

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE
April 22 & 23, 2009
Omnibus Bill

The meeting was called to order by Chairman Jay Emler at 9:00 a.m. on April 22, 2009, in Room 545-N of the Capitol.

All members were present except:

Senator Mark Taddiken - excused (April 22nd & 23rd)
Senator Dwayne Umbarger - excused (April 22nd only)

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Christina Butler, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Aaron Klaassen, 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
Theresa Kiernan, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the Committee:

Others attending:

See attached list.

April 22, 2009
9:00 a.m., Morning Session

Chairman Emler expressed the Committee's condolences to Senator Taddiken on the death of his mother and to Senator Umbarger on the death of a close friend's mother.

Confirmation Hearings

Michael Braude (Attachment 1) and Rachel Reiber (Attachment 2), appeared before the Committee with regard to their appointments to the Kansas Public Employees Retirement System Board of Trustees.

Senator Teichman moved to recommend favorably the appointments of Michael Braude and Rachel Reiber to the Kansas Public Employees Retirement System Board, for terms of four (4) years each. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Subcommittee Report on SB 296 - Federal stimulus act, review and evaluation.

Senator Kultala, Chair of the Subcommittee, requested that Jill Wolters, Revisor of Statutes, explain amendments proposed by the Subcommittee on **SB 296** (Attachment 3).

The Committee noted that two technical corrections should be made to the amendment:

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(1) Page 2, line 5, and (2) Page 2, line 40, noting that the new language should be inserted after the word "the" rather than before the word "the".

Senator Vratil moved to strike all language in the amendment on page 1, line 18, and on page 2, line 7, after the words "if applicable." The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Vratil moved to delete language on page 1, line 14 "Within 10 days after the effective date of this act" and insert "Within 10 days after a state agency first anticipates the receipt of federal funds under the federal American recovery and reinvestment act, so that the obligation to report occurs within 10 days after the agency first anticipates the receipt of federal funds" and delete language on Page 2, Line 6, stating "Within 10 days after the effective date of this act and insert "Within 10 days after a state agency first determines it is eligible and desires to receive funding under any provision of the federal act" and allow for technical adjustments to the amendment. The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

Senator Lee moved to table **SB 296** until Wednesday, April 29, 2009, to allow staff time to discuss current reporting by agencies to avoid duplication in reporting requirements. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Department of Revenue Memo

A memo from the Kansas Department of Revenue regarding issues for Omnibus review was distributed to the Committee (Attachment 4).

Review of Items for Omnibus Consideration

The Fiscal Analyst Staff of the Legislative Research Department presented and reviewed the following documents:

- Items for Omnibus Consideration (Attachment 5).
- Governor's Budget Amendment No. 2 (Attachment 6).
- Consensus Caseload Estimates for FY 2009 and FY 2010 (Attachment 7).
- State General Fund Receipts Revisions for FY 2009 and FY 2010 (Attachment 8).
- Children's Initiatives Fund, FY 2008 - FY 2010 (Attachment 9).
- State Water Plan Fund (Attachment 10).
- Economic Development Initiatives Fund, FY 2008 - FY 2010 (Attachment 11).
- Comparison of FY 2009 and FY 2010 Approved Budgets, **Senate Sub for HB 2354**, State General Fund and Federal Stimulus Funding (Attachment 12).
- **House Sub for Sub for SB 23** - Conference Appropriations Bill (Reflects Conference Committee adjustments for FY 2009, FY 2010 and FY 2011 (Attachment 13).
- April Consensus Revenue Estimates; FY 2011 and FY 2012 Limited Revenue Growth; Expenditures as approved by the 2009 Legislature at First Adjournment - Status of the State General Fund, FY 2009 - FY 2012 (Attachment 14).
- Possible Budget Adjustments to FY 2009 and FY 2010 Budgets (Attachment 15).
- Additional agency budget information on Department of Administration, Kansas Lottery, School for the Blind and School for the Deaf (Attachment 16).
- Additional agency budget information on Kansas Board of Veterinary Medical Examiners, Juvenile Justice Authority (JJA), Kansas Real Estate Appraisal Board and Kansas Board of Technical Professions (Attachment 17).
- Additional agency budget information on Kansas Highway Patrol, State Fire Marshal, Bureau of Investigation, Kansas Department of Transportation (KDOT), and Kansas Commission on Peace Officers' Standards and Training (KS-CPOST) (Attachment 18).
- Additional agency budget information on Kansas State Library (Attachment 19).
- Additional agency budget information on Behavioral Sciences Regulatory Board, State Board of Healing Arts, Board of Pharmacy, State Treasurer and the Pooled Money Investment Board, Kansas Arts Commission, Kansas Historical Society, Board of Emergency Medical Services, State Board of Nursing, Kansas Dental Board and Board of Examiners in Optometry (Attachment 20).

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- Additional agency budget information on Office of the Attorney General and Secretary of State ([Attachment 21](#)).
- Additional agency budget information on Kansas Public Employees Retirement System (KPERs), Court of Tax Appeals, Department of Revenue and Department of Commerce ([Attachment 22](#)).
- Additional agency budget information on Kansas, Inc., Department of Revenue, Kansas Technology Enterprise Corporation (KTEC) and Department of Commerce ([Attachment 23](#)).
- Additional agency budget information on Governmental Ethics Commission, State Board of Barbering, Board of Cosmetology and Board of Mortuary Arts ([Attachment 24](#)).
- Additional agency budget information on Kansas Corporation Commission, Animal Health Department, Kansas State Fair, Department of Wildlife and Parks, Department of Health and Environment-Environment, State Conservation Commission, Kansas Water Office and Department of Agriculture ([Attachment 25](#)).
- Additional agency budget information on Department of Health and Environment-Health, Department on Aging, Kansas Health Policy Authority and Department of Social and Rehabilitation Services ([Attachment 26](#)).
- Additional agency budget information on State Bank Commissioner, Department of Credit Unions, Kansas Insurance Department, Health Care Stabilization Fund, Department of Labor, Kansas Commission on Veterans' Affairs, Kansas Guardianship Program, Kansas Human Rights Commission and Office of Securities Commissioner of Kansas ([Attachment 27](#)).
- Additional information on Kansas Soldiers' Home and Kansas Veterans' Home ([Attachment 28](#)).
- Information on Veteran's Benefit Enhancement Project ([Attachment 29](#)).
- Additional agency budget information on Department of Corrections, Kansas Parole Board and Kansas Sentencing Commission ([Attachment 30](#)).
- Additional agency budget information on Postsecondary Education Systemwide ([Attachment 31](#)).

Actions taken by the Committee on "Items for Omnibus Consideration" ([Attachment 5](#))

Board of Veterinary Examiners (Page 5)

Senator Wysong moved to authorize a technical adjustment to **S Sub for HB 2354** deleting \$6,021 from the appropriated amount for the Board of Veterinary Examiners in FY 2010 as adopted by the Conference Committee. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Attorney General (Page 22)

Senator Vratil moved to adopt the request from the Attorney General for 2.0 FTE positions in FY 2010 in the Medicaid Fraud Unit to be funded with federal funds; however, if federal funds do not become available, the positions will lapse. The motion was seconded by Senator Wysong. Motion carried on a voice vote.

Governmental Ethics Commission (Page 32)

Senator Schmidt moved to authorize a technical adjustment to **S Sub for HB 2354** to increase State General Fund by \$6,761 and decrease the agency's fee fund by \$13,694 as adopted by the Conference Committee. The motion was seconded by Senator Masterson. Motion carried on a voice vote.

Kansas Corporation Commission (Page 39)

Senator Lee moved to authorize a technical adjustment to **S Sub for HB 2354** to include language to authorize Kansas Electric Transmission Authority (KETA) to reappropriate any remaining funding from FY 2009 to FY 2010 as adopted by the Conference Committee. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Kansas Health Policy Authority (Page 70, Item I)

Senator Schmidt moved to change the date in Item I, Page 70 regarding a "Review Continuation of MediKan

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Preferred Drug List for Mental Health Medications Proviso” from June 30, 2009, to June 30, 2010. The motion was seconded by Senator Schodorf.

Senator Kelly made a substitute motion to table the issue until additional information is available from the Kansas Health Policy Authority. The motion was seconded by Senator Lee. Motion carried on a vote of 6-3. Senator Schmidt requested to be recorded as voting “no”.

Board of Regents (Page 90, Item E)

Senator Masterson moved to authorize a technical adjustment to delete language in S Sub for HB 2354 to hold technical colleges harmless in FY 2010 in lieu of the fact that postsecondary aid for technical education was funded at \$33.0 million in FY 2009 and \$32.6 million in FY 2010 making it impossible to hold the technical colleges harmless in FY 2010. The motion was seconded by Senator Wysong. Motion carried on a voice vote.

Kansas State University - Extension Systems and Agricultural Research Programs (Page 91, Item A)

Senator Masterson moved to authorize a technical adjustment to S Sub for HB 2354 to add \$4,501, all from the Economic Development Initiatives Fund (EDIF), to restore state contributions to the state employee Health Insurance Premium Reserve Fund for seven payroll periods in FY 2010. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Postsecondary Systemwide

Senator Wysong moved to provide authorization to Kansas State University to raze buildings on the campus as necessary for the site of the new National Bio and Agro-Defense Facility (NBAF). The motion was seconded by Senator Vratil. Motion carried on a voice vote.

The meeting was recessed at 5:30 p.m. and will reconvene at 8:30 a.m. on April 23, 2009.

April 23, 2009

Chairman Emler called the meeting to order at 8:45 a.m.

The Committee addressed the items on the list of “Possible Budget Adjustments to FY 2009 and FY 2010 Budget” (Attachment 15).

1. Delete the second half of the FY 2009 “slider” payment to local units of government (\$25.0 million).

Senator Lee moved to accept the Governor’s Budget Adjustment (GBA) No. 2, Item No. 1, to suspend the second half of the FY 2009 “slider” payment to local units of governments in the amount of \$25.0 million. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

2. Limit the amount of the Bioscience Authority transfer to the FY2009 amount (\$5.0 million)

Senator Vratil moved to reject the limitation on the transfer from the State General Fund to the Bioscience Authority for FY 2010. The motion was seconded by Senator Schmidt. Motion was withdrawn with permission of the second.

Following a request from the Committee, Tom Thornton, Kansas Bioscience Authority (KBA), appeared

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before the Committee to explain projects that are currently and proposed to be funded through the KBA (Attachment 32).

Senator Vratil moved to reject Item No.2 to limit the amount of Bioscience Authority transfer to the FY 2009 amount. The motion was seconded by Senator Wysong. Motion carried on a voice vote.

- The Committee requested a detail list of projects funded by the Kansas Bioscience Authority and a map showing the locations of the projects.
- 3. Assume the receipt of \$50.0 million in expanded gaming funds for two privilege fee payments of \$25.0 million per casino (\$50.0 million).

Senator Kelly moved to adopt Item No. 3 to add \$50 million in expanded gaming funds to the State General Fund (SGF). The motion was seconded by Senator Schodorf.

Senator Wysong made a substitute motion to reduce the expanded gaming funds to \$25 million for FY 2010. The motion was seconded by Senator Teichman. Motion carried on a vote of 8-3.

The Committee expressed concern that gaming revenue may not be realized.

- 4. Delete FY 2010 state employee classified below market pay (\$8.5 million).

Senator Schmidt moved to not delete the FY 2010 state employee classified below market pay funding of \$8.5 million. The motion was seconded by Senator Kultala. Motion carried on a vote of 7-4.

- 5. Sweep one-time special revenue funds that were not swept in FY 2009 (\$21.0 million).

Senator Schodorf moved to adopt No. 5 to sweep one-time special revenue funds that were not swept in FY 2009 in the amount of \$21 million to the SGF. The motion was seconded by Senator Vratil. Motion carried on a voice vote.

- 6. Transfer KSIP Balances from FY 2009 (\$4.2 million)

Senator Lee moved to adopt Item No. 6 to transfer KSIP balances from FY 2009 in the amount of \$4.2 million to the SGF. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

- 7. Sweep non-SGF 3.0 percent reduction from FY 2009 (\$2.2 million).

Senator Schmidt moved to not sweep non-SGF 3.0 percent reduction from FY 2009. The motion was seconded by Senator Masterson. Motion failed on a vote of 5-6.

Senator Teichman moved to adopt a proviso stating "Provided that, notwithstanding the provisions of K.S.A. 9-1703, and amendments thereto, or any other provision of state law, for FY 2010 and FY 2011, assessments authorized pursuant to K.S.A. 9-1703 may be collected by the state bank commissioner as needed, and in such installment periods as the commissioner deems appropriate, but no more frequently than monthly (Attachment 33). The motion was seconded by Senator Masterson. Motion failed.

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Senator Lee moved to sweep the non-SGF 3.0 percent reduction from FY 2009 in the amount of \$2.2 million. The motion was seconded by Senator Kultala. Motion carried on a 6-5 vote. Senator McGinn, Schmidt, Teichman, Umbarger and Masterson requested to be recorded as voting "no".

8. Do not make the transfer to the Health Care Stabilization Fund in FY 2010 (\$2.8 million).

Senator Schmidt moved to not adopt Item No. 8. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

9. Do not transfer \$3.2 million to the State Water Plan Fund in FY 2010 (\$3.2 million).

Senator McGinn moved to not adopt Item No. 9. The motion was seconded by Senator Kultala. Motion carried on a vote of 6-4.

10. Do not transfer \$2.0 million to the State Water Plan Fund in FY 2009 (\$2.0 million).

Senator Lee moved to not adopt Item No. 10. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

11. Reduce State Gaming Revenue Fund transfer amount to the FY 2009 level (\$2.0 million).

Senator Schodorf moved to reduce the State Gaming Revenue Fund transfer amount to the FY 2009 level. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

12. Delete the FY 2010 partial payment to the Special City County Highway Fund (\$5.0 million)

Senator Vratil moved to fund the FY 2010 partial payment of \$5.0 million to the Special City County Highway Fund from Department of Transportation instead of the SGF. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

13. Transfer the Clean Drinking Water tax to the State General Fund instead of the State Water Plan Fund (\$3.2 million).

Senator Vratil moved to not adopt Item No. 13. The motion was seconded by Senator Umbarger. Motion carried on a voice vote.

14. Reduce grants to community mental health centers to Governor's FY 2010 recommended amount (\$5.0 million).

Senator Kelly moved to not adopt Item No. 14. The motion was seconded by Senator Lee. Motion carried on a voice vote.

15 & 16. Suspend Phase-out of Corporation Franchise Tax (**HB 2028**) (\$14.0 million) and Estate Tax (**HB 2047**) (\$5.0 million).

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Senator Lee moved to introduce legislation to suspend phase-out of the Corporation Franchise Tax and Estate Tax for a period of 3 years. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

18. Transfer remaining balance of extra payment of tobacco settlement funds (\$3.25 million).

Senator Vratil moved to adopt GBA No. 2, Page 6, Item 8, to fund the Wichita Center for Graduate Medical Education (WCGME) in the amount of \$3.5 million and fund the \$3.5 million with \$3.25 million of tobacco settlement funds (Kansas Endowment for Youth Fund) and \$.25 million from the SGF. The motion was seconded by Senator Schmidt. Motion carried on a voice vote.

The Committee stated that it is the consensus of the Legislature that appropriate funding for the Wichita Center for Graduate Medical Education (WCGME) is a Board of Regents' issue. The Committee also noted that the \$3.5 million funding will allow WCGME to draw down \$2.4 million in federal funding through the Medicaid process for additional resources available totaling \$5.9 million.

Senator Teichman moved to not adopt GBA No. 2, Item No. 2 transferring \$3.25 million funds from the Kansas Endowment for Youth Fund (KEY) to the SGF in FY 2009. The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

19. Do transfer from the State Safety Fund (driver's education) and Motorcycle Safety Fund to State General Fund (\$3.0 million).

Senator Teichman moved to not adopt transfer from the State Safety Fund and Motorcycle Safety Fund to the SGF. The motion was seconded by Senator Wysong.

The Committee discussed the possibility of the state receiving approximately \$11.0 million additional federal funds if the primary seat belt legislation before the Legislature at the present time, becomes law.

Senator Lee made a substitute motion to fund driver's education and motorcycle safety with \$3.0 million federal funding if the primary seat belt law becomes law during the 2009 Legislative Session and federal funds are received which would further result in a transfer of \$3.0 million from the State Safety Fund and Motorcycle Safety Fund to the SGF. If the legislation does not become law or the federal funds are not received, the transfer from the State Safety Fund (driver's education) and Motorcycle Safety Fund to the SGF will not be made. The motion was seconded by Senator Masterson. Motion carried on a voice vote.

20. Reduce non-SGF agencies and sweep balances - FY 2010 (\$2.9 million).

Senator Schodorf moved to adopt Item No. 20 to reduce non-SGF agencies and sweep balance in FY 2010. The motion was seconded by Senator Kelly. Motion carried on a vote of 6-5. Senators McGinn, Teichman and Schmidt requested to be recorded as voting "no".

21. One-time special revenue sweep balances - FY 2010 (\$2.2 million).

Senator Kelly moved to adopt Item No. 21 to do a one-time special revenue sweep of balances in FY 2010. The motion was seconded by Senator Lee. Motion carried on a voice vote.

22. State Employee Health Insurance Administration Fund (\$4.5 million).

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Senator Schmidt moved to not adopt Item No. 22. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

23. Fully decouple from all federal changes (\$77.0 million) (Attachment No. 34).

Senator Wysong moved to introduce legislation to fully decouple the state from all federal changes on income tax liability for a maximum of 2 years until the \$77.5 million is reached as set forth in Attachment No. 34. The motion was seconded by Senator Lee. Motion carried on a voice vote. Senators Masterson and McGinn requested to be recorded as voting "no".

26. Suspend the development of the new state financial management system (\$16.9 million).

Senator Vratil moved to not adopt Item No. 26. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

27. Delay Fair Fares program for one year and convert to SGF (\$5.0 million).

Senator Masterson moved to reject Item No. 27. The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

28. Do not transfer funding to the State Housing Trust Fund (\$2.0 million).

Senator Kelly moved to suspend the transfer to the State Housing Trust Fund for a period of two years thus pushing the program back two years. The motion was seconded by Senator Masterson. The Committee requested to pass-over the issue at this time.

Senator Kelly moved to fund the \$2 million for the State Housing Trust Fund from the Economic Development Initiatives Fund (EDIF). The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Senator Schmidt made a substitute motion to suspend the program for two years. The motion was seconded by Senator Vratil. Motion failed on a voice vote.

The Committee returned to action on Senator Kelly's motion.

29. Do not transfer EDIF to KEOIF and convert to SGF (\$1.2 million).

Senator Masterson moved to reject Item No. 29. Motion died for lack of a second.

Senator Vratil moved to accept Item No. 29. The motion was seconded by Senator McGinn. Motion carried on a voice vote.

30. Do not fund Wildlife and Parks State General Fund capital improvements (\$.5 million).

The Committee noted that the Department of Wildlife and Parks has requested that the funds be withheld from capital outlay fund rather than the capital improvements fund.

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Senator Schodorf moved to not fund the Wildlife and Parks SGF capital outlay appropriation of \$.5 million. The motion was seconded by Senator McGinn. Motion carried on a voice vote.

31. Increase federal match for all non caseload programs in FY 2009 and FY 2010 (\$6.0 million).

Senator Schmidt moved to accept GBA No. 1, Item No. 6, Page 5. The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

32. Suspend the development of the Kansas Legislative Information Services System (\$2.0 million).

Senator Schmidt moved to not adopt Item No. 32. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

33. Delete all language related to the 1.0 percent base salary adjustment - no salary increase would be provided and hence the state agencies then would not have to self-fund an increase. The estimated cost for a 1.0 percent salary increase.

Senator Lee moved to accept the recommendation to delete language related to the 1.0 percent base salary adjustment. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Afternoon Session
1:15 p.m.

Additional Committee Action on GBA No. 2 (Attachment 6).

Senator Teichman moved to accept GBA No. 2, Item No. 3 concerning the Department of Administration, Statehouse Bonding Authority. The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

Senator Vratil moved to accept GBA No. 2, Item No. 4, concerning the Board of Indigents Defense Services and Caseload Estimates and Capital Defense Adjustment. The motion was seconded by Senator Umberger. Motion carried on a voice vote.

Senator Vratil moved to accept GBA No. 2, Item No. 5 concerning the Department of Social and Rehabilitation Services, Department on Aging, Kansas Health Policy Authority and Juvenile Justice Authority caseload adjustments. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Senator Vratil moved to not accept GBA No. 2, Item No. 7 concerning the Kansas Health Policy Authority and Clearinghouse Capacity. The motion was seconded by Senator Schmidt. Motion carried on a voice vote.

Senator Vratil moved to accept GBA No. 2, Item No. 9 concerning the Department of Education Special Education Part B. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator Kelly moved to accept GBA No. 2, Item No. 10, concerning the Adjutant General and Disaster Relief. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

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Further Committee Actions on “Items for Omnibus Consideration” (Attachment 5)

Page 70, Item I - Review Continuation of Medikan Preferred Drug List for Mental Health Medications Proviso

Senator Schmidt moved to change the date in the proviso from June 30, 2009, to June 30, 2010, and insert the proviso that would prohibit KHPA from instituting a preferred drug list for mental health medications for the MediKan population. The motion was seconded by Senator Umbarger. Motion carried on a voice vote.

Page 92 and 93, Item F and G - Department of Social and Rehabilitation Services - Statewide Protection Report Center System Project and Host Access Transformation Services Project.

Senator McGinn moved to add funding in the amount of \$1.3 million SGF for the funding of the Statewide Protection Report Center System Project and Host Access Transformation Services Project within the Department of Social and Rehabilitation Services (SRS). The motion was seconded by Senator Schmidt. Motion carried on a voice vote.

K-12 Education Funding

Senator Masterson moved to appropriate K-12 education funding of \$3.06 billion including the federal stimulus funding and making the appropriate adjustments (Attachment 35). The motion was seconded by Senator Wysong.

Senator Vratil made a substitute motion to make no change in K-12 Education and Higher Education funding from the Legislature’s position in the MEGA bill. The motion was seconded by Senator Kelly. Motion carried on a voice vote. Senator Masterson requested to be recorded as voting “no”.

Page 20, Item B, State Library

Senator Wysong moved to add a proviso stating that the State Library may not use any existing funding to start a new program, specifically the Courier Program. The motion was seconded by Senator Emler. Motion carried on a voice vote.

Page 89, Item A, Board of Regents

Senator Schodorf moved to appropriate \$95,000 from the Southwest Kansas Access Projects Fund to continue membership in the Midwest Higher Education Compact (MHEC). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Kelly moved to appropriate \$91,965 from the Southwest Kansas Access Projects Fund for the Career Pipeline. The motion was seconded by Senator Masterson. Motion carried on a voice vote.

Senator Teichman moved to appropriate \$50,000 from the Children’s Initiative fund (CIF) Early Childhood Block Grant through the Department of Social and Rehabilitation Services (SRS), designated to help train people at the University of Kansas Medical Center to promote early identification of those with autism. The motion was seconded by Senator Masterson. Motion failed on a voice vote.

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The Committee expressed concern that this is a new program or expansion of an existing program.

Page 87, Item C - Residential Centers in Johnson and Sedgwick Counties

Senator Vratil moved to continue the funding of \$2,068,020 SGF in FY 2010 of the residential centers in Johnson and Sedgwick Counties. The motion was seconded by Senator McGinn. Motion carried on a voice vote.

Page 32, Item B, Kansas Technical Enterprise Corporation (KTEC)

Senator Wysong moved to delete \$2 million from the Economic Development Initiatives Fund (EDIF) Kansas Technical Enterprise Corporation (KTEC) budget and transfer to SGF. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Wysong made a motion to rescind the Committee's earlier action of deleting \$2 million for KTEC and instead add \$7 million to KTEC budget. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Page 43 - Kansas Department of Health and Environment (KDHE)

Senator Schmidt moved to direct KDHE to not cut the funding for the Cerebral Palsy program below \$90,000. The motion was seconded by Senator Schodorf.

Senator Vratil made a substitute motion to provide that KDHE not cut the funding for the Cerebral Palsy program by a percentage greater than the average percentage cut for their entire budget. The motion was seconded by Senator Schmidt. Motion carried on a voice vote.

Page 16, Item G, Department of Transportation

Senator Umbarger moved to authority no-limit expenditure authority in FY 2009 and FY 2010 for the Intermodal Revolving Fund as created in HB 2131. The motion was seconded by Senator Vratil. Motion carried on a voice vote.

Page 23, Items C & D, Judicial Branch

Senator Vratil moved to delete \$8,948,976 SGF from the Judicial Branch budget and delete \$1,876,865 SGF from the Board of Indigents' Defense Services budget and allow the Judicial Branch to increase docket fees to replace these funds in the Judicial Branch and Board of Indigents' Defense Services budgets. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Page 25, Items G & H, Department of Education

Senator Vratil moved to add \$3.4 million in FY 2009 and \$4.4 million in FY 2010, both from the SGF to maintain K-12 funding level; and add \$4.8 million in FY 2009 and \$1.8 million in FY 2010 for the Kansas Public Employees Retirement System (KPERS) employee contribution shortfall, for a total of \$14.4 million, all from the SGF. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

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Page 87, Item B, Department of Corrections

Senator Umbarger presented two amendments pertaining to the closure of correctional facilities:

1. Closure of men's and women's camps at Labette County Conservation Camp (Attachment 36).
2. Closure of other correctional facilities (Attachment 37).

Senator Umbarger moved to adopt Amendment No. 2 to fully fund all correctional facilities. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Vratil made a substitute motion to strike the word "provided" and all language following in Amendment No. 2. The motion was seconded by Senator Schmidt. Motion failed on a vote of 4-7.

The Committee returned to the original motion by Senator Umbarger.

Page 25, Item A, Kansas Public Employees Retirement System (KPERs)

Senator Schmidt moved to approve the payment of the interest on the 13th Check Bond Payment in the amount of \$639,134 SGF. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Page 15, Items D, E, & F, Department of Transportation

Senator Schmidt moved to provide authorization for the operating expenditure increase of \$2,580 in FY 2010 in Item D; operating expenditure increase of \$780 in FY 2010 for Item E; and operating expenditure increase of \$23,680 in FY 2010 for Item F. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

The Committee noted that this is not SGF funding.

Page 26, Item A, Court of Tax Appeals

Senator Vratil moved to delete \$109,759 in FY 2010, all from the SGF for the Court of Tax Appeals. The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

Funds that need to be appropriated (Attachment 38)

Senator Lee moved to allow the appropriations of funds as needed with a no-limit authority for the Vietnam war era veterans' recognition award fund, correctional services special revenue fund, community improvement district sales tax administration fund, community improvement district sales tax fund, community improvement district sales tax refund fund, fire safety standard and firefighter protection act enforcement fund and cigarette fire safety standard and firefighter protection act fund. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Page 88, Item A, Kansas Parole Board

Senator Kelly moved to restore \$35,000 SGF to the budget of the Kansas Parole Board for FY 2010, providing

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 9:00 a.m. on April 22-23, 2009, in Room 545-N of the Capitol.

that no legislation is passed to increase fees. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Senator Lee moved to introduce legislation to allow the Kansas Parole Board to increase fees. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Page 50, Item D, Department of Health and Environment

Senator Kultala moved to delay implementation of **House Sub for SB 238** for 1 year. The motion was seconded by Senator Kelly. Motion failed on a voice vote.

Page 18, Item B, State Treasurer

Senator Teichman moved to authorize a change from the "zero limitation" on expenditure to "no limitation" on expenditures on the Kansas Postsecondary Education Savings Program Trust Fund within the State Treasurer. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Department of Social and Rehabilitation Services (SRS)

Senator Vratil moved to include provisions in the budget bill restricting the Department of Social and Rehabilitation Services from making cuts in any program effecting mental health by limiting the reduction to twice the overall average cut experienced by the Department. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Report of the Committee Progress and Additional Committee Actions

A report, prepared by Legislative Research Department, showing budget adjustments, made by the Committee as of this time was distributed to the Committee (Attachment 39).

Senator Vratil moved to direct a 2.5 percent reduction to K-12 Education and a 3.25 percent reduction across-the-board for all other state agencies excluding debt service and human service caseloads. The motion was seconded by Senator McGinn.

Senator Lee made a substitute motion to direct a 2.5 percent across-the-board reduction in all state agencies, excluding debt service and human service caseloads and add \$25 million from expanded gaming to the SGF. The motion was seconded by Senator Kelly. Motion carried on a 6-5 vote.

Senator Umbarger moved to add \$7.5 million to the Department of Corrections' budget to hold all correctional facilities open. The motion was seconded by Senator Kultala. Motion failed on a voice vote.

Senator Schodorf moved to provide additional funding for the State Children Health Insurance Program (SCHIP) with \$1.2 million from the State Water Fund in FY 2010. The motion was seconded by Senator Kelly.

Senator Vratil made a substitute motion to direct that \$1.2 million appropriated to the Kansas Health Policy Authority (KHPA) can only be used for the expansion of SCHIP and if not used in this manner, the funding will be lapsed. Language to be inserted in the bill would indicate that the Legislature strongly supports the

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 9:00 a.m. on April 22, 2009, in Room 545-N of the Capitol.

expansion of SCHIP as indicated by the vote in both the Senate and the House and would not look kindly on any efforts on the part of KHPA to fail to expand the SCHIP program. The motion was seconded by Senator Schmidt. Motion carried on a voice vote.

Senator Kelly moved to sweep \$500,000 from the Southwest Kansas Access Projects Fund to the SGF. The motion was seconded by Senator Vratil. Motion carried on a voice vote.

Hearing on HB 2373 - Appropriations for FY 2010 through FY 2013 for various state agencies.

The Chairman opened the hearing on **HB 2373**. There were no conferees - proponents, opponents or neutrals - to come before the Committee.

The hearing on **HB 2373** was closed.

Senator Vratil moved to remove the contents of **HB 2373**; replace with the budget adjustments as adopted by the Committee, including GBA's; allow for technical adjustments as needed; and recommend **Senate Sub for HB 2373** favorably for passage. The motion was seconded by Senator Teichman. Motion carried on a roll call vote of 11-1.

Adjournment

The next meeting is scheduled for April 29, 2009.

The meeting was adjourned at 6:30 p.m.

**SENATE WAYS & MEANS COMMITTEE
GUEST LIST**

DATE: April 22, 2009

NAME	REPRESENTING
<i>Beal Stumpf</i>	<i>Carter Group</i>
Debbie A. White <i>Ron Gaches</i>	KS Historical Society <i>Gaches Braden</i>
Marie Kelley / Jeremy Barclay	KS Dept. of Corrections
MARK BOBANYAK	CAPITOL STRATEGIES
<i>Bud Burke</i>	<i>ISSUE MGMT GROUP</i>
<i>Dick Koerth</i>	<i>KDWP</i>
<i>John Mpe</i>	<i>KHPA</i>
<i>Carmie Hunsler</i>	<i>KANU</i>
<i>Wigh Keck</i>	<i>Hlin Law Firm</i>
<i>Kent Eckles</i>	<i>KS Chamber of Commerce</i>
<i>Ho Marro Hoop</i>	<i>SKIL</i>
<i>ALAN BERT</i>	SECRETARY OF STATE
<i>Jenni Rose</i>	<i>KCSL</i>
<i>Odin Thorassot</i>	<i>ACMHEIC</i>
<i>Shannon Bell</i>	<i>LGR</i>
<i>Moji Fanimokun</i>	<i>LKM</i>
<i>Megan Ingmire</i>	<i>KDOL</i>
<i>MICHELE WEIGAND</i>	<i>KTEE</i>
<i>Eric Wisner</i>	<i>KDA</i>
<i>Mavis Cockrell</i>	<i>KDOR</i>
<i>RONALD RICHEY</i>	<i>NARFE</i>
<i>Marcia Ferrill</i>	<i>KDOT</i>

**SENATE WAYS & MEANS COMMITTEE
GUEST LIST**

DATE: April 23, 2009

NAME	REPRESENTING
Martin Hawver	Hawver's Capitol Report
Andy Allison	KHPA
Debbie A. White	Ks Historical Society
Mark Borayak	CAPITOL STRATEGIES
Cathy Harding	KAMU
Connie Hubbel	KAMU
Sue Gamble	Ks St Schools for the Blind
Berend Koops	Hein Law Firm
Erik Wisner	KDA
Shannon Jones	SILCK
Al Manna	SKL
Rosie Clement	Public Solutions
Mark Tallenga	KASB
Kent Eckles	Ks Chamber of Commerce
Chris Ford	Kansas Water Office
Michelle Keller	Capitol Strategies
Ron Seiber	KARAKGFA/KS BIO
Jennifer Bruggen	Ks Bio
Brad Stant	Carter Group
TK Shively	KLS
Missy Taylor	Kansas Families for Education
D. Meyer	KHPA
Craig Kaberline	K4A

**SENATE WAYS & MEANS COMMITTEE
GUEST LIST**

DATE: April 23, 2009

NAME	REPRESENTING
Chad Austin	KHA
Nancy Bryant	KSOS
Kevin Cam	KTEC
MICHELE WEIBANO	KTEC
TERRY FOREST	KWEN
Jim Conant	KDOR
Barb Conant	KDOA
Jenni Rose	KCSL
Diana Gjerstad	Wichita Public Schools
Patrick Woods	SRS
Russ Jennings	JJA
Lois Weeks	SRS
Lane Ham	SRS
Marilyn Jacobson	DOA
C. Deaton	Do B
JHEENA W. DAD	DOB
MARK HEIM	SCC
Aaron Dunkel	KDAE
Pat Kuester	KDHE
Susan Lang	KDHE

Senate Confirmation Information Summary
Prepared and Submitted by the Office of Governor Kathleen Sebelius

Appointee: Michael Braude

Position: Member, Kansas Public Employees' Retirement System Board of Trustees

Appointment Date: March 5, 2009

Expiration Date: January 15, 2013

Term Length: Four years

Statutory Authority: K.S.A. 74-4905

Party Affiliation: Democrat

⇒ Statutory geographic representation
Requirements (*insert any that apply*)

County:

Size requirement (*if any*):

Other, specify:

⇒ Statutory party affiliation requirement:

⇒ Statutory industry or occupation requirements: Minimum 5 years experience in investment management or analysis, or administration of employee benefit plans

Salary: N/A

Predecessor: Himself -- reappointment

Board Composition Prior to Confirmation of New Appointee:

(SEE ATTACHED LIST)

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 1

Kansas Senate

CONFIRMATION OVERSIGHT COMMITTEE

APPOINTMENT QUESTIONNAIRE

Full Name: MICHAEL BRAUDE
(please include title and middle name along with any names previously used)

Home Address: 5319 MISSION WOODS TERRACE, MISSION WOODS, KS 66205
(Street Address) (City, State, Zip)

Driver's License Number: [REDACTED] Social Security Number: [REDACTED]

Position to which Appointed: TRUSTEE - KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Appointing Authority: GOVERNOR

* Information on this page will not be made public but is used by the KBI and Department of Revenue.

(for Committee use only)		
KBI Check: N/A	In-Process	Complete
DOR Check: N/A	In-Process	Complete

This Questionnaire is to be fully completed by each appointee appearing before the Senate Confirmation Oversight Committee (Committee) and returned to the Committee Chairman's Office. A meeting of the Committee to consider an appointee will not be scheduled until a completed questionnaire and other forms are received by the Chairman. Please answer each question completely to the best of your knowledge. Should a question not be applicable, please so state. Hand-written responses are strongly discouraged. If filling out this form electronically, "□" should be replaced with "X" by the appropriate response on the form. Please contact your appointing authority if you have questions when completing the form.

Full Name: MICHAEL BRAUDE
(please include title and middle name along with any names previously used)

Position to which Appointed: TRUSTEE - KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Appointing Authority: GOVERNOR

Home Address: 5319 MISSION WOODS TERRACE, MISSION WOODS KS 66208
(Street Address) (City, State, Zip)

Business Name: KANSAS CITY BOARD OF TRADE (RETIRED)

Business Address: 4800 MAIN ST. KANSAS CITY, MO 64112
(Street Address) (City, State, Zip)

Position Title: RETIRED - PRESIDENT & CEO

Home Phone: 913 2365961 Business Phone: 816 7537500 Cell Phone: 913 2066664

Fax Number: NA E-Mail Address: LM BRAUDE@AOL.COM

Kansas resident? Yes / No Date of Birth: 3-6-36 Place of Birth: CHICAGO, ILLINOIS

Registered Voter? YES Party Affiliation: DEMOCRAT

Congressional District: 3 DENNIS MOORE Kansas Senate District: 7 DANIEL WYSONK Kansas Representative District: 25 79th & HOWARD

Do you have the legal right to live and work in the United States? Yes / No

Please answer the following questions numbered 1 – 43. Each question **MUST BE ANSWERED ON THIS ORIGINAL FORM**. If the answers the question are provided on your resume, please state "See Resume" or if you supply additional attachment(s) with answers, please state "See Attachment(s)" on this form.

1. What is your educational background? SEE RESUMES
2. Describe your employment experience. Include any expertise related to the position to which you were appointed. SEE RESUMES

1-3

3. List any professional licenses that you have obtained and include the number for each license.

NONE

4. Why do you feel you are a good candidate for the position to which you have been appointed?

I HAVE SERVED AS A TRUSTEE FOR 8 YRS, 2 AS CHAIRMAN

5. What do you see as the purpose or mission of the role to which you have been appointed?

SAFEGUARDING THE RETIREMENT OF KS. EMPLOYEES

6. Military Service: List rank, date and type of discharge from active service.

None

7. Government Experience: List any experience or association with local, state or federal government (exclusive of elective public office but including advisory, consulting, honorary, appointed or other part-time service or positions) and include dates of service.

None *MAYOR - CITY OF MISSION WOODS KS - 1981-83*

8. Elective Public Office: List all elective public offices sought and/or held with dates of service.

None *MAYOR - CITY OF MISSION WOODS KS 1981-83*

9. Campaigns: Have you ever played a role or held a position in a political campaign? If so, please identify the candidate(s), the dates of the campaign and describe your involvement.

No Yes

10. Honors and Awards: List all scholarships, fellowships, honorary degrees, honorary society memberships and any other special recognition for outstanding service or achievements.

None *HONORARY DOCTORATE - BAKER UNIVERSITY
SAMUEL BRONFMAN FELLOWSHIP DEMOCRATIC ENGAGEMENT - COLUMBIA UNIV.*

11. Organization Affiliations: List all civic, cultural, educational, charitable, or work-related organizations that you have been associated with in the past ten years. Include any position held in the organization and the dates of service.

None *TRUSTEE - LIBERTY MEMORIAL - NATL WWI MUSEUM - KC, MO
TRUSTEE - BAKER UNIVERSITY*

12. Organization Restrictions: To your knowledge, is any organization listed above restricted on the basis of race, color, religion, sex, national origin, disability, marital status or veteran status? If so, please describe.

No Yes

13. Issues: Have you ever been publicly identified, in person or by organizational membership, with a particularly controversial national or local issue? If so, please describe.

No Yes

14. Submission of Views: Have you ever submitted oral or written views to any governmental authority, whether executive or legislative, or to the news media on any particularly controversial issue other than in an official governmental capacity? If so, please describe.

No Yes

15. Associations: Have you ever had any association with any person, group or business venture that could be used, even unfairly, to impugn or attack your character and qualifications for the position to which you seek to be appointed? If so, please describe.

No Yes

1-4

16. **Opposition:** Do you know of any person or group who might take overt or covert steps to attack, even unfairly, your appointment? If so, please identify and explain the basis for the potential attack.
 No Yes
17. **Miscellaneous:** List any factors, other than the information provided above, which particularly qualifies you or is relevant to the position to which you are seeking appointment? Include any special skills.
 None **MBA - COLUMBIA UNIVERSITY**
PRESIDENCY - KC BOARD OF TRADE 1984-2000
18. **Relationship to Governmental Employees:** Are you or your spouse or other close family members related to any state governmental official or employee? If so, please provide details.
 No Yes
19. **Compensation:** During the past five years, have you or your spouse or other close family members received any compensation or been involved in any financial transaction with the State of Kansas? If so, please explain.
 No Yes
20. **Business Relationships:** Describe any business relationship, dealing or financial transaction which you have had during the last five years, whether for yourself, on behalf of a client or acting as an agent, which you believe may constitute an appearance of impropriety or result in a potential conflict of interest in the position to which you want to be appointed. If none, please so state.
 None
21. **Transactions with Officials:** During the past five years, have you or your spouse or other close family members received any compensation or been involved in any financial transaction with any state government official? If so, please explain.
 No Yes
22. **Spouse or Other Family Members:** If the nature of employment for your spouse or other close family member is related in any way to the position to which you have been appointed, please indicate the employer, the position and the length of time it has been held. If not, please so state.
 No Yes
23. **Lobbying Activities:** Describe any lobbying activity during the past ten years in which you and/or your spouse have engaged for the purpose of influencing the passage, defeat or modification of any legislative or administrative action. Lobbying activity includes any activity performed as an individual or agent of another individual, or of any organization that involves direct communication with an official in the executive branch of state government or any official of the legislative branch. If none, please so state.
 None
24. **Regulated Activities:** Describe any interest that you, your spouse or other close family member may have (whether as an officer, owner, director, trustee, or partner) in any corporation, firm, partnership or other business enterprise and any non-profit organization or other institution that is regulated by or receives direct financial benefits from any department or agency of the State of Kansas. If none, please so state.
 None

25. **Other:** Please describe any other matter in which you are involved that is or may be incompatible or in conflict with the discharge of the duties of the position to which you have been appointed or which may impair or tend to impair your independence of judgment or action in the performance of the duties of that position. If none, please so state.

None

26. **Conflict of Interest:** How would you resolve any potential conflicts of interest that, while maybe unforeseen at this point in time, could arise? *I WOULD ELIMINATE IT*

27. **Citations:** Have you ever been cited for a breach of ethics for unprofessional conduct, or been named in a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, please provide details.

No Yes

28. **Convictions:** Have you ever been convicted of or entered a plea of guilty or nolo contendere or forfeited collateral for any criminal violation other than a traffic infraction? (Please include any offenses of driving under the influence, operating while impaired, reckless driving, or the equivalent offenses in other states.) If so, please explain.

No Yes

29. **U.S. Military Convictions:** Have you ever been convicted by any military court? If so, please provide details.

No Yes

30. **Imprisonment:** Have you ever been imprisoned, been on probation or been on parole? If so, please provide details.

No Yes

31. **Agency Proceedings/Civil Litigation:** Are you presently, or have you ever been, a party in interest in any administrative agency proceeding or civil litigation that is related in any way to the position to which you are seeking appointment? If so, please provide details.

No Yes

32. **Agency Proceedings and Civil Litigation of Affiliates and Family:** a.) Is your spouse or other close family member currently, or ever been, a party in interest in any administrative agency proceeding or civil litigation that is related in any way to the position to which you are seeking appointment? If so, please provide details.

No Yes

b.) Has any business in which you, your spouse, close family member or business associate are or were an officer, director or partner been a party to any administrative agency proceeding or civil litigation relevant to the position to which you are seeking appointment? If so, please provide details. (With respect to this question, you need only consider proceedings and litigation that occurred while you, your spouse, close family member, or business associate were an officer of that business.)

No Yes

33. **Other Litigation:** a.) Other than the litigation described in question 32, have you or any business in which you are or were an officer, director, or partner been a plaintiff or a defendant in a civil lawsuit? If so, please describe.
 No Yes
- b.) Are you aware of any pending or anticipated litigation against you or any business in which you are an officer, director, or partner? If so, please describe.
 No Yes
34. **Drivers License:** Has your driver's license ever been suspended or revoked? If so, please describe.
 No Yes
35. **Parking Tickets:** Do you have outstanding parking tickets from any jurisdiction that have remained unpaid for more than 60 days? If so, please explain.
 No Yes
36. **Security Clearance Denial:** Have you ever been denied a military or other governmental clearance? If so, please explain.
 No Yes
37. **Firings:** a.) During the past ten years, have you been fired from a job for any reason? If so, please explain.
 No Yes
- b.) During the past ten years, have you quit a job after being told that you would be fired? If so, please explain.
 No Yes
- c.) During the past ten years, did you leave a job by mutual agreement because of specific problems? If so, please explain.
 No Yes
38. **Alimony and Child Support:** Are you now, or have you ever been, delinquent in the payment of alimony or child support? If so, please explain
 No Yes
39. **Consumption of Alcohol:** Have you ever or are you currently abusing alcohol? If so, please explain.
 No Yes
40. **Controlled Substances:** Have you ever or are you currently engaged in the illegal use of a controlled substance or abusing the use of a prescribed controlled substance? If so, please explain.
 No Yes
41. **Physical Examination:** If you receive a conditional offer of appointment or employment, would you be willing to take a physical examination, which may include a drug test?
 No Yes

1-7

42. **Governmental Delinquencies:** Are you delinquent in the payment of any obligation owed to the federal or state government or any political or taxing subdivision or any instrumentality thereof? (Include delinquencies in the payment of: Income, property, or other taxes; exactions, fees or special assessments; loans, including any defaults, on or under loans which are or were made by, guaranteed, insured or subsidized by any unit of government or instrumentality thereof; overpayment of benefits; required payments into or under governmental programs; payments under a diversion arrangement or other repayment schedule.) If applicable, please state whether such delinquency is under formal appeal.

No Yes

43. **Other:** Please provide any additional information, favorable or unfavorable, which you feel should be considered in connection with your appointment. If none, please so state.

None

Please include resume and completed Statement of Substantial Interest not more than twelve months old.

REFERENCES

Name: MR. DAVID HIBSON Knows you how?: WAS CHAIRMAN - BOARD OF TRANE

Address: 4800 MAIN ST - KANSAS CITY, MO 64112 916 WOLFEOTT & CINCINNATI
(City, State, Zip)

Home Phone: 913 384 2193 Business Phone: 816 753 6780

Name: MR. TOM SHEPHERD Knows you how?: DIRECTOR OF HIS CO.

Address: HODGSON CO - 6231 ROBINSON, SHAWNEE, MISSOURI 66202
(City, State, Zip)

Home Phone: _____ Business Phone: 913 362 9455

Name: MR. KEVIN BARTY Knows you how?: BANKER & FRIEND

Address: PRESIDENT - COMMERCE BANK - 1074 9 WACNUT, KC, MO 64106
(City, State, Zip)

Home Phone: _____ Business Phone: 816 234 2000

Name: MR. BUD GRAY Knows you how?: DIRECTOR OF HIS CO.

Address: MGP INGREDIENTS, INC - 100 COMMERCIAL ST - ATCHISON KS 66002
(City, State, Zip)

Home Phone: _____ Business Phone: 800 - 255 0302

AUTHORIZATION AND CERTIFICATION:

The facts set forth in my application are true and complete. False statements, answers, or omissions on this application shall be sufficient cause for nonconsideration or for dismissal after appointment or employment. I also recognize that my selection is based on receipt of satisfactory information from former employers and references, and upon my ability to perform the essential elements, with or without reasonable accommodations, for the position for which I am applying. I herein authorize investigation, without liability, of the information supplied by me in this application for employment or appointment including academic, occupational, health, law enforcement, and government records. I also authorize listed employers and references, without liability, to make full response to any inquiries in connection with this application for appointment or employment. I understand and agree that the terms, conditions, compensation, benefits, hours, schedule, and duration of my appointment or employment may be determined, changed, or modified from time to time at the will of the appointing authority or designee without limitation or condition. I FURTHER CERTIFY THAT I HAVE READ THE FOREGOING PARAGRAPH AND KNOWINGLY MAKE THIS AUTHORIZATION BY SETTING FORTH MY SIGNATURE.

I understand that if I am required to be registered, licensed, or certified by federal or state law or regulation for the position I seek, I will notify the appointing authority immediately if any investigation, limitation, or cancellation of my registration, licensure, or certification occurs. If any investigation, probation, limitation, or cancellation occurs, I understand that my failure to notify my appointing authority as described above will result in the termination of my appointment or employment.

Signature Neil Brouse

Date 12-19-08

BIOGRAPHICAL INFORMATION
MICHAEL BRAUDE

Michael Braude joined the Kansas City Board of Trade, a commodity futures exchange, as president and chief executive officer in April 1984. He retired December 31, 2000.

The Kansas City Board of Trade, established near one of the world's most fertile growing regions, is the largest free market for hard red winter wheat. Prices negotiated in the KCBT wheat futures trading pit are the benchmark for wheat prices around the world.

The role of the Kansas City Board of Trade has evolved since the exchange was founded more than 120 years ago as a central market for wheat grown in the Great Plains. The KCBT has become an international market force, influencing wheat prices in Australia and Argentina as well as Kansas and Oklahoma.

Mr. Braude holds a B.S. From the University of Missouri, Columbia, Missouri, and a M.S. from Columbia University in New York, where he held the Samuel Bronfman Fellowship in Democratic Business Enterprise. In 2004, he received an honorary doctorate from Baker University.

Mr. Braude also serves as a director of Midwest Trust Co., Kansas City, Missouri, MGP Ingredients, Inc. in Atchison, Kansas, Kansas City Life Insurance Company and Hodgdon Company. He is past chairman of the National Grain Trade Council. He is trustee of the Kansas Public Employees Retirement Fund, trustee of Midwest Research Institute, Kansas City, Missouri, and a public director of the Kansas City Board of Trade. He writes a weekly column for the *Kansas City Business Journal*.

Mr. Braude was married in 1961 to Linda Miller Braude, and has two sons, Peter and Adam.



Sec. of St. bar code

KANSAS GOVERNMENTAL ETHICS COMMISSION

STATEMENT OF SUBSTANTIAL INTERESTS FORM

INSTRUCTIONS. This statement (pages 1 through 4) must be completed by individuals who are required to do so by law. Any individual who intentionally fails to file as required by law, or intentionally files a false statement, is subject to prosecution for a class B misdemeanor.

Please read the "Guide" and Definition" section provided with this form for additional assistance in completing sections "C" through "G". If you have questions or wish assistance, please contact the Commission office at 109 West 9th, Topeka, KS or call 785-296-4219.

A. IDENTIFICATION: PLEASE TYPE OR PRINT

BRADDE MICHAEL MI
Last Name First Name MI

LINDA
Spouse's Name

5319 MISSION WOODS TERRACE
Number & Street Name, Apartment Number, Rural Route, or P.O. Box Number

MISSION WOODS KS 66205
City, State, Zip Code

913 2365961
Home Phone Number (include area code) Business Phone Number (include area code)

B. THIS FORM IS REQUIRED TO BE FILED BECAUSE YOU ARE:

(check one or more of the following)

- 1. State Elected Official...
2. Appointed Member of a State Board...
3. Appointed State Position is Subject to Senate Confirmation;
4. Employee of a State Agency or University;
5. General Counsel for State Office;
6. Candidate for State Office;
7. Other (Contractor / Member of Compact).

List Name of Agency, Board, University or Elected Position (You may use abbreviations but not acronyms)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Agency Division if applicable (May use acronyms) Position

* The last four digits of your social security number will aid in identifying you from others with the same name on the computer list. This information is optional.

8212

C. OWNERSHIP INTERESTS: List any corporation, partnership, proprietorship, trust, joint venture and every other business interest, including land used for income, and specific stocks, mutual funds or retirement accounts in which either you or your spouse has owned within the preceding 12 months a legal or equitable interest exceeding \$5,000 or 5%, whichever is less. If you or your spouse own more than 5% of a business, you must disclose the percentage held. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "C", check here .

	BUSINESS NAME AND ADDRESS	TYPE OF BUSINESS	DESCRIPTION OF INTERESTS HELD	PERCENT OF OWNERSHIP INTERESTS	HELD BY WHOM
1.	NUVEEN KANSAS MUNIC. BOND FUND	MUTUAL FUND	SHARES	\$4 MILL	MB
2.	BANK OF AMERICA	BANK	COMM STK	\$300,000	MB
3.	GENERAL MILLS	FOOD CO	COMM STK	\$240,000	MB
4.	UMB BANK	BANK	COMM STK	\$150,000	MB
5.	PFIZER	PHARMA CO	COMM STK	\$230,000	MB
6.	EXXON MOBIL	OIL CO	COMM STK	\$400,000	MB
7.					
8.					
9.					
10.					

D. GIFTS OR HONORARIA: List any person or business from whom you or your spouse either individually or collectively, have received gifts or honoraria having an aggregate value of \$500 or more in the preceding 12 months.

If you have nothing to report in Section "D", check here .

	NAME OF PERSON OR BUSINESS FROM WHOM GIFT RECEIVED	ADDRESS	RECEIVED BY:
1.			
2.			
3.			

E. **RECEIPT OF COMPENSATION:** List all places of employment in the last calendar year, and any other businesses from which you or your spouse received \$2,000 or more in compensation (salary, thing of value, or economic benefit conferred on in return for services rendered, or to be rendered), which was reportable as taxable income on your federal income tax returns.

1. YOUR PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR. IF SAME AS SECTION "B", CHECK HERE ____.

If you have nothing to report in Section "E"1, check here .

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.			
2.			

2. SPOUSE'S PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR.

If you have nothing to report in Section "E"2, check here .

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.			
2.			

F. **OFFICER OR DIRECTOR OF AN ORGANIZATION OR BUSINESS:** List any organization or business in which you or your spouse hold a position of officer, director, associate, partner or proprietor at the time of filing, irrespective of the amount of compensation received for holding such position. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "F", check here ____.

	BUSINESS NAME AND ADDRESS	POSITION HELD	HELD BY WHOM
1.	HODGSON POWDER CO KAWAUSG MISSION KS	DIRECTOR	MB
2.	KANSAS CITY LIFE INS CO KANSAS CITY, MO	DIRECTOR	MB
3.	MGP INGREDIENTS INC ATCHISON, KS	DIRECTOR	MB
4.	MIDWEST TRUST CO KANSAS CITY, MO	DIRECTOR	MB
5.	KANSAS CITY BOARD OF TRADE KANSAS CITY, MO	DIRECTOR	MB
6.			
7.			
8.			
3.			

G. **RECEIPT OF FEES AND COMMISSIONS:** List each client or customer who pays fees or commissions to a business or combination of businesses from which fees or commissions you or your spouse received an aggregate of \$2,000 or more in the preceding calendar year. The phrase "client or customer" relates only to businesses or combination of businesses. In the case of a partnership, it is the partner's proportionate share of the business, and hence of the fee, which is significant, without regard to expenses of the partnership. An individual who receives a salary as opposed to portions of fees or commissions is generally not required to report under this provision. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "G", check here .

	NAME OF CLIENT / CUSTOMER	ADDRESS	RECEIVED BY
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H. **DECLARATION:**

I, MICHAEL BRAUER, declare that this statement of substantial interests (including any accompanying pages and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete statement of all of my substantial interests and other matters required by law. I understand that the intentional failure to file this statement as required by law or intentionally filing a false statement is a class B misdemeanor.

12/14/08

Date

[Signature]

Signature of Person Making Statement

NUMBER OF ADDITIONAL PAGES _____

Return your completed statement to the Secretary of State, Elections Division, Memorial Hall, First Floor, 120 SW 10th, Topeka, Kansas 66612-1594.

1-14



OFFICE OF THE GOVERNOR

Kathleen Sebelius, Governor

www.governor.ks.gov

March 5, 2009

To the Senate of the State of Kansas:

Submitted herewith for confirmation by the Senate are appointments made by me as the Governor of the State of Kansas, pursuant to law.

Kathleen Sebelius
Governor

Brigadier General, Kansas National Guard, Alexander Duckworth; pursuant to the authority vest in me by K.S.A. 48-203, effective upon the date of confirmation by the Senate.

Member, Kansas Public Employees' Retirement System Board of Trustees, Rachel Reiber; pursuant to the authority vested in me by K.S.A. 74-4905 effective upon the date of confirmation by the Senate, to serve a term of four years. Succeeds: Herself-- reappointment.

Member, Kansas Public Employees' Retirement System Board of Trustees, Michael Braude; pursuant to the authority vested in me by K.S.A. 74-4905 effective upon the date of confirmation by the Senate, to serve a term of four years. Succeeds: Himself -- reappointment.

Member, Kansas Human Rights Commission, Jeffrey E. Lewis; pursuant to the authority vested in me by K.S.A. 44-1003 effective upon the date of confirmation by the Senate, to serve a term of four years. Succeeds: Errol Williams.

Senate Confirmation Information Summary
Prepared and Submitted by the Office of Governor Kathleen Sebelius

Appointee: Rachel Reiber

Position: Member, Kansas Public Employees' Retirement System Board of Trustees

Appointment Date: March 5, 2009

Expiration Date: January 15, 2013

Term Length: Four years

Statutory Authority: K.S.A. 74-4905

Party Affiliation: Republican

⇒ Statutory geographic representation
Requirements (*insert any that apply*)

County:

Size requirement (*if any*):

Other, specify:

⇒ Statutory party affiliation requirement:

⇒ Statutory industry or occupation requirements: Minimum 5 years experience in investment management or analysis, or administration of employee benefit plans

Salary: N/A

Predecessor: Herself -- reappointment

Board Composition Prior to Confirmation of New Appointee:

(SEE ATTACHED LIST)

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 2



CONFIRMATION OVERSIGHT COMMITTEE
APPOINTMENT QUESTIONNAIRE

Full Name: Rachel Lipman Reiber
(please include title and middle name along with any names previously used)

Rachel Carmel Lipman

Rachel Lipman Case

Home Address: 11032 S. Whitetail Lane Olathe, KS 66061
(Street Address) (City, State, Zip)

Driver's License Number: [REDACTED] Social Security Number: [REDACTED]

Position to which Appointed: Member Board of Trustees KS Public Employees
Retirement System

Appointing Authority: Governor

* Information on this page will not be made public but is used by the KBI and Department of Revenue.

(for Committee use only)		
KBI Check: N/A	In-Process	Complete
DOR Check: N/A	In-Process	Complete

This Questionnaire is to be fully completed by each appointee appearing before the Senate Confirmation Oversight Committee (Committee) and returned to the Committee Chairman's Office. A meeting of the Committee to consider an appointee will not be scheduled until a completed questionnaire and other forms are received by the Chairman. Please answer each question completely to the best of your knowledge. Should a question not be applicable, please so state. Hand-written responses are strongly discouraged. If filling out this form electronically, "☐" should be replaced with "X" by the appropriate response on the form. Please contact your appointing authority if you have questions when completing the form.

Full Name: Rachel Lipman Reiber f/n/a Rachel Carmel Lipman
(please include title and middle name along with any names previously used)

Position to which Appointed: Board of Trustees Member / KS Public Employees Retirement System (KPEERS)

Appointing Authority: Governor

Home Address: 11032 S. Whitetail Lane Olathe, KS 66061
(Street Address) (City, State, Zip)

Business Name: Martin Pringle Oliver Wallace & Bauer LLP

Business Address: 6900 College Blvd. Suite 700 Overland Park KS 66211
(Street Address) (City, State, Zip)

Position Title: Of Counsel

Home Phone: 913.397.0846 Business Phone: 913.491.5500 Cell Phone: 913.226.6762

Fax Number: 913.491.3341 E-Mail Address: rlreiber@martinpringle.com

Kansas resident? Yes / No Date of Birth: 10/21/1954 Place of Birth: St. Louis, MO

Registered Voter? Yes Party Affiliation: Republican

Congressional District: 3rd Kansas Senate District: 9 Kansas Representative District: 38

Do you have the legal right to live and work in the United States? Yes / No

Please answer the following questions numbered 1 – 43. Each question **MUST BE ANSWERED ON THIS ORIGINAL FORM**. If the answers the question are provided on your resume, please state "See Resume" or if you supply additional attachment(s) with answers, please state "See Attachment(s)" on this form.

1. What is your educational background? See Resume.
2. Describe your employment experience. Include any expertise related to the position to which you were appointed. See Resume.

3. List any professional licenses that you have obtained and include the number for each license.
KS Bar # 12164. Admitted April 1985.
4. Why do you feel you are a good candidate for the position to which you have been appointed?
I have enjoyed my service on the KPERs Board for the past 4 years
5. What do you see as the purpose or mission of the role to which you have been appointed? *and would like to be reappointed.*
To provide some continuity on the board.
6. Military Service: List rank, date and type of discharge from active service.
 None
7. Government Experience: List any experience or association with local, state or federal government (exclusive of elective public office but including advisory, consulting, honorary, appointed or other part-time service or positions) and include dates of service.
 None *See resume.*
8. Elective Public Office: List all elective public offices sought and/or held with dates of service.
 None
9. Campaigns: Have you ever played a role or held a position in a political campaign? If so, please identify the candidate(s), the dates of the campaign and describe your involvement.
 No Yes
10. Honors and Awards: List all scholarships, fellowships, honorary degrees, honorary society memberships and any other special recognition for outstanding service or achievements.
 None
11. Organization Affiliations: List all civic, cultural, educational, charitable, or work-related organizations that you have been associated with in the past ten years. Include any position held in the organization and the dates of service.
 None *KS Bar Association since 1/07.
Hidden Glen Arts Festival Board Member/Committee Chair 2000-2007*
12. Organization Restrictions: To your knowledge, is any organization listed above restricted on the basis of race, color, religion, sex, national origin, disability, marital status or veteran status? If so, please describe.
 No Yes
13. Issues: Have you ever been publicly identified, in person or by organizational membership, with a particularly controversial national or local issue? If so, please describe.
 No Yes
14. Submission of Views: Have you ever submitted oral or written views to any governmental authority, whether executive or legislative, or to the news media on any particularly controversial issue other than in an official governmental capacity? If so, please describe.
 No Yes
15. Associations: Have you ever had any association with any person, group or business venture that could be used, even unfairly, to impugn or attack your character and qualifications for the position to which you seek to be appointed? If so, please describe.
 No Yes

2-4

16. **Opposition:** Do you know of any person or group who might take overt or covert steps to attack, even unfairly, your appointment? If so, please identify and explain the basis for the potential attack.
 No Yes
17. **Miscellaneous:** List any factors, other than the information provided above, which particularly qualifies you or is relevant to the position to which you are seeking appointment? Include any special skills.
 None
18. **Relationship to Governmental Employees:** Are you or your spouse or other close family members related to any state governmental official or employee? If so, please provide details.
 No Yes
19. **Compensation:** During the past five years, have you or your spouse or other close family members received any compensation or been involved in any financial transaction with the State of Kansas? If so, please explain.
 No Yes Per diem and mileage for attendance at KPEES meetings.
20. **Business Relationships:** Describe any business relationship, dealing or financial transaction which you have had during the last five years, whether for yourself, on behalf of a client or acting as an agent, which you believe may constitute an appearance of impropriety or result in a potential conflict of interest in the position to which you want to be appointed. If none, please so state.
 None
21. **Transactions with Officials:** During the past five years, have you or your spouse or other close family members received any compensation or been involved in any financial transaction with any state government official? If so, please explain.
 No Yes
22. **Spouse or Other Family Members:** If the nature of employment for your spouse or other close family member is related in any way to the position to which you have been appointed, please indicate the employer, the position and the length of time it has been held. If not, please so state.
 No Yes
23. **Lobbying Activities:** Describe any lobbying activity during the past ten years in which you and/or your spouse have engaged for the purpose of influencing the passage, defeat or modification of any legislative or administrative action. Lobbying activity includes any activity performed as an individual or agent of another individual, or of any organization that involves direct communication with an official in the executive branch of state government or any official of the legislative branch. If none, please so state. I registered as a lobbyist in 2007 on behalf of my longtime client SureWest f/n/a Everest Connections, a telecommunications company. I did not set foot in the Capitol in 2007.
 None
24. **Regulated Activities:** Describe any interest that you, your spouse or other close family member may have (whether as an officer, owner, director, trustee, or partner) in any corporation, firm, partnership or other business enterprise and any non-profit organization or other institution that is regulated by or receives direct financial benefits from any department or agency of the State of Kansas. If none, please so state. I have no issues of concern to the client. SureWest f/n/a Everest Connections holds a Certificate of Convenience from the Kansas Corporation Commission to operate as a competitive local exchange company & intrastate long distance provider.
 None

25. **Other:** Please describe any other matter in which you are involved that is or may be incompatible or in conflict with the discharge of the duties of the position to which you have been appointed or which may impair or tend to impair your independence of judgment or action in the performance of the duties of that position. If none, please so state.

None

26. **Conflict of Interest:** How would you resolve any potential conflicts of interest that, while maybe unforeseen at this point in time, could arise? *I would withdraw from voting on*

any issue where I or my law firm potentially had a conflict of interest.

27. **Citations:** Have you ever been cited for a breach of ethics for unprofessional conduct, or been named in a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, please provide details.

No Yes

28. **Convictions:** Have you ever been convicted of or entered a plea of guilty or nolo contendere or forfeited collateral for any criminal violation other than a traffic infraction? (Please include any offenses of driving under the influence, operating while impaired, reckless driving, or the equivalent offenses in other states.) If so, please explain.

No Yes

29. **U.S. Military Convictions:** Have you ever been convicted by any military court? If so, please provide details.

No Yes

30. **Imprisonment:** Have you ever been imprisoned, been on probation or been on parole? If so, please provide details.

No Yes

31. **Agency Proceedings/Civil Litigation:** Are you presently, or have you ever been, a party in interest in any administrative agency proceeding or civil litigation that is related in any way to the position to which you are seeking appointment? If so, please provide details.

No Yes

32. **Agency Proceedings and Civil Litigation of Affiliates and Family:** a.) Is your spouse or other close family member currently, or ever been, a party in interest in any administrative agency proceeding or civil litigation that is related in any way to the position to which you are seeking appointment? If so, please provide details.

No Yes

b.) Has any business in which you, your spouse, close family member or business associate are or were an officer, director or partner been a party to any administrative agency proceeding or civil litigation relevant to the position to which you are seeking appointment? If so, please provide details. (With respect to this question, you need only consider proceedings and litigation that occurred while you, your spouse, close family member, or business associate were an officer of that business.)

No Yes

33. **Other Litigation:** a.) Other than the litigation described in question 32, have you or any business in which you are or were an officer, director, or partner been a plaintiff or a defendant in a civil lawsuit? If so, please describe.
 No Yes *Divorce proceedings in 1980.*
- b.) Are you aware of any pending or anticipated litigation against you or any business in which you are an officer, director, or partner? If so, please describe.
 No Yes
34. **Drivers License:** Has your driver's license ever been suspended or revoked? If so, please describe.
 No Yes
35. **Parking Tickets:** Do you have outstanding parking tickets from any jurisdiction that have remained unpaid for more than 60 days? If so, please explain.
 No Yes
36. **Security Clearance Denial:** Have you ever been denied a military or other governmental clearance? If so, please explain.
 No Yes
37. **Firings:** a.) During the past ten years, have you been fired from a job for any reason? If so, please explain.
 No Yes
- b.) During the past ten years, have you quit a job after being told that you would be fired? If so, please explain.
 No Yes
- c.) During the past ten years, did you leave a job by mutual agreement because of specific problems? If so, please explain.
 No Yes
38. **Alimony and Child Support:** Are you now, or have you ever been, delinquent in the payment of alimony or child support? If so, please explain
 No Yes
39. **Consumption of Alcohol:** Have you ever or are you currently abusing alcohol? If so, please explain.
 No Yes
40. **Controlled Substances:** Have you ever or are you currently engaged in the illegal use of a controlled substance or abusing the use of a prescribed controlled substance? If so, please explain.
 No Yes
41. **Physical Examination:** If you receive a conditional offer of appointment or employment, would you be willing to take a physical examination, which may include a drug test?
 No Yes

42. **Governmental Delinquencies:** Are you delinquent in the payment of any obligation owed to the federal or state government or any political or taxing subdivision or any instrumentality thereof? (Include delinquencies in the payment of: Income, property, or other taxes; exactions, fees or special assessments; loans, including any defaults, on or under loans which are or were made by, guaranteed, insured or subsidized by any unit of government or instrumentality thereof; overpayment of benefits; required payments into or under governmental programs; payments under a diversion arrangement or other repayment schedule.) If applicable, please state whether such delinquency is under formal appeal.

No Yes

43. **Other:** Please provide any additional information, favorable or unfavorable, which you feel should be considered in connection with your appointment. If none, please so state.

None

on file at Secretary of State's office

Please include resume and completed Statement of Substantial Interest not more than twelve months old.

REFERENCES

Name: Jack & Tillie Alexander Knows you how?: We served together as KCC Commissioners.

Address: 2509 Fillmore Topeka, KS
(City, State, Zip)

Home Phone: 785.232.5715 Business Phone: _____

Name: Jim Zakoura Knows you how?: Mentor and friend for more than 20 years

Address: 7400 W. 110th Street Overland Park, KS 66210
(City, State, Zip)

Home Phone: 913.338.3329 Business Phone: 913.661.9800

Name: Teresa James Knows you how?: Law partner / law school classmate

Address: 6908 College Blvd. Suite 700 Overland Park KS 66211
(City, State, Zip)

Home Phone: _____ Business Phone: 913.491.5500

Name: Glenn Deek Knows you how?: Executive Director of KPERS

Address: 611 S. Kansas Avenue Topeka, KS 66603
(City, State, Zip)

Home Phone: _____ Business Phone: 785.296.1019

2-8

AUTHORIZATION AND CERTIFICATION:

The facts set forth in my application are true and complete. False statements, answers, or omissions on this application shall be sufficient cause for nonconsideration or for dismissal after appointment or employment. I also recognize that my selection is based on receipt of satisfactory information from former employers and references, and upon my ability to perform the essential elements, with or without reasonable accommodations, for the position for which I am applying. I herein authorize investigation, without liability, of the information supplied by me in this application for employment or appointment including academic, occupational, health, law enforcement, and government records. I also authorize listed employers and references, without liability, to make full response to any inquiries in connection with this application for appointment or employment. I understand and agree that the terms, conditions, compensation, benefits, hours, schedule, and duration of my appointment or employment may be determined, changed, or modified from time to time at the will of the appointing authority or designee without limitation or condition. I FURTHER CERTIFY THAT I HAVE READ THE FOREGOING PARAGRAPH AND KNOWINGLY MAKE THIS AUTHORIZATION BY SETTING FORTH MY SIGNATURE.

I understand that if I am required to be registered, licensed, or certified by federal or state law or regulation for the position I seek, I will notify the appointing authority immediately if any investigation, limitation, or cancellation of my registration, licensure, or certification occurs. If any investigation, probation, limitation, or cancellation occurs, I understand that my failure to notify my appointing authority as described above will result in the termination of my appointment or employment.

Signature Rachel Lyman Leiba Date 1/12/2009

Rachel Lipman Reiber
11032 S. Whitetail Lane
Olathe, KS 66061-8409
(913) 397-0846 - home
(913) 491-5500 - office
(913) 226-6762 - cell
rachelreiber@comcast.net

Martin Pringle Oliver Wallace & Bauer, LLP. December 2006 – Present
Overland Park, KS

- Of counsel.
- Continued representation of Everest Connections now SureWest in Kansas regulatory matters and general law issues; other clients are Alltel; Unite Private Networks
- Practice focused on communications and energy regulatory matters before the Kansas Corporation Commission, including drafting of testimony and pleadings
- Assisted with federal district court litigation of various matters involving interstate natural gas pipeline (firm client)

Everest Connections
Lenexa, KS

January 2001 – December 2006

Vice President of Regulatory and Government Affairs

- One person regulatory shop for start-up facilities-based broadband service provider (overbuilder) that offers local exchange, long distance, cable and high speed Internet service to 40,000 business and residential customers in the greater Kansas City area
- Represent Everest (drafting testimony, participating in hearings) at the Kansas Corporation Commission and the Missouri Public Service Commission
- Provide advice to senior management concerning the content and strategic implications of various orders and notices of proposed rulemaking issued by the Federal Communications Commission (FCC), the Kansas Corporation Commission (KCC) and the Missouri Public Service Commission (MoPSC)
- Work with in-house clients to formulate strategies for the implementation of regulatory decisions, and to ensure compliance with FCC, state public utility commission and Library of Congress reporting requirements
- Prepare FCC pleadings, including comments and complaints
- Supervise outside counsel for outsourced projects
- Negotiate cable and telecommunications franchises and facilitate transfers of franchises for two ownership changes
- Formulate testimony and appear on behalf of Everest before various state legislative committees

Sprint
Overland Park, KS

November 1995 - January 2001

General Attorney/Director of State Regulatory Affairs
January 2001

November 1997 –

- Supervised four in-house attorneys and outside counsel who appeared on behalf of Sprint in state regulatory proceedings at public service commissions in 10 states
- Provided legal counsel to business unit negotiating interconnection agreements with incumbent telephone companies

Senior Attorney

Nov. 1995 - Nov. 1997

- Provided legal advice to business unit dedicated to local exchange competition, interpreting FCC orders and providing input for regulatory proceedings at the state public utility commissions and the FCC

Commissioner - Kansas Corporation Commission
Topeka, KS

March 1991-June 1995

- Appointed to a four-year term by then-Gov. Joan Finney. The KCC regulates gas, electric and telephone public utilities and the production of oil and natural gas in Kansas
- Member of the National Association of Regulatory Utility Commissioners executive and natural gas committees
- Presided over eight weeks of hearings that ultimately resulted in revisions to the 50-year-old Basic Proration Order governing allowables in the Hugoton Natural Gas field, limiting the amount of time operators had to produce their allowables and cancelled underages; personally drafted most of the Order
- Presided over monthly oil and gas hearings on various matters
- Presided over commission consideration of the 1991 merger of Kansas Power & Light and Kansas Gas and Electric

Federal Energy Regulatory Commission
Washington, D.C.

Dec. 1989 – Feb. 1991

- Attorney advisor in the Natural Gas Pipeline Rates Division of the General Counsel's office
- Drafted Commission orders for various natural gas rate cases and producer regulation matters
- Drafted letters in response to inquiries to the FERC by members of Congress

Kansas Corporation Commission
Topeka, KS

Nov. 1987 – Nov. 1989

- Assistant General Counsel

- Represented the KCC in natural gas rate cases before the Federal Energy Regulatory Commission

**Kansas Attorney General's Office
Topeka, KS**

August 1984 – Nov. 1987

- Assistant Attorney General - criminal division
- Represented department of corrections officials in federal habeas corpus and civil rights lawsuits filed by prisoners
- Second chaired several high profile drug cases and a Medicaid fraud case
- Argued a habeas corpus case at the Tenth Circuit Court of Appeals in Denver

Education:

- University of Kansas, Lawrence, KS
- Bachelor of Science - Journalism
 - Juris Doctor

Publications:

“Hugoton Gas Field: the Ongoing Battle Over Allowables, Underage and Infill Wells,” 33 Washburn Law Journal 852 (1994).

Other:

- Appointed by Gov. Kathleen Sebelius to Board of Trustees, Kansas Public Employees Retirement System (Term: 2005-2009)
- Past President and Member of the Board of Directors, Hidden Glen Arts Festival

Personal:

Married to Frank (Mitch) Reiber
Children: Mary and Joan, twin daughters, age 7 (adopted from China)

2-12



FILED

MAY 29 2008

RON THORNBURGH
SECRETARY OF STATE

Sec. of St. bar code

KANSAS GOVERNMENTAL ETHICS COMMISSION

STATEMENT OF SUBSTANTIAL INTERESTS FORM

INSTRUCTIONS. This statement (pages 1 through 4) must be completed by individuals who are required to do so by law. Any individual who intentionally fails to file as required by law, or intentionally files a false statement, is subject to prosecution for a class B misdemeanor.

Please read the "Guide" and Definition" section provided with this form for additional assistance in completing sections "C" through "G". If you have questions or wish assistance, please contact the Commission office at 109 West 9th, Topeka, KS or call 785-296-4219.

A. IDENTIFICATION: PLEASE TYPE OR PRINT

REIBER	Rachel	L.
Last Name	First Name	MI
REIBER	Frank	M.
Spouse's Name		
11032 S. Whitetail Lane		
Number & Street Name, Apartment Number, Rural Route, or P.O. Box Number		
Olathe KS 66061		
City, State, Zip Code		
(913) 397-0846		913.491.5500
Home Phone Number (include area code)		Business Phone Number (include area code)

B. THIS FORM IS REQUIRED TO BE FILED BECAUSE YOU ARE:

(check one or more of the following)

1. State Elected Official (Governor, Lt. Governor, Attorney General, Commissioner of Insurance, State Treasurer, Secretary of State, State Senator, State Representative, Member of State Board of Education, or District Attorney);
2. Appointed Member of a State Board, Council, Commission or Authority;
3. Appointed State Position is Subject to Senate Confirmation;
4. Employee of a State Agency or University;
5. General Counsel for State Office;
6. Candidate for State Office;
7. Other (Contractor / Member of Compact).

List Name of Agency, Board, University or Elected Position (You may use abbreviations but not acronyms)

Kansas Public Employees Retirement System

Agency Division (if applicable) (May use acronyms) Position

* The last four digits of your social security number will aid in identifying you from others with the same name on the computer list. This information is optional.

3852

Rev. 3/2006

C. **OWNERSHIP INTERESTS:** List any corporation, partnership, proprietorship, trust, joint venture and every other business interest, including land used for income, and specific stocks, mutual funds or retirement accounts in which either you or your spouse has owned within the preceding 12 months a legal or equitable interest exceeding \$5,000 or 5%, whichever is less. If you or your spouse own more than 5% of a business, you must disclose the percentage held. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "C", check here .

	BUSINESS NAME AND ADDRESS	TYPE OF BUSINESS	DESCRIPTION OF INTERESTS HELD	PERCENT OF OWNERSHIP INTERESTS	HELD BY WHOM
1.	REMS, Inc.	Environmental Consulting	stock	35%	Frank
2.	See attached				
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

D. **GIFTS OR HONORARIA:** List any person or business from whom you or your spouse either individually or collectively, have received gifts or honoraria having an aggregate value of \$500 or more in the preceding 12 months.

If you have nothing to report in Section "D", check here .

	NAME OF PERSON OR BUSINESS FROM WHOM GIFT RECEIVED	ADDRESS	RECEIVED BY:
1.			
2.			
3.			

E. RECEIPT OF COMPENSATION: List all places of employment in the last calendar year, and any other businesses from which you or your spouse received \$2,000 or more in compensation (salary, thing of value, or economic benefit conferred on in return for services rendered, or to be rendered), which was reportable as taxable income on your federal income tax returns.

- 1. YOUR PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR. IF SAME AS SECTION "B", CHECK HERE ____.
- If you have nothing to report in Section "E"1, check here ____.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	Martin Pringle Oliver Wallace & Boxer LLP	6900 College Blvd.	law firm
2.		Ovendale Park KS 66211	

- 2. SPOUSE'S PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR.
- If you have nothing to report in Section "E"2, check here ____.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	REMS, Inc.	PO Box 3655 Lawrence KS 66046	Env. Consulting
2.	BP Amoco	Houston TX	Global Petroleum

F. OFFICER OR DIRECTOR OF AN ORGANIZATION OR BUSINESS: List any organization or business in which you or your spouse hold a position of officer, director, associate, partner or proprietor at the time of filing, irrespective of the amount of compensation received for holding such position. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "F", check here ____.

	BUSINESS NAME AND ADDRESS	POSITION HELD	HELD BY WHOM
1.	REMS, Inc. PO Box 3655 Lawrence KS 66046	President	Frank
2.	Hidden Glen Arts Festival	President	Rachel
3.			
4.			
5.			
6.			
7.			
8.			

G. RECEIPT OF FEES AND COMMISSIONS: List each client or customer who pays fees or commissions to a business or combination of businesses from which fees or commissions you or your spouse received an aggregate of \$2,000 or more in the preceding calendar year. The phrase "client or customer" relates only to businesses or combination of businesses. In the case of a partnership, it is the partner's proportionate share of the business, and hence of the fee, which is significant, without regard to expenses of the partnership. An individual who receives a salary as opposed to portions of fees or commissions is generally not required to report under this provision. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "G", check here ____.

	NAME OF CLIENT / CUSTOMER	ADDRESS	RECEIVED BY
1.	<u>Evevest Connections</u>	<u>9647 Lackman Road Lanexa</u>	<u>Rachel</u>
2.	<u>Alltel</u>	<u>One Allica Drive Little Rock AR</u>	<u>Rachel</u>
3.	<u>Unite Private Networks</u>	<u>PO Box 25526, KC MO</u>	<u>Rachel</u>
4.	<u>Southern STAR Central Gas Pipeline</u>	<u>Dwornitzboro, KY</u>	<u>Rachel</u>
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			

H. DECLARATION:

I, Rachel Lipman Reiber, declare that this statement of substantial interests (including any accompanying pages and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete statement of all of my substantial interests and other matters required by law. I understand that the intentional failure to file this statement as required by law or intentionally filing a false statement is a class B misdemeanor.

5/27/08
Date

Rachel Lipman Reiber
Signature of Person Making Statement

NUMBER OF ADDITIONAL PAGES 2

Return your completed statement to the Secretary of State, Elections Division, Memorial Hall, First Floor, 120 SW 10th, Topeka, Kansas 66612-1594.

Print Form

Reset Form

Rachel Lipman Reiber
Statement of Substantial Interests
As of 4/30/08

Allianz CCM Mid-Cap Fund Class A
Allianz OCC Renaissance Fund
Capital Income Builder Fund
New Perspective Fund Class A
New World Fund Class F
Rydex Precious Metal Fund Class A
Rydex Energy Fund Class A
Rydex Consumer Products Fund Class A
Rydex Basic Materials Fund
Shawnee County Kansas Refunding Series A
Kansas State Department Hwy Refunding
Garmin Ltd
AT&T Communications
Berkshire Hathaway Hldg C. Class B
Cerner Corp
Chesapeake Energy Corp
Cisco Systems
Citigroup Inc.
Ferrellgas Partners L.P.
NSTAR
Provident Energy Trust
United Parcel
Verizon
Amcap Fund Class A
American High Income Trust Class A
American Mutual Fund Class A
Calamos Growth & Income Fund Class B
Capital Income Builder Fund
Capital World Growth & Income
Growth Fund of America Class A
Keeley Small Cap Value Fund Class A
Matthews Asia Pacific Fund
New Perspective Fund Class A
Inland Western Retail Real Estate Trust, Inc.
EQ/GAMCO Small Co Value
Eq/Montag Caldwell Growth
EQ/UBS Growth and Income
Franklin Income Securities
Oppenheimer Global Securities

VIP Contrafund

Haley Associates Limited Partnership Revocable Trust u/t/a 5/9/05 – H004

Prudential Strategic Partners Annuity One

AIG Sun America Seasons Select Variable Annuity

Legg Mason Equity

Lazard Retail Small Cap

Ohio National S & P 500 Index

PIMCO Global Bond

Fidelity VIP MidCap

MFS Total Return

SENATE BILL No. 296

By Committee on Ways and Means

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Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 13

9 AN ACT concerning state finance; establishing a process to evaluate and
10 implement federal funding available for state agencies under the fed-
11 eral American economic recovery and reinvestment act of 2009.
12

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

14 Section 1. (a) Within 10 days after the effective date of this act, each
15 state agency anticipating receipt of federal funds under the federal Amer-
16 ican economic recovery and reinvestment act of 2009, hereinafter re-
17 ferred to in this section as the "federal act," shall report the following
18 information to the director of the budget and the director of legislative
19 research:

American recovery and reinvestment act advisory group,
established by the governor, the

20 (1) The amount of federal funding the state agency anticipates re-
21 ceiving under the federal act;

, if applicable and appropriate as determined by the head of such agency,

22 (2) the date or dates when the state agency anticipates receipt of
23 moneys under the federal act;

24 (3) whether the anticipated federal funding is allocated through an
25 existing or new federal program;

26 (4) current levels of state funding for the state agency that is appro-
27 priated, requested or credited to and available in any fund or account
28 appropriated for the state agency that would be impacted positively or
29 negatively by the receipt of moneys under the federal act;

30 (5) whether additional appropriation authority would be necessary to
31 expend moneys received under the federal act;

32 (6) whether any additional state employees are necessary to oversee
33 or administer the moneys received under the federal act and, if so, how
34 many full-time equivalent positions would be required;

35 (7) any requirements under the federal act associated with spending
36 any moneys received under the federal act, including, but not limited to,
37 state matching or cost sharing requirements, percentage limitations and
38 any time requirements regarding expenditure of such moneys;

39 (8) the time or other conditions under which all or part of the funding
40 ends under the federal act; and

41 (9) a plan detailing how the moneys received under the federal act
42 will be expended and how the state agency will address the absence of
43 such funding after it ends.

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1 (b) Each state agency shall review and evaluate whether the state
2 agency is eligible for and would request funding under any provision of
3 the federal act. If any state agency determines it is eligible and desires to
4 receive funding under any provision of the federal act, such state agency
5 shall notify the director of the budget and the director of legislative re-
6 search, within 10 days after the effective date of this act, of such deter-
7 mination and shall provide the following information in conjunction with
8 such notification:

American recovery and reinvestment act advisory group, established by the
governor, the

, if applicable and appropriate as determined by the head of such agency,

9 (1) The amount of moneys the state agency desires to receive under
10 the federal act;

11 (2) each of the titles and sections of the federal act under which the
12 desired moneys are provided;

13 (3) the requirements and deadline for applying for the desired fund-
14 ing under the federal act;

15 (4) the requirements associated with the desired funding, including,
16 but not limited to, spending limitations, state matching or cost sharing
17 requirements, percentage limitations and any time requirements regard-
18 ing expenditure of such funding;

19 (5) when the funding provided under the federal act would end;

20 (6) whether additional appropriation authority would be necessary to
21 expend moneys received under the federal act;

22 (7) whether any additional state employees are necessary to oversee
23 or administer the moneys received under the federal act and, if so, how
24 many full-time equivalent positions would be required;

25 (8) the number of potential jobs created by the use of any moneys
26 received under the federal act, including all rationales and supporting
27 data justifying the state agency's estimate of the number of jobs to be
28 created; and

29 (9) a plan detailing how the funds received under the federal act will
30 be expended and how the state agency will address the absence of funding
31 after the funding provided under the federal act ends.

32 (c) ~~On and after the effective date of this act, neither the governor
33 nor any other state agency shall apply for any funding under the federal
34 act without prior approval by the state finance council acting on this mat-
35 ter which is hereby characterized as a matter of legislative delegation and
36 subject to the guidelines prescribed by subsection (c) of K.S.A. 75-3711e,
37 and amendments thereto, except that such approval also may be given
38 while the legislature is in session.~~

Reletter remaining subsections

39 (d) Each state agency that applies for and receives or is approved to
40 receive moneys under the federal act shall notify the director of the
41 budget and the director of legislative research immediately of such receipt
42 or approval and shall include such related information with such notifi-
43 cation as may be requested by the director of the budget. Each such state

American recovery and reinvestment act advisory group, established by the
governor, the

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1 agency expending moneys received under the federal act shall make such
2 expenditures in accordance with the provisions of appropriation acts in
3 compliance with the provisions of applicable state statutes.

4 (e) Any individual employed by a state agency in connection with or
5 as a result of funding received under the federal act shall be a temporary
6 employee and such employment shall not continue beyond the expendi-
7 ture of the moneys received under the federal act.

Nothing in this subsection shall prevent such temporary employee
from being hired in a vacant full time position.

8 (f) No expenditures shall be made by any state agency of any moneys
9 received under the federal act and no state agency shall enter into any
10 contract or other obligation to expend any amount in excess of the actual
11 amount of moneys received by or allocated to the state agency under the
12 federal act.

13 (g) The American recovery and reinvestment act advisory group that
14 was established by the governor, hereinafter referred to in this section as
15 the advisory group, shall review all state agency information submitted to
16 the director of the budget under this section and shall submit a written
17 report of its findings and non-binding recommendations to the governor,
18 president of the senate, speaker of the house of representatives, vice-
19 president of the senate, speaker pro tem of the house of representatives,
20 majority leader of the senate, majority leader of the house of represen-
21 tatives, minority leader of the senate, minority leader of the house of
22 representatives, chairperson of the committee on ways and means of the
23 senate, chairperson of the committee on appropriations of the house of
24 representatives, director of the budget, and director of legislative research
25 within 30 days after the effective date of the federal act. The findings and
26 recommendations of the advisory group shall include:

27 (1) Which funds under the federal act the governor should request or
28 approve state agency requests for, with priority given to funds that are
29 allocated under the federal act for one time projects or reducing the need
30 for expenditures from the state general fund dollars in the fiscal years
31 ending June 30, 2009, June 30, 2010, or June 30, 2011, without the need
32 for future, ongoing state expenditures;

33 (2) potential impacts or savings to the state general fund which may
34 result from the receipt of the recommended funds under the federal act;

35 (3) positive and negative impacts to state agency budgets for the fiscal
36 years ending June 30, 2009, June 30, 2010, June 30, 2011, and June 30,
37 2012, if the recommended funding is requested and received under the
38 federal act;

39 (4) whether state agencies have adequate appropriation authority for
40 expenditure of the funds recommended to be requested and received
41 under the federal act; and

42 (5) any other recommendations or information as the governor may
43 request.

Reletter remaining subsections

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1 (h) Records containing information submitted by state agencies to the
2 director of the budget and the recommendations and findings of the ad-
3 visory group are public records and subject to the provisions of the open
4 records act.

5 (i) Nothing in this section shall prohibit local governments, local ed-
6 ucational agencies as defined in the federal act, or any eligible entity as
7 determined under the federal act from seeking federal funding under the
8 federal act.

9 (j) As used in this section, "state agency" means any state department,
10 office, board, commission, division or subunit thereof within the executive
11 branch of state government.

12 Sec. 2. This act shall take effect and be in force from and after its
13 publication in the Kansas register.

Kansas Department of Revenue
Omnibus Review – 2009 Session

SGF Reduction Impact

The Governor's recommendation for FY 2010 included a \$1,057,444 SGF reduction applied as increased shrinkage rate for salaries. Effective with HB 2354, the SGF operating amount was further reduced by \$527,750. In order to absorb these reductions the department will:

- Hold vacant or reduce 21 FTE \$1,057,444
- Discontinue bulk income tax forms \$150,000
- Eliminate out of state travel \$220,000
- Reduce PC replacement, facilities repair \$157,750

The most significant concern is in the area of staffing reductions. Beginning in FY 2006, the Legislature invested \$1,057,520 SGF to expand field collection activities (18 FTE), resulting in increased collections of \$15.6 million. In FY 2009, an addition of \$357,000 in enhanced tax fraud staff (5 FTE) has produced new collections of \$9.7 million to-date. Although the department has made every effort to protect revenue-generating activities, the Division of Taxation is primarily funded through SGF and the proposed FY 2010 reductions will result in decreased tax collections. The delinquent collections activity managed by the department operates at a consistent minimum 15:1 return on operating dollar investment. This activity is dependent on keeping the front end of the tax process current, i.e., mail and remittance processing, customer account maintenance and error resolution, etc. Reduction of 21 FTE from tax processing and collection activities can be expected to result in foregone revenues up to \$15 million in FY 2010.

VIPS/CAMA Fund Status

FY 2009 receipts to this fund were projected at \$2,400,118. Actual receipts of \$1,621,703 through April 20, 2009, combined with estimated receipts of \$275,000 through June 30, 2009, lead to a revised projection of \$1,896,703, or a shortfall of \$503,415.

The balance in the fund as of April 20, 2009 was \$139,290. When combined with projected receipts for the remaining 2+ months, this leaves an estimated \$414,290 available for the remainder of FY 2009. Operating expenses from this fund for the remainder of FY 2009 are estimated at \$300,000, leaving a projected \$114,290 available for FY 2010 against the original estimate of \$192,437 beginning balance. This reduction in beginning balance (-\$78,147) combined with a potential reduction in receipts of \$500,000, leaves a total FY 2010 shortfall of \$578,147.

Driver's License Photo First Model Office Project

This project is funded through a Federal Homeland Security grant. The project is intended to develop new software and workflow procedures to support fraud prevention in the front counter driver's license application process. Total amount of the grant is \$925,026, with an estimated \$135,494 to be expended for work already underway in FY 2009 and the balance for deliverables due in FY 2010. The project was approved by the KITO office in January and will be reviewed again by JCIT on April 29.

Kansas Department of Revenue
Omnibus Review – 2009 Session
Bill Implementation Administrative Costs

SB 97 - Law. PEAK, allows employers moving new jobs to KS to retain WH tax on new jobs

Fill 2 vacant FTE- Cust Rep. Sr.	\$96,640
(2) One- time Other Operating Expenditures	8,860
(2) Annual Other Operating Expenditures	<u>3,052</u>
Total SGF	\$108,552

HB2324 - Enrolled. Community Improvement District local sales tax.

Admin. costs are funded through retention of 2% of collections up to \$60,000.

Need to appropriate as no-limit fund new "Community Improvement District Sales Tax Administration Fund" created by the bill.

SB 122 - Enrolled. Relating to rebuilt salvage vehicles.

Fill 1 vacant Admin. Asst.	\$37,890
One- time Other Operating Expenditures	4,430
Annual Other Operating Expenditures	<u>1,526</u>
Total VOF (Increase transfer)	\$43,846

SB 158 - Law. Allows restricted driving in lieu of suspension for failure to comply with traffic citation.

Admin costs are funded through \$25 application fee, deposited to VOF.

Need to remove VOF expenditure limitation (preferred) or increase FY 10 VOF expenditure limitation by \$1.4 million.

HB 2172 - Enrolled. Auto rebate sales tax exclusion made permanent; sales tax exemptions for several non-profits; 50% disabled vets added to homestead refund; income tax statute of limitations fix; clarify that agricultural land is to be use-valued for estate tax purposes.

Fill 1 vacant Cust. Rep. Spec.	\$54,923
One-time Other Operating Expenditures	4,430
Annual Other Operating Expenditures	1,526
Revise publications/instructions	33,050
Contract programming	<u>19,440</u>
Total SGF	\$113,369

HB 2221 - Statewide smoking ban, ABC to monitor/regulate "tobacco specialty" shops.

Fill 2 new Enforcement Agent	\$130,414
(2) One-time Other Operating Expenditures	32,460 (Includes 2 vehicles)
(2) Annual Other Operating Expenditures	29,452
Fill 1 new Cust Rep. Sr.	48,320
One-time Other Operating Expenditures	4,430
Annual Other Operating Expenditures	1,526
New notices/publications	<u>10,000</u>
Total VOF (Increase transfer)	\$256,602

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April 21, 2009

ITEMS FOR OMNIBUS CONSIDERATION

Office of the Governor

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

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

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

Board of Indigents' Defense Services

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

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

Department of Administration

A. Kansas Public Broadcasting Council Transmitter Relocation Project (Senate Committee and Conference Committee). The Kansas Public Broadcasting Council requested \$44,268, all from the State General Fund, as an enhancement for FY 2010 to relocate a transmitter for Wichita Public Radio (KMUW). The 2007 Legislature approved funding for the entire project, which took place over two years. The final invoice charged to KMUV 2009, but no language in the previous bill reappropriated the funding ar

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 5

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

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

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

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

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

Kansas Lottery

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

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

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

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

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

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

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

School for the Blind

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

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

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

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

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

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

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

School for the Deaf

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

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

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

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

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

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

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

Board of Veterinary Examiners

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

Juvenile Justice Authority

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

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

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

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

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

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

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

Adjutant General

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

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

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

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

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

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

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

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

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

State Fire Marshal

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

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

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

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

Highway Patrol

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Kansas Bureau of Investigation

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

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

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

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

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

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

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

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

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

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

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

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

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

Kansas Department of Transportation

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

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

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

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

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

The agency provided the following information:

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

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

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

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

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

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

[The following table content is extremely faint and largely illegible. It appears to be a chart or table detailing outstanding debt and repayment schedules, as mentioned in the text above.]

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State Highway Fund (SHF) Debt (in millions)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Behavioral Sciences Regulatory Board

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

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

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

Board of Healing Arts

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

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

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

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

Board of Pharmacy

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

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

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

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

State Treasurer

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

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

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

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

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

State Library

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

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

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

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

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

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

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

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

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

Kansas Arts Commission

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

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

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

State Historical Society

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

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

Emergency Medical Services Board

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

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

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

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

Machinery and Equipment Sliders

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

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

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

Attorney General

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

Judicial Branch

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

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

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

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

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

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

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

Department of Education

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

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

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

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

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

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

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

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

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

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

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

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

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

Kansas Public Employees Retirement System

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

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

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

Court of Tax Appeals

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

Department of Revenue

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Department of Commerce

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

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

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

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

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

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

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

Kansas, Inc.

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

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

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

Kansas Technology Enterprise Corporation

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

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

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

Governmental Ethics Commission

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

SRS Hospitals

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

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

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

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

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

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

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

Rainbow Mental Health Facility

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

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

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

Kansas Neurological Institute

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

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

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

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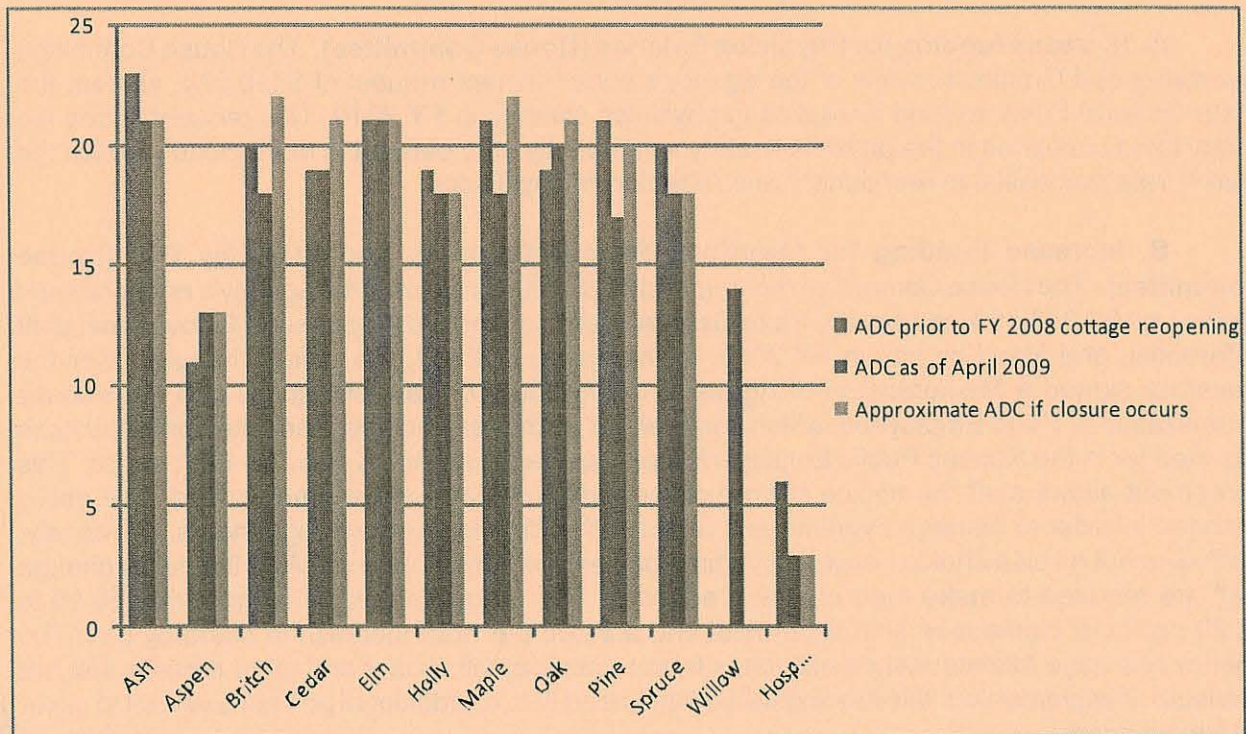
Parsons State Hospital

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

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

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

AVERAGE DAILY CENSUS



5-35

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

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

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

Osawatomie State Hospital

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

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

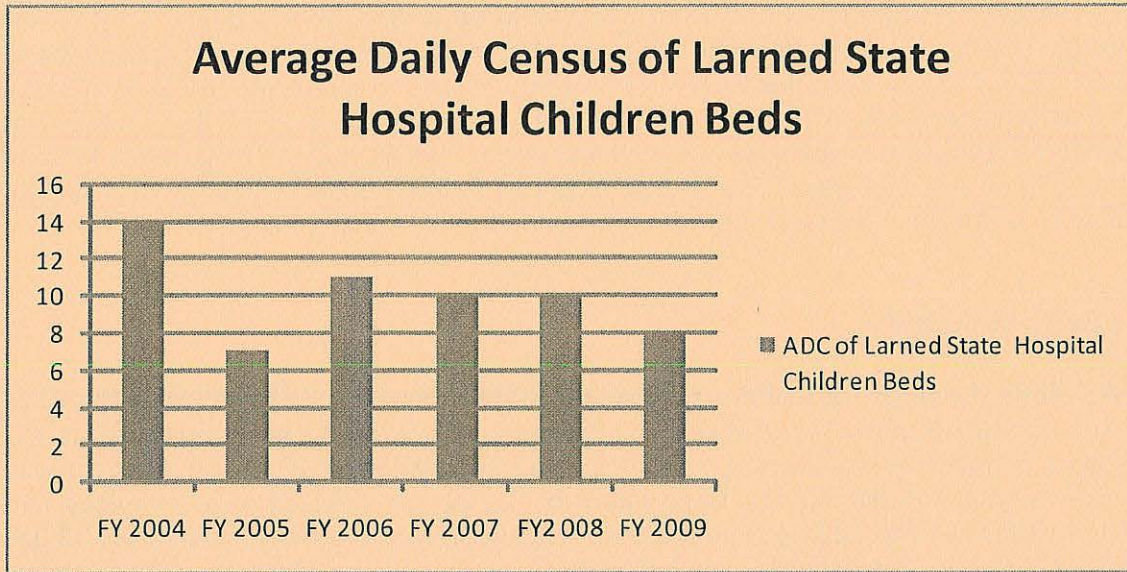
C. Increase Funding for Food, Pharmacy, Utilities, and Outside Medical Costs (House Committee). The House Committee recommended Omnibus review of the agency's enhancement request for \$625,000, all from the State General Fund, to fund increases in food, pharmacy, utilities, and outside medical costs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

Larned State Hospital

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

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

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



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

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

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

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

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

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

Kansas Corporation Commission

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

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

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

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

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

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

Animal Health Department

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

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

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

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

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

Kansas State Fair Board

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

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

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

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

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

Department of Wildlife and Parks

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

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

State Water Plan Fund

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

Department of Health and Environment - Environment

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

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

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

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

Department of Health and Environment - Health

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

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

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

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

5-44

KDHE - Health ARRA Funds

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

5-4-5

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

5-46

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

5-47

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

87-48

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The itemized list includes:

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

Department on Aging

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The reductions are as follows:

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

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

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

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

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

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

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

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

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

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

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

Health Policy Authority

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Program Cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Kansas Health Policy Authority provided the following salary comparisons:

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

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

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

¹ Stand-alone Medicaid agency

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

³ MO Healthnet Division under the Missouri Department of Social Services

⁴ Stand alone Medicaid agency

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

KHPA		Colorado		Nebraska		Missouri		Oklahoma	
Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary
<i>Executive Director</i>	\$145,960.00	<i>Executive Director</i> ²	\$146,040.00	<i>Medicaid Director</i> ²	\$122,000.00	<i>Division Director</i> ²	\$167,376.00	<i>Chief Executive Officer</i> ²	\$133,400.00
<i>Medical Director</i>	\$138,567.00	<i>Administration Office Director</i> ²	\$139,992.00	<i>Medical Director</i> ²	\$136,281.00	<i>Deputy Division Director, Clinical Services</i> ²	\$166,824.00	<i>Chief Medical Officer</i> ²	\$165,600.00
<i>Deputy Director</i>	\$125,030.07	<i>Medicaid Director</i> ²	\$156,300.00	<i>Section Administrator</i> ²	\$87,551.00	<i>Deputy Division Dir., Operations</i> ²	\$82,092.00	<i>Medical Director</i> ²	\$199,200.00
<i>Director</i>	\$115,920.00	<i>Legislative Liaison</i> ²	\$103,452.00	<i>Section Administrator</i> ²	\$87,551.00	<i>Clinical Pharmacist</i> ²	\$140,000.00	<i>Deputy Chief Executive Officer External Relations Communications</i> ²	\$113,800.00
<i>Employee Health Plan Director</i>	\$106,050.00	<i>CHP+ Division</i> ²	\$105,444.00	<i>Unit Administrator</i> ²	\$74,449.00	<i>Interim Executive Director of Missouri Consolidated HealthCare Plan</i> ³	\$110,004.00	<i>Chief Operating Officer, Sooner Care</i> ²	\$111,600.00
<i>Dir., Data Policy & Evaluation</i> ²	\$104,506.69	<i>Client Community Office Director</i> ²	\$139,992.00	<i>Operations Administrator</i> ²	\$70,909.00	<i>Medical Consultant</i> ²	\$109,524.00	<i>Deputy Chief Executive Officer Policy, Planning & Integrity</i> ²	\$113,800.00
<i>Chief Financial Officer</i> ¹	\$103,458.60	<i>Budget and Finance Office Director</i> ²	\$139,992.00	<i>Service Administrator</i> ²	\$65,436.80	<i>Chief Financial Officer</i> ²	\$82,092.00	<i>Chief Financial Officer</i> ²	\$113,800.00
<i>Pharmacy Program Manager</i>	\$102,500.00	<i>Project Management Director</i> ²	\$113,544.00	<i>Pharmacist</i> ²	\$95,000.00	<i>Director of Pharmacy</i> ²	\$117,243.00	<i>Pharmacist, Program Administrator</i> ²	\$108,100.00
<i>Manager/Admin.</i>	\$94,760.00	<i>Medicaid Program Division</i> ²	\$108,168.00	<i>Pharmacist Cnslt III</i> ²	\$97,743.00	<i>Director of Human Resources</i> ³	\$80,640.00	<i>Physician Medical Reviewer</i> ²	\$142,300.00
<i>General Counsel</i>	\$85,852.34	<i>Safety Net & Financing Div.</i> ²	\$105,588.00	<i>Pharmacist Cnslt II</i> ²	\$95,000.00	<i>Chief Counsel</i> ³	\$82,344.00	<i>General Counsel</i> ²	\$113,800.00
<i>Deputy Director</i> ³	\$80,800.00	<i>Client Relation Division</i> ²	\$105,588.00	<i>Pharmacist Cnslt I</i> ²	\$92,202.00	<i>Associate Executive Director of Missouri Consolidated HealthCare Plan</i> ³	\$95,016.00	<i>Dentist, Program Administrator</i> ²	\$141,800.00
<i>Public Service Executive III</i>	\$75,150.40	<i>LTC Division Director</i> ²	\$114,948.00	<i>Unit Administrator</i> ²	\$65,435.80	<i>Psychologist</i> ²	\$98,760.00	<i>Unit/Progr. Heads</i> ²	\$81,587.00
<i>Manager/Admin.</i>	\$73,800.00	<i>Claims System Section Manager</i> ²	\$109,128.00	<i>Unit Administrator</i> ²	\$65,436.80	<i>Asst. Exec Director for Consumer Affairs</i> ³	\$79,728.00	<i>Chief of Staff</i> ²	\$97,600.00
<i>Registered Nurse Administrator</i>	\$71,593.60	<i>Eligibility Systems Manager</i> ²	\$104,184.00	<i>Program Specialist RN</i> ²	\$64,274.08	<i>Director of Finance</i> ²	\$78,528.00	<i>Unit/Progr. Heads</i> ²	\$83,100.00
<i>IS Manager II</i>	\$71,593.60	<i>IT Security Manager</i> ²	\$104,556.00	<i>Audit Supervisor</i> ²	\$64,613.12	<i>Director, Information Technology</i> ³	\$86,580.00	<i>Chief Information Officer</i> ²	\$113,800.00
Average Salary for the 15 Highest Salaried Positions									
KHPA	\$99,564.92	Colorado	\$119,791.73	Nebraska	\$85,592	Missouri	\$105,117	Oklahoma	\$122,218.53

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

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

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KHPA		Regents		SRS		JJA		Housing and Finance Authority		KDHE		KTEC	
Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary	Position Title	Annual Salary
Executive Director	\$145,960.00	President/CEO	\$193,000.00	Cabinet Secretary	\$112,742.51	Commissioner	\$105,000.00	Director	\$95,000.00	Cabinet Secretary	\$107,990.16	President	\$283,874.64
Medical Director	\$138,567.00	Vice Pres	\$135,813.00	Medical Admnstr	\$139,296.69	System Software Analyst III	\$56,118.40	Housing Developmnt Professional	\$82,775.00	Health Officer	\$111,973.29	Quasi Agency Employee	\$144,733.16
Deputy Director	\$125,030.07	Vice President	\$138,375.00	Deputy Secretary	\$150,000.00	Deputy Commissioner	\$83,020.46	Controller	\$75,291.00	Deputy Secretary	\$98,023.20	Program Administrator	\$119,666.22
Director	\$115,920.00	Exec. Dir of Kan/Ed	\$115,752.00	Senior Deputy	\$102,883.96	Assistant Commissioner	\$73,500.00	Communications Officer	\$55,080.00	Head of Division of State Agency	\$170,019.20	Managing Financial Analyst	\$69,103.36
Employee Health Plan Director	\$106,050.00	Associate Vice Pres	\$99,170.00	Deputy Secretary	\$100,051.62	Architect III	\$68,295.26	Economic Development Rep IV	\$62,500.00	Head of Division of State Agency	\$105,019.20	Accounting Technician	\$48,270.05
Dir., Data Policy & Evaluation	\$104,506.69	Dir of Gov't Rel & Comm	\$101,397.00	Director	\$99,322.50	IS Manager I	\$58,884.80	Economic Development Rep IV	\$62,500.00	Director	\$85,075.06	Publication Assistant I	\$45,355.40
Chief Financial Officer	\$103,458.60	Vice President	\$139,125.00	Deputy Secretary	\$103,034.89	Deputy Commissioner	\$72,189.65	Budget/fiscal Officer	\$55,000.00	Professional Environ Eng III	\$91,332.80	Investment Analyst	\$41,000.00
Pharmacy Program Manager	\$102,500.00	Director	\$96,488.00	Program Director	\$82,000.05	Accountant IV	\$65,748.80	Economic Development Rep IV	\$61,838.40	Health Officer	\$86,774.45	Administrative Assistant	\$40,716.23
Manager/Administrator	\$94,760.00	Director	\$85,500.00	Director	\$90,100.00	Deputy General Counsel	\$59,404.41	Economic Development Rep IV	\$60,307.00	Health Officer	\$85,702.54	Executive Assistant	\$40,000.00
General Counsel	\$85,852.34	General Counsel	\$100,522.00	Chief Attorney	\$100,225.71	Chief Counsel	\$82,830.28	Attorney III	\$68,850.00	General Counsel	\$83,714.51	Quasi Agency Employee	\$39,655.66
Deputy Director	\$80,800.00	Director	\$85,000.00	Special Assistant	\$85,000.00	Assistant Commissioner	\$57,998.33	Accountant IV	\$58,884.80	Deputy Director	\$88,953.21	Administrative Assistant	\$36,232.44
Public Service Executive III	\$75,150.40	Director	\$79,230.44	Director	\$81,000.00	Inspector General	\$56,512.58	Housing Developmnt Professional	\$58,852.00	Public Service Executive IV	\$86,964.80	Administrative Assistant	\$35,000.00
Manager/Administrator	\$73,800.00	Director	\$76,875.00	Director	\$80,715.92	Applications Prog/Analyst III	\$56,276.34	Housing Developmnt Professional	\$57,353.00	Public Service Executive IV	\$82,867.20	Senator	\$18,441.28
Registered Nurse Administrator	\$71,593.60	Director	\$75,000.00	Executive Director	\$80,294.40	Public Service Executive II	\$56,118.40	Housing Development Officer	\$57,353.00	Professional Environ Eng III	\$84,926.40	Representative	\$18,441.28
IS Manager II	\$71,593.60	Director	\$74,313.00	IT Manager	\$88,200.01	Information Resource Manager	\$63,838.12	Information Technology Mgr	\$60,000.00	Dir of Information Services	\$97,500.00	Appt/elect Bd/comm. Bd Member	\$17,293.12
Average Salary for the 15 Highest Salaried Positions													
KHPA	\$99,564.92	Regents	\$106,370.70	SRS	\$99,657.89	JJA	\$67,715.72	Housing and Finance	\$64,772.28	KDHE	\$97,789.07	KTEC	\$66,518.86

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Electronic Sharing of Screening and Assessments for Inpatient Mental Health Services

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Social and Rehabilitation Services

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

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

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

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

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

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

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

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

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

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

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

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

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

Approximately 160 families will be affected by this change.

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

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

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Estimated Fiscal Effect of Federal Stimulus Bill for SRS Program

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

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Estimated Fiscal Effect of Federal Stimulus Bill for SRS Program

Program	Funding to Kansas		Availability	Special Federal Require.	Proposed Use of Funding	State Fiscal Year 2009			State Fiscal Year 2010			State Fiscal Year 2011		
	Federal FY 2009 Increase	Federal FY 2010 Increase				SGF	Federal	All Funds	SGF	Federal	All Funds	SGF	Federal	All Funds
Direct Benefit to Kansans (These items are increases in federal funding that would fund increases in caseload or benefits to clients.)														
TANF Emergency Fund - 80 percent of assistance increase during Federal FY 09-10 if caseload exceeds base year.	Dependent on caseload increase	Dependent on caseload increase	Dependent on caseload increase	Base caseload is minimum of FFY 07-08 caseload	Plan pending due to uncertainty of the TAF caseload. The estimates, which are dependent on TAF caseload growth, range from \$3.2-\$8.9m. The high estimates is presented in this	-	\$ 661,899	\$ 661,899	-	\$ 5,727,845	\$ 5,727,845	-	\$ 2,498,097	\$ 2,498,097
Food Assistance - Administration Funding	849728	849728	Federal Fiscal Year	None	Fund shortfall in EBT contract and fund regional temporary staff	-	\$ 637,296	\$ 637,296	-	\$ 860,982	\$ 860,982	-	\$ 216,183	\$ 216,183
Food Assistance - 13.6 percent Benefit Increase	Dependent on caseload increase	Dependent on caseload increase	Continues until normal food stamp benefit increases catch up to the 13.6 percent level	None	Implement benefit increase. (No discretion)	-	\$ 12,583,512	\$ 12,583,512	-	\$ 53,850,836	\$ 53,850,836	-	-	-
Food Assistance - Suspend Limit on Able Bodied Workers without Dependents	Dependent on caseload increase	Dependent on caseload increase	Apr 2009- Sep 2010 (18 Months)	None	Provide food asst to ABAWDs. (No discretion)	-	\$ 507,425	\$ 507,425	-	\$ 7,167,874	\$ 7,167,874	-	\$ 2,154,136	\$ 2,154,136
Emergency Food Assistance Program - Administration	\$189,962	\$189,962	Federal Fiscal Year	None	Fund shipping and warehouse contract, freeing funds for local agency reimbursement	-	\$ 189,962	\$ 189,962	-	\$ 189,962	\$ 189,962	-	-	-
Emergency Food Assistance Program - Surplus Food	\$757,948	-	Federal Fiscal Year	None	Distribute increase in surplus food. (No discretion)	-	\$ 568,461	\$ 568,461	-	-	-	-	-	-
Child Care Funding - \$16,-11,391 general use \$1,522,384 quality expansion \$,881,660 infant toddlers	\$18,415,435		Federal Fiscal Year	The federal funds may not supplant state funds.	In process of evaluating federal guidance. Proposal under development	-	-	-	-	\$ 18,463,000	\$ 18,463,000	-	-	-
VR Client Assistance	\$5,108,753		Federal Fiscal Year	Special reports must be submitted within 10 days of each quarter. Reporting and accountability plan required.	Proposal under development	-	-	-	-	\$ 2,554,377	\$ 2,554,377	-	\$ 2,554,376	\$ 2,554,376

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Estimated Fiscal Effect of Federal Stimulus Bill for SRS Program

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

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

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

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

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

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

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

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

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

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

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

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

- A comprehensive and independent study of the Level of Care assessment instruments that are utilized within the various waivers will be conducted. This study will identify the strengths and weaknesses of the Developmental Disability Profile that is utilized by the MR/DD Waiver service delivery system. Additionally the contractor will study 5 additional states and present recommendations to Kansas regarding the current instrument and the possible advantages of moving to different level of care assessment instruments.
- Funding and Payment Methodology – through this study Kansas is seeking to identify the strengths and challenges of the differing payment methodologies that are utilized in Kansas. The study will examine the tiered structure utilized by the MR/DD system versus the individual unit payment system utilized by all the other waivers. A focus will be to address the community capacity issues through the conducting of a 'cost study' across the all HCBS Waivers operated by Kansas Department on Aging and Community Supports and Services within the Kansas Department of Social and Rehabilitation Services.

I. Review Revenues in the Problem Gambling and Addictions Grant Fund. (House Committee) The House Committee recommended that the revenue estimates for expanded gaming revenues, as determined by the consensus revenue estimating group, be reviewed. The Governor's recommendation shifts funding of \$600,000 from the State General Fund to the Problem Gambling and Addictions Grant Fund. This fund receives 2.0 percent of lottery gaming facility revenues. The Legislature approved this funding shift in Senate Substitute for House Bill 2354.

The April 2009 consensus estimate for expanded gaming revenues indicates that the Problem Gambling and Addictions Grant Fund will receive revenues of \$427,597 in FY 2010. This creates a \$172,403 shortfall in revenue necessary to cover the budgeted expenditures for this program. Consequently, the agency requests the addition of \$172,403, all from the State General Fund, be restored to keep the funding of this program at the approved level. This program was reduced by \$200,000 in the approved budget, which will result in serving approximately 100 fewer individuals in FY 2010. The additional reduction in gaming revenue means that a total of 186 individuals will not be served in FY 2010 if funding is not restored. The restoration of funding would allow SRS to continue serving 86 of those individuals.

J. Review the Restoration of Funding for Alcohol and Drug Treatment Programs (House Committee). The House Committee recommended a review of the restoration of funding for the Alcohol and Drug Treatment program in FY 2010.

The Governor's recommendation included a reduction of \$200,000, all from the State General Fund, for the alcohol and drug treatment program in FY 2010. The Department indicated that the reduction of \$200,000 for Addiction and Prevention Services would limit the amount of funds available to evaluate and treat low income Kansans experiencing alcohol and other drug dependencies. These state funds, in combination with federal block grant funds, provide low cost

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or no cost treatment for adults and adolescents with incomes at 100 percent to 200 percent of federal poverty guidelines. The reduction would likely result in approximately 100 fewer individuals being served in FY 2010.

K. Review Additional Funding for the Home and Community Based Services for Children with Autism (House Committee). The House Committee recommended a review of the addition of funding to serve an additional 100 children on the Home and Community Based Services for Children with Autism waiver in FY 2010.

The Department indicated that additional funding of \$1,380,600, including \$434,613 from the State General Fund, would be needed to serve an additional 100 children on the Autism Waiver in FY 2010. To maintain services for an additional 100 children in FY 2011, it would cost \$2,761,200, including \$1,044,562 from the State General Fund. A no waiting list policy would require the addition of \$3,092,544, including \$1,042,806 from the State General Fund, to bring 224 additional children onto the waiver over a 12 month period in FY 2010. To maintain service for the additional 224 children in FY 2011, it would cost \$6,185,088, including \$2,153,957 from the State General Fund, more than the current FY 2010 estimate.

L. Review the Medikan Eligibility Policy for General Assistance Benefits and Mental Health Services. (House Committee) The House Committee recommended consideration of restoring the previous policy for the General Assistance Program and the MediKan mental health assistance (24 months of eligibility with hardship provisions).

The Department proposed limiting general assistance for those individuals who are unable to meet federal disability standards to 18 months of eligibility and revokes the hardship provision as a part of the reduced resources package in its budget submission. Currently, there is a 24 month limitation with a hardship provision that allows extensions. Approximately 1,500 individuals would lose eligibility under this proposal. This change will result in State General Fund savings of \$2.9 million in FY 2010. The Governor included these savings in her budget recommendation and it was approved by the Legislature in Senate Substitute for House Bill 2354.

The Department proposed limiting participation in the MediKan Mental Health Assistance to a maximum of 18 months as a part of the reduced resources budget.

MediKan eligibility is currently limited to 24 months, but this time frame can be extended for persons who can demonstrate hardship. Approximately 616 individuals would lose eligibility under this proposal. This change will result in State General Fund savings of \$2.7 million in FY 2010. The Governor included these savings in her budget recommendation and it was approved by the Legislature in Senate Substitute for House Bill 2354.

The same policy change was made for the MediKan program in the Kansas Health Policy Authority (see KHPA Item B).

M. Review Funding for Home and Community Based Services for Individuals with Traumatic Brain Injuries Waiver (House Committee). The House Committee recommended a review of the addition of funding to maintain a no waiting list policy for the Home and Community Based Services for Individuals with Traumatic Brain Injury Waiver in FY 2010.

The Department indicated that additional funding of \$2,115,000, including \$665,000 from the State General Fund, would be needed to have no waiting list for the TBI Waiver.

N. Review the Reduction of the Home and Community Base Services for Individuals with Developmental Disabilities Waiver Waiting List by 25.0 Percent (House Committee). The House Committee recommended a review of the addition of funding to reduce the waiting list

for the Home and Community Based Services for Individuals with Developmental Disabilities Waiver by 25.0 percent in FY 2010.

The Department indicated that reducing the HCBS/DD waiver waiting list by 25.0 percent in FY 2010 would require additional funding of \$9,355,338, including \$2,945,060 from the State General Fund. There are approximately 1,650 unserved individuals currently on the waiting list, and the additional funding would allow SRS to serve 413 of these individuals.

In addition, there are 1,036 underserved individuals waiting for services. It would take additional funding of \$4,195,561, including \$1,547,419 from the State General Fund, to provide services to 259 individuals that are currently underserved.

In order to have no waiting list for any of these individuals in FY 2010, an additional \$53,292,544, including \$16,776,493, from the State General Fund would be required. In FY 2011, it would cost \$106.0 million, including \$60.0 million from the State General Fund, more than the current funding for FY 2010 to continue serving these people.

O. Spring Consensus Caseload Estimates and GBA No 2, Item 5, page 3 - Caseload Adjustments. The Division of the Budget, Legislative Research Department, Department of Social and Rehabilitation Services (SRS), Kansas Health Policy Authority (KHPA), Department on Aging, and the Juvenile Justice Authority (JJA) met on April 15, 2009 to revise the estimates on caseload expenditures for FY 2009 and FY 2010. The consensus estimates include expenditures for Regular Medical Assistance, Nursing Facilities, Temporary Assistance to Families, General Assistance, the Reintegration/Foster Care contracts, and JJA psychiatric residential treatment facilities and out of home placements. The estimating group used the budget as approved in 2009 Substitute for Senate Bill No. 23 and 2009 Senate Substitute for House Bill 2354 as the starting point for the current estimate.

This was the first Consensus Caseload meeting to include estimates for JJA out-of-home services. The Legislature recommended JJA's request to include its residential out of home placement services and psychiatric residential treatment facility (PRTF) services in the caseload estimating process.

For FY 2009, the new estimate is an increase from all funding sources of \$7.7 million, but a decrease of \$17.5 million from the State General Fund. The increase in caseload expenditures is the result of higher expenditures in the Regular Medical Assistance Program, mental health programs, Nursing Facilities for Mental Health, community supports and services, and JJA out-of-home services. These increases were partially offset by decreases in the estimates for Nursing Facilities, Targeted Case Management in the Department on Aging, JJA psychiatric residential treatment facility services, Temporary Assistance to Families, General Assistance, Foster Care, and substance abuse services. The reduction in the State General Fund estimate for caseload programs is largely due to the enhanced federal Medicaid funding included in the American Recovery and Reinvestment Act of 2009. The 2009 Legislature adopted the Governor's Budget Amendment No. 1, Item 1 that captured State General Fund savings in Medicaid programs by applying the 6.2 percent enhanced Federal Medical Assistance Percentage rate. Beginning on April 1, 2009, the American Recovery and Reinvestment Act provisions provided another Federal Medical Assistance Percentage rate increase of 2.03 percent which was triggered by an increase in Kansas' unemployment rate. Therefore additional State General Fund savings are reflected in the new caseload estimate.

	FY 2009 Adjustments	
	All Funds	State General Fund
Nursing Facilities	\$ (2,000,000)	\$ (2,482,741)
Aging Targeted Case Management	(800,000)	(298,719)
Psychiatric Residential Treatment Facilities	(2,894,209)	(969,213)
Out of Home Placements	4,224,930	4,224,930
Nursing Facilities Mental Health	522,517	404,378
Temporary Assistance for Families	(2,763,340)	0
General Assistance	(339,000)	(339,000)
Regular Medical Assistance- Health Policy Authority	8,956,245	(13,562,555)
Reintegration/ Foster Care	(4,554,555)	(8,536,713)
Mental Health	5,614,645	3,566,098
Community Supports and Services	1,754,324	632,947
Addiction and Prevention Services	(50,528)	(119,314)
TOTAL	\$ 7,671,029	\$ (17,479,902)

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

	FY 2010 Adjustments	
	All Funds	State General Fund
Nursing Facilities	\$ 2,886,671	\$ (820,876)
Aging Targeted Case Management	(657,899)	(231,547)
Psychiatric Residential Treatment Facilities	(3,139,994)	(1,080,720)
Out of Home Placements	5,705,976	4,850,298
Nursing Facilities Mental Health	243,520	303,085
Temporary Assistance for Families	0	0
General Assistance	(1,113,771)	(1,113,771)
Regular Medical Assistance- Health Policy Authority	(6,472,030)	(19,220,105)
Reintegration/ Foster Care	(1,199,105)	(5,531,396)
Mental Health	7,226,316	1,578,553
Community Supports and Services	1,982,004	481,450
Addiction and Prevention Services	376,676	15,503
TOTAL	<u>\$ 5,838,364</u>	<u>\$ (20,769,526)</u>

Board of Technical Professions Claim

A. Review payment for claim (Conference Committee). The House Committee amended into House Bill 2354 payment of \$3,122, all from the Board of Technical Professions Fee Fund, to Eldon Ray for payment of expenses associated with defending himself against claims of practicing engineering or architecture without a license.

The Senate Committee removed the payment from the bill and the Conference Committee concurred with the Senate to not make the payment and review at Omnibus.

Eldon Ray claimed that the Board of Technical Professions unlawfully persecuted him for donating his services to the Mayetta Christian Church. Mr. Ray provided plans and specifications when he volunteered to help build an addition to the Mayetta Christian Church, which some contended constituted the unlicensed practice of architecture. He filed a claim for consideration by the Joint Committee on Claims Against the State during the 2007 Interim.

The Joint Committee on Claims Against the State recommended payment of \$3,122, from the Board of Technical Professions Fee Fund to the 2008 Legislature. This payment was removed from the bill during the consideration by the 2008 Legislature.

State Bank Commissioner

A. Jayhawk Tower Offices Lease (House Committee and Conference Committee). The House Committee deleted \$80,000, all from the Insurance Department Service Regulation Fund, for a proposed relocation of the Office of the State Bank Commissioner from its current location in Jayhawk Tower to review at Omnibus. The current lease on the Jayhawk Tower office expires in November of 2009.

The Bank Commissioner has confirmed that the agency does not intend to relocate their offices and is currently in the process of signing a new lease in the Tower.

Department of Credit Unions

A. Legislative Post Audit Report on Financial and Regulatory Agencies in Kansas (House Committee). The House Appropriations Committee requested a review of possible cost savings in the Department of Credit Unions' budget by implementation of the recommendations in the Legislative Post Audit Report on Financial and Regulatory Agencies in Kansas at Omnibus. The report stated first that the State could reduce special revenue fund expenditures by \$555,000 per year by consolidating the Office of the State Bank Commissioner with the Securities Commissioner and the Department of Credit Unions. This option is currently being considered in Senate Bill 230 which would eliminate the three departments and create the Department of Financial Institutions. Senate Bill 230 was introduced in the Senate Ways and Means Committee and is currently being reviewed by the Senate Financial Institutions and Insurance Committee.

The Post Audit Report further states that the State could reduce special revenue fund expenditures by \$107,000 by decreasing the frequency of Credit Union examinations to the State mandated level of once every 18 months. The Department of Credit Unions currently examines Credit Unions once every 12 months with more frequent visits to Credit Unions experiencing financial difficulty.

According to the agency organizational differences between banks, credit unions and securities companies would preclude efficient oversight of these entities by a single regulatory authority. The agency also states that cost savings would be offset by increased expenditures due to the creation of new division supervisors for the three abolished agencies within the Department of Financial Institutions. The agency further states that given the current financial crisis facing Kansas financial institutions it is concerned about reducing financial institution oversight.

Insurance Department

A. House Bill 2052—Public Adjusters Licensing Act (Conference Committee). The bill would enact the Public Adjusters Licensing Act, an act governing the qualifications and procedures for the licensing of public adjusters. The Act would specify the duties of and restrictions on public adjusters, which would include limiting their licensure to assisting insureds in first party claims under commercial insurance contracts.

The bill would require the Insurance Commissioner to license public adjusters through an application process. The Commissioner, in order to determine eligibility for licensure, would require criminal history record checks on applicants who are not exempt from the pre-licensing examination. Prior to issuing the license, the Commissioner would make a number of findings, including financial responsibility, proof that the applicant has successfully passed the public adjuster examination, and that the applicant has paid an application fee of \$100. The renewal fee also would be \$100. The Commissioner would be given the authority to suspend, revoke or refuse to issue or renew the licenses. Additionally, the Commissioner would be allowed to take disciplinary action, including reprimand and the issuance of fines for violations. Any administrative fines collected by the Commissioner would be required to be deposited in the State General Fund.

The Kansas Insurance Department indicates that the passage of the Public Adjuster's Licensing Act would create one-time costs of approximately \$10,000, all from special revenue funds for information technology updates and the development of forms for the new class of license in FY 2010. Ongoing expenditures would be related primarily to criminal history background checks performed by the Kansas Bureau of Investigation (KBI). The Kansas Insurance Department would be responsible for paying the KBI for its services. The expenditures would be offset by additional revenue for the licensure of Public Adjusters.

Health Care Stabilization Fund Board

A. Addition of Expenditure Authority for Technology Improvements (Senate Committee). The Senate Subcommittee on Legislative and Elected Officials recommended that the Legislature consider the addition of \$212,703, all from special revenue funds, for technology improvements at the Health Care Stabilization Board.

The Conference Committee in Senate Substitute for House Bill 2354 recommended an additional \$251,834 in expenditure authority for technology improvements and professional development. This is an amount equivalent to the agencies originally Kansas Savings Incentive Program request in FY 2009 which was frozen in House Substitute for Substitute for Senate Bill 23.

B. Review Proposed Language to Convert the Demand Transfers for Professional Liability Claims to an Appropriation (Senate Committee). The Senate Ways and Means Committee recommended that the Legislature consider the agency proposal to convert the current demand transfers in K.S.A 40-3414 for professional liability coverage for Kansas University Residents and Faculty to an appropriation of \$2,805,000, all from the State General Fund, in FY 2010. The Health Care Provider Insurance Availability Act provides for the payment of medical malpractice judgments against Kansas University and Wichita Graduate Medical Education Residents and KU Faculty from the State General Fund. KU faculty payments are first credited against a \$500,000 Private Practice Reserve Fund established and managed by the University. House Substitute for Substitute for Senate Bill 23 and Senate Substitute for House Bill 2354 capped demand transfers from the State General Fund to the Health Care Stabilization Fund for these payments at \$2,805,000.

The appropriation would be expended for the purchase of medical malpractice insurance coverage from the Health Care Provider Insurance Availability Plan created by K.S.A. 40-3413. This statute guarantees that all medical practitioners in Kansas will be able to purchase basic medical malpractice coverage. Agency representatives state that the Private Practice Reserve Fund would continue to reimburse the agency and the \$500,000 would be applied to the Health Care Provider Insurance Availability Plan deductible. The agency states that the conversion of the demand transfers to an appropriation would be revenue neutral. This is an accurate statement for any year in which the total demand transfers exceeds \$2,805,000, or three of the last ten years.

The Health Care Stabilization Fund, KU Medical Center and the Health Care Provider Insurance Availability Plan have all withdrawn their request for an appropriation in light of the fact that Senate Substitute for House Bill 2354 has passed without a veto from the Governor.

Department of Labor

A. Unemployment Insurance Modernization Program and the Kansas Unemployment Insurance Call Center (House Committee). The House Appropriations Committee requested an update from the Kansas Department of Labor on the status of the Unemployment Insurance Modernization program and the Kansas Unemployment Insurance Call Center at Omnibus. The Unemployment Insurance Modernization program is intended to update the Kansas Department of Labor technology infrastructure.

The Unemployment Insurance Modernization Project has completed the design phase and is now embarking on the build phase. According to the agency, the Unemployment Insurance Modernization budget remains adequate to complete this project. In November 2008, work was halted and the project was put on hold in December of 2008 due to the impacts of the economic recession and the increasing number of Unemployment Insurance benefits claims. The agency

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continues to follow the plan of the Unemployment Insurance Modernization Project and has been leveraging the work completed with IBM and continues to use Siebel Solutions as the base for the Unemployment Insurance system. The agency has provided periodic updates and reports on the UIM project to the Joint Committee on Information Technology and the Kansas Information Technology Office.

Regarding the Kansas Unemployment Insurance Call Center, according to the agency, it has been handling between 9,000 and 12,000 calls each week, nearly twice the number of calls previously handled. Despite early difficulties, the average wait time for people calling into the Department's Contact Center has been reduced. For the week of April 5th through the 11th, average wait times were at 12 minutes. The agency has taken several steps at the Unemployment Insurance Contact Center to handle the influx of calls, including hiring new staff, extending Contact Center hours of operations and making website and Interactive Voice Response enhancements.

The agency is focusing on addressing the adjudication and appeals processes. Due to the increase in issues needing adjudications, Kansas Department of Labor adjudicators are now making twice as many calls each day and they still have difficulty meeting the increased demand, resulting in delays in determinations. Staffing levels are being adjusted to meet the demands on this part of the process and the Kansas Department of Labor has recently hired 25 additional staff to address this situation.

Commission on Veterans Affairs

A. Building Utilization at the Kansas Soldiers Home and the Kansas Veterans Home (Senate Committee). The Senate Committee directed the Kansas Commission on Veterans Affairs to submit a report prior to Omnibus regarding the current utilization of buildings at the Kansas Veterans Home and the Kansas Soldiers Home and possible alternative uses for excess capacity at the facilities.

The Director of the Kansas Soldiers Home indicates that the facility currently maintains 117 buildings. Recently, two of the three dormitory buildings were mothballed and the residents were consolidated into one building to reduce costs. There are also ten campground buildings which are rarely occupied and in a current state of disrepair. The agency proposes that the eligibility requirements for the cottages be relaxed so that veterans who are not disabled would be able to occupy the cottages which are currently vacant. The agency is exploring the feasibility of utilizing one of the mothballed dormitories for a 90 day chemical treatment program for drug and/or alcohol dependent veterans. The agency is also exploring the feasibility of converting one of the dormitories for use as a treatment facility for Alzheimer patients or as a domiciliary for female veterans.

The Director of the Kansas Veteran's Home indicates that the facility currently maintains eight buildings. There are two dormitory buildings included in the total. Funston Hall, one of the dormitories, is currently mothballed due to a lack of residents. Triplett Hall, the second of the dormitories, is not currently utilizing the second floor of the facility. The Director of the Kansas Commission on Veteran's Affairs is concerned about proposed alternative uses for the facilities that do not involve veterans. The veterans' home is the recipient of substantial federal aid, approximately \$17,110,000 between FY 2005 and FY 2009. In the event the facilities were converted for non-veteran use, the agency believes the State would incur the risk that the Federal Government would seek repayment of these grant funds.

B. Conversion of Eligible Kansas Veterans from Medicaid to Veterans Affairs Benefits (Senate Committee). The Senate Committee requested the Kansas Commission on Veterans Affairs submit a report prior to Omnibus regarding the number of Kansas Veterans

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currently receiving Medicaid benefits and the possibility of utilizing federal veterans benefits in lieu of Medicaid funding.

In 2002, Washington state pioneered a program integrating information from the Washington Department of Veterans Affairs and the Washington Department of Social Services to locate veterans who were eligible for benefits from the federal government and replace Medicaid funding with VA funding. The purpose of the program was to reduce the amount of state matching funds required to be paid for Medicaid benefits. The Washington State program has three primary benefit components; including, Prescription Drug Coverage, 70-100 percent service connected disability, and VA-related third party coverage. These benefits are provided by integrating the Medicaid Client database with the Public Assistance Reporting Information System to allow for targeted identification of eligible veterans. The Washington Department of Veterans' Affairs then acts as a client representative for the veterans during the VA adjudication process to claim benefits. Washington state indicated that utilization of this system has resulted in cost savings for state payments to Medicaid of \$3,848,757 in FY 2008.

The Kansas Commission on Veterans Affairs has only initiated a preliminary study for implementation of this system in Kansas. The agency states that there will be up front costs to the program to hire additional client representatives to administer the program and technology costs for the integration of public assistance data with the Kansas Medicaid Client database. The agency estimates that there are between 3,300 and 4,800 veterans in Kansas who could be moved from Medicaid benefits to VA benefits for a savings of \$1,350,000 to \$1,925,000 per year to the State funds once fully implemented.

C. Vietnam Era Medallion Program (Law). House Bill 2171, creates, within the Kansas Commission on Veterans' Affairs (KCVA), the Vietnam War Era Medallion Program. Under the Medallion Program, eligible veterans would receive a medallion, medal, and a certificate of appreciation.

The bill would create a fund within the State Treasury to include all gifts, donations, and bequests to the fund. The fund would be administered by the KCVA. The agency estimates that implementation of the program will require \$118,485, all from the State General Fund with similar amounts being expended in FY 2011 and FY 2012.

Kansas Guardianship Program

A. Health Care Cost Reductions (Senate Committee). The Senate Ways and Means Committee recommended reviewing the status of health care cost reductions for the Kansas Guardianship program at Omnibus. The agency originally recommended transferring two employees from the Kansas Guardianship Program health insurance plan to Medicare with supplemental coverage and making other reductions in the health insurance plan by increasing deductibles and co-pays in order to reach the required 8.0 percent reduction in State General Fund expenditures. Upon further examination, the agency determined that the alterations would violate their employee contracts regarding unilateral modifications.

The agency has proposed moving the employees of the Guardianship program from their current private health insurance plan to the State Employee Health Insurance Program. This move would result in a reduction of State General Fund expenditures of \$5,000 to \$27,000, depending on the number of Guardianship employee dependents who opt into the State plan. Since Kansas Guardianship employees are not state employees it would be a violation of K.S.A. 74-9605 (b) to include them. The statute would need to be amended in order to create an exception for the Guardianship Program. In the event Guardianship employees are not included within the State plan the agency would need to seek alternatives to reduce expenditures; including, a reduction in

the number of guardianships and conservatorships provided and/or a reduction in stipends paid to volunteers.

Department of Corrections

A. Inmate Health Care Contract (House Committee). The House Committee recommended that funding of \$323,200, all from the State General Fund, for the Inmate Health Care Contract be deleted in FY 2010 and reviewed during Omnibus. The Conference Committee on Senate Sub. for House Bill 2354 included the funding in FY 2010.

The Department of Corrections (DOC) currently contract with Correct Care Solutions for its inmate health care contract. The initial contract was for three years with three additional two-year renewals for a total contract length of nine years. The contract includes yearly increases in the contract amount, which occur regardless of other changes to the contract like changes in inmate population. In FY 2010 the contractual increase totals \$1.3 million, which the DOC requested in an enhancement. The Governor recommended \$646,500, all from the State General Fund, or half of the requested amount. The Conference Committee on Senate Substitute for House Bill 2354 concurred with the Governor's recommendation.

B. Labette County Conservation Camp Debt Service (House Committee). The House Committee recommended reviewing \$150,000, all from the State General Fund, in FY 2010 to pay the remaining debt service principal on the buildings at the Labette County Conservation Camp. The debt service principal was restructured as part of the FY 2010 Governor's Budget Recommendation.

The Labette Correctional Conservation Camp is an accredited community based correctional facility available to the courts and the Department of Corrections as a placement option for felony offenders. The camp has the capacity for 191 male offenders and 32 female offenders. The camp offers risk reduction programming to the offenders, which is designed to reduce reoffending of inmates if they are already in the corrections system or keep offenders from entering the corrections system if they are placed at the camp by the courts.

The Department of Corrections has cancelled the contract with Labette County for both the men's and women's conservation camps due to budget reductions in FY 2010.

C. Residential Centers in Johnson and Sedgwick Counties (House Committee). The House Committee recommended reviewing \$2,068,020, all from the State General Fund, in FY 2010 to continue funding the residential centers in Johnson and Sedgwick counties.

The Department of Corrections contribution to the residential centers is only a portion of the total funding for the two centers. The Department of Corrections funds 46.6 percent of the operating budget for the Sedgwick County Residential Center and 9.7 percent of the operating budget for the Johnson County Residential Center.

The two residential centers are part of the Community Corrections programming in Johnson and Sedgwick counties. The centers offer intensive supervision and support for parolees who are at risk of violating the conditions of their parole.

Kansas Parole Board

A. FY 2010 Operating Expenditures (Senate Committee). The Senate Committee recommended reviewing the FY 2010 operating expenditures for the Kansas Parole Board. The agency reports that the budget reductions approved by the Legislature for FY 2010 and the 1.0 percent self-funded pay increase will reduce the amount for other operating expenditures to an amount that is too low to continue Board functions in FY 2010.

Kansas Parole Board					
FY 2010 Operating Expenditures					
	<u>FY 2010 Gov. Rec.*</u>	<u>KPERS Death and Disability Moratorium</u>	<u>Health Insurance Moratorium</u>	<u>Other Adjustments</u>	<u>Senate Sub. for House Bill 2354</u>
Salaries and Wages	\$ 431,288	\$ 1,195	\$ 6,440	\$ 0	\$ 438,923
Other Operating Expenditures	<u>57,098</u>	<u>0</u>	<u>0</u>	<u>(43,619)</u>	<u>13,479</u>
Total	<u>\$ 488,386</u>	<u>\$ 1,195</u>	<u>\$ 6,440</u>	<u>\$ (43,619)</u>	<u>\$ 452,402</u>

* The FY 2010 Governor's Budget Recommendation includes the 1.0 percent self-funded salary increase for classified employees.

Sentencing Commission

A. 2003 Senate Bill 123 Funding (Senate Committee). The Senate Committee recommended that funding of \$902,650, including \$504,187 from the State General Fund, for 2003 Senate Bill 123 drug treatment payments be deleted in FY 2010 and reviewed during Omnibus. The Conference Committee on Senate Sub. For House Bill 2354 included the funding in FY 2010.

2003 Senate Bill 123 provides for community supervision and mandatory substance abuse treatment for a defined target population of adult offenders who have been convicted of felony drug possession under KSA 65-4160 or 65-4162. The range of substance abuse treatment options includes detoxification, inpatient, outpatient, continuing care and aftercare, along with relapse prevention and education.

A Subcommittee of the House Corrections and Juvenile Justice Oversight Committee recommended that the Sentencing Commission begin assessing a minimum flat fee of \$300 to all offenders receiving 2003 Senate Bill 123 drug treatment services to help offset the cost of treatment. The Sentencing Commission is planning to begin implementing this recommendation in the coming months. In FY 2008, the Sentencing Commission made payments for treatment of 2,648 offenders, which would have totaled approximately \$800,000 in fees.

Board of Regents

A. Midwest Higher Education Compact Dues in FY 2010 (Senate Committee). The Board of Regents requested \$95,000, all from the State General Fund, in FY 2010 to pay dues for membership in the Midwest Higher Education Compact (MHEC). MHEC is one of four statutorily-created interstate compacts created for the purpose of advancing higher education through cooperating and resource sharing. MHEC was established in 1991 and serves Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

The Governor's budget recommendation did not include funding for MHEC in FY 2010, suggesting instead that the funds should come from within existing resources. The House subsequently added the funding, which was later removed by the conference committee.

B. KAN-ED Funding (Senate Committee and House Committee). The Governor's FY 2010 recommended funding for KAN-ED was \$10.0 million, all from the KAN-ED fund, which derives its revenues from the Kansas Universal Service Fund, pursuant to KSA 66-2010. Because the KAN-ED funding portion of the statute expires as of June 30, 2009, the Governor's bill included language to allow the funding in FY 2010, notwithstanding the statute.

The Senate recommended Omnibus review of the KAN-ED funding, pending passage of Senate Bill 285 while the House removed the funding and recommended Omnibus review of the item. The Conference Committee concurred with the Senate, which left KAN-ED funded at \$10.0 million, all from the KAN-ED fund.

At the time of this review, Senate Bill 285 had passed the Senate and had been referred to the House Energy and Utilities Committee.

C. Kansas Academy of Math and Science (KAMS) Funding (House Committee). The House Committee recommended Omnibus review of funding for the Academy. The Academy is an accelerated residential program for Kansas high school juniors and seniors who are academically talented in science and mathematics. The purpose of the Academy is to provide an opportunity for academically talented pupils to work in a community of peers and to earn simultaneously college credits and a high school diploma at a state educational institution designated by the Board of Regents. The Board designated Fort Hays State University as the site for the Academy in December of 2007.

The Governor did not recommend funding for the Academy in FY 2010. The House recommended Omnibus review of the addition of \$713,000, all from the State General Fund, in FY 2010 for the Academy. The Senate added \$350,000, all from the State General Fund, to fund a reduced academy program that would serve 30 students in FY 2010. The Conference Committee concurred with the Senate.

D. Review of the Post Audit Titled Computer Security Audit Report on the Regents' Information Systems: Following Up on Computer-Security Issues in Various Universities in FY 2010 (House Committee). The House Committee recommended a review of the computer security post audit to determine if issues from the previous audit had been addressed.

The single question asked by the audit was whether or not the Kansas Statute University, Emporia State University and the University of Kansas adequately addressed the security recommendations from the 2005 computer-security audit? The following items were the response:

- The 2005 audit included a number of recommendations related to missing or inadequate security policies, and to non-policy areas such as the authority of the security officer position.
- The three universities have fully implemented very few of the policy recommendations from the 2005 report in such areas as access controls, incident response, and physical security.
- The universities have implemented most of the non-policy recommendations from the 2005 audit report, in such areas as security management and the organization of their IT infrastructure.
- Security policies are the foundation of a well-designed system of security management, and the three universities generally have done a poor job implementing the policy recommendations over the last three years.

E. Delete Technical College Hold Harmless Language (Technical Adjustment).

Senate Substitute for House Bill 2354 included language to hold technical colleges harmless in FY 2010 - meaning that no technical college would receive less funding in FY 2010 than it did in FY 2009. However, because postsecondary aid for technical education was funded at \$33.0 million in FY 2009 and \$32.6 million in FY 2010, it is not possible to hold the technical colleges harmless.

University of Kansas Medical Center

A. Funding for the Wichita Center for Graduate Medical Education (Senate Committee and House Committee). Both the House and the Senate recommended Omnibus review of funding for Wichita Center for Graduate Medical Education. The Governor's budget recommendation did not continue the additional \$2.5 million, all from the State General Fund, approved for FY 2009 by the 2008 Legislature. The House recommended \$2.5 million, all from the State General Fund, and \$4.0 million from federal stimulus dollars transferred from the Health Policy Authority for Wichita Center for Graduate Medical Education. In addition, the House Committee recommended Omnibus review of the addition of \$6.5 million, all from the State General Fund, for Wichita Center for Graduate Medical Education.

The Senate recommended \$6.5 million, all from federal stimulus dollars, to be transferred from the Health Policy Authority for Wichita Center for Graduate Medical Education in FY 2010. In addition, the Senate Committee recommended Omnibus review of the report requested from the Board of Regents on the FY 2010 budget needs for graduate medical education in Wichita with regards to long range funding and sustainability.

The Conference Committee concurred with the Senate to transfer \$6.5 million in federal stimulus dollars from the Health Policy Authority to the University of Kansas Medical Center in FY 2010 for Wichita Center for Graduate Medical Education.

According to the Health Policy Authority, additional American Recovery and Reinvestment Act funds are not available for transfer. However, GBA No. 2, Item 8, page 6, adds \$5.9 million, including \$3.5 million from the State General Fund, in the Health Policy Authority for hospitals associated with the center.

Wichita State University

A. Funding for the National Center for Aviation Training (Senate Committee). The Senate Committee recommended Omnibus review of the addition of \$2.0 million, all from the State General Fund, for the National Center for Aviation Training in FY 2010. The Governor recommended \$2.5 million, all from the Economic Development Initiatives Fund, for the Center in FY 2010. The funding is used for equipment and development of curriculum at a community college to train aviation industry workers. In FY 2009, the Center received a total of \$5.0 million from the State - half from the State General Fund and half from the Economic Development Initiatives Fund.

Kansas State University - Extension Systems and Agricultural Research Programs

A. Addition of Economic Development Initiatives Fund for the restoration of the Health Moratorium in FY 2010. (Technical Adjustment) Add \$4,501, all from the Economic Development Initiatives Fund, to restore state contributions to the state employee Health Insurance Premium Reserve Fund for seven payroll periods in FY 2010, which has been accelerated to FY 2009. The Economic Development Initiatives Fund portion of the restoration was inadvertently omitted for this agency.

Postsecondary Systemwide

A. Use of American Recovery and Reinvestment Act fund for Deferred Maintenance (Veto). The 2009 Legislature concurred with GBA No. 1, Item 6 to add \$9.6 million in FY 2009 and \$40.0 million FY 2010 from federal stimulus funds to the Regents system, but limited the use of those funds to deferred maintenance projects. The Governor vetoed the limitation, but not the expenditure of the funding in FY 2009 and FY 2010.

Technology Projects Funding Deletion and Review

A. Kansas Bureau of Investigation - Kansas Criminal Justice Information System (KCJIS) (House Committee and Conference Committee). The House Committee deleted \$605,200, including \$313,950 from the State General Fund, for total multi-year project expenditures for the Central Message Switch (CMS) Replacement project in FY 2010, until a review by the Joint Committee on Information Technology (JCIT), and consider restoration of project funding at Omnibus. The Senate Committee did not consider the deletion. The Conference Committee concurred with the House and deleted the funding for JCIT and Omnibus review.

The funding deletion was based on the Chief Information Technology Officer approval letter received February 26, 2009.

The Joint Committee on Information Technology is currently scheduled to meet and review this project on April 29th.

B. Kansas Department of Transportation - Management System Replacement II - Subproject IV project (House Committee). The House Committee recommended the deletion of total project expenditures for the Management System Replacement II - Subproject IV project in FY 2010, until a review by the Joint Committee on Information Technology (JCIT), and consider restoration of project funding at Omnibus. The Senate Committee did not consider the deletion. The Conference Committee concurred with the Senate and did not delete the funding for JCIT or Omnibus review.

The funding deletion was based on the Chief Information Technology Officer approval letter received January 26, 2009.

The Joint Committee on Information Technology is currently scheduled to meet and review this project on April 29th.

C. Legislature - Conversion to Exchange Server 2007. The House Committee deleted \$210,950, all from the State General Fund, for total project expenditures in FY 2010 for the conversion to Exchange server project until a review by the Joint Committee on Information Technology, and consider restoration of the funding at Omnibus. The Conference Committee concurred with the Senate and restored the funding.

D. Kansas Department of Revenue - Drivers License Photo First Model Office Project. The House Committee deleted \$933,154, all from special revenue funds in FY 2010, for total project expenditures for the Drivers License Photo First Model Office Project until a review by the Joint Committee on Information Technology, and consider restoration of the funding at Omnibus. The Senate Committee did not consider the deletion. The Conference Committee concurred with the House and deleted the funding for JCIT and Omnibus review.

The House Committee deleted \$454,097, all from special revenue funds, in FY 2010 for total project expenditures for the Regional Education and Workforce Access Remote Delivery (REWARD) project until a review by the Joint Committee on Information Technology, and consider restoration of the funding at Omnibus. The Conference Committee concurred with the House and deleted the funding for JCIT and Omnibus review.

The funding deletion was based on the Chief Information Technology Officer approval letter received January 14, 2009.

The Joint Committee on Information Technology is currently scheduled to meet and review this project on April 29th.

E. Kansas Department of Commerce - Regional Education and Workforce Access Remote Delivery (REWARD) Project. Review adding \$454,097, all from State General Fund, in FY 2010 for the funding for the Regional Education and Workforce Access Remote Delivery (REWARD) project until a review by the Joint Committee on Information Technology, and consider restoration of the funding.

The funding deletion was based on the Chief Information Technology Officer approval letter received February 4, 2009. The Joint Committee on Information Technology is currently scheduled to meet and review this project on April 29.

F. Department of Social and Rehabilitation Services - Statewide Protection Report Center System Project (House Committee and Conference Committee). The House Committee deleted \$1,064,284, all from the State General Fund, for the Statewide Protection Report Center system project in FY 2010, until a review by the Joint Committee on Information Technology (JCIT), and consider restoration of project funding at Omnibus. The Senate Committee did not consider the deletion. The Conference Committee concurred with the House and deleted the funding for JCIT and Omnibus review.

The Statewide Protection Report Center project involves the acquisition and implementation, through a Request for Proposal (RFP), of an application that can meet the current and future needs of two SRS program areas surrounding their Protection Report Center activities. The project will acquire and implement software for the intake, tracking, and management reporting of abuse/neglect referral data for the protection of children and adults across the State of Kansas.

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The agency suggests this project will improve the ability to consistently apply program policy and procedure for Children and Family Services and Adult Protective Services program areas statewide.

The funding deletion was based on the Chief Information Technology Officer approval letter received February 23, 2009.

The Department indicated that this funding was encumbered in a previous fiscal year, but not yet expended. The expenditures are therefore not included in the agency's FY 2010 budget. If the funding is not restored for this project, then those expenditures will have to be cut from other program areas.

The Joint Committee on Information Technology is currently scheduled to meet and review this project on April 29th.

G. Department of Social and Rehabilitation Services - Host Access Transformation Services Project (House Committee and Conference Committee). The House Committee deleted \$402,148, including \$225,444 from the State General Fund, for the Host Access Transformation Services project in FY 2010, until a review by the Joint Committee on Information Technology (JCIT), and consider restoration of project funding at Omnibus. The Senate Committee did not consider the deletion. The Conference Committee concurred with the House and deleted the funding for JCIT and Omnibus review.

The infrastructure project will provide for the purchase, installation, services (installation and mentoring), and establishment of the infrastructure to support the Host Access Transformation Services software. This project enables the reuse of existing application functionality by other current applications or new applications in less time than traditional development methods. In addition, it will also support the ability to transform legacy applications to the web.

The funding deletion was based on the Chief Information Technology Officer approval letter received March 6, 2009.

The Joint Committee on Information Technology is currently scheduled to meet and review this project on April 29th.

Kansas Savings Incentive Program

A. Kansas Savings Incentive Program (Veto). The Governor vetoed all sections of Senate Substitute for House Bill 2354 that authorized the Kansas Savings Incentive Program (KSIP) in FY 2010 for all agencies and in FY 2011 for biennial agencies. The Kansas Savings Incentive Program allows agencies to expend 50.0 percent of the unexpended balance from the previous year on any of three specific objects in addition to any other operating expenditures authorized by the legislature: 1) salary bonus payments; 2) technology equipment; and 3) professional training. Since FY 2004, the Governor has prohibited executive agencies from paying bonuses from this program by executive order.

KSIP allows agencies to retain expenditure authorization from a previous fiscal year, and the funds remain a part of the special revenue fund. The Governor's veto prevents agencies from expending the funds, but does not transfer the funds from the underlying special revenue funds to the State General Fund. All special revenue funds would remain in the agency's fee fund balance.

The Governor's recommendation for FY 2009 would have ended KSIP and transferred the funds to the State General Fund. House Substitute for Substitute for Senate Bill 23 lapsed the balances of State General Fund KSIP accounts, but only suspended KSIP expenditures for special revenue funds for FY 2009. KSIP balances total approximately \$4.2 million in FY 2009.

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American Recovery and Reinvestment Act (ARRA) funding for Omnibus Memo

Agency	Anticipated Amount of ARRA Funding	Purpose of Funds	Location in Omnibus Memorandum
Kansas Department of Transportation	\$32.0 million	ARRA Funds for distribution to local units. KDOT received 422 requests for projects totaling \$275 million. Each of the six districts evaluated and selected the local projects following specified criteria, such as job creation, whether the project was in an economically distressed area and whether it could be completed within three years. Each district used its own weighting of the criteria to appropriately reflect the specific needs of the highway system within the respective regional area. Within the KDOT six districts, a total of 77 projects totaling approximately \$32.0 million were selected for receipt of this funding.	Page 11, KDOT, Item "A."
Department on Aging	\$865,164 in two-year period	Funding for senior nutrition programs, both for congregate meal settings and home delivered meals.	Page 53, Department on Aging, Item "G."
Kansas Health Policy Authority	\$0	Funding for Wichita Center for Graduate Medical Education.	Page 70, Kansas Health Policy Authority, Item "H."
University of Kansas Medical Center	\$0	ARRA Funds for the Wichita Center for Graduate Medical Education (WCGME).	Page 90, University of Kansas Medical Center, Item "A."
Kansas Department of Health and Environment	Undetermined	Includes funding for prevention and wellness (includes funding for immunizations, chronic disease, infection prevention), child care development, electronic health record and health information technology, health centers, Tiny K, Woman, Infants and Children program funding.	Page 43, Department of Health and Environment, Item "B."
Department of Social and Rehabilitation Services	Undetermined	Includes funding for child support enforcement, Foster Care, Temporary Assistance for Families, Food Assistance, child care, and vocation rehabilitation services over three fiscal years.	Page 73, Department of Social and Rehabilitation Services, Item "E."

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American Recovery and Reinvestment Act (ARRA) funding for Omnibus Memo

Agency	Anticipated Amount of ARRA Funding	Purpose of Funds	Location in Omnibus Memorandum
Department of Education	\$138.7 million	ARRA Funds for Education - State Fiscal Stabilization Funds (SFSF). The Department of Education will receive \$138.7 million in funds for FY 2010. SFSF funds can be used for paying the salaries of administrators, teachers and support staff; purchasing textbooks, computers and other equipment; supporting programs for children at risk of academic failure, limited English proficient students, children with disabilities and gifted students; and meeting the general expenses of the educational agency. Overall, the use of funds is encouraged to lead to improved results for students, long-term gains in school system capacity, and increased efficiency and effectiveness. The Department of Education will utilize these funds to offset a reduction in General State Aid funding, allowing the Base State Aid Per Pupil to remain at \$4,367.	Page 24, Department of Education, Item "C."
Department of Education	\$53.5 million	ARRA Funds for Special Education - Part B Grants. The Department of Education will receive approximately \$53.5 million for FY 2010. Funds can be used to obtain assistive technology devices and provide training on its uses to enhance access to the general curriculum for students with disabilities; provide intensive professional development across the school district for special education and regular education teachers that focuses on scaling-up proven and innovative evidence based school-die strategies in reading, math, writing and science, positive behavioral supports, or Multi-Tier System of Support to improve outcomes for student with disabilities; develop or expand capacity to collect and use data to improve teaching and learning; expand availability and range of inclusive placement options for preschoolers with disabilities; and hire transition coordinators to work with employers to development job placement for youths with disabilities. The Department of Education will utilize these funds to offset a reduction in Special Education funding.	Page 24, Department of Education, Item "C."

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American Recovery and Reinvestment Act (ARRA) funding for Omnibus Memo

Agency	Anticipated Amount of ARRA Funding	Purpose of Funds	Location in Omnibus Memorandum
Kansas State Fair Board	\$0	ARRA Funds for repayments of the agency's bonds, which were issued in FY 2002 to finance a capital improvements master plan to upgrade the facilities at the Kansas State Fair. The agency was unable to determine if they would be eligible to receive any federal stimulus funding in FY 2002.	Page 41, Kansas State Fair Board, Item "A."
Kansas Arts Commission	\$301,700	ARRA Funds for distribution to local arts organizations. KAC will receive \$301,700 from the National Endowment for the Arts, of which \$260,000 will be distributed to arts organizations and the remaining \$41,700 for the agency to administer the grant. Arts organizations will be required to show the funding will be used for jobs that have been lost or are in jeopardy due to the economic downturn. Funds are distributed on a first-come, first-serve basis. Grants will be in amounts ranging from \$5,000 to \$40,000.	Page 20, Kansas Arts Commission, Item "A."
Office of the Governor	\$2.6 million	The office has applied for two formula grants available through the American Recovery and Reinvestment Act during the month of April and is expecting confirmation of funding prior to FY 2010. The first application was for the Victims of Crime Act totaling \$1 million. The second application was for the Violence Against Women Act which is for \$1.6 million.	Page 1, Office of the Governor, Item "A."

* Note: Does not include stimulus funding for Medicaid expenditures, either expenditures included in the Human Services Consensus Caseload or Home and Community Based Services waivers expenditures.

Special Revenue Funded Agencies

A. Senate Substitute for House Bill 2354 - Expenditure Reduction for Special Revenue funded agencies (Senate Committee and Conference Committee). The Conference Committee recommended the deletion of \$3,121,977, all from special revenue funds, in FY 2010 to reach a target of 10.0 percent below the FY 2009 Governor's recommendation for special revenue funded agencies. The Conference Committee's deletion includes reductions to 4 of the 35 special revenue funded agencies.

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10.0 Percent Reduction for Special Revenue Funded Agencies

AGENCY	FY 2009 Gov. Rec	House Sub. for Sub. SB 23	FY 2010 Gov Rec	FY 2010 Sen. Sub for HB 2354 Conference Action	Adjustments from Gov. Rec. Moratoriums	Adjustments from Gov. Rec. all other changes	10% Reduc In Special Revenue Funds
Abstracters Board of Examiners	\$ 21,160	\$ 21,160	\$ 21,207	\$ 21,207	-	-	\$ (2,163)
Board of Accountancy	315,893	311,053	304,992	309,832	4,840	-	(25,528)
Behavioral Sciences Regulatory Board	610,371	596,286	581,336	595,421	14,085	-	(46,087)
Department of Credit Unions	877,990	859,391	876,497	932,476	18,599	37,380	(104,905)
Dental Board	380,950	376,152	361,976	366,774	4,798	-	(23,919)
Emergency Medical Services	2,494,249	2,473,235	2,124,043	2,145,057	21,014	-	(108,560)
Board of Healing Arts	3,601,944	3,521,441	3,755,815	3,836,348	80,533	-	(594,598)
Health Care Stabilization Board - Operating Limit Only	1,348,852	1,315,612	1,410,818	1,695,892	33,240	251,834	(230,091)
Insurance Department	24,040,565	23,799,151	24,133,586	24,375,180	241,594	-	(1,335,415)
Department of Labor - Oper. Expend. Only	38,840,372	38,529,470	38,347,169	39,201,321	843,596	-	(4,234,430)
Kansas Board of Barbering	142,692	147,760	137,655	141,070	3,415	-	(12,647)
Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments	28,626	28,625	29,922	29,923	1	-	(4,160)
Kansas State Board of Cosmetology	782,165	764,849	755,501	772,817	17,316	-	(54,081)
Board of Nursing	1,869,484	1,824,245	1,767,760	1,874,499	45,239	61,500	(130,463)
Office of the State Bank Commissioner	8,438,921	8,272,789	8,347,308	8,777,294	166,132	263,854	(918,411)
Board of Optometry	126,499	124,671	138,149	152,768	1,828	-	(26,128)
Board of Pharmacy	694,115	678,655	734,616	766,076	15,460	16,000	(125,373)
Real Estate Appraisal Board	316,050	312,067	309,299	313,282	3,983	-	(28,428)
Real Estate Commission	1,091,988	1,067,768	1,182,193	1,406,413	24,220	200,000	(223,624)
Securities Commissioner	2,875,503	2,812,709	2,767,572	2,888,286	62,794	57,920	(242,413)
State Board of Mortuary Arts	268,307	267,834	265,102	270,657	5,555	-	(28,118)
State Treasurer	4,219,200	4,137,525	4,093,116	4,174,791	81,675	-	(377,511)
Board of Technical Professions	584,269	577,092	576,291	583,468	7,177	-	(57,626)
Board of Veterinary Examiners	262,051	256,507	261,162	283,863	5,544	17,157	(48,016)
Kansas Corporation Commission	21,472,537	21,101,314	20,515,226	20,913,985	398,759	-	(1,494,560)
Citizens Utility Ratepayer Board (CURB)	859,619	845,516	765,919	806,222	14,104	26,199	(7,905)
State Fair (Ops) - excludes debt service interest and all capital improvements	4,474,813	4,430,292	4,450,331	4,490,395	40,064	-	(463,064)
Kansas Department of Transportation	1,497,105,234	1,491,509,925	1,241,456,758	1,247,052,067	5,595,309	-	(65,479,000)

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10.0 Percent Reduction for Special Revenue Funded Agencies

AGENCY	FY 2009 Gov. Rec	House Sub. for Sub. SB 23	FY 2010 Gov Rec	FY 2010 Sen. Sub for HB 2354 Conference Action	Adjustments from Gov. Rec. Moratoriums	Adjustments from Gov. Rec. all other changes	10% Redux In Special Revenue Funds
State Fire Marshal	4,400,924	4,294,822	4,339,644	4,445,746	106,102	-	(318,314)
Kansas Commission on Peace Officers' Standards and Training	643,000	631,857	644,624	578,700	11,143	(77,067)	Already Included
Kansas, Inc.	586,456	398,748	-	358,874	-	(39,875)	Already Included
Kansas Technology Enterprise Corp. (KTEC)	13,144,797	11,660,798	-	10,494,798	-	10,494,798	Already Included
Commerce	129,206,155	127,933,798	129,711,995	112,997,215	164,186	(1,838,955)	Already Included
Secretary of State*	6,029,428	5,938,088	7,568,735	7,568,735	91,340	-	(519,754)
Judicial Council	1,441,525	1,423,866	1,432,064	1,444,223	14,909	(2,750)	(117,036)
TOTALS	\$ 1,766,125,751	\$ 1,755,883,117	\$ 1,495,167,582	\$ 1,498,052,717	\$ 8,032,305	\$ 9,470,745	\$ (76,745,538)

*Excludes HAVA funds.



OFFICE OF THE GOVERNOR

Kathleen Sebelius, Governor

www.governor.ks.gov

April 20, 2009

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

and

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

Dear Representative Yoder:

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

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

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

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 6

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

State Treasurer

1. Property Tax Slider

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

Kansas Public Employees Retirement System

2. Kansas Endowment for Youth Fund Transfer

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

Department of Administration

3. Statehouse Bonding Authority

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

Board of Indigents Defense Services

4. Caseload Estimates and Capital Defense Adjustment

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

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

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

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

5. Caseload Adjustments

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

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

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

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

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

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

Department of Social and Rehabilitation Services

6. FMAP Adjustment for Non-Caseload Medicaid Programs

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

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

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

Kansas Health Policy Authority

7. Clearinghouse Capacity

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

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

8. Wichita Center for Graduate Medical Education

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

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

Department of Education

9. Special Education—Part B

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

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

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Adjutant General

10. Disaster Relief

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

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

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

Sincerely,



Kathleen Sebelius
Governor of the State of Kansas

MEMORANDUM

TO: Governor Kathleen Sebelius and Legislative Budget Committee

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

DATE: April 15, 2009

SUBJECT: Consensus Caseload Estimates for FY 2009 and FY 2010

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

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

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

FY 2009

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

FY 2010

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

April 2009 Consensus Caseload Estimates

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

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April 21, 2009

To: Governor Kathleen Sebelius and Legislative Budget Committee
From: Kansas Legislative Research Department
Kansas Division of the Budget
Re: State General Fund Receipts Revisions for FY 2009 and FY 2010

Estimates for revenues to the State General Fund (SGF) are developed using a consensus process that involves the Legislative Research Department, Division of the Budget, Department of Revenue, and three consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. The Consensus Group met on April 17, 2009, and decreased the overall estimate for both fiscal years by a combined \$516.9 million relative to the previous estimate made in November. The revised FY 2009 estimate is \$5.666 billion, and the revised FY 2010 estimate is \$5.381 billion. The revised estimates incorporate the fiscal impact of all 2009 legislation previously signed into law by April 17; significant adjustments relative to the impact of new federal legislation; a downward revision in projected FY 2010 SGF interest earnings; and changes in expectations since November about the overall severity of the current recession. When looking only at tax receipts, the downward adjustment for the two years is \$744.2 million, the largest downward revision in the history of the Consensus Revenue Estimating Group.

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

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

Economic Forecast for Kansas – Summary

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

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Attachment 8

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

Federal Legislation

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

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

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

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

Kansas Personal Income

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

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

Employment

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

Agriculture

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

Oil and Gas

While the price of oil has undergone historic levels of volatility in FY 2009, the final estimated average price per taxable barrel of Kansas crude is now \$63 (down substantially from the \$80 estimate used in November) and reflects the collapse in world prices over the winter months. The estimated average price of \$45 per barrel for FY 2010 (down from \$70 in November) takes into account current oil futures price expectations and continued weak demand relative to the economic slowdown. As always, significant political tensions in the Middle East and elsewhere provide a great deal of uncertainty about forecasting the price of this commodity. Gross oil production in Kansas, which had been declining steadily for more than a decade until FY 2000, has recently reversed that trend and been increasing slightly since FY 2005. The current forecast of 40 million barrels for FY 2009 represents a level not seen since FY 1997. Approximately half of all Kansas oil produced is not subject to severance taxation because of various exemptions in that law.

The price of natural gas is expected to average \$5.60 per mcf for FY 2009 before decreasing to \$3.50 per mcf for FY 2010, based on an industry source's analysis of futures markets. Current wellhead prices are the lowest they have been in at least seven years. The new price estimates, particularly for FY 2010, are significantly below the \$6.25 and \$5.75 estimates used in the fall. Factors considered in revising the price forecasts included the relationship between crude oil and gas prices, the current relatively high storage levels for gas, weakening of the economy, and the impact of enhanced production from shale formations elsewhere in the United States. Kansas natural gas production in FY 2008 of 379 million cubic feet represented a significant decrease from the modern era peak of 730 million cubic feet in FY 1996 (largely as a result of depleting reserves in the Hugoton Field). Production has nevertheless stabilized somewhat in recent years and is expected to be 380 million cubic feet for FY 2009 before decreasing to 360 million cubic feet for FY 2010. Slightly less than 9 percent of gas produced is expected to be exempt from severance taxation.

Inflation Rate

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

Interest Rates

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

Economic Forecasts

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

* Estimated

Attached Tables

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

State General Fund Receipts Estimates

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

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Each individual SGF source was reevaluated independently and consideration was given to revised and updated economic forecasts, collection information from the Departments of Revenue and Insurance, and year-to-date receipts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Accuracy of Consensus Revenue Estimates

For 34 years, SGF revenue estimates for Kansas have been developed using the consensus revenue estimating process. Besides the three state agencies identified on the first page, the economists currently involved in the process are Joe Sicilian from the University of Kansas, Ed Olson from Kansas State University, and John Wong from Wichita State University. Each of the agencies and individuals involved in the process prepared independent estimates and met on April 17, 2009, to discuss estimates and come to a consensus for each fiscal year.

STATE GENERAL FUND ESTIMATES

Fiscal Year	Adjusted Original Estimate*	Adjusted Final Estimate**	Actual Receipts	Difference from Original Estimate*		Difference from Final Estimate**	
				Amount	Percent	Amount	Percent
1975	--	\$614.9	\$627.6	--	--	\$12.7	2.1%
1976	\$676.3	699.7	701.2	\$24.9	3.7%	1.4	0.2
1977	760.2	760.7	776.5	16.3	2.1	15.8	2.1
1978	830.1	861.2	854.6	24.5	3.0	(6.5)	(0.8)
1979	945.2	1,019.3	1,006.8	61.6	6.5	(12.5)	(1.2)
1980	1,019.3	1,095.9	1,097.8	78.5	7.7	1.9	0.2
1981	1,197.1	1,226.4	1,226.5	29.4	2.5	0.1	0.0
1982	1,351.3	1,320.0	1,273.0	(78.3)	(5.8)	(47.0)	(3.6)
1983	1,599.2	1,366.9	1,363.6	(235.6)	(14.7)	(3.2)	(0.2)
1984	1,596.7	1,539.0	1,546.9	(49.8)	(3.1)	7.9	0.5
1985	1,697.7	1,679.7	1,658.5	(39.2)	(2.3)	(21.3)	(1.3)
1986	1,731.2	1,666.4	1,641.4	(89.8)	(5.2)	(25.0)	(1.5)
1987	1,903.1	1,764.7	1,778.5	(124.6)	(6.5)	13.8	0.8
1988	1,960.0	2,031.5	2,113.1	153.1	7.8	81.6	4.0
1989	2,007.8	2,206.9	2,228.3	220.5	11.0	21.4	1.0
1990	2,241.2	2,283.3	2,300.5	59.3	2.6	17.2	0.8
1991	2,338.8	2,360.6	2,382.3	43.5	1.9	21.7	0.9
1992	2,478.7	2,454.5	2,465.8	(12.9)	(0.5)	11.3	0.5
1993	2,913.4	2,929.6	2,932.0	18.6	0.6	2.4	0.1
1994	3,040.1	3,126.8	3,175.7	135.6	4.5	48.9	1.6
1995	3,174.4	3,243.9	3,218.8	44.4	1.4	(25.1)	(0.8)
1996	3,428.0	3,409.2	3,448.3	20.3	0.6	39.0	1.1
1997	3,524.8	3,642.4	3,683.8	159.0	4.5	41.4	1.1
1998	3,714.4	3,971.0	4,023.7	309.3	8.3	52.7	1.3
1999	3,844.7	4,051.9	3,978.4	133.7	3.5	(73.4)	(1.8)
2000	4,204.1	4,161.0	4,203.1	(1.0)	0.0	42.1	1.0
2001	4,420.7	4,408.7	4,415.0	(5.7)	(0.1)	6.4	0.1
2002	4,674.5	4,320.6	4,108.9	(565.6)	(12.1)	(211.7)	(4.9)
2003	4,641.0	4,235.6	4,245.6	(395.4)	(9.3)	9.9	0.2
2004	4,605.5	4,450.5	4,518.7	(86.8)	(1.9)	68.2	1.5
2005	4,490.5	4,793.8	4,841.3	350.8	7.8	47.5	1.0
2006	4,834.0	5,308.7	5,394.4	560.4	11.6	85.7	1.6
2007	5,144.0	5,721.3	5,809.0	665.0	12.9	87.8	1.5
2008	5,700.4	5,736.3	5,694.9	(5.5)	(0.1)	(41.4)	(0.7)

* The adjusted original estimate is the estimate made in November or December prior to the start of the next fiscal year in July and adjusted to account for legislation enacted, if any, which affected receipts to the SGF.

** The final estimate made in March, April, or June is the adjusted original estimate plus or minus changes subsequently made by the Consensus Estimating Group. It also includes the estimated impact of legislation on receipts.

The table (above) presents estimates compared to actual receipts since FY 1975, the fiscal year for which the current process was initiated. First, the adjusted original estimate is compared to actual collections and then the final estimate is compared to actual receipts.

Concluding Comments

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

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

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

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

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

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

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

Children's Initiatives Fund

FY 2008 - FY 2010

Approved Expenditures as of April 21, 2009

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

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

* Other Income includes released encumbrances, recoveries and reimbursements.

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

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

- a) Expenditures shifted to the Medical Programs Fee Fund.
- b) Expenditures shifted to the State General Fund.

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

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

e) Increase the transfer from the Kansas Endowment for Youth Fund to the State General Fund by \$1,041,630. The total transfer to the State General Fund for these items. The total transfer to the State General Fund for these items. The total transfer to the State General Fund for these items.

Staff Note: GBA No. 2, Item 2 increases the transfer from the KEY Fund to the State General Fund by

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 9

State Water Plan Fund

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

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

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

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 10

State Water Plan Fund

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

History and Purpose

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

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

Revenue Detail

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

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

ECONOMIC DEVELOPMENT INITIATIVES FUND FY 2008 - 2010

Agency/Program	Actual FY 2008	Legislative Approved FY 2009	Legislative Approved FY 2010
Department of Commerce			
Operating Grant	\$ 15,782,478	\$ 14,980,333	\$ 14,019,902
Older Kansans Employment Program	326,358	306,597	291,630
Rural Opportunity Program	1,851,236	2,155,660	1,856,859
Eisenhower Foundation Grant	200,000	-	-
Kansas Sports Hall of Fame Grant	250,000	-	-
Parsons Ammunition Facility Road Reconstruction Grant	-	701,250	-
KTEC Grant Programs	-	-	-
Senior Community Services Employment Program	-	-	3,941
Kansas Commission on Disability Concerns	-	-	211,737
Strong Military Bases Program	-	-	330,710
Subtotal - Commerce	\$ 18,410,072	\$ 18,143,840	\$ 16,714,779
Kansas Technology Enterprise Corporation			
Operations	\$ 1,870,277	\$ 1,693,771	-
University & Strategic Research	5,182,104	4,307,342	-
Product Development Financing	1,138,538	1,128,911	-
Commercialization	2,580,867	2,584,373	-
Mid-America Manuf. Tech. Center (MAMTC)	1,390,674	1,346,400	-
Subtotal - KTEC	\$ 12,162,460	\$ 11,660,798	\$ -
Kansas, Inc.			
Operations	\$ 504,743	\$ 398,748	\$358,874
Board of Regents & Universities			
Vocational Education Capital Outlay	\$ 2,565,000	\$ 2,398,275	\$ 2,565,000
Post-secondary Aid for Vocational Education	-	-	-
Technology Innovation & Internship	112,723	232,139	180,500
KSU - ESARP	300,000	275,293	299,118
WSU - Aviation Classroom & Training Equipment	-	2,337,500	2,500,000
WSU - Aviation Research	4,747,958	4,631,149	4,994,337
Subtotal - Regents & Universities	\$ 7,725,681	\$ 9,874,356	\$ 10,538,955
State Fair			
Ticket Marketing & Premiums	\$ 70,000	\$ 64,141	\$ -
Economic Impact Study	40,000	-	-
Alternative Energy Systems and Utilities	-	-	-
Largest Classroom	-	-	-
Subtotal - State Fair	\$ 110,000	\$ 64,141	\$ -
Undistributed Pay Plan Allocation*			
	\$ -	\$ 8,218	\$ -
Total Expenditures			
	\$ 38,912,956	\$ 40,150,101	\$ 27,612,608
Transfers to Other Funds			
Kansas Economic Opportunity Initiatives Fund	\$ 3,000,000.00	\$ 1,168,750	\$ 3,250,000
Small Employer Cafeteria Plan Development Program Fund	150,000	-	-
KS Qualified Biodiesel Fuel Producer Incentive Fund	400,000	374,000	200,000
State Water Plan Fund	2,000,000	2,846,126	2,000,000
Public Use General Aviation Airport Development Fund	-	-	1,000,000
KPERS Death and Disability Moratorium	-	(20,742)	46,665
Health Insurance Moratorium	-	(194,411)	194,411
State General Fund	-	-	-
Subtotal - Transfers	\$ 5,550,000	\$ 4,173,723	\$ 6,691,076
TOTAL TRANSFERS AND EXPENDITURES			
	\$ 44,462,956	\$ 44,323,824	\$ 34,303,684
EDIF Resource Estimate			
Beginning Balance	\$ 4,034,032	\$ 4,980,302	\$ 1,730,398
Gaming Revenues	42,432,000 ^b	39,673,920	42,432,000
Other Income**	2,977,226	1,400,000	\$1,000,000
Total Available	\$ 49,443,258	\$ 46,054,222	\$ 45,162,398
Less: Expenditures and Transfers	\$ 44,462,956	\$ 44,323,824	\$ 34,303,684
ENDING BALANCE			
	\$ 4,980,302	\$ 1,730,398	\$10,858,714

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

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

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

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

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Economic Development Initiatives Fund (EDIF) Overview

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

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

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

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

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

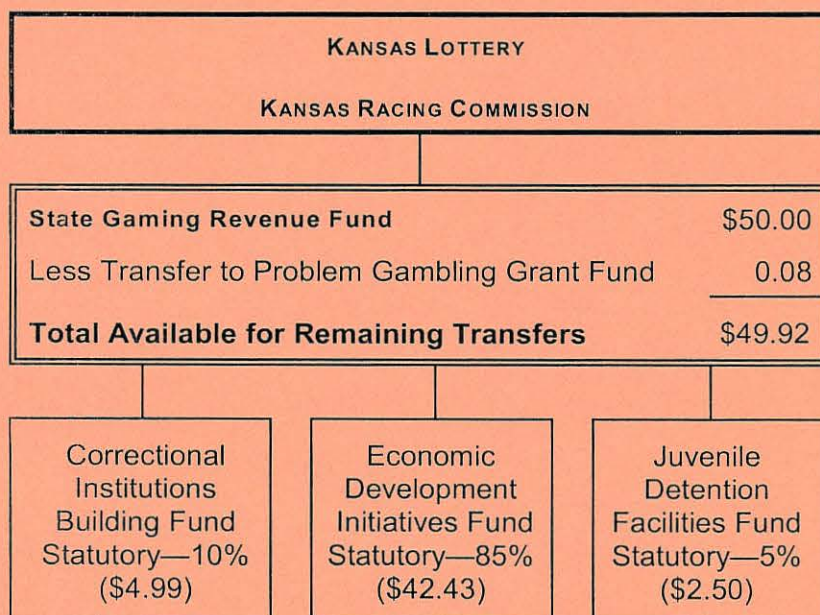
During the 1994 Session, the Legislature changed the transfers as of July 1, 1995 to the following:

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

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

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

**ECONOMIC DEVELOPMENT INITIATIVES FUND
Revenue Flow
(In Millions)**



**Comparison of FY 2009 and FY 2010 Approved Budgets
Senate Substitute for HB 2354
State General Fund and Federal Stimulus Funding**

Senate Ways & Means Cmte
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Attachment 12

AGENCY NAME	2008 Actuals	SB 23 Approved FY 2009	HB 2354 Approved FY 2010	Change from FY 2009 (SB 23)	Percent Change from FY 2009
General Government					
Governmental Ethics Commission	\$ 522,636	\$ 490,997	\$ 441,729	\$ (49,268)	(10.0) %
Office of the Governor	4,824,892	8,225,453	7,665,555	(559,898)	(6.8)
Lieutenant Governor	205,249	193,818	176,980	(16,838)	(8.7)
Attorney General	5,209,198	4,950,198	4,870,751	(79,447)	(1.6)
Secretary of State	139,908	0	0	0	--
State Treasurer	89,699	0	0	0	--
Judicial Council	201,523	155,460	0	(155,460)	(100.0)
Judicial Branch	109,321,166	107,420,095	112,035,726	4,615,631	4.3
Kansas Public Employees Retirement System (KPERs)	9,586,393	10,270,948	0	(10,270,948)	(100.0)
Kansas Human Rights Commission	1,778,909	1,660,652	1,551,613	(109,039)	(6.6)
Department of Administration	66,315,573	78,749,898	58,430,213	(20,319,685)	(25.8)
Court of Tax Appeals	1,637,235	1,563,589	1,604,271	40,682	2.6
Department of Labor	481,018	544,260	497,169	(47,091)	(8.7)
Department of Revenue	21,513,429	19,962,050	19,244,024	(718,026)	(3.6)
Department of Commerce	622,463	594,965	0	(594,965)	--
Total General Government	\$ 222,449,291	\$ 234,782,383	\$ 206,518,031	\$ (28,264,352)	(12.0) %

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**Comparison of FY 2009 and FY 2010 Approved Budgets
Senate Substitute for HB 2354
State General Fund and Federal Stimulus Funding**

AGENCY NAME	2008 Actuals	SB 23 Approved FY 2009	HB 2354 Approved FY 2010	Change from FY 2009 (SB 23)	Percent Change from FY 2009
<i>Social Services</i>					
Social and Rehabilitation Services	\$ 654,516,805	\$ 680,882,076	\$ 643,231,460	\$ (37,650,616)	(5.5) %
Rainbow Mental Health Facility	5,609,651	5,107,815	5,625,539	517,724	10.1
Kansas Neurological Institute	13,322,979	10,565,365	11,665,822	1,100,457	10.4
Parsons State Hospital	10,218,500	10,031,474	10,747,244	715,770	7.1
Osawatomie State Hospital	12,273,667	15,461,227	17,343,956	1,882,729	12.2
Larned State Hospital	42,987,347	40,098,146	42,559,265	2,461,119	6.1
<i>Subtotal SRS and Institutions</i>	<i>\$ 738,928,949</i>	<i>\$ 762,146,103</i>	<i>\$ 731,173,286</i>	<i>\$ (30,972,817)</i>	<i>(4.1) %</i>
Commission on Veterans Affairs	\$ 8,955,250	\$ 8,889,021	\$ 9,057,068	\$ 168,047	1.9 %
Dept. of Health and Environment - Health	33,958,008	24,885,119	24,316,120	(568,999)	(2.3)
Kansas Guardianship Program	1,274,692	1,266,501	1,187,101	(79,400)	(6.3)
Department on Aging	185,788,960	194,351,592	189,147,828	(5,203,764)	(2.7)
Health Policy Authority	475,219,848	502,387,398	510,668,965	8,281,567	1.6
Total Social Services	\$ 1,444,125,707	\$ 1,493,925,734	\$ 1,465,550,368	\$ (28,375,366)	(1.9) %

12-3

**Comparison of FY 2009 and FY 2010 Approved Budgets
Senate Substitute for HB 2354
State General Fund and Federal Stimulus Funding**

AGENCY NAME	2008 Actuals	SB 23 Approved FY 2009	HB 2354 Approved FY 2010	Change from FY 2009 (SB 23)	Percent Change from FY 2009
Education					
Board of Regents	\$ 190,529,747	\$ 199,553,639	\$ 224,125,687	\$ 24,572,048	12.3 %
Kansas State University	115,562,702	109,573,413	109,630,395	56,982	0.1
KSU - Extension Systems and Agricultural Research Program	54,807,626	52,595,448	51,242,741	(1,352,707)	(2.6)
KSU - Veterinary Medical Center	11,281,788	10,836,973	10,860,071	23,098	0.2
University of Kansas	151,271,038	145,337,076	143,655,609	(1,681,467)	(1.2)
University of Kansas Medical Center	121,788,407	118,943,645	115,606,602	(3,337,043)	(2.8)
Fort Hays State University	36,460,580	35,101,701	34,813,829	(287,872)	(0.8)
Emporia State University	34,895,240	33,138,789	32,994,755	(144,034)	(0.4)
Pittsburg State University	37,972,542	36,395,248	35,960,844	(434,404)	(1.2)
Wichita State University	74,499,543	73,524,701	69,236,693	(4,288,008)	(5.8)
<i>Subtotal Regents and Institutions</i>	<i>\$ 829,069,213</i>	<i>\$ 815,000,633</i>	<i>\$ 828,127,226</i>	<i>\$ 13,126,593</i>	<i>1.6 %</i>
Department of Education	\$ 3,076,357,839	\$ 3,217,364,086	\$ 3,213,089,889	\$ (4,274,197)	(0.1) %
State Library	5,609,286	5,264,183	4,919,458	(344,725)	(6.5)
Kansas Arts Commission	1,658,614	1,468,764	1,349,425	(119,339)	(8.1)
School for the Blind	5,852,498	5,568,207	5,899,689	331,482	6.0
School for the Deaf	9,053,139	8,796,915	9,467,923	671,008	7.6
State Historical Society	6,410,161	6,111,741	5,860,435	(251,306)	(4.1)
Total Education	\$ 3,934,010,750	\$ 4,059,574,529	\$ 4,068,714,045	\$ 9,139,516	0.2 %

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**Comparison of FY 2009 and FY 2010 Approved Budgets
Senate Substitute for HB 2354
State General Fund and Federal Stimulus Funding**

AGENCY NAME	2008 Actuals	SB 23 Approved FY 2009	HB 2354 Approved FY 2010	Change from FY 2009 (SB 23)	Percent Change from FY 2009
<i>Legislature</i>					
Legislative Coordinating Council	1,011,714	757,333	777,663	20,330	2.7 %
Legislature	16,283,314	17,723,558	17,031,301	(692,257)	(3.9)
Legislative Research Department	3,371,142	3,675,748	3,669,614	(6,134)	(0.2)
Revisor of Statutes	3,338,086	3,692,621	3,462,231	(230,390)	(6.2)
Division of Post Audit	2,483,204	2,688,282	2,741,328	53,046	2.0
	\$ 26,487,460	\$ 28,537,542	\$ 27,682,137	\$ (855,405)	(3.0) %

12-5

**Comparison of FY 2009 and FY 2010 Approved Budgets
Senate Substitute for HB 2354
State General Fund and Federal Stimulus Funding**

AGENCY NAME	2008 Actuals	SB 23 Approved FY 2009	HB 2354 Approved FY 2010	Change from FY 2009 (SB 23)	Percent Change from FY 2009
<i>Transportation and Public Safety</i>					
Department of Corrections	\$ 115,926,969	\$ 114,662,492	\$ 149,937,287	\$ 35,274,795	30.8 %
Topeka Correctional Facility	12,179,437	11,758,684	12,597,201	838,517	7.1
Hutchinson Correctional Facility	28,411,273	27,145,193	8,370,552	(18,774,641)	(69.2)
Lansing Correctional Facility	37,243,752	35,792,344	37,338,480	1,546,136	4.3
Ellsworth Correctional Facility	12,413,461	11,973,937	12,598,561	624,624	5.2
Winfield Correctional Facility	11,923,802	11,758,330	2,385,842	(9,372,488)	(79.7)
Larned Correctional Mental Health Facility	9,376,787	9,094,353	9,872,348	777,995	8.6
Norton Correctional Facility	14,003,482	13,745,673	2,935,807	(10,809,866)	(78.6)
El Dorado Correctional Facility	24,277,849	23,187,267	23,923,596	736,329	3.2
<i>Subtotal Corrections and Institutions</i>	<i>\$ 265,756,812</i>	<i>\$ 259,118,273</i>	<i>\$ 259,959,674</i>	<i>\$ 841,401</i>	<i>0.3 %</i>
Juvenile Justice Authority	\$ 39,569,449	\$ 39,363,605	\$ 39,767,275	\$ 403,670	1.0
Kansas Juvenile Correctional Complex	15,364,468	15,071,886	15,969,602	897,716	6.0
Atchison Juvenile Correctional Facility	5,601,677	2,937,086	380,922	(2,556,164)	(87.0)
Beloit Juvenile Correctional Facility	4,057,730	3,762,303	3,878,689	116,386	3.1
Larned Juvenile Correctional Facility	8,476,546	8,020,536	8,879,595	859,059	10.7
<i>Subtotal JJA and Institutions</i>	<i>\$ 73,069,870</i>	<i>\$ 69,155,416</i>	<i>\$ 68,876,083</i>	<i>\$ (279,333)</i>	<i>(0.4) %</i>
Adjutant General	\$ 12,566,792	\$ 27,634,376	\$ 14,906,659	\$ (12,727,717)	(46.1) %
Kansas Parole Board	508,068	488,498	452,402	(36,096)	(7.4)
Highway Patrol	36,469,265	35,983,198	34,603,615	(1,379,583)	(3.8)
Kansas Bureau of Investigation	17,514,440	15,531,429	15,394,206	(137,223)	(0.9)
Sentencing Commission	9,514,919	9,199,338	8,847,742	(351,596)	(3.8)
Board of Indigents' Defense Services	22,496,010	21,863,794	23,488,261	1,624,467	7.4
Total Transportation and Public Safety	\$ 437,896,176	\$ 438,974,322	\$ 426,528,642	\$ (12,445,680)	(2.8) %

12-6

**Comparison of FY 2009 and FY 2010 Approved Budgets
Senate Substitute for HB 2354
State General Fund and Federal Stimulus Funding**

AGENCY NAME	2008 Actuals	SB 23 Approved FY 2009	HB 2354 Approved FY 2010	Change from FY 2009 (SB 23)	Percent Change from FY 2009
<i>Agriculture and Natural Resources</i>					
Department of Agriculture	\$ 12,012,274	\$ 11,234,130	\$ 10,714,669	\$ (519,461)	(4.6) %
Dept. of Health and Environment - Environment	10,890,289	9,100,802	8,793,530	(307,272)	(3.4)
Animal Health Department	953,477	883,665	927,357	43,692	4.9
Kansas State Fair Board	1,554,993	1,130,258	341,861	(788,397)	(69.8)
State Conservation Commission	951,365	852,822	796,425	(56,397)	(6.6)
Kansas Water Office	2,277,280	2,754,139	2,029,866	(724,273)	(26.3)
Department of Wildlife and Parks	8,171,952	8,455,902	6,555,187	(1,900,715)	(22.5)
Total Agriculture and Natural Resources	\$ 36,811,630	\$ 34,411,718	\$ 30,158,895	\$ (4,252,823)	(12.4) %

House Substitute for Substitute for Senate Bill 23 - Conference Appropriations Bill
(Reflects Conference Committee Adjustments for FY 2009, FY 2010 and FY 2011)

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
FY 2009				
<u>State Bank Commissioner</u>				
1. Delete the transfer of \$800,000 from the Bank Commissioner Fee Fund to the State General Fund in special one-time transfers for FY 2009.	0	0	0	0.0
2. Delete the transfer of \$500,000 from the Consumer Education and Settlement Fund to the State General Fund in special one-time transfers for FY 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Optometry Board</u>				
1. Delete the transfer of \$100,000 from the Optometry Fee Fund to the State General Fund in special one-time transfers for FY 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Legislative Coordinating Council</u>				
1. Delete \$9,832, all from the State General Fund, for an additional 1.0 percent reduction to bring the total reduction to 3.0 percent like most other agencies.	(9,832)	0	(9,832)	0.0
<i>Agency Subtotal</i>	(\$9,832)	\$0	(\$9,832)	0.0
<u>Legislature</u>				
1. Delete \$188,448, all from the State General Fund, for an additional 1.0 percent reduction to bring the total reduction to 3.0 percent like most other agencies.	(188,448)	0	(188,448)	0.0
<i>Agency Subtotal</i>	(\$188,448)	\$0	(\$188,448)	0.0
<u>Legislative Research Department</u>				
1. Delete \$39,550, all from the State General Fund, for an additional 1.0 percent reduction to bring the total reduction to 3.0 percent like most other agencies.	(39,550)	0	(39,550)	0.0
<i>Agency Subtotal</i>	(\$39,550)	\$0	(\$39,550)	0.0
<u>Revisor of Statutes</u>				
1. Delete \$35,486, all from the State General Fund, for an additional 1.0 percent reduction to bring the total reduction to 3.0 percent like most other agencies.	(35,486)	0	(35,486)	0.0
<i>Agency Subtotal</i>	(\$35,486)	\$0	(\$35,486)	0.0
<u>Division of Post Audit</u>				
1. Delete \$28,750, all from the State General Fund, for an additional 1.0 percent reduction to bring the total reduction to 3.0 percent like most other agencies.	(28,750)	0	(28,750)	0.0
<i>Agency Subtotal</i>	(\$28,750)	\$0	(\$28,750)	0.0
<u>Office of the Governor</u>				
1. Delete language authorizing fees to be collected by the Commission on Hispanic and Latino American Affairs to translate official documents.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>State Treasurer</u>				
1. Delete the transfer of \$250,000 from the Bond Services Fee Fund to the State General Fund in special one-time transfers for FY 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Insurance Department</u>				
1. Delete the transfer of \$5,000,000 from the Service Regulation Fund to the State General Fund in FY 2009 as scheduled in the previous appropriations bill.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0	\$0	\$0	0.0
<u>Kansas Corporation Commission</u>				
1. Delete the agency's authority to request a transfer of \$1.0 million from the State General Fund to the KETA Development Fund in FY 2009, with approval by the Director of the Budget. The Governor recommends deleting \$1,000,000 from the KETA Development Fund in FY 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	\$0			

<u>Item</u>	<u>State General Fund</u>	<u>All Other Funds</u>	<u>All Funds</u>	<u>FTE</u>
<u>Department of Administration</u>				
1. Add \$10,070,000, all from the State General Fund, to the KPERs bonds debt service account to discontinue restructuring these bonds (Governor's veto).	10,070,000	0	10,070,000	0.0
<i>Agency Subtotal</i>	<i>\$10,070,000</i>	<i>\$0</i>	<i>\$10,070,000</i>	<i>0.0</i>
<u>Department of Revenue</u>				
1. Delete the transfer of \$380,000 from the Cigarette and Tobacco Products Regulation Fund to the State General Fund.	0	0	0	0.0
2. Delete the transfer of \$400,000 from the County Drug Tax Fund to the State General Fund.	0	0	0	0.0
3. Delete the transfer of \$2,000,000 from the Special County Mineral Production Tax Fund to the State General Fund.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Department of Commerce</u>				
1. Limit the transfer from the Economic Development Initiatives Fund to the Kansas Economic Opportunity Initiatives Fund to \$1,200,000 in FY 2009. This is a reduction of \$50,000 from the approved amount.	0	0	0	0.0
2. Delete \$1,272,357, all from the Economic Development Initiatives Fund, for the 6.5 percent reduction.	0	(1,272,357)	(1,272,357)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$1,272,357)</i>	<i>(\$1,272,357)</i>	<i>0.0</i>
<u>Kansas Inc.</u>				
1. Add \$90,456, all from the Economic Development Initiatives Fund, to lower the agency's budget reduction to 4.0 percent.	0	90,456	90,456	0.0
2. Delete \$20,874, all from the Economic Development Initiatives Fund, for a 6.5 percent reduction.	0	(20,874)	(20,874)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$69,582</i>	<i>\$69,582</i>	<i>0.0</i>
<u>Kansas Technology Enterprise Corp.</u>				
1. Add \$1,297,374, all from the Economic Development Initiatives Fund, to lower the agency's budget reduction to 6.5 percent.	0	1,297,374	1,297,374	0.0
2. Delete \$720,452, all from the Economic Development Initiatives Fund, for a 6.5 percent reduction.	0	(720,452)	(720,452)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$576,922</i>	<i>\$576,922</i>	<i>0.0</i>
<u>Department of Labor</u>				
1. Delete the transfer of \$100,000 from the Human Resources Special Projects Fund to the State General Fund in FY 2009.	0	0	0	0.0
2. Delete the transfer of \$600,000 from the Worker's Compensation Fund to the State General Fund in FY 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Dept. of Health and Environment - Environment</u>				
1. Add \$300,569, all from the State Water Plan Fund, in the Local Environmental Protection Program (LEPP) to restore the total amount recommended to be deleted by the Governor in FY 2009.	0	300,569	300,569	0.0
2. Add \$60,398, all from the State Water Plan Fund, in the Total Maximum Daily Loads (TMDL) Initiatives program to restore the total amount recommended to be deleted by the Governor in FY 2009.	0	60,398	60,398	0.0
3. Add language to suspend the transfer of \$2,500,000, all from the State General Fund, to fund the loan repayment from the State General Fund to the Underground Petroleum Storage Tank Release Trust Fund in FY 2009 and repay in FY 2011.	0	0	0	0.0
4. Add language to suspend the transfer of \$250,000, all from the State General Fund, to fund the loan repayment from the State General Fund to the Waste Tire Management Fund in FY 2009 and repay in FY 2011.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$360,967</i>	<i>\$360,967</i>	<i>0.0</i>
<u>Department on Aging</u>				
1. Adopt GBA No. 1, Item 1, which deletes \$21.1 million, all from the State General Fund, and adds the same amount from federal economic stimulus funds in FY 2009 for Medicaid expenditures.	0	0	0	0.0

Item	State General Fund	All Other Funds	All Funds	FTL
<u>Health Policy Authority</u>				
<i>Agency Subtotal</i>				
	\$0	\$0	\$0	0.0
1. Add language allowing the agency to expend moneys from the Medical Program Fee Fund to pay for the estate recovery contract.	0	0	0	0.0
2. Adjust the reduction in the State Workers Compensation Plan Self Insurance Fund to reflect the correct amount (Technical adjustment).	0	0	0	0.0
3. Adopt GBA No.1, Item 1, which deletes \$45.5 million, all from the State General Fund, and adds the same amount from federal economic stimulus funds in FY 2009 for Medicaid expenditures.	0	0	0	0.0
<i>Agency Subtotal</i>				
	\$0	\$0	\$0	0.0
<u>Social and Rehabilitation Services</u>				
1. Delete \$5,200 from the Problem Gambling and Addictions Grant Fund to reflect a 6.5 percent reduction in FY 2009.	0	(5,200)	(5,200)	0.0
2. Add \$5.0 million, including \$2.0 million from the State General Fund, for the Home and Community Based Services waiver for the physically disabled in FY 2009. In addition, implement a rolling waiting list effective March 1, 2009 through June 30, 2009. Any unspent money would reappropriate into FY 2010.	2,000,000	3,000,000	5,000,000	0.0
3. Adopt GBA No. 1, Item 1, which deletes \$35.6 million, all from the State General Fund, and adds the same amount from federal economic stimulus funds in FY 2009 for Medicaid expenditures.	0	0	0	0.0
<i>Agency Subtotal</i>				
	\$2,000,000	\$2,994,800	\$4,994,800	0.0
<u>Board of Regents</u>				
1. Delete \$166,725, all from the Economic Development Initiatives Fund, from Vocational Education Capital Outlay for the 6.5 percent reduction in FY 2009.	0	(166,725)	(166,725)	0.0
2. Delete \$16,138, all from the Economic Development Initiatives Fund, from the Technology Innovation and Internship program for the 6.5 percent reduction in FY 2009.	0	(16,138)	(16,138)	0.0
3. Add \$295,000, all from the State General Fund, for the Kansas Academy of Math and Science (KAMS) in FY 2009.	295,000	0	295,000	0.0
3. Adopt GBA No. 1, Item 6 and add \$9.6 million from the federal American Recovery and Reinvestment Act in FY 2009 with the requirement that the funds be spent for deferred maintenance.	0	0	0	0.0
<i>Agency Subtotal</i>				
	\$295,000	(\$182,863)	\$112,137	0.0
<u>KSU - Extension Systems and Agricultural Research Program</u>				
1. Delete \$19,500, all from the Economic Development Initiatives Fund, for the 6.5 percent reduction in FY 2009.	0	(19,500)	(19,500)	0.0
<i>Agency Subtotal</i>				
	\$0	(\$19,500)	(\$19,500)	0.0
<u>University of Kansas Medical Center</u>				
1. Add \$2.9 million, all from the State General Fund, for the Wichita Center for Graduate Medical Education (WCGME) in FY 2009.	2,900,000	0	2,900,000	0.0
2. Delete \$2.9 million, all from the State General Fund, for the Wichita Center for Graduate Medical Education in FY 2009 (Governor's veto).	(2,900,000)	0	(2,900,000)	0.0
<i>Agency Subtotal</i>				
	\$0	\$0	\$0	0.0
<u>Wichita State University</u>				
1. Delete \$162,500, all from the Economic Development Initiatives Fund, from Aviation Classroom and Training Equipment for the 6.5 percent reduction in FY 2009.	0	(162,500)	(162,500)	0.0
2. Delete \$325,133, all from the Economic Development Initiatives Fund, from Aviation Research for a 6.5 percent reduction in FY 2009.	0	(325,133)	(325,133)	0.0
<i>Agency Subtotal</i>				
	\$0	(\$487,633)	(\$487,633)	0.0
<u>Department of Education</u>				
1. Add \$91,695, all from the State General Fund, for the Kansas Career Pipeline Program to restore all but \$8,305 of the Governor's recommended reduction in FY 2009. The amount of the restored funding reflects the House recommendation to restore all but 4.0 percent of the program funding in FY 2009.	91,695	0	91,695	0.0

Agency	State General Fund	All Other Funds	All Funds	FTEs
2. Adjust Special Education funding to reflect, approximately, a 1.0 percent reduction in FY 2009.	(4,464,507)	0	(4,464,507)	0.0
3. Add \$4,464,507, all from the State General Fund, for Special Education funding to bring the total reduction to 1.0 percent in FY 2009. The Conference Committee agreed to a 2.0 percent total reduction in FY 2009 (Governor's Veto).	4,464,507	0	4,464,507	0.0
4. Reduce Base State Aid Per Pupil (BSAPP) by \$44 in FY 2009 to reflect an overall reduction of \$66 or a BSAPP of \$4,367.	(27,840,710)	0	(27,840,710)	0.0
5. Add \$27,840,710, all from the State General Fund, to eliminate Conference Committee action that reduced Base State Aid Per Pupil by \$44, for a total reduction of \$66, in FY 2009 (Governor's Veto).	27,840,710	0	27,840,710	0.0
6. Reduce Base State Aid Per Pupil (BSAPP) by \$11 to reflect an overall reduction of \$33 or a BSAPP of \$4,440 (Governor's Veto).	(7,086,242)	0	(7,086,242)	0.0
7. Do not transfer \$37,170,000 from the State General Fund to the Keeping Education Promises Trust Fund in FY 2009. The funding was the fourth year payment in school finance funding and was to be transferred in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>(\$6,994,547)</i>	<i>\$0</i>	<i>(\$6,994,547)</i>	<i>0.0</i>
<u>Hutchinson Correctional Facility</u>				
1. Delete language lapsing \$341, all from the State General Fund, for KSIP expenditures. KSIP expenditures were inadvertently lapsed twice (Technical adjustment).	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Lansing Correctional Facility</u>				
1. Delete language lapsing \$455, all from the State General Fund, for KSIP expenditures. KSIP expenditures were inadvertently lapsed twice (Technical adjustment).	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Winfield Correctional Facility</u>				
1. Delete language lapsing \$386, all from the State General Fund, for KSIP expenditures. KSIP expenditures were inadvertently lapsed twice (Technical adjustment).	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Juvenile Justice Authority</u>				
1. Adopt GBA No. 1, Item 1 to delete State General Fund expenditures by \$558,754 and add \$558,754 from the federal American Recovery and Reinvestment Act in FY 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Highway Patrol</u>				
1. Delete the one-time transfer of \$450,000 from the agency's fee funds to the State General Fund in FY 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Bureau of Investigation</u>				
1. Delete the one-time transfer of \$100,000 from the Private Detective Fee Fund to the State General Fund in FY 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Commission on Peace Officers' Standards and Training (KCPOST)</u>				
1. Delete the one-time transfer of \$500,000 from the agency's fee fund to the State General Fund in FY 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Department of Agriculture</u>				
1. Add \$67,210, all from the State Water Plan Fund, in the Interstate Water Issues program to restore all but \$49,463 of the amount recommended to be deleted by the Governor in FY 2009.	0	67,210	67,210	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$67,210</i>	<i>\$67,210</i>	<i>0.0</i>

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Kansas State Fair Board

1. Delete \$4,459, all from the Economic Development Initiatives Fund (EDIF), for ticket marketing and competitive premiums in FY 2009.	0	(4,459)	(4,459)	0.0
1. Increase the official hospitality limitation for the agency's State Fair Fee Fund from \$10,000 to \$15,000 in FY 2009 (Technical adjustment).	0	0	0	0.0

Agency Subtotal \$0 (\$4,459) (\$4,459) 0.0

State Conservation Commission

1. Add \$199,693, all from the State Water Plan Fund, in the Lake Restoration and Management program to restore the amount recommended to be deleted by the Governor in FY 2009.	0	199,693	199,693	0.0
2. Add \$224,635, all from the State Water Plan Fund, in the Multipurpose Small Lakes program to restore the amount recommended to be deleted by the Governor in FY 2009.	0	224,635	224,635	0.0
3. Add \$457,211, all from the State Water Plan Fund, in the Water Resources Cost-Share program to restore a portion of the amount recommended to be deleted by the Governor in FY 2009.	0	457,211	457,211	0.0

Agency Subtotal \$0 \$881,539 \$881,539 0.0

Kansas Water Office

1. Add \$192,000, all from the State Water Plan Fund, in the Neosho River Basin Issues program to restore the amount recommended to be deleted by the Governor in FY 2009.	0	192,000	192,000	0.0
2. Add \$340,000, all from the State Water Plan Fund, in the Wichita Aquifer Storage and Recovery (ASR) Project to restore the amount recommended to be deleted by the Governor in FY 2009.	0	340,000	340,000	0.0
3. Add \$48,000, all from the State Water Plan Fund, in the Weather Modification program to restore the amount recommended to be deleted by the Governor in FY 2009.	0	48,000	48,000	0.0
4. Add \$50,000, all from the State Water Plan Fund, in the GIS Database Development program to restore the amount recommended to be deleted by the Governor in FY 2009.	0	50,000	50,000	0.0
5. Add \$60,284, all from the State Water Plan Fund, in the MOU - Storage Operations and Maintenance program to restore the amount recommended to be deleted by the Governor in FY 2009.	0	60,284	60,284	0.0

Agency Subtotal \$0 \$690,284 \$690,284 0.0

State Highway Fund

1. Do not transfer \$30.9 million from the State General Fund to the State Highway Fund to repay the loan and delay repayment until FY 2011.	0	0	0	0.0
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Agency Subtotal \$0 \$0 \$0 0.0

Special City County Highway Fund

1. Reduce the transfer from the State General Fund to the Special City and County Highway Fund by \$3.5 million and distribute the remainder, \$6.6 million, to correct three years of errors in the distribution from the Highway Equalization Fund.	0	0	0	0.0
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Agency Subtotal \$0 \$0 \$0 0.0

State Gaming Revenues Fund

1. Reduce the threshold for transfers from the State Gaming Revenue Fund from \$50.0 million to \$48.1 million for FY 2009. This will also reduce Economic Development Initiatives Fund, Juvenile Detention Facilities Fund, Correctional Institutions Building Fund, and Problem Gambling and Addictions Grant Fund collectively by the same amount.	0	0	0	0.0
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Agency Subtotal \$0 \$0 \$0 0.0

State Water Plan Fund

1. Transfer \$2,000,000 from the State General Fund to the State Water Plan Fund in FY 2009 to reinstate one-third of the statutory transfer from the State General Fund.	0	0	0	0.0
2. Reduce the transfer from the Economic Development Initiatives Fund (EDIF) to the State Water Plan Fund from \$3,043,985 to \$2,846,126, or by 6.5 percent, in FY 2009.	0	0	0	0.0

Agency Subtotal \$0 \$0 \$0 0.0

Item	State General Fund	All Other Funds	All Funds	FTE
<u>Business Machinery and Equipment Tax Reduction Assistance Fund - "Slider"</u>				
1. Reduce the scheduled State General Fund transfer by 6.5 percent, and make 50.0 percent of the transfer on March 2, 2009, and the remaining 50.0 percent on June 1, 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Telecommunications and Railroad Machinery and Equipment Tax Reduction Fund - "</u>				
1. Reduce the scheduled State General Fund transfer by 6.5 percent, and make 50.0 percent of the transfer on March 2, 2009, and the remaining 50.0 percent on June 1, 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Health Care Stabilization Board Transfer</u>				
1. Limit transfers from the State General Fund to the Health Care Stabilization Fund to \$2,805,000, which is 6.5 percent, or \$195,000, less than the \$3.0 million projected FY 2009 amount.	0	0	0	0.0
2. The Governor vetoed language limiting transfers from the State General Fund to the Health Care Stabilization Fund to \$2,805,000, which is 6.5 percent, or \$195,000, less than the \$3.0 million projected FY 2009 amount.	0	0	0	0.0
3. The Division of Budget exercised the agency allotment authority deleting demand transfers from the State General Fund to the Health Care Stabilization Fund in FY 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Insurance Department Transfer</u>				
1. Delay transfer of \$1.0 million from the State General Fund to the Worker's Compensation Fund for the loan payment in FY 2009 to FY 2011.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Bioscience Authority</u>				
1. Reduce transfer to the Bioscience Development and Investment Fund from the State General Fund by \$8.0 million and transfer \$39.0 million in FY 2009.	0	0	0	0.0
2. Reduce transfer to the Bioscience Development and Investment Fund from the State General Fund by \$4.0 million and transfer \$35.0 million in FY 2009. (Governor's veto)	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>3.0 Percent Reduction</u>				
1. Concur with the reduction of \$2.2 million from the agency's fee funds, but do not transfer the reduction savings created by a 3.0 percent budget reduction for FY 2009. The action leaves the reduction savings in the agency's fee funds.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Savings Incentive Program - Biennial Agencies</u>				
1. Delete the transfer of \$4.2 million from the agency's KSIP special revenue funds to the State General Fund and suspend KSIP program in FY 2009.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>KPERS Death and Disability Moratorium</u>				
1. Delete \$16.6 million, including \$13.5 million from the State General Fund, to accelerate the Governor's proposed moratorium on KPERS Death and Disability to the final four months of FY 2009 and sweep the available special revenue fund savings to the State General Fund.	(13,486,898)	(3,151,630)	(16,638,528)	0.0
<i>Agency Subtotal</i>	<i>(\$13,486,898)</i>	<i>(\$3,151,630)</i>	<i>(\$16,638,528)</i>	<i>0.0</i>
<u>Health Plan Moratorium</u>				
1. Delete \$65.3 million, including \$32.0 million from the State General Fund, to accelerate the Governor's fourteen week payroll moratorium on contributions to the State Health Plan to FY 2009 and sweep the available special revenue fund savings to the State General Fund.	(31,971,565)	(33,282,391)	(65,253,956)	0.0
<i>Agency Subtotal</i>	<i>(\$31,971,565)</i>	<i>(\$33,282,391)</i>	<i>(\$65,253,956)</i>	<i>0.0</i>

Kansas Qualified Biodiesel Fuel Producer Incentive Fund

1.	Limit the transfer from the Economic Development Initiatives Fund to the Kansas Qualified Biodiesel Fuel Producer Incentive Fund to \$849,000 in FY 2009 which is \$26,000 less than the approved quarterly transfer of \$875,000.	0	0	0	0.0
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<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
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1.25 Percent Reduction

1.	Delete \$35.8 million, including \$27.6 million from the State General Fund, for the 1.25 percent across the board reduction in FY 2009 excluding debt service, Department of Education and human services caseloads.	(27,623,385)	(8,132,320)	(35,755,705)	0.0
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<i>Agency Subtotal</i>	<i>(\$27,623,385)</i>	<i>(\$8,132,320)</i>	<i>(\$35,755,705)</i>	<i>0.0</i>
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TOTAL: FY 2009	(\$68,013,461)	(\$40,891,849)	(\$108,905,310)	0.0
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FY 2010

Abstracters Board of Examiners

- 1. Delete the transfer of \$656 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$0 \$0 0.0

Board of Accountancy

- 1. Delete the transfer of \$13,000 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$0 \$0 0.0

State Bank Commissioner

- 1. Add \$343,854, all from special revenue funds, to restore a 4.0 percent budget reduction recommended by the Governor in FY 2010.
- 2. Delete \$80,000, all from special revenue funds, in FY 2010 for a proposed move from the current State Banking Commissioner office space and review at Omnibus.
- 3. Delete the transfer of \$343,854 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 4.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$263,854 \$263,854 0.0

Board of Barbering

- 1. Delete the transfer of \$2,885 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$0 \$0 0.0

Behavioral Sciences Regulatory Board

- 1. Delete the transfer of \$33,918 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$0 \$0 0.0

Board of Healing Arts

- 1. Delete the transfer of \$70,432 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of savings created by a 2.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$0 \$0 0.0

Board of Cosmetology

- 1. Delete the transfer of \$15,805 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$0 \$0 0.0

Department of Credit Unions

- 1. Add \$37,380, all from special revenue funds, which to restore a 4.0 percent budget reduction recommended by the Governor in FY 2010.
- 2. Delete the transfer of \$37,380 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$37,380 \$37,380 0.0

Kansas Dental Board

- 1. Delete the transfer of \$15,293 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of savings created by a 4.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$0 \$0 0.0

Board of Mortuary Arts

- 1. Delete the transfer of \$17,448 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$0 \$0 0.0

Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments

- 1. Delete the transfer of \$625 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$0 \$0 0.0

Board of Nursing

- 1. Add \$61,500, all from the Board of Nursing Fee Fund, for the replacement of information technology software and hardware equipment in FY 2010.
- 2. Delete the transfer of \$72,693 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 4.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$61,500 \$61,500 0.0

Optometry Board

- 1. Add \$12,791, all from the Optometry Fee Fund, for a half-year temporary staff trainee position in FY 2010.
- 2. Delete the transfer of \$5,838 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of savings created by a 4.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$12,791 \$12,791 0.0

Board of Pharmacy

- 1. Add \$16,000, all from the Board of Pharmacy Fee Fund, for the purchase of one replacement vehicle in FY 2010.
- 2. Delete the transfer of \$24,796 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$16,000 \$16,000 0.0

Real Estate Commission

- 1. Delete the transfer of \$76,739 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.
- 2. Transfer \$200,000 from the Real Estate Revolving Recovery Fund to the Real Estate Commission Fee Fund in FY 2010.
- 3. Add \$200,000 from the Real Estate Revolving Recovery Fund to the Real Estate Commission Fee Fund in FY 2010 for the purpose of converting its licensing system, which uses Visual Basic 6 (VB.6) to a Microsoft web-based system because Microsoft no longer supports VB.6.

Agency Subtotal \$0 \$200,000 \$200,000 0.0

Real Estate Appraisal Board

- 1. Delete the transfer of \$13,072 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.

Agency Subtotal \$0 \$0 \$0 0.0

Securities Commissioner

- 1. Add \$57,920, all from special revenue funds, to restore a 2.0 percent budget reduction recommended by the Governor in FY 2010.

Agency	State General Fund	All Other Funds	All Funds	FTEs
2. Delete the transfer of \$57,920 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 2.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$57,920</i>	<i>\$57,920</i>	<i>0.0</i>
<u>Board of Technical Professions</u>				
1. Delete the transfer of \$32,368 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Board of Veterinary Examiners</u>				
1. Add \$17,157, all from the agency's special revenue fund, to restore a 3.0 budget reduction recommended by the Governor in FY 2010.	0	17,157	17,157	0.0
2. Delete the transfer of \$136,136 from the agency's fee fund to the State General Fund for FY 2010. This is the amount of the savings created by a 3.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$17,157</i>	<i>\$17,157</i>	<i>0.0</i>
<u>Governmental Ethics Commission</u>				
1. Delete \$44,358, all from the State General Fund, for FY 2010 in order to reach a target of 10.0 percent below the FY 2009 Governor's recommendation for the agency's expenditures in FY 2010.	(44,358)	0	(44,358)	0.0
2. Add \$51,291, all from special revenue funds, and grant the agency authority to utilize fee funds for operating expenditures in place of reductions made to the agency's State General Fund in FY 2010.	0	51,291	51,291	0.0
<i>Agency Subtotal</i>	<i>(\$44,358)</i>	<i>\$51,291</i>	<i>\$6,933</i>	<i>0.0</i>
<u>Legislative Coordinating Council</u>				
1. Delete \$9,832, all from the State General Fund, to continue the 1.0 percent FY 2009 reduction in FY 2010.	(9,832)	0	(9,832)	0.0
<i>Agency Subtotal</i>	<i>(\$9,832)</i>	<i>\$0</i>	<i>(\$9,832)</i>	<i>0.0</i>
<u>Legislature</u>				
1. Delete \$188,448, all from the State General Fund, to continue the 1.0 percent FY 2009 reduction in FY 2010.	(188,448)	0	(188,448)	0.0
2. Delete \$917,540, all from the State General Fund, from the FY 2010 Governor's recommended budget in order to reach a target of 5.0 percent below the FY 2009 Governor's recommendation for Legislative Branch expenditures in FY 2010.	(917,540)	0	(917,540)	0.0
<i>Agency Subtotal</i>	<i>(\$1,105,988)</i>	<i>\$0</i>	<i>(\$1,105,988)</i>	<i>0.0</i>
<u>Legislative Research Department</u>				
1. Delete \$39,550, all from the State General Fund, to continue the 1.0 percent FY 2009 reduction in FY 2010.	(39,550)	0	(39,550)	0.0
<i>Agency Subtotal</i>	<i>(\$39,550)</i>	<i>\$0</i>	<i>(\$39,550)</i>	<i>0.0</i>
<u>Revisor of Statutes</u>				
1. Delete \$35,486, all from the State General Fund, to continue the 1.0 percent FY 2009 reduction in FY 2010.	(35,486)	0	(35,486)	0.0
<i>Agency Subtotal</i>	<i>(\$35,486)</i>	<i>\$0</i>	<i>(\$35,486)</i>	<i>0.0</i>
<u>Division of Post Audit</u>				
1. Delete \$28,750, all from the State General Fund, to continue the 1.0 percent FY 2009 reduction in FY 2010.	(28,750)	0	(28,750)	0.0
<i>Agency Subtotal</i>	<i>(\$28,750)</i>	<i>\$0</i>	<i>(\$28,750)</i>	<i>0.0</i>
<u>Office of the Governor</u>				
1. Delete \$88,062, all from the State General Fund, in order to reach a target of 5.0 percent below the FY 2009 Governor's recommendation for agency expenditures in FY 2010.	(88,062)	0	(88,062)	0.0
<i>Agency Subtotal</i>	<i>(\$88,062)</i>	<i>\$0</i>	<i>(\$88,062)</i>	<i>0.0</i>

Item	State General Fund	All Other Funds	All Funds	FTE
<u>Attorney General</u>				
1. Delete \$177,681, all from the State General Fund, from the Governor's FY 2010 recommended budget in order to reach a target of 5.0 percent below the FY 2009 Governor's recommendation for agency expenditures in FY 2010.	(177,681)	0	(177,681)	0.0
<i>Agency Subtotal</i>	<i>(\$177,681)</i>	<i>\$0</i>	<i>(\$177,681)</i>	<i>0.0</i>
<u>Secretary of State</u>				
1. Delete the one-time transfer of \$180,000 from the Uniform Commercial Code Fee Fund to the State General Fund in FY 2010.	0	0	0	0.0
2. Delete the one-time transfer of \$26,600 from the Technology Communication Fee Fund to the State General Fund in FY 2010.	0	0	0	0.0
3. Delete the one-time transfer of \$35,000 from the Information and Services Fee Fund to the State General Fund in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>State Treasurer</u>				
1. Add a zero dollar expenditure limitation on the Kansas Postsecondary Education Savings Program Trust Fund in FY 2010.	0	0	0	0.0
2. Delete the transfer of \$224,324 from all special revenue funds to the State General Fund for FY 2010. This is the amount of the savings created by a 5.3 percent budget reduction in the Governor's recommendation and will now remain in the agency's special revenue funds.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Insurance Department</u>				
1. Delete 5.0 currently unfilled and unfunded FTE positions to properly reflect current salary and wage funding levels in FY 2010.	0	0	0	(5.0)
2. Delete the transfer of \$497,961 from the Service Regulation Fee Fund to the State General Fund from savings created by a 4.0 percent budget reduction in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>(5.0)</i>
<u>Health Care Stabilization Fund Board</u>				
1. Add \$251,834, all from special revenue funds, for the sole purpose of expenditures for technology improvements and professional development in FY 2010. These funds were originally part of the agency's FY 2009 Kansas Savings Incentive Program (KSIP) request.	0	251,834	251,834	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$251,834</i>	<i>\$251,834</i>	<i>0.0</i>
<u>Board of Indigents' Defense Services</u>				
1. Add \$1,271,865, all from the State General Fund, to fund the agency's FY 2009 request for FY 2010.	1,271,865	0	1,271,865	0.0
<i>Agency Subtotal</i>	<i>\$1,271,865</i>	<i>\$0</i>	<i>\$1,271,865</i>	<i>0.0</i>
<u>Judicial Branch</u>				
1. Delete \$155,955, all from the State General Fund, and 3.0 FTE positions for the 14th Court of Appeals judge and staff in FY 2010 and review at Omnibus.	(155,955)	0	(155,955)	(3.0)
<i>Agency Subtotal</i>	<i>(\$155,955)</i>	<i>\$0</i>	<i>(\$155,955)</i>	<i>(3.0)</i>
<u>Kansas Public Employees Retirement System (KPERs)</u>				
1. Delete \$639,134, all from the State General Fund, for the KPERs 13th check interest bond payment and consider at Omnibus in FY 2010.	(639,134)	0	(639,134)	0.0
2. Increase transfer from the Kansas Endowment for Youth Fund to the State General Fund by \$1,836,465 in FY 2010 to fund PKU treatment, Four-Year Old at Risk, safety net clinics, and State Children's Health Insurance Program expansion.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>(\$639,134)</i>	<i>\$0</i>	<i>(\$639,134)</i>	<i>0.0</i>
<u>Kansas Human Rights Commission</u>				
1. Delete \$106,478, all from the State General Fund, in order to reach a target of 10.0 percent below the FY 2009 Governor's recommendation for agency expenditures in FY 2010.	(106,478)	0	(106,478)	0.0
<i>Agency Subtotal</i>	<i>(\$106,478)</i>	<i>\$0</i>	<i>(\$106,478)</i>	<i>0.0</i>

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Kansas Corporation Commission

- 1. Add language authorizing the Kansas Electric Transmission Authority (KETA) to reappropriate any unencumbered balance in their operating budget from FY 2010 to FY 2011.

Agency Subtotal \$0 \$0 \$0 0.0

Citizens' Utility Ratepayer Board

- 1. Add \$34,104, all from special revenue funds, to restore the Governor's reduction and delete the transfer to the State General Fund of the same amount in FY 2010.
- 2. Delete \$7,905, all from special revenue funds, in order to reach a target of 10.0 percent below the FY 2009 Governor's recommendation for agency expenditures in FY 2010.

Agency Subtotal \$0 \$26,199 \$26,199 0.0

Department of Administration

- 1. Delete \$481,362, from the State General Fund, in order to reach a target of 10.0 percent below the FY 2009 Governor's recommendation for agency expenditures in FY 2010.
- 2. Delete the transfer of \$5.0 million from the State General Fund to the Emergency Fund in FY 2010.

Agency Subtotal (\$481,362) \$0 (\$481,362) 0.0

Department of Revenue

- 1. Delete \$527,750, all from the State General Fund, in order to reach a target of 5.0 percent below the FY 2009 Governor's recommendation for agency expenditures in FY 2010.
- 2. Delete \$155,659, all from special revenue funds, to fund the operations of the Information Network of Kansas (INK). INK will remain in Kansas, Inc. in FY 2010.
- 3. Delete \$933,154, all from special revenue funds in FY 2010, for total project expenditures for the Drivers License Photo First Model Office Project until a review by the Joint Committee on Information Technology, and consider restoration of the funding at Omnibus.

Agency Subtotal (\$527,750) (\$1,088,813) (\$1,616,563) 0.0

Kansas Lottery

- 1. Delete provisions of the bill that would transfer revenue totaling \$50.0 million to the State General Fund for privilege fees paid by casinos in FY 2010.

Agency Subtotal \$0 \$0 \$0 0.0

Kansas Racing and Gaming Commission

- 1. Add \$40,000, all from special revenue funds, to replace two vehicles for the Tribal Gaming Program in FY 2010. Funding for the vehicles would be reimbursed by the Tribes.
- 2. Add language delaying the Commission to repay Pooled Money Investment Board loans totaling \$5.0 million to June 30, 2012.

Agency Subtotal \$0 \$40,000 \$40,000 0.0

Department of Commerce

- 1. Delete \$9,044,430, including \$7,534,430 from the Economic Development Initiatives Fund (EDIF), and restore funding for the Kansas Technology Enterprise Corporation and Kansas, Inc as separate budgets in FY 2010.
- 2. Delete \$1,838,955, all from the Economic Development Initiatives Fund (EDIF), to achieve a 10.0 percent reduction to expenditures from the FY 2010 Governor's recommendation in FY 2010.
- 3. Delete \$454,097, all from special revenue funds, in FY 2010 for total project expenditures for the Regional Education and Workforce Access Remote Delivery (REWARD) project until a review by the Joint Committee on Information Technology, and consider restoration of the funding at Omnibus.
- 4. Delete the language that authorizes the Wheat Harvest Program in FY 2010. The Wheat Harvest Program connects Kansas farmers with custom wheat cutters.

Agency Subtotal \$0 (\$11,337,482) (\$11,337,482) 0.0

	State General Fund	All Other Funds	All Funds	FTEs
<u>Kansas, Inc.</u>				
1. Add \$514,533 including \$358,874 from the Economic Development Initiatives Fund (EDIF), to restore funding for Kansas, Inc. in FY 2010.	0	514,533	514,533	4.5
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$514,533</i>	<i>\$514,533</i>	<i>4.5</i>
<u>Kansas Technology Enterprise Corp.</u>				
1. Add \$12,139,387, including \$10,494,718 from the Economic Development Initiatives Fund (EDIF), to restore funding for KTEC in FY 2010.	0	12,139,387	12,139,387	0.0
2. Delete \$12,139,387, including \$10,494,718 from the Economic Development Initiatives Fund (EDIF), and eliminate funding for the Kansas Technology Enterprise Corporation (KTEC). (Governor's veto)	0	(12,139,387)	(12,139,387)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Department of Labor</u>				
1. Delete \$51,896, all from the State General Fund, in order to reach a target of 10.0 percent below the FY 2009 Governor's recommendation for agency expenditures in FY 2010.	(51,896)	0	(51,896)	0.0
<i>Agency Subtotal</i>	<i>(\$51,896)</i>	<i>\$0</i>	<i>(\$51,896)</i>	<i>0.0</i>
<u>Commission on Veterans Affairs</u>				
1. Delete \$100,000, all from the State Institution Building Fund, for street, curb and parking lot repair and replacement at the Kansas Soldier's Home and place the projects on hold pending the outcome of the state's review into facilities closure in FY 2010.	0	(100,000)	(100,000)	0.0
2. Delete \$38,279, all from the State Institution Building Fund, for window replacement at the Kansas Soldiers Home and place the project on hold pending the outcome of the state's review into facilities closure in FY 2010.	0	(38,279)	(38,279)	0.0
3. Delete \$176,505, all from the State Institution Building Fund, for window replacement at the Kansas Veteran's Home and place the project on hold pending the outcome of the state's review into facilities closure in FY 2010.	0	(176,505)	(176,505)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$314,784)</i>	<i>(\$314,784)</i>	<i>0.0</i>
<u>Dept. of Health and Environment - Health</u>				
1. Delete \$4,155, all from the State General Fund, in order to reach a target of 10.0 percent below the FY 2009 Governor's recommendation for agency expenditures in FY 2010. The calculation excludes funding for the safety net clinics from the budget reduction calculation.	(4,155)	0	(4,155)	0.0
2. Add language requiring the agency to make the award of family planning services funding subject to a competitive grant process in FY 2010.	0	0	0	0.0
3. Delete \$243,000, all from the State General Fund, for the youth mentoring program in FY 2010.	(243,000)	0	(243,000)	0.0
4. Add \$208,000, all from the State General Fund, for treatment for phenylketonuria (PKU) in FY 2010 after transferring the same amount from the Kansas Endowment for Youth Fund.	208,000	0	208,000	0.0
5. Add \$355,000, all from the State General Fund, for the Pregnancy Maintenance Initiative in FY 2010.	355,000	0	355,000	0.0
6. Add \$328,465, all from the State General Fund, in FY 2010 for safety net clinics after transferring the same amount from the Kansas Endowment for Youth Fund.	328,465	0	328,465	0.0
<i>Agency Subtotal</i>	<i>\$644,310</i>	<i>\$0</i>	<i>\$644,310</i>	<i>0.0</i>
<u>Dept. of Health and Environment - Environment</u>				
1. Delete \$324,577, all from the State General Fund, in order to reach a target of 10.0 percent below the FY 2009 Governor's recommendation for agency expenditures in FY 2010.	(324,577)	0	(324,577)	0.0
<i>Agency Subtotal</i>	<i>(\$324,577)</i>	<i>\$0</i>	<i>(\$324,577)</i>	<i>0.0</i>
<u>Department on Aging</u>				
1. Adopt GBA No. 1, Item 1, which deletes \$36.8 million, all from the State General Fund, and adds the same amount from federal economic stimulus funds in FY 2010 for Medicaid expenditures.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

Health Policy Authority

1. Adopt GBA No.1, Item 1, which deletes \$100.9 million, all from the State General Fund, and adds the same amount from federal funds in FY 2010 for Medicaid expenditures. 0 0 0 0.0
2. Establish a position limitation of 272.7 FTE positions for FY 2010 in the bill. 0 0 0 0.0
3. Delete \$5.0 million, all from the State General Fund, in FY 2010 to capture additional savings from limiting MediKan benefits to 18 months from the current 24 months with no hardship provisions. (5,000,000) 0 (5,000,000) 0.0
4. Transfer \$6.5 million in federal economic stimulus funding, if available, in FY 2010 to the University of Kansas Medical Center to be used by the Wichita Center for Graduate Medical Education. 0 0 0 0.0

Agency Subtotal (\$5,000,000) \$0 (\$5,000,000) 0.0

Social and Rehabilitation Services

1. Adopt GBA No. 1, Item 1, which deletes \$61.1 million, all from the State General Fund, and adds the same amount from federal economic stimulus funds in FY 2010 for Medicaid expenditures. 0 0 0 0.0
2. Add \$520,000, all from the State General Fund, in FY 2010 to restore partial funding for the Funeral Assistance Program. This funding would allow for payment at the FY 2007 rate of \$545 per funeral. 520,000 0 520,000 0.0
3. Add \$4.3 million, all from federal funds, in FY 2010 to adjust for the correct federal medical assistance percentage. 0 4,269,802 4,269,802 0.0
4. Add \$5.0 million, all from the State General Fund, for grants to the Community Mental Health Centers in FY 2010. 5,000,000 0 5,000,000 0.0
5. Add \$11.8 million, including \$4.0 million from the State General Fund, for the home and Community Based Services waiver for individuals with physical disabilities and review the funding at Omnibus. 4,000,000 7,764,706 11,764,706 0.0
6. Delete \$402,148, including \$225,444 from the State General Fund, in FY 2010 for total project expenditures for the Host Access Transformation Services (HATS) project until a review by the Joint Committee on Information Technology, and consider restoration of the funding at Omnibus. (225,444) (176,704) (402,148) 0.0
7. Delete \$1,064,284, all from the State General Fund, in FY 2010 for total project expenditures for the Statewide Protection Report Center (PRC) system project until a review by the Joint Committee on Information Technology, and consider restoration of the funding at Omnibus. (1,064,284) 0 (1,064,284) 0.0

Agency Subtotal \$8,230,272 \$11,857,804 \$20,088,076 0.0

Kansas Guardianship Program

1. Delete \$20,539, all from the State General Fund, in order to reach a target of 8.0 percent below the FY 2009 Governor's recommendation for agency expenditures in FY 2010. (20,539) 0 (20,539) 0.0

Agency Subtotal (\$20,539) \$0 (\$20,539) 0.0

Board of Regents

1. Add \$350,000, all from the State General Fund, for the Kansas Academy of Math and Science (KAMS) in FY 2010. 350,000 0 350,000 0.0
2. Add \$424,921, all from the State General Fund, to fund postsecondary education at a level that maintains parity with K-12 education and still qualifies for funding under the federal American Recovery and Reinvestment Act in FY 2010. 424,921 0 424,921 0.0
3. Adopt GBA No. 1, Item 6 and add \$40.0 million, from the federal American Recovery and Reinvestment Act in FY 2010 with the requirement that the funds be spent for deferred maintenance. 0 0 0 0.0

Agency Subtotal \$774,921 \$0 \$774,921 0.0

Kansas State University

1. Add \$1.5 million, all from special revenue funds, and a new Sheep and Goat Facility Fund for the construction of a new sheep and goat facility in FY 2010. 0 1,500,000 1,500,000 0.0

Agency Subtotal \$0 \$1,500,000 \$1,500,000 0.0

University of Kansas

1. Add \$5,600, all from the State Water Plan Fund, for the State Geological Survey in FY 2010. 0 5,600 5,600 0.0

Item	State General Fund	All Other Funds	All Funds	FTI
<u>Agency Subtotal</u>				
	\$0	\$5,600	\$5,600	0.0
<u>University of Kansas Medical Center</u>				
1. Add \$6.5 million, all from federal stimulus funds, in FY 2010 for the Wichita Center for Graduate Medical Education (WCGME). The funding authorization assumes a transfer of federal economic stimulus funds from the Kansas Health Policy Authority.	0	6,500,000	6,500,000	0.0
<u>Agency Subtotal</u>				
	\$0	\$6,500,000	\$6,500,000	0.0
<u>Fort Hays State University</u>				
1. Add \$2.1 million, all from special revenue funds, and a new Soccer Facility Fund for the construction of a new soccer facility in FY 2010.	0	2,100,000	2,100,000	0.0
2. Add \$13.0 million, all from special revenue funds, and a new Wind Power Generation Facility Fund for a new 5 megawatt wind power generation facility in FY 2010.	0	13,000,000	13,000,000	0.0
<u>Agency Subtotal</u>				
	\$0	\$15,100,000	\$15,100,000	0.0
<u>Pittsburg State University</u>				
1. Add authority to raze the Student Health Center Building with existing funds in FY 2010.	0	0	0	0.0
<u>Agency Subtotal</u>				
	\$0	\$0	\$0	0.0
<u>Department of Education</u>				
1. Adopt GBA No. 1, Item 4 to delete \$103,700,000, all from the State General Fund, and add \$138,700,000 from the federal American Recovery and Reinvestment Act in FY 2010. This is an increase of \$35,000,000 which was added to maintain the Base State Aid Per Pupil at the FY 2009 level of \$4,400, instead of \$4,345.	0	0	0	0.0
2. Adopt GBA No. 1, Item 5 to delete \$53,500,000, all from the State General Fund, and add \$53,500,000 from the federal American Recovery and Reinvestment Act in FY 2010 for special education.	0	0	0	0.0
3. Delete \$21.0 million, all from the State General Fund, for a \$33 reduction in the Base State Aid Per Pupil (BSAPP), for a total BSAPP of \$4,367, in FY 2010.	(20,880,532)	0	(20,880,532)	0.0
4. Delete \$4.5 million, all from the State General Fund, for a 1.0 percent reduction in Special Education in FY 2010.	(4,464,507)	0	(4,464,507)	0.0
5. Delete \$68,161, all from the State General Fund, for association memberships in FY 2010.	(68,161)	0	(68,161)	0.0
6. Delete \$35,000, all from the State General Fund, for the Kansas Association for Conservation and Environmental Education program in FY 2010.	(35,000)	0	(35,000)	0.0
7. Delete \$50,000, all from the State General Fund, for funding provided to the Kansas Historical Society for Kansas history curriculum in FY 2010.	(50,000)	0	(50,000)	0.0
8. Delete \$240,000, all from the State General Fund, for teacher national board certification in FY 2010.	(240,000)	0	(240,000)	0.0
9. Delete \$50,000, all from the State General Fund, for declining enrollment aid in FY 2010.	(50,000)	0	(50,000)	0.0
10. Add \$20,000, all from the Service Clearing Fund, to replace one vehicle in FY 2010.	0	20,000	20,000	0.0
11. Delete the transfer of \$2.9 million from the State Safety Fund for the Driver's Education program to the State General Fund in FY 2010.	0	0	0	0.0
12. Delete the transfer of \$132,587 from the Motorcycle Safety Fund to the State General Fund in FY 2010.	0	0	0	0.0
13. Add \$100,000, all from the State General Fund, after transferring \$100,000 from the Kansas Endowment for Youth (KEY) fund to the State General Fund for the Four Year Old At-Risk program in FY 2010.	100,000	(100,000)	0	0.0
<u>Agency Subtotal</u>				
	(\$25,688,200)	(\$80,000)	(\$25,768,200)	0.0
<u>State Library</u>				
1. Add \$12,237, all from the State General Fund, to restore funding to the Talking Books program in FY 2010.	12,237	0	12,237	0.0
<u>Agency Subtotal</u>				
	\$12,237	\$0	\$12,237	0.0
<u>Kansas Arts Commission</u>				
1. Delete \$163,614, all from the State General Fund, to apply a 10.0 percent reduction based on the Governor's FY 2009 recommendation to the FY 2010 budget.	(163,614)	0	(163,614)	0.0
<u>Agency Subtotal</u>				
	(\$163,614)	\$0	(\$163,614)	0.0

Agency	State General Fund	All Other Funds	All Funds	FTEs
<u>School for the Blind</u>				
1. Delete \$120,364, all from the State Institutions Building Fund, in order to reach a target of 10.0 percent below the FY 2009 Governor's recommendation for agency capital improvement expenditures in FY 2010.	0	(120,364)	(120,364)	0.0
2. Add \$163,757, all from the State General Fund, in FY 2010 to comply with the statutory requirement that ties teacher salaries at the school to the teacher salaries for USD 233, the Olathe School District, for the previous year.	163,757	0	163,757	0.0
<i>Agency Subtotal</i>				
	\$163,757	(\$120,364)	\$43,393	0.0
<u>School for the Deaf</u>				
1. Delete \$242,000, all from the State Institutions Building Fund, for Roth west wing dorm electrical upgrades as part of the first step in renovating the Roth Building for FY 2010.	0	(242,000)	(242,000)	0.0
2. Add \$100,000, all from the State Institutions Building Fund, to partially fund the agency's request to repair the foundation affecting window wells and drains on campus for FY 2010.	0	100,000	100,000	0.0
3. Add \$211,919, all from the State General Fund, in FY 2010 to comply with the statutory requirement that ties teacher salaries at the school to the teacher salaries for USD 233, the Olathe School District, for the previous year.	211,919	0	211,919	0.0
<i>Agency Subtotal</i>				
	\$211,919	(\$142,000)	\$69,919	0.0
<u>State Historical Society</u>				
1. Delete \$71,090, all from the State General Fund, for capital improvements projects in FY 2010.	(71,090)	0	(71,090)	0.0
2. Delete \$182,179, all from the State General Fund, from the FY 2010 Governor's recommended budget in order to reach a target of 5.0 percent below the FY 2009 Governor's recommendation for expenditures in FY 2010.	(182,179)	0	(182,179)	0.0
<i>Agency Subtotal</i>				
	(\$253,269)	\$0	(\$253,269)	0.0
<u>Department of Corrections</u>				
1. Add \$646,250, all from the State General Fund, for community residential beds, substance abuse programming, and batterers intervention programming in FY 2010.	646,250	0	646,250	0.0
2. Delete \$17.8 million in bonding authority authorized by the 2008 Legislature for bed-capacity expansion projects in FY 2010. Currently, \$1.7 million of the bonds authorized by the 2008 Legislature have been issued.	0	0	0	0.0
<i>Agency Subtotal</i>				
	\$646,250	\$0	\$646,250	0.0
<u>Hutchinson Correctional Facility</u>				
1. Adopt GBA No. 1, Item 3 to delete \$20,500,000, all from the State General Fund, and add \$20,500,000 from the federal American Recovery and Reinvestment Act in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>				
	\$0	\$0	\$0	0.0
<u>Winfield Correctional Facility</u>				
1. Adopt GBA No. 1, Item 3 to delete \$10,000,000, all from the State General Fund, and add \$10,000,000 from the federal American Recovery and Reinvestment Act in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>				
	\$0	\$0	\$0	0.0
<u>Norton Correctional Facility</u>				
1. Adopt GBA No. 1, Item 3 to delete \$10,000,000, all from the State General Fund, and add \$10,000,000 from the federal American Recovery and Reinvestment Act in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>				
	\$0	\$0	\$0	0.0
<u>Juvenile Justice Authority</u>				
1. Adopt GBA No. 1, Item 1 to delete \$841,216, all from the State General Fund, and add \$841,216 from the federal American Recovery and Reinvestment Act in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>				
	\$0	\$0	\$0	0.0
<u>Kansas Juvenile Correctional Complex</u>				
1. Add \$62,688, all from the State Institutions Building Fund, to payoff the Master Lease Program for the high pressure boiler burner replacement in FY 2010.	0	62,688	62,688	0.0

<i>Agency</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
2. Delete \$14,590, all from the Kansas Juvenile Correctional Complex Fee Fund, for the annual Master Lease Program Payment. The Committee made the adjustment to pay off the lease in full from the State Institutions Building Fund in FY 2010.	0	(14,590)	(14,590)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$48,098</i>	<i>\$48,098</i>	<i>0.0</i>
<u>Beloit Juvenile Correctional Facility</u>				
1. Add \$206,095, all from the State Institutions Building Fund, to payoff the Master Lease Program for the high pressure boiler replacement in FY 2010.	0	206,095	206,095	0.0
2. Delete \$40,338, all from the State General Fund, for the annual Master Lease Program Payment. The Committee made the adjustment to pay off the lease in full from the State Institutions Building Fund in FY 2010.	(40,338)	0	(40,338)	0.0
<i>Agency Subtotal</i>	<i>(\$40,338)</i>	<i>\$206,095</i>	<i>\$165,757</i>	<i>0.0</i>
<u>Adjutant General</u>				
1. Increase the National Guard Museum Assistance Fund from zero dollar to a no limit fund in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>State Fire Marshal</u>				
1. Delete the transfer of \$168,692 from special revenue funds to the State General Fund in FY 2010. This is the amount of savings created by a budget reduction in the Governor's recommendation and will now remain in the agency's fee fund in FY 2010.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Parole Board</u>				
1. Delete \$37,084, all from the State General Fund, to apply a 10.0 percent reduction based on the Governor's FY 2009 recommendation to the FY 2010 budget.	(37,084)	0	(37,084)	0.0
<i>Agency Subtotal</i>	<i>(\$37,084)</i>	<i>\$0</i>	<i>(\$37,084)</i>	<i>0.0</i>
<u>Highway Patrol</u>				
1. Delete \$1,826,911, including \$938,041 from the State General Fund, from the FY 2010 Governor's recommended budget in order to reach a target of 5.0 percent below the FY 2009 Governor's recommendation for expenditures in FY 2010.	(938,041)	(888,870)	(1,826,911)	0.0
2. Add \$150,000 from the KHP Operations Fund and increase the transfer from the State Highway Fund by the same amount, to restore partial funding for the In-Car Digital Camera Project in FY 2010. The 2008 Legislature redirected \$275,000 in funding for the project to fuel expenditures in FY 2009.	0	150,000	150,000	0.0
<i>Agency Subtotal</i>	<i>(\$938,041)</i>	<i>(\$738,870)</i>	<i>(\$1,676,911)</i>	<i>0.0</i>
<u>Kansas Bureau of Investigation</u>				
1. Delete \$605,200, including \$313,950 from the State General Fund, for total project expenditures for the Central Message Switch (CMS) Replacement project until a review by the Joint Committee on Information Technology, and consider restoration of the funding at Omnibus in FY 2010.	(313,950)	(291,250)	(605,200)	0.0
2. Add language to reappropriate \$54,717 in State General Fund capital improvements savings to operating expenditures in FY 2010. The agency is to make appropriate adjustments to agency expenditures in order to provide \$416,000 in funding for the purchase of Kansas Criminal Justice Information System (KCJIS) communication lines.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>(\$313,950)</i>	<i>(\$291,250)</i>	<i>(\$605,200)</i>	<i>0.0</i>
<u>Emergency Medical Services Board</u>				
1. Delete the transfer of \$68,993 from the agency's special revenue funds to the State General Fund in FY 2010. This is the amount of the savings created by a 2.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's special revenue funds.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Commission on Peace Officers' Standards and Training (KCPOST)</u>				
1. Delete \$77,067, all from special revenue funds, to apply a 10.0 percent reduction based on the Governor's FY 2009 recommendation to the FY 2010 budget.	0	(77,067)	(77,067)	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>(\$77,067)</i>	<i>(\$77,067)</i>	<i>0.0</i>

Department of Agriculture

- | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------|---|-----------|-----|
| 1. Delete \$389,969, all from the State General Fund, to reduce the agency's State General Fund amount by 3.6 percent in FY 2010. | (389,969) | 0 | (389,969) | 0.0 |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------|---|-----------|-----|

<i>Agency Subtotal</i>	<i>(\$389,969)</i>	<i>\$0</i>	<i>(\$389,969)</i>	<i>0.0</i>
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Animal Health Department

- | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------|----------|-----|
| 1. Add \$57,000, all from the State General Fund, for the purchase of information technology equipment in FY 2010. | 57,000 | 0 | 57,000 | 0.0 |
| 2. 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 amount by 10.0 percent in FY 2010. | 0 | (87,803) | (87,803) | 0.0 |
| 3. Do not transfer \$23,864 from the Greensburg account of the Disease Control - Federal Fund to the State General Fund in FY 2010, as approved by the Legislature (Governor's Veto). | 0 | 23,864 | 23,864 | 0.0 |

<i>Agency Subtotal</i>	<i>\$57,000</i>	<i>(\$63,939)</i>	<i>(\$6,939)</i>	<i>0.0</i>
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Kansas State Fair Board

- | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---|--------|--------|-----|
| 1. Transfer \$40,000 from the State Highway Fund to a new fund called the Road Maintenance Fund for road maintenance at the State Fairgrounds in FY 2010. | 0 | 0 | 0 | 0.0 |
| 2. Add \$40,000, all from the Road Maintenance Fund, for road maintenance at the State Fairgrounds in FY 2010. | 0 | 40,000 | 40,000 | 0.0 |

<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$40,000</i>	<i>\$40,000</i>	<i>0.0</i>
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State Conservation Commission

- | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|----------|-----|
| 1. Add \$587,865, all from the State Water Plan Fund, for the Water Resources Cost-Share program in FY 2010. | 0 | 587,865 | 587,865 | 0.0 |
| 2. Add \$625,277, all from the State Water Plan Fund, for the Non-Point Source Pollution Assistance program in FY 2010. | 0 | 625,277 | 625,277 | 0.0 |
| 3. Add \$189,900, all from the State Water Plan Fund, for the Watershed Dam Construction program in FY 2010. | 0 | 189,900 | 189,900 | 0.0 |
| 4. Add \$54,000, all from the State Water Plan Fund, for the Water Quality Buffer Initiative program in FY 2010. | 0 | 54,000 | 54,000 | 0.0 |
| 5. Add \$45,321, all from the State Water Plan Fund, for the Riparian and Wetland program in FY 2010. | 0 | 45,321 | 45,321 | 0.0 |
| 6. Add \$743,635, all from the State Water Plan Fund, for the Water Transition Assistance Program (Water TAP) in FY 2010. | 0 | 743,635 | 743,635 | 0.0 |
| 7. Add \$179,723, all from the State Water Plan Fund, for the Lake Restoration and Management program in FY 2010. | 0 | 179,723 | 179,723 | 0.0 |
| 8. Add language which authorizes the agency to reappropriate funding from FY 2009 to FY 2010 for the Conservation Reserve Enhancement Program (CREP). | 0 | 0 | 0 | 0.0 |
| 9. Delete \$45,272, all from the State General Fund, in order to reach a target of 10.0 percent below the FY 2009 Governor's recommendation for agency expenditures in FY 2010. | (45,272) | 0 | (45,272) | 0.0 |

<i>Agency Subtotal</i>	<i>(\$45,272)</i>	<i>\$2,425,721</i>	<i>\$2,380,449</i>	<i>0.0</i>
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Kansas Water Office

- | | | | | |
|---------------------------------------------------------------------------------------------------------------------------|---|---------|---------|-----|
| 1. Add \$142,500, all from the State Water Plan Fund, for the Assessment and Evaluation program in FY 2010. | 0 | 142,500 | 142,500 | 0.0 |
| 2. Add \$47,500, all from the State Water Plan Fund, for the GIS Database Development program in FY 2010. | 0 | 47,500 | 47,500 | 0.0 |
| 3. Add \$57,950, all from the State Water Plan Fund, for the MOU - Storage Operations and Maintenance program in FY 2010. | 0 | 57,950 | 57,950 | 0.0 |
| 4. Add \$118,735, all from the State Water Plan Fund, for the Technical Assistance to Water Users program in FY 2010. | 0 | 118,735 | 118,735 | 0.0 |
| 5. Add \$14,802, all from the State Water Plan Fund, for the Water Resource Education program in FY 2010. | 0 | 14,802 | 14,802 | 0.0 |
| 6. Add \$15,200, all from the State Water Plan Fund, for the Weather Stations program in FY 2010. | 0 | 15,200 | 15,200 | 0.0 |

<i>Account Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTE</i>
<u>1.25 Percent Reduction</u>				
1. Delete \$24.9 million, including \$16.8 million from the State General Fund, for the 1.25 percent across the board reduction in FY 2010 excluding debt service, Department of Education and human services caseloads.	(16,778,568)	(8,132,320)	(24,910,888)	0.0
<i>Agency Subtotal</i>	<i>(\$16,778,568)</i>	<i>(\$8,132,320)</i>	<i>(\$24,910,888)</i>	<i>0.0</i>
<u>Longevity</u>				
1. Delete \$12.7 million, including \$6.2 million from the State General Fund, to eliminate funding for the longevity bonuses in FY 2010 but have the agencies self-fund the longevity bonus.	(6,200,000)	(6,500,000)	(12,700,000)	0.0
<i>Agency Subtotal</i>	<i>(\$6,200,000)</i>	<i>(\$6,500,000)</i>	<i>(\$12,700,000)</i>	<i>0.0</i>
TOTAL: FY 2010	(\$2,186,870)	\$48,362,892	\$46,176,022	(3.5)

FY 2011

Abstracters Board of Examiners

1. Delete \$647, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010. 0 (647) (647) 0.0

Agency Subtotal \$0 (\$647) (\$647) 0.0

Board of Accountancy

1. Delete \$17,029, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010. 0 (17,029) (17,029) 0.0

Agency Subtotal \$0 (\$17,029) (\$17,029) 0.0

State Bank Commissioner

1. Delete \$400,996, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010. 0 (400,996) (400,996) 0.0

Agency Subtotal \$0 (\$400,996) (\$400,996) 0.0

Board of Barbering

1. Delete \$3,181, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010. 0 (3,181) (3,181) 0.0

Agency Subtotal \$0 (\$3,181) (\$3,181) 0.0

Behavioral Sciences Regulatory Board

1. Delete \$29,426, all from the Behavioral Sciences Regulatory Board Fee Fund, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010. 0 (29,426) (29,426) 0.0

Agency Subtotal \$0 (\$29,426) (\$29,426) 0.0

Board of Healing Arts

1. Delete the transfer of \$71,732 from the agency's fee fund to the State General Fund for FY 2011. This is the amount of savings created by a 2.0 percent budget reduction in the Governor's recommendation and will now remain in the agency's fee fund. 0 0 0 0.0

2. Delete \$105,333, all from the Healing Arts Fee Fund, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010. 0 (105,333) (105,333) 0.0

Agency Subtotal \$0 (\$105,333) (\$105,333) 0.0

Board of Cosmetology

1. Delete \$17,412, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010. 0 (17,412) (17,412) 0.0

Agency Subtotal \$0 (\$17,412) (\$17,412) 0.0

Department of Credit Unions

1. Delete \$54,275, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010. 0 (54,275) (54,275) 0.0

Agency Subtotal \$0 (\$54,275) (\$54,275) 0.0

Kansas Dental Board

1. Delete \$15,786, all from the Dental Board Fee Fund, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010. 0 (15,786) (15,786) 0.0

Agency Subtotal \$0 (\$15,786) (\$15,786) 0.0

Board of Mortuary Arts

1. Delete \$17,318, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010. 0 (17,318) (17,318) 0.0

Agency Subtotal \$0 (\$17,318) (\$17,318) 0.0

Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments

1. Delete \$1,374, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010. 0 (1,374) (1,374) 0.0

Agency Subtotal \$0 (\$1,374) (\$1,374) 0.0

Board of Nursing

1. Delete \$4,329, all from the Board of Nursing Fee Fund, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010. 0 (4,329) (4,329) 0.0

	State General Fund	All Other Funds	All Funds	FTEs
<i>Agency Subtotal</i>	\$0	(\$4,329)	(\$4,329)	0.0
<u>Optometry Board</u>				
1. Delete \$4,959, all from the Optometry Fee Fund, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010.	0	(4,959)	(4,959)	0.0
<i>Agency Subtotal</i>	\$0	(\$4,959)	(\$4,959)	0.0
<u>Board of Pharmacy</u>				
1. Delete \$36,359, all from the Board of Pharmacy Fee Fund, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010.	0	(36,359)	(36,359)	0.0
<i>Agency Subtotal</i>	\$0	(\$36,359)	(\$36,359)	0.0
<u>Real Estate Commission</u>				
1. Delete \$52,654, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010.	0	(52,654)	(52,654)	0.0
<i>Agency Subtotal</i>	\$0	(\$52,654)	(\$52,654)	0.0
<u>Real Estate Appraisal Board</u>				
1. Delete \$27,836, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010.	0	(27,836)	(27,836)	0.0
<i>Agency Subtotal</i>	\$0	(\$27,836)	(\$27,836)	0.0
<u>Securities Commissioner</u>				
1. Delete \$113,780, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010.	0	(113,780)	(113,780)	0.0
<i>Agency Subtotal</i>	\$0	(\$113,780)	(\$113,780)	0.0
<u>Board of Technical Professions</u>				
1. Delete \$35,720, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010.	0	(35,720)	(35,720)	0.0
<i>Agency Subtotal</i>	\$0	(\$35,720)	(\$35,720)	0.0
<u>Board of Veterinary Examiners</u>				
1. Delete \$15,587, all from special revenue funds, to hold the agency budget for FY 2011 at the level recommended by the Committee for FY 2010.	0	(15,587)	(15,587)	0.0
<i>Agency Subtotal</i>	\$0	(\$15,587)	(\$15,587)	0.0
<u>Governmental Ethics Commission</u>				
1. Delete \$6,933, all from the State General Fund, for the 1.25 percent across the board reduction in FY 2011.	(6,933)	0	(6,933)	0.0
2. Delete \$40,870, all from the State General Fund, for FY 2011.	(40,870)	0	(40,870)	0.0
3. Add \$47,803, all from special revenue funds, and grant the agency authority to utilize fee funds for operating expenditures in place of reductions made to the agency's State General Fund.	0	47,803	47,803	0.0
<i>Agency Subtotal</i>	(\$47,803)	\$47,803	\$0	0.0
TOTAL: FY 2011	(\$47,803)	(\$906,198)	(\$954,001)	0.0

April Consensus Revenue Estimates; FY 2011 and FY 2012 Limited Revenue Growth;
Expenditures as Approved by the 2009 Legislature at First Adjournment

STATUS OF THE STATE GENERAL FUND
FY 2009-FY 2012
(In Millions)

	Approved FY 2009	Approved FY 2010	Estimated FY 2011	Estimated FY 2012
Beginning Balance	\$ 526.6	\$ 29.2	\$ -	\$ 0.0
Receipts (April, 2009 Consensus Revenue Estimate)	5,665.9	5,380.8	5,391.0	5,464.1
Total Available Revenue	\$ 6,192.5	\$ 5,410.0	\$ 5,391.0	\$ 5,464.2
Expenditures	6,280.6	6,151.2	6,256.9	6,360.5
Federal Economic Stimulus Legislation	(102.8)	(396.2)	(297.3)	-
Subtotal - Approved Expenditures at First Adjournment	6,177.8	5,755.0	5,959.6	6,360.5
April Caseload Adjustments	(14.5)	(16.6)	-	-
Subtotal - Adjusted Expenditures for Caseloads	6,163.3	5,738.4	5,959.6	6,360.5
Expenditure Adjustments to Reach Zero	-	(328.4)	(568.6)	(896.3)
Total Adjusted Expenditures	6,163.3	5,410.0	5,391.0	5,464.2
Ending Balance	\$ 29.2	\$ -	\$ 0.0	\$ 0.0
Ending Balance as a Percentage of Expenditures	0.5%	0.0%	0.0%	0.0%
April Estimate of Receipts in Excess of Approved Expenditures	\$ (511.9)	\$ (374.2)	\$ (568.6)	\$ (896.4)
April Estimate of Receipts in Excess of Adjusted Expenditures	\$ (497.4)	\$ (29.2)	\$ 0.0	\$ (0.1)

Assumptions:

1. House Substitute for Substitute for SB 23 and Senate Substitute for HB 2354 - FY 2009 and FY 2010 appropriation bills.
2. April, 2009 Consensus Revenue estimates for FY 2009 and FY 2010.
3. Estimated federal economic stimulus impact - revenue (loss of \$86.5 million) and expenditures (savings of \$796.3 million) as reflected in the approved budget.
4. Caseloads include adjustments within the budgets of the Department of Social and Rehabilitation Services, Kansas Health Policy Authority, Department on Aging, Juvenile Justice Authority, and the Department of Education.

5. Expenditures in FY 2011 and FY 2012 increase for human services caseloads (\$60 million), KPERS employer contribution increases (\$42 million), and state employee market pay (\$8.5 million).
6. Revenue estimates increase 1.0 percent in FY 2011 2.0 percent in FY 2012, less repayment of previous loans to the SGF (\$34.7 million) for KDOT, Underground Petroleum Fund, and the Waste Tire Management Fund in both FY 2011 and FY 2012.

Kansas Legislative Research Department
April 17, 2009

Senate Ways & Means Cmte
 Date 4-22/23-2009
 Attachment 14

Amount of
Adjustment
(in millions)

Possible Budget Adjustments to FY 2009 and FY 2010 Budget:

1. Delete the second half of the FY 2009 "slider" payment to local units of government	\$ 25.0
2. Limit the amount of the Bioscience Authority transfer to the FY 2009 amount	5.0
3. Assume the receipt of \$50.0 million in expanded gaming funds for two privilege fee payments of \$25.0 million per casino	50.0
4. Delete FY 2010 state employee classified below market pay	8.5
5. Sweep one-time special revenue funds that were not swept in FY 2009	21.5
6. Transfer KSIP Balances from FY 2009	4.2
7. Sweep non-SGF 3.0 percent reduction from FY 2009	2.2
8. Do not make the transfer to the Health Care Stabilization Fund in FY 2010	2.8
9. Do not transfer \$3.2 million to the State Water Plan Fund in FY 2010	3.2
10. Do not transfer \$2.0 million to the State Water Plan Fund in FY 2009	2.0
11. Reduce State Gaming Revenue Fund transfer amount to the FY 2009 level	2.0
12. Delete the FY 2010 partial payment to the Special City County Highway Fund	5.0
13. Transfer the Clean Drinking Water tax to the State General Fund instead of the State Water Plan Fund	3.2
14. Reduce grants to community mental health centers to Governor's FY 2010 recommended amount	5.0
15. Suspend Phase-out of Corporation Franchise Tax (HB 2028)	14.0
16. Suspend Phase-out of Estate Tax (HB 2047)	5.0
17. Reduce an additional 1.0 percent across-the-board for all expenditures, excluding debt service	57.0
18. Transfer remaining balance of extra payment of tobacco settlement funds	2.7
19. Do transfer from the State Safety Fund (driver's education) and Motorcycle Safety Fund to State General Fund	3.0
20. Reduce non-SGF agencies and sweep balances - FY 2010	2.9
21. One-time special revenue sweep balances - FY 2010	2.2
22. State Employee Health Insurance Administration Fund	4.5
23. Fully decouple from all federal changes	77.0
24. Impose a minimum 3.0 percent State General Fund reduction all agencies that are less than that reduction based on the approved FY 2010 budget in Senate Substitute for HB 2354, excluding debt service, human services caseloads, and Department of Education.	42.5
25. Furlough non-public safety and direct care state employees for one day and transfer non-SGF Savings	6.0
26. Suspend the development of the new state financial management system	16.9
27. Delay Fair Fares program for one year and convert to SGF	5.0
28. Do not transfer funding to the State Housing Trust Fund	2.0
29. Do not transfer EDIF to KEOIF and convert to SGF	1.2
30. Do not fund Wildlife and Parks State General Fund capital improvements	0.5
31. Increase federal match for all non caseload programs in FY 2009 and FY 2010	6.0
32. Suspend the development of the Kansas Legislative Information Services System	2.0
33. Delete all language related to the 1.0 percent base salary adjustment - no salary increase would be provided and hence the state agencies then would not have to self-fund an increase. The estimated cost for a 1.0 percent salary increase is	-

TOTAL \$ 390.0

Additional Adjustments

1. Consensus Human Services Caseloads FY 2009 and FY 2010 savings	\$ 38.0
2. KPERs School adjustment for FY 2009	(4.8)
3. Funding for federally declared disasters	(20.0)
4. School finance property valuation changes	(7.8)
5. Delete all language related to the 1.0 percent base salary adjustment - no salary increase would be provided and hence the state agencies then would not have to self-fund an increase. The estimated cost for a 1.0 percent salary increase is \$10.7 million from the State General Fund and \$22.8 million from all funds.	-

Department of Administration

Program	FY 2010 SGF	Additional 1% Reduction	Total FY 2010	Action
Secretary's Office, with Legal Services	\$ 1,049,126	\$ (20,723)	\$ 1,028,404	Hold positions vacant
Financial Management System	909,138	(18,459)	890,680	Hold positions vacant
Division of Computer Services	2,399,625	(48,749)	2,350,876	Hold positions vacant and renegotiate IT contracts
Personnel Services	1,955,579	(38,657)	1,916,922	Hold positions vacant
Purchases	519,718	(10,242)	509,476	Hold positions vacant
Division of the Budget	1,392,720	(27,675)	1,365,044	Hold positions vacant
Facilities Management / Surplus Property	60,788	(1,235)	59,553	Renegotiate Fire Alarm Contract
Accounts and Reports	1,969,607	(38,780)	1,930,827	Hold positions vacant and
Public Broadcasting Grants	2,007,926	(40,795)	1,967,131	Reduce Operating Grants
Policy Analysis Initiatives	172,435	(3,576)	168,859	Reduce available funding for use on special projects, studies and commissions
Long Term Care Ombudsman	282,488	(5,492)	276,996	Continue Administrative Assistant vacancy and close Overland Park Office
	<u>\$ 12,719,150</u>	<u>\$ (254,383)</u>	<u>\$ 12,464,768</u>	
Rehabilitation and Repair - State Facilities	\$ 188,160	\$ (1,882)	\$ 186,278	Address most critical needs and delay minor repairs
Rehabilitation and Repair - Judicial Center	94,080	(941)	93,139	Address most critical needs and delay minor repairs
Rehabilitation and Repair - Capitol Complex	2,822,400	(28,224)	2,794,177	Address most critical needs and delay minor repairs
	<u>\$ 3,104,640</u>	<u>\$ (31,046)</u>	<u>\$ 3,073,595</u>	
	<u>\$ 15,823,790</u>	<u>\$ (285,429)</u>	<u>\$ 15,538,361</u>	

Senate Ways & Means Cmte
 Date 4 - 22/23-2009
 Attachment 16



Ed Van Petten
Executive Director

Kathleen Sebelius
Governor

Ten Percent Reduction of Governor's FY 2009 Budget
Senate Budget Sub-Committee
February 25, 2009

Ms. Chairperson and members of the Committee:

In response to the Senate's request for a ten percent reduction in the Governor's FY 2009 budget for our FY 2010 budget numbers we are presenting the following:

The deductions are for the Lottery operation departments, such as; Executive, Information Technology, Finance/Administration, Sales, Security, and Marketing. Excluded is the Expanded Lottery unit, as all expenses are to be reimbursed by contract with the Casino/Racino Management. The Cost of Sales unit also has not been included as prizes, printing, online vendor fees, retailer's commissions, and shipping are driven by the amount of ticket sales.

We will not be reducing or eliminating any current programs. We have carefully reviewed the Governor's Recommendations for FY 2009 budget with the following reductions:

Salaries are decreased by \$269,697. This deduction reflects five FTE positions that have retired in FY 2009 that will not be replaced at this time. The Governor has recommended a shrinkage rate of five percent, which is high for our agency in "Normal" times. Retirees include three from the sales department and two from the Executive department, the purchasing agent and a warehouse person. The impact in the sales department is that retailers may not receive the service and supplies on a timely schedule. The unfilled purchasing position loses the expertise of vendors and contract knowledge. As the economy recovers and ticket sales increase we will need to again fill these positions to provide the best service.

Contractual Services are decreased by \$701,865. The majority of this decrease is for the advertising budget, \$603,324, from our FY 2009 request. Communications, repairs and travel are the other larger deductions. The impact of cutting the advertising budget is large, with the sale of tickets currently on the downward trend now is not the time to cut advertising. Studies and history has shown that cutting advertising decreases sales, thus revenue to the state. It is the one of few contractual items that has some flexibility. Many of the large contractual items are fixed, such as; rents and utilities. Communications have been decreased for postage we would no longer mail the Retailer's and the Winner's newsletters. The cost of postage is increasing by two cents in March 2009, which will increase the cost of regular mailings. We have a weekly statement mailing to the retailers that will increase the postage usage. Other communication cost for phone and cell usage is being decreased by cutting service and negotiating new rates. Repairs have been decreased, with hope that our aging

fleet and computer system does not have problems. We have several vehicles that have already exceeded the maximum mileage for replacement, thus more expense for large repairs are happening.

Commodities have been reduced by \$4,523. Decreases include other supplies for the Sales and Marketing Departments, and Motor Vehicle supplies (fuel). The other supplies are used by Sales and Marketing for promotional items and in-counter displays at retailers in the process of increasing the revenues from the sale of tickets. Gasoline costs have decreased the last few months, but we still have several cargo vans that have exceeded the maximum mileage. These vans are not fuel efficient and need to be replaced. We purchase all our fuels from KDOT and using the Wright Fuel Card.

Capital Outlay is decreased by \$73,059. Capital Outlay is needed for the replacement of at least three vans and one passenger car. In FY 2008 the Lottery was only able to replace four vehicles because of cash flow. In FY 2009 we were allocated the replacement of seven vehicles, but as of today we have not been able to replace any. We hope to replace a van that was totaled in a wreck, and two others with high mileage, many repairs, and inefficient fuel consumption. At this time there are eight vehicles exceeding the mileage, and ten more vehicles will exceed replacement criteria in FY2010.

The above reductions in the operating department's budgets reflect the ten percent reduction requested. The above reductions are \$2.2 Million less than the Governor's FY 2010 Recommendations for the Lottery's budget. The Governor's budget recommendations had decreased our original request by 4.4% for FY 2010. Lottery is in the business of generating revenues for the State through the sale of lottery tickets. History has shown us that when we cut the advertising and the service to the retailers that sales decline even when the economy is stable. Currently the sales have declined by 3% from a year ago, or \$4.4M. A year ago at this time, FY 2008, sales had declined by 1.6% or \$2.4M from the previous year. Comparing mid February 2007, before the economy began declining, to mid February 2009 the decline is a 5.6% or \$8.5M decrease in sales as the economy has gone into a recession. The decline in the sale of tickets will also result in a smaller transfer to the State Gaming Revenue Fund.

16-3

KANSAS STATE SCHOOL FOR THE DEAF

OVER A CENTURY OF SERVICE ESTABLISHED 1861.

450 EAST PARK STREET
OLATHE, KANSAS 66061-5497
TELEPHONE (913) 791-0573
FAX (913) 791-0577

DATE: March 4, 2009

TO: Senate Ways and Means Budget Subcommittee

FROM: Robert A. Maile
KSSD Superintendent

RE: FY2010 Budget Considerations

Great care is being taken to use all resources wisely, to maximize austerity and minimize the impact of budget reductions on student programming. The following summary of the Governor's Budget proposal will show an effective budget reduction of 5.3 percent from the FY2009 approved budget.

While it is clear that all schools and agencies must bear a share of the current economic burden, we ask that you continue to recognize the Kansas School for the Deaf for its primary role as an accredited school, and provide us whatever consideration is being provided public schools.

Summary of FY2010 Governor's Budget Proposal

State General Fund	\$9,425,572
Allocated Resource Budget (Incorporates 2 percent reduction)	
Reduction – Maintain Vacant Position	28,485
Reductions – Adjustments to Fund Contributions	269,633
Governor's Budget	<u>\$9,127,454</u>
Absorb Teacher Salary Increase	211,919
Absorb State Employee Salary Increase	72,316
Actual Available Funds	<u>\$8,843,219</u>

Not including adjustments to fund contributions, this represents a 5.3 percent reduction from the FY2009 approved budget.

Our Mission

To Provide Students With Total Accessibility to Language,
Communication and Educational Excellence in a Visual Environment

**An Equal Employment/Educational Opportunities Agency
A STATEWIDE RESOURCE ON DEAFNESS**

16-5

**Kansas State School for the Deaf
FY 2010 Budget Planning**

Source of Funding	FY 2009 Approved Budget	FY 2010 Allocated Resource Budget
State General Fund	\$ 9,373,237	\$9,425,572 (includes 2% reduction- see below)
DOB Reductions	<215,793>	<28,485>
DOB Recommendation	\$9,157,444	\$9,397,087

Meeting the FY 2009 Budget Reduction (\$215,793)

Maintain Vacant Positions	155,355
Reduce Use of Substitutes & Contract Labor	20,240
Reduce Operating Expenditures	40,198

**Requested Senate Ways and Means Delineation of Budget Reductions
(See Separate Sheet – KSD Continuum of Budget Reductions)**

Enhancements

Mandated Teacher Salary (K.S.A. 76-11a17)	\$211,919
One (1) Minivan	20,900
Sound START Early Intervention Program	368,750
Total Enhancements	<u>\$601,569</u>

Determination of FY2010 Budget Allocation

FY2009 SGF Approved Budget	\$9,373,237
2% Reduction (Excluding debt service)	185,599
	<u>\$9,187,638</u>
Additions Based on Cost Index (KPERs, etc.)	235,056
FMS Fee Increase	2,878
FY2010 SGF Allocation	<u>\$9,425,572</u>

03/02/09

16-6

KANSAS SCHOOL FOR THE DEAF
CONTINUUM OF BUDGET REDUCTIONS
 (To Be Implemented As Needed to Meet Budget Targets)

16-7

	Item	Reductions	Cumulative Reduction	Percent Reduction	Explanation
1.	Carried Forward Reduction	\$117,165	\$117,165	1.3	Leave LPN, Security, & Independent Living Positions Vacant
2.	Three Retiree Positions Not Filled	\$200,273	\$317,438	2.2 (3.5)	Maintenance, Security, Residential
3.	Reduce School Year Two weeks	\$251,773	\$569,211	2.8 (6.3)	Inservice, Preparation, Parent Meetings (Students Maintain Hours Required for Accreditation)
4.	Minimize Residential Services	\$226,796	\$796,007	2.5 (8.8)	Seven (7) positions released. Language support, special assistance programming minimized. Student population decreased.
5.	Dual Placement/Parent Assistance Services	\$80,065	\$876,072	0.9 (9.7)	Eliminate position
6.	Athletic/Student Activities Reduced	\$73,215	\$949,287	0.8 (10.5)	Eliminate position
7.	Reduce Career/Transition Programming	\$117,971	\$1,067,258	1.3 (11.8)	Career Lab and Transition positions deleted
8.	Minimize Vocational/Physical Ed. Instruction	\$168,096	\$1,235,354	1.8 (13.6)	Three (3) positions deleted
9.	Minimize elementary programming	\$91,942	1,327,296	1.0 (14.6)	Increase teacher caseload, eliminate art ad deaf studies
10.	Eliminate Outreach Services	\$212,873	1,540,169	2.3 (16.9)	No observations, evaluations, consultation and counseling for LEAs & community (4 positions)

The Kansas Board of Veterinary Medical Examiners

The agency's information that would reflect a 10 percent reduction in FY 2010 from the FY 2009 Governor's revised amount follows. The listing has been done in priority order with a description of the reductions.

- o Programs that will be reduced or eliminated –
 - 1) temporary suspension of on-site veterinary premises inspections
Savings that can be identified and actually realized –
 - 1) Car rental
 - 2) Gas
 - 3) Overnight lodgingExpenditure reductions by funding source - \$10,000 from fee fund
 - 2) replace face to face Board meetings with teleconference meetings
Savings that can be identified and actually realized –
 - 1) Overnight lodging
 - 2) Mileage subsistenceExpenditure reductions by funding source - \$8,000 from fee fund
- o Number of FTE positions that will be eliminated and associated salary and fringe benefits costs - none
- o Description of the impact of the proposed reduction – would increase span for some premises up to 24 mos since last inspection.
- o The reductions or adjustments are one-time or could also be realized in FY 2011 – are one time; although repeat of suspension could occur an additional one time

A second reduction, listing the reductions in priority order list would be:

- o Programs that will be reduced or eliminated –
 - 1) more concessionary in complaint case informal resolutions to decrease formal litigation costs;
Savings that can be identified and actually realized –
 - a. attorney fees
 - b. court reporter
 - c. Overnight lodging and subsistence for presiding officersExpenditure reductions by funding source - \$10,000 from fee fund
- o Number of FTE positions that will be eliminated and associated salary and fringe benefits costs - none
- o Description of the impact of the proposed reduction – would increase span for some premises up to 24 months since last inspection.
- o Whether the reductions or adjustments are one-time or could also be realized in FY 2011 – Reductions are one time; although repeat of suspension could occur one additional time
- o Time frame for implementing any reductions – part-year that could be extended to full-year

The reductions for the agency may be achieved without changes in substantive law or state plan amendments.

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 17

**Juvenile Justice Authority
Additional Budget Reductions--FY 2010**

<u>Priority</u>	<u>Item</u>	<u>Amount</u>
1	Do not fill positions vacated due to layoff in FY 2009	(931,473)
2	Suspend operations at Beloit Juvenile Correctional Facility	(2,511,057)
3	Reduce prevention grants; shift CIF to SGF	<u>(3,442,530)</u>
	Total	<u>\$ (6,885,060)</u>

17-2

BARBARA BERRY, Treasurer
TIM WELLS, Chairman
BRIAN FIDMONGE, Vice Chair
HEIDI BOWMAN, Member
GREGG BULL, Vice Chair, Member
TERRY LORR, Member
FRANK S. MAXWELL, Member
MICHAEL F. MCKENNA, Member

SALLY PRITCHETT, Executive Director
CHERYL MAGATHAN, Public Service Director

KANSAS

REAL ESTATE APPRAISAL BOARD

KATHLEEN SEBEL, US GOVERNOR

April 20, 2009

To: Legislative Research

Re: 10% Budget Reduction

If required to reduce the Kansas Real Estate Appraisal Board's 2010 Budget by 10% (approximately \$28,000), it would be cut primarily in the following areas:

Out of State Travel	10,000
Reviewer Fees	10,000
Attorney Fees	8,000
	28,000

If you have questions please call.

Sincerely,



Sally Pritchett
Director

A-11

17-3

Projected Cuts of 10%-18% more for FY 2010: The Kansas Real Estate Commission would be required to reduce its budget by \$109,199-\$196,558. The Commission is funded solely with fee fund dollars. The Commission can function within the Governor's initial budget recommendations for FY 2010. A 10% reduction will chip away at the Commission's flexibility to serve the public and its licensees. An 18% reduction would essentially reduce the Commission's enforcement ability to an almost meaningless level for FY 2010. After reducing enforcement capabilities, it will be take time to build qualified staffing back up to planned FY 2009 levels and it will take years to rebuild the Commission's reputation with the licensees and the public. To accomplish the projected level of cuts, the Commission would:

Reduction Plan for Governor's Initial FY 2010 Recommendations

- Not fill the vacant Licensing Administrative Assistant position (\$31,075). This is workable until the licensee counts increase when the real estate and financial markets are in full recovery mode.
 - Not fill one vacant PT Temp Administrative Assistant position (\$12,071). This is workable until the licensee counts increase when the real estate and financial markets are in full recovery mode.
 - Eliminate all out of state travel (\$14,150).
-

10% FY 2010 Reduction Plan

- All of the above
 - Do not replace a server, PC's, and laptops according to the Commission's 3-4 year rotation cycle, but necessary purchases for broken equipment will be made. (\$16,000).
 - Eliminate PT Temp Administrative Assistant position that assists with scanning for record recovery purposes and other miscellaneous projects (\$19,315).
 - Across the board cuts in contractual and commodities (\$16,588).
-

18% FY 2010 Reduction Plan

- All of the above
- Triage complaints and only the more serious complaints would be investigated.
- Not hire the auditor that has been selected to fill the vacant real estate specialist position to audit the brokerage records and trust accounts in central-western Kansas (\$41,684). This will leave the Commission with two auditors for the State **and the Commission would have to adopt a temporary regulation relieving it of its duty to audit every brokerage at least once every five years.**
- Attrition by not replacing enforcement staff (approx. \$50,000 + any associated travel costs. This will leave the Commission with one auditor or one investigator for the State **and the Commission would have to adopt a temporary regulation relieving it of its duty to audit every brokerage at least once every five years.**
- Reduce Commission meetings to quarterly meetings which may increase travel costs for per diem and hotel but staff will be stretched too thin handling other matters to be able to devote to monthly meetings.

17-4

- Eliminate outside disciplinary counsel contracts (\$40,000). The Commission already utilizes disciplinary counsel from the Attorney General's Office plus two law firms to handle its caseload. The Commission already is attempting to settle any potential cases that can settle and will be forced to settle cases in the future under terms that the Commission would not normally consider to be in the best interest of the public and the reputation of the industry. The Commission will refer all cases that cannot be settled to the Attorney General's Office. A great deal of staff time of whatever enforcement staff is remaining and the executive director will be spent trying to work out consent agreements.

oh-11

17-5

**TESTIMONY BEFORE
THE SENATE WAYS AND MEANS SUBCOMMITTEE
FEBRUARY 24, 2009**

The Board of Technical Profession has one program. We license and discipline five professions: architects, engineers, geologists, landscape architects, and land surveyors.

We have identified the following items, in order of priority, that reflect a 10% reduction from the Governor's recommended FY 2009 budget of \$584,269, leaving an **FY 2010 budget of \$525,842.**

- \$ 5,000 Salaries & Wages, budgeted for a temporary employee

- \$12,750 Commodities
 - \$ 4,500 Professional & Scientific Supplies (exams)
 - 8,250 Office Supplies

- \$65,067 Contractual Services
 - \$10,000 Repairs & Servicing (changes to office; webmaster)
 - 15,000 Other Services (computer support)
 - 10,000 Professional Services (attorney & exam consultant)
 - 5,000 Communication (postage for renewals)
 - 5,000 Dues and other contractual services
 - 1,000 Printing and advertising
 - 2,000 In-state travel
 - 17,067 Out-of-state travel

TOTAL: \$82,817 (bringing the agency request of \$608,659 to \$525,842, a reduction of 13.6%)

An additional **3% (\$17,528)** would be taken from out-of-state travel if required.

17-6



Budget Reduction Option List
 Senate Ways and Means Budget Subcommittee
 March 2, 2009

State General Fund - FY 2009 Governor's Recommendation - All

10% Reduction				
13% Reduction	\$	4,862,805	\$	32,543,389 revised SGF
18% Reduction	\$	6,733,115	\$	30,673,079 revised SGF

State General Fund - FY 2010 Governor's Recommendation

Add: Health Insurance Moratorium
 Add: Death & Disability Moratorium
 1.25% Reduction
 Corrected FY 2010

Amount needed to meet 10% less than FY 2009 modified
 Amount needed to meet 13% less than FY 2009 modified
 Amount needed to meet 18% less than FY 2009 modified

State General Fund	Remaining Balance - State General Fund
\$ 37,406,194	
\$ (3,740,619)	
<u>\$ 33,665,575</u>	
\$ 35,106,115	
\$ 905,758	
\$ 23,522	
\$ (493,739)	
<u>\$ 35,541,656</u>	
\$ 1,876,081	
\$ 2,998,267	
\$ 4,868,577	

Additional Reductions in Priority Order:

Description			Impact and Risks:
Reduction in satellite communication devices*	\$ 35,742	\$ 1,840,339	Satellite communication is necessary in disasters, such as the Greensburg tornado, when all structures have been destroyed. The KHP is going to retain only two devices to be kept in the Command Van that is present at most disaster locations. This will eliminate the need to pay large unused communication services, but may delay the ability of KHP command staff to communicate during a disaster.
Holding vacant one Captain position responsible for Emergency Management	\$ 104,861	\$ 1,735,478	These duties have been transferred to another Captain on a trial basis to determine if the workload can be met with existing staff.
Redirect overtime and travel costs for State Fair special patrol	\$ 10,000	\$ 1,725,478	These changes will be implemented in September 2009.
Closure of Scale Facilities at Caney*	\$ 55,386	\$ 1,670,092	This port was constructed at a time in which the large truck traffic did not travel the roadways. Many trucks, including the wind turbine transporters, simply cannot turn in the radius at the Caney port and do not stop for weighing. Additionally, only one person is employed which presents a safety issue, as well as limits the business hours. The mobile weigh units will be used for enforcement whenever feasible. The current employee will be offered at job at another location and the Caney position will be abolished. Building disposition or transfer will be required.
Redirect Securitas contract for Finney State Office Building from SGF to rental billings	\$ 206,500	\$ 1,463,592	This will require agreement and assistance from the Department of Administration. Some agencies may pay rent with SGF, but distributing this fee across multiple agencies lessens the impact and allows funding from federal and fee funds. The Dept. of SRS is a major tenant in the Finney building.
Increase revenues - KHP record fees*	\$ 138,000	\$ 1,325,592	Fees for most paper reports are \$2, plus \$.50 for additional pages and have remained at these rates for many years. The fees are proposed to triple to help in cost recovery, yet still remain reasonable to customers.
Holding vacant two Accounting team positions*	\$ 108,000	\$ 1,217,592	This funding is for an Accountant III and an Accounting Specialist position. The forthcoming implementation of a much more encompassing statewide financial management system will require full staffing to implement and maintain. The organizational chart has no mid-level managers,

Senate Ways & Means Cmte
 Date 4-22/23-2009
 Attachment 1/8



Budget Reduction Option List
Senate Ways and Means Budget Subcommittee
March 2, 2009

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	State General Fund	Remaining Balance - State General Fund	
Elimination of uniform orders*	\$ 181,000	\$ 1,036,587	The KHP normally allows for a summer and a winter uniform order. In FY 09, this was changed to one annual order to improve administrative and vendor efficiency, although this order likely will not be placed due to funding. Uniform orders in FY 2010 would be eliminated, except for emergencies (estimated at 5%). This is a temporary solution since uniforms are a mandatory negotiation topic within the Memorandum of Agreement with the Kansas State Troopers Association.
Elimination of second Trooper Recruit class (13 candidates)	\$ 819,060	\$ 217,527	The Recruit class is the only way in which Troopers are replaced so, in effect, it becomes a hiring freeze for the Trooper classification. There are currently 17 vacancies in the Trooper class, but 26 positions are projected. Thus, several more positions need to be vacated to meet the reduction amount. Within the next five years, 86 Troopers and uniformed managerial are eligible to retire.
Additional one-time transfer to SGF from KHP Motor Vehicle Fund due to elimination of Trooper Recruit class	\$ 400,000	\$ (182,473)	Because the quantity of Troopers is decreased, fewer cars will need to be purchased and will allow unused funding to be transferred to the SGF.

* paid from fee funds; the SGF impact would be the result of either redirecting SGF expenditures to the funds that would not incur the expenditure or transfer the unspent cash to the SGF



Budget Reduction Option List
 Senate Ways and Means Budget Subcommittee
 March 2, 2009

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3

	State General Fund	Remaining Balance - State General Fund
Additional 3% Reduction for 13% Total	\$ 1,122,186	
Cumulative Reduction	\$ 2,998,267	

	State General Fund	Remaining Balance - State General Fund	
Eliminate one canine training class provided to local law enforcement	\$ 18,000	\$ 921,713	The KHP has historically provided two bi-annual canine training classes to local law enforcement agencies free-of-charge. The agency is recognized as having the most experienced and expert canine handlers in the Midwest. However, to provide these classes, the instructors incur overtime, travel costs, fuel and other expenditures. One class is proposed to be eliminated. If this training is not provided free-of-charge, the burden shifts to local government.
Reconfiguration of Central Supply to existing space*	\$ 82,010	\$ 839,703	Several years ago, the KHP leased warehouse space in Salina to house the Central Supply which serves as a central location for the statewide needs of the agency. The warehouse space is a much better fit for the need, but may not be affordable. The supplies are proposed to be drop shipped and stored in the various Troops. Uniforms, insignias, belts, etc. would be stored at the Training Academy. The lease term ends on January 31. Thus, only 5 months could be saved in FY 10. Two employees would be relocated and a temporary services employee would be dismissed. There will be some one-time moving costs for the supplies.
Eliminate most 999 Special Investigator Position (contract when needed)	\$ 175,000	\$ 664,703	These are 999 hour positions that perform background investigations for Trooper Recruit applicants and all potential hires, both uniformed and civilian. With no classes and little hiring planned, hours for these positions will not be necessary.
Special patrol/assistance for for-profit events - Country Stampede	\$ 28,000	\$ 636,703	Currently, the KHP provides this service free-of-charge. If the organizers were willing to reimburse the agency for these services, the billable amount is estimated at \$73,400, including straight time pay for assigned Troopers.
Special patrol/assistance for for-profit events - Kansas Speedway	\$ 58,000	\$ 578,703	Currently, the KHP provides this service free-of-charge. If the organizers were willing to reimburse the agency for these services, the billable amount is estimated at \$103,000, including straight time pay for assigned Troopers.
Postpone Training Center roof and boiler project*	\$ 579,917	\$ (1,214)	The KHP had proposed a 3-year project to replace roofs on the various buildings, as well as the boiler that serves the whole campus. The first roof is in the process of completion. All projects were to be financed from the Training Center Fee Fund now that debt service has been completed. The FY 2010 funding was scheduled to be used to replace the dorm and gymnasium and replace the boiler. The maintenance can only be temporarily postponed.



Budget Reduction Option List
 Senate Ways and Means Budget Subcommittee
 March 2, 2009

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18-4

	State General Fund	Remaining Balance - State General Fund
Additional 5% Reduction for 18% Total	\$ 1,870,310	
Cumulative Reduction	\$ 4,868,577	

	State General Fund	Remaining Balance - State General Fund	
Postpone Motor Carrier Inspection vehicle replacement-14 pickups	\$ 310,000	\$ 1,559,096	The KHP replaces vehicles based on a proven vehicle mile-out criteria that maximizes officer safety and vehicle warranties, and minimizes repair costs. Extensive vehicle repairs due to a higher mile-out criteria are not funded in the existing KHP budget. This original projection was for 14 pickups. The \$10 fee has not been increased since its enactment in 1984. Some of the inspections are delegated to vehicle dealerships who keep all but \$1 of the fee. K.S.A. 8-116a allows for a minimum fee of \$10. Thus, fees could be increased, potentially without statutory amendment, unless vehicle dealers were deemed to receive a smaller portion. This assumes that fees double increasing to \$20. However, current FY revenues are less than prior FY revenues by about 9.8% and that has been factored into this estimate.
Increase revenues - Vehicle Identification Number Inspection fees*	\$ 1,550,000	\$ 9,096	The KHP incurs many costs, including fuel, overtime, supplies, etc. when a disaster occurs. If the situations occur late in the fiscal year, the FEMA reimbursement is not received until the following fiscal year. Thus, the agency has been reserving a fund balance for emergency funding so that operational funding is not harmed. If this reserve is spent, then it is likely that funding solution will be needed for future disasters and other emergencies.
One-time spend down of KHP Federal Fund (reserved for disaster costs)*	\$ 10,000	\$ (904)	



Budget Reduction Option List
Senate Ways and Means Budget Subcommittee
March 2, 2009

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18-5-1

				<u>Remaining Balance</u>	
				<u>All Other Funds</u>	<u>All Other Funds</u>
FY 2009 Governor's Recommendation (net of federal funds, capital improvements, debt service and non-reportable expenditures)				\$	35,955,264
10% Reduction				\$	(3,595,526)
13% Reduction	\$	4,674,184	\$ 31,281,080 revised All Other Funds	\$	32,359,738
18% Reduction	\$	6,471,948	\$ 29,483,316 revised All Other Funds		
FY 2010 Governor's Recommendation (net of federal funds, capital improvements, debt service and non-reportable expenditures)				\$	33,658,361
Add: Health Insurance Moratorium				\$	465,262
Add: Death & Disability Moratorium				\$	13,854
Corrected FY 2010				\$	34,137,477
Amount needed to meet 10% less than FY 2009 modified				\$	1,777,739
Amount needed to meet 13% less than FY 2009 modified				\$	2,856,397
Amount needed to meet 18% less than FY 2009 modified				\$	4,654,161

Additional Reductions in Priority Order:

Description			Impact and Risks:
One-time spend down of KHP Federal Fund (reserved for disaster costs)*	\$ 290,000	\$ 1,487,739	The KHP incurs many costs, including fuel, overtime, supplies, etc. when a disaster occurs. If these situations occur late in the fiscal year, the FEMA reimbursement is not received until the following fiscal year. Thus, the agency has been reserving a fund balance for emergency funding so that operational funding is not harmed. If this reserve is spent, then it is likely that funding solutions will be needed for future disasters and other emergencies.
Eliminate capital improvements base funding, except for \$50,000 for scale repairs	\$ 212,000	\$ 1,275,739	Capital improvements funds are budgeted every year for owned facilities. The FY 2010 budget includes \$50,000 for the Training Academy and \$262,000 for the scales and scalehouses and all other KHP-owned buildings.
Provide for final installment of in-car video cameras from state forfeiture	\$ 850,000	\$ 425,739	In-car video cameras have been ordered with the funding previously provided (\$1,375,000) and are in the installation process. These cameras are critically important to officer safety and evidential reporting for racial profiling and other legal cases. The KHP must supply the same equipment to all field officers so this final installment must be funded.
Cleaning allowance - payroll reimbursement	\$ 212,468	\$ 213,271	Troopers would be responsible for paying their own uniform cleaning costs. This payment is part of the Troopers' base pay and becomes part of the final average salary for retirement purposes.
Cleaning allowance - direct vendor payments - Capitol Police	\$ 6,100	\$ 207,171	Capitol Police officers would be responsible for paying their own uniform cleaning costs. Because the payments are made to the vendor and not the employee, pay and retirement are not impacted.
Discontinue paying holiday pay in lieu of compensatory time* - 2 holidays	\$ 251,706	\$ (44,535)	Under the terms of the Memorandum of Agreement with the Kansas State Troopers Association, compensatory time may be provided instead of holiday pay, when financial situations require it. However, providing Troopers with double hours off for each hour worked, causes less coverage and availability and may create even more overtime for which to compensate with time off.

* paid from fee funds; the SGF impact would be the result of either redirecting SGF expenditures to the funds that would not incur the expenditure or transfer the unspent cash to the SGF



Budget Reduction Option List
 Senate Ways and Means Budget Subcommittee
 March 2, 2009

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	<u>All Other Funds</u>	<u>Remaining Balance All Other Funds</u>
Additional 3% Reduction for 13% Total	\$ 1,078,658	
Cumulative Reduction	\$ 2,856,397	

Discontinue paying holiday pay in lieu of compensatory time* - remaining holidays	\$ 880,971	\$ 153,152	Under the terms of the Memorandum of Agreement with the Kansas State Troopers Association compensatory time may be provided instead of holiday pay, when financial situations require it. However, providing Troopers with double hours off for each hour worked, causes less coverage availability and may create even more overtime for which to compensate with time off.
Discontinue paying overtime in lieu of compensatory time* (partial)	\$ 155,000	\$ (1,848)	Under the terms of the Memorandum of Agreement with the Kansas State Troopers Association, compensatory time may be provided instead of overtime pay, when financial situations require it. However, providing Troopers with one and one-half hours off for each hour worked, causes less coverage and availability and may create even more overtime for which to compensate with time off.



Budget Reduction Option List
 Senate Ways and Means Budget Subcommittee
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	All Other Funds	Remaining Balance All Other Funds
Additional 5% Reduction for 18% Total	\$ 1,797,764	
Cumulative Reduction	\$ 4,654,161	

	All Other Funds	Remaining Balance All Other Funds	
Discontinue paying overtime in lieu of compensatory time* (remaining)	\$ 1,499,974	\$ 295,942	Under the terms of the Memorandum of Agreement with the Kansas State Troopers Association, compensatory time may be provided instead of overtime pay, when financial situations require it. However, providing Troopers with one and one-half hours off for each hour worked, causes less coverage and availability and may create even more overtime for which to compensate with time off.
Reduce fuel consumption by 15% *	\$ 300,000	\$ (4,058)	A 15% reduction in fuel consumption will greatly change the visibility and availability of Troopers. This will necessitate stationary patrols instead of road travel. Further, in the more rural areas, a Trooper will not be present in all counties every day. This reduction directly impacts the KHP's mission to provide public safety and enforce traffic and other laws.



Budget Reduction Option List
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March 27, 2009

MEGA Bill Reduction of Most Funds by One-Half from Original 10% Calculations, including Impacted Funding Source

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FY 2009 Governor's Recommendation - (net of federal funds, capital improvements, debt service, and non-reportable expenditures)
10% Reduction

State General Fund	All Other Funds*	Total	Remaining Balance - All Funds
\$ 37,406,194	\$ 35,955,264	\$ 73,361,458	
\$ (3,740,619)	\$ (3,595,526)	\$ (7,336,145)	
\$ 33,665,575	\$ 32,359,738	\$ 66,025,313	

FY 2010 Governor's Recommendation (net of above listed funds)
Add: Health Insurance Moratorium
Add: Death & Disability Moratorium
1.25% Reduction
Corrected FY 2010

\$ 35,106,115	\$ 33,658,361	\$ 68,764,476	
\$ 905,758	\$ 465,262	\$ 1,371,020	
\$ 23,522	\$ 13,854	\$ 37,376	
\$ (493,739)	\$ 0	\$ (493,739)	
\$ 35,541,656	\$ 34,137,477	\$ 69,679,133	

Fund Source:	
\$ 938,041	State General Fund
\$ 302,953	KHP Operations Fund*
\$ 579,917	KHP Training Center Fund -Capital Improvements
\$ 6,000	Vehicle ID Number Fee Fund
\$ 1,826,911	Total Reduction of 1/2 of 10% - All Funds
\$ -	

Amount needed to meet 10% less than FY 2009 modified
Decrease of reduction amount by 50%

\$ 1,876,081	\$ 1,777,739	
\$ 938,041	\$ 888,870	\$ 1,826,911

*includes \$6,820 adjustment due to SGF budgeted items being in excess of SGF reduction amount

Additional Reductions in Priority Order:

Description:	Impacted Fund:	Impact and Risks:
Reduction in satellite communication devices	\$ 35,742 \$ 1,791,169 KHP Operations Fund	Satellite communication is necessary in disasters, such as the Greensburg tornado, when all structures have been destroyed. The KHP is going to retain only two devices to be kept in the Command Van that is present at most disaster locations. This will eliminate the need to pay largely unused communication services, but may delay the ability of KHP command staff to communicate during a disaster.
Holding vacant one Captain position responsible for Emergency Management	\$ 104,861 \$ 1,686,308 SGF	These duties have been transferred to another Captain on a trial basis to determine if the workload can be met with existing staff.
Redirect overtime and travel costs for State Fair special patrol	\$ 10,000 \$ 1,676,308 SGF	These changes will be implemented in September 2009.
Closure of Scale Facilities at Caney	\$ 55,386 \$ 1,620,922 KHP Operations Fund	This port was constructed at a time in which the large truck traffic did not travel the roadways. Many trucks, including the wind turbine transporters, simply cannot turn in the radius at the Caney port and do not stop for weighing. Additionally, only one person is employed which presents a safety issue, as well as limits the business hours. The mobile weigh units will be used for enforcement whenever feasible. The current employee will be offered a job at another location and the Caney position will be abolished. Building disposition or transfer will be required.
Redirect Securitas contract for Finney State Office Building from SGF to other sources	\$ 206,500 \$ 1,414,422 SGF	This will require agreement and assistance from the Department of Administration. Some agencies may pay rent with SGF, but distributing this fee across multiple agencies lessens the impact and allows funding from federal and fee funds. The Dept. of SRS is a major tenant in the Finney building.
Increase revenues - KHP record fees	\$ 138,000 \$ 1,276,422 Redirect SGF Expenditures to General Fees Fund	Fees for most paper reports are \$2, plus \$.50 for additional pages and have remained at these rates for many years. The fees are proposed to triple to help in cost recovery, yet still remain reasonable to customers.
Holding vacant two Accounting team positions	\$ 108,005 \$ 1,168,417 KHP Operations Fund	This funding is for an Accountant III and an Accounting Specialist position. The forthcoming implementation of a much more encompassing statewide financial management system will require full staffing to implement and maintain. The organizational chart has no mid-level managers, causing the Chief Accountant and CFO to be involved in lower level work.
Elimination of uniform orders	\$ 181,000 \$ 987,417 \$97,000 KHP Operations Fund; \$78,000 SGF; \$6,000 Vehicle Identification Number Fee Fund	The KHP normally allows for a summer and a winter uniform order. In FY 09, this was changed to one annual order to improve administrative and vendor efficiency, although this order likely will not be placed due to funding. Uniform orders in FY 2010 would be eliminated, except for emergencies (estimated at 5%). This is a temporary solution since uniforms are a mandatory negotiation topic within the Memorandum of Agreement with the Kansas State Troopers Association.
Postpone Training Center roof and boiler project	\$ 579,917 \$ 407,500 Highway Patrol Training Center Fund - Capital Improvements	The KHP had proposed a 3-year project to replace roofs on the various buildings, as well as the boiler that serves the whole campus. The first roof is in the process of completion. All projects were to be financed from the Training Center Fee Fund now that debt service has been completed. The FY 2010 funding was scheduled to be used to replace the dorm and gymnasium and replace the boiler. The maintenance can only be temporarily postponed.



Budget Reduction Option List
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MEGA Bill Reduction of Most Funds by One-Half from Original 10% Calculations, including Impacted Funding Source

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	State General Fund	All Other Funds*	Total	Remaining Balance - All Funds		
Reduce Special Investigator Positions			\$ 97,222	\$ 310,278	SGF	These are 999 hour positions that perform background investigations for Trooper Recruit applicants and all potential hires, both uniformed and civilian. With little hiring planned, hours for these positions will be reduced.
One-time spend down of KHP Federal Fund (reserved for disaster costs)*			\$ 310,278	\$ -	Redirect SGF Expenditures to Highway Patrol Federal Fund	The KHP incurs many costs, including fuel, overtime, supplies, etc. when a disaster occurs. If these situations occur late in the fiscal year, the FEMA reimbursement is not received until the following fiscal year. Thus, the agency has been reserving a fund balance for emergency funding so that operational funding is not harmed. If this reserve is spent, then it is likely that funding solutions will be needed for future disasters and other emergencies.

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

Fund	Request
2330 - Fire Marshal Fee Fund	3,735,872
2330 - Fire Marshal Fee Fund - Official Hospitality	500
2597 - Haz Program Hazardous Material Program Fund	377,332
Total Approved	4,113,704
10%	411,370

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

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

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

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

TESTIMONY
BEFORE THE SENATE WAYS AND MEANS SUBCOMMITTEE
ROBERT E. BLECHA, DIRECTOR
KANSAS BUREAU OF INVESTIGATION
FEBRUARY 25, 2009

Good afternoon. I am Robert E. Blecha, Director of the Kansas Bureau of Investigation (KBI). Contained in my written testimony you will find the agency response to the Senate Ways and Means Subcommittee's guidelines for the FY 2010 budget. I have also included information on an appeal of a budget item, excluded by the Governor in her proposed budget. I believe this written document will answer many of your questions. I would also like to be able to stand for any questions you may have on our operations and the effects of the proposed budget cuts, or other cuts that may be contemplated.

The guidelines provided to the agency instructed that the revised FY 2009 Governor's budget be reduced by 10%. On January 14, 2009 the KBI received the revised budget figure for State General Fund (SGF) of \$16,094,392. The instructions would provide a target reduction of \$1,606,754 (10% minus debt service interest) for the subcommittee's consideration.

As director of a state agency, I am fully aware of the hard decisions that lawmakers face in this difficult budget situation. I am also aware of the integral position the KBI holds within the criminal justice system of Kansas. The agency in FY 2009 worked with a reduced budget that impacted the agency's ability to fulfill our mission, and further reductions will have a public safety impact. In making suggestions for reduced expenditures, my staff has weighed the safety of Kansans before making these cuts. I hope within the document I have explained the implications of these reductions and the risks associated.

I have also outlined reductions in priority order that not only reflect reduction in SGF, but in all funds for your deliberation.

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FY 2010 – Senate Subcommittee Additional Reductions

	General Fund	All Funds
10% Reduction	1,606,754	2,126,265
Vehicle Replacement	340,000	340,000
Rehabilitation and Repair	100,000	100,000
Hardware/Software Replacement	200,000	200,000
Maintain Current Vacancies	614,953	1,134,464
OOE Reduction – Investigations	142,650	142,650
DNA Case/Arrestee Reduction	209,151	209,151
Total Reduction	1,606,754	2,126,265
8% Additional	1,285,403	1,701,012
Furlough per Day		
36,220 GF	35.488763	38.052257
44,702 All Funds		

Vehicle Replacement: The KBI will reduce the Investigations Program OOE by \$340,000 for FY 2010 (recommended in the Governor’s FY 2010 Budget). This funding is intended for the KBI Vehicle Replacement/Maintenance Fund. While not everyday patrol vehicles, the Investigations Program depends upon their vehicles routinely for surveillance, response to crime scenes, and less often, emergency responses. Currently, the Division of Budget has allowed the Investigations Program to maintain one (1) spare vehicle in the event that a vehicle needs repairs or is damaged in an accident.

Consequences: The reduction of \$340,000 in SGF from the FY 2010 budget will remove all of the monies within the KBI’s Vehicle Replacement Fund. Based on current mileage projections, the Investigations Program will need to replace seventeen (17) vehicles throughout FY 2010 at a total cost estimate of \$340,000. This fund also provides for the on-going maintenance and repairs of vehicles within the fleet. The cost of repairs and maintenance will increase significantly as the number of vehicles that need replaced grows and the fleet ages. To meet this potential cut and retain a sufficient amount within the fund for repairs and maintenance, the KBI will not be able to purchase five (5) vehicles this fiscal year. This will mean that the Program will have twenty-two (22) vehicles over the mileage limit by the beginning of FY 2011.

Rehabilitation and Repair: This funding, \$100,000 is for purchasing a new generator for KBI headquarters in Topeka. The current generator is over 25 years old and towards the end of its’ serviceable life. This generator is vital for KBI operations. Without reliable electrical backup, an electrical failure could be catastrophic. The electrical back up provided by the generator maintains the integrity of information stored in the KBI data storage computers along with providing power to the laboratory equipment that would be severely damaged from either a

power loss or improper power surge. The generator also powers refrigerators and other evidence storage that if subjected to a power loss could result in un-repairable damage to the evidence. This is an FY 2010 savings but would need to be funded in the future as the need will still exist to replace the generator.

Consequences: The KBI Laboratory has estimated that a severe power outage or "power surge" could cause damage to the equipment that would cost as much as \$3,000,000 to replace and or repair. This damage estimate does not place a value on loss productivity during the time the instruments are either replaced or repaired. The requested funding is insurance against such a catastrophic electrical failure.

Hardware/Software Replacement: The KBI data center houses not only those hardware and software systems necessary for support of KBI technology needs, but also for the Kansas Criminal Justice Information System (KCJIS). The KCJIS is not for the KBI, rather it is hosted by the KBI but it's value is to all criminal justice agencies in the state of Kansas. A brief description of KCJIS may be found later in the document. The Kansas Criminal Justice Coordinating Council (KCJCC) has recommended a five-year replacement cycle for core KCJIS hardware and software, thereby replacing approximately 20% of the inventory annually. This savings would be from foregoing the replacement cycle for FY 2010.

Consequences: The KBI last received funding for KCJIS hardware and software replacement in FY 2007, which would have been the last year the hardware and software systems were consistently replaced. If this funding is discontinued in FY 2010 it will mean at least 3 years will have elapsed since the last replenishment, so a full 60% of critical hardware and software will be operating beyond recommended replacement life cycle and be at significantly increased risk of failure.

Maintain Current Vacancies: Attached is a document listing vacant positions at the KBI. The agency in FY 2010 would not fill these openings. This would be a one year savings.

Consequences: By reviewing the openings it is evident that the majority of openings are in the professional positions of Agent and Forensic Scientist. Each position has a role to play in the safety of our citizens. The more scientist positions open that go unfilled, extends the time before a scientist is through the training period and they are making forensic examinations for law enforcement and ultimately the courts. The Agents have a similar affect on completed investigations. KBI agents investigate violent crimes, public corruption, cyber crimes, and significant property crimes. Each vacancy leaves more cases unsolved. While the savings are significant, the cost associated in public safety are significant as well.

OOE Reduction-Investigations: The reduction of \$142,650 from the Investigations Program OOE budget will reduce the funding available for travel, training, communications equipment, crime scene equipment, and other safety related items. The Governor's FY 2010 recommendation for the Investigations Program OOE is \$684,581. The proposed cut in OOE represents an additional 21% reduction in the Investigations Program OOE.

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Consequences: With the reductions already implemented in FY 2009, this additional reduction of OOE will cause the Investigations Program to restrict the number and types of cases accepted. The Investigations Program will continue to conduct investigations of violent crimes, public corruption, cyber crimes, and significant property crimes. However, the Investigations Program **will no longer be able to conduct narcotics related investigations.** Narcotics related investigations would be restricted to the KBI's established task forces (SEKDETF and SWDETF) and the cases initiated by the special agents assigned to federal drug task forces. A 21% additional reduction in OOE may also result in a reduction in general Field Division cases related to significant property crimes and potentially, public corruption cases.

DNA Case/Arrestee Reduction: In the current fiscal situation, the laboratory will reduce \$209,151.00 from its budget for DNA in FY 2010. The Biology Section will prioritize casework to person crimes only. The laboratory will further reduce the number of samples analyzed. Once a suspect's DNA profile is identified there will be no further testing of the evidence submitted.

If it becomes apparent that the laboratory will not have sufficient funding for DNA casework the laboratory will close the DNA database section which processes convicted offender and arrestee samples. DNA from arrestees and convicted offenders will be collected and stored until such time that adequate funding is available. Individuals assigned to the DNA database section will assist the DNA casework scientists with processing evidence for DNA.

Consequences:

- Increase of cases backlogged. This will impact the potential to identify a suspect before they commit additional serious crimes such as rape or homicide.
- Reduction in services. The DNA laboratory would be reduced to working only cases in which there is a suspect and court dates. The hundreds of non-suspect cases, which have the potential for identifying suspects, will remain unexamined.
- The loss of the biology databank will result in major delays in entering arrestee profiles into CODIS which will affect the agency's ability to identify suspects through their DNA and link them to past and future crimes. Our failure to enter these profiles into the databank will affect not only our ability to identify suspects who commit crimes within our own state but other states as well.
- The KBI's ability to generate fee funds. If cases are not worked, the case will not generate the revenue needed for those items that are paid for through the fee fund such as; positions, equipment, equipment repair and consumables.

Consequences if the laboratory were to experience additional reductions in funding:

- Any additional reduction in funding would require the loss of personnel or reduction in hours (furloughs).

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- The laboratory relies heavily on its fee fund to support 14.5 positions and to fund other operating expenses within the laboratory. The KBI laboratory receives no SGF for OOE for operating costs other than for DNA and the salaries for 38 positions. If the forensic scientists are not working they are not generating reports and the KBI does not receive laboratory fee funds.
- The laboratory will be unable to meet mandated court dates resulting in cases being dismissed or defendants being allowed to plea to lesser offenses.
- It takes approximately 18 – 24 months to train a forensic scientist. The loss of any personnel will result in a backlog of cases which will take **years** to recover from. A forensic drug chemist will complete 800 – 1,000 cases per year. The loss of one drug chemist will result in a backlog in the first year of 800 – 1,200 cases. If it takes a year or more to train a new forensic scientist before they can analyze evidence on their own that means the backlog has now grown to 1,600 to 2,400 cases.
- On the national average the cost of training a new forensic scientist is approximately \$129,000.00 to \$150,000.00.

Additional 8% reduction: The agency proposes furloughs of employee's for any additional reductions. Furloughs are a better solution to the agency than layoffs, especially given the amount of state dollars invested in training the professional staffs. This would significantly impact the safety of our citizens due to the reduced services.

Consequences: Each KBI employee would need to be furloughed 35-38 days in FY 2010 to absorb the 8% reduction.

OTHER CONSIDERATION:

Kansas Criminal Justice Information System (KCJIS):

The KBI, on behalf of the Kansas Criminal Justice Information System (KCJIS), maintains and supports the state's central message switch and other core KCJIS hardware, software and interfaces. The KCJIS is utilized by over 9,000 criminal justice and law enforcement users in over 1,700 agencies across the state, providing 24x7x365 access to sensitive, criminal justice related data and a secure, instantaneous resource with which to communicate with one another. This access is used for the protection of our nation by providing the means for distributing immediate homeland security notifications to law enforcement and for providing criminal justice agencies with time-sensitive, critical information maintained in national, state, and local databases.

Nearly 2.5 million transactions (inquiries/responses) are processed every month as state and local agencies access Kansas vehicle, driver's license, wanted persons and criminal history data. The KCJIS connects Kansas to national data sources, such as the FBI's National Crime Information Center (NCIC) and wanted persons, suspected terrorists, stolen property, registered sex offenders, and Interstate Identification Index (III). And KCJIS connects Kansas to criminal

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justice systems in other states, allowing split-second access to inter-state criminal justice information.

To ensure reliability of this critical information system, each county, typically the Sheriff's office is provided a dedicated telecommunications link (circuit). The current cost of those circuits is approximately \$300,000/year. The technology for the existing circuits is being **discontinued Dec. 31, 2009**, by the provider AT&T, in favor of newer technology. Leaving the circuits "as is" is not an option.

The cost for the circuits will **increase by \$416,853**. In order to continue providing this critical connectivity the KBI will require an additional \$416,853 in state general funds for SFY 2010 and subsequent years. For FY 2010 this amount is a worst case figure, for as soon as funds are available the KBI will work with DISC and AT&T to change over all 105 counties one at a time, completing the change over by the January 1, 2010 deadline. So the new costs will not be incurred until each agency is connected. It is estimated to take approximately 6 months to complete the changeover.

The newer circuitry will not only allow reliable continuity for KCJIS connectivity, but will also enhance the system by providing greater bandwidth for the transmission of images such as drivers license (DL) photos, mug shots, scars/marks/tattoos, palm prints and fingerprints that have become far more prominent since the inception of KCJIS.

Consequences: If dedicated circuits are not provided for the KCJIS, the state will lose reliable connectivity. These circuits are vital to the safety of law enforcement officers needing to learn if a vehicle is stolen, if a person is wanted, or who the registered owner of a vehicle is. In practicality most counties will have to pay for the line costs themselves, so there is no tax payer savings, the burden will shift to the counties. In essence a small county will pay the same cost as a large county. A small county may not even be able to afford the line cost and discontinue, thus placing a burden on the safety of the officers. These dollars are not an enhancement for the KBI, the KBI is just the agency that facilitates providing the lines to local law enforcement for the State.

The Kansas House provided for funding of KCJIS circuits by: The KBI using \$326,000 in record check fee funds that had been earmarked for a new KCJIS message switch. The KBI also would use \$6,000 appropriated for a refrigerator the KBI laboratory no longer needs. The remaining funds would come from the KBI Capital Improvement program that currently has unencumbered funds of approximately \$120,000. The legislature would need to provide the agency with statutory authority to use and re-appropriate the Capital Improvement program funds and the remaining funds for the refrigerator for this purpose in FY 2010. These fund transfers would pay for the KCJIS circuit in FY 2010. It does not provide a continual funding source for continuing the circuits, and the message switch is near the end of its useful life and needs to be replaced. The House recommended that funding for the circuits be included in the KBI FY 2011 base budget.

Attachment 2 - Modified Cash Flow Model

(in thousands)

FY Project Payout Breakdown

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EXPENDITURES:	FY 2010 Agency Budget Submission - Cash Flow Estimate				2009 - Prior Year Payouts			2010 Payouts			
	Cash Disbursement	LPA Allowed Exclusions	Breakout of Type of Funding			Breakout of Type of Funding			Breakout of Type of Funding		
	2010		State \$	Federal \$	Local \$	State \$	Federal \$	Local \$	State \$	Federal \$	Local \$
Maintenance											
Routine Maintenance:	148,569		148,569					148,569			
Substantial Maintenance:	220,139		220,139		109,314			110,825			
Total Maintenance	368,708		368,708	-	109,314	-	-	259,394	-	-	-
Construction											
Major Modifications & Priority Bridges											
Construction Contracts	220,649		48,809	160,770	11,070	32,745	138,656	10,793	16,064	22,114	277
CE & PE	76,991		72,461	4,530		14,031			58,430	4,530	
Total Major Modifications	297,640		121,270	165,300	11,070	46,776	138,656	10,793	74,494	26,644	277
System Enhancements											
State Expenditures	208,421		108,694	87,727	12,000	108,627	87,727	12,000	67	-	-
Total Construction	506,061		229,964	253,027	23,070	155,403	226,383	22,793	74,561	26,644	277
Modes											
Aviation	3,000		3,000						3,000		
Public Transit	21,301	(15,301) Federally Funded Activities	6,000						6,000		
Rail	2,000		2,000						2,000		
Total Modes	26,301		11,000	-	-	-	-	-	11,000	-	-
Local Support											
SC&CHF	160,414	(150,351) Motor Fuel Tax Portion of SC&CHF	10,063						10,063		
Local Federal Aid Projects	95,294	(95,294) Local Projects Financed with Federal Funds									
Local Partnership Programs	38,355		10,525	16,530	11,300	7,850	15,631	10,551	2,675	899	749
City Connecting Links	3,360		3,360						3,360		
Agency Operations	9,973		9,973						9,973		
Other	16,931	(16,931) Federally Funded Activities									
Total Local Support	324,326		33,921	16,530	11,300	7,850	15,631	10,551	26,071	899	749
Management											
Buildings	66,052	(54,855) Central Administration Activities	11,197						11,197		
Buildings	7,837	(7,837) Traditional Capital Improvement Program									
Total	73,889		11,197	-	-	-	-	-	11,197	-	-
Transfers Out	76,834	(76,834) Transfers to other State Agencies									
TOTAL before Debt Service	1,376,119										
Debt Service	171,841	(171,841) Dept Payments on outstanding Bond Debt									
TOTAL EXPENDITURES	1,547,960		654,789	269,557	34,370	272,567	242,014	33,344	382,223	27,543	1,026
10% Target			65,479	KDOT would eliminate FY 2010 Substantial Maintenance (SM) Projects							
Additional 3% Target			19,644	KDOT would cut Agency Operations (\$8 Million) and further delay SM Projects (\$11.6 Million)							

* Eliminating SM projects in FY 2010 would cause the Highway Condition rating to drop below acceptable standards. This action would also require long term investment of \$29 million annually to return to current standards.

** LPA allowed KDOT to calculate the 10% target on the "State" funded portion of cash disbursements in FY 2010 less the LPA allowed exclusions.

18-19

Kansas commission on Peace Officers' Standards and Training - KS-CPOST
2010 Budget Request Summary

	<u>2009 Adjusted Budget</u>	<u>2010 Agency Request</u>	<u>2010 DOB - Adjusted Budget</u>	<u>2010 Gov. Adjusted Budget</u>
<u>Salaries and Wages:</u>	\$431,398	\$489,467	\$489,467	\$477,091
<u>Contractual Services:</u>	\$123,602	\$152,500	\$101,035	\$101,035
<u>Commodities:</u>	\$15,000	\$45,000	\$35,000	\$35,000
<u>Capital Outlay:</u>	\$73,000	\$57,000	\$31,498	\$31,498
<u>Total</u>	\$643,000	\$743,967	\$657,000	\$644,624

- 10 % of 2009 Adjusted Budget = \$64,300 [643,000 x 0.10]
- Additional 3% reduction = \$17,361 [643,000 - 64,300 = 578,700] [578,700 x 0.03]

18-20

10% Reduction = \$64,300

Salaries:

<u>Contractual Services:</u>	\$2,000	Postage
	\$5,000	Cell Phones
	\$5,000	In-State travel
	\$4,302	

Total	\$16,302	

<u>Commodities:</u>	\$10,000	Data Processing supplies
	\$6,000	Office Supplies
	\$2,000	

Total:	\$18,000	

<u>Capital Outlay:</u>	\$5,000	Equipment
	\$4,500	Furniture
	\$5,498	Computer systems Equipment
	\$10,000	Computer
	\$5,000	Telecommunications/data

Total:	\$29,998	

Total: \$64,300

18-21

Additional 3% = \$17,361

Delay the hire of one (1) FTE (technical Support) until January 1, 2010.

This would result in savings of approximately \$20,000

-
- All above reductions are one time reductions
 - No change to substantive law is needed to achieve the above reductions.

April 16, 2009

To: Jonathan Tang, Legislative Research

From: Christie Brandau, State Librarian,
Marc Galbraith, Deputy State Librarian

Re: Information on State Library of Kansas Programs

The patrons of the State Library of Kansas and Kansas public libraries will lose major services in the proposed budget for FY2010. The Mega bill contains a total 13% loss in SGF for the State Library and its programs when compared to last year.

Below is a breakdown of the losses and their impact on Kansans. The programs are also listed in priority order. Our first priority is for \$272,365 to be restored for state aid to local libraries. Our second priority is for the restoration of \$265,000 of funding for HomeworkKansas.

• **State aid to local libraries**

State aid to local libraries is reduced by 11% when compared to the original FY2009. Aid to local public libraries helps supplement local funding and is used for library service including books, children's programs, library staff salaries and library hours. For many libraries state aid represents a significant portion of their annual budget. All eligible public libraries in Kansas receive state aid.

State aid to local libraries funding	
FY 2008.....	\$ 2,393,562
FY2009 pre SB23.....	\$ 2,393,562
FY 2009.....	\$ 2,188,579
FY 2010 (per Mega bill).....	\$ 2,121,197

Loss when compared to original FY 2009 - \$ 272,365 or 11% reduction.

Overall, the above figures represent a major loss for libraries and the Kansas residents who depend on their local library for so much. Appendix 1 provides actual examples submitted by Kansas libraries on the impact of a reduction in state aid to local public libraries.

• **HomeworkKansas**

HomeworkKansas is zeroed out in the Mega bill. It was first funded in FY 2007 and over 75,000 homework sessions have been logged by Kansas students since that time. The cost has been constant at \$265,000 for the first and subsequent years. Use of the service has steadily increased and the service has been acclaimed by students, parents, teachers and librarians. HomeworkKansas is an online, real-time, interactive tutoring service and is available for grades Kindergarten through intro-college for help with math, science, social studies and English. Tutors are matched to students dynamically to assure the best

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 19

possible help for each individual homework session. Peak hours for HomeworkKansas are, in order of usage, 7-8 p.m., 8-9 p.m., and 6-7 p.m.

Homework Kansas is a proven program with wide utilization and high satisfaction. It has been proven over multiple years in Kansas and many other jurisdictions. As resources are necessarily squeezed elsewhere, this program becomes MORE valuable not less as it is scalable and constrained only by budgetary concerns. In addition, this is fundamentally an educational program and can/should be used to count towards the stimulus required level of education funding.

Data: HomeworkKansas sessions	
FY 2007.....	15,959
FY 2008.....	24,696
FY 2009 (to date).....	32,842

- **Talking Books**

No reduction in the Talking Books program was made in the FY 2009 rescission bill. The Governor's Recommendation included a \$12,237 reduction for Talking Books in FY 2010, but the Mega bill includes a \$6,287 increase, when compared to the original FY 2009 appropriation.

More than 40,000 Kansans have visual or physical impairments that make it impossible for them to hold a book or read the words on a page. Six regional service centers distribute audio books, magazines, and descriptive videos to Talking Book users. Over 100,000 items are available to children, adolescents and adults from classics, to best sellers, to westerns and beyond.

The funding history for Talking Books has demonstrated an increased appreciation for the work done and in FY08, a statewide effort to enhance outreach to the visually disabled in Kansas.

FY 2008.....	\$ 542,275
FY 2009.....	\$ 469,515
FY 2010	\$ 475,804

- **Newsline**

Newsline is a National Federation for the Blind subscription service to 250 audio and electronic newspapers. Using a telephone, subscribers can listen to current issues of newspapers. Local papers include the *Wichita Eagle*, *Hutchinson News* and *Hays Daily News*.

Statistics for the program show that Newline usage is comparatively small. From September 2007 to August 2008, 352 Kansans used the service. From September 2008 to March 2009, 292 Kansans have used it.

Newline funding:

FY 2008.....	\$ 29,000
FY 2009.....	\$ 29,000
FY 2010 (Mega bill proposed)	\$ -0-

You requested additional information on two programs of the State Library of Kansas: LSTA funding and the statewide courier project funded through the ILDP. Following is information about these programs:

- **LSTA funding**

The Library Services and Technology Act (LSTA) program promotes access to information resources provided by all types of libraries and is administered by the Institute of Museum and Library Services (IMLS). The LSTA program requires each state to submit a five-year plan that identifies that state's library needs and the activities that will be employed to address these issues. Appendix 2 provides additional information about the program.

- **Statewide courier project funded through the Interlibrary Loan Development Program (ILDP).**

The Interlibrary Loan Development Program was first funded in 1985 by the Kansas Legislature in an effort to expand library resources and enhance resource sharing. The Kansas legislature funded the program at the end of its 1985 session and \$600,000 was intended as funding for one-half year (Jan. – June 1986), with full funding set at \$1.2 million to begin in FY 1987. The second half funding never occurred. The program has been funded at or above the \$600,000 level for most of the next 25 fiscal years.

In 2008, a statewide task force of librarians recommended that a library courier system be funded with ILDP funding. A statewide courier was deemed appropriate and consistent with the purposes of ILDP. Appendix 3 outlines the progression of the funding for a statewide courier.

Appendix 1

State Aid Reduction and Local Impact

A reduction in the state aid to local libraries funding will have direct, negative impact on libraries and library users in communities across the state. Following are examples provided by local public libraries of the impact of a \$272,000 reduction:

- The suspension of large print books used by readers with vision difficulties.
- Loss of new books for juvenile books for younger readers.
- Loss of story time and other programming for younger library users.
- Reductions in the number of new books libraries add to their collections.
- A reduction in the number of DVDs and downloadable books, music and audios.
- Fewer and older computers for public use.
- The cancelation of magazine subscriptions.
- The elimination or reduction in free computer training classes.
- Elimination of services especially focused at head start classes.
- Reduced services and resources related to job search training, resume building and related skills, just when people need this type of service the most.
- Reduction in new fiction books, just when people are coming to the library for more recreational needs.
- A reduction in available audio books.
- Reduced to capacity to provide books requested by patrons.
- Fewer books and other items in the rotating collections that are shared among libraries.
- The elimination of summer reading programs in some libraries.
- Fewer library books and services for older adults.
- Reduction in local support for Talking Books.

Appendix 2

Library Services and Technology Act funds

The Library Services and Technology Act (LSTA) is a federal grant Federal Grant administered through the Institute of Museum and Library Services (IMLS). The SLK appropriation for FY08 was \$1,745,712.

The State Library of Kansas receives the funds and the purpose is outlined in the federal act, and in the State Library of Kansas Five Year Plan for use of LSTA. The three major goals include:

- Plan and implement a high speed and reliable physical infrastructure for the delivery of library services to all Kansas library users.
- Provide user-centric library services that facilitate lifelong learning for all Kansas library users.
- Services for Kansas library users will be enhanced by developing reading and information literacy skills.

More information about the purpose can be found in the Five Year Plan. A copy of the plan is available from the State Library.

The State Library requests funds from the IMLS and draws them down from the Federal Reserve.

State General Fund Match Required

\$899,306

Any other funds match required?

There is maintenance of effort (MOE) that requires the level of State expenditures each year to equal the average of such expenditures for the preceding 3 fiscal years. The MOE is assurance that states do not replace state dollars with federal dollars.

Flexibility of use

Funds may be used in accordance with the Act and the approved Five Year Plan.

Appendix 3

Statewide Courier system

In 2007, a group of librarians representing all corners of Kansas met to discuss the need for a statewide courier system. The high cost of sending books by mail was discouraging many libraries from sharing materials with the result being that Kansans were not getting the library materials they needed. Several surrounding states receive state funding to operate successful library courier systems, and in fact, Kansas libraries had once had a courier called "Pony Express". Unfortunately there was no state subsidy for Pony Express and the company went bankrupt.

The State Library of Kansas included an enhancement request for \$250,000 for a courier system in both FY08 and FY09. The request was taken seriously by legislators, but the advice was the same both years: if this is valuable, find a way for the library community to fund it.

Knowing that it would be impossible to develop a system without a subsidy, an advisory committee to the state library recommended that InterLibrary Development Program (ILDLP) funds be used to subsidize the courier. ILDLP funds were implemented in 1985 to encourage resource sharing between libraries, and had historically been pass-through funding from the State Library to the 23 largest libraries in the state. The committee's recommendation was carefully considered and in the fall of 2008, it was decided to use \$250,000 of ILDLP to subsidize a service that would help every Kansas library: a statewide courier. The seven Kansas Regional Library Systems joined in the effort and pledged to match the funding in order to make it affordable for even the smallest library.

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

Taking this money from the libraries would be a blow to those who took seriously the charge of the legislature to "find a way to fund it". It would also be a blow to the twenty three libraries who sacrificed a portion of their ILDLP funding to make statewide delivery possible. Kansas libraries have already had a major threat to their state aid, with the recommendation of the legislature to cut at least 11% of the funding for this next year; adding another reduction would further diminish the service the local libraries can provide.

BEHAVIORAL SCIENCES REGULATORY BOARD

10% REDUCTIONS FOR FY 2010

\$ 8,925	Eliminate Temporary employee - who has been scanning files for our record retention plan; project was begun in 2007 at the Legislature's request; would have been completed by January, 2010. (also 2011) .
\$37,162	Eliminate 1 FTE – receptionist position – We would use an answering machine to take calls and people would no longer get a live person when they call in; other duties would be distributed among other staff, all of whom are already working at maximum capacity. (also 2011)
\$46,087	Total

ADDITIONAL 3% REDUCTIONS

\$1500	Stop Mailing of Newsletter The above two items would be replaced by emailing the newsletter to our licensees. We tried this previously and there were several issues. One issue was the lack of current email addresses. A second issue was bogging down the state email system. (also 2011)
\$1,383	Total

Since becoming executive director of the BSRB in 1999, we have worked very hard to become more efficient in all functions of the board, as well as being responsive to the public and the licensees. One of our ongoing goals is to create a consumer friendly approach as well as increase efficiency. We have accomplished this in many respects and unfortunately I see the budget cuts as harmful to what we have worked hard to achieve, especially when they do not affect the state general fund.

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 20

KANSAS STATE BOARD OF HEALING ARTS

Jack Confer, Executive Director

RE: Senate Ways and Means Subcommittee Budget Hearing - Proposed Budget Cuts for FY 2010

FY 2009	SGF	AOF	FY 2010	SGF	AOF	Deduction needed to get to 10% less than FY09 modified
Agency Base Budget Request	0	3259578	Agency Base Budget Request	0	3469683	
Agency Enhancement Request	0	409984	Agency Enhancement Request	0	547937	
Total Agency Budget Request	0	3669562	Total Agency Budget Request	0	4017620	
DOB Base Budget Adjustment	0	(67618)	DOB Base Budget Adjustment	0	(70432)	
DOB Enhancement Adjustment	0	0	DOB Enhancement Adjustment	0	(102600)	
DOB Recommended Budget	0	3601944	DOB Recommended Budget	0	3844588	
Governor's Adjustments	0	0	Governor's Adjustments	0	(88773)	
Governor Recommendation	0	3601944	Governor Recommendation	0	3755815	
			Health Addback	0	73941	
10% Reduction	0	360194	D&D Addback	0	6592	
			1.25% Redux SGF	0	0	
Modified Gov Rec & FY 2010 Senate Subcommittee Target Number		\$3,241,750	New Total		\$ 3,836,348	\$ 594,598

The following proposed budget cuts totaling \$594,607 are in response to a Senate subcommittee request for a 10% reduction of the agency's budget amount approved for FY2009, with the assumption being made that this adjusted amount would carry forward into FY2010 as that year's final budget amount. Since the agency had been approved for a budget increase in FY 2010, the actual cut would amount to 17% of the agency's base budget request for FY2010.

Rents on File Storage	\$7,000.00
Administrative Costs for IPP Programs	\$285,257.00
KS Press Clipping Service	\$1,500.00
Consultants	\$50,000.00
Temporary Services (Key Staffing)	\$5,000.00
Out-Of-State Travel	\$30,000.00
In-State Travel	\$64,600.00
GLS Database Support	\$85,000.00
5 Days Furlough for ea. Employee	\$48,500.00
Communications (Blackberry's)	\$9,500.00
Court Reporting Services	\$8,250.00
TOTAL	\$594,607.00

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KANSAS

BOARD OF PHARMACY
DEBRA L. BILLINGSLEY, EXECUTIVE DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

Testimony re: Budget
Ways and Means Subcommittee on Fee Boards
Presented by Debra Billingsley
March 2, 2009

Mr. Chairperson and Members of the Committee:

My name is Debra Billingsley and I am the Executive Secretary of the Kansas Board of Pharmacy. The Board consists of six members, five who are pharmacists and one who is a public member. The mission of the Pharmacy Board is to protect the public through licensure and regulation. We currently license and register approximately 16,000 licensees or registrants.

The Senate Ways and Means Subcommittee requested the agency present potential cuts that could be made. On Friday, February 27, 2009 Jonathan Tang advised the Board of Pharmacy that we should make \$125,373 in cuts to our 2010 budget which is supposed to be 10 percent of the FY2009 budget. Our fee fund has a balance of \$531,234.18.

Gov's Recommended Budget: 734,616. Budget amount with \$125,373 cut: 609,243

List of Reductions:

	Amount
1. Quarterly newsletter online instead of hard copy:	\$9,100.00
2. Paperless board meetings	\$150.00
3. Cut part-time temporary from 20 hours to 10 hours	\$5,000
4. Cut attorney fees by getting reimbursed for fines	\$21,000
5. Use the Board as hearing officers instead of DofA	\$10,000.00
6. Not fill 1 FT Regular Classified Admin Officer	\$32,760.00
7. No strategic planning meetings	\$10,000.00
8. Storage Space	\$ 1069.64
9. Teleconferencing Savings	\$1,000.00
10. Out of state travel	\$1600.00
11. Law Books	\$1,400.00
12. Delete toll free number for consumers	\$300.00
13. Office Supplies	\$200.00
14. In-state Travel	\$2,000.00
15. Vehicle	\$15,253.00

The Board of Pharmacy has 1584 square feet of space. The rent is \$16.45 per square foot or \$26,056.80 a year. The Monument Surplus Charge is 2.32 per square foot or \$3,674.88 a year. Storage is 143 sq ft. at \$5.16 square foot. Or \$737.88 a year plus \$2.32 monument surplus charge or 331.76 a year.

State Treasurer and the Pooled Money Investment Board

The **Senate Subcommittee** recommends reducing \$316,593 from the FY 2010 budget in order to achieve the target reduction of 10.0 percent below the Governor's FY 2009 recommendation. The **State Treasurer** has identified the following areas for reductions, in priority order:

1. \$29,869 - Reduce the expenditure limitation of the State Treasurer Operating Fund.
2. \$243,000 - Reduce Linked Deposit Program cost via passage of 2009 HB 2331.
3. \$2,200 - Reduce agency copier contract.
4. \$7,300 - Reduce contract performance audit fees via passage of 2009 HB 2265. The bill would change the audits on financial management practices of the State Treasurer and the Pooled Money Investment Board from once a year to once every three years. However, basic financial compliance audits would continue every year.
5. \$2,300 - Eliminate conference attendance for Unclaimed Property and Cash Management programs. This would restrict the staff's ability to network with other states and meet with banking and software industry representatives.
6. \$30,000 - Freeze 1.0 FTE position in the Bonds Services Division. This would affect the timeliness and accuracy of bond servicing. The State Treasurer would not have the personnel available to be cross-trained or to provide the necessary "separation of duties."
7. \$5,000 - Reduce advertising for the LearningQuest 529 Program and the KIDS Matching Grant Program. This would reduce the contractor's ability to reach potential plan participants.
8. \$7,400 - Reduce Unclaimed Property holder and claimant outreach. This would restrict the Unclaimed Property Division's ability to educate holders about unclaimed property.
9. \$16,502 - Reduce contracted fees and services. These are critical contracts and agreements that affect the core agency functions, such as software licenses, communications with DISC, contract banking fees, securities' pricing fees, and the new accounting system assessments.

The **Senate Subcommittee** recommends reducing \$60,918 from the FY 2010 budget in order to achieve the target reduction of 10.0 percent below the Governor's FY 2009 recommendation. The **Pooled Money Investment Board** has identified the following areas for reductions, in priority order:

1. \$77,034 - Keep the Accountant IV position unfilled for nine months of FY 2010. The PMIB staff would be reduced to five, and the reduction would result in impaired customer response time and less effective management of the State's idle fund balances.
2. \$2,850 - Eliminate all out-of-state travel. The staff would be unable to attend conferences which help keep them current on investment management techniques.
3. \$7,400 - Reduction in fees for professional services. This assumes no performance audit fees are paid in FY 2010, dependent on the passage of 2009 HB 2265.
4. \$810 - Cancel subscriptions and memberships. The staff would lose access to information from organizations such as the American Institute of Certified Public Accountants and the Government Finance Officers Association.
5. \$2,359 - Reduction in capital outlay expenditures. PMIB would forgo reconfiguring the cubicles for more efficient use of office space.

March 13, 2009

Re: Identified reductions for FY 2010, as per subcommittee request

To: Senate Ways and Means Subcommittee

Senator David Wysong, Chair
Senator Jean Schodorf
Senator Kelly Kultala

From: Christie Brandau, State Librarian of Kansas

As requested, the following identifies State Library of Kansas reductions for FY 2010.

State aid to local libraries

State aid to local libraries helps supplement local library funding. For many libraries state aid represents a significant portion of their annual budget. The additional \$137,512 reduction will constitute a 21% reduction in state aid to local libraries over the FY 2009 – FY 2010 period.

The impact of the state aid reduction will be significant. Libraries report they will:

- Provide fewer new books
- Decrease outreach to pre-schoolers and Head Start participants
- Provide fewer basic computer training sessions
- Scale back their summer reading programs
- Offer fewer materials for teens
- Provide fewer resources to job seekers
- Offer fewer recreational materials including fiction, DVDs and audio books

Attached is an addendum of impact statements provided by Kansas libraries.

Reduced expenditure..... \$ 137,512

Total.....\$ 137,512

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Kansas Arts Commission
 Budget Financing Projections for
 FY2010 Reduced Budget Scenarios

Attachment 1

	Adj 2010 Gov Budget	5% Cut	10% Cut
State General Funds	\$ 1,526,671	\$ 1,526,671	\$ 1,526,671
Add:			
Employee Health Insurance	\$ 7,770	\$ 7,770	\$ 7,770
KPERS Death and Disability	\$ 713	\$ 713	\$ 713
Sub-Total	\$ 8,483	\$ 8,483	\$ 8,483
Sub-Total SGF	\$ 1,535,154	\$ 1,535,154	\$ 1,535,154
Less:			
1.25% from FY 2009 SB23	\$ -	\$ 22,115	\$ 22,115
Additional Budget Cuts	\$ -	\$ 88,646	\$ 163,614
<i>Sub-Total</i>	<i>\$ -</i>	<i>\$ 110,761</i>	<i>\$ 185,729</i>
Total State General Funds	\$ 1,535,154	\$ 1,424,393	\$ 1,349,425
Budget Financing Summary			
State General Funds	\$ 1,535,154	\$ 1,424,393	\$ 1,349,425
Special Gifts Fund	\$ 18,000	\$ 18,000	\$ 18,000
Fee Fund	\$ -	\$ -	\$ -
National Endowment for the Arts	\$ 667,212	\$ 667,212	\$ 667,212
NEA Stimulus Funds	\$ -	\$ -	\$ -
Total	\$ 2,220,366	\$ 2,109,605	\$ 2,034,637

3/11/09

4:48 PM
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Kansas Arts Commission
Expenditures for 2010 Reduced Budget Scenarios

Attachment 2

20-8

Code	Description	FY 2010 Gov		Budget at 5%		Budget at 10%	
		Recommended Budget	Difference	Reduction	Difference	Reduction	
100	Total Salaries and Wages	\$ 456,602	\$ -	\$ 456,602	\$ (23,313)	\$ 433,289	
200	Contractual Services						
200	Communication	\$ 20,021	\$ (2,229)	\$ 17,792	\$ (2,200)	\$ 15,592	
210	Freight and Express	\$ 500	\$ (50)	\$ 450	\$ -	\$ 450	
220	Printing and Advertising	\$ 19,218	\$ (1,290)	\$ 17,928	\$ -	\$ 17,928	
230	Rents	\$ 45,984	\$ -	\$ 45,984	\$ -	\$ 45,984	
240	Repairs and Servicing	\$ 135	\$ -	\$ 135	\$ -	\$ 135	
250	Travel and Subsistence (In State Travel)	\$ 27,460	\$ (2,185)	\$ 25,275	\$ (2,000)	\$ 23,275	
250	Travel and Subsistence (Out of State Travel)	\$ 8,870	\$ (2,835)	\$ 6,035	\$ (2,835)	\$ 3,200	
260	Other services	\$ 36,619	\$ (1,705)	\$ 34,914	\$ -	\$ 34,914	
270	Professional Services	\$ 60,660	\$ (7,700)	\$ 52,960	\$ (7,714)	\$ 45,246	
290	Other Contractual Services	\$ 16,000	\$ (678)	\$ 15,322	\$ -	\$ 15,322	
	Total Contractual Services	\$ 235,467	\$ (18,672)	\$ 216,795	\$ (14,749)	\$ 202,046	
300	Commodities						
340	Maintenance, Material, Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	
350	Motor Vehicle Parts, Supplies and Accessories	\$ 1,500	\$ (150)	\$ 1,350	\$ (150)	\$ 1,200	
360	Prof/Scientific Supplies	\$ 700	\$ (70)	\$ 630	\$ -	\$ 630	
370	Stationery/Office Supplies	\$ 6,000	\$ (816)	\$ 5,184	\$ (816)	\$ 4,368	
390	Other Supplies, Materials and Parts	\$ 1,375	\$ (138)	\$ 1,237	\$ -	\$ 1,237	
	Total Commodities	\$ 9,575	\$ (1,174)	\$ 8,401	\$ (966)	\$ 7,435	
400	Capital Outlay	\$ 1,788	\$ -	\$ 1,788	\$ -	\$ 1,788	
	Total State Operations	\$ 703,432	\$ (19,846)	\$ 683,586	\$ (39,028)	\$ 644,558	
	Total Programs-Grants	\$ 1,516,189	\$ (90,915)	\$ 1,425,274	\$ (35,940)	\$ 1,389,334	
	Taxes Remitted	\$ 745	\$ -	\$ 745	\$ -	\$ 745	
	TOTALS	\$ 2,220,366	\$ (110,761)	\$ 2,109,605	\$ (74,968)	\$ 2,034,637	
	FTEs	8		8		7	



**Testimony to
The Ways and Means Subcommittee on Capital Improvements
March 3, 2009**

Thank you for the opportunity to appear before you to discuss the Kansas State Historical Society's capital improvements needs. The agency is well aware of the challenges you have before you with the current state fiscal crisis. For that reason we withdrew most of our FY 2010 capital improvements requests at the November 18, 2008 meeting of The Joint Committee on State Building Construction. Our request for state funds has remained focused on our two highest priorities:

- Annual emergency repair allocation (original request: \$125,000).
- Replacement of the steam humidification system at the Kansas Museum of History (original request: \$476,370).

In addition to these two priorities the agency budget contains three projects funded 100% by private donations:

- Pawnee Rock State Historic Site rehabilitation - \$174,674
- Shawnee Indian Mission State Historic Site drainage improvements - \$25,000
- Cottonwood Ranch State Historic Site improvements to outbuildings - \$44,462

The focus of this testimony is on the two priority requests for state funds in FY 2010. In the Governor's recommendation these two priorities are tied together.

1. Annual Emergency Repair Allocation

Each year the agency receives a capital improvements allocation of \$125,000 to take care of emergency repairs that occur during the year. The Kansas State Historical Society is responsible for more than 50 buildings and structures in the state. It would be almost impossible to care for these buildings without emergency repair funds.

Governor's Recommendation

The Governor's budget recommends a 2% reduction in this fund for FY 2010. The remaining money is allocated to the following:

- \$97,500 for emergency repairs
- \$25,000 toward replacement of the steam humidification system (see following discussion in No. 2)

House of Representatives Recommendation

The House removed the \$122,500 for consideration at Omnibus.

Agency Request

The agency respectfully requests that the Senate approve the Governor's recommendation for emergency repairs.

2. Replacement of the Steam Humidification System

On April 22, 2008 the Kansas State Historical Society notified the Governor and the Legislature that the steam humidification system for the Kansas Museum of History was broken. On May 29, 2008 we presented ideas to the Joint Committee on State Building Construction on how to address this problem. This involved developing the plans and specifications for the replacement system out-of-existing agency funds, and then requesting the project funds over a two-year period (FY 2009 and FY 2010). We were instructed to proceed with this plan and bid the project so that we had a firm price for the 2009 Legislative session.

Cost – Original Estimate

The original project estimate for the replacement steam humidification was \$476,370.

Cost – Actual Bid

Last week the bids were opened. We are pleased that the project now comes in \$46,090 under the original estimated cost. If we can proceed in the next 90 days the cost of the project will be, as follows:

\$ 339,955	low construction bid
\$ 33,996	10% construction contingency
\$ 38,400	engineering through bidding phase
\$ 9,600	engineering from bidding through construction
\$ 7,479	Division of Facilities Management services including contingency
\$ 850	printing costs and shipping
\$ 430,280	Total project cost

Funding – FY 2009

The Governor and the Legislature approved the first half of the funding in the agency's FY 2009 revised budget.

\$ 163,185	SGF
\$ 25,000	from the agency's emergency repair allocation
<u>\$ 50,000</u>	agency fee funds
\$ 238,185	Total FY 2009 approved funds

20-10

Funding – FY 2010 (Governor and House Recommendation)

For FY 2010 the Governor recommended the following for replacement of the steam humidification system.

\$ 163,185	SGF
\$ 25,000	from the agency's emergency repair allocation
<u>\$ 50,000</u>	agency fee funds
\$ 238,185	Total FY 2010 funds

The House removed the FY 2010 funds for consideration at Omnibus. However, they stated in the agency budget report that they “ recognize the need for the steam humidification system at the Kansas Museum of History because it is critical to the preservation of the state’s irreplaceable artifacts such as the state’s Constitution and the Civil War battle flags.”

Agency Request

Since the bids came in below the estimate, we propose modifying the Governor’s recommendation. In the FY 2010 budget the agency respectfully requests that the Senate consider funding the project in the following manner:

\$ 92,095	this represents a portion of the Governor’s SGF recommendation
\$ 25,000	this represents the Governor’s recommendation but this money is only available if the agency’s annual emergency repair allocation is funded (see No 1).
\$ 50,000	agency fee funds as recommended by the Governor
<u>\$ 25,000</u>	from agency recovery funds for federal construction projects
\$ 192,095	Total

This proposal reduces the amount of new SGF money needed for this critical capital improvements project. Of the \$430,280 needed to complete this project, the agency has already secured 73% of the funds. We, of course, cannot place the project under contract without the other 27%.

This proposal represents a SGF reduction of \$71,090 from our original request.

Conclusion

We understand that the state’s fiscal resources will remain extremely tight over the next few years and we appreciate the difficult decisions the Legislature must make. Therefore, the agency has focused our capital improvements request only on these two items.

If we can provide you with any further information, please feel free to contact us.

Jennie Chinn, Executive Director
(785) 272-8681 x 205
jchinn@kshs.org

20-11

20-12

Kansas State Historical Society - FY 2010 Budget
 Additional Reductions of \$448,502

	Proposed Program Elimination	Cost	Funding Source	FTE	Impact	Timing
1.	Eliminate staffing for Native American Heritage Museum (Highland).	\$ 40,089	SGF (1000)	1 FTE (\$40,089)	The site would not have a caretaker.	Could be implemented July 2009.
2.	Further reductions in pass-through funds to the Kansas Humanities Council and the Kansas Heritage Center to equal 10 percent.	\$ 5,596	SGF (1000)		Would reduce programming funds for both agencies.	Could be implemented July 2009.
3.	Eliminate the purchase of two microfilm readers used by patrons in the research room.	\$ 8,000	GFF (2047)		To keep equipment current, microfilm readers are replaced periodically. This would eliminate the scheduled purchase in FY 2010.	This is a one-time expense in FY 2010.
4.	Eliminate two FTEs that provide divisional administrative support.	\$ 73,750	SGF (1000)	2 FTEs (\$73,750)	Eliminates clerical assistance for the agency causing public delays in providing information.	Could be implemented July 2009; however, long-term this creates a burden on the public as it is estimated that wait times would increase from 5 working days to 30.

5.	Eliminates acquisition, cataloging, and care of federal publications and non-Kansas library collections.	\$100,454	\$100,454 – SGF (1000)	2 FTEs (\$100,454)	Elimination of the agency as a federal depository and reduces the number of books in the collections.	Could be implemented July 2009.
6.	Reduction in short-term exhibits at the Kansas Museum of History (Topeka).	\$ 39,940	SGF (1000)	1 FTE (\$39,940)	The museum would no longer be able to showcase some of its artifacts in small short-term exhibits.	Could be implemented July 2009.
7.	Reduce two 1.0 FTEs to two .5 FTEs at Fort Hays State Historic Site, reducing public tours and special programs.	\$ 36,631	SGF (1000)	Reduction of two 1.0 FTEs to two .5 FTEs (\$36,631)	Reduces days and hours the site is open to the public, and reduces public tours and special programs.	Could be implemented July 2009.
8.	Close down the buildings at Cottonwood Ranch State Historic Site (Studley).	\$ 41,230	SGF (1000)	1 FTE (\$41,230)	The building would be “moth balled” and exhibits removed. External signage would be installed to allow visitors to the grounds, but the site would not be staffed. In FY 2008, there were 2,109 visitors.	Implementation date September 5, 2009 to accommodate advertised tourist season.
9.	Eliminate educational programs for families including <i>Kansas Kaleidoscope</i> and special programming at the Topeka facility, reduce tour program, and end sponsorship of History Day.	\$ 52,659	\$ 44,209 SGF (1000) \$ 8,450 GFF (2047)	1 FTE (\$44,209)	In FY 2008, 3,668 people attended family programming, and 24,000 participated in tours. Annually 800 students participate in History Day.	Could be implemented July 2009, but would prefer to reinstate in 2011 for the sesquicentennial of statehood.
10.	Reduce the months Hollenberg Station State	\$ 25,045	SGF (1000)	Reduce one 1.0 FTE to	This action would staff the visitor’s center from April	Implementation date August 31,

	Historic Site (Hanover) visitor's center and station are open.			one .5 FTE (\$22,973)	through August with new exterior signage designed to help visitors experience the grounds throughout the year. In FY 2008, there were 2,190 visitors.	2009.
11.	Reduce the months Mine Creek Battlefield State Historic Site (Pleasanton) visitor's center is open.	\$ 21,701	SGF (1000)	Reduce one 1.0 FTE to one .5 FTE (\$19,810)	This action would staff the visitor's center from April through August with new exterior signage designed to help visitors experience the grounds throughout the year. In FY 2008, there were 3,477 visitors. In 2011 the nation will be commemorating the sesquicentennial of the Civil War, which should increase visitation.	Implementation date August 31, 2009.
12.	Reduce partial funding for First Territorial Capitol State Historic Site (Ft. Riley).	\$ 3,407	SGF (1000)		Would remove state funds from this partnership site at the end of the tourism season and result in the agency's need to assist with private fundraising. If private money could not be found, the site would close. In FY 2008, there were 1,256 visitors.	Could be implemented July 2009.



KANSAS

DENNIS ALLIN, M.D., CHAIR
ROBERT WALLER, EXECUTIVE DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

BOARD OF EMERGENCY MEDICAL SERVICES

Testimony

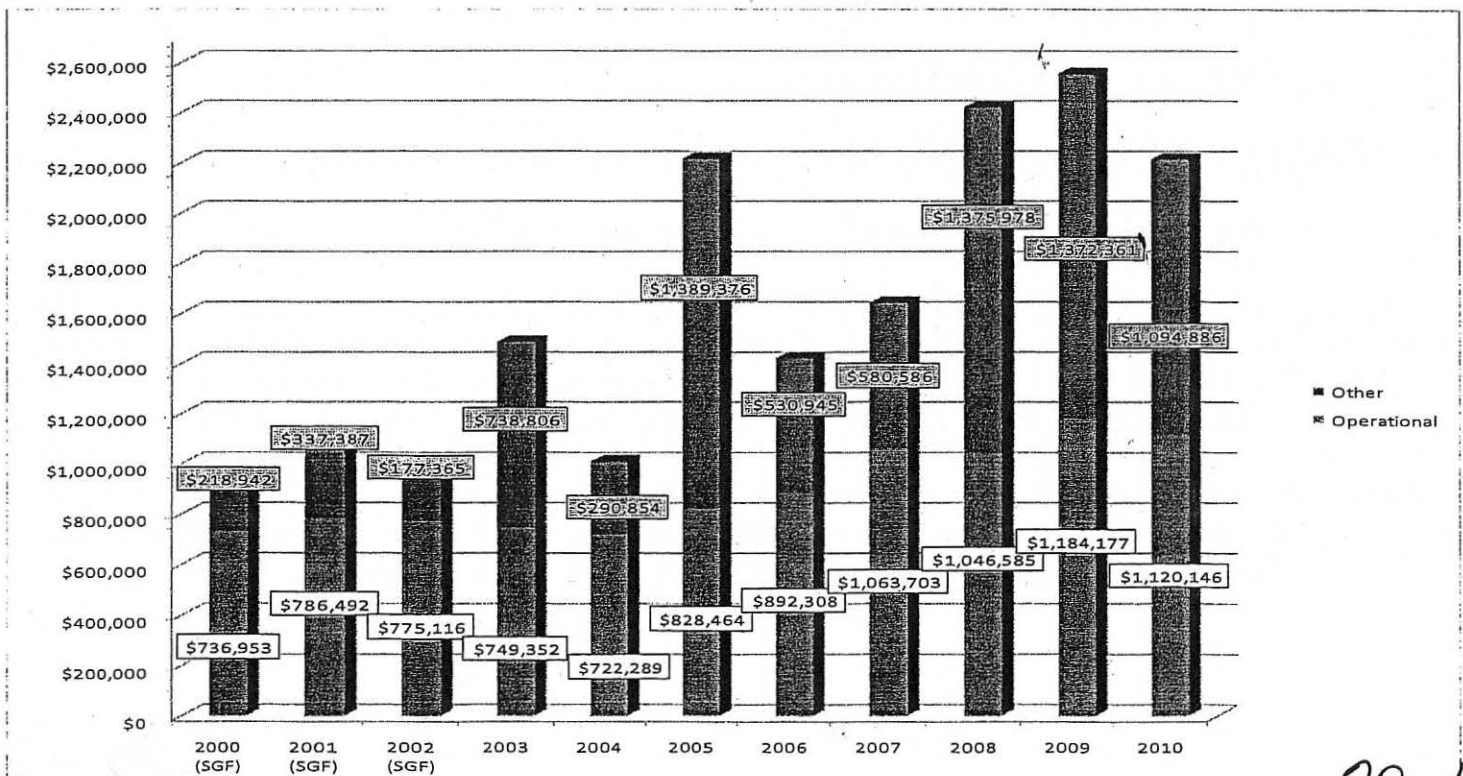
February 26, 2009

Senate Ways and Means Subcommittee on the Kansas Board of Emergency Medical Services (KBEMS)
The Honorable Senator Ty Masterson, Chairman

Chairman Masterson and members of the Senate Ways and Means Subcommittee, thank you for the opportunity to provide testimony on behalf of the Kansas Board of Emergency Medical Services and the FY 2010 Budget. My name is Robert Waller and I am the Executive Director for the Kansas Board of Emergency Medical Services (KBEMS). According to the Senate Ways and Means Subcommittee "Additional Budget Guidelines" document, KBEMS has prepared its submission for your review and approval.

Funding Source

SB 312 passed by the 2004 Kansas Legislature gave the Board of EMS permanent funding in the amount of .25% from Premiums from Fire Insurance Receipts (EMS Operating Fund). Along with this amount, the Board of Emergency Medical Services is allowed to keep all fees collected throughout the fiscal year. Additionally, the Board is provided financing from 2.5 percent of fines, penalties and forfeitures through the passage of 2007 SB 8 to finance the KBEMS Revolving and Assistance (KRAF) Grant program.



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KBEMS Revolving and Assistance Fund (KRAF) Grant program. **Funding:** EMS Revolving Fund.

The funding is utilized solely to finance the KBEMS Revolving and Assistance (KRAF) Grant program. The program provides Kansas EMS agencies and organizations assistance based on demonstrated financial need. The primary goal of this program is to financially assist EMS agencies and organizations to purchase EMS equipment, vehicles and assist in education and training.

Education Incentive Grant (EIG) Program. **Funding:** EMS Operating Fund.

The grant is utilized to finance the development of underserved areas of Kansas in education and training. These monies are available through an application process with criteria established from the three priorities that were set out in the legislation. The funding is included in the agency's operating limitation amount.

Kansas Emergency Medical Information System (KEMIS). **Funding:** EMS Operating Fund.

With the passage of 2006 SB 546, KBEMS was authorized to create an electronic system of emergency medical services data electronically. KBEMS convened a Committee composed of representatives from the Board, Board Staff, Regional Representatives (3 from each Region and 1 from the Mid American Regional Council) Kansas Department of Transportation, Kansas Department of Health and Environment, Kansas Highway Patrol, and federal representatives. KBEMS finalized its contract with ImageTrend (vendor) and began "rolling out" the project in November of 2009. The funding is included in the agency's operating limitation amount.

EMS Regional Councils. **Funding:** EMS Operating Fund.

The Board is comprised of 6 EMS Regional Councils. The 6 Regional Councils are non-profit, 501 (c)(3) corporations who create by-laws to govern their operations. Each Region elects a Board to administer Regional activities. The Regional Councils are responsible for the following:

- Support, Promote, & Assist Local EMS Agencies and Personnel
- Administer the Kansas Board of Emergency Medical Services Certification Examination
- Conduct annual workshops for Instructor/Coordinators & Training Officers

Funding for Regional activities is provided by the Kansas Board of Emergency Medical Services. The Regions and the Board engage in an active partnership through communication and leadership in providing training, technical assistance, and information to services, service directors, and attendants throughout the State. The Board believes in the importance and vitality of the Regions to receive and participate in and with all emergency medical service personnel in the State. This relationship gives EMS attendants at all certification and employment levels (volunteer, part and full time) the opportunity to participate in the development of policies and procedures affecting State EMS professionals through Regional meetings and the exchange of ideas with Board and Board Staff. The funding is included in the agency's operating limitation amount.

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Funding Reductions

As the Executive Director of the Kansas Board of Emergency Medical Services and on their behalf, I provide the following information per "guidelines" provided:

	<i>Percent</i>	<i>Effect</i>
	10.0	Would reduce EMS Regional Council funding by 73 percent, reduce office supplies, in-state travel, and eliminate out-of-state travel. This would also eliminate the field bridge software for KEMIS, reduce EIG funding and KRAF Funding
+	3.0	Would further reduce EMS Regional Council funding, eliminate in-state travel of staff (investigation/inspections), eliminate fuel charges for travel; reduce in-state travel for examiners and board members
+	1.0	Would further reduce EMS Regional Council funding, and after the 13.0 percent reduction, the EMS Regional Councils who conduct exams could no longer continue to operate
	18.0	The total amount per the "Additional Budget Guidelines", would eliminate all examinations conducted in the State, and reduce the operation of KBEMS to bare minimums, eliminate all travel (including Board members), and eliminate a majority of grant funding for any program under the authority of the Board.

Operation of KBEMS

KBEMS Operations. Over the last 10 years, KBEMS operations have increased by only 50 percent with the inclusion of all salary increases (over that period), the change from SGF to fee funds, increases in health care and other costs, rental increases, and additional personnel. KBEMS has demonstrated a sound fiscal policy while being funded by the SGF and under its current funding structure. A reduction in operational funding, while managing all the above projects, and maintaining its statutory requirements is a great task for even the largest agencies and is exacerbated by the size of KBEMS.

The chart provided on page 1 provided a visual accounting and separation of "operating" and "other" expenses. The difference between the two is the "Total Budget" includes all expenditures including KEMIS, KRAF, Regional Funding, and EIG. Operating includes only those expenditures directly related to the operations of the KBEMS office (salaries and wages, contractual services, commodities, and capital outlay). The chart demonstrates the level of operational costs versus all other expenditures made in operating the agency.

Conclusion

KBEMS would ask that the current reduction of 3.0 be held per the Governor's FY 2010 recommendation. The KBEMS Board has been meticulous and forthright in the management of its budget both from the revenue and expenditure side. Reductions, as noted, seriously hamper the ability of the agency to function and directly hurt the attendants and services throughout the State who rely on the Board to provide financial relief both educationally and through new equipment purchases.

The Board understands the economic outlook as presented, however would hope to direct the Subcommittee's attention to the financial impact such reductions would incur and thus would refrain from recommending such provisions.

Senate Ways and Means Subcommittee
On Fee Boards
February 24, 2009

Budget Hearing

Mary Blubaugh MSN, RN
Executive Administrator

Good afternoon Chairman Masterson and members of the committee. My name is Mary Blubaugh and I am the Executive Administrator of the Kansas State Board of Nursing.

KSBN decreased the capital outlay in FY09 and FY10 from \$45,000 to \$5,000 due to the 3% decrease that was requested of agencies and the KSIP account has been frozen. Several pieces of our IT equipment and software items are reaching their "end of life" and will need to be renewed or upgraded. Below is a chart that shows the date of expiration, renewal date and cost of renewal or replacement. IT equipment and software are vital to the on-line renewal and KANN check notification system that facilities use to verify nursing licensees. Approximately 65-70% of nurses renew their license on line and we currently have over 60 facilities who subscribe to the KANN check system. Not only are the on-line services beneficial to our licensees and staff, they are also an important part of public safety for the citizens of Kansas. The KSIP account and capital outlay were the line items that the equipment and software were to be purchased from. Without the funds to purchase the software and hardware; these systems are at risk of failing. The Board and staff had a strategic planning meeting in April 2008, in which the importance of replacing the aging IT hardware was discussed. Other priorities that were placed on the plan was to maintain quality customer service which includes processing all paper applications within 3 business days, license new graduates from electronic report within 1 business day, investigations complete within 9 months and cases to hearing 90 days after the Assistant Attorney General receives them.

Item	Expiration Date	Cost of replacement
ImageNow Upgrade	9/09	\$3,500
ImageNow Maintenance	8/09	\$9,000
Image sever	6/09	\$4,000
F drive sever	No Support currently	\$9,000
Firewalls	7/28/09	\$11,000
Back up system	8/09	\$25,000
Total		\$61,500

KSBN requested two enhancements for FY10 and FY11. KSBN is currently in the process of implementing new software. The current software was implemented in 1999 and we no longer have support for it. The new software is scheduled to go live March 23, 2009. The maintenance fee for the software is \$18,260 each year. The second enhancement was a request for a fee increase for the impaired provider program which was \$3,213 in FY10 and \$3,310 in FY11.

Several of the services that we receive from other state agencies increased for FY09, FY10 and FY11. By having these increases, it makes the Board take more than the requested reduction. An example is that the Landon building rent for the Board increased 6% from FY 08 to FY 11. The rent in the Landon Building for storage of computers increased 10% and the Monumental Building Surcharge increase by 22% in the same time period. Not only did the Board reduce capital outlay, it took reductions in communication, office supplies, and professional services to help cover these increases.

Item	FY08 Cost	FY11 Cost	% of increase
Landon Building Rent	16.13/Sq Ft	17.09/Sq Ft	6%
Landon Computer Space	45.36/Sq Ft	50.05/Sq Ft	10%
Monumental Building Surcharge	2.19/Sq Ft	2.78/Sq Ft	22%

KSBN has identified several risks with the budget cuts. The risks are:

1. Increasing the time frame for investigation of complaints
2. Increasing the time frame for licensing of applications
3. Public may be at risk if investigations and licensing are not done timely
4. If aging IT equipment is not replaced and it fails, the on-line services will not function

The approved budget for FY09 is \$1,817,328.

Steps taken to reach the 3% reduction (\$37,588) are:

1. Currently holding two positions open which is 8% of KSBN workforce
2. A review of ports for computer connection was conducted in October 2008 which revealed that KSBN was paying for 6 ports that we were not using so those were disconnected. The savings is \$240.00 a month and to date we have saved \$960. The annual saving will be \$2880.00.
3. Replaced license card Duralon paper (\$3,073.67) with card stock (\$1,193.97) for a savings of \$1,879.70. This increases the risk of fraudulent cards being produced.
4. Canceled student presentations this spring \$500.00

The 10% reduction would be a decrease of \$187,328

1. Continue to hold two positions open \$108,079
2. Decrease in the number of computer connections \$2,880
3. Cancel student presentations for the year \$2,000

4. Eliminate electronic meeting service-savings \$3,000
5. Eliminate sending licensing cards with renewals \$1,194 for card stock and \$10,000 in postage for a total of \$11,194
6. Purchase no capital outlay-savings \$5,000
7. Discontinue non board committee members travel to Topeka for committee meetings as they can participate by conference call \$5,600
8. Staff layoffs or furlough-savings \$49,575

Items	Cost Savings
Continue to hold two open positions	\$108,079
Decrease number of computer connections	\$2,880
Cancel Student presentations	\$2,000
Eliminate electronic meeting service	\$3,000
Eliminate licensing cards on renewal	\$11,194
No capital outlay purchases	\$5,000
Non board members travel decreased	\$5,600
Staff layoff or furlough	\$49,575
Total	\$187,328

The reduction of an additional 3% would be \$49, 067 and this would need to come from Staff layoff or furloughs.

In conclusion, the Board respectively requests the expenditure limitation be increased for FY10 by \$79,760 for the IT equipment and maintenance of the new software. We also request the expenditure limitation be increased for FY11 by \$18,260 for maintenance of the new software. Although the Board understands that the state is facing fewer revenues and must cut spending, we ask that as a fee funded agency, we are allowed to maintain at least the level of expenditure limitation was approved for FY09 (\$1,817,328) for FY10 and FY11 plus the funding for the IT equipment and for maintenance of the new software (FY10 \$79,328 and FY 11 \$18,260).

Thank you and I will stand for questioning.

KANSAS

KANSAS DENTAL BOARD

KATHLEEN SEBELIUS, GOVERNOR

Testimony re: Budget
Ways and Means Subcommittee on Fee Boards
Presented by Betty Wright
March 2, 2009

Chairperson Masterson and Members of the Committee:

My name is Betty Wright, and I have been the Executive Director of the Kansas Dental Board since December 2005. The Board consists of nine members, six dentists, two hygienists and one public member. The mission of the Dental Board is to protect the public through licensure and regulation of the dental profession, consisting of 4486 licensees.

The Senate Ways and Means Subcommittee requested the agency present budget cuts of 10% of the original FY2009 budget, plus a second level of cuts beyond the 10%. The following are estimates of proposed cuts if they are needed.

Actual	Governor's Recommended Budgets		
FY 08	FY2009	FY2010	FY2010
\$373,186	\$380,950	\$361,976	\$366,774 (figures from J. Tang on 2/27/09 inc. health and D&D add back)

The following budget is a 10% reduction from FY09 \$380,950 to latest FY2010 of \$366,774.

List of reductions	amount
1. Travel and office supplies (4% previously reduced from budget)	\$14,176
2. Two newsletters, instead of 4	\$ 4,200
3. fees for online renewal set-up problems	\$ 1,500
4. reduce budget of legal services contract	\$10,119
5. reduce budget for impaired provider program	\$ 8,000
Total reductions, 10%	\$37,995

An additional 4% reduction of FY2009 equals a decrease of \$50,373 for a new budget of \$354,396

List of reductions	amount
1. Travel and office supplies (4% previously reduced from budget)	\$14,176
2. One newsletter, instead of 4	\$ 6,300
3. no travel except for 4 board meetings	\$ 1,000
4. fees for online renewal set-up problems	\$ 3,500
5. reduce budget of legal services contract	\$10,000
6. reduce budget for impaired provider program	\$10,000
7. contract for inspector/investigator	\$ 5,397
Total reductions, 14%	\$50,373

Since the committee is also examining the cost of office space, the Dental Board has 3 staff in 895 Sq.ft of the Landon State Office Building. Rent is \$1226/month. The Monument Surplus Charge is \$2076 annually. The Board holds most board meetings in the conference rooms, 106 and 108 for free in the LSOB.


Betty Wright
Executive Director

KANSAS

KATHLEEN SEBELIUS, GOVERNOR

Optometry Board Budget Reductions for FY2010

The budget reduction information requested by the Senate Ways and Means Subcommittees is as follows:

<i>Expenditure</i>	Ten Percent Reduction <i>Reduced Amount</i>	<i>Impact on Programs</i>
Attorney Fees(litigation)	3,588	If litigation should arise, there is not as much available for attorney fees
Out-of-State Travel	8,777	No input from KS on *ARBO plans (includes national board exams). Board Members and Executive Officer are active on committees. **FARB is a primary source for continuing education for the Executive Officer.
Impaired Provider	1,200	***KOA is willing to carry the Cost of the impaired provider Contract to ease the budget.
Hospitality	250	Quality or amount of food supplied for exam volunteers will have to be trimmed.

* Association of Regulatory Boards of Optometry (National)

** Federation of Associations of Regulatory Boards

*** Kansas Optometric Association

All funds are from the Optometry Fee Fund. Reductions could be realized in 2011 with the same results. Permanent reductions will begin to affect the quality of services provided by the agency.

Additional Three Percent Reduction

Reduce salary of 0.8 FTE staff (only staff)	\$4,144	Current Executive Officer is at the top of the pay scale and will be retiring in 2010. The new hire can be selected at a lower step in the pay plan. However, this has the potential of eliminating some excellent candidates. Target date for hiring is March 1, 2010.
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20-22

OFFICE OF THE ATTORNEY GENERAL

	Priority	Program Reduction	Amount	FUND	
FY2009	1	2% miscellaneous Gov Rec	\$108,000	SGF	2.02%
	2	Shift Consumer funding Gov Rec	\$155,000	SGF	2.90%
	3	Shrinkage increase Gov Rec	\$30,000	SGF	0.56%
	4	Capital Outlay Gov Rec	\$10,000	SGF	0.19%
	5	Victims Srvcs Legislation Gov Rec	\$33,000	SGF	0.62%
	6	SB 23 1.25% shrinkage	\$67,000	SGF*	1.25%
	7	VOLUNTARY SHRINKAGE 4FTE	\$173,000	SGF Projected*	3.25%
		TOTAL	\$576,000		10.80%

Notes

SB23 rounded
SB23 rounded
SB23 rounded
SB23 rounded
SB23 rounded
SB23 rounded

*Projected savings based on temporary shrinkage. The agency manages current vacancies to minimize effects on each division. This balance shifts as other vacancies occur if and where such vacancies can be tolerated.

	Priority	Program Reduction	Amount	FUND		Con't 2011	Notes
SCENARIO #1 Target 10%	1	Netsmartz	\$150,000	SGF	2.81%	yes	** See below for effect of reduction
	2	Victims Srvcs Legislation RQT	\$120,000	SGF	2.25%	yes	Would not affect core mission functions
	3	4 FTE shrinkage Continued	\$245,000	SGF	4.59%	possible	Temporary reductions.
		TOTAL	\$270,000		9.65%		

**

Attorney General Steve Six strongly supports the Netsmartz program because one of the most effective approaches to combating sexual predators on the internet has been educating internet users, especially youth. NetSmartz is an interactive, educational safety resource from the National Center for Missing & Exploited Children (NCMEC) and Boys & Girls Clubs of America (BGCA) for children aged 5 to 17, parents, guardians, educators, and law enforcement that uses age-appropriate activities to teach children how to be safe on the Internet. Netsmartz safety presentations are given to school children throughout Kansas, enhancing the ability of children to recognize dangers on the internet, encouraging children to report victimization to a trusted adult and enhancing community education efforts.

Based on the FY09 enhancement request, a reduction in the resources allocated to Netsmartz may result in the cutting of 4 Netsmartz trainers that teach the program statewide. The consequence is that 28,000 fewer youth and parents would be served with in-person instruction of educational materials throughout the state.

MEDICAID REVOLVING FUND

SCENARIO #1	2010	1	Special Project Spending	\$50,000	Discretionary Fees	10%	possible
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Target 10%

Senate Ways & Means Cmte
 Date 4-22-2009
 Attachment 21

Senate Ways and Means
 Information for Budget Subcommittee
 Secretary of State's Office Budget
 FY 2010

21-8

Governor's revised amount 6,029,428
 10% reduction 602,943

Programs that will be reduced or eliminated

- census--eliminate
- administration--reduce expenditures
- business services--reduce expenditures
- elections and legislative matters--reduce expenditures
- uniform commercial code--reduce expenditures

Savings that can be identified and actually realized

		<u>Time frame to implement</u>
eliminate census adjustment (will require change to constitution and state law)	165,117	November 2010
--constitutional duty assigned to the State; State law assigns it to the SOS		
substantially decrease out-of-state travel	25,000	July 1, 2010
decrease storage space in basement of Memorial Hall by one-third	9,700	July 1, 2010
do not purchase PCs and other hardware per our rotation schedule	30,000	July 1, 2010
do not hire temps to help open mail during busy annual report filing season	5,000	July 1, 2010
do not purchase redaction service (to complete redaction of UCC documents)	10,000	July 1, 2010
do not print a complete set of KARs; provide electronically instead--more research is needed	250,000	July 1, 2010
subtotal	494,817	

Number of FTE positions that will be eliminated and associated salary and fringe benefit costs

	salary	fringe	total	
1 full-time clerical (preferably through attrition)	26,645	9,626	36,271	July 1, 2010
2 part-time office assistants	17,368	1,508	18,876	July 1, 2010
4 summer interns	11,584	1,004	12,588	July 1, 2010
do not fill e-government filing position in business services	32,000	9,626	41,626	July 1, 2010
subtotal			109,361	
total			604,178	

Expenditure reductions by funding source

all reductions are from agency fee funds

Description of the impact of the proposed reduction

please see attached

Adjustments that will also realize savings in FY 2011

census adjustment--a savings of approximately 418,000 will be realized in FY 11	418,000
decrease storage space in basement of Memorial Hall	9,700
do not print a KAR <i>supplement</i> ; provide electronically instead	30,000

Governor's revised amount 6,029,428
 additional 5% 301,471

2103

Programs that will be reduced or eliminated

administration--will be reduced
 business services--will be reduced
 elections and legislative matters--will be reduced

Savings that can be identified and actually realized

			<u>Time frame to implement</u>
do not print the Kansas Register; provide electronically instead--more reseach is needed	90,000		July 1, 2010
do not print Session Laws; provide electronically instead (will require law change)--more research needed	85,000		Depends on law change
purchase fewer support and development hours from imaging vendor	7,000		July 1, 2010
postpone purchase of new iSeries computer and server hardware (need partially for redundancy)	50,000		July 1, 2010
do not hire IT consultants/programmers to assist with in-house filing application to improve business filing processes	50,000		July 1, 2010
decrease central mail & overnight mail charges	1,500		July 1, 2010
subtotal		283,500	

Number of FTE positions that will be eliminated and associated salary and fringe benefit costs

	salary	fringe	total	
1 clerical position--change from FT to PT w/benefits	13,323	4,813	18,136	July 1, 2010
subtotal			18,136	

total 301,636

Expenditure reductions by funding source

all reductions are from agency fee funds

Description of the impact of the proposed reduction

see attached

Adjustments that also realize savings in FY 2011

do not print the Kansas Register; provide electronically instead	90,000
do not print Session Laws; provide electronically instead (will require law change)	85,000
decrease central mail & overnight mail charges	1,500

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

			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>\$900,000</u>			

Senate Ways & Means Cmte
 Date 4-22/23-2009
 Attachment 122



K A N S A S

REBECCA W. CROTTY, CHIEF JUDGE
BRUCE F. LARKIN, JUDGE
J. FRED KUBIK, JUDGE

COURT OF TAX APPEALS

KATHLEEN SEBELIUS, GOVERNOR

SENATE WAYS AND MEANS SUBCOMMITTEE
ADDITIONAL BUDGET REDUCTION SCENARIOS
FISCAL YEAR 2010

The Kansas Court of Tax Appeals submits the following budget information pursuant to the Honorable Jay Emler's request.

The Court of Tax Appeals is a single-program agency. It has no discretionary programs. All of the Court's work is prescribed by statute and cannot be scaled down to meet budget imperatives.

FY 2009 Governor's Revised Budget		
State General Funds.....	\$1,626,669	
Other Funds.....	\$646,234	
Total.....		\$2,272,903
FY 2010 Budget (10% Reduced Resources Scenario)		
State General Funds.....	\$1,496,508	
Other Funds.....	\$548,499	
Total.....		\$2,045,613
FY 2010 Budget (13% Reduced Resources Scenario)		
State General Funds.....	\$1,496,508	
Other Funds.....	\$480,312	
Total.....		\$1,977,426

PRELIMINARY NOTES

- Valuation appeal levels are expected to rise significantly in the coming year because of current economic conditions, which generally are believed to be tied to declining real estate markets.
- Johnson County reports it “anticipates that last year’s record number of appeals will be surpassed [in the coming year].”
- Sedgwick County also reports that it anticipates a significant increase in appeals at all levels.
- COTA has seen a sharp increase in 2008 Payment Under Protest (PUP) appeals, which is a reliable indicator of things to come.

PROPOSED REDUCED RESOURCE SCENARIOS

(In ascending order of impact)

Reduction Scenario 1: Eliminate funding for Executive Director position

Scenario 1 total reduction = 3.9%

SGF savings:	1.9% (\$44,500)
Other fund savings:	1.9% (\$44,500)
Total savings:	3.9% (\$89,000)

Before his appointment to the chief hearing officer/judge *pro tem* position, Trevor Wohlford served as executive director and chief counsel to the Board of Tax Appeals (the Court’s predecessor) for four years. In view of recent budget constraints, Trevor has agreed to continue in his role as executive director, while also fulfilling the duties of his new position. Consolidation of these important functions and duties will be difficult to manage. And, from an organizational standpoint, this is not the ideal solution. Nevertheless, with support from staff attorneys and others, the Court will do its best to make this arrangement work for as long as possible.

Reduction Scenario 2: Utilize COTA staff attorneys for a significant portion of small claims hearings instead of using contract hearing officers

Scenarios 1 and 2 total reduction \leq 6.2%

SGF savings:	0% (\$0)
Other fund savings:	up to 2.3% (\$50,000)
Total savings:	up to 2.3% (\$50,000)

The Court utilizes contract hearing officers to hear and decide small claims appeals throughout the state. We could save up to \$50,000 by using staff attorneys to hear a significant portion of these matters instead of using contract hearing officers. Of course, if staff attorneys are taken away from their regular duties, the Court's overall productivity will suffer. If implemented for an extended period of time, this measure would inevitably result in backlogs.

Reduction Scenario 3: Eliminate funding for up to two FTE positions

Scenarios 1 through 3 total reduction \leq 10.0

SGF savings:	up to 3.8% (up to \$85,661)
Other fund savings:	0% (\$0.00)
Total savings:	3.8% (up to \$85,661)

Eliminating funding for two FTE positions would have a severe adverse impact on the Court's new Web-based, paperless case management system. In our new environment, these positions will be responsible for two important roles: (1) indexing all documents processed by the court using metadata tags for optimal search functionality; and (2) undertaking the long-term process of converting legacy data and documents from the old system so it can be accessed and used in the court's new digital environment. The extent of the adverse impact caused by this measure would depend on how many positions remained unfunded for how long.

Reduction Scenario 4: Require that all small claims hearings be conducted by telephone; eliminate all travel for regular division hearings.

Scenarios 1 through 4 total reduction ≤ 11.4%

SGF savings: 0% (\$0)
Other fund savings: 1.4% (\$31,855)
Total savings: 1.4% (\$31,855)

**Statutory amendment required*

The small claims and expedited hearings division is an informal and expeditious hearing process for single-family residential properties, small commercial properties, and less complex Division of Taxation cases. Under current law, small claims hearings must be held in the county where the taxpayer's property is located (or where the taxpayer resides for Division of Taxation cases), or in an adjacent county. Thus small claims hearing officers travel to hearing sites throughout the state in order to provide taxpayers with a convenient forum. Also, in the regular division, judges routinely travel to various locations throughout the state so that taxpayers may receive an in-person hearing without having to travel to Topeka.

Reduction Scenario 5: Cut funding for law clerk positions by approximately 60% and temporary support staffing by approximately 25%

Scenarios 1 through 5 total reduction ≤ 13.0

SGF savings: 0% (\$0)
Other fund savings: 1.7% (\$40,000)
Total savings: 1.7% (\$40,000)

Law clerks and temporary support staff are essential to the Court's successful operation. Law clerks review applications and prepare approximately 4,000 draft orders each year. Cuts in law clerk funding would mean that an already strained legal staff would be required to take on even more work, which would adversely affect both the quality and timeliness of the Court's output. The Court uses temporary employees as floaters; these employees handle extra work resulting from seasonal shifts in the Court's workload. Any reduction in temporary staffing will cause seasonal workflow bottlenecks and output delays.

22-5

Kansas Department of Revenue Agency Overview

Presented To

Senate Ways & Means
Subcommittee

March 3, 2009

Kansas Department of Revenue

Agency Mission

The Kansas Department of Revenue collects taxes and fees, administers Kansas tax laws, issues a variety of licenses and provides assistance to Kansas citizens and units of government.

Agency Philosophy

The Kansas Department of Revenue is committed to hard work everyday for the people of Kansas; to treat our taxpayers, our employees and each other with respect; to conduct business with integrity, fairness and civility; and to be held accountable for our efforts. We will collect taxes and fees fairly, cheerfully, accurately and efficiently.

2

22-6

KDOR - Serving All Kansans
Alcoholic Beverage Control Division

- ◆ Over 7,300 liquor and tobacco licensees
- ◆ Primary focus on underage sales
 - Liquor: 96% compliance rate in FY 08
 - Tobacco: 88% compliance rate in FY 08
- ◆ Support to local law enforcement
 - Distribution of drug tax revenues
 - Training and enforcement support
- ◆ FY 08 ABC Liquor revenues: \$24,428,591
- ◆ FY 08 Drug tax collections: \$1,193,783

3

KDOR - Serving All Kansans
Property Valuation Division

- ◆ Provide counties, property owners and staff with rules for valuing property and related tax issues
- ◆ Prepare and deliver education programs to ensure broad, consistent understanding of rules
- ◆ Monitor and ensure qualified appraisers in all 105 counties
- ◆ Administer State appraisal process for public utilities and motor carriers
 - TY 08 public utility tax: \$368 million
 - TY 08 motor carrier tax: \$42.7 million

4

22-7

KDOR - Serving All Kansans
Tax Operations

- ◆ Every Kansan that files a personal tax return
 - 1,538,366 Individual Income Tax
 - 110,612 Homestead Claims
 - 254,344 Food Sales Refunds
- ◆ Every Kansas Business
 - 593,867 Sales Tax returns
 - 1,202,109 Withholding Tax returns
 - 77,809 Corporate Tax returns
 - 16,567 new business registrations

5

KDOR - Serving All Kansans
Tax Operations

- ◆ Collecting the funds to support State and Local governments
 - \$8,262,533,273 received and deposited in FY08
 - \$1,089,194,370 distributed to Local Government funds in FY08

6

22-8

KDOR - Serving All Kansans Division of Vehicles

- ◆ Every Kansan that owns a vehicle
 - 2,690,598 registered vehicles
 - 738,326 title applications annually
 - 89,000 Motor Carrier registrations annually
- ◆ Every Kansan that drives or rides in a vehicle
 - 2,025,160 licensed drivers
 - Average 725,000 licenses processed annually (including renewals, replacements, etc)

7

KDOR - Serving All Kansans Information Systems

- ◆ Technical support for KDOR business operations
 - Design, develop and maintain software applications, hardware and network configurations
 - Implement and support telephony channels
- ◆ Support other state and local agencies
 - Provide and maintain e-mail platform for counties
 - Hardware and operations support for County Treasurers (driver licensing/vehicle registration) and County Appraisers (CAMA system)
 - Support law enforcement access to driving records

8

22-9

KDOR - Serving All Kansans General Administration

- ◆ Legal Services
 - Represents KDOR in tax disputes, vehicle hearings
- ◆ Policy & Research
 - Timely, detailed analysis of Legislative proposals
 - Research for policy decisions
- ◆ Resource Management
 - Budget, Personnel, Facilities and Training services

9

KDOR Current Priorities

- ◆ Enhance E-Commerce
 - Growth in E-filing continued in FY08
 - 59% of dollars
 - 29% of payments
 - 62% Income tax returns
 - 39% Business tax returns
 - Income Tax E-file mandate in effect
 - Paid preparers of 50+ returns must e-file
 - E-filing up 14% through February
 - Homestead, additional credit schedules available for e-file

10

22-10

KDOR Current Priorities

- ◆ Continued emphasis on tax compliance
 - FY 08 collections activity returned \$130,961,297
 - \$14,343,905 increase over FY 07
 - FY 09 to-date up \$7,200,744 over FY 08
 - Fraud enhancement (\$351,572 SGF) included in FY09 budget
 - Focus on detection/prevention of more complex schemes
 - Projected return in collections is \$5,000,000 (15:1)
 - 4 of 5 vacant investigator positions filled
 - New revenue to-date = \$3,244,634

11

KDOR Current Priorities

- ◆ Division of Vehicles Modernization Project
 - Scope includes work process redesign and computer system replacement for State/County
 - Vehicle titling and registration
 - Driver licensing and records management
 - License plate/decal inventory management
 - Project status
 - Feasibility and organizational design studies complete
 - KITO approvals in place
 - Funding stream established by 2008 Legislature
 - RFP issued – response evaluation in process

12

22-11

◆ Impact of potential 10% SGF reduction - \$2,079,586

- Increase shrinkage (reduced resource pkg.) \$1,057,444
 - Additional 21 FTE kept vacant
- Eliminate bulk paper I-tax forms \$ 350,000
 - Forms available online, by request
- No OOS travel except for Audit \$ 220,000
 - Reduced involvement in SST, FTA, etc.
- Stop PC refreshment program \$ 300,000
 - Reduced productivity, increased repair/maint.
- Eliminate facilities/furniture repair \$ 152,142
 - Degradation of office environments

◆ Reductions beyond 10%

- Furloughs, layoffs or program closure based on depth of cuts
 - Agency-wide furlough (1 day) = \$220,000
 - Reduces revenues proportionate to reduction in expenses

1,022,142

22-12

Kansas Department of Commerce
2010 Proposed 10% Budget Reductions

22-13

	Programs Eliminated or Reduced	Funding Source	\$\$ Savings	FTE's	Recurring Reduction	Impact of Proposed Reduction
1	Office of the Secretary - Parson grant reduction	EDIF	\$ 750,000	0	Yes	Elimination of the Parson Ammunition Plant grant
2	Operations - Marketing & Operations elimination of Sr. Director position	EDIF	\$ 105,897	1	Yes	Responsibilities reassigned to other senior management positions
3	Operations - Marketing force reductions	EDIF	\$ 69,809	2	Yes	Web Designer & Intern force reductions
4	Legal Services - Athletic Commission salary funded by athletic fees	EDIF	\$ 9,768		Yes	Salary of Athletic Commissioner partially funded by athletic fees
5	Business Development - Reduce administrative costs for Kansas Business Appreciation program	EDIF	\$ 20,000	0	Yes	Reduction in state & community recognition program for existing businesses with exceptional contributions to the state's economy
6	Business Development - Reduce FTE for Kansas Match program	EDIF	\$ 6,000	0.25	Yes	Eliminate program to "match" Kansas vendors & suppliers
7	Business Development - Reduce administrative costs for Steps to Success Guide program	EDIF	\$ 6,000	0	Yes	Approx. 50 direct and 225 indirect (via ED partners dissemination) customers affected; updated guide to assist startups will not be reprinted in FY10 and will be available online only.
8	Business Development - Reduce FTE for 1st Stop Clearinghouse	EDIF	\$ 21,083	0.5	Yes	Approx. 750 customers affected by the reduction of position providing assistance to potential startup companies
9	Business Development - Reduce administrative costs for Women & Minority Business program	EDIF	\$ 3,004	0	Yes	Reduction of travel and promotion events affecting unknown # of customers for two new certifications to be implemented by Governor's EO

Kansas Department of Commerce
2010 Proposed 10% Budget Reductions

22-14

	Programs Eliminated or Reduced	Funding Source	\$\$ Savings	FTE's	Recurring Reduction	Impact of Proposed Reduction
10	Legal Services - Kansas Commission on Disability Concerns FTE Reductions	EDIF	\$ 22,821	0.5	Yes	Temp. clerical help eliminated; 1 pos. to part-time with benefits-impact; no legislative activity after session ends/emerg. prep. work reduced to training community based orgs. on client prep. and 3 presentations. This would also eliminate the KYLF grant.
11	Business Development - Reduce administrative costs for Film Commission operations	EDIF	\$ 12,417	0	Yes	Reduction of travel and promotion events
12	Community Development - Reduce administrative and contract costs for support of the Main Street programs	EDIF	\$ 154,957		Yes	Reduce services for Main Street communities, training and consultant services
13	Operations - Building Services force reduction	EDIF	\$ 23,731	0.5	Yes	Reduce organizational support for the building maintenance function
14	Operations - Fiscal force reduction	EDIF	\$ 24,792	0.5	Yes	Reduce organizational support for the fiscal functions
15	Operations - Human Resources administrative cost reductions	EDIF	\$ 7,446	0	Yes	Reduce organizational support for the human resources function
16	Operations - Research force reductions	EDIF	\$ 131,078	2	Yes	Eliminate the Research Unit
17	Ag Marketing - Reduce promotions and sponsorships	EDIF	\$ 14,000		Yes	Reduce State Fair improvements and efforts, ag group event sponsorships, constituent assistance for ag product promotions and overall industry assistance.

Kansas Department of Commerce
2010 Proposed 10% Budget Reductions

22-15

	Programs Eliminated or Reduced	Funding Source	\$\$ Savings	FTE's	Recurring Reduction	Impact of Proposed Reduction
18	Business Development - Business Retention & Expansion cost reductions for E-Survey program	EDIF	\$ 25,000	0.25	Yes	Approx. 10 rural communities affected annually w/unknown indirect losses due to lack of local BR&E efforts; cease offering rural communities assistance to execute survey program to identify needed local business retention and expansion efforts
19	Business Development - Reduce program funding for Certified Development Corporations	EDIF	\$ 27,391	0	Yes	Affects 11 CDCs (risk capital/SBA loan network to small businesses) across Kansas by reducing pass thru funds for supplementing operating costs
20	Travel & Tourism Division - Reduce administrative costs	EDIF	\$ 48,053	1	Yes	Less visitation and spending in Kansas as a result of reduction of targeted niche tourism marketing efforts, particularly to nature based market.
21	Ag Marketing - Reduction of administrative costs, out-of-state travel and training	EDIF	\$ 84,959		Yes	Decreases program use and awareness by agribusiness. Decreases attendance at meetings on federal funding, bioenergy, training.
22	Business Development - Business Recruitment cost reduction for trade shows	EDIF	\$ 12,000	0	Yes	Business Recruitment worked @ 35 successful site location projects in FY 2008 involving almost 6,000 jobs. \$352M in payroll and over \$1.0B in capital investment for Kansas. Budget reductions will significantly reduce our ability to be successful to bring in similar level of new jobs, capital investment and payroll to Kansas.
23	Travel & Tourism Division - Reduce costs for Travel Information Centers	EDIF	\$ 8,000		Yes	Reduction of temp staffing at Goodland Travel Information Center leading to less service at Center.

Kansas Department of Commerce
2010 Proposed 10% Budget Reductions

22-16

	Programs Eliminated or Reduced	Funding Source	\$\$ Savings	FTE's	Recurring Reduction	Impact of Proposed Reduction
24	Business Development - Business Retention - general operations/services	EDIF	\$ 42,970	0	Yes	In FY08 the Business Retention & Expansion team helped to retain 4,240 existing jobs, created 6,814 new jobs with average wage of \$15.04 per hour and a capital investment of \$1,556,730,936. This reduction will limit the ability to produce at this level.
25	Business Development - Business Recruitment - general administrative cost reductions	EDIF	\$ 39,703	0	Yes	Business Recruitment worked @ 35 successful site location projects in FY 2008 involving almost 6,000 jobs. \$352M in payroll and over \$1.0B in capital investment for Kansas. Budget reductions will significantly reduce our ability to be successful to bring in similar level of new jobs, capital investment and payroll to Kansas.
26	Trade Development Division - Reduce contract costs for Japan and European offices	EDIF	\$ 25,000		Yes	Potential loss sales for Kansas companies of \$750,000 in export sales, market leads, business advisory
27	Travel & Tourism Division - Reduce community support & grants	EDIF	\$ 40,000		Yes	20% reduction in grants for communities and attractions. This reduction will result in less local level marketing, product development, & tourism spending, particularly in small and rural communities.
28	Community Development - Administrative cost reductions for the support of the Offices of Rural Opportunity	EDIF	\$ 153,455		Yes	Cuts rural community training for capacity building, local board training and leadership development as well as staff training and out of state travel.
29	Community Development - Reduce funding for Kansas Small Business Development Centers and NetWork KS	EDIF	\$ 66,822		Yes	Reduces outreach and assistance to existing and start-up businesses
30	Office of the Secretary - Reduce program funding for Strong Military Bases program	EDIF	\$ 36,746	0	Yes	Reduce Strong Military Bases Program.

**Kansas Department of Commerce
2010 Proposed 10% Budget Reductions**

22-17

	Programs Eliminated or Reduced	Funding Source	\$\$ Savings	FTE's	Recurring Reduction	Impact of Proposed Reduction
31	Workforce Development - Operational expense reduction for support of KS Industrial Training/Retraining (KIT/KIR) programs	EDIF	\$ 13,303		Yes	Reduce operational support KIT/KIR training programs for Kansas businesses
32	Workforce Development - Reduce Older Kansans Employment Program (OKEP) program funds	EDIF	\$ 32,837		Yes	Last year over 2,340 Kansans age 55 and older were served through this program. A reduction in this grant will make it difficult to serve older Kansans looking for employment opportunities.
			\$ 2,039,042	8.5		

Kansas Department of Commerce
2010 Proposed 4% Incremental Budget Reductions

22-18

	Programs Eliminated or Reduced	Funding Source	\$\$ Savings	FTE's	Recurring Reduction	Impact of Proposed Reduction
33	Workforce Development - Reduce funding for KS Industrial Training/Retraining (KIT/KIR) programs	EDIF	\$ 334,777		Yes	Last year 17,483 individuals were trained and/or retrained. A cut in KIT/KIR will mean a reduction in training and retraining services to Kansas companies, which is one of our major incentive tools/grant programs. A reduction in this fund, will also reduce the amount of dollars we spend on training at our Community and Technical Schools through the Workforce Solution Fund.
34	Trade Development Division - Reduction of exports staff resources	EDIF	\$ 99,000	1.5	Yes	Potential loss of sales for Kansas companies of \$1.25 million in export sales, market leads, business advisory
35	Business Development - Business Recruitment reduction of other contractual services and professional services contracts	EDIF	\$ 62,000	0	Yes	Business Recruitment worked @ 35 successful site location projects in FY 2008 involving almost 6,000 jobs. \$352M in payroll and over \$1.0B in capital investment for Kansas. Budget reductions will significantly reduce our ability to be successful to bring in similar level of new jobs, capital investment and payroll to Kansas.
36	Business Development - Reduce program funding for Deputy Secretary's special grant funds	EDIF	\$ 25,030	0	Yes	These funds are used for un-anticipated projects and special events that will help in retention and recruitment projects. In 2008 these funds helped to support some of the retention of 4,240 existing jobs and the creation of 12,814 new jobs with an avg. wage of \$21.63 per hour. The reduction of these funds will limit the flexibility of the division to respond to unforeseen opportunities.

Kansas Department of Commerce
2010 Proposed 4% Incremental Budget Reductions

22-19

	Programs Eliminated or Reduced	Funding Source	\$\$ Savings	FTE's	Recurring Reduction	Impact of Proposed Reduction
38	Travel & Tourism Division - Reduce costs for T&T research	EDIF	\$ 26,260		Yes	Reduction will eliminate ability to evaluate Kansas traveler preferences and to track international arrival and travel patterns in Kansas, important metrics in Division's marketing decisions.
39	Travel & Tourism Division - Reduce marketing costs	EDIF	\$ 117,863		Yes	Reduction will cut advertising to approx. 1 million domestic households leading to reduced visitation by leisure & group travelers. International marketing to lucrative European market will also be reduced. Impact will be less revenue for Kansas communities, hospitality industry businesses and state tax revenue. Kansas receives \$68 per each \$1 invested in TV tourism ad campaign.
40	Office of the Secretary - Reduce funding for Kansas business grants	EDIF	\$ 31,486	0	Yes	Reduce funding for business grants
41	Operations - IT administrative cost reductions	EDIF	\$ 53,399	0	Yes	Reduce organizational support for the information technology function
42	Legal Services - Administrative cost reductions	EDIF	\$ 8,341		yes	Reduce Travel and Commodities - No Emergency funds - services to divisions could be adversely effected.
43	Ag Marketing - Reduce FTE	EDIF	\$ 39,211	0.6	Yes	Reduce resources to support agriculture policy research, coordination with ag commodity groups, international ag marketing
44	Legal Services - Kansas Commission on Disability Concerns FTE reduction	EDIF	\$ 23,229	0.5	Yes	Additional one-half position reduced which supports legislative advocacy training, legislative updates, testimony, work with Big Tent and all emerg. prep. work that helps people with disabilities prepare for disasters.
			\$ 820,596	2.6		



632 S.W. Van Buren, Suite 100, Topeka, Kansas 66603
 (785) 296-1460 • fax (785) 296-1460
 www.kansasinc.org • ksinc@ink.org

March 12, 2009

Stan Ahlerich, *President*

The Honorable Carolyn McGinn, Chairperson
 Senate Ways and Means Budget Subcommittee
 Statehouse, Room 222E
 Topeka, KS 66612

Dear Senator McGinn:

On behalf of the Board of Directors and myself, I would like to thank you for the opportunity to present to the Committee the mission and history of Kansas, Inc. at the budget hearing. The following information is in response to the Committee's request for a FY 2010 budget submission at a six and ten percent reduction from FY 2009:

	<u>6% Reduction</u>	<u>10% Reduction</u>
Salaries & Benefits	275,768	275,768
Communication & Postage	6,324	3,000
Printing	4,000	2,500
Rents	25,000	19,124
Repair & Servicing	1,500	1,000
Travel	4,000	2,000
Fees Other Services	53,000	51,000
Other Contractual Services	3,232	3,232
Motor Vehicle Parts	500	250
Office Supplies	1,500	1,000
Total Expense	374,824	358,874

If you need any additional information or have questions about the organization, please contact me at 296-1460.

Sincerely,

Stan Ahlerich
 President

Cc: Senator Laura Kelly
 Michael Steiner, Legislative Research

Board of Directors

Governor Kathleen Sebelius, *Co-Chair*

Donna Johnson, *Pinnacle Technology, Inc., Co-Chair*

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Gene Argo, *Mid-America Rodeo Company*
 Patti Bossert, *Key Staffing*
 Tom Burroughs, *State Representative*
 Lana Gordon, *State Representative*
 Tom Holland, *State Senator*

David Kerr, *Secretary of Commerce*
 Don Landoll, *Kansas Calvary*
 Wil Leiker, *Kansas AFL-CIO*
 Lawrence L. McCants, *First National Bank*
 John Pilla, *Spirit AeroSystems, Inc.*

Reginald L. Robinson, *KS Board of Regents*
 Donald Schnacke, *Donald P. Schnacke, P.A.*
 Stephen L. Waite, *Waiteco Inc.*
 David Wysong, *State Senator*



**KANSAS TECHNOLOGY
ENTERPRISE CORPORATION**

KTEC is designed to "make Kansas a leading location for high-growth technology companies to flourish, with a dynamic entrepreneurial environment resulting from innovation." We have made much progress toward this vision, and what we do is well recognized in Kansas and beyond.

KTEC IS WELL STRUCTURED, ACCOUNTABLE & GETS EXCELLENT RESULTS

- KTEC's structure (dating back to Redwood-Krider) and performance are nationally recognized, as evidenced by Kansas' ranking on key indicators of innovation, and the fact that the national organization in our field chose Kansas to host its national conference in October.
- KTEC is highly accountable to state government, governed by a Board of Directors consisting of four legislators, four members from academia, two cabinet secretaries and ten private sector individuals, all appointed by the Governor and Legislative leadership in both parties.
- Examples of success are evident, including the research and design of KEGA, leading capital formation to attract Ventria to Junction City, helping develop Medi-Flex and Knowledge Communications.
- Kansas is ranked 8th nationally in creation of "Gazelle" jobs and 13th in venture capital deal flow, both important measures of the tech-based economy.
- Funding is strictly EDIF—no SGF—funding peaked in 1999 and has been reduced since then.
- KTEC's role is highly unique -- there is no duplication with Department of Commerce, Kansas Bioscience Authority or any organization in Kansas.
- Technology-oriented jobs pay two times more than non-technology jobs.
- 80% of job growth is from small, innovative businesses.

MISSION & VALUES

KTEC carries out a statutorily defined mission in a true partnership with business and academia, and conducts its mission with these values:

- private sector oriented and results driven;
- keeping tech-based economic development out of the political process as recommended by national thought leaders;
- avoids bureaucracy and inflexibility with customer-oriented approach; and
- serves small business and entrepreneurs, who, while paramount to the state's economic vitality, lack the voice and visibility of established, larger businesses.

Program components:

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ▪ Centers of Excellence ▪ EPSCoR grants ▪ Investment Fund ▪ Incubators ▪ KTEC PIPELINE ▪ Other commercialization ▪ MAMTC | <ul style="list-style-type: none"> five university research centers accessible to private sector state match to strategic federal technology funds equity investment in early stage technology companies hands-on business assistance in six locations throughout Kansas intense training and mentoring to produce the next wave of entrepreneurs entrepreneurs-in-residence, trade associations, capital formation events modernizing small and medium size manufacturers statewide |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The Governor's fiscal year 2010 recommendation would eliminate KTEC staffing, direct equity investment, commercialization support, and KTEC PIPELINE —in essence:

- those programs and services which are closest to the entrepreneur;
- staff to manage and hold programs and clients accountable;
- capital formation expertise (investment staff in conjunction with incubator managers have literally transformed the risk capital environment over the last five years);
- Angel investor tax credit expertise and network;
- KTEC Pipeline, including current Innovators, continued alumni involvement in network and partnership with Youth Entrepreneurs of Kansas (YEK);
- support for private sector trade associations (i.e. Garmin, Hill's Pet Nutrition, etc.); and
- Entrepreneur-in-residence program.

22-21

short, the Governor's recommendation would eliminate the high level of credibility that has been developed with entrepreneurs, angel investors, and the business community; decimate the capital formation network that has transformed the state's environment for risk capital; and stifle the progress Kansas is making in technology-based economic development.

While we respect the work of the Department of Commerce, its programs, clientele, and expertise differ dramatically and are not oriented to the work of accelerating early stage high-growth potential companies.

This is as important a time as ever for solidifying entrepreneurship and innovation in our economy. The vast majority of job growth comes from small, innovative businesses, which are our best hope to lead us out of recession. Maintaining the momentum we have built will allow Kansas to form a broader and more diverse economic base as the economy grows.

Our organization, as well as the entrepreneurial community, is fully aware of the difficult budget challenges you face, and if necessary, we are prepared to work with less resources to continue to make Kansas a great state for high tech business. We respectfully ask, however, that you reverse the Governor's recommendation and allow KTEC to continue to move Kansas forward.

Summary of economic impacts FY03-08

<u>Primary indicators</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>6-yr total</u>
Jobs created/saved	568	438	619	552	786	933	3,896
Sales revenues (\$mil)	78.394	61.625	69.223	152.736	197.877	207.260	767.115
Private \$ leveraged (\$ mil)	34.295	61.234	45.157	50.797	43.366	46.169	281.018
Federal \$ leveraged (\$ mil)	55.042	56.290	63.275	85.731	63.799	93.903	418.040
Mfg. costs reduced (\$ mil)	6.574	3.730	7.199	4.599	8.745	9.624	40.471
Start-up companies	29	19	19	15	17	20	119
<u>Secondary indicators</u>							
KS companies assisted	n/a	n/a	n/a	168	258	209	635 (3-yr)
# in entrepreneur fellowship	--	--	--	--	18	30	48 (2-yr)
# participating students	178	149	370	456	523	322	1,998

**FY 2010 Budget Proposal
(@ 10% cut from FY09 base)**

<u>Program</u>	<u>FY09 @ 3%</u>	<u>FY10 (FY09 base less 10%)</u>	<u>Change from FY09 (thousands)</u>
Salaries & Wages	\$1,181,712	\$1,180,712	-6
Operating	621,882	537,320	-79
Centers of Excellence	2,957,028	2,957,000	--
EPSCoR	1,975,768	1,326,000	-650
Investment	1,377,684	1,100,000	-278
Incubators	1,400,930	1,371,000	-30
KTEC PIPELINE	437,069	437,000	--
Commercialization support	783,077	583,000	-200
MAMTC	1,362,149	1,337,000	-25
Total	\$12,097,299	\$10,829,032	-1,268

FY09 column note:

Base allocation	\$12,032,258	(this also represents FY10 base above)
Carryover from FY08	439,184	
Total budget	\$12,471,442	
3% Board reduction (Dec. 7, 2008)	(374,143)	
Current operating budget	\$12,097,299	

22-22



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(785) 296-1460 - fax (785) 296-1463
www.kansasinc.org - ksinc@ink.org

Stan Ahlerich, President

April 20, 2009

The Honorable Jay Emler, Chairman
Senate Ways and Means Committee
Statehouse, Room 537N
Topeka, KS 66612

Re: Research Components of Various State Agencies – Summary

Dear Senator Emler:

Pursuant to the Committee's request, Kansas, Inc. has provided the following information:

Introduction

The Senate Ways and Means Committee directed Kansas, Inc. to provide further information regarding the research components of various state agencies, including the Kansas Department of Revenue (KDOR), Kansas Department of Labor (KDOL), Kansas Technology Enterprise Corporation (KTEC), and the Kansas Department of Commerce (Commerce).

The Committee noted several state agencies have specific divisions or programs dedicated to performing research and would like to examine the possibility of combining or consolidating all economic development-based research into a single entity. The Committee requested Kansas, Inc. provide a report regarding the research operations of state agencies at Omnibus.

Based upon this request, Kansas, Inc. requested agency-specific input regarding the following items:

1. Provide a brief description of specific divisions and/or programs dedicated to research-related functions within your respective agency.
2. Provide an estimate regarding FY 2008 and 2009 (Budget and FTE) figures dedicated to research-related functions within your respective agency.
3. Provide a brief description of specific outcomes and/or deliverables that result from research-related functions within your respective agency.
4. Provide a brief description of the potential impact and/or feasibility of the Committee's request on your respective agency.
5. Provide any additional comments deemed relevant to this discussion or that the Committee should consider when examining these issues.

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 23

Agency-Specific

Letters were sent to the four agencies on March 31, 2009, with comments due by April 10, 2009. No response was received from KDOL, thus information specific to KDOL was sourced from the Governor's Budget Report for FY 2010.

The **Kansas Department of Revenue** has three financial economists and one management systems analyst within the Office of Policy and Research. Two financial economists dedicate full-time to research functions, the third dedicates 2/3 time to research functions and 1/3 time as the Director of Taxation. The management systems analyst dedicates 1/2 time to research functions.

Annual salaries, including fringe benefits based on the positions as described above for FY 2009 are \$302,089 and \$2,670 in annual operating expenses for FY 2009. Financial economists are each assigned particular taxes administered by KDOR and involved in preparing fiscal notes and impact estimates with any tax law changes or fees administered by KDOR. Financial economists also participate in developing KDOR revenue forecasts, which are used by the Consensus Revenue Estimating Group; preparing monthly and annual statistical revenue reports; resolving any local sales tax, liquor or transient guest tax distribution issues; and preparing an annual tax credit effectiveness report.

Combining KDOR's research functions with another state agency would not be feasible, as research functions are performed using databases that consist of confidential taxpayer information. KDOR's economists and analysts do not perform economic development-related research as part of their current duties, and if all research capabilities were moved to another state agency tasked with performing economic development-based research, KDOR could not accomplish its current research-related functions of providing timely and accurate tax forecast, fiscal notes and required tax revenue reports. Aside from the legal barriers to combination, moving KDOR's research functions to another state agency would compromise its ability to provide independent, accurate revenue forecasting and fiscal notes on the revenue impact of proposed changes to the tax system. The tax revenue forecasting and fiscal impact analysis that KDOR currently performs is narrow in scope and short-term in nature, focusing on tax revenue effects during the immediate and following fiscal years, while economic development-based research generally focuses on long-term outcomes and considers a legion of factors and data beyond immediate tax revenue impacts. Moving research assets to another state agency and devoting them to economic development-based research would not give them the expertise to perform this type of research or provide them access to the needed database or research tools. (Refer to Attachment A for KDOR's full response)

The **Kansas Department of Labor** has the Division of Labor Market Information Services (LMIS) that collects, reports and analyzes data pertaining to all facets of the labor market. LMIS works in cooperation with the Bureau of Labor Statistics (BLS) and Employment and Training Administration (ETA) of the U.S. Department of Labor. By contractual agreement with BLS and ETA, LMIS conducts a number of major data collection programs that produce economic data, including employment and unemployment estimates by area, jobs, and wages by industry and area, occupational employment trends, wage information by occupation, and local area labor marketing support of Workforce Investment Act (WIA) initiatives within the Department of Commerce. The Division also has The

Honorable Jay Emler
Page 3
April 20, 2009

responsibility for unemployment insurance reporting and research. The Division has 33 FTE's, with a FY 2009 Budget of \$1,670,077 (Governor's Estimate) and a FY 2008 Budget of \$1,663,793 (Actual). (Sourced from the Governor's Budget Report, FY 2010)

The **Kansas Technology Enterprise Corporation** indicated they do not have programs, divisions or functions dedicated to research-related functions and do not perceive any potential impact related to the Committee's request. (Refer to Attachment B for KTEC's full response)

The **Kansas Department of Commerce** research unit has primarily functioned as an in-house research arm that supplements the work of other divisions at Commerce on an as-needed basis. The unit has primarily consisted of two FTE's, with a FY 2009 budget of \$131,078 (\$122,210 after rescission bill) and FY 2008 budget of \$132,563. (Budget totals include compensation and benefits, as well as costs for communication, fees, professional and scientific materials and other services). During the FY2010 budget process, Commerce anticipates the elimination of its research unit as of July 1, 2009. As a result, any possible cost savings from the consolidation of duplicative services between research components cannot include Commerce's research unit, since those cost savings will have already been realized. (Refer to Attachment C for Commerce's full response)

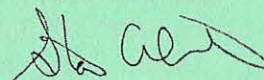
Kansas, Inc. is an independent, objective and non-partisan organization designed to conduct economic development research and analysis with the goal of crafting policies and recommendations to ensure the state's ongoing competitiveness for economic growth. Kansas, Inc. consists of 4.5 FTE's, with a FY 2009 budget of \$398,748 and FY 2008 budget of \$504,743.

Attachments

- Attachment A – Kansas Department of Revenue (KDOR)
- Attachment B – Kansas Technology Enterprise Corporation (KTEC)
- Attachment C – Kansas Department of Commerce (Commerce)

If you would like further information or have any questions regarding this request, feel free to contact me at (785) 296-1460 or stan.ahlerich@ksinc.state.ks.us

Respectfully,



Stan Ahlerich
President

23-3



Kathleen Sebelius, Governor
Joan Wagnon, Secretary

www.ksrevenue.org

April 3, 2009

Stan Ahlerich, President
Kansas, Inc.
632 S.W. Van Buren, Suite 100
Topeka, KS 66603

Re: Senate Ways and Means Committee Information Request

Dear Mr. Ahlerich:

Pursuant to your correspondence dated March 31, 2009, we provide you the following requested information:

Divisions or Programs Dedicated to Research Functions

The Department has 3 financial economists and 1 management systems analyst II employed in our Office of Policy & Research, which is part of the Office of the Secretariat, performing research functions for the Department. Two financial economists dedicate full-time to research functions. The third financial economist dedicates 2/3-time to research functions. The management systems analyst II dedicates half-time to research functions. The Director of Taxation performs research as part of his duties (1/3-time), in addition to managing the Division of Taxation.

FY 2009 Budget and FTE Dedicated to Research Functions

Annual salaries, including fringe benefits, for 2 full-time financial economists, a financial economist dedicating 2/3-time to research, a management systems analyst II dedicating 1/2-time to research, and 1/3-time for research for the Director of Taxation total \$302,089 for FY 09. Annual operating expenses for FY 09 for these positions is \$2,670.

Description of Outcomes or Deliverables from Research Functions

The financial economists are each assigned particular taxes administered by the Department. One financial economist is assigned to sales and use tax, as well as other excise taxes, such as cigarette and liquor taxes, and transient guest tax. Another financial economist is assigned to corporate income tax, the homestead refund program, franchise tax, and property tax. Another financial economist is assigned to motor vehicle fuel taxes, motor vehicle property tax, and Division of Vehicles fees. The Director of Taxation is assigned to individual income tax and severance tax. These professionals are responsible for timely preparing fiscal notes during the legislative session for bills that propose changes to any of the taxes or fees administered by the Department. Often during the year before particular legislation is introduced, a legislator or Legislative Research may request from the Department fiscal impact estimates on proposals involving tax law changes. These professionals prepare those estimates.

OFFICE OF THE SECRETARY
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23-4

The financial economists participate in developing the Department's revenue forecasts, which are used by the Consensus Revenue Estimating Group at their April and November meetings. The Director of Taxation coordinates with the financial economists in preparing the revenue forecast.

In addition, these professionals prepare the monthly and annual regular statistical revenue reports for the particular tax types they are assigned to. The management systems analyst II coordinates with the financial economists and other areas of the Department in assembling statistical information and preparing the Department's monthly revenue reports, as well as the annual report and tax expenditure report, which are posted on the Department's website.

The financial economists and management systems analyst II also have other duties, in addition to the research functions they perform. For example, the financial economist assigned to sales and use tax and the other excise taxes works closely with the management systems analyst II and local government staffs to resolve any local sales tax, liquor tax, or transient guest tax distribution issues or questions.

The Policy & Research tax specialist assigned to tax incentive programs, the Department's policy expert on these programs and not part of the Department's research function, prepares an annual tax credit effectiveness report, which is provided to the Legislature annually. This report is simply a statistical compilation of information reported to the Department on the tax credit schedules of the business claiming certain tax incentives.

Feasibility of Combining Department's Research Functions with Other Agencies

Combining the Department's research functions with another state agency is not feasible. The Department's financial economists and management systems analyst II perform their research functions using databases that consist of confidential taxpayer information. The Department is statutorily prohibited from disclosing such taxpayer data to any other persons, including another state agency.

The Department's financial economists and management systems analyst II do not perform economic development-related research as part of their current duties. These professionals' expertise focuses on specific tax types, and the data generated by the tax returns and receipts processed by the Department. If all of the Department's research capabilities are to be moved to another state agency and tasked with performing economic development-based research, the Department cannot accomplish its current research-related functions of providing timely and accurate tax revenue forecasts, fiscal notes on tax legislative proposals, and required tax revenue reports.

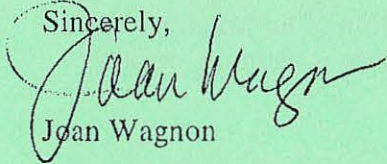
Additional Comments

Aside from the legal barriers to combination, moving the Department's research functions to another state agency would compromise the Department's ability to provide independent, accurate revenue forecasting and fiscal notes on the revenue impact of

proposed changes to the tax system. A recently completed Legislative Post Audit Study noted the difficulty, if not impossibility, of determining a causal connection between state-offered economic development incentives (primarily various tax breaks) and measurable positive economic development outcomes. In contrast, tax revenue performance can be accurately measured from year to year. The Consensus Revenue Estimating Group, in which the Department's research staff participates, produce highly accurate revenue forecasts every year, which the Governor and Legislature use for budget development purposes. This capability will be lost if the Department's research assets are moved out of the Department and dedicated to economic development-based research, the results of which will be nebulous at best.

The tax revenue forecasting and fiscal impact analysis that the Department currently performs is narrow in scope and short-term in nature, focusing on tax revenue effects during the immediate and following fiscal years, based on taxpayer data generated within the Department. Economic development-based research generally focuses on long-term outcomes and considers a legion of factors and data beyond immediate tax revenue impacts. This type of research is better suited for academicians specialized in this area. Moving the Department's research assets to another state agency and devoting them to economic development-based research will not give them the expertise to perform this type of research or provide them access to the needed database or research tools.

Sincerely,



Joan Wagnon



KANSAS TECHNOLOGY
ENTERPRISE CORPORATION

April 9, 2009

Stan Ahlerich, President
Kansas, Inc.
632 S.W. Van Buren, Suite 100
Topeka, KS 66603

RE: Senate Ways and Means Request – Research Entities

Dear Stan:

This is in response to your March 31 letter communicating the request of the Ways and Means Committee. In direct response to the five points to be addressed in your memo:

1. We do not have programs, divisions or functions dedicated to research-related functions.
2. There were no expenditures in FY08 or FY09 on research activities.
3. There are no research outcomes or deliverables.
4. I do not perceive any potential impact related to the committee's request.
5. Since this is pretty straightforward as far as our agency is concerned, I don't have any additional comments or recommendations.

Please let me know if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Kevin M. Carr".

Kevin M. Carr
Chief Operations Officer

23-7



Kathleen Sebelius, Governor
David D. Kerr, Secretary

www.kansascommerce.com

April 9, 2009

Stan Ahlerich, President
Kansas, Inc.
632 S.W. Van Buren, Suite 100
Topeka, KS 66603

Dear Mr. Ahlerich,

This letter is in response to your request dated March 31, 2009, for information regarding the research components of four state agencies, including the research unit of the Department of Commerce ("Commerce") for FY 2008 and 2009.

The research unit has consisted of two FTE during those two fiscal years. The total submitted budget for the unit was \$131,078 for FY 2009 and \$122,210 after the rescission bill. The total actual budget for the unit for FY 2008 was \$132,563. Those totals include costs for total compensation and benefits as well as costs for communications, fees, professional and scientific materials and other services.

The unit has primarily functioned as an in-house research arm that supplements the work of other divisions at Commerce on an as-needed basis. The unit has performed a wide range of functions, including:

- Compiling various data on different companies, including North American Industry Classification System (NAICS) data, revenue data, data verification, fact checking and the building of prospect lists and categories;
- Working with economic data, including population estimates and economic impact analyses for various project applications, including STAR bonds project applications;
- Compiling and maintaining the Kansas Data Book for use by Commerce as a business recruitment tool;
- Using data compiled by the U.S. Department of Labor and the Kansas Department of Labor regarding workforce trends and needs to respond to inquiries regarding categories of workers;
- Working with product rating services and trade associations to track developments in foreign trade; and

OPERATIONS DIVISION

1000 S.W. Jackson St., Suite 100; Topeka, KS 66612-1354 • (785) 296-3481 • Fax: (785) 296-5055
TTY: (785) 296-3487 • E-mail: admin@kansascommerce.com

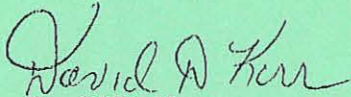
23-8

▪ Serving as the state contact for the federal Bureau of Economic Analysis in the U.S. Department of Commerce, the state contact for the business and economic census for the federal Census Bureau, and the agency contact for development of the state plan for the Office of Domestic Preparedness of the U.S. Department of Homeland Security.

During the budget-making process for the FY 2010 state budget, the Senate Ways and Means Committee asked all state agencies to compile a list of cuts that would total 10% of their budget. Unfortunately, the Department identified the elimination of the research unit as one of those cuts. At this point, Commerce anticipates the elimination of the unit as of July 1, 2009. As a result, any possible cost savings from the consolidation of duplicative services between research components of the four agencies cannot include Commerce's research unit, since those cost savings will have already been realized.

I hope this information is helpful to you as you prepare your report. Thank you.

Sincerely,



David D. Kerr

Secretary

GOVERNMENTAL ETHICS COMMISSION - FY 1010 REDUCTION TARGETS

Governor's Recommended State General Fund Expenditures - FY 2009 \$512,918

10% Reduction Target \$ 51,291

Additional 5% Reduction Target \$ 25,646

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 24

**Kansas Governmental Ethics Commission
Systemwide Reduction of 10% - Fiscal Year 2010**

<u>Priority Number</u>	<u>Item</u>	<u>Proposed Adjustment to Base Budget</u>	<u>Total Adjustment from Base Budget</u>
	Adjusted FY 2009 SGF Budget	512,918	
1	Eliminate all out-of-state travel	(5,235)	(5,235)
2	Eliminate temporary help	(1,500)	(6,735)
3	Reduce Part-Time Investigator's Hours	(5,583)	(12,318)
4	Eliminate 1 FTE Position	(38,973)	(51,291)

Systemwide Reduction - Additional 5% - FY 2010

1	Eliminate all funds for "Other Contractual Services" (Membership dues to National Association, subscriptions to newspapers and journals)	(1,506)	(1,506)
2	Eliminate All Capital Outlay (Replacement for 2 desktop computers and software upgrades)	(5,000)	(6,506)
3	Make 1 FTE position a half-time position	(19,140)	(25,646)

24-2

Kansas Governmental Ethics Commission
Systemwide Reduction of 10% - Fiscal Year 2010

The Governmental Ethics Commission administers the Campaign Finance Act, Lobbying Laws, and the State Conflict of Interest statutes. It has only one program. This work program encompasses six areas: (1) education and public awareness; (2) advisory opinions; (3) review and audits; (4) investigations; (5) enforcement; and (6) general administrative activities.

The full time staff of eight and two part-time staff consume approximately 75% of the agency's appropriations. Many of the other operating costs are fixed costs such as rent, utilities, and communication costs. Contractual services which would be cut with a 10% reduction would be: 1) The elimination of all out-of-state travel (\$5,235). This would preclude the Director and General Counsel from attending the National Council on Governmental Ethics Laws conference and other staff from attending the regional Council on Governmental Ethics Laws conference. The sharing of materials, ideas, and general networking that occurs at these conferences is invaluable; and 2) not hiring a temporary data entry operator (\$1,500). Temporary help is utilized when state level campaign finance reports are filed so statistical data can be timely placed on the agency's website for public viewing. In FY 2010, there is only one campaign finance report filed, unlike odd numbered fiscal years when data from three reports needs to be entered.

A 10% reduction would require salaries and wages to be cut. The Commission's part-time investigator would have his hours reduced approximately one-third (\$5,583). The Commission has always believed any potential violation of the laws it administers should be timely and thoroughly investigated to determine if a violation has occurred. To date in FY 2009, 12 investigations and 21 inquiries have been conducted in the area of campaign finance. Two investigations have been conducted in the State Conflict of Interests area.

One FTE position would also be eliminated. This position would more than likely be one of the auditor positions. With a small staff, each employee has multiple duties. One of our auditors is also responsible for administering and reviewing all Statement of Substantial Interests (SSI) filings. Each April over 9,000 state officers and employees file a SSI. The other auditor position, besides performing campaign finance audits, is responsible for entering data from all lobbying reports filed during the year into the Commission's database for website viewing. She is also responsible for performing desk reviews of all state party, county central committee, and political women's organizations Receipts and Expenditures Reports. Eliminating either one of these positions would mean job responsibilities for that position would have to be assumed by one or more of the remaining 7 full-time staff.

24-3

Board of Barbering 10 percent reduction

1. Eliminate one board meeting	\$1,800
2. Furlough the barber shop instructor for one week per month	\$7,438
3. Reduce the administrators salary	\$5,008
Total proposed reductions accepted:	\$0

Board of Cosmetology 10 percent reduction

1. Hold a position vacant	\$33,783
2. Disconnect phone service for vacant position	\$222
3. Eliminate law clerk position	\$10,669
4. Savings from professional service fees	\$8,000
5. Delete out-of-state travel and subsistence	\$5,115
6. Legislative revision—practitioner renewals	\$15,000
Total proposed reductions accepted:	\$0

Board of Mortuary Arts 10 percent reduction

1. Across the board cut including KSIP transfers	\$26,510
Total proposed reductions accepted:	\$0

Governmental Ethics Commission 10 percent reduction

1. Eliminate all out-of-state travel	\$5,235
2. Hold temporary position vacant	\$1,500
3. Reduce part-time investigator hours by 1/3	\$5,583
4. Eliminate one FTE position	\$51,291
Total proposed reductions accepted:	\$51,291

24-4



KANSAS

STATE BOARD OF BARBERING

Jayhawk Tower
700 S. W. Jackson; Suite 1002
Topeka, Kansas 66603-3811

(785) 296-2211
Created February 27, 1913

Good afternoon, Mr. Chairman.

My name is Rocky Vacek and I am the Administrator of the Kansas Board of Barbering.

I thank you for the opportunity to appear before you and the Members of the Subcommittee of the Senate Ways and Means Committee.

If I may, I wish to present an overview of the internal operations of this Board. This overview includes three (e) working components of the administrative office.

First ... is administration. That is me. As the Administrator, I am full-time. My responsibilities include the preparation of the budget; presentations to the various legislative committees; responding to inquires via letter, e-mail, and telephone; preparing for board meetings; preparing for the examinations whereby graduates of the four (4) barber colleges take the tests; and any other day-to-day issues.

Second ... is licensure. That is my secretary. She is a half-time employee. Her job responsibilities include answering the telephone; prepares correspondence from my drafts; sorts the mail; issues barber licenses, barber shop licenses and other categories of licensure; and prepares the deposits to the State Treasurer's office. The above functions are completed on a most timely basis.

Third ... is inspection. That is the barber shop inspector. He is a half-time employee. His job responsibilities include the inspection of all licensed barber shops in the State of Kansas; the quarterly inspection of the barber colleges; conducts follow-up inspections on shops where violations had previously been found; conducts investigations when necessary; and conducts classes for the barbering students at the barber colleges.

24-5

The Chairman of the Kansas Board of Barbering stated that he is extremely concerned with the operation of the Board when Chairman Emler's Budget Guidelines are adopted in FY 2010.

In accordance with the guidelines which reflect a 10 percent reduction in FY 2010 from the FY 2009 Governor's revised amount; the following is itemized:

The Governor's revised amount for this agency is \$142,462.

Based on the above amount; the first reduction is the elimination of one (1) board meeting to include the testing of the barber college graduates. The amount of this reduction is \$1,800.

The second reduction is to furlough the barber shop inspector for one week per month. The amount of this reduction (including salary and wages, and travel) is \$7,438.

The third reduction is reduce the administrator's salary and wages. The amount of this reduction is \$5,008.

A second reduction list (of 8.0 percent) is itemized as follows:

From the above revised 10% reduction; the base amount for FY 2010 is now \$128,216.

The first reduction is to furlough the barber shop inspector for an additional six (6) weeks per year. The amount of this reduction (including salary and wages, and travel) is \$3,729.

The second reduction is to reduce the administrator's salary and wages. The amount of this reduction is \$6,528.

In conclusion, the Members of the Kansas Board of Barbering are extremely concerned with the efficiency and timely responsiveness of the operation of the Board after July 1, 2009, and an 18% reduction of our budget.

It must be noted though ...all of us understand that it will continue to take collective sacrifice to get through this challenging economic environment.

Thank you.

24-6

KANSAS BOARD OF COSMETOLOGY

KATHLEEN SEBELIUS, GOVERNOR

**Senate Ways and Means Sub-committee
Agency Budget Review
Monday, March 2, 2009**

Presentation by Mary Lou Davis, Executive Director, Kansas Board of Cosmetology

Mr. Chairman and Members of the Committee:

The Kansas Board of Cosmetology administers a program of licensure and inspection enforcement. Fees are received from 30 licensing categories. As of June 30, 2008 the following is noted:

Practitioner licensure - cosmetology, esthetics, nail technology and electrology	21,891
Practitioner licensure - tattoo artists, body piercers and cosmetic tattoo artists	<u>131</u>
	22,022
Facility licenses - for all the above listed cosmetology professions	3,926
Facility licenses - for all the above body art professions	80
Facility licenses - tanning	<u>658</u>
	4,664
Licensed instructors for the cosmetology professions and body art trainers	311
Apprentices in the cosmetology and body art professions	2,239
Schools - cosmetology professions	36

The Board is comprised of eight members appointed by the Governor. Twelve staff members (one currently vacant), of which four are field compliance inspectors, ensure that the licensing and compliance responsibilities are met.

FY 2010 and FY 2011 Budgets:

House Substitute for Substitute Senate Bill 23 set the Board's budget at \$782,165. During the 2008 legislative session, the agency budget was approved at \$806,356.

Earlier this session House Bill 2243, which was Board initiated legislation, was passed favorably out of the Committee on Health and Human Services. Unfortunately the bill was not advanced "above the line" prior to February 20. However in conversation with House leadership efforts are still underway to advance this revised legislation.

This proposed legislation would remove current statutory language allowing the Board to implement on-line renewals for practitioners in the cosmetology professions. If enacted the Board would realize a savings of approximately \$15,000.

On-line renewals will be possible with the implementation of a new database. The current database licensure software is no longer supported. With the database implementation targeted for this month, mid-March 2009, the maintenance agreement for the new licensure database software will be \$18,260 for each year, FY 2010 and FY 2011. This is an added expense reflected in the agency's Capitol Outlay budget request outlined in the initial budget submission.

24-7

In anticipation of the database implementation, the KSIP fund was targeted to offset some of the additional IT expenses that have and will be incurred with the new licensure system. However, since this fund is not available to the agencies, those costs will need to be absorbed by present budget.

An enhancement was also submitted for FY 2010 and FY 2011 for purchase each year of a vehicle for the inspection program. Although the state's mileage threshold remains at 100,000 miles before purchase of another vehicle, the Board has increased its agency threshold to 120,000 to 125,000 miles, or more, depending on the vehicle's repair history.

Per the Senate Ways and Means Subcommittee budget guidelines, additional budget reductions for FY 2010 and FY 2011 are as follows:

Yearly savings, vacant position; Senior Administrative Assistant	FY 2010	\$33,783
	FY 2011	\$34,310
Yearly savings; disconnecting phone service for the above position:		\$222
Yearly savings, eliminate law clerk temporary position		\$10,669
Yearly savings, from fees – professional services		\$8,000
Yearly savings; deletion of out-of-state travel and subsistence		\$5,115
Legislative revision – practitioner renewals		<u>\$15,000</u>
	Budget Reduction	
	FY 2010	\$72,789
	FY 2011	\$73,316

Additional 3% Budget Reduction

As the result of the Governor's request in September to submit revised 2009 budgets and in view of the recent economic downturn, the Board and I initially discussed at its September and November meetings what additional budget reductions may be necessary. That discussion continued at the January meeting.

Obviously the largest budget item for the Kansas Board of Cosmetology is salary and wages. The Board's enforcement responsibility also involves considerable budget expenditure. During Board discussions as noted above, it was discussed that the inspection program may need to be re-aligned to enable the Board to meet its budget constraints.

The four FTE inspector salaries for FY 2010 are budgeted at \$120,869. Reducing those positions to 75% FTE would be a Board reduction in this expenditure category by \$30,217. There would also be related savings involving travel, fuel and other associated expenses.

Program Impact/Risks Associated with the Reductions:

1. Delay in processing licensure applications due to position vacancy; applicants may not be able to enter the workforce as anticipated.
2. The inspection program may be adversely impacted, thus placing the consuming public at risk.
 - a. Increasing the timeframe for compliance inspections, thus delaying facility owners from opening as timely as anticipated.
 - b. Complaint processing and inspection investigations may be delayed. This may delay prompt filing of disciplinary action.
 - c. The cause and effect of fewer routine inspections may be that standards of practice are less important to licensees, which also places the consumer at risk.
3. Cease hosting/sponsoring infection control seminars unless mandatory per disciplinary action. The result of this may be that infection control violations increase.

24-8

Receipts, Disciplinary Action Fines and Expenditures

In FY 2008, the Board received \$850,935 in fees. Twenty percent, \$170,187, was forwarded to the State General Fund.

Additionally, enforcement fines of \$88,973 were deposited in the SGF during FY 2008.

The following is provided only as background information to underscore increases in budget expenditures the Board has experienced in the past several years. The Board routinely reviews its efficiency practices – and will continue to do so – to ensure that licensure fees received each year are responsibility budgeted and expended. Through these continued efforts, licensure fees have not increased since 1998. The below listed are actual expenditures for the respective fiscal year.

Travel expenses associated with the inspection/enforcement responsibility. This does not include fuel.

FY 2006	\$14,148
FY 2008	\$18,945

This increase was due to increased meal and lodging state approved allotment.

Fuel expense associated with the inspection/enforcement responsibility.

FY 2006	\$ 9,351	(vacant position from May through June)
FY 2008	\$14,259	

Please note the following administrative fee increases the Board has accrued during the past three fiscal years.

Central Mail	FY 2006	\$29,068
	FY 2007	\$31,886
	FY 2008	\$34,863
Monumental Building Surcharge	FY 2006	\$4,720
	FY 2007	\$8,280
	FY 2008	\$9,760
SHaRP, STARS, processing fees	FY 2006	\$ 1,486
	FY 2007	\$ 1,634
	FY 2008	\$ 1,749
Department of Administration, FMS, SMaRT	FY 2008	\$ 1,316
IT Support	FY 2006	\$ 5,468
	FY 2007	\$ 1,566
	FY 2008	\$ 6,245
Data Services	FY 2006	\$ 679
	FY 2007	\$ 620
	FY 2008	\$ 578

24-9

KANSAS

The Kansas State
Board of Mortuary Arts

Created August 1, 1907

700 SW Jackson Street, Suite 904
Topeka, Kansas 66603-3733
Telephone: (785) 296-3980
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MEMBERS OF THE BOARD

Mr. Fred G. Holroyd, Licensee, President
Mr. Bill Young, Licensee, Vice President
Mr. Barry W. Bedene, Licensee
Ms. Melissa A. Wangemann, Consumer
Mr. Charles R. Smith, Consumer

ADMINISTRATIVE STAFF

Mr. Mack Smith, Executive Secretary
Mr. Francis F. Mills, Inspector
Ms. Mary J. Kirkham, Administrative Specialist

Tuesday, February 24, 2009

Senator Ty Masterson, Chair
Senate Ways and Means Fee Boards Budget Subcommittee

Chair Masterson and Members of the Committee:

Thank you for the opportunity to appear before you today to discuss budgets for the Kansas State Board of Mortuary Arts.

A general overview of the KSBMA is as follows:

Our *Mission* is to ensure that licensees perform their professional services in a manner providing maximum protection of the health, safety and welfare for consumers and to inform the public of related laws and options available to them when using the services of a licensed funeral professional.

Our agency is 102 years old, and we regulate approximately 2,200 licenses. We have an administrative staff of three (3) full-time employees. Board members are appointed by the Governor to three (3) year terms. Three (3) board members are licensees, and two (2) are consumers.

The agency *Mission* is accomplished through numerous ways, including: inspection of funeral homes and crematories, administering of examinations, granting and renewing of licenses, investigation of complaints, licensure action against licensees and preventive maintenance by providing information to consumers and licensees. I have included a copy of our two (2) informational brochures and memorial planning guide that we mail upon request and is available on our web site.

24-10

Agency Concerns:

Transferring of fee funds to the SGF—The agency is generally able to go three (3) renewal cycles (six years) without having to raise fees. This will remain true—unless money is transferred from the KSBMA fee fund to the SGF. We were able to come in approximately \$40,000 (including \$9,215 of unused KSIP funds) under budget in FY 2008. This savings was a result of a number of things—including the non-use of Kansas Savings Incentive Plan (KSIP) funds, the geographical location of complaints (resulting in less travel costs), and no costly licensure hearings. 50% of the savings was placed in the agency's KSIP funds for future use in the area of computers—both hardware and software. The total amount currently in our KSIP fund is approximately \$29,834. It is our hope that KSIP funds are not transferred to the SGF as that transfer would defeat the savings made in FY 2008 and previous years.

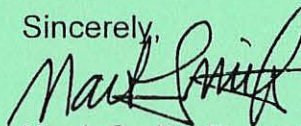
FY 2008 Agency Expenditures—As a fee agency, 20% of our income, which results from fees, goes directly to the SGF. In FY 2008, that amount was \$64,260. In addition, the following fee fund money was required to pay for services previously included in the 20% previously mentioned: \$693—FMS, \$535—Central Mail Assessment Fee, \$2,190—Annual Monumental Building/Grounds Surcharge, \$30—Facilities Management State Lease Negotiation Fee, \$256—Secretary of State Statute/Regulation books, for a total of \$3,704.

Ending Balances: Our agency attempts to operate on a six-year cycle—meaning that fees remain the same for six-years. The conclusion of **FY 2011** would be the end of the current six-year cycle and would leave a balance of approximately **\$119,114—or 41.4%**. By not increasing fees for the two-year biennial period of FY 2012-2013 (extending fees for eight years instead of six years) with a budget increase of 5% per year, the ending balance at the conclusion of **FY 2013** would be **-\$3,520**. Obviously these figures would change if budget amounts for FYs 2010-2013 were decreased—or if the current KSIP balance of \$29,834 was swept to the SGF.

Fees: Current fees remain under statutory maximums. *Except for the combined funeral home/crematory fees which are only \$50 under the current statutory maximum,* statutory maximums would not need to be increased in order to increase fees in the future. Actual fees are set via regulation and are reviewed annually by the board. Any necessary increases are proposed by the board at the beginning of the two year renewal cycle. The board realizes that fee increases are passed on to consumers in the form of costs for merchandise and services provided by licensees, something the board takes into consideration when fees are reviewed.

Again, I thank you for the opportunity to appear before you today. I will do my best to answer any questions of the committee.

Sincerely,



Mack Smith, Executive Secretary
Kansas State Board of Mortuary Arts

MS

enclosures: Informational Guides/Memorial Planning Guide, Business Card

FY 2009

Amount	3% Targeted Gov Reductions (634,875)	Commission/Program Impacts
487,000	Increase Shrinkage to 8.6%	The FY 2008 shrinkage rate was a mixture of 2.5% to 6% (\$745,350). The 8.6% equates to (\$1,232,350) This increased shrinkage requires the Commission to leave vacancies open and not fill retirements. This may impede the Commission in carrying out the mission of the agency.
144,800	Reduce Professional Services*	The Commission relies on consultants with expertise in areas of auditing, FERC, FCC, and specific analysis for rate cases. Reduction of contractual services could impact the Commission's ability to respond to dockets, which could impact Kansas ratepayers. * The Commission will target capital outlay and OS travel prior to reducing contractual services.
3,075	Reduce KETA funding	The Commission Public Service Regulation Fund, is the source of funding for the KETA administrative activities and leaves \$99,438.
634,875	Total	

Funding Source Reduction

176,625	Public Service Regulation Fund (PSR) - 2019
168,650	Conservation Fee Fund (CFF) - 2130
100,000	Motor Carrier Fee Fund (MCFF) - 2812
154,600	Natural Gas Underground Storage (NGUS) - 2181
35,000	Facility Conservation Improv Program (FCIP) - 2432
634,875	Total - 3%

Other Funding Reductions

80,000	State Water Plan (SWP) Transfer Abandoned Well
400,000	State General Fund (SGF) Transfer Abandoned Well
1,000,000	KETA Development Fund
1,480,000	Total

2,114,875 Grand Total - 3% with Other Funding Reductions

Senate Ways & Means Cmte
 Date 4-22/23-2007
 Attachment 125

25-2

FY 2010

Amount 4% Targeted Gov Reductions (864,000) Commission/Program Impacts

172,401	Increase Shrinkage to 9%	The FY 2008 shrinkage rate was a mixture of 2.5% to 6% (\$745,350). The 8.6% equates to (\$1,232,350) This increased shrinkage requires the Commission to leave vacancies open and not fill retirements. This may impede the Commission in carrying out the mission of the agency.
366,128	Health Moratorium	Governor's Recommendation
73,421	DD Moratorium	Governor's Recommendation
250,000	Reduce Professional Services*	The Commission relies on consultants with expertise in areas of auditing, FERC, FCC, and specific analysis for rate cases. Reduction of contractual services could impact the Commission's ability to respond to dockets, which could impact Kansas ratepayers. In addition, the Conservation Division contracts are also reduced, which impact RBDMS and SOLAR projects. * The Commission will target capital outlay and OS travel prior to reducing contractual services. The 4% reduction was applied to the 2010 Project of 116,480.
2,050	Reduce KETA Funding	The Commission Public Service Regulation Fund, is the source of funding for the KETA administrative activities.
864,000	Total	

Funding Source Reduction

260,799	Public Service Regulation Fund (PSR) - 2019
246,169	Conservation Fee Fund (CFF) - 2130
155,813	Motor Carrier Fee Fund (MCFF) - 2812
159,754	Natural Gas Underground Storage (NGUS) - 2181
41,465	Facility Conservation Improv Program (FCIP) - 2432
864,000	Total - 4%

Other Funding Reductions

111,350	1% COLA Estimate - Absorb
112,000	State Water Plan (SWP) Transfer Abandoned Well
400,000	State General Fund (SGF) Transfer Abandoned Well
512,000	Total

1,376,000 Grand Total - 4% with Other Funding Reductions

25-3

FY 2010

** less Federal Funds and \$2.6M Abandoned Well transfers/expenditures.

Amount 10% Targeted Reductions (1,760,806)**

Commission/Program Impacts

172,401	Increase Shrinkage to 9%	The FY 2008 shrinkage rate was a mixture of 2.5% to 6% (\$745,350). The 8.6% equates to (\$1,232,350) This increased shrinkage requires the Commission to leave vacancies open and not fill retirements. This may impede the Commission in carrying out the mission of the agency.
155,784	Eliminate all Capital Outlay Purchases	This funding is for replacement PCs, printers, servers, laptops, etc. as part of the KCC IT plan.
174,362	Eliminate all OS Travel except for \$31K SPP/Comm	We will work to participate via video. The Commission would not participate at key FERC and FCC venues. Also, Kansas would lose its voice at the national level on issues impacting the Commission.
10,800	Eliminate all clothing expenditures	Staff will not replace any steel toe boots, gloves, shirts, jackets, etc.
50,242	Reduce Office Supplies by 30%	Eliminate office supplies to basic needs.
50,000	Reduce the majority of Memberships/Subscription	Except for statutory required ones (IOGCC) and eliminate many publications. This action will limit the Commission's ability to stay abreast of current issues impacting the industries will regulate.
40,000	Reduce significantly Registration/Training	The Commission staff will not be able to gain knowledge from various training opportunities. We must maintain Camp NARUC for 2 new staff.
3,500	Eliminate Employee Tuition Reimbursement Program	The employee tuition reimbursement is a tool used by the Commission as part of the benefits package and has proven beneficial in retaining employees.
5,133	Reduce Professional Supplies	Eliminate scientific supplies to bare minimum.
9,944	Reduce KETA Funding	The Commission Public Service Regulation Fund, is the source of funding for the KETA administrative activities and leaves \$89,494.
27,913	Eliminate/scale back Energy and Pipeline Conferences	The elimination of these conferences will limit educational opportunities to industry and specific groups of individuals.
12,300	Park 64 state vehicles for one day per month	Staff currently assigned state vehicles will be required to report to their official work station for in-house work/training.
14,735	Eliminate one Legal Intern for the Fiscal Year	The Commission relies on legal interns to assist staff in dockets and research.
533,892	Reduce Professional Services Approx. 35%	The Commission relies on consultants with expertise in areas of auditing, FERC, FCC, and specific analysis for rate cases. Reduction of contractual services could impact the Commission's ability to respond to dockets, which could impact Kansas ratepayers. The Conservation Division contract with KGS will need to be reduced impacting RBDMS and SOLAR projects.

25-4

499,800	Reduce Abandoned Well Plugging Program by 96 wells	If this reduction occurs, approximately 429 of the most serious wells will be plugged.
<u>1,760,806</u>	Total	

Funding Source Reduction

376,828	Public Service Regulation Fund (PSR) - 2019
357,246	Conservation Fee Fund (CFF) - 2130
325,713	Motor Carrier Fee Fund (MCFF) - 2812
159,754	Natural Gas Underground Storage (NGUS) - 2181
41,465	Facility Conservation Improv Program (FCIP) - 2432
499,800	Abandoned Well\Remediation Fund - 2143
<u>1,760,806</u>	Total - 10%

Other Funding Reductions

111,350	1% COLA Estimate - Absorb
112,000	State Water Plan (SWP) Transfer Abandoned Well
400,000	State General Fund (SGF) Transfer Abandoned Well
<u>512,000</u>	Total

2,272,806 Grand Total - 10% with Other Funding Reductions

25-5

**Federal Funds and \$2.6M Abandoned Well Expenditures are backed out.

Amount
FY 2010
3% Additional Targeted
Reductions (528,242)**

Commission/Program Impacts

2,983	Reduce KETA Funding	The Commission Public Service Regulation Fund, is the source of funding for the KETA administrative activities and leave \$86,511.
525,259	Reduce Abandoned Well Plugging Program by 101 wells	If this reduction occurs, approximately 424 (of 525 projected) of the most serious wells will be plugged.

528,242

Total

Funding Source Reduction

525,259 Abandoned Well Remediation Fund - 2143

2,983 Public Service Regulation Fund (PSR) - 2019

528,242 Total - 3%

2,801,048 Grand Total - 13% with Other Funding Reductions

25-6

FY 2010

**Federal Funds and \$2.6M Abandoned Well Expenditures are backed out.

Amount

**8% Additional Targeted
 Reductions (1,408,644)****

Commission/Program Impacts

4,972	Reduce KETA Funding	The Commission Public Service Regulation Fund, is the source of funding for the KETA administrative activities and leaves \$81,539.
1,403,672	Reduce Abandoned Well Plugging Program by 270 wells	If this reduction occurs, approximately 255 (of 525 projected) of the most serious wells will be plugged.
1,408,644	Total	

Funding Source Reduction

1,403,672 Abandoned Well\Remediation Fund - 2143
 4,972 Public Service Regulation Fund (PSR) - 2019
1,408,644 Total - 8%

3,681,450 Grand Total - 18% with Other Funding Reductions

Changes in substantive law or state plan amendments (other than modification of the revenue transfers for well plugging) are not necessary with these adjustments at this time.

MEMORANDUM

To: The Honorable John Vratil, Chairman-Senate Ways & Means Subcommittee
The Honorable Jay Emler
The Honorable Janis Lee

From: Susan K. Duffy, Executive Director



Date: February 19, 2009

Re: Corrected KETA Numbers for FY 2010

Please accept the following corrections regarding KETA numbers for FY 2010. We apologize for any inconvenience this may have caused.

KETA Reductions – Senate Proposals

Governor Recommendation:

	Original Request	Reduction	Gov Adj Rec
FY 2009 -- 3%	102,513	(3,075)	99,438
FY 2010 – 2.04%	100,463	(2,050)	98,413

Senate FY 2010 10%-18% Proposal:

	Gov Adj Rec*	Reduction	Proposed Amount
FY 2010 – 10%	99,438	(9,944)	89,494
FY 2010 – 13%	99,438	(12,927)	86,511
FY 2010 – 18%	99,438	(17,899)	81,539

*using FY 2009 Gov Revised amount

25-7

STATE OF KANSAS
Kansas Animal Health Department

George Teagarden, Livestock Commissioner

708 SW Jackson, Topeka, Kansas 66603-3714

Phone 785-296-2326 Fax 785-296-1765

Email - gteagarden@kahd.ks.gov

web site - www.kansas.gov/kahd

March 9, 2009

Senate Ways and Means Subcommittee – Kansas Animal Health Department Budget FY 2010

KAHD can accept the Governor's recommendation for FY 2010.

At the request of the Senate Ways and Means Chairman, we will offer these options for a 10% reduction in SGF spending for FY 2010. The Kansas Animal Health Department has 4 individual fund accounts that are not utilized at this time because of lack of need or because of the restrictions place on these funds make them virtually un-useable for normal activities. These funds could be shifted to the SGF by statutory language and we propose that these funds be captured in lieu of a 10% cut in current AGF appropriations. These funds are as follows:

Brucellosis/Pseudorabies Indemnity Fund	\$17,275
KS is free of these diseases. The likelihood of needing these funds is very remote.	
Attorney Fund	\$31,244
Proviso language limits the spending to outside contract attorney fees.	
Parts and Machinery Fund	\$15,420
Receipts from the sale of surplus property.	
Greensburg Re- Imbursement	\$23,864
Total	<u>\$87,803</u> (\$864,525 FY09)

An additional 3-8% SGF reduction:

Inspections at KSF	\$6,300
Meals	\$2,530
Rooms and extra travel 10 people	
Total	\$8,830

25-8

KJLS \$ 605
 Rooms, travel, per diem
 4-5 people

KJDS \$ 280

Inspections at Public Events \$ 9,715

This would increase the chance of exposure to disease to animals at these individual events. These animals return to their original premises into every county in the state. Spread of a highly contagious disease could cost the livestock industry millions of dollars.

No training with USDA: \$1,776.

We annually train with five other states and approximately 60 -100 USDA inspectors and supervisors. We address common problems and arrive at a consensus on how to handle them. We try to insure we are all interpreting the regulations the same way. It also gives our inspectors a chance to meet with their counterparts.

Ramifications: Increased complaints from licensees about differences in state and USDA inspections. It would also create problems during administrative hearings.

Also, it would weaken our relationship with USDA. They have followed our lead over the years; that will cease. Inspectors will not have a chance to discuss problem kennels when supervisors are present to answer questions.

No commissioner out-of-state travel. Savings: \$5,195.

Ramifications: Lack of education about new diseases, new USDA programs, other state programs, and rules and regulation changes across United States and USDA.

Kansas would be the only state not participating on USAHA executive committee and therefore the only state with no input into USDA regulations.

Cut field staff travel in half: \$64,617. Disease control would respond to trace-backs only. Kennel staff would do initial inspections on new applicants and complaint inspections only.

Furlough \$3,938 per day

3%	\$25,935	6.58 days
4%	\$34,581	8.78 days
5%	\$43,226	10.97 days
6%	\$51,871	13.17 days
7%	\$60,516	15.36 days
8%	\$69,163	17.56 days
9%	\$77,805	19.75 Days
10%	\$86,450	21.95 days

This action would consolidate our work load and diminish our services to the livestock industry. It would place a financial hardship on our employees, especially the lower paid individuals. In cases of emergency, the logistics of calling in staff who were scheduled to be off would cause hardships on our ability to respond and the re-arranging of time by employees.

No animal seizures: Approximately \$5,000.

\$ 3,200 average for lodging and per Diem.

\$ 500 average for dog food

\$ 1,000 average for supplies

Court costs would possibly increase.

More time would be spent visiting problem facilities.

25-9

8 % additional decrease for FY 2010 as requested by Senate Subcommittee:
\$69,162.

Across the board furloughs:
17 days for each employee/

Disease control:

No participation at Kansas State Fair, Junior Livestock Show or Kansas Junior Dairy Show. Savings: \$9,500.
Ramifications: potential disease exposure to animals across the state of Kansas.

No ability to obtain federal grants. USDA grant money is for reimbursement of expenses only. In other words, we have to spend it first, bill them and they will reimburse us.

Ramifications: potential loss of hundreds of thousands of dollars in federal funds.
No ability to implement new programs such as monitoring for avian influenza.

Kennel program:

Sell seized dogs: varies from \$100 to \$2,000.

Pro: – will offset cost of care somewhat. It would agency mileage reduce delivering dogs to shelters.

Con: It would offset what respondent already owes us. It would result in bad publicity both statewide and nationally. It would shift focus of national humane organizations to Kansas.

Would require statutory change.

Would involve counties and cost them a significant amount of money prosecuting cruelty cases.

Would seriously weaken the Pet Animal Act.

Animals would possibly die.

National humane organizations would become very active in Kansas; particularly in underground investigations.

Kansas law allows out-of-state humane organizations to seize animals.

Would seriously impair the ability of dog and cat breeders to raise and sell animals.

REQUIRES STATUTORY CHANGE.

25-10

Reductions to FY 2010 Budget Kansas State Fair

In FY 2009, the Kansas State Fair received a total of \$368,600 in funding from the State General Fund and the Economic Development Initiative Fund (EDIF). All other funds in the Agency's budget were fee funds.

\$300,000 was received from the State General Fund in the form of the State's statutorily required match of the Agency's contribution to the State Fair Capital Improvement Fund (SFCIF).

\$68,600 was received from EDIF with \$49,000 allocated towards enhancing marketing of the State Fair and \$19,600 allocated towards enhancing competitive exhibit premiums.

As we look to FY 2010, the Governor's proposed budget includes the suspension of the State's match to the SFCIF, currently budgeted at \$200,000. This would be a 100% reduction in SGF monies to the Fair.

It is important to note this proposed suspension will severely impact the balance in the SFCIF and will jeopardize the ability to meet future bond payment obligations. If there is no State match in FY 2010, the SFCIF will be depleted in April, 2010. Thus, it is vital the State match continue.

There were no State matches to the State Fair Capital Improvement Fund (SFCIF) in FY 2001, FY 2003, and FY 2004. The total amount of contributions not matched those years is **\$843,000**. If a match is not made in FY 2010, it would bring the total amount of non-matches to **\$1,043,000**.

In addition to the SFCIF matching funds, the Governor's FY 2010 budget does not include the EDIF funds for enhancing marketing efforts or competitive exhibit premiums. Based on this, the Agency's current FY 2010 budget contains only fee funds.

Should the requested funds be reinstated for the FY 2010 budget (a total request of \$270,000 - \$200,000 match to the SFCIF; \$50,000 enhancement for marketing; \$20,000 enhancement for competitive exhibit premiums), we would propose the 10% reduction (\$27,000) be administered as follows:

- \$20,000 – elimination of the competitive exhibit premium enhancement
 - Will result in the elimination of programs instituted the past three years to encourage exhibiting at the State Fair.
 - During the past three years, entry numbers increased 12.8%.
- \$7,000 – reduction from the marketing enhancement
 - Will reduce spending in various media areas (television, radio, print, billboards, etc.) to minimize impact in any one area.

25-11

TO: Members of the Senate Ways and Means Subcommittee on
Wildlife and Parks

FROM: J. Michael Hayden, Secretary, KDWP

SUBJECT: Options for a 10% Reduction in KDWP SGF Funds

DATE: March 12, 2009

Pursuant to the request of the Subcommittee, the KDWP has prepared the following material regarding a reduction of 10% to the amount of State General Funds recommended for the Department. The guidelines provided by the Subcommittee asked the KDWP to use the FY 2009 Governor's revised amount as the base from which to make the requested 10% reductions.

The revised FY 2009 amount of SGF recommended by the Governor for the KDWP is \$8,704,440 for both Operations and Capital Improvements combined. This recommendation is a reduction of 12.7% from the agency request. In addition, the 2009 Legislature passed a reduction bill which future reduced the amount of SGF funds available for FY 2009 to an amount of \$8,579,761 or a reduction of 15.3%.

For FY 2010, the KDWP has been recommended by the Governor and the 2009 Legislature to receive SGF reductions totaling \$2,144,494. A ten percent reduction from the Governor's revised recommendation would be an amount of \$870,441 or \$1,273,653 less in SGF expenditures than already recommended by the Governor and the Legislature.

The KDWP provides the following options for further reducing the FY 2010 SGF expenditures by the Department. The options total the amount of \$870,441 which is ten percent of the Governor's revised SGF amount.

Reduce all State Parks SGF financed capital improvement projects for FY 2010. The Governor had provided an amount of \$492,872 for SGF capital improvements at the state parks for the following projects:

Repair of siding and roofing for the office building and 3 shower buildings at El Dorado State Park.	\$	80,000
Renovation of 25 camping sites at Tuttle Creek State Park. This project is the continuation of project to provide utilities and improvements to existing sites.	\$	65,000
Improve 100 existing camping sites at Perry State Park and provide for utility improvements to include the waterline to existing cabins.	\$	250,000
Use SGF's to match federal grant funds from the Bureau of Reclamation and provide for ADA improvements at Glen Elder and Cedar Bluff State parks. the improvements would include replacing two existing shower buildings, improving existing campsites, and ADA accessible trails. The total cost of the project would be \$600,000.	\$	97,872
Total	\$	492,872

Reduce amounts available for seasonal and temporary employees at state parks and funding for capital outlay items at the parks.	\$	377,569
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Grand Total	\$	870,441
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25-12

Another alternative would be to delete the amount included in the Governor's FY 2010 budget recommendations for road improvements at state parks. This reduction would not provide any funding in FY 2010 to maintain roads. The following projects would be deleted:

Overlay existing road at Perry State Park from the park office to campgrounds a total of 1.25 miles	\$	365,000
Construct road for new campground located at Sand Hills State Park	\$	252,470
	Total	\$ 617,470
Reduce amounts available for seasonal and temporary employees at state parks and funding for capital outlay items at the parks.	\$	252,971
	Grand total	\$ 870,441

The KDWP appreciates the serious nature of the need to reduce SGF expenditures. However, the Department does not recommend any further reductions to the amounts current being recommended by the Governor and the Legislature.

25-13

**Kansas Department of Health and Environment
Response to Additional Budget Guidelines for Senate Ways and Means Subcommittees
February 24, 2009**

Per the additional budget guidelines from the Senate Ways and Means Subcommittees for FY 2010, the Kansas Department of Health and Environment has identified a 10% reduction in state general fund from the FY 2009 Governor's revised amount (\$3,481,305), and additional reductions of 3 (\$1,044,392), 6 (\$2,088,784) and 8% (\$2,785,044). The table below outlines our targeted reductions, with the description of the reductions following. We did not utilize the Governor's global reduction of the moratoriums on employer contributions on health insurance or the KPERS Death and Disability program to reach the goals.

This was a very difficult task, as KDHE believes all of our programs provide essential services to Kansas citizens. However, given the task at hand, we identified and prioritized reductions. We would like to state that although we prioritized these reductions, we still feel they are of critical importance in fulfilling our core mission and purpose.

10% Reductions

The table below outlines 18 programs that will be eliminated or to which cuts will be made to achieve a ten percent reduction in State General Fund with the description of the reductions following. These cuts and reductions will require the agency to lay off 22.0 FTE and keep an additional 10.0 positions vacant, resulting in salary savings of \$1,384,822.

Program	SGF 10%	FTE	Salary Savings
1. PMI	400,000	0.0	0
2. Teen Pregnancy Prevention	239,000	0.0	0
3. UAA Gov	75,643	1.0	75,643
4. Admin Shrinkage – Gov Rec	181,850	8.0	181,850
5. Health Shrinkage	96,953	3.0	96,953
6. Environment Shrinkage	118,842	2.0	118,842
7. Infant Toddler	85,000	0.0	0
8. Primary Care – Gov Rec	349,628	0.0	0
9. Health Promotion Administration	9,899	0.0	9,899
10. UAA Other	302,269	7.0	285,133
11. NE District Office	65,676	2.0	65,676
12. Oral Health	35,986	0.0	35,986
13. Additional Admin Shrinkage	130,646	2.0	130,646
14. Primary Care - Other	855,000	0.0	0
15. Cerebral Palsy Posture Seating	110,000	0.0	0
16. Data Supp BEFS	168,014	3.0	159,840
17. Right to Know	84,280	1.0	62,839
18. Asbestos	172,619	3.0	161,515
Total	3,481,305	32.0	1,384,822

1. PMI – elimination of \$400,000 SGF. Pregnancy Maintenance Initiative grants for four social service agencies will be discontinued; however, since KDHE funding was to expand existing services and provide additional services to those already served there is the assumption that the four agencies may continue to provide some services to pregnant clients.
2. Teen Pregnancy Prevention – reduction of \$239,000 SGF. Teen pregnancy rates are decreasing and all five of the current teen pregnancy grants would be discontinued. This reduction will still allow the agency to provide pregnancy case management service to pregnant Medicaid teens.

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3. UAA – reduction of \$75,643 SGF and 1.0 FTE. This reduces the ability to perform assessments of existing and attainable designated uses of Kansas streams for the KDHE Water Quality Standards Program.
4. Administrative Shrinkage – reduction of \$181,850 SGF and 8.0 FTE. This results in not filling 8.0 positions in Central Administration. This will result in longer turn around time for processing accounts payables to vendors.
5. Health Shrinkage – reduction of \$96,953 SGF and 3.0 FTE. This results in not filling 3.0 positions and a decrease of required Medicaid match dollars that will adversely affect the agencies ability to leverage federal funds in the Health Occupational Credentialing program. It will also limit the agency's ability to carry out activities associated with health facility regulation.
6. Environment Shrinkage – reduction of \$118,842 SGF and 2.0 FTE. This results in not filling 2.0 positions and reduced laboratory services.
7. Infant Toddler Program – reduction of \$85,000 SGF. These funds go to local multi-county agencies called networks that serve families who have infants and toddler with disabilities and developmental delays. Based on an individual plan developed for each child, he/she may receive such services at OT, PT, Speech Language, etc. Currently, the cost per child is about \$1,480 per child per year and 6,643 children are served. A reduction of this size approximates serving 57 fewer children per year. However, since services must still be provided to all who need them (federal requirement) then the impact is reduction in level of services to all 6,643 children.
8. Primary Care – reduction of \$349,628 SGF to local safety net clinics. This is a reduction to the capital grant program and does not result in decreases to direct care services.
9. Health Promotion Administration– reduction of \$9,899. Move salaries from SGF to other funding. This will result in a like reduction in federal program activities.
10. UAA – elimination of \$302,269 SGF and 7.0 FTE. This will eliminate the UAA program. This program is responsible for performing assessments of existing and attainable designated uses of Kansas streams for the KDHE Water Quality Standards Program. Use attainability analysis (UAA) surveys are performed according to defined protocols to determine if surface water (stream, wetland, lake) is capable of supporting one or more of the designated uses defined in the Kansas Surface Water Standards. This program also is required to revise the Kansas Surface Water Register and the Kansas Surface Water Quality Standards to reflect the findings of UAA surveys. Fieldwork to gather the necessary information to complete the statutory requirements to complete designated UAAs has been completed, with reporting and analysis of the findings continuing through FY 2009. Future UAA efforts (2010 and beyond) would be limited to keeping findings current and up to date in accordance with existing and evolving state and federal requirements.
11. Northeast District Office – reduction of 65,676 SGF and 2.0 FTE. This will eliminate administrative support to the district office, close the district office, and move operations to Topeka. This will result in increased response time to complaints or requests for assistance.
12. Oral Health – reduction of \$35,986 SGF. Move salaries from SGF to Medicaid.
13. Additional Administrative shrinkage – reduction of \$130.646 SGF and 2.0 FTE. This will result in increased response time to litigation, and diminished IT support for automating systems.
14. Primary Care - Other – elimination of \$855,000 SGF. This will eliminate the contract with KAMU and could result in a reduction in capital grants to local providers or, based on current trends, reduced prescription support focus.
15. Cerebral Palsy Posture Seating – elimination of \$110,000 SGF. This eliminates financial assistance to eligible persons to obtain seating that addresses the needs of people with significant physical disabilities through the right seating system and correct posture for optimized mobility.
16. Data Support – elimination of \$168,014 SGF and 3.0 FTE. This is the section responsible for storage, retrieval, and presentation of ambient water quality monitoring

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data. This section is responsible for compiling the biennial Kansas Water Quality Assessment, 305(b), Report as well as the annual register of surface waters of the state. The 305(b) report is mandated by EPA and without this section the job of preparing this report will be much more onerous for the Division of Environment and compiled by staff with no expertise. Failure to produce this report could result in sanctions by the US Environmental Protection Agency against the state of Kansas. In addition, this section manages over 30 years of water quality data for Kansas rivers and lakes. These data paint a picture of water changes over time. This section frequently receives requests for data and without this section the processing of constituent requests for this information would be difficult to provide and response time delayed.

17. Right To Know – elimination of \$84,280 SGF and 1.0 FTE. This program collects and maintains information regarding chemical storage and releases that are made available to concerned parties. The elimination of this program will result in the loss of annual revenue of approximately \$278,000 to the SGF.
18. Asbestos – elimination of \$172,619 SGF and 3.0 FTE. This program monitors the removal of asbestos from buildings during renovation and demolition projects and approves work practices to prevent asbestos fibers from becoming airborne. The elimination of this program will result in the loss of annual revenue of approximately \$182,000 to the SGF.

Additional Reductions of 3%, 6%, and 8%

The table below outlines 10 programs that will be eliminated or to which cuts will be made to achieve a 3% (\$1,044,392), 6% (\$1,044,392), and 8% (\$696,260) reduction in State General Fund with the description of the reductions following. These cuts and reductions will require the agency to lay off 15.9, resulting in salary savings of \$1,156,814.

Program	3%	6%	8%	FTE	Salary Savings
3% Reductions					
1. BAR Air Program	120,875			0.0	120,875
2. Admin Shrinkage	32,866			1.0	32,866
3. District Offices Administration	90,651			0.0	0
4. ATL	800,000			0.0	0
Subtotal	1,044,392			1.0	153,741
6% Reductions					
1. Admin Shrinkage		118,668		2.0	118,668
2. Meth		313,045		2.2	128,304
3. Stream Monitoring		162,175		2.5	149,577
4. Labs Shrink (EnvChem)		380,000		3.2	380,000
5. HOC Shrinkage		27,504		1.0	27,504
6. Coordinated School Health		43,000		0.0	0
Subtotal		1,044,392		10.9	804,053
8% Reductions					
1. HOC Shrinkage			45,516	1.0	45,516
2. STD Admin Shrinkage			33,750	1.0	33,750
3. ATL			109,994	0.0	0
4. Coordinated School Health			507,000	2.0	119,754
Subtotal			696,260	4.0	199,020
Total	1,044,392	1,044,392	696,260	15.9	1,156,814

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Kansas Department of Health and Environment
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3% Reductions

1. Bureau of Air and Radiation Air program– reduction of \$120,875 SGF. The Air Quality Fee Fund will be used to backfill this reduction. This cut to the SGF results in an SGF budget for the Bureau that includes only the maintenance of effort for the Federal air grant. It will have significant impacts on the Air Quality Fee Funds the Bureau currently utilizes to run all aspects of its regulatory program.
The Air Quality Fee Fund is currently set by regulation at \$25 per ton with a maximum of 4,000 tons per pollutant. The bureau anticipated needing to raise the fees in 2011, however; with this cut the bureau would need to begin the process of increasing the fees as early as SFY '10.
2. Administrative Shrinkage – reduction of \$32,866 SGF and 1.0 FTE. This reduction will result in even longer turn around time for processing payments to vendors, and increased response time to litigation.
3. District Offices Administrative Costs – elimination of \$90,651 SGF. Alternative funding sources will need to be identified to cover these administrative costs. This may affect the agency's negotiated indirect cost rate agreement for our federal grants.
4. Aid to Local – reduction of \$800,000 SGF. This reduction will result in a decrease of FTE in the local programs. If we continue to significantly erode aid to local, we present public health risks to local governments. The continued reduction in agency staff equates to less ability to administer the local programs. The expertise to administer these programs resides at the state level, and not at the local level.
However, the SGF requested budget for the Division of Health and Central Administration is \$23,737,910. Aid and other assistance represent approximately 57.8% (\$13,722,040) of the SGF budget in the Division of Health and Central Administration. No other operating dollars, including salaries, are included in these allocations.

6% Reductions

1. Administrative Shrinkage - reduction of \$118,668 SGF and 2.0 FTE. This reduction will result in even longer turn around time for processing payments to vendors, and increased response time to litigation and diminished IT support for automating systems
2. Meth (Chemical Control Program) – elimination of \$313,045 SGF and 2.2 FTE. This program is currently underfunded. If this program is not funded at the state level, the cost may fall to the municipalities and counties.
3. Stream Monitoring – elimination of \$162,175 SGF and 2.5 FTE. This reduction will eliminate the stream monitoring program in the state.
4. Laboratory Shrinkage in Environmental Chemistry – reduction of \$380,000 SGF and 3.2 FTE due to elimination of stream monitoring program.
5. Health Occupational Credentialing – reduction of \$27,504 SGF and 1.0 FTE. This reduction will result in the decrease of required Medicaid match dollars that will adversely affect the agencies ability to leverage federal funds in the Health Occupational Credentialing program.
6. Coordinated School Health Program – reduction of \$43,000 SGF. This will result in fewer grants to schools

8% Reductions

1. Health Occupational Credentialing – reduction of \$45,516 SGF and 1.0 FTE. This reduction will result in the decrease of required Medicaid match dollars that will adversely affect the agencies ability to leverage federal funds in the Health Occupational Credentialing program.
2. STD Administration – reduction of \$33,750 SGF and 1.0 FTE. The program will have no administrative support.
3. ATL – reduction of \$109,994 SGF. This reduction will continue to erode aid to local governments.
4. Coordinated School Health Program – elimination of \$507,000 SGF and 2.0 FTE. This will eliminate the Coordinated School Health Program, the only program in the State that addresses obesity.

25-17

**FY2010 Reduction Based on Recommended FY 2009 Governor's Budget
as Recommended by Senate Ways and Means Subcommittee on KDHE**

The SWAM Subcommittee on KDHE recommends adjustments be made to the base FY2009 Governor's Recommendation to be used as the base for the calculation of the required reduction. The committee recommended moving the Primary Care/Safety Net program "off-budget" and adjusting the base against which the FY2010 reduction would be taken. The resulting new base and adjusted reductions are calculated as follows:

FY2009 Governor's Recommendation	34,813,053
ATL Primary Health Projects	-7,020,840
ATL Prescription Support - CBPC	-750,000
Safety Net Operations Costs	-86,719
New Adjusted Base for Reduction	26,955,494
Adjusted 10% Reduction	2,695,549

The table below outlines programs that will be eliminated or to which cuts will be made to achieve a ten percent reduction in State General Fund with the description of the reductions following. These cuts and reductions will require the agency to lay off 23.0 FTE and keep an additional 10.0 positions vacant, resulting in salary savings of \$1,427,382.

Program	SGF 10%	FTE	Salary Savings
1. PMI	400,000	0.0	0
2. Teen Pregnancy Prevention	239,000	0.0	0
3. Use Attainability Analysis-Gov Rec	75,643	1.0	75,643
4. Admin Shrinkage – Gov Rec	181,850	8.0	181,850
5. Health Shrinkage	96,953	3.0	96,953
6. Environment Shrinkage	118,842	2.0	118,842
7. Infant Toddler	85,000	0.0	0
8. Health Promotion Administration	9,899	0.0	9,899
9. Use Attainability Analysis-Other	302,269	7.0	285,133
10. District Office Reductions	141,548	2.0	65,676
11. Oral Health	35,986	0.0	35,986
12. Additional Admin Shrinkage	130,646	2.0	130,646
13. Cerebral Palsy Posture Seating	110,000	0.0	0
14. Data Support	168,014	3.0	159,840
15. Right to Know	84,280	1.0	62,839
16. Asbestos	172,619	3.0	161,515
17. Youth Mentoring Program	343,000	1.0	42,560
Total	2,695,549	33.0	1,427,382

1. PMI – elimination of \$400,000 SGF. Pregnancy Maintenance Initiative grants for four social service agencies will be discontinued; however, since KDHE funding was to expand existing services and provide additional services to those already served there is the assumption that the four agencies may continue to provide some services to pregnant clients.
2. Teen Pregnancy Prevention – reduction of \$239,000 SGF. Teen pregnancy rates are decreasing and all five of the current teen pregnancy grants would be discontinued. This reduction will still allow the agency to provide pregnancy case management service to pregnant Medicaid teens.

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**FY2010 Reduction Based on Recommended FY 2009 Governor's Budget
as Recommended by Senate Ways and Means Subcommittee on KDHE**

3. Use Attainability Analysis (UAA) – reduction of \$75,643 SGF and 1.0 FTE. This reduces the ability to perform assessments of existing and attainable designated uses of Kansas streams for the KDHE Water Quality Standards Program.
4. Administrative Shrinkage – reduction of \$181,850 SGF and 8.0 FTE. This results in not filling 8.0 positions in Central Administration. This will result in longer turn around time for processing accounts payables to vendors.
5. Health Shrinkage – reduction of \$96,953 SGF and 3.0 FTE. This results in not filling 3.0 positions and a decrease of required Medicaid match dollars that will adversely affect the agencies ability to leverage federal funds in the Health Occupational Credentialing program. It will also limit the agency's ability to carry out activities associated with health facility regulation.
6. Environment Shrinkage – reduction of \$118,842 SGF and 2.0 FTE. This results in not filling 2.0 positions and reduced laboratory services.
7. Infant Toddler Program – reduction of \$85,000 SGF. These funds go to local multi-county agencies called networks that serve families who have infants and toddler with disabilities and developmental delays. Based on an individual plan developed for each child, he/she may receive such services as OT, PT, Speech Language, etc. Currently, the cost per child is about \$1,480 per child per year and 6,643 children are served. A reduction of this size approximates serving 57 fewer children per year. However, since services must still be provided to all who need them (federal requirement) then the impact is reduction in level of services to all 6,643 children.
8. Health Promotion Administration– reduction of \$9,899. Move salaries from SGF to other funding. This will result in a like reduction in federal program activities.
9. Use Attainability Analysis – elimination of \$302,269 SGF and 7.0 FTE. This will eliminate the UAA program. This program is responsible for performing assessments of existing and attainable designated uses of Kansas streams for the KDHE Water Quality Standards Program. Use attainability analysis (UAA) surveys are performed according to defined protocols to determine if surface water (stream, wetland, lake) is capable of supporting one or more of the designated uses defined in the Kansas Surface Water Standards. This program also is required to revise the Kansas Surface Water Register and the Kansas Surface Water Quality Standards to reflect the findings of UAA surveys. Fieldwork to gather the necessary information to complete the statutory requirements to complete designated UAAs has been completed, with reporting and analysis of the findings continuing through FY 2009. Future UAA efforts (2010 and beyond) would be limited to keeping findings current and up to date in accordance with existing and evolving state and federal requirements.
10. District Office Reductions – reduction of \$141,548 SGF and 2.0 FTE. This will eliminate administrative support to the NE district office, close the NE district office, and move those operations to Topeka. This will result in increased response time to complaints or requests for assistance in the NE district. Alternative funding sources will need to be identified to cover administrative costs in the remaining 5 district offices. This may affect the agency's negotiated indirect cost rate agreement for federal grants.
11. Oral Health – reduction of \$35,986 SGF. Move salaries from SGF to Medicaid.
12. Additional Administrative shrinkage – reduction of \$130,646 SGF and 2.0 FTE. This will result in increased response time to litigation, and diminished IT support for automating systems.
13. Cerebral Palsy Posture Seating – elimination of \$110,000 SGF. This eliminates financial assistance to eligible persons to obtain seating that addresses the needs of people with significant physical disabilities through the right seating system and correct posture for optimized mobility.
14. Data Support – elimination of \$168,014 SGF and 3.0 FTE. This is the section responsible for storage, retrieval, and presentation of ambient water quality monitoring data. This section is responsible for compiling the biennial Kansas Water Quality Assessment, 305(b), Report as well as the annual register of surface waters of the state. The 305(b) report is mandated by EPA and without this section the job of preparing this

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**FY2010 Reduction Based on Recommended FY 2009 Governor's Budget
as Recommended by Senate Ways and Means Subcommittee on KDHE**

report will be much more onerous for the Division of Environment and compiled by staff with no expertise. Failure to produce this report could result in sanctions by the US Environmental Protection Agency against the state of Kansas. In addition, this section manages over 30 years of water quality data for Kansas rivers and lakes. These data paint a picture of water changes over time. This section frequently receives requests for data and without this section the processing of constituent requests for this information would be difficult to provide and response time delayed.

15. Right To Know – elimination of \$84,280 SGF and 1.0 FTE. This program collects and maintains information regarding chemical storage and releases that are made available to concerned parties. The elimination of this program will result in the loss of annual revenue of approximately \$278,000 to the SGF.
16. Asbestos – elimination of \$172,619 SGF and 3.0 FTE. This program monitors the removal of asbestos from buildings during renovation and demolition projects and approves work practices to prevent asbestos fibers from becoming airborne. The elimination of this program will result in the loss of annual revenue of approximately \$182,000 to the SGF.
17. Youth Mentoring Program – elimination of \$343,000 SGF and 1.0 FTE.

25-20

**Additional Budget Guidelines for Senate Ways and Means
Subcommittees for FY 2010**

1. A **10 percent reduction** in FY 2010 from the FY 2009 Governor's revised amount would result in an additional reduction from CURB's consultant services (under Contractual Services) or from Salary & Wages (S&W)—CURB's two largest expenditures. CURB would choose to reduce consultant services over eliminating a FTE position, since we only have 6 positions.

Total Expenditures: $\$814,127 - \$32,565 (4\%) = \$765,919$ Gov.'s Rec. for FY 2010
 $\$765,919 - 76,592 (10\%) = \$689,327$

Consultant Services: $\$250,000 - \$32,565 (4\%) = \$217,435$
 $\$250,000 - \$76,592 (10\%) = \$173,408$

2. If there is a **reduction in excess of 10 percent** for FY 2010, again, the reduction would come out of CURB's consultant services (under Contractual Services); or, CURB would eliminate a FTE position.

Total Expenditures: $\$765,919 - \$99,569 (13\%) = \$666,350$
 $\$765,919 - \$137,865 (18\%) = \$628,054$

Consultant Services: $\$250,000 - \$99,569 (13\%) = \$150,431$
 $\$250,000 - \$137,865 (18\%) = \$112,135$

25-21

Testimony on the State Conservation Commission FY 2010 Budget

to

Senate Ways and Means Budget Sub-Committee

**by Greg A. Foley
Executive Director
State Conservation Commission**

March 10, 2009

Chairperson McGinn and members of the Committee, thank you for the opportunity to present the budget of the State Conservation Commission (SCC). The SCC implements a significant portion of the Kansas Water Plan funded programs. In addition to this testimony, I am including a copy of our agency's 2008 Annual Report that addresses the goals, accomplishments, and funding for all SCC programs, the annual Conservation Reserve Enhancement Program (CREP) report, and the status summary report for the Water Transition Assistance Program (WTAP). At this time I would like to briefly overview the primary programs along with their functions and activities.

Our office has reviewed the Budget Recommendations in the Governor's FY 2010 Budget Report. Upon review of the recommendations, the State Conservation Commission (SCC) has some concerns regarding the recommendations for Fiscal Year 2010. The agency fully understands the shortfall of projected state revenues and respectfully appreciates what the Legislature passed for the revised FY 2009 budget. The Governor recommended an SCC FY 2009 cut of \$3,908,753 and the Rescission bill adjusted that amount to \$3,033,563. **The FY 2009 reduction for the State Conservation Commission was nearly 16 percent. The FY 2010 Governor's recommendation is an additional 37.6 percent below the Kansas Water Authority recommendation. The SCC believes the Governor's recommendations are already at an extreme reduction level and greatly exceed reductions of other agencies.**

On February 10, the SCC received the "Additional Budget Guidelines for Senate Ways and Means Subcommittee for FY 2010." In accordance with those guidelines, the following table submits a FY 2010 budget recommendation reflecting a **10 percent reduction from the FY 2009 Governor's revised amount. The final column reflects a FY 2010 budget recommendation based on a 13 percent reduction, for program funding:**

	Governor's Revised Amount for FY 2009 via the Rescission Bill	SCC 10% Reduction	Additional 3% Reduction SCC Agency Request
<u>Administration – State General Fund</u>	\$ 873,856	\$ 830,163	\$ 760,255
<u>State Water Plan</u>			
WRCS	\$ 3,574,425	\$ 3,216,983	\$ 3,109,780
NPS	\$ 3,134,168	\$ 2,820,751	\$ 2,726,726
AID	\$ 2,264,831	\$ 2,038,348	\$ 1,970,403
WSDCP	\$ 938,493	\$ 844,644	\$ 816,489
BUFFER	\$ 363,210	\$ 326,889	\$ 315,993
RWPP	\$ 242,598	\$ 218,338	\$ 211,060
MPSLP - Horse Thief	\$ 1,123,176	\$ *	\$ *
WTAP	\$ 2,222,962	\$ 2,000,666	\$ 1,933,977
CREP	\$ 1,229,707	\$ **	\$ **
WSRP	\$ 998,466	\$ 898,619	\$ 868,665
Sub-total - SGF	\$ 873,856	\$ 830,163	\$ 760,255
Sub-total - SWP	\$ 16,092,036	\$ 12,365,238	\$ 11,953,093
Total	\$ 16,965,892	\$ 13,195,401	\$ 12,713,348

- The SCC has one additional program that is not a component of the above mentioned State Water Plan initiative, the Mined Land Reclamation Program. It is a stand-alone program that is funded entirely by the fees generated by the licensees. The FY 2009 funding level was \$130,885 and the request for FY 2010 is \$139,697.

* The Multipurpose Small Lakes Program does not have a FY 2010 request.

** The Conservation Reserve Enhancement Program request is for carry-forward authority of existing account balances to continue the current program.

The SCC respectfully requests that the Committee consider not reducing the State General Fund portion of our budget. This funding provides for the salaries and wages, rents, travel, and other operating expenses. The SCC is also requesting the authority to carry forward any uncommitted balances for all programs to allow further voluntary participation up to the limitations that have been set forth by Legislature.

The State General Fund reductions of \$43,693, from salaries, wages and benefits, in the administration portion of the budget, will require a layoff of at least one FTE and some rent and all operating expenses will be expensed to State Water Plan funded programs at the 10% reduction level. The 10% and/or the 13% reduction will severely impact our ability to deliver the agency's programs. The reduction in State Water Plan funds of \$4,138,943 will require the discontinuation of the NRCS technical assistance contract and the layoff of the three temporary FTE's. This contract is currently authorized for annual expenditures of up to \$256,000 for salaries, wages and benefits, for the remaining contract.

Madam Chair and members of the committee, we respectfully request your consideration and support of the SCC budget as requested. Thank you for the opportunity to appear before your committee today. I will stand for questions at the appropriate time.

Enclosure
cc: Commissioners

25-23

**Senate Ways and Means Budget Committee
on the
Kansas Water Office Budget
Tracy Streeter, Director
March 10, 2009**

Chairwoman McGinn and members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the FY 2010 Kansas Water Office budget. The Kansas Water Office concurs with the FY 2010 Governor's budget recommendations.

The Kansas Water Office is funded primarily through three sources: the State General Fund, the State Water Plan Fund and the Water Marketing and Water Assurance Programs. The State General Fund supports salaries for 20 of our 23 employees, the majority of our office operations, the Kansas Water Authority and data collection through the state's stream gaging network. State Water Plan Funds are used for implementation of a variety of projects that have been identified within the State Water Plan. Receipts under our Water Marketing and Water Assurance programs are currently used to fund three positions, their associated overhead, and the costs to purchase, operate and maintain state owned storage in federal reservoirs.

Kansas Water Office Budget Summary

Source/Fund	FY08	FY09	FY09 Red.	FY10 Req.	FY10 Gov.
State General Fund					
Agency Operations	\$2,308,144	\$2,348,028	\$2,290,403	\$2,296,939	\$2,063,633
Res. Beneficial Use	0	534,000	534,000	0	0
State Water Plan Fund	2,765,505	4,664,244	4,281,679	3,307,826	2,151,556
Water Mktng/Assurance					
Program Admin	183,266	258,966	258,966	259,939	492,945
Corps of Engineers	2,903,737	1,933,488	1,933,488	2,250,522	2,250,522
WWCPF		*	*		
TOTAL	\$8,160,652	\$9,738,726	\$9,298,536	\$8,115,226	\$6,958,656

* The Western Water Conservation Projects Fund (WWCPF) contained FY2009 funding totaling \$9,878,790. Per 2008 legislation, the entire fund was transferred in August of 2008 to Southwest Kansas Groundwater Management District #3.

FY2010 Governor's Budget Recommendations

State General Fund

Under the Governor's FY2010 recommendations, the agency's SGF is reduced by 26.6 percent from the revised FY2009 levels. This reduction includes \$534,000 in the Reservoir Beneficial Use Fund which was not requested in FY2010. (NOTE: For FY2010, the KWA recommended the Expanded Lottery Act Revenues Fund (ELARF) be used for reservoir storage purchases.)

25-24

Water Marketing and Assurance Program

The administration and enforcement costs of the Water Marketing Fund are proposed for an 89.6 percent increase to offset proposed SGF reductions. This will result in three additional employees funded from the Water Marketing & Assurance Program in FY2010.

State Water Plan Fund

The State Water Plan Fund (SWPF) for the Water Office is proposed to receive a 35 percent reduction from the FY 2010 Kansas Water Authority recommendation and agency request. The reduction is a result of the recommendation to not provide the \$6 million SGF demand transfer to the SWPF.

State Water Plan Fund Summary - KWO

Program/Project	FY08	FY09	FY09 Red.	FY10 Req.	FY10 Gov.
Assessment & Evaluation	\$910,753	\$900,178	\$720,143	\$750,000	\$532,500
GIS Database	250,000	250,000	250,000	250,000	177,500
Operations & Maintenance	732,404	301,418	301,418	305,000	216,550
TA to Water Users	438,348	641,148	507,918	500,000	343,692
Mapping Cost-Share	0	150,000	125,000	124,919	100,000
Weather Stations	100,000	100,000	80,000	80,000	56,800
Water Res. Education	54,000	121,500	97,200	77,907	55,314
Weather Modification	240,000	240,000	240,000	220,000	156,200
Wichita ASR	0	1,000,000	1,000,000	700,000	300,000
Neosho/John Redmond	40,000	960,000	960,000	300,000	213,000
TOTAL	\$2,765,505	\$4,664,244	\$4,281,679	\$3,307,826	\$2,151,556

The impact of the proposed State Water Plan Fund reductions to KWO programs are as follows:

Assessment & Evaluation – Reduction to Corps PAS Studies, elimination of the High Plains practical saturated thickness evaluation and a reduction to reservoir sediment research.

GIS Database – Defer funding of database proposals.

Operations & Maintenance - \$305,000 is a firm obligation. KWO will have to transfer funding from another funding line to make up the difference.

Technical Assistance (TA) to Water Users – Reduction to KSU contract for Kan-Sched and Mobile Irrigation Lab and, reduction to Kansas Rural Water Association contract.

Mapping Cost-Share – Defer funding of 1/3 of mapping projects.

Weather Stations – No addition of new weather stations. Funds will be used to maintain existing stations.

Water Resource Education – No funding for Kansas Environmental Leadership Program (KELP) and Ag in the Classroom. Maintain funding for Project WET (KACEE) and BAC training.

Weather Modification – GMD #1 will define actual impact to program. It is our understanding that upgrades to radar and weather reporting equipment will be deferred.

Wichita Aquifer Storage and Recovery – Funding will be deferred.

25-25

Neosho River/John Redmond Reservoir – Additional funding will be needed in FY2011 to complete the two foot pool rise and related mitigation requirements.

We at the Kansas Water Office understand that FY2010 will require budget sacrifices and we stand ready to deal with budget challenges we will undoubtedly face. I want to thank you for the opportunity to appear before you today. I would be happy to stand for questions at the appropriate time.

25-26

KANSAS DEPARTMENT OF AGRICULTURE 10% REDUCTION REQUEST

18-90
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Program	Savings	Identified /Realized	# of FTE	Salary	Expenditure Reduction	Impact	One Time Savings	Substantive Law or Amendment
Administration - Legal/HR/Fiscal/IT/Office of Secretary: Coordinates, identifies and analyzes agriculture issues; provide coordination between federal/state/local agencies.	\$216,176	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	
Pesticide and Fertilizer - Swine Nutrient Review: 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	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
Basin Management - Out-of-State meeting & conferences: Includes software training, American Water Resources Assc. conference, Central Plains Irrigation Conference, etc. Participation in these events strengthens Kansas' water resource protection activities.	\$6,387	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	
Water Management Services - Administration 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	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	
Water Structures - Inter-agency Workgroups: 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	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	
Water Appropriations - Conferences: Department staff attend these in order to have a professional presence and also to obtain continuing education.	\$15,759	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	

Water Appropriations - Stakeholder meetings: Department provides technical support to stakeholders.	\$18,385	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	
Water Appropriations - Letters to Complete or Perfect Water Rights: Reminder letters ensures water right owners do not miss statutory deadlines.	\$8,352	Identified	0	0	\$8,352	Water right owners may miss deadline, resulting in a water right being perfected for insufficient amount. This would require a statutory change.	No	KSA 82a-714
Agriculture Statistics - Other Miscellaneous Projects: Provides services to the agricultural community on a request basis funded by the requesting agency or organization	\$29,125	Identified	1	\$29,125	\$29,125	Community and agency requests will not be done.	No	
Water Structures - Dam Safety - Tax Reductions: Provides property tax reductions for dam owners and those donating easements to local units of government for dam construction.	\$3,450	Identified	0	0	\$3,450	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.	No	KSA 82a-405 thru 409 and KSA 79-201g
Water Structures - Environmental Coordination: 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.	\$18,450	Identified	0	0	\$18,450	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.	No	KSA 82a-325 thru 327
Basin Management - Administrative activities Unit supervisor provides direction and technical oversight of work.	\$72,986	Identified	1	\$72,986	\$72,986	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.	No	

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KSA 82a-714

<p>Management - Stakeholder Outreach, Education, and Voluntary Incentive Programs: Helps create and implement voluntary incentive programs for retiring water rights. This helps protect other water rights by reducing water use in areas with declining groundwater.</p>	\$31,817	Identified	0	0	\$31,817	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.	No	25-29	
<p>Water Management Services - Conservation Plans: Staff review Water Conservation Plans for conformity with guidelines.</p>	\$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		
<p>Water Appropriations - Conservation Reserve Enhancement Program (CREP): 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.</p>	\$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		
<p>Plant Protection - Growing Season Inspections: Inspects and issues export certificates</p>	\$15,541	Identified	0	0	\$15,541	These inspections are necessary to support issuing export certificates. Without the inspection and 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 increasing their cost and risking not meeting the shipping schedules.	No		KSA 2-2112 et seq
<p>Water Appropriations - Water Rights Conservation Program: 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.</p>	\$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		
<p>Agriculture Statistics - Bluestem Pasture Survey: Provides pasture rental rate statistics to ranchers and landowners in the Kansas Flint Hills region.</p>	\$17,850	Identified	0	\$17,850	\$17,850	Important data will not be provided to farmers or ranchers.	No		
<p>Agriculture Statistics - Hay Market New Reporter: Provides accurate and representative price statistics for buyers and sellers of hay.</p>	\$72,430	Identified	2	\$72,430	\$72,430	Important data will not be provided to farmers or ranchers.	No		

Feeder Cattle Price Statistics - Livestock Auction Reporters: 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	25-30
Water Appropriations - On-Line Water Use Data: Allows users to submit water use reports electronically.	\$49,902	Realized	1	\$49,902	\$49,902	Process automation will not occur.	No	
Water Appropriations - Non-Use Reminder Letters: 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
Weights and Measures - Small Scales: 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.	\$229,981	Identified	7	\$229,981	\$229,981	Overcharges to Kansans on items like food, medicine, produce and deli items will increase due to lack of inspections. Could not regulate small scale accuracy and could not provide training for statutory requirements for small scale technicians. Could not ensure consumers that the net weight packages were accurate for lack of inspections. This includes all food items, feed items and school lunch packages such as milk.	No	KSA 83-205 et seq
Grain Warehouse Program: Ensures depositors of grain in public warehouses are protected from losses due to fraud and inventory mismanagement. Also help ensure the condition quality of stored grain.	\$150,000	Identified	3	\$150,000	\$150,000	We will need to layoff employees which would cripple the program. We will not meet statutory requirements and would have to move to a risk based system. Even at that we will not be able to examine over half of the licensed grain warehouses.	No	KSA 34-228
Plant Protection - Weed-Free Forage Certification: Certifies that forage and mulch are weed-free, which allows access to markets requiring certification.	\$25,237	Identified	0	0	\$25,237	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 US must be certified to the National American Weed Management Association (NAWMA) standards. KDOT also requires all mulch hay to meet NAWMA standards. Without the weed free forage inspections, certificates will not be issued to allow farmers access into these and other similar markets for sale. Kansas producers currently ship their forage/mulch throughout the western US. Without these inspections, their market for that product would be greatly reduced. KDOT would have to bring in all of their mulch hay from out-of-state which would impact in-state vendors.	No	KSA 2-2112 et seq
TOTALS:	\$1,169,525		22	\$912,948	\$1,169,525			

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Kansas Dept of Agriculture 3% Reduction								
Program	Savings	Identified /Realized	# of FTE	Salary	Expenditure Reduction	Impact	One Time Savings	Substantive Law or Amendment
<p>Protection - Weed-Free Forage Certification: Certifies that forage and mulch are weed-free, which allows access to markets requiring certification.</p>	\$38,957	Identified	0		\$38,957	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 US must be certified to the National American Weed Management Association (NAWMA) standards. KDOT also requires all mulch hay to meet NAWMA standards. Without the weed free forage inspections, certificates will not be issued to allow farmers access into these and other similar markets for sale. Kansas producers currently ship their forage/mulch throughout the western US. Without these inspections, their market for that product would be greatly reduced. KDOT would have to bring in all of their mulch hay from out-of-state which would impact in-state vendors.	No	
<p>Agriculture Statistics - Custom Rates Survey: Compiles average rates paid by Kansas farmers for custom work performed on their operations.</p>	\$29,120	Identified			\$29,120	The Statistics program would cease to exist if reduced to this point.	No	
<p>Agriculture Statistics - Kansas Farm Facts Publication: Provides county-level statistics in one easy-to-find publication for farmers and agribusiness.</p>	\$100,000	Identified	1	\$45,000	\$100,000	The Statistics program would cease to exist if reduced to this point.	No	
<p>Basin Management - Data Collection, Hydrologic Analysis and Modeling: Hydrologic modeling is widely considered to be the best tool for analyzing existing conditions and predicting future conditions under various management alternatives.</p>	\$48,099	Identified	0		\$48,099	Without this funding the agency would have substantially less information on which to base its decisions for water resource management and water rights.	No	
<p>Basin Management - Data Collection, Hydrologic Analysis and Modeling: Hydrologic modeling is widely considered to be the best tool for analyzing existing conditions and predicting future conditions under various management alternatives.</p>	\$104,419	Identified			\$104,419	Without this funding the agency would have substantially less information on which to base its decisions for water resource management and water rights.	No	
<p>Weight and Measures - Administration: Assists in operations of Weights and Measures program</p>	\$30,262	Identified	1	\$30,262	\$30,262	This would greatly reduce the weights and measures office. When citizens have questions and complaints they may not have a contact person readily available. Large scales and gas inspectors would be left to assist with admin duties, which if pulled into the office to assist with administrative duties would take them away gas inspections and large scale inspections.	No	
TOTAL:	\$350,857		4	\$75,262	\$350,857			

**Kansas Department of Health and Environment
Response to Additional Budget Guidelines for Senate Ways and Means Subcommittees
February 24, 2009**

Per the additional budget guidelines from the Senate Ways and Means Subcommittees for FY 2010, the Kansas Department of Health and Environment has identified a 10% reduction in state general fund from the FY 2009 Governor's revised amount (\$3,481,305), and additional reductions of 3 (\$1,044,392), 6 (\$2,088,784) and 8% (\$2,785,044). The table below outlines our targeted reductions, with the description of the reductions following. We did not utilize the Governor's global reduction of the moratoriums on employer contributions on health insurance or the KPERs Death and Disability program to reach the goals.

This was a very difficult task, as KDHE believes all of our programs provide essential services to Kansas citizens. However, given the task at hand, we identified and prioritized reductions. We would like to state that although we prioritized these reductions, we still feel they are of critical importance in fulfilling our core mission and purpose.

10% Reductions

The table below outlines 18 programs that will be eliminated or to which cuts will be made to achieve a ten percent reduction in State General Fund with the description of the reductions following. These cuts and reductions will require the agency to lay off 22.0 FTE and keep an additional 10.0 positions vacant, resulting in salary savings of \$1,384,822.

Program	SGF 10%	FTE	Salary Savings
1. PMI	400,000	0.0	0
2. Teen Pregnancy Prevention	239,000	0.0	0
3. UAA Gov	75,643	1.0	75,643
4. Admin Shrinkage – Gov Rec	181,850	8.0	181,850
5. Health Shrinkage	96,953	3.0	96,953
6. Environment Shrinkage	118,842	2.0	118,842
7. Infant Toddler	85,000	0.0	0
8. Primary Care – Gov Rec	349,628	0.0	0
9. Health Promotion Administration	9,899	0.0	9,899
10. UAA Other	302,269	7.0	285,133
11. NE District Office	65,676	2.0	65,676
12. Oral Health	35,986	0.0	35,986
13. Additional Admin Shrinkage	130,646	2.0	130,646
14. Primary Care - Other	855,000	0.0	0
15. Cerebral Palsy Posture Seating	110,000	0.0	0
16. Data Supp BEFS	168,014	3.0	159,840
17. Right to Know	84,280	1.0	62,839
18. Asbestos	172,619	3.0	161,515
Total	3,481,305	32.0	1,384,822

1. PMI – elimination of \$400,000 SGF. Pregnancy Maintenance Initiative grants for four social service agencies will be discontinued; however, since KDHE funding was to expand existing services and provide additional services to those already served there is the assumption that the four agencies may continue to provide some services to pregnant clients.
2. Teen Pregnancy Prevention – reduction of \$239,000 SGF. Teen pregnancy rates are decreasing and all five of the current teen pregnancy grants would be discontinued. This reduction will still allow the agency to provide pregnancy case management service to pregnant Medicaid teens.

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Kansas Department of Health and Environment
Response to Additional Budget Guidelines for Senate Ways and Means Subcommittees
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3. UAA – reduction of \$75,643 SGF and 1.0 FTE. This reduces the ability to perform assessments of existing and attainable designated uses of Kansas streams for the KDHE Water Quality Standards Program.
4. Administrative Shrinkage – reduction of \$181,850 SGF and 8.0 FTE. This results in not filling 8.0 positions in Central Administration. This will result in longer turn around time for processing accounts payables to vendors.
5. Health Shrinkage – reduction of \$96,953 SGF and 3.0 FTE. This results in not filling 3.0 positions and a decrease of required Medicaid match dollars that will adversely affect the agencies ability to leverage federal funds in the Health Occupational Credentialing program. It will also limit the agency's ability to carry out activities associated with health facility regulation.
6. Environment Shrinkage – reduction of \$118,842 SGF and 2.0 FTE. This results in not filling 2.0 positions and reduced laboratory services.
7. Infant Toddler Program – reduction of \$85,000 SGF. These funds go to local multi-county agencies called networks that serve families who have infants and toddler with disabilities and developmental delays. Based on an individual plan developed for each child, he/she may receive such services at OT, PT, Speech Language, etc. Currently, the cost per child is about \$1,480 per child per year and 6,643 children are served. A reduction of this size approximates serving 57 fewer children per year. However, since services must still be provided to all who need them (federal requirement) then the impact is reduction in level of services to all 6,643 children.
8. Primary Care – reduction of \$349,628 SGF to local safety net clinics. This is a reduction to the capital grant program and does not result in decreases to direct care services.
9. Health Promotion Administration– reduction of \$9,899. Move salaries from SGF to other funding. This will result in a like reduction in federal program activities.
10. UAA – elimination of \$302,269 SGF and 7.0 FTE. This will eliminate the UAA program. This program is responsible for performing assessments of existing and attainable designated uses of Kansas streams for the KDHE Water Quality Standards Program. Use attainability analysis (UAA) surveys are performed according to defined protocols to determine if surface water (stream, wetland, lake) is capable of supporting one or more of the designated uses defined in the Kansas Surface Water Standards. This program also is required to revise the Kansas Surface Water Register and the Kansas Surface Water Quality Standards to reflect the findings of UAA surveys. Fieldwork to gather the necessary information to complete the statutory requirements to complete designated UAAs has been completed, with reporting and analysis of the findings continuing through FY 2009. Future UAA efforts (2010 and beyond) would be limited to keeping findings current and up to date in accordance with existing and evolving state and federal requirements.
11. Northeast District Office – reduction of 65,676 SGF and 2.0 FTE. This will eliminate administrative support to the district office, close the district office, and move operations to Topeka. This will result in increased response time to complaints or requests for assistance.
12. Oral Health – reduction of \$35,986 SGF. Move salaries from SGF to Medicaid.
13. Additional Administrative shrinkage – reduction of \$130,646 SGF and 2.0 FTE. This will result in increased response time to litigation, and diminished IT support for automating systems.
14. Primary Care - Other – elimination of \$855,000 SGF. This will eliminate the contract with KAMU and could result in a reduction in capital grants to local providers or, based on current trends, reduced prescription support focus.
15. Cerebral Palsy Posture Seating – elimination of \$110,000 SGF. This eliminates financial assistance to eligible persons to obtain seating that addresses the needs of people with significant physical disabilities through the right seating system and correct posture for optimized mobility.
16. Data Support – elimination of \$168,014 SGF and 3.0 FTE. This is the section responsible for storage, retrieval, and presentation of ambient water quality monitoring

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**Kansas Department of Health and Environment
Response to Additional Budget Guidelines for Senate Ways and Means Subcommittees
February 24, 2009**

data. This section is responsible for compiling the biennial Kansas Water Quality Assessment, 305(b), Report as well as the annual register of surface waters of the state. The 305(b) report is mandated by EPA and without this section the job of preparing this report will be much more onerous for the Division of Environment and compiled by staff with no expertise. Failure to produce this report could result in sanctions by the US Environmental Protection Agency against the state of Kansas. In addition, this section manages over 30 years of water quality data for Kansas rivers and lakes. These data paint a picture of water changes over time. This section frequently receives requests for data and without this section the processing of constituent requests for this information would be difficult to provide and response time delayed.

17. Right To Know – elimination of \$84,280 SGF and 1.0 FTE. This program collects and maintains information regarding chemical storage and releases that are made available to concerned parties. The elimination of this program will result in the loss of annual revenue of approximately \$278,000 to the SGF.
18. Asbestos – elimination of \$172,619 SGF and 3.0 FTE. This program monitors the removal of asbestos from buildings during renovation and demolition projects and approves work practices to prevent asbestos fibers from becoming airborne. The elimination of this program will result in the loss of annual revenue of approximately \$182,000 to the SGF.

Additional Reductions of 3%, 6%, and 8%

The table below outlines 10 programs that will be eliminated or to which cuts will be made to achieve a 3% (\$1,044,392), 6% (\$1,044,392), and 8% (\$696,260) reduction in State General Fund with the description of the reductions following. These cuts and reductions will require the agency to lay off 15.9, resulting in salary savings of \$1,156,814.

Program	3%	6%	8%	FTE	Salary Savings
3% Reductions					
1. BAR Air Program	120,875			0.0	120,875
2. Admin Shrinkage	32,866			1.0	32,866
3. District Offices Administration	90,651			0.0	0
4. ATL	800,000			0.0	0
Subtotal	1,044,392			1.0	153,741
6% Reductions					
1. Admin Shrinkage		118,668		2.0	118,668
2. Meth		313,045		2.2	128,304
3. Stream Monitoring		162,175		2.5	149,577
4. Labs Shrink (EnvChem)		380,000		3.2	380,000
5. HOC Shrinkage		27,504		1.0	27,504
6. Coordinated School Health		43,000		0.0	0
Subtotal		1,044,392		10.9	804,053
8% Reductions					
1. HOC Shrinkage			45,516	1.0	45,516
2. STD Admin Shrinkage			33,750	1.0	33,750
3. ATL			109,994	0.0	0
4. Coordinated School Health			507,000	2.0	119,754
Subtotal			696,260	4.0	199,020
Total	1,044,392	1,044,392	696,260	15.9	1,156,814

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Kansas Department of Health and Environment
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3% Reductions

1. Bureau of Air and Radiation Air program– reduction of \$120,875 SGF. The Air Quality Fee Fund will be used to backfill this reduction. This cut to the SGF results in an SGF budget for the Bureau that includes only the maintenance of effort for the Federal air grant. It will have significant impacts on the Air Quality Fee Funds the Bureau currently utilizes to run all aspects of its regulatory program.
The Air Quality Fee Fund is currently set by regulation at \$25 per ton with a maximum of 4,000 tons per pollutant. The bureau anticipated needing to raise the fees in 2011, however; with this cut the bureau would need to begin the process of increasing the fees as early as SFY '10.
2. Administrative Shrinkage – reduction of \$32,866 SGF and 1.0 FTE. This reduction will result in even longer turn around time for processing payments to vendors, and increased response time to litigation.
3. District Offices Administrative Costs – elimination of \$90,651 SGF. Alternative funding sources will need to be identified to cover these administrative costs. This may affect the agency's negotiated indirect cost rate agreement for our federal grants.
4. Aid to Local – reduction of \$800,000 SGF. This reduction will result in a decrease of FTE in the local programs. If we continue to significantly erode aid to local, we present public health risks to local governments. The continued reduction in agency staff equates to less ability to administer the local programs. The expertise to administer these programs resides at the state level, and not at the local level.
However, the SGF requested budget for the Division of Health and Central Administration is \$23,737,910. Aid and other assistance represent approximately 57.8% (\$13,722,040) of the SGF budget in the Division of Health and Central Administration. No other operating dollars, including salaries, are included in these allocations.

6% Reductions

1. Administrative Shrinkage - reduction of \$118,668 SGF and 2.0 FTE. This reduction will result in even longer turn around time for processing payments to vendors, and increased response time to litigation and diminished IT support for automating systems
2. Meth (Chemical Control Program) – elimination of \$313,045 SGF and 2.2 FTE. This program is currently underfunded. If this program is not funded at the state level, the cost may fall to the municipalities and counties.
3. Stream Monitoring – elimination of \$162,175 SGF and 2.5 FTE. This reduction will eliminate the stream monitoring program in the state.
4. Laboratory Shrinkage in Environmental Chemistry – reduction of \$380,000 SGF and 3.2 FTE due to elimination of stream monitoring program.
5. Health Occupational Credentialing – reduction of \$27,504 SGF and 1.0 FTE. This reduction will result in the decrease of required Medicaid match dollars that will adversely affect the agencies ability to leverage federal funds in the Health Occupational Credentialing program.
6. Coordinated School Health Program – reduction of \$43,000 SGF. This will result in fewer grants to schools

8% Reductions

1. Health Occupational Credentialing – reduction of \$45,516 SGF and 1.0 FTE. This reduction will result in the decrease of required Medicaid match dollars that will adversely affect the agencies ability to leverage federal funds in the Health Occupational Credentialing program.
2. STD Administration – reduction of \$33,750 SGF and 1.0 FTE. The program will have no administrative support.
3. ATL – reduction of \$109,994 SGF. This reduction will continue to erode aid to local governments.
4. Coordinated School Health Program – elimination of \$507,000 SGF and 2.0 FTE. This will eliminate the Coordinated School Health Program, the only program in the State that addresses obesity.

26-4

**FY2010 Reduction Based on Recommended FY 2009 Governor's Budget
as Recommended by Senate Ways and Means Subcommittee on KDHE**

The SWAM Subcommittee on KDHE recommends adjustments be made to the base FY2009 Governor's Recommendation to be used as the base for the calculation of the required reduction. The committee recommended moving the Primary Care/Safety Net program "off-budget" and adjusting the base against which the FY2010 reduction would be taken. The resulting new base and adjusted reductions are calculated as follows:

FY2009 Governor's Recommendation	34,813,053
ATL Primary Health Projects	-7,020,840
ATL Prescription Support - CBPC	-750,000
Safety Net Operations Costs	-86,719
New Adjusted Base for Reduction	26,955,494
Adjusted 10% Reduction	2,695,549

The table below outlines programs that will be eliminated or to which cuts will be made to achieve a ten percent reduction in State General Fund with the description of the reductions following. These cuts and reductions will require the agency to lay off 23.0 FTE and keep an additional 10.0 positions vacant, resulting in salary savings of \$1,427,382.

Program	SGF 10%	FTE	Salary Savings
1. PMI	400,000	0.0	0
2. Teen Pregnancy Prevention	239,000	0.0	0
3. Use Attainability Analysis-Gov Rec	75,643	1.0	75,643
4. Admin Shrinkage – Gov Rec	181,850	8.0	181,850
5. Health Shrinkage	96,953	3.0	96,953
6. Environment Shrinkage	118,842	2.0	118,842
7. Infant Toddler	85,000	0.0	0
8. Health Promotion Administration	9,899	0.0	9,899
9. Use Attainability Analysis-Other	302,269	7.0	285,133
10. District Office Reductions	141,548	2.0	65,676
11. Oral Health	35,986	0.0	35,986
12. Additional Admin Shrinkage	130,646	2.0	130,646
13. Cerebral Palsy Posture Seating	110,000	0.0	0
14. Data Support	168,014	3.0	159,840
15. Right to Know	84,280	1.0	62,839
16. Asbestos	172,619	3.0	161,515
17. Youth Mentoring Program	343,000	1.0	42,560
Total	2,695,549	33.0	1,427,382

1. PMI – elimination of \$400,000 SGF. Pregnancy Maintenance Initiative grants for four social service agencies will be discontinued; however, since KDHE funding was to expand existing services and provide additional services to those already served there is the assumption that the four agencies may continue to provide some services to pregnant clients.
2. Teen Pregnancy Prevention – reduction of \$239,000 SGF. Teen pregnancy rates are decreasing and all five of the current teen pregnancy grants would be discontinued. This reduction will still allow the agency to provide pregnancy case management service to pregnant Medicaid teens.

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**FY2010 Reduction Based on Recommended FY 2009 Governor's Budget
as Recommended by Senate Ways and Means Subcommittee on KDHE**

3. Use Attainability Analysis (UAA) – reduction of \$75,643 SGF and 1.0 FTE. This reduces the ability to perform assessments of existing and attainable designated uses of Kansas streams for the KDHE Water Quality Standards Program.
4. Administrative Shrinkage – reduction of \$181,850 SGF and 8.0 FTE. This results in not filling 8.0 positions in Central Administration. This will result in longer turn around time for processing accounts payables to vendors.
5. Health Shrinkage – reduction of \$96,953 SGF and 3.0 FTE. This results in not filling 3.0 positions and a decrease of required Medicaid match dollars that will adversely affect the agencies ability to leverage federal funds in the Health Occupational Credentialing program. It will also limit the agency's ability to carry out activities associated with health facility regulation.
6. Environment Shrinkage – reduction of \$118,842 SGF and 2.0 FTE. This results in not filling 2.0 positions and reduced laboratory services.
7. Infant Toddler Program – reduction of \$85,000 SGF. These funds go to local multi-county agencies called networks that serve families who have infants and toddler with disabilities and developmental delays. Based on an individual plan developed for each child, he/she may receive such services as OT, PT, Speech Language, etc. Currently, the cost per child is about \$1,480 per child per year and 6,643 children are served. A reduction of this size approximates serving 57 fewer children per year. However, since services must still be provided to all who need them (federal requirement) then the impact is reduction in level of services to all 6,643 children.
8. Health Promotion Administration– reduction of \$9,899. Move salaries from SGF to other funding. This will result in a like reduction in federal program activities.
9. Use Attainability Analysis – elimination of \$302,269 SGF and 7.0 FTE. This will eliminate the UAA program. This program is responsible for performing assessments of existing and attainable designated uses of Kansas streams for the KDHE Water Quality Standards Program. Use attainability analysis (UAA) surveys are performed according to defined protocols to determine if surface water (stream, wetland, lake) is capable of supporting one or more of the designated uses defined in the Kansas Surface Water Standards. This program also is required to revise the Kansas Surface Water Register and the Kansas Surface Water Quality Standards to reflect the findings of UAA surveys. Fieldwork to gather the necessary information to complete the statutory requirements to complete designated UAAs has been completed, with reporting and analysis of the findings continuing through FY 2009. Future UAA efforts (2010 and beyond) would be limited to keeping findings current and up to date in accordance with existing and evolving state and federal requirements.
10. District Office Reductions – reduction of \$141,548 SGF and 2.0 FTE. This will eliminate administrative support to the NE district office, close the NE district office, and move those operations to Topeka. This will result in increased response time to complaints or requests for assistance in the NE district. Alternative funding sources will need to be identified to cover administrative costs in the remaining 5 district offices. This may affect the agency's negotiated indirect cost rate agreement for federal grants.
11. Oral Health – reduction of \$35,986 SGF. Move salaries from SGF to Medicaid.
12. Additional Administrative shrinkage – reduction of \$130,646 SGF and 2.0 FTE. This will result in increased response time to litigation, and diminished IT support for automating systems.
13. Cerebral Palsy Posture Seating – elimination of \$110,000 SGF. This eliminates financial assistance to eligible persons to obtain seating that addresses the needs of people with significant physical disabilities through the right seating system and correct posture for optimized mobility.
14. Data Support – elimination of \$168,014 SGF and 3.0 FTE. This is the section responsible for storage, retrieval, and presentation of ambient water quality monitoring data. This section is responsible for compiling the biennial Kansas Water Quality Assessment, 305(b), Report as well as the annual register of surface waters of the state. The 305(b) report is mandated by EPA and without this section the job of preparing this

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**FY2010 Reduction Based on Recommended FY 2009 Governor's Budget
as Recommended by Senate Ways and Means Subcommittee on KDHE**

report will be much more onerous for the Division of Environment and compiled by staff with no expertise. Failure to produce this report could result in sanctions by the US Environmental Protection Agency against the state of Kansas. In addition, this section manages over 30 years of water quality data for Kansas rivers and lakes. These data paint a picture of water changes over time. This section frequently receives requests for data and without this section the processing of constituent requests for this information would be difficult to provide and response time delayed.

15. Right To Know – elimination of \$84,280 SGF and 1.0 FTE. This program collects and maintains information regarding chemical storage and releases that are made available to concerned parties. The elimination of this program will result in the loss of annual revenue of approximately \$278,000 to the SGF.
16. Asbestos – elimination of \$172,619 SGF and 3.0 FTE. This program monitors the removal of asbestos from buildings during renovation and demolition projects and approves work practices to prevent asbestos fibers from becoming airborne. The elimination of this program will result in the loss of annual revenue of approximately \$182,000 to the SGF.
17. Youth Mentoring Program – elimination of \$343,000 SGF and 1.0 FTE.

KDOA Proposed Reductions for FY 2010

Col B		Col C		A		B		C		D		E	
Program	Sub-Program or Activity	FY 2009 Program Expenditures		FY 2010 Program Expenditures - GBR		FY 2008							
		STATE GENERAL FUND	All Funds	STATE GENERAL FUND	All Funds	Average Monthly Caseload / People Served							
1	Nursing Facility Program			\$148,296,000	\$370,000,000	\$144,916,069	\$365,113,329	10,581 caseload					
2	Nursing Facility Program	Administration		\$603,926	\$1,207,855	\$595,564	\$1,191,128						
3	CARE	Level I		\$308,354	\$1,233,415	\$335,179	\$1,340,715	12,926 caseload					
4	CARE	Level II		\$43,500	\$174,000	\$47,250	\$189,000	510 caseload					
5	CARE	Administration		\$86,817	\$347,252	\$85,388	\$335,310						
6	OAA C(1) Congregate Meals & C(2) Home Deliver Nutrition Services	OAA Note: (state funds are used to match C(1), C(2) and Supportive Services Awards.		\$467,287	\$15,434,566	\$467,287	\$15,390,703	32,446 total people 2,972,554 meals					
7	OAA	Administration		\$130,825	\$340,985	\$115,548	\$334,180						
8	OAA Caregiver Program	Note: \$458,912 of SCA Appropriation is used to match this program.		\$458,912	\$1,835,649	\$458,912	\$1,835,649	1,139 total people					
9	SCA	SSBG			\$4,500,000	\$0	\$4,500,000	3,294 total people					
10	SCA	Administration for SSBG		\$77,041	\$77,041	\$58,755	\$58,755						
11	LCE	Administration		\$2,331,136	\$7,045,250	\$2,018,458	\$6,652,851	661 facilities					
12	Quality Review	Administration		\$260,854	\$504,616	\$264,951	\$503,653						
13	PACE Program			\$1,905,443	\$4,754,099	\$2,301,123	\$5,797,740	204 caseload					
Must Buy				\$154,970,095	\$407,454,728	\$151,664,484	\$403,243,013						
14	HCBS/FE Program			\$28,970,590	\$72,281,911	\$28,553,333	\$71,940,874	5,765 caseload					
15	TCM Program			\$2,612,627	\$6,219,528	\$2,325,000	\$5,857,899	4,455 caseload					
16	HCBS/FE Program & TCM	Administration		\$264,239	\$528,482	\$255,202	\$510,409						
17	HCBS/FE Program	Money Follows the Person			\$0	\$0	\$0	Goal: 92 people					
18	MFP	Administration		\$43,041	\$110,686	\$36,469	\$85,792						
FY Next				\$31,890,497	\$79,140,607	\$31,170,004	\$78,394,974						

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KDOA Proposed Reductions for FY 2010

	Col B	Col C	A	B	C	D	E
	Program	Sub-Program or Activity	FY 2009 Program Expenditures		FY 2010 Program Expenditures - GBR		FY 2008
			STATE GENERAL FUND	All Funds	STATE GENERAL FUND	All Funds	Average Monthly Caseload / People Served
19	SCA	State	\$2,801,088	\$4,057,170	\$1,562,930	\$1,990,680	2,806 total people
20	OAA C(1) Congregate Meals & C(2) Home Deliver Nutrition Services	SGF Non Match	\$3,076,959	\$3,076,959	\$3,076,959	\$3,076,959	5,339 total people 498,445 Meals
21	ADRC		\$21,926	\$438,532	\$7,545	\$150,305	
22	CORE Funding		\$750,000	\$750,000	\$0	\$0	
23	SMP		\$24,701	\$98,783	\$24,171	\$96,685	
24	Senior Farmers Market Nutrition Program		\$25,157	\$199,230	\$0	\$0	7,456 total people
25	SCA	Senior Companion	\$25,000	\$25,000	\$0	\$0	
26	SCA	Expedited Services	\$100,000	\$100,000	\$0	\$0	
27	SCA	STEPS	\$25,000	\$74,392	\$0	\$0	
28	United Cerebral Palsy		\$60,000	\$60,000	\$0	\$0	
Don't Buy Now Subtotal			\$6,909,831	\$8,880,066	\$4,671,605	\$5,314,629	
Grand Total			\$193,770,423	\$495,475,401	\$187,506,093	\$486,952,616	

9-26-08

Percent of Cut	Across the Board including NF	Targeted without NF
10%	\$18,750,609	\$4,259,002
1%	\$1,875,061	\$425,900

Kansas Health Policy Authority

26-10

FY 2010 Senate Ways and Means Subcommittee Guidelines

FY 2009 Governor's Budget SGF amount	503,209,166
10% reduction	(50,320,917)
13% reduction	(65,417,192)
18% reduction	(90,577,650)

10% Reduction Items		SGF	Federal Medicaid	Federal SCHIP	Off budget	Total	Impacts
Governor's Budget Items	MediKan 18 month time limit	(6,700,000)				(6,700,000)	
	Expand Preferred Drug List to include mental health drugs	(800,000)	(1,200,000)			(2,000,000)	
Medicaid Transformation Recommendations	Pharmacy changes Cost reimbursement for physician office administered drugs Improve cost avoidance and third party liability in pharmacy claims Accelerate review of generic drug price limits	(4,400,000)	(6,600,000)			(11,000,000)	
	Ensure Medicare pays its share of hospital charges for beneficiaries with dual eligibility	(4,000,000)	(6,000,000)			(10,000,000)	
	Home Health Reforms	(200,000)	(300,000)			(500,000)	
	Durable Medical Equipment pricing reforms	(160,000)	(240,000)			(400,000)	
	Transportation Brokerage	(200,000)	(300,000)			(500,000)	
	Tighten payment rules for Hospice Services	(300,000)	(450,000)			(750,000)	
	Automate and expand pharmacy prior authorization	(300,000)	(450,000)			(750,000)	
Medicaid Rate Cuts	12.7% rate reduction	(39,840,000)	(68,160,000)			(108,000,000)	Providers may stop seeing medicaid patients, limiting access to services
HealthWave	Increase Premiums by \$20 (to \$40 and \$50)	(2,203,890)		(5,596,110)		(7,800,000)	Loss of health coverage for some children.
FMS	Delete agency contribution to Financial Management System project	(564,000)			(261,000)	(825,000)	This is a low priority project to KHPA, but the Department of Administration may require contributions to continue the project.
DISC Contract	Reduce service level agreement by 10%	(19,807)	(24,298)	(694)	(11,200)	(56,000)	KHPA will have less desktop and server support
Building Rent	20% reduction in leased space rate	(56,592)	(69,424)	(1,984)	(32,000)	(160,000)	We will attempt to renegotiate the rate paid for leased space or vacate some space to reduce expenditures.
Medicaid Administration	Contract reductions	(1,289,998)	(1,289,998)			(2,579,996)	May result in payment backlogs for Medicaid providers and could place federal reimbursement at risk
Medicaid Administration	Eliminate use of temporary staff	(213,206)	(263,193)	(7,500)		(483,900)	Some administrative activities, including presumptive medical determinations may not be completed. Temporary staff are used to fill gaps created by holding positions vacant to meet salary expenditure targets.
	Total Reductions	(59,929,200)	(84,022,204)	(5,605,297)	(288,200)	(149,844,900)	

Additional 3% to 8% Reduction

		SGF	Federal Medicaid	Federal SCHIP	Off budget	Total	Impacts
Medicaid Rate Cuts	Additional 3.2% rate reduction (to 15.9%)	(9,960,000)	(17,040,000)			(27,000,000)	

Proposed SRS FY 2010 Reductions Per Senate Ways and Means Request

Description	SGF	Federal Funds	All Funds	Implementation Requirements	Clients Affected	FTE	Associated Salaries and Wages	One-time / Ongoing Savings	Notes	Cumulative SGF FY 2010
<i>Difference Between FY 2009 GBR and SRS FY 2010 Submitted Budget</i>										
PD Waiver	8,398,741	12,556,202	20,954,943	Continue Access Freeze				Ongoing	Since FY 2009 GBR is serving as the base, these funds must come out as they were not part of the agency's submitted budget	8,398,741
SGF/Fee Fund Switch	3,443,095		--	None	None			One-time		11,841,836
Miscellaneous Operating Reductions	1,100,912		1,100,912	None	None			Ongoing		12,942,748
<i>Total Submitted Reductions</i>	<i>12,942,748</i>	<i>12,556,202</i>	<i>22,055,855</i>							
<i>GBR Reductions</i>										
1 SGF/Fee Fund Switch	2,200,000		--	None	None			One-time		15,142,748
2 Renegotiate Foster Care	14,099,718		15,056,820	None	None			Ongoing		29,242,466
3 Limited Adoption Contract	1,399,228		1,399,228	None	None			Ongoing		30,641,694
4 Increase Vacant Positions	886,715	961,674	1,848,389	Hold 36 positions vacant	None			Ongoing		31,528,409
5 Cancel BARS Contract	100,000		100,000	Notify vendor	None			Ongoing		31,628,409
6 Eliminate Funeral Assistance	810,000		810,000	Change regulations to be effective June 1, 2009.	1,200 Annual Persons			Ongoing		32,438,409
7 Shift \$600,000 AAPS Grants to Gaming Revenue/Reduce Expenditures \$200,000	800,000		800,000	None	None			Ongoing		33,238,409
8 Integrate Grandparents as Caregivers (GAC) into Temporary Assistance for Families (TAF)	1,165,320		1,165,320	Revise GAC statutes	Moving children from GAC to TAF			Ongoing		34,403,729
9 Reduce CDDO State Aid	2,000,000		2,000,000	Notify CDDOs and other stakeholders	2,324 average monthly individuals			Ongoing		36,403,729
10 Reduce CMHC Consolidated Grants	7,000,000		7,000,000	Notify CMHCs and other stakeholders	2,420 Average Monthly Individuals			Ongoing		43,403,729
11 Release CINCs from SRS Custody @ 18	1,532,318		1,532,318	Statutory changes	94 Monthly Children			Ongoing		44,936,047
12 No SRS Custody for CINCNANs 16 & up	2,280,052		2,280,052	Statutory changes	170 Monthly Children			Ongoing		47,216,099

10% Excluding Caseload

(Includes difference between FY 2009 GBR and Submitted Budget and Items 1-13)

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Proposed SRS FY 2010 Reductions Per Senate Ways and Means Request

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Description	SGF	Federal Funds	All Funds	Implementation Requirements	Clients Affected	FTE	Associated Salaries and Wages	One-time / Ongoing Savings	Notes	Cumulative SGF FY 2010
13 Limit General Assistance to 18 mos.	2,886,229		2,886,229	Regulation change, 30-day notice to clients	1,503 Monthly Persons			Ongoing		50,102,328
14 Limit MediKan Mental Health to 18 mos.	2,660,742		2,660,742	Regulation change, 30-day notice to clients	616 Monthly Persons			Ongoing		52,763,070
<i>Total GBR Reductions</i>	<i>39,820,322</i>		<i>39,539,098</i>							
Additional 3% Cuts Excluding Caseload										
<i>Reductions Beyond GBR</i>										
(Includes difference between FY 2009 GBR and Submitted Budget and Items 1-16) 15 Reduce CDDO State Aid	2,813,199		2,813,199	Notify CDDO's and other stakeholders	2,324 Average Monthly Individuals			Ongoing		55,576,269
16 Reduce Mental Health State Aid	5,150,000		5,150,000	Notify CMHC's and other stakeholders	1,780 Average Monthly Individuals			Ongoing		60,726,269
17 Reduce Substance Abuse Grants	1,000,000		1,000,000	Notify providers	475 Annual Persons			Ongoing		61,726,269
18 Reduce DD Day & Residential and Family Support Grants	5,000,000		5,000,000	Notify CDDO's as soon as possible; Notify other stakeholders	1,783 average monthly individuals			Ongoing	Some individuals affected would lose residential services.	66,726,269
10% Cuts Including Caseload										
(Includes difference between FY 2009 GBR and Submitted Budget and Items 1-23) 19 Reduce Mental Health Consolidated Grants	3,000,000	2,465,801	7,108,654	Notify CMHC's and other stakeholders	2,458 average monthly individuals			Ongoing		69,726,269
20 Reduce General Assistance (GA) monthly cash grant to \$100	2,211,606	(456,780)	1,754,825	30-day notice to clients	3,231 average monthly adults			Ongoing		71,937,874
21 Reduce Child Care Assistance from 185% to 150% FPL	4,500,331	4,461,667	8,961,998	30-day notice to clients	2,668 average monthly children			Ongoing	Could affect federal stimulus money	76,438,205
22* Close Cottage at Parsons	407,440	611,160	1,018,600	Notify clients, Notify staff	None	30.00	\$361,761 SGF; \$1,018,600 AF	Ongoing	Would require the consolidation of about 20 clients	76,845,645
23* Eliminate Rehabilitation Center for the Blind and Visually Impaired	361,671	1,336,319	1,697,990	Statutory changes	50 annual persons			Ongoing		77,207,316

Proposed SRS FY 2010 Reductions Per Senate Ways and Means Request

Description	SGF	Federal Funds	All Funds	Implementation Requirements	Clients Affected	FTE	Associated Salaries and Wages	One-time / Ongoing Savings	Notes	Cumulative SGF FY 2010
24 Reduce Family Centered Systems of Care	2,500,000		2,500,000	Notify CMHC's and other stakeholders	864 children & adolescents per month			Ongoing	Savings are from CIF and would need to be transferred to SGF	79,707,316
25 Close Childrens beds at LSH , move to Private Facility	948,122		948,122	Notify clients, Notify staff	9 children average daily census	38.00	\$1,788,031 SGF	Ongoing	Savings reflects a net reduction that accounts for serving the kids in the community.	80,655,438
26 Eliminate Kansas Early Head Start	3,452,779	7,889,618	11,342,397	30-day notice to terminate grants	1,177 annual children			Ongoing	Savings are from CIF and would need to be transferred to SGF	84,108,217
27 2% Rate Reduction on the Waivers	3,179,739		3,179,739	Notify providers	None			Ongoing		87,287,956
28* Close Unit at KNI	1,135,000	8,065,951	9,200,951	Notify clients, Notify staff	80 clients	246.00	\$1,135,000 SGF; \$9,177,103 AF	Ongoing	Moving people to the community; number reflects net reduction.	88,422,956
Additional 3% Cuts Including Caseload										
29* Close Rainbow; Move Clients to Osawatomie State Hospital (OSH)	1,800,000		1,800,000	Notify clients, Notify staff	Clients would be moved to OSH	26.00	\$1,325,718 SGF	Ongoing	Moving 30 beds to OSH; net loss of 20 beds	90,222,956
(Includes All Items)										
30 Eliminate MH Community Medication Program	1,050,000		1,050,000	Provide a 30 day notice to Provider to amend the contract	442 eligible persons per month			Ongoing		91,272,956
31 ChangeLevel of Care for DD waiver from 30 to 50	772,177	1,173,343	1,945,520	Amend waiver; notify providers and consumers	245 average monthly clients			Ongoing		92,045,133
32 Change Level of Care for PD waiver from 26 to 30	1,452,500	2,171,501	3,624,001	Amend waiver; notify providers and consumers	2,845 Average Monthly consumers			Ongoing		93,497,633
33 Eliminate Remaining General Assistance (Cash)	4,339,380	-	4,339,380	Regulation change, 30-day notice to clients	3,231 average monthly adults	12.00	\$655,296 SGF	Ongoing		97,837,014
34 Eliminate General Assistance Mental Health	6,798,360		6,798,360	Regulation change, 30-day notice to clients	3,231 average monthly adults			Ongoing		104,635,374
<i>Reductions Beyond GBR</i>	<i>40,734,563</i>	<i>27,718,579</i>	<i>70,095,995</i>							

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* These are the items that include staff reductions. Please note that the amounts listed for salaries and wages are included in the total savings.

Proposed SRS FY 2010 Reductions Per Senate Ways and Means Request
Schedule A

26-14

Description	SGF	Federal Funds	All Funds	Implementation Requirements	Clients Affected	FTE	Associated Salaries and Wages	One-time / Ongoing Savings	Notes	Cumulative SGF FY 2010
<i>Difference Between FY 2009 GBR and SRS FY 2010 Submitted Budget</i>										
PD Waiver	8,398,741	12,556,202	20,954,943	Continue Access Freeze				Ongoing	Since FY 2009 GBR is serving as the base, these funds must come out as they were not part of the agency's submitted budget	8,398,741
SGF/Fee Fund Switch	3,443,095		--	None	None			One-time		11,841,836
Miscellaneous Operating Reductions	1,100,912		1,100,912	None	None			Ongoing		12,942,748
<i>Total Submitted Reductions</i>	<i>12,942,748</i>	<i>12,556,202</i>	<i>22,055,855</i>							
<i>1.25 Percent Cuts Carried Forward from SB 23</i>										
Misc. Reductions	6,289,511		6,289,511	None	None			Ongoing		19,232,259
<i>GBR Reductions</i>										
1 SGF/Fee Fund Switch	2,200,000		--	None	None			One-time		21,432,259
2 Renegotiate Foster Care	14,099,718		15,056,820	None	None			Ongoing		35,531,977
3 Limited Adoption Contract	1,399,228		1,399,228	None	None			Ongoing		36,931,205
4 Increase Vacant Positions	886,715	961,674	1,848,389	Hold 36 positions vacant	None			Ongoing		37,817,920
5 Cancel BARS Contract	100,000		100,000	Notify vendor	None			Ongoing		37,917,920
6 Reduce Funeral Assistance	405,000		405,000	Change regulations to be effective June 1, 2009.	1,200 Annual Persons			Ongoing	Per the Committee's instructions this reduction was changed from \$810,000 to \$405,000	38,322,920
7 Shift \$600,000 AAPS Grants to Gaming Revenue/Reduce Expenditures \$200,000	800,000		800,000	None	None			Ongoing		39,122,920
8 Integrate Grandparents as Caregivers (GAC) into Temporary Assistance for Families (TAF)	1,165,320		1,165,320	Revise GAC statutes	Moving children from GAC to TAF			Ongoing		40,288,240
9 Reduce CDDO State Aid	2,000,000		2,000,000	Notify CDDOs and other stakeholders	2,324 average monthly individuals			Ongoing		42,288,240
10 Reduce CMHC Consolidated Grants	2,000,000		2,000,000	Notify CMHCs and other stakeholders	2,420 Average Monthly Individuals			Ongoing	Per the Committee's instructions this reduction was changed from \$7.0 million to \$2.0 million	44,288,240
11 Release CINCs from SRS Custody @ 18	1,532,318		1,532,318	Statutory changes	94 Monthly Children			Ongoing		45,820,558
12 No SRS Custody for CINCNANs 16 & up	2,280,052		2,280,052	Statutory changes	170 Monthly Children			Ongoing		48,100,610
13 Limit General Assistance to 18 mos.	2,886,229		2,886,229	Regulation change, 30-day notice to clients	1,503 Monthly Persons			Ongoing		50,986,839

10% Excluding Caseload

(Includes difference between FY 2009 GBR and Submitted Budget, 1.25 percent cuts, and Items 1-13)

ing above this line represents a 10.0 percent cut excluding caseload

Proposed SRS FY 2010 Reductions Per Senate Ways and Means Request
Schedule A

Description	SGF	Federal Funds	All Funds	Implementation Requirements	Clients Affected	FTE	Associated Salaries and Wages	One-time / Ongoing Savings	Notes	Cumulative SGF FY 2010
14 Limit MediKan Mental Health to 18 mos.	2,660,742		2,660,742	Regulation change, 30-day notice to clients	616 Monthly Persons			Ongoing		53,647,581
Total GBR Reductions w/Committee adjustments		34,415,322		34,134,098						
<i>Reductions Beyond GBR</i>										
15 Reduce CDDO State Aid	2,813,199		2,813,199	Notify CDDO's and other stakeholders	2,324 Average Monthly Individuals			Ongoing		56,460,780
16 Reduce Mental Health State Aid	5,150,000		5,150,000	Notify CMHC's and other stakeholders	1,780 Average Monthly Individuals			Ongoing		61,610,780
10% Cuts Including Caseload										
17 Reduce Substance Abuse Grants	1,000,000		1,000,000	Notify providers	475 Annual Persons			Ongoing		62,610,780
(Includes difference between FY 2009 GBR and Submitted Budget, 1.25 percent cuts, and Items 1-22)										
18 Reduce DD Day & Residential and Family Support Grants	5,000,000		5,000,000	Notify CDDO's as soon as possible; Notify other stakeholders	1,783 average monthly individuals			Ongoing	Some individuals affected would lose residential services.	67,610,780
19 Reduce Mental Health Consolidated Grants	3,000,000	2,465,801	7,108,654	Notify CMHC's and other stakeholders	2,458 average monthly individuals			Ongoing		70,610,780
20 Reduce General Assistance (GA) monthly cash grant to \$100	2,211,606	(456,780)	1,754,825	30-day notice to clients	3,231 average monthly adults			Ongoing		72,822,385
21 Reduce Child Care Assistance from 185% to 150% FPL	4,500,331	4,461,667	8,961,998	30-day notice to clients	2,668 average monthly children			Ongoing	Could affect federal stimulus money	77,322,716
22* Close Childrens beds at LSH , move to Private Facility	948,122		948,122	Notify clients, Notify staff	9 children average daily census	38.00	\$1,788,031 SGF	Ongoing	Savings reflects a net reduction that accounts for serving the kids in the community.	78,270,838
Total Reductions Beyond GBR		24,623,257	6,470,687	32,736,798						
Everything above this line represents a 10.0 percent cut including caseload										

* These are the items that include staff reductions. Please note that the amounts listed for salaries and wages are included in the total savings.

26-15

26-16

Department of Social and Rehabilitation Services

Proposed 10% Reduction in FY 2010 Budget to Capital Improvements

Fiscal Year 2010 Budget

Capital Improvements	\$ 4,262,950.00
Bond Debt Service	\$ 3,250,000.00
Total	\$7,512,950.00

10% Reduction in Capital Improvements

\$ 426,295.00

Proposed 10% Reduction in FY 2010 Budget to Capital Improvements

Rehabilitation and Repairs Systemwide	Reduce to meet 10% Reduction
----------------------------------------------	-----------------------------------------

Larned State Hospital

Upgrade Electrical Panels and wiring in Engineering Building	\$ 113,880.00
--------------------------------------------------------------	---------------

Osawatomie State Hospital

Repair/Resurface Deteriorated Roads and Parking Lots on Campus	\$ 165,400.00
----------------------------------------------------------------	---------------

Larned State Hospital

Upgrade Paint Booth and Heating System in Paint Shop	\$ 60,240.00
	<u>\$ 339,520.00</u>

Major Rehabilitation and Repair Projects

Larned State Hospital

Renovate Meyer Building (Housing Facility for SPTP) FY 2010 Budget is \$1,657,200.00	\$ 86,775.00
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Total Budget Reduction	\$ 426,295.00
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10.0 Percent Reduction for Special Revenue & State General Funds

AGENCY	FY 2009 Gov. Rec	House Substitute for Substitute SB 23	FY 2010 Gov Rec	FY 2010 S Sub for 2354 Conference Action	Adjustments from Gov Rec Moratoriums	Adjustments from Gov Rec all other changes	10%
Department of Credit Unions (Special Rev Only)	877,990	859,391	876,497	932,476	18,599	37,380	
Health Care Stabilization Board - (Special Rev Only)	1,348,852	1,315,612	1,410,818	1,695,892	33,240	251,834	
Insurance Department - (Special Rev Only)	24,040,565	23,799,151	24,133,586	24,375,180	241,594	-	
Department of Labor - State General Funds	\$564,139	544,260	\$544,385	497,169	12,280	(59,496)	
Department of Labor - Special Revenue Funds	38,840,372	38,529,470	38,347,169	39,201,321	843,596	-	(4,234,430)
Office of the State Bank Commissioner - (Special Rev Only)	8,438,921	8,272,789	8,347,308	8,777,294	166,132	263,854	(918,411)
Securities Commissioner - (Special Rev Only)	2,875,503	2,812,709	2,767,572	2,888,286	62,794	57,920	(242,413)
Kansas Guardianship Program - (State General Fund Only)	\$1,285,374	1,283,833	\$1,201,849	1,187,101	23,123	(37,871)	(68,135)
Kansas Commission on Veteran's Affairs - State General Funds	\$9,227,492	8,889,021	\$8,956,372	9,057,068	219,591	(118,895)	(871,220)
Kansas Commission on Veteran's Affairs - Special Revenue Funds	\$5,502,408	5,113,154	\$5,465,448	5,854,727	389,279	-	(902,560)
Kansas Human Rights Commission - State General Funds	\$1,724,014	1,660,652	\$8,956,372	8,868,836	41,154	(128,690)	Already Taken
Kansas Human Rights Commission - Special Revenue Funds non-fed	\$22,452	22,406	\$18,288	18,334	46	-	Already Taken
TOTALS	\$ 76,986,342	\$ 76,133,382	\$ 76,427,335	\$ 78,367,618	\$ 1,378,235	\$ 551,492	(7,065,665)

Senate Ways & Means Cmte
 Date 4-22/23-2009
 Attachment 27

Office of the State Bank Commissioner

	<u>FY 2009</u>	<u>FY 2010</u>
All Funds	\$8,438,921	\$8,347,308
State General Funds	\$0	\$0
Special Revenue Funds	\$8,438,921	\$8,347,308
10% Reduction SGF	\$0	
10% Reduction Special Rev	\$7,595,029	
Reduction Required to Reach 10% Below FY 2009 Governor's Recommendation:		
<u>SGF</u>	\$0	
Special Revenue funds	\$918,411	

**Senate Budget Committee 2009 Session
Office of the State Bank Commissioner**

27-3

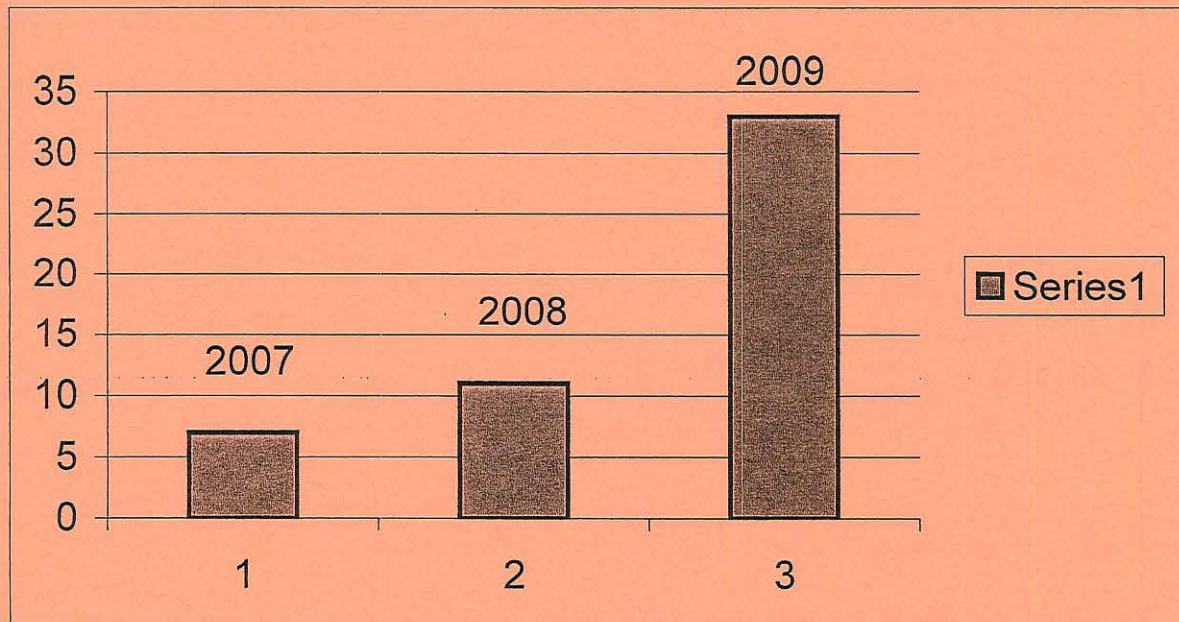
Spread among all categories

	Banking	Reduction	CML	Reduction	Total Allocation	Agency Reductions
10% Level						10%
Salaries	4,011,375	416,143	2,413,253	247,514	6,424,628	663,658
Contractual	761,397	60,258	588,077	52,287	1,349,474	112,545
Commodities	83,664	8,655	42,513	4,360	126,177	13,015
Capital Outlay	170,204	17,607	86,688	8,891	256,892	26,498
Forced workforce reduction	5,026,640	502,664 6 employees	3,130,531	313,053 4 employees	8,157,171	\$ 815,716 10 employees
13% Level						13%
Salaries	4,011,375	554,858	2,413,253	309,393	6,424,628	864,251
Contractual	761,397	63,589	588,077	31,319	1,349,474	94,908
Commodities	83,664	11,540	42,513	21,802	126,177	33,341
Capital Outlay	170,204	23,476	86,688	44,455	256,892	67,932
Forced workforce reduction	5,026,640	653,463 8 employees	3,130,531	406,969 5 employees	8,157,171	\$ 1,060,432 13 employees
18% Level						18%
Salaries	4,011,375	693,572	2,413,253	433,150	6,424,628	1,126,722
Contractual	761,397	167,452	588,077	107,156	1,349,474	274,608
Commodities	83,664	14,425	42,513	7,631	126,177	22,055
Capital Outlay	170,204	29,346	86,688	15,559	256,892	44,905
Forced workforce reduction	5,026,640	904,795 10 employees	3,130,531	563,496 7 employees	8,157,171	\$ 1,468,290 17 employees

27-4

OSBC - Banking Division

Increase in the number of Problem Banks



Department of Credit Unions

	<u>FY 2009</u>	<u>FY 2010</u>
All Funds	\$877,990	\$876,497
State General Funds	\$0	\$0
Special Revenue Funds	\$877,990	\$876,497
10% Reduction SGF	\$0	
10% Reduction Special Rev	\$790,191	
Reduction Required to Reach 10% Below FY 2009 Governor's Recommendation:		
<u>SGF</u>	\$0	
Special Revenue funds	\$104,905	

27-5

Senate Ways and Means Subcommittee
On Fee Boards
March 2, 2009

Budget Hearing

Kansas Department of Credit Unions
John P. Smith, Administrator

Good afternoon Chairman Masterson and members of the committee. My name is Richard Yadon and I am the Financial Examiner Administrator of the Kansas Department of Credit Unions.

KDCU's previously approved FY 2009 budget has been reduced by the amount of \$26,840 due to the 3% decrease that was requested of agencies and in addition our KSIP account has been frozen. The 3% reduction was accomplished by eliminating a requested \$14,400 Capital Outlay for planned replacement of a high mileage vehicle and increased Salaries and Wages shrinkage of \$12,440. The KSIP account which has been frozen has been used to fund continuing training for our examiners and is considered essential for our staff to keep up with a changing and challenging economic and regulatory environment.

KDCU requested enhancements for each of FY's 2010 and 2011 in the amounts of \$14,800 and \$15,200 respectively for replacement of one high mileage vehicle in each of those years..

Salaries and Wages make up approximately 80% of the agency's total budget. The salary increases made for nearly all of our staff for FY09 due to the market comparability adjustments increased Salary and Wages expense considerably and leaves few other areas for expense reduction considerations without affecting the performance of our assigned mission.

27-6

KDCU has identified several risks with the budget cuts. The risks are:

1. Increasing the time frame for examination of credit unions
2. Decreasing the amount of employee time available for the continuing supervision of "troubled" or "at risk" credit unions
3. Increasing the time frame for investigation of consumer complaints
4. Public may be at risk if examinations are not done timely and if sufficient attention can not be given to problem situations

The approved budget amount for FY09 is \$877,990.

Steps taken to reach the 3% reduction (\$26,840) are:

1. Eliminate Capital Outlay expense for replacement vehicle - \$14,400
2. Increase Salaries and Wages shrinkage - \$12,440

A **10% reduction** would be a decrease of at least \$87,799

1. Eliminate 1 Financial Examiner position - \$49,360 (including benefits)
2. Eliminate 1 PT Temporary Examiner - \$17,747 (" ")
3. Reduce: Travel & Subsistence - 9,000
4. Communication - 1,500
5. Out of state travel - 4,000
6. Gasoline & Repair/Serviceing - 2,500
7. Stationary & Off. Supplies - 3,500
8. Hospitality - 300

Items	Cost Savings
Eliminate 1 Financial Examiner position	\$49,360
Eliminate 1 PT Temporary Examiner	17,747
Reduce: Travel & Subsistence	9,000
Communication	1,500
Out of state travel	4,000
Gasoline & Repair/Serviceing	2,500
Stationary & Off. Supplies	3,500
Hospitality	300
Total	\$87,907

The reduction of an **additional 3%** would be at least \$26, 341 and this would need to come largely from staff layoff or furloughs plus \$6,966 from contractual services and commodities.

Replacement vehicles for FY 2010 and 2011 have also been removed from the Governor's recommendations in both fiscal years.

27-7₇

In conclusion, although the Department understands that the state is facing fewer revenues and must cut spending, we ask that as a fee funded agency, we be allowed to maintain at least the level of expenditure of the Governor's recommended budget levels for FY's 2010 and 2011 in order to maintain existing examination and supervision standards. We do not believe that the precarious economic climate we are in calls for a reduction in the supervision of financial institutions.

Thank you and I will stand for questioning.

Insurance Department

	<u>FY 2009</u>	<u>FY 2010</u>
All Funds	\$11,432,511	\$11,383,261
State General Funds	\$0	\$0
Special Revenue Funds	\$11,432,511	\$11,383,261
10% Reduction SGF	\$0	
10% Reduction Special Rev	\$10,289,260	
Reduction Required to Reach 10% Below FY 2009 Governor's Recommendation:		
<u>SGF</u>	\$0	
Special Revenue funds	\$1,335,415	



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

TO: The Honorable Jay Scott Emler, Chair
The Honorable Laura Kelly
Senate Budget Subcommittee of
Senate Committee on Ways and Means

FROM: Sandy Praeger, Insurance Commissioner

DATE: February 17, 2009

SUBJECT: Budget of the Kansas Insurance Department

I know that you share my concern that we protect our Kansas consumers in whatever way we can. During these times of tight credit and declining market values, oversight and monitoring companies to ensure financial solvency is more important than ever. This is absolutely the wrong time to scale back our regulation fee funds, jeopardizing our ability to effectively regulate and continue oversight of these companies. I appreciate what you both have done to protect these funds from drastic sweeps.

At my direction, and in light of this most serious budget crisis, the Kansas Insurance Department is working to streamline our operations in a way that does not impact the Department's ability to maintain our current outstanding level of regulation, licensing, and consumer advocacy.

Automation in the areas of rate, rule and form filings, financial reporting; producer licensing; and premium tax submission and audit, have contributed to our agency's ability to realize much greater operating efficiency. I have truly appreciated your support of these efforts.

- **FY2010** I would like to eliminate 5.0 FTE positions. This would take the Department's FTE count from 143.0 to 138.0. All reductions made to- date have effectively removed funding from these positions therefore I'm requesting to also eliminate the accompanying positions.

Per your sub committee's request that agencies offer suggestions for cuts deeper than those already recommended, I have provided some information.

27-10¹⁰

- Eliminate 1.0 FTE company examiner position and \$80,000, representing base salary and benefits.
- Continue reducing costs associated with out-of-state travel, other contractual services, commodities and capital outlay. A 25% reduction to recommended FY 2010 expenses would yield \$40,000. Note: This would hold-harmless the medical and attorney payments associated with the Department's administration of the Workers' Compensation Fund.
- Reduce by 50% any repairs to the building, yielding savings of \$30,000.
- Propose that the approximately \$1.0 million transferred each year to the Insurance Department Regulation's Fee Fund from premium tax receipts stay with the State General Fund. *This would require a proviso that applies to KSA 40-112(b)* where for one year, the transfer would be suspended.

This current fiscal crisis is the most challenging one that I've seen in recent years. I have a deep respect for the tough situation that you are in and the similarly tough decisions that you will have to make. Please don't hesitate to consult with me with regard to the Insurance Department as you work to ensure that Kansas citizens are protected. Thank you for your continued support.

Health Care Stabilization Fund - Administration

	<u>FY 2009</u>	<u>FY 2010</u>
All Funds	\$1,948,852	\$2,095,104
State General Funds	\$0	\$0
Special Revenue Funds	\$1,948,852	\$2,095,104
10% Reduction SGF	\$0	
10% Reduction Special Rev	\$1,753,967	
Reduction Required to Reach 10% Below FY 2009 Governor's Recommendation:		
<u>SGF</u>	\$0	
Special Revenue funds	\$374,377	

Health Care Stabilization Fund - Operating Expenditure Limit

	<u>FY 2009</u>	<u>FY 2010</u>
All Funds	\$1,348,852	\$1,410,818
State General Funds	\$0	\$0
Special Revenue Funds	\$1,348,852	\$1,410,818
10% Reduction SGF	\$0	
10% Reduction Special Rev	\$1,213,967	
Reduction Required to Reach 10% Below FY 2009 Governor's Recommendation:		
<u>SGF</u>	\$0	
Special Revenue funds	\$230,091	

27-12

Transfers

As previously mentioned, the Governor's budget recommendations include a \$251,834 reduction in FY2009 funding that was the amount remaining in our Kansas Savings Incentive Program account. It was also recommended that this amount be transferred from the Health Care Stabilization Fund to the State General Fund. Our Board of Governors is **opposed to any proposal that would take revenue from the Health Care Stabilization Fund** for any purpose not authorized under the Health Care Providers Insurance Availability Act. We believe this would violate the trust status established in the enabling legislation.

Furthermore, a transfer from a trust fund to the State General Fund may be inadvisable for legal reasons. The following is excerpted from Attorney General's Opinion 2002-45.

Synopsis: If an assessment so exceeds the cost of regulation that it is apparent the Legislature is using it as a general revenue raising measure, the overage cannot stand on police power authority. If the assessment is in fact a revenue raising measure, it must be analyzed as such, which may include a determination as to whether it meets Commerce Clause and Equal Protection requirements, as well as any state constitutional requirements applicable to the type of tax it is. If an assessment cannot stand on either police power or taxing authority, it would have to be reimbursed.

We urge you to include a statement in your Subcommittee Report expressing **opposition to any kind of "sweep" or other taking of HCSF revenue for any purpose not authorized under the Health Care Provider Insurance Availability Act.**

Senate Ways and Means Options for Reductions

We are informed that each state agency is to provide options for reducing FY2010 expenditures by at least 10% with additional reductions ranging from 3% to 8%. The instructions indicated that these reductions should be applied to the revised FY2009 budget estimate recommended by the Governor.

Even though the HCSF Board of Governors is neither a State General Fund agency nor a "fee fund" agency, we have nonetheless complied. Because total FY2009 reportable expenditures for the HCSF recommended in the *Governor's Budget Report* amount to \$33,496,715, each one percent reduction in the FY2010 budget would be \$334,967.

An actual reduction in expenditures from the HCSF can only be achieved by imposing a maximum limit on the amount that may be recovered by a plaintiff in a professional liability lawsuit. To accomplish this, the Legislature could consider a uniform statutory reduction in all settlements and jury awards for which the HCSF is liable. Based on estimated expenditures of \$28,250,000 for claim payments in FY2010, each one percent reduction would be \$282,500. In order to reduce our total budget by ten percent, it would be necessary to reduce settlements and jury awards by twelve percent. This would constitute an actual budget reduction rather than just a cash-flow delay and would require passage of legislation. We do not recommend this option.

27-13

Another method of achieving the budget reductions for the Senate Ways and Means Committee would be postponement of claim payments. The following table outlines the three budget reduction levels as per the instructions. It should be noted that these options would simply delay payment of claims until FY2011.

<u>Claims Budget</u>	<u>Average Per Day</u>	<u>Percent Cut</u>	<u>Amount Reduced</u>	<u>Time Delay</u>	<u>Revised FY2010 Budget</u>
\$28,250,000	\$77,397.26	10%	\$3,349,670	44 days	\$30,147,045
\$28,250,000	\$77,397.26	13%	\$4,354,571	57 days	\$29,142,144
\$28,250,000	\$77,397.26	18%	\$6,029,406	78 days	\$27,467,309

Current law at subsection (d) of K.S.A. 40-3403 imposes a maximum limit of 60 days for payment of claims for which the HCSF is liable. In practice, however, most settlement agreements stipulate that payment shall be made within 30 days of court approval. In order to delay expenditures under the 10% or 13% scenario, we would have to insist that the settlement agreement allow 50 or 60 days for payment. The third 18% scenario would, however, require a statutory amendment to increase the maximum time allowed for payment of claims.

One other option for consideration is a scenario that would constitute a 100% reduction in the HCSF FY2010 budget. This option would require passage of legislation to create an independent instrumentality to administer the Health Care Stabilization Fund. With the exception of technical conformity amendments, it would not be necessary to alter the existing Health Care Provider Insurance Availability Act, but would separate the HCSF Board of Governors from state government while maintaining our accountability to the public via the Legislature's HCSF Oversight Committee.

Conclusion

We urge you to: (1) express opposition to the Governor's recommendation to discontinue reimbursements for claims paid on behalf of KUMC, (2) express opposition to the Governor's recommendation to transfer funds from the HCSF to the SGF, (3) restore our FY2009 funding for technology improvements and professional development, and (4) grant no-limit expenditure authority for state operations as well as claims and related expenses in FY2010. Another option would be a proviso added to our limited state operations account such as, "Provided however, expenditures for technology improvements and professional development including official hospitality shall be in addition to this amount."

Thank you for considering our requests.

27-14
14

Department of Labor

	<u>FY 2009</u>	<u>FY 2010</u>
All Funds	\$39,404,511	\$38,891,554
State General Funds	\$564,139	\$544,385
Special Revenue Funds	\$38,840,372	\$38,347,169
10% Reduction SGF	\$507,725	
10% Reduction Special Rev	\$34,956,335	
Reduction Required to Reach 10% Below FY 2009 Governor's Recommendation:		
<u>SGF</u>	\$59,496	
Special Revenue funds	\$4,234,430	

27-15

Fund	Boiler Inspection	FY 2010 Governor's Recommendation	10% Reduction	13% Reduction	18% Reduction
		\$477,269	\$47,727	\$62,045	\$85,908

Boiler Inspection: Under the authority of KSA 44-913 the Boiler Inspection unit (comprised of 6 FTE) is to inspect each uninsured boiler found to be in operation in Kansas to assure safety requirements according to the codes and laws. Additionally, the Unit receives inspection reports of insurance company boiler inspections of the insured boilers operating in Kansas.

Agency Response:

KDOL would increase the fee for Certificates of Boiler Inspection. An increase is allowable under KSA 44-924 and is limited to \$35. Currently the rate is \$30 per certificate pursuant to KAR 49-49-1 (approximately 12,712 pressure vessel certificates are issued per year).

--10% reduction--Boiler Inspection Certificates would have to be raised from \$30 to \$34

--13% reduction--Boiler Inspection Certificates would have to be raised from \$30 to \$35

--18% reduction--Boiler Inspection Certificates would have to be raised from \$30 to \$35 and a reduction of approximately .5 FTE.

27-16

Fund	Workers Compensation	FY 2010 Governor's Recommendation	10% Reduction	13% Reduction	18% Reduction
		\$13,163,857	\$1,316,386	\$1,711,301	\$2,369,494

Workers Compensation:

This fee fund provides revenue to administer the Workers Compensation Program and Industrial Safety and Health program; it is also used to leverage federal funding. The federal programs that are leveraged are the OSHA 21d Consultation Program, the Survey of Occupational Injuries and Illnesses Program, and the Census of Fatal Occupational Injuries Program. There are currently 21 FTE in the Division of Industrial Safety and 95 FTE in the Division of Workers Compensation. Workers Compensation also funds two positions in the Misclassified Workers Unit.

Agency Response:

10% Reduction

The Agency would increase the Workers Compensation Assessment Rate to the statutory maximum level of 3.0%.

- With a 3% assessment factor we would be able to operate at the proposed budget level for FY 2010; however with the reduction in cash of \$1,316,386 we would have to reduce the proposed budget for 2011 by \$519,000 which would be a reduction of approximately 9.50 FTE.

13% or 18% Reductions

The Agency would increase the Assessment Rate to the statutory maximum level of 3.0% and reduce staff within the Workers Compensation Program and Industrial Safety and Health Program. This would result in a reduction between 7 and 20 FTE between the programs.

27-17

Kansas Commission on Veteran's Affairs

	<u>FY 2009</u>	<u>FY 2010</u>
All Funds		
State General Funds	\$9,227,492	\$8,956,372
Special Revenue Funds	\$5,502,408	\$5,465,448
10% Reduction SGF	\$8,304,743	
10% Reduction Special Rev	\$4,952,167	
Reduction Required to Reach 10% Below FY 2009 Governor's Recommendation:		
<u>SGF</u>	\$871,220	
Special Revenue funds	\$902,560	

27-18



KANSAS COMMISSION ON VETERANS' AFFAIRS



Governor Kathleen Sebelius Jayhawk Towers, 700 SW Jackson, Suite 701, Topeka, KS 66603-3758
(785) 296 3976 www.kcva.org (785) 296-1462 (Fax)

Executive Director Jack Fowler

Kansas Soldiers' Home

Additional Scenario: Prepare a proposed impact to the Kansas Soldiers' Home in SFY 2010 based upon a \$451,280.00 cut in Fee Fund.

Program(s) that will be reduced or eliminated:

The Kansas Soldiers' Home proposes to not replace any of the positions that are associated with the staff reduction plan of FY 2009

Savings that can be identified and actually realized:

Salaries and Wages Saved: \$451,280.

Number of FTE positions that will be eliminated and associated salary and fringe benefits costs:

12 positions will be eliminated with a cost savings of \$451,280.

Expenditure reductions by funding source:

State General Fund:	0
Scratch Lotto:	0
Resident Fees:	451,280
DVA Per Diem:	0

Description of the impact of the proposed reduction;

- This significant cut to resident fees will impact the Physical Plant/Central services ability to provide services needed to maintain the 130 buildings and the 700 acres of the grounds, for the veterans and their spouses. The above staff reductions occurred in February and March of 2009 to offset significant revenue shortfalls of FY 2009. On going projects associated with Repair and Rehabilitation will be re-prioritize and response time to cottage maintenance issues will be limited to safety and emergency only.

27-19

**KANSAS VETERANS' HOME
REDUCTION IN FEE FUND SCENARIOS**

Scenario 1: Cut SFY 2010 Fee Fund by \$451,280

Fee Fund reduction will be realized by closing one wing of Bleckley Hall beginning in January 2010.

- Reduce census by 25 residents (\$748,456 Other Operating Expenses)
- Reduce staff by 22 FTE (\$511,688 Salary and Wages)
- Will in turn reduce income by \$393,295 due to lost VA Per Diem Reimbursement.
- Will also reduce income by \$415,569 due to lost Resident Fees.
- Total saved \$451,280
- Facility Impact:
 - The FTE reduction would entail layoffs for many positions.
 - The wait for admission would extend considerably and some residents currently in private rooms would have to move to semi-private as space will not be available.

Scenario 2: Cut SFY 2010 Fee Fund by \$451,280

Fee Fund reduction will be realized by closing Donlon Hall beginning in March 2010.

- Reduce census by 48 residents (\$512,640 Other Operating Expenses)
- Reduce staff by 25 FTE (\$333,745 Salary and Wages)
- Will in turn reduce income by \$181,288 due to lost VA Per Diem Reimbursement.
- Will also reduce income by \$213,817 due to lost Resident Fees.
- Total saved \$451,280
- Facility Impact:
 - This move would be difficult for most domiciliary residents but many living in this area would return to a homeless status as they do not qualify for assistance outside of a state veteran home domiciliary program. The Robert J. Dole VA Center does not have the resources to house or place these individuals elsewhere in the community.
 - The FTE reduction would entail layoffs for many positions.
 - Leaving Donlon Hall vacant will be catastrophic in terms of deterioration of building systems including mechanical, electrical and plumbing.
 - The state of Kansas has received three federal grants from the DVA. Each of those grants included work on Donlon Hall. The closing of Donlon Hall may cause the state of Kansas to refund a portion of the DVA federal grant money.

27-20

Veterans Services

- A 10% cut in SGF would force the closure of two field offices.
- Savings: \$121,473 (\$87,200 in salaries and benefits; \$34,273 in operating expenses).
- Additionally, the Veterans' Claims Assistance Program would be reduced \$53,435.
- Impact:
 - Loss of approximately 2,600 benefit claims.
 - Dollar loss—upwards of \$6 million annually.
- A 13% cut eliminates all above and:
 - All itinerant travel for the program.
 - Required training for service representatives.
- Total additional savings of \$52,472 in operating expenditures.
- This additional cut leaves service representatives handling walk-in traffic only.

CEMETERY PROGRAM

- A 10% cut would cause the closure of one state veterans' cemetery.
- Depending on which cemetery closes, it would leave unattended some 145-325 burial spaces filled and 300-500 veterans and dependents pre-certified for interment. The pre-certified persons would have to seek interment elsewhere.
- SAVINGS: \$72,245 with the elimination of two FTE.
- Liability: The agreement was that the federal government would fund the building of the cemetery, while the state maintained it. If this agreement was broken, the Department of Veterans Affairs could seek to recover the cost of the closed cemetery—anywhere from \$3.2 million to \$6.7 million.
- A 13% reduction would eliminate another FTE, placing at risk the ability to meet burial service timelines.
- SAVINGS: \$21,426 with the elimination of 1 FTE.

27-22

KANSAS VETERANS' HOME (Winfield)

- To achieve a 10% reduction, the KVH would close Triplett Hall, currently providing services to 16 long-term care residents.
- SAVINGS:
 - Approximately \$238,000 in salaries and wages from the loss of 10.5 FTE
 - \$104,600 in operating expenses.
- IMPACT:
 - Resident count would be reduced in order to maintain a certain level of care for all residents. A reduction in census would also affect other funding streams: federal per diem for veteran residents and resident fees.
 - Vacating Triplett Hall could cause the Department of Veterans Affairs to recover its portion of federal funds invested in the Triplett facility, a total of \$2.19 million.
- A 13% reduction (\$102,800) would necessitate the loss of one LPN Sr. FTE
- SAVINGS: \$45,200. The remaining \$57,000 would be reached with SFY 2009 VA Per Diem rollover.

27-23

KANSAS SOLDIERS HOME (Fort Dodge)

- To achieve a 10% reduction, the KSH would not replace nine of the 21 positions that will be eliminated with the KSH SFY 2009 staff reduction plan.
- SAVINGS: \$287,144 in salaries and wages.
- IMPACT: Services necessary to maintain the KSH 130 buildings and the 700 acres of its grounds will be severely impaired. Repair and rehabilitation projects will be re-prioritized. Response time to cottage maintenance issues will be limited to emergency only.
- A 13% reduction in SGF would require holding open four additional maintenance FTEs for a savings of \$88,857. This would increase the risk of additional deficiencies related to the health and safety of residents. Consequences of scope and severity of deficiencies are: (1) civil money penalties; (2) ban on admissions; and (3) denial of DVA per diem reimbursement.

ADMINISTRATION

- A 10%-13% reduction would require the elimination of one FTE, a savings of \$68,000 (\$52,130 at 10% and \$67,769 at 13%).
- In a one-FTE-deep agency, this loss would severely hamper the agency's ability to meet objectives squarely because of the increased workload on the remaining staff.

27-25

Guardianship 10%

	<u>FY 2009</u>	<u>FY 2010</u>
All Funds	\$1,285,374	\$1,201,849
State General Funds	\$1,285,374	\$1,201,849
Special Revenue Funds	\$0	\$0
10% Reduction SGF	\$1,156,837	
10% Reduction Special Rev	\$0	
Reduction Required to Reach 10% Below FY 2009 Governor's Recommendation:		
<u>SGF</u>	\$68,135	
Special Revenue funds	\$0	

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Executive Director
M. Jean Krahn

To: Senator Schodorf, Chair, Ways and Means Subcommittee on KGP
From: M. Jean Krahn, Executive Director
Date: February 16, 2009
Re: FY 2010 KGP Budget

Agency Priority - To serve vulnerable adults in Kansas while:

- maintaining field staff necessary to recruit, train and monitor volunteers
- maintaining sufficient funding to pay volunteer stipend for out-of-pocket expenses
- maintaining the organizational infrastructure

1. Shrinkage - \$35,694 (Salaries and Wages) Wichita Support Staff Position

Eliminating the support staff position in Wichita will require the two recruiters/facilitators to absorb many receptionist and clerical responsibilities previously assigned to support staff.

This will significantly hinder their availability to fulfill their primary duties and responsibilities in the recruitment and training of new volunteers, while providing monitoring, ongoing training, technical assistance and support to current volunteers. Support staff in the primary office in Manhattan will assume additional workloads as a result of the staff reduction.

KGP Staff Structure

The KGP currently serves the State with 7 recruiters/facilitators and 4 office support staff. The recruiters/facilitators provide monitoring and support to 820 volunteers who are guardian or conservator for approximately 1400 wards or conservatees. Additionally, they are responsible for recruiting and screening volunteers for ongoing referrals.

The recruiters/facilitators in the Wichita office carry a combined case load of nearly 500 wards and conservatees who are served by approximately 300 volunteers. Responsibilities for the Wichita support staff include the preparation of correspondence and maintenance of records in the distribution, tracking and monitoring of 500 conservator accountings and guardian reports handled through the Wichita office.

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2. One Time Write-Off of Stipends (Approximately \$23,250)

The KGP asks volunteers to complete written monthly reports to provide information of advocacy activities undertaken on behalf of the ward or conservatee. The reports are mailed to volunteers on a monthly basis. When the completed reports are returned, the KGP then provides the stipend. The paperwork demands of a guardian and conservator are significant and when prioritizing tasks, KGP paperwork may be left uncompleted. The contract between the volunteer and the KGP does contain a clause stating the KGP may cause stipends to be forfeited for reports submitted later than 60 days, if funds from the State are not sufficient. This would be the first time in 30 years that funding would be insufficient to pay the volunteer stipends.

3. Reduced Health Care Benefits (\$5,630)

The KGP can realize savings by reducing the health care benefit coverage for employees.

In Closing

1. Unique: Volunteer based model of providing guardianship or conservatorship service

This cost effective model represents a significant savings to the State of Kansas. Case management models with average case loads of 25 - 30 individuals would be far more costly to the State. The KGP responds to frequent requests from other states who want to learn about this volunteer-based model of providing guardianship or conservatorship services.

2. 800+ Volunteers: Stable Core for more than 10 years

For the past ten years, the KGP has maintained a core of more than 800 community volunteers who provide this valuable service. It has taken 30 years to create and maintain this core.

- 39% have served 10 or more years; 67% for 5 or more years
- 83% of the volunteers serve 1 or 2 wards or conservatees
- A number of volunteers choose not to take the stipend for out-of-pocket expenses.
 - ▶ In FY 2008 this equated to approximately \$30,000 allowing the program to serve more vulnerable adults.

In June, 2010, the KGP will celebrate 30 years of this unique volunteer model of citizen advocacy. Kansas citizens are willing to step forward and accept this important advocacy work.

We are here today to advocate for adequate resources to provide the needed education, training and monitoring for these volunteers which allows them to fulfill their legal duties and responsibilities on behalf of fellow Kansans.

ADDENDUM
Additional Budget Guidelines - Senate Ways and Means Subcommittees
FY 2010 - 10% Reduction

\$ 122,350 Additional 10% Reduction to Governor's Recommendation

1. \$75,300 Realized by Reducing the Volunteer Stipend from \$30 to \$25 (Contractual Services)

The 2006 Legislature provided funding to increase from \$20 to \$30 per month the stipend for out-of-pocket expenses.

- Persons served by KGP are Medicaid recipients with very limited resources.
- KGP volunteers DO NOT receive any fee for guardianship services.
- The cost of conducting business has not decreased (postage, copying, office supplies, fuel).

Impact of Reduction

We anticipate that many volunteers may be willing to take a smaller stipend in the short term. We also know the current stipend of \$30 does not cover expenses and the volunteer is absorbing the additional out-of-pocket expenses.

Some volunteers may be unable or unwilling to absorb more expenses and discontinue serving as a guardian or conservator.

- ▶ KGP will then need to recruit and train new volunteers to take over the case.
- ▶ This will extend our current waiting list.

2. Reduced Health Care Coverage

a. \$10,000 (Medicare Offset)

The agency for the first time will have two employees eligible for Medicare. The KGP anticipates cost savings as employees will have Medicare as the primary insurer. The agency will need to provide supplemental health coverage to achieve parity with other employees.

b. \$5,000 Reduced Employee Health Benefit

The KGP should achieve savings in health care premiums by adjusting the type of insurance coverage. This may be achieved by increasing the health plan copay and deductible and/or requiring employees to pay a portion of the benefit premium.

3. \$32,050 Reducing field staff position (recruiter/facilitator) to one-half time

The agency already has a waiting list for volunteers to be nominated as a guardian or conservator. Reducing the staff positions responsible for recruiting and training volunteers extends the waiting list.

2ND REDUCTION - 3-8%

The KGP essentially has two options to reduce expenses. 1) Reduce the number of vulnerable adults served; and/or 2) Reducing field staff. The issue becomes circular. Having available stipend dollars does not help the agency if we do not have the field staff to recruit, train and monitor volunteers.

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Kansas Human Rights Commission - Excluding Federal Funds

	FY 2009	FY 2010
All Funds		
State General Funds	\$1,724,014	\$8,956,372
Special Revenue Funds	\$22,452	\$18,288
10% Reduction SGF	\$1,551,613	
10% Reduction Special Rev	\$20,207	
Reduction Required to Reach Goal:		
SGF	\$128,690	
Special Revenue funds	Already Below	

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Kansas Human Rights Commission
Response to
Senate Ways and Means Subcommittee Request
For
Potential Reductions in FY 2010 State General Fund

Per the instructions provided, the following information reflects a reduction in FY 2010 State General Fund (SGF) based on 10 percent of the Governor's Budget Recommendation for FY 2009. For Fiscal Year 2009, Governor Sebelius recommended State General Fund of \$1,724,014 for the Kansas Human Rights Commission (KHRC), meaning a reduction of \$172,401 is necessary to meet the Senate Ways and Means Subcommittee's request. The Commission is also requested to make additional SGF reductions of 3 to 8 percent, at the agency's discretion.

The FY 2010 State General Fund Budget Proposal Thus Far

The Commission originally received a State General Fund allocation of \$1,736,331 for FY 2010, which reflected a 2 percent reduction in the original State General Fund allocation. The figure of \$1,736,331 is \$42,578 less than actual FY 2008 State General Fund expenditures.

To meet the reduced State General Fund allocation for FY 2010, the agency proposed reducing public service advertising, eliminated all capital outlay, eliminated all out-of-state travel, except for one trip funded through federal sources, decreased projected court reporting services at the public hearing level, and eliminated purchases for the public education program.

Since the budget submission in September 2008, the State General Fund for FY 2010 has been proposed to be reduced two additional times:

1. The Division of the Budget recommended a reduction of \$52,090 in November 2008.
2. Governor Sebelius recommended a reduction of \$45,092 in January 2009. Governor Sebelius's recommended reduction reflects her proposed suspension of employer contributions on employee health insurance and KPERS death and disability insurance for a portion of FY 2010.

The KHRC does not have alternative funding resources to replace reduced SGF. Per the Governor's Budget Recommendation, our federal account (through a contract with the federal Equal Employment Opportunity Commission) has a FY 2010 projected ending balance of \$13,636. However, these funds will be depleted if the Governor's one-percent cost-of-living-adjustment is approved because it necessary for agencies to fund the cost-of-living-adjustment on their own. We also have concerns that the EEOC contract may be decreased, as it has in previous years. In addition, the agency's Education and Training Fee Fund is scheduled to have an ending balance of only \$201 at the end of FY 2010, per the Governor's Budget Recommendation.

Analysis in Making Proposed SGF Reductions

In developing proposed SGF reductions, particular attention was paid to the KHRC's mission and how we achieve it. In short, the KHRC's mission is to prevent and eliminate discrimination in the areas of employment, housing, public accommodation, and profiling in conjunction with traffic stops. As authorized by statute, the agency achieves its mission through a two-prong approach:

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1. the receipt and investigation of complaints alleging discrimination, conducting hearings, and initiating litigation, and
2. a public education program as a proactive attempt to prevent future acts of discrimination.

The Commission has pledged to never return to the times of pending case levels of over 2,700 (versus the pending level of 713 at the end of FY 2008) and a nearly two year resolution time (versus approximately 7.93 months at the end of FY 2008).

Special emphasis was also given to maintaining funding from our federal EEOC contract. The agency receives payment for the processing and resolving of complaints jointly filed under Kansas statutes and federal regulations (Title VII of the Civil Rights Act, The Age Discrimination in Employment Act of 1967, and the Americans With Disabilities Act). The contract also includes reimbursement for the receipt of complaints which fall under federal regulations, but outside the Commission's jurisdiction. To maximize payment, we must continue to resolve complaints through a mediation contract with Kansas Legal Services and the investigative process.

Due to a combination of factors (reduced SGF, the lack of a federal funds reserve which was used over the past several years due to decreased EEC revenues and flagging State General Fund support after September 2001) and increased expenses beyond our control, three positions (two Special Investigators and one unclassified Senior Legal Counsel/Attorney C) filled at the beginning of FY 2009 are now being held open due to inadequate funding. An additional two positions were not budgeted.

10 Percent Reduction List-\$172,401

Please note the following is a tentative list. If employees either quit or retire, it is possible that we would be able to accrue savings by leaving their position vacant, which could impact the following.

1. Eliminate unneeded phone lines and network connections-\$1,907 SGF
Eliminate phone lines that are not necessary and network connections associated with vacant positions which are projected to remain vacant.
2. Eliminate newspaper subscriptions-\$296 SGF
Rely on electronic versions of newspapers, rather than subscribing to hard copies for the Topeka and Wichita offices.
3. Eliminate hard copies of the Annual Report-\$192 SGF
K.S.A. 44-1004 (13) requires the Commission to render each year to the Governor and to the state Legislature a full written report of its activities and of its recommendations. In FY 2008, 110 hard copies were ordered from the Division of Printing. To fulfill the statutory requirement, we will produce paper versions from our own copier. Other subscribers will either be supplied electronic copies or notified they can download an electronic copy from our website.
4. Eliminate public service advertisements-\$2,165 SGF
Public service advertisements are used to fulfill the requirement of K.S.A. 44-1004 (10) for programs of formal and informal education. Public service advertisements are used in various publications to inform the public about the Commission, changes in Kansas laws, and their

rights under Kansas laws. This proposal would eliminate all ads, except those for job postings. Public service advertisements are used to fulfill the requirement of K.S.A. 44-1004 (10) for programs of formal and informal education.

5. Eliminate hard copies of the *Spectrum* newsletter-\$2,255 SGF

The *Spectrum* is published twice per year as a means to inform the public about the Commission and developments in discrimination law. The *Spectrum* is used to fulfill the requirement of K.S.A. 44-1004 (10) for programs of formal and informal education. Rather than sending hard copies ordered from the Division of Printing, the *Spectrum* will be sent through electronic means or subscribers will be notified they download an electronic copy from our website. We will need to gather e-mail addresses from those that currently receive hard copies. In FY 2008, 2,430 copies were ordered.

6. Reduce travel by Commission meetings by holding teleconferences for half of the monthly meetings-\$3,859 SGF

In FY 2008, the agency held nine monthly Commission meetings, all in person. The largest expense associated with Commission meetings is the travel expense. In an effort to balance the needs of regular Commission meetings with decreased revenue sources, it is proposed that one-half of the meetings in FY 2010 be held by teleconference.

7. Continue to hold open a vacant Special Investigator II position for a portion of FY 2010-\$7,951 SGF

As noted above, two Special Investigator II positions which were filled at the beginning of FY 2009 are being held open. We projected filling one of the Special Investigator II positions for a portion of FY 2010 at a total cost of \$32,529 (\$24,973 SGF). It is recommended that the vacant position be held open for a longer period of time in FY 2010 in order to generate SGF savings of \$7,951 in salary and benefits.

Holding Special Investigator positions open adversely impacts our ability to efficiently close cases and maximize EEOC revenues. Special Investigator positions are the "front line" of the agency by investigating, resolving, and settling complaints. A reduced workforce would result in fewer resolved cases, fewer recoveries, a higher pending case load, and a longer processing time. Because we have a small investigative staff (10 currently filled positions), any vacancy has a significant impact on the agency's overall performance.

To compensate for currently vacant investigator positions, supervisory personnel increased their workloads by investigating cases in addition to their regular duties.

This option is listed at a higher priority than proposed layoffs because we feel it is less traumatic to employee morale to hold open vacant positions than to initiate layoffs.

8. Layoff Administrative Assistant (Topeka Receptionist-1.00 FTE)-\$23,691 SGF

The Topeka office has one receptionist, who would be laid off. It is proposed that two other administrative support positions assume the receptionist duties in addition to their current workloads. We anticipate difficulties in scheduling due to the limited number of personnel. Delays in completing their current workloads can be anticipated due to the additional phone

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duties, which may impact the timely notification of respondents and the completion and filing of various legal documents.

Total salaries and benefits are \$30,860, with \$23,691 being derived from SGF.

9. Layoff Administrative Assistant (Wichita Receptionist-1.00 FTE)-\$24,140 SGF and associated telephone and network connections-\$739 SGF

The Wichita office has two administrative support positions. With the layoff of an Administrative Assistant (receptionist), the office will not have adequate personnel to staff phones if the remaining administrative support person is sick or on vacation leave. In that situation, it will be necessary for callers to leave messages and for them to be retrieved later. This situation could be perceived as not customer-friendly and could cause delays and disruption of communication, resulting in complaints from the public, complainants, and respondents.

Total salaries and benefits are \$31,444, with \$24,140 allocated to SGF.

10. Reduce travel for public education programs-\$5,569 SGF

K.S.A.44-1004 (10) provides for programs of formal and informal education. The primary way the agency fulfills this requirement is by offering a variety of training on diversity, sexual harassment, discrimination laws, and a KHRC overview. This program is the agency's proactive attempt to decrease future acts of discrimination through education. This proposal calls for the reduction of in-state travel expenses for the public information/education portion of the Compliance and Education program. This program has had a tremendous response in recent years, increasing the number of individuals trained from an estimated 3,096 in FY 2005 to 7,423 in FY 2008. Reducing in-state travel will correspondingly reduce the number of people trained. The \$5,569 scheduled for the reduced resource package is 15 percent of the scheduled in-state travel for the budget year. Therefore, we would expect a corresponding 15 percent reduction in the number of trainings and the number of individuals trained in FY 2010. The projected number of trainings for FY 2010 would be reduced from 167 to 142 and the projected number of individuals trained would be reduced from 7,500 to 6,375.

11. Reduce activities at the public hearing level-\$6,024 SGF

Unconciliated probable cause cases can advance to the public hearing level. In FY 2008, the Commission incurred approximately \$13,300 in costs to pursue cases at the public hearing level. In order to meet the reduced SGF allocation for FY 2010, we already projected reductions of \$2,347 in this area. Decreased funding in this area will mean that complainants will not be represented to the fullest extent in a timely manner and delays in public hearings will occur because depositions cannot be taken, copies of files cannot be acquired or court reporters retained for public hearings during the fiscal year. Cases closed at the public hearing level typically spend 12 months at that level. Being unable to pursue activities for public hearings will delay closure, possibly increasing the closure time up to two years at this level.

12. Layoff Unclassified Attorney C (Senior Legal Counsel-1.00 FTE)-\$60,188 SGF and associated telephone and network connections-\$739 SGF

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Please note that all three legal staff positions were filled at the beginning of FY 2009. Due to a vacancy occurring in November 2008 and restricted funding resources, an unclassified Senior Legal Counsel/Attorney C position is currently being held open. A layoff of another Senior Legal Counsel will leave only the Chief Legal Counsel to handle all legal activities and questions. Laying off a Senior Legal Counsel will create delays in the public hearing process, delays in answering questions from the staff and public, and addressing Commission legal issues. During FY 2008, cases closed at the public hearing level spent one year at the public hearing stage. With reduced legal staff, it is estimated that public hearing cases will spend two years at that level before being closed.

Total salaries and benefits are \$78,401 with \$60,188 funded by the SGF.

The associated telephone and network connections can be eliminated.

13. Substituting Federal Funds and Training Fee Funds Savings from Laid Off Positions for SGF-\$32,686

Because the above positions which are being laid off are not funded solely through SGF, \$32,686 in salaries and benefits budgeted from federal funds and training fee funds are saved through the layoffs. These federal funds and training fee funds can be substituted for State General Fund, lowering the need for SGF by a like amount. An itemization follows:

Item No.	Position	Federal Funds Saved	Training Fee Funds Saved	Total Non-SGF Funds Saved
8	Administrative Assistant (Topeka Receptionist)	\$7,141	\$28	\$7,169
9	Administrative Assistant (Wichita Receptionist)	\$7,276	\$28	\$7,304
12	Unclassified Attorney C (Senior Legal Counsel)	\$18,142	\$71	\$18,213
Total		\$32,559	\$127	\$32,686

Additional 3 Percent Reduction List-\$51,720

14. Layoff Intake Staff (Senior Administrative Assistant-1.00 FTE)-\$29,226 SGF

The Topeka office has two full-time intake staff (Senior Administrative Assistants). These employees are the first contact for individuals inquiring about possible discrimination or wanting to file a complaint. The KHRC had 5,814 public contacts in FY 2008 through these intake staff, as well as investigators in the Independence and Dodge City offices. Reducing intake staff will create delays in responding to inquiries and the writing of complaints. As a

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result, the KHRC could be perceived as not customer-friendly, resulting in complaints. It will be necessary for existing staff to assist with the workload.

Total salaries and benefits are \$38,069, with \$29,226 allocated to SGF.

15. Substituting Federal Funds and Training Fee Funds Savings from Laid Off Positions for SGF-\$11,249

Because the above positions which are being laid off are not funded solely through SGF, \$11,249 in salaries and benefits from federal funds and training fee funds are saved through the layoffs. These federal funds and training fee funds can be substituted for State General Fund, lowering the need for SGF by a like amount. An itemization follows:

Item No.	Position	Federal Funds Saved	Training Fee Funds Saved	Total Saved
7	Special Investigator II	\$2,397	\$9	\$2,406
14	Intake Staff (Senior Administrative Assistant)	\$8,809	\$34	\$8,843
Total		\$11,206	\$43	\$11,249

16. Furloughs of All Staff-\$11,245 SGF

Based on current payroll figures, it would be necessary to furlough a staff of 30 employees approximately 3.27 days to accrue SGF savings of \$11,245. Given the proposed layoffs above, it would be necessary to furlough a smaller staff for a slightly longer period of time to accrue the necessary savings to meet the target.

Actions of this sort will damage employee morale, disrupt service to the public, complainants, and respondents, reduce the number of complaints resolved, lower the amount of recoveries, and make it more difficult to meet the EEOC contract.

Because we have reached the point of furloughing all staff at the 13% level, we have opted not to explore further cuts at this point in time, per the Subcommittee's allowance.

We would like to bring to the Subcommittee's attention the current uncertainty of EEOC funding. Although we are well into federal fiscal year 2009, a contract has not yet been signed. A contract for federal fiscal year 2009 for 623 contract resolutions and 12 intake credits has been offered for total projected revenue of \$343,250. However, the EEOC has advised that downward modifications are more than likely to occur. Downward modifications have occurred in previous years. For example, in FFY 2004, the EEOC contract was reduced by 92 cases. EEOC personnel indicated like reductions were made to other contracts due to budget restrictions. The contract for federal fiscal year 2007 was lowered from 655 cases to 599 cases midway through the year. In September 2007,

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the case load of 599 was upgraded by 43 cases to a total of 642. The upgrade, however, was contingent on other agencies not being able to meet their contracts.

If the EEOC contract is reduced, along with State General Fund, the agency will be forced to make additional cuts due to our inability to absorb additional reductions.

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Securities Commissioner

	<u>FY 2009</u>	<u>FY 2010</u>
All Funds	\$2,875,503	\$2,767,572
State General Funds	\$0	\$0
Special Revenue Funds	\$2,875,503	\$2,767,572
10% Reduction SGF	\$0	
10% Reduction Special Rev	\$2,587,953	
Reduction Required to Reach 10% Below FY 2009 Governor's Recommendation:		
<u>SGF</u>	\$0	
Special Revenue funds	\$242,413	

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OFFICE OF THE SECURITIES COMMISSIONER OF KANSAS

BUDGET INFORMATION FOR SENATE WAYS & MEANS SUBCOMMITTEE
For FY 2010

<u>10 Percent Reduction Information</u>	Securities	Investor	Combined
	Act Fee	Education	
	Fund	Fund	
Governor's Budget Recommendations for FY 2009	\$ 2,808,399	\$ 67,104	\$ 2,875,503
Reduction percent required by Senate Subcommittee	X 10%	X 10%	X 10%
Reduction amounts required by Senate Subcommittee	<u>280,840</u>	<u>6,710</u>	<u>\$ 287,550</u>

Discretionary reductions and savings for FY 2010

Eliminate Director of Investor Education position	76,605		
Leave Securities Special Investigator position vacant	58,889		
Leave half-time Investor Ed Specialist position vacant	30,098		
Leave non-FTE Law Clerk position vacant	13,690		
Net shrinkage already accounted for in Governor's budget	(45,657)		
Eliminate transfer to Kansas Council on Economic Education	20,000		
Discontinue State Fair booth and associated costs		12,664	
Discontinue Investor Hotline (800#) listings in Yellow Pages		20,000	
Defer computer replacements	17,120		
Reduce travel for training conferences (not reimbursed)	37,297	3,420	
Renegotiate office lease with less space	24,000		
Move Wichita office out of FSOB to reduce rate and space	12,843		
Reduce printing costs		5,000	
Reduce official hospitality	1,000	2,500	
	<u>245,885</u>	<u>43,584</u>	<u>\$ 289,469</u>

3 Percent Reduction Information

Governor's Budget Recommendations for FY 2009	\$ 2,808,399	\$ 67,104	\$ 2,875,503
Reduction percent required by Senate Subcommittee	X 3%	X 3%	X 3%
Reduction amounts required by Senate Subcommittee	<u>84,252</u>	<u>2,013</u>	<u>\$ 86,265</u>

Reductions in expenditures in addition to the 10 percent reductions above would require significant reductions in agency services. The agency would anticipate using savings from normal, but unexpected vacant positions rather than layoffs. An undesirable alternative would be limited furloughs of all positions in the agency. The daily furlough savings would be approximately \$8,656 based on FY 2010 salaries and benefit costs as adjusted for savings above. Therefore, 10 days of furlough would be necessary for the agency to realize the additional 3% reduction above.

REVENUE ENHANCEMENTS

The agency has increased its agent fees recently and is currently in the process of increasing fees for filings of mutual fund portfolios that are offered in Kansas. The increase in revenue for FY 2010 as compared to FY 2008 actual revenues is estimated to be approximately \$2.5 million. The increased revenue is included in the estimated transfer to the State General Fund as reported on page 13 of the Legislative Research report to the subcommittee which reflects a total transfer to the SGF of \$9,682,974 for FY 2010. The agency believes that it is providing substantial support of the SGF during the current SGF revenue shortfalls.

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KANSAS COMMISSION ON VETERANS' AFFAIRS



Governor Kathleen Sebelius

Jayhawk Towers, 700 SW Jackson, Suite 701, Topeka, KS 66603-3758
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Executive Director Jack Fowler

March 31, 2009

The Senate Ways and Means Committee asked the Kansas Commission on Veterans Affairs to propose a report on current facility usage at the Kansas Soldiers' Home in Fort Dodge and the Kansas Veterans' Home in Winfield. The KCVA was also asked to study alternative uses for any excess capacity.

The Kansas Soldiers' Home:

The Soldiers Home is located in Fort Dodge and was established in 1889. The facility provides a home for honorably discharged veterans and eligible dependents that was established primarily for veterans disabled by age, disease, or otherwise, and who by reason of such disability are incapable of earning a living. The home can accommodate a maximum of 400 residents, divided among three levels of care. Cottage level care allows eligible applicants and spouses to rent cottages for independent living; Dormitory (domiciliary) care provides for residents who are self-sufficient and self-directed, but need medical supervision; the nursing unit serves the residents needing complete medical care. The Soldiers Home maintains approximately 117 buildings on 769 acres of land, its own sewer system, post office, chapel, general store, water system, power plant, and recreational facilities.

Current usage:

- 65 cottages (small houses) - There are currently 67 individuals occupying 41 cottages. Seven cottages are available to rent. Three cottages are under repair for availability. Four are uninhabitable and used as storage. Five have a special purpose, i.e. Post Office, Gift Shop, Poppy House production, American Legion Store, and Group Therapy. Five are occupied by employees, i.e. Superintendent, Clinical Director, Director of Nursing, Plant Operations Supervisor, and guest cottage. Estimating total annual maintenance cost for each cottage would be extremely difficult as most expenses are handled on a home wide basis. By example, the utilities bill is one bill for the entire fort. Also, there are maintenance staff who work the entire fort regardless of which unit they are working on. Therefore, tying specific cost to cottages is difficult.
- Three dormitory buildings – There are currently 25 individuals occupying the Lincoln dormitory which has occupancy of 32. In attempts to save cost, occupants were transferred out of the Grant Hall and Nimitz Hall so those two dormitories are now vacant. See alternative use suggestions below.

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 28

- One long term care building – There are currently 53 individuals occupying Halsey Hall – a nursing unit that serves residents needing complete care.
- One Administrative building – There are seven full/part time staff who occupy the Eisenhower Administrative building on a daily basis, carrying out the administrative functions of the fort.
- One Health Clinic building – The Pershing building is the Community Based Outreach Clinic which is federally staffed and funded. They pay rent to the home for the use of the facility.
- Six Storage buildings – All storage buildings are being used.
- Six Service buildings, i.e. Maintenance – There are eight full/part time staff who use maintenance/service buildings that house and equip multiple vehicles and other maintenance equipment.
- Ten Special Use buildings - These are a cemetery hut, clothing store, greenhouse, museum/library, chapel, Sunday school building, The Dead House, blacksmith shop, Sutler Store (Café), and a woodshop.
- Ten Campground buildings – These campground buildings are rarely used and are in need of repair. Currently, there is very minimal maintenance cost associated with these buildings.
- Six Water Supply Buildings – Four buildings control four separate wells and one building controls the mixing of the wells and pumping the water to the supply tower.
- Seven Garages – Five garages are vintage 1920 single car units and two are multiple garage buildings with 16 and 10 units respectively.
- One Storm Shelter – The above ground shelter was constructed last fall to complement the two below ground shelters.

Alternative Uses:

Cottages:

At this time, the only potential alternative use for any vacant cottages is to expand eligibility to rent to veterans who are not disabled and do have the capacity to earn a living. Any new occupants based upon this eligibility would pay the maximum allowable rate.

Dormitories:

Nimitz Hall has a capacity of 20 individual rooms with common areas of dining room, activities room and living room. We are exploring the feasibility of establishing a 90 day chemical treatment program patterned on a similar program of the Leavenworth Veterans Administration hospital. The high demand for such a program is reflected by a waiting list of 120+ veterans. We are exploring the feasibility of establishing an Alzheimer program in Grant Hall. There is a current shortage of beds in Kansas for Alzheimer and or brain related diseases. Kansas Veterans Home maintains a 20 bed Alzheimer unit with occupancy at 90% or greater. Other potential usage considers domiciliary environment for women veterans emerging from Viet Nam era and later plus brain related injuries primarily related with Middle East wars.

Campground buildings:

Currently there is a 10 building campground built in the 1930s. The limestone cabins and common buildings are in need of roof repair and window replacements. Use possibilities are church and scout camps, family reunions, and educational and or business retreats. Last year the facilities were used by two families for family reunions.

Kansas Veterans' Home:

The Kansas Veterans' Home is located on the southeast portion of the former campus of the Winfield State Hospital and Training Center. The five main buildings and connected structures, along with three staff cottages were built between 1948 and 1983 with the exception of the storm shelters adjacent to Timmerman Hall and Triplett Hall. These two shelters and their connecting walkway were built in 2004 with assistance of a grant from the United States Department on Veterans Affairs. The older structures assigned as residence halls were renovated between 1998 and 2000, also with assistance of a DVA grant.

Current Usage:

- Donlon Hall – This 48 occupancy unit contains four nursing wings along with dining rooms, activity room, administrative offices, and a conference room. Currently there are 47 residents living in the unit.
- Bleckley Hall – This 92 occupancy unit contains four nursing wings along with dining rooms and administrative offices. Currently there are 86 residents living in the unit.

- Timmerman Hall – This unit contains mostly administrative offices along with an activity room, clinic, therapy room, salon, storage rooms, conference rooms, and a canteen.
- Triplett Hall – This two story 16 occupancy unit contains three nursing units along with dining rooms, and an activity room. There are currently 17 residents living in the unit.
- Funston Hall – This uninhabited three story building was renovated in 2000 for residential use. This unit has a capacity of 103.
- Superintendent's Cottage – This is the residence for the Superintendent. It is a one story family home.
- Staff Cottage A – This cottage is the residence of the Physical Plant Manager and is a one story family home.
- Staff Cottage B – This is a vacant one story single family home.

Alternative Uses:

Funston Hall – Funston is the only building that is not being used. The hall is not being used because of a lack in funding and a 155 limit placed on total number of residents allowed. The KCVA is not aware of any suggestive alternative use for this building.

Triplett Hall – This hall has a second floor that is currently not being used. It is not being used because of a lack in funding and the 155 limit placed on total number of residents allowed.

Summary:

It is outside the realm of the KCVA's expertise to contemplate alternative uses for buildings other than uses that meet the goals and objectives of providing for Kansas veterans. In addition, alternative uses may generate federal consequences and/or very expensive renovations.

Federal Consequences:

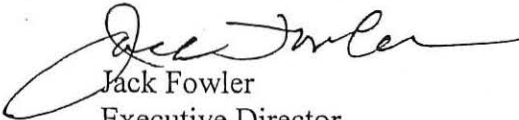
In recent years, several capital improvements to the domiciliary buildings, nursing home building and general operations were a result of matching Federal Grant projects. Federal Grant projects are shared projects using 35% State money and 65% Federal money. Total grant money in the last several years equals \$26,323,013. Projects were HVAC, Roof Repair, Security & Fire Alarm Replacement, Fire Sprinkler System, back-up Generators, Floor Replacement, Tornado Shelter, Door Replacements, and Ceiling Replacements. Alternative use for buildings that were upgraded with matching Federal Grant projects creates a potential for the recapturing of the 65% Federal money. According to the Federal Regulations, if a facility for which a grant has been awarded ceases to be operated as a State home for the purposes for which the grant was made, the

United States shall be entitled to recover from the State which was the recipient of the grant.

Expensive Renovations:

Fort Dodge is a community with some original buildings dating back to 1865. In the 1920s, heating the buildings was upgraded by building a power plant and an extensive network of steam pipes and steam radiators. In 1927, a new hospital, Walt Hall, was built. Asbestos was an acceptable building material used at the time to insulate boilers and steam pipes. In addition, asbestos was also used in 9-inch floor tiles in the 1940s. Walt Hall was closed sometime in the 1970s. Today Walt Hall and the old power plant are used as storage. Both had extensive use of asbestos materials. To consider renovation of either building for alternative use would necessitate an expensive asbestos abatement project.

Sincerely,



Jack Fowler
Executive Director
Kansas Commission on Veterans' Affairs



Bus Barn



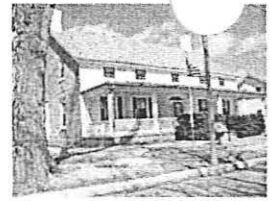
Cemetery Hut



Custer 201



Custer 226



Custer 228



Custer 300



Custer 327



Custer 329



Custer 331



Custer 332



Custer 425



Custer 426



Custer 427



Custer 428



Custer 429



Custer 430



Custer 430 Garage



Custer 431



Custer 432



Custer 433



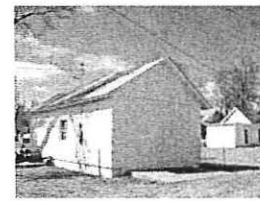
Custer 434



Custer 435



Dewey 505



Garage Tractor



Halsey Multiple Garage



MacArthur 104



MacArthur 100 Barn



MacArthur 100 Comm



MacArthur 101



MacArthur 101 Garage



MacArthur 102



MacArthur 103



MacArthur 105



MacArthur 107



MacArthur 203



MacArthur 205



MacArthur 207



MacArthur 208



MacArthur 209



MacArthur 301



MacArthur 303



MacArthur 305



MacArthur 401



MacArthur 402



MacArthur 404



MacArthur 406



MacArthur 407



MacArthur 408



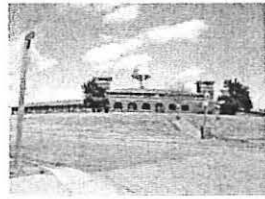
MacArthur 408 Garage



MacArthur 409



Miles Walk 201



Miles Walk 236



Miles Walk 238



Miles Walk 242



Miles Walk 244



Miles Walk 246



Miles Walk 301



Miles Walk 338



Miles Walk 340



Pershing 101



Pershing 215



Pershing 216



Pershing 217 Museum



Pershing 314



Pershing 316



Pershing 317



Pershing 317 Dead House



Pershing 318



Pershing 319

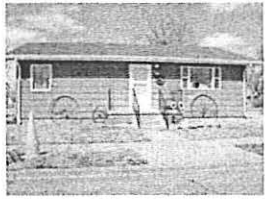


Pershing 320

28-7



Pershing 415



Pershing 416



Pershing 417



Pershing 418



Pershing 419



Pershing 420



Pershing 421



Pershing 422



Pershing 424



Post Office Garage 1



Post Office Garage 2



Scout Camp Cabin 1



Scout Camp Cabin 2



Scout Camp Cabin 3



Scout Camp Cabin 4



Scout Camp Cabin 5



Scout Camp Cabin 6



Scout Camp Cabin 7



Scout Camp Cabin 8



Scout Camp Main Cabin



Scout Camp Showers



Sgt. York Blacksmith



Sgt. York Grounds



Sheridan 502



Sheridan 504



Sheridan 505



Sheridan 506



Sheridan 600



Sheridan 702



Sheridan 706



Sheridan 708



Sheridan 710



Sheridan 711



Sheridan 712



Sheridan 714



Sheridan Multiple Garage



Storm Shelter



Walt Hall Steam Bldg



Walt Hall Storage Shed



Water Tower



Water Tower Control Shed



Well House #1



Well House #2



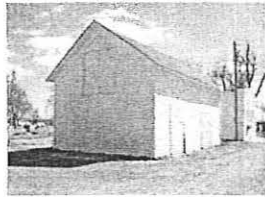
Well House #3



Well House #4



Woodshop



Woodshop Storage

22

Kansas Veterans Cemetery at Fort Dodge

Walt Service Drive

Highway 400

Walt Hall

Funston Park

Grant Hall

Lincoln Hall

Horseshoe Pit

714

Garages
SGT. York St

301

201

712

710

708

706

702

Post Office

Pond

Service Drive

Pershing Barracks

228

226

226

Custer St.

434 B A 432 432 430 428 B A 426 426

332

301

300

437 435 433 431 429 427 425

329

331 B A

327 B A

201 Halsey Hall

GARAGE

Garfield St.

Parade Grounds

424 422 420 418 416

320

318

Fort Dodge Chapel 316

314

216

Pershing St.

421 419 417 415

319

Fort Dodge Museum & Library 217

215

Woodshop

Dewey St.

Eisenhower Hall

401

Sheridan St.

600 Nimitz Hall 7

Grounds Crew Shop

Blacksmith Shop

Bus Barn

408 406 404 402

208

505 Power Plant

506

504

502

Old Power Plant

Carpenter Shop
Store Room

MacArthur St.

B a 407 409

401

305

303

301

209

207

205

203

107

105

103

101

Scout Camp

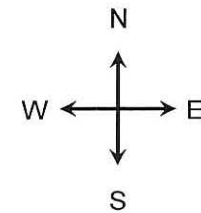


Water Canal

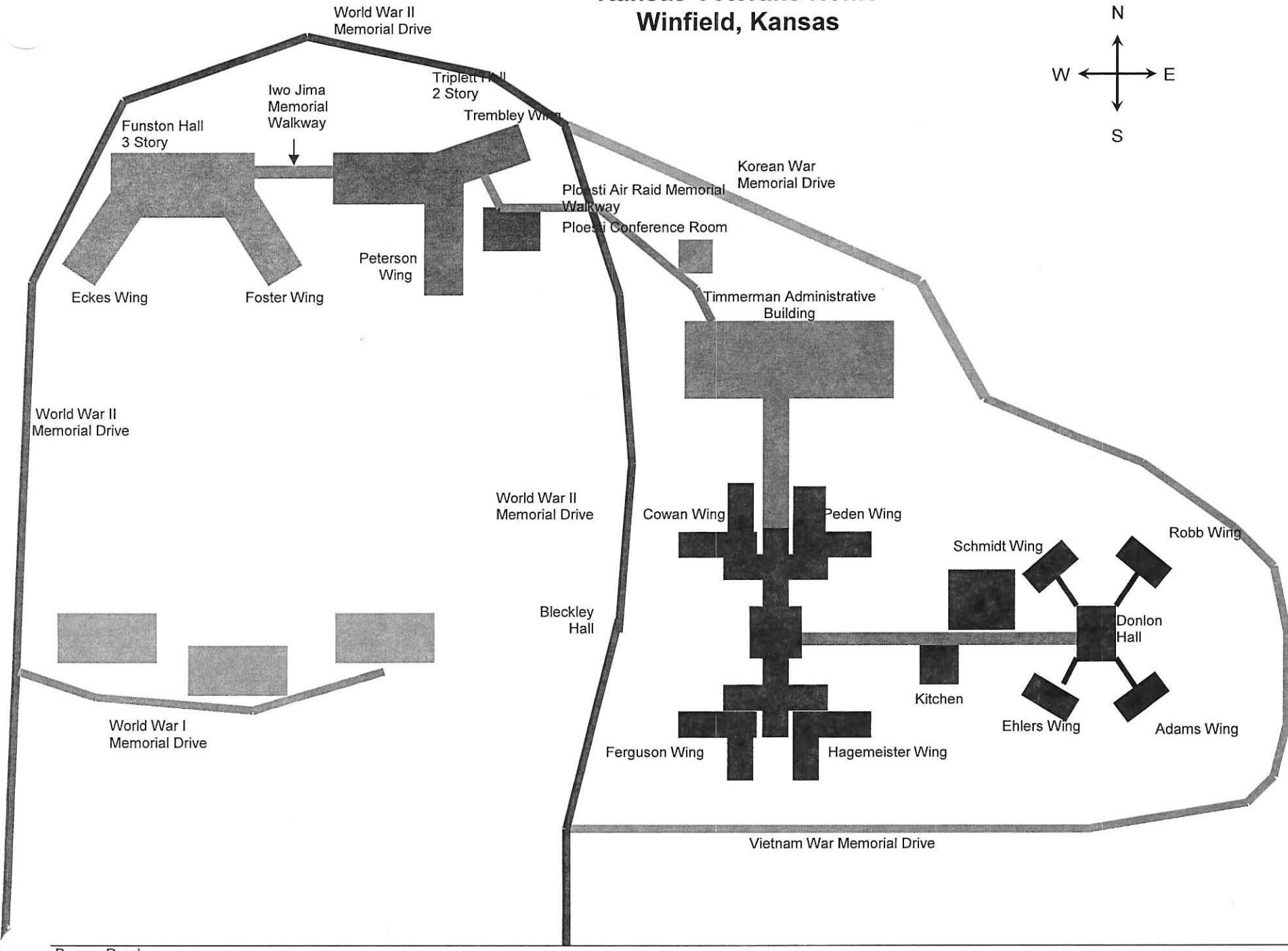
Patton St.

M. A. 103 101

Kansas Veterans Home Winfield, Kansas



28-11



Banner Road



VETERAN'S BENEFIT ENHANCEMENT PROJECT

(Prepared March 24, 2009)

Prepared by:

Wayne Bollig
Director of Veterans Services

Senate Ways & Means Cmte

Date 4-22/23-2009

Attachment 29

Veteran's Benefit Enhancement Project

Purpose

At the request of the Senate Committee on Ways and Means, the agency was asked to look at programs available to determine if individuals receiving Medicaid might be eligible to receive benefits from the US Department of Veterans Affairs. The leader in this effort was the Washington Department of Veterans' Affairs (WDVA). A program was initiated in which the WDVA and the Washington Department of Social and Health Services (DSHS) entered in to a agreement that allowed the WDVA to increase services and Save the state Medicaid funds. This program was called the Veteran's (VA) Benefit Enhancement Project. Together, the partnership identifies and facilitates veterans and their dependents who are receiving state social and health services to access the maximum federal benefits for which they are eligible. To date, the project has facilitated increased benefits for over 4,700 Medicaid clients. This has resulted in reduced DSHS expenditures and a savings to Washington State.

Background

In 2002, Washington began a pilot project to assist veterans and their dependents in obtaining federally-funded medical benefits through the Department of Veteran Affairs (VA). The Project formally began in 2003 and helps veterans and their families receiving state social and health services identify federal benefits which provide increased monthly benefit entitlements (Aid and Attendance etc.), medical and health coverage, prescription medication and durable medical equipment. To date, the Project has saved DSHS millions of dollars in combined state General Funds and federal funding and was the recipient of the 2004 Governor's Award.

The DSHS VA Benefit Enhancement Project uses Department of Defense and Veteran's Administration data from the Public Assistance Reporting Information System (PARIS) to identify DSHS clients who are veterans and who may qualify for federal benefits. The DSHS Veteran Project team refers clients who may be eligible for VA benefits or potentially eligible for increased VA entitlements to the WDVA. The WDVA team reviews the referred DSHS clients to determine the possible eligibility for an initial benefit clam and for eligibility of an increase in their current monthly entitlement. The initial target is the Medicaid population receiving long term care related services. Washington's Medicaid nursing facility (NF) population is approximately 17,000; it has approximately 26,000 individuals in its community-based waiver program for the aged and disabled. These Medicaid clients are subject to estate recovery for all of their Medicaid long term care related services. Additionally, the WDVA recently released data that suggested that 50% of all males 65 years of age and older are veterans.

The Washington Veteran Benefit Enhancement Project consists of five principal components:

- Veteran Benefit Entitlement Enhancement

When a potential benefit increase, identified utilizing PARIS match data, appears warranted, a “veteran referral” is completed and sent to the WDVA. The WDVA initiates the process of increasing the entitlements. For the majority of these clients, the WDVA acts in the legal capacity of Client Representative. This authorizes WDVA staff to represent the claimant throughout the VA Adjudication process. Enhancements are developed and processed more expeditiously in this manner;

- **Prescription Drug Coverage for Veterans**

After a review of state and federal regulations, the State determined that the clients’ outpatient prescription drug services were the responsibility of the VA.¹ In May 2002, the State stopped paying prescription drug claims for 200 Medicaid clients living in two veteran nursing facilities. Coverage of these 200 clients by the VA reduced Medicaid pharmacy costs by approximately \$1 million dollars. Enrollment and delivery of VA medications can be processed by mail and does not affect access to care. In 2004, Washington adopted a similar policy that requested exceptions to Rx dispensation methods for veterans eligible to receive VA prescription drugs through the state’s home and community-based waived program. The project has enrolled over 1800 veterans into the VA Healthcare System;

- **70-100 Percent Service Connected Disability**

The State learned that any veteran requiring treatment or services, with a service connected disability that was 70 percent or higher, were eligible for total VA health coverage and could thus be removed from the Medicaid rolls. This results in average annual savings of \$24,000 per client. The project has facilitated total VA coverage for over 20 long term care Medicaid recipients;

- **VA-Related Third Party Coverage**

The State also discovered that a number of long-term care veterans and their dependents were either already enrolled in VA-related insurance coverage groups (i.e. CHAMPVA and TRICARE)², or the clients were eligible, but had not applied. In the former case, Washington was able to recoup the charges expended. The state subsequently enrolled the new eligibles. The project has enrolled over 1,800 Medicaid clients. Washington estimates that 15 percent of all Medicaid veterans are eligible for military related third party coverage;

- **Targeted Identification of Veterans**

¹ The Secretary shall furnish to each veteran who is receiving additional compensation or allowance under chapter 11 of this title, or increased pension as a veteran of a period of war, by reason of being permanently housebound or in need of regular aid and attendance, such drugs and medicines as may be ordered on prescription of a duly licensed physician as specific therapy in the treatment of any illness or injury suffered by such veteran. The Secretary shall continue to furnish such drugs and medicines so ordered to any such veteran in need of regular aid and attendance whose pension payments have been discontinued solely because such veteran's annual income is greater than the applicable maximum annual income limitation, but only so long as such veteran's annual income does not exceed such maximum annual income limitation by more than \$1,000 (17.96 CFR).

² TRICARE (formerly CHAMPUS) covers retired military veterans, their spouse and dependent children. TRICARE covers 80 percent of all allowable non-prescription drug charges and 100 percent of prescription drugs. Washington has successfully recovered one-year retroactive billing charges. CHAMPVA covers veterans who have a service-connected disability of 100 percent, died on active duty or died as a result of service-connected disability. As in TRICARE, the coverage is extended to the veteran’s spouse and dependent children. CHAMPVA is also a second payer to Medicare. CHAMPVA covers 75 percent of all allowable non-drug charges and 100 percent of prescription drugs.

Washington has developed an interface between its Medicaid client database and the Public Assistance Reporting Information System (PARIS). This interface allows Washington to automatically update its client records regarding eligibility and pay information for veterans, spouses and dependents; eligibility for other federal benefits e.g. TRICARE and CHAMPVA); and duplicate enrollment in other PARIS states' public assistance programs.

Objectives

The Project has several objectives designed to increase knowledge about, access to and enrollment in federal benefits coverage for eligible veterans currently using state social and health services:

- Improve outreach to the general public regarding veteran's benefits; educate veterans and dependents about the availability and eligibility requirements for veterans and military related benefits;
- Improve data sharing between agencies who have common objectives and who share similar client caseloads;
- Determine the need of educating DSHS field staff about the multitude of benefits available to certain veteran population groups (veterans with service connected disabilities and those eligible for and not receiving Aid and Attendance or Housebound benefits);
- Streamline the identification and communication of federal benefits for veterans who are currently receiving state social and health services;
- Connect veterans who are receiving social and health services, to richer federal benefits to minimize the impact of estate recovery for veterans who qualify for federal medical and health care coverage.

Funding

Initially DSHS contracted with WDVA and paid WDVA an annual sum in order to reorganize, reclassify, and hire anticipated additional employees. Initially in the program DSHS provided a base contract amount of \$216,000 and agreed to pay an additional 20% of all of the savings that exceeded the base amount. The program was so successful that the WDVA no longer works under contract but the program is directly funded as part of the WDVAs state general fund appropriation.

Current Funding

\$1.3 million and 4 staff for the Veterans Enhancement Project.

Areas of Savings

When a potential **VA - related benefit increase identified utilizing PARIS** match data appears warranted (eligible for and not receiving increased Aid and Attendance benefit etc), a "veteran referral" is completed and sent to the WDVA. The WDVA initiates the process of increasing the entitlements. For the majority of these clients, the WDVA acts in the legal capacity of Client Representative. This authorizes WDVA staff to represent

the claimant throughout the VA Adjudication process. Enhancements are developed and processed more expeditiously in this manner. **In FY08 the DSHS project team has referred over 750 Medicaid LTC clients to the WDVA who were identified through PARIS as likely/potentially eligible for an increase in benefit entitlements. Through December 2008, the project has facilitated increased monthly benefits for over 1,100 Medicaid clients.**

For clients **not receiving VA - related benefits (not identifiable through PARIS)**, the project team, through the **Long Term Care Application Referral Project**, is working with the WDVA to screen all of the newly approved LTC Medicaid clients on a weekly basis. Those that are determined by the WDVA to be potentially eligible are referred by the DSHS Project team through the generation of a Veteran's Referral. The WDVA then develops and completes the claim process through to adjudication. **In FY08, over 3,325 of these referrals were generated by the DSHS Project team and sent to the WDVA.**

Military Related Third Party Coverage

Through a **comparison of Medicaid clients identified within the PARIS Department of Defense file match**, the DSHS Project team **discovered that a number of long-term care veterans and their dependents were either already enrolled in VA-related insurance coverage groups (i.e. CHAMPVA and TRICARE)³, or the clients were eligible, but had not applied.** In the former case, Washington was able to recoup the charges expended, including a retroactive period to up to one year. The project realizes cost avoidance savings associated with both Rx and institutional claims. Additionally, the project realizes cost avoidance savings from **DSHS paid monthly HMO premiums for managed care cases** (children related medical programs) associated with the head of household's eligibility for military related TPL coverage. The DSHS **team subsequently confirmed/enrolled the new eligible's and informed the Coordination of Benefits Staff** within HRSA. The project has enrolled well over 1,800 Medicaid clients to date.

VA Healthcare System Enrollment

Utilizing the PARIS and Application Referral Process (see above), the DSHS Project team identified and the WDVA facilitated the enrollment of over 1500 long term care Medicaid veterans into the VA Healthcare System. Enrollment and delivery of VA medications can be processed by mail and does not affect access to care. In 2004, the project team developed and Washington adopted a policy that requested exceptions to Rx dispensation methods for veterans eligible to receive VA prescription drugs through the state's nursing facilities and through the home and community-based waived program. In addition to pharmaceutical coverage, enrollment allows the Medicaid veteran to access DME (Durable Medical Equipment), a comprehensive mental health program, as well as strategically located alcohol and substance abuse centers statewide.

³ TRICARE (formerly CHAMPUS) covers retired military veterans, their spouse and dependent children. TRICARE covers 80 percent of all allowable non-prescription drug charges and 100 percent of prescription drugs. Washington has successfully recovered one-year retroactive billing charges. CHAMPVA covers veterans who have a service-connected disability of 100 percent, died on active duty or died as a result of service-connected disability. As in TRICARE, the coverage is extended to the veteran's spouse and dependent children. CHAMPVA is also a second payer to Medicare. CHAMPVA covers 75 percent of all allowable non-drug charges and 100 percent of prescription drugs.

70-100 Percent Service Connected Disability

Using DSHS project team learned that any **veteran** requiring treatment or services, **with a service connected disability that was 70 percent or higher**, was **eligible for total VA health coverage and could thus be removed from the Medicaid rolls**. This is particularly true for those who reside in VA contracted nursing facilities throughout the state. This results in average annual savings of \$24,000 per client. The project team worked with the WDVA and the Federal VA in facilitating total VA coverage for over 25 long term care related Medicaid recipient.

PARIS Comparison Savings

Utilizing the PARIS Data Match, the DSHS Project team compared the actual VA monthly income amounts with those that were coded in the ACES Eligibility System. Utilizing a random sample of ADSA and ESA cases in one quarterly match, the DSHS Project team discovered a sizeable number of under/unreported amounts. The under/unreported monthly amounts were extrapolated by the project team for a 12 month period. The savings extend to all three DSHS administrations that participate in the PARIS Quarterly Match process. These become less frequent as staff is educated on the PARIS alert generation process and the filtering process that was implemented to minimize insignificant and repeat notifications to field staff.

Figures and methodology associated with dollar savings are attached. The projected FY08 enhancement dollar savings were determined by utilizing a trend comparison over a two year period. To date, over a three year period, the projections have been determined to be conservative

Summary

With the 4 veterans service representatives added to the WDVA to work specifically with the veteran's benefit enhancement project the WDVA has one veteran service representative for each 3,063 veterans. Based on conversations with staffs of the WDVA and DSHS this is a very successful program. The keys to its success are:

- Adequate funding,
- Adequate staffing,
- Cooperation between the two agencies and,
- The ability to share information.

According to DSHS, this program cannot be accomplished by the traditional PARIS programs of department. Therefore, the program is limited unless there is a coordinated effort with the state's veterans' affairs office.

When correctly implemented this program can reduce expenditures/service levels provided by Social Services, save state Medicaid funds, allow for expanded training for veteran service representatives regarding pension benefits and which benefits could be used as a third party source.

Items the VA pays for that save Medicare funds:

- Prescription drugs,
- Nursing Home care,
- Durable medical equipment,

- Virtually all health care services for veterans identified as or determined to be 70 – 100% service connected disability.

The WDVA and DSHS reported total Cost-Avoidance for fiscal year 2008 of \$3,848,757.

Calculation of Medicaid Cost Avoidance

1. Based on Veterans Benefit Administration (VBA) census figures, 4.41% of the Kansas veteran Population or 10,432 veterans are eligible to receive a non-service connected pension, an income - based benefit. Of these veterans, 14.3%, or an estimated 1,492 veterans receive Medicaid.
2. Based on VBA census figures the number of surviving spouse and child beneficiaries, in Kansas eligible for similar benefits is 13,237. Of these dependents, 46.5% receive Medicaid or 6,155.
3. In Kansas there are currently 2,846 veterans, surviving spouse and child beneficiaries receiving benefits.
4. This leaves an estimated 4,800 veterans, surviving spouse and child beneficiaries eligible but not receiving benefits.
5. By comparison, the largest number of surviving spouse and child beneficiaries enrolled for benefits is in Louisiana with 2.58% of the veterans population enrolled. If Kansas matched Louisiana it would mean an enrolment of 6,058, an increase of 3,312 from the current Kansas number.

Based on these figures, the KCVA estimates there are currently between 3,300 and 4,800 individuals on Medicaid who are eligible to receive benefits from the VA.

The final step is applying the success ratio used in the Washington model. By using a program similar to the Washington, including adding the increased funding, staffing and training we estimate we could capture about between 35% and 50% of these individuals. If we adopted the use of the Paris program, and if we had comparable results to Washington, Kansas would enroll an estimated 1,730 Medicaid recipients as a direct result of the program. Correlating the Washington model to the number of Kansas veterans we would estimate a target of between \$1,350,000 and 1,925,000 of Medicaid cost avoidance.

* The summary figures are articulated based on the 2004 "VA PENSION PROGRAM FINAL REPORT" by the Hay Group, and information supplied by the Washington Department of Veterans Affairs. We then used a base ratio of 14% of Kansas citizens being veterans (from the US Census website), and applied that ration to the Hay Group findings. Bullet six uses a calculation of the number of compensation and pension cases by state. By using the state with the highest percentage and applying it to the number of Kansas veterans we can come up with an estimate which can be used as a check figure.

Department of Corrections: FY 2010 Potential Reductions

10.0 Percent SGF Reduction

Facility	FY 2009 Gov Rec (absent debt service)	10 % Reduction	Reduction Goal
Corrections	\$ 113,919,059	\$ (11,391,906)	\$ 102,527,153
El Dorado	24,171,714	(2,417,171)	21,754,543
Ellsworth	12,536,799	(1,253,680)	11,283,119
Hutchinson	28,466,282	(2,846,628)	25,619,654
Lansing	37,345,280	(3,734,528)	33,610,752
Larned	9,529,730	(952,973)	8,576,757
Norton	14,325,621	(1,432,562)	12,893,059
Topeka	12,315,485	(1,231,549)	11,083,937
Winfield	12,248,325	(1,224,833)	11,023,493
Total	\$ 264,858,295	\$ (26,485,830)	\$ 238,372,466

FY 2010 Legislative Approved

Facility	FY 2010 Gov Rec (absent debt service)	ARRA Funding Shift	Legislative Changes	Senate Sub. for HB 2354
Corrections	\$ 106,833,752	\$ -	\$ (229,768)	\$ 106,603,984
El Dorado	23,534,570	-	389,026	23,923,596
Ellsworth	12,336,798	-	261,763	12,598,561
Hutchinson	28,241,967	(20,500,000)	628,585	8,370,552
Lansing	36,700,008	-	638,472	37,338,480
Larned	9,672,390	-	199,958	9,872,348
Norton	12,703,749	(10,000,000)	232,058	2,935,807
Topeka	12,346,083	-	251,118	12,597,201
Winfield	12,190,150	(10,000,000)	195,692	2,385,842
Total	\$ 254,559,467	\$ (40,500,000)	\$ 2,566,904	\$ 216,626,371

DOC Potential Budget Reductions

Priority #	Reduction	SGF Amount
12	1 percent reduction in facilities operations	\$ (1,461,252)
11	Reduce funding for offender programs	(2,072,925)
10	Eliminate 13 special enforcement officer positions (parole services)	(618,000)
9	Eliminate 10 parole officer positions	(425,000)
8	Suspend operations of the North Unit of the El Dorado	(1,187,169)
7	Terminate Wyandotte County Reentry Program	(630,000)
6	Reduce funding for reentry programs	(260,000)
5	Reduce funding for offender programs	(696,887)
4	Eliminate 3 positions from the crime victims assistance program	(150,000)
3	Reduce community corrections grants by an additional 7 percent	(1,225,000)
2	Reduce funding for parole services (would result in the elimination of as many as 23 parole officer positions)	(993,810)
1	Reduce funding for offender programs	(170,000)
	Total	

Senate Ways & Means Cmte
Date 4-22/23-2009
Attachment 30

Kansas Parole Board: FY 2010 Potential Reductions

Scenario 1

Item	Revenue/Savings
Clemency Application Fee	\$ 4,275
Early Discharge Request Fee	10,500
Sell Board Vehicle	10,245
Create a "Certificate of Rehabilitation" and assess a fee for receiving certificate	16,256
Reduce Travel to Facilities	1,255
Reduce Travel to Public Comment Sessions	1,560
Reduce Automotive Expenses related to the sale of the Board vehicle	694
Eliminate a Telephone	300
Reduce Office Rental Space by 20.0 Percent	6,344
Total	\$ 51,429

Scenario 2

Item	Revenue/Savings
Clemency Application Fee	\$ 4,275
Early Discharge Request Fee	10,500
Sell Board Vehicle	10,245
Create a "Certificate of Rehabilitation" and assess a fee for receiving	16,256
Reduce Travel to Facilities	1,255
Reduce Travel to Public Comment Sessions	1,560
Reduce Automotive Expenses related to the sale of the Board vehicle	694
Eliminate a Telephone	300
Reduce Office Rental Space by 40.0 Percent	12,687
Total	\$ 57,772

Scenario 3

Item	Revenue/Savings
Clemency Application Fee	\$ 4,275
Early Discharge Request Fee	10,500
Sell Board Vehicle	10,245
Create a "Certificate of Rehabilitation" and assess a fee for receiving	16,256
Reduce Travel to Facilities	1,255
Reduce Travel to Public Comment Sessions	1,560
Reduce Automotive Expenses related to the sale of the Board vehicle	694
Eliminate a Telephone	300
Reduce Office Rental Space by 60.0 Percent	19,031
Total	\$ 64,116

30-2

Kansas Sentencing Commission: FY 2010 Potential Reductions

Potential Budget Reductions		
Program	Description	SGF Savings
Administration ¹	Eliminate 1.0 FTE position	\$ 67,649
Administration	Reduce production of DRM-Sentencing Guidelines Manual	4,202
SB 123 Drug Treatment	Use additional fee funds and decrease number of offenders if necessary ²	890,000
Total		\$ 961,851

¹ The 1.0 FTE position is a vacant staff attorney position the agency would not fill.

² The agency reports it would use fee funds first and only reduce the number of offenders receiving treatment if necessary.

Postsecondary Education Systemwide 10.0 Percent Reduction

The Regents system requested that they be given the discretion to apply any cuts recommended by the Legislature, similar to the discretion they have in applying increases with the operating grants. The institutions provided a variety of scenarios for addressing any cuts on their individual campuses, but every scenario included holding positions open for longer periods of time, eliminating positions, and reducing or eliminating programs in order to operate within budget constraints.

The Senate recommended a 10.0 percent State General Fund reduction to the Regents systemwide, but excluded student aid from the reduction. The Conference Committee on Senate Substitute for House Bill 2354 restored the reduction. The following chart reflects the 10.0 percent reduction including student aid, excluding student aid, and the Conference Committee action:

Agency/Institution	10.0 % Reduction Including Student Aid	10.0% Reduction Excluding Student Aid	Conference Committee Action
Board of Regents	\$ (7,667,919)	\$ (6,459,846)	\$ 0
Kansas State University	(7,128,323)	(7,128,323)	0
Kansas State University - ESARP	(2,246,697)	(2,246,697)	0
Kansas State University Veterinary Medical Center	(736,291)	(606,291)	0
University of Kansas	(8,517,261)	(8,517,261)	0
University of Kansas Medical Center	(4,582,979)	(4,304,303)	0
Fort Hays State University	(1,937,775)	(1,937,775)	0
Emporia State University	(1,919,344)	(1,919,344)	0
Pittsburg State University	(2,100,165)	(1,982,112)	0
Wichita State University	(1,837,912)	(1,837,912)	0
TOTAL	\$ (38,674,666)	\$ (36,939,864)	\$ 0

KANSAS BIOSCIENCE AUTHORITY FY 2010 Budget Overview

Overview

The FY 2010 budget approved by the Kansas Legislature and signed by Gov. Sebelius caps transfers to the Kansas Bioscience Authority (KBA) at \$40 million, reducing state transfers to the KBA by a projected \$20 million.

Separately, the FY 2009 budget rescissions capped transfers from the state to the KBA at \$35 million, a reduction of \$12 million from projected transfers of \$47 million. The effect is a two-year reduction of \$32 million, or a 30 percent reduction in funding over two years.

The KBA understands the nature of the state's fiscal condition, accepts these caps and has determined that, at this time, it can continue to meet its existing investment commitments and invest in strategic programs that will lead the state's economic growth.

- ***FY2010 Budget Does Not Affect Key Priorities:*** The KBA manages its investments according to income projections from the state. The KBA has taken the enacted FY 2009 and FY 2010 caps into account and revised its programmatic and budgeted priorities accordingly. Specifically, the caps do not affect the KBA's cost share commitment to the National Bio and Agro-Defense Facility or any other existing commitment or priority. However, as a note of caution, further reductions, sustained caps, or provisos, could affect the core nature of the KBA, the execution of its investment strategy, and the very outcomes envisioned by the Legislature when the authority was formed.
- ***KBA Funding Mechanism Remains Intact:*** Though capping transfers will result in the KBA accumulating distributions over a longer period of time, the proposed caps do not fundamentally alter the funding mechanism authorized by the KEGA. Annual transfers to the KBA are reduced, but the reductions do not affect the total accumulation of \$581 million specified by the KEGA.
- ***KBA Investments are Driving Economic Growth:*** Though there were skeptics when the KBA was formed, the KBA has been an exceptional steward of the public funds. Consider this: Kansas went toe-to-toe with bioscience heavyweights like North Carolina, Georgia and Texas...and won a \$650 million federal laboratory. KBA investments have generated more than 1,100 new jobs and attracted more than \$100 million in capital investment, and more than \$37 million in new research funding. For every \$1 we've invested, we've yielded a return of more than \$7. Kansas has been ranked as one of the top 10 states in the nation for biotechnology, alongside powerhouses such as California, Massachusetts, and Illinois.
- ***Further Reductions Would Defer Investments Key to the State's Economic Growth:*** Further reductions in transfers would force the KBA to defer vitally important economic development programs such as the Kansas Bioscience Centers of Innovation and planned investments in the state's work to develop cancer fighting drugs. The Centers of Innovation will ensure that industries in bioscience clusters have access to new technologies to drive product development and the creation of jobs. KBA investments to expand access to cutting edge cancer treatments will affect every Kansas family, commercialize new drugs, and drive the formation of bioscience startups.

Financial Overview

Income: From its inception to March 31, 2009, the KBA has received \$110,929,759 in transfers from the state. To date, a total of \$21,780,793 has been paid out against commitments, leaving a contingent liability of \$192,843,459. Note that contingent liability means funds committed but yet to be paid. The KBA does not make lump sum investments; rather, it requires quarterly or annual payments based on the investment, contract agreement and milestones.

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Based on a 5 percent growth rate, the \$581 million sunset outlined in the KEGA would be reached in June 2018, or 38 quarters.

Commitments: Commitments approved by the board of directors through April 20, 2009, total \$214,624,252 which includes the cost share commitment associated with the National Bio and Agro-Defense Facility.

Key Points

Science and technology are two of the most powerful and enduring contributors to the economic vitality and quality of life of all Kansans. The plow and reaper and the establishment of the nation's first land grant research university symbolize the state's great technological heritage. Together these mid-19th century developments opened up the greatest agricultural area in the world and laid the economic foundation for the nation's heartland.

Bioscience will lead Kansas' economic recovery: Today, Kansas' pioneering spirit lives on in its world-class bioscience leadership. This time, innovation is coming from our universities, medical centers, and a multitude of technology-intensive businesses. Kansas' economic recovery will be led by innovative bioscience companies all across the state that are developing and producing new innovations, creating new jobs, attracting capital, and producing wealth.

Kansas has unique tools already in place to seize national and even international leadership in the biosciences: The Kansas Bioscience Authority was established by the Legislature to promote bioscience research and development in areas such as animal health, bioenergy, biomaterials, drug development, and plant biology. The KBA has a focused and disciplined investment thesis: leverage the state's existing strengths in these areas to expand bioscience research; foster the formation and growth of bioscience startups; and facilitate industry expansion statewide. The goal is nothing short of undisputed international leadership.

The KBA has achieved results beyond expectations and deserves our continued support: Though there were skeptics when the KBA was formed, today Kansas ranks in the Top 10 states in the nation for biotechnology according to *Business Facilities* magazine — a clear sign of the strong momentum we have built in the biosciences. Thanks to the KBA, over the past four years research spending has surged by over \$100 million; bioscience companies have attracted more than \$125 million in private investment; and bioscience companies have added more than 1,100 new jobs.

Importantly, the KBA led the National Bio and Agro-Defense Facility effort: With extraordinary leadership from the Legislature, the KBA mobilized an extraordinary consortium of public and private leaders to pursue this \$650 million federal lab and committed substantial funds to it. The results will be remarkable with 1,600 jobs during construction and up to 500 jobs during operations. But more than jobs, the NBAF will protect American agriculture and establishes Kansas as the undisputed leader in animal health research. As a priority, the KBA must meet its obligations or we risk this important project and the trust of the federal government.

Now more than ever, Kansas can seize leadership

As other states pull back from innovation investments and the federal government prepares to invest billions into the biosciences, Kansas has the rare opportunity to vault into international bioscience leadership, which will lead our economic recovery and yield benefits in improved health and economic growth for decades to come. We must seize this day, not retreat.

Seckman #7



KATHLEEN SEBELIUS, Governor

OFFICE OF THE STATE BANK COMMISSIONER
J. THOMAS THULL, Bank Commissioner

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

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From:
To:
CC:
Date: 4/21/2009 1:00 PM
Subject: Decoupling Breakdown - From Chris Courtwright

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

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Education and American Recovery and Reinvestment Act (ARRA) Funding Calculation

As Approved by the Legislature at First Adjournment

K-12 Education

FY 2006 Actual State General Fund Expenditures	\$ 2,594,125,673	A	Base for all actual FY 2006 actual State General Fund expen for K-12.
Federal ARRA Funds	192,200,000	B	Total amount of ARRA funding received in FY 2010.
Total amount required by ARRA	\$ 2,786,325,673	C	Total State General Fund and ARRA funding required to maintain compliance with ARRA. (Floor) A+B=C
State General Fund Adjustment	426,871,055	D	Amount added to the "floor" to achieve the FY 2010 education budget.
FY 2010 Calculated	\$ 3,213,196,728	E	FY 2010 State General Fund total approved, including stimulus funding. C+D=E
Higher of FY 2008 or FY 2009	3,216,851,711	F	Higher of FY 2008 or FY 2009 total State General Fund per ARRA. For K-12, this would be FY 2009. (Ceiling)
Proportional shortfall	\$ (3,654,983)	G	Difference between the FY 2010 calculated dollar figure and the FY 2009 total State General Fund. E-F=G
	-0.1%	H	Percent change from higher of FY 2008 or FY 2009. G divided by F=H

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

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

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Attachment 35

Department of Corrections
Amendment #1

(a) In addition to the other purposes for which expenditures may be made by the Department of Corrections from moneys appropriated to the above agency for fiscal year 2009 or 2010 as authorized by House Substitute for Substitute for Senate Bill No. 23, Senate Substitute for House Bill No. 2354, or by this or any other appropriation act of the 2009 regular session of the legislature, expenditures may be made by the above agency from the moneys appropriated for fiscal year 2009 or 2010 for the maintenance of the community correctional conservation camp for men and the community correctional conservation camp for women in Labette county:

Provided: That it is the intent of the Kansas legislature that the community correctional conservation camp for men and the community correctional conservation camp for women in Labette county not be eliminated, but such operations and services of the community correctional conservation camp for men and the community correctional conservation camp for women in Labette county be maintained.

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Department of Corrections

Amendment #2

(a) In addition to the other purposes for which expenditures may be made by the Department of Corrections from moneys appropriated to the above agency for fiscal year 2009 or 2010 as authorized by House Substitute for Substitute for Senate Bill No. 23, Senate Substitute for House Bill No. 2354, or by this or any other appropriation act of the 2009 regular session of the legislature, expenditures may be made by the above agency from the moneys appropriated for fiscal year 2009 or 2010 for the maintenance of all correctional facilities established and maintained by the above agency: *Provided:* That it is the intent of the Kansas legislature that correctional facilities not be eliminated, but such operations and services of the correctional facilities be maintained.

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Funds that need to be appropriated

Vietnam war era veterans' recognition award fund

Correctional services special revenue fund

Community Improvement district sales tax administration fund

Community improvement district sales tax fund

Community improvement district sales tax refund fund

Fire safety standard and firefighter protection act enforcement fund

Cigarette fire safety standard and firefighter protection act fund

Senate Ways and Means Committee Adjustments as of 4:45 P.M.

Expenditure Reductions \$107,300,000

Recommended Tax Enhancements \$96,000,000

Subtotal \$203,300,000

Remaining amount to reach target of \$350.0 million in adjustments

\$146,700,000

Grand Total Adjustments to achieve a zero ending balance \$350,000,000

Across the board reduction 2.93 %
(exception debt service, and human service caseloads)

Across the board reduction of **3.25%** \$162,500,000
(exception debt service, and human service caseloads)

SGF Ending Balance of: \$15,800,000

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