

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

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

All members were present.

Committee staff present:

J. G. Scott, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Estelle Montgomery, Kansas Legislative Research Department  
Reagan Cussimano, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Julian Efird, Kansas Legislative Research Department  
Cody Gorges, Kansas Legislative Research Department  
Heather O'Hara, Kansas Legislative Research Department  
Jonathan Tang, Kansas Legislative Research Department  
Jarod Waltner, Kansas Legislative Research Department  
Jill Wolters, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
Gordon Self, Office of the Revisor of Statutes  
Melinda Gaul, Chief of Staff  
Shirley Jepson, Committee Assistant

Conferees appearing before the Committee:

Ron Gaches, on behalf of Goodyear Tire & Rubber and Topeka Chamber of Commerce  
Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS)

Others attending:

See attached list.

**Introduction of proposed legislation**

Ron Gaches, on behalf of Goodyear Tire & Rubber Company and the Topeka Chamber of Commerce, appeared before the Committee to request introduction of legislation to allow the Topeka Goodyear plant to compete for an investment in off-road tire business with other plants worldwide. The legislation would allow the state of Kansas to partner financially with Goodyear. The bill allows for the issuance of bonds by the state of Kansas with a minimum of \$125 million investment on the part of Goodyear Tire & Rubber. The bonds would be paid off over a 20-year period by a withholding tax generated on current Goodyear employees.

Senator Umbarger moved to introduce legislation to allow the state to partner with Goodyear Tire & Rubber for an investment in off-road tire business (9rs0964). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

**Hearing on HB 2219 - Kansas performance measurement commission; extend sunset; other.**

Jill Wolters, Revisor, explained that **HB 2219** would extend the sunset of the Kansas performance measurement commission and the date of the annual reporting from July 1, 2009 to July 1, 2010 (Attachment 1). It would further allow the Commission to review the effectiveness of a pilot project within the Department of Social and Rehabilitation Services (SRS).

There were no conferees to come before the Committee.

The hearing on **HB 2219** was closed.

- Senator Lee requested permission to submit a list of questions concerning **HB 2219** and receive responses to her questions.

**Subcommittee Report on Kansas Public Employees Retirement System (KPERS) Budget**

## CONTINUATION SHEET

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

Senator Vratil, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendation for KPERS budget for FY 2010 and moved for the adoption of the Subcommittee Report on the KPERS budget for FY 2010 with notations and adjustments (Attachment 2). The motion was seconded by Senator Masterson. Motion carried on a voice vote.

### **Subcommittee Report on KPERS Issues**

Senator Wysong, Chair of the Subcommittee, presented the Subcommittee report on KPERS Issues, including **SB 146**, **SB 259** and **HB 2073** (Attachment 3).

Responding to questions from the Committee with regard to the KPERS statutory and actuarial rates, Glenn Deck, Executive Director, KPERS, explained that there are two groups, a state group of KPERS employees and a school district group of KPERS employees. The actuarial determines a rate of contribution; however, the state has a cap on the actuarial rate. The state group has reached the cap on the actuary rate for the first time this year. Mr. Deck stated that the purpose of the legislation is to use the statutory KPERS state and school employer contribution rate, rather than the lower actuarial rate, for the state KPERS group, in FY 2010 and subsequent fiscal years.

The Subcommittee stated that a major factor in the recommendation proposes is that if the KPERS liability is funded in part from state agencies, federal funds could be used to pay a portion of the liability and not all necessarily would be funded from the State General Fund (SGF).

Gordon Self, Revisor, presented a proposed amendment to **SB 146** to clarify the procedures for employee furloughs (Attachment 4). Mr. Self also presented a proposed amendment to **SB 259** which would change the 1 year provision as recommended by the Governor and make it permanent. In addition the amendment would use a combined employer rate of contribution certified to the state as opposed to a separate rate of contribution (Attachment 5).

Senator Teichman moved to adopt the balloon on **SB 146** and include as part of the Subcommittee report on KPERS Issues for FY 2010. The motion was seconded by Senator Vratil. Motion carried on a voice vote.

Senator Teichman moved to adopt the balloon on **SB 259** and include as part of the Subcommittee report on KPERS Issues for FY 2010. The motion was seconded by Senator Vratil. Motion carried on a voice vote.

Senator Wysong moved to adopt the Subcommittee Report on KPERS Issues for FY 2010 as amended. The motion was seconded by Senator Vratil. Motion carried on a voice vote.

Senator Wysong moved to recommend **SB 146** favorably for passage as amended. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator Wysong moved to delete the provisions in **HB 2219**, insert the provisions of **SB 259** as amended, and **HB 2073**, as adopted in the KPERS Issues Subcommittee report, into **Senate Substitute for HB 2219** and recommend **S Sub for HB 2219** bill favorably for passage. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

### **Subcommittee Report on Department of Agriculture, Animal Health Department and Kansas State Fair**

Senator Taddiken, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Department of Agriculture for FY 2010 (Attachment 6).

The Subcommittee stated that the Animal Health Department will be charged for the information technology aid given by the Department of Agriculture. With reference to the Legislative Post Audit report outlining a savings if the Animal Health Department was physically moved to the Department of Agriculture, the Subcommittee noted that the Animal Health Department would be charged a higher rate of rent than at their present location, causing it to be more costly to the Animal Health Department.

## CONTINUATION SHEET

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

Senator Kelly moved to amend the Subcommittee report on the Department of Agriculture for FY 2010 by adding language to direct the agency to evaluate the feasibility of cross training inspectors in the various inspection areas and report back to the Senate Ways and Means Committee and House Appropriations Committee during the 2010 Legislative Session. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Taddiken moved for the adoption of the Subcommittee report on the Department of Agriculture for FY 2010 as amended. The motion was seconded by Senator McGinn. Motion carried on a voice vote.

Senator Taddiken presented the Subcommittee report on the Governor's budget recommendations for the Animal Health Department for FY 2010 and moved for the adoption of the Subcommittee report on the Animal Health Department for FY 2010 with notations and adjustments (Attachment 6). The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Taddiken presented the Subcommittee report on the Governor's budget recommendations for the Kansas State Fair for FY 2010 and moved for the adoption of the Subcommittee report on the Kansas State Fair for FY 2010 with notations and adjustments (Attachment 6). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

### **Discussion and Action on SB 141**

Jill Wolters, Revisor, explained a proposed amendment, requested by Senator Vicki Schmidt, to **SB 141** which would move the Inspector General (IG) from the Kansas Health Policy Authority to the Department of Administration rather than the Division of Legislative Post Audit as proposed in the original **SB 141** (Attachment 7). The amendment would direct the Governor to appoint the IG, the position would be a "classified" and stipulates that if the IG found criminal evidence, the IG would report directly to the Attorney General.

Senator Schmidt requested that the words "inefficiency, mismanagement, misconduct or waste" be deleted from all language in the amendment presented on **SB 141**.

Senator Schmidt moved to adopt the amendment to **SB 141**. The motion was seconded by Senator McGinn.

Senator Schodorf made a substitute motion to revise the language to direct that the IG be placed in the Attorney General's Office. The motion was seconded by Senator Kelly. Motion carried on a 6-5 vote.

The Committee voiced concerns with political aspects in placing the IG in either the Department of Administration or the Attorney General's Office and would be less political if placed in the Division of Legislative Post Audit as directed in the original bill.

Senator Wysong made a motion to table further action on **SB 141** until March 16, 2009. The motion was seconded by Senator Vratil. Motion carried on a vote of 6-5.

### **Distribution of Information**

Information, as requested, on **SB 252** from the Department of Corrections was distributed to the Committee (Attachment 8). Additional information on Hospital Organizational Structure and Utilization, as collected from the 2007 Kansas Hospital Survey, is available from the Kansas Legislative Research Department.

### **Adjournment**

The next meeting is scheduled for March 13, 2009.

The meeting was adjourned at 12:05 p.m.

**SENATE WAYS & MEANS COMMITTEE  
GUEST LIST**

DATE: March 12, 2009

NAME	REPRESENTING
JEFF LUSKER	JIA
Bob Payne	KHPA
Marci Nielsen	KHPA
Gina Marce	KHI
Wigh Keck	Mein Law firm
Leslie Kaufman	Ks Co-op Council
Denny Stoecklein	Kansas State Fair
Amy Craig	Kansas State Fair
Kath Jamron	KW
Patrick Woods	SRS
<del>Tom</del>	KDOC
CARY McCLURE	Correct Care Solutions
Viola Riggini	KDOC / KY
Felany Opiso-Williams	KHPA OIG
Kim Eppe	KHPA OIG
Glen Cameron	FOP Lodge 59
Tom Tunnell	KANSAS GRAIN & FEED ASSN
George Teagarden	KAMD
Nancy Zogleman	Polsinelli
TERRY FORTUIT	KWFA
Bill Brady	Capitol Strategist
Josh Smith	Intern, Sen. Pyle
Jan Marin	KS Medical Society

**SENATE WAYS & MEANS COMMITTEE  
GUEST LIST**

DATE: March 12, 2009

NAME	REPRESENTING
Chad Austin	KHA
Fred Lucky	KHA
Mark Borczyk	Capitol Strategies
Dustin Moyer	KHPA
Oleksa	KDH
Erik Wisner	KDA
Stacey Worthington	KDA
Becky Hilde	DOB
Julie Thomas	DOB
Jeff Arpin	DOB
Glenn Deck	KPER

MEMORANDUM

To: Senator Emler, Chairman, and Members of the Ways and Means Committee  
From: Jill Wolters, Senior Assistant Revisor  
Date: January 20, 2009  
Subject: House Bill No. 2219, Kansas performance measurement commission

House Bill No. 2219, extends the sunset of the Kansas performance measurement commission and the date of the annual report from July 1, 2009 to July 1, 2010. Further, the bill requires the commission to review the effectiveness of the:

- (1) Reporting system established on a pilot basis by the SRS for the 2009 legislative session and the feasibility of expanding this pilot program to other state agencies; and
- (2) streamlined reporting format for state agency programs and initiatives containing a limited number of critical measures developed by legislative staff.

The commission shall develop a performance measurement system to help evaluate the effectiveness of state programs and recommend a system for developing long range planning for state programs.

Under current law, the commission may contract with a private consultant to design a performance measurement management system for the state. The amendment would state the commission may investigate the design of a performance measurement management system for the state. The other mandatory language in the bill is permissive under the amendment.

The bill will become effective upon publication in the statute book.

The Kansas performance measurement commission was created in 2008 Sub. for Sub. for SB 316. It was a part of the bill enacting the Kansas taxpayer transparency act and amendments to K-GOAL.

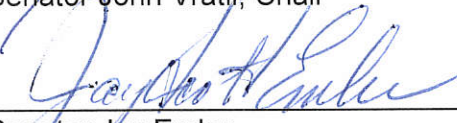
Senate Ways & Means Cmte  
Date 3-12-2009  
Attachment 1

FY 2010

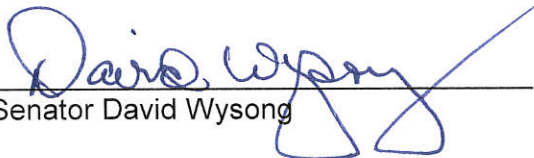
SENATE WAYS AND MEANS SUBCOMMITTEE

Kansas Public Employees Retirement System Budget

  
\_\_\_\_\_  
Senator John Vratil, Chair

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

  
\_\_\_\_\_  
Senator Laura Kelly

  
\_\_\_\_\_  
Senator David Wysong

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





## House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following adjustments:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$144,585, all from special revenue funds, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
  2. **KPERS Death and Disability Moratorium.** Add \$14,516, all from special revenue funds, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
  3. **13<sup>th</sup> Check Bond Payment.** The House Budget Committee recommends that the principal payment for the 13<sup>th</sup> Check Bond Payment not be reimbursed through KPERS contributions. Currently, the agency receives a State General Fund appropriation to make the principal and interest payments on the 13<sup>th</sup> Check Bond Payment and the State General Fund is then reimbursed through KPERS contributions. The House Budget concurs with the Governor's recommendation to not make the principal payment in order to capture \$2.5 million in State General Fund savings; however, the Budget Committee recommends that the State General Fund principal appropriation amount not be reimbursed through KPERS contributions.
  4. **Unfunded Liability.** The House Budget Committee recommends that employer contributions be increased no later that FY 2012 in order to meet the unfunded liability of the KPERS Trust Fund.
-

### Senate Subcommittee Report

**Agency:** Kansas Public Employees Retirement System **Bill No.** SB 304 **Bill Sec.** 37

**Analyst:** Steiner **Analysis Pg. No. Vol.-** **Budget Page No.** 43

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 3,214,134	\$ 639,134	\$ (639,134)
Other Funds	42,675,284	42,498,040	159,101
Subtotal - Operating	<u>\$ 45,889,418</u>	<u>\$ 43,137,174</u>	<u>\$ (480,033)</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 45,889,418</u></u>	<u><u>\$ 43,137,174</u></u>	<u><u>\$ (480,033)</u></u>
FTE Positions	87.3	87.3	87.3
Non FTE Uncl. Perm. Pos.	1.0	1.0	1.0
<b>TOTAL</b>	<u><u>88.3</u></u>	<u><u>88.3</u></u>	<u><u>88.3</u></u>

#### Agency Request

The **agency** requests operating expenditures of \$45,889,418, a decrease of \$7,719,819, or 14.4 percent, below the FY 2009 estimate. The request includes \$3,214,134 from the State General Fund, a decrease of \$7,056,814, or 68.7 percent, below the FY 2009 request. The decrease is due to the one-time benefit bonus payment of \$300 in FY 2009. Included in this request is the funding for debt service payments for the amortization of the 13<sup>th</sup> check revenue bond.

#### Governor's Recommendation

The **Governor** recommends FY 2010 operating expenditures of \$43,137,174, including \$639,134 from the State General Fund. The recommendation is an all funds decrease of \$10,442,307, or 19.5 percent, and a State General Fund decrease of \$4,631,814, or 93.8 percent below the Governor's FY 2009 recommended amount. The reduction is largely a result of transferring \$2,575,000 to the State General Fund. The State General Fund amount represents the principal amount that would have been made for the KPERS 13<sup>th</sup> check bond issue. Additionally, the Governor does recommend the payment of \$639,134, all from the State General Fund, for the interest payment on the KPERS 13<sup>th</sup> check bond issue.

2-4

## Senate Subcommittee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$144,585, all from special revenue funds, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$14,516, all from special revenue funds, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **13<sup>th</sup> Check Bond Payment.** Delete \$639,134, all from the State General Fund, for the 13<sup>th</sup> Check Bond Payment and consider at Omnibus. The Subcommittee recommends further review of using federal stimulus dollars to make debt payments.
4. **State General Fund Transfer Legislation.** The Subcommittee requests legislation be introduced to authorize the transfer of the principal payment of \$2,575,000 from the Bond Debt Service Fund to the State General Fund for FY 2010 if the Senate Committee on Ways and Means concurs with the Governor's recommendation to not make the bond payment on the principal amount of \$2,575,000.

**Administration Program Budget Reduction Options  
Kansas Public Employees Retirement System**

2-6

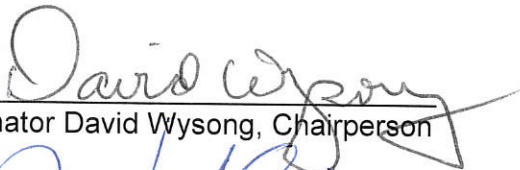
			Reductions		Cumulative Reduction from Governor's 2009 Budget	
FY 2009	Governor's Budget	\$10,650,470				
FY 2010	Base Budget	\$9,187,235	\$ 1,463,235	14%	\$ 1,463,235	14%
FY 2010 Governor's Recommendation (D& D and Health Ins. Moratorium)		\$9,016,690	\$170,545	2%	\$1,633,780	15%

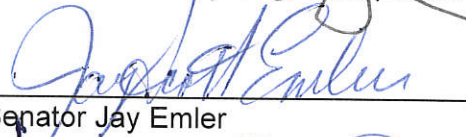
Additional Reduction Options		Impact				
1	Continuation of FY2009 reductions in salaries, professional services, travel, and programming	Spread workload of vacant positions to existing staff; limits professional development and improvements to membership information system.	\$266,000	2.50%	\$1,899,780	18%
2	Defer procurement of software upgrades	Delays the installation of updated version of application software	\$ 60,000	0.56%	\$ 1,959,780	18%
3	Reduce systems programming	Certain processes that have been identified for automation will remain manual, time consuming processes e.g. Employer and employee contribution reconciliations.	\$ 50,000	0.47%	\$ 2,009,780	19%
4	Defer procurement of the replacement of network switches, security software, storage devices	Current network switches will not be compatible with DISC equipment. Agency will eventually need to acquire switches to maintain compatibility.	\$ 100,000	0.94%	\$ 2,109,780	20%
5	Reduce overtime	Delay production of annual statements to members.	\$ 17,000	0.16%	\$ 2,126,780	20%
6	Reduction of temporary staff positions	Affects peak workload and impacts timeliness of retirement and other transaction processing.	\$ 52,000	0.49%	\$ 2,178,780	20%
7	Reduction of printing expenditures	Decreased availability of communication materials to retirees and active members.	\$ 30,000	0.28%	\$ 2,208,780	21%
8	Delay the replacement of certain personal computers	Potential for productivity issues due to equipment failure.	\$ 36,000	0.34%	\$ 2,244,780	21%
9	Defer acquisition of additional storage devices	Agency will need to reassess data stored on local area network.	\$ 24,000	0.23%	\$ 2,268,780	21%
10	Reduction in travel and training	Decrease investment staff due diligence visits and field staff presentations.	\$ 40,000	0.38%	\$ 2,308,780	22%
11	Reductions of salaries (shrinkage, furloughs, layoffs,)	Reduce productivity in certain functions: investment analysis, accounting, employer reporting, and retirement processing.	\$ 225,000	2.11%	\$ 2,533,780	24%
		Subtotal ( Items 2 - 11)	<u>\$ 634,000</u>			
		Total of All Agency Cuts ( Items 1-11)	<u><u>\$900,000</u></u>			

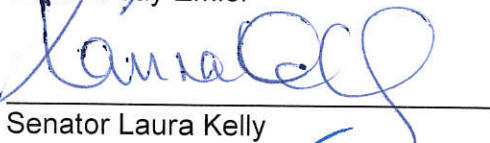
**SENATE WAYS AND MEANS SUBCOMMITTEE REPORT ON KPERS ISSUES**

(including SB 146, SB 259 and HB 2073)

March 9, 2009

  
\_\_\_\_\_  
Senator David Wysong, Chairperson

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

  
\_\_\_\_\_  
Senator Laura Kelly

  
\_\_\_\_\_  
Senator John Vratil

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

## SENATE WAYS AND MEANS SUBCOMMITTEE REPORT ON KPERS ISSUES

The Senate Ways and Means Subcommittee on KPERS Issues held a series of hearings and working sessions on February 27 and March 4, 2009 to review a number of items referred to the Subcommittee by the Chairperson of the Senate Committee on Ways and Means. The following items are recommended by the Subcommittee for further action by the full committee.

1. **SB 146 – Furloughs of Eligible State Employees.** The bill as introduced would reinstate statutory provisions related to furloughs of certain state officers and employees which expired on June 30, 2007. The bill would provide that if certain state officers and employees are placed on furlough, contributions for retirement, death and long-term disability benefits will continue to be paid by the state for both the employee and employer. The state officers and employees who would be eligible for state-paid contributions if placed on furlough would include state members of the Kansas Public Employees Retirement System (KPERS), the Retirement System for Judges, and the Kansas Police and Firemen's (KP&F) Retirement System. No fiscal note is available since no furloughs have been planned or implemented. An administrative regulation (KAR 1-14-11) addresses furlough plans and procedures for classified employees in the executive branch, with agencies required to submit plans at least 30 days before implementing furloughs for state classified employees..

**Recommendation.** The KPERS Subcommittee recommends that the bill be amended to clarify that all officers and employees of the executive, judicial and legislative branches are included in furlough provisions if they are members of KPERS, the Retirement System for Judges, and the KP&F Retirement System. Also recommended are amendments to clarify that the bill will be effective upon publication in the Kansas Register, that state agencies shall pay both the employer and employee contributions each payroll period when the officers or employees are on furlough, that the Director of Personnel Services shall assist in record-keeping for those placed on furlough, and that the intent of the legislation is to keep state offices and programs operating on regular five-day per week schedules, with regular office hours, unless greater budget savings require closing offices or programs due to furloughs.

2. **SB 259 – KPERS Employer Rates for State and School Contributions.** The bill as introduced would require the KPERS employer contribution rate for both the state group and the school group to be equal to the statutory rate in FY 2010. Any additional KPERS state contributions in excess of those required by the actuarial rate that are remitted to KPERS would be credited to the school group during FY 2010. The fiscal note indicates that under current law the State General Fund would be required to contribute an additional amount of \$2.6 million in FY 2010 and \$9.0 million in FY 2011 for the KPERS school group because the KPERS state group's actuarially-required contribution rate has fallen below the statutory rate in each fiscal year. SB 259 would implement the Governor's FY 2010 budget recommendation that both the KPERS state group and school group contribution should be equal to the higher statutory rate. The net impact of the recommendation is to reduce the amount of State General Fund money required in FY 2010 and FY 2011, and to increase the amount of special revenue funds to approximately 50.0 percent of the financing for the additional state KPERS contributions that are included in the *Governor's FY 2010 Budget Report*.

**Recommendation.** The KPERS Subcommittee recommends that the statutory KPERS state and school employer contribution rate (rather than the lower actuarial rate for the state KPERS group) shall be used beginning in FY 2010. The KPERS Subcommittee also recommends an amendment continuing the use of the statutory contribution rate in FY 2011 and subsequent fiscal years for the state KPERS group.

3. **HB 2073 – Purchases of KPERS Service Credit.** The bill as introduced would allow the purchase of KPERS participating service credit for work experience that is necessary to obtain certain technical or vocational teacher certifications. Because the bill specifies that members would pay the full actuarial cost, HB 2073 would have no actuarial cost or fiscal impact for KPERS. The 2009 bill was recommended by the Joint Committee on Pensions, Investments and Benefits, but has not been reported out of the House Select Committee on KPERS which held a hearing earlier this Session.

**Recommendation.** The KPERS Subcommittee recommends the contents of HB 2073 be amended into a House passed bill and to be approved as a Senate Substitute bill.

# SENATE BILL No. 146

By Committee on Ways and Means

1-29

Proposed Amendment to Senate Bill No. 146  
Adopted by Subcommittee on February 27, 2009

Prepared by: Gordon Self  
Office of Revisor of Statutes

March 4, 2009

Senate Ways & Means Cmte  
Date 3-12-2009  
Attachment 4

9 AN ACT concerning the Kansas public employees retirement system  
10 relating to computation of benefits for officers and employees when  
11 the rate of computation is reduced or placed on furlough; amending  
12 K.S.A. 74-49,115 and repealing the existing section.  
13

state officers and employees; relating to furlough  
or reduction in compensation;

,

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

15 Section 1. K.S.A. 74-49,115 is hereby amended to read as follows:  
16 74-49,115. (a) ~~When~~ the compensation for any officer or employee of the  
17 state, who retires, becomes disabled or dies during the period commene-  
18 ing on the effective date of this act and ending June 30, 2007, is reduced  
19 pursuant to law, when such officer or employee voluntarily agrees to re-  
20 duce such officer or employee's compensation, or when any officer or  
21 employee of the state is placed on a furlough without pay, the amount of  
22 compensation that would have been paid if the rate of compensation had  
23 not been reduced or if the officer or employee had not been placed on  
24 the furlough shall continue to be included as compensation for all pur-  
25 poses of computing retirement and pension benefits and death and dis-  
26 ability benefits as provided in article 26 of chapter 20 and article 49 of  
27 chapter 74 of the Kansas Statutes Annotated earned by such officer or  
28 employee as provided by the Kansas public employees retirement system,  
29 the Kansas police and firemen's retirement system and the retirement  
30 system for judges. Subject to the approval of the secretary of administra-  
31 tion, the director of accounts and reports shall prescribe procedures for  
32 the payment and remittance of employer and employee contributions by  
33 the state agency employing such employees. The board shall administer  
34 the provisions of this section, with the cooperation of the director of  
35 personnel services;

On and after the effective date of  
this act, when

36 (b) The provisions of subsection (a) shall not be applicable to com-  
37 pensation reductions attributable to: (1) Voluntary demotions of employ-  
38 ees in the classified service; (2) deferred compensation pursuant to the  
39 plan authorized by K.S.A. 75-5523 and amendments thereto; or (3) to  
40 compensation reductions attributable to the cafeteria plan authorized by  
41 K.S.A. 75-6512 and amendments thereto.

The state agency which places an officer or  
employee on furlough shall pay and remit required  
employer and employee contributions to the  
system pursuant to the state payroll system during  
the period such officer or employee is placed on  
furlough.

including, but not limited to, the compilation of  
records of furlough plans in effect by state  
agencies and officers or employees who have  
been placed on furlough

42 (c) For the purposes of this section, "officer" and "employee" means  
43 any officer or employee of the state, any member of the legislature or any

or employee



1 employee of an institution under the supervision of the board of regents.  
2 ~~Sec. 2.~~ K.S.A. 74-49,115 is hereby repealed.  
3 ~~Sec. 3.~~ This act shall take effect and be in force from and after its  
4 publication in the Kansas register.

who are members of the Kansas public employees retirement system, the Kansas police and firemen's system or the retirement system for judges

New Sec. 2. See Insert #1  
Renumber remaining sections accordingly

4-2

New Sec. 2. In order to achieve maximum flexibility in facilitating agencies to provide continuing services without unnecessarily closing offices or programs during furloughs, all agencies shall develop plans for furloughs that shall provide for furloughs on an hourly basis away from work during a regular 40-hour work week and shall compute the hours absent from work during each two-week pay period for reporting purposes. No office or program shall be closed as a result of all-day layoffs unless all other alternatives using hourly layoffs have been determined to not produce the budget savings necessary.

**SENATE BILL No. 259**

By Committee on Ways and Means

2-11

Proposed Amendment to Senate Bill No. 259  
Adopted by Subcommittee on March 4, 2009

Prepared by: Gordon Self  
Office of Revisor of Statutes

March 12, 2009

9 AN ACT concerning retirement and pensions; relating to the Kansas  
10 public employees retirement system; state and school employer con-  
11 tributions; amending K.S.A. 2008 Supp. 74-4920 and repealing the  
12 existing section.  
13

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

15 Section 1. K.S.A. 2008 Supp. 74-4920 is hereby amended to read as  
16 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation  
17 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and  
18 amendments thereto, the board shall certify, on or before July 15 of each  
19 year, to the division of the budget in the case of the state and to the agent  
20 for each other participating employer an actuarially determined estimate  
21 of the rate of contribution which will be required, together with all ac-  
22 cumulated contributions and other assets of the system, to be paid by  
23 each such participating employer to pay all liabilities which shall exist or  
24 accrue under the system, including amortization of the actuarial accrued  
25 liability as determined by the board. The board shall determine the ac-  
26 tualial cost method to be used in annual actuarial valuations, to determine  
27 the employer contribution rates that shall be certified by the board. Such  
28 certified rate of contribution, amortization methods and periods and ac-  
29 tualial cost method shall be based on the standards set forth in subsection  
30 (3)(a) of K.S.A. 74-4908 and amendments thereto and shall not be based  
31 on any other purpose outside of the needs of the system.

32 (b) (i) For employers affiliating on and after January 1, 1999, upon  
33 the basis of an annual actuarial valuation and appraisal of the system  
34 conducted in the manner provided for in K.S.A. 74-4908 and amend-  
35 ments thereto, the board shall certify, on or before July 15 of each year  
36 to each such employer an actuarially determined estimate of the rate of  
37 contribution which shall be required to be paid by each such employer  
38 to pay all of the liabilities which shall accrue under the system from and  
39 after the entry date as determined by the board, upon recommendation  
40 of the actuary. Such rate shall be termed the employer's participating  
41 service contribution and shall be uniform for all participating employers.  
42 Such additional liability shall be amortized as determined by the board.  
43 For all participating employers described in this section, the board shall

Senate Ways & Means Cmte  
Date 3-12-2009  
Attachment 5

1 determine the actuarial cost method to be used in annual actuarial valuations to determine the employer contribution rates that shall be certified by the board.

2  
3  
4 (ii) The board shall determine for each such employer separately an amount sufficient to amortize all liabilities for prior service costs which shall have accrued at the time of entry into the system. On the basis of such determination the board shall annually certify to each such employer separately an actuarially determined estimate of the rate of contribution which shall be required to be paid by that employer to pay all of the liabilities for such prior service costs. Such rate shall be termed the employer's prior service contribution.

5  
6  
7  
8  
9  
10  
11  
12 (2) The division of the budget and the governor shall include in the budget and in the budget request for appropriations for personal services the sum required to satisfy the state's obligation under this act as certified by the board and shall present the same to the legislature for allowance and appropriation.

13  
14  
15  
16  
17 (3) Each other participating employer shall appropriate and pay to the system a sum sufficient to satisfy the obligation under this act as certified by the board.

18  
19  
20 (4) Each participating employer is hereby authorized to pay the employer's contribution from the same fund that the compensation for which such contribution is made is paid from or from any other funds available to it for such purpose. Each political subdivision, other than an instrumentality of the state, which is by law authorized to levy taxes for other purposes, may levy annually at the time of its levy of taxes, a tax which may be in addition to all other taxes authorized by law for the purpose of making its contributions under this act and, in the case of cities and counties, to pay a portion of the principal and interest on bonds issued under the authority of K.S.A. 12-1774 and amendments thereto by cities located in the county, which tax, together with any other fund available, shall be sufficient to enable it to make such contribution. In lieu of levying the tax authorized in this subsection, any taxing subdivision may pay such costs from any employee benefits contribution fund established pursuant to K.S.A. 12-16,102 and amendments thereto. Each participating employer which is not by law authorized to levy taxes as described above, but which prepares a budget for its expenses for the ensuing year and presents the same to a governing body which is authorized by law to levy taxes as described above, may include in its budget an amount sufficient to make its contributions under this act which may be in addition to all other taxes authorized by law. Such governing body to which the budget is submitted for approval, may levy a tax sufficient to allow the participating employer to make its contributions under this act, which tax, together with any other fund available, shall be sufficient to enable the

21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43

5-2

5-3

1 participating employer to make the contributions required by this act.

2 (5) (a) The rate of contribution certified to a participating employer

3 as provided in this section shall apply during the fiscal year of the partic-

4 ipating employer which begins in the second calendar year following the

5 year of the actuarial valuation.

6 (b) (i) Except as specifically provided in this section, for fiscal years

7 commencing in calendar year 1996 and in each subsequent calendar year,

8 the rate of contribution certified to the state of Kansas shall in no event

9 exceed the state's contribution rate for the immediately preceding fiscal

10 year by more than 0.2% of the amount of compensation upon which

11 members contribute during the period.

12 (ii) Except as specifically provided in this subsection, for the fiscal

13 years commencing in the following calendar years, the rate of contribution

14 certified to the state of Kansas and to the participating employers under

15 K.S.A. 74-4931, and amendments thereto shall in no event exceed the

16 state's contribution rate for the immediately preceding fiscal year by more

17 than the following amounts expressed as a percentage of compensation

18 upon which members contribute during the period: (A) For the fiscal

19 year commencing in calendar year 2005, an amount not to exceed more

20 than 0.4% of the amount of the immediately preceding fiscal year; (B)

21 for the fiscal year commencing in calendar year 2006, an amount not to

22 exceed more than 0.5% of the amount of the immediately preceding fiscal

23 year; and (C) for the fiscal year commencing in calendar year 2007 and

24 in each subsequent calendar year, an amount not to exceed more than

25 0.6% of the amount of the immediately preceding fiscal year.

26 (iii) Except as specifically provided in this section, for fiscal years

27 commencing in calendar year 1997 and in each subsequent calendar year,

28 the rate of contribution certified to participating employers other than

29 the state of Kansas shall in no event exceed such participating employer's

30 contribution rate for the immediately preceding fiscal year by more than

31 0.15% of the amount of compensation upon which members contribute

32 during the period.

33 (iv) Except as specifically provided in this subsection, for the fiscal

34 years commencing in the following calendar years, the rate of contribution

35 certified to participating employers other than the state of Kansas shall

36 in no event exceed the contribution rate for such employers for the im-

37 mediately preceding fiscal year by more than the following amounts ex-

38 pressed as a percentage of compensation upon which members contribute

39 during the period: (A) For the fiscal year commencing in calendar year

40 2006, an amount not to exceed more than 0.4% of the amount of the

41 immediately preceding fiscal year; (B) for the fiscal year commencing in

42 calendar year 2007, an amount not to exceed more than 0.5% of the

43 amount of the immediately preceding fiscal year; and (C) for the fiscal

4-5

1 year commencing in calendar year 2008 and in each subsequent calendar  
2 year, an amount not to exceed more than 0.6% of the amount of the  
3 immediately preceding fiscal year.

4 (v) As part of the annual actuarial valuation, there shall be a separate  
5 employer rate of contribution calculated for the state of Kansas, a separate  
6 employer rate of contribution calculated for participating employers un-  
7 der K.S.A. 74-4931 and amendments thereto, a combined employer rate  
8 of contribution calculated for the state of Kansas and participating em-  
9 ployers under K.S.A. 74-4931, and amendments thereto, and a separate  
10 employer rate of contribution calculated for all other participating  
11 employers.

12 (vi) There shall be a ~~separate~~ employer rate of contribution certified  
13 to the state of Kansas. ~~There shall be a separate employer rate of contri-~~  
14 ~~bution certified to~~ participating employers under K.S.A. 74-4931, and  
15 amendments thereto. There shall be a separate employer rate of contri-  
16 bution certified to all other participating employers. ~~Notwithstanding the~~  
17 ~~provisions of this subsection, for fiscal year 2010, the employer rate of~~  
18 ~~contribution certified to the state of Kansas shall be equal to the combined~~  
19 ~~employer rate of contribution calculated for the state of Kansas and par-~~  
20 ~~ticipating employers under K.S.A. 74 4931, and amendments thereto.]~~

21 (vii) If the combined employer rate of contribution calculated for the  
22 state of Kansas and participating employers under K.S.A. 74-4931, and  
23 amendments thereto, is greater than the separate employer rate of con-  
24 tribution for the state of Kansas, the difference in the two rates applied  
25 to the actual payroll of the state of Kansas for the applicable fiscal year  
26 shall be calculated. This amount shall be certified by the board ~~as addi-~~  
27 ~~tional employer contributions for the participating employers under~~  
28 ~~K.S.A. 74 4931, and amendments thereto, to the division of budget and~~  
29 ~~governor who shall include in the budget each year thereafter provisions~~  
30 ~~for the transfer from the state general fund of sufficient sums to satisfy~~  
31 ~~this obligation. This amount shall be distributed through the same pro-~~  
32 ~~cedure as followed for the employer contribution payments under K.S.A.~~  
33 ~~74 4939 and K.S.A. 2008 Supp. 74 4939a, and amendments thereto, and~~  
34 ~~then remitted by the participating employers to the Kansas public em-~~  
35 ~~ployees retirement system] for deposit as additional employer contribu-~~  
36 ~~tions to the retirement benefit accumulation reserve for the participating~~  
37 ~~employers under K.S.A. 74-4931, and amendments thereto. Notwith-~~  
38 ~~standing the provisions of this subsection for fiscal year 2010, the amount~~  
39 ~~of contributions remitted to the Kansas public employees retirement sys-~~  
40 ~~tem by the state of Kansas as additional employer contributions as pro-~~  
41 ~~vided in this subsection shall be determined to be employer contributions~~  
42 ~~for the participating employers under K.S.A. 74 4931, and amendments~~  
43 ~~thereto. This amount shall be considered remitted to the Kansas public~~

combined

and

← Stricken

← Stricken

← Stricken

1 ~~employees retirement system by the state of Kansas by using the combined~~  
2 ~~employer rate of contribution calculated for the state of Kansas and par-~~  
3 ~~ticipating employers under K.S.A. 74-4931, and amendments thereto, and~~  
4 ~~shall not require any additional distributions or payments as described in~~  
5 ~~K.S.A. 74-4939 and K.S.A. 2008 Supp. 74-4939a, and amendments~~  
6 ~~thereto.~~

← Stricken

5-5

7 (6) The actuarial cost of any legislation enacted in the 1994 session  
8 of the Kansas legislature will be included in the June 30, 1994, actuarial  
9 valuation in determining contribution rates for participating employers.

10 (7) The actuarial cost of the provisions of K.S.A. 74-4950i will be  
11 included in the June 30, 1998, actuarial valuation in determining contri-  
12 bution rates for participating employers. The actuarial accrued liability  
13 incurred for the provisions of K.S.A. 74-4950i shall be amortized over 15  
14 years.

15 (8) Except as otherwise provided by law, the actuarial cost of any  
16 legislation enacted by the Kansas legislature, except the actuarial cost of  
17 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the  
18 employer contribution rates certified for the employer contribution rate  
19 in the fiscal year immediately following such enactment.

20 (9) Notwithstanding the provisions of subsection (8), the actuarial  
21 cost of the provisions of K.S.A. 74-49,109 et seq., and amendments  
22 thereto shall be first reflected in employer contribution rates effective  
23 with the first day of the first payroll period for the fiscal year 2005. The  
24 actuarial accrued liability incurred for the provisions of K.S.A. 74-49,109  
25 et seq., and amendments thereto shall be amortized over 10 years.

26 (10) The cost of the postretirement benefit payment provided pur-  
27 suant to the provisions of K.S.A. 2008 Supp. 74-49,114b, and amendments  
28 thereto, for retirants other than local retirants as described in subsection  
29 (11) or insured disability benefit recipients shall be paid in the fiscal year  
30 commencing on July 1, 2007.

31 (11) The actuarial accrued liability incurred for the provisions of  
32 K.S.A. 2008 Supp. 74-49,114b, and amendments thereto, for the KPERS  
33 local group and retirants who were employees of local employers which  
34 affiliated with the Kansas police and firemen's retirement system shall be  
35 amortized over 10 years.

36 (12) The cost of the postretirement benefit payment provided pur-  
37 suant to the provisions of K.S.A. 2008 Supp. 74-49,114c, and amendments  
38 thereto, for retirants other than local retirants as described in subsection  
39 (13) or insured disability benefit recipients shall be paid in the fiscal year  
40 commencing on July 1, 2008.

41 (13) The actuarial accrued liability incurred for the provisions of  
42 K.S.A. 2008 Supp. 74-49,114c, and amendments thereto, for the KPERS  
43 local group and retirants who were employees of local employers which

9-5

1 affiliated with the Kansas police and firemen's retirement system shall be  
2 amortized over 10 years.

3 (14) The board with the advice of the actuary may fix the contribution  
4 rates for participating employers joining the system after one year from  
5 the first entry date or for employers who exercise the option contained  
6 in K.S.A. 74-4912 and amendments thereto at rates different from the  
7 rate fixed for employers joining within one year of the first entry date.

8 (15) For employers affiliating on and after January 1, 1999, the rates  
9 of contribution certified to the participating employer as provided in this  
10 section shall apply during the fiscal year immediately following such cer-  
11 tification, but the rate of contribution during the first year following the  
12 employer's entry date shall be equal to 7% of the amount of compensation  
13 on which members contribute during the year. Any amount of such first  
14 year's contribution which may be in excess of the necessary current serv-  
15 ice contribution shall be credited by the board to the respective em-  
16 ployer's prior service liability.

17 (16) Employer contributions shall in no way be limited by any other  
18 act which now or in the future establishes or limits the compensation of  
19 any member.

20 (17) Notwithstanding any provision of law to the contrary, each par-  
21 ticipating employer shall remit quarterly, or as the board may otherwise  
22 provide, all employee deductions and required employer contributions to  
23 the executive director for credit to the Kansas public employees retire-  
24 ment fund within three days after the end of the period covered by the  
25 remittance by electronic funds transfer. Remittances of such deductions  
26 and contributions received after such date are delinquent. Delinquent  
27 payments due under this subsection shall be subject to interest at the rate  
28 established for interest on judgments under subsection (a) of K.S.A. 16-  
29 204 and amendments thereto. At the request of the board, delinquent  
30 payments which are due or interest owed on such payments, or both, may  
31 be deducted from any other moneys payable to such employer by any  
32 department or agency of the state.

33 Sec. 2. K.S.A. 2008 Supp. 74-4920 is hereby repealed.

34 Sec. 3. This act shall take effect and be in force from and after its  
35 publication in the statute book.




FY 2010

SENATE WAYS AND MEANS SUBCOMMITTEE

Department of Agriculture  
Animal Health Department  
Kansas State Fair



\_\_\_\_\_  
Senator Mark Taddiken, Chair



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



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

Senate Ways & Means Cmte

Date 3-12-2009

Attachment 6

## House Budget Committee Report

**Agency:** Department of Agriculture    **Bill No.** HB --

**Bill Sec.** --

**Analyst:** O'Hara                      **Analysis Pg. No.** Vol. --

**Budget Page No.** 423

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 12,998,322	\$ 10,948,668	\$ 0
Other Funds	18,744,986	16,898,222	0
Subtotal - Operating	<u>\$ 31,743,308</u>	<u>\$ 27,846,890</u>	<u>\$ 0</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 31,743,308</u></u>	 <u><u>\$ 27,846,890</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 344.5	 344.5	 0.0
Non FTE Uncl. Perm. Pos.	37.5	37.5	0.0
TOTAL	<u><u>382.0</u></u>	<u><u>382.0</u></u>	<u><u>0.0</u></u>

### Agency Request

The **agency** requests a FY 2010 budget of \$31.7 million, which is an increase of \$2.7 million, or 9.2 percent, above the agency's revised FY 2009 estimate. The agency requests State General Fund expenditures of \$13.0 million, which is an increase of \$1.1 million, or 9.4 percent, above the revised FY 2009 estimate. The FY 2010 request includes enhancement funding of \$2.4 million, including \$1.0 million from the State General Fund. Absent the enhancement requests, the agency's FY 2010 request totals \$29.3 million, which is an increase of \$254,297, or 0.9 percent, above the revised FY 2009 estimate, including a State General Fund increase of \$83,805, or 0.7 percent. Increases in the FY 2010 request includes increases in Administrative Services and Support (\$224,495), Food Safety and Consumer Protection (\$56,298), and Agricultural Laboratories (\$72,138), which are partially offset by decreases in Water Resources (\$422,240) and Environmental Protection (\$76,394).

### Governor's Recommendation

The **Governor** recommends a FY 2010 budget of \$27.8 million, which is a decrease of \$3,896,418, or 12.3 percent, below the agency's FY 2010 request and a decrease of \$904,964, or 3.1 percent, below the Governor's FY 2009 recommendation. The recommendation includes State General Fund expenditures of \$10.9 million, which is a decrease of \$2.0 million, or 15.8 percent, below the agency's FY 2010 request and a decrease of \$746,585, or 6.4 percent, below the Governor's FY 2009 recommendation. The Governor recommends shifting \$61,000 in State General Fund expenditures to funding from special revenue funds. The Governor also recommends eliminating funding for 3.0 FTE positions (\$139,036), reducing overall State General

6-2

Fund expenditures by 3.0 percent (\$158,761), increasing salaries and wages shrinkage (\$315,033), and decreasing State General Fund expenditures for moratoriums on the state's contribution for death and disability and employee health insurance (\$285,474).

### House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's FY 2010 recommendation, with the following notations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$598,192, including \$285,474 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescison bill.
2. **KPERS Death and Disability Moratorium.** Add \$109,935, including \$51,940 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescison bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 Percent Reduction.** Delete \$152.587, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human services caseloads, approved by the 2009 Legislature for FY 2009.
4. **Lodging Inspection Program.** The Budget Committee notes the committee's discussion on the lodging inspection program, which was transferred to the Department of Agriculture from the Kansas Department of Health and Environment (KDHE) in FY 2009 as a result of legislation that was approved by the 2008 Legislature. The program currently has four inspectors that are responsible for inspecting lodging establishments across the state. The committee notes the agency is attempting to work with the lodging industry and its various organizations which also conduct inspections of lodging facilities, in hopes of working in conjunction with these organizations to possibly accept non-state inspections as evidence of lodging facilities that are safe for the public use.

The Budget Committee believes that in this year of State General Fund reductions for many programs, that this program should be considered closely for budget savings.

5. **Vacant FTE Positions.** The Budget Committee notes that the agency currently has 52.0 vacant positions, of which 46.0 are FTE positions and 6.0 are non-FTE positions.
6. **Subbasin Water Resources Management Program.** The Budget Committee notes the committee's discussion on the Subbasin Water Resources

6-3

Management program. For FY 2010, the Governor recommends Subbasin Water Resources Management program expenditures of \$737,536, all from the State Water Plan Fund. The committee discussed deleting the FY 2010 recommended funding for the program. The Subbasin Water Resources Management program works with water issues at a basin or area level and works with local stakeholders to provide management and protection options for the state's water resources to ensure a substantial, long-term water supply to benefit Kansas' citizens. The program, under the director of the Chief Engineer for the Division of Water Resources, conducts modeling which measures the amount of water currently in the basins and using that data. The program provides recommendations to local entities regarding water resources.

The Budget Committee is concerned that with the reduction of the \$6.0 million statutory transfer from the State General Fund to the State Water Plan Fund, there are other programs that could be funded with the funding from the Subbasin Water Resources Management program. Although the program currently exists within the agency's Division of Water Resources, the program does not have specific statutory authorization and is not a program that has been approved by the Legislature.

#### **House Committee Recommendation**

The **House Committee** concurs with the House Budget Committee's FY 2010 recommendation.

---

### Senate Subcommittee Report

Agency: Department of Agriculture Bill No. SB 304

Bill Sec. 83

Analyst: O'Hara

Analysis Pg. No. Vol.-

Budget Page No. 423

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 12,998,322	\$ 10,948,668	\$ (592,796)
Other Funds	18,744,986	16,898,222	338,496
Subtotal - Operating	<u>\$ 31,743,308</u>	<u>\$ 27,846,890</u>	<u>\$ (254,300)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 31,743,308</u>	 <u>\$ 27,846,890</u>	 <u>\$ (254,300)</u>
 FTE Positions	 344.5	 344.5	 0.0
Non FTE Uncl. Perm. Pos.	37.5	37.5	0.0
TOTAL	<u>382.0</u>	<u>382.0</u>	<u>0.0</u>

### Agency Request

The **agency** requests a FY 2010 budget of \$31.7 million, which is an increase of \$2.7 million, or 9.2 percent, above the agency's revised FY 2009 estimate. The agency requests State General Fund expenditures of \$13.0 million, which is an increase of \$1.1 million, or 9.4 percent, above the revised FY 2009 estimate. The FY 2010 request includes enhancement funding of \$2.4 million, including \$1.0 million from the State General Fund. Absent the enhancement requests, the agency's FY 2010 request totals \$29.3 million, which is an increase of \$254,297, or 0.9 percent, above the revised FY 2009 estimate, including a State General Fund increase of \$83,805, or 0.7 percent. Increases in the FY 2010 request include Administrative Services and Support (\$224,495), Food Safety and Consumer Protection (\$56,298), and Agricultural Laboratories (\$72,138), which are offset by decreases in Water Resources (\$422,240) and Environmental Protection (\$76,394).

### Governor's Recommendation

The **Governor** recommends a FY 2010 budget of \$27.8 million, which is a decrease of \$3,896,418, or 12.3 percent, below the agency's FY 2010 request and a decrease of \$904,964, or 3.1 percent, below the Governor's FY 2009 recommendation. The recommendation includes State General Fund expenditures of \$10.9 million, which is a decrease of \$2.0 million, or 15.8 percent, below the agency's FY 2010 request and a decrease of \$746,585, or 6.4 percent, below the Governor's FY 2009 recommendation. The Governor recommends shifting \$61,000 in State General

6-5

Fund expenditures to funding from special revenue funds. The Governor also recommends eliminating funding for 3.0 FTE positions (\$139,036), reducing overall State General Fund expenditures by 3.0 percent (\$158,761), increasing salaries and wages shrinkage (\$315,033), and decreasing State General Fund expenditures for moratoriums on the state's contribution for death and disability and employee health insurance (\$285,474).

### Senate Subcommittee Recommendation

The **Senate Subcommittee** concurs with the Governor's FY 2010 recommendation, with the following adjustments and notations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$598,192, including \$285,474 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for SB 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$48,861, including \$23,083 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for SB 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$152,587, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. **State General Fund Reduction.** Delete \$748,766, all from the State General Fund, to reduce the agency's State General Fund allocation by 6.4 percent in FY 2010. The 6.4 percent reduction would be in addition to the 1.25 percent global State General Fund reduction already approved by the Senate Committee. The Senate Subcommittee recommends reducing State General Fund expenditures according to a priority list of reductions submitted by the agency. The document submitted by the agency, which shows the Subcommittee's recommendations, is attached. Of the 25 reductions submitted by the agency for the Subcommittee's review, the Subcommittee recommends all but four of the reductions. The four reductions not recommended by the Subcommittee are items the Subcommittee believes would have a substantial affect on agricultural producers and consumers in the state. The reductions are as follows:
  - *Plant Protection Program, Growing Season Inspections.* The inspections are necessary to support issuing export certificates. Without the inspection, an export certificate cannot be issued, which would affect the ability to ship interstate or internationally. Grain shippers would need to obtain export certificates at the port or border crossing, which would increase their cost and increase risk of not meeting shipping schedules. For this program, the agency submitted a reduction of \$15,541, which the Subcommittee does not recommend.

6-6

- *Weights and Measures Program, Small Scale Inspections.* The program provides traceability of mass and volume standards to the National Institute of Standards and Technology, protects the consumer, and provides equity in the marketplace by ensuring that measurements and scanned prices are accurate. For this program, the agency submitted a reduction of \$229,981, which the Subcommittee does not recommend.
- *Grain Warehouse Program.* The program ensures depositors of grain in public warehouses are protected from losses due to fraud and inventory mismanagement. The program also ensures the condition quality of stored grain. The reduction submitted by the agency would require layoffs of employees and the agency estimates that over half of the licensed grain warehouses would not be inspected due to lack of staff. For this program, the agency submitted a reduction of \$150,000, which the Subcommittee does not recommend.
- *Plant Protection Program, Weed-Free Forage Certifications.* The program certifies that forage and mulch are weed-free, which allows access to markets requiring certification. Weed-free forage inspections are vital to reducing the spread of noxious weeds throughout the state and country. Any forage going to state or federal property in the western states must be certified to the National American Weed Management Association (NAWMA) standards. The Kansas Department of Transportation also requires all mulch hay to meet NAWMA standards. Without the weed-free forage inspections, markets for Kansas producers would be greatly reduced, as Kansas producers currently ship their forage and mulch throughout the western states. For this program, the agency submitted a reduction of \$25,237, which the Subcommittee does not recommend.

5. **Bill Introductions.** The Senate Subcommittee requests introduction of legislation to change substantive law that will be affected by the State General Fund reductions recommended by the Senate Subcommittee. The specific programs that would require changes in substantive law in order to make reductions in program funding are:

- *Pesticide and Fertilizer Program - Swine Nutrient Review.* KSA 65-1,182. The program reviews and approves swine nutrient utilization plans. Plans must be reviewed and approved by the Department of Agriculture before the Kansas Department of Health and Environment will permit applicants' requests to apply wastewater to land.
- *Water Appropriations Program - Letters to Complete or Perfect Water Rights.* KSA 82a-714. The program sends reminder letters to water right owners to ensure they do not miss statutory deadlines.
- *Water Structures Program - Dam Safety Tax Reductions.* KSA 82a-405-409; 79-201g. The program provides property tax reductions for dam owners and those donating easements to local units of government for dam construction.
- *Water Structures Program - Environmental Coordination.* KSA 82a-325-327. The program reviews all applications for permits for environmental effects of the projects and possible remedies for adverse effects. This information is given to the Chief Engineer who may condition permits according to the recommendations of the agencies.

6-7

- *Water Appropriations Program - Non-Use Reminder Letters.* KSA 82a-718. The program sends reminder letters to water right holders who have had three successive years of non-use.
6. **Cooperation Between Agencies.** The Senate Subcommittee acknowledges the efforts of the Department of Agriculture and the Animal Health Department to work together to determine whether savings for the state could be realized by consolidating office space. In addition, the Subcommittee is encouraged by the possibility of the Animal Health Department utilizing information technology services provided by the Department of the Agriculture. The Subcommittee requests the two agencies to continue to work together on both issues in the future.



## House Budget Committee Report

**Agency:** Animal Health Department    **Bill No.** HB --

**Bill Sec.** --

**Analyst:** O'Hara

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

**Budget Page No.** 435

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 1,081,890	\$ 864,525	\$ 27,329
Other Funds	1,819,268	1,773,189	(87,803)
Subtotal - Operating	<u>\$ 2,901,158</u>	<u>\$ 2,637,714</u>	<u>\$ (60,474)</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<b>TOTAL</b>	<u><u>\$ 2,901,158</u></u>	<u><u>\$ 2,637,714</u></u>	<u><u>\$ (60,474)</u></u>
<b>FTE Positions</b>			
FTE Positions	35.0	33.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>36.0</u></u>	<u><u>34.0</u></u>	<u><u>0.0</u></u>

### Agency Request

The **agency** requests a FY 2010 budget totaling \$2.6 million, which is a decrease of \$7,528, or 0.3 percent, below the agency's revised FY 2009 estimate. The request includes State General Fund expenditures of \$1.1 million, which is an increase of \$146,950, or 15.7 percent, above the revised FY 2009 estimate. The request would fund 35.0 FTE positions, which is an increase of 2.0 FTE position above the revised FY 2009 estimate. The request also includes enhancement funding of \$170,908, all from the State General Fund, and 2.0 FTE positions. Enhancement requests include \$18,800 for the purchase of a new vehicle in the Animal Disease Control program and the Brand Registration program, and \$142,108 and 2.0 FTE positions for two Agriculture Inspector II positions and equipment, including the purchase of two new vehicles in the Animal Facilities Inspection program.

### Governor's Recommendation

The **Governor** recommends a FY 2010 budget of \$2.6 million, including \$864,525 from the State General Fund, which is a decrease of \$263,444, or 9.1 percent, below the agency's FY 2010 request, and a decrease of \$249,059, or 8.6 percent, below the Governor's FY 2009 recommendation. Recommended State General Fund expenditures total \$864,525, which is a decrease of \$217,365, or 20.1 percent, below the agency's FY 2010 request and a decrease of \$48,502, or 5.3 percent, below the Governor's FY 2009 recommendation. The Governor does not recommend any enhancement funding that was requested by the agency and recommends a reduction in State General Fund expenditures of \$46,457 for FY 2010.

6-9

## House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's FY 2010 recommendation, with the following adjustments:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$55,468, including \$16,373 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for SB 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$9,739, including \$2,755 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 Percent Reduction.** Delete \$11,766, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human services caseloads, approved by the 2009 Legislature for FY 2009.
4. **Special Revenue Funds Transfer.** Delete \$87,803, all from special revenue funds, and transfer to the State General Fund in FY 2010. The Budget Committee recommends deleting \$87,803 from four agency special revenue funds in FY 2010 and transferring that amount to the State General Fund. The agency proposed the deletion and transfer of the amount in exchange for restoration of the 3.0 percent reduction in State General Fund expenditures that was recommended by the Governor for FY 2010. Please see the attached document from the agency for further detail on the special revenue funds and recommended reductions.
5. **Restore 3.0 Percent State General Fund Reduction.** Add \$27,329, all from the State General Fund, to restore the 3.0 percent State General Fund reduction that was recommended by the Governor for FY 2010. The reduction would decrease the funding for agency travel and subsistence, which the agency states is critical to its agency's Animal Disease Control and Animal Facilities Inspection programs, which include inspections of livestock and animals in pet shops, pounds and shelters, boarding and training facilities, research facilities, animal distributors, animal collectors, and facilities where three or more litters of puppies or kittens are produced, sold, or offered for sale.

## House Committee Recommendation

The **House Committee** concurs with the House Budget Committee's FY 2010 recommendation.

### Senate Subcommittee Report

Agency: Animal Health Department Bill No. SB 304

Bill Sec. 84

Analyst: O'Hara Analysis Pg. No. Vol.-

Budget Page No. 435

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,081,890	\$ 864,525	\$ 62,832
Other Funds	1,819,268	1,773,189	(45,604)
Subtotal - Operating	<u>\$ 2,901,158</u>	<u>\$ 2,637,714</u>	<u>\$ 17,228</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
 TOTAL	 <u>\$ 2,901,158</u>	 <u>\$ 2,637,714</u>	 <u>\$ 17,228</u>
 FTE Positions	 35.0	 33.0	 0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>36.0</u>	<u>34.0</u>	<u>0.0</u>

#### Agency Request

The **agency** requests a FY 2010 budget totaling \$2.9 million, which is a decrease of \$7,528, or 0.3 percent, below the agency's revised FY 2009 estimate. The request includes State General Fund expenditures of \$1.1 million, which is an increase of \$146,950, or 15.7 percent, above the revised FY 2009 estimate. The request would fund 35.0 FTE positions, which is an increase of 2.0 FTE position above the revised FY 2009 estimate. The request also includes enhancement funding of \$170,908, all from the State General Fund, and 2.0 FTE positions. Enhancement requests include \$18,800 for the purchase of a new vehicle in the Animal Disease Control program and the Brand Registration program, and \$142,108 and 2.0 FTE positions for two Agriculture Inspector II positions and equipment, including the purchase of two new vehicles in the Animal Facilities Inspection program.

#### Governor's Recommendation

The **Governor** recommends a FY 2010 budget of \$2.6 million, including \$864,525 from the State General Fund, which is a decrease of \$263,444, or 9.1 percent, below the agency's FY 2010 request, and a decrease of \$249,059, or 8.6 percent, below the Governor's FY 2009 recommendation. Recommended State General Fund expenditures total \$864,525, which is a decrease of \$217,365, or 20.1 percent, below the agency's FY 2010 request and a decrease of

6-11

\$48,502, or 5.3 percent, below the Governor's FY 2009 recommendation. The Governor does not recommend any enhancement funding that was requested by the agency and recommends a reduction in State General Fund expenditures of \$46,457 for FY 2010.

### Senate Subcommittee Recommendation

The **Senate Subcommittee** concurs with the Governor's FY 2010 recommendation, with the following adjustments and notation:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$55,468, including \$16,373 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for SB 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$4,329, including \$1,225 from the State General Fund, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for SB 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$11,766, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. **State General Fund Reduction.** Delete \$87,803, all from special revenue funds, and transfer the same amount to the State General Fund to reduce the agency's State General Fund allocation by 10.0 percent in FY 2010. The 10.0 percent reduction would be in addition to the 1.25 percent global State General Fund reduction already approved by the Senate Committee. The Senate Subcommittee recommends reducing special revenue funds expenditures and transferring the savings according to a priority list of reductions submitted by the agency. The reductions are as follows:
  - *Brucellosis/Pseudorabies Indemnity Fund.* The fund provides funding in the case of a brucellosis or pseudorabies outbreak. The agency submitted a reduction of \$17,275, which the Subcommittee recommended be transferred to the State General Fund.
  - *Attorney Fund.* The funding comes from the Board of Veterinary Examiners for legal assistance and would then be used to fund the Animal Health Department's attorney position. The attorney position is currently vacant. The agency submitted a reduction of \$31,244, which the Subcommittee recommended be transferred to the State General Fund.
  - *Parts and Machinery Fund.* The fund receives receipts from sale of surplus property. The agency submitted a reduction of \$15,420, which the

6-12

Subcommittee recommended be transferred to the State General Fund.

- *Greensburg Reimbursement.* The agency received reimbursement funding from the Federal Emergency Management Agency (FEMA) for the agency's expenditures in the aftermath of the Greenberg tornado. The agency submitted a reduction of \$23,864, which the Subcommittee recommended be transferred to the State General Fund.
5. **IT Equipment Purchase.** Add \$57,000, all from the State General Fund, for purchase of information technology equipment. The Senate Subcommittee recommends that \$57,000 of the special revenue funds recommended to be reduced and transferred to the State General Fund be used toward the purchase of information technology equipment for the agency's kennel inspection staff. The agency estimates that the purchase of software and licenses for the central office in order to integrate the new information technology equipment would cost \$14,800, scanners to reduce paper use would cost \$1,350, and computers and training for the kennel inspection staff would cost \$40,850. The Subcommittee notes the recommendation includes funding for \$57,000 of the needed \$105,755 for a complete upgrade of the agency's information technology system. The Subcommittee recommends further appropriations in the future for this agency to complete the necessary information technology upgrade. The Subcommittee believes that the future upgrades for information technology could lead to decreasing the number of staff necessary for agency operations and that the decrease in salaries and wages could offset any additional increases for information technology.
  6. **Cooperation Between Agencies.** The Senate Subcommittee acknowledges the efforts of the Animal Health Department and the Department of Agriculture to work together to determine whether savings for the state could be realized by consolidating office space. In addition, the Subcommittee is encouraged by the possibility of the Animal Health Department utilizing information technology services provided by the Department of the Agriculture. The Subcommittee requests the two agencies to continue to work together on both issues in the future.

## House Budget Committee Report

**Agency:** Kansas State Fair      **Bill No.** HB --      **Bill Sec.** --  
**Analyst:** O'Hara      **Analysis Pg. No.** Vol.-      **Budget Page No.** 439

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 971,861	\$ 341,861	\$ 0
Other Funds	4,884,197	5,150,331	25,000
Subtotal - Operating	<u>\$ 5,856,058</u>	<u>\$ 5,492,192</u>	<u>\$ 25,000</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 780,000	\$ 0	\$ 0
Other Funds	544,306	114,306	0
Subtotal - Capital Improvements	<u>\$ 1,324,306</u>	<u>\$ 114,306</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 7,180,364</u>	 <u>\$ 5,606,498</u>	 <u>\$ 25,000</u>
 FTE Positions	 24.0	 24.0	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>24.0</u>	<u>24.0</u>	<u>0.0</u>

### Agency Request

The **agency** requests a FY 2010 operating budget of \$5.9 million, which is an increase of \$294,024, or 5.3 percent, above the revised FY 2009 estimate. The request includes State General Fund expenditures of \$971,861, which is an increase of \$176,040, or 22.1 percent, above the revised FY 2009 estimate. The request includes enhancement funding of \$250,000, including \$200,000 from the State General Fund, for an increase in electrical usage rates and \$50,000 from the Economic Development Initiatives Fund (EDIF) for enhanced marketing and promotion of the State Fair.

The **agency** requests FY 2010 capital improvements funding of \$1,324,306, which is an increase of \$57,242, or 4.5 percent, above the FY 2009 approved amount. The increase is attributed to increases of \$2,242 for rehabilitation and repair and \$55,000 for debt service principal payments.

### Governor's Recommendation

The **Governor** recommends a FY 2010 operating budget of \$5.5 million, including \$341,861 from the State General Fund, which is a decrease of \$363,866, or 6.5 percent, below the agency's FY 2010 request and a decrease of \$68,442, or 1.2 percent, below the Governor's FY 2009 recommendation. The Governor recommends a reduction of \$70,000 in expenditures from the Economic Development Initiatives Fund (EDIF) for FY 2010. The Governor also recommends decreases of \$6,843 for the KPERS death and disability state contribution moratorium and \$37,023

6-14

for the employer health insurance state contribution moratorium. The Governor does not recommend any of the agency's FY 2010 enhancement requests.

The **Governor** recommends FY 2010 capital improvements funding of \$114,306, all from special revenue funds, which is a decrease of \$1,210,000, or 91.4 percent, below the agency's FY 2010 request and a decrease of \$742,758, or 86.7 percent, below the Governor's FY 2009 recommendation. The Governor recommends a reduction of \$1,210,000 in funding from the State General Fund to reflect a debt service principal restructuring plan. In addition, the Governor recommends the suspension of the match from the State General Fund to the State Fair Capital Improvements fund in FY 2010.

### House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's FY 2010 recommendation, with the following adjustment and notations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$37,023, all from special revenue funds, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$6,843, all from special revenue funds, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for SB 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 Percent Reduction.** Delete \$563, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human services caseloads, approved by the 2009 Legislature for FY 2009.
4. **Competitive Premiums.** Add \$25,000, all from the Economic Development Initiatives Fund (EDIF), in FY 2010 for competitive premiums for fair entry winners. The agency requested \$20,000, all from the EDIF, for competitive premiums as part of their FY 2010 agency request. The Governor did not recommend funding from the EDIF for competitive premiums in FY 2010. The agency has previously received funding from the EDIF for competitive premiums in FY 2007, FY 2008, and FY 2009.
5. **Debt Service Principal Payments.** The Budget Committee notes its concern regarding the restructuring of a portion of the state's bonded indebtedness in FY 2009 and FY 2010. The Budget Committee notes that by delaying bond payments in the current and budget fiscal years, the total amount of bonded indebtedness that the state will pay over the life of the bonds will total a higher amount than if the state were to pay debt service principal payments on schedule

6-15

for FY 2009 and FY 2010. For FY 2010, the agency's debt service principal would total \$1,210,000, including \$780,000 from the State General Fund.

6. **Increased Electrical Rates.** The Budget Committee notes its concern regarding the agency's FY 2010 enhancement request for \$200,000, all from the State General Fund, for increased electrical rates at the Kansas State Fair. The agency currently has an agreement with Westar that included an interruptible service rider (ISR) and a capacity credit agreement. The ISR means that Westar has the option to call the agency on short notice to reduce the electrical load for the day. By agreeing to these terms, the Kansas State Fair received a more favorable utility rate. Westar has notified the agency that after April 2009, the agency will no longer be eligible for the ISR and the capacity credit agreement that has provided the most significant savings. The agency indicated that according to the information provided by Westar, the loss of this agreement will result in an annual increase of approximately \$200,000 for electrical usage. The Budget Committee notes its recommendation to the agency to continue to negotiate with Westar and to continue exploring the possibility of alternative energy projects to lower the projected cost for electricity at the Kansas State Fair.

### **House Committee Recommendation**

The **House Committee** concurs with the House Budget Committee's FY 2010 recommendation.

---



### Senate Subcommittee Report

Agency: Kansas State Fair

Bill No. SB 304

Bill Sec. 85

Analyst: O'Hara

Analysis Pg. No. Vol.-

Budget Page No. 439

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 971,861	\$ 341,861	\$ 0
Other Funds	4,884,197	5,150,331	40,064
Subtotal - Operating	<u>\$ 5,856,058</u>	<u>\$ 5,492,192</u>	<u>\$ 40,064</u>
Capital Improvements:			
State General Fund	\$ 780,000	\$ 0	\$ 0
Other Funds	544,306	114,306	0
Subtotal - Capital Improvements	<u>\$ 1,324,306</u>	<u>\$ 114,306</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 7,180,364</u>	 <u>\$ 5,606,498</u>	 <u>\$ 40,064</u>
 FTE Positions	 24.0	 24.0	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>24.0</u>	<u>24.0</u>	<u>0.0</u>

#### Agency Request

The **agency** requests a FY 2010 operating budget of \$5.9 million, which is an increase of \$294,024, or 5.3 percent, above the revised FY 2009 estimate. The request includes State General Fund expenditures of \$971,861, which is an increase of \$176,040, or 22.1 percent, above the revised FY 2009 estimate. The request includes enhancement funding of \$250,000, including \$200,000 from the State General Fund, for an increase in electrical usage rates (\$200,000) and \$50,000 from the Economic Development Initiatives Fund (EDIF) for enhanced marketing and promotion of the State Fair.

#### Governor's Recommendation

The **Governor** recommends a FY 2010 operating budget of \$5.5 million, including \$341,861 from the State General Fund, which is a decrease of \$363,866, or 6.5 percent, below the agency's FY 2010 request and a decrease of \$68,442, or 1.2 percent, below the Governor's FY 2009 recommendation. The Governor recommends a reduction of \$70,000 in expenditures from the Economic Development Initiatives Fund (EDIF) for FY 2010. The Governor also recommends decreases of \$6,843 for the KPERS death and disability state contribution moratorium and \$37,023 for the state employee health insurance state contribution moratorium. The Governor does not recommend any of the agency's FY 2010 enhancement requests.

6-17

## Senate Subcommittee Recommendation

The **Senate Subcommittee** concurs with the Governor's FY 2010 recommendation, with the following adjustments and notations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$37,023, all from special revenue funds, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for SB 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$3,041, all from special revenue funds, to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for SB 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **State Fair Capital Improvement Fund.** The Senate Subcommittee notes the Governor's recommendation to suspend the transfer of \$200,000 from the State General Fund to the State Fair Capital Improvement Fund in FY 2010. Current state law authorizes the transfer of up to \$300,000 from the State General Fund to the State Fair Capital Improvement Fund to match the agency's contribution from its annual gross receipts to the State Fair Capital Improvement Fund. For FY 2010, the State Fair estimates that it will transfer \$200,000 to the State Fair Capital Improvement Fund; however, the Governor does not recommend transferring the matching \$200,000 from the State General Fund. In addition, as part of the Governor's debt restructuring plan, the Governor recommends reducing funding from the State General Fund by \$340,000 and replacing the State General Fund moneys with \$340,000 from the State Fair Capital Improvement Fund for debt service interest payments in FY 2010. The Subcommittee notes the State Fair Capital Improvement Fund is projected to have an ending balance of \$86,371 in FY 2010 after reduced contributions from the State General Fund and increased expenditures for debt service interest.
4. **Westar Contract and Requested Hearing.** The Senate Subcommittee notes its concern regarding the agency's contract for electrical usage with Westar. The agency has had an agreement with Westar in the past few years that has included an interruptible service rider (ISR) and a capacity credit agreement. The ISR means that Westar has the option to call the agency on short notice to reduce the electrical load for the day. By agreeing to these terms, the State Fair received a more favorable utility rate. Westar has notified the agency that after April 2009, the State Fair will no longer be eligible for the capacity credit agreement that has provided the agency with significant savings in previous years. While the agency is pursuing alternative energy options and has attempted to work with Westar to reach an alternative agreement, realistically, the agency is facing increased costs for electrical usage during the 2009 Kansas State Fair. The agency requested \$200,000, all from the State General Fund, to help cover the anticipated increase and the Governor did not recommend the funding for FY 2010.

6-18

The Subcommittee recommends that the Senate Committee on Utilities hold a hearing regarding Westar's electrical rates with regard to the Kansas State Fair, in hopes that more information regarding the rate increase will be forthcoming and that options for the agency to hold electrical usage rates steady through FY 2010 may be discussed.

5. **Workers Compensation Increase.** The Senate Subcommittee notes its concern regarding the agency's workers compensation rate for FY 2010. The agency reports that its workers compensation insurance rate is projected to increase by \$70,000 in FY 2010, because the state is recalculating the workers compensation insurance rate for state agencies. Because the agency experienced two accidents in FY 2004, the workers compensation insurance rate for the agency will be calculated at a higher rate. The Subcommittee recommends reviewing this issue during the subcommittee process of the 2010 Legislative Session.
  
6. **Admissions and Exhibitor Fees.** The Senate Subcommittee notes that even though the agency is facing increased electrical usage rates and increased workers compensation insurance rates in FY 2010, the agency does not plan to raise gate admissions fees for the public during the 2009 Kansas State Fair. In addition, the agency does not plan to raise fees for commercial exhibitors this year, as contracts for commercial exhibitors have already been issued and signed by the exhibitors.

**KANSAS DEPARTMENT OF AGRICULTURE 10% REDUCTION REQUEST**

Program	Savings	Running %	% of total Agency SGF	Identified /Realized	# of FTE	Salary	Exp. Reduction	Impact	One Time Savings	Substantive Law or Amendment
<b>Administration - Legal/HR/Fiscal/IT/Office of Secretary:</b> Coordinates, identifies and analyzes agriculture issues; provide coordination between federal/state/local agencies.	\$216,176 2.79%	2.79%	1.85%	Realized	5	\$216,176	\$216,176	Administration has given up 5 positions. The impact is felt by coworkers having to pick up the work. Our level of service has been stretched to the point where we will not be able to provide other services other duties for the agency.	No	
<b>Pesticide and Fertilizer - Swine Nutrient Review:</b> Review and approves swine nutrient utilization plans. The plans must be reviewed and approved before KDHE will permit applicants' requests to apply wastewater to land.	\$56,463 7.54%	10.33%	0.48%	Identified	1	\$56,463	\$56,463	The program is a subcomponent of KDHE's Confined Animal Feeding Operation waste permitting program but statute does not provide funding for the Dept of Agriculture's role in this process. KDA would no longer provide review of the plan for KDHE. Without this review, KDHE cannot issue or renew a permit for a swine facility that has an animal unit capacity of 1,000 or more and that applies manure of wastewater to the land.	No	KSA 65-1,182
<b>Basin Management - Out-of-State meeting &amp; conferences:</b> Includes software training, American Water Resources Assn. conference, Central Plains Irrigation Conference, etc. Participation in these events strengthens Kansas' water resource protection activities.	\$6,387 0.85%	11.18%	0.05%	Identified	0	0	\$6,387	By not participating in these functions KDA's role would be weakened significantly in regards to water resource protection activities for Kansas, as well as our knowledge base.	No	
<b>Water Management Services - Administration</b> Out-of-state meetings, conferences, including the Missouri River Association of States and Tribes, Missouri River Recovery Implementation Committee, Western States Water Council, and others where it is important to promote Kansas and regional interests. Compact-related meetings are not included in this item.	\$45,251 6.04%	17.23%	0.39%	Identified	0	0	\$45,251	By not participating in these functions KDA's role would be weakened significantly in regards to water resource protection activities for Kansas. Also, our knowledge base would decrease as well as our ability to keep abreast of new developments. Our collaboration with other western states and influence on federal policies and programs would be diminished.	No	
<b>Water Structures - Inter-agency Workgroups:</b> Integral to the Program's various functions, but separated to better define possible cost savings. Savings are staff time and travel expenses (mostly in-state) achieved by not attending workgroup meetings with state and federal agencies with duties that involve rivers and streams and their floodplains.	\$9,718 1.30%	18.52%	0.08%	Identified	0	0	\$9,718	By not participating in these functions KDA's role would be weakened significantly in regards to water resource protection activities for Kansas. Coordination of permitting with other state and federal agencies would be reduced, causing more delays and frustrations to the regulated public. Our knowledge base would decrease as we have less interaction with those other agencies.	No	
<b>Water Appropriations - Conferences:</b> Department staff attend these in order to have a professional presence and also to obtain continuing education.	\$15,759 2.10%	20.63%	0.13%	Identified	0	0	\$15,759	By not participating in these functions KDA's role would be weakened significantly in regards to water resource protection activities for Kansas. Also, our knowledge base would decrease as well as our ability to keep abreast of new developments.	No	
<b>Water Appropriations - Stakeholder meetings:</b> Department provides technical support to stakeholders.	\$18,385 2.46%	23.08%	0.16%	Identified	0	0	\$18,385	Stakeholders will no longer have the support needed to make informed decisions and to receive consultation on water issues.	No	

6-20

<p><b><u>Appropriations - Letters to Complete or Perfect Rights:</u></b>  Reminders letters ensures water right owners do not miss statutory deadlines.</p>	<p>\$8,352 1.12%</p>	<p>24.20%</p>	<p>0.07%</p>	<p>Identified</p>	<p>0</p>	<p>0</p>	<p>\$8,352</p>	<p>Water right owners may miss deadline, resulting in a water right being perfected for insufficient amount. This would require a statutory change.</p>	<p>No</p>	<p>KSA 82a-714</p>
<p><b><u>Agriculture Statistics - Other Miscellaneous Projects:</u></b>  Provides services to the agricultural community on a request basis funded by the requesting agency or organization</p>	<p>\$29,125 3.89%</p>	<p>28.09%</p>	<p>0.25%</p>	<p>Identified</p>	<p>1</p>	<p>\$29,125</p>	<p>\$29,125</p>	<p>Community and agency requests will not be done.</p>	<p>No</p>	
<p><b><u>Water Structures - Dam Safety - Tax Reductions:</u></b>  Provides property tax reductions for dam owners and those donating easements to local units of government for dam construction.</p>	<p>\$3,450 0.46%</p>	<p>28.55%</p>	<p>0.03%</p>	<p>Identified</p>	<p>0</p>	<p>0</p>	<p>\$3,450</p>	<p>This program is used primarily by watershed districts as an incentive to landowners to provide donated easements for the construction of flood control dams and other projects. Eliminating the program would make it more difficult for these districts to obtain donated easements increasing the costs of constructing flood control projects. Occasionally, a city or county will utilize this program as well. A statutory change is required to implement.</p>	<p>No</p>	<p>KSA 82a-405 thru 409 and KSA 79-201g</p>
<p><b><u>Water Structures - Environmental Coordination:</u></b>  A review of all applications for permit under the stream obstructions act and levee law by seven state environmental agencies for environmental effects of the projects and possible remedies for adverse effects. This information is given to the Chief Engineer who may condition permits according to the recommendations of the agencies.</p>	<p>\$18,450 2.46%</p>	<p>31.01%</p>	<p>0.16%</p>	<p>Identified</p>	<p>0.5</p>	<p>\$ 18,450</p>	<p>\$18,450</p>	<p>This mandatory review of all applications processed by the program would be replaced by a consultive process so the program could access the other agencies' expertise when needed. Concerns might arise that the program lacks the expertise to decide when environmental conditions warrant consultation with other agencies. A certain amount of coordination with the Department of Wildlife and Parks' threatened and endangered species permitting process would be lost. Statutory change is required to implement.</p>	<p>No</p>	<p>KSA 82a-325 thru 327</p>
<p><b><u>Basin Management - Administrative activities</u></b>  Unit supervisor provides direction and technical oversight of work.</p>	<p>\$72,986 9.75%</p>	<p>40.76%</p>	<p>0.62%</p>	<p>Identified</p>	<p>1</p>	<p>\$72,986</p>	<p>\$72,986</p>	<p>Elimination of this leadership and supervisory position would significantly impact the organization and functional effectiveness of the Basin Team. The supervisor coordinates staff to work on seven basin projects, collaborates with Groundwater Management District managers and staff on groundwater modeling efforts and voluntary water-saving incentive programs, interacts with other state agencies, and performs daily supervisory and administrative functions. Eliminating this position would add 4 FTE's as direct reports to the program manager, who currently directly supervises 5 FTE's in 4 different functional units. Such a supervisory arrangement would greatly diminish the time and attention that could be invested in supervising and coordinating Basin Team activities.</p>	<p>No</p>	
<p><b><u>Basin Management - Stakeholder Outreach, Education, and Assisting Voluntary Incentive Programs:</u></b>  Helps create and implement voluntary incentive programs for water rights. This helps protect other water rights by water use in areas with declining groundwater.</p>	<p>\$31,817 4.25%</p>	<p>45.01%</p>	<p>0.27%</p>	<p>Identified</p>	<p>0</p>	<p>0</p>	<p>\$31,817</p>	<p>Without promotion and education on these voluntary, water-saving incentive programs, there would be less participation in these programs. With these important and effective management tools underutilized, water shortages and resulting regulation would be more likely to occur in areas with severely limited water resources.</p>	<p>No</p>	

16-21

<b>Management Services - Conservation Plans:</b> Review Water Conservation Plans for conformity with guidelines.	\$8,800			Identified	0	0	\$8,800	Water conservation plans will not be reviewed or the review burden may shift to the Kansas Water Office, thus, either slowing the process or eliminating a compliance check for these plans. Savings would only be achieved if freeing-up this portion of the employee's time to take on other duties could translate into reducing the number of positions in the program.	No	
	1.18%	46.19%	0.08%							
<b>Water Appropriations - Conservation Reserve Enhancement Program (CREP):</b> Can be used to permanently retire water rights in closed areas. Sometimes involves dividing water rights to enroll part of a water right in the program.	\$18,385			Identified	0	0	\$18,385	Will delay or eliminate divided rights from being eligible. Due to a retirement we currently do not have staff to dedicate to this project.	No	
	2.46%	48.64%	0.16%							
<b>Water Appropriations - Water Rights Conservation Program:</b> Provides an alternative to forfeiting an un-used water right. Under KSA 82a-718, abandoned water rights can be terminated. The water rights conservation program is an alternative to forfeiting those water rights.	\$23,638			Identified	0	0	\$23,638	May result in water right holders losing their water right or not conserving water. Due to a retirement, we do not have a full-time staff person dedicated to this project.	No	
	3.16%	51.80%	0.20%							
<b>Agriculture Statistics - Bluestem Pasture Survey:</b> Provides pasture rental rate statistics to ranchers and landowners in the Kansas Flint Hills region.	\$17,850			Identified	0	\$17,850	\$17,850	Important data will not be provided to farmers or ranchers.	No	
	2.38%	54.18%	0.15%							
<b>Agriculture Statistics - Hay Market New Reporter:</b> Provides accurate and representative price statistics for buyers and sellers of hay.	\$72,430			Identified	2	\$72,430	\$72,430	Important data will not be provided to farmers or ranchers.	No	
	9.67%	63.86%	0.62%							
<b>Agriculture Statistics - Livestock Auction Reporters:</b> Provides accurate and representative feeder cattle price statistics for buyers and sellers of feeder cattle.	\$18,035			Identified	1	\$18,035	\$18,035	Important data will not be provided to farmers or ranchers.	No	
	2.41%	66.26%	0.15%							
<b>Water Appropriations - On-Line Water Use Data:</b> Allows users to submit water use reports electronically.	\$49,902			Realized	1	\$49,902	\$49,902	Process automation will not occur.	No	
	6.66%	72.93%	0.43%							
<b>Water Appropriations - Non-Use Reminder Letters:</b> Sends reminder letters to water right holders who have had three successive years of non-use.	\$7,407			Identified	0	0	\$7,407	Will result in some water rights being forfeited which would not otherwise be lost. This will require a change in statute.	No	KSA 82a-718
	0.99%	73.92%	0.06%							
<b>TOTALS:</b>	<b>\$748,767</b>		<b>6.40%</b>		<b>12.5</b>	<b>\$551,417</b>	<b>\$748,766</b>			

6-22

## SENATE BILL No. 141

By Committee on Judiciary

1-29

9 AN ACT concerning ~~the division of post audit, transferring~~ the inspector  
10 general and the office of the inspector general ~~from the Kansas health~~  
11 ~~policy authority to the division of post audit,~~ amending K.S.A. 2008  
12 Supp. 75-7427 and repealing the existing section.  
13

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

15 Section 1. On the effective date of this act, K.S.A. 2008 Supp. 75-  
16 7427 is hereby amended to read as follows: 75-7427. (a) As used in this  
17 section:

18 (1) "Attorney general" means the attorney general, employees of the  
19 attorney general or authorized representatives of the attorney general.

20 (2) "Benefit" means the receipt of money, goods, items, facilities,  
21 accommodations or anything of pecuniary value.

22 (3) "Claim" means an electronic, electronic impulse, facsimile, mag-  
23 netic, oral, telephonic or written communication that is utilized to identify  
24 any goods, service, item, facility or accommodation as reimbursable to  
25 the state medicaid program, or its fiscal agents, the state mediKan pro-  
26 gram or the state children's health insurance program or which states  
27 income or expense.

28 (4) "Client" means past or present beneficiaries or recipients of the  
29 state medicaid program, the state mediKan program or the state chil-  
30 dren's health insurance program.

31 (5) "Contractor" means any contractor, supplier, vendor or other per-  
32 son who, through a contract or other arrangement, has received, is to  
33 receive or is receiving public funds or in-kind contributions from the  
34 contracting agency as part of the state medicaid program, the state  
35 mediKan program or the state children's health insurance program, and  
36 shall include any sub-contractor.

37 (6) "Contractor files" means those records of contractors which relate  
38 to the state medicaid program, the state mediKan program or the state  
39 children's health insurance program.

40 (7) "Fiscal agent" means any corporation, firm, individual, organiza-  
41 tion, partnership, professional association or other legal entity which,  
42 through a contractual relationship with the state of Kansas receives, proc-  
43 esses and pays claims under the state medicaid program, the state

Senate Ways & Means Cmte  
Date 3-12-2009  
Attachment 7

7-2

1 mediKan program or the state children's health insurance program.

2 (8) "Health care provider" means a health care provider as defined  
3 under K.S.A. 65-4921, and amendments thereto, who has applied to par-  
4 ticipate in, who currently participates in, or who has previously partici-  
5 pated in the state medicaid program, the state mediKan program or the  
6 state children's health insurance program.

7 (9) "Kansas health policy authority" or "authority" means the Kansas  
8 health policy authority established under K.S.A. 2008 Supp. 75-7401, and  
9 amendments thereto, or its successor agency.

10 (10) "Managed care program" means a program which provides co-  
11 ordination, direction and provision of health services to an identified  
12 group of individuals by providers, agencies or organizations.

13 (11) "Medicaid program" means the Kansas program of medical as-  
14 sistance for which federal or state moneys, or any combination thereof,  
15 are expended, or any successor federal or state, or both, health insurance  
16 program or waiver granted thereunder.

17 (12) "Person" means any agency, association, corporation, firm, lim-  
18 ited liability company, limited liability partnership, natural person, organ-  
19 ization, partnership or other legal entity, the agents, employees, inde-  
20 pendent contractors, and subcontractors, thereof, and the legal successors  
21 thereto.

22 (13) "Provider" means a person who has applied to participate in,  
23 who currently participates in, who has previously participated in, who  
24 attempts or has attempted to participate in the state medicaid program,  
25 the state mediKan program or the state children's health insurance pro-  
26 gram, by providing or claiming to have provided goods, services, items,  
27 facilities or accommodations.

28 (14) "Recipient" means an individual, either real or fictitious, in  
29 whose behalf any person claimed or received any payment or payments  
30 from the state medicaid program, or its fiscal agent, the state mediKan  
31 program or the state children's health insurance program, whether or not  
32 any such individual was eligible for benefits under the state medicaid  
33 program, the state mediKan program or the state children's health insur-  
34 ance program.

35 (15) "Records" means all written documents and electronic or mag-  
36 netic data, including, but not limited to, medical records, X-rays, profes-  
37 sional, financial or business records relating to the treatment or care of  
38 any recipient; goods, services, items, facilities or accommodations pro-  
39 vided to any such recipient; rates paid for such goods, services, items,  
40 facilities or accommodations; and goods, services, items, facilities or ac-  
41 commodated provided to nonmedicaid recipients to verify rates or  
42 amounts of goods, services, items, facilities or accommodations provided  
43 to medicaid recipients, as well as any records that the state medicaid



7-3

1 program, or its fiscal agents, the state mediKan program or the state  
2 children's health insurance program require providers to maintain. "Re-  
3 cords" shall not include any report or record in any format which is made  
4 pursuant to K.S.A. 65-4922, 65-4923 or 65-4924, and amendments  
5 thereto, and which is privileged pursuant to K.S.A. 65-4915 or 65-4925,  
6 and amendments thereto.

7 (16) "State children's health insurance program" means the state chil-  
8 dren's health insurance program as provided in K.S.A. 38-2001 et seq.,  
9 and amendments thereto.

10 (b) (1) There is hereby established within the ~~Kansas health policy~~  
11 ~~authority~~ *division of post audit* the office of inspector general. All budg-  
12 eting, purchasing and related management functions of the office of in-  
13 specter general shall be administered under the direction and supervision  
14 of the ~~executive director of the Kansas health policy authority~~ *the legis-*  
15 *lative post audit committee*. The purpose of the office of inspector general  
16 is to establish a full-time program of audit, investigation and performance  
17 review to provide increased accountability, integrity and oversight of the  
18 state medicaid program, the state mediKan program and the state chil-  
19 dren's health insurance program within the jurisdiction of the Kansas  
20 health policy authority and to assist in improving agency and program  
21 operations and in deterring and identifying fraud, waste, *inefficiency, mis-*  
22 *management, misconduct*, abuse and illegal acts. The office of inspector  
23 general shall be independent and free from political influence and in  
24 performing the duties of the office under this section shall conduct in-  
25 vestigations, audits, evaluations, inspections and other reviews in accord-  
26 ance with professional standards that relate to the fields of investigation  
27 and auditing in government.

department of administration

secretary of administration

28 (2) (A) The inspector general shall be appointed by the ~~Kansas health~~  
29 ~~policy authority~~ *the legislative post audit committee* with the advice and  
30 consent of the senate and subject to confirmation by the senate as pro-  
31 vided in K.S.A. 75-4315b, and amendments thereto. Except as provided  
32 in K.S.A. 46-2601, and amendments thereto, no person appointed to the  
33 position of inspector general shall exercise any power, duty or function  
34 of the inspector general until confirmed by the senate. The inspector  
35 general shall be selected without regard to political affiliation and on the  
36 basis of integrity and capacity for effectively carrying out the duties of  
37 the office of inspector general. The inspector general shall possess dem-  
38 onstrated knowledge, skills, abilities and experience in conducting audits  
39 or investigations and shall be familiar with the programs subject to over-  
40 sight by the office of inspector general.

governor

41 (B) No former or current executive or manager of any program or  
42 agency subject to oversight by the office of inspector general may be  
43 appointed inspector general within two years of that individual's period

7-4

1 of service with such program or agency. The inspector general shall hold  
2 at time of appointment, or shall obtain within one year after appointment,  
3 certification as a certified inspector general from a national organization  
4 that provides training to inspectors general.

5 (C) The term of ~~the person first appointed to the position of inspector~~  
6 ~~general shall expire on January 15, 2009. Thereafter, a each~~ person ap-  
7 pointed to the position of inspector general shall serve for a term which  
8 shall expire on January 15 of each year in which the whole senate is sworn  
9 in for a new term.

10 (D) The inspector general shall be in the ~~classified~~ *unclassified* serv-  
11 ice and shall receive such compensation as is determined by ~~law~~ *the leg-*  
12 *islative post audit committee,* except that such compensation may be in-  
13 creased but not diminished during the term of office of the inspector  
14 general. The inspector general ~~may be removed from office prior to the~~  
15 ~~expiration of the inspector general's term of office in accordance with the~~  
16 ~~Kansas civil service act shall serve at the pleasure of the legislative post~~  
17 ~~audit committee. The inspector general may be removed from office by~~  
18 ~~the affirmative vote of not less than seven members of the legislative post~~  
19 ~~audit committee taken at any regular meeting of such committee.~~ The  
20 inspector general shall exercise independent judgment in carrying out the  
21 duties of the office of inspector general under subsection (b). Appropri-  
22 ations for the office of inspector general shall be made to the ~~Kansas~~  
23 ~~health policy authority~~ *division of post audit* by separate line item appro-  
24 priations for the office of inspector general. ~~The inspector general shall~~  
25 ~~report to the Kansas health policy authority post auditor and the legisla-~~  
26 ~~tive post audit committee.~~

27 (E) ~~Except as otherwise provided by this section, the inspector gen-~~  
28 ~~eral and such employees are employees in the division of post audit and~~  
29 ~~are under the direct supervision of the post auditor.~~ The inspector general  
30 shall have general managerial control over the office of the inspector  
31 general and shall establish the organization structure of the office as the  
32 inspector general deems appropriate to carry out the responsibilities and  
33 functions of the office.

34 (3) Within the limits of appropriations therefor ~~and subject to ap-~~  
35 ~~proval by the post auditor,~~ the inspector general may hire such employees  
36 in the unclassified service as are necessary ~~to administer~~ for the office of  
37 the inspector general. Such employees shall serve at the pleasure of the  
38 inspector general. Subject to appropriations, the inspector general may  
39 obtain the services of certified public accountants, qualified management  
40 consultants, professional auditors, or other professionals necessary to in-  
41 dependently perform the functions of the office.

42 (c) (1) In accordance with the provisions of this section, the duties  
43 of the office of inspector general shall be to oversee, audit, investigate

classified

law

may be removed from office prior to the expiration of the inspector general's term of office in accordance with the Kansas civil service act

department of administration

7-5

1 and make performance reviews of the state medicaid program, the state  
2 mediKan program and the state children's health insurance program,  
3 which programs are within the jurisdiction of the Kansas health policy  
4 authority.

5 (2) In order to carry out the duties of the office, the inspector general  
6 shall conduct independent and ongoing evaluation of the Kansas health  
7 policy authority and of such programs administered by the Kansas health  
8 policy authority, which oversight includes, but is not limited to, the  
9 following:

10 (A) Investigation of fraud, waste, *inefficiency, mismanagement, mis-*  
11 *conduct,* abuse and illegal acts by the Kansas health policy authority and  
12 its agents, employees, vendors, contractors, consumers, clients and health  
13 care providers or other providers.

14 (B) Audits of the Kansas health policy authority, its employees, con-  
15 tractors, vendors and health care providers related to ensuring that ap-  
16 propriate payments are made for services rendered and to the recovery  
17 of overpayments.

18 (C) Investigations of fraud, waste, *inefficiency, mismanagement, mis-*  
19 *conduct,* abuse or illegal acts committed by clients of the Kansas health  
20 policy authority or by consumers of services administered by the Kansas  
21 health policy authority.

22 (D) Monitoring adherence to the terms of the contract between the  
23 Kansas health policy authority and an organization with which the au-  
24 thority has entered into a contract to make claims payments.

25 (3) Upon finding credible evidence of fraud, waste, *inefficiency, mis-*  
26 *management, misconduct,* abuse or illegal acts, the inspector general shall  
27 *report its findings to the Kansas health policy authority and the legislative*  
28 *post-audit committee and shall* refer the findings to the attorney general.

29 (d) The inspector general shall have access to all pertinent informa-  
30 tion, confidential or otherwise, and to all personnel and facilities of the  
31 Kansas health policy authority, ~~their~~ *the employees of the authority,* ven-  
32 dors, contractors and health care providers and any federal, state or local  
33 governmental agency that are necessary to perform the duties of the office  
34 as directly related to such programs administered by the authority. Access  
35 to contractor or health care provider files shall be limited to those files  
36 necessary to verify the accuracy of the contractor's or health care pro-  
37 vider's invoices or their compliance with the contract provisions or pro-  
38 gram requirements. No health care provider shall be compelled under  
39 the provisions of this section to provide individual medical records of  
40 patients who are not clients of the state medicaid program, the state  
41 mediKan program or the state children's health insurance program. State  
42 and local governmental agencies are authorized and directed to provide  
43 to the inspector general requested information, assistance or cooperation.

7-6

1 (e) Except as otherwise provided in this section, the inspector general  
 2 and all employees and former employees of the office of inspector general  
 3 shall be subject to the same duty of confidentiality imposed by law on  
 4 any such person or agency with regard to any such information, and shall  
 5 be subject to any civil or criminal penalties imposed by law for violations  
 6 of such duty of confidentiality. The duty of confidentiality imposed on  
 7 the inspector general and all employees and former employees of the  
 8 office of inspector general shall be subject to the provisions of subsection  
 9 (f), and the inspector general may furnish all such information to the  
 10 attorney general, Kansas bureau of investigation or office of the United  
 11 States attorney in Kansas pursuant to subsection (f). Upon receipt thereof,  
 12 the attorney general, Kansas bureau of investigation or office of the  
 13 United States attorney in Kansas and all assistants and all other employees  
 14 and former employees of such offices shall be subject to the same duty  
 15 of confidentiality with the exceptions that any such information may be  
 16 disclosed in criminal or other proceedings which may be instituted and  
 17 prosecuted by the attorney general or the United States attorney in Kan-  
 18 sas, and any such information furnished to the attorney general, the Kan-  
 19 sas bureau of investigation or the United States attorney in Kansas under  
 20 subsection (f) may be entered into evidence in any such proceedings.

21 (f) All investigations conducted by the inspector general shall be con-  
 22 ducted in a manner that ensures the preservation of evidence for use in  
 23 criminal prosecutions or agency administrative actions. If the inspector  
 24 general determines that a possible criminal act relating to fraud in the  
 25 provision or administration of such programs administered by the Kansas  
 26 health policy authority has been committed, the inspector general shall  
 27 immediately notify the office of the Kansas attorney general. If the in-  
 28 spector general determines that a possible criminal act has been com-  
 29 mitted within the jurisdiction of the office, the inspector general may  
 30 request the special expertise of the Kansas bureau of investigation. The  
 31 inspector general may present for prosecution the findings of any criminal  
 32 investigation to the office of the attorney general or the office of the  
 33 United States attorney in Kansas.

34 (g) To carry out the duties as described in this section, the inspector  
 35 general and the inspector general's designees shall have the power to  
 36 compel by subpoena the attendance and testimony of witnesses and the  
 37 production of books, electronic records and papers as directly related to  
 38 such programs administered by the Kansas health policy authority. Access  
 39 to contractor files shall be limited to those files necessary to verify the  
 40 accuracy of the contractor's invoices or its compliance with the contract  
 41 provisions. No health care provider shall be compelled to provide indi-  
 42 vidual medical records of patients who are not clients of the authority.

43 (h) The inspector general shall report all convictions, terminations

1 and suspensions taken against vendors, contractors and health care pro-  
2 viders to the Kansas health policy authority and to any agency responsible  
3 for licensing or regulating those persons or entities. If the inspector gen-  
4 eral determines reasonable suspicion exists that an act relating to the  
5 violation of an agency licensure or regulatory standard has been commit-  
6 ted by a vendor, contractor or health care provider who is licensed or  
7 regulated by an agency, the inspector general shall immediately notify  
8 such agency of the possible violation.

9 (i) The inspector general shall make annual reports, findings and rec-  
10 ommendations regarding the office's investigations into reports of fraud,  
11 waste, *inefficiency, mismanagement, misconduct*, abuse and illegal acts  
12 relating to any such programs administered by the Kansas health policy  
13 authority to the executive director of the Kansas health policy authority,  
14 the legislative post auditor, ~~the legislative post audit committee~~, the com-  
15 mittee on ways and means of the senate, the committee on appropriations  
16 of the house of representatives, the joint committee on health policy over-  
17 sight and the governor. These reports shall include, but not be limited  
18 to, the following information:

19 (1) Aggregate provider billing and payment information;

20 (2) the number of audits of such programs administered by the Kan-  
21 sas health policy authority and the dollar savings, if any, resulting from  
22 those audits;

23 (3) health care provider sanctions, in the aggregate, including ter-  
24 minations and suspensions; and

25 (4) a detailed summary of the investigations undertaken in the pre-  
26 vious fiscal year, which summaries shall comply with all laws and rules  
27 and regulations regarding maintaining confidentiality in such programs  
28 administered by the Kansas health policy authority.

29 (j) Based upon the inspector general's findings under subsection (c),  
30 the inspector general may make such recommendations to the Kansas  
31 health policy authority or the legislature for changes in law, rules and  
32 regulations, policy or procedures as the inspector general deems appro-  
33 priate to carry out the provisions of law or to improve the efficiency of  
34 such programs administered by the Kansas health policy authority. The  
35 inspector general shall not be required to obtain permission or approval  
36 from any other official or authority prior to making any such  
37 recommendation.

38 (k) (1) The inspector general shall make provision to solicit and re-  
39 ceive reports of fraud, waste, *inefficiency, mismanagement, misconduct*,  
40 abuse and illegal acts in such programs administered by the Kansas health  
41 policy authority from any person or persons who shall possess such in-  
42 formation. The inspector general shall not disclose or make public the  
43 identity of any person or persons who provide such reports pursuant to

8-7

1 this subsection unless such person or persons consent in writing to the  
2 disclosure of such person's identity. Disclosure of the identity of any per-  
3 son who makes a report pursuant to this subsection shall not be ordered  
4 as part of any administrative or judicial proceeding. Any information re-  
5 ceived by the inspector general from any person concerning fraud, waste,  
6 *inefficiency, mismanagement, misconduct*, abuse or illegal acts in such  
7 programs administered by the Kansas health policy authority shall be  
8 confidential and shall not be disclosed or made public, upon subpoena or  
9 otherwise, except such information may be disclosed if (A) release of the  
10 information would not result in the identification of the person who pro-  
11 vided the information, (B) the person or persons who provided the in-  
12 formation to be disclosed consent in writing prior to its disclosure, (C)  
13 the disclosure is necessary to protect the public health, or (D) the infor-  
14 mation to be disclosed is required in an administrative proceeding or  
15 court proceeding and appropriate provision has been made to allow dis-  
16 closure of the information without disclosing to the public the identity of  
17 the person or persons who reported such information to the inspector  
18 general.

19 (2) No person shall:

20 (A) Prohibit any agent, employee, contractor or subcontractor from  
21 reporting any information under subsection (k)(1); or

22 (B) require any such agent, employee, contractor or subcontractor to  
23 give notice to the person prior to making any such report.

24 (3) Subsection (k)(2) shall not be construed as:

25 (A) Prohibiting an employer from requiring that an employee inform  
26 the employer as to legislative or auditing agency requests for information  
27 or the substance of testimony made, or to be made, by the employee to  
28 legislators or the auditing agency, as the case may be, on behalf of the  
29 employer;

30 (B) permitting an employee to leave the employee's assigned work  
31 areas during normal work hours without following applicable rules and  
32 regulations and policies pertaining to leaves, unless the employee is re-  
33 quested by a legislator or legislative committee to appear before a legis-  
34 lative committee or by an auditing agency to appear at a meeting with  
35 officials of the auditing agency;

36 (C) authorizing an employee to represent the employee's personal  
37 opinions as the opinions of the employer; or

38 (D) prohibiting disciplinary action of an employee who discloses in-  
39 formation which (A) the employee knows to be false or which the em-  
40 ployee discloses with reckless disregard for its truth or falsity, (B) the  
41 employee knows to be exempt from required disclosure under the open  
42 records act, or (C) is confidential or privileged under statute or court rule.

43 (4) Any agent, employee, contractor or subcontractor who alleges that

7-9

1 disciplinary action has been taken against such agent, employee, contrac-  
2 tor or subcontractor in violation of this section may bring an action for  
3 any damages caused by such violation in district court within 90 days after  
4 the occurrence of the alleged violation.

5 (5) Any disciplinary action taken against an employee of a state agency  
6 or firm as such terms are defined under subsection (b) of K.S.A. 75-2973,  
7 and amendments thereto, for making a report under subsection (k)(1)  
8 shall be governed by the provisions of K.S.A. 75-2973, and amendments  
9 thereto.

10 (l) The scope, timing and completion of any audit or investigation  
11 conducted by the inspector general shall be within the discretion of the  
12 inspector general. Any audit conducted by the inspector general's office  
13 shall adhere and comply with all provisions of generally accepted govern-  
14 mental auditing standards promulgated by the United States government  
15 accountability office.

16 (m) Nothing in this section shall limit investigations by any state de-  
17 partment or agency that may otherwise be required by law or that may  
18 be necessary in carrying out the duties and functions of such agency.

19 ~~(n) The Kansas health policy authority and the legislative post-audit  
20 committee, in accordance with K.S.A. 75-4319, and amendments thereto,  
21 may recess for a closed, executive meeting under the open meetings act,  
22 K.S.A. 75-4317 through 75-4320a, and amendments thereto, to discuss  
23 with the inspector general any information, records or other matters that  
24 are involved in any investigation or audit under this section. All infor-  
25 mation and records of the inspector general that are obtained or received  
26 under any investigation or audit under this section shall be confidential,  
27 except as required or authorized pursuant to this section.~~

28 Sec. 2. On the effective date of this act, K.S.A. 2008 Supp. 75-7427  
29 is hereby repealed.

30 Sec. 3. This act shall take effect and be in force from and after its  
31 publication in the Kansas register.

March 12, 2009

To: Senate Ways and Means Committee

From: Roger Werholtz



Re: SB 252

Attached please find a response from our health care contractor regarding additional contract pricing information you had requested. Also please find a summary prepared for me by Viola Rigglin regarding work we have done on this issue over the last three or four years.

We are asking that KDOC and JJA be afforded the same treatment that is afforded to every other state agency and to local jails that are responsible for medical care for people in their custody. We are asking that the playing field be leveled so that health care providers cannot simply choose to dictate whatever terms please them when it comes to compensation for their services. The opponents of this bill, it seems to me, have chosen to focus their entire opposition on the premise that our health care is delivered through a third party provider and that fact somehow changes who the recipients of the service are and who ultimately pays for those services. Likewise, I have heard no discussion regarding the merits of JJA's involvement.

In Kansas, the same person can be covered by the current statute, on the same charge, while in county jail or in the custody of a state trooper, while in a state hospital on a civil commitment or undergoing a competency evaluation, or while being committed as a sex predator, but they are excluded while housed in a KDOC or JJA institution. This does not seem logical to me.

I must confess that I am having a difficult time understanding what the issue is here. We have focused on trying to be good stewards of the public's money, to provide the best possible services at the best price with particular emphasis on looking for opportunities to find cost savings. Likewise, we are trying to preserve as much of our public safety operation as possible during a period of rapidly declining budgets. In Ms. Rigglin's memo you will find extensive information on how the department has worked to save local units of government literally millions of dollars in both pharmaceutical and direct health care costs. Our work with the counties is why the Kansas Association of Counties testified in support of SB 252.



March 11, 2009

**To:** Kansas Senate Committee on Ways & Means  
**From:** Cary McClure, CFO, Correct Care Solutions  
**Re:** Senate Bill 252

Dear Committee Members:

This afternoon the Committee asked Correct Care Solutions (CCS) to provide the Committee with a report "... on hospital costs for inmates and the amount of reduction in costs that has been negotiated by CCS".

The specific individual details of the 300+ provider contracts that CCS now has in place throughout the state for hospitals, physicians, and other providers are considered to be highly confidential and proprietary by CCS, inasmuch as such contracts are a key cost component of CCS's contractual arrangement with the Department of Corrections (DOC). CCS is very concerned that revealing such specific information will place CCS at a significant disadvantage with our competitors when the DOC contract is rebid.

In general, CCS believes that it has been able to negotiate payment rates to such providers at payment levels that are very comparable to the HMO or PPO discounts that have been extended by those providers to various third party insurers. We would note that this has been accomplished despite the fact that the patient volume that CCS can bring to any one provider is typically significantly less than that of a third party insurer, such as an HMO, whose discount may be comparable to CCS's discount. The annual dollar value of such reduction in costs obtained by CCS from all healthcare providers including hospitals is also considered proprietary. Please note that all healthcare insurers such as Blue Cross, etc., consider such information proprietary and do not release it.

We hope the above is satisfactorily responsive to your request. Please feel free to contact me directly should you desire additional information. CCS appreciates the opportunity to be of service to the State of Kansas.

Sincerely,



Cary McClure, CFO  
Correct Care Solutions

8-2



DEPARTMENT OF CORRECTIONS

Kathleen Sebelius, Governor  
Roger Werholtz, Secretary

www.dc.state.ks.us

Date: March 12, 2009

To: Roger Werholtz  
Secretary of Corrections  
Kansas Department of Corrections

From: Viola Riggini *VR*  
Director of Health Care Services  
Ks Dept of Corrections/ Kansas University Physician's Inc.

The Kansas Department of Corrections has worked with the Kansas Collaborative on several initiatives over the last three years to reduce skyrocketing costs in the health care arena as it relates to institutionalized persons within county jails, city lock ups, juvenile detention facilities, and state correctional facilities. Findings from The Collaborative were:

1. Some county jails were paying six times more for the same pill as compared to other county jails.
2. In most cases county jails were paying 100% of billable charges to hospitals with no leverage to negotiate.
3. KDOC and JJA pay a higher cost for hospital services than any other Kansas agency caring for institutionalized person such as Larned State Hospital or KNI, because such institutions are required to only pay Medicaid rates.

1. KDOC and The Kansas Collaborative developed a program that allowed other state and local governmental agencies to access the Kansas Department of Corrections (KDOC)/Correct Care Solutions (CCS) pharmacy contract to increase state and local government agencies buying power in order to reduce the high cost of pharmaceuticals for county jails and city lock ups. Without this contract pass-through a significant savings to Kansas communities would not have been possible. It should be noted that CCS received no compensation for their participation in this contract arrangement. It should also be noted this purchasing program received the Counsel of State Governments Innovations Award 2006 and has been replicated in several other states such as Kentucky and Colorado, and most recently, the State of Florida will be adopting a similar program after meeting with KDOC in 2008. The savings in Kansas on pharmaceutical costs has reached over \$15,000,000 (with savings being identified as \$11,400,000 at the state level and \$3,600,000 savings at the county and local levels) for the 3 years since 2006.

2. The Sheriff's Association proposed legislation that resulted in a significant cost savings to county jails and city law enforcement agencies. While the bill allowed for the payment calculations to be made at Medicaid rates there was no viable way to process those payments for each and every county jail or city lockup as Kansas Medicaid did not have the additional manpower at the time to process the bills. Again The Kansas Collaborative through KDOC worked with CCS to develop a Medicaid rate payment system. KDOC and CCS have allowed for one-plus full time employees to work on processing these bills for the counties. Part of that process is ensuring that counties are not billed for inappropriate charges or double billed. In Calendar year 2008 alone, this process saved the Kansas county jails and city lockups \$3,296,176.

3. KDOC stands to gain a cost savings of approximately \$780,000 per year if Senate Bill 252 were to pass with language allowing KDOC and JJA to participate in the bill. In addition to that KDOC is currently faced with paying out at least \$170,000 in FY09 for medical bills

DEPARTMENT OF CORRECTIONS

900 S.W. Jackson Street; Topeka, KS 66612-1284 • (785) 296-3317 • Fax: (785) 296-0014

8-3

unrelated to the CCS contract. The \$170,000+ is for offenders on absconder status or on warrant that develop medical conditions during the arrest process. Without this amendment KDOC and JJA are at the mercy of the hospitals and can expect to be required by the hospitals to pay most, if not all, of the billable charges. Passage of this amendment would bring both KDOC and JJA in line with payment practices of other Kansas agencies required to provide adequate health care for institutionalized persons.



# THE KANSAS COLLABORATIVE

*government working together for better results™*

The Kansas Collaborative is a joint effort between the State of Kansas, the Kansas Association of Counties and the League of Kansas Municipalities to foster collaboration and improve government efficiency. By working together, local and state officials improve accountability and maximize public resources – leading to better results for Kansas.

Projects of The Kansas Collaborative are managed and facilitated by TeamTech Inc.

TheKansasCollaborative.com

## County Jail Savings on Inmate Health Care Costs from the enactment of HB 2893

*A project of The Kansas Collaborative in partnership  
with the Kansas Sheriffs' Association*

Updated as of January 1, 2009

Time period	# of claims	Billed Charges	Medicaid Amt.	Savings	Average Savings %
June to December 2006	990	\$1,064,228.49	\$350,950.00	\$713,278.49	67.0%
January to June 2007	1,710	\$2,005,146.97	\$664,506.54	\$1,340,640.43	66.9%
July to December 2007	2,218	\$2,751,820.99	\$716,563.21	\$2,035,257.78	74.0%
January to June 2008	1,883	\$2,790,464.38	\$984,672.45	\$1,805,791.93	64.7%
July to December 2008	2,094	\$2,617,906.21	\$710,330.78	\$1,907,575.43	72.9%
<b>TOTALS</b>	<b>8,895</b>	<b>\$11,229,567.04</b>	<b>\$3,427,022.98</b>	<b>\$7,802,544.06</b>	<b>69.5%</b>

Note: Sedgwick County's savings are included in the Prescription Drug savings data.

Wyandotte County was added beginning January 2008. Johnson County data for 2008 was reported starting in March 2008.

The Kansas Collaborative  
300 SW 8th Avenue  
3rd Floor  
Topeka, KS 66603

Randall Allen  
Kansas Association of Counties  
(785) 272-2585  
allen@kansascounties.org

8-5  
Kathleen Harnish-Doucet  
TeamTech, Inc.  
(913) 706-8797  
kathleen@teamtechinc.com