes experienced by youth who touch the system at any point. Larned Juvenile Correctional Facility and the Kansas Juvenile Correctional Complex have experienced reductions to the point that further reductions will result in elimination of programming. Purchase of services such as community placement in group homes or psychiatric residential treatment facilities are not an option for reduction as the agency is statutorily required to provide such services for youth who are court ordered to be removed from their homes. Graduated sanctions – core community service programs including intervention programs, intake and assessment, intensive supervision probation and community case management should be maintained at the current levels, if at all possible, as reductions in this area will undoubtedly lead to greater numbers of youth being placed in juvenile correctional facilities that are much more costly to operate. The table below illustrates the month end census of all juvenile correctional facilities since July 2006. The strengthening of the capacity of communities to more effectively manage youth and the confidence of judges that the system is better able to meet the needs of youth has resulted in the significant decline in juvenile correctional facility populations.



## Minority Report

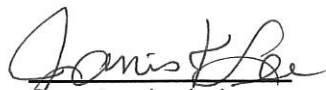
I concur with the Subcommittee recommendation with the following exceptions. The Subcommittee is recommending a 10.0 percent across the board reduction. I believe that a cut of this magnitude will devastate the current Juvenile Justice system. According to the agency, the reductions will require the closure of another facility and reductions in prevention programs. Prevention programs appear to be working as indicated in the reduced populations in Juvenile Correctional Facilities.

The agency would propose the closure of the Beloit Juvenile Correctional Facility and move the girls there to the campus of the former Topeka Juvenile Correctional Facility. According to the *Report to the Governor Concerning Operations of the Beloit Juvenile Correctional Facility*, that would not be the best option available. The report that was produced by the Kansas Advisory Group on Juvenile Justice and Delinquency Prevention said this about this possibility: "From purely a budgetary standpoint, relocating female offenders to Topeka would be the cheapest option. However, recruitment and retention of staff will always be an issue and the quality of programming, education, and supervision may suffer if quality staff cannot be hired in sufficient numbers. The physical plant issues faced at BJCF would be present at the old Topeka facility, despite an investment of over \$400,000 in the physical plant. The disparity issue would continue to exist if not worsen by having female offenders next door to their male counterparts at KJCC. Finally, the City of Beloit has a history of serving the young women of Kansas and supporting the facility. It would be a disservice to city and the surrounding community to relocate the residents when the quality of life and programming does not improve."

I also believe that a thorough study should be completed before a facility is closed. A commission has been set up to review efficiencies by possibly suspending, merging or streamlining programs. The Facilities Closure and Realignment Commission, created by Executive Order 09-01, will study the closure or realignment of state facilities. The group will consider the savings; impact to communities and feasibility of such actions; and make recommendations to the governor and the legislature on or before December 1, 2009. Upon review and approval by the governor, the recommendations will be submitted to the 2010 Legislature as an Executive Reorganization Order.

I have heard suggestions from constituents about reducing the number of administrative positions, assess staffing patterns and other needs for a facility with population of under 25 girls. I believe there are other efficiencies to review as well before closing a facility.

I would recommend an across the board reduction of 7.5 percent and require that a facility could not be closed or operation suspended at any facility until the Facilities Closure and Realignment Commission makes their final recommendation.

  
Senator Janis Lee

Senate Ways & Means Cmte

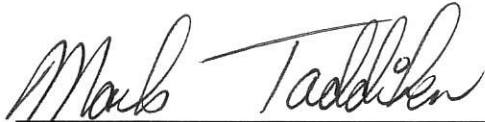
Date 2-12-2009

Attachment 2

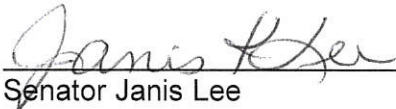
FY 2010

SENATE WAYS AND MEANS SUBCOMMITTEE

Department of Corrections  
El Dorado Correctional Facility  
Ellsworth Correctional Facility  
Hutchinson Correctional Facility  
Lansing Correctional Facility  
Larned Correctional Mental Health Facility  
Norton Correctional Facility  
Topeka Correctional Facility  
Winfield Correctional Facility



Senator Mark Taddiken, Chair



Senator Janis Lee



Senator Vicki Schmidt



Senator Ruth Teichman

Senate Ways & Means Cmte  
Date 2-12-2009  
Attachment 3

## Senate Subcommittee Report

**Agency:** Department of Corrections **Bill No.** SB --

**Bill Sec.** --

**Analyst:** Waltner

**Analysis Pg. No.**

**Budget Page No.** 329

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 126,000,235	\$ 108,681,752	\$ 0
Other Funds	16,741,735	16,639,220	0
Subtotal - Operating	\$ 142,741,970	\$ 125,320,972	\$ 0
<b>Capital Improvements:</b>			
State General Fund	\$ 3,600,000	\$ 985,303	\$ 0
Other Funds	5,091,000	5,186,000	0
Subtotal - Capital Improvements	\$ 8,691,000	\$ 6,171,303	\$ 0
<b>TOTAL</b>	<b>\$ 151,432,970</b>	<b>\$ 131,492,275</b>	<b>\$ 0</b>
FTE Positions	326.7	325.7	0.0
Non FTE Uncl. Perm. Pos.	120.0	120.0	0.0
<b>TOTAL</b>	<b>446.7</b>	<b>445.7</b>	<b>0.0</b>

### Agency Request

The **Department of Corrections** requests \$142.7 million, including \$126.0 million from the State General Fund, for FY 2010 operating expenditures. The request is an all funds increase of \$3.0 million, or 2.1 percent, and a State General Fund increase of \$5.3 million, or 4.4 percent above the revised FY 2009 estimate. The request includes enhancement funding totaling \$11.8 million, all from the State General Fund, and 4.0 positions, including 1.0 FTE position. Absent the enhancement funding the request is an all funds decrease of \$8.6 million, or 6.2 percent, and a State General Fund decrease of \$6.6 million, or 5.4 percent, below the revised FY 2009 estimate. The request would fund 326.7 FTE positions, which is an increase of 6.0 FTE positions, and 120.0 non-FTE unclassified positions, which is the same as the revised estimate.

### Governor's Recommendation

The **Governor** recommends \$125.3 million, including \$108.7 million from the State General Fund, for FY 2010 operating expenditures. The recommendation is an all funds decrease of \$17.4 million, or 12.2 percent, below the agency request. The State General Fund recommendation is a decrease of \$173 million, or 13.7 percent, below the agency request. The recommendation includes 325.7 FTE positions, which is a decrease of 1.0 FTE positions, and 117.0 non-FTE unclassified positions, which is a decrease of 3.0 positions, below the agency request.

## Senate Subcommittee Recommendation

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

1. The Subcommittee concurs with the Governor's reductions for this agency but recognizes additional cuts may be necessary to reflect the final action of the conference committee on House Substitute for Substitute for SB 23.

The Subcommittee commends the Department of Corrections on the high quality of budget documents provided to the Subcommittee, which are attached to this report. The budget documents provided concise, well-organized information in a useable format.

The Subcommittee has identified potential additional reductions for FY 2010, which are attached to this report.

2. The Subcommittee notes the total reduction from the base budget recommended by the Governor for the Department of Corrections and facilities system totals \$20.1 million, all from the State General Fund, which includes the savings from debt restructuring and the moratoriums on the state contribution to KPERS death and disability and health insurance.
3. The Subcommittee notes that the Department of Corrections has absorbed the balance of the Governor's recommended reductions in order to maintain the same level of staffing and operations at the eight correctional facilities, with the exception of the suspension of operations at Osawatomie, Stockton, and Toronto Correctional Facilities. Therefore, the Subcommittee recommends that when the Ways and Means Committee takes action on the amount of the FY 2010 reduction in the Department of Corrections budget that the Department be allowed the flexibility to make adjustments as the Secretary deems most appropriate for the correctional system.
4. The Subcommittee commends the Department of Corrections on making realistic budget reductions that have the least adverse affect on public safety. The Subcommittee notes that budget reductions above what the Governor recommends for FY 2010 have the potential to negatively impact public safety.

FY 2010 BASE BUDGET REDUCTION - GOVERNOR'S RECOMMENDATION  
KANSAS DEPARTMENT OF CORRECTIONS

<b>Authorized State General Fund Expenditures - FY 2009</b>	<b>\$ 273,304,403</b>
<b>Base Adjustments:</b>	
--Deletion of amount for vehicle purchases	(465,599)
--Addition for fringe benefit rate increases	4,629,958
--Addition for increased fee for new financial management system	<u>38,576</u>
<b>Base Budget - FY 2010</b>	<b>277,507,338</b>
Less: Governor's recommended FY 2010 SGF Expenditures	<u>(257,392,770)</u>
<b>Amount of reduction from FY 2010 base budget</b>	<b><u>\$ 20,114,568</u></b>
<b>Percent of reduction from base budget (\$277,507,338)</b>	<b>7.25%</b>

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KANSAS DEPARTMENT OF CORRECTIONS  
 PROPOSED REDUCTIONS FROM BASE BUDGET - FISCAL YEAR 2010\*

Priority Number	Item	Proposed Adjustment to Base Budget	Total Adjustment from Base Budget	Percent Change from Base Budget
--	Base increases deemed essential by the agency	2,636,560	2,636,560	0.95%
--	State General Fund transfer to the eight correctional facilities	2,852,693	5,489,253	1.98%
1	Food service and health care contract savings - reduced inmate population	(553,407)	4,935,846	1.78%
2	Restructure debt service payments	(835,000)	4,100,846	1.48%
3	Partially suspend payments for fringe benefit employer contributions	(5,723,552)	(1,622,706)	-0.58%
4	Delete unallocated amount for offender programs	(904,000)	(2,526,706)	-0.91%
5	Suspend operations of the Osawatomie Correctional Facility	(902,699)	(3,429,405)	-1.24%
6	Suspend operations of the Toronto Correctional Facility	(907,393)	(4,336,798)	-1.56%
7	Suspend operations of the Stockton Correctional Facility	(1,647,927)	(5,984,725)	-2.16%
8	Eliminate funding for 4th time DUI offenders (offset by increasing DOC share of district court fines and forfeitures)	(538,000)	(6,522,725)	-2.35%
9	Replace financing for offender programs with additional commissions from inmate telephone contract	(750,000)	(7,272,725)	-2.62%
10	Assess shrinkage rate of 5 percent against reentry program positions	(166,000)	(7,438,725)	-2.68%
11	Increase central office shrinkage rate to 5 percent	(305,000)	(7,743,725)	-2.79%
12	Close Correctional Conservation Camps	(3,371,324)	(11,115,049)	-4.01%
13	Close day reporting centers and retain partial funding to continue essential services	(869,520)	(11,984,569)	-4.32%
14	Replace financing of the health care contract with transfer from the Correctional Industries Fund	(1,202,904)	(13,187,473)	-4.75%
15	Reduce funding for community corrections grants, excluding adult residential centers, by 3 percent	(525,000)	(13,712,473)	-4.94%
16	Delete funding for residential centers in Johnson and Sedgwick counties	(2,068,020)	(15,780,493)	-5.69%
17	Health care contract savings from intentionally holding positions vacant and delaying equipment purchases	(600,000)	(16,380,493)	-5.90%
18	Delete funding for replacement of major computer systems (OMIS/TOADS)	(450,000)	(16,830,493)	-6.06%
19	Reduce funding for offender programs	(3,284,075)	(20,114,568)	-7.25%
20	1 percent reduction in facilities operations	(1,461,252)	(21,575,820)	-7.77%
21	Reduce funding for offender programs	(2,072,925)	(23,648,745)	-8.52%
22	Eliminate 13 special enforcement officer positions (parole services)	(618,000)	(24,266,745)	-8.74%
23	Eliminate 10 parole officer positions	(425,000)	(24,691,745)	-8.90%
24	Suspend operations of the North Unit of the El Dorado Correctional Facility	(1,187,169)	(25,878,914)	-9.33%
25	Terminate Wyandotte County Reentry Program	(630,000)	(26,508,914)	-9.55%
26	Reduce funding for reentry programs	(260,000)	(26,768,914)	-9.65%
27	Reduce funding for offender programs	(696,887)	(27,465,801)	-9.90%
28	Eliminate 3 positions from the crime victims assistance program	(150,000)	(27,615,801)	-9.95%
29	Reduce community corrections grants by an additional 7 percent	(1,225,000)	(28,840,801)	-10.39%
30	Reduce funding for parole services (would result in the elimination of as many as 23 parole officer positions)	(993,810)	(29,834,611)	-10.75%
31	Reduce funding for offender programs	(279,957)	(30,114,568)	-10.85%

Governor's  
 Recommended System-  
 Wide Reduction

\*) Compiled by the Kansas Legislative Research Department from Kansas Department of Corrections Data

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## Senate Subcommittee Report

**Agency:** El Dorado Correctional Facility **Bill No.** SB --

**Bill Sec.** --

**Analyst:** Waltner

**Analysis Pg. No.**

**Budget Page No.** 343

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 25,767,323	\$ 23,333,108	\$ 0
Other Funds	129,113	69,930	0
Subtotal - Operating	\$ 25,896,436	\$ 23,403,038	\$ 0
<b>Capital Improvements:</b>			
State General Fund	\$ 201,462	\$ 201,462	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 201,462	\$ 201,462	\$ 0
<b>TOTAL</b>	<b>\$ 26,097,898</b>	<b>\$ 23,604,500</b>	<b>\$ 0</b>
FTE Positions	463.0	446.0	0.0
Non FTE Uncl. Perm. Pos.	3.0	3.0	0.0
<b>TOTAL</b>	<b>466.0</b>	<b>449.0</b>	<b>0.0</b>

### Agency Request

**El Dorado Correctional Facility** requests \$25.9 million, including \$25.8 million from the State General Fund, for FY 2010 operating expenditures. The request is an all funds increase of \$1.6 million, or 6.6 percent, and a State General Fund increase of \$1.6 million, or 6.6 percent, above the revised FY 2009 estimate. The request includes enhancement requests totaling \$1.7 million, including \$1.7 million from the State General Fund. Absent the enhancement requests the FY 2010 request is an all funds decrease of \$148,800, or 0.6 percent, and a State General Fund decrease of \$93,236, or 0.4 percent, below the revised FY 2009 estimate. The request would fund 466.0 positions including 463.0 FTE positions, the same as the revised FY 2009 estimate.

### Governor's Recommendation

The **Governor** recommends \$23.4 million, including \$23.3 million from the State General Fund. This is an all funds decrease of \$2,493,398, or 9.6 percent, below the agency request for FY 2010. The State General Fund recommendation is a decrease of \$2,434,215, or 9.4 percent, below the agency request, which can be attributed to the Governor's recommended moratoriums for KPERS death and disability and state employee health insurance state funded contributions.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.



## Senate Subcommittee Report

Agency: Ellsworth Correctional Facility      Bill No. SB --

Bill Sec. --

Analyst: Waltner

Analysis Pg. No.

Budget Page No. 345

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 12,989,166	\$ 12,259,701	\$ 0
Other Funds	51,320	49,526	0
Subtotal - Operating	<u>\$ 13,040,486</u>	<u>\$ 12,309,227</u>	<u>\$ 0</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 77,097	\$ 77,097	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 77,097</u>	<u>\$ 77,097</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 13,117,583</u></u>	<u><u>\$ 12,386,324</u></u>	<u><u>\$ 0</u></u>
<b>FTE Positions</b>			
FTE Positions	220.0	219.0	0.0
Non FTE Uncl. Perm. Pos.	3.0	3.0	0.0
<b>TOTAL</b>	<u><u>223.0</u></u>	<u><u>222.0</u></u>	<u><u>0.0</u></u>

### Agency Request

**Ellsworth Correctional Facility** requests \$13.0 million, including \$13.0 million from the State General Fund, for FY 2010 operating expenditures, which is an all funds increase of \$522,445, or 4.2 percent, and a State General Fund increase of \$529,464, or 4.2 percent, above the revised FY 2009 estimate. The request includes enhancement funding totaling \$282,212, all from the State General Fund and 1.0 FTE position. Absent the enhancement funding, the request is an all funds increase of \$240,233, or 1.9 percent, and a State General Fund increase of \$247,252, or 2.0 percent, above the revised FY 2009 estimate. The request would fund 220.0 FTE positions and 3.0 non-FTE positions, which is an increase of 1.0 FTE position above the revised FY 2009 estimate. The increase in FTE positions is due to an enhancement request for a technology support position.

### Governor's Recommendation

The **Governor** recommends \$12.3 million, including \$12.3 million from the State General Fund for FY 2010 operating expenditures. The recommendation is a decrease of \$731,259, or 5.6 percent, below the agency request. The decrease is due to none of the agency enhancements being recommended by the Governor and the recommended decrease for moratoriums for KPERS death and disability and state employee health insurance state funded contributions.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

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## Senate Subcommittee Report

**Agency:** Hutchinson Correctional Facility **Bill No.** SB --

**Bill Sec.** --

**Analyst:** Waltner

**Analysis Pg. No.**

**Budget Page No.** 347

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 29,657,280	\$ 27,982,967	\$ 0
Other Funds	424,000	417,096	0
Subtotal - Operating	\$ 30,081,280	\$ 28,400,063	\$ 0
<b>Capital Improvements:</b>			
State General Fund	\$ 259,000	\$ 259,000	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 259,000	\$ 259,000	\$ 0
<b>TOTAL</b>	<b>\$ 30,340,280</b>	<b>\$ 28,659,063</b>	<b>\$ 0</b>
<b>FTE Positions</b>			
FTE Positions	512.0	512.0	0.0
Non FTE Uncl. Perm. Pos.	3.0	3.0	0
<b>TOTAL</b>	<b>515.0</b>	<b>515.0</b>	<b>0.0</b>

### Agency Request

**Hutchinson Correctional Facility** requests FY 2010 operating expenditures of \$30,081,280, including \$29,657,280 from the State General Fund. The FY 2010 request is an all funds increase of \$1,305,806, or 4.5 percent, and a State General Fund increase of \$1,449,657, or 5.1 percent, above the revised FY 2009 estimate. The request includes enhancement funding totaling \$621,657, all from the State General Fund. Absent the enhancement requests, the FY 2010 request is an all funds increase of \$684,149, or 2.3 percent, above the revised FY 2009 estimate.

### Governor's Recommendation

The **Governor** recommends \$28.4 million, including \$28.0 million from the State General Fund, for FY 2010 operating expenditures. The recommendation is a decrease of \$1.7 million, or 5.6 percent, below the agency request. The decrease is due to three agency enhancement requests totaling \$621,657, all from the State General Fund, not being recommended by the Governor. The balance of the decrease is for moratoriums for KPERS death and disability and state employee health insurance state funded contributions.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Lansing Correctional Facility **Bill No.** SB --

**Bill Sec.** --

**Analyst:** Waltner

**Analysis Pg. No.**

**Budget Page No.** 349

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 39,211,162	\$ 36,334,121	\$ 0
Other Funds	250,000	250,000	0
Subtotal - Operating	\$ 39,461,162	\$ 36,584,121	\$ 0
<b>Capital Improvements:</b>			
State General Fund	\$ 365,887	\$ 365,887	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 365,887	\$ 365,887	\$ 0
<b>TOTAL</b>	<b>\$ 39,827,049</b>	<b>\$ 36,950,008</b>	<b>\$ 0</b>
FTE Positions	699.0	682.0	0.0
Non FTE Uncl. Perm. Pos.	3.0	3.0	0.0
<b>TOTAL</b>	<b>702.0</b>	<b>685.0</b>	<b>0.0</b>

### Agency Request

**Lansing Correctional Facility** requests \$39.5 million, including \$39.2 million from the State General Fund, for FY 2010 operating expenditures. The request is an all funds increase of \$2.0 million, or 5.5 percent, and a State General Fund increase of \$2.0 million, or 5.5 percent, above the revised FY 2009 estimate. The request would fund 699.0 FTE positions and 3.0 non-FTE unclassified positions, the same as the revised FY 2009 estimate. The request includes enhancement funding of \$1.7 million, all from the State General Fund, and 17.0 FTE positions. Absent the enhancement request the request is an increase of \$364,596, or 1.0 percent, above the revised FY 2009 estimate.

### Governor's Recommendation

The **Governor** recommends \$36.6 million, including \$36.3 million from the State General Fund, for FY 2010 operating expenditures. The recommendation is a decrease of \$2.9 million, or 7.3 percent, below the agency request. The decrease is partially due to five enhancements that were not recommended by the Governor. The balance of the decrease is for moratoriums for KPERS death and disability and state employee health insurance state funded contributions.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Larned Correctional Mental Health Facility **Bill No.** SB --

**Bill Sec.** --

**Analyst:** Waltner

**Analysis Pg. No.**

**Budget Page No.** 351

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 10,117,447	\$ 9,657,628	\$ 0
Other Funds	13,300	13,300	0
Subtotal - Operating	<u>\$ 10,130,747</u>	<u>\$ 9,670,928</u>	<u>\$ 0</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 14,762	\$ 14,762	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 14,762</u>	<u>\$ 14,762</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 10,145,509</u></u>	<u><u>\$ 9,685,690</u></u>	<u><u>\$ 0</u></u>
FTE Positions	185.0	185.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>186.0</u></u>	<u><u>186.0</u></u>	<u><u>0.0</u></u>

### Agency Request

**Larned Correctional Mental Health Facility** requests FY 2010 operating expenditures totaling \$10,130,747, including \$10,117,447 from the State General Fund. The request is an all funds increase of \$613,679, or 6.4 percent, and a State General Fund increase of \$602,479, or 6.3 percent, above the revised FY 2009 estimate. The request includes one enhancement request of \$114,598 for the replacement of vehicles. The FY 2010 request would fund 185.0 FTE positions and 1.0 non-FTE unclassified position.

### Governor's Recommendation

The **Governor** recommends \$9.7 million, including \$9.7 million from the State General Fund, for FY 2010 operating expenditures. The recommendation is a decrease of \$459,819, or 4.5 percent, below the agency request. The decrease includes \$345,221 for moratoriums on KPERS death and disability and state employee health insurance state funded contributions as well as \$114,598 for an enhancement request that was not recommended.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Norton Correctional Facility **Bill No.** SB --

**Bill Sec.** --

**Analyst:** Waltner

**Analysis Pg. No.**

**Budget Page No.** 353

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 15,026,644	\$ 12,535,151	\$ 0
Other Funds	264,828	171,044	0
Subtotal - Operating	\$ 15,291,472	\$ 12,706,195	\$ 0
<b>Capital Improvements:</b>			
State General Fund	\$ 168,598	\$ 168,598	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 168,598	\$ 168,598	\$ 0
<b>TOTAL</b>	<b>\$ 15,460,070</b>	<b>\$ 12,874,793</b>	<b>\$ 0</b>
FTE Positions	263.0	232.0	0.0
Non FTE Uncl. Perm. Pos.	4.0	3.0	
<b>TOTAL</b>	<b>267.0</b>	<b>235.0</b>	<b>0.0</b>

### Agency Request

**Norton Correctional Facility** requests \$15.3 million, including \$15.0 million from the State General Fund, for FY 2010 operating expenditures. The request is an all funds increase of \$934,062, or 6.5 percent, and a State General Fund increase of \$863,011, or 6.1 percent, above the revised FY 2009 estimate. The request includes enhancement funding of \$401,846, all from the State General Fund, for vehicle replacement. Absent the enhancement funding the request is an increase of \$532,216, or 3.7 percent, above the revised FY 2009 estimate. The request would fund 267.0 positions, including 264.0 FTE positions, which is the same as the revised estimate.

### Governor's Recommendation

The **Governor** recommends \$12.7 million, including \$12.5 million from the State General Fund, for FY 2010 operating expenditures. The recommendation is a reduction of \$2.6 million, including \$2.5 million from the State General Fund, below the agency request. The decrease is due to in part to an enhancement request for vehicle replacement totaling \$401,846, all from the State General Fund, which was not recommended by the Governor. The recommendation also includes a reduction of \$1.7 million, including \$1.6 million from the State General Fund, to suspend operations at the Stockton Correctional Facility, and a reduction of \$445,690 for moratoriums on KPERS death and disability and state employee health insurance state contributions.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

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## Senate Subcommittee Report

**Agency:** Topeka Correctional Facility **Bill No.** SB --

**Bill Sec.** --

**Analyst:** Waltner

**Analysis Pg. No.**

**Budget Page No.** 355

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 13,314,878	\$ 12,282,068	\$ 0
Other Funds	943,574	915,968	0
Subtotal - Operating	\$ 14,258,452	\$ 13,198,036	\$ 0
Capital Improvements:			
State General Fund	\$ 64,015	\$ 64,015	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 64,015	\$ 64,015	\$ 0
 TOTAL	 \$ 14,322,467	 \$ 13,262,051	 \$ 0
FTE Positions			
	246.0	246.0	0.0
Non FTE Uncl. Perm. Pos.			
	7.0	7.0	0.0
TOTAL	253.0	253.0	0.0

### Agency Request

**Topeka Correctional Facility** requests FY 2010 operating expenditures of \$14,258,452, including \$13,314,878 from the State General Fund. This is an all funds increase of \$1,083,359, or 8.2 percent, and a State General Fund increase of \$1,063,408, or 8.7 percent, above the FY 2009 revised estimate. The request would fund the same number of FTE and non-FTE unclassified positions as FY 2009. The request includes enhancements totaling \$593,370 for vehicle replacement and funding for authorized but unfunded positions.

### Governor's Recommendation

The **Governor** recommends \$13.2 million, including \$12.3 million from the State General Fund, for FY 2010 operating expenditures. The recommendation is a decrease of \$1.1 million, or 7.4 percent, below the agency request. The decrease is due to three enhancement requests totaling \$593,370, all from the State General Fund, that were not recommended by the Governor and \$467,046, all from the State General Fund, for the recommended moratoriums for KPERS death and disability and state employee health insurance state funded contributions.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

## Senate Subcommittee Report

**Agency:** Winfield Correctional Facility **Bill No.** SB --

**Bill Sec.** --

**Analyst:** Waltner

**Analysis Pg. No.**

**Budget Page No.** 357

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 13,238,407	\$ 12,059,239	\$ 0
Other Funds	271,196	260,793	0
Subtotal - Operating	\$ 13,509,603	\$ 12,320,032	\$ 0
<b>Capital Improvements:</b>			
State General Fund	\$ 130,911	\$ 130,911	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 130,911	\$ 130,911	\$ 0
<b>TOTAL</b>	<b>\$ 13,640,514</b>	<b>\$ 12,450,943</b>	<b>\$ 0</b>
FTE Positions	200.0	200.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
<b>TOTAL</b>	<b>202.0</b>	<b>202.0</b>	<b>0.0</b>

### Agency Request

The **agency** requests \$13,509,603, including \$13,238,407 from the State General Fund. This is an all funds increase of \$1,125,333, or 9.1 percent, and a State General Fund increase of \$1,120,607, or 9.2 percent, above the revised FY 2009 estimate. The request includes \$806,602 in enhancement funding for vehicle replacement. This amount would fund 200.0 FTE positions and 2.0 non-FTE unclassified positions.

### Governor's Recommendation

The **Governor** recommends \$12.3 million, including \$12.1 million from the State General Fund, for FY 2010 operating expenditures. The recommendation is a decrease of \$1.2 million, or 8.8 percent, below the agency request. The decrease is due to an enhancement request totaling \$806,602, all from the State General Fund, for vehicle replacement that is not being recommended by the Governor and recommended moratoriums for KPERS death and disability and state employee health insurance state funded contributions.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

# KANSAS DEPARTMENT OF CORRECTIONS - FY 2010 REDUCTION TARGETS

<b>Governor's Recommended State General Fund Expenditures - FY 2009</b>	<b>267,750,786</b>
<b>Adjustments:</b>	
--Deletion of debt service payments - DOC central office	(2,841,303)
--Deletion of debt service payments - facilities	<u>(1,599,087)</u>
<b>Adjusted State General Fund Base Budget - FY 2009</b>	<b><u>\$ 263,310,396</u></b>
<b>10% Reduction Target</b>	<b><u>\$ 26,331,040</u></b>
<b>Additional 8% Reduction Target</b>	<b><u>\$ 21,064,832</u></b>



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

02/11/2009

<u>Priority Number</u>	<u>Item</u>	<u>Proposed Adjustment to Base Budget</u>	<u>Total Adjustment from Base Budget</u>	<u>Percent Change from Base Budget</u>	
	<b>Adjusted FY 2009 State General Fund Base Budget</b>	<b>263,310,396</b>			
--	Base increases deemed essential by the agency	2,636,560	2,636,560	1.00%	
--	State General Fund transfer to the eight correctional facilities	2,852,693	5,489,253	2.08%	
1	Food service and health care contract savings - reduced inmate population	(553,407)	4,935,846	1.87%	
2	Restructure debt service payments	(835,000)	4,100,846	1.56%	
---	Partially suspend payments for fringe benefit employer contributions		4,100,846	1.56%	
3	Delete unallocated amount for offender programs	(904,000)	3,196,846	1.21%	
4	Suspend operations of the Osawatomie Correctional Facility	(902,699)	2,294,147	0.87%	
5	Suspend operations of the Toronto Correctional Facility	(907,393)	1,386,754	0.53%	
6	Suspend operations of the Stockton Correctional Facility	(1,647,927)	(261,173)	-0.10%	
7	Eliminate funding for 4th time DUI offenders (offset by increasing DOC share of district court fines and forfeitures)	(538,000)	(799,173)	-0.30%	
8	Replace financing for offender programs with additional commissions from inmate telephone contract	(750,000)	(1,549,173)	-0.59%	
9	Assess shrinkage rate of 5 percent against reentry program positions	(166,000)	(1,715,173)	-0.65%	
10	Increase central office shrinkage rate to 5 percent	(305,000)	(2,020,173)	-0.77%	
11	Close Correctional Conservation Camps	(3,371,324)	(5,391,497)	-2.05%	
12	Close day reporting centers and retain \$1,265,000 to continue essential services	(869,520)	(6,261,017)	-2.38%	
13	Replace financing of the health care contract with transfer from the Correctional Industries Fund	(1,202,904)	(7,463,921)	-2.83%	
14	Reduce funding for community corrections grants, excluding adult residential centers, by 3 percent	(525,000)	(7,988,921)	-3.03%	
15	Delete funding for residential centers in Johnson and Sedgwick counties	(2,068,020)	(10,056,941)	-3.82%	
16	Health care contract savings from intentionally holding positions vacant and delaying equipment purchases	(600,000)	(10,656,941)	-4.05%	
17	Delete funding for replacement of major computer systems (OMIS/TOADS)	(450,000)	(11,106,941)	-4.22%	
18	Reduce funding for offender programs	(3,284,075)	(14,391,016)	-5.47%	

**Governor's  
Recommended  
Systemwide  
Reduction**

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

02/11/200

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%
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

<b>Priority Number</b>	<b>Item</b>	<b>Proposed Adjustment to Base Budget</b>	<b>Total Adjustment from Base Budget</b>	<b>Percent Change from Base Budget</b>
	<b>Adjusted FY 2009 State General Fund Base Budget</b>	<b>263,310,396</b>		
-	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%

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

02/11/20

Priority Number	Item	Proposed Adjustment to Base Budget	Total Adjustment from Base Budget	Percent Change from Base Budget
	<b>Adjusted FY 2009 State General Fund Base Budget</b>	<b>263,310,396</b>		
-	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%

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**SENATE BILL No. 219**

By Committee on Ways and Means

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9 AN ACT concerning retirement and pensions; relating to the Kansas  
10 public employees retirement system; death and disability benefits; em-  
11 ployer contributions; amending K.S.A. 2008 Supp. 74-4927 and re-  
12 pealing the existing section.  
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 2008 Supp. 74-4927 is hereby amended to read as  
16 follows: 74-4927. (1) The board may establish a plan of death and long-  
17 term disability benefits to be paid to the members of the retirement  
18 system as provided by this section. The long-term disability benefit shall  
19 be payable in accordance with the terms of such plan as established by  
20 the board, except that for any member who is disabled prior to the ef-  
21 fective date of this act, the annual disability benefit amount shall be an  
22 amount equal to 66 $\frac{2}{3}$ % of the member's annual rate of compensation on  
23 the date such disability commenced. Such plan shall provide that:

24 (A) For deaths occurring prior to January 1, 1987, the right to receive  
25 such death benefit shall cease upon the member's attainment of age 70  
26 or date of retirement whichever first occurs. The right to receive such  
27 long-term disability benefit shall cease (i) for a member who becomes  
28 eligible for such benefit before attaining age 60, upon the date that such  
29 member attains age 65 or the date of such member's retirement, which-  
30 ever first occurs, and (ii) for a member who becomes eligible for such  
31 benefit at or after attaining age 60, the date that such member has re-  
32 ceived such benefit for a period of five years, or upon the date of such  
33 member's retirement, whichever first occurs.

34 (B) Long-term disability benefit payments shall be in lieu of any ac-  
35 cidental total disability benefit that a member may be eligible to receive  
36 under subsection (3) of K.S.A. 74-4916 and amendments thereto. The  
37 member must make an initial application for social security disability ben-  
38 efits and, if denied such benefits, the member must pursue and exhaust  
39 all administrative remedies of the social security administration which  
40 include, but are not limited to, reconsideration and hearings. Such plan  
41 may provide that any amount which a member receives as a social security  
42 benefit or a disability benefit or compensation from any source by reason  
43 of any employment including, but not limited to, workers compensation

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1 benefits may be deducted from the amount of long-term disability benefit  
2 payments under such plan. However, in no event shall the amount of  
3 long-term disability benefit payments under such plan be reduced by any  
4 amounts a member receives as a supplemental disability benefit or com-  
5 pensation from any source by reason of the member's employment, pro-  
6 vided such supplemental disability benefit or compensation is based solely  
7 upon the portion of the member's monthly compensation that exceeds  
8 the maximum monthly compensation taken into account under such plan.

9 As used in this paragraph, "maximum monthly compensation" means the  
10 dollar amount that results from dividing the maximum monthly disability  
11 benefit payable under such plan by the percentage of compensation that  
12 is used to calculate disability benefit payments under such plan. During  
13 the period in which such member is pursuing such administrative reme-  
14 dies prior to a final decision of the social security administration, social  
15 security disability benefits may be estimated and may be deducted from  
16 the amount of long-term disability benefit payments under such plan. If  
17 the social security benefit, workers compensation benefit, other income  
18 or wages or other disability benefit by reason of employment other than  
19 a supplemental benefit based solely on compensation in excess of the  
20 maximum monthly compensation taken into account under such plan, or  
21 any part thereof, is paid in a lump-sum, the amount of the reduction shall  
22 be calculated on a monthly basis over the period of time for which the  
23 lump-sum is given. As used in this section, "workers compensation ben-  
24 efits" means the total award of disability benefit payments under the  
25 workers compensation act notwithstanding any payment of attorney fees  
26 from such benefits as provided in the workers compensation act.

27 (C) The plan may include other provisions relating to qualifications  
28 for benefits; schedules and graduation of benefits; limitations of eligibility  
29 for benefits by reason of termination of employment or membership;  
30 conversion privileges; limitations of eligibility for benefits by reason of  
31 leaves of absence, military service or other interruptions in service; lim-  
32 itations on the condition of long-term disability benefit payment by reason  
33 of improved health; requirements for medical examinations or reports; or  
34 any other reasonable provisions as established by rule and regulation of  
35 uniform application adopted by the board.

36 (D) Any visually impaired person who is in training at and employed  
37 by a sheltered workshop for the blind operated by the secretary of social  
38 and rehabilitation services and who would otherwise be eligible for the  
39 long-term disability benefit as described in this section shall not be eli-  
40 gible to receive such benefit due to visual impairment as such impairment  
41 shall be determined to be a preexisting condition.

42 (2) (A) In the event that a member becomes eligible for a long-term  
43 disability benefit under the plan authorized by this section such member

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1 shall be given participating service credit for the entire period of such  
2 disability. Such member's final average salary shall be computed in ac-  
3 cordance with subsection (17) of K.S.A. 74-4902 and amendments thereto  
4 except that the years of participating service used in such computation  
5 shall be the years of salaried participating service.

6 (B) In the event that a member eligible for a long-term disability  
7 benefit under the plan authorized by this section shall be disabled for a  
8 period of five years or more immediately preceding retirement, such  
9 member's final average salary shall be adjusted upon retirement by the  
10 actuarial salary assumption rates in existence during such period of dis-  
11 ability. Effective July 1, 1993, such member's final average salary shall be  
12 adjusted upon retirement by 5% for each year of disability after July 1,  
13 1993, but before July 1, 1998. Effective July 1, 1998, such member's final  
14 average salary shall be adjusted upon retirement by an amount equal to  
15 the lesser of: (i) The percentage increase in the consumer price index for  
16 all urban consumers as published by the bureau of labor statistics of the  
17 United States department of labor minus 1%; or (ii) four percent per  
18 annum, measured from the member's last day on the payroll to the month  
19 that is two months prior to the month of retirement, for each year of  
20 disability after July 1, 1998.

21 (C) In the event that a member eligible for a long-term disability  
22 benefit under the plan authorized by this section shall be disabled for a  
23 period of five years or more immediately preceding death, such member's  
24 current annual rate shall be adjusted by the actuarial salary assumption  
25 rates in existence during such period of disability. Effective July 1, 1993,  
26 such member's current annual rate shall be adjusted upon death by 5%  
27 for each year of disability after July 1, 1993, but before July 1, 1998.  
28 Effective July 1, 1998, such member's current annual rate shall be ad-  
29 justed upon death by an amount equal to the lesser of: (i) The percentage  
30 increase in the consumer price index for all urban consumers published  
31 by the bureau of labor statistics of the United States department of labor  
32 minus 1%; or (ii) four percent per annum, measured from the member's  
33 last day on the payroll to the month that is two months prior to the month  
34 of death, for each year of disability after July 1, 1998.

35 (3) (A) To carry out the legislative intent to provide, within the funds  
36 made available therefor, the broadest possible coverage for members who  
37 are in active employment or involuntarily absent from such active em-  
38 ployment, the plan of death and long-term disability benefits shall be  
39 subject to adjustment from time to time by the board within the limita-  
40 tions of this section. The plan may include terms and provisions which  
41 are consistent with the terms and provisions of group life and long-term  
42 disability policies usually issued to those employers who employ a large  
43 number of employees. The board shall have the authority to establish and

1 adjust from time to time the procedures for financing and administering  
2 the plan of death and long-term disability benefits authorized by this  
3 section. Either the insured death benefit or the insured disability benefit  
4 or both such benefits may be financed directly by the system or by one  
5 or more insurance companies authorized and licensed to transact group  
6 life and group accident and health insurance in this state.

7 (B) The board may contract with one or more insurance companies,  
8 which are authorized and licensed to transact group life and group acci-  
9 dent and health insurance in Kansas, to underwrite or to administer or  
10 to both underwrite and administer either the insured death benefit or the  
11 long-term disability benefit or both such benefits. Each such contract with  
12 an insurance company under this subsection shall be entered into on the  
13 basis of competitive bids solicited and administered by the board. Such  
14 competitive bids shall be based on specifications prepared by the board.

15 (i) In the event the board purchases one or more policies of group  
16 insurance from such company or companies to provide either the insured  
17 death benefit or the long-term disability benefit or both such benefits,  
18 the board shall have the authority to subsequently cancel one or more of  
19 such policies and, notwithstanding any other provision of law, to release  
20 each company which issued any such canceled policy from any liability  
21 for future benefits under any such policy and to have the reserves estab-  
22 lished by such company under any such canceled policy returned to the  
23 system for deposit in the group insurance reserve of the fund.

24 (ii) In addition, the board shall have the authority to cancel any policy  
25 or policies of group life and long-term disability insurance in existence  
26 on the effective date of this act and, notwithstanding any other provision  
27 of law, to release each company which issued any such canceled policy  
28 from any liability for future benefits under any such policy and to have  
29 the reserves established by such company under any such canceled policy  
30 returned to the system for deposit in the group insurance reserve of the  
31 fund. Notwithstanding any other provision of law, no premium tax shall  
32 be due or payable by any such company or companies on any such policy  
33 or policies purchased by the board nor shall any brokerage fees or com-  
34 missions be paid thereon.

35 (4) (A) There is hereby created in the state treasury the group in-  
36 surance reserve fund. Investment income of the fund shall be added or  
37 credited to the fund as provided by law. The cost of the plan of death  
38 and long-term disability benefits shall be paid from the group insurance  
39 reserve fund, which shall be administered by the board. Except as oth-  
40 erwise provided by this subsection, for the period commencing July 1,  
41 2005, and ending June 30, 2006, each participating employer shall ap-  
42 propriate and pay to the system in such manner as the board shall pre-  
43 scribe in addition to the employee and employer retirement contributions

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1 an amount equal to .8% of the amount of compensation on which the  
2 members' contributions to the Kansas public employees retirement sys-  
3 tem are based for deposit in the group insurance reserve fund. For the  
4 period commencing July 1, 2006, and all periods thereafter, each partic-  
5 ipating employer shall appropriate and pay to the system in such manner  
6 as the board shall prescribe in addition to the employee and employer  
7 retirement contributions an amount equal to 1.0% of the amount of com-  
8 pensation on which the members' contributions to the Kansas public em-  
9 ployees retirement system are based for deposit in the group insurance  
10 reserve fund. Notwithstanding the provisions of this subsection, no partic-  
11 ipating employer shall appropriate and pay to the system any amount  
12 provided for by this subsection for deposit in the group insurance reserve  
13 fund for the period commencing on April 1, 2000, and ending on De-  
14 cember 31, 2001, for the period commencing July 1, 2002, and ending  
15 December 31, 2002, or for the period commencing April 1, 2003, and  
16 ending on June 30, 2004 ~~July 1, 2009, and ending on March 31, 2010.~~

March 1, 2009, and ending on November 30, 2009

17 (B) The director of the budget and the governor shall include in the  
18 budget and in the budget request for appropriations for personal services  
19 a sum to pay the state's contribution to the group insurance reserve fund  
20 as provided by this section and shall present the same to the legislature  
21 for allowances and appropriation.

22 (C) The provisions of subsection (4) of K.S.A. 74-4920 and amend-  
23 ments thereto shall apply for the purpose of providing the funds to make  
24 the contributions to be deposited to the group insurance reserve fund.

25 (D) Any dividend or retrospective rate credit allowed by an insurance  
26 company or companies shall be credited to the group insurance reserve  
27 fund and the board may take such amounts into consideration in deter-  
28 mining the amounts of the benefits under the plan authorized by this  
29 section.

30 (5) The death benefit provided under the plan of death and long-  
31 term disability benefits authorized by this section shall be known and  
32 referred to as insured death benefit. The long-term disability benefit pro-  
33 vided under the plan of death and long-term disability benefits authorized  
34 by this section shall be known and referred to as long-term disability  
35 benefit.

36 (6) The board is hereby authorized to establish an optional death  
37 benefit plan for employees and spouses and dependents of employees.  
38 Except as provided in subsection (7), such optional death benefit plan  
39 shall be made available to all employees who are covered or may hereafter  
40 become covered by the plan of death and long-term disability benefits  
41 authorized by this section. The cost of the optional death benefit plan  
42 shall be paid by the applicant either by means of a system of payroll  
43 deductions or direct payment to the board. The board shall have the

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1 authority and discretion to establish such terms, conditions, specifications  
 2 and coverages as it may deem to be in the best interest of the state of  
 3 Kansas and its employees which should include term death benefits for  
 4 the person's period of active state employment regardless of age, but in  
 5 no case, shall the maximum allowable coverage be less than \$200,000.  
 6 The cost of the optional death benefit plan shall not be established on  
 7 such a basis as to unreasonably discriminate against any particular age  
 8 group. The board shall have full administrative responsibility, discretion  
 9 and authority to establish and continue such optional death benefit plan  
 10 and the director of accounts and reports of the department of adminis-  
 11 tration shall when requested by the board and from funds appropriated  
 12 or available for such purpose establish a system to make periodic deduc-  
 13 tions from state payrolls to cover the cost of the optional death benefit  
 14 plan coverage under the provisions of this subsection (6) and shall remit  
 15 all deductions together with appropriate accounting reports to the system.  
 16 There is hereby created in the state treasury the optional death benefit  
 17 plan reserve fund. Investment income of the fund shall be added or cred-  
 18 ited to the fund as provided by law. All funds received by the board,  
 19 whether in the form of direct payments, payroll deductions or otherwise,  
 20 shall be accounted for separately from all other funds of the retirement  
 21 system and shall be paid into the optional death benefit plan reserve fund,  
 22 from which the board is authorized to make the appropriate payments  
 23 and to pay the ongoing costs of administration of such optional death  
 24 benefit plan as may be incurred in carrying out the provisions of this  
 25 subsection (6).

26 (7) Any employer other than the state of Kansas which is currently a  
 27 participating employer of the Kansas public employees retirement system  
 28 or is in the process of affiliating with the Kansas public employees retire-  
 29 ment system may also elect to affiliate for the purposes of subsection (6).  
 30 All such employers shall make application for affiliation with such system,  
 31 to be effective on January 1 or July 1 next following application.

32 (8) For purposes of the death benefit provided under the plan of  
 33 death and long-term disability benefits authorized by this section and the  
 34 optional death benefit plan authorized by subsection (6), commencing on  
 35 the effective date of this act, in the case of medical or financial hardship  
 36 of the member as determined by the executive director, or otherwise  
 37 commencing January 1, 2005, the member may name a beneficiary or  
 38 beneficiaries other than the beneficiary or beneficiaries named by the  
 39 member to receive other benefits as provided by the provisions of K.S.A.  
 40 74-4901 et seq., and amendments thereto.

41 Sec. 2. K.S.A. 2008 Supp. 74-4927 is hereby repealed.

42 Sec. 3. This act shall take effect and be in force from and after its  
 43 publication in the ~~statute book~~

Kansas register

# SB 219

## Testimony for the Senate Ways and Means Committee

Glenn Deck  
Executive Director  
Kansas Public Employees Retirement System

February 12, 2009

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to provide testimony regarding SB 219, which provides for suspension of contributions to the Group Insurance Reserve Fund for KPERS death and disability benefits for a period of three quarters.

### Overview

K.S.A. 74-4927 provides for a plan of death and long-term disability benefits for active KPERS members. It further provides for each participating employer to pay an amount equal to 1.0% of the amount of compensation on which members' contributions to the System are based. The employer contributions are deposited in the Group Insurance Reserve Fund (the Fund), from which the death and disability benefits are paid.

The Governor's budget recommendations for FY 2010 include a three-quarter moratorium on payments into the Fund by state agencies, beginning July 1, 2009, and ending March 31, 2010. SB 23, as passed by both the Senate and the House, would begin the moratorium in March 2009. The budgetary savings to the State for a nine-month moratorium are projected to be \$37.44 million with a March 2009 implementation (as provided in SB 23) and \$37.68 million if begun in July 2009 (per the Governor's recommendation).

<b>Kansas Public Employees Retirement System Death and Disability Fund Budgetary Impact of a Three-Quarter Moratorium</b>				
	<i>Moratorium Beginning 3/1/09 through 11/30/09</i>			<i>Moratorium Beginning 7/1/09</i>
	<b>FY 2009</b>	<b>FY 2010</b>	<b>Total</b>	<b>FY 2010</b>
State	\$ 5,974,076	\$ 7,543,025	\$13,517,101	\$13,577,445
School	\$ 8,272,217	\$15,592,427	\$23,864,644	\$24,032,387
Judges	\$ 37,592	\$ 23,101	\$ 60,693	\$ 74,847
Total State	\$14,283,885	\$23,158,553	\$37,442,438	\$37,684,679
Local	\$ 4,973,968	\$ 6,358,166	\$11,332,134	\$11,411,433
Grand Total	\$19,257,853	\$29,516,719	\$48,774,572	\$49,096,112

Following the three-quarter moratorium, the FY 2010 year-end balance in the Fund is projected to be \$11.0 million if the moratorium is begun in July and \$10.7 million with a March 2009 start date.

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Date 2-12-2009  
Attachment 5

SB 23 prohibits payments to the Fund by state agencies, which include contributions for state employees and contributions paid by the State on behalf of school districts for their employees. However, it does not suspend the contribution requirements as they apply to local government employers. Therefore, SB 219 is a necessary companion bill that amends the underlying substantive law requiring employer contributions to the Fund. As introduced, it amends K.S.A. 74-4927 to prohibit any participating employer from appropriating and paying to the Fund any amount for the period beginning July 1, 2009, and ending March 31, 2010. If SB 23 is enacted in its current form with a March 1, 2009, implementation date for the moratorium, SB 219 will need to be amended to reflect the earlier start date.

### **Implementation Timing Issues**

Rapid consideration and enactment of the SB 219 is necessary to accommodate the March 1 implementation date in SB 23. KPERS will need at least a minimum amount of time to communicate with employers and establish administrative controls before the beginning of the month.

- There are approximately 1,000 local participating employers that will need to be notified of the moratorium.
- Local participating employers have a wide range of payroll cycles. As a result, there will be pay dates for some local employers as early as March 2<sup>nd</sup>, with the others scattered throughout the month.
- If the bill is enacted after March 1, but is made retroactive to that date, a number of local employers will have made payments that would then need to be refunded, which is a more time-consuming, inefficient approach than implementing the contribution suspension on March 1.

For these reasons, I would urge the Committee to work toward rapid enactment of SB 219 if you amend the bill to reflect the March 1 effective date in SB 23.

Thank you for your consideration of these issues. I would be glad to respond to any questions you might have.

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